



# Synergising Partnerships

**PETRA ENERGY BERHAD** • Annual Report 2022

# INSIDE THIS REPORT



## 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. The leaf in the cover design represents our commitment to our ESG blueprint which aims to preserve the environment, nurture and cultivate the growth of people and embrace strong corporate governance. This reinforces the key themes of diversity, transformation and resilience, all of which are an inherent part of PETRA's ongoing journey towards realising its vision of being a Sustainable Energy Company.

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# VISION STATEMENT

# TO BE A SUSTAINABLE ENERGY COMPANY

## CORE VALUES

### INTEGRITY



We promise integrity in all that we do

### COMMITMENT



We always deliver on our commitment

### PROFESSIONALISM



We promise to display professionalism in everything that we do

### TEAMWORK



We promote teamwork

## OUR BEHAVIOURS

### ACCOUNTABILITY & OWNERSHIP



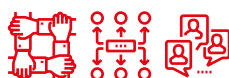
- I promise, I deliver
- It starts with me and ends with me
- Think and act with an owner mindset
- The buck stops here, with me
- Transparency
- I see, I own and I fix

### 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

### TRUSTWORTHY & HONEST



- 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

# BUSINESS OVERVIEW

PETRA began 35 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, Hook Up and Commissioning (HUC), Maintenance, Construction and Modification (MCM) services, 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 and Commissioning
- Maintenance Construction and Modification
- 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 & warehouse and two leased laydown and secondary fabrication yards in Labuan.

# NOTICE OF SEVENTEENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Seventeenth Annual General Meeting (“AGM”) of Petra Energy Bhd. will be held on a **virtual basis** at the Broadcast Venue at Jasmine Room, Level Concourse, One World Hotel, First Avenue, Lebuhraya Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Thursday, 25 May 2023 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 2022 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 2023 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 2023 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) Tan Sri Datuk Seri Panglima Sulong bin Matjeraie; **(Resolution 3)**
  - (b) Dato’ Anthony @ Firdaus bin Bujang; and **(Resolution 4)**
  - (c) Dato Ahmadi bin Yusoff. **(Resolution 5)**
5. 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:-

6. **ORDINARY RESOLUTION NO. 1** **(Resolution 7)**  
- **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;

**THAT** pursuant to Section 85 of the Act to be read together with Clause 14 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act;

**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.”

# Notice of Seventeenth Annual General Meeting

## 7. ORDINARY RESOLUTION NO. 2

(Resolution 8)

### - 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 2023, 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;

**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.”

# Notice of Seventeenth Annual General Meeting

## 8. ORDINARY RESOLUTION NO. 3

(Resolution 9)

### - 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.”

## 9. ORDINARY RESOLUTION NO. 4

(Resolution 10)

### - PROPOSED RETIREMENT GRATUITY PAYMENT TO ENCIK ABDUL RAHIM BIN ABDUL HAMID

“**THAT** approval be and is hereby given for the Company to make a retirement gratuity payment of RM171,000.00 to Encik Abdul Rahim bin Abdul Hamid, a Senior Independent Non-Executive Director of the Company in recognition and appreciation of his long service and contribution to the Company;

**AND THAT** authority be and is hereby given to the Directors of the Company to take all such actions as they may consider necessary and/or desirable to give full effect to this resolution.”

# Notice of Seventeenth Annual General Meeting

10. 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 2023

## **IMPORTANT NOTICE:**

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 (CA 2016) which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders will not be allowed to attend this AGM in person at the Broadcast Venue on the day of the meeting. Shareholders are to attend, participate, speak, (including posing questions to the Board via real time submission of typed texts) and vote (collectively referred as 'participate') remotely at this AGM via the Remote Participation and Voting facilities (RPV) provided by SS E Solutions Sdn. Bhd. via its Securities Services e-Portal at <https://sshsb.net.my/>.

## **Explanatory Notes to Special Business:**

### **1. 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 Seventeenth 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 25 May 2022 (hereinafter referred to as the "**Previous Mandate**"). As at the date of this notice of Seventeenth 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.

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

The Proposed Resolution 8 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 2023, for more information.

### **3. Proposed Renewal of Authority for the Company to Purchase its Own Shares**

The Proposed Resolution 9 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 2023, for more information.

# Notice of Seventeenth Annual General Meeting

## 4. Re-election of Directors

Clause 117 of the Company's Constitution expressly states that at the subsequent AGM after the first AGM held, at least one-third (1/3<sup>rd</sup>) or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3<sup>rd</sup>) of the Directors for the time being shall retire from office. An election of Directors shall take place each year and each Director shall retire from office once at least in every three (3) years. A retiring Director shall be eligible for re-election. A Director retiring at a meeting shall retain office until the conclusion of the meeting.

Encik Abdul Rahim bin Abdul Hamid ("**Encik Rahim**") has informed the Board in writing of his intention to retire as an Independent Director of the Company and therefore will not be seeking re-election at the AGM. Hence, he will retain office until the conclusion of the Seventeenth AGM. With Encik Rahim not taken into account in determining the number of directors to retire, a total of three (3) out of six (6) Directors are to retire in accordance with Clause 117 of the Company's Constitution. Upon retirement of Encik Rahim, the Company is still in compliance with Paragraph 15.02(1) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board may consider appointing Independent Director(s) to the Board when the need arises in the future.

Tan Sri Datuk Seri Panglima Sulong bin Matjeraie, Dato' Anthony @ Firdaus bin Bujang and Dato Ahmadi bin Yusoff being eligible, have offered themselves for re-election at the Seventeenth AGM pursuant to Clause 117 of the Company's Constitution.

The details of the retiring Directors are available in the Directors' Profile of the Annual Report 2022.

## 5. Approval for Retirement Gratuity to Encik Abdul Rahim bin Abdul Hamid

The proposed retirement gratuity payment is a token of appreciation to Encik Abdul Rahim bin Abdul Hamid for his past service, dedication and contribution to the Company during his tenure in office as the Senior Independent Non-Executive Director of the Company.

The proposed gratuity payment is tabled for the approval of the shareholders in compliance with Section 230(1) of the Companies Act 2016 and Paragraph 7.24 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which require that benefits payable to the directors of a listed company be approved at a general meeting.

### 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 18 May 2023 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@sshsb.com.my](mailto:info@sshsb.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://sshsb.net.my/> before the submission cut-off time as mentioned above. Please refer to the Administrative Guide on the Conduct of a 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 -

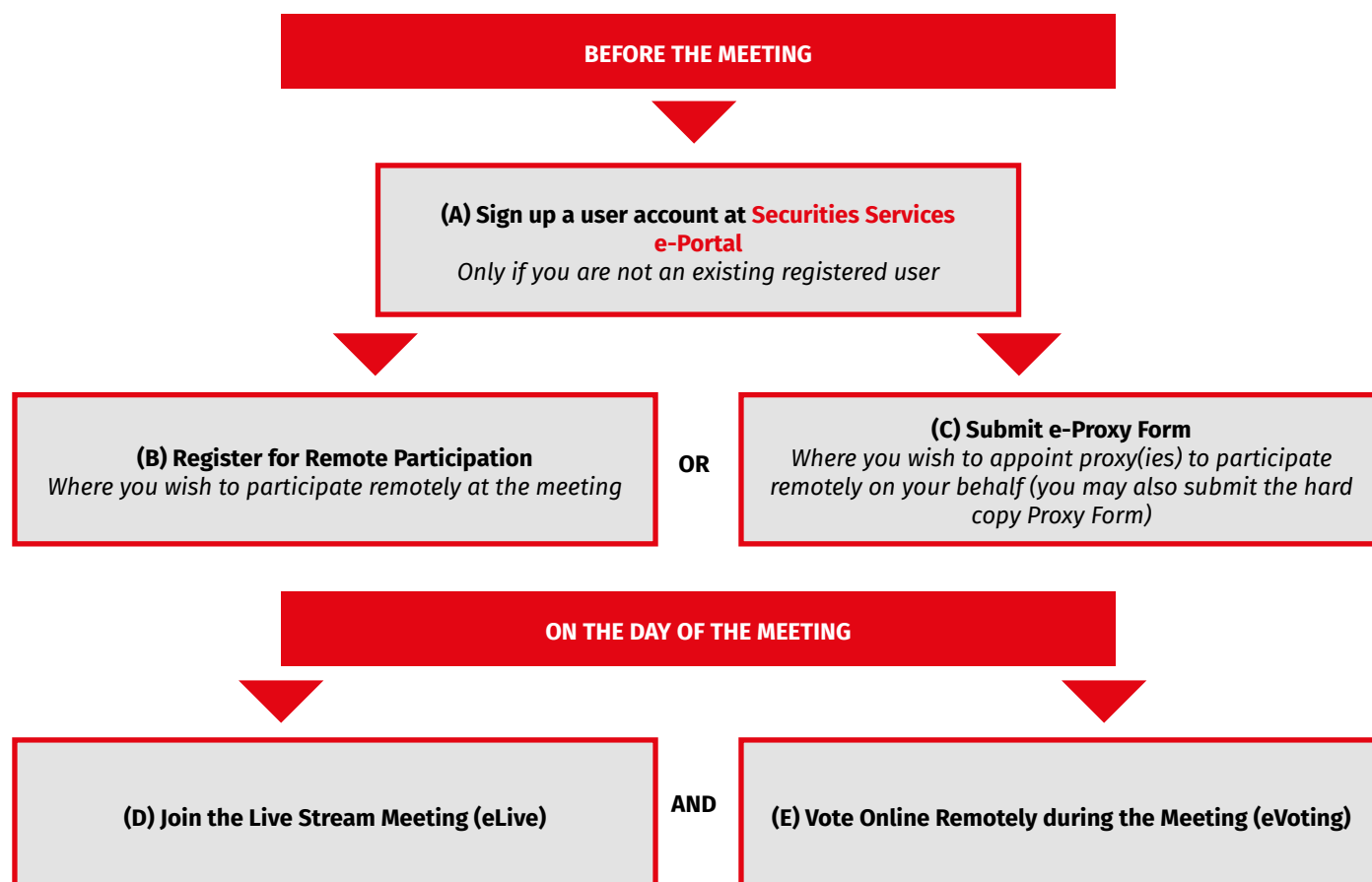
- Submit proxy form electronically – paperless submission
- Register for remote participation and voting at meetings
- Participate in meetings remotely via live streaming
- Vote online remotely on resolution(s) tabled at meetings (referred to as “e-Services”)

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](mailto:eservices@sshsb.com.my).



# Administrative Guide

BEFORE THE MEETING	
<b>(A) Sign up for a user account at Securities Services e-Portal</b>	
<p>Step 1 Visit <a href="https://sshsb.net.my/">https://sshsb.net.my/</a></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"> <li>• <b>This is a ONE-TIME registration.</b> If you already have a user account, you need not register again.</li> <li>• Your email address is your User ID.</li> <li>• Please proceed to either (B) or (C) below once you are a registered user.</li> </ul>
<p><b>To register for the meeting under (B) below, please sign up for a user account by <u>23 MAY 2023</u>.</b></p> <p><b>To submit e-Proxy Form under (C) below, please sign up for a user account by <u>21 MAY 2023</u>, failing which you may only be able to submit the hard copy proxy form.</b></p> <p><b>This is a ONE-TIME sign up only. If you already have a user account, please proceed to either (B) or (C) below.</b></p>	
<b>(B) Register for Remote Participation at the Meeting</b>	
<ul style="list-style-type: none"> <li>➤ Log in to <a href="https://sshsb.net.my/">https://sshsb.net.my/</a> with your registered email and password.</li> <li>➤ Look for <b>Petra Energy Berhad</b> under Company Name and <b>17<sup>th</sup> AGM on 25 May 2023 at 11:00 a.m. – Registration for Remote Participation</b> under Corporate Exercise/Event and click “&gt;” to register for remote participation at the meeting.</li> </ul>	
<p>Step 1 Check if you are attending as –</p> <ul style="list-style-type: none"> <li>• Individual shareholder</li> <li>• Corporate or authorised representative of a body corporate</li> </ul> <p>For body corporates, the appointed corporate/authorised representative has to upload the evidence of authority (e.g. <i>Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority</i>). 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 the Share Registrar 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.</p> <p>Step 2 Submit your registration.</p>	<ul style="list-style-type: none"> <li>• 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 18 May 2023.</li> <li>• A copy of your e-Registration for remote participation can be accessed via <b>My Records</b> (refer to the left navigation panel).</li> <li>• Your registration will apply to <b>all the CDS account(s)</b> 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.</li> <li>• 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.</li> </ul>

# Administrative Guide

<b>(C) Submit e-Proxy Form</b>	
<b>Meeting Date and Time</b>	<b>Proxy Form Submission Closing Date and Time</b>
Thursday, 25 May 2023 at 11:00 a.m.	Tuesday, 23 May 2023 at 11:00 a.m.
<p>➤ Log in to <a href="https://sshsb.net.my/">https://sshsb.net.my/</a> with your registered email and password</p> <p>➤ Look for <b>Petra Energy Berhad</b> under Company Name and <b>17<sup>th</sup> AGM on 25 May 2023 at 11:00 a.m. – Submission of Proxy Form</b> under Corporate Exercise/Event and click "&gt;" to submit your proxy forms online for the meeting by the submission closing date and time above.</p>	
<p>Step 1 Check if you are submitting the proxy form as –</p> <ul style="list-style-type: none"> <li>• Individual shareholder</li> <li>• Corporate or authorised representative of a body corporate</li> </ul> <p>For body corporates, the appointed corporate/authorised representative is to upload the evidence of authority (e.g. <i>Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority</i>). 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 the Share Registrar at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification before the proxy form submission closing date and time above.</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).  <b>You may appoint the Chairman of the meeting as your proxy where you are not able to participate remotely.</b></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"> <li>• A copy of your submitted e-Proxy Form can be accessed via <b>My Records</b> (refer to the left navigation panel).</li> <li>• You need to submit your e-Proxy Form for <b>every CDS account(s)</b> you have or represent.</li> </ul>	
<b>PROXIES</b>	
<p><b>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 21 MAY 2023. PLEASE NOTIFY YOUR PROXY(IES) ACCORDINGLY.</b></p> <p>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>	

# Administrative Guide

ON THE DAY OF THE MEETING	
Log in to <a href="https://sshbsb.net.my/">https://sshbsb.net.my/</a> with your registered email and password	
(D) Join the Live Stream Meeting (eLive)	
Meeting Date and Time	eLive Access Date and Time
Thursday, 25 May 2023 at 11:00 a.m.	Thursday, 25 May 2023 at 10:30 a.m.
<p>➤ Look for <b>Petra Energy Berhad</b> under Company Name and <b>17<sup>th</sup> AGM on 25 May 2023 at 11:00 a.m. – Live Stream Meeting</b> under Corporate Exercise/Event and click “&gt;” to join the meeting.</p> <ul style="list-style-type: none"> <li>• The access to the live stream meeting will open on the abovementioned date and time.</li> <li>• 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.</li> </ul>	
(E) Vote Online Remotely during the Meeting (eVoting)	
Meeting Date and Time	eVoting Access Date and Time
Thursday, 25 May 2023 at 11:00 a.m.	Thursday, 25 May 2023 at 11:00 a.m.
<p>➤ If you are already accessing the Live Stream Meeting, click Proceed to Vote under the live stream player. OR</p> <p>➤ If you are not accessing from the Live Stream Meeting and have just logged in to the e-Portal, look for <b>Petra Energy Berhad</b> under Company Name and <b>17<sup>th</sup> AGM on 25 May 2023 at 11:00 a.m. – Remote Voting</b> under Corporate Exercise/Event and click “&gt;” to remotely cast and submit the votes online for the resolutions tabled at the meeting.</p>	
<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"> <li>• The access to eVoting will open on the abovementioned date and time.</li> <li>• 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.</li> <li>• The access to eVoting will close as directed by the Chairman of the meeting.</li> <li>• A copy of your submitted e-Voting can be accessed via <b>My Records</b> (refer to the left navigation panel).</li> </ul>	

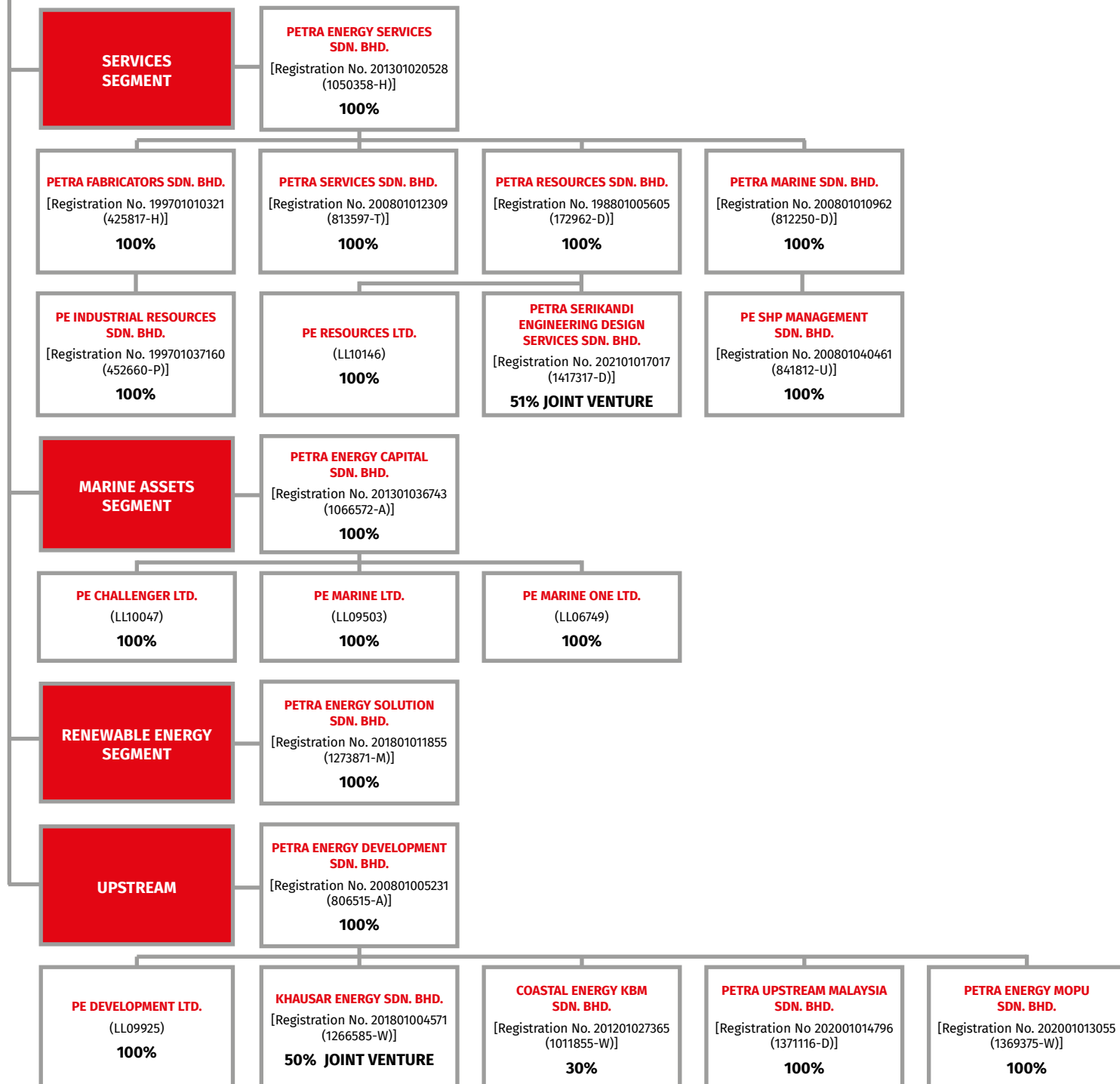
# CORPORATE STRUCTURE



**PETRA**

PETRA ENERGY BHD.

[Registration No. 200501036241 (718388-H)]



# 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 Ahmad 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)]
- iv) Al Rajhi Banking & Investment Corporation (Malaysia) Bhd.  
[200501036909 (719057-X)]

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Berhad  
Sector : Energy  
Stock Code : 5133  
Stock Name : PENERGY

# BOARD OF DIRECTORS' PROFILE

Chairman/  
Independent  
Non-Executive  
Director

Age  
**76**

Gender  
**Male**

Nationality  
**Malaysian**

Date of appointment  
as Director  
**28 August 2014**



**TAN SRI DATUK SERI PANGLIMA  
SULONG BIN MATJERAIE**

**LENGTH OF SERVICE AS DIRECTOR SINCE APPOINTMENT (AS AT 25 APRIL 2023):**

8 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 six (6) Board Meetings held in the financial year ended 31 December 2022.

# Board of Directors' Profile

Senior Independent Non-Executive Director

Age  
72

Gender  
Male

Nationality  
Malaysian

Date of appointment as Director  
13 July 2010



**ABDUL RAHIM  
BIN ABDUL HAMID**

**LENGTH OF SERVICE AS DIRECTOR SINCE APPOINTMENT (AS AT 25 APRIL 2023):**

12 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 six (6) Board Meetings held in the financial year ended 31 December 2022

# Board of Directors' Profile

## **LENGTH OF SERVICE AS DIRECTOR SINCE APPOINTMENT (AS AT 25 APRIL 2023):**

5 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



**SIMON ONG**

## **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 six (6) Board Meetings held in the financial year ended 31 December 2022

Executive Director

Age  
**69**

Gender  
**Male**

Nationality  
**Malaysian**

Date of appointment as Director  
**22 February 2018**

# Board of Directors' Profile

Non-Independent  
Non-Executive  
Director

Age  
**59**

Gender  
**Male**

Nationality  
**Italian**

Date of appointment  
as Director  
**18 September  
2012**



**GIAN CARLO  
MACCAGNO**

**LENGTH OF SERVICE AS DIRECTOR SINCE APPOINTMENT (AS AT 25 APRIL 2023):**

10 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 six (6) Board Meetings held in the financial year ended 31 December 2022

# Board of Directors' Profile

## **LENGTH OF SERVICE AS DIRECTOR SINCE APPOINTMENT (AS AT 25 APRIL 2023):**

10 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. (1996-2000)
- Director of Operations for TV3
- Chief Executive Officer for NTV7
- Group Chief Executive Officer for The NSTP (M) Berhad
- Board Member, Tourism Malaysia Berhad



**DATO' ANTHONY @ FIRDAUZ  
BIN BUJANG**

## **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 six (6) Board Meetings held in the financial year ended 31 December 2022

Executive Director/  
Group Chief  
Executive Officer

Age  
**63**

Gender  
**Male**

Nationality  
**Malaysian**

Date of appointment  
as Director  
**18 September  
2012**

# Board of Directors' Profile

Executive Director

Age  
**63**

Gender  
**Male**

Nationality  
**Malaysian**

Date of appointment as Director  
**18 February 2010**



**DATO AHMADI  
BIN YUSOFF**

**LENGTH OF SERVICE AS DIRECTOR SINCE APPOINTMENT (AS AT 25 APRIL 2023):**

13 years 2 months

**BOARD COMMITTEE(S) SERVED ON:**

Nil

**ACADEMIC/PROFESSIONAL QUALIFICATION(S)/RECOGNITION:**

Bachelor of Arts (Honours), Universiti Sains Malaysia

**WORKING EXPERIENCE:**

Dato Ahmad bin Yusoff 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 Ahmad bin Yusoff 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 Ahmad bin Yusoff is the brother of Tan Sri Bustari bin Yusoff, 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 Ahmad bin Yusoff attended all six (6) Board Meetings held in the financial year ended 31 December 2022

# Board of Directors' Profile

## **LENGTH OF SERVICE AS DIRECTOR SINCE APPOINTMENT (AS AT 25 APRIL 2023):**

7 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



**NG ING PENG**

## **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 six (6) Board Meetings held in the financial year ended 31 December 2022

Independent  
Non-Executive  
Director

Age  
**66**

Gender  
**Female**

Nationality  
**Malaysian**

Date of appointment  
as Director  
**14 May 2015**

# PROFILE OF KEY SENIOR MANAGEMENT



## **MOHAMAD SUBKY BIN BUSTARI**

Chief Executive Officer, Petra Resources Sdn. Bhd.

### **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.
- Started his work career with Deloitte Consulting (M) as an analyst

### **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



## **KHAIRUL ANWAR MOHAMAD**

Group Chief Financial Officer

### **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

Age <b>44</b>	
Gender <b>Male</b>	
Nationality <b>Malaysian</b>	

**CAPTAIN SASITHARAN SOMADERAN**  
Chief Executive Officer, Petra Marine Sdn. Bhd.

**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

Age <b>58</b>	
Gender <b>Male</b>	
Nationality <b>Malaysian</b>	

**YAHYA BIN JADI**  
Head, Group Compliance

**Date first appointed to the Key Senior Management Position:**

1 October 2017

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

- BSc in Aeronautical Engineering, Wichita State University
- Bachelor of Business Administration, University Kebangsaan Malaysia
- Master in Business Administration, Open University Malaysia

**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

Age <b>60</b>	
Gender <b>Male</b>	
Nationality <b>Malaysian</b>	
<b>BORHAN BIN OSMAN</b> Head, Business Unit (SK433), PEDSB	

**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-Current: 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

Age <b>39</b>	
Gender <b>Female</b>	
Nationality <b>Malaysian</b>	
<b>ELSA IYOK JAMES</b> Head, Group Human Capital	

**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

Age <b>47</b>	
Gender <b>Female</b>	
Nationality <b>Malaysian</b>	

**NOR ASLINA BINTI ISMAIL**  
Head, Business Services

**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 Insdn 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

Age <b>43</b>	
Gender <b>Female</b>	
Nationality <b>Malaysian</b>	

**ALICIA ANN BHAGWANDAS**  
Head, Corporate Communications & Branding

**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



Age  
**55**

Gender  
**Male**

Nationality  
**Malaysian**

**SHAHRIL BIN HASAN**  
Head, Group HSSE

**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
- Jan 2022-Current: 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





# FINANCIAL HIGHLIGHTS

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
<b>INCOME STATEMENT</b>					
REVENUE	467,424	575,100	422,362	322,342	<b>370,724</b>
EBITDA*	15,630	119,526	85,178	83,917	<b>61,004</b>
Profit Before Tax (PBT)/(Loss Before Tax (LBT))	(18,508)	62,030	23,061	22,569	<b>10,019</b>
Profit After Tax (PAT)/(Loss After Tax (LAT))	(20,919)	61,919	16,014	15,941	<b>13,076</b>
PATAMI (attributable to enquiry holders)	(20,919)	61,919	16,014	15,941	<b>13,076</b>
<b>BALANCE SHEET</b>					
Total assets	656,459	625,038	638,043	551,188	<b>630,007</b>
Total shareholders' equity	333,358	380,741	383,468	387,090	<b>387,328</b>
Total liabilities	323,101	244,297	254,575	164,098	<b>242,679</b>
Total borrowings	123,522	28,706	27,170	32,837	<b>36,860</b>
Dividend/share (sen)	-	6.0	4.0	4.0	<b>5.0</b>
Share price at the end of each financial year (RM per share)	0.41	1.36	1.06	0.77	<b>0.86</b>
Earnings per share (sen)	(6.52)	19.29	4.99	4.97	<b>4.07</b>
Net assets/share (RM)	1.04	1.19	1.19	1.21	<b>1.21</b>
Total cash balances (RM'million)	94.4	158.8	173.0	143.1	<b>184.8</b>
Net gearing ratio (Net D/E)	0.09	(0.34)	(0.38)	(0.28)	<b>(0.38)</b>

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

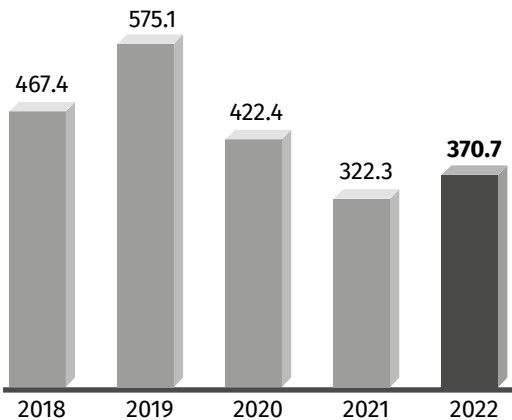
## Notes to the Total Assets

Total depreciation : RM121 million  
 Total impairment : RM17 million  
 Total value of assets sold : RM29 million

# Financial Highlights

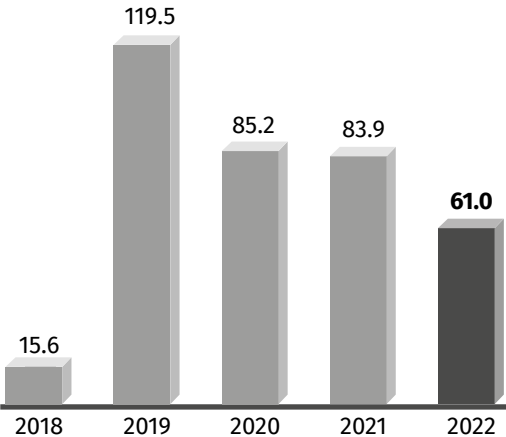
## REVENUE

RM Million



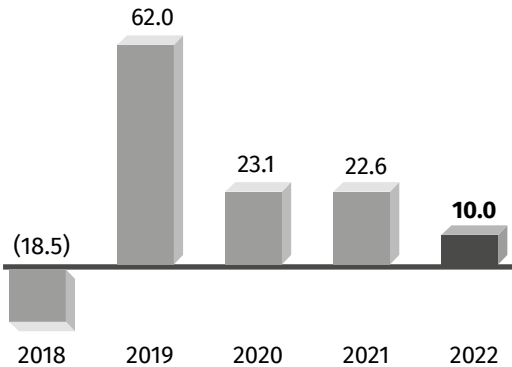
## EBITDA

RM Million



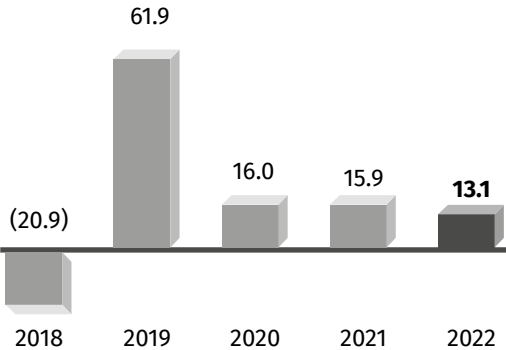
## PBT/(LBT)

RM Million



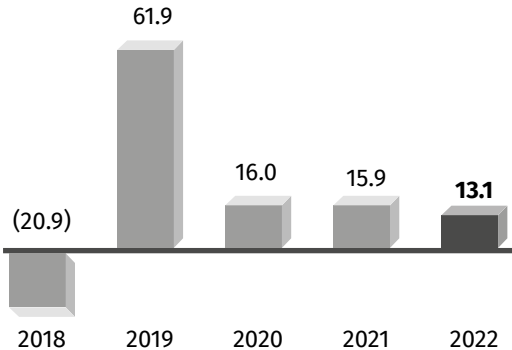
## PAT/(LAT)

RM Million



## PATAMI

RM Million



# CALENDAR OF EVENTS ANNUAL REPORT 2022

## 7 & 8 February 2022

In line with its commitment to HSE, PETRA Energy Bhd held an emergency response training session for its emergency coordinators, ensuring preparedness for any untoward incidents.



## 26 March 2022

PETRA Energy joins the global movement towards a sustainable future by taking part in Earth Hour 2022 – a symbolic gesture of our commitment to reduce our carbon footprint and preserve our planet for future generations.



## 28 March 2022

Stakeholder engagement – Briefing with Miri Local Council Heads on Block SK433 Production Contract (Adong Kecil).



## 21 April 2022

Supporting the preservation of culture and heritage. Badan Warisan Malaysia in partnership with PETRA Energy Bhd has curated a six-part webinar talk series titled #TokSarawak, covering Sarawakian culture and heritage. The topics covered such as Baram Regatta and its origins, the architectural history of longhouses in Sarawak, ancient forts of Sarawak and other cultural, historical and natural heritage assets.

# Calendar of Events

## Annual Report 2022



**23 April 2022**

Ramadhan donation and Iftar dinner with Jabatan Kebajikan Masyarakat Labuan.



**30 April 2022**

Majlis Iftar & Doa Selamat at Masjid Darul Ehsan, Piasau Jaya, Miri.



**25 May 2022**

PETRA Energy Bhd's 16<sup>th</sup> Annual General Meeting broadcasting from its HQ at Menara OBYU, Petaling Jaya.



**5 June 2022**

PETRA Energy observed World Environmental Day 2022 on 5 June 2022, various work sites and marine vessels participated in this sustainability initiative via recycling campaigns. As a responsible corporate citizen, the company is focused on promoting sustainable practices and raising awareness about environmental protection. PETRA Energy's commitment to preserving the planet's natural resources aligns with the global movement towards a more sustainable future.



**9 & 10 June 2022**

PETRA Energy participated in the Sabah Oil & Gas Conference & Exhibition (SOGCE) on 9 & 10 June 2022.

Collaboration Signing with Institut Kemahiran Belia Negara (IKBN) Kinarut to support the training and development of Sabahan youth. This partnership reflects Petra Energy's commitment to developing local talent and contributing to the growth of the oil and gas talent in Sabah.

# Calendar of Events

## Annual Report 2022



### 5 July 2022

PETRA Energy in collaboration with Ministry of Health Labuan held its KOSPEN Plus Campaign at PETRA Main Yard, Labuan. KOSPEN Plus programmes included such as Blood Pressure Checking, Blood Glucose, BMI Calculation & Depression, Anxiety Stress Scale (DASS) Test for crew and vendors.



### 14 & 15 September 2022

PETRA Energy sponsored and participated in the Inaugural Sarawak Occupational Safety and Health (ISOSH) Conference 2022 in Miri, Sarawak, proving our commitment in prioritizing safety and well-being in the workplace.



### 21 July 2022

PETRA Energy's Employee Townhall for Miri based employees.



### 23 September 2022

PETRA Energy in collaboration with Ministry of Health Labuan held its Blood Donation Campaign at PETRA Main Yard, Labuan.

# Calendar of Events Annual Report 2022



## 15 October 2022

PETRA Fabrication Yard in Labuan participates in “Kempen Membanteras Jenayah Seksual Dalam Talian Terhadap Kanak-Kanak” at Ujana Kewangan Shopping Mall, Labuan.

## 4 - 6 November 2022

PETRA Energy continued its participation and sponsorship of the Sarawak Regatta, a traditional long boat race held on the Sarawak River in Kuching, demonstrates our dedication to preserving local culture and heritage while supporting the community. As a company deeply rooted in Sarawak, Petra Energy recognises the importance of supporting initiatives that celebrate the state’s rich history and traditions.

# Calendar of Events Annual Report 2022



## 8 December 2022

PETRA Energy's Employee Townhall for Kota Kinabalu based employees.

## 9 December 2022

Management Site Visit to Labuan and PETRA Energy's Employee Townhall for Labuan based employees.

# Calendar of Events Annual Report 2022



## 21 December 2022

PETRA Energy's commitment to safety and health has been recognised with 5 awards from the Malaysian Society Occupational Safety & Health (MSOSH). This achievement is a testament to the company's unwavering dedication to ensuring the well-being of its employees and creating a safe work environment.



# 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 Group's Annual Report 2022.

The year 2022 began on a refreshing note with the abatement of the COVID-19 pandemic. Although challenges brought upon by the lingering effects of the pandemic persisted with new variants being discovered and global supply chain disruptions, there was a revitalised sense of optimism.

Global economies witnessed growth and saw an increase in activities with the re-opening of borders and easing of travel restrictions. Malaysia fared similarly, with businesses and operations having adapted to the new normal. This was further backed by the Government's implementation of various measures to support

# Chairman's Statement and Management Discussion and Analysis

businesses and individuals affected by the pandemic, which included stimulus packages and financial assistance programs. However, labour shortages, record-high commodity prices, the ongoing Russia-Ukraine war and supply chain disruptions continued to weigh heavily on the recovery outlook.

The corresponding effects were also witnessed by the energy industry in Malaysia. There was an uptick in upstream activities, with PETRONAS' work plans picking up momentum towards the second half of 2022 in tandem with the growth in domestic CAPEX, further supported by buoyant oil prices. This translated to an increase in manhours.

However, activities did not return to pre-pandemic levels as many of the initially planned projects for 2022, 2023 and 2024 were deferred and rationalised due to the Covid-19 pandemic. The projects that got the go-ahead were expected to resume and peak only in 2024, as highlighted by the National Oil Company in its Activity Outlook 2022 – 2024. Further challenges were expected with the complexities of the energy transition that will impact the oil and gas value chain in Malaysia.

**We continued to deliver on our commitments safely for all business segments and made significant progress towards our sustainability journey.**

For PETRA, 2022 truly tested the Group's resilience, with no long-term Hook-Up Commissioning (HuC) contract. PETRA continued to step in and complete jobs that were left unfinished by others (rescue jobs) and undertook independent contracts in its core area of Hook-up and Commissioning. We continued to undertake work for the Maintenance Construction and Modification (MCM) Contract in Sabah waters which was bidded and awarded in 2017 during a period of low oil prices. The rates for this contract were lower than usual due to the economic conditions at the time. However, the rates has now been revised in Q4 2022 arising from an extension of the MCM Contract. The Company performed considerably well under the circumstances. PETRA also focused on ensuring that it exceeded all of its KPI (key performance indicators) targets for work undertaken under the Technical Services Agreement for the Banang oilfield.




## Significant Highlights during the period includes:

- The extension of the MCM Contract via the Letter of Contract Amendment and Extension from PETRONAS Carigali Sdn. Bhd. (PCSB) for the Provision of Offshore Maintenance, Construction and Modification (MCM) services.
- The award of the Supplementary Agreement with PETROLIAM NASIONAL BERHAD relating to the Production, Operation and Maintenance of the Banang Field Technical Service Agreement with effect from 29 September 2022 for a period of twenty-two (22) months until 6 August 2024. This is a continuation of the initial TSA award.
- Balance sheet remains healthy with zero gearing and strong cash balances
- Achieved five (5) HSE Awards by the Malaysian Society of Occupational Safety and Health in recognition of achieving commendable HSE standards in our operations
- Maintained vessel utilisation rate at 62% for the period.

We continued to deliver on our commitments safely for all business segments and made significant progress towards our sustainability journey. We strengthened our brand position in our journey to become a recognised upstream operator, in line with our Transformation Plan, while staying true to our values of integrity, professionalism, commitment and teamwork. The initiatives implemented over the years allowed PETRA to maintain its profitability and protect shareholder value via consistent dividend payments.

# Chairman’s Statement and Management Discussion and Analysis


## Strong financial position – Ability to upscale



**Clean balance sheet**




**Zero gearing**




**Strong cash balances to deliver results**



**A good paymaster to our vendors – we develop the business ecosystem where we operate**



**Strong credentials to raise funds for growth and expansion via cash balances, bank borrowings, debt and equity, if required to undertake new ventures**



**Consistent dividend payout**



**Profitability resulting from improved project execution, operational efficiency and delivery to our client**

In 2022, we progressed in our journey with the transformation theme “building momentum”, which also saw PETRA strengthen its fundamentals and deliver on its milestones seamlessly while innovating to ensure operational efficiency and introduce sustainable solutions for its operations.

The Group also further reinforced its commitment to management systems as it continued to certify critical business processes.

Over the years we have built on our capabilities, optimised resources and invested in people to deliver on our commitments safely. Innovating as we progress. This augured well for PETRA, we are proud to be one of the companies in our business segment to have weathered the challenges and remained resilient whilst maintaining strong financial position, commitment to safe delivery with quality and with our key talent intact.

Throughout a multitude of challenges, we have remained steadfast in our commitment to our clients and all stakeholders and held true to our strategic plan.

## HEALTH, SAFETY & ENVIRONMENT

The Group’s safety performance remained positive with no LTI’s recorded during the period, for approximately 2.98 million manhours of work undertaken Group-wide. This is a result of concerted effort by the leadership and employees driven by our journey to achieve GENERATIVE HSE Culture.

In 2022, PETRA achieved three Gold Merit and two Gold Class 1 Awards by the Malaysian Society of Occupational Safety and Health (MSOSH), reflecting an improvement in award categories from its 2021 achievement. The award covers the Groups operations in Sarawak, Sabah, Labuan and Terengganu and is testament to PETRA’s strong culture of HSE. The award list is reflected in the Groups Sustainability Report on page 47 of this report.

PETRA also maintained its ISO14001 Management systems certification for environmental management systems and ISO45001 Occupational Health and Safety Management Systems which the Group attained in 2021.



# Chairman's Statement and Management Discussion and Analysis



## UPHOLDING INTEGRITY ANTI-BRIBERY MANAGEMENT SYSTEMS (ABMS)

The leadership relentlessly emphasises on integrity and anti-bribery management systems for the Group. The sustainability of its business is truly dependent on its ability to ensure that the group undertakes its business with integrity.

**The leadership relentlessly emphasises on integrity and anti-bribery management systems for the Group.**

In 2022, this was further enhanced by providing adequate awareness and engagement to PETRA's supply chain. A total of six (6) sessions were held comprising 113 vendors. A total of 434 employees were engaged on ABMS during the period. PETRA also has a robust whistleblower policy in place.

The annual integrity pledge was also signed by the leadership and all employees Group-wide. This is an ongoing effort, undertaken yearly since 2017. PETRA will continue to do so to ensure adequate procedures in line with TRUST (Top Level Commitment, Risk Assessment, Undertake control Measures, Systematic Review, Monitoring & Enforcement and Training & Communication) Principles.

PETRA also maintained its ISO37001 Anti Bribery Management Systems Certification which the Group attained in 2021.

## OPERATIONALISING OUR ESG BLUEPRINT

In 2021 the Group embarked on developing a Group-wide Sustainability Framework with PwC, this was completed in 2022, whereby 13 ESG materiality areas were attained for PETRA. In this annual report, PETRA's Sustainability Report is, for the first time, stated in reference to GRI (Global Reporting Initiative) standards.

The Management has taken concerted efforts and established working committees to operationalise its ESG materiality areas. This includes inventorising all equipment and assets Group-wide to measure its emissions and reduce our impact. We made significant progress in our ESG Journey in 2022.

While we are unable to pivot the organisation overnight, we will show intent and take meaningful steps to ensure we do our part in protecting the planet, in line with the #PETRACares philosophy. Moving forward, the Group's Sustainability Framework shall be the overarching strategy for PETRA. ESG will be at the forefront of decision making.

## Management Systems

Part of ensuring that we professionally manage critical business processes that are in synch with the Group's materiality areas is to benchmark these processes against international standards. PETRA shall continue to benchmark and certify its critical processes.



Net gearing ratio  
**(0.38)**



Cash balance  
**RM184.8 million**



Dividend  
**5.0 sen per share**



Net Assets  
**RM1.21 per share**

# Chairman’s Statement and Management Discussion and Analysis

## Certified Management Systems

- ISO37001 – Anti Bribery Management Systems
- ISO14001 – Environmental Management Systems
- ISO45001 – Occupational Safety and Health Management Systems
- ISO9001 – Quality Management Systems

The following management systems shall be incorporated and undergo certification, where relevant, in 2023 and 2024.

## Ongoing Management Systems

- ISO21500 – Project Management Systems – guideline incorporated in PETRA’s manual
- ISO20400 – Sustainable Procurement – guideline incorporated in PETRA’s manual
- ISO27001 – Information Security Management Systems
- ISO22301 – Business Continuity Management Systems
- ISO50001 – Energy Management Systems

## FINANCIAL PERFORMANCE

For the financial year ended 31 December 2022, revenue was recorded at RM370.7 million as compared to revenue of RM322.3 million in 2021. The three major contracts that contributed to the Group’s revenue are HuC, MCM and Banang TSA. The increase in revenue for 2022 was mainly contributed by Banang TSA contract, arising from routine and non-routine work amounting to RM 151.0 million (2021: RM 88.1 million). Banang TSA contract has been extended to 6 August 2024.

In addition, revenue from MCM contract increased to RM122.8 million from RM97.3 million in view of higher activities executed during the year. The MCM contract has been extended to 31 December 2024. Revenue from HuC decreased to RM76.1million from RM123.0 million resulting from lesser activities executed.

Although revenue increased in 2022, the combined margins reduced due to the make up of the revenue in product mix. HuC normally generates higher margins but in 2022 HuC revenue shrunk, whilst MCM work which generates lower margins grew.

The Group’s Profit After Tax stood at RM13.1 million for the financial year ended 31 December 2022. The Group remains positive for the future and has proven to be resilient in operating and executing projects during arduous time, contributed by its working capital strength, equipped technical manpower and project management skills.

The Group’s balance sheet, gearing and cash position continue to be robust. Cash position increased to RM184.8 million in 2022 from RM143.1 million in 2021, while Net Debt-to-Equity ratio remains below zero and maintained it’s healthy state. Net Assets per Share remained at 1.21.

The Company is pleased to share that our robust financial position has allowed PETRA to declare a total dividend of 5.0 sen for the financial year ended 31 December 2022 as compared to dividend of 4.0 sen in financial year ended 31 December 2021. The Group declared a single-tier interim dividend of 2.0 sen per ordinary share in third quarter of 2022. On 22 February 2023, another single-tier interim dividend of 3.0 sen per ordinary share was declared with respect to the financial year ended 31 December 2022.

Moving forward, we continue to do our utmost to maintain our financial position and ensure our sustainability by focusing on business development activities and continue on our strict financial discipline and prudence. Having strong credentials, PETRA shall be on the lookout for any opportunistic investments to maximise on the potential uptrend in the industry.

PETRA is in an ideal position for growth and to pursue new ventures, the Company is resource ready and has its key talent intact with an established presence in East and West Malaysia.

**We continue to do our utmost to maintain our financial position and ensure our sustainability by focusing on business development activities and continue on our strict financial discipline and prudence.**

# Chairman's Statement and Management Discussion and Analysis



## OPERATIONAL HIGHLIGHTS

In 2022, PETRA recorded operational and safety achievements for work undertaken in its business segments. PETRA'S resilience allowed the Company to excel operationally despite the ongoing challenges. PETRA prioritised delivery, continued to optimise its resources and focused on cost management.

### 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), Maintenance, Construction and Modifications (MCM), marine vessels support for HuC and MCM works, fabrication yards, trading and engineering services. Additionally during the reporting period the Company has incorporated within the Services segment, the Group's participation in the Technical Services Agreement (TSA) with PETRONAS, since June 2020, to operate the Banang oilfield on behalf of PETRONAS.



Contracts within this segment that contributed RM263.4 million to 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. The Project was extended in November 2022 – December 2023.
- HuC and MCM projects executed for PETRONAS Carigali – includes independent HuC contracts and rescue projects during the period under review
- The Production, Operation and Maintenance of the Banang Field Technical Service Agreement (TSA)
- Provision of Water Maker Maintenance Services and Supply of parts for PETRONAS Carigali Sdn. Bhd.
- Provision of rental portable air compressors for PETRONAS Carigali Sdn. Bhd.
- Provision Of Mechanical Rotating Equipment Maintenance Services & Provision of Offshore Crane Operations And Maintenance Services for Sarawak Shell Berhad and Sabah Shell Petroleum Berhad
- Master Service Agreement (MSA) for Lifting Equipment Operation and Maintenance Services for PETRONAS Carigali Sdn. Bhd. – Malaysia Asset Package B

Activities in the services segment picked up towards the second half of the year. PETRA completed 47 work orders for HuC work during the period under review and 38 workorders for its MCM Project.

# Chairman's Statement and Management Discussion and Analysis

Significant HuC project highlights during the period include:

## E11RA Project

Total Manhours: 154,160.00

### Key Achievements:

- Zero LTI, Zero Punchlist and Zero re-works.
- Able to manage manpower mobilization within project timelines during COVID pandemic.
- Smooth offshore execution (meet project timelines) with QHSE standards.
- Good project quality: Completed offshore execution with zero punchlist with ITR Compilation.
- Cost saving recorded in Q4 2022



## Tanjung Baram Project (rescue project)

Total Manhours: 43, 397

### Key Achievements:

- Zero LTI, Zero Punchlist and Zero re-works
- Offshore execution ahead 4 days from approved schedule.
- Gross Profit is increased by 12.1%.
- Cost savings recognised due to operational efficiency

## Anjung Gas Development Project (rescue project)

Total Manhours: 52,870 hours

### Key Achievements:

- Zero LTI, Zero Punchlist and Zero re-works.
- Wellhead Control Panel trouble shooting at AJJT-A with 7 days ahead schedule.
- Back pressure regulator for well A2 and A3 trouble shooting with 7 days ahead schedule. Cost optimization and savings recorded

## KNNAG Project – Train B RFSU and Start Up (rescue project)

Total Manhours: 15,732

### Key Achievements:

- Zero Punchlist, Zero re-works and Zero LTI.
- GTC Train B Successfully start up and handover ahead of schedule (2days) with estimated optimization and cost saving
- Less manpower for onshore support, only small portion of cost affected vs budgeted
- low number of construction crew and efficient early completion of core-base-scope.
- The KNNAG Project was a critical Sabah asset. A rescue project which we undertook and delivered safely and on time.

## MCM Highlights

The Maintenance, Construction and Modification (MCM) Project for PETRONAS Carigali Sdn. Bhd. for Sabah Asset and recorded achievements for work undertaken.

### MCM Projects undertaken in 2022:

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

# Chairman's Statement and Management Discussion and Analysis



## Project Achievements and Highlights

1. 1,175, 068 manhours were recorded without LTI for projects undertaken within the MCM Contract during the period under review.
2. In 2022, we completed three (3) Turnarounds (TA's) with No rework, Zero NCR and No Punchlist. Since 2017, the start of the project, we completed 23 TA's for MCM operations safely and ahead of schedule. 10 turnarounds were completed with No rework, Zero NCR (non-compliance report) and No Punchlist reflecting significant improvements in the quality of our delivery.
3. In 2022, the MCM Contract was extended with better rates for a one-year extension period. The Group also received additional work by the client to undertake work for SKG (Sarawak Gas).

We maintain our cautious outlook for this segment and expect work to continue from current contracts in hand and new projects from other clients. PETRA will continue to submit competitive bids for this segment of the business. Moving forward, the company will institute measures to reduce its emissions across its supply chain as it undertakes work within this segment.

## Banang TSA Highlights

In 2022, PETRA continued to undertake operations and maintenance of the Banang oilfield located offshore Terengganu, Malaysia. This also included operating and maintaining PETRA Orion, a Mobile Offshore Production Unit (MOPU). The Banang TSA was extended in 2022 for an additional two years (Sept 2022 – Aug 2024) under a Supplementary Agreement with PETRONAS. The Banang oilfield is located offshore Terengganu, Malaysia.

### Key Highlights of the Banang TSA:

1. Achieved and exceeded the TSA Contractual KPIs for the TSA duration i.e. 2 years
  - Zero fatality case
  - No Tier 1 Loss of Primary Containment (LOPC)
  - Facilities Availability of 99.94% and 99.996% for first year and second year respectively, exceeding the KPI target of 95%
2. Successfully completed 6 crude liftings with zero HSE incident.
3. Achieved 997 days without Lost Time Injury (LTI) as of 22 Mar 2023.
4. Recipient of MSOSH Award Gold Class 1 in 2022.
5. Conducted a total 53 drills and emergency exercises conducted with various scenarios onboard MOPU's PETRA Orion, business continuity and HSE is prioritised at PETRA to ensure we remain sustainable as an organisation and provide the best value for our clients.
6. Leverage on in-house capabilities in executing maintenance scopes onboard PETRA Orion to enhance in-house competencies as well as to optimise cost.
7. Environmental sustainability initiatives, operationalising sustainability the PETRA way, by innovating the way we work. Some initiatives in 2022 includes
  - Introduction of quarterly PM i.e., mooring rope replacement for standby vessel, Rubicon, ensuring the integrity of mooring rope which enables her to be tied-up at mooring buoy thus reducing diesel consumption consequently reducing GHG emissions.
  - "Save Water" campaign for Banang facilities.
  - Integrity moment sharing during monthly meetings for awareness and culture change. Integrity awareness is also part of the pre-mob briefing.

# 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 workbarges
- 1 anchor handling tug supply vessel (AHTS)
- 1 mobile offshore production unit (MOPU)

### Marine Assets Segment highlights :

- Petra Challenger, (accommodation workbarge) performed work for Engineering, Procurement, Construction, Installation & Commissioning (EPCIC) for Bayan Redevelopment Project Gas Phase 2 – Bayan Oilfield.
- Petra Endeavour, (accommodation workbarge) undertook work for Provision of Maintenance, Construction And Modification (MCM) Services For Petronas Carigali Sdn. Bhd. Package B - Sabah Asset – ERB West Oilfield [PCSB HuC]
- Petra Orbit, (accommodation workboat) undertook work for the Provision of Maintenance, Construction And Modification (MCM) Services For Petronas Carigali Sdn. Bhd. Package B - Sabah Asset – ERB West Oilfield [PCSB HuC]
- Petra Galaxy, (accommodation workboat) performed work for Provision Of Accommodation Work Boat (AWB) for Petronas Carigali Sdn. Bhd. – Baronía Oilfield [PCSB HuC]
- MV Alya, (accommodation workboat) performed work for Provision Of Maintenance, Construction And Modification (MCM) Services For Petronas Carigali Sdn. Bhd. Package B - Sabah Asset – Sumandak & Samarang Oilfield [PCSB HuC]
- MV Anis undertook work for Provision of HuC And Topside Major Maintenance Services for 2013 – 2018 – F9 Oilfield [PCSB HuC] & Provision of Accommodation Work Boat (AWB) for Petronas Carigali Sdn. Bhd. – D12 Oilfield, J4 Oilfield, D21 Oilfield & Tanjung Baram Oilfield & D35 Oilfield.
- Kas Marine 1 (AHTS) performed work for Provision Of Maintenance, Construction And Modification (MCM) Services For Petronas Carigali – ERB West Oilfield [PCSB HuC] & Provision Of Maintenance, Construction And Modification (MCM) Services For Petronas Carigali Sdn. Bhd. Package B - Sabah Asset – ERB West Oilfield [PCSB HuC]
- PETRA Orion (MOPU) was dedicated to support the Banang field production since the award of the TSA since 29 June 2020

Vessel utilisation was recorded at 62% from 69.62% in the previous financial period mainly due to lower utilisation in the first quarter of 2022 as plans were deferred due to client schedule of activities.

The Group's marine unit clocked 604,000 million manhours without Lost Time Incident (LTI) during the period. The segment contributed RM107.3 million to the Group's revenue.

## Development & Production Segment

This segment categorises the Group's business activities in relation to rejuvenation of matured fields as well as small and marginal field development and production. Currently, this involves the Inaugural Petroleum Contract for onshore Block SK433 in Miri for Petroleum Sarawak (PETROS).

### Petroleum Contract for onshore Block SK433

Block SK 433 is in the Miri-Marudi area covering Northern Marudi and includes the Adong Kechil West discovery. The nature of the Contract is one of Production Sharing. The SK433 Block contains the Adong Kechil West discovery which the SK433 Venture is progressing to appraise and develop based on the outcome and the viability studies.

In 2022, the following was undertaken:

- Appraisal and Field Development Planning
- Environmental Impact Assessment (EIA) for SK433 Adong Kechil West (AKW)
- Topography and Mapping Survey for SK433 Adong Kechil West (AKW)
- Stakeholder Engagement

In line with the Group's commitment to maximise local content, the project will prioritise and encourage participation from local contractors in its procurement and subsequent project execution activities. The project will also ensure the development of the business ecosystem & local communities and environmental considerations as we progress towards developing the SK433 Block.

We will continue to optimise our resources and manage our costs to ensure the sustainability and profitability of the project. ESG considerations shall be integrated into of any decision making.

# Chairman's Statement and Management Discussion and Analysis



## OUTLOOK AND MOVING FORWARD

Looking ahead, we continue to remain cautiously optimistic and shall explore new opportunities within the energy sector, whilst continuing to manage costs and improve operational efficiency. In line with our transformation plan, our strategy moving forward would be to expand our client base and focus on delivering on our commitments safely and with quality.

As highlighted in PETRONAS' Activity Outlook 2023-2024, sustainability will be a license to operate moving forward. PETRA will focus on operationalising its sustainability goals and targets in line with our clients and the nation's net zero targets. The Group's sustainability framework has outlined initiatives over the next five years that will enable us to achieve our targets.

Our aim is to increase our presence in upstream brownfield operatorship in Malaysia, our experience in this area places PETRA in an ideal position to expand our business further in the upstream segment of the industry through the different operating models available.

In our core competency area of HuC, we will focus on competitive bidding, expanding our client list and propose solutions for potential independent projects that PETRA may be able to undertake in tandem with PETRONAS' Activity Outlook 2023 – 2024 for HuC work.

The Group was also recently awarded contracts by Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) for the:

- 1) Subcontract Hook Up and Commissioning works for KSCPP KASAWARI for EPCIC (engineering, procurement, construction, installation and commissioning) of the Kasawari Gas Development Project
- 2) Subcontract Hook Up and Commissioning Works for Kasawari CCS Project
- 3) Subcontract for Hook Up and Commissioning for the SK408 Jerun Development Project

Being given the opportunity to undertake work for Kasawari, one of the largest offshore Carbon Capture and Storage (CCS) projects in the world is a meaningful achievement for PEB.

In our MCM services, we will continue to focus on providing high-quality maintenance, construction, and modification services in a safe, efficient, and cost-effective manner. This may involve utilizing the latest technologies and equipment, implementing best practices for safety and environmental protection. We will continue to focus on undertaking work within the SBA region and explore potential upsides of scope expansion for work in SKA (Sarawak Asset), in line with our client's work plans. At the time of writing, PETRA was awarded the extension of the MCM Services Contract for PETRONAS Carigali Sdn. Bhd. until December 2024.

For our marine assets segment, we shall concentrate our efforts on securing independent charter contracts from our major clients and other independent third-party charterers. For its Marine assets, PETRA was recently awarded:

- 1) The contract for the provision of Accommodation Work Boat (AWB), PETRA Galaxy for PETRONAS Carigali Sdn. Bhd.
- 2) The contract for the provision of Accommodation Work Boat (AWB), PETRA Orbit for PETRONAS Carigali Sdn. Bhd.

The above contracts are with effect from 17 February 2023 for a period of up to two hundred and fifty-five (255) days from the commencement date with an extension option of up to sixty (60) days.

# Chairman's Statement and Management Discussion and Analysis

We shall continue to lookout for opportunities in the renewable energy segment in our efforts to enhance shareholder value. The Company is open to doing this organically or via mergers and acquisitions.

**The Company in an ideal position for growth, capacity building and has headroom for business expansion. We are resource ready and have the ability to upscale.**

Having strong fundamentals in business continuity, HSE, financial prudence and balance sheet strength, ensured PETRA remained resilient and sustainable. This allowed the Company to continue to move forward in its journey to become a sustainable energy company and uphold its commitment to its shareholders via consistent dividend payouts.

The Company in an ideal position for growth, capacity building and has headroom for business expansion. We are resource ready and have the ability to upscale.

## **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 that helped PETRA maintain its resilience and emerge stronger from the challenges, and for their belief in the leadership.

To our clients for the support and confidence in PETRA's capabilities.

To our vendors and partners, thank you. Our heartfelt appreciation for your support and alignment to PETRA's values & business objectives.

To the Management team and leaders, 2022 came with its own set of challenges and the everchanging energy landscape has made that journey all the more demanding. Thank you for believing in our Company, even sacrificing personal career benefits to ensure the sustainability of our organization, truly a sense of ownership that is admired. Your relentless pursuit of Groupwide improvements, your ability to innovate and ensure we deliver on our commitments safely must be acknowledged and celebrated.

Our employees, our crew on the ground and project front liners who go beyond their call of duty in undertaking their responsibilities day in and day out, my thanks go to all of you for your hard work and steadfastness in ensuring safety and efficiency while delivering on our commitments. We are a values-driven organization backed by management systems and we take pride in exemplifying that PETRA difference, it is because of your unwavering support and dedication to our initiatives, over the years, that has allowed us to make this claim. And for that, we are grateful.

Thank you all once again.

**#PETRACares**

**Tan Sri Datuk Seri Panglima Sulong bin Matjeraie**

Chairman  
26 April 2023

# SUSTAINABILITY REPORT

**PETRA Energy Bhd (“PETRA” or “the Group”) is pleased to present its Sustainability Report for financial year ended 31 December 2022.**

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# Sustainability Report

## ABOUT THIS REPORT

PETRA Energy Bhd (“PETRA” or “the Group”) is pleased to present its Sustainability Report for financial year ended 31 December 2022.

This Report contains data and information related to the disclosure of the environmental, social and governance (“ESG”) material topics performance for our stakeholders reference. PETRA strives to update its disclosure with reference to the GRI Universal standard 2021 and other emerging Sustainability reporting standards and guidelines

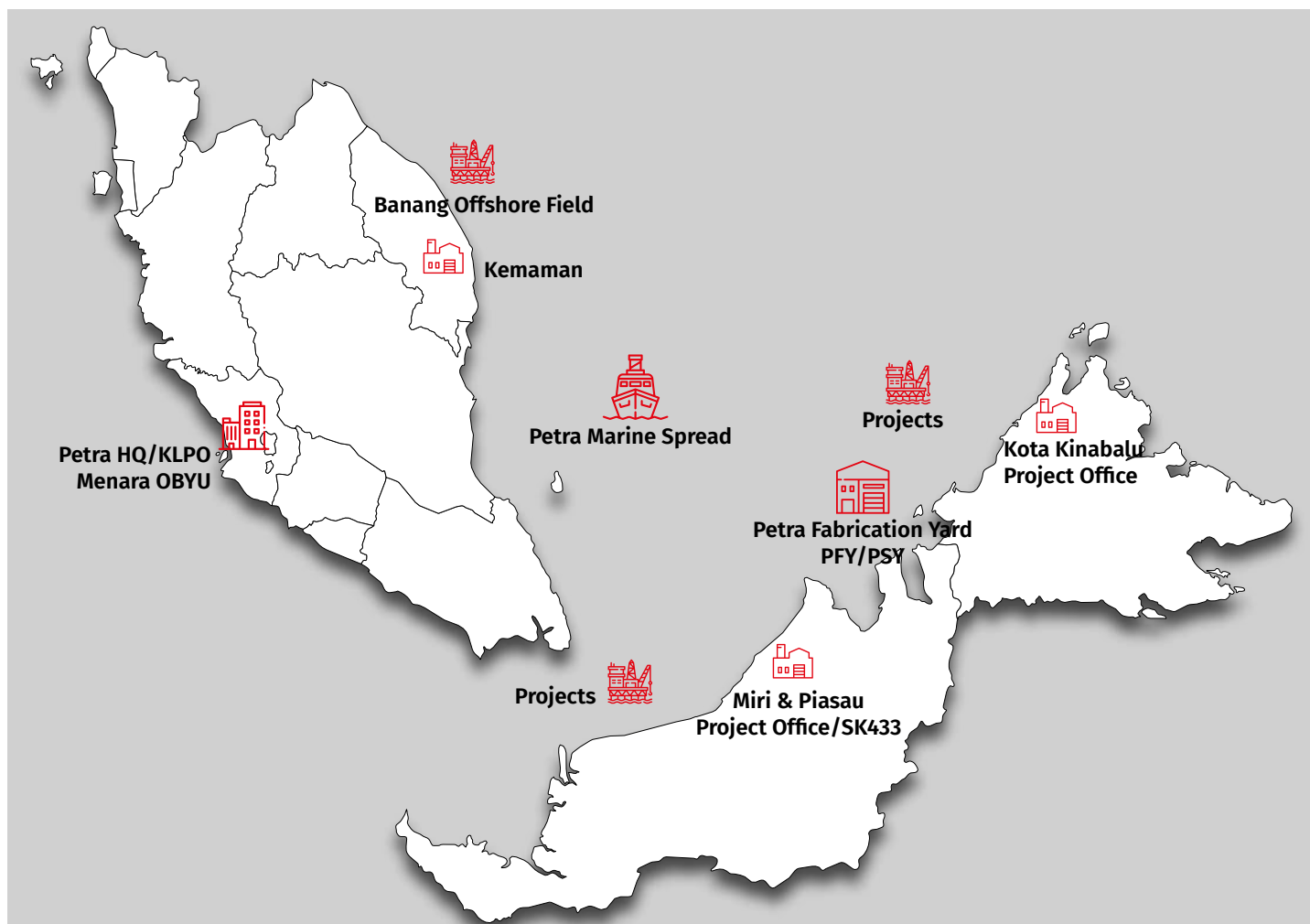
### Reporting Period and Coverage

PETRA published its previous report (Sustainability Statement) , covering the Financial Year 2021, in 26 April 2022. The editorial content of this Report covers the subject matter for Financial Year 2022 (“FY2022”), from 1 January to 31 December 2022.

There were no significant changes to the Group’s leadership, ownership or supply chain during the reporting period.

### Reporting Scope and Boundaries

This Sustainability Report covers all of the Group and Group’s operating subsidiaries of PEB, PRSB, PMSB and PEDSB, currently at the following locations.



# Sustainability Report

## **Reporting Frameworks**

PETRA prepared this report with reference to the GRI Universal standard 2021 and other additional guidelines, including the Bursa Malaysia Securities Berhad's Sustainability Reporting Guide;

PETRA also supports goals and initiatives by the United Nations Global Compact and the United Nations Sustainable Development Goals.

## **Reference, Data, Restatement and Forward-looking Statements**

All references to "PETRA" or the "Group" collectively refer to PETRA and all operating companies.

All metrics related to PETRA, including workforce and environmental data, refer to current reporting period. Unless otherwise indicated, information in this Report relates to PETRA's continuing operations.

Where available, data is collected and reported with the aid of existing management control and information systems to ensure the reliability of information flows and the accurate monitoring of sustainability performance.

PETRA has not restated past years' data and will continue to monitor its data collection system to ensure that information is comparable and meaningful over time.

The Group based forward-looking statements such as targets, plans, operations and forecast figures on reasonable current assumptions.

## **Reliability and Relevance of Information Disclosed**

Preparing the Sustainability Report is part of an annual reporting process subject to management review by PETRA's Sustainability Steering Committee, including final approval by the Board of Directors ("Board").

PETRA employed a formal materiality assessment to identify the salient sustainability issues affecting its value chain. Materiality has also helped ensure the disclosure of matters of most interest to stakeholders. PETRA reviews this materiality assessment regularly to ensure it reflects business and external environment changes.

## **Feedback**

PETRA welcomes your feedback on enhancing its reporting and broader sustainability efforts. Please send any comments, insights and queries to: [peb.corporate@penergy.com.my](mailto:peb.corporate@penergy.com.my) or [communications@penergy.com.my](mailto:communications@penergy.com.my).

# Sustainability Report



## MESSAGE FROM THE GROUP CEO

On behalf of the Board of Directors, I am pleased to present the PETRA Sustainability Report 2022. At PETRA, we believe in the brand promise of synergising partnerships and the #PETRACares philosophy of creating synergistic situations while upholding care in all that we do.

**We approach sustainability as an overarching strategy for the Group.**

This fundamental philosophy is apparent in our ESG efforts. We approach sustainability as an overarching strategy for the Group, preserving and protecting the environment, upholding integrity, creating value for our stakeholders, ensuring the safety and health of our people and all stakeholders and developing communities and the business ecosystem.

In 2022, we made significant progress in our sustainability journey by developing a sustainability framework with PwC. We launched and implemented the framework throughout operations, forming an comprehensive strategy for the Group.

The framework outlines 13 materiality areas with specific initiatives we are streamlining into actionable items over the next five years. This robust structure will help us operationalise sustainability throughout the business

### Preserving the Environment

We are committed to preserving the environment and strive to reduce our carbon footprint by implementing energy-efficient practices, minimising waste and emissions, and favouring renewable energy sources. Working with our suppliers and clients ensures they share our commitment to sustainable practices.

### Nurturing and Cultivating the Growth of People

We aim to create a positive impact, develop people and communities, prioritise local content for our operations and support local businesses through talent development, training, education, local employment and diversity initiatives. Occupational Health and Safety takes precedence in our operating industry.

### Embracing Strong Corporate Governance

The Group's Board-level Sustainability Governance steers and provides foresight and stewardship in achieving set ESG targets. Although we may not be able to fulfil all our aspirations overnight, we will show intent and be purpose-driven.

Of course, our sustainability efforts must also be economically viable. We strive to achieve long-term profitability and growth while ensuring our sustainability initiatives do not affect our long-term financial performance. Sustainability and profitability coexist, and our sustainability efforts will help us remain competitive and thrive long term.

Employees must act with integrity at all times, regardless of their position. Aligning our Anti-Bribery and Corruption Programme and Policy with ISO 37001 standards will help us realise our stringent anti-corruption commitment and expectations.

We are committed to implementing sustainable processes that create long-term value for our stakeholders.

I want to take this opportunity to acknowledge the valuable contributions of our board members. I also sincerely thank our employees and many partners whose unfaltering support and contributions have shaped our success.

#PETRACares

# Sustainability Report

## CREATING VALUE THROUGH SUSTAINABILITY

PETRA's vision is to be a sustainable energy company. Creating shared economic value for our stakeholders is essential to our culture. We aim to help meet the world's energy needs and address critical challenges facing the world today, including climate change, while creating value for all stakeholders.

We integrate sustainable business practices, corporate citizenship and environmental stewardship into our operations and long-term strategy. We also aim to reduce our operational carbon emissions. Our core values of Integrity, Professionalism, Commitment, Teamwork and behaviours of Accountability & Ownership, Care, Innovation, Integrity and Diversity & Inclusiveness, will be the foundation for a successful journey of our sustainability. These will be inline with the United Nations Sustainable Development Goals ("UNSDGs") vision, shared principle and commitments.

The oil and gas industry contributes significantly to the nation's economic growth, supporting thousands of jobs, providing lower energy costs for consumers and ensuring energy security. PETRA continues to contribute to the advancement of the industry and the nation through its operations:

- Field development and production
- Operations and maintenance
- Offshore and onshore facility upgrade, construction & maintenance
- Marine offshore support
- Fabrication yard services
- Workshop equipment maintenance services
- Project management services

## ADVANCING THE INDUSTRY THROUGH PARTICIPATION

PETRA contributes to industry advancement by playing its role in various industry organisations. We collaborate with fellow industry players and institutions to navigate change, find opportunities and ultimately develop Malaysia's oil and gas industry.

A non-exhaustive list of memberships held by the Group or its management team is listed below:

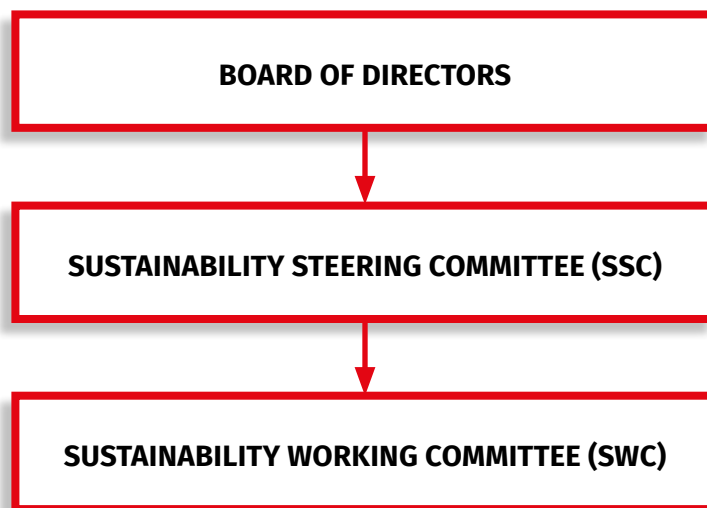
- Malaysian Oil, Gas & Energy Services Council ("MOGSC")
- Malaysian Gas Association ("MGA")
- Malaysian Institute of Corporate Governance ("MICG")
- Malaysian Society for Occupational Safety & Health ("MSOSH")
- Malaysian Shipowner's Association ("MASA")
- The Baltic and International Maritime Council ("BIMCO")

## SUSTAINABILITY GOVERNANCE

Strong governance structures and clear accountability help PETRA deliver its sustainability commitments. The Board of Directors is the highest governance body that provides advisory and approves the sustainable development strategy and target. The Sustainability Steering Committee will advised the Boards and is responsible for driving sustainability strategy and reviewing sustainability progress and throughout the reporting period.

The Sustainability Working Committee is responsible for driving the implementation of sustainability initiatives and collaborating with various business units throughout the Group.

### Sustainability Governance Structure



# Sustainability Report

## SUSTAINABILITY PERFORMANCE DATA

<b>Governance</b>		<b>2022</b>
<b>Economics Performance</b>		
Revenue generated (RM)		370,324,000
Economic value distributed (RM)		364,779,000
Dividend distributed (RM)		16,048,000
Economic value retained (RM)		10,503,000
<b>Procurement Practices</b>		
Percentage of spending on local suppliers (%)		91
<b>Anti-Corruption</b>		
Training	Leadership and Management – 100% Staff – 80%	
Confirmed incidents of corruption		0
Operations assessed for risks related to corruption		100%
<b>Regulatory Compliance and Risk Management</b>		
No of risk and potential issues identified	Several risks were identified and addressed during our ongoing risk identification process	
% of non-compliance		Nil
<b>Environment</b>		
<b>Energy Consumption (MJ)</b>		
Total Energy Consumption		455,560,363
<b>Emissions ( tCO<sub>2</sub>e)</b>		
Scope 1		32,030
Scope 2 (electricity)		324.25
<b>Waste Management (MT)</b>		
Scheduled Waste		73,315.58
Significant spills		0
<b>Water Consumption (m<sup>3</sup>)</b>		
Water consumption		90,200





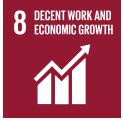


# Sustainability Report

<b>Social</b>	
<b>Workforce strength</b>	
Female	164
Male	382
Total Number of Employees	546
<b>Type of contract</b>	
Permanent	70
Contracts/Temporary Staff	449
Legal Independent Contractor	27
Annual total compensation ratio	Total compensation ratio between highest paid individual and median employees is 48
<b>Training</b>	
Total training time (hours)	6,442
Average training hours per year per employee	12
Percentage of employees receiving regular performance and career development reviews	Approximately 50%
<b>Safety and Health</b>	
Fatalities (cases)	0
Fire/Explosion	0
Number of cases resulting in lost workdays	0
Number of cases resulting in medical treatment	0
Number of cases resulting in first aid treatment	0
Number of cases resulting in asset damage/lost	0
Number of cases resulting in near-miss reporting	0
Total work-related injuries	0
Total man-hours worked	2,984,161
Total number of lost days	0
Rate of work-related injuries per total man-hours worked	0
Severity Rate (total number of lost days per total number of recordable incidents)	0
Total ACT received	12,000
Work-related ill health	112 (COVID-19 related)
<b>Corporate Social Responsibility</b>	
Total Contributions to Non-Profit Organisations (RM)	403,642
Total number of beneficiaries of the investment in communities	22

# Sustainability Report

## OUR CONTRIBUTIONS TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGs)

In 2015, the United Nations launched 17 Sustainable Development Goals (UNSDGs) to end poverty, fight inequality and injustice and tackle climate change by 2030. The UNSDGs provide a blueprint for human progress and a clear call to action for businesses to contribute to a better future. We are committed to playing our role and believe we can increase the delivery scale across several UNSDGs by leveraging our expertise and partnering.

Sustainability Pillars	PETRA Commitment	Highlights and Achievements	Relevant UNSDGs
Economic/ Governance*	PETRA remains committed to generating direct and indirect economic value through its business strategies and operations.	<ol style="list-style-type: none"> <li>Vendor Development Programme (VDPx), in support of clients' agenda to prioritise local talent, vendors and content.</li> <li>PETRA has appointed five companies to date as a VDPx anchor to PETRONAS.</li> <li>Master Supply Agreement established with local contractors (an ongoing initiative) to support local participation in our procurement process.</li> <li>Profitability resulting from improved project execution, operational efficiency and deliver to our client.</li> </ol>	
Environmental	PETRA strives to reduce, manage and mitigate its environmental footprint in terms of resource consumption, greenhouse gas emissions and addressing climate change impacts.	<ol style="list-style-type: none"> <li>Commence streamlining our reporting on GHG Emissions and Energy Management.</li> <li>Our headquarters is a Green Building.</li> <li>Attained ISO 14001:2015 Environmental Management System certification.</li> <li>EIA study for the Development &amp; Production segment.</li> </ol>	 
Social	We prioritise cultivating a high-performing, inclusive work environment for all employees centred on PETRA's desired behaviours. We continue to play our role as responsible corporate citizens in the community.	<ol style="list-style-type: none"> <li>Safe operations Group-wide.</li> <li>Continued our commitment to the preservation of culture &amp; heritage and developing communities.</li> <li>ISO 45001:2018 Occupational Health and Safety Management System certification.</li> <li>Continued developing our competencies &amp; skill sets and workforce diversity.</li> </ol>	   

\* We interchangeably use Economic and Governance

## STAKEHOLDER ENGAGEMENT

Establishing mutual relationships with stakeholders is of paramount importance. We view stakeholders as essential partners and actively engage with them regularly to share our strategy, goals and progress and to receive their feedback. Stakeholders are individuals, groups or organisations that PETRA affects or are impacted by.

Stakeholder engagement is critical for gaining and maintaining a license to operate. Engaging with stakeholders is more than a two-way dialogue: it involves building long-term, honest and transparent relationships.

# Sustainability Report

A summary of our key stakeholder categories and details is listed below.

Stakeholder	Method of Engagement	Matters Discussed
Employees	<ul style="list-style-type: none"> <li>Employee Induction Programme</li> <li>Performance appraisals</li> <li>Teambuilding</li> <li>HSE Management Visit</li> <li>Townhall</li> </ul>	<ul style="list-style-type: none"> <li>Transformation plan</li> <li>Our desired behaviours</li> <li>HSSE plan and sharing</li> <li>Business goals &amp; targets</li> <li>Management systems certification</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Industry events &amp; exhibitions</li> <li>Face-to-face engagement</li> <li>Formal and informal meetings &amp; updates</li> <li>HSE management visits</li> </ul>	<ul style="list-style-type: none"> <li>Sabah Oil &amp; Gas Exhibition &amp; Conference</li> <li>Inaugural Sarawak Occupational, Safety &amp; Health</li> <li>MCM Offshore Communications Day</li> </ul>
Investors & Shareholders	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Annual General Meeting</li> <li>PETRA website</li> <li>Quarterly announcement of financial results to Bursa Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Company updates</li> <li>Annual performance</li> </ul>
Government & Regulatory Authorities	<ul style="list-style-type: none"> <li>Meetings &amp; engagements</li> <li>Audit and inspections</li> </ul>	<ul style="list-style-type: none"> <li>Company updates</li> <li>Audits and plans</li> </ul>
Communities & the public	<ul style="list-style-type: none"> <li>Exhibition</li> <li>Career fairs</li> <li>CSR activities</li> </ul>	<ul style="list-style-type: none"> <li>Hiring</li> <li>Community Development Initiatives.</li> </ul>
Financial Institutions	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Annual General Meeting</li> <li>Engagement with bankers</li> </ul>	<ul style="list-style-type: none"> <li>Company updates</li> <li>Transformation Plan</li> </ul>
Vendors & Business Partners	<ul style="list-style-type: none"> <li>Integrity &amp; Anti-Bribery &amp; Anti Corruption Awareness Session</li> </ul>	<ul style="list-style-type: none"> <li>Supporting the Group's business objective</li> <li>Corporate Liability MACC Section 17(A)</li> </ul>

## FOCUSING ON THE IMPERATIVES

PETRA appointed a third-party consultant, PricewaterhouseCoopers (“PwC”), to conduct a detailed assessment of material issues by engaging a broad spectrum of stakeholders.

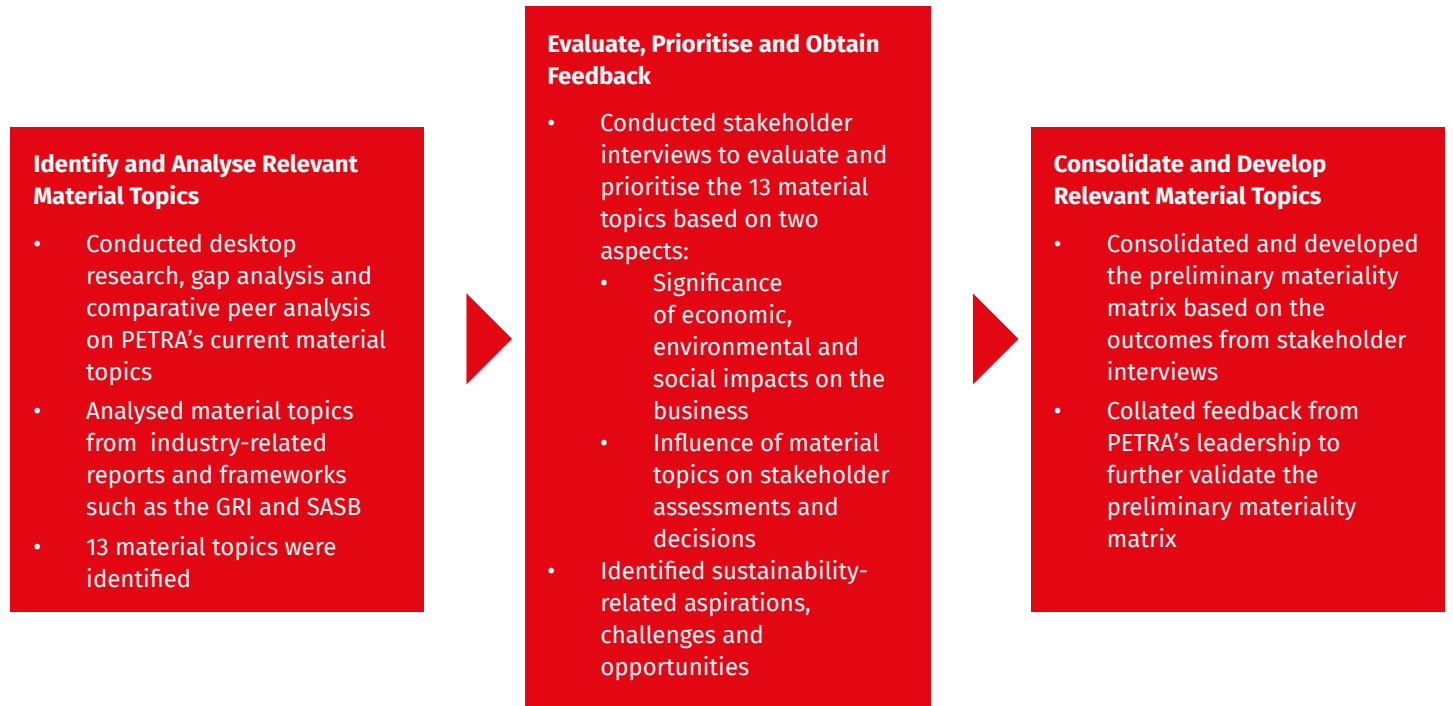
This assessment helps us mitigate potential ESG risks by identifying key issues significant to internal and external stakeholders. It allows us to develop strategies for risk management and capitalise on opportunities more effectively.

We performed an extensive materiality analysis in the year under review by engaging with relevant stakeholders and obtaining responses to identify ESG issues for our organisation. Extensive brainstorming sessions with business functions and consultations with subject matter experts allowed us to map potentially relevant material topics. PETRA's Sustainability Leadership Team reviewed and ratified the materiality matrix.

# Sustainability Report

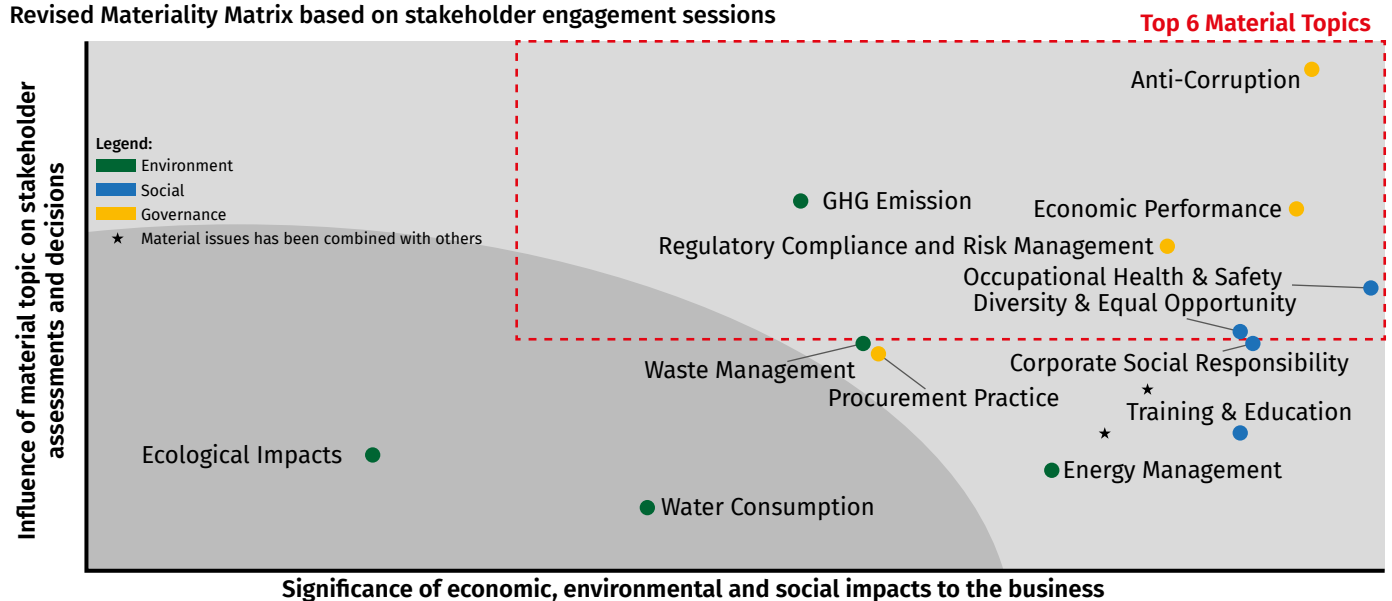
## The Process

The process to identify, analyse, evaluate, prioritise and consolidate relevant material topics was as follows:



## PETRA's 2021 materiality matrix

Revised Materiality Matrix based on stakeholder engagement sessions



Note: (1)\* Materiality matrix was agreed at PSC #1 on 3 March 2022  
 (2) Management decision in 2022 - GHG Emission

# Sustainability Report

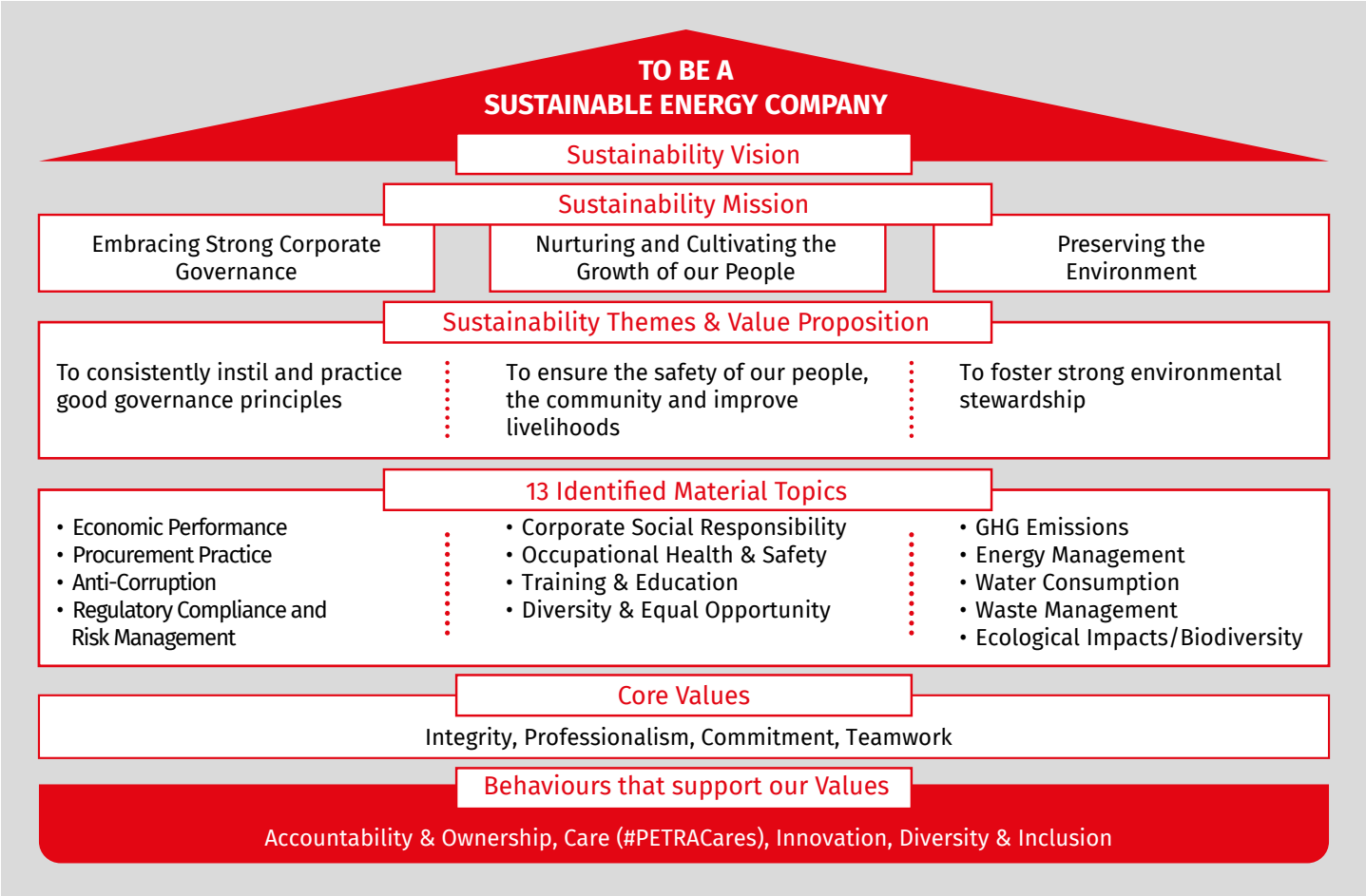
For the purpose of the identification of the material issues above, PETRA interviewed 35 stakeholders during nine interview sessions for the materiality study. Interviewees comprised representatives from levels ranging from Board of Directors to C-suite management, Head of Departments and mid-level management.

## Definition of Our Material Matters

Environment	
GHG Emissions	<p>Managing the discharge of direct and indirect greenhouse gases resulting from the company's operations, covering scope 1, 2, and 3 emissions to alleviate the risks of climate change on the environment and the company's operations:</p> <ol style="list-style-type: none"> <li>1. Scope 1 consists of direct Greenhouse Gas (GHG) emissions from sources that PETRA owns and controls, such as emissions from the combustion of fossil fuels</li> <li>2. Scope 2 consists of indirect GHG emissions from generating purchased energy for the company's operations, such as electricity, heating and cooling</li> <li>3. Scope 3 emissions include all other indirect GHG emissions that occur within the company's value chain</li> </ol>
Energy Management	<ul style="list-style-type: none"> <li>• Addressing the environmental impact of energy consumption from sources such as diesel and electricity for the company's operations,</li> <li>• Managing energy efficiency and intensity, energy mix and grid reliance</li> </ul>
Water Consumption	<ul style="list-style-type: none"> <li>• Covering the impact on water resources of the geographical locations the company operates in due to water usage, water consumption and wastewater generation for operations</li> <li>• PETRA's management of water efficiency and wastewater treatment</li> </ul>
Waste Management	<ul style="list-style-type: none"> <li>• Addressing PETRA's management of hazardous and non-hazardous waste produced from their operations in terms of treatment, handling, disposal and regulatory compliance</li> <li>• Reducing the harmful effects of waste on the environment</li> </ul>
Ecological Impacts	<ul style="list-style-type: none"> <li>• Managing the impacts of the company's operations on ecosystems and biodiversity to protect the local environment of the locations where they operate</li> </ul>
Social	
Corporate Social Responsibility	<ul style="list-style-type: none"> <li>• Creating opportunities and working closely with communities to make a positive impact on these communities and areas of operations</li> </ul>
Occupational Health & Safety	<ul style="list-style-type: none"> <li>• Providing a safe and healthy work environment for employees and contractors by preventing incidents such as injuries, fatalities and illness by careful planning operations to identify potential hazards and risks</li> </ul>
Training & Education	<ul style="list-style-type: none"> <li>• Actively engaging with employees through established communication channels and team bonding activities</li> <li>• Providing employees with opportunities to enhance their competencies and skills to strengthen relationships between the management and employees</li> </ul>
Diversity & Equal Opportunity	<ul style="list-style-type: none"> <li>• Cultivating a diverse and inclusive workplace where all employees are treated fairly and provided with equal opportunities regardless of their nationality, gender, race, age, religion, ethnicity, or physical ability</li> </ul>

# Sustainability Report

Governance	
Economic Performance	<ul style="list-style-type: none"> <li>Generating sustainable economic value and wealth for stakeholders while managing profitability, stakeholder wealth, profitability, revenue growth and the company's balance sheet</li> </ul>
Procurement Practice	<ul style="list-style-type: none"> <li>Engaging with suppliers that behave economically, environmentally and socially responsibly to maintain human rights and sustainability in the supply chain</li> </ul>
Anti-Corruption	<ul style="list-style-type: none"> <li>Conducting ethical business by managing risks associated with corruption, bribery, fraud, bias and other activities that breach ethical behaviour</li> <li>Ensuring PETRA upholds the industry's highest professional and ethical standards</li> </ul>
Regulatory Compliance and Risk Management	<ul style="list-style-type: none"> <li>Managing risks arising from the company's operations to ensure the company can achieve its business objectives without any significant adverse consequences</li> <li>Complying with applicable laws and regulations made by regulators and government bodies of the countries where the company operates</li> </ul>



Our sustainability actions are structured into three main pillars of Corporate Governance, People and Environment. Guided by our core values of Integrity, Professionalism, Commitment and Teamwork, we continue to strive to be a sustainable energy company.

# GOVERNANCE

**ECONOMIC PERFORMANCE**

PETRA’s five-year roadmap (2019-2024) guides the Group’s economic performance management.

The summary of our economic performance in 2022 is as follows:






Details	RM
Revenue Generated	370, 324,000
Economic value distributed	364,779,000
Dividend distributed	16,048,000
Economic value retained	10,503,000

\*For further information on our Financial Performance, please refer to Financial Statements on pages 100-181 in this Annual Report

PETRA has not made any assessment in terms of financial implications and other risks and opportunities due to climate change. We hope to conduct this assessment and report our analysis in the near future.

PETRA’s compensation and benefits programmes focus on attracting and retaining a highly-skilled workforce. We also pay all statutory benefits, including the Employment Provident Fund (EPF) and the Social Security Organisation (SOCSSO).

**Supporting Our Economic Performance**

-  Clean balance sheet
-  Zero gearing
-  Strong cash balances to deliver results
-  Good paymaster to our vendors
-  Strong credentials to raise funds for growth and expansion

**PROCUREMENT PRACTICE**

Suppliers are critical to the success and delivery of operational goals. We seek suppliers that share our core values of integrity, professionalism, commitment and teamwork. We conduct all contracting and procurement activities ethically, following our Procurement Policy and applicable laws. This policy defines guidelines for specific sourcing requirements, evaluating formal tenders, contracting practices for recurrent goods and services, and required segregation of duties.

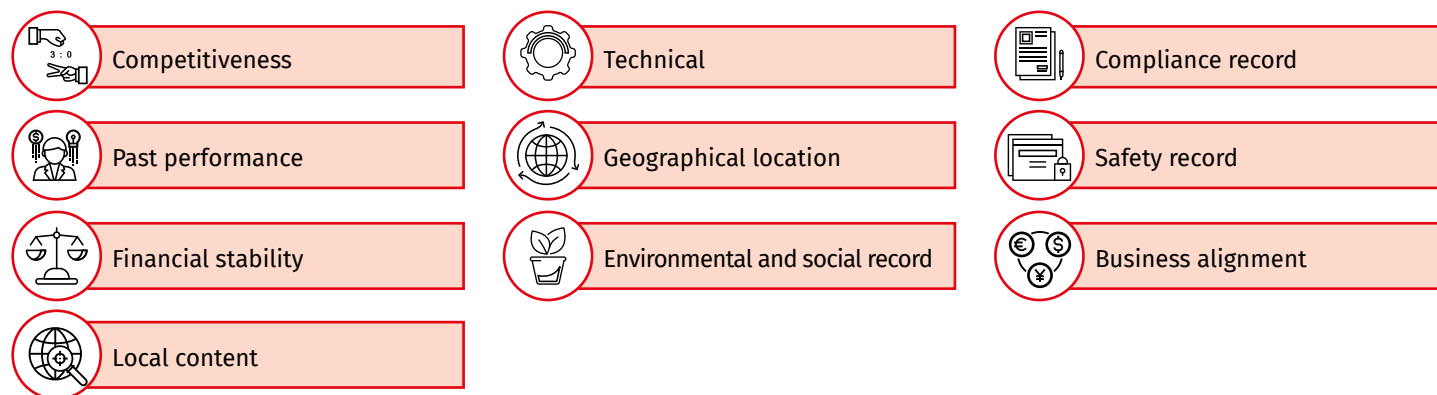
The Group Procurement Management – Manual and Procedures govern and provide guidelines and process transparency for all procurement activities, from procurement requisition to vendor performance appraisal, incorporating the ISO 24000: Sustainable Procurement principles.

PETRA and its business partners hold each other mutually accountable for high ethical standards. This approach ensures that all parties continue to meet the Group’s ethical business promises.

As part of our procurement process, PETRA conducts a supplier qualification process to ensure vendor suitability based on various considerations.

# Sustainability Report

## Considerations to Ensure Vendor Suitability

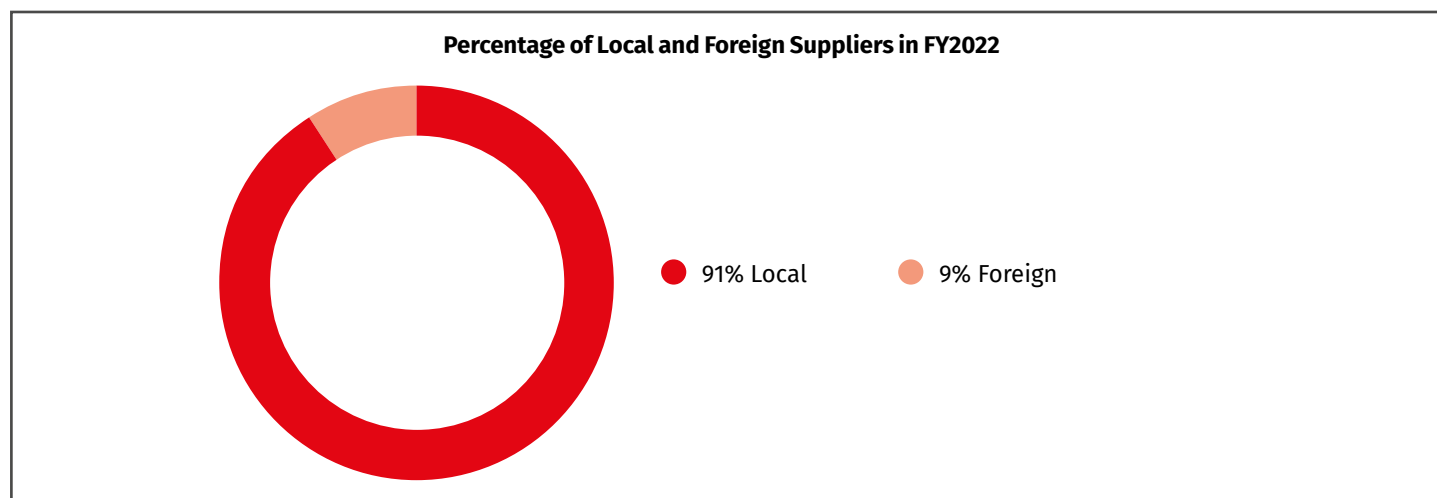


As part of our standard contracts, suppliers must comply with all applicable laws and regulations, including Health, Safety and Environment (“HSE”), conflicts of interest, anti-corruption and other social and environmental-relevant legislations.

### PRIORITISING LOCAL SUPPLIERS

PETRA is committed to supporting local suppliers and service providers by increasing the percentage of locally sourced goods and services. We have aligned this commitment with United Nations Sustainable Development Goal 8, which promotes sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Local sourcing offers many economic benefits for the communities we serve. It is more cost-effective and associated with more successful delivery and response rates than non-local sourcing.

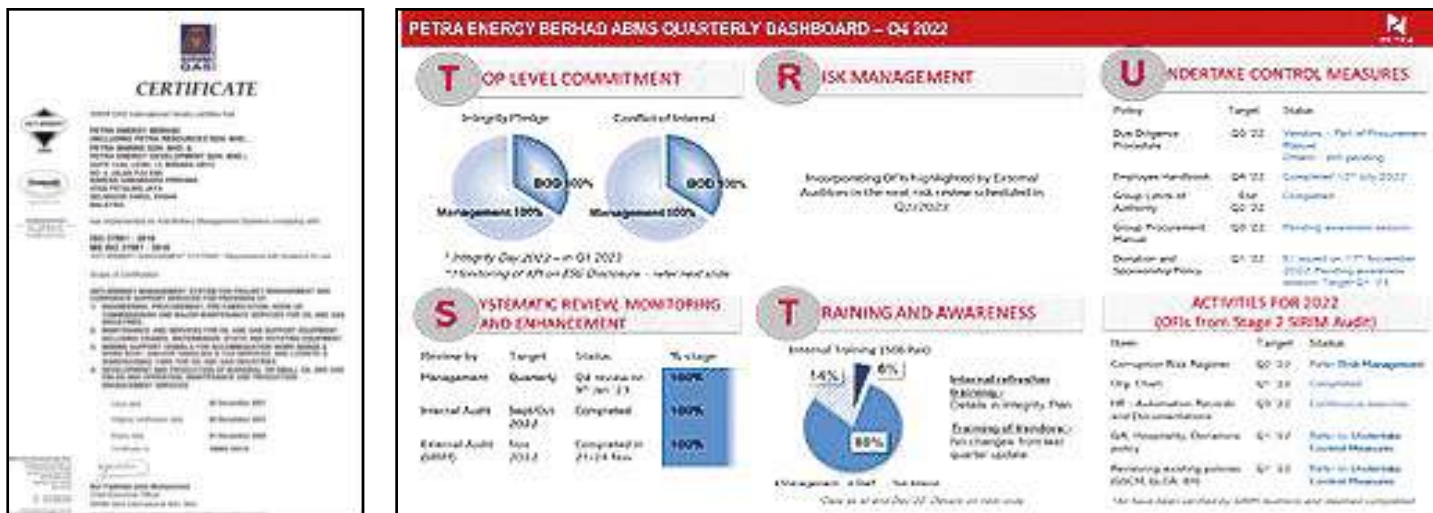


The Group’s Vendor Development Programme (“VDPx”) supports our clients’ agenda of prioritising local talent, vendors and content. PETRA has appointed five companies to date as a VDPx anchor to PETRONAS. VDPx supports identified local vendors by providing mentoring and advisory services on technical and business models and market opportunities. Since FY2020, PETRA has required all engaged vendors to align with its guiding values and behaviours.

# Sustainability Report

## ANTI-CORRUPTION

PETRA has been certified with ISO 37001:2016. The Group's T.R.U.S.T principle governs its stand on anti-corruption and ethical business practices. We work closely with external and internal stakeholders to meet these principles. Our performance in addressing anti-corruption within the organisation is recorded and monitored through a dashboard and quarterly management review.



### Key Activities and Highlights

- Annual Integrity Pledge
- Risk assessment on all operations
- Incorporation of ABMS requirements in relevant documents
- Internal and external audits against ABMS requirements
- Training and awareness

PETRA has aligned its conduct in governance, business ethics, anti-corruption and anti-bribery with industry best practices and ensures compliance surpasses legal requirements. All operations prioritise ethical business conduct in their day-to-day operations and risk management approach.

There were no confirmed incidents of corruption during this reporting period.

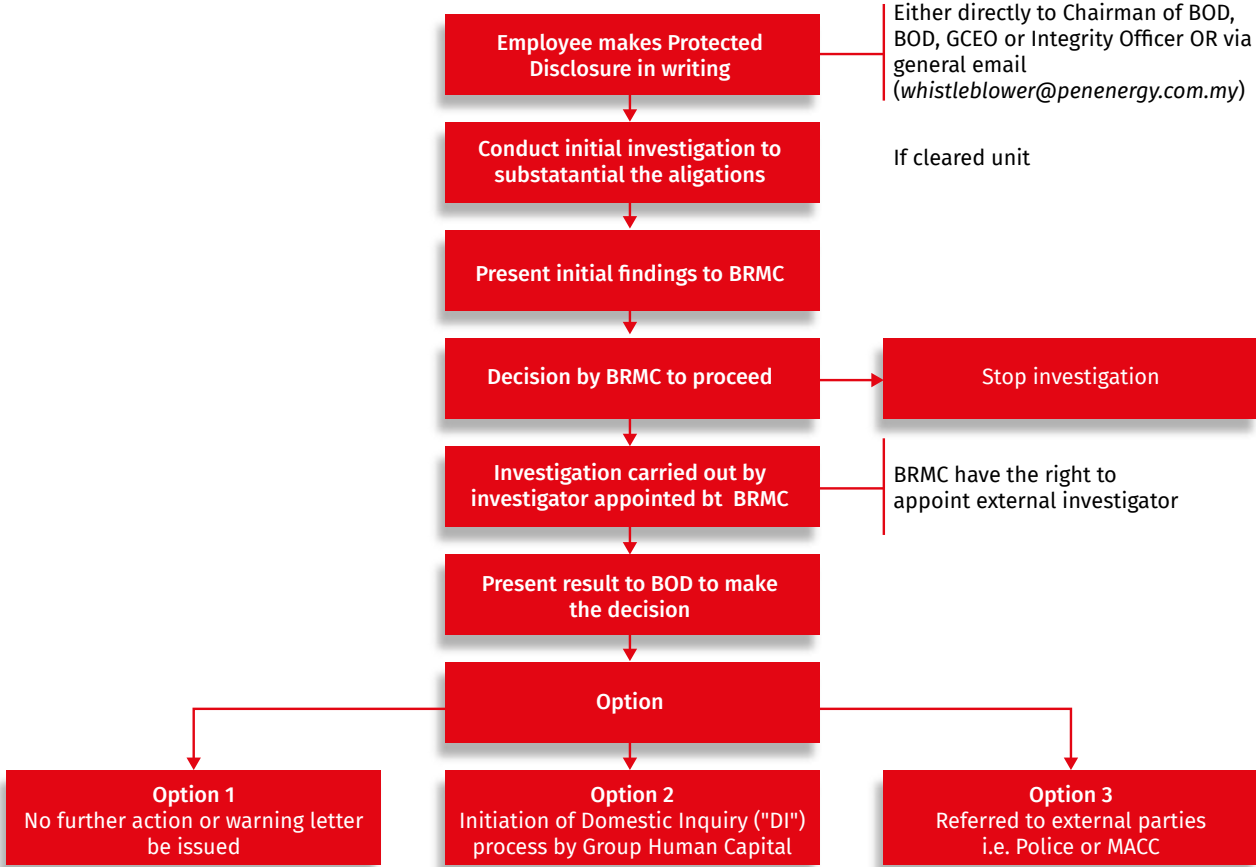


# Sustainability Report

## WHISTLEBLOWING

PETRA's introduced a whistleblowing mechanism in 2011 in line 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. The policy expresses a commitment to a 'policy against retribution' and preserving confidentiality.

PETRA prioritises creating a positive feedback culture where workers feel comfortable expressing their concerns. Employees and external parties may channel their concerns by writing directly to the Chairman of the BOD, BOD, GCEO or Integrity Officer. They may also contact the general email (whistleblower@penenergy.com.my). PETRA will investigate and deliberate on all reports following the Whistleblowing Policy, which is available on the Group's website.



## REGULATORY COMPLIANCE AND RISK MANAGEMENT

The Group's Risk Management Framework governs practices relating to corporate risk management. Potential risks, including sustainability risks, are discussed during management reviews, Board Risk Management Committee ("BRMC") meetings and Board of Directors ("BOD") meetings.

The Group received no regulatory non-compliance reports during this financial year. PETRA monitors regulatory compliance through the legal registers update.

## SOCIAL

### OCCUPATIONAL HEALTH & SAFETY

PETRA firmly believes that one of its core responsibilities is to provide a safe and healthy workplace for employees and contractors. This commitment is integral to business success.

PETRA was certified with ISO 45001:2018. The Group's Health, Safety and Environment Management System ("HSEMS") includes a safety manual, policies and procedures. This system applies to all employees and contractors.

PETRA also established a detailed hazard identification risk assessment, which includes incident investigations.

Every employee and contractor must undergo pre-employment and in-employment occupational health examinations such as medical check-ups or health screenings for various specialised trades and responsibilities.

Employees and contractors must participate in various health and safety awareness programmes throughout their engagement, including safety inductions, a daily toolbox talk, pre-mob site and project safety briefing. PETRA also issued various Employee Information ("EI") related to safety & health.

There are three major safety training types offered to our employees and contractors:

#### Basic

- Must be attended by all employees
- Examples include safety induction, U-See U-Act Training

#### Project/Location Specific

- Examples include working at height, Permit to Work, Health, Safety and Environment

#### Competency

- Must be attended by safety officers, blasting and painting personnel, scaffolding operators
- For example, blasting procedure and the use of scaffolding

We support the nationwide community-based intervention programme concept championed by the Ministry of Health, the Komuniti Sihat Pembina Negara ("KOSPEN"). This programme aims to reduce the occurrence of Non-Communicable Diseases (NCDs) and related risk factors and increase the healthy behaviours of targeted workers. We have introduced KOSPEN in all locations.

# Sustainability Report

PETRA implemented the following as part of efforts to prevent and mitigate potential occupational health and safety risks related to operations:

- Introduced vendors and partners pre-assessment and systems for occupational safety and health past performance
- Developed specific health, safety and environmental plans to address potential risks associated with particular vendors and partners
- Engaged regularly with key parties we whom we are working on occupational safety and health

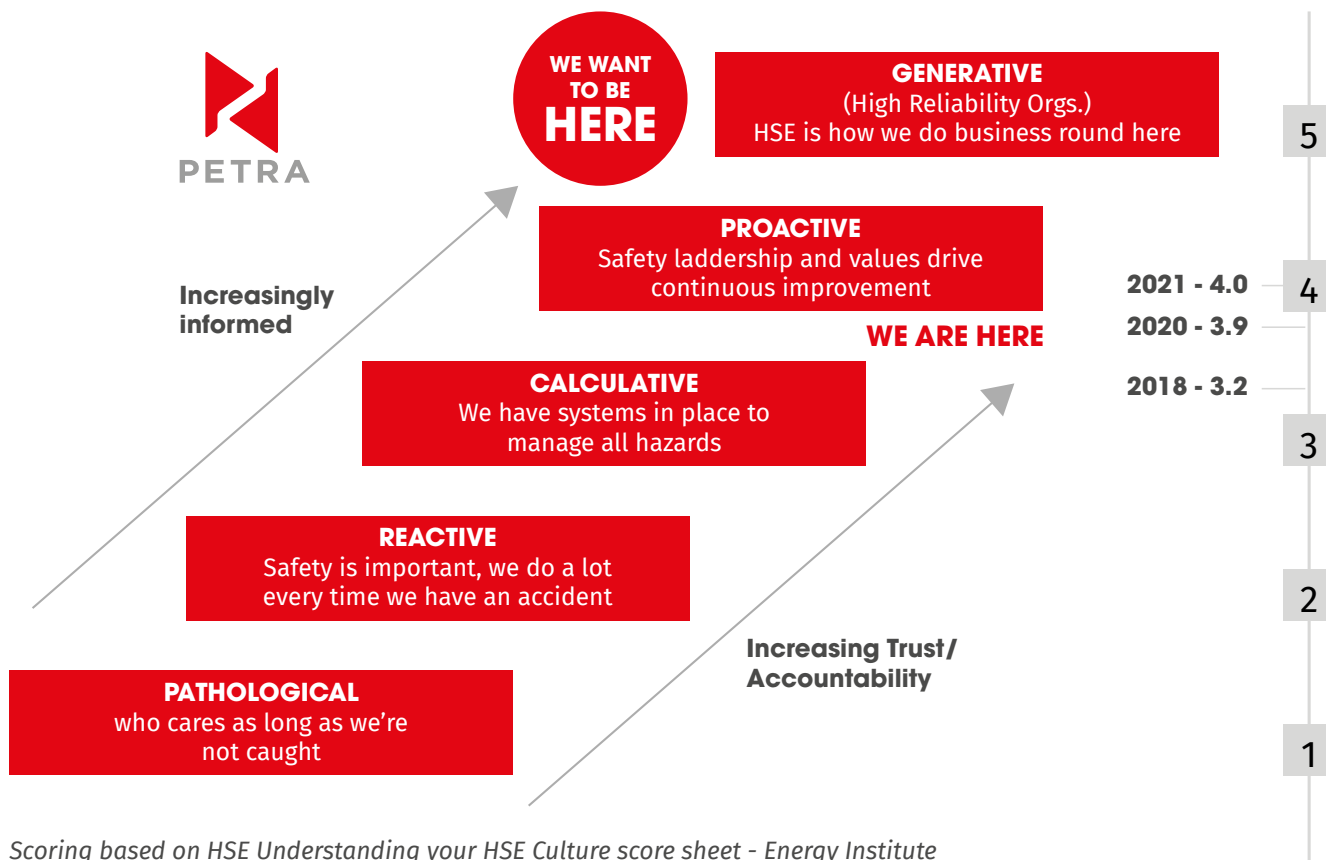
The Group introduced the following minimum requirements for managing medium and high-risk activities.



## PETRA HSE CULTURE

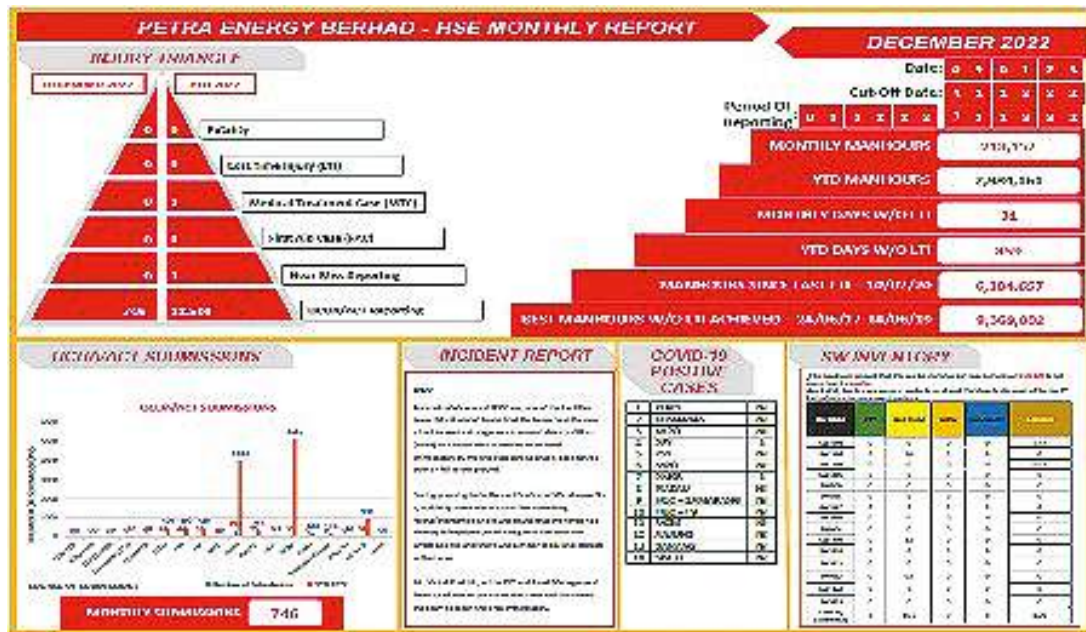
We continue to improve our HSE culture by focusing on the following:

- Communicating on matters relating to HSE through training and lesson learnt from incidents
- Offering incentive programmes on best HSE performance for staff and partners
- Engaging regularly with various levels in the organisation to discuss HSE matters and performance
- Standardising management HSE visits
- Continuing to participate in external audit and awards programme



Scoring based on HSE Understanding your HSE Culture score sheet - Energy Institute

# Sustainability Report





# Sustainability Report

## SAFETY & HEALTH COMMITTEE

Respective location leaders head PETRA's Safety and Health Committee comprising employer and employee representatives. The Committee meets quarterly. Dedicated committees for specific projects or activities convene monthly or follow clients' requirements. All safety and environmental-related issues are discussed during these committee meetings.

PETRA's management conducts quarterly management reviews with respective location representatives and business leaders. These reviews ensure that their HSE performance meets legal, clients' and the Group's Health Safety & Environment Management System ("HSEMS") requirements.

## AWARDS & RECOGNITIONS

Type of Award/Achievement	Awarded By
Focused Recognition for PETRA Secondary Yard for having significant improvement in Warehouse Operations & Management	
MSOSH Gold Merit Award - PETRA Fabrication Yard	
MSOSH Gold Merit Award - PETRA Kota Kinabalu Project Office	
MSOSH Gold Merit Award - PETRA Marine Sdn. Bhd.	
MSOSH Gold Class 1 Award - PETRA Piasau Operations	
MSOSH Gold Class 1 Award - PETRA Energy Development Sdn. Bhd. (Banang)	

## DIVERSITY & EQUAL OPPORTUNITY

PETRA focuses on nurturing a workplace where all employees feel safe, respected and protected. The Group has made the following commitment:

- Does not tolerate any form of harassment against any employees
- Maintains a zero-tolerance stance on any form of workplace discrimination
- Will continue to take action to improve workforce diversity and equal opportunities or reduce discrimination based on race, gender, age, sexual orientation, religion, caste, marital status, nationality or disability

PETRA reflects these commitments in all terms and conditions of employment, including hiring, placement, promotion, termination, layoff, recall, transfer, leave of absence, compensation and training.

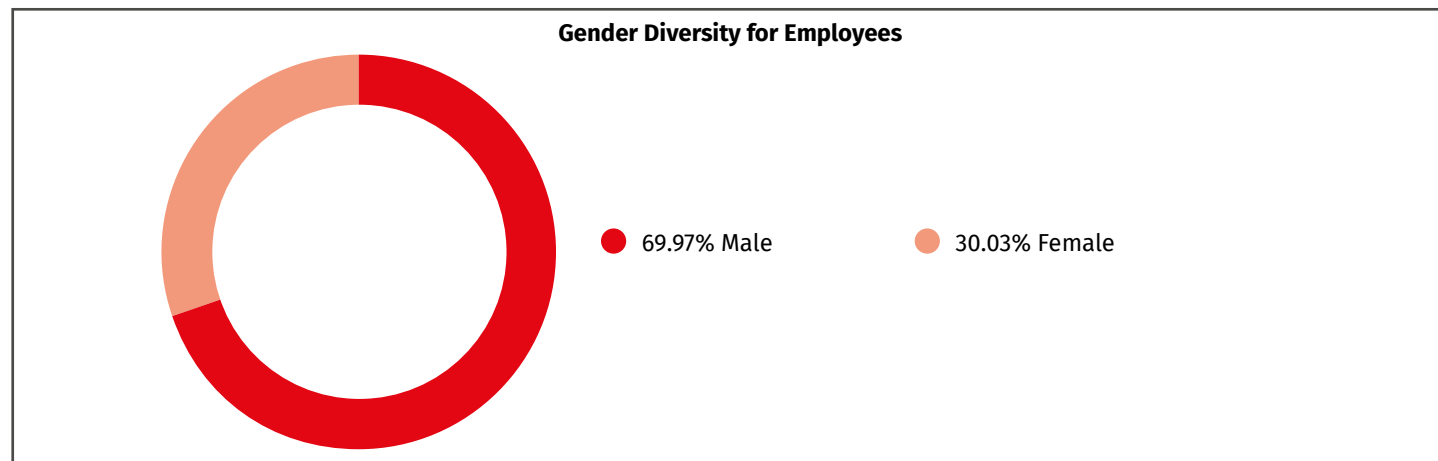
Historically, the oil and gas industry has been male-dominated due to the nature of work, especially in labour-intensive offshore operations. PETRA does not discriminate against female candidates in its hiring and promotions and will continue to invest in attracting, retaining and promoting women in its employment practices.

A diverse and highly talented team is central to our success. Embracing a sustainable energy future can only be achieved with an engaged and motivated team that will deliver on targets and translate our vision into meaningful action.

The Group Code of Conduct guides our labour standards, covering many aspects of employee conduct. The Code defines unethical business practices and stipulates what constitutes unethical corporate behaviour, sexual harassment, discrimination, human rights, workers' rights and more.

# Sustainability Report

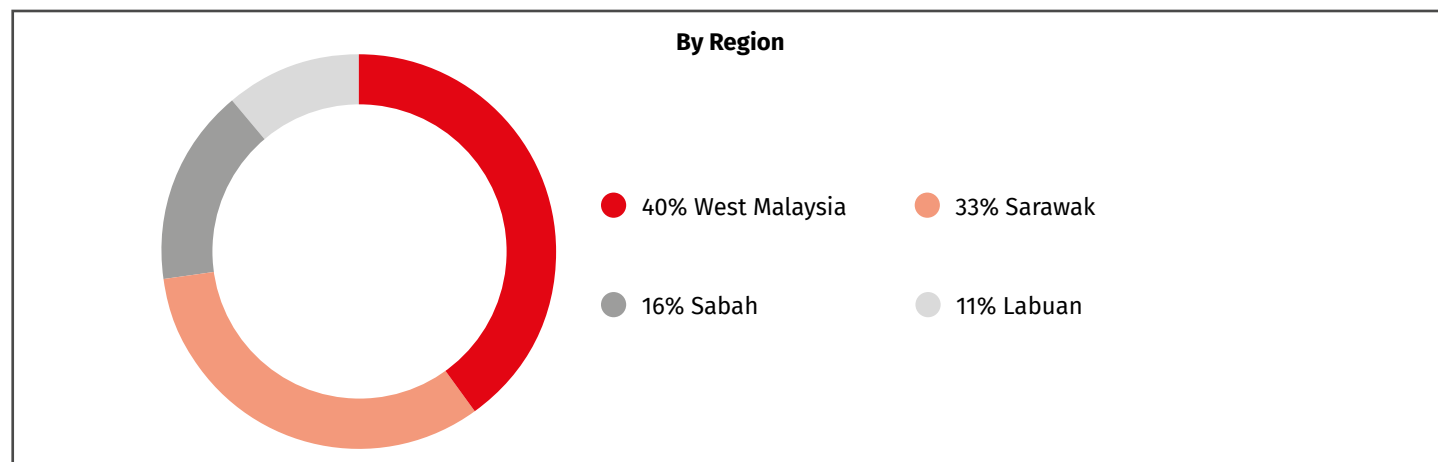
Please refer to pages 15-21 for our Board of Directors and Leadership gender diversity data.



PETRA's compensation and benefits programmes focus on attracting and retaining a highly skilled workforce. We validate the competitiveness of these programmes by reviewing them periodically through industry-specific surveys to identify and address compensation inequities, including pay parity based on gender, race and ethnicity.

PETRA does not condone any discrimination based on gender. There is no remuneration difference between men and women holding the same position.

## SUPPORTING LOCAL CONTENT



PETRA supports local economic growth and productive employment aligning with the UNSDG Goal 8. We continue to prioritise hiring local talent to support national employment strategies. Over 60% of our entire workforce was from East Malaysia at the end of 2022.

## HUMAN RIGHTS

Respect and dignity for everyone are cornerstones of business operations and our success. Basic human rights principles, the Malaysian Employment Act 1955 and other relevant Malaysian labour laws guide PETRA's human rights stand.

Our human rights ethos acknowledges a longstanding commitment to the dignity and rights of all people, including a commitment and process for identifying, eliminating or minimising any negative impact our activities may have on human rights in the communities where we do business.

# Sustainability Report

The Group also subscribes to the International Labour Organisation (“ILO”), the Universal Declaration of Human Rights, and the UN Global Compact 10 Principles.

Our Human Rights Practices explicitly prohibit child labour, forced labour and workplace harassment in our operations. It also covers the rights of indigenous peoples and critical issues relating to security, community engagement and the supply chain.

## PETRA’s Human Rights Procedures



## TRAINING & EDUCATION

We prioritise training and developing employees, focusing on cultivating a knowledgeable and skilled workforce that aligns with our distinctive culture and growth ambitions.

Our robust training and development system includes regularly reviewing and discussing the development needs of our employees. As part of the system, we also conduct annual performance review, talent mapping & succession planning. To meet the needs of employees, we deliver our management training programme via formal trainings delivered by our training partners as well as our internal training programmes.

When delivering our major training programmes, mandatory offshore training addresses soft skills and sustainability-related topics.

We also assign our employees to develop their specific skills by on the job learnings from peers and experts either internally or externally.

The average hours of formal training attended by every employee in 2022 is 12 manhours. The average training manhours does not include in-house and informal training.

All contract and permanent employees received regular performance reviews and feedback where management and employees discussed their career development path transparently.

# Sustainability Report

## **MENTAL HEALTH AWARENESS**

The mental health of workers in the oil and gas sector is one of the less publicised risks facing workers despite being crucial. Currently, the oil and gas industry's primary concern is physical health. However, working in oil and gas fields can also affect a person's mental health. Workers often live in remote areas far away from their families and face sleep problems and other health issues and difficulties.

PETRA values employee engagement and has introduced various initiatives to keep its employees engaged and motivated. These activities foster a sense of community and promote employee well-being on and off the job.

Townhall meetings are a popular employee engagement activity held at various locations. Employees can ask questions, share feedback and learn essential company updates

In 2022, we continued our mental health awareness programme through the PETRA Clubhouse initiative. PETRA Clubhouse provided a space for employees to get together virtually and unite over shared interests unrelated to work. It also hosts regular events and workshops on topics such as Super HSE Heroes Award Sharing Session, First Aid, ESG Awareness and Sharing by Group IT.

PETRA also holds Sembang Santai as a pre-event programme of the Sustainability, Integrity & HSSE Day 2023. This event raises awareness about mental health and other essential topics such as sustainability, integrity & HSSE.

We promote employee wellness through healthy lifestyle initiatives, such as stair climbing, 5,000 steps, badminton and futsal. These initiatives encourage employees to stay active and healthy, both physically and mentally.

## **CORPORATE SOCIAL RESPONSIBILITY**

PETRA spent RM403,642 on various corporate responsibility and philanthropy, benefiting 22 organisations, including old folks and children's homes, welfare organisations and other non-profit organisations.

### **SUPPORTING THE PRESERVATION OF CULTURE AND HERITAGE**

#### **1) Sarawak Regatta**

As part of PETRA's commitment to preserving culture and heritage, the Group has supported the Sarawak Regatta since 2012. The Sarawak Regatta is a time-honoured long boat race on the scenic Sarawak River in Kuching, Malaysia. The Sarawak Regatta dates back to 1872. It has become a significant cultural event that brings together people from various local tribes, fostering unity and promoting peace in the region. Rajah James Brooke, who wanted to end racial wars and promote harmony among the tribes, initiated the Regatta.

Being a Gold Sponsor for this event in 2022 reflects our commitment to preserving the local culture and heritage while supporting the local community. We hope to continue protecting the traditions of Sarawak, promoting community engagement and tourism in the region.

#### **2) Badan Warisan Malaysia**

Badan Warisan Malaysia, in collaboration with PETRA Energy Bhd, has taken a commendable step in supporting the preservation of culture and heritage by curating a webinar talk series titled #TokSarawak.

The #TokSarawak webinar series serves as a platform to raise awareness and appreciation for the diverse cultural heritage of Sarawak. This series sheds light on topics such as the Baram Regatta, a traditional boat race celebrated by the indigenous communities of Sarawak. It also covers the architectural history of longhouses, iconic symbols of the indigenous people's way of life. These webinars promote preserving and safeguarding these cultural practices for future generations.

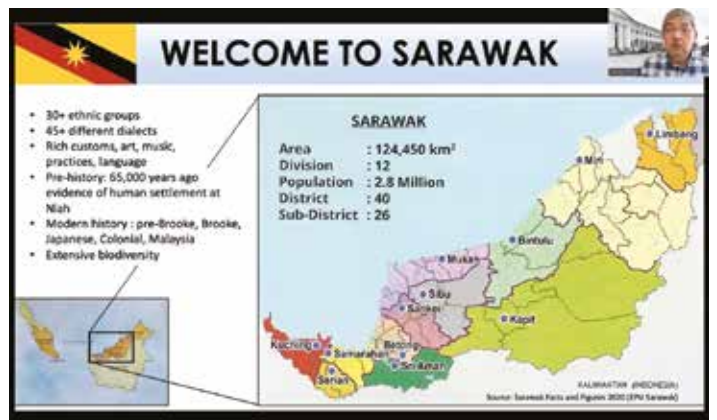
# Sustainability Report

## 3) Tunas Tari Production

PETRA supports the “Seeds of Hope” production as part of our commitment to CSR, culture and heritage.

“Seeds of Hope” is a production with a theme of ‘perseverance in the face of adversity’. It highlights the significance of gaining knowledge and celebrates the younger generation as the hope for a brighter and more resilient future. This production aims to instil the values of determination and resilience in the minds of the audience, especially the young ones.

“Seeds of Hope” also incorporates elements of sustainability into its production activities. It raises awareness about natural disasters, climate change, and the importance of caring for the environment through the 3 Rs - Reduce, Reuse, and Recycle principles. This production complements our commitment to environmental sustainability and efforts to promote responsible and eco-friendly practices.



## INDUSTRY EVENTS PARTICIPATED DURING THE YEAR

### 1) International Project Conference Management (“IPMC”)

During the year, PETRA participated in and sponsored various industry events, including the IPMC. This event facilitated meaningful engagement with key stakeholders through networking and collaboration. It also created corporate value as the Company showcased its projects. This engagement enhanced our brand reputation and strengthened our position as a leader in the oil and gas industry.

# Sustainability Report

## 2) Sabah Oil & Gas Conference & Exhibition (SOGCE)

In June 2022, PETRA participated in the Sabah Oil & Gas Conference & Exhibition at Sabah International Convention Centre. During this event, we showcased our expertise, innovations, and oil and gas industry capabilities. Holding interactive displays and demonstrations of our cutting-edge technologies, products, and services attracted the attention of visitors and industry professionals.

PETRA's representatives actively engaged with conference attendees, exchanging ideas, knowledge, and insights on various oil and gas industry topics. The company's experts also participated in panel discussions, technical sessions and workshops, sharing their expertise and experience of relevant industry trends, challenges and solutions.

## 3) Inaugural Sarawak Occupational, Health & Safety (ISOSH)

PETRA sponsored the Inaugural Sarawak Occupational Safety & Health Conference to raise workplace safety and health awareness across all industries. The conference provided a platform for OSH practitioners to interact and exchange valuable thoughts and experiences.



## COMMUNITY BUILDING

The Group made various donations, charitable giving and sponsorships and extended other financial and non-financial support to the local community. During the year, we visited multiple homes, including orphanages, old folks' homes, asnaf, mosques and welfare homes, to spread the festive joy during Ramadhan. We also sponsored the refurbishment of local mosques for the local community's benefit.



## ENVIRONMENT

PETRA is certified with ISO 14001:2015 Environmental Management System.

Our vision is to preserve the environment. We are committed to fostering solid environmental stewardship and achieving operational excellence.

PETRA continuously addresses potential environmental impacts, including GHG emissions, energy management, water consumption, waste management and ecological effects.

### **GHG EMISSION**

Our scope 1 emissions are mainly from using fuel to run our offshore vessels and other equipment, such as generators and welding sets. Scope 2 emissions result from purchasing electricity at our offices and fabrication yard. We are in the process of minimising GHG emissions from our managed equipment and facilities .

### **ENERGY MANAGEMENT**

We manage our energy usage based on our equipment and facilities. We are still in the early stages of optimising our energy management and are working towards adopting the ISO 50001 Energy Management System.

### **WATER CONSUMPTION**

The communities and ecosystems where we operate depend on water to thrive. PETRA can potentially affect this resource by using freshwater for operations. In 2022, we consumed 90,100 m3 of fresh water to support our yard, offshore vessel operations and offices. We recorded no oil or waste spills during the year.

Although we do not have activities in water-stressed areas, we will continue managing freshwater consumption and carefully monitoring our wastewater disposal.

We introduced a rainwater harvesting project at our fabrication yard in Labuan. We hope to report the savings and results of this project in future reports.

### **WASTE MANAGEMENT**

PETRA is developing strategies to reduce waste and exploring opportunities to integrate a circular approach in operations and across the value chain. Waste reduction and management across our operations are integral to our business conduct.

PETRA minimises, segregates and safely disposes of waste generated by its operations. Our waste mitigation hierarchy prioritises waste avoidance when feasible. When waste is unavoidable, we work to reduce, recover or reuse it whenever possible. We identify, characterise and track all waste from generation to final disposal to ensure minimal risk to our waste production and transportation.

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In 2022, our operations generated 73,316 MT of scheduled waste, which Department of Environment-licensed contractors collected and disposed of.

We did not measure or quantify the amount of domestic waste generated, but we aim to quantify this in the next reporting period.

## **BIODIVERSITY/ECOLOGICAL IMPACT**

PETRA is committed to conserving biodiversity and the habitats where it operates, considering biodiversity protection in decision-making and management from the earliest stages of development. As part of our risk management, we conduct environmental and social impact assessments on major projects comprising:

- Biodiversity and cultural heritage baselines
- Identifying species on the International Union for Conservation of Nature (IUCN) Red List
- Other threatened, endangered species lists

PETRA does not operate in areas with significantly high biodiversity value or protected habitat, flora and fauna. Our operations do not affect the habitat of any species listed in the IUCN Red List or national conservation list. All offices are within well-developed city or town areas; our facilities are in designated industrial areas.

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GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	53
	404-2 Programs for upgrading employee skills and transition assistance programs	69
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	53
	405-2 Ratio of basic salary and remuneration of women to men	1:1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	72

# 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 18 February 2022, 13 April 2022, 20 May 2022, 24 August 2022 and 21 November 2022.

## SUMMARY OF WORKS OF THE AC

During the financial year ended 31 December 2022, 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 2022, 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 2021, 31 March 2022, 30 June 2022, 30 September 2022, 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 Group for the financial year ended 31 December 2021 to ensure that the financial statements and disclosures presented a true and fair view of the Group’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 2022
- Met with the external auditors without the presence of the Management twice on 18 February 2022 and 21 November 2022
- 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 2023
- Assessed the adequacy of the scope, functions, competency and resources of the internal audit function

## c) Information Technology General Controls

- Reviewed status of the required corrective actions Management implemented to address the concerns related to eRegistration (*formerly known as eProc*) and SAP S/4 Hana
- 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 Sixteenth Annual General Meeting of the Company held on 25 May 2022;

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 26 April 2022, 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 2021, and recommended the same to the Board for approval;

h) Reviewed and confirmed the minutes of the AC meetings;

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.

The GIA was previously headed by Mr. Foo Sek Thai who had resigned on 22 November 2022. The new Head of GIA will join on 1 June 2023.

The Head of GIA 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 the Head of GIA. All members of GIA have signed a written confirmation that they comply with the code of conduct and ethics 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 2022, the scope of review included tender management, project procurement, recurrent related party transactions, administration of policies and procedures and assessment on the T.R.S.T principles prescribed by Guideline on Adequate Procedures. 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
- 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 2022 was approximately RM657,456.38.

# 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

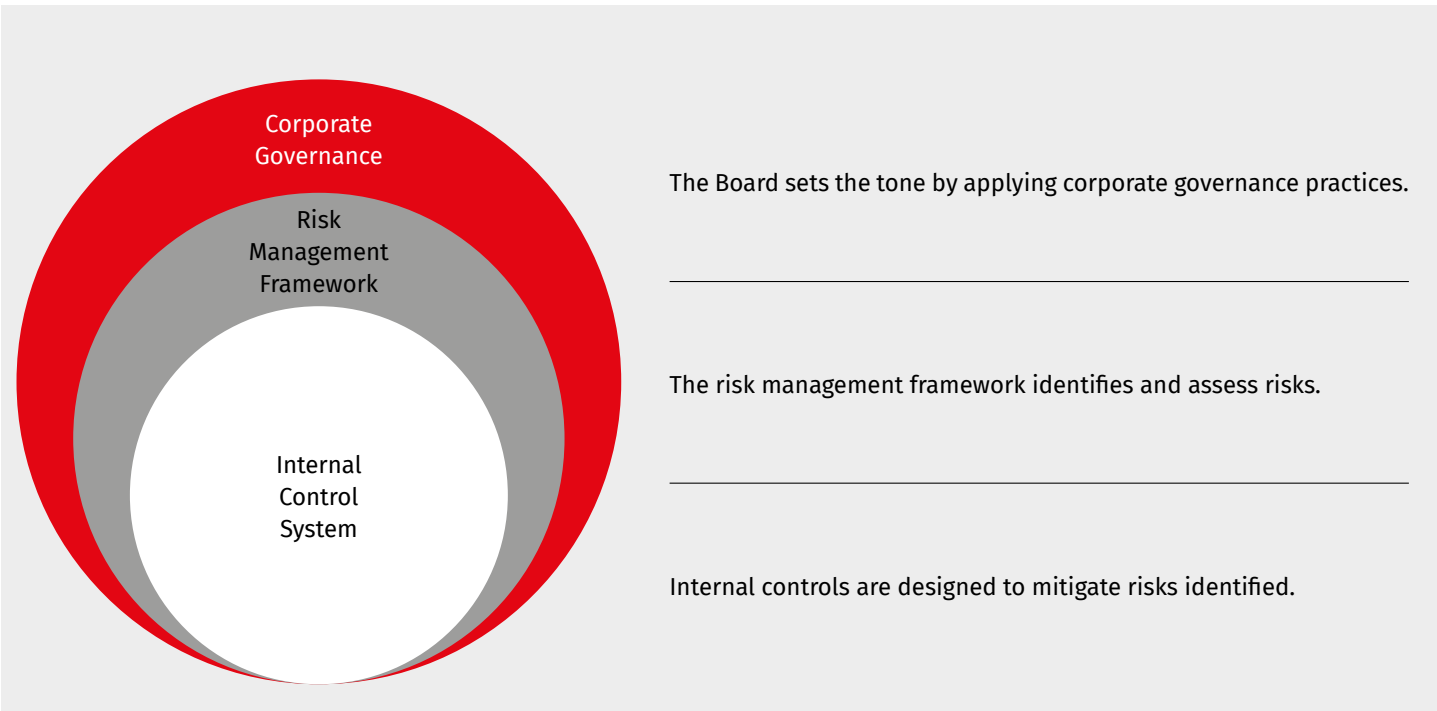
The Board of Directors (“**Board**”) is committed to maintaining sound, effective and efficient internal control and risk management that provide reasonable assurance to safeguard Petra Energy Berhad’s (“**PEB**” or “**the Group**”) assets and shareholders’ interests. This includes ensuring operational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

The Board recognises 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 on the right, 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 recognises 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 (A)** and **SK433 Petroleum Contract (B)** as the Group’s key risks as illustrated below.

**Focus Area A1:** 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 A2:** 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 A3:** 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 A4:** 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 A5:** Energy in transition and sustainability agenda

**Mitigation:** Operationalizing the sustainability framework such as finalizing sustainability governance structure, approving sustainability policy, focusing and planning for sustainability deliverables

**Focus Area A6:** 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 and downstream gas

**Focus Area B1:** Commercial i.e., non cost recovery, cash call, gas market and funding

**Mitigation:** Instill zero tolerance to non cost recovery with strict cost monitoring and control. PEB should also secure, explore and sources of potential fund

**Focus Area B2:** Subsurface and wells i.e., insufficient prove and uncertainty in oil volumes, downside in performance and safety process

**Mitigation:** Drill appraisal well and phasing oil development with more testing and studies conducted. Competent personnel and proper plan and procedures are put in place

**Focus Area B3:** Project management and operations i.e., project delay and major process safety and transportation incidents

**Mitigation:** Robust and early stakeholders' engagement including with client, authorities, plantation owners, communities and consultant. PEB should uphold strictest safety policies with competency screening, proper training, emergency response plan, consequence management, HSE assurance and etc

**Focus Area B4:** Gap between talent capabilities and business goals i.e., ineffective talent management , lack of succession plan and staff turnover

**Mitigation:** Putting in place a robust talent management, succession plan as well as leverage on partners' expertise and third party resources

# Statement on Risk Management and Internal Control

## 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 Ethics** – Code of Conduct and Ethics (“**the Code**”) governs directors and 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 directors and employees’ commitment, confidentiality, insubordination, making public statements and conflicts of interest.

**Policies and Procedures** – The Group has a formalised 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 minimise 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.

**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 computerised 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 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 undertakes adequate insurance coverage which 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 and in accordance to the requirement of ISO 14001:2015 Environment Management System and ISO 45001:2018 Occupational Health and Safety Management System. This includes continuous training and awareness programs throughout the year and every project’s lifecycle.

**Anti-Bribery and Anti-Corruption** – The Group is zero tolerance against any form of bribery and corruption. The Group has established, implemented and maintained the Anti-Bribery Management System manual and related policies and procedures in accordance to the requirement of ISO 37001:2001 Anti-Bribery Management System standard to achieve the highest level of integrity among its

# Statement on Risk Management and Internal Control

directors and employees. Compliance Department has been tasked to ensure adherence to external regulatory requirements and internal controls of the required management system. Additionally, all directors, employees and business associates have signed Integrity Pledge and Conflict of Interest Declaration.

**Whistleblowing Policy** – The Group had put in place a Whistleblowing Policy that provides clarity on the responsibilities of whistle blowing and reporting processes, protection and confidentiality of whistle blowers. The policy is published in the Group’s website and all subsidiaries under the Group’s are adhered to it. The policy 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 Company’s Code of Conduct and Ethics. The Group will not tolerate any irresponsible, corrupt or unethical behaviour that would jeopardise 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.

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 Top 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 optimise 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 objective. 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 12 April 2023.

# 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:

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

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 2022 (“FYE 2022”) published on the Company’s website at [www.petraenergy.com.my](http://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 FYE2022 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 2022, 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 2022, 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 2022, 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](http://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 Meetings 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 2022, the NC held two (2) meetings 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 Sixteenth Annual General Meeting ("AGM").

During the FYE 2022, the Board had convened a total of six (6) 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 2022.

The attendance of Directors who are members of Board Committees during the FYE 2022 is set out below:

Directors	Directorship	Board	AC	BRMC	NC	RC
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	Independent Non-Executive Director (“INED”)	6/6	5/5	Not member	Not member	Not member
Abdul Rahim bin Abdul Hamid	Senior INED	6/6	5/5	4/4	2/2	2/2
Ng Ing Peng	INED	6/6	5/5	Not member	2/2	2/2
Gian Carlo Maccagno	Non-Independent Non-Executive Director (“NINED”)	6/6	5/5	4/4	Not member	2/2
Dato’ Anthony @ Firdauz bin Bujang	Executive Director (“ED”)/Group Chief Executive Director	6/6	Not member	Not member	Not member	Not member
Dato Ahmadi bin Yusoff	ED	6/6	Not member	Not member	Not member	Not member
Simon Ong	ED	6/6	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 2022, the Board members had participated in the following trainings and/or courses:

<b>Name of Directors</b>	<b>Date</b>	<b>Description of Training Programmes</b>
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	1. 18 – 21 January 2022	1. Program Sumbangsaan Majlis Dekan 2022
	2. 25 March 2022	2. Program A Star Level 2: Strategic Transformation
	3. 26 April 2022	3. Program Borneo Leadership Talk Series “Leardership for Innovation”
	4. 19 September 2022	4. 10 <sup>th</sup> International Borneo Business Conference (iBBC) 2022 at Raia Hotel Kuching
	5. 6 October 2022	5. Asia Alternative Dispute Resolution Week 2022 organised by AIAC
	6. 20 October 2022	6. Engagement Session with Ybhg. Tan Sri Abdul Wahid Bin Omar “Accountants and Sustainable Leadership”
	7. 9 – 12 November 2022	7. Persidangan e-Borneo Knowledge Fair 9 2022
	8. 17 November 2022	8. Conversation with Audit Committees organised by Securities Commission Malaysia
	9. 17 November 2022	9. Understanding the challenges of Compliance with Listing Requirements
	10. 14 December 2022	10. Program Borneo Leadership Talk Series “Cabaran Kepimpinan Untuk Melahirkan Graduan Holistik Pasca-Pandemik”
Abdul Rahim bin Abdul Hamid	1. 15 February 2022	1. Board Effectiveness Engagement
	2. 7 April 2022	2. Audit Oversight Board’s Discussion
	3. 31 May 2022	3. Aeon’s Partners’ Conference
	4. 8 – 9 June 2022	4. Malaysia Institute of Accountants’ Conference
	5. 8 September 2022	5. FCD C Series Training
	6. 19 – 21 September 2022	6. Global Facilities Management Board Retreat
	7. 2 – 3 October 2022	7. Anti-Bribery Training
Ng Ing Peng	1. 5 January 2022	1. Environment, Social and Governance (“ESG”) Training
	2. 2 & 9 March 2022	2. TCFD Climate Disclosure Training Programme
	3. 8 March 2022	3. Beyond Box-Ticking: Enhancing Effectiveness of Nominating Committees
	4. 9 March 2022	4. Beyond Box-Ticking: Essentials for Effective Remuneration Committees
	5. 30 June 2022	5. Share Buy-Back: A Regulatory Perspective
	6. 25 August 2022	6. ICDM Emerging Trends Talk: ESG Oversight: Role of the Board
	7. 10 November 2022	7. Corporate Reporting: Are You Telling Enough?
	8. 17 November 2022	8. Audit Oversight Board Conversation with Audit Committees
	9. 30 November 2022	9. Bursa Malaysia Immersive Experience: The Board “Agender”
Gian Carlo Maccagno	1. 15 February 2022	1. Leadership Coaching Session 4 with DSS
	2. 16 February 2022	2. Leadership Coaching Session 5 with DSS
	3. 16 August 2022	3. Leadership Coaching Session 6 with DSS

# Corporate Governance Overview Statement

Name of Directors	Date	Description of Training Programmes
Dato' Anthony Firdauz bin Bujang	1. 9-10 June 2022	1. Sabah Oil & Gas Conference & Exhibition 2022
	2. 3 October 2022	2. PETRA Energy Cybersecurity Risk Assessment Training for Leadership Team
	3. 31 October & 1 November 2022	3. Crisis Management Training
	4. 17 November 2022	4. Sembang Santai Sustainability: Introduction to ESG
	5. 9 December 2022	5. Sembang Santai Sustainability: ESG Pillars - Social and Governance
	6. 13 December 2022	6. Crisis Table Top Exercise
	7. 13 January 2023	7. Integrity Panel Discussion with MACC
	8. 14 February 2023	8. Sembang Santai Sustainability: Mental Health Leads to Mental Strength
Dato Ahmadi bin Yusoff	1. 3 October 2022	1. PETRA Energy Cybersecurity Risk Assessment Training for Leadership Team
	2. 31 October & 1 November 2022	2. Crisis Management Training
	3. 17 November 2022	3. Sembang Santai Sustainability: Introduction to ESG
	4. 9 December 2022	4. Sembang Santai Sustainability: ESG Pillars - Social and Governance
	5. 13 December 2022	5. Crisis Table Top Exercise
	6. 13 January 2023	6. Integrity Panel Discussion with MACC
	7. 14 February 2023	7. Sembang Santai Sustainability: Mental Health Leads to Mental Strength
Simon Ong	1. 30 October & 31 March 2022	1. SK433 Team Building
	2. 7 & 8 June 2022	2. Asia Pacific Energy Capital Assembly
	3. 31 October & 1 November 2022	3. Crisis Management Training
	4. 17 November 2022	4. Sembang Santai Sustainability: Introduction to ESG
	5. 9 December 2022	5. Sembang Santai Sustainability: ESG Pillars - Social and Governance
	6. 13 December 2022	6. Crisis Table Top Exercise
	7. 13 January 2023	7. Integrity Panel Discussion with MACC
	8. 14 February 2023	8. Sembang Santai Sustainability: Mental Health Leads to Mental Strength

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 established its own Code of Conduct and Ethics and adopted the Code of Ethics issued by the Companies Commission of Malaysia that are applicable to all Directors of the Group. Both Codes provide 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 emphasise 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.

# Corporate Governance Overview Statement

- 3.2 The Board had 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](http://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 Board has taken responsibility over the governance of sustainability in the Company with the formalisation of a Sustainability Framework to provide steer, foresight and stewardship in achieving the Environmental, Social and Governance (ESG) targets.
- 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.
- 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.

# Corporate Governance Overview Statement

- 5.3 Encik Abdul Rahim bin Abdul Hamid (“**Encik Rahim**”), who was appointed as an Independent Director since 13 July 2010 and has reached the cumulative period of more than nine (9) years of service, will retire upon the conclusion of the upcoming Seventeenth Annual General Meeting scheduled to be held on Thursday, 25 May 2023 after serving on the Board of Directors for the past twelve (12) years. Upon retirement of Encik Rahim, the Company is still in compliance with Paragraph 15.02(1) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board may consider appointing Independent Director(s) to the Board when the need arises in the future.
- 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.
- 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 2022, 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 2022, the NC and the Board were satisfied with the performance of the Board as a whole, AC, NC and individual Board member.

# Corporate Governance Overview Statement

## 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.

### 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 2022 is as follows:

#### (i) Company Level

Name of Director	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments
<b>EDs</b>						
Dato' Anthony @ Firdaus bin Bujang	-	-	1,008,000.00	209,160.00	-	207,000.00
Dato Ahmadi bin Yusoff	-	-	669,154.50	152,163.90	-	36,666.00
Simon Ong	-	-	669,154.50	175,996.80	-	96,666.00
<b>Total</b>	-	-	<b>2,346,309.00</b>	<b>537,320.70</b>	-	<b>340,332.00</b>
<b>Non-EDs</b>						
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	138,000.00	9,600.00	-	-	-	-
Abdul Rahim bin Abdul Hamid	171,000.00	16,000.00	-	-	-	-
Gian Carlo Maccagno	96,000.00	14,400.00	-	-	-	-
Ng Ing Peng	117,000.00	12,800.00	-	-	-	-
<b>Total</b>	<b>522,000.00</b>	<b>52,800.00</b>	-	-	-	-

# Corporate Governance Overview Statement

## (ii) Group Level

Name of Director	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments
<b>EDs</b>						
Dato' Anthony @ Firdauz bin Bujang	-	-	1,008,000.00	209,160.00	-	207,000.00
Dato Ahmadi bin Yusoff	-	-	669,154.50	152,163.90	-	36,666.00
Simon Ong	-	-	669,154.50	175,996.80	-	96,666.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,346,309.00</b>	<b>537,320.70</b>	<b>-</b>	<b>340,332.00</b>
<b>Non-EDs</b>						
Tan Sri Datuk Seri Panglima Sulong bin Matjeraie	138,000.00	9,600.00	-	-	-	-
Abdul Rahim bin Abdul Hamid	171,000.00	16,000.00	-	-	-	-
Gian Carlo Maccagno	96,000.00	14,400.00	-	-	-	-
Ng Ing Peng	117,000.00	12,800.00	-	-	-	-
<b>Total</b>	<b>RM522,000</b>	<b>52,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 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 five 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	0
RM500,001 – RM550,000	1
RM450,001 – RM500,000	0
RM400,001 – RM450,000	2
RM350,001 – RM400,000	2
RM300,001 – RM350,000	0

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

# Corporate Governance Overview Statement

## 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 2022 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 Seventeenth 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 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.

# Corporate Governance Overview Statement

## 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 recognises 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 2022 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 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 2022, 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 2021 and that they have the necessary authority to carry out their work.

11.2 The GIA was previously headed by Mr. Foo Sek Thai who had resigned on 22 November 2022. The new Head of GIA will join on 1 June 2023.

# Corporate Governance Overview Statement

One (1) manager and one (1) executive who have Bachelor Degree and Diploma respectively report directly to the Head of GIA.

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 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](http://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.

# Corporate Governance Overview Statement

(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 13.0**

**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 Sixteenth 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 Sixteenth AGM of the Company held on 25 May 2022.

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 Sixteenth AGM by way of virtual basis on 25 May 2022 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 Sixteenth AGM.

13.6 Questions or comments raised at the Sixteenth AGM were duly answered and clarified by Directors, and they can be found in the Minutes of Sixteenth AGM which was posted on the Company's website at <http://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 12 April 2023.

# ADDITIONAL COMPLIANCE INFORMATION

## UTILISATION OF PROCEEDS

No proceeds were raised by the Company from any corporate proposal during the financial year ended 31 December 2022.

## AUDIT AND NON-AUDIT FEES

For the financial year ended 31 December 2022, 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	76,000	739,000
Other audit related services rendered	14,000	54,000
Non-audit services rendered		
1. Consultancy and professional services rendered such as taxation and financial reporting consultancies.	10,000	397,000
Total	100,000	1,190,000

## 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 2022, or entered into since the end of the previous financial year ended 31 December 2021.

# 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 2022:-

- 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 2022.

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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# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 2022.

### 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

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
Net profit for the financial year	13,076	8,924

### 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

### LIST OF DIRECTORS OF SUBSIDIARIES

Persuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office since the beginning of the financial year to the date of the Report is as follows:

Mohamad Subky Bin Bustari  
Khairul Anwar Bin Mohamad  
Suhaini @ Abdullah Bin Hipni @ Webb  
Sonny Bin Kushairi

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 RM48,161.

## 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:

	<b>RM'000</b>
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 February 2022 and paid on 15 April 2022.	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 2022, declared on 21 November 2022 and paid on 20 January 2023.	6,419

On 22 February 2023, the Directors declared an interim tax exempt (single-tier) dividend of 3.0 sen per ordinary shares of 50 sen each, on 320,942,200 ordinary shares for the financial year ended 31 December 2022 amounting to RM9,628,266 and payable on 27 April 2023.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors of the Company during the financial year are as follows:

	Group and Company	
	2022	2021
	RM'000	RM'000
<b>Executive:</b>		
Salaries, allowances and compensation	2,884	2,905
Defined contribution plan	430	451
Other emoluments *	340	340
Total executive Directors' remuneration	3,654	3,696
<b>Non-Executive:</b>		
Fees and emoluments *	575	580
Total Directors' remuneration	4,229	4,276

\* Included in directors' emoluments are benefits-in-kind (based on estimated monetary value) receivable from the Group and the Company of nil (2021: nil).

## 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.

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## OTHER STATUTORY INFORMATION (CONTINUED)

- (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.

## SUBSIDIARIES

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

## AUDITORS' REMUNERATION

Details of auditors' remuneration are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146)	1,190	844	100	152

# DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 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 12 April 2023. 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 112 to 181 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 2022 and financial performance of the Group and of the Company for the financial year ended 31 December 2022 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 12 April 2023.

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 112 to 181 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 12 April 2023, 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 2022, 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 2022 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 112 to 181.

### 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) (CONTINUED)

Registration No. 200501036241 (718388-H)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p><b>Revenue recognition (Group)</b></p> <p><i>(Refer to Note 3.18(a), Note 4.1(a) and Note 5)</i></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>We have performed the following audit procedures:</p> <p>Obtained management’s assessment on the identification of separate performance obligations over material customer contracts with bundling arrangements and validated the assessment to the customer contracts and work order proposals 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 and job completion tickets 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) (CONTINUED)

Registration No. 200501036241 (718388-H)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p><b>Impairment review of carrying value of vessels and dry docking costs (Group)</b></p> <p><i>(Refer to Note 3.6, Note 3.7, Note 4.1(c), Note 13 Note 14)</i></p> <p>As at 31 December 2022, 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 RM173 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".</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 current market demands, open market value and forced sale value of similar vessels.</p>	<p>We performed the following audit procedures:</p> <p>Where the recoverable amounts of the assets were based on FVLCTS, the following were performed:</p> <p>Evaluated the independent external valuers' competence, capabilities and objectivity;</p> <p>Assessed 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;</p> <p>Where the recoverable amounts of the vessels were based on VIU, the following were performed:</p> <p>Assessed the reliability of management's projections through the comparison of actual past financial performances against previous forecasted results and against historical data/industry trends;</p> <p>Assessed the reasonableness of the key assumptions, which were used by management in developing the discounted cash flows projections which includes the probability of securing contracts/extensions, its expected margins, expected utilisation rates, and charter hire rates;</p> <p>Examined the probability weighted cash flow projections performed by management and the basis of probability used;</p> <p>Performed sensitivity analysis on the key assumptions used in the cash flow projections to evaluate the impact on the recoverable amount;</p> <p>Checked the discount rates used with the assistance of our valuation experts by benchmarking to market date and industry research; 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.

# Independent Auditors' Report

TO THE MEMBERS OF PETRA ENERGY BERHAD (Incorporated in Malaysia) (CONTINUED)

Registration No. 200501036241 (718388-H)

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)**

### 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, Sustainability Report, Chairman's Statement and Management Discussion and Analysis, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

### Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of 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.

# Independent Auditors' Report

TO THE MEMBERS OF PETRA ENERGY BERHAD (Incorporated in Malaysia) (CONTINUED)

Registration No. 200501036241 (718388-H)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Auditors' responsibilities for the audit of the financial statements (continued)

- (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, 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

SUBATHRA A/P GANESAN  
03020/08/2024 J  
Chartered Accountant

Kuala Lumpur  
12 April 2023

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	5	<b>370,724</b>	322,342	<b>7,279</b>	6,708
Cost of sales		<b>(335,900)</b>	(273,519)	<b>(6,766)</b>	(6,224)
Gross profit		<b>34,824</b>	48,823	<b>513</b>	484
Dividend income		-	-	<b>18,000</b>	-
Other income	6	<b>2,745</b>	3,405	<b>4</b>	-
Administrative expenses		<b>(23,941)</b>	(23,796)	<b>(9,597)</b>	(8,907)
Other expenses		<b>(3,419)</b>	(5,759)	-	-
Profit/(Loss) from operations		<b>10,209</b>	22,673	<b>8,920</b>	(8,423)
Finance income	7	<b>2,595</b>	3,832	<b>65</b>	95
Finance costs	7	<b>(2,365)</b>	(3,524)	<b>(61)</b>	(34)
Share of results of associate	20	<b>(420)</b>	(412)	-	-
Profit/(Loss) before tax		<b>10,019</b>	22,569	<b>8,924</b>	(8,362)
Income tax credit/(expense)	11	<b>3,057</b>	(6,628)	-	-
Profit/(Loss) for the financial year		<b>13,076</b>	15,941	<b>8,924</b>	(8,362)
Other comprehensive expense:					
Items that may be subsequently reclassified to profit or loss					
- Share of other comprehensive income of an associate	20	-	519	-	-
Other comprehensive income for the financial year, net of tax		-	<b>519</b>	-	-
Total comprehensive income/(expense) for the financial year		<b>13,076</b>	16,460	<b>8,924</b>	(8,362)
Earnings per share attributable to the Owners of the Company (sen per share)					
Basic/Diluted	12	<b>4.07</b>	4.97		

The notes set out on pages 121 to 181 form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	13	192,402	185,486	116	186
Right-of-use assets	14	80,890	32,597	1,852	108
Lease receivable	15	-	12,679	-	-
Investments in subsidiaries	19	-	-	315,968	315,968
Investment in an associate	20	3,331	10,650	-	-
Investment in joint ventures	21	*	*	-	-
Deferred tax asset	22	7,503	1,532	-	-
		<b>284,126</b>	242,944	<b>317,936</b>	316,262
<b>CURRENT ASSETS</b>					
Inventories	23	7,182	1,934	-	-
Trade and other receivables	16	28,789	45,408	1,506	1,512
Amounts due from subsidiaries	17	-	-	3,063	5,013
Amount due from an associate	31	60	60	60	60
Lease receivable	15	-	7,112	-	-
Contract assets	18	114,141	102,864	-	-
Tax recoverable		10,885	7,811	-	-
Cash and bank balances	24	184,824	143,055	5,092	3,248
		<b>345,881</b>	308,244	<b>9,721</b>	9,833
<b>Total assets</b>		<b>630,007</b>	551,188	<b>327,657</b>	326,095
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>					
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	10,027	-	-
Retained earnings		109,332	109,094	9,557	13,471
<b>Total equity</b>		<b>387,328</b>	387,090	<b>308,526</b>	312,440

\* Denote RM1

The notes set out on pages 121 to 181 form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022 (CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>NON-CURRENT LIABILITIES</b>					
Lease liabilities	29	38,170	1,015	1,621	151
Deferred tax liabilities	22	22	1,137	-	-
		<b>38,192</b>	2,152	<b>1,621</b>	151
<b>CURRENT LIABILITIES</b>					
Lease liabilities	29	30,243	16,263	272	3
Borrowings	28	36,860	32,837	-	-
Trade and other payables	30	129,980	108,535	10,785	13,467
Contract liabilities	18	908	3,988	-	-
Tax payable		77	323	34	34
Dividend payables	38	6,419	-	6,419	-
		<b>204,487</b>	161,946	<b>17,510</b>	13,504
Total liabilities		<b>242,679</b>	164,098	<b>19,131</b>	13,655
Total equity and liabilities		<b>630,007</b>	551,188	<b>327,657</b>	326,095

The notes set out on pages 121 to 181 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Attributable to Owners of the Company					Total RM'000
		Share capital	Merger reserve	Treasury shares	Currency translation reserve	Retained earnings	
		RM'000	RM'000	RM'000	RM'000	RM'000	
<b>2022</b>							
At 1 January 2022		<b>299,809</b>	<b>(31,000)</b>	<b>(840)</b>	<b>10,027</b>	<b>109,094</b>	<b>387,090</b>
Profit for the financial year		-	-	-	-	<b>13,076</b>	<b>13,076</b>
Other comprehensive income for the financial year		-	-	-	-	-	-
Total comprehensive income for the financial year		-	-	-	-	<b>13,076</b>	<b>13,076</b>
<b>Transactions with owners:</b>							
Interim dividend in respect of the financial year ended 31 December 2021	38	-	-	-	-	<b>(6,419)</b>	<b>(6,419)</b>
Interim dividend in respect of the financial year ended 31 December 2022	38	-	-	-	-	<b>(6,419)</b>	<b>(6,419)</b>
At 31 December 2022		<b>299,809</b>	<b>(31,000)</b>	<b>(840)</b>	<b>10,027</b>	<b>109,332</b>	<b>387,328</b>

The notes set out on pages 121 to 181 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2022 (CONTINUED)

	Note	Attributable to Owners of the Company					Total RM'000
		Share capital	Merger reserve	Treasury shares	Currency translation reserve	Retained earnings	
		RM'000	RM'000	RM'000	RM'000	RM'000	
<b>2021</b>							
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
<b>Transactions with owners:</b>							
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 121 to 181 form an integral part of these financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Note	Non-distributable		Distributable	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	
<b>2022</b>				
At 1 January 2022	299,809	(840)	13,471	312,440
Total comprehensive income for the financial year	-	-	8,924	8,924
Interim dividend in respect of the financial year ended 31 December 2021	-	-	(6,419)	(6,419)
Interim dividend in respect of the financial year ended 31 December 2022	-	-	(6,419)	(6,419)
At 31 December 2022	299,809	(840)	9,557	308,526
<b>2021</b>				
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

The notes set out on pages 121 to 181 form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		<b>10,019</b>	22,569	<b>8,924</b>	(8,362)
Adjustments for:					
Finance income	7	<b>(2,595)</b>	(3,832)	<b>(65)</b>	(95)
Finance costs	7	<b>2,365</b>	3,524	<b>61</b>	34
Unrealised foreign exchange (gain)/loss		<b>(845)</b>	334	-	-
Property, plant and equipment:					
- Depreciation charge	13	<b>23,508</b>	22,676	<b>111</b>	154
- Impairment loss		-	4,482	-	-
- Gain on disposal	8	<b>(157)</b>	-	-	-
Right-of-use assets:					
- Depreciation charge	14	<b>23,109</b>	31,197	<b>433</b>	452
Loss on modification of finance lease receivable		-	1,066	-	-
Trade and other receivables:	16				
- Impairment		<b>3,533</b>	-	-	-
- Write off		<b>(795)</b>	(20,139)	-	-
Share of results of an associate	20	<b>420</b>	412	-	-
		<b>58,562</b>	62,289	<b>9,464</b>	(7,817)
Changes in working capital:					
Inventories		<b>(5,248)</b>	332	-	-
Trade and other receivables		<b>13,881</b>	51,698	<b>6</b>	470
Contract assets		<b>(11,277)</b>	(18,797)	-	-
Contract liabilities		<b>(3,080)</b>	(4,108)	-	-
Trade and other payables		<b>21,446</b>	(63,119)	<b>1,950</b>	(5,906)
Lease receivables		-	(1,476)	-	-
(Receipts)/Payments on behalf of subsidiaries		-	-	<b>(2,682)</b>	15,685
		<b>74,284</b>	26,819	<b>8,738</b>	2,432
Taxation paid		<b>(7,350)</b>	(13,897)	-	-
Net cash flows generated from operating activities		<b>66,934</b>	12,922	<b>8,738</b>	2,432

The notes set out on pages 121 to 181 form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and Equipment		(9,791)	(5,101)	(41)	(92)
Proceeds from disposal of property, plant and equipment		164	317	-	-
Subscription of ordinary shares		-	-	-	(250)
Dividend from an associate (net)	20	6,899	-	-	-
Interest received		2,595	3,832	65	95
Net cash flows (used in)/generated from investing activities		(133)	(952)	24	(247)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid on ordinary shares	38	(6,419)	(12,838)	(6,419)	(12,838)
Repayments of borrowings		(67,991)	(55,047)	-	-
Proceeds from borrowings		72,014	60,714	-	-
Repayments of lease liabilities		(21,021)	(31,088)	(438)	(465)
Interest paid on borrowings	7	(978)	(1,165)	-	-
Other finance charges	7	(695)	(2,359)	(61)	(34)
Net increase in debt reserve accounts		(1,187)	(35,000)	-	-
Net (increase)/decrease in deposits pledged		-	(100)	-	-
Net cash flows (used in)/generated from financing activities		(26,277)	(76,883)	(6,918)	(13,337)
NET (INCREASE)/DECREASE IN CASH AND CASH EQUIVALENTS		40,524	(64,913)	1,844	(11,152)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		107,652	172,658	3,248	14,400
EFFECTS OF EXCHANGE RATE CHANGES		58	(93)	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	24	148,234	107,652	5,092	3,248

The notes set out on pages 121 to 181 form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Changes in liabilities arising from financing activities:

## Group

	Non-cash changes					At 31.12.2022 RM'000
	At 1.1.2022	Cash flows	Right-of- use assets	Foreign exchange movement	Interest accretion	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Borrowings	32,837	3,045	-	-	978	36,860
Lease liabilities	17,278	(21,021)	71,402	59	695	68,413
	50,115	(17,976)	71,402	59	1,673	105,273

	Non-cash changes					At 31.12.2021 RM'000
	At 1.1.2021	Cash flows	Right-of- use assets	Foreign exchange movement	Interest accretion	
	RM'000	RM'000	RM'000	RM'000	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

## Company

	Non-cash changes					At 31.12.2022 RM'000
	At 1.1.2022	Cash flows	Right-of- use assets	Foreign exchange movement	Interest accretion	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Lease liabilities	154	(438)	2,177	-	-	1,893

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

The notes set out on pages 121 to 181 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 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 2022 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 12 April 2023.

## 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 2022

- Amendments to MFRS 16 ‘Covid-19-Related Rent Concessions beyond 30 June 2021
- Amendments to MFRS 116 ‘Proceeds before Intended Use
- Amendments to MFRS 137 ‘Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS 9 ‘Fees in the ‘10 per cent’ test for Derecognition of Financial Liabilities
- Annual Improvements to MFRS 1 ‘Subsidiary as First-time Adopter
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- Annual Improvements to MFRS 141 ‘Taxation in Fair Value Measurements
- Amendments to MFRS 3 ‘Reference to the Conceptual Framework

The adoption of amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 for financial year beginning on 1 January 2023 and 1 January 2024

Effective 1 January 2023:

- Amendments to MFRS 101 “Classification of Liabilities as Current or Non-current”
- Amendments to MFRS 112 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

Effective 1 January 2024:

- Amendments to MFRS 101 “Non-current liabilities with Covenants”
- Amendments to MFRS 16 – Lease Liability in a Sale and Leaseback

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 arising 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

#### (a) Subsidiaries (continued)

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.1 Basis of consolidation (continued)

#### (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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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).

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.4 Foreign currency (continued)

#### (c) Group companies (continued)

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.5 Property, plant and equipment (continued)

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.

### 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 2022 (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.7 Financial assets (continued)

#### (d) Subsequent measurement – Impairment (continued)

##### Impairment for debt instruments (continued)

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.

##### **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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 (continued)

##### Qualitative criteria:

The debtor meets unlikeliness 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.13 Provisions (continued)

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.15 Borrowing costs (continued)

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.

#### (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).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.17 Leases (continued)

The Group and Company as lessee (continued)

#### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.17 Leases (continued)

The Group and Company as lessee (continued)

#### (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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.18 Revenue from contract with customer

#### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.18 Revenue from contract with customers (continued)

#### (b) Hook-up and commissioning (continued)

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 2022 (CONTINUED)

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3.18 Revenue from contract with customers (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 2022 (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 2022 (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.

### 3.24 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 2022 (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 RM103.3 million (2021: RM118.0 million) for the financial year ended 31 December 2022. 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 2022 (CONTINUED)

## 5 REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue from contract with customers	370,724	322,342	-	-
Management fees from subsidiaries	-	-	7,279	6,708
	370,724	322,342	7,279	6,708

	Group		
	Services	Marine assets	Total
	RM'000	RM'000	RM'000
<u>2022</u>			
Sale of goods	14,826	-	14,826
Technical service contract	151,030	-	151,030
Charter hire of vessel	-	98,698	98,698
Hook-up and commissioning			
- lump sum contracts	75,230	28,133	103,363
- others	2,807	-	2,807
	243,893	126,831	370,724
Timing of revenue recognition			
- at a point in time	14,826	-	14,826
- over time	229,067	126,831	355,898
	243,893	126,831	370,724

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 5 REVENUE (CONTINUED)

	Group		
	Services	Marine assets	Total
	RM'000	RM'000	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
	<b>207,864</b>	<b>114,478</b>	<b>322,342</b>
<hr/>			
Timing of revenue recognition			
- at a point in time	18,181	-	18,181
- over time	189,683	114,478	304,161
	<b>207,864</b>	<b>114,478</b>	<b>322,342</b>

Revenue of the Company relates to management fees received from subsidiaries and is recognised over time.

## 6 OTHER INCOME

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Insurance claims	-	134	-	-
Sundry income	<b>1,334</b>	3,873	-	-
Realised foreign exchange (gain)/loss	<b>409</b>	(268)	<b>4</b>	-
Unrealised foreign exchange (gain)/loss	<b>845</b>	(334)	-	-
(Gain)/Loss on disposal	<b>157</b>	-	-	-
	<b>2,745</b>	3,405	<b>4</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 7 FINANCE INCOME AND FINANCE COSTS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Finance income from:				
- Short term bank deposits	2,595	3,832	65	95
Interest expense on:				
- Obligations under lease liabilities	(692)	(1,339)	(51)	(25)
- Revolving credits	(978)	(1,165)	-	-
Other finance charges	(695)	(1,020)	(10)	(9)
Total finance costs	(2,365)	(3,524)	(61)	(34)
Net finance income	230	308	4	61

## 8 PROFIT/(LOSS) FROM OPERATIONS

The following items have been charged/(credited) in arriving at profit/(loss) from operations:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- statutory audit	739	696	76	126
- audit related services	54	22	14	13
- non-audit fees*	397	126	10	13
Other (gains)/losses:				
- foreign exchange – unrealised	(845)	334	-	-
- foreign exchange – realised	(409)	268	-	-
Employee costs (Note 9)	105,959	101,066	11,951	11,358
Property, plant and equipment:				
- Depreciation charge	23,508	22,676	111	154
- Impairment loss	-	4,482	-	-
- (Gain)/Loss on disposal	(157)	-	-	-
Right-of-use assets:				
- Depreciation charge	23,109	31,197	433	452

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 8 PROFIT/(LOSS) FROM OPERATIONS (CONTINUED)

The following items have been charged/(credited) in arriving at profit/(loss) from operations: (continued)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Trade and other receivables:				
- Impairment	3,533	-	-	-
- Write off	(795)	(20,139)	-	-
Short term lease contracts:				
- Charter hire of vessels	17,520	25,941	-	-
- Rental of equipment	2,111	1,902	45	18
- Rental of land and buildings	128	73	-	44

\* Non-audit fees comprises of tax services, environmental, social and governance (“ESG”) advisory.

## 9 EMPLOYEE COSTS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	73,678	66,271	9,308	8,738
Social security contributions	766	701	29	27
Contributions to defined contribution plan	9,184	9,184	996	1,024
Other benefits	22,331	24,910	1,618	1,569
	<b>105,959</b>	101,066	<b>11,951</b>	11,358

Included in employee costs of the Group and the Company are Executive Directors’ remuneration as disclosed in Note 10 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 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	
	2022	2021
	RM'000	RM'000
<b>Executive:</b>		
Salaries, allowances and compensation	2,884	2,905
Defined contribution plan	430	451
Other emoluments *	340	340
<b>Total executive Directors' remuneration</b>	<b>3,654</b>	<b>3,696</b>
<b>Non-Executive:</b>		
Fees and emoluments *	575	580
<b>Total Directors' remuneration</b>	<b>4,229</b>	<b>4,276</b>

\* Included in Directors' emoluments are benefits-in-kind (based on estimated monetary value) receivable from the Group and the Company of nil (2021: nil).

## 11 INCOME TAX EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax				
- Malaysian income tax	4,029	6,214	-	-
- Deferred tax (Note 22)	(7,086)	414	-	-
	<b>(3,057)</b>	<b>6,628</b>	<b>-</b>	<b>-</b>
Current tax				
- Current financial year	4,870	7,089	-	-
- Over provision in prior financial year	(841)	(875)	-	-
	<b>4,029</b>	<b>6,214</b>	<b>-</b>	<b>-</b>
Deferred tax (Note 22)				
- Origination and reversal of temporary differences	(7,086)	414	-	-
<b>Total income tax expense</b>	<b>(3,057)</b>	<b>6,628</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	10,019	22,569	8,924	(8,362)
Tax calculated at the applicable Malaysian tax rate of 24% (2021: 24%)	2,405	5,417	2,142	(2,007)
Tax effects of:				
- Effect of tax rate in other jurisdiction	22	19	-	-
- Income not subject to tax	98	1,341	(3,982)	-
- Expenses not deductible for tax purposes	1,977	1,445	250	337
- Utilisation of previously unrecognised deferred tax asset	(3,848)	(1,429)	-	-
- Deferred tax assets not recognised	1,852	611	1,590	1,670
- Deferred tax assets recognised	(4,823)	-	-	-
- Share of results of an associate	101	99	-	-
- Over provision in prior years	(841)	(875)	-	-
	(3,057)	6,628	-	-

## 12 EARNINGS PER SHARE (EPS)

The calculation of basic earnings per ordinary share at 31 December 2022 was based on the profit attributable to owners of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2022	2021
Profit attributable to owners of the Company (RM'000)	13,076	15,941
Weighted average number of shares in issue ('000)	320,942*	320,942*
Basic/Diluted EPS (sen)	4.07	4.97

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 2022 (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>2022</u>									
Cost	7,853	381,009	14,480	1,669	17,839	2,206	2,619	16,779	444,454
Accumulated depreciation and accumulated impairment losses	-	(208,218)	(7,859)	(1,292)	(16,465)	(1,816)	(2,415)	(13,987)	(252,052)
Net book value	7,853	172,791	6,621	377	1,374	390	204	2,792	192,402
<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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Exploration and evaluation	Vessels and dry docking	Other marine assets	Plant and machinery	Cabin, field and workshop equipment	Motor vehicles	Furniture, fittings and office equipment	Air-conditioner, computer, signboard, renovation and electrical installation	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net book value									
At 1 January 2022	2,022	170,385	5,937	517	2,669	103	208	3,645	185,486
Additions	5,831	20,640*	2,989	4	23	381	113	450	30,431
Depreciation charge	-	(18,234)	(2,305)	(144)	(1,318)	(87)	(117)	(1,303)	(23,508)
Disposal	-	-	-	-	-	(7)	-	-	(7)
At 31 December 2022	7,853	172,791	6,621	377	1,374	390	204	2,792	192,402
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 2022 (CONTINUED)

## 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

<u>Company</u>	<b>Motor vehicles</b>	<b>Furniture, fittings and office equipment</b>	<b>Air conditioner, computer, signboard, renovation and electrical installation</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>2022</u>				
Cost	5	955	8,295	9,255
Accumulated depreciation	(5)	(953)	(8,181)	(9,139)
Net book value	-	2	114	116
<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>Net book value</u>				
At 1 January 2022	-	3	183	186
Additions	-	-	41	41
Depreciation charge	-	(1)	(110)	(111)
At 31 December 2022	-	2	114	116
<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

\* The additions includes non-cash transfer of vessel from lease receivable amounting to RM20,640,000.

The Group's vessels with a carrying amount of RM66,748,837 (2021: RM78,497,198) 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. No impairment has been recognised in the current financial year. The recoverable amount of the vessels were determined based on their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 and income approach including consideration of the recent forced sales value and 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.

## 14 RIGHT-OF-USE ASSETS

	Vessels and dry docking RM'000	Leasehold buildings RM'000	Total RM'000
<u>Group</u>			
<u>2022</u>			
Cost	130,554	37,881	168,435
Accumulated depreciation	(72,704)	(14,841)	(87,545)
Net book value	57,850	23,040	80,890
<u>Net book value</u>			
At 1 January 2022	13,992	18,605	32,597
Addition	63,745	7,657	71,402
Depreciation charge	(19,887)	(3,222)	(23,109)
At 31 December 2022	57,850	23,040	80,890
<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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 14 RIGHT-OF-USE ASSETS (CONTINUED)

	<b>Leasehold buildings RM'000</b>
<u>Company</u>	
<u>2022</u>	
Cost	<b>3,606</b>
Accumulated depreciation	<b>(1,754)</b>
<b>Net book value</b>	<b>1,852</b>
<u>Net book value</u>	
At 1 January 2022	<b>108</b>
Additional	<b>2,177</b>
Depreciation charge	<b>(433)</b>
<b>At 31 December 2022</b>	<b>1,852</b>
<u>2021</u>	
Cost	1,430
Accumulated depreciation	(1,322)
<b>Net book value</b>	<b>108</b>
<u>Net book value</u>	
At 1 January 2021	560
Depreciation charge	(452)
<b>At 31 December 2021</b>	<b>108</b>

The Group's leasehold land and leasehold buildings with a carrying amount of RM7,853,711 (2021: RM8,044,489) and RM6,364,677 (2021: RM6,515,618) respectively are pledged to secure the Group's borrowings (Note 28).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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:

	2022 RM'000	2021 RM'000
Within a year	-	8,054
In the 2 <sup>nd</sup> year	-	12,912
In the 3 <sup>rd</sup> year	-	-
Total undiscounted lease payment receivables	-	20,966
Unearned finance income	-	(1,175)
	-	19,791
Current	-	7,112
Non-current	-	12,679
	-	19,791

During the financial year, the movement in the finance lease receivable is due to the following reasons:

	2022 RM'000	2021 RM'000
At 1 January	19,795	18,724
Modification loss	-	(1,066)
Lease payment billed	-	(562)
Earned finance income	-	1,999
Exchange differences	845	696
Write off	(20,640)	-
At 31 December	-	19,791

During the year, the Group terminated the lease agreement due to the failure of lessee honouring the installments as per the agreement. This has eventually led to the repossession of the vessel which was completed on 17 November 2022. The vessel has been recognised as Property, Plant and Equipment at a fair value of RM20,640,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 16 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Current</b>				
Trade receivables:				
Third parties	22,012	24,905	-	-
Less: Allowance for impairment				
- Third parties	(3,961)	(3,366)	-	-
	<b>18,051</b>	21,539	-	-
Other receivables:				
Deposits	1,692	3,186	1,177	1,177
Prepayments	2,135	4,471	216	283
Sundry receivables	11,215	18,373	113	52
Gross other receivables	15,042	26,030	1,506	1,512
Less: Allowance for impairment				
- sundry receivables	(4,304)	(2,161)	-	-
	<b>10,738</b>	23,869	<b>1,506</b>	1,512
Total current receivables, net	<b>28,789</b>	45,408	<b>1,506</b>	1,512

### (a) Trade receivables

Movement in allowance for impairment for trade receivables:

	Group	
	2022	2021
	RM'000	RM'000
At 1 January	3,366	23,505
Charge for the financial year	1,206	-
Reversal of credit losses	(427)	(865)
Write off	(184)	(19,274)
At 31 December	<b>3,961</b>	3,366

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 16 TRADE AND OTHER RECEIVABLES (CONTINUED)

### (a) Trade receivables (continued)

The carrying amounts of trade receivables balances are denominated in the following currencies:

	Group	
	2022	2021
	RM'000	RM'000
Ringgit Malaysia	17,602	11,047
United States Dollar	158	10,338
British Pound	291	154
	<b>18,051</b>	<b>21,539</b>

### (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	
	2022	2021
	RM'000	RM'000
As 1 January	2,161	2,161
Charge for the financial year	2,327	-
Write off	(184)	-
At 31 December	<b>4,304</b>	<b>2,161</b>

The carrying amounts of other receivable balances are denominated in the following currencies:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	10,738	23,869	1,506	1,512

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 17 AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2022	2021
	RM'000	RM'000
Amounts due from subsidiaries	8,409	10,359
Less: Allowance for impairment	(5,346)	(5,346)
<b>Total current</b>	<b>3,063</b>	<b>5,013</b>

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	
	2022	2021
	RM'000	RM'000
At 1 January/ 31 December	5,346	5,346

The carrying amounts of amounts due from subsidiaries balances are denominated in the following currencies:

	Company	
	2022	2021
	RM'000	RM'000
Ringgit Malaysia	3,063	5,013

## 18 CONTRACT BALANCES

	Group	
	2022	2021
	RM'000	RM'000
Contract assets	114,141	102,864
The movement of contract assets is as follows:		
At 1 January	102,864	84,067
Transfer to receivables	(102,864)	(84,067)
Increase as a result of changes in the measure of progress	114,141	102,864
At 31 December	114,141	102,864
Contract liabilities	908	3,988

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 18 CONTRACT BALANCES (CONTINUED)

The movement of contract liabilities is as follows:

	Group	
	2022	2021
	RM'000	RM'000
At 1 January	3,988	8,096
Revenue recognised that was included in the contract liabilities		
- Rendering of services	(3,988)	(8,096)
Increases due to cash received, excluding amounts recognised as revenue during the financial year	908	3,988
At 31 December	908	3,988

### Unsatisfied performance obligation

The following table shows unsatisfied performance obligations from long term contracts:

	2022	2021
	RM'000	RM'000
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied as at 31 December	199,465	108,800

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.

## 19 INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	2021
	RM'000	RM'000
<u>Unquoted shares, at cost</u>		
Ordinary shares	1,350	1,350
Redeemable convertible preference shares ("RCPS")	171,180	171,180
Advances to subsidiaries treated as quasi-investment	143,438	143,438
	315,968	315,968

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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
	2022	2021	
	%	%	
<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
<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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name	Effective interest		Principal activities
	2022 %	2021 %	
<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 2022 (CONTINUED)

## 20 INVESTMENT IN AN ASSOCIATE

	Group	
	2022	2021
	RM'000	RM'000
Unquoted shares at cost	6,000	6,000
Share of results of associate	(2,669)	4,650
Share of net assets	3,331	10,650

The details of the associate are as follows:

Name	Country of incorporation	Group's effective interest	
		2022	2021
		%	%
Coastal Energy KBM Sdn. Bhd.	Malaysia	30	30

CEKBM has ceased its operations and is under the Member's Voluntary Liquidation (MVL) which is in progress.

(i) The summarised statements of comprehensive income are as follows:

	CEKSB	
	2022	2021
	RM'000	RM'000
Revenue	-	856
Cost of sales	-	446
Loss before tax	(420)	(1,373)
Loss for the financial year	(420)	(1,373)
Other comprehensive income/(expense)	(420)	1,730
Total comprehensive income/(expense)	(420)	357
Group's share of total comprehensive income	(420)	107

(ii) The summarised statements of financial position as at 31 December are as follows:

	CEKSB	
	2022	2021
	RM'000	RM'000
Current assets	11,646	36,033
Current liabilities	(543)	(533)
Net assets	11,103	35,500

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 20 INVESTMENT IN AN ASSOCIATE (CONTINUED)

(ii) The summarised statements of financial position as at 31 December are as follows: (continued)

The information above reflects the amounts presented in the unaudited Liquidators' Account 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	
	2022	2021
	RM'000	RM'000
Summarised financial information		
Opening net assets	10,650	10,543
Loss for the financial year	(420)	(412)
Effects of movements in foreign currency	-	519
Dividend	(6,899)	-
Carrying amount	3,331	10,650

## 21 INVESTMENT IN JOINT VENTURES

Details of the joint ventures are as follows:

Name	Effective interest		Principal activities
	2022	2021	
	%	%	
<u>Held through Petra Energy Development Sdn. Bhd.:</u>			
Khausar Energy Sdn. Bhd.	50	50	Dormant
<u>Held through Petra Resources Sdn. Bhd.:</u>			
Petra Serikandi Engineering Design Services Sdn. Bhd.	51	51	Dormant

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 RM199,040 (2021: RM181,483) and to Petra Serikandi Engineering Design Services Sdn. Bhd. amounting RM8,276 (2021: RM12) in respect of current financial year.

The share of results and net assets of the joint ventures are not material to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 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:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	<b>38,531</b>	32,084
Deferred tax liabilities	<b>(31,050)</b>	(31,689)
	<b>7,481</b>	395
At start of the financial year	<b>395</b>	809
Credited/(charge) to income statement		
- Property, plant and equipment	<b>639</b>	(414)
- Unutilised capital allowances	<b>7,719</b>	-
- Unutilised tax losses	<b>346</b>	-
- Provisions	<b>(1,836)</b>	-
- Advance billings	<b>218</b>	-
	<b>7,086</b>	(414)
At end of the financial year	<b>7,481</b>	395
Deferred tax assets (before offsetting)		
- Property, plant and equipment	-	(2,612)
- Provisions	<b>1,172</b>	3,008
- Unutilised capital allowances	<b>36,795</b>	29,076
- Unutilised tax losses	<b>346</b>	-
- Advance billings	<b>218</b>	-
	<b>38,531</b>	29,472
Offsetting	<b>(31,028)</b>	(29,077)
Deferred tax assets (after offsetting)	<b>7,503</b>	395
Deferred tax liabilities		
- Property, plant and equipment	<b>(31,050)</b>	(29,077)
	<b>(31,050)</b>	(29,077)
Offsetting	<b>31,028</b>	29,077
Deferred liabilities (after offsetting)	<b>(22)</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Unutilised capital allowances	19,661	47,893	311	286
Unutilised tax losses	128,532	129,321	22,718	25,702
Temporary differences	70,727	68,313	1,378	-
	<b>218,920</b>	245,527	<b>24,407</b>	25,988

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses				
- expiring in year 2025	111,519	114,530	9,327	12,311
- expiring in year 2026	1,042	1,042	-	-
- expiring in year 2027	6,686	6,686	6,686	6,686
- expiring in year 2028	7,063	7,063	6,705	6,705
- expiring in year 2029	2,222	-	-	-
	128,532	129,321	22,718	25,702

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's and the Company unutilised tax losses amounting to RM128,532,000 and RM22,718,000 (2021: RM129,321,000 and RM25,702,000) respectively as at 31 December 2022 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 23 INVENTORIES

	Group	
	2022	2021
	RM'000	RM'000
Cost:		
Consumables	6,125	1,552
Materials	1,057	382
	<b>7,182</b>	1,934

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM18,449,300 (2021: RM8,773,150).

## 24 CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Short term deposits with licensed banks	113,171	109,677	-	-
Cash at bank	71,567	33,228	5,089	3,242
Cash on hand	86	150	3	6
	<b>184,824</b>	143,055	<b>5,092</b>	3,248
Less:				
- Restricted cash, held in Debts Service Reserve Account ("DSRA")*	<b>(36,187)</b>	(35,000)	-	-
- Deposits pledged for credit facilities	<b>(403)</b>	(403)	-	-
Net cash and cash equivalents	<b>148,234</b>	107,652	<b>5,092</b>	3,248

\* These deposits are subject to contractual restrictions and are therefore not available for general use by the other entities within the group.

Deposits of the Group and Company at the end of the financial year have a maturity period of 1 to 30 days (2021: 1 to 30 days). The weighted average effective interest rates as at 31 December 2022 for the Group was 2.35% (2021: 1.09%) per annum and for the Company was Nil (2021: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 24 CASH AND BANK BALANCES (CONTINUED)

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Counterparties with external credit rating:				
- AAA	184,738	142,905	5,089	3,242

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	184,767	142,998	5,092	3,248
United States Dollar	57	57	-	-
	184,824	143,055	5,092	3,248

## 25 SHARE CAPITAL

	Group and Company			
	Number of shares of RM0.50 each		Amount	
	2022	2021	2022	2021
	Unit'000	Unit'000	RM'000	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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 26 TREASURY SHARES (CONTINUED)

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 2022.

	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.

## 28 BORROWINGS

	Group	
	2022 RM'000	2021 RM'000
<b>Current</b>		
Secured:		
Invoice financing	36,860	27,837
Revolving credits	-	5,000
Total borrowings	36,860	32,837

Borrowings are secured by the following:

### Invoice financing

- First ranking Charge and Assignment of DSRA and deposits pledged (Note 24).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 28 BORROWINGS (CONTINUED)

The carrying amounts of borrowings are denominated in the following currencies:

	Group	
	2022	2021
	RM'000	RM'000
Ringgit Malaysia	36,860	32,837

## 29 LEASE LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Secured:				
- Current	30,243	16,263	272	3
- Non-current	38,170	1,015	1,621	151
	68,413	17,278	1,893	154
Future minimum lease payment				
- Not later than 1 year	42,295	17,745	381	3
- More than 1 year and less than 5 years	29,792	1,128	1,732	154
- More than 5 years	307	-	108	-
Total minimum future lease payment	72,394	18,873	2,221	157
Less: Future finance charges	(3,981)	(1,595)	(328)	(3)
Present value of finance lease liabilities	68,413	17,278	1,893	154
Analysis of present value of finance lease liabilities:				
- Not later than 1 year	30,243	16,263	272	3
- More than 1 year and less than 5 years	37,864	1,015	1,514	151
- More than 5 years	306	-	107	-
	68,413	17,278	1,893	154

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 30 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Current</b>				
<u>Trade payables:</u>				
Third parties	29,924	29,444	-	-
Trade related accruals	79,699	47,058	-	-
	<b>109,623</b>	76,502	-	-
<u>Other payables:</u>				
Other related accruals	17,960	30,368	2,253	2,028
Statutory liabilities	2,397	1,665	249	220
Amounts due to subsidiaries	-	-	8,283	11,219
	<b>20,357</b>	32,033	<b>10,785</b>	13,467
<b>Total trade and other payables</b>	<b>129,980</b>	108,535	<b>10,785</b>	13,467

Trade payables and other payables are non-interest bearing and have credit terms ranging from 30 days to 60 days (2021: 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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	129,973	108,440	10,785	13,467
United States Dollar	5	13	-	-
Singapore Dollar	2	82	-	-
	<b>129,980</b>	108,535	<b>10,785</b>	13,467

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 31 AMOUNTS DUE FROM/(TO) ASSOCIATE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Current asset</b>				
Amount due from an associate	60	60	60	60

The carrying amounts of amounts due from/(to) associate are denominated in the following currencies:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	60	60	60	60

## 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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
- Rental paid	(1,285)	(1,285)	(464)	(464)

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 32 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

### (b) Key management compensation (continued)

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	6,700	6,148	4,246	4,124
Defined contribution plan	918	840	618	620
Other employee benefits	954	810	684	538
Fees and emoluments	575	580	575	580
	9,147	8,378	6,123	5,862

Included in the above is the Executive and Non-Executive Directors' compensation which is disclosed in Note 10 to the financial statements.

## 33 COMMITMENTS

### (a) Capital commitments

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment:				
Approved but not contracted for	107,300	33,800	-	-

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 35 FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>Financial assets at amortised cost</u>				
Trade and other receivables (excluding prepayments)	26,654	40,937	1,290	1,229
Amounts due from subsidiaries	-	-	3,063	5,013
Amount due from an associate	60	60	60	60
Cash and bank balances	184,824	143,055	5,092	3,248
	<b>211,538</b>	184,052	<b>9,505</b>	9,550
<u>Financial liabilities at amortised cost</u>				
Trade and other payables (excluding statutory liabilities)	127,741	106,870	10,215	13,247
Borrowings	36,860	32,837	-	-
	<b>164,601</b>	139,707	<b>10,215</b>	13,247

## 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 Sterling ("GBP").

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (a) Foreign currency exchange risk (continued)

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	
	2022	2021
	RM'000	RM'000
Trade receivables	449	10,492
Amount due to an associate	-	-
Cash and bank balances	57	57
Trade and other payables	(5)	(13)
Lease receivable	-	19,791
	<b>501</b>	<b>30,327</b>

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 GBP exchange rates against the functional currency of the Group and the Company.

	Profit/(Loss) before tax	
	Group	
	2022	2021
	RM'000	RM'000
USD/RM - strengthen 18% (2021: 10%)	90	3,037
- weaken 18% (2021: 10%)	(90)	(3,037)
GBP/RM - strengthen 19% (2021: 3%)	95	910
- weaken 19% (2021: 3%)	(95)	(910)

### (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% (2021: 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) Interest rate risk (continued)

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 RM76,310 (2021: RM76,840) 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 2022</u>						
<u>Financial assets</u>						
Short term deposits with licensed banks	24	2.35%	113,170	-	-	113,170
<u>Financial liabilities</u>						
Invoice financing	28	4.37%	36,860	-	-	36,860
<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
<u>Company</u>						
<u>At 31 December 2022</u>						
<u>Financial assets</u>						
Short term deposits with licensed banks			-	-	-	-
<u>At 31 December 2021</u>						
<u>Financial assets</u>						
Short term deposits with licensed banks			-	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (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.

#### 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 and 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 2022 and 31 December 2021 was determined as follows for both trade receivables and contract assets:

	<b>Gross</b>	<b>Individual</b>	<b>Collective</b>	<b>Expected</b>	<b>Net</b>	<b>Total</b>
	<b>RM'000</b>	<b>impairment</b>	<b>impairment</b>	<b>loss rate</b>	<b>RM'000</b>	<b>impaired</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>
<u>31 December 2022</u>						
<u>Group</u>						
Current, more than 30 days	<b>132,085</b>	<b>657</b>	-	<b>0.50%</b>	<b>131,428</b>	<b>657</b>
31 to 60 days past due	<b>802</b>	<b>39</b>	-	<b>4.82%</b>	<b>763</b>	<b>39</b>
60 to 90 days past due	<b>154</b>	<b>154</b>	-	<b>100.00%</b>	-	<b>154</b>
91 to 120 days past due	<b>95</b>	<b>95</b>	-	<b>100.00%</b>	-	<b>95</b>
More than 120 days past due	<b>3,459</b>	<b>3,459</b>	-	<b>100.00%</b>	-	<b>3,459</b>
	<b>136,595</b>	<b>4,404</b>	-		<b>132,191</b>	<b>4,404</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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
<u>31 December 2021</u>						
<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
	<u>127,771</u>	<u>3,366</u>	<u>-</u>		<u>124,405</u>	<u>3,366</u>

#### Credit risk concentration

As at 31 December 2022, the Group has significant concentration of credit risk in the form of outstanding balance due from one customer (2021: one) which is major player in the oil and gas industry, representing approximately 95% (2021: 89%) 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 2022 amounted to RM77,305,273 (2021: RM78,554,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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	Contractual undiscounted cash flows				Total RM'000
		Carrying value RM'000	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	
<u>Group</u>						
<u>At 31 December 2022</u>						
Financial liabilities:						
Trade and other payables (excluding statutory liabilities)	30	127,741	127,741	-	-	127,741
Borrowings	28	36,860	37,838	-	-	37,838
Lease liabilities	29	68,413	42,295	29,792	307	72,394
		<b>233,014</b>	<b>207,874</b>	<b>29,792</b>	<b>307</b>	<b>237,973</b>
<u>At 31 December 2021</u>						
Financial liabilities:						
Trade and other payables (excluding statutory liabilities)	30	106,879	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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) Liquidity and cash flow risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

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. (continued)

	Note	Contractual undiscounted cash flows				Total RM'000
		Carrying value 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 2022</u>						
Financial liabilities						
Trade and other payables (excluding statutory liabilities)						
	30	10,215	10,215	-	-	10,215
		10,215	10,215	-	-	10,215
<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

### (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 facilities, 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (e) Capital management (continued)

The gearing ratio is as follows:

	Group	
	2022	2021
	RM'000	RM'000
Total borrowings (Note 28)	36,860	32,837
Total equity	387,328	387,090
Gearing ratio (times)	0.10	0.08

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 2022 and 31 December 2021.

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.

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.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 37 SEGMENT INFORMATION (CONTINUED)

### (c) Development and Production Segment

On 15 June 2021, the Group was awarded with Petroleum Contract relating to Exploration, Development and Production of Petroleum in Block SK433, Onshore Sarawak as the Operator. Total duration of the Contract is twenty-nine (29) years.

The Group's current participation in TSA and SK433 is defined in this segment.

	Services	Marine Assets	Exploration, Production and Development	Elimination	Total
2022	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue:</b>					
External customers	243,893	126,831	-	-	370,724
Inter-segment	7,279	104,516	-	(111,795)	-
<b>Total revenue</b>	<b>251,172</b>	<b>231,347</b>	<b>-</b>	<b>(111,795)</b>	<b>370,724</b>
<b>Results:</b>					
Finance income	2,595	-	-	-	2,595
<b>Depreciation:</b>					
- Property, plant and equipment	(2,620)	(20,888)	-	-	(23,508)
- Right-of-useful Assets	(24,360)	-	-	1,251	(23,109)
Impairment of					
Finance costs	(2,441)	(16)	-	92	(2,365)
Share result of associate	-	-	(420)	-	(420)
<b>Segment profit/(loss)</b>	<b>6,645</b>	<b>22,675</b>	<b>-</b>	<b>(16,244)</b>	<b>13,076</b>
<b>Assets and liabilities</b>					
Investment in associates/ joint venture	-	-	3,331	-	3,331
<b>Addition to non-current assets:</b>					
- Property, plant and equipment	971	23,629	5,831	-	30,431
- Right-of-useful Assets	71,402	-	-	-	71,402
<b>Segment assets</b>	<b>1,245,129</b>	<b>475,543</b>	<b>-</b>	<b>(1,090,665)</b>	<b>630,007</b>
<b>Segment liabilities</b>	<b>(482,153)</b>	<b>(351,234)</b>	<b>-</b>	<b>590,708</b>	<b>(242,679)</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 37 SEGMENT INFORMATION (CONTINUED)

	Services	Marine Assets	Exploration Production and Development	Elimination	Total
2021	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:					
External customers	207,864	114,478	-	-	322,342
Inter-segment	6,708	94,912	-	(101,620)	-
<b>Total revenue</b>	<b>214,572</b>	<b>209,390</b>	<b>-</b>	<b>(101,620)</b>	<b>322,342</b>
Results:					
Finance income	1,833	1,999	-	-	3,832
Depreciation:					
- Property, plant and equipment	(3,970)	(18,706)	-	-	(22,676)
- Right-of-useful Assets	(36,378)	-	-	5,181	(31,197)
Impairment of Property, plant and equipment	-	4,482	-	-	4,482
Finance costs	(3,753)	(13)	-	242	(3,524)
Share result of associate	-	-	(412)	-	(412)
<b>Segment profit/(loss)</b>	<b>10,019</b>	<b>3,458</b>	<b>-</b>	<b>2,464</b>	<b>15,941</b>
Assets and liabilities					
Investment in associates/ joint venture	-	-	10,650	-	10,650
Addition to non-current assets:					
- Property, plant and equipment	92	2,987	2,022	-	5,101
- Right-of-useful Assets	1,331	-	-	-	1,331
<b>Segment assets</b>	<b>1,108,415</b>	<b>331,798</b>	<b>-</b>	<b>(889,026)</b>	<b>551,188</b>
<b>Segment liabilities</b>	<b>(383,987)</b>	<b>(179,630)</b>	<b>-</b>	<b>399,519</b>	<b>(164,098)</b>

### Geographical information

No geographical segmental reporting has been prepared as the Group's activities involve only one geographical segment, i.e. Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

## 37 SEGMENT INFORMATION (CONTINUED)

### Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Services segment</u>		
Customer A	<b>96,662</b>	110,805
Customer B	<b>15,710</b>	8,104
	<b>112,372</b>	118,909
<u>Marine assets segment</u>		
Customer A	<b>105,760</b>	114,303
<u>Production and development segment</u>		
Customer A	<b>151,030</b>	88,094

## 38 DIVIDENDS

	<b>Group and Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Recognised during the previous financial year:		
- Interim tax single-tier dividend for financial year ended 31 December 2022 at 4.0 sen	<b>12,838</b>	-
- Interim tax single-tier dividend for financial year ended 31 December 2021 at 4.0 sen	-	12,838
	<b>12,838</b>	12,838

The Directors declared a single tier interim dividend of 2 sen per ordinary shares of RM0.50 each on 320,942,200 ordinary shares for the period ended 31 December 2022, amounting to a dividend payable of RM6,418,844. The dividend will be paid on 20 January 2023 to shareholders whose name appear in the Record of Depositors at the close business on 21 December 2022.

On 22 February 2023, the Directors declared an interim tax exempt (single-tier) dividend of 3.0 sen per ordinary shares of 50 sen each, on 320,942,200 ordinary shares for the financial year ended 31 December 2022 amounting to RM9,628,266 and payable on 27 April 2023.

## 39 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 12 April 2023.

# 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	20	18/07/2000	33	1,283
Petra Resources Sdn. Bhd. Lot 1991, Block 4, Miri Concession Land District, Piasau Industrial Estate, 98000 Miri, Sarawak	Workshop	Leasehold	20	18/07/2000	33	213
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	964	13/02/2012	33	14,218

# ANALYSIS OF SHAREHOLDINGS

## ANALYSIS OF SHAREHOLDINGS AS AT 4 APRIL 2023

Total Number of Issued Shares : 320,942,200 (excluding 807,800 Treasury Shares)

Class of Securities : Ordinary Share

Total Number of Holders : 3,797

Voting Rights : One (1) vote per Ordinary Share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	354	9.32	6,555	0.00
100-1,000	990	26.07	529,717	0.17
1,001-10,000	1,678	44.19	8,556,131	2.67
10,001-100,000	691	18.20	21,699,798	6.76
100,001-16,047,109 (*)	80	2.11	51,349,387	16.00
16,047,110 and above (**)	4	0.11	238,800,612	74.41
TOTAL	3,797	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 4 April 2023 are as follows:

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Shorefield Resources Sdn. Bhd.	95,044,000	29.61	-	-
Wasco Energy Ltd.	86,550,000	26.97	-	-
Dato' Mohamed Nizam bin Abdul Razak	29,250,000	9.11	-	-
Urusharta Jamaah Sdn. Bhd.	27,956,612	8.71	-	-
Shorefield Sdn. Bhd.	-	-	95,044,000 <sup>(a)</sup>	29.61
OBYU Holdings Sdn. Bhd.	-	-	95,044,000 <sup>(a)</sup>	29.61
Tan Sri Bustari bin Yusuf	-	-	95,044,000 <sup>(a)</sup>	29.61
Wah Seong Corporation Berhad	-	-	86,550,000 <sup>(b)</sup>	26.97
Wah Seong (Malaya) Trading Co. Sdn. Bhd.	-	-	86,550,000 <sup>(c)</sup>	26.97
Tan Kim Yeow Sendirian Berhad	-	-	86,550,000 <sup>(d)</sup>	26.97
Tony Tan @ Choon Keat	-	-	86,550,000 <sup>(d)</sup>	26.97
Tan Chin Nam Sdn. Bhd.	-	-	86,550,000 <sup>(d)</sup>	26.97
Midvest Asia Sdn. Bhd.	1,400,000	0.44	86,550,000 <sup>(d)</sup>	26.97
Robert Tan Chung Meng	-	-	86,550,000 <sup>(d)</sup>	26.97
Chan Cheu Leong	-	-	86,550,000 <sup>(d)</sup>	26.97
Pauline Tan Suat Ming	-	-	86,550,000 <sup>(d)</sup>	26.97

# Analysis of Shareholdings

## 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 4 April 2023 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.)	95,044,000	29.61
2.	WASCO ENERGY LTD	86,550,000	26.97
3.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. (CIMB FOR MOHAMED NIZAM BIN ABDUL RAZAK)	29,250,000	9.11
4.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. (URUSHARTA JAMAAH SDN. BHD.)	27,956,612	8.71
5.	HSBC NOMINEES (ASING) SDN. BHD. (EXEMPT AN FOR CREDIT SUISSE)	7,707,950	2.40
6.	DB (MALAYSIA) NOMINEE (TEMPATAN) SDN. BHD. (EXEMPT AN FOR DEUTSCHE BANK AG SINGAPORE)	7,225,000	2.25
7.	MIDVEST PROPERTIES SDN. BHD.	5,242,000	1.63
8.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR SAFUANI BIN ABDUL HAMID)	4,520,000	1.41
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.	RHB NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR IBRAHIM BIN BAKI)	1,436,100	0.45
13.	MIDVEST ASIA SDN. BHD.	1,400,000	0.44
14.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. (WONG CHOY FONG)	849,600	0.26

# Analysis of Shareholdings

No.	Name of Shareholders	No. of Shares Held	(%)
15.	HSBC NOMINEES (ASING) SDN. BHD. (EXEMPT AN FOR BANK JULIUS BAER & CO. LTD.)	825,000	0.26
16.	WONG AH KUM	750,000	0.23
17.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. (RAKUTEN TRADE SDN. BHD. FOR WONG AH KUM)	640,000	0.20
18.	NADZLEY BINTI NOORDIN	500,000	0.16
19.	PM NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY)	500,000	0.16
20.	TEAKA @ TEKVINDER SINGH	500,000	0.16
21.	GAN KOK KENG	427,000	0.13
22.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR TEE BOON KEE)	407,200	0.13
23.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. (CIMB FOR SHAHRIL BIN SHAMSUDDIN)	390,000	0.12
24.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. (LING KIEN SING)	373,900	0.12
25.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. (CIMB FOR TAN WAH BENG)	363,800	0.11
26.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR WILLIAM YII SIN CHUONG)	350,000	0.11
27.	AHAMAD BIN MOHAMAD	316,000	0.10
28.	HO FOOK SENG @ HO POCK SENG	308,000	0.10
29.	TAN BIN CHEE	292,500	0.09
30.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. (PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN)	275,000	0.09
	TOTAL	281,129,762	87.60

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# FORM OF PROXY



**PETRA**

PETRA ENERGY BHD.  
[Registration No. 200501036241 (718388-H)]  
(Incorporated in Malaysia)

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 Seventeenth Annual General Meeting ("AGM") of the Company, to be held on a virtual basis at the Broadcast Venue at Jasmine Room, Level Concourse, One World Hotel, First Avenue, Lebuhraya Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan on Thursday, 25 May 2023 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 2022 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 2023 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 2023 until the next AGM of the Company. (Resolution 2)		
4(a).	To re-elect Tan Sri Datuk Seri Panglima Sulong bin Matjeraie, 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 Dato' Anthony @ Firdaus bin Bujang, 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)		
4(c).	To re-elect Dato' Ahmadi bin Yusoff, 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 5)		
5.	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)		
<b>Special Business</b>			
6.	Authority to Issue Shares pursuant to the Companies Act 2016. (Resolution 7)		
7.	Proposed Renewal of Existing Shareholders Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. (Resolution 8)		
8.	Proposed Renewal of Authority for the Company to Purchase its Own Shares. (Resolution 9)		
9.	Proposed Retirement Gratuity Payment to Encik Abdul Rahim bin Abdul Hamid. (Resolution 10)		

\* Strike out whichever is not applicable.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2023

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 18 May 2023 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@sshb.com.my](mailto:info@sshb.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://sshb.net.my/> before the submission cut-off time as mentioned above. Please refer to the Administrative Guide on the Conduct of a Virtual General Meeting for further details.

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**SHARE REGISTRAR  
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