



REBUILDING FOR  
**A SUSTAINABLE  
FUTURE**

ANNUAL REPORT 2023



## OUR REPORTING SUITE

### CONTENTS

- Provides a comprehensive overview of the Group's performance for FY2023 and the outlook for Sapura Energy

### REGULATIONS COMPLIED

- Companies Act, 2016
- Bursa Malaysia Securities Berhad Main Market Listing Requirements
- Malaysian Code on Corporate Governance



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# who we are

Sapura Energy Berhad is a global integrated energy services and solutions provider operating across the entire upstream value chain, including renewables. The Group's spectrum of capabilities covers exploration, development, production, rejuvenation, decommissioning, and abandonment.

With a highly skilled and technically capable workforce, versatile strategic assets, and strong project management capabilities, the Group today delivers its integrated solutions and expertise in over 20 countries.



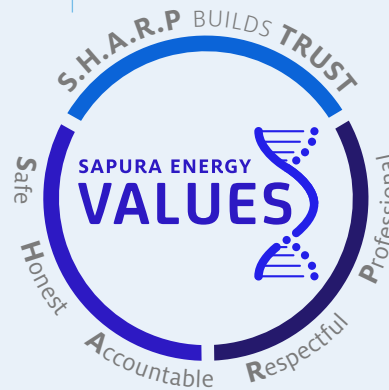
## our aspiration

To be a trusted and sustainable global energy and solutions company.

## our core values

To achieve our aspiration, we build trust with stakeholders by being safe, honest, accountable, respectful, and professional.

We translate these values into the way we work: we feel purposeful in fulfilling our accountabilities, we think entrepreneurially to solve problems, and behave ethically when executing our work.



**FEEL** | **THINK** | **BEHAVE**  
PURPOSEFUL | ENTREPRENEURIAL | ETHICALLY

# our value chain



Exploration



Development



Production



Rejuvenation



Decommissioning  
& Abandonment



## group corporate structure

ENGINEERING & CONSTRUCTION

OPERATIONS & MAINTENANCE

EXPLORATION & PRODUCTION

DRILLING

CORPORATE

## our competitive advantage

IN-HOUSE CAPABILITIES IN ENGINEERING AND  
PROJECT MANAGEMENT

CUSTOMISED AND FIT-FOR-PURPOSE SOLUTIONS  
ACROSS THE ENTIRE UPSTREAM VALUE CHAIN

EXPERIENCED LEADERSHIP TEAM

OWN AND OPERATE WORLD-CLASS ASSETS

# What We Do: Core Business Segments



**ENGINEERING & CONSTRUCTION**



**DRILLING**

Sapura Energy’s Engineering and Construction business provides end-to-end turnkey Engineering, Procurement, Construction, Installation, and Commissioning (“EPCIC”) solutions for the energy industry, including renewables. Supported by a highly capable and technically competent in-house engineering team, versatile strategic assets, and project management expertise, we deliver services across the full EPCIC spectrum and adjacent markets.

With five decades of experience in tender-assist drilling operations, Sapura Energy’s Drilling business is the owner and operator of the world’s largest fleet of tender-assist drilling rigs. As the pioneer, our mission is to provide the safest operations paired with sustainable technical solutions for the most efficient and cost-effective delivery for our clients’ development and production drilling programmes.

- 2** Major Fabrication Yards
- 6** Pipe-Lay Vessels
- 1** Floatover Launch Barge
- 36** Remotely Operated Vehicles

- 5** Derrick Lay Vessels & Barges
- 1** Subsea Construction Vessel
- 1** Cargo Barge

- 5** Semi-Tender units

- 6** Tender-Barge units



Sapura Energy's Operations & Maintenance business offers an extensive one-tiered service suite for offshore and onshore services, combining cross product lines integration from Hook-Up & Commissioning services, Topside Maintenance and Brownfield modification capability, Offshore Support Vessel services, and Geoscience & Geotechnical services. In addition to the above in-house capabilities, we also leverage the expertise of our Technology Service Business which provides system integration solutions and maintenance services for Turbines, Topside Equipment, Telecommunications Equipment, Cranes, and Subsea Equipment. With the inclusion of Subsea Inspection and Repair & Maintenance under its belt, the O&M team is at the forefront in providing comprehensive integrated services and solutions to optimise the performance of our client's subsea infrastructures and facilities.

Combining creativity, technical expertise, and entrepreneurial focus, our Exploration and Production business provides the exploration, development, and production solutions to extract returns from even the smallest and most challenging fields.

- |   |                                       |
|---|---------------------------------------|
| <b>2</b> Minor Fabrication Yards            | <b>4</b> Remotely Operated Vehicles   |
| <b>2</b> Anchor Handling Tug Supply Vessels | <b>4</b> Accommodation Boats & Barges |
| <b>1</b> Turbine Maintenance Centre         | <b>1</b> Survey Vessel                |
| <b>3</b> Diving Support Vessels             | <b>6</b> Diving Systems               |

**5** Production Sharing Contracts

**8** Exploration Permits

# Our Global Footprint







**This global footprint is based on the United Nations' issued map.**

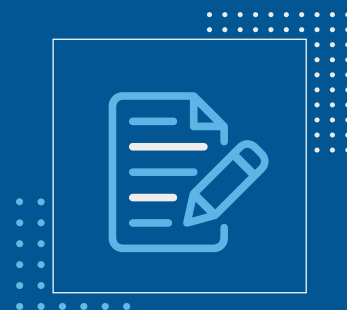
The designations employed and the presentations of the material on this map do not imply the expression of any opinion whatsoever on the part of Sapura Energy Berhad or its subsidiaries (the "Group") concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

# THE RESILIENCE TO REBUILD

## Joint Statement by Chairman and Group Chief Executive Officer

### Dear Shareholders

On behalf of Sapura Energy Berhad ("Sapura Energy") and its group of companies ("the Group"), we are pleased to present our Annual Report for financial year ended 31 January 2023 ("FY2023"), showcasing the notable strides made on our journey towards a robust recovery. As we navigate the path to a turnaround, we approach this report with cautious optimism, recognising the challenges that lie ahead while celebrating the encouraging signs of headway achieved in this financial year.



In the year under review, the Sapura Energy Board of Directors, Management, and employees worked in concert to turn the tide for the Group. As an entity classified under Practice Note 17 ("PN 17") of Bursa Malaysia's listing requirements, we are determined to redress our status, relying on our resilience and capabilities to close gaps and create a stable platform for a sustainable and viable future.

For an organisation with the size of our operations and amount of liabilities, the task is indeed daunting. Nevertheless, we are heartened by the progress so far. The Group recovered from an operating loss of RM2.2 billion in Financial Year 2022 ("FY2022") to record an operating profit of RM751 million in FY2023. Our order book remained healthy despite external challenges and internal limitations, and revenue showed an improvement. The work to embed risk management and disciplined execution in our operations is slowly bearing fruit, improving the profitability and cash management abilities of our business segments.



**The Group recovered from an operating loss of RM2.2 billion in FY2022 to record an operating profit of RM751 million in FY2023**

Unfortunately, our bottom-line is still marred by losses, mostly due to legacy contracts and impairments. This underlines the hard work still required before we reach light at the end of the tunnel. Foremost is the need to resolve our unsustainable debt and overdue trade payables. This is a delicate task that we are approaching with care, aiming for a fair and equitable outcome not just for ourselves but also for our lenders and vendors who contribute to the energy services industry.

There is also more to be done to ingrain operational excellence in our teams, as guided by our mantra of "Bid Right, Execute with Discipline." We have initiated efforts to enhance value streams, bolster project execution, and carefully assess the work we undertake to ensure they commensurate with our risk appetite.

Despite our financial limitations, we continued to explore opportunities beyond the immediate horizon. We have gradually shifted our business development focus to international projects particularly in the Western Hemisphere; while maintaining Malaysia as our corporate hub. Additionally, we are actively developing, with new collaborators, the potential for green offerings within the energy services industry. These modest pivots will help Sapura Energy chart new pathways for growth, once we have firmly recovered.



**Despite our financial limitations, we continued to explore opportunities beyond the immediate horizon.**

**We have gradually shifted our business development focus to international projects particularly in the Western Hemisphere; while maintaining Malaysia as our corporate hub.**

## OPERATING ENVIRONMENT TODAY

As we adapt and leave behind the dreadful memories of the global pandemic, its impacts still linger.

In the energy industry, we witnessed the oil price surge after the pandemic price collapse. Oil prices breached the USD100 per barrel mark in early 2022, triggered by supply concerns following the geopolitical instability in Eastern Europe. The tension and the COVID-19 fallout resulted in double trouble for oil and gas supply chains, as companies grappled with sustained global inflation, volatile material supply and costs, and increasing economic headwinds.

The suspension of the Group’s working capital facilities since October 2021 is still a major hurdle. Reviving Sapura Energy’s credit lines will be crucial in efforts to enhance our competitiveness in the current and emerging markets. Our inaccessibility to

working capital and bank guarantees had resulted in missed tender opportunities with an estimated value of USD2.5 billion.

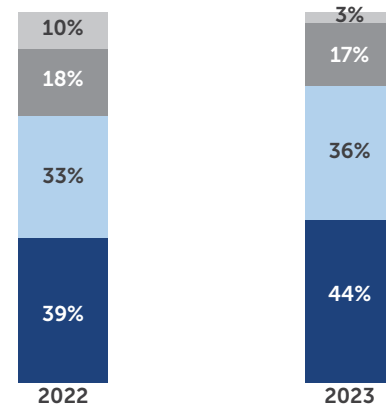
The Board and Management are closely engaging with the lenders and other stakeholders to resolve this matter. A letter of support from a White Knight provided assurance on the viability of our Reset plan.

Despite the setbacks, we continued to maintain a favourable reputation in the global market. More than half of our FY2023 revenue came from international contracts, as our teams completed close to 60 projects for various clients during the year. The Group continued to win new work, which amounted to about RM3.7 billion in value, bringing its current order book to RM5.6 billion. In addition, the non-consolidated gross order book of the Group’s joint-venture entities stands at RM5.2 billion.

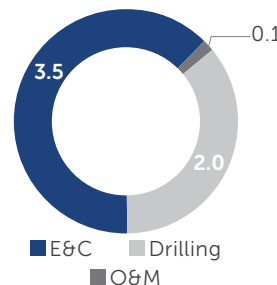


### Revenue Source by Region

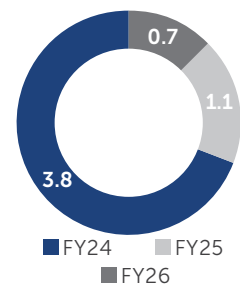
■ Malaysia ■ APAC ■ Atlantic ■ Middle East & Others



### Order Book by Business Segment (RM bil')



### Order Book Recognition by Financial Year (RM bil')



# JOINT STATEMENT BY CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

## CREATING A STABLE PLATFORM IN FY2023

When the Board and Management rolled out the Reset plan in December 2021, the focus was to strengthen the Group’s cash position and create a stable platform for Sapura Energy to operate upon, securing the Group for the long-term energy transition.

The Group took a major step towards restructuring its debts in a fair and orderly manner through negotiations with our creditors, when we obtained a Restraining Order that enabled us to initiate the Scheme of Arrangement (“SOA”) process.

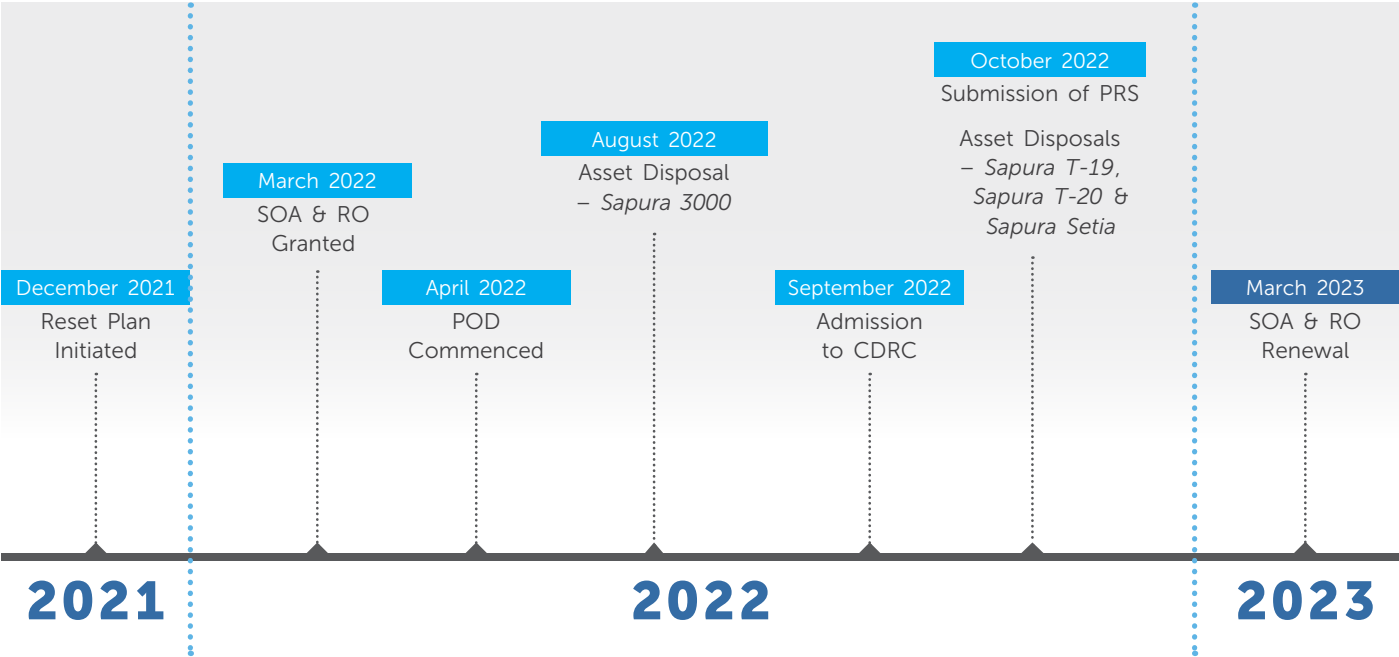
Following the expiration of the orders in March 2023, the court granted Sapura Energy’s application for New Convening and Restraining Orders, which commenced from 11 March 2023. The Proof of Debt (“POD”) exercise with trade creditors is almost complete, with the adjudication process currently ongoing. The Group received approximately RM1.5 billion in claims submitted by approximately 2,300 vendors.

In September 2022, the Corporate Debt Restructuring Committee (“CDRC”) approved Sapura Energy’s application for assistance to mediate debt restructuring negotiations with financiers of its

Multi-Currency Financing (“MCF”) Facilities. Sapura Energy presented a draft Proposed Restructuring Scheme (“PRS”) to financiers on 20 October 2022 and has since made progress to refine the terms of the PRS through CDRC mediated meetings with the financial institutions.

To enhance operational efficiency, the Group pursued two asset disposal exercises aimed at optimising its asset portfolio. These were namely the disposal of *Sapura 3000*, and three of its drilling rigs - *Sapura T-19*, *Sapura T-20*, and *Sapura Setia*. The disposals provided the Group long-term sustainability by streamlining its operating model and providing greater flexibility for strategic growth, aligned to its Reset plan.

To address the Group’s PN17 status, Sapura Energy has appointed MIDF Amanah Investment Bank as principal adviser to help formulate a regularisation plan to be submitted to Bursa Malaysia. The Group has sought Bursa Malaysia’s approval for an extension of time to submit the proposed regularisation plan.





## ENCOURAGING PERFORMANCE THROUGH RESET

Guided by our principle for operational excellence, namely “Bid Right, Execute with Discipline”, our business segments continued to demonstrate resilience. This can be seen in our FY2023 financial results, where the Group’s operated business segments – Engineering & Construction (“E&C”); Operations & Maintenance (“O&M”); and Drilling; recorded positive EBITDA.



### ENGINEERING & CONSTRUCTION PERFORMANCE SUMMARY

- Revenue: **RM2.8 billion**
- EBITDA: **RM155 million**
- EBITDA Margin: **5%**
- TRIF: **1.72**
- **Improving** project execution
- **Growing in Western Hemisphere** through *Sapura 3500* and *Sapura 900*, in addition to 6 PLSVs in Brazil

**Our E&C business segment**, led by Engineering & Construction CEO Dominique De Soras, maintained steady turnaround performance while addressing execution challenges mainly caused by unfavourable legacy contracts. Despite the challenges, our E&C team recorded a positive EBITDA of RM155 million on the back RM2.8 billion in revenue. E&C also booked an EBITDA margin of five percent, comparable to the performance of its local and international peers.

The E&C team in FY2023 had been diligently strengthening its project execution capabilities; putting in place structures such as quarterly Project Pulse Checks, establishing in-house Project Management Academy covering the project management spectrum; while rebalancing its portfolio and asset deployment between our two operating centres in the Eastern and Western Hemispheres.

As part of E&C’s growth strategy in the Western hub, we deployed two of our versatile heavy lift pipe laying vessels, namely the *Sapura 3500* and *Sapura 900*, to capture the growing demand in the Atlantic and West African regions, complementing our six pipe laying support vessels (“PLSVs”) in Brazil.

Meanwhile, our *Sapura 2000*, *Sapura 1200*, and *Sapura Constructor*, will continue to support offshore projects at our home base and across Asia and Australia. We are also anchoring all fabrication activities at our Lumut Fabrication Yard. This focused approach is in line with the Group’s E&C business strategy to revolve towards transportation and installation projects while keeping an eye on decommissioning opportunities.

# JOINT STATEMENT BY CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER



## OPERATIONS & MAINTENANCE PERFORMANCE SUMMARY

- Revenue: **RM520 million**
- EBITDA: **RM143 million**
- EBITDA Margin: **28%**
- TRIF: **1.24**
- **Stable revenues** as market leader in Malaysia
- **Added IRM** in stable of services
- Exploring **regional growth** opportunities

**Our O&M business segment**, led by Operations & Maintenance CEO Mohamad Nasri bin Mehat, returned to a positive EBITDA of RM143 million on the back of RM520 million in revenue. The team recorded an EBITDA margin of 28 percent, placing itself in the top quartile against its local industry peers.

The O&M business provided a stable source of revenue for the Group and is projected to remain competitive in Malaysia while cautiously exploring opportunities to emerge as a regional player in the South-East Asian and Middle East markets. The inclusion of underwater inspection and repair & maintenance ("IRM") as part of its service offerings, is expected to help further grow its revenue.



## DRILLING PERFORMANCE SUMMARY

- Revenue: **RM1.3 billion**
- EBITDA: **RM476 million**
- EBITDA Margin: **35%**
- TRIF: **2.73**
- All **11 rigs under contract**, spread across Asia & West Africa
- **3 TAD rigs disposed** in FY2023

**Our Drilling business segment**, led by Drilling CEO Louay Laham, is a significant contributor to the Group's operating profit, achieving an EBITDA of RM476 million on the back of RM1.3 billion in revenue. The Drilling team outperformed its local and international peers with an EBITDA margin of 35 percent.

All eleven rigs are currently under contract, with five rigs in Thailand; four in Malaysia; one in West Africa; and one in Brunei. The fleet's geographical spread reflects the segment's strategy to expand from its previous focus on a single client and country.

In October last year, we disposed three of our tender-assist drilling ("TAD") rigs, namely the *Sapura T-19*, *Sapura T-20*, and *Sapura Setia*, as part of our Reset plan to right-size and maintain competitive daily charter rates in an oversupplied TAD market.

For Financial Year 2024 ("FY2024"), the Group is confident that the utilisation of rigs in its Drilling segment will remain robust in the said financial year and beyond.



## EXPLORATION & PRODUCTION PERFORMANCE SUMMARY

- Production rate of **30 kboepd** from SK310 and SK408, Malaysia
- Jerun Gas Development **on track**
- Maturing SK310-B14 through Lang Lebah joint development, under Phase 2 SISGES
- **Discovery** at Block 30 Mexico
- **Awarded** SB412 **PSC** in Malaysia, with partner PTTEP
- Sapura Energy had announced **plans to divest interest**

Meanwhile, **in the Exploration and Production ("E&P") business segment**, our associate company SapuraOMV Upstream ("SapuraOMV") maintained gas production at about 30 thousand barrels of oil equivalent per day ("kboepd") from its two Malaysian assets namely SK310-B15 and SK408 – Gorek, Larak and Bakong. Its Jerun Gas Development Project is progressing on schedule and on budget, hitting the 5 million safe man-hours milestone in December 2022. SapuraOMV is maturing the SK310-B14 field through the joint development of PTTEP's Lang Lebah field, under Phase 2 of the proposed Sarawak Integrated Sour Gas Evacuation System (SISGES).

SapuraOMV had also announced a discovery from its exploration well on Block 30 in Mexico, extending its exploitable reserves. The company is strengthening its presence in Malaysia, after SapuraOMV was awarded by PETRONAS the SB412 Production Sharing Contract ("PSC") with its partner PTTEP.

At the recent Malaysia Upstream Awards, SapuraOMV won Gold for production excellence and Bronze for its performance in health, safety, security and environment.

In FY2023 Sapura Energy had announced plans to divest its interest in SapuraOMV Upstream.

## FY2023 FINANCIAL REVIEW

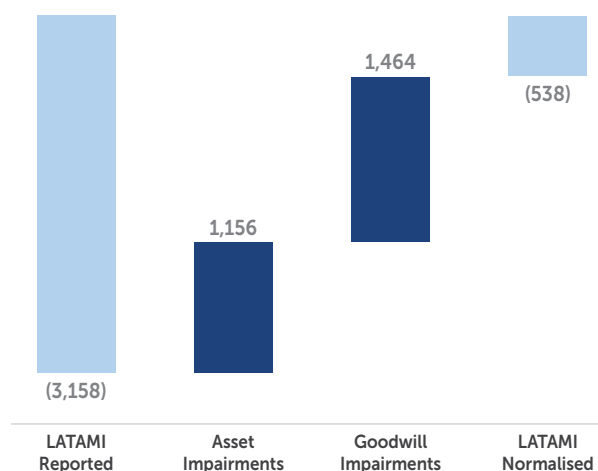
The Group's financial performance significantly improved year on year ("YoY"), despite the suspension of working capital facilities, thanks to the determination of our team implementing the Reset plan, as well as the support and trust from our key stakeholders. We recorded an eleven percent increase in revenue YoY to RM4.6 billion from RM4.1 billion which in turn, contributed to a significantly improved operating profit of RM751 million against a loss of RM2.2 billion in FY2022.

Although net profit was impacted by RM2.6 billion in impairment charges, we were able to narrow our loss after tax and minority interests ("LATAMI") to RM3.2 billion compared to RM9.1 billion in FY2022. Of the impairment charges, nearly RM1.5 billion was related to goodwill on consolidation. Further increasing our impairments were a higher cost of capital arising from the global interest rate hike as well as a less-than-optimal business outlook, mainly due to limited working capital and bank guarantee facilities as well as a projected market down-cycle in the medium to long term.

All our operated business segments posted positive EBITDA, leading to a Group EBITDA of RM713 million, including corporate expenses. Our Drilling business outperformed industry peers to achieve an EBITDA of RM476 million. Both E&C and O&M made significant improvements, turning around EBITDA losses of RM2.2 billion and RM241 million in FY2022, into a positive EBITDA of RM155 million and RM143 million respectively. Our Exploration and Production arm, operated by associate company SapuraOMV Upstream, recorded a loss after taxation of RM356 million as a result of higher impairment, largely due to increased discount rates and unsuccessful exploration results during the year.

It is important to note that 56 percent of our revenue came from international contracts, and this is a shift in focus that we intend to continue in the current year. Building on the positive momentum achieved in the last financial year, the Group is determined to extend the turnaround in its operations to FY2024 and beyond.

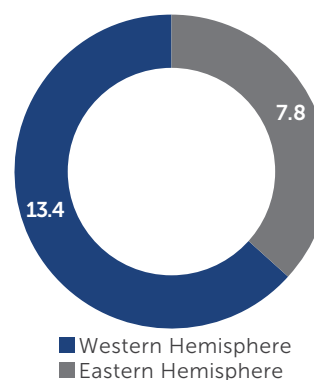
### Full Year Financial Performance (RM mil')



### Year-on-Year FY2022 vs FY2023 Financial Performance (RM mil')

Description	FY2022	FY2023
Revenue	4,100	4,551
(LBITDA)/EBITDA	(2,276)	713
LATAMI	(9,051)	(3,158)

### Total Bids by Region (RM bil')



# JOINT STATEMENT BY CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

## SAFETY ALWAYS

At Sapura Energy, safety goes beyond financial profitability. Our sole purpose in safety is to always ensure our colleagues return to their loved ones, every day. While our safety performance in FY2023 was commendable, a recent fatality in FY2024 shook us out of complacency and compelled us to reevaluate our safety leadership and organisational culture. Our commitment for the current year is to ensure that no colleague will ever again fail to return home safely.



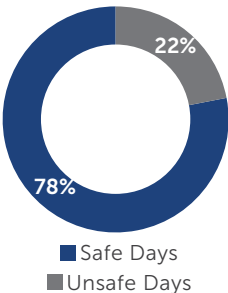
**Our commitment for the current year is to ensure that no colleague will ever again fail to return home safely.**

At the Executive Committee (“ExCo”) level, there is greater discussion not only on incidents but observed hazards and near misses, and a higher level of management involvement in maintaining safety standards across all our assets. The ExCo recently took steps to enhance the Group’s safety culture by reintroducing our improved and revised Stop Work Authority as a stand-alone policy. The aim is to further empower the mandate given by the Group CEO to our people and beyond, regardless of their position or role, to act against any unsafe action or situation, preventing undesired incidents or accident from taking place.

Across the Group, the Quality, Health, Safety and Environment (“QHSE”) departments have been fully integrated into QHSE with responsibilities and accountabilities redefined for greater clarity for all concerned.

We thank everyone for their commitment to keep our workplace and fence-line communities safe, and we will continue reinforcing vigilance at every level.

### Safety Performance



Indicators	FY2022	FY2023
Lost time injury frequency (“LTIF”)	0.65	<b>0.62</b>
Total recordable injury frequency (“TRIF”)	2.24	<b>1.68</b>
Fatalities	0	<b>0</b>



## OUR PEOPLE, ONE GLOBAL COMMUNITY

At the core of our sustainability lies our dedicated workforce. To cultivate a high-performance culture and retain top talent, we engaged employees by setting clear performance expectations and goals, investing in skill development and training, and creating a supportive environment that values and nurtures employees.

Nevertheless, talent retention had been a challenge in FY2023 with an all-time high attrition rate of 25 percent. Our financial uncertainties understandably drove some of our colleagues to seek safer pastures.

As a countermeasure to our attrition, we rolled out retention plans and succession planning for key positions, providing a platform for employees to rise and be part of our Reset story. The response has been encouraging with 90 percent of our high potentials retained. For more than three quarters of key positions, we have identified at least two successors per position.





At the end of last year, 90 leaders across the organisation travelled far and near to take part in our inaugural Global Leadership Huddle in Kuala Lumpur. We were humbled to see the full measure of Sapura Energy's strength when our Western and Eastern Hemisphere colleagues sat down as one global community to discuss how we can safely deliver our promises, maximise our technical knowledge and assets, and Reset the way we work.

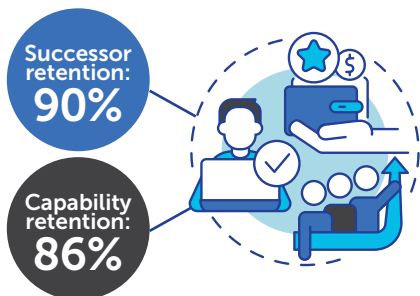


**We were humbled to see the full measure of Sapura Energy's strength when our Western and Eastern Hemisphere colleagues sat down as one global community.**

Despite the Group's financial constraints, we continued nurturing our people's abilities. In FY2023, we promoted close to 290 employees – more than previous years. We are immensely proud to enable gender diversity within our leadership, with three female leaders at ExCo level, one third of the total number.

We continued to invest in our people's learning and development by conducting both internal and external training sessions. In total, we recorded over 140,000 training man-hours dedicated to a diverse range of technical, financial, and business training modules, tailored to address the evolving needs of our company.

**Effectiveness of Retention Plan:**



For those who chose to stay, Sun Tzu's "Victory comes from finding opportunities in problems" best illustrates their resilience. Guided by our values, our people unified towards one common purpose: to rebuild Sapura Energy into a trusted and sustainable global energy and solutions company.

**Succession Planning**

Each critical position to develop a minimum of 2 successors.



We were also encouraged to see departments implementing their own Reset plan, resulting in a more streamlined supply chain process, tax savings, prudent cash control, and digitalisation of our business and infrastructure.

# JOINT STATEMENT BY CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

## MAKING A PATH TOWARDS SUSTAINABILITY

Given the incontrovertible effects of climate change, Sapura Energy has made carbon reduction one of our key priorities, with the stated objective of rationalising our core businesses in line with energy transition plans.

During the year, we worked on measuring our carbon emissions and other key environmental indicators Group-wide, as baseline for our future reduction targets. Going forward, our objective is to seek ways to integrate green thinking into our day-to-day operations. Starting with low hanging fruit, we will gradually intensify our green investments and venture into emerging green energy businesses.

In the social realm, our focus is on becoming an employer of choice, offering competitive salaries and a workplace that embraces diversity and inclusion where employees will be given ample opportunities to build their skills and competencies to enjoy rewarding careers.

We have a policy of prioritising local crews for all blue-collar functions on our vessels, rigs and fabrication yards. We ensured our skilled workers are rewarded with fair and equitable pay, above the mandated minimum wage. A typical welder with basic skills at our Lumut fabrication yard earns at least RM2,900 per month, while the starting monthly salary for a fresh graduate executive is about RM3,500. This has the double benefits of elevating local capabilities while enhancing the local economy, as their salaries are spent at home, on mainly home-grown businesses.

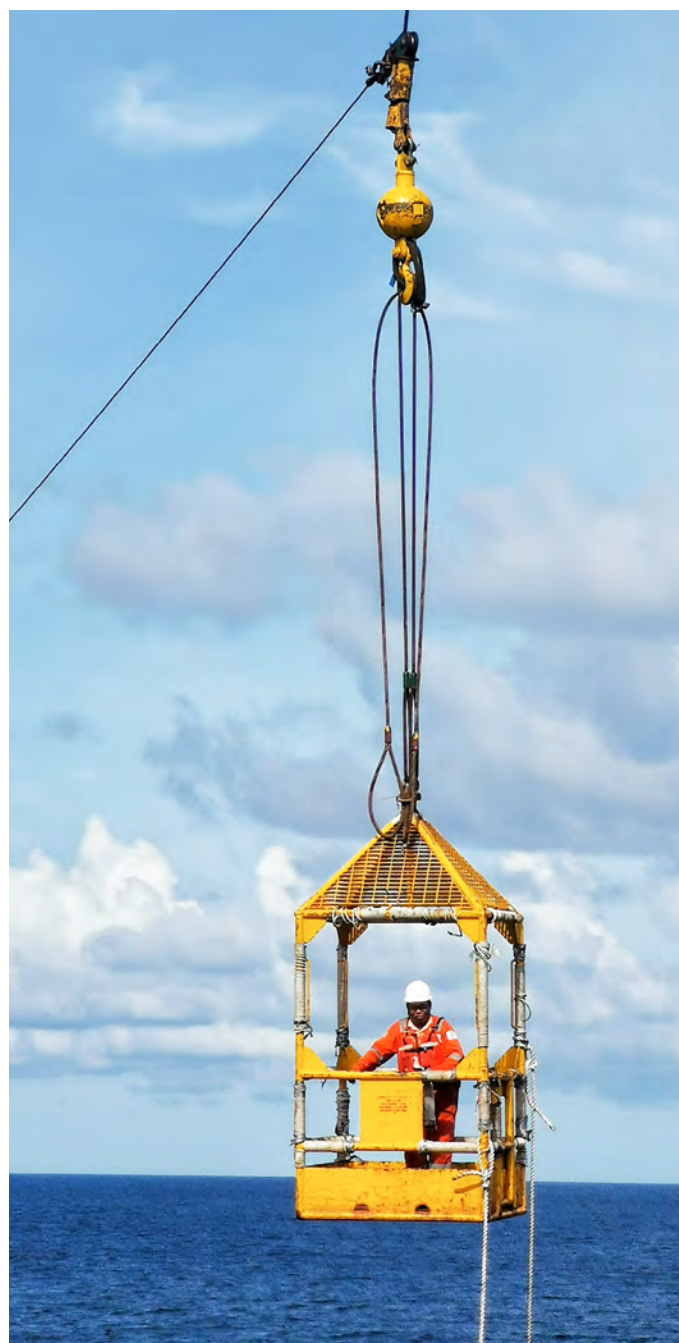


**We ensured our skilled workers are rewarded with fair and equitable pay, above the mandated minimum wage**

The Group is also a strong advocate of Technical and Vocational Education Training (“TVET”), in line with the Malaysian government’s agenda to strengthen the labour market through high-quality vocational education. Our Sapura Fabrication Training Centre (“SFTC”) in Lumut Yard recently collaborated with the Department of Skills Development, an agency under the Ministry of Human Resources, to conduct and certify 79 craft workers under the National Dual Training System Assessment (“NDTS”), or, *Sistem Latihan Dual Nasional* (“SLDN”). The SFTC was built from the ground-up, with training equipment and education modules fully developed by in-house trainers and experts.

While our governance framework is already well-established, we recognise the need to keep updating our policies and practices in line with the Malaysian Code on Corporate Governance (“MCCG”), the Main Market Listing Requirements (“MMLR”) and their equivalent

in the other countries where we operate. In keeping with recent changes in the MMLR, we have strengthened our Corporate Disclosure Policy to ensure the accuracy and timeliness of our financial reporting. We have also enhanced our level of disclosure to investors and lenders, providing more detailed information on our financial performance, operations, and key risks.



## FY2024 OUTLOOK

On a broad perspective, the Group is approaching FY2024 with cautious optimism. We acknowledge the compounded impact of COVID-19 pandemic and geopolitical turmoil in Europe to global oil and gas supply and demand. We are witnessing countries, companies, investments, and policies are shifting towards the low-carbon energy future, on the back of broadening inflationary pressures, material and labour shortages, and supply chain disruptions.

These challenges, combined with the complexity and trilemma of the energy industry today, have necessitated the Group to step back, reflect, and rebuild based on its gaps and strengths to weather the prevailing uncertainties and volatilities in the market.

The immediate priority for the Group is to reduce its unsustainable debts with lenders and resolve overdue payments to its vendors. While we acknowledge the lengthy negotiations due to the sheer size and complexity of the debt restructuring exercise, we are determined to arrive at an amicable landing and ensure the interest of our stakeholders will be considered in a fair and equitable manner. It is important to note that the Group is committed to protect the ecosystem it was built upon.

In line with our Reset plan, we are looking to bring in fresh capital while paring down our debts through debt restructuring, commercial settlements, and the divestment of our interest in SapuraOMV Upstream. We will also need to embark upon recovering our access to credit lines and bank guarantees.

  
**The Group is committed to protect the ecosystem it was built upon**

On the operational front, we will continue to embed and nurture our safety culture and leadership Group-wide, ensuring no one gets hurt while working at any of our assets, offshore or onshore. To improve overall cash flow, we will continue to review underperforming contracts and renegotiate commercial settlements with our clients, to reflect the radically changed environment in which we now operate.

To protect project margins, we will intensify our focus on disciplined execution by rebuilding our core solutions and optimising project delivery. We have also established an in-house Project Management Academy to train project practitioners and functions supporting projects, equipping them with industry-standard project management tools.

The Group will also embrace the low-carbon energy future by enhancing its service offerings to include green decommissioning capabilities, through collaborations and shared technical expertise.

### FY2024 PRIORITIES

#### Financial Reset

- Reduce unsustainable debt and resolve overdue payments
- Bring in fresh capital
- Revive credit lines and BG facilities
- Divest SapuraOMV Upstream

#### Operational Reset

- Everyone goes home safely
- Review underperforming contracts and renegotiate commercial settlements
- Protect margins through disciplined execution
- Collaborate to offer green solutions

## ACKNOWLEDGEMENTS

It has been an immensely challenging year, both for Sapura Energy and our stakeholders. The Group is slowly emerging as a stronger and more resolute company, determined to resolve its troubled past. The Board, Management, and teams at Sapura Energy will continue to work hard to turn around the company, so that we can again create long-term value for all our stakeholders, particularly shareholders, clients, vendors, and employees.

To the regulators, advisors, as well as all our lenders, we would like to record our sincere appreciation for the time and immense efforts that have gone into countless rounds of mediations and negotiations.

We also extend our appreciation to two long-serving business CEOs who had decided to take a bow in FY2023, namely Ahmad Zakiruddin Mohamed, who had led our Engineering & Construction business; and Raphael Siri, the CEO of Sapura Drilling. Both

Ahmad Zakiruddin and Raphael had been instrumental in building Sapura Energy during the past decade, to what we are today. We also wish to record our thanks to our former director Cosimo Borrelli, whose term of appointment ended in March 2023.

Last but not least, to the entire Sapura Energy family – from Members of the Board to our craft and crew – we would like to express our heartfelt gratitude for staying with us and demonstrating commitment to our Reset plan. Because of your dedication, we believe we are now approaching the end of the tunnel, ready to chart a brighter and sustainable future.

**Dato' Mohammad Azlan Abdullah**  
Chairman

**Datuk Mohd Anuar Taib**  
Group CEO

# Key Risks and Mitigation

The focus for the year under review was to strengthen Sapura Energy's enterprise risk management framework and processes. This effort was evident at the Group level and across all operating companies.

The Board Risk Management Committee ("BRMC") took a systematic approach to reassessing the Group's key risks, ensuring their relevance in the current financial condition. Appropriate risk appetites and risk indicators were developed for each key risk. The BRMC reviews the risk indicators and evolving risk trends at every quarter, and, where necessary, additional control measures are introduced to mitigate the risks.

The unsustainable financial condition remains the most important risk for the Group. Below is a detailed list of its potential impacts, and the related mitigation strategies in place:

	RISK DESCRIPTION	MITIGATION STRATEGY
<b>UNSUSTAINABLE FINANCIAL CONDITION</b>	<p>The Group's financial condition and its liquidity constraints remain a concern. Following on from the previous year, the Group is undergoing negotiations with its lenders, and has thus far continued its moratorium on its debt obligations and outstanding payments to trade creditors from legacy projects. Delayed payments to trade creditors have impacted the ability to deliver on some projects.</p> <p>The factors above culminated in Sapura Energy being designated as a PN17 listed issuer.</p> <p>Without active resolution of the mentioned items, there could be material adverse impact to our future earnings, cash flows and financial condition, which could threaten the Group as a going concern.</p>	<p>The sustainability of the Group is dependent on significantly improving its liquidity position.</p> <p>To this effect, the Board and the Management continue to undertake steps to regularise operations and the financial conditions of the Group with the following:</p> <ol style="list-style-type: none"> <li>1. Established a Board Restructuring Taskforce to steer and provide oversight on the regularisation plan,</li> <li>2. Appointed financial and legal advisors to assist in the debt restructuring exercise, and a principal advisor for the purpose of the PN17 Regularisation Plans,</li> <li>3. Applied to and admitted by Corporate Debt Restructuring Committee for mediation with the lenders,</li> <li>4. Applied and granted new convening and restraining orders, following the expiry of the same orders obtained last year, enabling Sapura Energy to continue negotiating a fair and equitable solution with all its stakeholders, without being distracted by the threat of legal proceedings,</li> <li>5. Restructuring Sapura Energy's business through a Reset Plan to improve bidding and project delivery capabilities through its "Bid Right and Execute with Discipline" mantra, and</li> <li>6. Implementing a robust financial framework to ensure financial discipline.</li> </ol>

The following section provides a list of the Group's other key risks and their mitigation strategies:

	RISK DESCRIPTION	MITIGATION STRATEGY
<b>STRATEGIC RISKS</b>	<p><b>Climate Change and Energy Transition</b> Rising climate change concerns and the effects of the energy transition could lead to a decrease in demand for fossil fuels, thus suppressing oil and gas projects. This may also lead to additional regulatory measures and compliance obligations, which could lead to higher project or operating costs, prevent market access, or access to new capital.</p> <p>If we were unable to keep pace with society's demands with regard to the energy transition to a low-carbon future, we could fail in sustaining and growing our business.</p>	<p>Our strategy is to grow gas, renewables and decommissioning projects. We have created a dedicated team to build and concentrate our capabilities to address sustainability risks and opportunities, including rapidly improving our governance and management frameworks over climate change and energy transition.</p> <p>We acknowledge the importance of setting climate change commitments to ensure competitiveness. We will continue to assess the development of energy transition risks and opportunities.</p>

	RISK DESCRIPTION	MITIGATION STRATEGY
STRATEGIC RISKS (CONT'D.)	<p><b>Order Book Replenishment</b> Our order book replenishment is indirectly exposed to fluctuating oil and gas prices. A low and volatile price environment would reduce the likelihood for new upstream oil and gas projects to be sanctioned, resulting in fewer opportunities to replenish our order book.</p> <p>Our ability to replenish our order book and deliver competitive returns also depends in part on the accuracy and completeness of our costing based on the work scope and terms of the contract. If our assumptions proved to be incorrect, it could have material adverse effect on our earnings, cash flows and financial condition.</p> <p>The suspension of bank guarantee facilities as a result of the above-mentioned financial situation further impacted the Group's ability to participate in tenders, thereby restricting the order book intake, especially in the Engineering &amp; Construction segment.</p>	<p>We actively monitor the oil and gas price trends to inform us of the necessary responses during our annual business planning.</p> <p>Our existing business model providing O&amp;G services for the Upstream value chain is diversified where Operations &amp; Maintenance (O&amp;M) is agnostic to oil and gas price trends while the Engineering &amp; Construction (E&amp;C) requires robust industry conditions for greenfield developments to occur. We also seek diversification of our revenue profile through geographical coverage.</p> <p>We target our bids to focus on preferred regions, namely Asia Pacific and the Atlantic, where we have a competitive advantage and are within our risk appetites.</p> <p>Improvement initiatives are implemented to strengthen our bidding capabilities and processes, streamlining the organisation and incorporating robust risk assessments throughout the tender process. We aim to re-balance the risk allocation in new contracts to achieve a fair risk distribution between our clients and us.</p> <p>We developed alternative solutions with our prospective clients to mitigate the bank guarantee requirement.</p>
	<p><b>Competition</b> We face competition in all our businesses. Failure to react to competitive forces by managing our costs and operational performance could result in material adverse effect on our earnings, cash flows and financial condition.</p>	<p>We are addressing our cost and efficiency challenges through the Reset Plan.</p> <p>We benchmark our performance against our key competitors and constantly seek ways to prepare robust and competitive bids for projects globally which are innovative and technology-driven. Where appropriate, we leverage on our past performance and experience with our existing clients.</p> <p>We seek to diversify into adjacent markets from where we operate to provide complementary solutions to new clients.</p>
OPERATIONAL RISKS	<p><b>Safety</b> The nature of our operations exposes us, and the communities in which we work, to a wide range of safety risks. If a major risk materialises, such as an explosion or an asset loss, this could result in injuries, loss of life, environmental harm or disruption to business activities. Accordingly, this could have material adverse effect on our reputation, earnings, cash flows and financial condition.</p>	<p>We do not tolerate unmanageable safety exposures at any of our worksites. We strive for a safety-always culture led by senior leadership throughout the organisation and among our clients, partners, and vendors. We have amplified and exemplified the "Safety Always" culture across the Group, with increased engagement delivered by senior leadership. The restructuring exercise brought a more structured and consistent approach to safety, with aligned performance indicators, and clear safety targets and goals.</p>

# KEY RISKS AND MITIGATION

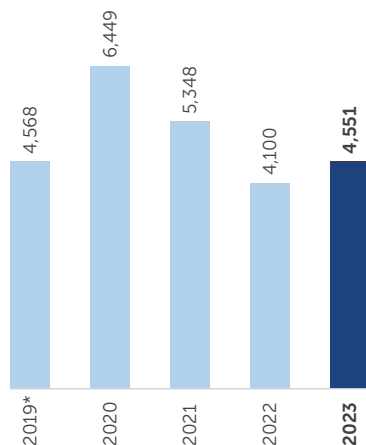
	RISK DESCRIPTION	MITIGATION STRATEGY
OPERATIONAL RISKS (CONT'D.)	<p><b>COVID-19 Pandemic</b> Whilst the COVID-19 pandemic has largely abated, the resultant operational and financial effects continue to impact our business operations.</p> <p>This pandemic has had a significant adverse effect on our earnings, cash flows and financial position.</p>	<p>We adopted various approaches to effectively mitigate the COVID-19 impact on our people and operations. Mandatory testing regimes and strict SOPs were enforced on those working at the office or at the yards, or on board our vessels or rigs.</p> <p>Our IT infrastructure and support enable working-from-home arrangements and have been put in place swiftly and smoothly.</p> <p>We manage our project execution to minimise the related impacts and actively work with our clients and business partners to collectively manage the financial impact caused by the pandemic, including negotiation for compensation under the contracts.</p> <p>We ensure COVID-19 risks under the new contracts are explicit and priced accordingly. This includes limiting our exposure to COVID-19 uncertainties as a result of changing government regulations/laws where we do business, or of stricter SOPs imposed by clients on our assets which may affect the continuity and cost of operations.</p>
	<p><b>Project Execution</b> Our ability to remain competitive and profitable depends in large part on the efficient execution and timely delivery of projects to our clients.</p> <p>This year, we managed to successfully deliver commitments on some of our projects globally but primarily, the performance from legacy contracts were negotiated prior to COVID-19, remains a challenge. In addition, staff attrition has impacted our ability to execute projects efficiently.</p> <p>As a result, these execution risks reduced the Group's cash generation ability which in turn impacted our financial position and reputation.</p>	<p>Through the "Reset Plan" we seek to introduce greater discipline in our project execution and delivery performance. Some of these efforts include streamlining our organisation with a regional focus (Eastern and Western Hemispheres), risk-based approach for project execution and enhancing contract management and cost discipline. We collaborate closely with our clients and suppliers.</p> <p>Training programmes were intensified for project execution and delivery, through our Project Management Control Operating Mode Manual, to further enhance the competence of our project organisation.</p>
	<p><b>Retention of talents and skilled employees</b> Building a high-performing workforce to deliver our strategic objectives depends greatly on our ability to attract, develop, and retain competent and skilled employees.</p> <p>The financial situation of the company has increased the risk of retaining employees with the skillset and competency to support the turnaround of the Group.</p>	<p>Several key initiatives were undertaken this year which included recognising and providing opportunities for internal talents via promotions, increasing learning development and providing flexibilities via hybrid working arrangements. This approach was developed considering the guiding principles of affordability, sustainability, fair and equitable, and pay for performance.</p> <p>Enhancements were also introduced to several areas in developing people. Amongst others, strengthening capability via technical and leadership assessment, introducing career ladder to retain and provide opportunities for specialist roles, and ensuring succession planning for critical positions.</p>

	RISK DESCRIPTION	MITIGATION STRATEGY
<b>OPERATIONAL RISKS (CONT'D.)</b>	<p><b>Cybersecurity</b> Our operations are heavily dependent on our information technology infrastructure and applications. A serious cybersecurity incident could cripple our ability to operate safely. This could have an adverse impact on our reputation, earnings, cashflows and financial position.</p>	<p>We follow cybersecurity practices and processes baselined against industry best practices (NIST, ISO27001) and use various detection and prevention technologies to safeguard our IT systems against internal and external threats.</p> <p>We continuously monitor and review our security posture to ensure effectiveness against evolving cybersecurity risks and threats. We do this by keeping abreast with updates of the cybersecurity threat landscape and business environment.</p> <p>We also engage external cybersecurity experts to perform various types of security assessments on our IT systems.</p>
<b>CONDUCT RISKS</b>	<p><b>Compliance with Anti-Bribery &amp; Corruption, Anti-Competition and Data Privacy Laws</b> Violations of these laws by any of our employees or contractor staff working for us could lead to heavy fines and other criminal penalties to be imposed on the individual(s) concerned, and/or the Group and/or the Directors of our parent or subsidiary companies. This could also result in the suspension of licence to operate and could have an adverse effect on our reputation.</p>	<p>We provide mandatory training on the Code of Ethical Conduct and Anti-Corruption to our new joiners and existing staff, to be repeated every two years. We practice a zero-tolerance policy for non-compliance and have strict guidelines on gift policies. We select our vendors after checks against recognised external compliance trackers.</p> <p>We practice an open-door policy but also have an external Whistleblowing system to allow for anonymous reporting.</p>
	<p><b>Reputation</b> An erosion of our business reputation could adversely affect on our brand and credibility, upon which we build trusted partnerships with our key stakeholders. This could lead to an adverse effect on our license to operate and our ability to compete in global markets.</p> <p>In the immediate term, our unsustainable financial condition described above has cast a negative light on the Group, its past and present Management and the Board, as well as our major shareholders.</p> <p>In the longer term, societal expectations of businesses are increasing, with a focus on environmental, social and governance matters. Real or perceived failures of governance or a perceived lack of understanding of how our operations affect the surrounding communities and environment could harm our reputation.</p>	<p>Reputational risk management is part of Board oversight at Sapura Energy. The Board limits the risk of reputational damage by ensuring the Group conducts itself with the highest standards of good governance, sustainability and integrity. The Board and senior management also regularly discuss potential issues that may impact the Group's standing and plan strategic steps to mitigate them.</p> <p>To prevent the possibility of reputational damage through our own actions, we continuously embed the Sapura Energy culture within our workforce, guiding them to build trust with stakeholders by behaving ethically; and embodying the qualities of safety, honesty, accountability, respect and professionalism.</p> <p>Our Code of Ethical Conduct informs our employees and contract staff of the conduct and behaviours expected of them when working with the Group.</p> <p>Stakeholder management is also a component in senior leaders' KPIs, which in turn are cascaded to the relevant teams in the organisation. Our ability to create constructive interactions with stakeholders results in strong relationships, which will be crucial in resolving reputational issues. Part of the effort includes transparent and balanced reporting of our performance through regular engagements with investors, market analysts and the media.</p> <p>To identify emerging reputational threats, Sapura Energy implements daily media monitoring to review news coverage and social media posts commenting on the Group, selected peers and the energy industry.</p> <p>We also continuously enhance our crisis communications preparedness through emergency response procedures, drills, and training.</p>

# Five-Year Group Financial Highlights

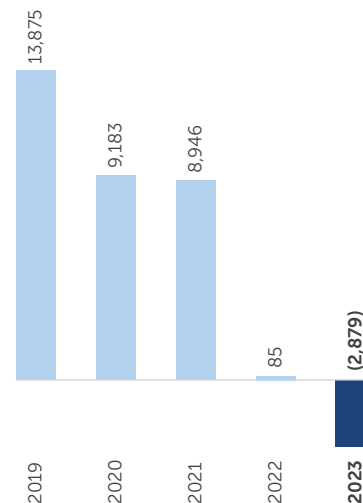
## Revenue (RM'mil)

\* Restated



## Shareholders' fund/(deficit) (RM'mil)

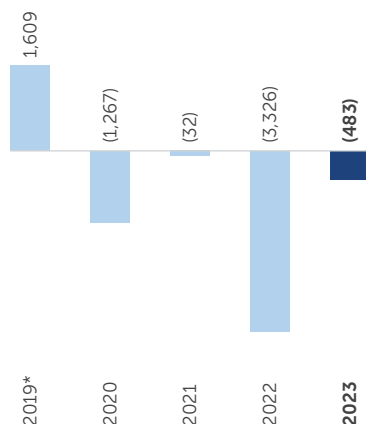
(RM'mil)



## Profit/(loss) before tax and impairment (RM'mil)

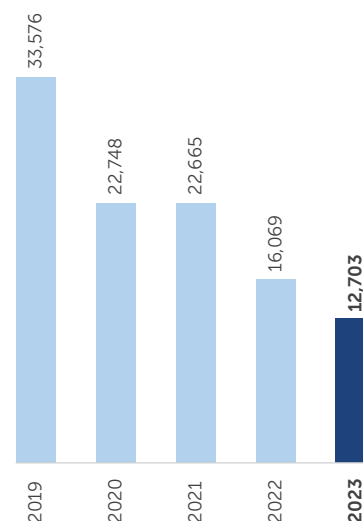
(RM'mil)

\* Restated



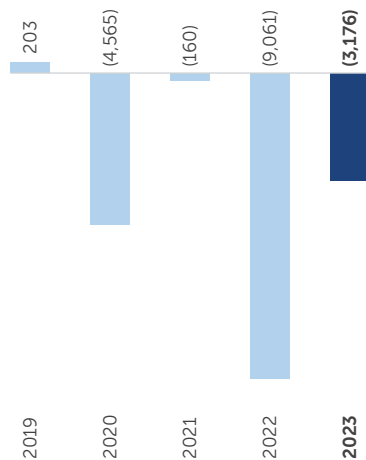
## Total assets (RM'mil)

(RM'mil)



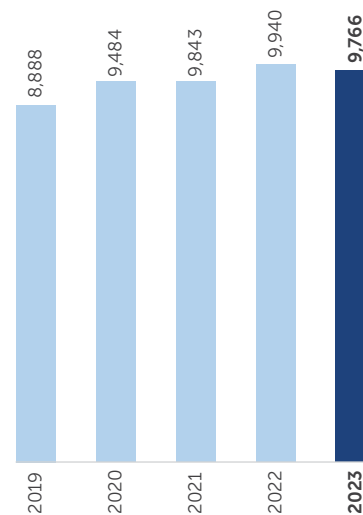
## Profit/(loss) after tax (RM'mil)

(RM'mil)



## Net debt (RM'mil)

(RM'mil)





# Five-Year Group Financial Summary

	FY19 RM'mil	FY20 RM'mil	FY21 RM'mil	FY22 RM'mil	FY23 RM'mil
<b>OPERATING RESULTS</b>					
Revenue*	4,568	6,449	5,348	4,100	<b>4,551</b>
Profit/(loss) before tax and impairment*	1,609	(1,267)	(32)	(3,326)	<b>(483)</b>
Profit/(loss) before tax*	89	(4,552)	(32)	(8,932)	<b>(3,104)</b>
Profit/(loss) after tax	203	(4,565)	(160)	(9,061)	<b>(3,176)</b>
<b>KEY STATEMENT OF FINANCIAL POSITION DATA</b>					
Cash, deposits and bank balances	8,098	772	489	718	<b>850</b>
Total assets	33,576	22,748	22,665	16,069	<b>12,703</b>
Borrowings	16,986	10,256	10,332	10,658	<b>10,616</b>
Total liabilities	19,705	13,574	13,728	15,991	<b>15,609</b>
Shareholders' fund/(deficit)	13,875	9,183	8,946	85	<b>(2,879)</b>
Basic earnings/(loss) per share (sen)	3.43	(28.60)	(1.01)	(56.67)	<b>(19.76)</b>
Net assets/(liabilities) per share (RM)	0.87	0.57	0.56	0.01	<b>(0.19)</b>
Net debt to equity (times)	0.64	1.03	1.10	116.94	<b>N/A<sup>^</sup></b>
Net debt	8,888	9,484	9,843	9,940	<b>9,766</b>

<sup>^</sup> During the financial year, the Group did not present its gearing ratio due to the shareholders' deficit position

\* FY19 Restated

# Sustainability Report

## OUR APPROACH TO SUSTAINABILITY

Given the nature of our business, Sapura Energy Berhad (“Company”) is conscious of the need to carry out our operations responsibly and sustainably, protecting the well-being of our employees, minimising our environmental impact, and ensuring we create value for our shareholders, lenders, vendors, clients, business partners and the community at large. We are guided by environmental, social and governance (“ESG”) considerations, transforming our business to ensure that these ESG consideration are included in our day-to-day activities and decisions.



Today, as global sustainability issues gain greater urgency, there is increased pressure on corporations to step up efforts in shaping a more environmentally sustainable and socially equitable world, supported by robust governance. Without a doubt, climate change is one of the most pressing challenges and places an increased onus on companies with high carbon footprints to reduce their emissions. As an oil & gas solutions company, we have a responsibility to explore approaches that can help us to better support the transition towards a low-carbon economy.

While addressing climate change has been at the forefront of sustainability discussions, it is by no means the only component of sustainable operations.

The chief sustainability concern in our operations is the safety of our people. Our commitment to the highest standards of safety has seen the launch of ‘Safety Always’ as our renewed commitment towards safety in FY2023. The shift from our previous motto ‘Safety First’ reflects our determination that Safety is considered in all that we do.

While our safety performance in FY2023 had been commendable, we learned the invaluable lesson of not resting on our laurels. Regrettably, on April 6th 2023, we experienced a tragic work-related safety incident

that resulted in the loss of a valued colleague’s life. This tragedy compelled us to thoroughly reassess our safety culture and diligently address critical gaps to ensure that no further lives are jeopardised within our workplace.




The next priority after safety is the sustainability of our business as a going concern, which is the driver to our Reset Plan. Addressing the Company’s financial well-being is critical to sustain our business and create value for our stakeholders. In the past few years, we have channelled our limited resources towards rebuilding financial stability without compromising other aspects of sustainability.

Despite our PN17 status and the critical need to restructure our debt, we remain committed to enhancing our corporate governance framework. We recognised that good corporate governance is even more important in challenging times, as it helps us to maintain the trust and confidence of our stakeholders, including shareholders, lenders, and employees. As always, we will maintain the highest ethical standards, guided by our corporate values of being Safe, Honest, Accountable, Respectful and Professional to build trust among stakeholders. A more comprehensive discussion of our efforts to embed good governance is contained in our Corporate Governance Overview Statement on page 48 in this report.

## OUR SUSTAINABILITY FRAMEWORK

We have in place a sustainability framework supported by economic, environmental, and social pillars, underpinned by good governance. By focusing on these three pillars, we can create value for our key stakeholders, including investors, lenders, shareholders, employees, customers, vendors and suppliers, business partners, the government and regulators as well as local communities.

Our focus lies within these three pillars, as illustrated below:

	 <b>Economic</b>	 <b>Environment</b>	 <b>Social</b>
<b>What It Is</b>	Ensuring business sustainability & creating value for stakeholders	Protecting people and environment in all our businesses	Nurturing talents & contributing to communities especially in areas where we operate
<b>What We Do</b>	We aim to deliver positive economic benefits to our stakeholders by continuously stimulating economic growth in Malaysia and other countries where we operate through the energy sector. In our operations, we support initiatives that strengthen our local supply chain and meet the expectations of our customers, while upholding ethical norms.	We recognise the importance of reducing our carbon footprint, enhancing energy efficiency as well as reducing and managing waste. We are developing internal strategies, policies and processes that will ensure continued improvements in these areas as well as full compliance with environmental regulations.  At the same time, we will ensure operational safety to protect all people, assets, and the environment.	Our employees and contractors are key to our productivity and profitability. Therefore, all investments in talent development are investments in the Company's sustainable future. We have various policies and processes to attract and retain the right talent and to keep the workforce engaged. We also ensure that our people operate in a fair, equitable, and above all safe working environment.  Our values and principles are further reflected in programmes that contribute to the well-being of communities where we operate.
<b>Stakeholders Impacted</b>	<ul style="list-style-type: none"> <li>• Shareholders/Investors</li> <li>• Financiers</li> <li>• Customers</li> <li>• Vendors/Suppliers</li> <li>• Joint Venture Partners</li> </ul>	<ul style="list-style-type: none"> <li>• Government/Regulators</li> <li>• Shareholders/Investors</li> <li>• Financiers</li> <li>• Employees</li> <li>• Local Communities</li> <li>• All Other Stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Employees &amp; Contractors</li> <li>• Local Communities</li> </ul>

# SUSTAINABILITY REPORT

## SUSTAINABILITY GOVERNANCE



The highest governing body for Sustainability in the Company is our Board of Directors (“the Board”). Supporting the Board in discharging its accountability is the Board Risk Management Committee (“BRMC”), which owns the delegated responsibility of overseeing all sustainability matters related to the Company and its subsidiaries (“Group”). This includes our strategies and decisions, as well as compliance with regulatory requirements and relevant standards, governance and reporting. The BRMC regularly discusses sustainability-related matters, identifies challenges, and reviews measures to ensure these are adequately addressed by our Management.

Recognising the criticality of efficiently managing our financial restructuring, which serves as a key determinant of our long-term sustainability, the Board took the decisive action to establish the Board Restructuring Taskforce (“BRTF”) in FY2022. Led by the Chairman and comprising our Senior Independent Director, a Director with specialised restructuring experience, the Group Chief Executive Officer (“GCEO”), and key members of the Executive Committee (“ExCo”) including the Group Chief Financial Officer, Group Chief Counsel, and Chief Strategy Officer, the BRTF convenes almost fortnightly to address the intricacies of our financial restructuring efforts.

The BRTF fulfils its mandate by diligently reporting back to the Board, providing comprehensive updates on the decisions made and the progress achieved. This regular communication ensures effective oversight and facilitates prompt decision-making throughout the entire financial restructuring journey. By adopting this proactive approach, we uphold our commitment to efficient governance, as well as fair and equitable resolution for all parties involved in the restructuring exercise.

The GCEO with the support of our Chief Strategy Officer is responsible for developing our sustainability strategies and plans, ensuring all aspects of the Group’s business are aligned with the direction set by the Board. The GCEO is supported by the ExCo and our Chief Risk Officer, who has been designated to manage our sustainability strategically and to integrate sustainability considerations into the Company’s operations.

The heads of each business and functional units, meanwhile, are responsible for ensuring that sustainability initiatives are carried out per outlined programmes in all day-to-day operations. They work closely with the Chief Risk Officer and the ExCo to manage identified sustainability risks and to create greater value for the Company as well as our stakeholders.

## OUR MATERIAL MATTERS

In 2017, we conducted a comprehensive materiality assessment led by an external consultant, engaging with both external and internal stakeholders. This inclusive process enabled us to identify and prioritise matters of significance from multiple perspectives.

These nine matters are:



The Management adapted our sustainability priorities as our business conditions evolved in line with increasing expectations from different stakeholders. 'Workforce Health & Safety', remains our top priority, followed by 'Economic Performance', 'Supply Chain Management' and 'Environmental Management'. We have also broadened the scope of disclosure under 'Talent Development' to include talent management, as retaining our staff has become increasingly critical in light of the high attrition rate Group-wide in FY2023.

In the following pages, we provide a description of why each material matter is important, how we are managing the material matter, and how we will enhance performance in the future.

# SUSTAINABILITY REPORT

## ECONOMIC SUSTAINABILITY



### Economic Performance

The economic performance of the Company plays a vital role in ensuring the continuity of our business and, consequently, our ability to generate value for the diverse range of stakeholders we impact.

This includes our employees, whom we provide with stable employment, as well as our vendors and suppliers, who rely on us for business opportunities. Our clients benefit from the products and services we deliver, while shareholders reap rewards through dividends and the appreciation of share price value. Investors and financiers receive returns on their investments, and lenders are assured that we fulfil our debt obligations. Additionally, we contribute to the government through tax payments and actively engage with the community through various outreach programmes. By prioritising our economic performance, we uphold our commitment to meeting the needs and expectations of our stakeholders across multiple domains.

On 31 May 2022, we announced the Company had been classified as an affected listed issuer under Paragraph 4.1(c) of PN17. Since then, we have actively advanced our plan to restore our financial position, including significant measures to restructure our unsustainable debt and address overdue payments to vendors.

In FY2023, we obtained convening and restraining orders from the High Court, enabling us to propose a debt restructuring scheme to creditors and prevent legal actions or proceedings during the process. These orders were renewed in March this year.

We deeply acknowledge the impact that our ongoing financial challenges have had on our stakeholders. This heightened sense of accountability has strengthened our resolve to complete our financial and operational restructuring, with fair and equitable resolution for all parties involved. We recognise that this process will take time, given the size and complexity of the restructuring exercise.





To achieve a fair and equitable resolution, it is crucial to engage with all stakeholders transparently, providing them with the necessary resources to make well-informed decisions throughout the restructuring process.

We sought the assistance of the Corporate Debt Restructuring Committee (“CDRC”) to facilitate negotiations with our financiers regarding the restructuring of our Multi-Currency Financing (“MCF”) Facilities. Additionally, we conducted multiple briefings to apprise financiers of our current and projected business plans. On 20 October 2022, a draft Proposed Restructuring Scheme was presented to the financiers, and subsequent CDRC meetings enabled us to refine the terms of the scheme in collaboration with these financial institutions.

Pursuant to the High Court convening order, trade creditors were required to participate in a Proof of Debt exercise, during which they submitted documentation or evidence supporting their claims for outstanding payments. The Group received approximately RM1.5 billion in claims from approximately 2,300 vendors. We have since substantially completed the exercise, pending one outstanding case for adjudication.

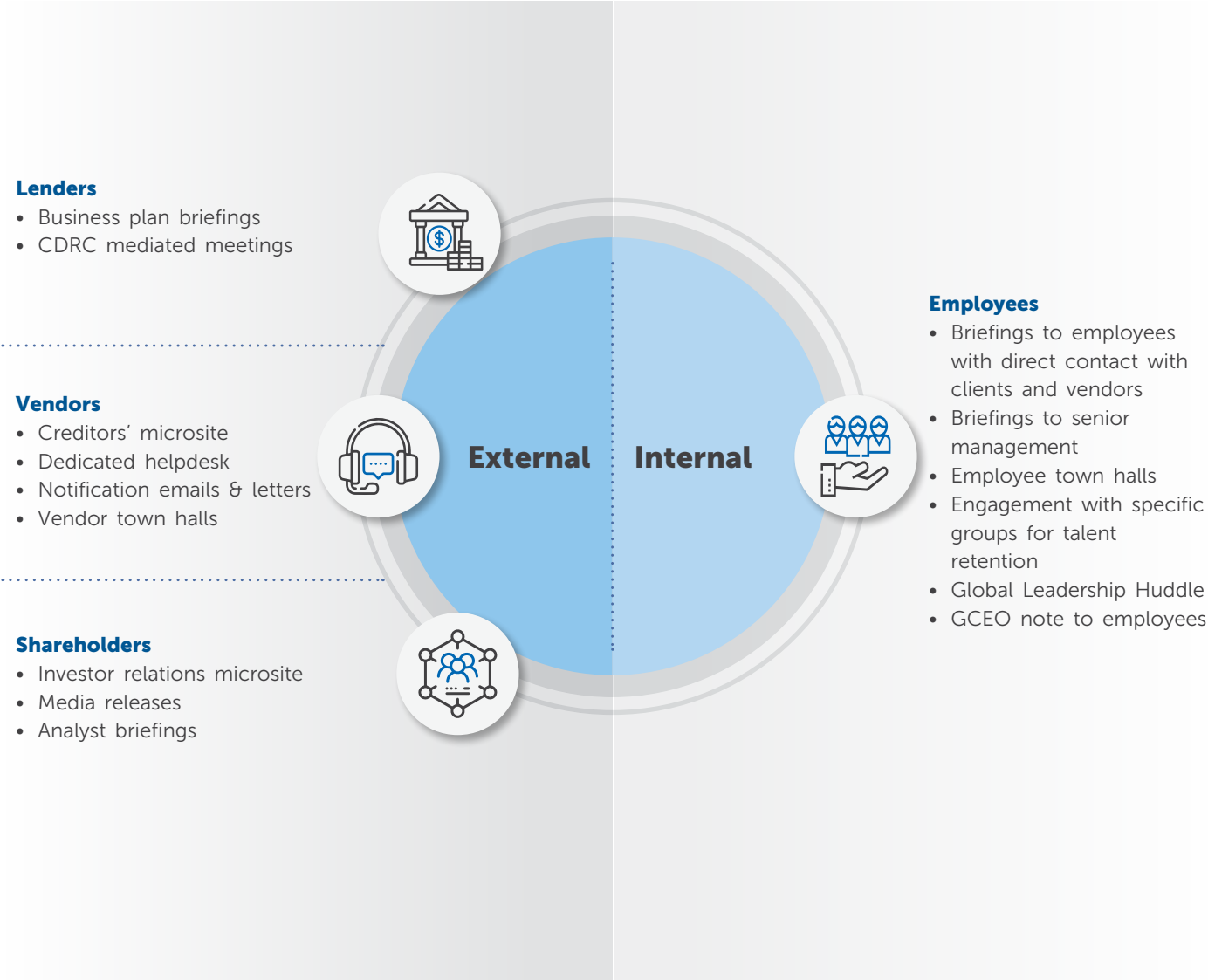
Realising that not all of our trade creditors were familiar with the process, we provided the necessary engagement and support to help them submit their proofs of debt, including Vendor Briefing Sessions, a dedicated creditors’ engagement microsite, and a Helpdesk team to attend to their specific queries.

Internally, we prioritised keeping our employees well-informed through regular townhall meetings and leadership emails. These channels of communication served multiple purposes: they helped alleviate concerns among employees regarding the Company’s sustainability and clarified their role as valuable ambassadors for our organisation.

By fostering transparent and open communication within our workforce, we empowered our employees to act as advocates for the Company, reinforcing our collective determination and confidence in achieving a successful outcome.

# SUSTAINABILITY REPORT

## STAKEHOLDER ENGAGEMENT ON FINANCIAL RESTRUCTURING





## The Company's global value creation in FY2023:



➔ Employee wages and benefits  
**RM1.11 BILLION**



➔ Contracts to vendors & suppliers  
**RM4.2 BILLION**



➔ Taxes  
**RM72.0 MILLION**



➔ Community investment (SFTC)  
**RM324,988**

## Supply Chain Management

As a global operator, we have an extensive network of suppliers and vendors who provide essential products and services that enable us to carry out our operations. Our policy has always been to support local suppliers and vendors in each country where we have a presence and contribute to the local economy. Suppliers are chosen based on fair and equitable criteria, including their ability to meet our needs economically and efficiently.

We acknowledge the issue of overdue payments to certain vendors demands resolution.

In FY2023, we obtained convening and restraining orders from the High Court, which allowed us to propose a debt restructuring scheme to creditors and halt legal actions or proceedings throughout the process. Part of the process included a proof of debt exercise, in which trade creditors submit documentation or evidence to support their claims for outstanding payments. We have received proofs of debt from approximately 2,300 creditors and have since substantially completed the exercise, pending one outstanding case for adjudication.

## Ethical Business Practices

Transparency and integrity are at the core of our business operations, ensuring that we act in accordance with the rights and interests of our diverse stakeholders, and uphold values of fair competition.

Within the Company, all employees, members of Management and the Board are required to adhere to our Guidelines on Code of Ethical Conduct ("the Code") which underlines our commitment to honesty, trust and transparency. We have in place a Whistleblowing Helpline which is accessible to employees, clients, partners, suppliers, and vendors Group-wide at [www.sapuraenergy.ethicspoint.com](http://www.sapuraenergy.ethicspoint.com). Further reinforcing a culture of ethics, all employees are required to complete online e-learning modules on the Code of Conduct and Global Anti-Corruption on a bi-annual basis.

Our commitment to respecting the rights of all stakeholders is reflected in our determination to complete our financial and operational restructuring in a manner that is fair and equitable to all stakeholders involved.



# SUSTAINABILITY REPORT

## ENVIRONMENTAL SUSTAINABILITY



### ENVIRONMENTAL SUSTAINABILITY

#### Environmental Management

With a strong awareness of the environmental impact of our operations, we strive to minimise our ecological footprint. We adhere to all applicable environmental regulations and laws in the countries where we operate, including the Malaysian Environmental Quality Act, 1974.

Safety is paramount in our environmental management, as the nature of our operations exposes us, and the communities in which we work, to a wide range of safety risks.

To protect the environment and the safety and health of our people and assets, we have established strong practices and procedures under our Quality, Health, Safety and Environment ("QHSE") Policy documents. This includes reducing waste and emissions to prevent pollution, and conserving resources. Our QHSE team tracks and monitors key environmental parameters such as energy consumption, engine emissions and hazardous waste management, to help us achieve our goals.

We are committed to support government Net Zero initiatives and reduce greenhouse gas emissions, as expected by our clients. We will enhance our processes to accurately measure carbon emissions, establishing a comprehensive baseline emissions profile. The insights we gain will help us determine efficiency targets for carbon emissions and energy consumption across each of our business segments and drive measurable progress towards reducing carbon emissions and optimising energy consumption throughout our operations.

#### Spills Prevention

Oil spills pose significant environmental risks in the oil and gas industry, impacting both the environment and our business. To mitigate and prevent oil spills, we adhere to industry best practices as well as statutory and regulatory requirements. At the core of our spills management initiative is a comprehensive environmental management plan which serves to contribute to the preservation of marine ecosystems and biodiversity, thereby promoting the health and sustainability of marine environments.

In preparation for potential spill scenarios, our offshore operations have in place Emergency Response Plans and Shipboard Marine Pollution Prevention Plans (Annex 1 – MARPOL). We approach every spill incident with utmost seriousness, conducting thorough investigations with root cause analyses, to avoid any future recurrences.

#### Hazardous Waste Management

We comply with all statutory and regulatory requirements related to hazardous waste management to ensure proper handling and disposal in an environmentally responsible manner. We work only with contractors who are licensed to collect, recycle (where possible) and dispose of the waste. We also train and certify relevant employees to manage hazardous waste effectively. In addition, we have implemented a waste minimisation programme to monitor and reduce the amount of hazardous waste generated, and we segregate recoverable waste for recycling at licensed facilities.

## Environmental Training/Awareness

In ongoing efforts to transition into a greener organisation, we have increased awareness among our employees. In FY2023, we implemented key programmes outlined below with guidance to minimise environmental impacts and maintain compliance with environmental regulations.

<b>3 Group-wide initiatives</b>	<ul style="list-style-type: none"> <li>Environmental Management – Reduction of Fuel Consumption</li> <li>Hazardous Waste Management Awareness Programmes</li> <li>3R Environmental Campaigns</li> </ul>
<b>9 Business &amp; Regional initiatives</b>	<ul style="list-style-type: none"> <li>Environmental Management Conversations</li> <li>Scheduled Waste Management – Project Readiness</li> <li>Scheduled Waste Management – Inspection</li> <li>Environmental Health Day Promotion</li> <li>Chemical Exposure and Chemical Spill Response Drill</li> <li>E-Waste Management Training</li> <li>Plastic Caps Collection (in support of children with cancer)</li> <li>Minimising plastic usage in our operations</li> <li>5S Campaign</li> </ul>

### Environmental Campaign at Sapura Esperanza

During the year, our Drilling business implemented Shell’s Greenhouse Gas Reduction campaign at *Sapura Esperanza’s* semi tender rig work in Malikai Phase 2. Through the initiative, our Drilling business managed to reduce its carbon equivalent emissions by about 5.86 kilo tonnes; cut its waste by 90 percent (via the use of a shaker waste screen); reduce its electricity consumption by 15,552 kilowatts (by changing fluorescent lights to LED); and avoided the use and purchase of more than 57,600 plastic bottles (by using water dispensers and re-usable water bottles for the crew). Additionally, Sapura Esperanza replaced the wooden crates used in logistics with re-usable mini containers as a means to help to reduce waste and conserve forests in Asia. In the longer term, our secondary plans is to generate and use greener energy sources such as hybrid power, waste heat recovery and the use of a special exhaust turbo that generates electricity.

### Recycling scrap at our fabrication yards

Further enhancing our waste management, we have begun recycling scrap materials at our fabrication yards in Lumut and Pasir Gudang, with positive environmental and financial outcomes.

At our Lumut Fabrication yard, a significant amount of steel scrap had accumulated over the years from completed projects, occupying valuable storage space. Recognising the importance of space optimisation, we submitted a disposal proposal to our Lumut Fabrication Unit’s management in January 2022. Since then, we have successfully cleared approximately 7,000 square metres of storage area that was previously occupied by 2,050 metric tonnes of scrap metals. The newfound space is being managed and utilised wisely, allowing us to improve the overall efficiency of our operations. The scrap metals are disposed of to licensed recycling contractors.

In Pasir Gudang, we expect to generate RM2.5 million in revenue from recycling over 2,000 metric tonnes of scrap materials. This additional income will support operational needs at the Facility It will also enable us to manage our vendor payments more efficiently.

By recycling our scrap and diverting these materials from landfills, we are not only removing potentially hazardous elements from our environment but also contributing to the conservation of natural resources and reducing our carbon emissions. Our commitment to responsible waste management aligns with our larger mission to protect and preserve the environment for future generations.

## SOCIAL SUSTAINABILITY



### Workforce Health & Safety

The safety and well-being of our employees is given top priority, especially as project work exposes them to numerous hazards.

The recent tragic incident in FY2024, involving a colleague on a rig offshore Terengganu, has served as a solemn reminder of the risks inherent in our day-to-day operations. It has instilled in us a renewed sense of urgency to strengthen our safety culture and leadership. This incident underscores the fragility of our noble purpose to ensure health and well-being of every individual working for the Company, enabling them to return home safely to their loved ones. We recognise that fulfilling this purpose demands unwavering commitment, diligence, and relentless focus each day.

To help us prevent harm to people, we have in place a structured health and safety framework within our HSE Policy, which is guided by the Occupational Safety and Health Act ("OSHA") 1994 in Malaysia, and relevant regulations in our international operations. Within our safety framework are 45 QHSE governing procedures, which are available to all employees via the Total Management System ("TMS") portal. This fully integrated system improves productivity and efficiency by providing quick and timely access to critical corporate data at all levels, allowing users to make informed decisions.

In line with OSHA, every project site has its own Safety Committee comprising Management and employees. These committees ensure that everyone has the requisite knowledge to perform their tasks safely, and that all safety procedures are properly adhered to. Incidents are thoroughly investigated and recorded, with remedial actions taken immediately to prevent any recurrence. Regular training programmes and communication are organised to ensure everyone is kept up to date on safety protocols. Our

QHSE framework is supported by the following actions and commitments:

- Establishing Group QHSE governing procedures on the TMS platform
- Effectively communicating the QHSE message through platforms such as the Intranet and Yammer
- Ensuring Group QHSE weekly meetings with operating companies' representatives
- Participating in proactive activities such as site visits and management reviews
- Ensuring root cause analysis are carried out for fall incidents by the respective incident owners
- Observing trends in incident cases and working closely with the operation teams to reduce and prevent re-occurrence through effective action plans
- Promoting Near Miss Cases (free lessons) and Unsafe Condition & Unsafe Act ("UCUA") reporting
- Verifying and sharing all lessons learned



To further strengthen our commitment to safety, we empower our employees and contractors to speak up and exercise Stop Work Authority at every level within the organisation to ensure that everyone goes home safely. We also continue to uphold the International Association of Oil and Gas Producers (“IOGP”)’s 9 Life-Saving Rules (“9LSRs”) in our day-to-day operations, as illustrated below:

### The 9 Live-Saving Rules



During the year, there was increased visibility on the importance of safety, with Senior Management taking the lead in visiting both onshore and offshore work sites. This was in conjunction with the official merging of our Quality department with the HSE department to form the QHSE department, with clear roles and responsibilities. We are now in the process of harmonising QHSE procedures across the Group, driven by the One Sapura Energy way to benefit everyone.

We also added 9 Sapura Energy Quality Rules (“9QRs”) to the 9SLRs, which provide consistent and robust guidance for doing the job right (and safely) every time.

### The 9 Quality Rules



## Safety Reporting

Our Online reporting system Synergi life, is a cloud-based solution that centralises our data in one place. It presents information in a clear and easy-to-understand manner, making it accessible across all our operating locations. Synergi Life is an efficient tool that allows us to track and manage undesired events including incidents. The system records the initial report, investigation details, actions taken, outcomes, and any lessons learned to prevent recurrence. All incidents are registered in Synergi within 24 hours, enabling immediate notification to relevant personnel via the Company’s email system.

Management not only actively utilise the incident data in Synergi to track actions raised and their closure, but also to ensure actions raised meet our ‘SMART’ principles of being Specific, Measurable, Achievable, Realistic and Timely. This enables us to ensure the quality of all submissions, analyse incident trends and implement timely mitigating actions to prevent recurrence, including the sharing of all lessons learned throughout all our locations.

## Audits

Regular QHSE audits are carried out to identify the strengths and weaknesses within our QHSE management system, allowing us to ensure effectiveness of our QHSE policies and practices. Internal audits are carried out by a competent certified Lead Auditor. In FY2023, the following internal audits were performed:

- ISO 45001:2018 Internal Audits
- ISO 14001:2015 Internal Audits
- ISO 9001:2015 Internal Audits
- Rig Manager Risk Operational Audit
- Internal Technical HSE Audit
- Rig Self-verification Audit
- Project HSE Audits
- Subcontractor HSE Audits

These internal audits are in addition to regular audits by oil-major clients such as PETRONAS and Shell, amongst many of the other major players within the industry.

# SUSTAINABILITY REPORT

## Safety Awareness & Capacity

We embed a safety mindset among our employees and empower everyone to enforce the Stop Work Authority. We believe this will enable them to take safety at the workplace seriously and help prevent any potentially hazardous work, ultimately reducing or eliminating identified risks to people and the environment. To ensure our employees can identify hazards and risks, they are constantly trained to recognise hazards and empowered to respond to any identified hazard by reducing the risks they pose to as low as reasonably practicable. This is done through our various systems such as the Plan Brief Execute Debrief PBED programme which takes place for each and every activity.

In FY2023, more than 100 QHSE programmes, campaigns and improvement training sessions were organised:



→ **49** QHSE Programmes



→ **9** QHSE Campaigns



→ **50** QHSE Improvement Training Sessions

## Safety Certifications

Further underlining our commitment to safety, we maintain ISO certifications from reputable bodies including Lloyd's Register, DNV, Bureau Veritas, Afnor International and Intertek, as listed below:

### ISO 9001:2015 (Quality)

- Sapura Energy Australia Pty. Ltd.
- Sapura Energy Mexicana, S.A.P.I. de C.V.
- Total Marine Technology Pty. Ltd.
- Sapura Fabrication Sdn. Bhd.
- Sapura Offshore Sdn. Bhd.
- Sapura Drilling Asia Sdn. Bhd.
- Sapura Subsea Services Sdn. Bhd.
- Sapura Pinewell Sdn. Bhd.
- Sapura GeoSciences Sdn. Bhd.
- Sapura Engineering Sdn. Bhd.

### ISO 14001:2015 (Environmental)

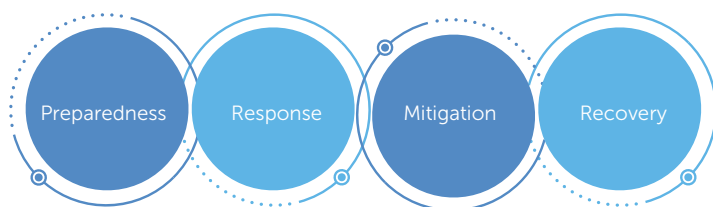
- Sapura Energy Australia Pty. Ltd.
- Sapura Energy Mexicana, S.A.P.I. de C.V.
- Total Marine Technology Pty. Ltd.
- Sapura Fabrication Sdn. Bhd.
- Sapura Drilling Asia Sdn. Bhd.
- Sapura GeoSciences Sdn. Bhd.
- Sapura Offshore
- Sapura Subsea Services
- Sapura Pinewell

### OHSAS 45001:2018 (OHS)

- Sapura Energy Australia Pty. Ltd.
- Sapura Energy Mexicana, S.A.P.I. de C.V.
- Sapura Fabrication Sdn. Bhd.
- Sapura Offshore Sdn. Bhd.
- Sapura Subsea Services
- Sapura Drilling Asia Sdn. Bhd.
- Sapura Subsea Services Sdn. Bhd.
- Sapura Pinewell Sdn. Bhd.
- Sapura GeoSciences

## Emergency Preparedness

Swift response to an emergency is crucial. Recognising this, we equip our people with the required knowledge, tools, and solutions to respond effectively and make smart decisions should an emergency arise. We are guided in this regard by the Group's Emergency and Crisis Management Standard, which also outlines Emergency Response Procedures specific to each business unit. Every year we invest significant resources and time to bolster our emergency preparedness by improving all four phases of emergency management:



We organise training exercises and emergency drills to equip employees with the necessary skills and knowledge to effectively handle emergencies, including natural disasters, fires, and other critical incidents. To ensure our planning is relevant and effective, we include employees when discussing emergency scenarios, potential consequences, and the required actions. Our Emergency Response Plans ("ERPs") for our assets and facilities, which are governed by the business units' Emergency Response Procedures are regularly reviewed and tested for effectiveness. As an inclusive company, we include external stakeholders who could be impacted by our operations in our ERPs.

We benchmark our preparedness by setting targets for performance and improvement in emergency capabilities. These are then measured against established standards, and reviewed annually:

- Checking regulatory compliance
- Incorporating lessons learned into the business units' ERPs
- Improving our capabilities to address and overcome environmental and social risks

During the year under review, 20 emergency preparedness training programmes were conducted while improvements and updates were made to the following standards:

### Emergency Response Plans

- HQ Emergency Response Plan
- Onshore Emergency Response Plan
- Offshore (Rigs and Vessels) Emergency Response Plan
- Enterprise Emergency Crisis Management
- Enterprise Business Continuity Plan
- Infectious Disease Outbreak Management Standard
- IT Disaster Recovery

## Safety Performance

As a result of the efforts invested into upholding stringent safety protocols and procedures, in FY2023 we significantly reduced the number of recordable injury incidents across the Group. The Company recorded a Total Recordable Incident Frequency ("TRIF") of 1.68 compared to 2.24 in FY2022, translating to only 35 recordable injuries as compared with 58 in FY2022. At the same time, our Perfect Day percentage increased from 70 percent to 78 percent year on year.

### Key safety performance indicators

Indicators	FY2021	FY2022	FY2023
Lost time injury frequency ("LTIF")	0.28	0.65	<b>0.62</b>
Total recordable injury frequency ("TRIF")	1.21	2.24	<b>1.68</b>

While we made commendable progress in our safety performance last year, the tragic incident in April 2023, resulting in the loss of a colleague's life, has prompted us to undertake a comprehensive reassessment of how we implement our safety management systems. We are determined to continue enhancing our safety protocols to prevent any recurrence of such a devastating incident.

## Diversity & Inclusion

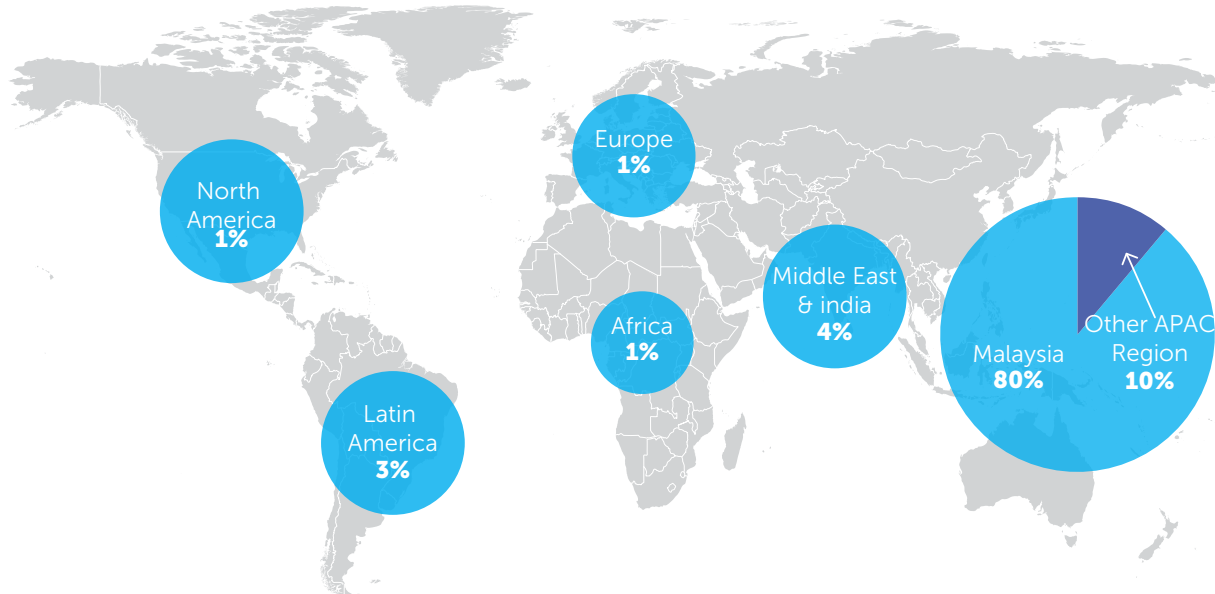
As a global organisation with presence in nine countries, we take pride in the diverse makeup of our workforce, which comprises more than 25 nationalities. Malaysians remain the majority, accounting almost 80 percent of our workforce. We prioritise hiring local talent in the countries where we operate. By doing so, we not only contribute to the growth of local economies but also foster a diverse and global perspective that greatly enriches our decision-making process.

Our commitment to diversity extends beyond nationalities and encompasses age and gender inclusivity, and our workforce composition reflects this aim. Currently, eight percent of our employees are below the age of 30, while 15 percent are aged over 50. Women represent more than one third of our workforce, despite the traditionally male-dominated oil and gas sector.

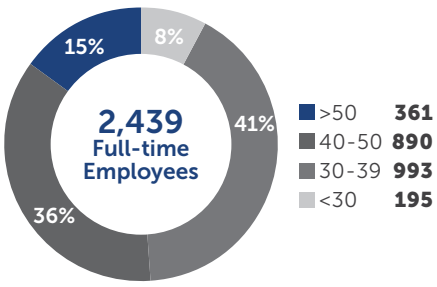
In the previous year, we focused on injecting youthful energy and fresh perspectives by prioritising the recruitment of individuals under the age of 30. This demographic accounted for nearly one third of our new hires, contributing to a more vibrant and dynamic workforce.

# SUSTAINABILITY REPORT

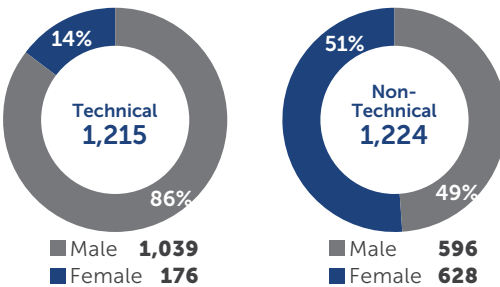
Moving forward, we will continue our efforts to achieve a balanced distribution across age groups and further enhance gender parity within our organisation. By fostering an inclusive environment that values diversity, we aim to create equal opportunities for all employees and improve our overall organisational dynamics.



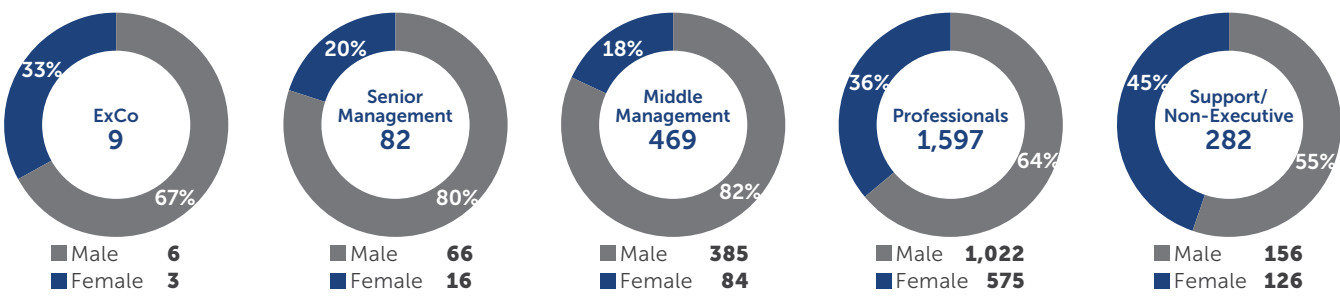
**Employee Distribution by Age Group for Full-time Employees**



**Employee Distribution by Age Group for Full-time Employees**



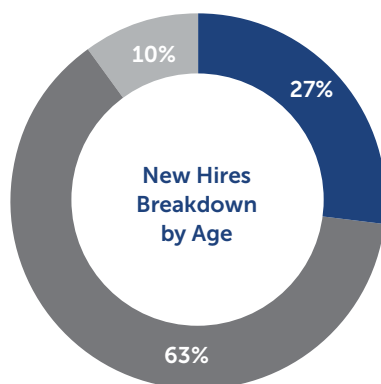
**Employee Distribution by Gender and Job Level for Full-time Employees**



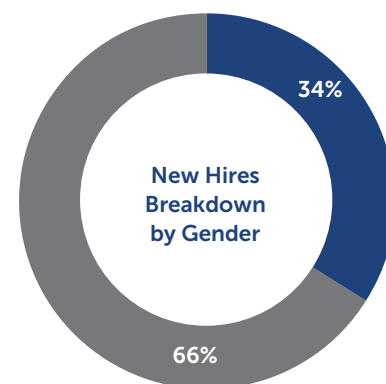


## New Hires – breakdown according to nationality, age, gender

Nationality	Count of Staff ID
Australia	2
Canada	1
Malaysia	161
Singapore	1
South Africa	1
United Kingdom	2
<b>Grand Total</b>	<b>168</b>



■ <30 ■ 30-50 ■ >50



■ Female ■ Male

## Labour & Human Rights

To formalise our commitment to treating everyone with respect, we have developed our own Labour and Human Rights Policy, which was approved by the Board in January 2022.

Our approach to labour & human rights guides us to:

- Conduct business in a manner that respects the rights and dignity of all people
- Eliminate discrimination against all employees in the workplace
- Eliminate forced labour and/or hiring including slave labour, child labour and human trafficking
- Protect employees from any form of harassment in the workplace
- Continuously develop employees' skills, capabilities, and career opportunities
- Entitle all employees to sick leave and annual leave
- Entitle all employees to work in a safe and healthy environment
- Ensure all employees are provided with a written and legally binding employment contract
- Ensure all employees have the right channels and avenues to raise issues and grievances

The policy also reflects our uncompromising stance against sexual harassment in the workplace, ensuring a safe and respectful working environment for all our staff.

Following Malaysia's recently enacted Anti-Sexual Harassment Act 2022, we have taken proactive steps to raise awareness among our employees. Through employee engagement, we educated our workforce about the regulations that protect their rights and emphasise the importance of conducting themselves within the boundaries of the law.

By fostering a culture of respect, inclusivity, and awareness, we strive to empower our employees to speak up against any incidents of sexual harassment and provide them with the necessary support and avenues to report such incidents. We are fully committed to creating a work environment where everyone feels safe, valued, and free from any form of harassment.

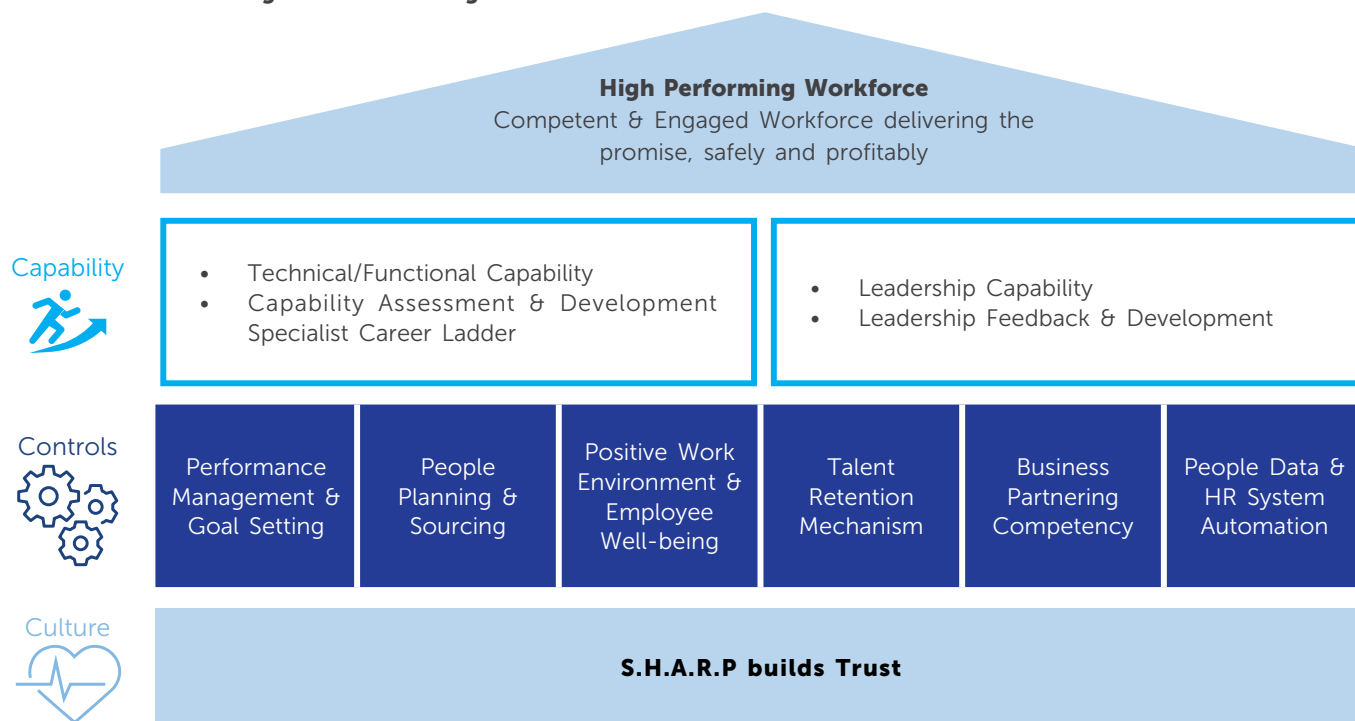
To ensure strict compliance with the guidelines outlined in our Labour and Human Rights Policy, we have established multiple channels for employees to report any issues or concerns. Our grievance mechanism, whistle-blowing channel, and the platform Speak to Anuar provide confidential avenues for employees to raise their concerns. Additionally, employees have the option to directly approach their HR Business Partner to address any issues they may encounter. We continuously create awareness of these reporting channels and have strict procedures in follow-ups actions to gain employees' trust and confidence that any concern raised will be attended to promptly. Meanwhile, we will keep updating our Labour and Human Rights Policy in line with recommendations of the International Labour Organisation.

# SUSTAINABILITY REPORT

## Talent Management & Development

Our people form the backbone of our organisation, as their skills and knowledge are invaluable in the attainment of our goals. Recognising their immense contribution, we place a significant emphasis on investing in employee training and professional development. Our commitment extends beyond formal training programmes, as we foster a culture of continuous learning and growth through informal support and guidance provided by line managers and senior leaders. Our objective is to nurture each individual, empowering them to unleash their full potential and thrive in their roles. By prioritising the development of our employees, we cultivate a dynamic and high-performing workforce that drives our collective success.

### Priorities & Focus: Strengthen Our Building Blocks



To cultivate a high-performance workforce, we have established a robust learning framework designed to enhance both technical expertise and leadership capabilities. This comprehensive approach encompasses various key elements, including performance management and goal setting, employee well-being initiatives, talent retention strategies, fostering business partnering competency, and implementing automation for people data and human resource systems. By integrating these vital components, we create an environment that empowers employees to excel, nurtures their growth, and ensures alignment with organisational objectives.

Learning and development are vital components of our framework, enabling our people to acquire the necessary skills and knowledge to perform their duties effectively. It also helps them stay up to date with industry trends and best practices, which translate into enhanced competencies and agility.

### Training Record FY2023 Across the Group

	FY2023 (FTE Only)	FY2023 (Crew & Craft)	Total
Average No. of employees	2,739	4,384	7,123
Total training man-hours*	25,484.50	119,113	144,597.50
Total training man-days	3,185.57	14,889.12	18,074.69
Average training man-hours per employee	16.36	27.17	43.53

**\*Notes:**

1. Training man-hours refers to training hours spent by employees.
2. Training delivery methods: instructor-led, workshop, seminar, conference, self-learning (e-Learning), online.
3. Identified training programmes: safety, leadership, soft skills, compliance, competency. These programmes educate employees on company culture, policies, and best practices, contributing to the company's success.

In FY2023, as the oil and gas market began to recover, we faced the challenge of staff attrition due to our financial constraints. Our attrition rate in FY2023 reached 25 percent, significantly higher than our usual levels. It's important to note that this figure includes contract employees who completed their tenure with the Company. However, we recognise that this upward trend is a cause for concern.

Nevertheless, we maintained a positive reputation as an employer, which enabled us to successfully attract new talent from around the world. The majority of our new hires, particularly in critical mid to senior management positions, joined the company during Q4 of FY2023, highlighting the trust professionals place in Sapura Energy as a desirable workplace. As we move forward, our focus lies on two key aspects: continuing to attract highly skilled individuals and addressing the challenge of attrition.

Recognising the value of retaining our talented employees while attracting new ones who align with our organisational goals, we have implemented various initiatives. These initiatives include fostering internal talent growth and motivation by providing opportunities for career advancement, enhancing our learning and development platform to support continuous skill-building, and offering flexible work arrangements through hybrid models and a sabbatical leave programme.

All our efforts are guided by the principles of affordability, sustainability, fairness, and pay-for-performance. By aligning our workforce management strategies with these principles, we are confident in maintaining a highly capable and motivated team that will drive the long-term success of Sapura Energy.

### Performance Management

To foster a high-performing workforce, we establish clear goals that align the efforts of our teams with the overall objectives of the Company. Our approach follows a balanced scorecard framework, encompassing financial performance, stakeholder management, safety and operational excellence, and people development components. As we progress towards our sustainability agenda, this strategic approach will be further enhanced. This provides transparency and ensures that each division and unit understand their specific contributions to the Company's success, while promoting accountability at all levels. Through effective coaching, we identify and leverage employees' strengths while addressing areas for improvement, nurturing their professional growth. This process also fosters stronger relationships and engagement between senior management and the entire team, promoting a collaborative and supportive work environment.

In addition, we conduct performance reviews twice a year, to track the individual employee's progress and provide constructive feedback. These reviews serve as valuable opportunities for dialogue, allowing us to celebrate achievements, address challenges, and set career development goals that align with the employee's ambition as well as the evolving needs of the organisation.



We understand that a high-performing workforce starts with alignment and unity within our diverse global workforce. To achieve this, we organised the Global Leadership Huddle, which aimed to bring together our team leads from various corners of the world. The primary objective was to cultivate a sense of community and foster alignment toward a shared vision and goal.

The inaugural Global Leadership Huddle was a momentous gathering that took place in Kuala Lumpur, where approximately 90 leaders from across our organisation came together. These diverse leaders, representing different cultures, backgrounds, and expertise, travelled from near and far to converge at a single location.

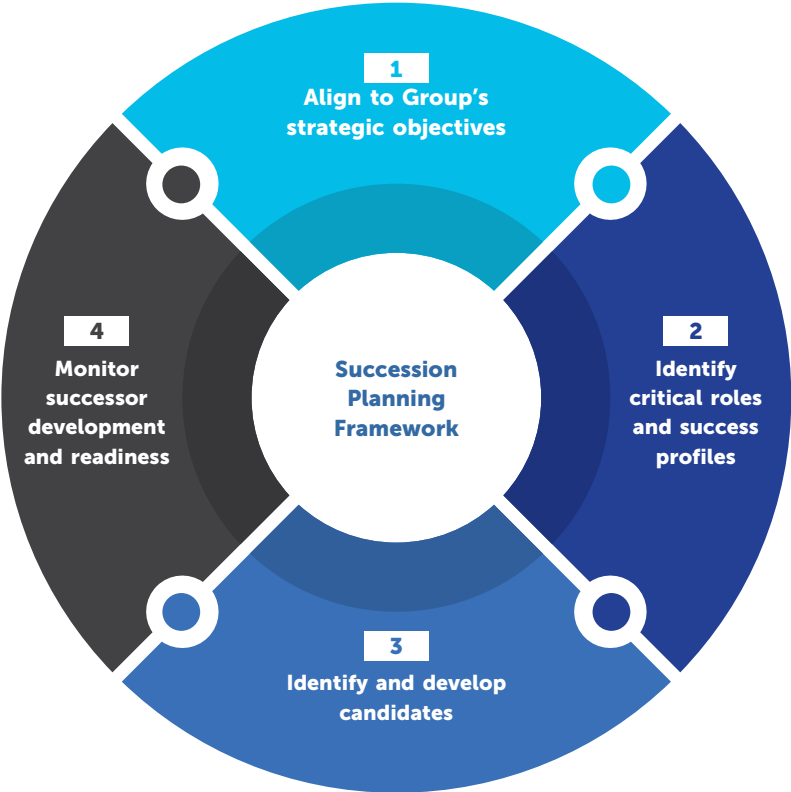
The purpose behind this exceptional gathering was clear: to rebuild the Company into a trusted and sustainable global energy and solutions company. During the Global Leadership Huddle, insightful discussions, collaborative workshops, and strategic sessions were conducted to facilitate open dialogue, knowledge sharing, and the exchange of innovative ideas.

By bringing our diverse leadership community together, we aimed to bridge geographical distances, foster cross-functional collaboration, and establish a unified approach towards our common objective. The Global Leadership Huddle served as a catalyst for forging stronger connections, nurturing a shared sense of purpose, and reinforcing the collective commitment to drive our success.

# SUSTAINABILITY REPORT

## Succession Planning

We have in place a succession plan to ensure a steady pipeline of talent for key positions, which serves the dual purposes of safeguarding our business continuity while retaining and motivating top talent. The process begins by identifying internal talent and gathering their profiles, reviewing their experience track record and calibre matrix based on performance and potential. We then craft individual development plans and bring in external talent if required.



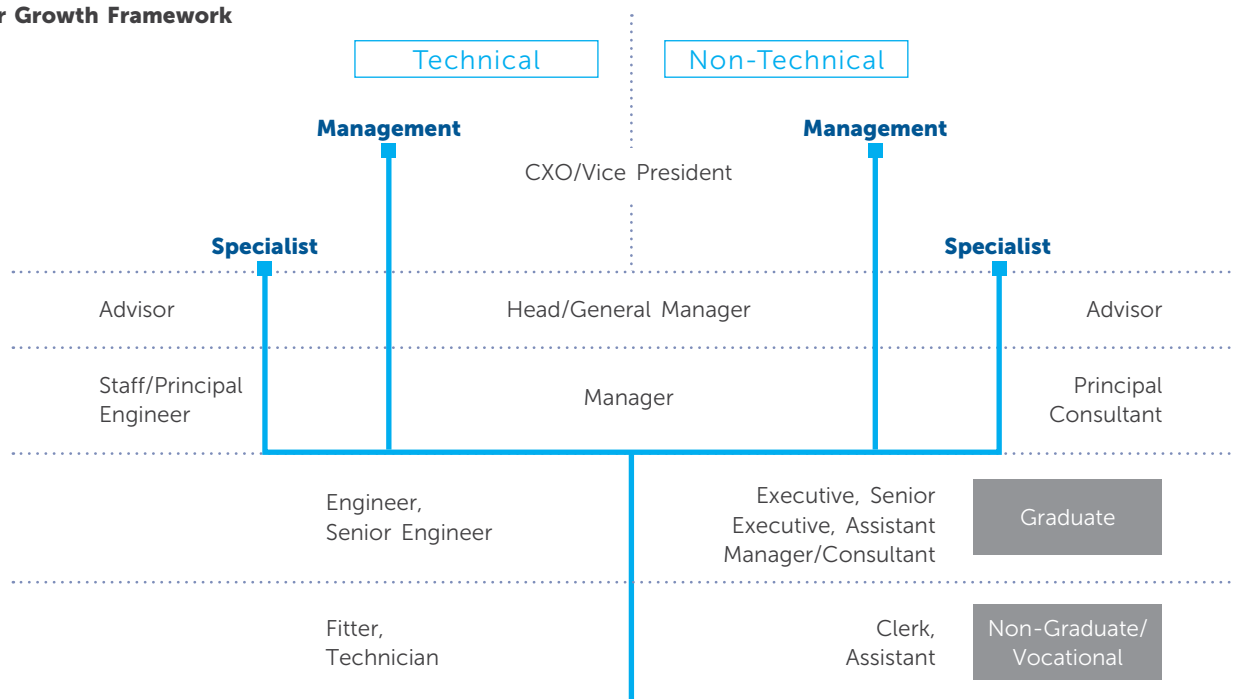
Through the annual exercise, we are able to assess our bench strength and ensure the availability of two identified successors for every critical position. Successors and high-potential talents are placed on fast-tracked development programmes encompassing stretch assignments, global mobility, and leadership development.

## Dual Career Ladder

We offer two career paths for our employees to grow professionally. Along with the traditional management path, we have a specialist path for those who excel in specific areas. The specialist path allows employees to deepen their expertise in their specialised areas. By focusing on their strengths, they contribute to strengthening the Company and meeting specific business needs.

This career option empowers employees to continue developing their skills and contribute significantly to our organisation. To qualify for the specialist path, employees must meet at least four out of five qualifications. These include being recognised as a subject matter expert, providing insights on industry expertise and emerging technologies, coaching and developing expertise within our organisation, having strong functional knowledge in a specific discipline, and being recognised as a leader in the field.

## Career Growth Framework



## Competency Assessment

We utilise a Technical Capability Matrix ("TCM") to systematically enhance the skills and competencies of our employees. The TCM helps identify and address gaps in knowledge, technical, soft, and leadership skills, enabling our workforce to efficiently perform their tasks.

### Capability Matrix

Technical Competencies Assessment Framework

Level 2 Knowledge	Level 1 Awareness	Level 2 Knowledge	Level 3 Skilled	Level 4 Advanced
Action	<ul style="list-style-type: none"> <li>Understand</li> <li>Execute</li> </ul>	<ul style="list-style-type: none"> <li>Differentiate</li> <li>Challenge</li> </ul>	<ul style="list-style-type: none"> <li>Lead</li> <li>Analyse</li> </ul>	<ul style="list-style-type: none"> <li>Design</li> <li>Coach</li> </ul>
Input	<ul style="list-style-type: none"> <li>Concept</li> <li>Standard</li> </ul>	<ul style="list-style-type: none"> <li>Process best practice</li> </ul>	<ul style="list-style-type: none"> <li>In-house best practice</li> </ul>	<ul style="list-style-type: none"> <li>Industrial best practice</li> </ul>
Output	<ul style="list-style-type: none"> <li>Reliable</li> <li>Minimal supervision</li> </ul>	<ul style="list-style-type: none"> <li>Quality</li> <li>Independent</li> </ul>	<ul style="list-style-type: none"> <li>Robust solutions</li> <li>Risk identified</li> </ul>	<ul style="list-style-type: none"> <li>Ground-breaking solution</li> <li>Risk addressed</li> </ul>

Employees undergo TCM assessments tailored to their specific roles to track their progression. The TCM establishes clear proficiency levels for different competencies, allowing us to identify areas where employees may need improvement in knowledge, skills, experience, or attitude. This data provides valuable insights into our employees' capabilities and competencies, supporting succession planning, decision-making, and career development within the company.

# SUSTAINABILITY REPORT

## Leadership Development Programme

The S.H.A.R.P Leadership Development Programme has been designed to equip our managers with the skills needed to achieve the Sapura Energy Middle Management Core Competencies. In essence, it equips managers with essential leadership skills to engage, motivate and retain staff, as well as to develop practical action points to achieve continuous improvement. The initiative creates a feedback loop connecting all management levels ensuring that learnings and best practices are shared to increase performance and productivity.

At the senior leadership level, we have implemented the 6C's Leadership and Coaching programme. This programme is designed to support our leaders in expanding their leadership capacity and to foster a high-performing workforce.

## Graduate Management Trainee Programme

As part of our efforts to attract the best talent and develop people, we have instituted the Sapura Energy Graduate Management Trainee ("GMT") programme, a structured two-year programme that accelerates graduates' development by exposing them to a wide range of job roles and experiences in preparation for future leadership positions.

The programme targets fresh graduates or those with less than one year of work experience, aged between 22 and 26 years old, with a Bachelor's or Master's degree in a related discipline and a minimum CGPA of 3.5. The programme was placed on hold due to the pandemic and the Group's immediate financial concerns but will begin again on 1 June 2023 with about 44 graduates from various universities and backgrounds.

The GMT programme comprises three main components: on-the-job training (70 percent), learning from others (20 percent), and formal learning (10 percent). It is aligned with our talent development strategy, which aims to attract, develop, and retain top talent. By investing in the development of graduates, Sapura Energy is creating a pipeline of future leaders who are equipped with the skills and knowledge required to drive the Company's growth and success.

As part of our commitment to social responsibility and developing the next generation of talent, we also allocate resources to provide internship opportunities to students. Annually, we offer 40 internship positions to students, allowing them to gain valuable hands-on experience and exposure to our industry.

## Employee Engagement

A highly engaged workforce is not only more connected to the company but also more productive. We prioritise fostering a strong sense of engagement through various initiatives. These include regular townhall meetings and leadership notes to keep our employees informed about important business updates. We recognise the significance of creating a positive work culture and fostering camaraderie, through social activities and modest festive celebrations. Our commitment to environmental and social responsibility is reflected in our participation in campaigns such as International Women's Day and Earth Hour, allowing employees to contribute to meaningful causes.

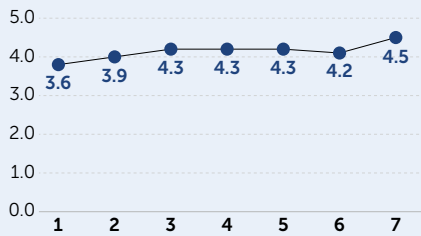
To encourage open and constructive discussions, we facilitate *teh tarik* sessions where employees come together to share insights on a range of topics, including health, fitness, social issues, culture, and the environment. We provide easy access to the latest updates and stories through our intranet portal and news digests, ensuring that our employees stay informed about our milestone achievements.

In FY2023, we organised a total of 21 employee engagement events, including eight fun workplace activities, seven *teh tarik* sessions, three campaigns, and three social and recreational activities. These contributed to an engagement rate of 4.2 (out of 5.0), exceeding the target of 2.7 rating, and a 50 percent increase in the participation rate of employees.

By investing in these engagement initiatives, we foster a positive work environment where our employees feel valued, connected, and motivated, resulting in increased productivity and a shared commitment to the long-term success of the company.

## Engagement Quality

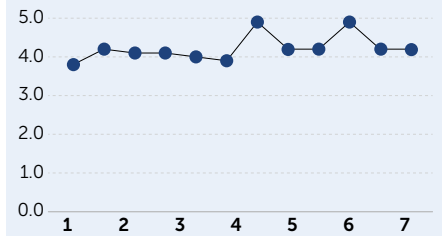
Understanding of Current Situation



Clarity in Business Objectives



Quality of Engagement<sup>1</sup>



Clarity in Roles & Responsibility



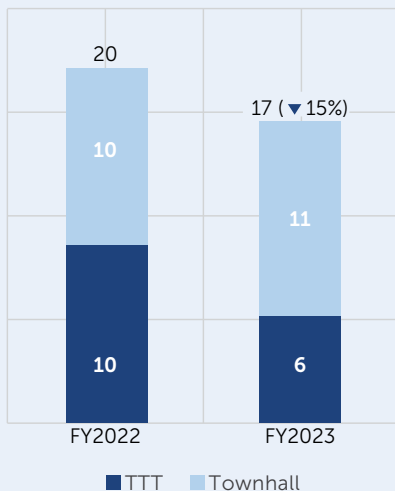
Confidence in Company's Direction



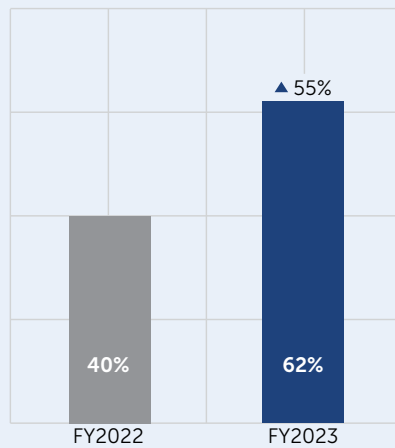
**”**  
 We foster a positive work environment where our employees feel valued, connected, and motivated, resulting in increased productivity and a shared commitment to the long-term success of the company.

## Engagement Performance

Tracked Engagements



Participation Rate FY22 - FY23



Engagement Rate



# SUSTAINABILITY REPORT

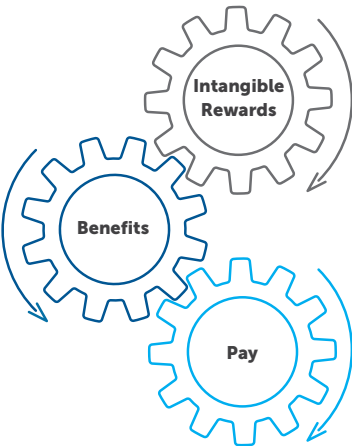
## Rewards Management

We recognise that to attract and retain the best talent we need to offer attractive salaries and benefits. Towards this end, our compensation structure is based on market data and industry best practices. Additionally, our Remuneration Framework has been designed to align employee performance with the Company's overall objectives, providing a fair and transparent system that rewards employees for their contributions to the Company's success.





## Sapura Energy Remuneration Framework

Our ability to attract, retain and reward talent requires a fine balance across three aspects in Sapura Energy's Total Remuneration Framework:

### Sapura Energy's Total Remuneration Framework



**Guiding principles behind Sapura Energy's Total Remuneration Framework**  
To attract, retain and reward the best talent, Sapura Energy' Total Remuneration Framework must be:

 <p><b>Aligned</b></p> <p>Aligned to the local labour law of the country, organisation strategy, purpose and culture</p>	 <p><b>Competitive</b></p> <p>Competitive employment package at home market median</p>	 <p><b>Equitable</b></p> <p>Equitable approach for all levels</p>	 <p><b>Effective</b></p> <p>Attracting the best talent and retaining the right people</p>
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Our remuneration structure is built around a base salary that reflects an employee's job scope and level, as well as performance-based incentives that are tied to individual and company performance. We believe this structure provides a balance between providing a stable income and rewarding employees for their efforts to drive our success. To support the overall well-being of our employees, we offer a range of benefits including medical insurance that covers mental health and paid time off, among others.



## Community Development

Our values and principles are reflected in the selection and implementation of community development programmes that contribute to the well-being of our people and the communities in areas where we operate.

### ***TVET education to help Malaysians develop technical skills to oil and gas standards***

As part of our contribution to the development of technical and vocational education and training ("TVET") in the Malaysian workforce, we established the Sapura Fabrication Training Centre ("SFTC") in 2017 to help address the skills gap in the country. Collaborating with Malaysia's Department of Skills Development, we developed comprehensive training programmes for local talents with a particular focus on welding. The aim is to equip Malaysian youth with the necessary expertise to thrive in the oil and gas industry, thus reduce the industry's reliance on foreign workers, especially in highly skilled areas such as welding.

The training programmes offered at SFTC are designed to meet industry standards and provide practical, hands-on experience. Employers, including renowned contractors, are increasingly inclined to hire graduates from SFTC due to their industry-relevant expertise.

The Sapura Fabrication Training Centre has established a strong presence amongst other TVET schools, particularly in the northern states of Peninsular Malaysia. Many of its trainees come from B40 communities in these areas. By targeting these regions and offering opportunities to aspiring talents, the SFTC plays a role in breaking the cycle of poverty and providing a pathway for upward social mobility. This inclusive approach not only addresses regional imbalances but also fosters a sense of empowerment and pride within local communities.

Since its inception, SFTC has made remarkable strides in talent development and has benefited close to 1,300 talents.

Apart from SFTC's contribution to the community at large, we also leverage on the programme to enrol 79 of our craft workers to the National Dual Training System Assessment. The National Dual Training System ("NDTS") or Sistem Latihan Dual Nasional ("SLDN") is a six-month training programme under the Department of Skills Development, Ministry of Human Resources Malaysia.

The term 'dual' means training craft workers in two learning situations, namely:

1. The actual workplace for practical training.
2. The classroom at SFTC for theory and knowledge.

The main objective is to provide our craft workers with the knowledge, skills and competencies that are in line with the National Occupational Skills Standard. The training was divided into upskilling four competencies: rigging, welding, structural and piping.

The SFTC at our Lumut Yard collaborated with the Department of Skills Development to conduct our very own, in-house NDTS training to a total of 85 craft workers – in which, 79 of them were successful. Each of them was awarded with a Malaysia Skill Certificate, Level 3.

The SFTC is also a certified training provider by the Department of Occupational Safety & Health.

### ***Helping those in need through CSR***

Under our Corporate Social Responsibility ("CSR") platform, we gave back to communities in many different ways.

These include fundraising activities organised to help those in need. In FY2023, we raised RM17,653 which was channelled to employees affected by floods. Collaborating with Food Aid Foundation, around 20 employees volunteered to personally distribute food bags and grocery vouchers to their colleagues across Malaysia. The fundraising was organised through DanaSapura, an employee-initiated fund established in 2020 initially to help those affected by COVID-19. The fund subsequently evolved to also support flood relief initiatives.

# Corporate Governance Overview Statement

Dear Shareholders,

The Corporate Governance Overview Statement of Sapura Energy Berhad (“Company” or “Sapura Energy”) aims to provide an insight of the Corporate Governance (“CG”) practices of Sapura Energy and its subsidiaries (“the Group”) under the leadership of the Board of Directors (“Board”). The Board remains fully committed and strives to ensure that the Group has in place a robust and transparent corporate governance framework, appropriate for its size, operations, and organisational structure. It is our strong belief that corporate governance is crucial in achieving business prosperity and corporate accountability, which aligns with our ultimate aim of delivering long-term value to the Group, its shareholders and other stakeholders.

The Group is committed to developing and enhancing its corporate governance policies and practices cognisant of the dynamic nature of the environment within which our business operates. In drawing up our policies and practices, we are guided by the following pertinent statutory and non-statutory documents:

- Companies Act, 2016
- Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”)
- Malaysian Code on Corporate Governance 2021 (“MCCG 2021”)
- Corporate Governance Guide: 4th Edition issued by Bursa Malaysia Berhad

This Corporate Governance Overview Statement aims to give shareholders and other stakeholders insight into the approach that the Board takes for corporate governance during the financial year ended 31 January 2023 (“FY2023”), including the manner in which it applies the three key principles of the MCCG 2021 namely, (A) Board leadership and effectiveness; (B) Effective audit and risk management; and (C) Integrity in corporate reporting and meaningful relationships with stakeholders. This Corporate Governance Overview Statement should be read together with our Corporate Governance Report FY2023, which is available on our corporate website at [www.sapuraenergy.com](http://www.sapuraenergy.com).

## PRINCIPLE A

### BOARD LEADERSHIP AND EFFECTIVENESS

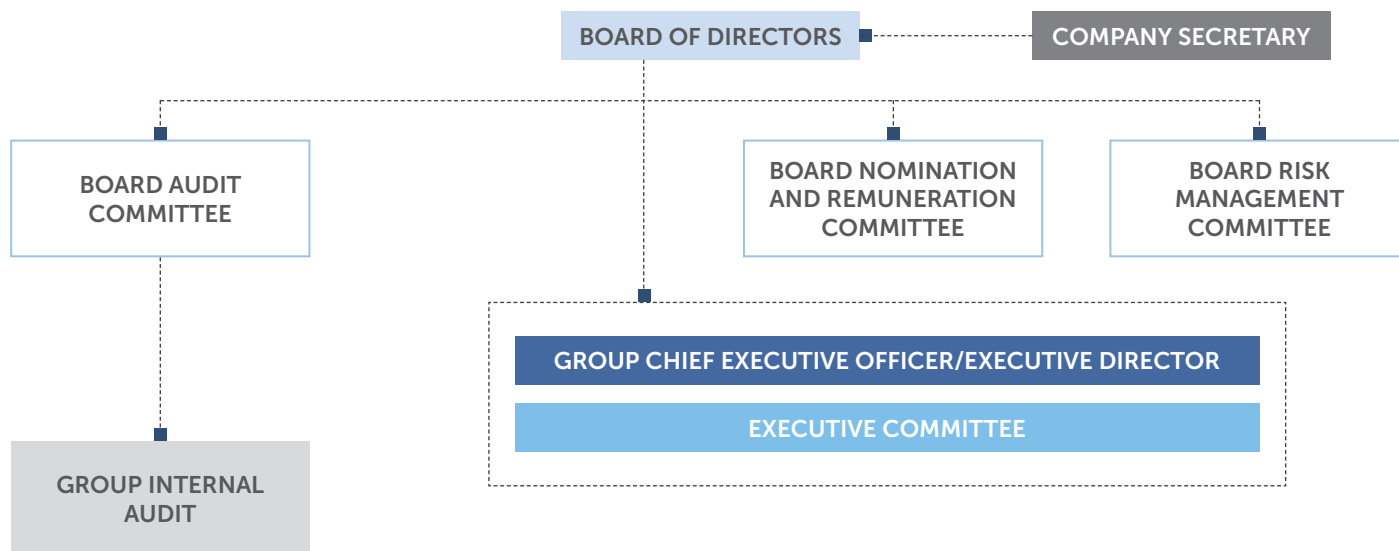
Collectively, the Board takes responsibility and accountability for the overall conduct and performance of the Group’s business by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The Board views corporate governance as a fundamental process contributing towards achieving long-term stakeholder value, taking into account the interests of all stakeholders. Amidst an increasingly challenging operating environment, the Board strives to strengthen the Group’s corporate governance practices and processes to meet increasingly operating challenges. In particular, the present financial condition of the Group and its Practice Note 17 position present specific challenges to the Management and Board in navigating the various interests of its financiers, vendors, shareholders and other stakeholders. The Board embraces transparency and accountability in the boardroom and promotes these critical components of governance throughout the Group.

The Board recognises the important role that corporate governance plays to ensure sustainable long-term performance, returns for our stakeholders and create long-term economic value and growth. The Group’s governance structure and practices create value for all its stakeholders by:

- Building cogency through principled leadership
- Securing the integrity and quality of financial reporting
- Ensuring a good reputation with accountable behaviour

The Board works to ensure that the Group’s governance structure continues to remain appropriate and is reviewed when necessary to reflect the market and the communities within which the Group operates. The Board Charter provides guidance to the Board in discharging its roles, duties and responsibilities in line with the principles of good governance. The Board Charter is made available on the Company’s website at [www.sapuraenergy.com](http://www.sapuraenergy.com).

In order to ensure orderly and effective discharge of the functions and responsibilities of the Board, the Board has in place a Governance Framework for the Group, where specific powers of the Board are delegated to the relevant Board Committees and the Group Chief Executive Officer (“GCEO”), as depicted below:



The principal responsibilities of the Board are, amongst others, as follows:

- 1) Review and adopt strategic business development plans for the Group;
- 2) Oversee the conduct of the Group’s businesses;
- 3) Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- 4) Succession planning of the GCEO and senior leadership;
- 5) Oversee the development and implementation of investor relations programmes or shareholders communication policy for the Group; and
- 6) Review the adequacy and integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The following are amongst the regular annual matters that are tabled to the Board for approval and/or notation:

- strategic risks and opportunities
- debt and operational restructuring
- business planning
- succession planning of Executive Committee members (“Management”) and ensuring the top management team have the requisite skills, values, attitudes and energy essential to long term success
- significant acquisition or disposal of shares (quoted and unquoted), businesses, mergers and acquisitions
- material revenue contracts
- material service expenditure
- financial performance report
- write-off of significant bad debts and assets
- disposal of significant assets
- quality, health, safety and environment
- corporate governance matters
- related party transactions

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

In addition to the matters reserved for the Board under the Board Charter, the Limits of Authority covers both operations (tender/bidding, project management, capital expenditure and project procurement) and corporate related matters (Finance, Human Resources, Legal and other corporate matters) for the Group that require Board's approval and delegation of powers to its Board Committees, the GCEO as well as management.

## Division of Roles and Responsibilities between the Chairman and the GCEO

The positions of Chairman and GCEO of the Company are held by different individuals. The distinct and separate roles of the Chairman, who heads the Board and GCEO leading the Management and operations, ensure a balance of power and authority, which in turn ensures that no one individual can influence board discussions and decision-making.

The Chairman carries out a leadership role in the conduct of the Board and its relations with shareholders and other stakeholders. The Chairman's main responsibilities are clearly listed in the Board Charter of the Company, which is to ensure the effective conduct of the Board through the execution of the following key roles:

- (i) to build a high-performance Board by leading the evaluation of the Board's performance and ensuring that succession planning is considered on an on-going basis;
- (ii) to manage Board meetings in order to achieve robust decision-making by ensuring that accurate, timely and clear information is provided to all Directors. The Chairman encourages participation and deliberation by the Board to tap the wisdom of all members and to promote consensus building as much as possible; and
- (iii) to facilitate the Board and Management interface as the conduit between the two parties.

The Chairman, who is a Non-Independent Non-Executive Director, is supported by the Senior Independent Director to ensure objective and independent deliberation, review and decision-making by the Board and to have more effective oversight of management. The Chairman has never assumed any executive position in the Group.

The GCEO has the overall responsibility for the Group's operational, business units and support services, organisational effectiveness and implementation of the Board's policies, directives, strategies and decisions. In addition, the GCEO also functions as the intermediary between the Board and Management.

## THE BOARD COMMITTEES

The Board, where appropriate, delegates specific responsibilities to its Board Committees with clearly defined Terms of Reference ("TOR") primarily to assist in discharging its responsibilities. Although the Board has granted such discretionary authorities to these Committees to deliberate and decide on certain key and operational matters, the ultimate responsibility for the final decision on all matters lies with the entire Board.

The Board has established the following Board Committees to support the effective performance of its functions:

- 1) Board Audit Committee;
- 2) Board Nomination and Remuneration Committee; and
- 3) Board Risk Management Committee.

The Chairman of these Board Committees will report to the Board on salient matters deliberated in the Committee meetings together with their recommendation.

## Board Audit Committee

The Board Audit Committee ("BAC") comprises of four members, all of whom are Non-Executive Directors with a majority of them being Independent Directors.

### Chairman

Lim Tiang Siew  
Senior Independent Non-Executive Director  
(Appointed as Senior Independent Non-Executive Director on 31 May 2022)

### Members

Datuk Muhamad Noor Hamid  
Independent Non-Executive Director

Dato' Azmi Mohd Ali  
Independent Non-Executive Director

Rohaizad Darus  
Non-Independent Non-Executive Director  
(Appointed as a member on 1 June 2022)

Bernard Rene Francois Di Tullio  
Non-Independent Non-Executive Director  
(Ceased to be a member on 31 May 2022)

### Composition and Size

At least three (3) members	All of whom are Non-Executive Directors	Majority being Independent Directors	Chairman is an INED pursuant to Paragraph 15.10 of MMLR
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### Key Functions

The primary objective of the BAC is to assist the Board in fulfilling its fiduciary and statutory duties relating to corporate accounting and reporting practices of the Company and Group; and enhancing internal control and corporate governance.

The summary of key activities of the BAC during FY2023 is set out in the Report of the BAC on pages 86 to 90 of this Annual Report.

The BAC is governed by a written TOR which ensures it deals clearly within its authority and duties, which is available on the Company's website at [www.sapuraenergy.com](http://www.sapuraenergy.com).

## Board Nomination and Remuneration Committee

The Board Nomination and Remuneration Committee ("BNRC") comprises four members, all of whom are Non-Executive Directors with a majority of them being Independent Directors.

### Chairman

Dato' Azmi Mohd Ali  
Independent Non-Executive Director  
(Appointed as Chairman on 31 May 2022)

Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor  
Senior Independent Non-Executive Director  
(Ceased to be Chairman on 7 May 2022)

### Members

Datuk Muhamad Noor Hamid  
Independent Non-Executive Director

Datuk Ramlan Abdul Rashid  
Independent Non-Executive Director

Lim Fu Yen  
Non-Independent Non-Executive Director  
(Appointed as a member on 1 June 2022)  
(Redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director on 11 March 2023)

Datuk Iain John Lo  
Independent Non-Executive Director  
(Ceased to be a member on 31 May 2022)

### Composition and Size

At least three (3) members and a maximum of four (4) members	All are Non-Executive Directors with majority being Independent Directors	Chairman shall be an Independent Director
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### Key Functions

The BNRC carries out the duties and responsibilities delegated to it by the Board. The key responsibilities of BNRC are as follows:

- Address business continuity of the Company and the Group by having in place a succession plan for the Board and Management
- Consider potential candidates and nominate suitable persons to the Board
- Recommend on the appointment of Board members and Board Committee members
- Assess the performance of the Board members as a whole and as individuals as well as Board Committees

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Responsible for recommending to the Board the remuneration and reward framework for Executive Directors and Management to allow the Company to attract and retain its Executive Directors and Management giving due regard to the financial situation and performance of the Company
- Assess and recommend the remuneration packages of the GCEO, Executive Directors, and Non-Executive Directors of the Company
- Assist in reviewing and recommending the annual bonus payment rate and increment range to all employees of the Group based on the Group's policy
- Administer the Share Issuance Scheme, the Share Bonus Scheme and Executive Share Option Scheme ("ESOS") in accordance with the By-Laws and the Guidelines, respectively

The BNRC is governed by a written TOR, which ensures it deals clearly within its authority and duties, which is available on the Company's website at [www.sapuraenergy.com](http://www.sapuraenergy.com).

## FY2023 Key Activities

During the FY2023, 6 BNRC meetings were held.

The summary of key activities performed by the BNRC is as follows:

- Review and recommend sabbatical leave scheme to the Board for approval
- Review and recommend the Employee Retention Initiatives to the Board for approval
- Review the Scorecard Key Performance Indicators ("KPI") Setting for FY2023
- Review and recommend the extension of ESOS exercise time frame for the departed Group Chief Financial Officer to the Board for approval
- Review and recommend potential women candidates as directors to the Board for approval
- Review and recommend the proposed reduction of the Non-Executive Directors' Fees and Benefits to the Board for approval
- Review and assess the performance and effectiveness of the Board as a whole and the Board Committees as well as each Director
- Review and make recommendations on the proposed appointment of Independent, Non-Independent Directors and Board Committee members to the Board for approval
- Review and recommend the re-election of Directors to the Board for approval
- Review the Directors' Fit and Proper Policy
- Assist in reviewing Group Performance, bonus allocation and proposed salary readjustment for employees of the Group
- Assist in reviewing the succession planning for key leadership roles and talent pool
- Assist in reviewing the mid-term review of the GCEO and KPI for the FY2023

## Board Risk Management Committee

The Board Risk Management Committee ("BRMC") comprises four members, all of whom are Non-Executive Directors.

### Chairman

Datuk Muhamad Noor Hamid  
Independent Non-Executive Director  
(Appointed as Chairman on 31 May 2022)

Datuk Iain John Lo  
Independent Non-Executive Director  
(Ceased to be Chairman on 31 May 2022)

### Members

Lim Tiang Siew  
Senior Independent Non-Executive Director

Rohaizad Darus  
Non-Independent Non-Executive Director  
(Appointed as a member on 1 June 2022)

Lim Fu Yen  
Non-Independent Non-Executive Director  
(Appointed as a member on 1 June 2022)  
(Redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director on 11 March 2023)  
(Resigned as a BRMC member on 24 May 2023)

Bernard Rene Francois Di Tullio  
Non-Independent Non-Executive Director  
(Ceased to be a member on 31 May 2022)

Dato' Mohammad Azlan Abdullah  
Non-Independent Non-Executive Director  
(Resigned as a member on 31 May 2022)

## Composition and Size

At least three (3) members

Majority being Independent Non-Executive Directors

Chairman shall be an Independent Director

## Key Functions

The key responsibilities of the BRMC are to focus on the Group's principal risks as well as to ensure the implementation of appropriate systems to identify and manage the risks that may threaten the business. Whilst these risks may be strategic in nature, the BRMC shall ensure that appropriate controls encompassing operational and compliance matters are in place and working as intended.

The BRMC's role in the oversight of risk management and review of the adequacy and integrity of the Group's control environment includes:

- a) submission of periodical divisional risk updates to the Board;
- b) providing the necessary information required to support the rating of each risk identified;
- c) upholding a culture that emphasises integrity;
- d) embedding a holistic risk management framework in all aspects of the Group's activities;
- e) applying the Board's acceptable "risk appetite", i.e. the extent of risk that the Board is prepared to accept in achieving the Company's objective;
- f) evaluating the principal risks and ensuring these risks are appropriately communicated to Management;
- g) establishing, the risk management and risk mitigating strategies for the business in general;
- h) conceiving and adopting a befitting scheme of delegation of Board responsibilities to committees;
- i) ensuring timely and regular receipt of reports from Management on principal risks and that appropriate follow-up measures are implemented on timely basis;
- j) adopting risk management as part of the Board's own decision-making culture;
- k) conducting quarterly review of Quality, Health, Safety and Environment ("QHSE") performance and risk issues raised by business divisions and monitoring progress of action plans implemented especially that of high probability or significant impact to business divisions and the Group;
- l) Ensuring on compliance with applicable laws, standards and any other QHSE requirements that are legally binding;
- m) Emphasising the need on conducting QHSE due diligence in business decisions;
- n) Ensuring mechanisms are in place to enable Board of joint ventures not under the Group operational control, to formally monitor and assess QHSE policy implementation and QHSE performance in line with the Group policy; and
- o) Influencing internal and external views on QHSE.

The BRMC is governed by a written TOR which ensures it deals clearly within its authority and duties, which is available on the Company's website at [www.sapuraenergy.com](http://www.sapuraenergy.com).

### **FY2023 Key Activities**

During the FY2023, 9 BRMC meetings were held.

The summary of key activities performed by the BRMC is as follows:

- Review the quarterly update on Quality, Health, Safety, and Environment
- Review the Group's principal risks and determine risk appetites
- Review the updates on Enterprise Risk Management, liquidity risk and toxic contracts

- Review Statement on Risk Management and Internal Control for inclusion in 2022 Annual Report
- Review Sustainability Report (including Statement on Health, Safety and Environment) for inclusion in 2022 Annual Report
- Review the scope, budget, cost, timelines, resources, key risks and mitigations, key terms and qualification and market competition in project tenders process and bidding, tender submissions as well as secured projects

### **Board Restructuring Taskforce**

In addressing the financial challenges faced by the Group, the Board took decisive action in 2021 by establishing a Board Restructuring Taskforce ("BRTF") to support the GCEO in designing specific workstreams and to execute and deliver on the strategic initiatives to restructure and achieve long-term sustainability. 6 workstreams were created to critical areas in restructuring which cover Balance Sheet Restructuring, Divestment, NewCo Strategy, Finance Reset, E&C Reset and Communications & Transition. This taskforce led by Dato' Mohammad Azlan Abdullah (Chairman of the Board) as Chairman and Mr Lim Tiang Siew, our Senior Independent Non-Executive Director, Mr Lim Fu Yen (then Independent Non-Executive Director, now re-designated as Non-Independent Non-Executive Director) with specialised restructuring experience, GCEO, Group Chief Financial Officer, Group Chief Counsel, and Chief Strategy Officer. In FY2023, BRTF has held 17 meetings. The BRTF diligently reports back to the Board, providing updates and the progress achieved. This proactive approach ensures effective oversight and swift decision-making throughout our financial restructuring journey.

### **Senior Independent Non-Executive Director**

Mr. Lim Tiang Siew was appointed as the Company's Senior Independent Non-Executive Director, effective from 31 May 2022.

The Senior Independent Non-Executive Director plays a key role in overseeing the Company's governance and compliance by being the Chairman of BAC and Chairman of Complaints Investigation Committee under the Company's Whistleblowing Policy.

### **Company Secretaries**

The Company Secretaries are responsible for advising the Board on issues relating to compliance with relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as the best practices of governance. They are also responsible for advising the Board of their obligations and duties to disclose their interests in securities, any conflict of interests in transactions involving the Group, guidance in dealing in securities and restrictions on disclosure of price-sensitive information.

The Board has unhindered access to the advice and services of the Company Secretaries.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Board and Board Committee Meetings

Board meetings are scheduled in advance before the commencement of the new financial year to ensure that Directors are able to plan and accommodate the year's meetings into their schedules, and to devote sufficient time to effectively discharge their duties as well as to endeavour to attend meetings.

With regards to urgent proposals or matters that require expeditious decisions or deliberations by the Board and/or the Board Committees, additional / special Board meetings and Board Committees meetings were convened between the scheduled meetings.

Information in an appropriate form is furnished to the Board in a timely manner to enable it to discharge its duties relating to all matters that require its attention and decision-making. Proposals comprising comprehensive and balanced financial and non-financial information are encapsulated in the Board papers to enable the Board to examine both the quantitative and qualitative aspects of the business. Board meetings are convened promptly following the finalisation of the Company's quarterly and annual results for the Board's review and approval, prior to announcement to Bursa Securities.

The agenda and supporting papers for Board and Board Committees are distributed in advance to all Board and Board Committees respectively, in order to allow adequate time for appropriate review to facilitate full discussion at the meetings.

Proper minutes of Board and Board Committee meetings covering issues raised, discussions, deliberations, decisions and conclusions, including dissenting views made at Board and Board Committees meetings, along with clear actions to be taken by parties responsible were produced and the duly confirmed minutes were kept as statutory records by the Company. Any Director who has an interest in any matters related to the Company must immediately disclose the nature of his/her interest and abstain from participating in any discussion or decision-making on the subject matter.

In addition to the Board, Management, and/or external advisors are invited to attend Board and Board Committees meetings to provide clarification, more information and advice on agenda items whenever necessary. The Board also practices direct communication and guidance to Management in ensuring all important aspects in relation to proposals and agenda items be taken into account and well analysed to enable the Board and/or the Board Committees to arrive at informed decisions.

## Attendance of Meetings

Directors had shown full commitment to their duties and responsibilities and this was reflected by their attendance at Board meetings held during the financial year. The Board met 13 times during FY2023. Details of attendance of the Directors are as follows:

Directors	Designation	Attendance	Percentage
Dato' Mohammad Azlan Abdullah <i>(Appointed as Chairman on 7 May 2022)</i>	Chairman, Non-Independent Non-Executive Director	13/13	100%
Datuk Mohd Anuar Taib	Group Chief Executive Officer/ Executive Director	13/13	100%
Dato' Shahrman Shamsuddin	Non-Independent Non-Executive Director	13/13	100%
Dato' Muhamad Noor Hamid	Independent Non-Executive Director	13/13	100%
Datuk Ramlan Abdul Rashid	Independent Non-Executive Director	13/13	100%
Lim Tiang Siew	Senior Independent Non-Executive Director	13/13	100%
Dato' Azmi Mohd Ali	Independent Non-Executive Director	13/13	100%
Lim Fu Yen <i>(Appointed as Independent Non-Executive Director on 1 June 2022; redesignated as Non-Independent Non-Executive Director following his appointment as a Court-Nominated Director on 11 March 2023)</i>	Non-Independent Non-Executive Director	10/10	100%



Directors	Designation	Attendance	Percentage
Rohaizad Darus (Appointed on 1 June 2022)	Non-Independent Non-Executive Director	10/10	100%
Cosimo Borrelli (Appointed on 25 March 2022; ceased to be a Court-Nominated Director on 10 March 2023)	Non-Independent Non-Executive Director	12/12	100%
Datuk Iain John Lo (Resigned on 31 May 2022)	Independent Non-Executive Director	3/3	100%
Bernard Rene Francois Di Tullio (Resigned on 31 May 2022)	Non-Independent Non-Executive Director	3/3	100%
Tan Sri Dato' Seri Shamsul Azhar Bin Abbas (Retired as Chairman on 7 May 2022)	Chairman, Non-Independent Non-Executive Director	2/2	100%
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor (Resigned on 7 May 2022)	Senior Independent Non-Executive Director	2/2	100%

The attendance of members at the Board Committee meetings held during FY2023 is as detailed below:

Name of Directors	Attendance		
	BAC	BRMC	BNRC
<b>Non-Independent Directors</b>			
Dato' Mohammad Azlan Abdullah (Appointed as Chairman of the Board on 7 May 2022; resigned as a member of BRMC on 31 May 2022)	–	2/2	–
Bernard Rene Francois Di Tullio (Ceased to be a member of BAC and BRMC on 31 May 2022)	4/4	2/2	–
Lim Fu Yen (Appointed as a member of BRMC and BNRC on 1 June 2022) (Resigned as a member of BRMC on 24 May 2023)	–	7/7	3/3
Rohaizad Darus (Appointed as a member of BAC and BRMC on 1 June 2022)	8/8	7/7	–
<b>Independent Non-Executive</b>			
Lim Tiang Siew (Appointed as Senior Independent Non-Executive Director on 31 May 2022)	12/12	9/9	–
Datuk Muhamad Noor Hamid (Appointed as Chairman of BRMC on 31 May 2022)	–	–	6/6
Datuk Ramlan Abdul Rashid	–	2/2	6/6
Dato' Azmi Mohd Ali (Appointed as Chairman of BNRC on 31 May 2022)	12/12	–	3/3
Datuk Iain John Lo (Ceased to be the Chairman of BRMC and member of BNRC on 31 May 2022)	3/3	2/2	–
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor (Ceased to be the Chairman of BNRC on 7 May 2022)	–	–	2/2
<b>Number of meetings held in FY2023</b>	<b>12</b>	<b>9</b>	<b>6</b>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Continuous Professional Development

As at the end of FY2023, all Board members attended the Mandatory Accreditation Programme (MAP) as Directors of listed issuers. In addition, the Directors are advised on their legal obligations and other duties as directors of a listed issuer upon their appointment. The newly appointed Directors will receive an induction briefing designed to provide a general understanding of the Group's businesses and operations, including the major risks faced within the environment of the Company's business.

The Board is encouraged to attend education programmes, talks, seminars, workshops and conferences to enhance their skills and knowledge on a regular basis and to keep abreast with new developments in the business environment. The Board identifies the training needs of the Board as a whole while the individual Directors are given a free hand to identify their own training needs, taking into consideration their memberships on the boards of other companies as well.

The training programmes attended by members of the Board during FY2023 are as follows:

Name of Directors	Training Programmes
Dato' Mohammad Azlan Abdullah	<ul style="list-style-type: none"> <li>• The Updated Malaysian Code on Corporate Governance</li> <li>• Introduction of PNB Sustainability Framework &amp; Unveiling of AR2021</li> <li>• MIA Conference – Leading ESG, Charting and Sustainability</li> <li>• Sustainability Arrangement &amp; Reporting</li> <li>• Common Offences by Directors Under the Companies Act</li> <li>• PNB Knowledge Forum (II) 2022 – Tall Buildings and Living in the Space Age: The Enigma and Convergence of Science and Art</li> <li>• Board Role in Value Creation</li> <li>• CPA Congress</li> <li>• Accelerating The Net Zero Transition</li> </ul>
Lim Tiang Siew	<ul style="list-style-type: none"> <li>• BNM-FIDE FORUM Dialogue: Licensing Framework for Digital Insurers and Takaful Operators</li> <li>• BNM-FIDE FORUM Dialogue: Climate Risk Management and Scenario Analysis</li> <li>• BNM World Bank Group: Exploring Nature-Related Financial Risks in Malaysia</li> <li>• JC4 SC4 JUST Series 2: The Power of ESG Data</li> <li>• MSIG Asia Regional Audit Committee Roundtable 2022</li> <li>• KPMG Board Leadership Centre Webinar: 2022 Board and Audit Committee Priorities</li> <li>• Icliff: Assessing Your Organisational Culture</li> <li>• FIDE Forum: Leadership Perspectives Forum on Board Effectiveness in conjunction with BEE Launch</li> <li>• FIDE Forum Engagement session with Board Members of General Insurers and Takaful Operators on Motor Claims Reforms</li> <li>• MSIG In-house Board Training</li> <li>• PIDM-FIDE Forum: Recovery and Resolution Planning Sharing Session</li> <li>• PNB Knowledge Forum (III) 2022 – Decarbonised Economy Accelerating the next Zero Transition</li> <li>• Securities Commission: AOB Conversation with Audit Committees</li> <li>• FIDE Forum: The Emerging Trends, Threats and Risks to the Financial Services Industry – Managing Global Risk, Investment and Payment System</li> </ul>

Name of Directors	Training Programmes
Dato' Azmi Mohd Ali	<ul style="list-style-type: none"> <li>• Overview Of Accounting for Property Development Activities</li> <li>• Sharing session by Korn Ferry on ESG</li> <li>• FCD Series Module E: Digital Awareness and Upskilling for Board</li> <li>• 2022 AIAC i-Arbitration Learning Series: Islamic Finance Transactions: How Does the i-Arbitration Rules 2021 Assist?</li> <li>• KPMG Board Leadership Centre Exclusive Empowering and Rewarding the "Boardroom Brigade" – A Board Remuneration Masterclass</li> <li>• ICDM Power Talk: Talent Uprising-How Boards Should Rethink Their Talent Strategy in this Era of Opportunity.</li> <li>• A Half-Day Lecture Series by Mr John Vercoe on "My Journey as a Commercial and Oil and Gas Lawyer"</li> <li>• A Half-Day Lecture Series by Mr John Vercoe on "Introduction to Legal Aspects of Upstream Oil and Gas"</li> <li>• A Half-Day Lecture Series by Mr John Vercoe on "Substance of the Production Sharing Contract and the Joint Operating Agreement"</li> <li>• A Half-Day Lecture Series by Mr John Vercoe on "ESG from a Lawyer's Perspective"</li> <li>• Webinar Kursus Pembaharuan Ejen Cap Dagangan Siri 3</li> <li>• A Half-Day Lecture by Mr John Vercoe on "Current Picture of Upstream Oil and Gas Internationally and Its Vital Role in Oil and Gas Value"</li> <li>• PNB Knowledge Forum 2022 – Tall Buildings and Living in the Space Age: The Enigma and Convergence of Science and Art</li> <li>• Webinar on "Why the Circular Economy?" by Adrienna Zsakay</li> <li>• The Board and its Role in ESG</li> <li>• Maybank Islamic Berhad Annual Board Risk Workshop (ABRW) 2022</li> <li>• ESG Webinar by Encik Norhisham Abd Bahrin for the Energy Commission</li> <li>• IP Laws Sharing Knowledge Session</li> <li>• Talk by Mr Derick Loi (ANT Group) – Case Study on Property Companies</li> <li>• Sapura Energy's inaugural Global Leadership Huddle</li> </ul>
Datuk Ramlan Abdul Rashid	<ul style="list-style-type: none"> <li>• PNB Knowledge Forum (II) 2022 – Tall Buildings and Living in the Space Age: The Enigma and Convergence of Science and Art</li> </ul>
Datuk Muhamad Noor Hamid	<ul style="list-style-type: none"> <li>• PNB Knowledge Forum (II) 2022 – Tall Buildings and Living in the Space Age: The Enigma and Convergence of Science and Art</li> </ul>
Datuk Mohd Anuar Taib	<ul style="list-style-type: none"> <li>• Executive Training</li> <li>• PNB Knowledge Forum 2022: Sustainable Investing, ESG At the Forefront</li> </ul>
Lim Fu Yen	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme</li> <li>• PNB Knowledge Forum (II) 2022 – Tall Buildings and Living in the Space Age: The Enigma and Convergence of Science and Art</li> </ul>
Rohaizad Darus	<ul style="list-style-type: none"> <li>• ICDM FCD Series Module E: Digital Awareness and Upskilling for Board</li> <li>• ICDM Emerging Trends Talk: Cyber Kill Chain and Security Capabilities</li> <li>• ICDM FCD Series Module D: Financial Essentials for Non-Finance Directors</li> <li>• ICDM Corporate Members' Exclusive: A 60-Minute Crisis Management Guide for Boards</li> <li>• Securities Commission Malaysia: Conversation with Audit Committees – Session 2</li> <li>• Bursa Malaysia: Invest Malaysia 2023 Series 1</li> <li>• PNB Knowledge Forum (II) 2022 – Tall Buildings and Living in Space Age: The Enigma and Convergence of Science and Art</li> </ul>
Cosimo Borrelli (Ceased to be a Court-Nominated Director on 10 March 2023)	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme</li> </ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## OUR COMPLIANCE UNIVERSE

### Integrity and Ethics

The Board strives to adhere to the highest ethical standards in discharging its responsibilities and continues to promote integrity and ethical conduct among its employees in all aspects of the Group's business operations, including confidentiality of information, conflicts of interest, as well as Quality, Health, Safety and Environment performance, amongst others.

### Code of Ethical Conduct

The Group has in place a Code of Ethical Conduct that sets the tone on how the Group's business is conducted globally that applies to all members of the organisation. The Group aims to act responsibly, accountably and with transparency in all areas of operation. The areas covered by the Code of Ethical Conduct are anti-corruption and bribery, gifts and hospitality, conflict of interest, fair competition, whistleblowing and sanctions for violations.

The Code of Ethical Conduct is available at <https://sapuraenergy.com/corporate/compliance/>.

### Anti-Bribery and Corruption Policy Statement

The Group conducts all its business in an honest and ethical manner and takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. The Group is also committed to upholding all laws relevant to countering bribery and corruption in Malaysia and all other jurisdictions in which it operates. This is accessible to the employees or other stakeholders at <https://sapuraenergy.com/corporate/compliance/>.

### Whistleblowing Policy

The Group is committed to maintaining an open working environment, honest communication is the expectation and not the exception. The Group has launched a Whistleblowing helpline, which is accessible to the employees or other stakeholders at <https://sapuraenergy.com/corporate/compliance/>.

The Complaints Investigation Committee ("CIC") was set up on 19 December 2021 to assist the BAC in reviewing the whistleblowing complaints. On 29 March 2023, the Board approved the new structure and composition of CIC, including the terms of reference of CIC and BAC, taking into account new provisions which were not covered in the then CIC structure.

### Insider Trading

The Board, key management personnel and principal officers of the Group are prohibited from trading in securities or any kind of properties based on price-sensitive information and knowledge which have not been publicly announced.

Notice on closed periods for trading in shares of the Company are circulated to the Board, key management personnel and principal officers who are deemed privy to any price-sensitive information and knowledge in advance of, whenever the closed period is applicable.

### Directors' Fit and Proper Policy

The Directors' Fit and Proper Policy was adopted by the Board to govern the appointment of new Directors and the re-election of Directors of the Group. The Directors' Fit and Proper Policy is made available on the Company's website at [www.sapuraenergy.com](http://www.sapuraenergy.com).

## BOARD COMPOSITION

### Board Balance and Composition

The Board currently has 11 Directors. The 11 Directors are made up of one Executive Director and 10 Non-Executive Directors, of whom six are Independent Directors. The Board collectively comprises a balance of skills, experience and relevant knowledge to commensurate with the complexity, size, scope and operations of the Group. The composition of the Board also fairly reflects the investment of shareholders in the Company. The Board through the BNRC will continue to review the Board structure and composition from time to time to ensure alignment with the Group's strategic direction and to commensurate with the complexity, scope and operations of the Group's business operations. The profile of each Director is set out in the Directors' Profile of this Annual Report.

The Company is guided by the MMLR of Bursa Securities in determining its board composition. In accordance with the MMLR of Bursa Securities, the Company must ensure that at least two directors or 1/3 of the Board, whichever is the higher, are independent directors. If the number of directors of the Company is not three or a multiple of three, then the number nearest 1/3 must be used. The current composition of the Board has complied with the minimum 1/3 requirement for Independent Directors to be on the Board.

In pursuing its gender diversity agenda and the Board's commitment to appoint at least one female director on its Board by 1 June 2023, the Company has appointed Cik Wan Mashitah Wan Abdullah Sani as an Independent Non-Executive Director on 26 May 2023 to comply with MMLR of Bursa Securities.

All Directors shall notify the Chairman of the Board of his acceptance of office as a director of any other public company. Considerations such as time commitments and conflicts of interest that may arise should be considered.

### Independent Director and its Tenure

The Board has a set of criteria in assessing the independence and performance of Directors. The BNRC annually reviews and assesses the level of independence of the Independent Directors of the Board in line with the MMLR of Bursa Securities. The BNRC will also consider the individual Director's ability to exercise independent judgement and to demonstrate the values and principles associated with independence such as impartiality, objectivity and consideration of all stakeholders' interests.

The MCCG 2021 provides that the tenure of an independent director shall not exceed a cumulative term limit of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board as a non-independent director. If the Board intends to retain an independent director beyond nine years, the Board must provide justification and obtain shareholders' approval.

For the financial year under review, none of the Independent Directors have served the Board for more than nine years and BNRC has assessed and concluded that all the Independent Directors continue to demonstrate, conduct and behave in a manner indicative of independence, and that each of them is independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of independent judgement, objectivity or the ability to act in the best interest of the Company.

### Diversity

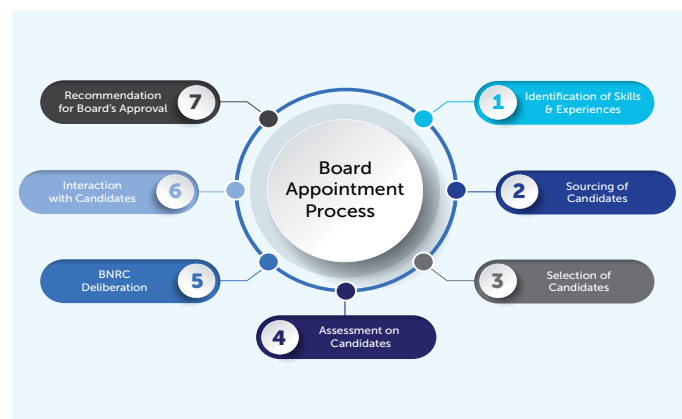
Diversity in the Board's composition is essential to facilitate good decision-making as this enables different insights and perspectives to be harnessed. This diversity criteria may include competencies, skills, knowledge, experience, ethnicity, gender, age and educational background. The Board seeks to be inclusive and eradicate any form of discrimination, may it be on the basis of gender, age, ethnicity or other factors.

In terms of diversity in skills, experience and competencies, the Board comprises qualified individuals with various professional backgrounds and expertise from the fields of oil & gas, engineering, financial, investment, insurance, law and regulatory, accounting, management, economics, business and banking, all of whom bring in-depth and diverse experiences, expertise and perspectives to the Group's operations to ultimately enhance shareholders' value for the long-term. The Board has appointed five new board members namely Mr Cosimo Borrelli (appointed on 25 March 2022), Mr Lim Fu Yen (appointed on 1 June 2022), Encik Rohaizad Darus (appointed on 1 June 2022), Datuk Nur Iskandar A. Samad (appointed on 26 May 2023) and Cik Wan Mashitah Wan Abdullah Sani (appointed on 26 May 2023) with expertise and experience in operational/financial turnaround, human resources and oilfield business. Mr Cosimo Borrelli ceased to be a Court-Nominated Director upon the expiry of the Restraining Order on 10 March 2023. He was succeeded by Mr Lim Fu Yen pursuant to the new Restraining Order granted by the Court on 8 March 2023. Mr Lim's appointment as Court Nominated Director took effect from 11 March 2023 and he was redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director.

During the FY2023, the BNRC had reviewed the competency matrix of Board members to determine their level of skills and experiences based on three categories namely Competency, Practice and Awareness.

### Board Appointment Process

The appointment of a new Board member is subject to the following process:



The Board through the BNRC will source suitable candidates with the right skills and experiences to complement and support the existing Board composition based on business needs, strategic direction of the Company and good governance.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company relies on various sources to identify candidates to be appointed to the Board including utilising independent sources. The Board has appointed Datuk Nur Iskandar A. Samad and Cik Wan Mashitah Wan Abdullah Sani as an Independent Non-Executive Director on 26 May 2023.

All shortlisted candidates would be assessed by BNRC, which includes an assessment on skills competency matrix (relating to skills and experience) and independency test for independent directors for all candidates.

The BNRC or a representative of BNRC would also have an interaction session with the potential candidates to review the suitability of the candidates against the Values of the Company before recommending for approval on the appointment to the Board.

## Board Assessment

The evaluation and assessment of the Board, its Board Committees and of each Director was carried out on an annual basis through a self and peer assessment that was completed by each Director and reviewed by the BNRC.

The annual assessment was carried out based on the following areas:

- 1) Board's Competency Matrix to assess skills and experiences;
- 2) Independent Director's Level of Independence;
- 3) Board and Board Committees' Mix and Composition;
- 4) Board and Board Committee's Quality of Information & Decision-Making;
- 5) Board Chairman's Role and Responsibilities;
- 6) Board's Relationship with the Management & Board Activities; and
- 7) Environmental, Social and Governance issues.

The results of the assessments conducted for FY2023 indicated that the Board composition is of a good balance and functions well with a mix of independent and non-independent directors. The Board, Board Committees and the individual Directors were able to discharge their functions and duties effectively.

The BNRC is satisfied with the results of the assessment whereby all the Independent Directors fulfilled the criteria of "Independence" as prescribed under the MMLR of Bursa Securities and is of the view that all Independent Directors are independent of management and free of any interest, position, association or other relationship that might materially influence the Independent Director's capacity to bring an independent judgement and to act in the best interest of the Group and its stakeholders.

## Re-election

The BNRC is also responsible for recommending Directors for re-election at the Annual General Meeting. In accordance with the Constitution of the Company, all newly appointed Directors are subject to re-election by the shareholders at the first annual general meeting following their appointments. Additionally, at least 1/3 of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to 1/3, shall be subject to retirement by rotation at least once every three years, and shall be eligible for re-election. The retiring Directors would be those who have been longest in office since their last election. This provides shareholders with the opportunity to evaluate the performance of the Directors and promote effective Board members.

Directors subject to retirement by rotation pursuant to the Constitution are initially considered by the BNRC, taking into consideration their required mix of skills, competencies, experience and other qualities required before they are recommended for re-election by shareholders.

## Board Remuneration Policies and Procedures

The level of Directors' remuneration is comparable in order to attract and retain Directors of such calibre to provide the necessary skills and experience as required and to commensurate with the responsibilities for the effective management and operations of the Group. All Non-Executive Directors are paid additional fees for added responsibilities undertaken such as a Director acting as Chairman of a Board Committee and membership of the Board Committees.

The remuneration of the Non-Executive Directors, which is subject to the approval of the shareholders at the annual general meetings, is recommended by BNRC to the Board as a whole to ensure that it is aligned to the market and to the Directors' duties and responsibilities.

The Board, through the BNRC, annually reviews the performance of the Executive Director as a prelude to determining his annual remuneration, bonus and other benefits. In discharging this duty, the BNRC evaluates the performance of the Executive Director against the objectives and KPIs approved by the Board, thereby linking their remuneration to performance.

The basic salary of the Executive Director is fixed for the duration of his contract. Any revision to the basic salary will be reviewed and recommended by the BNRC for the approval of the Board, taking into consideration, amongst others, individual performance, inflation price index and information from independent sources on the rates of salary of similar positions in other comparable companies within the industry. The Executive Director is not entitled to Directors' fees.

Details of the Directors' remuneration (both Executive and Non-Executive) for FY2023 are as follows:

Group	Company							Subsidiary	
	Salaries RM'000	Other Emoluments RM'000	Fees RM'000	Bonus RM'000	Defined Contribution Plan RM'000	Benefits- in-kind RM'000	Meeting Allowance RM'000	Fees RM'000	Total RM'000
<b>Executive Directors</b>									
Datuk Mohd Anuar Taib	1,654	–	–	–	–	9	–	–	1,663
<b>Non-Executive Directors</b>									
Tan Sri Dato' Seri Shamsul Azhar Abbas <sup>1</sup>	–	11	156	–	–	7	4	–	178
Dato' Mohammad Azlan Abdullah <sup>2</sup>	–	29	375	–	–	1	25	–	430
Bernard Rene Francois Di Tullio <sup>3</sup>	–	–	136	–	–	–	13	–	149
Datuk Muhamad Noor Hamid <sup>4</sup>	–	–	351	–	–	–	57	–	408
Datuk Ramlan Abdul Rashid	–	–	255	–	–	–	30	–	285
Datuk Iain John Lo <sup>5</sup>	–	–	149	–	–	–	11	–	160
Lim Tiang Siew <sup>6</sup>	–	16	356	–	–	–	52	–	424
Tan Sri Dato' Megat Zaharuddin Megat Mohd Nor <sup>7</sup>	–	6	108	–	–	–	6	–	120
Dato' Azmi Mohd Ali <sup>8</sup>	–	–	314	–	–	–	44	–	358
Dato' Shahrman Shamsuddin	–	–	218	–	–	–	22	–	240
Lim Fu Yen <sup>9</sup>	–	–	162	–	–	–	32	–	194
Rohaizad Darus <sup>10</sup>	–	–	170	–	–	–	39	–	209
Cosimo Borrelli <sup>11</sup>	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>1,654</b>	<b>62</b>	<b>2,750</b>	<b>–</b>	<b>–</b>	<b>17</b>	<b>335</b>	<b>–</b>	<b>4,818</b>

**Notes:**

<sup>1</sup> Retired as Chairman of the Board on 7 May 2022.

<sup>2</sup> Appointed as Chairman of the Board on 7 May 2023. Following his appointment, he ceased to be a member of BRMC on 31 May 2022.

<sup>3</sup> Resigned as Non-Independent Non-Executive Director on 31 May 2022. Following his resignation, he ceased to be a member of BAC and BRMC on 31 May 2022.

<sup>4</sup> Appointed as Chairman of BRMC on 31 May 2022.

<sup>5</sup> Resigned as Independent Non-Executive Director on 31 May 2022. Following his resignation, he also ceased to be the Chairman of the BRMC and a member of BNRC.

<sup>6</sup> Appointed as Senior Independent Non-Executive Director on 31 May 2022.

<sup>7</sup> Resigned as Senior Independent Non-Executive Director on 7 May 2022. Following his resignation, he ceased to be the Chairman of BNRC on 7 May 2022.

<sup>8</sup> Appointed as Chairman of BNRC on 31 May 2022.

<sup>9</sup> Appointed as Independent Non-Executive Director and member of BNRC and BRMC on 1 June 2022. On 11 March 2023, he was redesignated as Non-Independent Non-Executive Director following his appointment as a Court-Nominated Director. On 24 May 2023, he resigned as a member of BRMC.

<sup>10</sup> Appointed as Non-Executive Director and member of BAC and BRMC on 1 June 2022.

<sup>11</sup> Ceased to be Non-Independent Non-Executive Director (Court-Nominated Director) on 10 March 2023.

Due to confidentiality and sensitivity of personal information, the top five (5) Senior Management's remuneration on a named basis are not disclosed.

### Long-Term Incentive Programme ("LTIP") scheme

No LTIP shares were granted for FY2023 and no amount vested to a director during period under review.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B

### EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Effectiveness of Audit Committee

The Board is assisted by the BAC in reviewing the information on annual audited financial statements and announcements on unaudited quarterly financial results to be disclosed to shareholders. This ensures the accuracy, adequacy and completeness of the information thereof as well as compliance with the applicable financial reporting standards. The BAC also supports the Board in its responsibility to oversee the effectiveness of the internal control systems of the Group.

The Board takes responsibility for presenting balanced and meaningful assessments of the financial performance and prospects of the Group. The financial statements are drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved Financial Reporting Standards in Malaysia, which give a true and fair view of the affairs of the Company and the Group.

The Board, through the BNRC, evaluated the performance and term of office of BAC and each of its members annually to ensure it functions effectively. The Board is satisfied that the BAC and members have effectively and efficiently discharged their duties.

#### Group Internal Audit

The internal audit function is carried out in-house and led by the Group Chief Internal Auditor ("GCI") and is independent of the activities it audits. The GCI functionally reports to the BAC, and has the principal responsibility for undertaking a regular and systematic review of the systems and internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

#### External Auditors

The external auditors, Ernst & Young PLT, report to the BAC their findings each year. In doing so, the Group has established a transparent arrangement to meet the professional requirements by the auditors. The BAC also reviews the results of the annual audit, the audit report and management letters, including Management's responses thereon with the auditors. During the financial year under review, five private sessions were held between the auditors and the BAC, in the absence of the Management team and Executive Director.

In safeguarding and supporting the external auditors' independence and objectivity, the BAC had formalised the External Auditors Independence Policy for non-audit services.

The performance, suitability and independence of external auditors are annually reviewed and monitored by the BAC. The BAC has a set of criteria in assessing the suitability and independence of the external auditors. Written assurance from the external auditors is also sought in confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

#### RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control on pages 82 to 84 of this Annual Report.



## INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Communication, Interaction and Relationship with Stakeholders

The Board recognises the importance of an effective communication channel between the Board, stakeholders, institutional investors and the investing public at large, both locally and internationally, with the objective of providing as much as possible a clear and complete picture of the Group's performance and position. The Company's Annual Report remains the primary channel of communication with the stakeholders.

In this respect, the Group is fully committed to maintaining a high standard for the dissemination of relevant and material information relating to developments within the Group. Evaluation of the timeliness, accuracy and quality of the information to be disclosed is guided by the MMLR and Corporate Disclosure Guide issued by Bursa Securities and the Group Corporate Disclosure Policy and Procedures.

### Analyst Briefings on Quarterly Results

The Company conducts media and analyst briefings and/or conferences on quarterly results chaired by the GCEO immediately after announcing the quarterly results to Bursa Securities. The briefings provide a platform for analysts and media to receive a balanced and complete view of the Group's performance and the issues faced.

### Investor Meetings

The Investor Relations Department of the Group generally engages with analysts, investors and potential investors throughout the year to provide constant communication with the investment community. Reasonable access to the Senior Management ensures analysts and investors are able to engage with key executives within the Group. Dissemination of information during the briefings is confined to permissible disclosure within the MMLR that will further enhance the understanding of the Group's operations and activities.

### Corporate Website

The corporate website of the Company at [www.sapuraenergy.com](http://www.sapuraenergy.com) provides quick access to information on the Group. Information on the website includes amongst others, the Group's corporate profile, Board profiles, announcements to Bursa Securities, press releases, share information, financial results, TOR of Board Committees and corporate news. The Company's website is regularly updated to provide current and comprehensive information about the Group.

### Annual Report

The Company's Annual Report provides comprehensive coverage of the Group's operations and financial performance. An online version of the Annual Report is available on the Company's website.

### Media Coverage

Media coverage of the Group and its business activities is initiated proactively at regular intervals to provide wider publicity and to improve the general understanding of the Group's business among investors and the public.

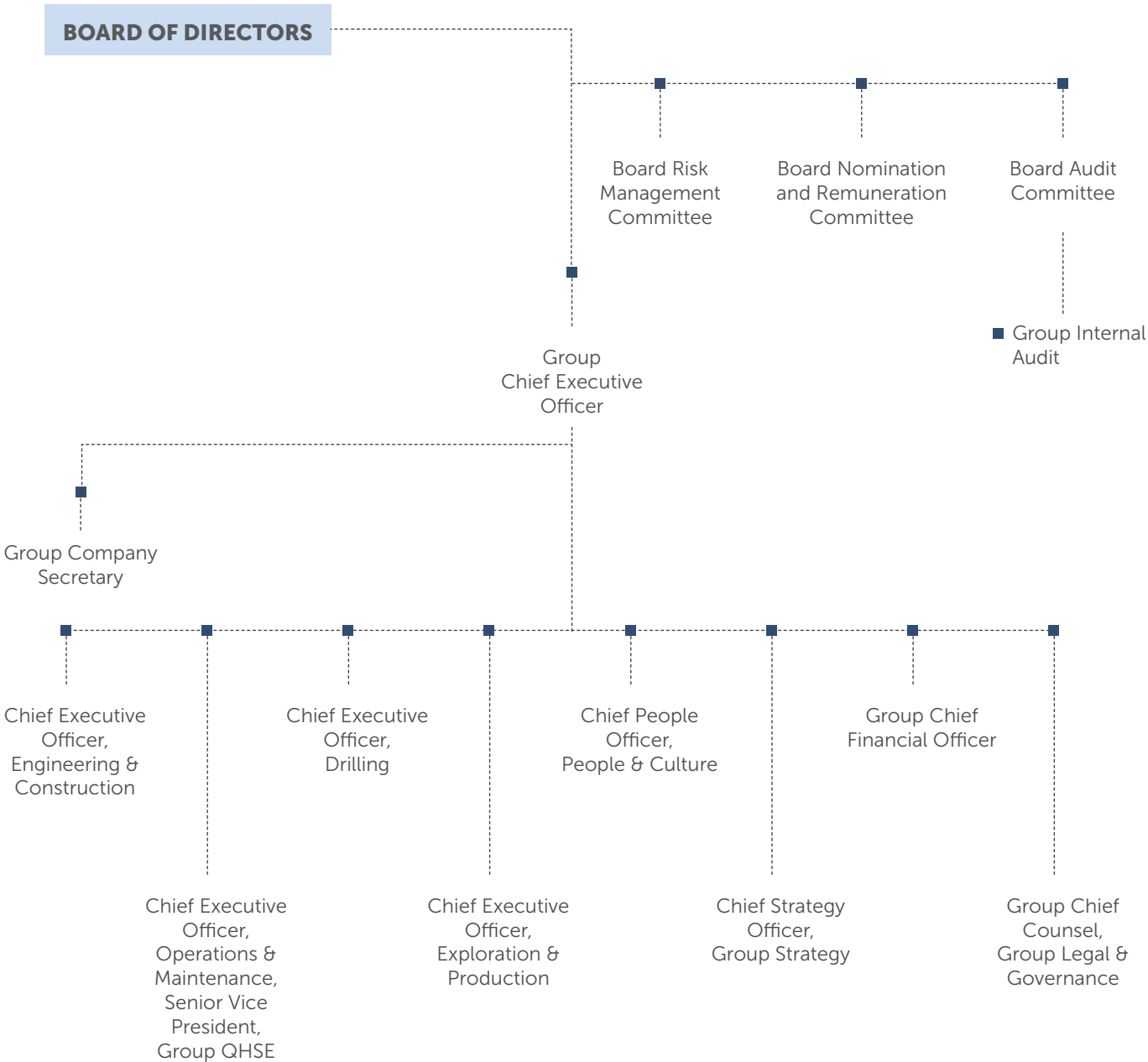
### Conduct of General Meetings

General meetings are the principal platform gathering of shareholders and the board of directors of a company. During general meetings, the question and answer session is open to all shareholders who participated. The Board, Senior Management of the Group, as well as the Group's external auditors are present to respond to issues raised during general meetings.

The Company has leveraged on technology to facilitate remote shareholders' participation and remote voting at the general meetings via Remote Participation and Electronic Voting facilities.

Notice of general meeting will be issued to all shareholders before the meeting to provide sufficient time for shareholders to consider the resolutions that will be discussed and decided at the general meeting. A comprehensive Administrative Notes accompanying the AGM Notice is essential to ensure shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings. All the resolutions set out in the Notice of the AGM were put to vote by poll voting. The poll results were confirmed and verified by an independent scrutineer appointed by the Company. Minutes of AGM will be published on the Company's website within 30 days after the meeting.

# Group Organisation Structure



# Corporate Information

## BOARD OF DIRECTORS

- **Dato' Mohammad Azlan Abdullah**  
Chairman  
Non-Independent Non-Executive Director
- **Datuk Mohd Anuar Taib**  
Group Chief Executive Officer  
Executive Director
- **Dato' Shahrizan Shamsuddin**  
Non-Independent Non-Executive Director
- **Datuk Muhamad Noor Hamid**  
Independent Non-Executive Director
- **Datuk Ramlan Abdul Rashid**  
Independent Non-Executive Director
- **Lim Tiang Siew**  
Senior Independent Non-Executive Director
- **Dato' Azmi Mohd Ali**  
Independent Non-Executive Director
- **Lim Fu Yen**  
Non-Independent Non-Executive Director
- **Rohaizad Darus**  
Non-Independent Non-Executive Director
- **Datuk Nur Iskandar A. Samad**  
Independent Non-Executive Director  
(Appointed on 26 May 2023)
- **Wan Mashitah Wan Abdullah Sani**  
Independent Non-Executive Director  
(Appointed on 26 May 2023)

## BOARD AUDIT COMMITTEE

- **Lim Tiang Siew**  
(Chairman, Senior Independent Non-Executive Director)
- **Datuk Muhamad Noor Hamid**  
(Member, Independent Non-Executive Director)
- **Dato' Azmi Mohd Ali**  
(Member, Independent Non-Executive Director)
- **Rohaizad Darus**  
(Member, Non-Independent Non-Executive Director)

## BOARD NOMINATION AND REMUNERATION COMMITTEE

- **Dato' Azmi Mohd Ali**  
(Chairman, Independent Non-Executive Director)
- **Datuk Muhamad Noor Hamid**  
(Member, Independent Non-Executive Director)
- **Datuk Ramlan Abdul Rashid**  
(Member, Independent Non-Executive Director)
- **Lim Fu Yen**  
(Member, Non-Independent Non-Executive Director)

## BOARD RISK MANAGEMENT COMMITTEE

- **Datuk Muhamad Noor Hamid**  
(Chairman, Independent Non-Executive Director)
- **Lim Tiang Siew**  
(Member, Senior Independent Non-Executive Director)
- **Rohaizad Darus**  
(Member, Non-Independent Non-Executive Director)

## COMPANY SECRETARIES

- **Tai Yit Chan**  
(SSM Practising Certificate No. 202008001023)  
(MAICSA 7009143)
- **Tan Seiw Ling**  
(SSM Practising Certificate No. 202008000791)  
(MAICSA 7002302)

## AUDITORS

- **Ernst & Young PLT**  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur, Malaysia  
Tel : +603-7495 8000  
Fax : +603-2095 9076/78

## SHARE REGISTRAR

- **Boardroom Share Registrars Sdn Bhd**  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor, Malaysia  
Tel : +603-7890 4700  
Fax : +603-7890 4670  
Website : [www.boardroomlimited.com](http://www.boardroomlimited.com)

## REGISTERED OFFICE

- **Sapura@Mines**  
No. 7, Jalan Tasik  
The Mines Resort City  
43300 Seri Kembangan  
Selangor Darul Ehsan, Malaysia  
Tel : +603-8659 8800  
Fax : +603-8659 8848

## STOCK EXCHANGE LISTING

- **Main Market of Bursa Malaysia Securities Berhad**  
Stock Name : SAPNRG  
Stock Code : 5218  
Listing Date : 17 May 2012

## PRINCIPAL BANKERS

- AmBank Islamic Berhad
- CIMB Islamic Bank Berhad/CIMB Bank Berhad
- Export-Import Bank of Malaysia Berhad
- ING Bank N.V.
- Malayan Banking Berhad/Maybank Islamic Berhad
- RHB Islamic Bank Berhad
- Standard Chartered Bank
- Sumitomo Mitsui Banking Corporation
- United Overseas Bank Limited

## COMPANY WEBSITE


[www.sapuraenergy.com](http://www.sapuraenergy.com)


# Profile of Board of Directors


## DATO' MOHAMMAD AZLAN ABDULLAH

Chairman, Non-Independent Non-Executive Director

 Nationality  
**Malaysian**

 Age/Gender  
**55/Male**

 Date of Appointment  
**1 October 2019** (Non-Independent Non-Executive Director)  
**7 May 2022** (Chairman of the Board of Directors)

 Board meeting attendance in FY2023  
**13/13**

### BOARD COMMITTEE MEMBERSHIPS:

- Nil

### DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Nil

### EXPERIENCE/ACHIEVEMENT AND OCCUPATION:

- Presently the Group Chief Executive Officer of Projek Lintasan Kota Holdings Sdn Bhd (PROLINTAS) Group of Companies (2017-Current).
- Chief Executive Officer ("CEO") of The New Straits Times Press (Malaysia) Berhad ("NSTP") (2012-2017).
- Chief Operating Officer of NSTP (2011).
- Attended the Asean Senior Management Development Program by Harvard Business School Alumni Club Malaysia (2009).
- General Manager and CEO of Big Tree Outdoor Sdn. Bhd., the Malaysia's leading outdoor advertising company (2001-2011).
- Senior Manager, President's Office of Renong Group (Property Division) (1999-2001).
- Involved in the pre and post construction of the development of the North-South Expressway privatisation project under Projek Lebuhraya Utara Selatan Bhd ("PLUS") (1992-1999).
- Started his career with Coopers and Lybrand, a public accounting firm (1991-1992).

### ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor of Business Degree (Accountancy), University of Tasmania, Australia.
- Fellow of the Certified Practising Accountant (CPA) Australia.
- Chartered Accountant, Malaysia Institute of Accountants (MIA).
- Fellow of the Institute of Corporate Directors Malaysia (ICDM).

### DECLARATIONS:

- Dato' Mohammad Azlan has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad.
- Nominee Director of Permodalan Nasional Berhad.
- Dato' Mohammad Azlan has no conflict of interest with Sapura Energy Berhad.
- Dato' Mohammad Azlan has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2023.


## DATUK MOHD ANUAR TAIB

Non-Independent Executive Director

 Nationality  
**Malaysian**

 Age/Gender  
**55/Male**

 Date of Appointment  
**27 August 2020-1 October 2020**  
(Independent Non-Executive Director)  
**1 October 2020-22 March 2021**  
(Chief Operating Officer and CEO Designate)  
**23 March 2021** (Group Chief Executive Officer)  
**1 May 2021** (Executive Director)

 Board meeting attendance in FY2023  
**13/13**

### BOARD COMMITTEE MEMBERSHIPS:

- Nil

### DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Nil

### EXPERIENCE/ACHIEVEMENT AND OCCUPATION:

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• Executive Vice President Upstream PETRONAS (2016-2019).</li><li>• Non-Executive Chairman of PETRONAS Gas Berhad (2016-2019).</li><li>• Chief Executive Officer of PETRONAS Carigali Sdn Bhd (2012-2016).</li><li>• Vice President of Development and Production of PETRONAS (2012-2014).</li><li>• Chairman of Shell Companies in Malaysia (2010-2012).</li></ul> | <ul style="list-style-type: none"><li>• Non-Executive Chairman of Shell Refining Company (FOM) Berhad (2010-2012).</li><li>• Held various key positions at Shell with accountabilities in technical, finance, supply chain and procurement, commercial and leadership roles in exploration and production, LNG and gas-to-liquid, refining and retail business, in Malaysia, the US and the Asia-Pacific region (1990-2010).</li></ul> |
|---|--|

### ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- MBA, International Management, RMIT University, Melbourne, Australia.
- BSc, Engineering (Mechanical), Case Western Reserve University, Cleveland, Ohio.

### DECLARATIONS:

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• Datuk Mohd Anuar has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad.</li><li>• Datuk Mohd Anuar has no conflict of interest with Sapura Energy Berhad.</li></ul> | <ul style="list-style-type: none"><li>• Datuk Mohd Anuar has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2023.</li></ul> |
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# PROFILE OF BOARD OF DIRECTORS


## DATO' SHAHRIMAN SHAMSUDDIN

Non-Independent Non-Executive Director

 Nationality  
**Malaysian**

 Date of Appointment  
**9 December 2011**

 Age/Gender  
**54/Male**

 Board meeting attendance in FY2023  
**13/13**

### BOARD COMMITTEE MEMBERSHIPS:

- Nil

### DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Managing Director, Sapura Resources Berhad
- Executive Director, Sapura Industrial Berhad

### EXPERIENCE/ACHIEVEMENT AND OCCUPATION:

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• Director of Sapura Technology Sdn. Bhd. and Sapura Holdings Sdn. Bhd.</li><li>• Director of SapuraCrest Petroleum prior to the merger between SapuraCrest Petroleum Group and Kencana Petroleum Group (2008-2012).</li></ul> | <ul style="list-style-type: none"><li>• Started his career with Sapura Group since 1991 and has held several key senior positions within the Group. He manages a diversified portfolio which includes aviation and property investment.</li></ul> |
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### ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Master of Science in Engineering Business Management from Warwick University, United Kingdom.
- Bachelor of Science in Industrial Technology from Purdue University, United States of America.

### DECLARATIONS:

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• Dato' Shahrیمان is the brother of Tan Sri Dato' Seri Shahril Shamsuddin and they are also the major shareholders of Sapura Energy Berhad.</li><li>• Dato' Shahrیمان has no conflict of interest with Sapura Energy Berhad.</li></ul> | <ul style="list-style-type: none"><li>• Dato' Shahrیمان has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2023.</li></ul> |
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## DATO' AZMI MOHD ALI

Independent Non-Executive Director

 Nationality  
**Malaysian**

 Age/Gender  
**63/Male**

 Date of Appointment  
**1 October 2020**

 Board meeting attendance in FY2023  
**13/13**

### BOARD COMMITTEE MEMBERSHIPS:

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

### DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Director, S P Setia Berhad</li><li>• Director, UMW Holdings Berhad</li><li>• Director, Worldwide Holdings Berhad</li></ul> | <ul style="list-style-type: none"><li>• Director, Maybank Islamic Berhad</li><li>• Director, Pelaburan Hartanah Berhad</li></ul> |
|--|--|

### EXPERIENCE/ACHIEVEMENT AND OCCUPATION:

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• Dato' Azmi is the Senior Partner of Azmi &amp; Associates, a full service corporate and commercial law firm of more than 85 lawyers, based in Kuala Lumpur, Malaysia. The firm, Azmi &amp; Associates under his leadership is recognised as one of the largest law firms (by size) in Malaysia.</li><li>• He is an experienced and is one of the leading corporate lawyers in Malaysia with expertise in the areas of mergers and acquisitions, joint ventures, cross-border transactions, project finance, privatisation, energy, oil and gas and foreign investments.</li><li>• Prior to his endeavour in private practice, Dato' Azmi had spent 6 1/2 years as an in-house counsel of PETRONAS. He was involved in projects of national importance for Malaysia and negotiated and concluded the NGPSA, a major gas</li></ul> | <p>development project for Malaysia, in 1990. His accomplishments as a corporate lawyer are well noted and have earned him numerous awards, accolades and recognitions from reputed international legal publications. He won the prestigious Legal 500 Hall of Fame for M&amp;A/Corporate for three consecutive years, 2020-2022, Distinguished M&amp;A Practitioner for AsiaLaw 2020, International Law Office 2016 Clients Choice Award for Malaysia in Mergers &amp; Acquisitions, and other international publications.</p> <ul style="list-style-type: none"><li>• Currently, he serves as a Director of Terralex, a Florida-based world-wide network of 155 law firms with 20,000 lawyers within its member firms spanning across 100 jurisdictions world-wide. He is also a Director of the Institute of Corporate Directors Malaysia.</li></ul> |
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### ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Master of Laws (LLM) in the United States of America & Global Business Law, University of Suffolk, Boston Massachusetts, United States of America.
- Bachelor of Law LLB (Hons), Universiti Malaya.

### DECLARATIONS:

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• Dato' Azmi Mohd Ali has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad.</li><li>• Dato' Azmi Mohd Ali also sits as a director on Maybank Islamic Bank's board. As Maybank is one of the bank lenders in Sapura Energy Berhad's Multi-Currency Facility loan agreement ("MCF"), Dato' Azmi Ali has declared a conflict of interest position to the Sapura Energy Berhad's Board in the current debt restructuring exercise involving negotiations with the MCF lenders and has abstained from joining and voting in board</li></ul> | <p>deliberations where such conflict is present. Apart from this, Dato' Azmi has no other conflict of interest with Sapura Energy Berhad.</p> <ul style="list-style-type: none"><li>• Dato' Azmi Mohd Ali has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2023.</li></ul> |
|---|---|


# PROFILE OF BOARD OF DIRECTORS


## LIM TIANG SIEW

Senior Independent Non-Executive Director

 Nationality  
**Malaysian**

 Age/Gender  
**67/Male**

 Date of Appointment  
**3 June 2020** (Independent Non-Executive Director)  
**31 May 2022** (Senior Independent Non-Executive Director)

 Board meeting attendance in FY2023  
**13/13**

### BOARD COMMITTEE MEMBERSHIPS:

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

### DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- MSIG Insurance (Malaysia) Berhad
- HSBC Amanah Malaysia Berhad

### EXPERIENCE/ACHIEVEMENT AND OCCUPATION:

- Retired as the Group Chief Internal Auditor of CIMB Group, after serving 27 years in CIMB (1991-2018).
- Member of CIMB's top management team, and a member of all its major risk committees (2006-2018).
- Chairman of the Audit Committee and member of Compliance & Risk Management Committee of MSIG Insurance (Malaysia) Berhad (2019-present).
- Chairman of Risk Committee and member of Audit Committee of HSBC Amanah Malaysia Berhad (2023-present).
- An examiner for the Malaysian Institute of Certified Public Accountants professional examinations in respect of a particular subject before being appointed as a reviewer for the same subject (1990-present).
- Has more than 40 years of experience covering internal and external auditing, accounting, corporate finance and advisory, corporate governance and compliance.

### ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Member, Malaysian Institute of Certified Public Accountants.
- Chartered Accountant, Malaysian Institute of Accountants.

### DECLARATIONS:

- Mr Lim Tiang Siew has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad.
- Mr Lim Tiang Siew has no conflict of interest with Sapura Energy Berhad.
- Mr Lim Tiang Siew has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2023.





# DATUK MUHAMAD NOOR HAMID

Independent Non-Executive Director

 Nationality  
**Malaysian**

 Date of Appointment  
**14 April 2015**

 Age/Gender  
**71/Male**

 Board meeting attendance in FY2023  
**13/13**

## BOARD COMMITTEE MEMBERSHIPS:

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

## DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Nil

## EXPERIENCE/ACHIEVEMENT AND OCCUPATION:

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• Has more than 30 years of direct working experience in the oil and gas industry ranging from project planning and implementation, operations, consultation and contracts, out of which 20 years of service was in PETRONAS and PETRONAS Gas Sdn. Bhd.</li><li>• Chief Operating Officer, Chief Executive Officer and Managing Director of Gas Malaysia Berhad (2003-2013).</li></ul> | <ul style="list-style-type: none"><li>• Chief Operating Officer of Projass Engineering Sdn. Bhd., a Class A Bumiputera construction company involved in oil and gas, power and infrastructure works (2000-2003).</li><li>• General Manager of Pipeline Division in OGP Technical Services Sdn. Bhd., a joint venture company between PETRONAS and Nova Corporation of Canada (1993-1999).</li><li>• Head of the Pipeline Operation Division and Peninsular Gas Utilisation II project team of PETRONAS (1989-1992).</li></ul> |
|--|---|

## ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor of Science (Honours) Degree in Mechanical Engineering, Sunderland Polytechnic, United Kingdom.
- Post Graduate Diploma in Natural Gas Engineering, Institute of Gas Technology in Chicago, Illinois, United States of America.
- Management Programme, Wharton Business School of Management, University of Pennsylvania, United States of America.

## DECLARATIONS:

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• Datuk Muhamad Noor has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad.</li><li>• Datuk Muhamad Noor has no conflict of interest with Sapura Energy Berhad.</li></ul> | <ul style="list-style-type: none"><li>• Datuk Muhamad Noor has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2023.</li></ul> |
|---|--|

# PROFILE OF BOARD OF DIRECTORS


## DATUK RAMLAN ABDUL RASHID

Independent Non-Executive Director

 Nationality  
**Malaysian**

 Date of Appointment  
**23 September 2016**

 Age/Gender  
**64/Male**

 Board meeting attendance in FY2023  
**13/13**

### BOARD COMMITTEE MEMBERSHIPS:

- Member, Board Nomination and Remuneration Committee

### DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Nil

### EXPERIENCE/ACHIEVEMENT AND OCCUPATION:

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>Director of NCB Holdings Berhad (2015-2016).</li><li>Group Chief Operating Officer of MNRB Holdings Berhad ("MNRB") (2011-2014).</li><li>Deputy Chief Executive Officer/Executive Vice President of MNRB Retakaful (2010-2011).</li><li>Director of the Malaysian Insurance Institute and Malaysian Life Reinsurance Group Berhad (2006-2007).</li></ul> | <ul style="list-style-type: none"><li>Chief Executive Officer/Executive Director of Malaysian Assurance Alliance Berhad ("MAA") (now known as Zurich Insurance Malaysia) (2002-2007).</li><li>Held various key positions in MAA (1985-2002).</li></ul> |
|--|--|

### ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Master of Arts in Actuarial Science, Ball State University, Indiana, United States of America.
- Bachelor of Science (Honours) in Mathematics, Universiti Sains Malaysia.
- Qualified Risk Director Program, Institute of Enterprise Risk Practitioners (IERP).
- Global Leadership Development Program, International Centre for Leadership in Finance (IClif).

### DECLARATIONS:


- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>Datuk Ramlan has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad.</li><li>Datuk Ramlan has no conflict of interest with Sapura Energy Berhad.</li></ul> | <ul style="list-style-type: none"><li>Datuk Ramlan has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2023.</li></ul> |
|---|--|


## LIM FU YEN

Non-Independent Non-Executive Director

 Nationality  
**Malaysian**

 Age/Gender  
**43/Male**

 Date of Appointment  
**1 June 2022** (Independent Non-Executive Director)  
**11 March 2023** (Non-Independent Non-Executive Director)

 Board meeting attendance in FY2023  
**10/10**

### BOARD COMMITTEE MEMBERSHIPS:

- Member, Board Nomination and Remuneration Committee

### DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Nil

### EXPERIENCE/ACHIEVEMENT AND OCCUPATION:

- Mr Lim Fu Yen was attached to Ekuiti Nasional Berhad (“Ekuinas”) from April 2014 to July 2020. His extensive experience in private equity covered investment, business management, financial restructuring, and operational turnaround. His last position was Senior Director of Investment at Ekuinas.
- He was the Chief Subsidiary Management Officer (“CSMO”) of Tenaga Nasional Berhad from August 2020 to August 2021. As CSMO, he oversaw the management and improvement of 12 TNB subsidiaries across 4 sectors; including Manufacturing, Services, Power, and Telco.
- Mr Lim Fu Yen is currently the Independent Non-Executive Chairman of Malaysian Transformer Manufacturing (a wholly-owned TNB subsidiary) and the Independent Non-Executive Director of Malay-Sino Chemical Industries (majority-owned Batu Kawan Berhad subsidiary).

### ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Master of Business Administration from Stanford University’s Graduate School of Business in California, USA.
- Bachelor of Arts (Honours) in Engineering Science and Honours Economics from Dartmouth College in New Hampshire, USA.

### DECLARATIONS:

- Mr Lim has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad.
- Mr Lim has no conflict of interest with Sapura Energy Berhad.
- Mr Lim has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2023.

# PROFILE OF BOARD OF DIRECTORS


## ROHAIZAD DARUS

Non-Independent Non-Executive Director

 Nationality  
**Malaysian**

 Date of Appointment  
**1 June 2022**

 Age/Gender  
**58/Male**

 Board meeting attendance in FY2023  
**10/10**

### BOARD COMMITTEE MEMBERSHIPS:

- Member, Board Audit Committee
- Member, Board Risk Management Committee

### DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Nil

### EXPERIENCE/ACHIEVEMENT AND OCCUPATION:

- In his career spanning over 30 years, he has worked with both local and multinational companies. These include PETRONAS Gas, SapuraKencana, a predecessor to Sapura Energy Berhad, and Velesto Energy Berhad. He has also served Texas Instruments and Esso Production Malaysia.
- Encik Rohaizad's experience covers most aspects of upstream activities which include soil investigations, hydrographic surveys and underwater diving services. He also spent significant time in offshore construction activities including transportation, installation and commissioning of platforms, pipelines and cables as well as maintenance of offshore and onshore facilities. He was also responsible for managing marine vessels performing construction heavy lift, pipelaying and providing crew accommodation. Prior to his retirement, his responsibilities include overseeing operations of drilling rigs and workover operations.
- On the corporate side, his experience includes managing Initial Public Offering (IPO), rights issue, syndicated loans and corporate restructuring, including demerger and capital reduction exercise.
- Encik Rohaizad's last position prior to his retirement in February 2022 was as President of Velesto Energy Berhad, a position that he held since 2012. Velesto Energy Berhad is involved in offshore drilling, well intervention and oilfield service activities. Prior to joining Velesto Energy Berhad in 2012, he was the Chief Executive Officer of Offshore Construction Division of SapuraCrest Petroleum Berhad.
- He is also actively involved in the oil and gas industry as member of Industry Advisory Panel of Malaysian Petroleum Resource Corporation (MPRC). He was also an Advisor to the Malaysian Oil and Gas Services Council (MOGSC) besides being an Adjunct Professor at Universiti Teknologi PETRONAS.
- Encik Rohaizad is a Fellow of Institute of Corporate Directors Malaysia (ICDM). He is also a mentor under ICDM, TalentCorp Malaysia and 30% Club Malaysia.

### ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Bachelor of Science in Mechanical Engineering, California State University, Long Beach, USA.


### DECLARATIONS:

- Encik Rohaizad has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad.
- Encik Rohaizad has no conflict of interest with Sapura Energy Berhad.
- Encik Rohaizad has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2023.


# DATUK NUR ISKANDAR A. SAMAD

Independent Non-Executive Director

 Nationality  
**Malaysian**

 Date of Appointment  
**26 May 2023**

 Age/Gender  
**65/Male**

 Board meeting attendance in FY2023  
**0/0**

## BOARD COMMITTEE MEMBERSHIPS:

- Nil

## DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Nil

## EXPERIENCE/ACHIEVEMENT AND OCCUPATION:

- Datuk Nur Iskandar carries with him 41 years of experience in the downstream oil, gas and petrochemical industry; holding many senior leadership positions in PETRONAS (Petroleum Nasional Berhad), Malaysia's national oil company and Malaysia's only Fortune 500 organisation. His main skill sets are project management and business operation of manufacturing facilities.
- Datuk Nur Iskandar started his career in 1980 with PETRONAS as a Trainee Engineer and grew to become a Process Engineer. In 1987, he moved to Malaysia LNG Sdn Bhd as Head of Terminal (Operations) until 1989. In 1989, he joined Polypropylene Malaysia Sdn Bhd until 1997. In 1997, he was transferred to MTBE Malaysia Sdn Bhd as Project Director where he served until 2001 before being transferred to PETRONAS Gas Berhad as General Manager of Plant Operations Division. He held several Senior Managerial positions during his tenure with PETRONAS from 2001 to 2012 which included being Chief Executive Officer (CEO) of PETRONAS Fertilizer (Kedah) Sdn Bhd, Senior General Manager of PETRONAS Human Resource Management (Leadership & Capabilities Development), Managing Director/CEO of Petronas Penapisan Melaka Sdn Bhd & Malaysia Refining Company.
- Datuk Nur Iskandar was the Project Director (Petrochemical) of Pengerang Integrated Complex (PIC) in Johor, Malaysia for the period from 2012-2021. He was responsible in taking the lead in the execution of 6 grass root petrochemical project packages at an estimated value of USD2 billion.
- Datuk Nur Iskandar was a member of Industry Advisory Council of Universiti Sains Malaysia and Universiti Teknologi Petronas. He was also on the Board Directors of several Petronas's subsidiaries previously.
- Datuk Nur Iskandar is currently a member of Board of Trustees of Islamic Relief Malaysia, a humanitarian organisation.

## ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- BSc (Hons) Chemical Engineering, University of Leeds, United Kingdom

## DECLARATIONS:


- Datuk Nur Iskandar has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad.
- Datuk Nur Iskandar has no conflict of interest with Sapura Energy Berhad.
- Datuk Nur Iskandar has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2023.


# PROFILE OF BOARD OF DIRECTORS


## WAN MASHITAH WAN ABDULLAH SANI

Independent Non-Executive Director

 Nationality  
**Malaysian**

 Date of Appointment  
**26 May 2023**

 Age/Gender  
**56/Female**

 Board meeting attendance in FY2023  
**0/0**

### BOARD COMMITTEE MEMBERSHIPS:

- Nil

### DIRECTORSHIP IN OTHER PUBLIC COMPANIES AND LISTED ISSUERS:

- Nil

### EXPERIENCE/ACHIEVEMENT AND OCCUPATION:

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• Cik Wan Mashitah has over 28 years' experience encompassing finance, strategic planning, project costing and supply chain management with the last position as Managing Director/Chief Executive Officer of Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) with market capitalisation of over RM1 billion.</li><li>• Cik Wan Mashitah is an accountant by profession. She started her career in 1992 as Audit Assistant with Grant Thornton Malaysia and rose to the rank of Audit Principal. She left for MISC Berhad in 2002 and had served various capacities as General Manager, Finance before being seconded to Malaysia Marine and Heavy Engineering Sdn Bhd and was subsequently appointed as Chief Financial Officer of MHB on 30 June 2010.</li></ul> | <ul style="list-style-type: none"><li>• Cik Wan Mashitah took up the position as Acting Chief Executive Officer of MHB in May 2016 and assumed the position of Managing Director &amp; Chief Executive Officer in 2017 and served until 2020.</li><li>• Cik Wan Mashitah was the Chief Executive Officer of E&amp;P Operations and Maintenance Services Sdn Bhd (EPOMS) from 31 March 2022 to 30 September 2022. During this 6-month position, she helped to transit the company from a wholly owned subsidiary of PETRONAS to a privately owned company.</li></ul> |
|--|---|

### ACADEMIC/PROFESSIONAL QUALIFICATIONS:

- Fellow of the Chartered Association of Certified Accountants, United Kingdom

### DECLARATIONS:

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• Cik Wan Mashitah has no family relationship with any Director and/or major shareholder of Sapura Energy Berhad.</li><li>• Cik Wan Mashitah has no conflict of interest with Sapura Energy Berhad.</li></ul> | <ul style="list-style-type: none"><li>• Cik Wan Mashitah has neither been convicted of any offence, other than traffic offences (if any), within the past five years nor has he been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 January 2023.</li></ul> |
|---|--|

# Executive Committee Profiles

## DATUK MOHD ANUAR TAIB

Group Chief Executive Officer

 Malaysian

 55

 Male

### Date of Appointment

23 March 2021

### Directorship in Other Public Companies and Listed Issuers

- Nil

### Experience/Achievement and Occupation

Datuk Anuar, the Group Chief Executive Officer of Sapura Energy Berhad since March 2021, joined the Group as a non-executive board member in August 2020, and in October 2020 redesignated as Group Chief Operating Officer.

Datuk Anuar has more than 30 years of experience in the oil and gas industry with Shell, PETRONAS, and Sapura Energy Berhad in various technical, commercial, and leadership positions covering upstream regulatory functions, exploration and production, refinery, gas, and LNG, downstream marketing commercial functions, and integrated service company with national, regional and global coverage.

### Academic/Professional Qualifications

- MBA, International Management, RMIT University, Melbourne, Australia
- BSc, Engineering (Mechanical), Case Western Reserve University, Cleveland, Ohio

## ANDY CHEW SENG HENG

Group Chief Financial Officer

 Malaysian

 57

 Male

### Date of Appointment

1 December 2021

### Directorship in Other Public Companies and Listed Issuers

- Nil

### Experience/Achievement and Occupation

Andy Chew is currently the Group Chief Financial Officer of Sapura Energy. He was appointed to the role of Group Chief Financial Officer, effective 1 December 2021 after serving as Acting Group Chief Financial Officer since 1 October 2021. Andy Chew first began his journey here in Sapura Energy as VP, Group Controller on 19 April 2021.

Andy is a senior finance professional with 30 years of broad experience in the energy sector working for Royal Dutch Shell ("RDS") Group. He started his career in 1991 with Shell companies in Malaysia and held the Finance Director position before moving to the RDS head-office in 2013 based in The Hague for 7 years as the Head of Reporting. Prior to moving to The Hague, he held both country and regional roles responsible for Malaysia, Singapore, Brunei, Philippines, Thailand, China, India, New Zealand, and Australia.

### Academic/Professional Qualifications

- Bachelor's Degree (Hons.) in Accounting, University of Malaya (1991)
- Chartered Accountant, Malaysian Institute of Accountants (1996)
- Harvard Business School Senior Management Development Program (2000)
- INSEAD Group Business Leadership Program (2002)
- Mandatory Accreditation Programme for Directors of Public Listed Companies (2013)

# EXECUTIVE COMMITTEE PROFILES

## DOMINIQUE DE SORAS

Chief Executive Officer, Engineering & Construction

 French

 67

 Male

### Date of Appointment

1 November 2022

### Directorship in Other Public Companies and Listed Issuers

- Nil

### Experience/Achievement and Occupation

Dominique de Soras is the CEO, of Engineering & Construction at Sapura Energy. He was appointed to the role, effective 1 November 2022 after serving as Deputy CEO for the Engineering & Construction business. Dominique began his journey here in Sapura Energy as VP, of Engineering & Construction on 1 July 2021.

He has more than 30 years of vast leadership and working experience covering areas of transformation, petroleum engineering, operations management, business development and acquisitions, and major projects delivery.

He was formerly the Managing Director and Chief Executive Officer of Malaysia Marine and Heavy Engineering Holdings Berhad (MMHE). Before joining MMHE, he held various executive positions at Technip, notably as Senior Vice President of the Subsea Division and as Vice President for Asset Management, overseeing the entire Technip fleet. While in MMHE, Dominique successfully delivered major projects to PETRONAS, Shell, and other international oil companies. He was also in charge of driving transformational changes that helped MMHE to remain competitive and robust in its business performance.

### Academic/Professional Qualifications

- Master's of Science in Mechanical, Ecole catholique d'Arts et Métiers de Lyon

## LOUAY LOUIS LAHAM

Chief Executive Officer, Drilling

 French

 43

 Male

### Date of Appointment

1 April 2023

### Directorship in Other Public Companies and Listed Issuers

- Nil

### Experience/Achievement and Occupation

Louay Laham is currently the Chief Executive Officer for Drilling Business. In his early career days as management team member, Louay worked with Singapore based KS Drilling in managing a fleet of onshore and offshore drilling rigs in Asia and North Africa before becoming the General Manager for KS Drilling Indonesia until 2012. He also carried out project valuation analysis and based set-up advisory for drilling contract in Indonesia and Middle-East on consulting basis after he left KS Drilling.

He joined Sapura Energy on 10 June 2013 as the Operations Performance Manager. He subsequently held positions as the Head of Newbuilds, Head of Operations Support and Newbuilds, and Head of Fleet Support for Sapura Energy. In 2018, he was promoted to the role of Vice President, Drilling Operations. In April 2021, he was re-designated as the Chief Operations Officer and, as of 1 April 2023, he assumed the position of Chief Executive Officer, Drilling.

### Academic/Professional Qualifications

- BSc Thermal Engineering, Uni. of Technology, France
- MBA Reims NEOMA, France



## MOHAMAD NASRI MEHAT

Chief Executive Officer, Operations & Maintenance  
Senior Vice President Group QHSE

 Malaysian

 56

 Male

### Date of Appointment

1 April 2021

### Directorship in Other Public Companies and Listed Issuers

- Nil

### Experience/Achievement and Occupation

Nasri Mehat is currently the Chief Executive Officer of Operation & Maintenance and the Senior Vice President Group QHSE at Sapura Energy Berhad. He assumed these roles since April 2021 and May 2023, respectively.

Nasri's journey with the company began in 2010 when he joined Kencana Pinewell Sdn Bhd, which is now known as Sapura Pinewell Sdn Bhd. Initially, he served as the General Manager of Topside Major Maintenance and was later promoted to the position of Senior General Manager in 2014. In 2018, Nasri transitioned to become the Head of the Hook-up & Commissioning Division at Sapura Energy.

Before joining Sapura Energy, Nasri held the position of General Manager of Operations at Nam Fatt Corporation Bhd, where he was responsible for overseeing the company's operations in Sudan. Throughout his 32-year career in the engineering and construction industry, Nasri has primarily focused on the oil and gas sector. He has gained valuable experience working in various regions, including Malaysia, North Africa, and Europe.

Nasri's expertise lies in leadership and managerial positions, with a specialisation in business operations, project management, and contract management. He has successfully managed a diverse range of projects, including infrastructure projects, power plants, pipelines, crude oil pumping and heating stations, onshore plant construction, fabrication works, offshore transportation and installation works, hook-up and commissioning, facilities upgrading and modification, as well as brownfield rejuvenation and topside major maintenance work.

### Academic/Professional Qualifications

- BSc in Civil Engineering Technology, Southern Illinois University, USA
- Diploma in Contract Law, University of Wolverhampton, UK

## MUHAMMAD ZAMRI JUSOH

Chief Executive Officer, SapuraOMV Upstream

 Malaysian

 56

 Male

### Date of Appointment

16 July 2019

### Directorship in Other Public Companies and Listed Issuers

- Nil

### Experience/Achievement and Occupation

Muhammad Zamri Jusoh is currently the Chief Executive Officer of SapuraOMV Upstream. He assumed this position in July 2019 and provides overall leadership and direction in the development and implementation of the Company's strategic plans and policies. He is also responsible for directing and controlling various aspects of business operations and their global portfolios. He is accountable to the Board for the achievement of SapuraOMV Upstream's goals and objectives.

Zamri is also a member of SapuraOMV Upstream's Executive Management Committee and sits on the Board of various SapuraOMV Upstream subsidiaries. Prior to joining SapuraOMV Upstream, Zamri was the Vice President of Malaysia Petroleum Management, PETRONAS with oversight of the overall policy and management of the domestic petroleum resources and development of the local oil & gas industry to ensure energy security for the country. Zamri currently sits on SPE Asia Pacific Regional Advisory Council and OTC Asia 2024 Advisory Committee.

### Academic/Professional Qualifications

- Bachelor of Science, Mechanical Engineering from Polytechnic University, New York

# EXECUTIVE COMMITTEE PROFILES

## PUSPA HANITA ABD AZIZ

Chief People Officer, People & Culture

 Malaysian

 55

 Female

### Date of Appointment

17 September 2019

### Directorship in Other Public Companies and Listed Issuers

- Nil

### Experience/Achievement and Occupation

Puspa Hanita Abd Aziz is currently the Chief People Officer, People & Culture of Sapura Energy Berhad. She joined Sapura Energy in 2019 as the SVP, Group Human Resources.

Puspa started her career with PETRONAS in 1991. She progressed through various managerial and leadership roles in Human Resources ("HR"), Group Corporate Strategy, Business Development, Leadership and Capability Development and finally, was appointed as the HR Director for Prince Court Medical Centre, Kuala Lumpur. Subsequently, in 2010, Puspa set up and led her own independent HR Consultancy firm designing solutions and delivering projects on HR Strategy, Leadership Assessment, Capability Development, Performance, and Rewards Management. Within this context, she has worked with public listed companies, government agencies as well as local and international clients across various industries. Puspa is a Certified Coach and an experienced leadership assessor.

### Academic/Professional Qualifications

- Bachelor of Science in Economics from Salford University, England
- Master of Business Administration from the Strathclyde Graduate Business School, University of Strathclyde, Scotland
- Certified Solution-Focused Coach, Canadian Council of Professional Certification ("CCPC Global")

## MELISSA LOKMAN

Chief Strategy Officer, Group Strategy

 Malaysian

 41

 Female

### Date of Appointment

1 February 2022

### Directorship in Other Public Companies and Listed Issuers

- Nil

### Experience/Achievement and Occupation

Melissa subsumed the role of Chief Strategy Officer in Sapura Energy in 2022 having joined the Group in 2015. She now leads the restructuring initiatives to achieve a sustainable business model moving forward.

Prior to this role, she was a GM in the People & Culture Office which looked at people strategy, talent development and improving operations within the HR function. She was also previously part of the PGCEO Office, providing support to the leadership team on various strategic initiatives from new market expansion to reorganisation.

Before joining Sapura Energy, Melissa began her career at Credit Suisse in London. Subsequently, she joined Boston Consulting Group (BCG) in Kuala Lumpur with experience across heavy industries, retail banking and the public sector in the region.

### Academic/Professional Qualifications

- BA (Hons)/MEng, Engineering (2005), Cambridge University, United Kingdom

## NORZAIMAH MAAROF

Group Chief Counsel, Group Legal & Governance



Malaysian



53



Female

### Date of Appointment

14 November 2022

### Directorship in Other Public Companies and Listed Issuers

- Nil

### Experience/Achievement and Occupation

Norzaimah Maarof is the Group Chief Counsel of Sapura Energy Berhad. She leads the Group's legal and governance functions including compliance, corporate secretarial, legal risks management and strengthening corporate governance and business policy.

She has over 29 years of extensive corporate commercial experience in diverse industries including renewable energy, healthcare, technology, pharmaceutical, chemical, agri-business and plantation. Norzaimah is well-versed in the areas of corporate and organisational restructuring, transformation and business turnaround, Mergers & Acquisitions, Capital and Debt markets and has strong governance, risk management, compliance, and legal background.

She has had working experiences with home-grown public listed companies, GLCs as well as MNCs. In addition, she has had regional and international responsibilities, with a stint at the corporate headquarters of an MNC in New York and a Regional role covering Asia, Japan, Australia, Latin America, the Middle East, and Africa. Norzaimah was the Group Chief Executive Officer of a major university holding company, where she oversaw, among others, the implementation and operation of two large-scale solar plants.

### Academic/Professional Qualifications

- LLB (Honours) from University of Southampton, Southampton, United Kingdom
- Barrister-at-Law, Inner Temple
- Institute of Corporate Directors Malaysia, Member
- Institute of Enterprise Risk Practitioners (IERP), Member

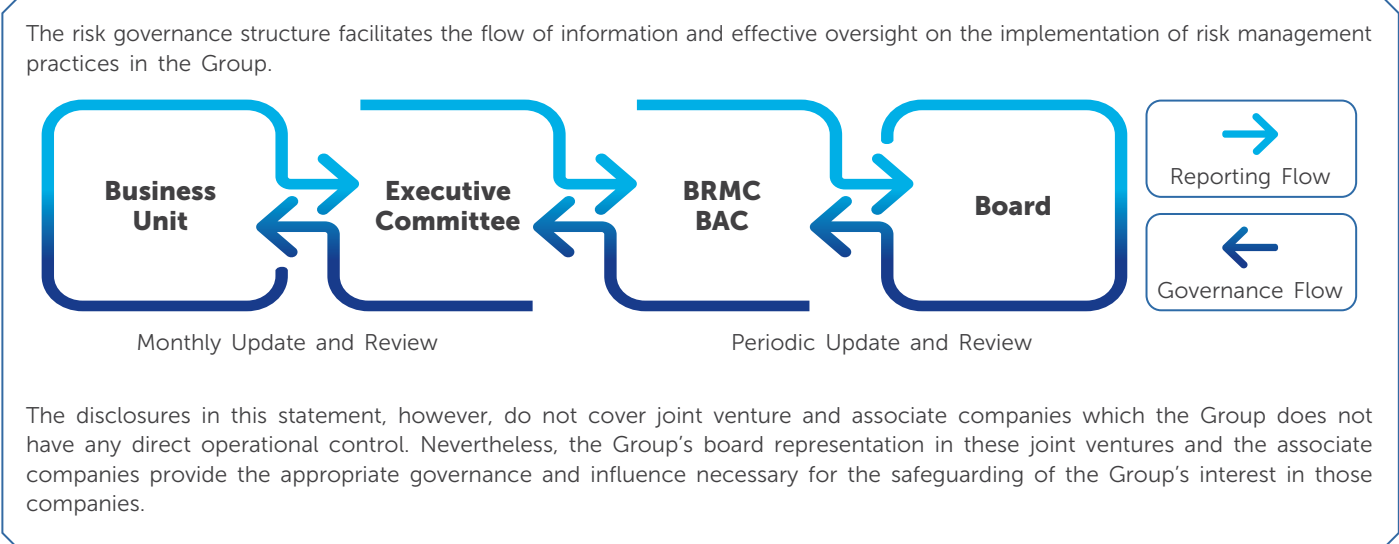
# Statement on Risk Management and Internal Control

## BOARD STATEMENT

Sapura Energy Berhad (“Sapura Energy”) and its subsidiaries (“the Group”) are exposed to a variety of risks that can have an impact on its businesses, prospects, future performance, financial and legal positions, liquidity, asset values, growth potential, sustainable development and reputation.

Risk management is one of the core responsibilities of the Sapura Energy Board (“the Board”) and is central to its decision-making process. The Board acknowledges its responsibilities in establishing a sound risk management framework and internal control system as well as reviewing its adequacy and effectiveness within the Group.

An effective risk management and internal control system is essential to the operations, governance, and processes of the Group. This helps the Group anticipate risk exposures and introduce controls to mitigate threats and maximise opportunities. This is achieved by ensuring that the risk management framework and related internal control systems are in place to address and manage the Group’s key risks so that appropriate risk appetites are established with acceptable risk thresholds in order to deliver on the Group’s business objectives.



## BOARD RESPONSIBILITY

The Board acknowledges its responsibilities in establishing a sound risk management framework and internal control system as well as reviewing its adequacy and effectiveness within the Group. The Board is assisted by the Board Risk Management Committee (“BRMC”) and the Board Audit Committee (“BAC”), which have been delegated with oversight responsibilities over the Group’s risk management and internal control system. The Board remains responsible for the governance of risk management and internal control, and all the actions of the Board Committees with regards to the execution of the delegated oversight responsibilities. The risk management and internal control system is designed to manage risk exposures within the appropriate risk appetites to achieve the Group’s business objectives.

### Board Risk Management Committee:

The key responsibility of the BRMC is to ensure the Management is managing the Group’s key risks with integrity and transparency, and with the objective of safeguarding the interest of shareholders and other stakeholders.

The BRMC remains focused on the Group’s key risks. The BRMC reviews risk management initiatives, actions and measures implemented by the Management to ensure that the Group’s risks are identified and assessed, and control measures are put in place and functioning as intended in addressing these risks.

## Board Audit Committee:

The key responsibilities of the BAC is to ensure the effectiveness of internal controls and governance over financial reporting and risk management to ensure published financial statements and related disclosures are free from material errors or misstatements.

The BAC achieves this objective by:

1. Assessing the internal control environment
  - determine whether the Management has implemented policies and procedures ensuring that controls in place are adequate and functioning as intended;
  - determine the adequacy and effectiveness of risk management framework and its implementation; and
  - review the adequacy and integrity of the Group's internal control and management information systems.
2. Overseeing financial reporting by reviewing and discussing the quarterly results and year-end financial statements.
3. Discussing significant audit matters with external auditors.
4. Assessing the suitability, objectivity, effectiveness and independence of the external auditor.
5. Ensuring the internal audit function is effective and able to function independently.
6. Reviewing conflict of interest situations and related party transactions.

## MANAGEMENT RESPONSIBILITY

All members of the Sapura Energy's Executive Committee, inclusive of the Group Chief Executive Officer and Group Chief Financial Officer, are accountable for providing assurance to the respective Board committees, and ultimately the Board, that risk management policies and internal control systems are implemented effectively and monitored adequately.

## RISK MANAGEMENT

In pursuing its business objectives, the Group is exposed to a variety of risks at different degrees. The Board and the Management continually identify and assess these risks within the defined risk appetites. Key Risk Indicators are established to monitor these risks and interventions through mitigating measures that are taken to ensure the Group is operating within the boundaries of risk thresholds.

Risk management occurs at all levels within the organisation. Every employee and contractor staff is responsible for the effective identification, evaluation, control and reporting of the risks in their area of activity and managing them in accordance with approved risk guidelines and tolerance levels. The evaluations of those risks are incorporated into the decision-making process.

The Group is committed to maintain and continuously improve enterprise-wide risk management systems and processes to ensure its strategic goals and corporate governance responsibilities are met.

## Commentary Section on the adequacy and effectiveness of the risk management and internal control system

This year has remained challenging for the Group as several of our key risks have materialised and overwhelmed our risk management processes. The collective impact of these developments was reflected in the business performance and financial position of the Group.

The Group continue to negotiate on legacy contracts which were awarded prior to the COVID-19 pandemic, which had higher risk profiles and compressed margins. These contracts were unsustainable and resulted in significant financial losses.

The Group remains without access to most of its working capital and bank guarantee facilities as it failed to meet its loan covenants under the multi-currencies facilities and Sukuk programme. This has impacted our ability to tender for selected projects which led to a reduced order book intake.

The foregoing events have led to an unprecedented severe liquidity constraint, which has impacted the Group's ability to make prompt payments to its vendors and sub-contractors, which in turn has disrupted our operations as some of these impacted vendors and sub-contractors were unable to continue supplying us due to delayed payments.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group as a going concern is under threat from the circumstances mentioned above. In responding to these threats, the Board and Management have undertaken and continue to undertake the necessary steps to regularise the operations and the financial conditions of the Group. These steps include:

1. Established a Board Restructuring Taskforce to steer and provide oversight on the regularisation plan;
2. Appointed principal advisor and other financial and legal advisors to assist in our debt restructuring exercise, which is now under the purview of the Corporate Debt Restructuring Committee;
3. Applied for and was granted to Sapura Energy and 22 of its wholly owned subsidiaries Restraining Orders under Sections 366 and 368 of the Companies Act 2016 from the High Court of Malaya. The Orders under Section 366 of the Act enable each Applicant to summon meetings with its creditors, to consider and approve a proposed scheme of arrangement and compromise as part of the debt restructuring plan. The applicants were also granted a Restraining Order pursuant to Section 368 of the Act to restrain and stay legal proceedings against them; and
4. Restructuring the Group's business through a Reset Plan to divest non-core business and assets, improve bidding and project delivery capabilities and implement a robust financial framework to ensure financial discipline.

Further, there is increased staff attrition which has impacted business operations and support functions due to recruitment lead time and learning curve required for replacement staff. Continued reliance on manual processes in certain business and reporting operations has an adverse impact on the efficiency and effectiveness of these activities, thus requiring heightened vigilance from all levels of the organisation.

Notwithstanding the above-mentioned challenges, the Board and Management are committed to achieving the goal of returning the Group to a sound financial position.

The Board has also taken several significant steps in strengthening our Enterprise Risk Management foundation and its implementation:

- Strengthening the Enterprise Risk Management framework in identifying, evaluating and managing key risks;
- Conducting risk management workshops across the Group to embed risk management culture; and
- Strengthening business accountabilities to ensure appropriate risk appetites/tolerances are proactively monitored and managed.

## GROUP INTERNAL AUDIT

Reporting functionally to the BAC, the main objective of the Group Internal Audit ("GIA") is to provide an independent assurance over the internal control framework of the Group to ensure it is functioning as intended. GIA discharged its responsibilities with a risk-based and disciplined approach to review and evaluate the effectiveness of governance, risk management and internal control processes.

During the financial year, audits were performed on the Group's business operations, projects and corporate support functions. The scope, timing and frequency of such audits were based on the Annual Internal Audit Plan approved by the BAC.

On a periodic basis, internal audit reports and Management's agreed action plans were tabled at the BAC for review. Audit findings and action plans were deliberated to ensure appropriate improvement on the internal control framework was implemented by the Management accordingly.

All the GIA processes and activities were guided by the approved Internal Audit Charter and Group Internal Audit Manual which are aligned with the International Professional Practice Framework issued by the Institute of Internal Auditors.

Further activities of the GIA are outlined in the Report of the BAC on pages 89 and 90 of this Annual Report.

## REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control ("Statement") and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuer, nor is the Statement factually inaccurate.

The Statement is made in accordance with a resolution passed by the Board on 23 May 2023.

# Statement of Directors' Responsibility

For the Audited Financial Statements

**The Companies Act 2016 (“Act”) requires the Board of Directors (“Board”) to prepare financial statements for each financial year in accordance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, and the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and to lay these before the Company at its Annual General Meeting.**

The Board is responsible for ensuring that the audited financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 January 2023 and of their financial performance and cash flows for the financial year ended 31 January 2023.

In preparing the audited financial statements for FY2023 set out on pages 93 to 225 of this Annual Report, the Board has ensured that, the appropriate accounting policies were adopted and consistently applied, reasonable and prudent judgment and estimates were exercised and a going concern basis was adopted as disclosed in Note 2.1 in the audited financial statements.

The Board is responsible for ensuring that the Group and the Company maintain accounting records that disclose the financial position of the Group and the Company with reasonable accuracy which enable them to ensure that the financial statements are in compliance with the Act.

The Board also has the overall responsibility to take such steps that are reasonably available for them to safeguard the assets of the Group and the Company as well as to prevent and detect fraud in addition to other irregularities.

This Statement of Directors' Responsibility is made in accordance with a resolution passed by the Board on 26 May 2023.

# Report of Board Audit Committee

**The Board of Directors (“Board”) of Sapura Energy Berhad (“Sapura Energy”) is pleased to present the report of the Board Audit Committee (“BAC”) (“Report”) including a summary of the activities of the BAC and the Internal Audit Function for the financial year ended 31 January 2023 (“FY2023”).**

## COMPOSITION

As at 31 January 2023, the BAC comprised of four (4) members, of which one (1) is Non-Independent Non-Executive Director and the other three (3) are Independent Non-Executive Directors. The members of the BAC during FY2023 are as follows:

Members	Designation
Lim Tiang Siew (Chairman)	Senior Independent Non-Executive Director
Datuk Muhamad Noor Hamid	Independent Non-Executive Director
Dato’ Azmi Mohd Ali	Independent Non-Executive Director
Rohaizad Darus <i>(Appointed as a member with effect from 1 June 2022)</i>	Non-Independent Non-Executive Director
Bernard Rene Francois Di Tullio <i>(Ceased to be a member with effect from 31 May 2022)</i>	Non-Independent Non-Executive Director

The composition of the BAC fulfilled the requirements of Paragraphs 15.09(1)(a) and 15.09(1)(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad.

The BAC Chairman, Mr. Lim Tiang Siew, is a member of the Malaysian Institute of Accountants and a Senior Independent Non-Executive Director. Accordingly, Paragraphs 15.09(c)(i) and 15.10 of the MMLR have been complied with.

## TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE

In performing its duties and discharging its responsibilities, the BAC is guided by a Terms of Reference (“TOR”). The BAC TOR is available on the website of Sapura Energy at [www.sapuraenergy.com](http://www.sapuraenergy.com).

On 13 April 2023, the Board, through the Board Nomination and Remuneration Committee, reviewed the performance of the BAC and its members for FY2023. The Board is satisfied that the BAC and its members have discharged their functions, duties and responsibilities in accordance with the BAC’s TOR, and that Sapura Energy complies with the requirements of Paragraph 15.20 of the MMLR.

## MEETINGS

A total of eleven (11) meetings and one adjourned meeting were held during FY2023. The details of attendance of each member are as follows:

Members	Attendance	Percentage
Lim Tiang Siew (Chairman)	12/12	100%
Datuk Muhamad Noor Hamid	12/12	100%
Dato’ Azmi Mohd Ali	12/12	100%
Rohaizad Darus <i>(Appointed as a member with effect from 1 June 2022)</i>	8/8	100%
Bernard Rene Francois Di Tullio <i>(Ceased to be a member with effect from 31 May 2022)</i>	3/3	100%



The Group Chief Executive Officer and the Group Chief Financial Officer are invited to all BAC meetings to facilitate direct communication and to deliberate the financial results and audit reports submitted by Group Internal Audit of Sapura Energy and its subsidiaries ("Group"). The Group Chief Internal Auditor is invited for deliberation of internal control and governance matters arising from internal audit reports while the attendance of other Management staff are by invitation depending on the matters deliberated by the BAC. This provides a platform for direct interaction between members of the BAC and Management. Discussions at the BAC have generally been robust and detailed, with the members of the BAC focused on improving internal controls, risk management and governance.

The external auditors were engaged to conduct a limited review of quarterly financial results of the Group before these were presented to the BAC for review and recommendation for the Board's approval and adoption.

The Chairman of the BAC presented reports to the Board highlighting key issues discussed at BAC meetings. The Secretary of the BAC records the deliberations by the members at the meetings and the outcome of these discussions. The minutes of each BAC meeting are tabled for confirmation at the subsequent BAC meeting and thereafter be presented to the Board for notation.

## **ATTENDANCE OF PROFESSIONAL DEVELOPMENT COURSES**

All BAC members are aware of the need to continuously develop and increase their knowledge in the areas of accounting and auditing standards, practices and rules, given the changes and developments in these areas from time to time. In line with this and Practice 9.5 under Principle B of Malaysian Code on Corporate Governance ("MCCG 2021"), the BAC members have made continuous efforts in keeping themselves abreast of relevant developments by attending courses and other programmes related to financial reporting standards, practices and rules during the financial year.

The trainings attended by members of the BAC during the financial year are disclosed in the Corporate Governance Overview Statement included in this Annual Report.

## **SUMMARY OF ACTIVITIES OF THE BAC**

Over the course of FY2023, the BAC undertook the following activities:

### **Financial Reporting**

Reviewed and discussed the unaudited quarterly consolidated financial results and the annual audited consolidated financial statements, as well as the performance of the Group before recommending the same for approval by the Board. In reviewing the financial reporting of the Group, the BAC discussed and made enquiries on, amongst others:

### **Reporting Matters**

- i. Changes in or implementation of significant accounting policies and practices;
- ii. The integrity of the quarterly and annual financial information;
- iii. Compliance with accounting standards and other regulatory and legal requirements;
- iv. Management's assessment of going concern;
- v. Management's response to significant audit findings and recommendations; and
- vi. Significant matters highlighted including financial reporting issues, significant judgement made by Management, significant and unusual events or transactions, and how these matters be addressed.

# REPORT OF BOARD AUDIT COMMITTEE

Key Areas Deliberated	Resolution
<p><b>i. Going concern and future viability</b></p> <p>The Group continues to manage liquidity constraints and adverse key financial ratios due to unfavorable business performance, lack of reserves to sustain operations and carrying an unsustainable level of debts. The Group has triggered two Practice Note 17 criteria under 8.04 (2) of the MMLR. These are threatening the Group as a going concern.</p> <p><i>Please refer to page 114, Note 2.1 – Basis of Preparation of the Consolidated Financial Statements for details.</i></p>	<p>The BAC recognises that the situation is still in a flux with a number of significant factors and events that could impact the Group's going concern. In view of this, the BAC recommends the Group Consolidated Financial Statements are to be prepared on a going concern basis, taking into consideration the factors as disclosed in Note 2.1 of the Audited Consolidated Financial Statements.</p> <p>The BAC has taken note of the audit opinion expressed by the Group's external auditors, Ernst &amp; Young PLT, and recognises that the Group has now triggered two Practice Note 17 criteria under 8.04 (2) – Prescribed Criteria of PN17, Paragraph 2.1 (a) &amp; (e) of the MMLR.</p>
<p><b>ii. Disposals</b></p> <p>Several significant assets disposals were completed during the financial year.</p>	<p>The BAC considered and reviewed the accounting treatment, assessment and disclosure pertaining to the disposals. This includes the consideration of:</p> <ol style="list-style-type: none"> <li>1. Assessing the accounting treatment of the application and derecognition of asset held-for-sale classification.</li> <li>2. Reviewing the accounting treatment of the disposals including the divestment of the <i>Sapura 3000</i> vessel and 3 rigs (<i>Sapura T-19</i>, <i>Sapura T-20</i> and <i>Sapura Setia</i>).</li> </ol>
<p><b>iii. Provision for onerous contracts</b></p> <p>Costs to complete several contracts with customers were escalating due to a variety of reasons, including higher project execution cost, liquidated damages, and contract termination.</p>	<p>The BAC reviewed and deliberated on Management judgements and accounting estimates related to a number of contracts with customers, leading to recognition of foreseeable losses and onerous contract provisions under these contracts.</p>
<p><b>iv. Impairment of tangible and intangible assets</b></p> <p>The carrying amount of an asset should be tested for impairment when circumstances indicate that there is a possible change in carrying value such as a change in performance or future activity.</p>	<p>The BAC reviewed and deliberated on the business outlook and future cash flows of the business segments according to the approved Business Plan, critically assessing the key assumptions including discount rates applied and seeking the External Auditors views and input. The BAC concurred with the Management's impairment assessment, leading to a recognition of RM2,620.1 million of impairment charges for the financial year.</p>
<p><b>v. Material Litigation</b></p> <p>Significant potential or pending litigation could have a material impact on the Group's financial position.</p>	<p>The BAC was briefed on material litigation matters and assessed the potential impact of these matters with inputs from the Group Legal team and external counsel.</p>

### Internal Audit

- i. Reviewed and approved the Group Internal Audit Plan (“Audit Plan”) presented by the Group Chief Internal Auditor to ensure adequate scope and coverage, in particular, on the appropriateness of the risk assessment for purpose of determining areas to be audited;
- ii. Reviewed and approved Proposed Realignment Plan for FY2023 Internal Audit Activities, focusing on high-risk areas in view of the Group's financial condition, reduced activities and resource constraints;
- iii. Deliberated audit findings including Management's response and remedial actions, root causes and extent of the non-compliances, mitigation action plans and deadlines for closures presented in the internal audit reports;
- iv. Reviewed the implementation status of agreed action plans to ensure all key risks and controls have been adequately addressed; and
- v. Assessed the resource requirements of internal audit and evaluated the adequacy and effectiveness of the internal audit function.

### External Audit

- i. Discussed with the external auditors before the audit commences, their audit plan, nature and scope of the audit;
- ii. Held five (5) private discussions with the external auditors on 24 June 2022, 21 September 2022, 5 December 2022, 23 March 2023 and 22 May 2023 without the presence of Management (including the Group Company Secretary) to discuss any areas of concern;
- iii. Discussed the external auditor's reviews of the quarterly financial results and the financial statements of the Group;
- iv. Discussed and deliberated on significant audit and accounting matters identified during interim review of interim financial statements and annual statutory audit of the Group;
- v. Reviewed the independence, suitability, objectivity and effectiveness of the external auditors and services provided. In this respect, the BAC has received written assurance from the external auditors that in accordance with the requirements of all professional and regulatory requirements, they remained independent throughout the conduct of the audit engagement for FY2023;

- vi. Reviewed and approved the External Auditors Independent Policy to set out guidelines for engaging external auditors in non-audit services within the Group to ensure independence of the external auditors; and
- vii. Considered and recommended to the Board for re-appointment of the external auditors and the fees payable to them in respect of the Board's submission to the shareholders for approval at the Company's Annual General Meeting.

### Related Party Transactions

Reviewed and deliberated on related party transactions entered or to be entered into by the Group and subsequently made its recommendations for the Board's consideration. In forming its recommendation, the BAC takes into consideration whether the proposed related party transactions are:

- i. in the best interests of the Group;
- ii. fair, reasonable and on normal commercial terms; and
- iii. not detrimental to the interests of our minority shareholders.

### Capital Management

The Group's objectives in managing capital is to safeguard the Group's ability to continue as a going concern. The Group aims to achieve a sustainable capital structure by strengthening the balance sheet through a restructuring of debts and maintaining an acceptable range of gearing levels.

During FY2023, the BAC reviewed the Group's capital structure and discussed options available to achieve a sustainable debt level. This includes reviewing proposed debt restructuring plans and schemes of arrangements with its creditors. This matter is still work-in-progress and being discussed and negotiated with the Group's lenders and other relevant stakeholders as part of the Group Reset.

### Annual Report

Reviewed the Report of the BAC, Statement on Risk Management and Internal Control, Additional Compliance Information, Corporate Governance disclosures and the Audited Financial Statements of the Group for inclusion in the Annual Report prior to recommending the same for consideration and approval of the Board.

### Other Matters

Review on tax matters:

- Global Minimum Tax – Base Erosion and Profit Shifting; and
- Corporate Tax Audit Status.

# REPORT OF BOARD AUDIT COMMITTEE

## INTERNAL AUDIT FUNCTION

Internal auditing is an independent and objective assurance activity designed to provide independent assurance over the internal control framework of the Group to ensure it is functioning as intended. The Group Internal Audit ("GIA") discharged its responsibilities with a risk-based and disciplined approach to review and evaluate the effectiveness of governance, risk management and internal control processes.

The purpose, authority and responsibility of GIA are formally defined in the Internal Audit Charter, as approved by the BAC, which establishes the framework for the effective and efficient functioning of GIA. The standards and practices adopted by GIA are aligned to the International Professional Practices Framework issued by the Institute of Internal Auditors.

The internal audit function of the Group was carried out in-house and is headed by Mohd Khairul Nizam Alias, a Certified Internal Auditor and Chartered Member of The Institute of Internal Auditors Malaysia and Associate Member of Association of Certified Fraud Examiners. As at 31 January 2023, GIA has a headcount of nine (9) full time internal auditors (FY2022: 18) with relevant experience and qualifications such as certified internal auditor, chartered accountant/accountants, engineers (marine, production & operations and QA/QC) and quantity surveyor. The reduction in the headcount in the later part of the year was to focus on high-risk areas in view of the Group's financial condition, reduced activities and resource constraints.

Further information on the resources, objectivity and independence of the internal auditors are provided in the Corporate Governance Report in accordance with Practice 11.2 of the MCCG 2021.

During FY2023, the following activities were carried out:

- i. Reviewed and revised Group Internal Audit Manual;
- ii. Prepared and presented the Audit Plan which included budget and human capital planning for the review and approval by the BAC;
- iii. GIA adopted a risk-based approach by identifying and assessing significant risk areas in the Group to prepare the Audit Plan for the Group, taking into account the adequacy or need for additional or reduction in resources;

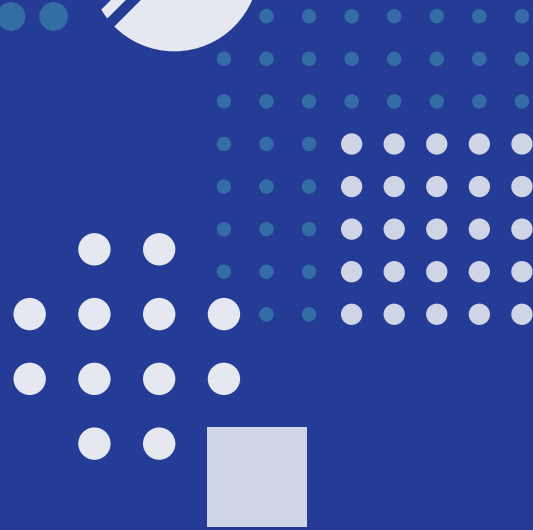
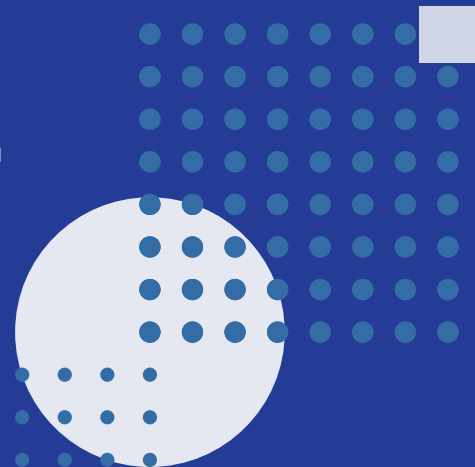
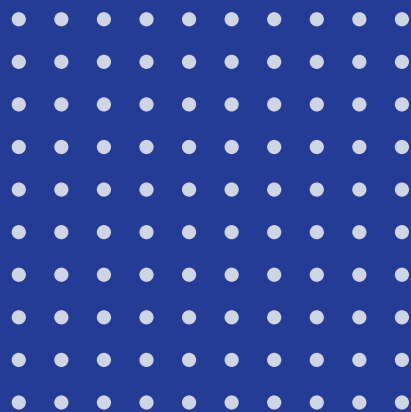
- iv. Based on the Audit Plan which had been approved by the BAC:
  - Performed compliance review on policies and procedures, limit of authority and other statutory and regulatory requirements within the Group;
  - Reviewed the adequacy and effectiveness of policies and procedures, internal controls, risk management and governance activities and provided suitable recommendations to Management for implementation within the Group; and
  - Obtained BAC's approval for deviations from the Audit Plan via Proposed Realignment Plan for FY2023 Internal Audit Activities after satisfying the BAC as to the reasons for the deviations.
- v. Prepared audit reports and sought Management's responses including action plan(s) with specific timeline in regard to rectification of deficiencies identified in the existing internal control systems and thereafter, incorporated the pertinent information into the final reports which were then circulated to the BAC;
- vi. Presented audit reports during the BAC meetings for deliberation; and
- vii. Followed up on the implementation status of Management's agreed action plans and thereafter report the status to the BAC.

During FY2023, GIA conducted audit reviews on the following areas:

- i. Project management over selected high-risk projects;
- ii. Project bidding;
- iii. Yard management;
- iv. Selected balance sheet items;
- v. Vessel/barge management;
- vi. Project billing;
- vii. Supply chain management; and
- viii. Follow-up on implementation status of agreed Management action plans.

In FY2023, GIA utilised 2,117 man-days (FY2022: 2,677), which was 107% of total man-days available (FY2022: 102%). The total direct cost incurred by GIA in discharging its function and responsibilities during FY2023 was approximately RM2.11 million (FY2022: RM2.47 million). The lower cost incurred for FY2023 as compared to FY2022 was principally due to prioritisation of audit activities which resulted in a reduction of GIA headcounts and a number of audits being conducted through desktop review.

# FINANCIAL STATEMENTS





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# Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2023.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are as described in Note 44 to the financial statements.

## RESULTS

	Group RM'000	Company RM'000
Loss for the financial year, net of tax	(3,175,527)	(3,669,705)
Loss attributable to:		
Owners of the Parent	(3,157,680)	(3,669,705)
Non-controlling interests	(17,847)	–
	(3,175,527)	(3,669,705)

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

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

## DIRECTORS

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

Dato' Mohammad Azlan bin Abdullah	(Appointed as Chairman on 7 May 2022)
Datuk Mohd Anuar bin Taib <sup>^</sup>	
Dato' Shahrizan bin Shamsuddin	
Datuk Muhamad Noor bin Hamid	
Datuk Ramlan bin Abdul Rashid	
Lim Tiang Siew	
Dato' Azmi bin Mohd Ali	
Rohaizad Darus	(Appointed on 1 June 2022)
Lim Fu Yen <sup>^</sup>	(Appointed on 1 June 2022)
Datuk Nur Iskandar A. Samad	(Appointed on 26 May 2023)
Wan Mashitah Wan Abdullah Sani	(Appointed on 26 May 2023)
Tan Sri Dato' Seri Shamsul Azhar bin Abbas*	(Retired on 7 May 2022)
Tan Sri Dato' Megat Zaharuddin bin Megat Mohd Nor*	(Resigned on 7 May 2022)
Bernard Bene Francois Di Tullio	(Resigned on 31 May 2022)
Datuk Iain John Lo	(Resigned on 31 May 2022)
Cosimo Borrelli <sup>^</sup>	(Appointed on 25 March 2022) (Cessation on 10 March 2023)

<sup>^</sup> Director of the Company and certain subsidiaries.

\* Director of the Company and certain subsidiaries up to the date of resignation.

# DIRECTORS' REPORT

## DIRECTORS (CONT'D.)

The list of the directors of the Company's subsidiary/(ies) since the beginning of the financial year to the date of this report, excluding directors who are also directors of the Company:

Ashit Jain  
Awang Mohammad bin Haji Brahim  
Benoit Marie, Carayol  
Biren Kumar Dash  
Bundit Kittitanarux  
Chew Seng Heng  
Chiang Wai Ming  
Chung Chuan Fui  
Giselle Patricia Rowe  
Johannes Franciscus Maria Stinenbosch  
John Michael Golden  
Kuang bin Sitim  
Louay Louis Laham  
Maxim D'Souza  
Metis Wong Kuan Lee  
Mohamad Nasri bin Mehat  
Mohammad Nazmi bin Kamaruddin  
Muhd Nazif bin Muhamad  
Na'imah binti Mohd Noor  
Nelson Anderson Cheong Boon Guan  
New Cheng Swee  
Noordin bin Sulaiman  
Paul Standon Colley  
Paulette Lopes  
Phanindhar Chivukula  
Puspa Hanita Abd Aziz  
Raphael Michel Francois Yves Siri  
Ravisankar Venkata Mamidanna  
Richard Rowland Leetham  
Richard Faria Ferreira  
Rita Lydia Hartono  
Sim Kim Siong  
Sirlene Santos Brêtas de Noronha  
Sofia binti Zakaria



## DIRECTORS (CONT'D.)

### Appointed since the beginning of the financial year to the date of this report:

Daniel Richard William Vincent	(Appointed on 2 February 2022)
Amar Bheenick	(Appointed on 1 April 2022)
Dharmesh Naik	(Appointed on 1 April 2022)
Austin Noel Airey	(Appointed on 29 April 2022)
Roseleeni Binte Ramlee	(Appointed on 15 June 2022)
Muhammad Khalid Ismail	(Appointed on 6 July 2022)
Hazlinda Kasim	(Appointed on 1 December 2022)
Kingsley John Wood	(Appointed on 7 December 2022)
Mohd Azwan Azizan	(Appointed on 7 December 2022)
Sumithra Krishnan	(Appointed on 9 December 2022)
Izzaty Izuddin	(Appointed on 15 December 2022)
Dominique Veyre De Soras	(Appointed on 28 December 2022)
Melissa Lokman	(Appointed on 28 December 2022)
Dale Hart	(Appointed on 25 January 2023)
Jerry Grishaber	(Appointed on 15 March 2023)

### Resigned since the beginning of the financial year to the date of this report:

Abbas bin Ariff	(Resigned on 25 February 2022)
Bruno Picozzi	(Resigned on 6 April 2022)
Anthony James Willis	(Resigned on 27 April 2022)
Melson Barry-Gene Dale	(Resigned on 3 June 2022)
Ahmad Zakiruddin bin Mohamed	(Resigned on 5 October 2022)
Nik Aisyah Amirah binti Mansor	(Resigned on 1 December 2022)
Chow Wai Harn	(Resigned on 23 December 2022)
Nik Azli bin Abu Zahar	(Resigned on 23 December 2022)

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the Executive Share Option Scheme ("ESOS"), as disclosed in Note 36 to the financial statements.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 39 to the financial statements.

The directors and officers of the Group and of 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 total insured limit for the Directors and Officers Liability Insurance effected for the Directors and Officers of the Group was RM200.0 million. The insurance premium charged during the financial year amounted to RM689,010.

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	As at 1.2.2022 '000	Acquired '000	Sold '000	As at 31.1.2023 '000

### The Company

#### Indirect interest

Dato' Shahrman bin Shamsuddin <sup>1</sup>	2,067,198	–	–	2,067,198
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#### Direct interest

Datuk Mohd Anuar bin Taib	1,200	1,000	–	2,200
Dato' Shahrman bin Shamsuddin	506	–	–	506

	Number of warrants			
	As at 1.2.2022 '000	Acquired '000	Sold '000	As at 31.1.2023 '000

### The Company

#### Indirect interest

Dato' Shahrman bin Shamsuddin <sup>1</sup>	164,061	–	–	164,061
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<sup>1</sup> Deemed interested by virtue of being a substantial shareholder of Sapura Holdings Sdn. Bhd. ("Sapura Holdings") pursuant to Section 8 of the Companies Act 2016. Sapura Holdings is a substantial shareholder of Sapura Technology Sdn. Bhd., Sapura Resources Berhad, Sapura Capital Sdn. Bhd., Indera Permai Sdn. Bhd. and Jurudata Sdn. Bhd..

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## SHARES HELD UNDER TRUST

During the current financial year, the Company disposed 7.276 million of its issued ordinary shares in the open market at an average price of RM0.04 per share. Further details are disclosed in Note 28 to the financial statements.

## EXECUTIVE SHARE OPTION SCHEME

During the Extraordinary General Meeting held on 29 November 2018, shareholders approved the establishment of the ESOS and the By-Laws for the granting of options to eligible executive directors and senior management to subscribe for new ordinary shares of the Company.

The Board Nomination and Remuneration Committee ("BNRC") which governs the ESOS, comprises directors appointed and duly authorised by the Board in accordance with the By-Laws.

The ESOS comprises of Tranche 1 and Tranche 2 granted in the previous financial years, where these options will expire on 12 December 2025 and 10 April 2026 respectively. The salient features and other terms of the ESOS are disclosed in Note 36 to the financial statements.

## OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for expected credit losses on receivables and satisfied themselves that there were no known bad debts and that adequate allowance for expected credit losses had been made for receivables; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) it necessary to write off any bad debts or the amount of the allowance for expected credit losses on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year, except for those disclosed in Note 38 to the financial statements.
- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year; as the plan to address the Group's liquidity constraints, set out in Note 2.1 to the financial statements is expected to be achievable; which may affect the ability of the Group or the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

# DIRECTORS' REPORT

## **SUBSEQUENT EVENTS**

Other than the matters discussed in Notes 2.1 to the financial statements, there was no other material event subsequent to the financial year ended 31 January 2023.

## **AUDITORS AND AUDITORS' REMUNERATION**

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

Auditors' remuneration are disclosed in Note 8 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 May 2023.

**Dato' Mohammad Azlan bin Abdullah**

**Datuk Mohd Anuar bin Taib**

# Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Mohammad Azlan bin Abdullah and Datuk Mohd Anuar bin Taib, being two of the directors of Sapura Energy Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 105 to 225 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2023 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 May 2023.

Dato' Mohammad Azlan bin Abdullah

Datuk Mohd Anuar bin Taib

# Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Chew Seng Heng, being the officer primarily responsible for the financial management of Sapura Energy Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 105 to 225 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.

Subscribed and solemnly declared by  
the abovenamed Chew Seng Heng  
at Kuala Lumpur in the Federal Territory  
on 26 May 2023

**Chew Seng Heng**  
MIA 10344

Before me,

**Kapt. (B) Jasni bin Yusoff**

No: W465

Lot 1.08, Tingkat 1,

Bangunan KWSP, Jalan Raja Laut,

50350 Kuala Lumpur

# Independent Auditors' Report

to the members of Sapura Energy Berhad (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the financial statements of Sapura Energy Berhad, which comprise the statements of financial position as at 31 January 2023 of the Group and of the Company, statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 105 to 225.

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

### *Basis for Opinion*

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

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 2.1 to the financial statements, which indicates that the Group and the Company reported a net loss of RM3,175.5 million and RM3,669.7 million respectively for the year ended 31 January 2023, and as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM12,662.9 million and RM1,749.5 million respectively, and that the Group is facing severe liquidity constraints. The Company and 22 of its subsidiaries ("the Applicants") have obtained Restraining Orders under Section 368 of the Companies Act 2016 in Malaysia ("the Act") which will expire on 11 June 2023 respectively and is in the process of undertaking schemes of arrangement ("SOA") and compromise under Section 366 of the Act.

These events or conditions, along with other matters as set forth in Note 2.1 to the financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Nevertheless, the financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which is highly dependent on obtaining extensions of the Restraining Orders; the successful and timely implementation of the proposed SOA which requires that the Applicants to secure approvals from at least 75% of the scheme creditors in the court convened meetings; and the financial assistance from a white knight.

Should the going concern basis for the preparation of the financial statement be no longer appropriate, adjustments would have to be made in the financial statements relating to the amounts and classification of the assets and liabilities. No such adjustments have been made to these financial statements.

Our opinion is not qualified in respect of this matter.

### *Independence and Other Ethical Responsibilities*

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters for the audit of the financial statements of the Group to be communicated in our report. We have determined that there are no further key audit matters to communicate in our report on the financial statements of the Company. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

#### (a) Impairment assessment of goodwill on consolidation and property, plant and equipment ("PPE")

(Refer to Notes 2.33(b)(i), 13 and 14 to the financial statements)

As at 31 January 2023, the carrying values of the Group's goodwill and property, plant and equipment ("PPE") amounted to RM239.1 million and RM5,079.5 million respectively, which collectively represents 42% of the Group's total assets.

In accordance with MFRS 136: Impairment of Assets, the Group is required to perform annual impairment test of goodwill and whenever there is an indication that the PPE may be impaired by comparing the carrying amount with its recoverable amount. Recoverable amount is defined as the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU").

The Group has allocated its goodwill to the Engineering & Construction ("E&C") and Drilling business segments. In relation to PPE (including vessels), management has identified them to be tested for impairment in view of the Group's loss-making position, continued challenges and volatility within the oil and gas industry.

Due to the significance of the carrying values of goodwill and PPE, and the complexity and subjectivity involved in the impairment assessment, we considered this as an area of audit focus.

In addressing the matters above, we have performed amongst others the following audit procedures:

- For the recoverable amounts of cash generating units ("CGUs") or groups of CGUs determined using VIU, we have:
  - (i) Obtained an understanding of the relevant processes and internal controls over estimating the recoverable amount of the CGUs or groups of CGUs.
  - (ii) Evaluated the key assumptions as disclosed in Note 13 and 14 to the financial statements used by management in the cash flow projections on whether they are reasonable by comparing to past actual outcomes and by corroborating with industry analysts' views, management's plans, existing contracts and upcoming bidding opportunities, where applicable.
  - (iii) Evaluated the discount rates, terminal growth rates (for goodwill) and the methodology used in deriving the present value of the cash flows, with the support of our internal valuation specialists.
  - (iv) For CGUs or groups of CGUs to which goodwill and PPE are allocated, we have performed sensitivity analysis on the key inputs to understand the impact that alternative assumptions would have had on the recoverable amounts.
  - (v) Assessed the adequacy of the disclosures made in the financial statements.

# INDEPENDENT AUDITORS' REPORT

to the members of Sapura Energy Berhad (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

### Key Audit Matters (cont'd.)

- (a) **Impairment assessment of goodwill on consolidation and property, plant and equipment ("PPE") (cont'd.)**  
(Refer to Notes 2.33(b)(i), 13 and 14 to the financial statements) (cont'd.)

In addressing the matters above, we have performed amongst others the following audit procedures: (cont'd.)

- For the recoverable amounts of the vessels determined using FVLCD, we have:
  - (i) Considered the independence, reputation and expertise of the independent valuers.
  - (ii) Obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of vessels and assessed whether such methodology is consistent with those used in the industry.
  - (iii) Discussed with the independent valuers to obtain an understanding of the assumptions and related data used as input to the valuation models.

- (b) **Revenue from construction contracts recognised on percentage of completion method**  
(Refer to Notes 2.22(i)(a) and 3 to the financial statements)

Revenue from construction contracts contributed approximately 41% of the Group's total revenue for the year ended 31 January 2023. To measure progress over time, the Group applied the input method which is based on the percentage-of-completion ("POC"). POC is determined by the proportion of cost incurred for work performed to date over the estimated total contract cost. The use of POC requires management to exercise significant judgement in estimating the costs to complete. Accordingly, we considered this as an area of audit focus.

In estimating the costs to complete, management considered the completeness and accuracy of its costs estimation including its obligations in respect of contract variations, claims and cost contingencies. It also involved appropriately identifying, estimating and providing for contracts with foreseeable losses. The costs to complete can vary with market conditions and unforeseen events during the contract period.

In addressing the matter above, we have performed amongst others the following audit procedures:

- (i) Obtained an understanding of the processes and internal controls over the accuracy and timing of revenue and profit recognised in the financial statements, including the process and controls performed by management to estimate the total contract cost, profit margin and POC of the projects.
- (ii) Discussed with management on the basis for estimating total contract cost of significant projects.
- (iii) Evaluated the assumptions applied in determining the estimated total contract cost of significant projects, by comparing the estimated costs to complete with documentary evidence such as original signed contracts and variation orders. We also considered the historical accuracy of management's budgets.
- (iv) Assessed the adequacy of provision for foreseeable losses made for ongoing contracts, where applicable.
- (v) Assessed the reasonableness of the project's estimated profit margin, by comparing it to management's initial budget and past actual outcomes.
- (vi) Agreed the contract sum used in management's calculations of revenue to the original contracts and approved variation orders where applicable, on a sampling basis.
- (vii) Tested management's calculations of POC and revenue.



## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)**

### ***Key Audit Matters (cont'd.)***

#### **Information other than the financial statements and auditors' report thereon**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Group's 2023 Annual Report and the Directors' Report, 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS, IFRS 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, management is 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 management either intends to liquidate the Group or the Company or to cease operations, or have no realistic but alternative 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 in Auditing ("ISA"), we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

# INDEPENDENT AUDITORS' REPORT

to the members of Sapura Energy Berhad (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

### *Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)*

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards in Auditing ("ISA"), we exercise professional judgement and maintain professional skepticism throughout the audit. We also (cont'd.):

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (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 and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### **Other Matters**

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

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

Kuala Lumpur, Malaysia  
26 May 2023

**Ismed Darwis Bin Bahatiar**  
No. 02921/04/2024 J  
Chartered Accountant

# Consolidated and Separate Statements of Profit or Loss

For the financial year ended 31 January 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	3	4,551,254	4,100,229	101,305	114,651
Cost of sales	4	(3,974,379)	(6,264,046)	–	–
<b>Gross profit/(loss)</b>		<b>576,875</b>	<b>(2,163,817)</b>	<b>101,305</b>	<b>114,651</b>
Other income	5	195,274	76,319	25,511	24,399
Administrative expenses		(348,956)	(384,368)	(295,837)	(1,090,979)
Other expenses		(245,147)	(306,460)	–	–
		<b>178,046</b>	<b>(2,778,326)</b>	<b>(169,021)</b>	<b>(951,929)</b>
Provisions for impairment	6	(2,620,172)	(5,605,721)	(3,248,798)	(7,712,666)
Finance costs	7	(622,831)	(527,865)	(251,368)	(212,470)
Share of loss from associates and joint ventures		(38,600)	(19,941)	–	–
<b>Loss before taxation</b>	8	<b>(3,103,557)</b>	<b>(8,931,853)</b>	<b>(3,669,187)</b>	<b>(8,877,065)</b>
Income tax expense	11	(71,970)	(129,006)	(518)	(21,367)
<b>Loss after taxation</b>		<b>(3,175,527)</b>	<b>(9,060,859)</b>	<b>(3,669,705)</b>	<b>(8,898,432)</b>
<b>Loss attributable to:</b>					
Owners of the Parent		(3,157,680)	(9,050,634)	(3,669,705)	(8,898,432)
Non-controlling interests		(17,847)	(10,225)	–	–
		<b>(3,175,527)</b>	<b>(9,060,859)</b>	<b>(3,669,705)</b>	<b>(8,898,432)</b>
<b>Loss per share attributable to owners of the Parent (sen per share)</b>					
Basic/Diluted	12	(19.76)	(56.67)	–	–

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

# Consolidated and Separate Statements of Comprehensive Income

For the financial year ended 31 January 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loss after taxation	(3,175,527)	(9,060,859)	(3,669,705)	(8,898,432)
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified to profit or loss in subsequent periods:</b>				
Foreign currency translation differences	184,722	36,431	–	–
Net changes in cash flow hedge	–	(3,917)	–	–
Share of other comprehensive (loss)/income of associates and joint ventures:				
– Foreign currency translation differences	(23,407)	136,774	–	–
– Net changes in cash flow hedge	16,917	13,855	–	–
<b>Item that has been reclassified to profit or loss in current year:</b>				
Amortisation of cumulative changes in relation to hedge instruments	–	18,952	–	–
Share of other comprehensive loss of associates and joint ventures:				
– Net changes in cash flow hedge	13,305	–	–	–
<b>Total other comprehensive income</b>	<b>191,537</b>	<b>202,095</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive loss for the year</b>	<b>(2,983,990)</b>	<b>(8,858,764)</b>	<b>(3,669,705)</b>	<b>(8,898,432)</b>
Total comprehensive (loss)/income attributable to:				
Owners of the Parent	(2,964,345)	(8,860,597)	(3,669,705)	(8,898,432)
Non-controlling interests	(19,645)	1,833	–	–
	<b>(2,983,990)</b>	<b>(8,858,764)</b>	<b>(3,669,705)</b>	<b>(8,898,432)</b>

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

# Consolidated and Separate Statements of Financial Position

As at 31 January 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	5,079,520	6,437,033	35,790	12,202
Intangible assets	14	246,068	1,705,376	–	–
Investments in subsidiaries	15	–	–	1,753,479	5,002,277
Investments in associates	16	1,694,204	2,035,721	–	–
Investments in joint ventures	17	2,444,014	2,168,609	–	–
Deferred tax assets	18	106,727	103,657	–	–
Trade and other receivables	22	227,361	227,560	–	–
Deferred expenditure		84,070	–	–	–
Amounts due from subsidiaries	21	–	–	–	10,992
		<b>9,881,964</b>	12,677,956	<b>1,789,269</b>	5,025,471
<b>Current assets</b>					
Inventories	20	386,193	428,841	–	–
Amounts due from subsidiaries	21	–	–	10,379	81,571
Trade and other receivables	22	782,985	1,139,186	11,994	22,782
Deferred expenditure		22,111	–	–	–
Contract assets	23	687,586	727,044	–	–
Tax recoverable		92,421	82,473	8,502	12,831
Cash, deposits and bank balances	24	850,125	717,751	4,562	1,219
		<b>2,821,421</b>	3,095,295	<b>35,437</b>	118,403
Non-current asset classified as held for sale	25	–	295,499	–	–
		<b>2,821,421</b>	3,390,794	<b>35,437</b>	118,403
<b>Total assets</b>		<b>12,703,385</b>	16,068,750	<b>1,824,706</b>	5,143,874

# CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

As at 31 January 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Equity and liabilities</b>					
<b>(Deficit in shareholders' funds)/Equity attributable to equity holders of the Company</b>					
Share capital	26	10,872,078	10,872,078	10,872,078	10,872,078
Islamic redeemable convertible preference shares ("RCPS-i")	27	982,713	982,713	982,713	982,713
Shares held under trust	28	–	(11,587)	–	(11,587)
Warrants reserve	29	109,110	109,110	109,110	109,110
Other reserves	30	1,970,284	1,791,355	90,528	104,934
Accumulated losses		(16,813,275)	(13,658,696)	(15,797,245)	(12,130,641)
		(2,879,090)	84,973	(3,742,816)	(73,393)
<b>Non-controlling interests</b>		(26,632)	(6,987)	–	–
<b>(Shareholders' deficit)/total equity</b>		<b>(2,905,722)</b>	<b>77,986</b>	<b>(3,742,816)</b>	<b>(73,393)</b>
<b>Non-current liabilities</b>					
Amount due to a subsidiary	32	–	–	3,767,595	3,767,595
Derivative liabilities	19	–	24,644	–	–
Contract liabilities	23	51,694	10,584	–	–
Other payables	33	11,808	19,082	–	–
Lease liabilities	35	22,935	8,745	14,980	–
Deferred tax liabilities	18	38,287	86,089	–	–
		124,724	149,144	3,782,575	3,767,595
<b>Current liabilities</b>					
Amounts due to subsidiaries	32	–	–	1,621,068	1,301,626
Borrowings	31	10,615,934	10,658,021	–	–
Trade and other payables	33	3,716,758	3,670,461	151,608	103,346
Contract liabilities	23	558,602	817,139	–	–
Provisions	34	426,549	609,356	–	44,700
Lease liabilities	35	18,720	7,976	12,271	–
Provision for tax		147,820	78,667	–	–
		15,484,383	15,841,620	1,784,947	1,449,672
<b>Total liabilities</b>		<b>15,609,107</b>	<b>15,990,764</b>	<b>5,567,522</b>	<b>5,217,267</b>
<b>Total equity and liabilities</b>		<b>12,703,385</b>	<b>16,068,750</b>	<b>1,824,706</b>	<b>5,143,874</b>

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

# Consolidated Statement of Changes in Equity

For the financial year ended 31 January 2023

	Attributable to the owners of the Parent							Total equity attributable to owners of the Parent RM'000	Non-controlling interests RM'000	Total equity/(shareholders' deficit) RM'000
	Non-distributable					Distributable				
	Share capital RM'000	RCPS-i RM'000	Shares held under trust RM'000	Warrants reserve RM'000	Other reserves RM'000	Accumulated losses RM'000				
<b>At 1 February 2022</b>	10,872,078	982,713	(11,587)	109,110	1,791,355	(13,658,696)	84,973	(6,987)	77,986	
Total comprehensive income/(loss)	-	-	-	-	193,335	(3,157,680)	(2,964,345)	(19,645)	(2,983,990)	
	10,872,078	982,713	(11,587)	109,110	1,984,690	(16,816,376)	(2,879,372)	(26,632)	(2,906,004)	
<b>Transactions with owners:</b>										
Disposal of shares held under trust (Note 28)	-	-	11,587	-	-	(11,305)	282	-	282	
Lapse of certain ESOS	-	-	-	-	(14,406)	14,406	-	-	-	
Total transactions with owners	-	-	11,587	-	(14,406)	3,101	282	-	282	
<b>At 31 January 2023</b>	10,872,078	982,713	-	109,110	1,970,284	(16,813,275)	(2,879,090)	(26,632)	(2,905,722)	
<b>At 1 February 2021</b>	10,872,078	982,713	(11,587)	109,110	1,618,671	(4,625,415)	8,945,570	(8,820)	8,936,750	
Total comprehensive income/(loss)	-	-	-	-	190,037	(9,050,634)	(8,860,597)	1,833	(8,858,764)	
	10,872,078	982,713	(11,587)	109,110	1,808,708	(13,676,049)	84,973	(6,987)	77,986	
<b>Transactions with owners:</b>										
Lapse of certain ESOS, representing total transaction with owners	-	-	-	-	(17,353)	17,353	-	-	-	
Total transactions with owners	-	-	-	-	(17,353)	17,353	-	-	-	
<b>At 31 January 2022</b>	10,872,078	982,713	(11,587)	109,110	1,791,355	(13,658,696)	84,973	(6,987)	77,986	

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

# Company Statement of Changes in Equity

For the financial year ended 31 January 2023

	Non-distributable					Distributable	(Shareholders' deficit)/total equity RM'000
	Share capital RM'000	RCPS-i RM'000	Shares held under trust RM'000	Warrants reserve RM'000	Other reserves RM'000	Accumulated losses RM'000	
<b>At 1 February 2022</b>	10,872,078	982,713	(11,587)	109,110	104,934	(12,130,641)	(73,393)
Total comprehensive loss	–	–	–	–	–	(3,669,705)	(3,669,705)
	10,872,078	982,713	(11,587)	109,110	104,934	(15,800,346)	(3,743,098)
<b>Transactions with owners:</b>							
Disposal of shares held under trust (Note 28)	–	–	11,587	–	–	(11,305)	282
Lapse of certain ESOS	–	–	–	–	(14,406)	14,406	–
Total transactions with owners	–	–	11,587	–	(14,406)	3,101	282
<b>At 31 January 2023</b>	10,872,078	982,713	–	109,110	90,528	(15,797,245)	(3,742,816)
<b>At 1 February 2021</b>	10,872,078	982,713	(11,587)	109,110	122,287	(3,249,562)	8,825,039
Total comprehensive loss	–	–	–	–	–	(8,898,432)	(8,898,432)
	10,872,078	982,713	(11,587)	109,110	122,287	(12,147,994)	(73,393)
<b>Transactions with owners:</b>							
Lapse of certain ESOS, representing total transaction with owners	–	–	–	–	(17,353)	17,353	–
Total transactions with owners	–	–	–	–	(17,353)	17,353	–
<b>At 31 January 2022</b>	10,872,078	982,713	(11,587)	109,110	104,934	(12,130,641)	(73,393)

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



# Consolidated Statement of Cash Flows

For the financial year ended 31 January 2023

	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(3,103,557)	(8,931,853)
Adjustments for:		
Amortisation of intangible assets (Note 14)	4,402	2,711
Depreciation of property, plant and equipment (Note 13)	544,364	519,909
Gain on disposal of property, plant and equipment	(8,670)	(6,953)
Share of loss from associates and joint ventures	38,600	19,941
Provisions for impairment on:		
– Goodwill (Note 6)	1,463,671	3,289,934
– Property, plant and equipment (Note 6)	1,156,501	2,315,787
Provision for retention cost	35,620	–
Inventories written down (Note 20)	51,180	38,937
Property, plant and equipment written off (Note 13)	334	12,238
Net unrealised foreign exchange (gain)/loss (Note 5 and Note 8)	(40,072)	20,733
Finance costs (Note 7)	622,831	527,865
Interest income (Note 5)	(14,035)	(20,656)
Allowance for ECL on trade and other receivables (Note 22)	123,101	50,980
Allowance for ECL on a contract asset (Note 23)	–	49,819
Net changes in provisions (Note 34)	(182,807)	457,105
Net gain on disposal of an associate and a joint venture (Note 5)	–	(3,579)
	<b>691,463</b>	(1,657,082)
Decrease/(increase) in inventories	10,716	(35,293)
Decrease in trade and other receivables	176,239	1,141,338
(Decrease)/increase in trade and other payables	(661,636)	1,160,759
Net changes in balances with joint ventures and associates	(45,067)	(5,213)
Cash generated from operating activities	171,715	604,509
Taxes paid	(63,649)	(100,569)
Net cash generated from operating activities	108,066	503,940

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 January 2023

	2023 RM'000	2022 RM'000
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment <sup>^</sup> (Note 13)	(234,453)	(154,447)
Proceeds from disposal of plant and equipment and non-current asset held for sale	349,333	20,594
Purchase of intangible asset (Note 14)	(3,263)	(104)
Repayment of advances from a joint venture	–	44,467
Interest received	6,055	5,930
Dividends received from a joint venture	22,348	16,119
Proceeds for disposal of an associate and a joint venture	–	6,397
Net cash generated from/(used in) investing activities	140,020	(61,044)
<b>Cash flows from financing activities</b>		
Net (repayment)/drawdown of revolving credit, trade financing, term loans (Note 31(c))	(89,596)	235,965
Repayment of lease liabilities (Note 35)	(11,226)	(26,817)
Finance costs paid	(17,730)	(425,316)
Withdrawal/(placement) of cash pledged with bank (restricted)	123,142	(145,030)
Proceeds from disposal of shares held under trust	258	–
Net cash generated from/(used in) financing activities	4,848	(361,198)
<b>Net increase in cash and cash equivalents</b>	252,934	81,698
Effects of exchange rate changes	2,582	2,057
Cash and cash equivalents at beginning of the year	442,214	358,459
<b>Cash and cash equivalents at end of the year</b>	697,730	442,214
Add: Cash pledged with banks (restricted)	152,395	275,537
<b>Cash, deposits and bank balances (Note 24)</b>	850,125	717,751

<sup>^</sup> Include cash outflow for rigs activation cost amounting to RM32.5 million

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

# Company

## Statement of Cash Flows

For the financial year ended 31 January 2023

	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(3,669,187)	(8,877,065)
Adjustments for:		
Depreciation of plant and equipment (Note 13)	18,693	7,332
Net unrealised foreign exchange gain (Note 5)	(5,275)	(15,558)
Provision for impairment (Note 6)	3,248,798	7,712,666
Allowance for expected credit losses on amounts due from subsidiaries and amounts due from joint ventures, associates and other receivables (Note 8)	153,087	899,302
Finance costs (Note 7)	251,368	212,470
Interest income (Note 5)	(11,181)	(8,841)
Net changes in provision (Note 34)	(44,700)	44,700
	(58,397)	(24,994)
Net changes in balances with related companies	15,949	(4,029)
Decrease in other receivables	12,609	3,104
Increase in other payables	49,191	28,112
Cash generated from operating activities	19,352	2,193
Taxes paid	(129)	(769)
Net cash generated from operating activities	19,223	1,424
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment (Note 13), representing net cash used in investing activity	(5,157)	(5,436)
<b>Cash flows from financing activities</b>		
Proceeds from disposal of shares held under trust	258	–
Repayment of lease liabilities (Note 35)	(10,981)	–
Net cash used in financing activities	(10,723)	–
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,343</b>	<b>(4,012)</b>
<b>Cash, deposits and bank balances at beginning of the year</b>	<b>1,219</b>	<b>5,231</b>
<b>Cash, deposits and bank balances at end of the year (Note 24)</b>	<b>4,562</b>	<b>1,219</b>

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

# Notes to the Financial Statements

– 31 January 2023

## 1. CORPORATE INFORMATION

Sapura Energy Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office is located at Sapura@Mines, No.7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan.

The principal activities of the Company are that of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 44.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 May 2023.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The Consolidated Financial Statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

The Consolidated Financial Statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000), except when otherwise indicated.

The Consolidated Financial Statements have been prepared on the historical cost basis unless otherwise disclosed in the financial statements.

The Group and the Company incurred a net loss of RM3,175.5 million and RM3,669.7 million respectively (2022: RM9,060.9 million and RM8,898.4 million respectively) for financial year ended 31 January 2023 and, as of that date, the Group’s and the Company’s current liabilities exceeded its current assets by RM12,662.9 million and RM1,749.5 million respectively (2022: RM12,450.8 million and RM1,331.3 million respectively).

The Consolidated Financial Statements have been prepared on a going concern basis. In arriving at that conclusion, the Board of Directors have considered the following:

- (i) The Group is faced with a severe liquidity constraint mainly due to its financial losses, lack of access to working capital and bank guarantee facilities and an unsustainable level of debts, the combined effect of which is threatening the Group and the Company as a going concern.
- (ii) A Board Restructuring Taskforce was established on 28 September 2021 to provide oversight and steer on the proposed regularisation plan to improve the financial condition of the Group.
- (iii) On 8 March 2023, in view of the expiry of the earlier Orders granted by the High Court of Malaya at Kuala Lumpur (the “Court”), the Company and 22 of its wholly owned subsidiaries (the “Applicants”) filed a fresh application under Sections 366 and 368 of the Companies Act 2016 (the “Act”). The Orders were granted under Sections 366 and 368 and will take effect on 11 March 2023 to 11 June 2023.
  - (a) The Order under Section 366(1) of the Act allows each Applicant to summon meetings with various classes of its creditors (collectively, “Creditors”) and to consider and approve a Proposed Scheme of Arrangement (“PSA”) between the Applicants and its Creditors to settle the Creditors’ claims.
  - (b) The Applicants were granted a restraining order pursuant to Section 368(1) of the Act (the “Restraining Order”) to restrain and stay all proceedings, further proceedings, intended future proceedings in any action or proceeding against any Applicant and/or its respective assets. The Restraining Order is to facilitate negotiations between each Applicant and its Creditors and finalise the terms of its PSA without the disruption or threatened by ongoing legal proceedings in the interim.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.1 Basis of preparation (cont'd.)

- (iii) On 8 March 2023, in view of the expiry of the earlier Orders granted by the High Court of Malaya at Kuala Lumpur (the "Court"), the Company and 22 of its wholly owned subsidiaries (the "Applicants") filed a fresh application under Sections 366 and 368 of the Companies Act 2016 (the "Act"). The Orders were granted under Sections 366 and 368 and will take effect on 11 March 2023 to 11 June 2023. (cont'd.)
- (c) The Restraining Order will not apply to certain financial institutions (collectively, the "MCF Financiers") who have provided multicurrency financing facilities to Sapura TMC Sdn. Bhd. (as defined in Note 31(d)(ii)) on the basis that the MCF Financiers are bound by a Corporate Debt Restructuring Committee ("CDRC") standstill (Note 2.1 (iv)). The Company and its relevant subsidiaries' Proof of Debt exercise with its trade creditors in connection with the PSA is on track and nearing completion. The exercise involves RM1.5 billion claims submitted by approximately 2,300 trade creditors.
- (iv) On 1 September 2022, the CDRC approved the Company's application for assistance to mediate in its debt restructuring negotiations with the MCF Financiers. Following the Company's admission to the CDRC regime, the relevant financial institutions were required to observe an informal standstill and withhold all legal proceedings and/or any other recovery action initiated or intended against the Company and/or the Company's subsidiaries. The Company has since submitted a draft Proposed Restructuring Scheme ("PRS") and has participated in several meetings between the Company and the MCF Financiers mediated by CDRC.  

On 28 February 2023, the Company received a formal notification dated 24 February 2023 from the CDRC stating that the CDRC Committee has decided to extend the standstill period for the Company and its relevant subsidiaries under the CDRC regime, up to 9 September 2023. Further details are disclosed in Note 31.
- (v) On 15 February 2023, the Company received a formal letter from a white knight supporting the Company's restructuring initiatives and Regularisation Plan. The support from a white knight will be in the form of an investment into the Company, subject to the following conditions:
  - (a) The amount and terms to be discussed and finalised by a white knight and the Company; and
  - (b) Agreement to the Schemes with the MCF Financiers.
- (vi) Financial, legal and other advisors have been appointed to develop, negotiate and implement a debt restructuring scheme to attain a sustainable level of debt for the Group. A Principal Advisor has been appointed to facilitate the proposed regularisation plan pursuant to Paragraph 8.04(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (vii) Restructuring Sapura Energy business through a Reset Plan to divest non-core businesses and assets, improve bidding and project delivery capabilities, continue to secure contracts with acceptable margins and cash flows, and implementing a robust financial framework to ensure financial discipline.

Premised on the above, the Board expects that the extension on the Restraining Order will be granted and with standstill arrangements in place, a mutually beneficial PSA is likely to be agreed with the scheme creditors by achieving majority support in the court convened meetings within the stipulated timeframe. This is premised on the basis that the Group is able to offer higher recovery under the PSA compared to the recovery under liquidation, and that the Group has sufficient funds to sustain its operations until such a scheme is concluded.

The Board expects to meet the conditions set by a white knight to obtain the financial assistance mentioned in (v) above.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.1 Basis of preparation (cont'd.)

Accordingly, whilst the above conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and of the Company to continue as a going concern, the Board is of the opinion that the going concern basis used in the preparation of financial statements is appropriate and no adjustments were necessary to be made to the financial statements relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities. Should the going concern basis for the preparation of the financial statements be no longer appropriate, adjustments will have to be made to state the assets at their realisable values and to provide for further liabilities which may arise.

### 2.2 Changes in accounting policies

The accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except as follows:

On 1 February 2022, the Group and the Company adopted the following new and amended MFRSs:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: COVID-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3: Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle – MFRS 9 Financial Instruments (Fees in the '10 percent' Test for Derecognition of Financial Liabilities)	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment (Proceeds before Intended Use)	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts (Cost of Fulfilling a Contract)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle – MFRS 141 Agriculture (Taxation in Fair Value Measurements)	1 January 2022

Adoption of the above amended standards did not have material effect on the financial performance or position of the Group and of the Company.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts (Initial application of MFRS 17 and MFRS 9 Comparative Information)	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements (Disclosure of Accounting Policies)	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023
Amendments to MFRS 112: Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	1 January 2023
Amendments to MFRS 16: Leases (Lease Liability in a Sale and Leaseback)	1 January 2024
Amendments to MFRS 101: Presentation of Financial Statements (Non-current Liabilities with Covenants)	1 January 2024
Amendments to MFRS 10 and MFRS 128: Investments in Associates and Joint Venture (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	Deferred

The adoption of the above standards and interpretations are not expected to have material impact on the financial statements in the period of application.

### 2.4 Basis of consolidation

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

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Basis of consolidation (cont'd.)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between:

- (i) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) The previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests, are recognised in statement of profit or loss.

The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income ("OCI") and accumulated in equity are reclassified to statement of profit or loss or where applicable, transferred directly to retained profit. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.4 Basis of consolidation (cont'd.)

#### *Business Combinations*

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Business combinations under common control are accounted for using the pooling of interests method, where the results of entities or businesses under common control are accounted for as if the combination had been effected throughout the current and previous financial periods. The assets, liabilities and reserves of these entities are recorded at their pre-combination carrying amounts or existing carrying amounts are accounted for from the perspective of the common shareholder. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method. No new goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as reserve on acquisition arising from common control.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 in statement of profit or loss. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

### 2.5 Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The method of assessing impairment of the investment in subsidiary companies is as disclosed in Note 2.12.

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

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.6 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. 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 joint arrangement whereby the parties that 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 exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate or joint venture is shown on the face of the statement of profit or loss outside operating profit and represents the profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

The financial statements of the associates and joint ventures are prepared for the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 9: *Financial Instruments* to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136: *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value-in-use or fair value less costs of disposal) with its carrying amount. Any impairment loss is recognised in the statement of profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate is recognised at fair value on the date when significant influence is lost. Any gain or loss arising from the loss of significant influence over an associate is recognised in the profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.7 Investments in joint operations

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

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRS applicable to the particular assets, liabilities, revenues and expenses.

### 2.8 Transaction with non-controlling interests

Non-controlling interests represent 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. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

### 2.9 Foreign currency

#### (a) Functional and presentation currency

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currency. The consolidated financial statements are presented in RM, which is also the Company's functional currency.

Transactions in currencies other than the functional currency ("foreign currencies") are recognised at their respective functional currency spot rates on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items which are measured at historical costs denominated in foreign currencies are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items which are measured at fair values denominated in foreign currencies are translated using the exchange rates at the date when the fair value was determined.

#### (b) Transactions and balances in foreign currencies

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in statement of profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in OCI and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to statement of profit or loss of the Group on disposal of the foreign operation.

When an entity's ownership interest in an associate or a joint venture is reduced, but the entity continues to apply the equity method, the entity reclassifies to profit or loss the proportion of gain or loss that has been previously recognised in OCI relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit and loss upon the disposal of the related assets or liabilities.

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

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.9 Foreign currency (cont'd.)

#### (c) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the reporting date. Income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are recognised in OCI. On disposal of a foreign operation, the cumulative amount recognised in OCI and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

### 2.10 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise 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 property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Dry docking costs which enhance the useful lives of the assets are capitalised when incurred and the remaining carrying amount of the cost during the previous dry docking, if any, is derecognised. The costs capitalised is amortised over a period of 60 months or the period until the next dry docking date, whichever is shorter.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold land	1% – 2%
Buildings and structures	2%
Vessels and related dry docking, remotely operated vehicles (“ROVs”) and saturation diving system (“SAT system”)	4% – 20%
Tender assisted drilling rigs and related dry docking	3% – 20%
Plant and machinery, tools and implements	10% – 50%
Equipment, furniture and motor vehicles	10% – 50%
Right-of-use assets	Depends on lease term

Freehold land has an unlimited useful life and therefore is not depreciated.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

Property, plant and equipment are 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 (difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.10 Property, plant and equipment (cont'd.)

#### Right-of-use ("ROU") assets

ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of ROU assets includes the following:

- The amount of lease liabilities recognised;
- Any initial direct costs; and
- Any lease payments made at or before the commencement date less any lease incentive received.

The Group presents ROU assets as part of property, plant and equipment.

The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

### 2.11 Intangible assets

#### (a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's Cash Generating Unit ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the CGU retained.

#### (b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Amortisation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Software development costs 3 years

Other development cost is amortised over the period of expected sales from the related projects on a straight-line basis.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset that has a finite economic useful life may be impaired. 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 or its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable 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 pre-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 statement of profit or loss in expense categories consistent with the function of the impaired asset.

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. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of profit or loss. Impairment loss recognised on goodwill is not reversed in a subsequent period.

### 2.13 Financial assets

Financial assets 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.

#### Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15. Refer to the accounting policies in revenue from contracts with customers in Note 2.22 (i).

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### (a) Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and other receivables (excluding prepayment), amounts due from subsidiaries and cash, deposits and bank balances.

#### (b) Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

#### (c) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

# NOTES TO THE FINANCIAL STATEMENTS

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

#### (d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity instruments which the Group and the Company had not irrevocably elected to classify at fair value through OCI.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

#### Derecognition

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

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

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in OCI for debt instruments is recognised in profit or loss.

Where the Group or the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group or the Company continue to recognise the transferred asset to the extent of its continuing involvement.

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



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.14 Impairment of financial assets

The Group and the Company recognise a provision for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a provision for impairment is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, amounts due from subsidiaries and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a provision for impairment based on lifetime ECLs at each reporting date. The Group and the Company have established a process to monitor the recoverability of the receivables, based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment, if any.

The Group and the Company consider whether a financial asset is in default when contractual payments are more than 90 days past due. In certain cases, the Group and the Company may consider a financial asset to be in default when internal or external information indicate that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.15 Cash, deposits and bank balances

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

### 2.16 Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first-in-first-out basis. The cost of inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.17 Provisions

#### (a) Onerous contract

An onerous contract is a contract under which the unavoidable costs (i.e. the costs that the Group and the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e. both incremental costs and an allocation of costs directly related to contract activities).

If the Group and the Company have a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group and the Company recognise any impairment loss that has occurred on assets dedicated to that contract.

# NOTES TO THE FINANCIAL STATEMENTS

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.17 Provisions (cont'd.)

#### (b) Other 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.

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.

### 2.18 Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, payables, loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, lease liabilities, loans and borrowings and amounts due to subsidiaries.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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

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

##### (b) Financial liabilities at amortised cost

After initial recognition, the financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing borrowings, trade and other payables, and amounts due to subsidiaries.

##### (c) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of the amount of ECL determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in statement of profit or loss.

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when the Group undertakes activities that are necessary to prepare the asset for its intended use or sale 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 statement of 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

– 31 January 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.20 Employee benefits

#### (a) Short term benefit

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

#### (b) Defined contribution plans

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

#### (c) Long Term Incentive Plan ("LTIP")

Eligible executive directors and employees of the Group and of the Company receive remuneration in the form of shares as consideration for services rendered, subject to the approval of the BNRC. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are vested. This cost is recognised in profit or loss over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired.

#### (d) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

#### (e) Executive Share Option Scheme

ESOS, an equity-settled, share-based compensation plan, allows the Company's eligible executive directors and senior management ("Executives") to acquire ordinary shares of the Company. The total fair value of share options granted to Executives of the Company is recognised as an employee cost with a corresponding increase in the ESOS reserve within equity.

The equity amount is recognised in the ESOS reserve until the option is exercised, or until the option expires.

When the share options are exercised, the ESOS reserve relating to the exercised options is transferred to retained earnings. When the share options or share awards are lapsed, the ESOS reserve relating to the lapsed share options is transferred to retained earnings.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.21 Leases

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

#### (a) As lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets as disclosed in Note 2.10 representing the right to use the underlying assets.

##### (i) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### (ii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to their short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

#### (b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as lease income.

When the assets are leased out under an operating lease, the assets are included in the statement of financial position based on the nature of the assets. Lease income is recognised over the term of the lease on a straight-line basis.

#### Identifying and separating of lease and non-lease components of a contract and allocating contract consideration

For a contract that is, or contains, a lease, an entity shall account for each lease component within the contract as a lease separately from non-lease components of the contract.

When applying MFRS 16, lessors are required to apply of MFRS 15 to allocate the consideration in the contract between the lease and non-lease components on a relative stand-alone selling price basis. In addition, lessors are required to apply MFRS 15 to allocate any subsequent changes in the consideration of the contract between the lease and non-lease components. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. When stand-alone selling prices are not directly observable, the lessor must estimate the stand-alone selling price.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.22 Revenue

#### (i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group or the Company expects to be entitled in exchange for transferring promised goods or services to a customer.

Revenue is recognised when the Group or the Company satisfies a performance obligation by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (a) Construction contracts

The Group's construction contracts include engineering, procurement, construction, installation and commissioning services ("EPCIC"), transportation and installation ("T&I"), fabrication and hook-up and commissioning works, which may last several years.

The Group determined that contracts of this nature have generally one performance obligation. In these contracts, the final product is highly customised to the specifications of the field and the customer's requirements as the customised products do not have an alternative use. The Group has an enforceable right to payment plus reasonable profit for performance completed to date.

Therefore, the customer obtains control of the asset over time, and thus revenue is recognised over time using an input measure (i.e., costs incurred to date relative to total estimated costs at completion) to measure progress. Under this method, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenue, including estimated fees or profits, are recorded proportionally as costs are incurred.

Contracts are often modified to account for changes in contract specifications and requirements. The Group considers contract modifications to exist when the modification either creates new, or changes the existing, enforceable rights and obligations. Most of the Group's contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract.

The effect of a contract modification on the transaction price and the Group measures of progress for the performance obligation to which it relates is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

The transaction prices for the contract with customers may include variable considerations such as change orders, claims, performance bonuses, and reduction to transactions prices for liquidated damages. Variable considerations in the transaction price are recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Should the customer terminate a contract early, the Group may be entitled to shortfall commitment revenue on the contract. The Group recognises shortfall commitment revenue when payment from the customer is certain. At the inception of a contract, an estimate for shortfall commitment revenue is not recognised, as the Group expects the customer to use its services for the full term of the contract. As a result, determining when to recognise shortfall commitment revenue requires judgment to ensure that revenue is recognised when the performance obligation has been satisfied and collectability assured.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.22 Revenue (cont'd.)

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

##### (a) Construction contracts (cont'd.)

###### Foreseeable losses for construction contracts

The requirements of MFRS 137 prescribe that a provision for onerous contract must be calculated on a least net cost basis, which includes unavoidable costs only and comparing these costs to the cost of cancelling a contract including any termination fees. The policy on provision for onerous contracts is in Note 2.17(a).

###### Contracts with significant procurement

In circumstances where there is significant procurement of materials for that contract, the Group assessed whether the procurement of items are specifically designed for the project and if so, would include the costs of such materials in the percentage-of-completion calculation. Non-customised procurement are excluded from percentage-of-completion calculation.

##### (b) Revenue from other services

Revenue from other services includes offshore support, subsea services, geotechnical, maintenance and consultation services.

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 principally satisfies its performance obligations over time.

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 day 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 day 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.

##### (c) Drilling related services

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer.

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring goods or services to a customer, which is when the customer obtains control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. The Group principally satisfies its performance obligations over time.

Revenue from drilling related services include supply of manpower, mobilisation costs, demobilisation fees and performance bonuses.

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

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.22 Revenue (cont'd.)

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

##### (c) Drilling related services (cont'd.)

In relation to mobilisation services, the Group makes payments to vendors or related companies for the mobilisation of rigs prior to commencement of drilling services. Mobilisation costs are recognised as contract costs capitalised to fulfil a contract, and recognised on a straight-line basis over the period that the related drilling services are performed. Correspondingly, mobilisation fees are deferred and recognised on a straight-line basis over the period that the related drilling services are performed.

Demobilisation fees are recognised as and when the services are rendered, or at a point when it becomes known and certain that demobilisation fee can be charged to the customer.

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 for, 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 day 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 day 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.

##### (d) Contract balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, costs and estimated earnings in excess of billings on uncompleted contracts (contract assets), and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) on the consolidated statements of financial position.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies on financial assets in Note 2.13.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs the obligation under the contract.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.22 Revenue (cont'd.)

#### (ii) Other revenue

##### (a) Leases

Lease income is recognised over the term of the lease on a straight-line basis.

##### (b) Interest income

Interest income is recognised on the accrual basis using the effective interest method.

##### (c) Dividend income

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

### 2.23 Income taxes

#### (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 at the reporting date in the countries where the Group and the Company operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside statement of profit or loss, either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### (b) Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or 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 arrangements, when 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, the carry forward of unused tax credits and any 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 arrangements, 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.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.23 Income taxes (cont'd.)

#### (b) Deferred tax (cont'd.)

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 in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

### 2.24 Segment reporting

Segment reporting in the financial statements is presented on the same basis as that used by management internally for evaluating operating segment performance and in deciding on the allocation of resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision-maker to decide on the allocation of resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenue, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be reasonably allocated to the segment.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

### 2.25 Share capital

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.26 Shares held under trust

When shares of the Company, that have not been cancelled, recognised as equity are purchased by the Company, the amount of consideration paid is recognised directly in equity. Purchased shares are classified as shares held under trust and presented as a deduction from total equity.

Shares transferred to the recipient under the LTIP scheme is measured at the weighted average cost of the shares on the date of transfer. The difference between the weighted average cost and the fair value of the shares transferred is recognised in equity. When shares are sold subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the shares is recognised in equity.

### 2.27 Warrants

Warrants are classified as equity instrument and the value is allocated based on the closing price of the first trading day, if the warrant is listed, or estimated using option pricing models, if the warrant is not listed, and recognised in the warrant reserves.

The issuance of ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

### 2.28 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and 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 of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

### 2.29 Derivatives financial instruments and hedge accounting

#### Initial recognition and measurement

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

For the purpose of hedge accounting, hedges are classified as:

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

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.29 Derivatives financial instruments and hedge accounting (cont'd.)

#### Initial recognition and measurement (cont'd.)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

#### **Cash flows hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses Islamic cross-currency swap contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to the derivative contracts is recognised in other operating income or expenses.

The Group designated all of the Islamic cross-currency swap contracts as hedging instrument. Any gains or losses arising from changes in the fair value of derivatives were taken directly to profit or loss, except for the effective portion of cash flow hedges, which were recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.30 Current and non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- i) Expected to be realised or intended to sold or consumed in normal operating cycle;
- ii) Held primarily for the purpose of trading;
- iii) Expected to be realised within 12 months after the reporting period; or
- iv) Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- i) It is expected to be settled in normal operating cycle;
- ii) It is held primarily for the purpose of trading;
- iii) It is due to be settled within 12 months after reporting period; or
- iv) There is unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

### 2.31 Fair value measurement

The Group and the Company measure financial instruments such as derivative at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability; or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible to the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

# NOTES TO THE FINANCIAL STATEMENTS

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.31 Fair value measurement (cont'd.)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- b) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- c) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's and the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### 2.32 Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated or amortised once classified as held for sale.

Assets classified as held for sale are presented separately as current items in the statement of financial position.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.33 Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements require management to make judgements, 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 affected in the future.

#### (a) Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact on the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

#### *Treatment of contract variation*

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

In relation to liquidated damages, significant judgements are involved on the amounts to be accounted in the transaction price. Historical track record shown that in majority cases in which the Group had potential exposure for liquidated damages, such damages were eventually not asserted by the customers. Management considers, on a case-by-case basis, all corroborative and contrary evidence (including industry practice, customer behaviour, precedence and project progress) in making the judgement on the timing and amounts of liquidated damages which would reduce or increase the transaction price.

The complexity of estimation process, risks and uncertainties will affect the amounts reported in the financial statements. While management concluded that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty subsequently resolved based on best available information, depending on the outcome of negotiations with customers, this could result in reduction or increase in attributable profits or losses is still possible.

Management is of the opinion that the contract variations recognised in the financial statements represents the best estimate, with justifiable grounds and favourable progress of discussions with the customers.

#### (b) Key sources of estimation uncertainty

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

##### (i) Impairment

###### (a) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGU to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 14.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.33 Significant accounting judgements and estimates (cont'd.)

#### (b) Key sources of estimation uncertainty (cont'd.)

##### (i) Impairment (cont'd.)

###### (b) Property, plant and equipment

Impairment test has been carried out based on variety of estimations, including value-in-use of the CGU of which the specific property, plant and equipment is allocated or fair value less costs of disposal. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows and also to determine the appropriate discount rate to calculate the present value of those cash flows.

The future cash flows are subject to change as new information become available and the changes may eventually affect the statement of profit or loss through impairment charges or reversal of impairment.

In establishing the recoverable amount that is based on fair value less costs of disposal, the Group engaged independent external valuers to assess the fair value of the property, plant and equipment, adjusted for the condition of the specific assets. Further details are disclosed in Note 13.

##### (ii) Construction contracts

Where the performance obligations are satisfied over time, the Group recognises contract revenue in statement of profit or loss by using the input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation.

Significant estimate is required in determining the extent of the contract costs incurred, the estimated total contract revenue and costs, the recoverability of the contract costs as well as assessing potential deductions to revenue due to delays in delivery or other contractual penalties. In making these estimates, the Group evaluates based on past experience and historical information. Further details are disclosed in Note 22 and Note 23.

##### (iii) Allowance for expected credit losses of receivables and contract assets

For major oil and gas customers and national oil companies, the Group undertakes a specific review of the receivables and contract assets through an analysis of the customer's credit risk and the ageing of the receivable balances. Further details of how the credit risk is determined and managed is described in Note 40(d).

The information about the allowance for expected credit losses on the Group's receivables is disclosed in Note 22 and Note 23.

##### (iv) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters are different from the amounts initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 11.



### 3. REVENUE

#### Disaggregation of revenue

The Group disaggregates revenue by type of services, geographical location and timing of transfer of services.

#### 3.1 Type of services

The following tables represent revenue by type of services:

	Group	
	2023 RM'000	2022 RM'000
<b>(i) Revenue from contracts with customers:</b>		
<b>Engineering and Construction</b>		
Construction contracts	1,609,802	1,879,433
Offshore support and subsea services	1,017,848	800,960
<b>Operations and Maintenance</b>		
Construction contracts	266,225	167,464
Geotechnical, maintenance and consultation services	90,966	80,988
<b>Drilling</b>		
Drilling related services	1,010,510	617,241
	<b>3,995,351</b>	<b>3,546,086</b>
<b>(ii) Lease:</b>		
<b>Drilling</b>		
Charter of rigs	363,595	416,133
<b>Engineering and Construction</b>		
Charter of vessels and other assets	192,308	138,010
	<b>555,903</b>	<b>554,143</b>
	<b>4,551,254</b>	<b>4,100,229</b>

	Company	
	2023 RM'000	2022 RM'000
<b>Revenue from contracts with customers:</b>		
Management fees charged to subsidiaries	101,305	114,651

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 3. REVENUE (CONT'D.)

### 3.2 Geographical location

The following tables represent revenue by geographical location:

Group	Engineering and Construction RM'000	Operations and Maintenance RM'000	Drilling RM'000	Total RM'000
<b>31 January 2023</b>				
Malaysia	1,049,236	357,191	615,077	2,021,504
Asia*	720,000	–	458,230	1,178,230
Australia	435,076	–	–	435,076
Americas	399,486	–	–	399,486
Africa	76,707	–	300,798	377,505
Middle East	7,408	–	–	7,408
Others	132,045	–	–	132,045
<b>Total revenue</b>	<b>2,819,958</b>	<b>357,191</b>	<b>1,374,105</b>	<b>4,551,254</b>
<b>31 January 2022</b>				
Malaysia	1,027,179	243,549	344,163	1,614,891
Asia*	801,370	4,903	347,623	1,153,896
Americas	412,104	–	–	412,104
Africa	2,522	–	341,588	344,110
Australia	200,008	–	–	200,008
Middle East	267,569	–	–	267,569
Others	107,651	–	–	107,651
<b>Total revenue</b>	<b>2,818,403</b>	<b>248,452</b>	<b>1,033,374</b>	<b>4,100,229</b>

\* Excluding Malaysia and Middle East

### 3.3 Timing of transfer of services

The Group recognises its revenue from contracts with customers predominantly over time.

### 3.4 Transaction price allocated to the remaining unsatisfied performance obligations

Remaining unsatisfied performance obligations ("RUPO") represent the transaction price for goods and services for which the Group has a material right but work has not been performed. Transaction price of the RUPO includes the base transaction price, variable consideration and changes in transaction price. As a practical expedient, the RUPO does not include contracts for which the Group has recognised revenue at the amount to which the Group has the right to invoice for services performed or the performance obligation is part of a contract that has an original expected duration of one year or less.

As of 31 January 2023, the aggregate amounts of the transaction price allocated to the remaining unsatisfied performance obligations of the Group is RM3,067.9 million (2022: RM3,527.2 million). The Group is expecting to recognise the revenue over the next 24 months.

#### 4. COST OF SALES

Cost of sales comprise costs related to construction contracts, geotechnical, maintenance services and related drilling services and other services recognised.

#### 5. OTHER INCOME

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income:				
– third parties	4,170	4,172	–	–
– joint ventures	9,865	16,484	–	–
– subsidiaries	–	–	11,181	8,841
Net gain on disposal of property, plant and equipment	8,670	6,953	–	–
Foreign exchange differences:				
– net unrealised exchange gain	40,072	–	5,275	15,558
Technical and management fees charged to joint ventures	5,401	18,336	–	–
Net gain on disposal of an associate and a joint venture	–	3,579	–	–
Miscellaneous income*	127,096	26,795	9,055	–
	<b>195,274</b>	<b>76,319</b>	<b>25,511</b>	<b>24,399</b>

\* Included in the miscellaneous income is the settlement income amounting to RM54.7 million and liquidation gain amounting to RM45.8 million from loss of control of a subsidiary as disclosed in Note 44(i)(k).

#### 6. PROVISION FOR IMPAIRMENT

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Provision for impairment:				
– property, plant and equipment (Note 13)	1,156,501	2,315,787	–	–
– goodwill (Note 14)	1,463,671	3,289,934	–	–
– investment in subsidiaries (Note 15)	–	–	3,248,798	7,712,666
	<b>2,620,172</b>	<b>5,605,721</b>	<b>3,248,798</b>	<b>7,712,666</b>

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 7. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense on borrowings	49,790	76,637	–	–
Profit sharing on Islamic financing	570,679	431,609	–	–
Interest on lease liabilities (Note 35)	2,362	667	1,141	–
Amortisation of cumulative changes in relation to previous hedge instruments	–	18,952	–	–
Interest expense on amount due to a subsidiary	–	–	250,227	212,470
	<b>622,831</b>	527,865	<b>251,368</b>	212,470

## 8. LOSS BEFORE TAXATION

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
This is arrived at after charging/(crediting):				
Employee benefits expense (Note 9)	1,106,546	1,215,409	61,838	36,871
Non-executive directors' remuneration (Note 10)	3,147	4,284	3,147	4,284
Auditors' remuneration:				
– Statutory audits:				
– Group auditors	3,782	3,750	430	405
– Other services:				
– Group auditors	1,505	1,449	788	786
Charter of vessels, barges and rigs and hire of equipment*	310,588	342,769	–	–
Depreciation of property, plant and equipment (Note 13)	544,364	519,909	18,693	7,332
Property, plant and equipment written off (Note 13)	334	12,238	–	–
Amortisation of intangible assets (Note 14)	4,402	2,711	–	–
Inventories written down (Note 20)	51,180	38,937	–	–
Rental of premises*	5,142	10,855	695	5,517
Foreign exchange differences:				
– net unrealised exchange loss	–	20,733	–	–
– net realised exchange loss	37,337	21,405	513	–
Net changes in provisions^ (Note 34)	279,252	1,119,887	(44,700)	44,700
Allowance/(reversal) for expected credit losses				
– amounts due from subsidiaries (Note 21)	–	–	153,464	878,736
– trade and other receivables (Note 22)	123,101	50,980	(377)	20,566
– contract asset (Note 23)	–	49,819	–	–

\* As allowed under MFRS 16, the Group and the Company had elected not to recognise the right-of-use assets and lease liabilities in relation to short-term leases.

^ Reversal of provision relates to the mutual termination of the previous breach of a tenancy agreement, as disclosed in Note 34.

## 9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Wages and salaries	961,614	1,080,341	56,344	25,926
Social security contributions	14,146	12,282	80	104
Contributions to defined contribution plan	41,282	50,257	2,827	3,004
Other benefits	89,504	72,529	2,587	7,837
	<b>1,106,546</b>	<b>1,215,409</b>	<b>61,838</b>	<b>36,871</b>

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration as disclosed in Note 10.

## 10. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	1,654	2,497	1,654	2,497
Benefits-in-kind	9	41	9	41
	<b>1,663</b>	<b>2,538</b>	<b>1,663</b>	<b>2,538</b>
Non-Executive:				
Fees	2,750	3,963	2,750	3,963
Other emoluments	397	321	397	321
Total remuneration (Note 8)	<b>3,147</b>	<b>4,284</b>	<b>3,147</b>	<b>4,284</b>
Benefits-in-kind	8	13	8	13
	<b>3,155</b>	<b>4,297</b>	<b>3,155</b>	<b>4,297</b>
	<b>4,818</b>	<b>6,835</b>	<b>4,818</b>	<b>6,835</b>
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	1,654	2,497	1,654	2,497
Total non-executive directors' remuneration	3,147	4,284	3,147	4,284
Total directors' remuneration	<b>4,801</b>	<b>6,781</b>	<b>4,801</b>	<b>6,781</b>

No ESOS has been exercised by the directors in the current and previous financial year.

# NOTES TO THE FINANCIAL STATEMENTS

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## 11. INCOME TAX EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax:				
Malaysian income tax	52,192	39,932	1,102	972
Foreign tax	70,212	73,851	–	–
	<b>122,404</b>	113,783	<b>1,102</b>	972
Under/(over) provision in prior years:				
Malaysian income tax	4,688	19,436	(584)	4,077
Foreign tax	(14,427)	(2,360)	–	–
	<b>(9,739)</b>	17,076	<b>(584)</b>	4,077
	<b>112,665</b>	130,859	<b>518</b>	5,049
Deferred tax:				
Relating to origination of temporary differences	(34,123)	(1,642)	–	17,225
Over provision in prior years	(6,572)	(211)	–	(907)
	<b>(40,695)</b>	(1,853)	<b>–</b>	16,318
Total income tax expense	<b>71,970</b>	129,006	<b>518</b>	21,367

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

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate expense to income tax expense, at the effective income tax rates of the Group and of the Company are as follows:

	Group	
	2023 RM'000	2022 RM'000
Loss before taxation	(3,103,557)	(8,931,853)
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	(744,854)	(2,143,644)
Effect of different tax rates in other countries and jurisdictions	409,885	936,109
Effect of income not subject to tax	(196,011)	(49,584)
Effect of expenses not deductible for tax purposes	543,891	864,242
Effect of share of results of associates and joint ventures	(36)	(24,734)
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(27,224)	(195)
Deferred tax assets not recognised in respect of tax losses and unabsorbed capital allowances	102,630	529,947
(Over)/under provision of income tax in prior years	(9,739)	17,076
Over provision of deferred tax in prior years	(6,572)	(211)
Total income tax expense for the year	<b>71,970</b>	129,006

## 11. INCOME TAX EXPENSE (CONT'D.)

	Company	
	2023 RM'000	2022 RM'000
Loss before taxation	(3,669,187)	(8,877,065)
Taxation at Malaysian statutory tax rate of 24% (2022: 24%)	(880,605)	(2,130,496)
Effect of income not subject to tax	(13,575)	–
Effect of expenses not deductible for tax purposes	893,773	2,125,592
Effect of utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(26)	–
Deferred tax assets not recognised in respect of tax losses and unabsorbed capital allowances	1,535	23,101
(Over)/under provision of income tax in prior years	(584)	4,077
Over provision of deferred tax in prior years	–	(907)
Income tax expense for the year	518	21,367

## 12. LOSS PER SHARE

Basic/diluted loss per share are calculated by dividing loss for the year attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the financial year is as follows:

	Group	
	2023	2022
<b>In respect of financial year:</b>		
Loss for the year attributable to owners of the Parent (RM'000)	(3,157,680)	(9,050,634)
Weighted average number of ordinary shares in issue ('000)*		
– Basic/Diluted*	15,979,080	15,971,804
Loss per share from continuing operations (sen)		
– Basic/Diluted*	(19.76)	(56.67)

\* Rights issue of RCPS-i and warrants of 2,396,862,035 units and 998,692,020 units respectively, as well as 691,938,153 and 586,388,264 options under the ESOS granted have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

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## 13. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings and structures RM'000	Vessels and related dry docking, ROVs, and SAT system RM'000	Tender assisted drilling rigs and related dry docking RM'000	Plant and machinery, tools and implements RM'000	Equipment, furniture and motor vehicles RM'000	Assets under construction RM'000	Right-of-use assets* RM'000	Total RM'000
<b>At 31 January 2023</b>									
<b>Cost</b>									
At 1 February 2022	4,520	439,760	4,966,718	11,680,900	717,168	342,962	1,380,132	197,442	19,729,602
Additions <sup>^</sup>	–	1,632	26,497	149,621	3,435	6,694	14,912	46,346	249,137
Disposals <sup>~</sup>	–	–	–	(2,528,408)	(2,037)	(1,017)	–	–	(2,531,462)
Write-off (Note 8)	–	–	–	–	–	(326)	(8)	–	(334)
Reclassification	–	2,401	–	–	13,136	–	(15,537)	(29,428)	(29,428)
Exchange differences	–	4,150	9,596	196,938	12,802	(628)	18,068	(1,677)	239,249
At 31 January 2023	4,520	447,943	5,002,811	9,499,051	744,504	347,685	1,397,567	212,683	17,656,764
<b>Accumulated depreciation and impairment</b>									
At 1 February 2022	–	107,058	2,399,542	8,424,379	628,126	312,350	1,368,524	52,590	13,292,569
Depreciation charge for the year (Note 8)	–	11,727	126,626	337,808	26,446	16,824	374	24,559	544,364
Impairment (Note 6)	–	–	–	1,156,355	–	146	–	–	1,156,501
Disposals <sup>~</sup>	–	–	–	(2,500,084)	(2,037)	(1,021)	–	–	(2,503,142)
Exchange differences	–	2,317	(6,956)	94,246	(10,288)	(971)	1,194	7,410	86,952
At 31 January 2023	–	121,102	2,519,212	7,512,704	642,247	327,328	1,370,092	84,559	12,577,244
<b>Net carrying amount</b>									
At 31 January 2023	4,520	326,841	2,483,599	1,986,347	102,257	20,357	27,475	128,124	5,079,520

\* Represents leasehold land and buildings.

<sup>^</sup> Additions consist of cash additions of RM201.9 million and accruals of RM0.8 million.

<sup>~</sup> Disposals consist of Sapura T-19, Sapura T-20 and Sapura Setia.



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

Group	Freehold land RM'000	Buildings and structures RM'000	Vessels and related dry docking, ROVs, and SAT system RM'000	Tender assisted drilling rigs and related dry docking RM'000	Plant and machinery, tools and implements RM'000	Equipment, furniture and motor vehicles RM'000	Assets under construction RM'000	Right-of-use assets* RM'000	Total RM'000
<b>At 31 January 2022</b>									
<b>Cost</b>									
At 1 February 2021	4,520	424,487	5,435,176	11,378,192	763,137	336,812	1,387,936	182,892	19,913,152
Additions <sup>^</sup>	–	4,456	77,486	72,296	1,017	7,926	11,805	1,228	176,214
Disposals	–	–	(33,019)	(8,766)	(1,503)	(269)	–	–	(43,557)
Write-off (Note 8)	–	–	(25,895)	(4,313)	(750)	(4,892)	–	–	(35,850)
Reclassification	–	11,721	–	–	10,330	1,163	(38,590)	15,376	–
Transfer to assets held for sales (Note 25)	–	–	(620,819)	–	–	–	–	–	(620,819)
Exchange differences	–	(904)	133,789	243,491	(55,063)	2,222	18,981	(2,054)	340,462
At 31 January 2022	4,520	439,760	4,966,718	11,680,900	717,168	342,962	1,380,132	197,442	19,729,602
<b>Accumulated depreciation and impairment</b>									
At 1 February 2021	–	99,655	2,275,037	6,740,460	601,847	295,871	635,416	46,254	10,694,540
Depreciation charge for the year (Note 8)	–	7,308	161,612	289,019	33,372	18,745	–	9,853	519,909
Impairment (Note 6)	–	–	285,401	1,319,165	–	–	711,221	–	2,315,787
Transfer to assets held for sale (Note 25)	–	–	(325,321)	–	–	–	–	–	(325,321)
Disposals	–	–	(25,130)	(2,717)	(1,849)	(220)	–	–	(29,916)
Write-off (Note 8)	–	–	(14,108)	(4,077)	(747)	(4,680)	–	–	(23,612)
Exchange differences	–	95	42,051	82,529	(4,497)	2,634	21,887	(3,517)	141,182
At 31 January 2022	–	107,058	2,399,542	8,424,379	628,126	312,350	1,368,524	52,590	13,292,569
<b>Net carrying amount</b>									
At 31 January 2022	4,520	332,702	2,567,176	3,256,521	89,042	30,612	11,608	144,852	6,437,033

\* Represents leasehold land and buildings.

<sup>^</sup> Additions consist of cash additions of RM154.4 million and accruals of RM20.5 million.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

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

Company	Equipment, furniture and motor vehicles RM'000	Right-of-use assets* RM'000	Total RM'000
<b>At 31 January 2023</b>			
<b>Cost</b>			
At 1 February 2022	119,393	–	119,393
Additions	5,157	37,091	42,248
Adjustment during the year	(160)	–	(160)
At 31 January 2023	124,390	37,091	161,481
<b>Accumulated depreciation</b>			
At 1 February 2022	107,191	–	107,191
Depreciation charge for the year (Note 8)	8,390	10,303	18,693
Adjustment during the year	(193)	–	(193)
At 31 January 2023	115,388	10,303	125,691
<b>Net carrying amount</b>			
At 31 January 2023	9,002	26,788	35,790
<b>At 31 January 2022</b>			
<b>Cost</b>			
At 1 February 2021	113,957	–	113,957
Additions	5,436	–	5,436
At 31 January 2022	119,393	–	119,393
<b>Accumulated depreciation</b>			
At 1 February 2021	99,859	–	99,859
Depreciation charge for the year (Note 8)	7,332	–	7,332
At 31 January 2022	107,191	–	107,191
<b>Net carrying amount</b>			
At 31 January 2022	12,202	–	12,202

\* During the current financial year, the Company recognised a leasehold building as right-of-use asset.

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

- (a) The Group has estimated the recoverable amount of its property, plant and equipment that are subject to impairment assessment during the financial year. The assessment has led to the recognition of impairment of RM1,156.5 million (2022: RM2,315.8 million) as disclosed in Note 6.

Included in the current year total impairments is an impairment losses of RM1,156.5 million (2022: RM2,030.4 million) on 10 drilling rigs (2022: 11 drilling rigs), with a recoverable amount of RM1,848.7 million (2022: RM2,118.6 million), based on value-in-use. In determining the value-in-use of these assets, the future cash flows are discounted at a post-tax rate of 10.0% (2022: 8.5%).

In the previous financial year, the Group also recognised impairment losses of RM285.4 million on 6 vessels, with recoverable amounts of RM453.6 million. The recoverable amounts were determined based on fair value less cost of disposal. The fair values were based on valuations performed by an independent valuer, based on comparable vessels adjusted for the current condition of the assets. The fair value measurement was derived based on level 3 of the fair value hierarchy. Further details of the fair value hierarchy are disclosed in Note 2.31.

- (b) Included in the Group's accumulated depreciation and impairment of property, plant and equipment are accumulated impairment losses carried forward of RM8,145.0 million (2022: RM6,988.5 million).

### 14. INTANGIBLE ASSETS

Group	Software development costs RM'000	Other development costs RM'000	Goodwill RM'000	Total RM'000
<b>At 31 January 2023</b>				
<b>Cost</b>				
At 1 February 2022	38,427	26,010	8,187,152	8,251,589
Additions	3,263	–	–	3,263
Exchange differences	88	241	26,004	26,333
At 31 January 2023	41,778	26,251	8,213,156	8,281,185
<b>Accumulated amortisation and impairment</b>				
At 1 February 2022	37,720	18,458	6,490,035	6,546,213
Charge for the year (Note 8)	1,555	2,847	–	4,402
Impairment (Note 6)	–	–	1,463,671	1,463,671
Exchange differences	451	37	20,343	20,831
At 31 January 2023	39,726	21,342	7,974,049	8,035,117
<b>Net carrying amount</b>				
At 31 January 2023	2,052	4,909	239,107	246,068

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 14. INTANGIBLE ASSETS (CONT'D.)

Group	Software development costs RM'000	Other development costs RM'000	Goodwill RM'000	Total RM'000
<b>At 31 January 2022</b>				
<b>Cost</b>				
At 1 February 2021	37,505	26,010	8,051,729	8,115,244
Additions	104	–	–	104
Exchange differences	818	–	135,423	136,241
At 31 January 2022	38,427	26,010	8,187,152	8,251,589
<b>Accumulated amortisation and impairment</b>				
At 1 February 2021	36,501	16,079	3,134,921	3,187,501
Charge for the year (Note 8)	16	2,695	–	2,711
Impairment (Note 6)	–	–	3,289,934	3,289,934
Exchange differences	1,203	(316)	65,180	66,067
At 31 January 2022	37,720	18,458	6,490,035	6,546,213
<b>Net carrying amount</b>				
At 31 January 2022	707	7,552	1,697,117	1,705,376

Included in the Group's intangible assets are accumulated impairment of RM7,095.4 million (2022: RM6,441.7 million).

### Impairment tests for goodwill

Goodwill has been allocated to the Group's CGUs identified according to business segments as follows:

	Group	
	2023 RM'000	2022 RM'000
Engineering and Construction ("E&C")	239,107	1,290,450
Drilling	–	406,667
	239,107	1,697,117

During the current financial year, the Group recognised a full impairment loss on goodwill in the Drilling segment of RM402.3 million (2022: RM1,668.4 million) and an impairment loss on goodwill in E&C segment of RM1,061.4 million (2022: RM1,621.5 million).

## 14. INTANGIBLE ASSETS (CONT'D.)

### Key assumptions used in value-in-use calculations

The recoverable amounts of the CGUs have been determined based on the remaining useful life for the Drilling CGU and a 10-year period for the E&C CGUs, representing the foreseeable period based on the cyclical nature of the industry.

The following describes each key assumption on which management has based its cash flow projections to undertake the impairment testing of goodwill:

#### (i) Revenue projection

Management has taken into consideration the order book, the likelihood of securing work within the bid book and expectations of the day rates and utilisation rates in determining the revenue projection for the respective CGUs.

#### (ii) Margin forecast

Gross margins are based on margin forecast of the order book, customer contract, management's expectation and past experience for new work. Impact of expected prolonged recovery to the industry has been considered.

#### (iii) Discount rate

The discount rate reflect specific risks relating to the relevant CGU. The post-tax discount rates used by E&C is 12% (2022: 10%) and Drilling is 10% (2022: 8.5%) respectively.

#### (iv) Terminal growth rate

Cash flow beyond the terminal period is extrapolated using the growth rate of 3.0% for both the E&C segment (2022: 3.0%) and Drilling segment (2022: 3.5%).

## 15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	11,393,077	11,393,077
Capitalisation of amounts due from subsidiaries	6,325,856	6,325,856
	<b>17,718,933</b>	17,718,933
Less: Accumulated impairment losses	(15,965,454)	(12,716,656)
	<b>1,753,479</b>	5,002,277

The details of the subsidiaries are set out in Note 44.

- The capitalisation of amounts due from subsidiaries are unsecured, non-interest bearing and treated as deemed investment.
- As at 31 January 2023, certain subsidiaries have reported continuing operating losses and/or depleting shareholders' funds. These are indicators that the investment in these subsidiaries may be impaired. This resulted in impairment losses on its investment in subsidiaries of RM3,248.8 million (2022: RM7,712.7 million).

# NOTES TO THE FINANCIAL STATEMENTS

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## 16. INVESTMENTS IN ASSOCIATES

	Group	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	2,265,501	2,265,501
Share of post-acquisition reserves	(571,297)	(229,780)
	<b>1,694,204</b>	<b>2,035,721</b>

(i) Details of the associates are as follows:

Name of Company	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(a) Held through Sapura Technology Solutions Sdn. Bhd.</b>				
Geowell Sdn. Bhd.	Malaysia	Wireline and well completion services	30	30
Subang Properties Sdn. Bhd.	Malaysia	Dormant	36.2	36.2
<b>(b) Held through SapuraCrest Ventures Sdn. Bhd.</b>				
Labuan Shipyard & Engineering Sdn. Bhd.	Malaysia	Shipbuilding, ship repair, naval craft maintenance and oil and gas fabrication	50	50
<b>(c) Held through Sapura Engineering Sdn. Bhd.</b>				
*Best Wide Engineering (M) Sdn. Bhd.	Malaysia	Undertakes engineering and technical works	–	–
Matrix Maintenance Sdn. Bhd.	Malaysia	Maintenance contractors for petrol chemical plants and general industries	30	30
<b>(d) Held through Sapura Upstream Assets Sdn. Bhd.</b>				
SapuraOMV Upstream Sdn. Bhd. and its subsidiaries	Malaysia	Investment holding, exploration, development and production of crude, oil and natural gas	50	50
<b>(e) Held through Sapura Energy Ghana Limited</b>				
Intesoll Sapura Offshore Limited	Ghana	Offshore Engineering Services	49	49

\* Disposed on 1 November 2021

## 16. INVESTMENTS IN ASSOCIATES (CONT'D.)

- (i) Details of the associates are as follows (cont'd.):

The financial statements of the associates that are not coterminous with those of the Company are as follows:

	Financial year end
(i) Geowell Sdn. Bhd.	31 December
(ii) Labuan Shipyard & Engineering Sdn. Bhd.	31 December
(iii) Matrix Maintenance Sdn. Bhd.	31 December
(iv) Best Wide Engineering (M) Sdn. Bhd.	30 November
(v) SapuraOMV Upstream Sdn. Bhd.	31 December
(vi) Intesoll Sapura Offshore Limited	31 December

For the purpose of applying the equity method of accounting, the 12 months ended 31 January 2023 management accounts have been used.

- (ii) Information relating to the associates:

Summarised financial information of the Group's material associates comprising SapuraOMV Upstream and its subsidiaries ("SapuraOMV Group") is set out below.

- (a) Summarised statement of financial position and reconciliation to the carrying amount of the Group's interest in associates:

	2023 RM'000	2022 RM'000
<b>Current assets</b>		
Cash and cash equivalents	528,759	356,421
Other current assets	778,292	489,522
<b>Total current assets</b>	<b>1,307,051</b>	845,943
<b>Non-current assets</b>		
Other non-current assets	6,173,197	6,853,732
<b>Total assets</b>	<b>7,480,248</b>	7,699,675
<b>Current liabilities</b>		
Other current liabilities	1,108,600	661,290
<b>Non-current liabilities</b>		
Borrowings	1,480,325	1,519,600
Other non-current liabilities	1,559,302	1,506,463
<b>Total non-current liabilities</b>	<b>3,039,627</b>	3,026,063
<b>Total liabilities</b>	<b>4,148,227</b>	3,687,353
<b>Net assets</b>	<b>3,332,021</b>	4,012,322
Interest in associates	50%	50%
Carrying value of interest in the associates	1,666,011	2,006,161

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 16. INVESTMENTS IN ASSOCIATES (CONT'D.)

(ii) Information relating to the associates (cont'd.):

(b) Summarised statement of comprehensive income:

	2023 RM'000	2022 RM'000
Revenue	1,501,488	1,212,115
Operating expenses	(529,586)	(487,681)
Depletion, depreciation and amortisation	(416,031)	(610,180)
Provision for impairment	(1,008,823)	(281,720)
Interest income	831	756
Interest expense	(84,512)	(54,901)
Loss before tax	(536,633)	(221,611)
Income tax expense	(216,349)	(59,718)
Loss after tax	(752,982)	(281,329)
Other comprehensive income	72,681	138,974
Total comprehensive loss	(680,301)	(142,355)

(c) Aggregate information of other associates that are not individually material:

	2023 RM'000	2022 RM'000
Carrying value of interest in associates	28,193	29,560
Share of profit before tax	1,407	3,259
Share of total comprehensive income	1,407	3,259

## 17. INVESTMENTS IN JOINT VENTURES

	Group	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	192,531	192,531
Share of post-acquisition reserves	1,961,945	1,689,896
Shareholders' advances to joint ventures*	2,154,476	1,882,427
	289,538	286,182
	2,444,014	2,168,609

\* The shareholders' advances are unsecured, non-interest bearing and treated as deemed investment.



## 17. INVESTMENTS IN JOINT VENTURES (CONT'D.)

Details of the joint ventures are as follows:

Name of Company	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(a) Held through Sapura Nautical Essence Sdn. Bhd.</b>				
SapuraAcergy Sdn. Bhd.	Malaysia	Dormant	50	50
SapuraAcergy Assets Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	49	49
<b>(b) Held through SapuraAcergy Sdn. Bhd.</b>				
*SapuraAcergy (Australia) Pty. Ltd.	Australia	Dormant	50	50
<b>(c) Held through Sapura Nautical Power Pte. Ltd.</b>				
L&T Sapura Shipping Private Limited	India	Vessel owner and chartering	40	40
L&T Sapura Offshore Private Limited	India	Provision of engineering and installation services	40	40
<b>(d) Held through Sapura Offshore Sdn. Bhd.</b>				
Seabras Sapura Participações S.A.	Brazil	Investment holding	50	50
Seabras Sapura Holding, GmbH	Austria	Investment holding	50	50
<b>(e) Held through Seabras Sapura Participações S.A.</b>				
Sapura Navegação Marítima S.A.	Brazil	Vessel owner and chartering	50	50
<b>(f) Held through Seabras Sapura Holding, GmbH</b>				
Seabras Sapura PLSV Holding GmbH	Austria	Investment holding	50	50
<b>(g) Held through Seabras Sapura PLSV Holding GmbH</b>				
Seabras Sapura Holdco Ltd.	Bermuda	Investment holding	50	50
Sapura Diamante GmbH	Austria	Vessel owner and chartering	50	50
Sapura Topazio GmbH	Austria	Vessel owner and chartering	50	50
Sapura Onix GmbH	Austria	Vessel owner and chartering	50	50
Sapura Jade GmbH	Austria	Vessel owner and chartering	50	50
Sapura Rubi GmbH	Austria	Vessel owner and chartering	50	50

\* Commenced liquidation since 1 February 2018

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## 17. INVESTMENTS IN JOINT VENTURES (CONT'D.)

Details of the joint ventures are as follows (cont'd.):

Name of Company	Country of Incorporation	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(h) Held through Seabras Sapura Holdco Ltd.</b>				
Seabras Sapura Talent Ltd.	Bermuda	Provision for manpower services	50	50
TL Offshore PLSV1 Ltd.	Bermuda	Dormant	50	50
TL Offshore PLSV2 Ltd.	Bermuda	Dormant	50	50
TL Offshore PLSV3 Ltd.	Bermuda	Dormant	50	50
TL Offshore PLSV4 Ltd.	Bermuda	Dormant	50	50
TL Offshore PLSV5 Ltd.	Bermuda	Dormant	50	50
<b>(i) Held through Sapura Navegação Marítima S.A.</b>				
Let's Log Serviços Intergrados de Logística Ltda.	Brazil	Management of general warehouses and deposits	50	50
<b>(j) Held through Sapura Services Sdn. Bhd.</b>				
Sapura Baker Hughes TPS Sdn. Bhd.	Malaysia	Provision of repair and maintenance services and sales of parts to the energy sector	51	51
<b>(k) Held through Sapura Saudi Arabia Company</b>				
Rawabi Sapura Company Limited	Saudi Arabia	Dormant	50	50

The annual financial statements of the joint ventures that are not coterminous with those of the Company are as follows:

	Financial year end
(i) L&T Sapura Shipping Private Limited	31 March
(ii) L&T Sapura Offshore Private Limited	31 March
(iii) Sapura Baker Hughes TPS Sdn. Bhd.	31 December
(iv) Seabras Sapura Holding, GmbH	31 December
(v) Seabras Sapura Participações S.A.	31 December
(vi) Seabras Sapura Talent Ltd.	31 December
(vii) Sapura Navegação Marítima S.A.	31 December
(viii) Seabras Sapura PLSV Holding GmbH	31 December
(ix) Sapura Diamante GmbH	31 December
(x) Sapura Topazio GmbH	31 December
(xi) Seabras Sapura Holdco Ltd.	31 December
(xii) Sapura Onix GmbH	31 December
(xiii) Sapura Jade GmbH	31 December
(xiv) Sapura Rubi GmbH	31 December
(xv) Rawabi Sapura Company Limited	31 December

## 17. INVESTMENTS IN JOINT VENTURES (CONT'D.)

For the purpose of applying the equity method of accounting, the 12 months ended 31 January 2023 management accounts have been used.

Information relating to the joint ventures:

(a) Summarised financial information of the Group's material joint ventures are set out below. The Group's material joint ventures consist of the Brazilian E&C operation held through Seabras Sapura Holding, GmbH and Seabras Sapura Participações S.A. and its subsidiaries.

(i) Summarised statements of financial position and reconciliation to the carrying amount of the Group's interest in material joint venture:

	2023 RM'000	2022 RM'000
<b>Current assets</b>		
Cash and cash equivalents <sup>^</sup>	180,807	355,716
Other current assets	661,713	427,926
<b>Total current assets</b>	<b>842,520</b>	783,642
<b>Non-current assets</b>		
Cash and cash equivalents <sup>^</sup>	–	158,439
Other non-current assets	5,744,646	5,975,860
<b>Total non-current assets</b>	<b>5,744,646</b>	6,134,299
<b>Total assets</b>	<b>6,587,166</b>	6,917,941
<b>Current liabilities</b>		
Borrowings <sup>#</sup>	51,360	370,703
Other current liabilities	2,021,776	1,917,994
<b>Total current liabilities</b>	<b>2,073,136</b>	2,288,697
<b>Non-current liabilities</b>		
Borrowings <sup>#</sup>	429,084	1,115,485
Other non-current liabilities	135,272	172,066
<b>Total non-current liabilities</b>	<b>564,356</b>	1,287,551
<b>Total liabilities</b>	<b>2,637,492</b>	3,576,248
<b>Net assets</b>	<b>3,949,674</b>	3,341,693
Interest in joint ventures	50%	50%
Carrying value of interest in joint ventures	1,974,837	1,670,847
Shareholders' advances	289,538	286,182
<b>Net carrying value of interest in joint ventures</b>	<b>2,264,375</b>	1,957,029

<sup>^</sup> Included in the cash and cash equivalents are RM44.0 million (2022: RM397.1 million), pledged as security over the borrowings as at 31 January 2023.

<sup>#</sup> The borrowings are secured by the joint ventures' vessels.

# NOTES TO THE FINANCIAL STATEMENTS

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## 17. INVESTMENTS IN JOINT VENTURES (CONT'D.)

Information relating to the joint ventures (cont'd.):

(a) (ii) Summarised statements of comprehensive income:

	2023 RM'000	2022 RM'000
Revenue	1,846,483	1,423,792
Operating expenses	(687,661)	(704,449)
Depreciation and amortisation	(358,928)	(323,019)
Interest income	35,456	4,124
Interest expense	(189,459)	(153,146)
Profit before tax	645,891	247,302
Income tax expense	(69,605)	(1,494)
Profit after tax	576,286	245,808
Other comprehensive income	31,694	147,604
Total comprehensive income	607,980	393,412

(b) Aggregate information of joint ventures that are not individually material:

	2023 RM'000	2022 RM'000
Carrying value of interest in joint ventures	179,639	211,580
Share of profit/(loss) after tax	27,413	(4,087)
Share of total comprehensive (loss)/income	(9,593)	12,819
Dividends paid during the year to the Group	22,348	16,119

## 18. DEFERRED TAX

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 February 2022/2021	(17,568)	(17,589)	–	(16,318)
Recognised in the profit or loss	(40,695)	(1,853)	–	16,318
Exchange differences	(10,177)	1,874	–	–
At 31 January	(68,440)	(17,568)	–	–
Presented after appropriate offsetting as follows:				
Deferred tax assets	(106,727)	(103,657)	–	–
Deferred tax liabilities	38,287	86,089	–	–
	(68,440)	(17,568)	–	–

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

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

### Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
At 1 February 2022	107,360	74,146	181,506
Recognised in the profit or loss	(35,504)	(5,191)	(40,695)
Exchange differences	(11,431)	1,513	(9,918)
At 31 January 2023	60,425	70,468	130,893
At 1 February 2021	156,011	38,826	194,837
Recognised in the profit or loss	(51,339)	33,371	(17,968)
Exchange differences	2,688	1,949	4,637
At 31 January 2022	107,360	74,146	181,506

### Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Provisions for liabilities RM'000	Others RM'000	Total RM'000
At 1 February 2022	(137,815)	(49,236)	(12,023)	(199,074)
Recognised in the profit or loss	19,631	(17,633)	(1,998)	–
Exchange differences	(94)	–	(165)	(259)
At 31 January 2023	(118,278)	(66,869)	(14,186)	(199,333)
At 1 February 2021	(173,781)	(31,603)	(7,042)	(212,426)
Recognised in the profit or loss	35,949	(17,633)	(2,201)	16,115
Exchange differences	17	–	(2,780)	(2,763)
At 31 January 2022	(137,815)	(49,236)	(12,023)	(199,074)

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

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

Deferred tax assets of the Company:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Provisions for liabilities RM'000	Total RM'000
At 1 February 2022/31 January 2023	1,696	(1,696)	–
At 1 February 2021	(14,622)	(1,696)	(16,318)
Recognised in the profit or loss	16,318	–	16,318
At 31 January 2022	1,696	(1,696)	–

During the financial year, the unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences of the Group and the Company that have not been recognised as deferred tax assets amounted to RM4,978.9 million (2022: RM4,664.7 million) and RM80.6 million (2022: RM74.3 million) respectively.

The unutilised tax losses of the entities in the Group are available for offsetting against future taxable profits, subject to no substantial changes in shareholdings under Income Tax Act 1967 and guidelines issued by the tax authority. Deferred tax assets have not been recognised in respect of these items as the entities in the Group does not foresee its ability to utilise the business losses in near future.

In accordance with the provision of Income Tax Act 1967 of Malaysia, the utilisation of unused tax losses will be limited to ten years (2022: ten years) with effect from year of assessment 2019.

## 19. DERIVATIVES

In the previous financial years, the Group entered into Islamic Cross-Currency Swap ("ICRCS") contracts with various banks to hedge part of the Group's borrowings.

Details of the derivatives amount at reporting date are as follows:

	Group 2022	
	Notional Value RM'000	Liabilities Fair Value RM'000
Islamic Cross-Currency Swap	2,528,606	24,644

On 8 February 2022, the 5 years ICRCS matured and settled in accordance to the contracts. The Group has recognised a net realised foreign exchange loss of RM37.1 million for this settlement in the current financial year.

## 20. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
<b>At cost</b>		
Consumables, materials and spares	314,981	397,051
Work-in-progress	71,212	31,790
	<b>386,193</b>	428,841

The cost of inventories recognised as an expense during the financial year amounted to RM61.7 million (2022: RM63.6 million).

During the year, the Group has written down inventories totalling RM51.2 million (2022: RM38.9 million) to nil based on their net realisable values.

## 21. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
<b>Non-current assets</b>		
Amounts due from subsidiaries	550,080	550,080
Less: Allowance for expected credit losses	(550,080)	(539,088)
	–	10,992
<b>Current assets</b>		
Amounts due from subsidiaries	1,290,919	1,352,813
Less: Allowance for expected credit losses	(1,280,540)	(1,271,242)
	<b>10,379</b>	81,571

Amounts due from subsidiaries are unsecured, interest free and repayable on demand except for RM126.4 million (2022: RM125.9 million) which is subject to interest rates ranging from 3.71% to 8.00% (2022: 3.43% to 8.00%) per annum.

The Company recognised a net allowance for expected credit losses on amounts due from its subsidiaries of RM153.4 million (2022: RM878.7 million) in the current financial year.

During the current financial year, amount of RM133.5 million (and the corresponding allowance for expected credit losses of RM133.1 million) was reclassified to other receivables due to loss of control of a subsidiary as disclosed in Note 44(i)(k).

Further details on related party transactions are disclosed in Note 39.

Other information on financial risks are disclosed in Note 40.

# NOTES TO THE FINANCIAL STATEMENTS

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## 22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current assets</b>				
<b>Trade receivables</b>				
Third parties	–	13,790	–	–
Retention sums	37,066	31,828	–	–
	37,066	45,618	–	–
Less: Allowance for expected credit losses	(10,360)	(10,360)	–	–
	26,706	35,258	–	–
<b>Other receivables</b>				
Amounts due from joint ventures	200,655	192,302	–	–
Total non-current trade and other receivables	227,361	227,560	–	–
<b>Current assets</b>				
<b>Trade receivables</b>				
Third parties	463,723	623,975	–	–
Less: Allowance for expected credit losses	(200,470)	(78,478)	–	–
	263,253	545,497	–	–
<b>Other receivables</b>				
Amounts due from:				
Related parties	–	2,838	3,183	3,183
Joint ventures and associates	234,712	240,840	20,492	21,257
	234,712	243,678	23,675	24,440
Deposits and prepayments	12,471	76,587	10,729	9,714
Sundry receivables	545,152	313,431	134,827	13,068
	557,623	390,018	145,556	22,782
Less: Allowance for expected credit losses	(272,603)	(40,007)	(157,237)	(24,440)
Other receivables	519,732	593,689	11,994	22,782
Total current trade and other receivables	782,985	1,139,186	11,994	22,782



## 22. TRADE AND OTHER RECEIVABLES (CONT'D.)

### (a) Trade receivables

Trade receivables are non-interest bearing. The Group's normal trade credit term ranges from 30 to 90 days (2022: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. Overdue balances are reviewed regularly by senior management. Trade receivables are recognised at original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group are retention sums from contract customers of RM37.1 million (2022: RM31.8 million). These retention sums from contract customers are unsecured, interest free and are expected to be collected in accordance with the terms of the respective contract agreements.

Movement in allowance for expected credit losses of trade receivables based on lifetime ECL are as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 February 2022/2021	88,838	39,175
Charge for the year (Note 8)	121,930	50,207
Exchange differences (Note 8)	62	(544)
At 31 January	210,830	88,838

### (b) Sundry receivables

Sundry receivables, which include GST and VAT receivables, are unsecured, interest free and repayable on demand.

Movement in allowance for expected credit losses of other receivables based on lifetime ECL are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 February 2022/2021	40,007	38,690	24,440	–
Charge/(reversal) for the year (Note 8)	1,109	–	(377)	24,440
Reclassification adjustments	231,487	–	133,174	–
Exchange differences (Note 8)	–	1,317	–	–
At 31 January	272,603	40,007	157,237	24,440

Details of how the credit risk is determined and managed is described in Note 40(d).

### (c) Amounts due from joint ventures

#### Non-current assets

Amounts due from joint ventures are unsecured and interest free.

#### Current assets

Amounts due from joint ventures are unsecured, interest free and repayable on demand, except for RM202.3 million (2022: RM201.1 million) provided to certain joint ventures which are subject to interest rates ranging from 3.0% to 4.5% (2022: 3.0% to 4.5%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

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## 23. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023 RM'000	2022 RM'000
<b>Contract assets</b>		
Current	737,405	776,863
Less: allowance for expected credit loss	(49,819)	(49,819)
	<b>687,586</b>	727,044
<b>Contract liabilities</b>		
Non-current	(51,694)	(10,584)
Current	(558,602)	(817,139)
	<b>(610,296)</b>	(827,723)

	Group	
	2023 RM'000	2022 RM'000
Revenue recognised which was included in construction contract liabilities at the beginning of the financial year	<b>817,139</b>	239,572
Revenue recognised from performance obligations satisfied in the previous periods	<b>4,102</b>	102,219

The Group receives payments from customers based on billing schedule, as established in the contracts. The contract asset relates the rights to consideration in exchange for goods or services transferred to the customer before the customer pays the consideration or before payment is due. The contract liability relates to payments received in advance of performance under the contract. Changes in the contract asset and liabilities are due to the progress billings during the year and Group's performance under the contract.

## 24. CASH, DEPOSITS AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash on hand and at banks	574,424	394,422	4,562	1,219
Deposits with licensed banks	123,306	47,792	–	–
Cash pledged with banks (restricted)	152,395	275,537	–	–
Cash, deposits and bank balances	<b>850,125</b>	717,751	<b>4,562</b>	1,219

Included in cash, deposits and bank balances of the Group is an amount of RM152.4 million (2022: RM275.5 million) are restricted from use due to the loan covenants and business requirements.

Other information on financial risks of cash and cash equivalents are disclosed in Note 40.

## 24. CASH, DEPOSITS AND BANK BALANCES (CONT'D.)

The range of the interest rate on deposit with licensed banks (per annum) and the range of remaining maturities as at the reporting date are as follows:

	Group		Company	
	2023	2022	2023	2022
Interest rate (%)	0.01 – 3.95	0.01 – 2.60	–	–
Maturities (days)	1 – 90	1 – 90	–	–

## 25. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

In the previous financial year, a non-current asset within the Group was identified for disposal as part of the Group's Reset Program to divest assets. Consequently, the asset was reclassified from property, plant and equipment to non-current asset held for sale. Impairment to the asset prior to the reclassification was disclosed in Note 13.

The carrying value of this asset was the same as its carrying value before it was being reclassified from property, plant and equipment.

On 11 August 2022, the Group completed its disposal of the asset for a proceeds amounting to RM312.8 million. The proceeds from such disposal has been utilised to repay the borrowings. Further details are disclosed in Note 31(d)(i).

## 26. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
<b>Issued and fully paid:</b>				
<b>Ordinary shares</b>				
At 31 January	15,979,080	15,979,080	10,872,078	10,872,078

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Group's and the Company's assets.

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## 27. ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS-I”)

	Group and Company			
	Number of shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
<b>RCPS-i</b>				
At 31 January	<b>2,396,862</b>	2,396,862	<b>982,713</b>	982,713

The key features of the RCPS-i are as follows:

- (i) The RCPS-i shall be converted into new ordinary shares of the Company on the maturity date (i.e. 29 January 2024) without the payment of any consideration (cash or otherwise) and in accordance with the conversion ratio.
- (ii) The conversion ratio of the RCPS-i is one new ordinary share of the Company for every one RCPS-i held.
- (iii) The RCPS-i shall carry the right to receive preferential dividends, out of the distributable profits of the Company earned from the first day of the calendar month following the issue date, when declared and approved by the Board of the Company, at the expected preferential dividend rate of five percent (5%) per annum.
- (iv) The Company may at any time after the issue date, at its discretion, redeem wholly or in part on a pro rata basis the outstanding RCPS-i by giving not less than thirty (30) days' notice in writing to the RCPS-i holders of its intention to do so, subject to compliance with the Companies Act 2016. The redemption price, payable in cash, shall be the aggregate of:
  - (a) The issue price of RCPS-i;
  - (b) Any preferential dividends declared but unpaid as at the redemption date;
  - (c) Any deferred dividends as at the redemption date; and
  - (d) A redemption adjustment that yields an effective return of ten percent (10%) per annum, computed based on the internal rate of return formula, from the issue date (i.e. 29 January 2019) and up to the redemption date, out of the distributable profits of the Company and after taking into account (a), (b) and (c) above and all preferential dividend declared and paid up to the redemption date.
- (v) The RCPS-i shall rank equally amongst themselves, and will rank ahead in point of priority to the holders of the ordinary shares of the Company and all other classes of shares (if any) in the Company, in respect of payment of dividends and payment out of the assets of the Company upon any liquidation, dissolution or winding up of the Company, provided that the Board of the Company approves such payment of dividends and payment out of the assets of the Company on this basis and further affirms the priority of payment to the holders of the RCPS-i.

## 28. SHARES HELD UNDER TRUST

	Group and Company			
	Number of shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
At 1 February 2022/2021	7,276	7,276	11,587	11,587
Disposed during the year	(7,276)	–	(11,587)	–
At 31 January	–	7,276	–	11,587

The trustee appointed by the Company purchased its issued ordinary shares from the open market for the purpose of the share bonus scheme in relation to LTIP through its internally generated funds. The LTIP scheme which has been fully vested in the previous financial years had the following features:

- The LTIP scheme is intended for eligible executive directors and employees of the Group of which annual grants may be made to attract, retain and incentivise such key employees and executive directors for the long-term success and growth of the Group as well as to enhance shareholders' value.
- The selected executive directors and employees must elect in writing to participate in the scheme.
- The vesting of the new shares is over a period of 2 years (subsequent to grant date), provided that the recipient remains in the Group's employment.

During the current financial year, the Company appointed a trustee to dispose the entire 7.276 million units of the issued ordinary shares in the open market at an average price of RM0.04 per share. When shares were sold subsequently, the difference between sales consideration net of directly attributable costs and carrying amount of the shares was recognised in equity.

## 29. WARRANTS RESERVE

The warrants reserve represents the cumulative fair value of the warrants yet to be exercised.

The warrants are valid to be exercised for a period of 7 years from its issue date and ending on 23 January 2026 ("Exercise Period"). During the Exercise Period, each warrant shall entitle the registered holder to subscribe for one new ordinary share of the Company at an exercise price of RM0.49 per warrant in accordance with the provisions of the Deed Poll dated 6 December 2018. Any warrants not exercised will lapse thereafter and cease to be valid.

As at 31 January 2023, the entire 998,692,020 warrants remain unexercised.

# NOTES TO THE FINANCIAL STATEMENTS

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## 30. OTHER RESERVES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Foreign currency translation reserve	1,827,767	1,638,044	–	–
Hedge reserve	–	(3,612)	–	–
Merger reserve	51,989	51,989	–	–
ESOS reserve	90,528	104,934	90,528	104,934
	1,970,284	1,791,355	90,528	104,934

The movements in the reserves are as follows:

	Group	
	2023 RM'000	2022 RM'000
<b>Foreign currency translation reserve</b>		
At 1 February 2022/2021	1,638,044	1,476,898
Exchange differences on translation of foreign subsidiaries, joint ventures and associates	189,723	161,146
At 31 January	1,827,767	1,638,044

	Group	
	2023 RM'000	2022 RM'000
<b>Hedge reserve</b>		
At 1 February 2022/2021	(3,612)	(32,503)
Changes in fair value of derivatives held by a subsidiary and joint ventures	16,917	28,891
Foreign exchange impact on hedged items	–	(18,952)
Amount reclassified to profit or loss	(13,305)	18,952
At 31 January	–	(3,612)

	Group and Company	
	2023 RM'000	2022 RM'000
<b>ESOS reserve</b>		
At 1 February 2022/2021	104,934	122,287
Lapse of certain ESOS	(14,406)	(17,353)
At 31 January	90,528	104,934

### 30. OTHER RESERVES (CONT'D.)

The nature and purpose of each category of reserve are as follows:

**(a) Foreign currency translation reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

**(b) Hedge reserve**

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of the cash flow hedge instruments related to hedged transactions. The hedge reserve includes the share of hedge reserve of a subsidiary and joint ventures.

In the current financial year, the cumulative amount in the hedge reserve of the joint ventures have been reclassified to profit or loss upon settlement of the hedge contract on 20 December 2022.

In the previous financial year, the cumulative amount in the hedge reserve attributable to ICRCs contracts of a subsidiary was reclassified to profit or loss due to discontinuance of hedge accounting, upon completion of the refinancing on 31 March 2021. The ICRCs contracts remained in effect and was settled on 8 February 2022.

**(c) Merger reserve**

The merger reserve relates to the excess of the consideration paid over the share capital and reserves of Sapura Drilling Probadi Sdn. Bhd. in previous years.

The difference between the recorded carrying value of the investment in Sapura Drilling Probadi Sdn. Bhd. (that is the value of the shares of the Company issued as consideration) and the value of Sapura Drilling Probadi Sdn. Bhd.'s shares transferred to the Company had been reflected within equity as merger reserve in the consolidated financial statements.

**(d) ESOS reserve**

The ESOS reserve represents the equity-settled share options granted to the eligible executive directors and senior management as further discussed in Note 36.

The reserve is made up of the cumulative value of services received from the eligible executive directors and senior management recorded from the grant date of equity-settled share options, and is reduced by the expiry, exercise or lapse of the share options.

# NOTES TO THE FINANCIAL STATEMENTS

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## 31. BORROWINGS

	Group	
	2023 RM'000	2022 RM'000
<b>Total Borrowings</b>		
<b>Short term borrowings</b>		
<b>Unsecured:</b>		
<b>Conventional borrowings</b>		
Revolving credits	357,208	357,263
Trade financing	–	89,436
Term loans	3,037,101	2,997,035
	<b>3,394,309</b>	<b>3,443,734</b>
<b>Islamic financings</b>		
Sukuk Programme	7,221,625	7,214,287
	<b>10,615,934</b>	<b>10,658,021</b>
<b>Maturity of borrowings:</b>		
Within one year*	<b>10,615,934</b>	<b>10,658,021</b>

\* Included under short-term borrowings are Term loans and Sukuk Programme that has been classified as current liabilities due to breach of loan covenants as further described in Note 31(f).

(a) The range of the interest rates and profit sharing (per annum) during the financial year for borrowings was as follows:

	Group	
	2023 %	2022 %
Term loans and Sukuk Programme	2.91 to 6.92	2.11 to 6.40
Revolving credits and Trade financing	4.43 to 6.15	1.61 to 4.49



### 31. BORROWINGS (CONT'D.)

(b) Included in the Group's borrowings are as follows:

	As at 31 January 2023 Short-term borrowings		As at 31 January 2022 Short-term borrowings	
	USD denomination RM'000	RM denomination RM'000	USD denomination RM'000	RM denomination RM'000
Revolving credits	–	357,208	–	357,263
Trade financing	–	–	–	89,436
Term loans	2,191,973	845,128	2,164,428	832,607
Sukuk Programme	841,546	6,380,079	834,084	6,380,203
	<b>3,033,519</b>	<b>7,582,415</b>	2,998,512	7,659,509
<b>Total</b>		<b>10,615,934</b>		<b>10,658,021</b>

(c) Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statements of cash flows as cash flows from financing activities.

A reconciliation of liabilities arising from financing activities is as follows:

	At 1.2.2022 RM'000	Net cash changes RM'000	Non-cash changes		At 31.1.2023 RM'000
			Amortisation of borrowing cost <sup>^</sup> RM'000	Foreign exchange movement RM'000	
Borrowings*	10,658,021	(89,596)	21,731	25,778	10,615,934

	At 1.2.2021 RM'000	Net cash changes RM'000	Non-cash changes		At 31.1.2022 RM'000
			Amortisation of borrowing cost <sup>^</sup> RM'000	Foreign exchange movement RM'000	
Borrowings*	10,332,182	235,965	63,422	26,452	10,658,021

\* Term loans and Sukuk Programme

<sup>^</sup> Charged to profit or loss

# NOTES TO THE FINANCIAL STATEMENTS

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## 31. BORROWINGS (CONT'D.)

(d) Other information relating to borrowings:

- (i) On 29 April 2022, Sapura TMC Sdn. Bhd. ("Sapura TMC") entered into a supplemental letter of offer for the utilisation of a revolving credit facility of RM300.0 million under the Maybank Islamic Facility (the "RCF"). The RCF was inter alia secured by a mortgage over a pipe-laying and crane vessel (the "Sapura 3000 Vessel") owned by Sapura 3000 Pte. Ltd. The Sapura 3000 Vessel was disposed on 11 August 2022, and the proceeds of the sale amounting to RM312.8 million was deposited with Maybank Islamic Berhad and as required under the terms of the RCF. The RCF was subsequently repaid on 1 December 2022.
- (ii) In the previous financial year, Sapura TMC had executed multi-currency financing facilities agreements (collectively, the "MCF Facilities") with the MCF Financiers consisting of:
  - (a) the senior multi-currency term facilities agreement dated 29 March 2021 between, inter alia, Sapura TMC as borrower, and the MCF Financiers named therein as conventional facility MCF Financiers; and/or
  - (b) the Multi-Currency Sukuk Programme of up to RM10 billion in nominal value based on the Shariah principle of murabahah (via a tawarruq arrangement), established under a programme agreement originally dated 20 August 2015 (as announced on 8 September 2015) between Sapura TMC Sdn. Bhd. as issuer, Maybank Investment Bank Berhad as lead arranger, and Maybank Investment Bank Berhad as facility agent, and as thereafter amended and supplemented.

In March 2022 and subsequently in June 2022, Sapura TMC and the Obligors requested the MCF Financiers of the MCF Facilities to waive any event of default which may arise as a result of:

- (a) failure by Sapura TMC and the Obligors, to comply with certain financial covenants of the MCF Facilities;
- (b) granting of Restraining Order in relation to Sapura TMC and the Obligors, and the filing of any documents in connection with that Restraining Order; and
- (c) failure by Sapura TMC or any of the Obligor of the MCF Facilities to pay certain amounts due and payable under the MCF Facilities during the 90-day period commencing from 7 March 2022 and a further 6 months from 6 June 2022 to 10 December 2022.

In relation to (a) and (b) above, the majority of the MCF Financiers consented to these requests and agreed not to take any enforcement action in relation to any default which may arise as a result of:

- (aa) the failure by Sapura TMC and the Obligors to comply with certain financial covenants of the MCF Facilities; and
- (bb) the Restraining Orders in relation to Sapura TMC and the Obligors and the filing of any documents in connection with the Restraining Order.

### 31. BORROWINGS (CONT'D.)

(d) Other information relating to borrowings (cont'd.):

- (iii) On 1 September 2022, the Company received approval from the Corporate Debt Restructuring Committee ("CDRC"), approving the Company's application for assistance to mediate in the debt restructuring negotiations with certain financial institutions who have provided multi-currency facilities to Sapura TMC.

The CDRC is a committee established under the purview of Bank Negara Malaysia for the purpose of providing a platform for corporate borrowers and their creditors to work out feasible debt resolutions without having to resort to legal proceedings.

The Company and nine of its subsidiaries which are obligors under the MCF Facilities ("Admitted Group Companies"), were admitted to the CDRC regime with effect from 1 September 2022.

Following the CDRC's acceptance of the Company's application, CDRC has issued a letter addressed to the Company stating that:

- (a) the Company and its Lenders whereby the Lenders are expected to observe an informal standstill and withhold from any proceedings and the Company is expected to submit a proposal for a restructuring of its debts within 60 days from 1 September 2022; and
- (b) where the Company and the Admitted Group Companies are required to adhere to and be bound by Bank Negara Malaysia CDRC Participant's Code of Conduct ("Code") and any variations thereof as determined at the discretion of the CDRC from time to time.

The Company submitted a draft Proposed Restructuring Scheme ("PRS") to the CDRC on 29 September 2022 and has since been participating in CDRC meetings with the MCF Financiers to seek feedback on and to refine the terms of the PRS.

On 28 February 2023, the Company received a formal notification dated 24 February 2023 from the CDRC stating that the CDRC Committee extended the standstill period for the Company and its relevant subsidiaries under the CDRC regime, up to 9 September 2023. The MCF Financiers will continue to be expected to observe the informal standstill and withhold all legal proceedings and/or any other recovery action initiated or intended against the Company and/or the Company's subsidiaries under the CDRC regime.

- (iv) On 26 October 2022, the Company completed the disposal of *Sapura T-19*, *Sapura T-20* and *Sapura Setia* for a net disposal proceeds of USD8.1 million. The net disposal proceeds were deposited into the disposal proceeds account and were utilised to repay the multi-currency financing facilities, subject to the terms of the MCF Facilities.
- (e) As required under MFRS 101: Presentation of Financial Statements, in the event of a breach of loan covenants on or before the end of reporting date, which gives lender the rights to demand for immediate repayment, an entity is required to classify a liability as current as it no longer has the unconditional right to defer its settlement for at least twelve months after that date.
- (f) Since the previous reporting date, the Group breached certain financial covenants pursuant to the MCF Facilities. As a result, the borrowings have been classified as current liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

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## 32. AMOUNTS DUE TO SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
<b>Non-current liability</b>		
Amount due to a subsidiary	3,767,595	3,767,595
<b>Current liabilities</b>		
Amounts due to subsidiaries	1,621,068	1,301,626

Amounts due to subsidiaries are unsecured, interest free and repayable on demand, except for RM3,767.6 million (2022: RM3,767.6 million) which is subject to interest rate of 2% (2022: 2%) per annum above the cost of funds.

Further details on related party transactions are disclosed in Note 39.

Other information on financial risks of amounts due to subsidiaries are disclosed in Note 40.

## 33. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current liabilities</b>				
Other payables	11,808	19,082	–	–
<b>Current liabilities</b>				
<b>Trade payables</b>				
Third parties	1,757,607	2,264,536	–	–
<b>Other payables</b>				
Staff costs	42,159	54,539	435	7,709
Accruals	1,412,623	855,536	69,921	637
Sundry payables	403,859	369,209	81,170	94,156
	1,858,641	1,279,284	151,526	102,502
Amounts due to:				
Joint ventures and Associated companies	98,882	125,161	46	809
Related parties	1,628	1,480	36	35
	100,510	126,641	82	844
Total current trade and other payables	3,716,758	3,670,461	151,608	103,346

### (a) Trade payables – Third parties

Trade payables are non-interest bearing and trade credit terms granted to the Group range from 30 days to 90 days (2022: 30 days to 90 days).

### (b) Amounts due to joint ventures, associate companies and related parties

These amounts are unsecured, non-interest bearing and are repayable on demand.

### 34. PROVISIONS

The movement of provisions during the financial year are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 February 2022/2021	609,356	152,251	44,700	–
Recognised during the year (Note 8)	706,461	1,307,101	–	44,700
Utilised during the year	(462,059)	(662,782)	–	–
Reversal during the year (Note 8)	(427,209)	(187,214)	(44,700)	–
At 31 January	426,549	609,356	–	44,700

The provisions recognised in the Group represents the foreseeable losses arising from certain construction contracts.

The Company made a reversal of RM44.7 million provision in relation to the breach of a tenancy agreement with a related party during the current financial year (2022: provision made of RM44.7 million).

### 35. LEASE LIABILITIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>				
Lease liabilities	22,935	8,745	14,980	–
<b>Current</b>				
Lease liabilities	18,720	7,976	12,271	–
<b>Total lease liabilities</b>	<b>41,655</b>	<b>16,721</b>	<b>27,251</b>	<b>–</b>

The movement of lease liabilities during the year is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
As at 1 February 2022/2021	16,721	20,754	–	–
Additions	30,952	16,371	37,091	–
Payments	(11,226)	(26,817)	(10,981)	–
Interest expense (Note 7)	2,362	667	1,141	–
Exchange differences	2,846	5,746	–	–
As at 31 January	41,655	16,721	27,251	–

As allowed under MFRS 16, the Group and the Company had elected not to recognise the right-of-use assets and lease liabilities in relation to short-term lease.

The Group has total cash outflows for lease liabilities and short-term leases of RM327.0 million (2022: RM417.5 million).

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 35. LEASE LIABILITIES (CONT'D.)

The maturities of the lease liabilities as at 31 January 2023 are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Within one year	18,720	7,976	12,271	–
More than 1 year but not later than 2 years	20,729	8,464	12,795	–
More than 2 years but not later than 5 years	2,206	281	2,185	–
	41,655	16,721	27,251	–

## 36. EXECUTIVE SHARE OPTION SCHEME

The ESOS was implemented effective from 13 December 2018.

Options are granted to the eligible executive directors and senior management employed on a full time basis at the discretion of the Board Nomination and Remuneration Committee ("BNRC").

The key features of the ESOS are as follows:

- (a) The maximum number of new ordinary shares of the Company which may be allotted and issued pursuant to the options that may be granted under the ESOS shall not in aggregate exceed ten percent (10%) of the total number of issued ordinary shares of the Company (excluding shares held under trust);
- (b) The maximum number of options that may be granted under the ESOS to any one eligible person shall be at the sole and absolute discretion of the BNRC after taking into consideration the position, performance and length of service of the eligible person in the Group, or such other factors which the BNRC may in its absolute discretion deem fit, subject to the following:
  - (i) the eligible executive directors and senior management do not participate in the deliberation or discussion in respect of his/her own allocation; and
  - (ii) the number of new ordinary shares of the Company to be allocated to any eligible person who, either singly or collectively through persons connected with such eligible person, holds twenty percent (20%) or more of the total issued ordinary shares of the Company (excluding shares held under trust), does not exceed ten percent (10%) (or such percentage as allowable by the relevant authorities) of the total number of new ordinary shares of the Company to be issued under the ESOS.
- (c) The option exercise price shall be determined by the Board upon recommendation of the BNRC based on the five (5) days weighted average market price of the ordinary shares of the Company, as quoted on Bursa Securities, immediately preceding the date of offer or with a premium or discount. In the event of a discount, the discount shall not be more than ten percent (10%) or such other percentage of discount as may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the ESOS;
- (d) The ESOS shall be in force for a duration of seven (7) years from the effective date of implementation of the ESOS. The BNRC may terminate the ESOS at any time during the duration of the ESOS subject to a notice period of at least thirty days being provided; and
- (e) The ESOS is immediately exercisable upon granting. However, the grantee must not sell, transfer or assign any new ordinary shares of the Company obtained through the exercise of the options offered to the person under the ESOS within three (3) years from the date of offer.

### 36. EXECUTIVE SHARE OPTION SCHEME (CONT'D.)

#### Movement of share options

The following table illustrates the number of, and movements in, share options during the financial year:

	Group and Company Number	
	2023 '000	2022 '000
Outstanding and exercisable at 1 February 2022/2021	1,024,259	1,193,637
Lapsed during the year	(140,616)	(169,378)
Outstanding and exercisable at 31 January	883,643	1,024,259

The remaining contractual life and expiry date for these options are as follows:

	Group and Company	
	Tranche 1	Tranche 2
Remaining contractual life	2.87 years	3.19 years
Exercise price	RM0.31	RM0.39
Granted date	14 December 2018	12 April 2019
Expiry date	12 December 2025	10 April 2026

Following the grant of options on 12 April 2019, the weighted average exercise price of the options granted to date was RM0.30.

#### Fair value of share options granted

The fair value of the share options granted under the ESOS is estimated at the grant date using a trinomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing models are as follows:

	Group and Company	
	Tranche 1	Tranche 2
Dividend yield	1.52%	1.52%
Expected volatility	35.5%	37.8%
Risk-free interest rate (per annum)	3.80%	3.80%
Expected life of option	7 years	7 years

The expected life of the options is based on the ESOS duration and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period, similar to the life of the options is indicative of future trends.

# NOTES TO THE FINANCIAL STATEMENTS

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## 37. COMMITMENTS

	Group	
	2023 RM'000	2022 RM'000
<b>Capital expenditure</b>		
<b>Approved and contracted for:</b>		
Property, plant and equipment	24,914	281,664

## 38. FINANCIAL GUARANTEE CONTRACTS AND CONTINGENT LIABILITIES

The nominal value of the financial guarantee contracts given by the Group and the Company are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Secured</b>				
Financial guarantee contracts given to financial institutions for credit facilities and performance bonds granted to joint ventures and associate	524,916	606,251	–	–
	524,916	606,251	–	–
<b>Unsecured</b>				
Financial guarantee contracts given on behalf of subsidiaries	–	–	1,058,793	1,021,090
	524,916	606,251	1,058,793	1,021,090

The fair value of the financial guarantee contracts given to financial institutions for credit facilities granted to joint ventures are deemed immaterial as the value of the underlying collateral provided by the respective joint ventures is sufficient to cover the outstanding loan amounts. The credit facilities are secured by way of deposit pledged and legal charges over the vessels of the joint ventures.

Other contingent liabilities:

- On 31 January 2019, SapuraOMV Upstream Sdn. Bhd. ("SapuraOMV") (an associate company of the Group) entered into a facility agreement with OMV Exploration & Production GmbH ("OMV E&P") for the OMV financing amounting to USD350.0 million (RM1,431.2 million). As security for this, Sapura Upstream Assets Sdn. Bhd. (a subsidiary of the Group) has pledged shares of SapuraOMV with a value of USD175.0 million (RM715.6 million) in favour of OMV E&P.
- On 17 November 2019, PETRONAS approved a 2-year extension for the Exploration Period for SB331 and SB332 Production Sharing Contracts to Sapura Energy Ventures Sdn. Bhd. ("SEV") subject to the fulfilment of certain minimum work commitments, failure of which there will be a sum payable to PETRONAS. On 29 December 2021, PETRONAS approved a further extension for 3 years allowing SEV to complete its commitments by 19 November 2024 subject to certain stipulated conditions. SEV is currently negotiating with PETRONAS on the alternatives to meet the stipulated conditions.
- Other than as described above and Note 46(b) and (c), there were no other changes in contingent liabilities in the current financial year.



### 39. RELATED PARTY DISCLOSURES

#### (a) Related party transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with related parties during the financial year:

	(Income)/expense	
	2023 RM'000	2022 RM'000
<b>Group</b>		
<b>(i) Transactions with companies connected to directors and current substantial shareholders</b>		
(a) Rental of office premises paid and payable Sapura Resources Berhad*	(31,530)	60,702
<b>Company</b>		
<b>(i) Transactions with companies connected to directors and current substantial shareholders</b>		
(a) Rental of office premises paid and payable Sapura Resources Berhad*	(40,671)	50,217
<b>(ii) Transactions with subsidiaries</b>		
(a) Management fees charged to subsidiaries	(101,305)	(114,651)
(b) Interest charged to subsidiaries	(11,181)	(8,841)
(c) Interest charged by a subsidiary	250,227	212,470
(d) Shared service fees charged by a subsidiary	9,918	11,085

\* Included a (reversal)/provision for breach of tenancy agreement in the rental of office premises as disclosed in Note 34.

The transactions above have been entered into in the normal course of business and on a negotiated basis.

Other than as disclosed above, there were no material contracts subsisting as at 31 January 2023 or if not then subsisting, entered into since the end of the financial year by the Company or its subsidiaries which involved the interests of substantial shareholders.

#### (b) Compensation of key management personnel

The remuneration of the key management personnel, including directors, during the financial year are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Employee benefits and other emoluments	11,228	16,686	6,101	7,441
Contributions to defined contribution plan	779	981	571	634
	12,007	17,667	6,672	8,075

# NOTES TO THE FINANCIAL STATEMENTS

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## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk and credit risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign currencies, liquidity and credit risks. The Group operates within clearly defined guidelines approved by the Board and the Group's policy is not to engage in speculative transactions.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost efficient.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group and of the Company will fluctuate because of changes in market interest rates.

The Group's and the Company's earnings are affected by changes in interest rates due to the changes in interest bearing financial assets and liabilities. The Group's exposure to interest rate risk arises primarily from its borrowings, whereas the Company's exposure to interest rate arises mainly from its amount due to a subsidiary which is subject to floating interest rates.

At the reporting date, approximately 99% (2022: 99%) of the Group's borrowings are at floating interest rates. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows the Group to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

#### Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and of the Company's loss before tax (through the impact on interest expense and profit sharing on floating rate loans and borrowings).

	2023		2022	
	Increase/ decrease in basis points	Effect on loss before tax RM'000	Increase/ decrease in basis points	Effect on loss before tax RM'000
<b>Group</b>				
– Ringgit Malaysia	+ 25	(19,350)	+ 25	(15,772)
– US Dollar	+ 25	(8,016)	+ 25	(6,417)
– Ringgit Malaysia	– 25	19,350	– 25	15,772
– US Dollar	– 25	8,016	– 25	6,417
<b>Company</b>				
– Ringgit Malaysia	+ 25	(9,824)	+ 25	(5,406)
– US Dollar	+ 25	(132)	+ 25	–
– Ringgit Malaysia	– 25	9,824	– 25	5,406
– US Dollar	– 25	132	– 25	–

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

### (b) Foreign currency risk

Foreign currency (a currency which is other than the functional currency of the Group entities) risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instrument will fluctuate because of the changes in foreign exchange rates.

The Group has transactional currency exposures arising mainly from revenue or costs and advances that are denominated in a currency other than the respective functional currencies of the Group entities, primarily RM and US Dollar ("USD"). The foreign currencies in which these transactions are denominated are mainly USD and RM respectively.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the assets or investment is located or by borrowing in the currencies that match the future revenue stream to be generated from its investments. Where possible, the strategy is to match the payments for foreign currency payables against receivables denominated in the same foreign currency.

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and of the Company's loss before tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Loss before tax Group Decrease/(increase)		Loss before tax Company Decrease/(increase)	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
USD/RM – strengthened 5%	369,749	132,323	20,816	21,862
– weakened 5%	(369,749)	(132,323)	(20,816)	(21,862)

### (c) Liquidity risk

Liquidity risk is the risk that the Group or the Company may encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from its various payables, loans and borrowings.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

As of 31 January 2023, the Group's and the Company's current liabilities exceeded their current assets by RM12,662.9 million and RM1,749.5 million respectively. This may cast significant doubt on the ability of the Group and the Company to meet their obligations as and when they fall due.

The ability of the Group and the Company to meet their obligations is dependent on the successful implementation of those initiatives as disclosed in Note 2.1.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

### (c) Liquidity risk (cont'd.)

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
<b>At 31 January 2023</b>				
Financial liabilities:				
Trade and other payables	3,716,758	–	–	3,716,758
Lease liabilities	18,720	22,935	–	41,655
Borrowings	13,583,180	–	–	13,583,180
	17,318,658	22,935	–	17,341,593
Financial guarantee contracts	45,069	275,746	204,101	524,916
Total undiscounted financial liabilities	17,363,727	298,681	204,101	17,866,509
<b>At 31 January 2022</b>				
Financial liabilities:				
Trade and other payables	3,670,461	–	–	3,670,461
Lease liabilities	7,976	8,745	–	16,721
Borrowings	13,641,020	–	–	13,641,020
	17,319,457	8,745	–	17,328,202
Financial guarantee contracts	45,646	252,493	308,112	606,251
Total undiscounted financial liabilities	17,365,103	261,238	308,112	17,934,453

At the reporting date, 100% (2022: approximately 100%) of the Group's borrowings (Note 31), excluding lease liabilities, will mature in less than one year based on the carrying amount reflected in the financial statements respectively.

#### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

##### (c) Liquidity risk (cont'd.)

###### Analysis of financial instruments by remaining contractual maturities (cont'd.)

Company	On demand or within one year RM'000	One to five years RM'000	Total RM'000
<b>At 31 January 2023</b>			
Financial liabilities:			
Amounts due to subsidiaries	1,888,870	4,304,580	6,193,450
Other payables	151,608	–	151,608
Lease liabilities	12,271	14,980	27,251
	2,052,749	4,319,560	6,372,309
Financial guarantee contracts	1,058,793	–	1,058,793
Total undiscounted financial liabilities	3,111,542	4,319,560	7,431,102
<b>At 31 January 2022</b>			
Financial liabilities:			
Amounts due to subsidiaries	1,502,816	4,387,930	5,890,746
Other payables	103,346	–	103,346
	1,606,162	4,387,930	5,994,092
Financial guarantee contracts	1,021,090	–	1,021,090
Total undiscounted financial liabilities	2,627,252	4,387,930	7,015,182

##### (d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Group's and the Company's exposure to credit risk arises primarily from trade receivables, contract assets and financial guarantee contracts.

Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Credit approvals are performed in accordance to approved limits of authority. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a provision for impairment based on lifetime ECLs at each reporting date. Management monitors the recoverability of the receivables based on its historical credit loss experience and also considers available forward-looking information, which could indicate whether a customer is experiencing significant financial difficulty or it becomes probable that a customer will enter into bankruptcy or other financial reorganisation.

The Group categorises a receivable for potential impairment when the customer fails to make contractual payments beyond the agreed credit terms. The receivable is impaired if there is no reasonable expectation of recovery, such as the customer failing to engage in a repayment plan with the Group.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

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

#### 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 as disclosed in Note 41.
- The carrying amount of contract assets as disclosed in Note 23.

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables at the reporting date are as follows:

	Group			
	2023		2022	
	RM'000	% of total	RM'000	% of total
<b>By country/region</b>				
Asia*	102,752	35%	225,221	39%
Australia	69,946	24%	30,601	5%
Americas	32,920	11%	87,214	15%
Malaysia	48,554	17%	170,312	29%
Africa	29,197	10%	60,904	10%
Middle East	–	0%	239	0%
Others	6,590	3%	7,693	2%
	<b>289,959</b>	<b>100%</b>	<b>582,184</b>	<b>100%</b>

\* Exclude Malaysia and Middle East

Exposure to expected credit losses increases with concentrations of credit risk which may exist when a number of counterparties are involved in similar activities or operate in the same industry sector or geographical area, which may result in their ability to meet contractual obligations being impacted by changes in economic, political or other conditions.

The Group's principal customers which it conducts business with are diversified and there is no significant concentration of credit risk to any single customer or a group of customers at the reporting date.

Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

## 41. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

The accounting policies in Note 2.13 and Note 2.18 describe how the categories of financial instruments are measured, and how income and expenses, including changes in fair value, are recognised.

The table below reflects the financial assets and liabilities in the statement of financial position by the categories of financial instrument to which they are assigned:

	Note	Debt instruments at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
<b>As at 31 January 2023</b>				
<b>Group</b>				
<b>Assets</b>				
Trade and other receivables	*	360,121	–	360,121
Cash, deposits and bank balances	24	850,125	–	850,125
Total financial assets		1,210,246	–	1,210,246
Total non-financial assets				11,493,139
Total assets				12,703,385
<b>Liabilities</b>				
Borrowings	31	–	10,615,934	10,615,934
Trade and other payables	33	–	3,716,758	3,716,758
Lease liabilities	35	–	41,655	41,655
Total financial liabilities		–	14,374,347	14,374,347
Total non-financial liabilities				1,234,760
Total liabilities				15,609,107

\* These balances exclude non-financial instrument balances which are not within the scope of MFRS 9: Financial Instruments.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

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

### (a) Classification of financial instruments (cont'd.)

The table below reflects the financial assets and liabilities in the statement of financial position by the categories of financial instrument to which they are assigned (cont'd.):

	Note	Debt instruments at amortised cost RM'000	Financial instruments at fair value through other comprehensive income RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
<b>As at 31 January 2022</b>					
<b>Group</b>					
<b>Assets</b>					
Trade and other receivables	*	1,254,273	–	–	1,254,273
Cash, deposits and bank balances	24	717,751	–	–	717,751
Total financial assets		1,972,024	–	–	1,972,024
Total non-financial assets					14,096,726
Total assets					16,068,750
<b>Liabilities</b>					
Borrowings	31	–	–	10,658,021	10,658,021
Trade and other payables	*	–	–	3,580,996	3,580,996
Lease liabilities	35	–	–	16,721	16,721
Derivative liabilities		–	24,644	–	24,644
Total financial liabilities		–	24,644	14,255,738	14,280,382
Total non-financial liabilities					1,710,382
Total liabilities					15,990,764

\* These balances exclude non-financial instrument balances which are not within the scope of MFRS 9: Financial Instruments.



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

### (a) Classification of financial instruments (cont'd.)

The table below reflects the financial assets and liabilities in the statement of financial position by the categories of financial instrument to which they are assigned (cont'd.):

	Note	Debt instruments at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
<b>As at 31 January 2023</b>				
<b>Company</b>				
<b>Assets</b>				
Amounts due from subsidiaries	21	10,379	–	10,379
Other receivables	*	1	–	1
Cash, deposits and bank balances	24	4,562	–	4,562
Total financial assets		14,942	–	14,942
Total non-financial assets				1,809,764
Total assets				1,824,706
<b>Liabilities</b>				
Amounts due to subsidiaries	32	–	5,388,663	5,388,663
Trade and other payables	33	–	151,608	151,608
Lease liabilities	35	–	27,251	27,251
Total financial liabilities		–	5,567,522	5,567,522
Total non-financial liabilities				–
Total liabilities				5,567,522

\* These balances exclude non-financial instrument balances which are not within the scope of MFRS 9: Financial Instruments.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

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

### (a) Classification of financial instruments (cont'd.)

The table below reflects the financial assets and liabilities in the statement of financial position by the categories of financial instrument to which they are assigned (cont'd.):

	Note	Debt instruments at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
<b>As at 31 January 2022</b>				
<b>Company</b>				
<b>Assets</b>				
Amounts due from subsidiaries	21	92,563	–	92,563
Other receivables	*	–	–	–
Cash, deposits and bank balances	24	1,219	–	1,219
Total financial assets		93,782	–	93,782
Total non-financial assets				5,050,092
Total assets				5,143,874
<b>Liabilities</b>				
Amounts due to subsidiaries	32	–	5,069,221	5,069,221
Other payables	33	–	103,346	103,346
Total financial liabilities		–	5,172,567	5,172,567
Total non-financial liabilities				44,700
Total liabilities				5,217,267

\* These balances exclude non-financial instrument balances which are not within the scope of MFRS 9: Financial Instruments.

### (b) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value:

	Note
Trade and other receivables	22
Trade and other payables	33
Borrowings	31
Amounts due from subsidiaries	21
Amounts due to subsidiaries	32

The carrying amounts of the financial assets and liabilities (except for the fixed rate borrowings) are a reasonable approximation of fair values either due to their short-term nature or that they are floating rate instruments that are re-priced to the market interest rates on or near reporting date.

The carrying amounts of the fixed rate borrowings are a reasonable approximation of fair values due to the insignificant impact of incremental market rate.

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

### (c) Fair value hierarchy

The Group's and the Company's financial instruments are analysed in a three level fair value hierarchy based on the significance of inputs as disclosed in Note 2.31.

The following are descriptions of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

#### *Derivatives*

Cross currency swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

## 42. CAPITAL MANAGEMENT

Capital management refers to implementing measures to maintain sufficient capital to support the Group's business and growth plans. The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and maximise shareholders' value.

One of the key considerations in this regard is to maintain ready access to capital markets and to preserve the Group's ability to repay and service debt obligations over time.

The Group manages its capital structure and monitors capital using a gearing ratio, which is net debt divided by total capital. The Group endeavours to maintain an optimal gearing ratio and regularly monitors its gearing level.

	Note	Group	
		2023 RM'000	2022 RM'000
Borrowings	31	10,615,934	10,658,021
Add: Unamortised transaction cost		100,608	120,910
Less: Cash, deposits and bank balances	24	(850,125)	(717,751)
Net debt		9,866,417	10,061,180
Total (shareholders' deficit)/equity		(2,905,722)	77,986
Add: Non-controlling interests		26,632	6,987
Total capital		(2,879,090)	84,973
<b>Net gearing ratio</b>		<b>N/A</b>	<b>118.40</b>

During the financial year, the Group did not present its gearing ratio due to the shareholders' deficit position.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 43. SEGMENT INFORMATION

### (a) Operating segments

The Group organised its businesses as follows:

- (i) Engineering and Construction (“E&C”);
- (ii) Operations and Maintenance (“O&M”);
- (iii) Drilling;
- (iv) Exploration and Production (“E&P”); and
- (v) Corporate

Major activities of the E&C business segment are:

- Offshore Construction and Subsea Services which provide complete offshore construction and installation works for offshore platforms, submarine pipelines and Subsea facilities, Umbilicals, Risers and Flowlines (SURF).
- Engineering, Procurement, Construction (EPC) which provide end-to-end, turnkey EPCIC solutions for the energy industry.

Operations and Maintenance works ranging from major upgrading, modification and rejuvenation, to topside life extension preventive, corrective maintenance works and Hook-up & Commissioning (HUC) which provide services for new and existing facilities in the oil and gas industry.

The Drilling segment is involved in the charter of oil drilling rigs and provision of drilling related services.

Sapura Exploration & Production (Sabah) Inc. remains in the E&P segment. The share of profit from SapuraOMV is recorded under the E&P segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Corporate assets, group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on a negotiated basis in a manner similar to transactions with third parties.

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

#### (a) Operating segments (cont'd.)

	Engineering and Construction RM'000	Operations and Maintenance RM'000	Drilling RM'000	Exploration and Production RM'000	Corporate RM'000	Eliminations* RM'000	Consolidated RM'000
<b>31 January 2023</b>							
<b>Revenue</b>							
External sales	2,818,250	358,899	1,374,105	–	–	–	4,551,254
Inter-segment sales	1,708	160,545	–	–	140,593	(302,846)	–
<b>Total revenue</b>	<b>2,819,958</b>	<b>519,444</b>	<b>1,374,105</b>	<b>–</b>	<b>140,593</b>	<b>(302,846)</b>	<b>4,551,254</b>
<b>Results</b>							
Segment (loss)/profit	(1,075,064)	111,173	(1,415,123)	(138)	(3,439,072)	3,362,063	(2,456,161)
Finance costs							(622,831)
Interest income							14,035
Share of profit/(loss) from associates and joint ventures	291,432	26,607	–	(355,564)	(1,075)	–	(38,600)
<b>Loss before tax</b>							<b>(3,103,557)</b>
Income tax expense							(71,970)
<b>Loss net of tax</b>							<b>(3,175,527)</b>
Non-controlling interests							17,847
<b>Loss for the year attributable to owners of the Parent</b>							<b>(3,157,680)</b>
<b>Assets</b>							
Segment assets	2,794,693	570,275	3,119,159	725	449,649	1,284,832	8,219,333
Investment in associates and joint ventures	2,423,818	37,207	–	1,663,236	13,957	–	4,138,218
Goodwill on consolidation	239,107	–	–	–	–	–	239,107
Deferred tax assets	86,790	17,676	2,261	–	–	–	106,727
<b>Consolidated total assets</b>							<b>12,703,385</b>
<b>Liabilities</b>							
Segment liabilities	4,399,609	259,122	770,954	3,736	947,952	(1,426,487)	4,954,886
Borrowings	–	–	–	–	–	–	10,615,934
Deferred tax liabilities	16,239	36	22,012	–	–	–	38,287
<b>Consolidated total liabilities</b>							<b>15,609,107</b>
<b>Other Information</b>							
Capital expenditure	41,646	10,875	145,002	–	5,268	–	202,791
Depreciation of property, plant and equipment	165,857	28,517	331,054	–	18,731	205	544,364
Amortisation of intangible assets	2,847	22	1,533	–	–	–	4,402
Provision for impairment on property, plant and equipment	–	–	1,156,355	–	–	146	1,156,501
Provision for impairment on goodwill	1,061,446	–	402,225	–	–	–	1,463,671

\* Inter-segment transactions are eliminated on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

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

### (a) Operating segments (cont'd.)

	Engineering and Construction RM'000	Operations and Maintenance RM'000	Drilling RM'000	Exploration and Production RM'000	Corporate RM'000	Eliminations* RM'000	Consolidated RM'000
<b>31 January 2022</b>							
<b>Revenue</b>							
External sales	2,813,798	253,057	1,033,374	–	–	–	4,100,229
Inter-segment sales	4,605	153,048	–	–	157,348	(315,001)	–
<b>Total revenue</b>	<b>2,818,403</b>	<b>406,105</b>	<b>1,033,374</b>	<b>–</b>	<b>157,348</b>	<b>(315,001)</b>	<b>4,100,229</b>
<b>Results</b>							
Segment (loss)/profit	(4,328,587)	(276,444)	(3,630,036)	(501)	(8,700,119)	8,530,984	(8,404,703)
Finance costs							(527,865)
Interest income							20,656
Share of profit/(loss) from associates and joint ventures	102,379	15,095	–	(141,565)	4,150	–	(19,941)
Loss before tax							(8,931,853)
Income tax expense							(129,006)
Loss net of tax							(9,060,859)
Non-controlling interests							10,225
Loss for the year attributable to owners of the Parent							(9,050,634)
<b>Assets</b>							
Segment assets	5,593,288	529,685	3,781,133	–	480,900	(321,360)	10,063,646
Investment in associates and joint ventures	2,152,355	32,459	–	2,006,160	13,356	–	4,204,330
Goodwill on consolidation	1,290,450	–	406,667	–	–	–	1,697,117
Deferred tax assets	82,138	18,243	3,276	–	–	–	103,657
<b>Consolidated total assets</b>							<b>16,068,750</b>
<b>Liabilities</b>							
Segment liabilities	4,519,375	384,963	721,703	16	372,977	(752,380)	5,246,654
Borrowings							10,658,021
Deferred tax liabilities	26,864	2,972	56,253	–	–	–	86,089
<b>Consolidated total liabilities</b>							<b>15,990,764</b>
<b>Other Information</b>							
Capital expenditure	87,735	14,826	68,056	–	5,597	–	176,214
Depreciation of property, plant and equipment	201,975	30,317	280,141	–	7,362	114	519,909
Amortisation of intangible assets	2,689	22	–	–	–	–	2,711
Provision for impairment on property, plant and equipment	284,450	951	2,030,386	–	–	–	2,315,787
Provision for impairment on goodwill	1,621,487	–	1,668,447	–	–	–	3,289,934

\* Inter-segment transactions are eliminated on consolidation.

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

#### (b) Geographical information

The Group operates in various geographical areas in the world. In Malaysia, its home country, the Group's areas of operation are installation of pipelines and facilities, engineering, procurement, construction and commissioning, offshore oil and gas drilling services, subsea and offshore support services and geotechnical and maintenance services. Malaysia is also the main country of operation for exploration and production business that involves in exploration, development and production of crude oil and natural gas. Other operations in Malaysia include oilfield development and production, investment holding and provision of management services.

The Group also operates in other countries/regions:

- (i) Asia (excluding Malaysia and Middle East) – installation of pipelines and facilities, provision of engineering, procurement, construction and commissioning, provision for drilling rigs and services, provision of geotechnical and geophysical services to the oil and gas industry and vessel chartering.
- (ii) Australia – installation of pipelines and facilities and development of marine technology and marine chartering, specialising on ROV.
- (iii) Americas – installation of pipelines and facilities, provision of technical consulting, advising oil and gas companies and provision of offshore oil and gas drilling services.
- (iv) Middle East – provision of offshore and onshore engineering, procurement, construction (fabrication), transportation, installation, hook-up, commissioning and maintenance of fixed and floating oil and gas facilities, brownfield rejuvenation, marine construction, marine conversion, marine repair and infrastructure and construction.
- (v) Africa – provision of offshore oil and gas drilling services and installation of pipelines and facilities.
- (vi) Others – provision of advanced subsea and floating systems engineering and project management services to offshore projects.

Further details of revenue from external customers by geographical areas are disclosed in Note 3.2.

Majority of the Group's segment assets are highly mobile and moves from one geographical area to another in order to maximise revenue generation opportunities. Consequently, segment assets by geographical area are not presented.

# NOTES TO THE FINANCIAL STATEMENTS

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## 44. SUBSIDIARIES AND ACTIVITIES

(i) Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(a) Subsidiaries of Sapura Energy Berhad</b>				
Total Marine Technology (Malaysia) Sdn. Bhd.	Malaysia	Act as agent and service provider for oil and gas industry	100	100
Sapura Deepwater Pte. Ltd.	Bermuda	Dormant	100	100
Sapura GeoSciences Sdn. Bhd.	Malaysia	Provision of offshore geotechnical and geophysical services	100	100
Sapura Technology Solutions Sdn. Bhd.	Malaysia	Investment holding, provision of operation and maintenance services and provision of management services	100	100
*Petcon (Malaysia) Sdn. Bhd.	Malaysia	Dormant	–	100
SapuraCrest Ventures Sdn. Bhd.	Malaysia	Investment holding	100	100
Crest Hidayat (L) Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
Sapura Perdana Sdn. Bhd.	Malaysia	Dormant	100	100
Sapura Dana SPV Pte. Ltd.	Federal Territory of Labuan, Malaysia	Chartering and hiring out of vessels and barges	100	100
SapuraCrest Petroleum Berhad	Malaysia	Dormant	100	100
Sapura Management Services Sdn. Bhd.	Malaysia	Management services	100	100
Sapura Nautical Essence Sdn. Bhd.	Malaysia	Investment holding	100	100
Sapura Offshore Sdn. Bhd.	Malaysia/Taiwan/Singapore	Front-end engineering design (FEED), detailed design engineering (DDE), procurement, construction, offshore transportation and installation, hook-up, commissioning and maintenance of fixed and floating oil and gas facilities, diving and subsea services, flexible and rigid pipelay, installation of subsea umbilicals, risers and flowlines and cables, and decommissioning of offshore structures and pipeline and chartering of vessels	100	100

\* Dissolved effective 9 March 2022



#### 44. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(a) Subsidiaries of Sapura Energy Berhad (cont'd.)</b>				
Sapura Marine Engineering Sdn. Bhd.	Malaysia	Provision of offshore construction and diving equipment	100	100
Geomark Sdn. Bhd.	Malaysia	Investment holding	100	100
Sapura Energy Ventures Sdn. Bhd.	Malaysia	Development and production of petroleum resources	100	100
Sapura Petroleum Sdn. Bhd.	Malaysia	Investment holding	100	100
Momentum Energy Sdn. Bhd.	Malaysia	Investment holding	100	100
Sapura Fabrication Sdn. Bhd.	Malaysia/ Qatar/Brunei	Provision of offshore and onshore engineering, procurement, construction (fabrication), transportation, installation, hook-up, commissioning and maintenance of fixed and floating oil and gas facilities, brownfield rejuvenation, marine construction, marine conversion marine repair and infrastructure construction	100	100
Sapura Onshore Sdn. Bhd.	Malaysia	Provision of engineering, fabrication and construction services	100	100
Sapura Engineering Sdn. Bhd.	Malaysia	Provision of front-end engineering design (FEED) and detailed design engineering (DDE)	100	100
SE Petroleum Berhad	Malaysia	Dormant	100	100
Sapura Pinewell Sdn. Bhd.	Malaysia	Hook-up, commissioning, maintenance brownfield rejuvenation and onshore construction	100	100
Sapura Petroleum Ventures Sdn. Bhd.	Malaysia	Investment holding	100	100
SEB Energy Sdn. Bhd.	Malaysia	Dormant	100	100
Sapura Subsea Services Sdn. Bhd.	Malaysia	Provision of offshore diving and related services and the provision of diving equipment for rental	100	100
Sapura Drilling Probadi Sdn. Bhd.	Malaysia	Investment holding	100	100

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 44. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(a) Subsidiaries of Sapura Energy Berhad (cont'd.)</b>				
Sapura TMC Sdn. Bhd.	Malaysia	Provision of treasury management services	100	100
Sapura Drilling Pte. Ltd.	Federal Territory of Labuan, Malaysia	Investment holding	100	100
Sapura 900 Pte. Ltd.	Federal Territory of Labuan, Malaysia	Vessel owner and chartering	100	100
*SapuraKencana 1200 Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	–	–
Sapura 3000 Pte. Ltd.	Federal Territory of Labuan, Malaysia	Vessel owner and chartering	100	100
*SapuraKencana FLB-1 Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	–	–
Sapura Energy Services Sdn. Bhd.	Malaysia	Investment holding	100	100
Sapura Upstream Assets Sdn. Bhd.	Malaysia	Investment holding	100	100
Sapura Global Services Sdn. Bhd.	Malaysia	Dormant	100	100
<b>(b) Held through Sapura Drilling Probadi Sdn. Bhd. and Sapura Drilling Asia Limited</b>				
Sapura Drilling Asia Sdn. Bhd.	Malaysia	Provision of oil drilling services	100	100
Varia Perdana Sdn. Bhd.	Malaysia	Dormant	100	100
<b>(c) Held through Varia Perdana Sdn. Bhd.</b>				
^Crest Tender Rigs Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	–	–

\* Dissolved effective 16 February 2021

^ Transferred to Sapura Drilling Pte Ltd on 30 November 2021 and duly dissolved effective on 6 September 2022

#### 44. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(d) Held through Sapura Offshore Sdn. Bhd.</b>				
Sapura Talent Ltd.	Bermuda/Mexico	Provision of manpower services	100	100
Sapura 1200 Ltd.	Bermuda	Vessel owner and chartering	100	100
Sapura 3500 Ltd.	Bermuda	Vessel owner and chartering	100	100
Sapura FLB-1 Ltd.	Bermuda	Vessel owner and chartering	100	100
Sapura Saudi Arabia Company	Saudi Arabia	Engineering, procurement, construction, offshore transportation and installation, hook up and commissioning of offshore structures, pipelines and cables	100	100
Sapura Energy DMCC	Dubai, United Arab Emirates	Onshore and offshore oil and gas field services	100	100
Sapura Energy B.V.	Amsterdam, the Netherlands and Azerbaijan	Design, fabricate, install, commission and maintenance of marine offshore facilities	100	100
Sapura Energy (UK) Ltd.	England and Wales	Dormant	100	100
Sapura Energy, (EG) S.L.	Republic of Equatorial Guinea	Provision of engineering and construction services, operations and maintenance services, drilling and oil well completion services for the hydrocarbons industry	65	65
*Sapura Energy (Thailand) Limited	Thailand	Provision of offshore diving and related services	49	49
<b>(e) Held through Sapura Offshore Sdn. Bhd. and Sapura Energy DMCC</b>				
Sapura Energy Do Brasil LTDA.	Brazil	Maintenance and installation of offshore/submarine platforms and marine pipelines	100	100
<b>(f) Held through Sapura GeoSciences Sdn. Bhd.</b>				
Sapura Jaya Sdn. Bhd.	Malaysia	Chartering of vessels	100	100
<b>(g) Held through Sapura Jaya Sdn. Bhd.</b>				
Sapura GeoSurvey Sdn. Bhd.	Malaysia	Hydrographic surveys and related services	100	100
Sapura GeoTechnics Sdn. Bhd.	Malaysia	Soil investigation and geotechnical services	100	100

\* Transferred from Sapura Subsea Services Sdn. Bhd., Sapura Marine Services Sdn. Bhd. and Sapura Subsea Corporation on 1 April 2021

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 44. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(h) Held through Sapura GeoTechnics Sdn. Bhd.</b>				
Sapura GeoTechnics (S) Pte. Ltd.	Singapore	Soil investigation and geotechnical services	100	100
Sapura Oilserve Sdn. Bhd.	Malaysia	Dormant	100	100
<b>(i) Held through Sapura GeoSurvey Sdn. Bhd.</b>				
Sapura GeoSurvey Pte. Ltd.	Singapore	Dormant	100	100
<b>(j) Held through Sapura Oilserve Sdn. Bhd.</b>				
Sapura Oilserve Labuan Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
<b>(k) Held through Sapura Technology Solutions Sdn. Bhd.</b>				
Sapura Digital Solutions Sdn. Bhd.	Malaysia	Retail automation systems and maintenance services	100	100
<sup>^</sup> Sapura Project Services Sdn. Bhd.	Malaysia	Systems integration, software development, general engineering, maintenance and related activities	–	100
Sapura Power Services Sdn. Bhd.	Malaysia	Provision of maintenance services to the power utility and oil and gas industries	94.4	94.4
Sapura Diving Services Sdn. Bhd.	Malaysia	Dormant	100	100
Sapura Maintenance Services Sdn. Bhd.	Malaysia	Provision of maintenance services to the power, utility and oil and gas industries	100	100
Sapura Petroleum Technologies Sdn. Bhd.	Malaysia	Dormant	99.7	99.7
Sapura Energy Infinite Sdn. Bhd.	Malaysia	Investment holding and provision of operations and maintenance services to the oil and gas industry	100	100
Sapura Vessels Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
Sapura Services Sdn. Bhd.	Malaysia	Investment holding	100	100

<sup>^</sup> On 14 September 2022, the Court ordered that the subsidiary to be wound up, as disclosed in Note 46(d)(xviii). The subsidiary was undergoing winding up process with the appointment of liquidator

#### 44. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(l) Held through Sapura Energy Infinite Sdn. Bhd.</b>				
Sapura Energy Resources Sdn. Bhd.	Malaysia	Investment holding	100	100
<b>(m) Held through Sapura Energy Resources Sdn. Bhd.</b>				
Sarku Engineering Services Sdn. Bhd.	Malaysia	Provision of offshore engineering services, marine support and logistic assistance for the oil and gas industry	100	100
Sapura Marine Ventures Sdn. Bhd.	Malaysia	Provision of crew, chartering and hiring out of barges	100	100
Sapura Engineering (Offshore) Sdn. Bhd.	Malaysia	Chartering and hiring out of barges, vessels and operational equipment including provision of crew	100	100
*Sapura Prominent Energy Sdn. Bhd.	Malaysia	Dormant	–	–
<b>(n) Held through Sapura Petroleum Sdn. Bhd.</b>				
Sapura Nautical Bay Pte. Ltd.	Singapore	Investment holding	100	100
Sapura Petroleum Inc.	The State of Texas, United States of America	Regional Office for business development and marketing	100	100
SapuraMex Pte. Ltd.	Singapore	Investment holding	100	100
SapuraKencana Enerji Çözümleri Anonim Şirketi	Turkey	Engineering, procurement, construction, installation and commissioning of offshore facilities and cables	100	100
<b>(o) Held through Sapura Nautical Bay Pte. Ltd.</b>				
Sapura Nautical Power Pte. Ltd.	Singapore	Investment holding	100	100
<b>(p) Held through Sapura Offshore Sdn. Bhd. and SapuraMex Pte. Ltd.</b>				
Sapura Energy Mexicana, S.A.P.I. de C.V.	Mexico	Engineering, procurement, construction, installation and commissioning of offshore facilities and pipelines	100	100

\* Dissolved effective 2 July 2021

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 44. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(q) Held through SapuraMex Pte. Ltd.</b>				
Sapura 3500 (S) Pte. Ltd.	Singapore	Chartering and hiring out of vessel	100	100
<b>(r) Held through Momentum Energy Sdn. Bhd.</b>				
Sapura Australia (Holdings) Pty. Ltd.	Australia	Investment holding	100	100
<b>(s) Held through Sapura Australia (Holdings) Pty. Ltd.</b>				
Sapura USA Holdings Incorporated	State of Delaware, United States of America	Investment holding	100	100
Sapura Australia Pty. Ltd.	Australia	Investment holding	100	100
Peritus International Limited	United Kingdom	Provision of advanced subsea and floating systems engineering and project management services to offshore oil and gas projects and developments in remote, hostile and deepwater environments	100	100
Peritus International Pty. Ltd.	Australia	Provision of advanced subsea and floating systems engineering and project management services to offshore projects	100	100
<b>(t) Held through Sapura Australia Pty. Ltd.</b>				
Sapura Petroleum (Australia) Pty. Ltd.	Australia	Investment holding	100	100
Sapura Projects Pty. Ltd.	Australia	Investment holding	100	100
SC Projects Australia Pty. Ltd.	Australia	Investment holding	100	100
Sapura Constructor Pte. Ltd.	Singapore	Vessel owner and chartering	100	100
Sapura Assets Pty. Ltd.	Australia	Owner and operator of marine assets	100	100
Normand Sapura Pty. Ltd.	Australia	Sub-charter and provision of project delivery capabilities, technology and proprietary offshore assets	100	100

#### 44. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(u) Held through Sapura USA Holdings Incorporated</b>				
Ocean Flow International LLC	The State of Texas, United States of America	Provision of technical consulting and advising to oil and gas operating companies	100	100
Peritus International Inc.	The State of Texas, United States of America	Provision of advanced subsea and floating systems engineering and project management services to offshore projects	100	100
<b>(v) Held through Peritus International Pty. Ltd.</b>				
Peritus International Sdn. Bhd.	Malaysia	Provision of engineering consultancy services for the oil and gas industry	100	100
<b>(w) Held through Sapura Constructor Pte. Ltd.</b>				
Sapura Projects Singapore Pte. Ltd.	Singapore	Dormant	100	100
<b>(x) Held through Geomark Sdn. Bhd.</b>				
Quippo Prakash Pte. Ltd.	Singapore	Dormant	100	100
<b>(y) Held through Sapura Fabrication Sdn. Bhd.</b>				
Sapura Marine Sdn. Bhd.	Malaysia	Operation and management of fabrication yard	100	100
~Sapura Infrastructure Sdn. Bhd.	Malaysia	Dormant	–	–
^Sapura Metering Sdn. Bhd.	Malaysia	Dormant	–	–
Sapura Energy Vietnam Limited	Vietnam	Dormant	100	100
<b>(z) Held through Sapura Fabrication Sdn. Bhd. and Sapura Petroleum Sdn. Bhd.</b>				
Sapura Engineering & Construction (India) Pvt. Ltd.	India	Engineering, procurement, construction, installation and commissioning of offshore facilities and pipelines	100	100

~ Dissolved effective 15 October 2021

^ Dissolved effective 4 May 2021

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 44. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(aa) Held through Sapura Energy Services Sdn. Bhd.</b>				
*Sapura Fabricators Sdn. Bhd.	Malaysia	Dormant	–	–
Total Marine Technology Pty. Ltd.	Australia	Development of marine technology and marine chartering, specialising on ROVs	94	94
<b>(ab) Held through Total Marine Technology Pty. Ltd.</b>				
Sapura Excersize Pty. Ltd.	Australia	Owner and operator of ROVs for the offshore oil and gas industries	94	94
Sapura Babalon Pty. Ltd.	Australia	Owner and operator of ROVs for the offshore oil and gas industries	94	94
<b>(ac) Held through Total Marine Technology Pty. Ltd. and Sapura Babalon Pty. Ltd.</b>				
ROV TMT Nigeria Limited	Federal Republic of Nigeria	Lease equipment and subcontract manpower services	94	94
<b>(ad) Held through Sapura Fabrication Sdn. Bhd. and Sapura Petroleum Ventures Sdn. Bhd.</b>				
Sapura Energy (B) Sdn. Bhd.	Brunei	Investment holding	100	100
<b>(ae) Held through Sapura Onshore Sdn. Bhd.</b>				
Sapura Subsea Sdn. Bhd.	Malaysia	Provision of engineering, fabrication and construction works	100	100
Sapura Assets Sdn. Bhd.	Malaysia	Property investment	100	100
<b>(af) Held through Sapura Energy (B) Sdn. Bhd.</b>				
Sapura Energy Services (B) Sdn. Bhd.	Brunei	Service provider for oil and gas industry	70	70
<b>(ag) Held through Sapura Petroleum Ventures Sdn. Bhd.</b>				
^Sapura Marine Drilling Sdn. Bhd.	Malaysia	Dormant	100	100
Sapura Nautilus Sdn. Bhd.	Malaysia	Service provider for offshore support vessels	100	100

\* Dissolved effective 2 July 2021

^ The company undergoing voluntary winding up with the appointment of liquidator on 31 January 2020



#### 44. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(ah) Held through Sapura Nautilus Sdn. Bhd.</b>				
Sapura Gemia (Labuan) Pte. Ltd.	Federal Territory of Labuan, Malaysia	Provision of offshore support vessels for oil and gas industry	100	100
Sapura Teras Ventures Sdn. Bhd.	Malaysia	Provision of offshore support vessels for oil and gas industry	100	100
Sapura Redang (Labuan) Pte. Ltd.	Federal Territory of Labuan, Malaysia	Provision of offshore support vessels for oil and gas industry	100	100
<b>(ai) Held through Sapura Subsea Services Sdn. Bhd.</b>				
Sapura Marine Services Sdn. Bhd.	Malaysia	Dormant	100	100
Sapura Subsea Corporation	Federal Territory of Labuan, Malaysia	Leasing of vessels and related equipment	100	100
Maju Hydro Sdn. Bhd.	Malaysia	Dormant	100	100
*Sapura SS Corporation	Federal Territory of Labuan, Malaysia	Dormant	100	100
Sapura Subsea Robotics Corporation	Federal Territory of Labuan, Malaysia	Leasing of ROV and Hyperbaric Reception Facility	100	100
<b>(aj) Held through Sapura Subsea Services Sdn. Bhd., Sapura Marine Services Sdn. Bhd. and Sapura Subsea Corporation</b>				
~Sapura Energy (Thailand) Limited	Thailand	Provision of offshore diving and related services	–	100

\* In the process of alternative voluntary winding-up

~ Transferred to Sapura Offshore Sdn Bhd on 1 April 2021

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 44. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(ak) Held through Sapura Drilling Pte. Ltd.</b>				
Sapura Drilling (S) Pte. Ltd.	Singapore	Leasing of offshore oil and gas drilling rigs and providing management services	100	100
Sapura Drilling (Bermuda) Ltd.	Bermuda	Investment holding	100	100
Sapura Drilling Resources Ltd.	Bermuda	Provision of crew services	100	100
Sapura Drilling Labuan Leasing Ltd.	Federal Territory of Labuan, Malaysia	Hire and charter of the oil drilling rigs	100	100
~Crest Tender Rigs Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	–	100
<b>(al) Held through Sapura Drilling (S) Pte. Ltd.</b>				
*Sapura Drilling T-10 Ltd.	Mauritius	Leasing of offshore oil and gas drilling rig	100	–
*Sapura Drilling T-11 Ltd.	Mauritius	Leasing of offshore oil and gas drilling rig	100	–
*Sapura Drilling T-12	Mauritius	Leasing of offshore oil and gas drilling rig	100	–
*Sapura Drilling T-17 Ltd.	Mauritius	Leasing of offshore oil and gas drilling rig	100	–
*Sapura Drilling T-18 Ltd.	Mauritius	Leasing of offshore oil and gas drilling rig	100	–
<b>(am) Held through Sapura Drilling (Bermuda) Ltd.</b>				
Sapura Drilling T-10 Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling T-19 Ltd.	Bermuda	Dormant	100	100
^Sapura Drilling T-9 Ltd.	Bermuda	Dormant	–	–
Sapura Drilling T-20 Ltd.	Bermuda	Dormant	100	100
Sapura Drilling T-11 Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100

~ Transferred from Varia Perdana Sdn Bhd on 30 November 2021 and duly dissolved effective on 6 September 2022

\* Incorporated during FY2023

^ Dissolved effective 7 May 2021

#### 44. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(am) Held through Sapura Drilling (Bermuda) Ltd. (cont'd.)</b>				
Sapura Drilling T-12 Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling T-17 Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling T-18 Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
<sup>^</sup> Sapura Drilling Menang Ltd.	Bermuda	Dormant	–	–
Sapura Drilling Berani Ltd.	Bermuda/ Indonesia/ Ivory Coast	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling Alliance Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
*Sapura Drilling Pelaut Ltd.	Bermuda	Dormant	–	–
Sapura Drilling Setia Ltd.	Bermuda	Dormant	100	100
Sapura Drilling Esperanza Ltd.	Bermuda	Leasing of drilling rig and providing drilling services to offshore oil and gas industry	100	100
Sapura Drilling Jaya Ltd.	Bermuda/ Republic of Trinidad & Tobago	Leasing of drilling rig and providing drilling services to offshore oil and gas industry	100	100
Sapura Drilling Raiqa Ltd.	Bermuda	Leasing of offshore oil and gas drilling rig	100	100
Sapura Drilling Asia Limited	Hong Kong/ Thailand	Investment holding and provision of oil drilling services	100	100
Sapura Drilling Services Sdn. Bhd.	Malaysia	Provision of management services for tender rig business	100	100
Sapura Drilling Holdings (Panama) Inc.	Panama	Dormant	100	100

\* Dissolved effective 7 May 2021

<sup>^</sup> Dissolved effective 7 December 2021

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 44. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(am) Held through Sapura Drilling (Bermuda) Ltd. (cont'd.)</b>				
*Sapura Drilling T-19 Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	–	–
*Sapura Drilling T-20 Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	–	–
~Sapura Drilling Kinabalu Pte. Ltd.	Federal Territory of Labuan, Malaysia	Dormant	100	100
<b>(an) Held through Sapura Drilling Asia Limited</b>				
Sapura Drilling Holdings Limited	Hong Kong/ Ivory Coast	Investment holding and provision of oil drilling services	100	100
<b>(ao) Held through Sapura Drilling Asia Limited and Sapura Drilling Holdings Limited</b>				
Sapura Energy Angola, LDA	Republic of Angola	Provision of drilling services to offshore oil and gas industry	100	100
<b>(ap) Held through Sapura Drilling Pte. Ltd. and Sapura Drilling Asia Limited</b>				
Sapura Drilling Sdn. Bhd.	Brunei	Offshore drilling, workover and development of oil and gas wells	100	100
PT Sapura Nordrill Indonesia	Indonesia	Offshore oil and gas construction and drilling services	95	95
<b>(aq) Held through SapuraCrest Ventures Sdn. Bhd.</b>				
Sapura Exploration and Production (RSC) Sdn. Bhd.	Malaysia	Dormant	100	100
<b>(ar) Held through Sapura Exploration and Production (RSC) Sdn. Bhd.</b>				
Sapura Sambang Sdn. Bhd.	Malaysia	Dormant	100	100
<b>(as) Held through Sapura Energy Ventures Sdn. Bhd.</b>				
Sapura Exploration and Production (Sabah) Inc.	Bahamas/ Malaysia	Exploration, development and production of crude oil and natural gas	100	100

\* Dissolved on 26 November 2021

~ In the process of alternative voluntary winding-up

#### 44. SUBSIDIARIES AND ACTIVITIES (CONT'D.)

(i) Details of the subsidiaries are as follows (cont'd.):

Name of Subsidiaries	Country of Incorporation/ Principal Place of Business	Principal Activities	Proportion of Ownership Interest	
			2023 %	2022 %
<b>(at) Held through Sapura Management Services Sdn. Bhd.</b>				
Sapura Talent Pte. Ltd.	Singapore	Manpower contracting services, manage crews, seafarers including marine crews	100	100
<b>(au) Held through Sapura Energy (UK) Limited</b>				
Sapura Energy Ghana Limited	Ghana	Engineering, procurement, construction, installation, commissioning, maintenance and decommissioning fixed and floating oil and gas facilities, marine construction, marine conversion, marine repair, infrastructure construction, construction and installation of offshore renewable facilities	100	100
<b>(av) Held through Sapura Offshore Sdn. Bhd. and Sapura Fabrication Sdn. Bhd.</b>				
Sapura Energy Engineering & Construction, LDA	Angola	Supply of services to oil and gas industry	100	100
<b>(aw) Held through Sapura Energy DMCC</b>				
Alta Navegación de México, S. de. R.L. de C.V.	Mexico	The acquisition, lease, chartering, flagging, administration, matriculation and operation of vessels	49	49

#### 45. JOINT OPERATION ARRANGEMENTS

Details of the joint operation arrangements are as follows:

Production Sharing Contracts:	Participating Interest	
	2023 %	2022 %
<b>Sabah</b>		
SB331	70	70
SB332	70	70

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 46. MATERIAL LITIGATION

### (a) Sarku Engineering Services Sdn. Bhd.

On 20 February 2006, Sarku Engineering Services Sdn. Bhd. ("SESSB"), a wholly owned subsidiary of the Company entered into a contract with Oil and Natural Gas Corporation Limited ("ONGC") for the performance of works by SESSB to revamp 26 well platforms located in Mumbai High South field offshore site ("Contract").

On 21 September 2012, SESSB commenced arbitration proceedings by filing a Statement of Claim against ONGC in relation to disputes pursuant to the Contract for a sum of Indian Rupee ("INR") 1,063,759,201 and USD123,819,632 (including interest, costs, losses and damages).

On 17 December 2012, ONGC filed their reply to the Statement of Claim. No counter claims have been filed by ONGC. Documents and witness statements have been filed.

Examination in chief took place in January 2014 whereby a revised list of documents was exchanged and recorded.

The cross examination of ONGC's witness was held from 22 to 24 December 2014 and 5 to 6 January 2015.

In January 2018 and February 2018, SESSB concluded its arguments on each of the claims filed before the tribunal. On 5 February 2018, submissions were made by SESSB's external counsel and thereafter SESSB's arguments were concluded.

ONGC's counsels submitted and concluded their arguments in defence on 6 February 2018 and on 2 to 4 May 2018.

The proceedings continued on 21, 22 and 23 November 2018 with submissions from SESSB's counsel. The tribunal heard ONGC's counsel's submissions on 12 and 13 February 2019. Final written submissions were submitted to the tribunal on 15 April 2019. ONGC presented its submissions on 31 July 2019.

On 30 November 2019, SESSB was awarded the sum of USD3,009,789 ("First Award") by the arbitral tribunal, comprising claims of work done valued at USD1,983,521 (subject to 4.368% withholding tax to be deducted by ONGC) and interests of USD1,026,267 (subject to income tax of 43.68%).

SESSB has instructed its solicitors to file an appeal against the above award.

SESSB has been advised by its solicitors that SESSB has reasonably strong grounds to appeal against the arbitral tribunal's decision. The following are the reasons provided by its solicitors as grounds of appeal against the arbitral tribunal's award:

- (i) The arbitral tribunal had failed to consider the record and detailed written and oral submissions on behalf of SESSB in arriving at its findings and they have made an error in rejecting most of SESSB's claims; and
- (ii) There were instances of procedural irregularities in favour of ONGC in the arbitration which may be grounds to a successful challenge of the award in the courts.

ONGC filed an application to the arbitral tribunal disputing the computation of the award and seeking a correction of the amounts awarded in respect of the interest portion of the award.

The application by ONGC for correction of the errors in the award was allowed by the arbitral tribunal on 29 August 2020. The total amount payable by ONGC as per the Final Award is USD413,037 ("Final Award"). The difference between the First Award and the Final Award is in the sum of USD2,596,752. Parties will have 90 days from the date of the Final Award to file an appeal to the courts.

## 46. MATERIAL LITIGATION (CONT'D.)

### (a) Sarku Engineering Services Sdn. Bhd. (cont'd)

Our solicitors had accordingly filed an appeal on 8 December 2020 to challenge or set aside parts of the First Award and the Final Award which reject the claims of SESSB. The matter is now pending admission stage where it is to be listed for hearing upon filing of petition.

For the sums awarded to SESSB under the Final Award which are not being appealed against, a Letter of Demand was issued to ONGC on 7 May 2021 to demand for the payment of sum of INR19,693,815 and USD146,904. SESSB's solicitors advised that the Letter of Demand will not affect SESSB's position in respect of its action to challenge or set aside the award.

### (b) Sapura Fabrication Sdn. Bhd.

On 18 March 2011, Sapura Fabrication Sdn. Bhd. ("SFSB"), a wholly-owned subsidiary of the Company entered into a contract with Petrofac (Malaysia) Limited ("PML") to provide works for the engineering, procurement and construction of well head platforms for the Cendor Phase 2 Development Project located in Block PM 304 in the Malaysian sector of the South China Sea ("Contract").

On 26 March 2018, SFSB received a commencement request from PML to formally initiate a claim in relation to disputes arising from the Contract by way of arbitration proceedings at the Asian International Arbitration Centre, for damages amounting to a sum of USD9,558,003 and RM16,785,227 vide its Re-amended Point of Claims. PML has alleged breach of riser height requirements and preservation obligations by SFSB. The claim by PML was made separately in two currencies as the claim is based on the rates and currencies prescribed in the Contract.

On 26 April 2018, SFSB responded to PML's claim and made a counter claim for a total amount of RM13,521,495.

The arbitrators have been appointed and parties had attended the first arbitration meeting on 21 July 2018. PML filed their Points of Claim on 21 September 2018 and SFSB filed its Defence and Counterclaim on 3 December 2018. Subsequently, PML submitted their Points of Reply and Defence to Counterclaim on 4 February 2019. PML requested to amend their Points of Claim and the same was filed on 8 March 2019. SFSB filed its rejoinder on 18 March 2019. The deadline for parties to exchange the bundle of documents was on 5 April 2019 and any request for discovery/disclosure was to be filed on 9 May 2019. The documents ordered to be produced by SFSB were produced on 12 September 2019. On the other hand, the documents ordered to be produced by PML were partially tendered on 23 September 2019. Witness Statements were filed on 15 November 2019 and the rebuttal witness statements were filed on 15 December 2019.

The hearing proceeded on 26, 27 and 28 April 2021 as scheduled with 2 of PML's witnesses giving evidence. The hearing continued on the following dates:

- (i) 31 April 2021;
- (ii) 3, 4, 5, 6, 7 & 10 May 2021;
- (iii) 20 to 24 September 2021;
- (iv) 27 September 2021 to 1 October 2021; and
- (v) 4 to 6 October 2021.

During the case management on 6 April 2021, the tribunal vacated the May 2021 dates as two of PML's witnesses were unable to attend the April and May 2021 hearing dates.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 46. MATERIAL LITIGATION (CONT'D.)

### (b) Sapura Fabrication Sdn. Bhd. (cont'd.)

The hearing proceeded on the following dates as scheduled:

- (i) 20 to 24 September 2021;
- (ii) 27 September 2021 to 1 October 2021;
- (iii) 4, 6, 7 and 8 October 2021; and
- (iv) 13 November 2021.

The hearing dates scheduled in January and February 2022 were vacated and the tribunal fixed the following dates for continued hearing:

- (i) 25 to 29 April 2022;
- (ii) 17 to 20 May 2022;
- (iii) 8 to 12 August 2022; and
- (iv) 15 to 19 August 2022.

The matter was scheduled for case management on 22 April 2022 and the tribunal vacated the earlier fixed hearing dates due to the Restraining Order obtained in Originating Summons WA-24NCC-148-03/2022 which came into effect on 10 March 2022.

PML indicated that they are currently awaiting to receive the applicable notice from SFSB to allow them to proceed with the filing of Proof of Debt. Subject to the outcome of their Proof of Debt, PML will then consider whether or not to seek leave to proceed with the arbitration in accordance with the terms of the Restraining Order.

A case management conference was scheduled to be conducted on 11 August 2022 for the parties to update the tribunal vis-à-vis the status/outcome of the scheme and for the tribunal to chart the course of the arbitration moving forward.

SFSB was verifying the Proof of Debt submitted by PML.

The case management conference on 11 August 2022 was vacated as the Tribunal instructed the parties to provide a joint status report on the Proof of Debt by 11 November 2022.

On 11 November 2022, the tribunal directed the parties to provide a brief update to the tribunal on status of PML's Proof of Debt claims and a case management was scheduled on 18 January 2023.

During the case management on 18 January 2023, SFSB's solicitors informed the tribunal that a Notice of Admission of Proof of Debt was issued to PML on 16 January 2023 in response to PML's Proof of Debt Form. The tribunal was also made aware of the contents of the said Notice of Admission from SFSB. SFSB's solicitors further informed the tribunal that moving forward, SFSB will provide an Explanatory Statement in relation to the proposed Scheme of Arrangement to PML which sets out the payment terms and the date of the Court-Convened Meeting.

In light of the current Restraining Order that would expire on 10 March 2023, the tribunal had requested parties to provide the tribunal with a status update on the Scheme of Arrangement and Restraining Order by 20 March 2023.

During the Case Management on 20 March 2023, SFSB's solicitors updated the tribunal that SFSB had obtained a new Restraining Order dated 8 March 2023 and SFSB will provide further update to tribunal on the ongoing proof of debt exercise under the Scheme of Arrangement.

There is no further case management date fixed by the tribunal. The tribunal only directed parties to update on the status of the restructuring exercise under the Scheme of Arrangement.



## 46. MATERIAL LITIGATION (CONT'D.)

### (c) Sapura Energy do Brasil Ltda.

On 5 January 2020, Sapura Energy Berhad's subsidiary, Sapura Energy do Brasil Ltda. ("SE Brasil"), commenced arbitration proceedings against Centrais Elétricas de Sergipe S.A. ("CELSE") of Brazil. The arbitration is to resolve disputes arising out of an Engineering, Procurement, Construction and Installation Contract ("Contract") dated 20 November 2017.

SE Brasil had completed the works under the Contract in November 2019.

Due to unresolved disputes such as non-payment of milestone payments and non-payment of variation orders, SE Brasil commenced arbitration proceedings against CELSE at the International Court of Arbitration in Sao Paulo, Brazil, under the International Chamber of Commerce (ICC) Arbitration Rules. The Arbitration Tribunal comprises of 3 arbitrators. Chairman for the arbitration proceeding has been appointed.

- (i) SE Brasil filed their Statement of Claim for the sum of USD84,606,035 on 29 March 2021.
- (ii) CELSE filed Respondent's Statement of Claim for the sum of USD89,799,186 on 29 March 2021.
- (iii) SE Brasil filed Claimant's and Additional Party's Statement of Defence against Respondent's Statement of Claim on 28 May 2021.
- (iv) CELSE filed Respondent's Statement of Defence against Claimant's Statement of Claim on 28 May 2021.
- (v) SE Brasil filed Claimant's Reply on 28 June 2021.
- (vi) CELSE filed Respondent's Reply on 28 June 2021.
- (vii) SE Brasil filed Claimant's and Additional Party's Rejoinder on 28 July 2021.
- (viii) CELSE filed Respondent's Rejoinder on 28 July 2021.

Submissions on the issues to be determined by the Arbitration Tribunal, witness statements and request for additional evidence were submitted on 27 September 2021. Thereafter, a hearing for the presentation of the case shall take place.

On 30 September 2021, SE Brasil requested for leave to file expert rebuttal and this was granted on 10 November 2021. SE Brasil filed a rebuttal against the Technomar report on 10 December 2021.

The Arbitration Tribunal is now fully constituted following the ICC's confirmation of CELSE's third nominee. Evidentiary hearing was conducted on 26 January 2022.

- (i) 28 March 2022 – Parties submitted their application for document production by the counterparty in the form of a Redfern Schedule;
- (ii) 12 April 2022 – SE Brasil and Sapura Energy Berhad ("Sapura Energy") informed they did not object against the production of the documents requested by CELSE;
- (iii) 12 April 2022 – CELSE objected to the production of the documents requested by SE Brasil and Sapura Energy in their Answer to the Redfern Schedule;
- (iv) April 2022 – SE Brasil and Sapura Energy submitted their answer to the objections presented by CELSE to the production of the requested documents (Reply to the Redfern Schedule);
- (v) 27 April 2022 – CELSE submitted a motion to the Arbitration Tribunal requesting that SE Brasil and Sapura Energy produce the non-objected documents immediately;
- (vi) 28 April 2022 – SE Brasil and Sapura Energy presented a submission to the Arbitration Tribunal in response to CELSE's submission dated 27 April 2022;
- (vii) 3 May 2022 – The Arbitral Tribunal determined that SE Brasil and Sapura Energy provide the non-objected documents to CELSE by 10 May 2022;
- (viii) 10 May 2022 – SE Brasil and Sapura Energy produced the non-objected documents to CELSE.

# NOTES TO THE FINANCIAL STATEMENTS

– 31 January 2023

## 46. MATERIAL LITIGATION (CONT'D.)

### (c) Sapura Energy do Brasil Ltda. (cont'd.)

CELSE's counter claim against SE Brasil for USD89,799,186 is for delay penalties, damages and/or expenses due to failure to perform the contract, breach of warranty and claim for warranty extension items which CELSE had or will have to perform correction on given SE Brasil's inaction.

Parties are waiting for the Arbitration Tribunal to rule on the latest production of the documents requested by SE Brasil and Sapura Energy and to decide on the next steps in evidence production.

The Arbitration Tribunal had also ruled on the latest production of the documents requested by SE Brasil and Sapura Energy and ordered CELSE to produce only a certain category of documents that the Arbitration Tribunal find relevant to the proceedings.

The Arbitration Tribunal also requested parties to file a joint submission on the technical issues that still require expert determination on 5 November 2022, which CELSE refused. As such, only SE Brasil and Sapura Energy filed the said submission on 4 November 2022.

On 7 November 2022, SE Brasil and Sapura Energy presented their proposal of a calendar for production of their additional documents. On the same date, CELSE also presented a submission requesting the Arbitration Tribunal to hold a hearing on the merits to allow the Parties to present their case prior to any expert determination.

Since the Parties were not able to reach an agreement regarding the procedural calendar for SE Brasil and Sapura Energy's production of additional documents, as well as on the calendar for the production of the expert determination, on 02 January 2023 the Arbitration Tribunal rendered the Procedural Order No. 19 ("PO 19"), deciding on those issues.

By means of PO 19, the Arbitration Tribunal:

- (i) granted SE Brasil and Sapura Energy the opportunity to produce additional evidence until 16 January 2023; and
- (ii) invited CELSE to comment on such evidence until 30 January 2023.

The Arbitration Tribunal held an Evidentiary Hearing in order to assess the evidence already produced by the Parties and also to determine whether it should appoint experts for additional expert determination. Therefore, the Parties were invited to present, by 30 January 2023, a joint submission with the points of agreement and disagreement regarding some issues related to the hearing.

On 16 January 2023, SE Brasil and Sapura Energy complied with PO 19 and submitted the settlement agreements entered into with the subcontractors, in order to prove the losses and financial damages SE Brasil faced as a result of CELSE's default of its payment obligations.

In turn, on 30 January 2023 CELSE presented its comments on SE Brasil and Sapura Energy's abovementioned submission and documents, whereby it requested the Arbitration Tribunal to deny the claims and documents produced, by alleging that it referred to new claims which was time-barred.

On 30 January 2023, the Parties presented a joint submission in response to PO 19, whereby both submitted partial agreement on the Evidentiary Hearing's agenda. The Arbitration Tribunal shall soon issue a new procedural order in order to establish the hearing dates.

The Arbitration Tribunal has fixed the Evidentiary Hearing dates from 11 September 2023 until 22 September 2023.

## 46. MATERIAL LITIGATION (CONT'D.)

### (d) Winding up petitions

The following are the list and status of the Winding Petitions served to the Company or its subsidiaries. On 10 March 2022, in view of the Restraining Orders obtained by the Group, the case management and hearing of the Petitions against Sapura Offshore Sdn. Bhd., Sapura Fabrication Sdn. Bhd., Sapura Pinewell Sdn. Bhd., Sapura Subsea Services Sdn. Bhd. and Sapura Geosciences Sdn. Bhd. were vacated as the winding up proceedings has been stayed for three months. By a court order dated 8 June 2022, the Restraining Orders were now extended for a further period of nine months until 10 March 2023. Sapura Energy and its 22 subsidiaries filed a fresh application under Sections 366 and 368 of the Companies Act and were granted a Restraining Order for the period of three months by the Court on 8 March 2023, and such Restraining Order is to take effect from 11 March 2023.

#### (i) Sun Hardware Enterprise Sdn. Bhd. vs Sapura Fabrication Sdn. Bhd. – Shah Alam High Court (BA-28NCC-634-12/2021)

a) Winding up petition date – 15 December 2021

b) Case management and hearing dates – 17 January 2022 and 10 March 2022

Sapura Fabrication Sdn. Bhd. did not attend the case management on 17 January 2022 as the Winding Up Petition was only served to Sapura Fabrication Sdn. Bhd. on 15 February 2022.

The hearing for the Winding Up Petition on 10 March 2022 was vacated as the matter was already settled on 4 March 2022.

Notice of discontinuance was filed on 4 March 2022 and the Winding Up Petition has been withdrawn.

#### (ii) Hycotech Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. – Shah Alam High Court (BA-28NCC-638-12/2021)

a) Winding up petition date – 17 December 2021

b) Case management and hearing dates – 17 February 2022 and 9 March 2022

On 17 February 2022 Sapura Offshore Sdn. Bhd.'s solicitors informed the court that Sapura Offshore Sdn. Bhd. has entered into a settlement agreement with Hycotech Sdn. Bhd., and that full payment has been made to Hycotech Sdn Bhd, subject to deductions on withholding tax.

Hycotech Sdn. Bhd. refused to withdraw the winding up petition as they claimed that they are entitled to receive the full outstanding sum including the withholding tax.

Following the dispute, on 1 March 2022 Sapura Offshore Sdn. Bhd. filed an application under Order 14A Rules of Court 2012 and to Strike Out the Petition.

On 9 March 2022, the Court fixed 22 April 2022 for the hearing of the Order 14A Rules of Court 2012 and Striking Out Application, and for the hearing of the Petition itself.

The hearing on 22 April 2022 was vacated as the Restraining Order was obtained on 10 March 2022.

c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

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## 46. MATERIAL LITIGATION (CONT'D.)

### (d) Winding up petitions (cont'd.)

#### (iii) Perdana Nautika Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. – Kuala Lumpur High Court (WA-28NCC-920-12/2021)

a) Winding up petition date – 20 December 2021

b) Case management and hearing dates – 22 February 2022 and 26 April 2022

On 22 February 2022 Notices of Intention to Appear on Petition were filed by two creditors, namely:

- (i) Tumpuan Megah Development Sdn. Bhd.; and
- (ii) Vallianz Offshore Marine Pte. Ltd.

The hearing on 27 April 2022 was vacated as the Restraining Order was obtained on 10 March 2022.

c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 12 June 2023.

#### (iv) Perdana Nautika Sdn. Bhd. vs Sapura Pinewell Sdn. Bhd. – Kuala Lumpur High Court (WA-28NCC-921-12/2021)

a) Winding up petition date – 20 December 2021

b) Case management and hearing dates – 23 February 2022 and 26 April 2022

On 23 February 2022 the solicitors for Perdana Nautika informed the Court that they were just instructed to advertise and gazette the Petition. Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that Sapura Pinewell Sdn. Bhd. will file an affidavit to oppose the Petition if they are required to do so.

The hearing on 26 April 2022 was vacated as the Restraining Order was obtained on 10 March 2022.

c) During the Case Management on 14 March 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Pinewell Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

#### (v) Hycotech Sdn. Bhd. vs Sapura Pinewell Sdn. Bhd. – Shah Alam High Court (BA-28NCC-639-12/2021)

a) Winding up petition date – 20 December 2021

b) Case management and hearing dates – 28 February 2022 and 9 March 2022

On 28 February 2022 Petitioner informed the Court that the Petitioner wishes to withdraw the petition during the hearing on 9 March 2022.

However, another creditor has appeared as a supporting creditor to the Petition during the Hearing on 9 March 2022, and the Court directed the supporting creditor to file its formal application to be substituted as the petitioner within 14 days.

c) During the Case Management on 13 March 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Pinewell Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

## 46. MATERIAL LITIGATION (CONT'D.)

### (d) Winding up petitions (cont'd.)

#### (vi) **Fast Global Link Services vs Sapura Subsea Services Sdn. Bhd. – Shah Alam High Court (BA-28NCC-27-01/2022)**

a) Winding up petition date – 13 January 2022

b) Case management and hearing dates – 14 February 2022 and 12 April 2022

On 14 February 2022 Sapura Subsea Services Sdn. Bhd. sought for a further case management date to be fixed on 15 March 2022 to determine whether Sapura Subsea Services Sdn. Bhd. will be contesting the winding-up petition or otherwise.

The case management date on 15 March 2022 and hearing date on 12 April 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

c) During the Case Management on 13 March 2023, Sapura Subsea Services Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Subsea Services Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

#### (vii) **Mectra Synergy (M) Sdn. Bhd. vs Sapura Subsea Services Sdn. Bhd. – Shah Alam High Court (BA-28NCC-31-01/2022)**

a) Winding up petition date – 25 January 2022

b) Case management and hearing dates – 17 February 2022 and 20 April 2022

On 17 February 2022 Sapura Subsea Services Sdn. Bhd.'s solicitors sought further case management date to be fixed by the Court and the Court has fixed the next case management on 15 March 2022.

The case management date on 15 March 2022 and hearing date on 20 April 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

c) During the Case Management on 13 March 2023, Sapura Subsea Services Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Subsea Services Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

#### (viii) **Equatorial Marine Fuel Management vs Sapura Offshore Sdn. Bhd – Shah Alam High Court (BA-28NCC-68-01/2022)**

a) Winding up petition date – 25 January 2022

b) Case management and hearing dates – 28 February 2022 and 25 April 2022

On 28 February 2022 Petitioner informed the Court that a further date is required for compliance with winding up procedures.

Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that a further date is required to confirm whether the debt under the winding up petition may be disputed.

Hearing date on 25 April 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

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## 46. MATERIAL LITIGATION (CONT'D.)

### (d) Winding up petitions (cont'd.)

#### (ix) DTEC Engineering and Construction Sdn. Bhd. vs Sapura Project Services Sdn. Bhd. – Shah Alam High Court (BA-28NCC-72-01/2022)

a) Winding up petition date – 27 January 2022

b) Case management and hearing dates – 28 February 2022 and 25 April 2022

On 28 February 2022, Sapura Project Services Sdn. Bhd.'s solicitors informed the Court that a further date is required to confirm whether the debt under the winding up petition may be disputed.

On 21 April 2022, Sapura Energy Berhad, Sapura Digital Solutions Sdn. Bhd., Sapura Diving Services Sdn. Bhd., Sapura Maintenance Services Sdn. Bhd., Sapura Fabrication Sdn. Bhd., Sapura Pinewell Sdn. Bhd., Sapura Onshore Sdn. Bhd., Sapura Subsea Services Sdn. Bhd., Sapura Services Sdn. Bhd., Sapura Management Services Sdn. Bhd., Sapura Marine Sdn. Bhd., Sapura Drilling Services Sdn. Bhd., Sapura Power Services Sdn. Bhd., Sapura Offshore Sdn. Bhd., and Sapura 3000 Pte. Ltd. as Creditors to Sapura Project Services Sdn. Bhd. filed an application to appoint a liquidator.

Hearing date on 25 April 2022 were adjourned as DTEC Engineering and Construction Sdn. Bhd. has informed the Court that they intend to file an affidavit in reply to our application, and also to file their own application for appointment of liquidator.

On 17 May 2022, DTEC Engineering and Construction Sdn. Bhd. filed an application to appoint two liquidators.

The court fixed another case management date on 29 June 2022. During the date, Sapura Project Services Sdn. Bhd. ("SPSSB") informed that they will file further affidavit on this matter by 5 July 2022.

c) The court has fixed hearing date for the application for appointment of Liquidator on 14 September 2022.

As SPSSB was wound up on 14 September 2022 by an Order under another Winding Up Petition by Danamin (M) Sdn. Bhd., DTEC Engineering and Construction Sdn. Bhd. had thus withdrawn its Winding Up Petition during the hearing on 14 September 2022.

#### (x) Dura International Sdn. Bhd. vs Sapura Fabrication Sdn. Bhd. – Shah Alam High Court (BA-28NCC-83-02/2022)

a) Winding up petition date – 7 February 2022

b) Case management and hearing dates – 10 March 2022 and 18 May 2022

The case management on 10 March 2022 and hearing date on 18 May 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

c) During the Case Management on 13 March 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which will take effect from 11 March 2023. The Court fixed the next Case Management on 13 June 2023.

## 46. MATERIAL LITIGATION (CONT'D.)

### (d) Winding up petitions (cont'd.)

#### (xi) **Astro Offshore Pte. Ltd. vs Sapura Fabrication Sdn. Bhd. – Shah Alam High Court (BA-28NCC-87-02/2022)**

- a) Winding up petition date – 7 February 2022
- b) Case management and hearing dates – 14 March 2022 and 19 May 2022  
The case management on 14 March 2022 and hearing date on 19 May 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During the Case Management on 13 March 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which will take effect from 11 March 2023. The Court fixed the next Case Management on 13 June 2023.

#### (xii) **Public Crane Heavy Equipment Sdn. Bhd. vs Sapura Fabrication Sdn. Bhd. – Shah Alam High Court (BA-28NCC-92-02/2022)**

- a) Winding up petition date – 9 February 2022
- b) Case management and hearing dates – 14 March 2022 and 19 May 2022  
The case management on 14 March 2022 and hearing date on 19 May 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During the Case Management on 13 March 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which will take effect from 11 March 2023. The Court fixed the next Case Management on 13 June 2023.

#### (xiii) **MMA Offshore Malaysia Sdn. Bhd. vs Sapura Pinewell Sdn. Bhd. – Kuala Lumpur High Court (WA-28NCC-111-02/2022)**

- a) Winding up petition date – 14 February 2022
- b) Case management and hearing dates – 15 March 2022 and 8 June 2022  
The case management on 15 March 2022 and hearing date on 8 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During case management on 23 June 2022 Sapura Pinewell Sdn. Bhd. updated that the Restraining Order is extended for 9 months.
- d) During the Case Management on 14 March 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Pinewell Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

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## 46. MATERIAL LITIGATION (CONT'D.)

### (d) Winding up petitions (cont'd.)

#### (xiv) Icon Offshore Group Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. – Shah Alam High Court (BA-28NCC-119-02/2022)

- a) Winding up petition date – 25 February 2022
- b) Case management and hearing dates – 17 March 2022 and 24 May 2022  
The case management on 17 March 2022 and hearing date on 24 May 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

#### (xv) Posh Subsea Pte. Ltd. vs Sapura Fabrication Sdn. Bhd. – Shah Alam High Court (BA28NCC-145-03/2022)

- a) Winding up petition date – 3 March 2022
- b) Case management and hearing dates – 6 April 2022 and 7 June 2022  
The case management on 6 April 2022 and hearing date on 7 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During the Case Management on 13 March 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

#### (xvi) Lincoln Energy Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. – Shah Alam High Court (BA-28NCC-146-03/2022)

- a) Winding up petition date – 4 March 2022
- b) Case management and hearing dates – 6 April 2022 and 7 June 2022  
The case management on 6 April 2022 and hearing date on 7 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

#### (xvii) Semco Salvage (V) Pte. Ltd. vs Sapura Offshore Sdn. Bhd. – Shah Alam High Court (BA28NCC-144-03/2022)

- a) Winding up petition date – 3 March 2022
- b) Case management and hearing dates – 6 April 2022 and 7 June 2022  
The case management on 6 April 2022 and hearing date on 7 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.



## 46. MATERIAL LITIGATION (CONT'D.)

### (d) Winding up petitions (cont'd.)

#### (xviii) Danamin (M) Sdn. Bhd. vs Sapura Project Services Sdn. Bhd. – Shah Alam High Court (BA-28NCC-139-02/2022)

- a) Winding up petition date – 28 February 2022
- b) Case management and hearing dates – 31 March 2022 and 30 May 2022

On 31 March 2022, Sapura Project Services Sdn. Bhd.'s solicitors informed the Court that a further date is required to confirm whether the debt under the winding up petition may be disputed.

On 13 May 2022 Sapura Energy Berhad, Sapura Digital Solutions Sdn. Bhd., Sapura Diving Services Sdn. Bhd., Sapura Maintenance Services Sdn. Bhd., Sapura Fabrication Sdn. Bhd., Sapura Pinewell Sdn. Bhd., Sapura Onshore Sdn. Bhd., Sapura Subsea Services Sdn. Bhd., Sapura Services Sdn. Bhd., Sapura Management Services Sdn. Bhd., Sapura Marine Sdn. Bhd., Sapura Drilling Services Sdn. Bhd., Sapura Power Services Sdn. Bhd., Sapura Offshore Sdn. Bhd., and Sapura 3000 Pte. Ltd. as Creditors to Sapura Project Services Sdn. Bhd. filed application to:

- (i) appoint liquidator for the Sapura Project Services Sdn. Bhd.; and
- (ii) appoint interim liquidator for the Sapura Project Services Sdn. Bhd. This is pending the hearing for appointment of the liquidator.

The matter was fixed for case management on 30 May 2022. The Court has directed for a further case management to be fixed on 5 July 2022 to allow the parties to file their respective affidavits in reply for the applications to appoint the interim liquidator and liquidator of Sapura Project Services Sdn. Bhd..

The court fixed another case management date on 5 July 2022.

The court has fixed hearing date for the application for appointment of a permanent liquidator and the interim liquidator on 1 September 2022.

On 1 September 2022, a liquidator has been appointed as the Interim Liquidator for Sapura Project Services Sdn. Bhd..

On 14 September 2022, the Court ordered that Sapura Project Services Sdn. Bhd. be wound up and a liquidator was appointed as the Liquidator for Sapura Project Services Sdn. Bhd. on the same date.

A Committee of Inspection was constituted during the Meeting of Creditors and Contributories held on 30 March 2023.

The first meeting of the Committee of Inspection was held on 13 April 2023 to approve the Liquidator continuing to carry on the business so far as necessary for the beneficial winding up of Sapura Project Services Sdn. Bhd..

The Liquidator is also currently in the process of verifying the Proof of Debts submitted against Sapura Project Services Sdn. Bhd. and the verification exercise is expected to be completed by July or August 2023.

#### (xix) VKI Marketing Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. – Shah Alam High Court (BA-28NCC-159-03/2022)

- a) Winding up petition date – 22 February 2022
- b) Case management and hearing dates – 11 April 2022 and 13 June 2022  
The case management on 11 April 2022 and hearing on 13 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) Next case management was fixed on 29 June 2022.
- d) Due to the extension of the Restraining Order, the next Case Management was fixed on 13 March 2023.
- e) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.

# NOTES TO THE FINANCIAL STATEMENTS

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## 46. MATERIAL LITIGATION (CONT'D.)

### (d) Winding up petitions (cont'd.)

#### (xx) Tumpuan Megah Development Sdn. Bhd. vs Sapura Geosciences Sdn. Bhd. – Shah Alam High Court (BA-28NCC-181-03/2022)

- a) Winding up petition date – 17 March 2022
- b) Case management and hearing dates – 14 April 2022 and 20 June 2022  
The case on 14 April 2022 and hearing on 20 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) Next case management was fixed on 29 June 2022.
- d) Due to the extension of the Restraining Order, the next Case Management was fixed on 13 March 2023.
- e) During the Case Management on 13 March 2023, Sapura Geosciences Sdn. Bhd.'s solicitors informed the Court that Sapura Energy and its 22 subsidiaries including Sapura Geosciences Sdn Bhd obtained a new Restraining Order on 8 March 2023 which will take effect from 11 March 2023. The Court fixed the next Case Management on 13 June 2023.

#### (xxi) Plomo Group Sdn. Bhd. vs Sapura Pinewell Sdn. Bhd. – Shah Alam High Court (BA-28NCC-665-12/2021)

- a) Winding up petition date – 29 December 2021
- b) Case management and hearing dates – 13 July 2022 and 17 May 2022  
On 5 August 2022 Sapura Pinewell's Sdn. Bhd.'s solicitors informed the Court that the winding up proceeding cannot proceed and should be stayed as Sapura Pinewell Sdn. Bhd. has filed and obtained a Restraining Order (and the extension) up to 10 March 2023.
- c) Notice of discontinuance has been filed on 14 September 2022 by the Petitioner and the winding up petition has been withdrawn.

#### (xxii) Marine Creation Sdn. Bhd. vs Sapura Fabrication Sdn. Bhd. – Shah Alam High Court (BA-28NCC-289-05/2022)

- a) Winding up petition date – 12 May 2022
- b) Case management and hearing dates – 9 August 2022 and 22 August 2022
- c) Notice of discontinuance has been filed on 19 July 2022 by the Petitioner and the winding up petition has been withdrawn.

#### (xxiii) Lubricluem Sdn. Bhd. vs Sapura 3000 Pte. Ltd. – High Court in Sabah and Sarawak at Federal Territory of Labuan (LBN-28NCC-9/7-2022(HC))

- a) Winding up petition date – 20 July 2022
- b) Case hearing date – 9 September 2022
- c) Parties had reached settlement on the matter and the winding up petition was struck out by the Court on 17 August 2022.

## 47. COMPARATIVES

Certain comparative amounts have been reclassified to conform with the current year's presentation:

	As previously disclosed RM'000	Reclassification RM'000	As adjusted RM'000
<b>Company</b>			
<b>As at 31 January 2022</b>			
<b>Statement of profit or loss</b>			
Administrative expenses (Note 8)	(191,677)	(899,302)	(1,090,979)
Provision for impairment (Note 6)	(8,611,968)	899,302	(7,712,666)

# Analysis of Shareholdings

As At 2 May 2023

## ORDINARY SHARES

Total Number of Issued Shares : 15,979,080,232 Ordinary Shares  
 Class of Security : Ordinary Shares  
 Voting Rights : One vote per Ordinary Share  
 Number of Shareholders : 70,321

## DISTRIBUTION BY SIZE OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	2,433	3.46	85,878	0.00
100 – 1,000	7,087	10.08	4,499,934	0.03
1,001 – 10,000	24,203	34.42	130,374,600	0.82
10,001 – 100,000	26,370	37.50	1,073,954,781	6.72
100,001 – to less than 5% of issued shares	10,226	14.54	8,315,590,279	52.04
5% and above of issued shares	2	0.00	6,454,574,760	40.39
<b>Total</b>	<b>70,321</b>	<b>100.00</b>	<b>15,979,080,232</b>	<b>100.00</b>

## THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares	% of Shares
1.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	4,805,895,739	30.08
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAPURA TECHNOLOGY SDN BHD (420284)	1,648,679,021	10.32
3.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 – WAWASAN	258,666,667	1.62
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR JURUDATA SDN BHD (PB)	188,569,600	1.18
5.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	175,000,000	1.10
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR SHAHRIL BIN SHAMSUDDIN (12020671) (430412)	152,808,688	0.96
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JURUDATA SDN BHD (443462)	144,000,000	0.90
8.	QUECK HAN TIONG	101,500,000	0.64
9.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 3 - DIDIK	92,412,711	0.58
10.	LEE BENG SENG	86,900,000	0.54
11.	CHAI KIN LOONG	85,061,900	0.53

No.	Name of Shareholders	No. of Shares	% of Shares
12.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	64,060,917	0.40
13.	CHOONG KEAN LEANG	62,400,000	0.39
14.	AFFIN HWANG INVESTMENT BANK BERHAD IVT (WLT)	49,300,000	0.31
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SAPURA CAPITAL SDN BHD (PB)	46,387,188	0.29
16.	CITIGROUP NOMINEES (ASING) SDN BHD CNBY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	40,752,188	0.26
17.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	39,409,700	0.25
18.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LIEW JUN KUAN (E-PDG)	39,140,900	0.24
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEM TRADE SDN BHD FOR KONG LIH CHING	38,280,000	0.24
20.	SAPURA TECHNOLOGY SDN BHD	37,658,787	0.24
21.	MUTHUKUMAR A/L AYARPADDE	35,500,000	0.22
22.	LIM FONG PENG @ LIM FUNG FENG	30,300,000	0.19
23.	SOUTHERN REALTY RESOURCE SDN BHD	30,000,000	0.19
24.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR BOEY TZE NIN (PB)	27,989,400	0.18
25.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	25,000,000	0.16
26.	MOHD NAHAR BIN MOHD NASIR	24,700,000	0.15
27.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD (SINGAPORE BCH)	23,566,277	0.15
28.	ZAINAL ABIDIN BIN MOHD KASSIM	23,446,000	0.15
29.	YEAT SIAW PING	23,197,900	0.15
30.	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN EQUITY 3	22,358,933	0.14
<b>Total</b>		<b>8,422,942,555</b>	<b>52.75</b>

# ANALYSIS OF SHAREHOLDINGS

As At 2 May 2023

## SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
AmanahRaya Trustees Berhad – Amanah Saham Bumiputera	4,805,895,739	30.08	–	–
Sapura Technology Sdn Bhd	1,686,337,808	10.55	332,569,600 <sup>(1)</sup>	2.08
Sapura Holdings Sdn Bhd	–	–	2,067,197,390 <sup>(2)</sup>	12.94
Tan Sri Dato' Seri Shahril Shamsuddin	174,811,600	1.09	2,067,197,390 <sup>(2)</sup>	12.94
Dato' Shahrman Shamsuddin	506,385	0.00*	2,067,197,390 <sup>(2)</sup>	12.94
Brothers Capital Sdn Bhd	–	–	2,067,197,390 <sup>(2)</sup>	12.94

### Notes:

\* Negligible.

<sup>(1)</sup> Deemed interested by virtue of its shareholding in Jurudata Sdn Bhd pursuant to Section 8 of the Companies Act 2016 ("the Act").

<sup>(2)</sup> Deemed interested by virtue of being a substantial shareholder of Sapura Holdings Sdn Bhd ("Sapura Holdings") pursuant to Section 8 of the Act. Sapura Holdings is a substantial shareholder of Sapura Technology Sdn Bhd, Sapura Resources Berhad, Sapura Capital Sdn Bhd, Indera Permai Sdn Bhd and Jurudata Sdn Bhd.

## DIRECTORS' SHAREHOLDINGS BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Dato' Mohammad Azlan Abdullah	–	–	–	–
Datuk Mohd Anuar Taib	2,200,000	0.01	–	–
Dato' Shahrman Shamsuddin	506,385	0.00*	2,067,197,390 <sup>(1)</sup>	12.94
Datuk Muhamad Noor Hamid	–	–	–	–
Datuk Ramlan Abdul Rashid	–	–	–	–
Lim Tiang Siew	–	–	–	–
Dato' Azmi Mohd Ali	–	–	–	–
Lim Fu Yen	–	–	–	–
Rohaizad Darus	–	–	–	–

### Notes:

\* Negligible.

<sup>(1)</sup> Deemed interested by virtue of being a substantial shareholder of Sapura Holdings Sdn Bhd ("Sapura Holdings") pursuant to Section 8 of the Act. Sapura Holdings is a substantial shareholder of Sapura Technology Sdn Bhd, Sapura Resources Berhad, Sapura Capital Sdn Bhd, Indera Permai Sdn Bhd and Jurudata Sdn Bhd.

## ISLAMIC REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS-i”)

Total Number of Issued Shares : 2,396,862,035 RCPS-i

Class of Security : RCPS-i

Voting Rights : The RCPS-i holders shall not be entitled to vote or approve any shareholders’ resolutions or vote at any general meeting of the Company, save and except in respect of any resolution made:

- i. when the preferential dividends or any part thereof is in arrears and unpaid for more than six (6) months;
- ii. on a proposal to reduce the Company’s share capital;
- iii. on a proposal for the disposal of substantially the whole of the Company’s property, business and undertaking;
- iv. on a proposal to wind-up the Company;
- v. during the winding-up of the Company; or
- vi. on any proposal that affects the rights and privileges attached to the RCPS-i.

Number of RCPS-i Holders : 1,122

## DISTRIBUTION BY SIZE OF RCPS-i HOLDINGS BASED ON RECORD OF DEPOSITORS

Size of RCPS-i Holdings	No. of RCPS-i Holders	% of RCPS-i Holders	No. of RCPS-i	% of RCPS-i
Less than 100	34	3.03	1,448	0.00
100 – 1,000	241	21.48	139,367	0.01
1,001 – 10,000	518	46.17	2,166,132	0.09
10,001 – 100,000	268	23.88	8,161,857	0.34
100,001 – to less than 5% of issued shares	59	5.26	171,944,331	7.17
5% and above of issued shares	2	0.18	2,214,448,900	92.39
<b>Total</b>	<b>1,122</b>	<b>100.00</b>	<b>2,396,862,035</b>	<b>100.00</b>

## THIRTY (30) LARGEST RCPS-i HOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of RCPS-i Holders	No. of RCPS-i	%
1.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	2,088,165,500	87.12
2.	PERMODALAN NASIONAL BERHAD	126,283,400	5.27
3.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	37,261,480	1.55
4.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 – WAWASAN	33,200,000	1.39
5.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	26,182,560	1.09
6.	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR IMBANG (MIXED ASSET BALANCED) 2	20,000,000	0.83
7.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 3 – DIDIK	15,021,696	0.63

# ANALYSIS OF SHAREHOLDINGS

As At 2 May 2023

## THIRTY (30) LARGEST RCPS-i HOLDERS BASED ON RECORD OF DEPOSITORS (CONT'D.)

No.	Name of RCPS-i Holders	No. of RCPS-i	%
8.	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN EQUITY 3	10,000,000	0.42
9.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	3,600,000	0.15
10.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM NASIONAL	3,096,378	0.13
11.	AMANAHRAYA TRUSTEES BERHAD ASN IMBANG (MIXED ASSET BALANCED) 1	2,955,871	0.12
12.	MOHD JAMEL BIN ABDUL MUNIN	2,090,000	0.09
13.	MUHAMAD ALOYSIUS HENG	2,010,160	0.08
14.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGANT STANLEY & CO. INTERNATIONAL PLC (CLIENT)	1,500,000	0.06
15.	AMANAHRAYA TRUSTEES BERHAD ASN EQUITY 2	1,469,640	0.06
16.	PERMODALAN NASIONAL BERHAD BUMIPUTERA WEALTH FUND	1,300,000	0.05
17.	HLB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LEE CHIAH CHEANG	1,003,100	0.04
18.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEGDEG SECURITIES ACCOUNT FOR LEE CHIAH CHEANG	1,000,000	0.04
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ONG CHONG JIN	644,700	0.03
20.	ZAINAL ABIDIN BIN MOHD KASSIM	624,000	0.03
21.	TAN CHIA CHIN	588,000	0.02
22.	RAZMAN BIN ARIFFIN	552,800	0.02
23.	LIM GAIK BWAY @ LIM CHIEW AH	480,090	0.02
24.	LAU CHUAN CHAI	448,800	0.02
25.	CHEW KOK WAH	446,300	0.02
26.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	438,000	0.02
27.	TOB WENG KIN	400,000	0.02
28.	CHAI KIM SIN	346,100	0.01
29.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR AZIZAN BIN ABD RAHMAN (PB)	280,000	0.01
30.	LIM CHOW SEN @ LIM CHOW SOON	280,000	0.01
<b>Total</b>		<b>2,381,669,385</b>	<b>99.35</b>



## DIRECTORS' RCPS-i HOLDINGS BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

Directors	Direct Interest		Indirect Interest	
	No. of RCPS-i Held	%	No. of RCPS-i Held	%
Dato' Mohammad Azlan Abdullah	-	-	-	-
Datuk Mohd Anuar Taib	-	-	-	-
Dato' Shahrizan Shamsuddin	-	-	-	-
Datuk Muhamad Noor Hamid	-	-	-	-
Datuk Ramlan Abdul Rashid	-	-	-	-
Lim Tiang Siew	-	-	-	-
Dato' Azmi Mohd Ali	-	-	-	-
Lim Fu Yen	-	-	-	-
Rohaizad Darus	-	-	-	-

# ANALYSIS OF SHAREHOLDINGS

As At 2 May 2023

## WARRANTS 2019/2026 (“WARRANTS”)

Class of Security	: Warrants 2019/2026
Number of Warrants Not Exercised	: 998,692,020 Warrants
Number of Warrant Holders	: 5,226

## DISTRIBUTION BY SIZE OF WARRANT HOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Warrant Holdings	No. of Warrant Holders	% of Total Warrant Holders	No. of Warrants	% of Total Warrants
Less than 100	185	3.54	8,676	0.00
100 – 1,000	798	15.27	421,149	0.04
1,001 – 10,000	1,385	26.50	7,290,658	0.73
10,001 – 100,000	1,896	36.28	86,119,607	8.62
100,001 – to less than 5% of Warrants	960	18.37	721,518,597	72.25
5% and above of Warrants	2	0.04	183,333,333	18.36
<b>Total</b>	<b>5,226</b>	<b>100.00</b>	<b>998,692,020</b>	<b>100.00</b>

## THIRTY (30) LARGEST WARRANT HOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of Warrant Holders	No. of Warrants	%
1.	SAPURA TECHNOLOGY SDN BHD	133,333,333	13.35
2.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	50,000,000	5.01
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR JURUDATA SDN BHD (PB)	30,700,000	3.07
4.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY SEANG WAH (MP0471)	24,200,000	2.42
5.	LIM TSUI PHENG	23,030,066	2.31
6.	REUBENDRA A/L JEGANATHAN	15,500,000	1.55
7.	MOHD AZMI BIN MAHBUB	15,203,900	1.52
8.	RAVI A/L PULLAIYAR	14,600,000	1.46
9.	MAYBANK NOMINEES (TEMPATAN SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHI KAIN SANG	11,840,000	1.19
10.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMETN FOR SHAHRIL BIN SHAMSUDDIN (1202671) (430412)	11,822,608	1.18
11.	CHIA HANG KIAN	11,500,000	1.15
12.	MD NOR BIN MANSOR	11,300,000	1.13
13.	ANUCIA A/P MUTHUCUMARU	10,250,000	1.03

No.	Name of Warrant Holders	No. of Warrants	%
14.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	9,000,000	0.90
15.	EE SOO YIM	8,000,000	0.08
16.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHI KAIN SANG (LBU)	7,700,000	0.77
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD AB RAZAK BIN ALI	7,234,500	0.72
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KOH HIUNG	7,000,000	0.70
19.	CHOO KWANG WAH	6,500,000	0.65
20.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	6,031,535	0.60
21.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KHEK KENG (E-TAI)	5,900,000	0.59
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD JEYASILAN A/L KARPUDEWAN	5,745,000	0.58
23.	HAM YEAN MING	5,689,000	0.57
24.	MUHAMMAD SYAFIQ BIN ISHAK	5,597,000	0.56
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MOHD ALIM BIN HARON	5,362,300	0.54
26.	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FATEH MOHAMED (SMT)	5,100,000	0.51
27.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	5,013,000	0.50
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR POH SENG KIAN (TJJ/KEN)	5,000,000	0.50
29.	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	4,919,833	0.49
30.	SU SONG UNG	4,700,000	0.47
<b>Total</b>		<b>467,772,075</b>	<b>46.82</b>

# ANALYSIS OF SHAREHOLDINGS

As At 2 May 2023

## DIRECTORS' WARRANT HOLDINGS BASED ON REGISTER OF DIRECTORS' WARRANT HOLDINGS

Directors	Direct Interest		Indirect Interest	
	No. of Warrants Held	%	No. of Warrants Held	%
Dato' Mohammad Azlan Abdullah	–	–	–	–
Datuk Mohd Anuar Taib	–	–	–	–
Dato' Shahrizan Shamsuddin	–	–	164,060,506 <sup>(1)</sup>	–
Datuk Muhamad Noor Hamid	–	–	–	–
Datuk Ramlan Abdul Rashid	–	–	–	–
Lim Tiang Siew	–	–	–	–
Dato' Azmi Mohd Ali	–	–	–	–
Lim Fu Yen	10	0.00*	–	–
Rohaizad Darus	–	–	–	–

### Notes:

\* Negligible.

<sup>(1)</sup> Deemed interested by virtue of being a substantial shareholder of Sapura Holdings Sdn Bhd ("Sapura Holdings") pursuant to Section 8 of the Act. Sapura Holdings is a substantial shareholder of Sapura Technology Sdn Bhd, Sapura Resources Berhad and Jurudata Sdn Bhd.

# Notice of the Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twelfth Annual General Meeting (“12th AGM”) of Sapura Energy Berhad (“the Company”) will be conducted on a fully virtual basis for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice.

Online Meeting Platform : <https://meeting.boardroomlimited.my>  
(Domain Registration No. with MYNIC – D6A357657)  
Provided by Boardroom Share Registrars Sdn Bhd

Day and Date : Wednesday, 26 July 2023  
Time : 10.00 a.m.

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 January 2023 together with the Reports of the Directors and Auditors thereon.

*Please refer to Explanatory Note A*

2. To re-elect the following Directors who retire by rotation pursuant to Article 80 of the Constitution of the Company and who being eligible offer themselves for re-election:

- (a) Dato’ Mohammad Azlan Abdullah
- (b) Dato’ Azmi Mohd Ali
- (c) Datuk Muhamad Noor Hamid

Datuk Muhamad Noor Hamid who also retires by rotation in accordance with Article 80 of the Company’s Constitution, has expressed his intention not to seek re-election. Hence, he will retain office until the conclusion of the 12th AGM.

*Please refer to Explanatory Note B*

3. To re-elect the following Directors who retire pursuant to Article 85 of the Constitution of the Company and who being eligible offer themselves for re-election:

- (a) Datuk Nur Iskandar A. Samad
- (b) Cik Wan Mashitah Wan Abdullah Sani

*Please refer to Explanatory Note C*

4. To approve the payment of Directors’ fees and benefits up to an amount of RM3,000,000 to the Non-Executive Directors of the Company with effect from 27 July 2023 until the next Annual General Meeting of the Company in 2024.

*Please refer to Explanatory Note D*

5. To re-appoint Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to determine their remuneration.

*Please refer to Explanatory Note E*

**Ordinary Resolution 1**

**Ordinary Resolution 2**

**Ordinary Resolution 3**

**Ordinary Resolution 4**

**Ordinary Resolution 5**

**Ordinary Resolution 6**

# NOTICE OF THE ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution:

6. Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

### Ordinary Resolution 7

**"THAT**, subject to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and its subsidiaries ("Group") be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in Section 2.4 of the Circular to Shareholders dated 31 May 2023, PROVIDED THAT such transactions are necessary for the Group's day-to-day operations and are in the ordinary course of business of the Group and at arm's length basis and on normal commercial terms which are 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;

**THAT** such approval shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which this Ordinary Resolution shall be passed, at which time it will lapse, unless by a resolution passed at the general meeting, the authority conferred by this resolution is renewed;
- (ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier;

**AND THAT** the Directors of the Company and its subsidiaries be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate as authorised by this Ordinary Resolution."

*Please refer to Explanatory Note F*

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

## BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143) (SSM PC No.: 202008001023)  
TAN SEIW LING (MAICSA 7002302) (SSM PC No.: 202008000791)  
Company Secretaries

Selangor Darul Ehsan  
31 May 2023

## Notes:

### 1. Mode of Meeting

The Twelfth Annual General Meeting ("12th AGM") of the Company will be conducted on a fully virtual basis through live streaming and online remote voting by shareholders via the Remove Participation and Electronic Voting ("RPEV") Platform at <https://meeting.boardroomlimited.my>. Please follow the steps and procedures provided in the Administrative Notes for the 12th AGM of the Company in order to register, participate and vote remotely via the RPEV Platform.

The primary mode of communication by shareholders for the 12th AGM is via text messaging facilities provided under the RPV Platform. In the event of any technical glitch in the primary mode of communication, all other reasonable modes of communication is acceptable for the 12th AGM.

### 2. Venue

The venue of the 12th AGM is the Online Meeting Platform which is located in Malaysia being the main venue and is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue. In a fully virtual general meeting, all meeting participants including the Chairman of the meeting, Board members, Senior Management and shareholders are required to participate in the meeting online through the Online Meeting Platform only.

### 3. Voting

All resolutions in the Notice of the 12th AGM are to be conducted by poll voting as per Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") via the RPV Platform.

### 4. Proxy(ies)

A member of the Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of the members of the Company, subject to the Constitution of the Company.

A member entitled to attend and vote at the 12th AGM is entitled to appoint up to two (2) proxies to attend and vote on a poll in his stead. A proxy may, but need not be a member of the Company and there is no restriction as to the qualification of the proxy.

Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney; and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

The instrument appointing a proxy must be deposited with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for the holding of the meeting, i.e., no later than 24 July 2023 at 10.00 a.m. or any adjournment thereof.

Alternatively, the instrument appointing a proxy may be deposited via electronic means through the Share Registrar's website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> to login and deposit your proxy form electronically not less than forty-eight (48) hours before the time appointed for the holding of the meeting, i.e., no later than 24 July 2023 at 10.00 a.m. or any adjournment thereof.

### 5. Corporate Representatives

As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the 12th AGM pursuant to Section 333 of the Companies Act 2016. For this purpose and pursuant to Section 333(5) of the Companies Act 2016, the corporate member shall provide a certificate under its common seal as prima facie evidence of the appointment of the corporate representative.

### 6. Members Entitled to Attend

For the purpose of determining a member who shall be entitled to attend the 12th AGM in accordance with Article 59(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 18 July 2023. Only a depositor whose name appears on the Record of Depositors as at 18 July 2023 shall be entitled to attend the 12th AGM or appoint proxies to attend and/or vote on his/her behalf.

### 7. Notes to holders of the Islamic Redeemable Convertible Preference Shares ("RCPS-i")

The holders of the RCPS-i shall be entitled to attend the 12th AGM but have no right to vote at the said meeting. The voting rights of the RCPS-i holders are detailed in the Constitution of the Company.

# NOTICE OF THE ANNUAL GENERAL MEETING

## 8. Explanatory Note A

This Agenda is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016 and the Company's Constitution, the Audited Financial Statements need not be approved by the shareholders and hence, the matter will not be put forward for voting.

## 9. Explanatory Note B for Ordinary Resolutions 1 and 2

Article 80 of the Company's Constitution expressly states that in every subsequent Annual General Meeting, at least one-third (1/3) of the Directors for the time being or the number nearest to one-third (1/3) shall retire from office provided always that all Directors shall retire from office once at least in each three (3) years and the retiring Directors shall be eligible to seek for re-election thereof.

Pursuant to Article 80, Dato' Mohammad Azlan Abdullah and Dato' Azmi Mohd Ali ("Retiring Directors") are standing for re-election at the 12th AGM.

Datuk Muhamad Noor Hamid expressed his intention not to seek re-election at the 12th AGM. Accordingly, he will retire as Independent Non-Executive Director of the Company at the conclusion of the 12th AGM.

For the purpose of determining the eligibility of the Directors to stand for re-election at this 12th AGM and in line with Malaysian Code on Corporate Governance 2021, the Board Nomination and Remuneration Committee ("BNRC") has reviewed and assessed each of the Retiring Directors from the annual assessment and evaluation of the Board for the FY2023.

The BNRC had recommended the re-election of Retiring Directors based on the following consideration:- (i) satisfactory performance and have met Board's expectation in discharging their duties and responsibilities; (ii) met the criteria of character, experience, integrity, competence and time commitment in discharging their roles as directors of the Company; (iii) level of independence demonstrated by the independent director; (iv) their ability to act in the best interest of the Company in decision-making.

The profiles of the Retiring Directors standing who are standing for re-election are provided on pages 66 and 69 of the Company's Annual Report 2023.

## 10. Explanatory Note C for Ordinary Resolutions 3 and 4

Article 85 of the Company's Constitution expressly states that the Directors shall have power at any time, and from time to time, to appoint any person as a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with this Constitution. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Datuk Nur Iskandar R. Samad and Cik Wan Mashitah Wan Abdullah Sani who were recently appointed to the Board on 26 May 2023, being eligible, have offered themselves for re-election pursuant to Article 85 of the Company's Constitution.

The profiles of the Directors who are standing for re-election are provided on pages 75 and 76 of the Company's Annual Report 2023.

## 11. Explanatory Note D for Ordinary Resolution 5

Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits payable to the Directors of the Company will have to be approved at a general meeting.

The amount of up to RM3,000,000 (2022: RM2,700,000) under the proposed Ordinary Resolution 5 comprising Directors' fees and benefits to Non-Executive Directors of the Company is estimated for the period from 27 July 2023 until the next Annual General Meeting of the Company to be held in 2024.

The Directors' fees have been reduced in the financial year ended 31 January 2016 (10% reduction), financial year ended 31 January 2018 (5% reduction), from the Annual General Meeting held on 30 July 2020 (15% reduction) and financial year ended 31 January 2022 (50%).

Benefits for Non-Executive Chairman of the Company comprising medical and insurance coverage, car allowance, driver, petrol and other claimable benefits. Benefits for other Non-Executive Directors comprises medical and insurance coverage and other claimable benefits.

Payment of Directors' fees will be made on a monthly basis and/or as and when incurred.

## 12. Explanatory Note E for Ordinary Resolution 6

The Board Audit Committee and the Board have considered the re-appointment of Ernst & Young PLT as Auditors of the Company following the annual assessment of the suitability and independence of the Auditors and collectively agreed that Ernst & Young PLT have met the relevant criteria prescribed by Paragraph 15.21 of Main Market Listing Requirements of Bursa Securities.

## 13. Explanatory Note F for Ordinary Resolution 7

The proposed resolution 7, if passed, will empower the Group to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.4 of the Circular to Shareholders dated 31 May 2023 which are necessary for the Group's day-to-day operations and/or in the ordinary course of business of the Group on normal commercial terms and to facilitate the conduct of the Group's business in a timely manner. Details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 31 May 2023 which is circulated together with the Annual Report 2023 of the Company.



# Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities

## **INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS AT THE 12TH ANNUAL GENERAL MEETING OF THE COMPANY**

There is no individual standing for election as Director (excluding Directors standing for re-election).

Details of the Directors who are standing for re-election are provided in the "Profiles of Board of Directors" on pages 66, 69, 75 and 76 of Annual Report 2023 and Notice of 12th Annual General Meeting. Details of their interests in the securities of the Company are set out in the "Analysis of Shareholders" on pages 228, 231 and 234 of Annual Report 2023.

# Additional Compliance Information

Pursuant to Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”)

## 1. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the external auditors, Ernst & Young PLT and its affiliated companies for the services rendered to Sapura Energy Berhad (“the Company”) and its subsidiaries (“the Group”) for the financial year ended 31 January 2023 (“FY2023”) are as follows:

	Company RM'000	Group RM'000
Audit Fees (Group) (A)	430	3,782
Non-Audit fees		
a) Tax related:		
• Expatriate employee personal income tax	2	74
• Tax audit	–	275
• Tax support services	–	300
• Tax filing	–	6
b) Review of interim financial statements	771	771
c) Production Sharing Contract Audit	–	64
d) Review of Statement On Risk Management and Internal Control	15	15
<b>Total (B)</b>	<b>788</b>	<b>1,505</b>
<b>Grand Total (A) + (B)</b>	<b>1,218</b>	<b>5,287</b>

## 2. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and/or its subsidiaries involving the interests of the Directors and major shareholders during the financial year ended 31 January 2023 save as disclosed in Note 39(a)(i) to the financial statements as set out on page 183 of this Annual Report.

## 3. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

- a) In the previous financial year, the Company identified a pipe-laying and crane vessel (known as “Sapura 3000”) for disposal, as a part of the Group’s Reset Plan to divest assets. *Sapura 3000* was reclassified from property, plant, and equipment to non-current asset held for sale.

On 11 August 2022 the Company announced that the disposal of *Sapura 3000* to Safeen Feeders 20 Limited has been completed, raising a gross proceed of USD71.5 million or equivalent to RM312.8 million and the financial impact on the disposal has been recognised in Q3 FY2023.

- b) On 19 August 2022, the Company announced that Sapura Drilling T-19 Ltd., Sapura Drilling T-20 Ltd. and Sapura Drilling Setia Ltd., all wholly owned subsidiaries of Sapura Drilling Bermuda Ltd. (Bermuda), a wholly owned subsidiary of Sapura Drilling Pte. Ltd. (Labuan), which is a wholly owned subsidiary of the Company has entered into a Memorandum of Agreement dated 18 August 2022 for the disposal of 3 drilling rigs namely *Sapura T-19*, *Sapura T-20* and *Sapura Setia* for a total aggregate consideration of USD8.2 million or equivalent to RM35.1 million to NKD Maritime Limited (“the Disposal”). The Disposal, which was approved by the shareholders of the Company in the Extraordinary General Meeting held on 17 October 2022, was completed on 26 October 2022.

The total net proceeds from the disposals above have been fully utilised as of 31 January 2023 for repayment of bank borrowings as disclosed in Note 31(d) to the financial statements as set out on pages 176 and 177 of this Annual Report.

#### 4. EXECUTIVE SHARE OPTION SCHEME (“ESOS”)

- (a) Brief details on the total number of options granted, exercised and outstanding since the establishment of the ESOS on 13 December 2018 and up to the financial year ended 31 January 2023 are set out below:

Description	Number of options	
	Grand Total	Former Executive Director/ PGCEO
Granted as at 31 January 2022	1,024,259,043	798,954,012
Lapsed as at 31 January 2023	(140,615,906)	–
Exercised	–	–
Outstanding	883,643,137	798,954,012

- (b) Pursuant to the Company’s ESOS By-Laws, the maximum allowable allocation to the Executive Director and Senior Management is up to 10 percent of the total number of issued ordinary shares of the Company. No share options were granted to the Company’s Executive Director and Senior Management during FY2023. The actual share options granted to Executive Director and Senior Management since the commencement of the ESOS up to 31 January 2023 is 55 percent of the maximum allowable allocation after deducting the share options lapsed during FY2023.
- (c) The lapsed of share options during FY2023 reflect the lapses of share options granted to two Senior Management who have ceased employment in FY2022 and FY2023 where the former was granted a 12-month extension to exercise the options as per the ESOS By-Laws.
- (d) As at 31 January 2023, there was no share options granted to Non-Executive Directors as they are not entitled to any options pursuant to the ESOS By-Laws.
- (e) Tan Sri Dato’ Seri Shahril Shamsuddin, the former Executive Director retired as President & Group Chief Executive Officer (“PGCEO”) on 22 March 2021. Thereafter, he was a Non-Executive Director from 23 March 2021 until 30 April 2021. Upon fulfilment of the requirements under the ESOS By-Laws, he continues to be entitled to exercise the share options granted to him whilst he was the PGCEO/Executive Director until the expiry of the ESOS period in December 2025.

# ADDITIONAL COMPLIANCE INFORMATION

Pursuant to Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”)

## 5. RECURRENT RELATED PARTY TRANSACTIONS

At the Eleventh Annual General Meeting (“AGM”) held on 28 July 2022, the Company obtained a general mandate from its shareholders for recurrent related party transactions of a revenue or trading nature, to be entered into by the Company and/or its subsidiaries set out in the Circular to Shareholders dated 7 July 2022 (“RRPT Mandate”). The RRPT Mandate is valid until the conclusion of the forthcoming Twelfth AGM of the Company to be held on 26 July 2023.

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the recurrent related party transactions of a revenue or trading nature entered into during the financial year ended 31 January 2023 are as follows:

No.	Transacting Companies in Sapura Energy Group	Transacting Related Party	Nature of Recurrent Related Transactions	Interested Related Party	Aggregate Value (RM'000)	
1	Sapura Drilling T-10 Ltd	TSL <sup>(6)</sup>	Supply of equipment and spare parts and service support for Caterpillar main engines, air compressors, Favco cranes and associated spare parts (for maintenance and overhaul) of rigs	• ATB <sup>(1)</sup>	56	
2	Sapura Drilling T-11 Ltd			• Dato' Mohammad Azlan Abdullah <sup>(2)</sup>	1,071	
3	Sapura Drilling T-12 Ltd			• Tan Sri Dato' Seri Shamsul Azhar Abbas <sup>(3)</sup>	359	
4	Sapura Drilling Asia Limited			• Bernard Rene Francois Di Tullio <sup>(4)</sup>	604	
5	Sapura Drilling Asia Sdn Bhd			• Rohaizad Darus <sup>(5)</sup>	143	
6	Sapura Drilling Holdings Ltd				214	
7	Sapura Drilling Jaya Ltd				135	
8	Sapura Drilling Sdn Bhd				984	
9	Sapura Drilling T-10 Ltd	SDISB <sup>(6)</sup>	Provision of maintenance & overhaul services and licenses for rigs' main engines		10	
10	Sapura Drilling Asia Ltd (Thailand Branch)				4	
11	Sapura Drilling Asia Sdn Bhd				931	
12	Sapura Drilling Jaya Ltd				78	
13	Sapura Drilling Asia Limited				187	
14	Sapura Drilling Berani Ltd				567	
15	Sapura Drilling Esperanza Ltd				2,223	
16	Sapura Drilling Holdings Ltd				68	
17	Sapura Drilling Labuan Leasing Ltd				995	
18	Sapura Drilling Sdn Bhd				115	
19	Sapura Subsea Sdn Bhd			Supply of equipment and spare parts and service support for vessels		382
20	Sapura Offshore Sdn Bhd					
21	Sapura Technology Solutions Sdn Bhd					
22	Sapura Geotechnics Sdn Bhd					
23	Sapura Nautilus Sdn Bhd					
24	Sapura Marine Ventures Sdn Bhd					
25	Sapura Engineering (Offshore) Sdn Bhd					
26	Sapura 900 Pte Ltd					
27	Sapura Fabrication Sdn Bhd					

<b>Transacting Companies in No. Sapura Energy Group</b>	<b>Transacting Related Party</b>	<b>Nature of Recurrent Related Transactions</b>	<b>Interested Related Party</b>	<b>Aggregate Value (RM'000)</b>
28 Sapura Drilling Sdn Bhd	SDI(B)SB <sup>(6)</sup>	Provision of maintenance & overhaul services and licenses for rigs' main engines to SDSB		1
29 Sapura Fabrication Sdn Bhd	UMW Industrial Power Services Sdn Bhd <sup>(7)</sup>	Supply of equipment and spare parts and service support for vessels	<ul style="list-style-type: none"> <li>• ATB<sup>(1)</sup></li> <li>• Dato' Mohammad Azlan Abdullah<sup>(2)</sup></li> <li>• Tan Sri Dato' Seri Shamsul Azhar bin Abbas<sup>(3)</sup></li> <li>• Bernard Rene Francois Di Tullio<sup>(4)</sup></li> <li>• Rohaizad Darus<sup>(5)</sup></li> <li>• Dato' Azmi Mohd Ali<sup>(7)</sup></li> </ul>	43
<b>Total</b>				<b>9,170</b>

- (1) Amanah Raya Trustees Berhad-Amanah Saham Bumiputera ("ATB"), part of Permodalan Nasional Berhad ("PNB") Group, is a Major Shareholder of the Company, having equity interest of 28.26% as at 30 June 2022.
- (2) Dato' Mohammad Azlan Abdullah is deemed interested by virtue of his directorship in the Company and nominee director of PNB.
- (3) Tan Sri Dato' Seri Shamsul Azhar Abbas is deemed interested by virtue of his directorship in the Company. He was the Chairman of the Company until his retirement on 7 May 2022. He and his spouse hold 0.16% indirect equity interest in the Company.
- (4) Bernard Rene Francois Di Tullio is deemed interested by virtue of his directorship in the Company and nominee director of PNB. He was a Director of the Company until his resignation on 31 May 2022.
- (5) Rohaizad Darus is deemed interested by virtue of his directorship in the Company and nominee director of PNB. He is appointed as Director on 1 June 2022.
- (6) PNB is deemed interested as it is a Major Shareholder of Tractor Singapore Limited ("TSL"), Sime Darby Industrial Sdn Bhd ("SDISB") and Sime Darby Industrial(B) Sdn Bhd ("SDI(B)SB") by virtue of 6.18% direct equity in Sime Darby Berhad as at 30 June 2022. ATB is also a Major Shareholder of Sime Darby Berhad by virtue of 40.15% as at 30 June 2022.
- (7) Dato' Azmi Mohd Ali is deemed interested by virtue of his directorship in the Company and director of UMW Holdings Berhad. He does not own any shares in the Company and UMW Holdings Berhad.

The Company proposes to seek shareholders' approval for the proposed renewal of the existing mandate and the new shareholders' mandate for recurrent related party transactions of a revenue or trading nature at its forthcoming Twelfth AGM. The new RRPT Mandate if approved by the shareholders, will be valid until the conclusion of the next AGM of the Company.

Details of the RRPT Mandate being sought are provided in the Circular to Shareholders dated 31 May 2023.

# Administrative Notes

## Twelfth Annual General Meeting (Fully Virtual)



Sapura Energy Berhad  
Registration No: 201101022755 (950894-T)  
(Incorporated in Malaysia)

Day, Date and Time : Wednesday, 26 July 2023 at 10.00 a.m.  
Online Meeting Platform : <https://meeting.boardroomlimited.my>  
(Domain Registration No. with MYNIC – D6A357657)  
Provided by Boardroom Share Registrars Sdn Bhd

### MODE OF MEETING

The Twelfth Annual General Meeting (“12th AGM”) of the Company will be held virtually through live streaming and online remote voting via Remote Participation and Electronic Voting (“RPEV”) facility which is available on Boardroom Share Registrars Sdn Bhd (“Boardroom”)’s website at <https://meeting.boardroomlimited.my>. With the online meeting platform, shareholders may exercise their rights as a member to participate (including to pose questions to the Board and/or Management of the Company) and vote at the 12th AGM, safely from their home.

The Securities Commission Malaysia had on 7 April 2022, revised the Guidance Note and Frequently Asked Questions (“FAQs”) on the conduct of General Meetings for Listed Issuers which was originally issued on 18 April 2020 (the “Guidance Note”), to allow general meetings to be conducted virtually.

Pursuant to the Guidance Note, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia. In addition, the FAQs issued by the Companies Commission of Malaysia on 8 June 2021, provides that an online meeting platform shall be deemed to be in Malaysia if the registered domain name is registered with MYNIC Berhad.

### SHAREHOLDERS ENTITLED TO PARTICIPATE AND VOTE

Only shareholders whose names appear in the Record of Depositors and Register of Members as at 18 July 2023 shall be eligible to participate and vote at the 12th AGM or appoint proxy to participate and vote on his or her behalf.

### HOW TO JOIN THE MEETING

#### Step 1 – Register/Sign-up as Online User

[Note: The registration/sign-up as online user will be opened on 31 May 2023 and closed at 10.00 a.m. on 24 July 2023.]

Register online with Boardroom Smart Investor Portal (for first time registration only) in the manner stated below. Please proceed to Step 2, if you have already registered/signed up with Boardroom Smart Investor Portal (“BSIP”) earlier.

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

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

- Access the website <https://investor.boardroomlimited.com>.
- Click **Register** to sign up as a user.
- Please select the correct account type i.e. sign up a **Shareholder** or **Corporate Holder**.
- Complete registration with all required information. Upload and attached your MyKad front and back image and click **Sign Up**.
- For Corporate Holder, kindly upload the authorisation letter/certificate of Appointment of Corporate Representative/Power of Attorney and click **Sign Up**.
- You will receive an e-mail from BSIP Online for e-mail address verification. Click on **Verify E-mail Address** from the e-mail received to continue with the registration.
- Once your email address is verified, you will be re-directed to BSIP Online for verification of mobile number. Click on **Request OTP Code** and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click **Enter** to complete the process.
- Once your mobile number is verified, registration of your new BSIP account will be pending for final verification.
- An e-mail will be sent to you to inform the approval of your BSIP account within one (1) business day. Subsequently, you can login at <https://investor.boardroomlimited.com> with the e-mail address and password filled up by you during registration to proceed.

#### Step 2 – Online Registration Procedure

[Note: The registration for remote access will be opened on 31 May 2023 and closed at 10.00 a.m. on 24 July 2023.]

#### Individual and Corporate Shareholders

- Login to <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.  
[Note: If you do not have an account with BSIP, please sign-up/register with Boardroom Smart Investor Portal for free - refer to Item Step 1 for guide.]
- Click “Meeting Event” and select from the list of companies “SAPURA ENERGY BERHAD TWELFTH (12th) ANNUAL GENERAL MEETING” and click **Enter**.

- To attend the virtual AGM remotely
  - Click **Register for RPEV**
  - Enter your CDS account number
  - Read and accept the General Terms and Conditions to submit your request
- To appoint proxy
  - Click **Submit eProxy Form**
  - For Corporate Shareholder, select the company you would like to represent (if more than one)
  - Read and accept the General Terms and Conditions and enter your CDS account no. Then, insert your proxy details and voting instructions. If you wish your proxy(ies) to act upon his/her discretion, please indicate **Discretionary**

For Authorised Nominees and Exempt Authorised Nominees

- a. Log in to <https://investor.boardroomlimited.com>.
- b. Click 'Meeting Event(s)' and select from the list of companies – "SAPURA ENERGY BERHAD TWELFTH (12th) ANNUAL GENERAL MEETING and click **Enter**.
- c. Click 'Submit eProxy Form'.
- d. Select the company you would like to represent (if more than one).
- e. Proceed to download the file format for 'Submission of Proxy Form'.
- f. Prepare the file for the appointment of proxy(ies) by inserting the required data.
- g. Proceed to upload the duly completed Proxy Appointment file.
- h. Review and confirm your proxy(ies) appointment(s) and click 'Submit'.
- i. Download or print the eProxy form as acknowledgement.

For Corporate Shareholders, Authorised Nominees/Exempt Authorised Nominees and Attorneys, you may also write to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) and provide the name of the shareholder, CDS account no. and the Certificate of Appointment of Corporate Representative or Proxy Form (as the case may be). A copy of MyKad or passport and a valid email address are required.

For any of the above request:

- (a) An email notification will be sent by Boardroom to notify that request for remote participation has been received for system verification.
- (b) Upon system verification against the **General Meeting Record of Depositor** as of **18 July 2023**, you will receive an email from Boardroom on Monday, 24 July 2023 either approving or rejecting your registration for remote participation.
- (c) You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
- (d) Please note that the closing time to submit your request is at 10.00 a.m. on 24 July 2023 (48 hours before the commencement of the virtual AGM).
- (e) The Login User Guide for participation, posing questions and voting at the 12th AGM, will be emailed to you together with your remote access user ID and password once your registration has been approved.

### Step 3 – Login to RPEV (<https://meeting.boardroomlimited.my>)

*[The quality of the connectivity to the RPEV for live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]*

- (a) The RPEV will be opened for login starting one (1) hour before the commencement of the 12th AGM at 10.00 a.m. on 26 July 2023.
- (b) Follow the steps given to you in the email along with your remote access user ID and password to login to the RPEV Platform, Boardroom Smart Investor Portal. (refer to item (e) of step 2 above)
- (c) The steps will also guide you on how to view live web cast, ask questions and vote.
- (d) The live web cast will end and the messaging window will be disabled upon the Chairman announces the closure of the 12th AGM.
- (e) You can then logout from the RPEV.

### VIRTUAL MEETING

- (1) In line with the Malaysian Code on Corporate Governance 2021 Practice 13.0, by conducting a fully virtual Annual General Meeting ("**AGM**"), this would allow greater participation as it facilitates electronic voting and remote shareholders'/proxies' participation. With the RPEV, you may exercise your right as a member/proxy holder of the Company to participate remotely (including to pose questions to the Board of Directors and/or Management of the Company) and vote via electronic voting at the virtual AGM.
- (2) Alternatively, you may also appoint the Chairman as your proxy to attend and vote on your behalf at the virtual AGM.

### PROXY

- (1) Shareholders are encouraged to go online, participate, and vote at the 12th AGM using RPV. Shareholders who are unable to join the virtual AGM are encouraged to appoint the Chairman or their proxy to vote on their behalf.
- (2) If you wish to attend the virtual AGM yourself, please do not submit any Proxy Form. You will not be allowed to attend the virtual AGM together with a proxy appointed by you.
- (3) The Proxy Form can be deposited with the Share Registrars, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia, or by electronic means through BSIP, not later than forty-eight (48) hours before the Meeting, i.e., no later than 24 July 2023 at 10.00 a.m. Kindly refer to Step 2 – Online Registration Procedure above in order to login and deposit your Proxy Form electronically.

# ADMINISTRATIVE NOTES

## Twelfth Annual General Meeting (Fully Virtual)

### REMOTE PARTICIPATION AND ELECTRONIC VOTING

- (1) Please note that the remote participation and electronic voting is available to:
  - (a) Individual member;
  - (b) Corporate shareholder;
  - (c) Authorised Nominee; and
  - (d) Exempt Authorised Nominee.
- (2) If you choose to participate in the virtual AGM, you will be able to view a live webcast of the AGM proceedings, pose questions to the Board, and submit your votes in real-time whilst the meeting is in progress.

### VOTING

- (1) The voting will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (2) The Company has appointed Boardroom Share Registrars Sdn. Bhd. as the poll administrator to conduct the poll by way of electronic voting (“E-Voting”) and SKY Corporate Services Sdn. Bhd. as scrutineers to verify the poll result.
- (3) During the AGM, real-time voting will be implemented and the Chairman will make the declaration of the poll result of each resolution after completion of voting for each resolution.
- (4) For the purposes of this AGM, E-Voting will be carried via personal smart mobile phones, tablets or laptops.
- (5) There are three (2) methods for members and proxies who wish to use their personal voting device to vote remotely. The methods are:
  - (a) Use QR Scanner Code given to you in the email received after successful registration; OR
  - (b) Go to the website with URL <https://meeting.boardroomlimited.my>.

### PROCEDURES DURING ONLINE AGM

No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

You must ensure that you are connected to the internet at all times in order to participate and vote when the AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

### SUBMISSION OF QUESTIONS

#### (a) Prior to the virtual AGM

Shareholders may submit questions in relation to the agenda items by logging in to BSIP at <https://investor.boardroomlimited.com> latest by Monday, 24 July 2023 at 10.00 a.m. Click “Submit Questions” after selecting “SAPURA ENERGY BERHAD TWELFTH (12TH) VIRTUAL ANNUAL GENERAL MEETING” from ‘Corporate Meeting’.

#### (b) During the virtual AGM

Shareholders may type their questions in the messaging box at any time during the virtual AGM on the online meeting platform.

In order to ensure a smooth and efficient conduct of the AGM, questions that are repetitive in nature and/or have been previously answered will not be specifically addressed. The Board and Management of the Company will endeavour to provide the responses at the virtual AGM. However, being mindful of time constraints, some responses may be emailed after the conclusion of the virtual AGM.

### NO VOUCHERS AND DOOR GIFTS

There will be no voucher(s) or any door gift(s) for shareholders/proxies who participate in the 12th AGM.

### ANNUAL REPORT AND CIRCULAR TO SHAREHOLDERS

The Annual Report 2023 and Circular to Shareholders are available on Bursa Malaysia Securities Berhad’s website at [www.bursamalaysia.com](http://www.bursamalaysia.com) under Company Announcements of Sapura Energy Berhad and also at the Company’s website at [www.sapuraenergy.com](http://www.sapuraenergy.com). Alternatively, you may scan the QR code which is printed on the 12th AGM Notification which was circulated to shareholders on 31 May 2023 for the Annual Report 2023. No CD-ROM for Annual Report 2023 be provided to shareholders.

### ENQUIRIES

If you have any queries prior to the meeting, please contact the following persons during office hours:

#### Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

#### Telephone Number

General Line: +603-7890 4700  
Hastini Hassim: +603-7890 4702  
[Hastini.Hassim@boardroomlimited.com](mailto:Hastini.Hassim@boardroomlimited.com)

#### Sapura Energy Berhad

Sapura@Mines  
No. 7, Jalan Tasik  
The Mines Resort City  
43300 Seri Kembangan  
Selangor Darul Ehsan, Malaysia

#### Telephone Number

General Line: +603-8659 8800  
Norain Mohammad Madsom: +603-8659 9212  
Syazlyana Suhaime: +603-8659 8433



# Proxy Form



**Sapura Energy Berhad**  
 Registration No: 201101022755 (950894-T)  
 (Incorporated in Malaysia)

CDS Account No.	
Total number of ordinary shares held	

I/We \_\_\_\_\_  
 (Full Name as per NRIC/Passport/Certificate of Incorporation in Capital Letters)

NRIC/Passport No./Certificate of Incorporation No. \_\_\_\_\_

of \_\_\_\_\_  
 (Full Address)

being a Member of SAPURA ENERGY BERHAD, do hereby appoint \_\_\_\_\_

Full Name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Tel no:	Email address:		

and/or (delete as appropriate)

Full Name (in block letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Tel no:	Email address:		

or failing him/her, the CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us and on my/our behalf at the Twelfth Annual General Meeting of Sapura Energy Berhad ("the Company") that will be conducted on a fully virtual basis through live streaming and online remote voting by shareholders via the Remote Participation and Electronic Voting ("RPEV") Platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC – D6A357657) on Wednesday, 26 July 2023 at 10.00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain from voting at his/her discretion.

RESOLUTIONS		FOR	AGAINST
<b>ORDINARY RESOLUTION 1</b>	Re-election of Dato' Mohammad Azlan Abdullah as Director of the Company pursuant to Article 80 of the Constitution of the Company		
<b>ORDINARY RESOLUTION 2</b>	Re-election of Dato' Azmi Mohd Ali as Director of the Company pursuant to Article 80 of the Constitution of the Company		
<b>ORDINARY RESOLUTION 3</b>	Re-election of Datuk Nur Iskandar A. Samad as Director of the Company pursuant to Article 85 of the Constitution of the Company		
<b>ORDINARY RESOLUTION 4</b>	Re-election of Cik Wan Mashitah Wan Abdullah Sani as Director of the Company pursuant to Article 85 of the Constitution of the Company		
<b>ORDINARY RESOLUTION 5</b>	Payment of Directors' fees and benefits up to an amount of RM3,000,000 to the Non-Executive Directors of the Company with effect from 27 July 2023 until the next Annual General Meeting of the Company in 2024		
<b>ORDINARY RESOLUTION 6</b>	Re-appointment of Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to determine their remuneration		
<b>ORDINARY RESOLUTION 7</b>	Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

\_\_\_\_\_  
 Signature/Common Seal of Shareholder

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

**Notes:**

- (1) A member of the Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of the members of the Company, subject to the Constitution of the Company.
- (2) A member entitled to attend and vote at the Twelfth Annual General Meeting ("12th AGM") is entitled to appoint up to two (2) proxies to attend and vote on a poll in his stead. A proxy may, but need not be a member of the Company and there is no restriction as to the qualification of the proxy.
- (3) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (4) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (5) An instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney; and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.
- (6) The instrument appointing a proxy must be deposited with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for the holding of the meeting, i.e., no later than 24 July 2023 at 10.00 a.m. or any adjournment thereof. Alternatively, the instrument appointing a proxy may be deposited via electronic means through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> to login and deposit your proxy form electronically not less than forty-eight (48) hours before the time appointed for the holding of the meeting, i.e., no later than 24 July 2023 at 10.00 a.m. or any adjournment thereof.
- (7) Pursuant to Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of the 12th AGM will be put to vote on a poll.
- (8) By submitting the duly executed proxy form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of this Postponed Annual General Meeting and any adjournment thereof.

**Notes to holders of the Islamic Redeemable Convertible Preference Shares ("RCPS-i")**

The holders of the RCPS-i shall be entitled to attend the 12th AGM but have no right to vote at the said meeting. The voting rights of the RCPS-i holders are detailed in the Constitution of the Company and also as highlighted on page 229 of the Analysis of Shareholdings under Voting Rights for RCPS-i.

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**AFFIX STAMP**

Share Registrar for **Sapura Energy Berhad**  
Registration No: 201101022755 (950894-T) (Incorporated in Malaysia)  
  
Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

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[www.sapuraenergy.com](http://www.sapuraenergy.com)

**Sapura Energy Berhad** 201101022755 (950894-T)

No. 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor, Malaysia

Tel : (6)03 8659 8800 Fax : (6)03 8659 8873



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REBUILDING FOR  
**A SUSTAINABLE  
FUTURE**