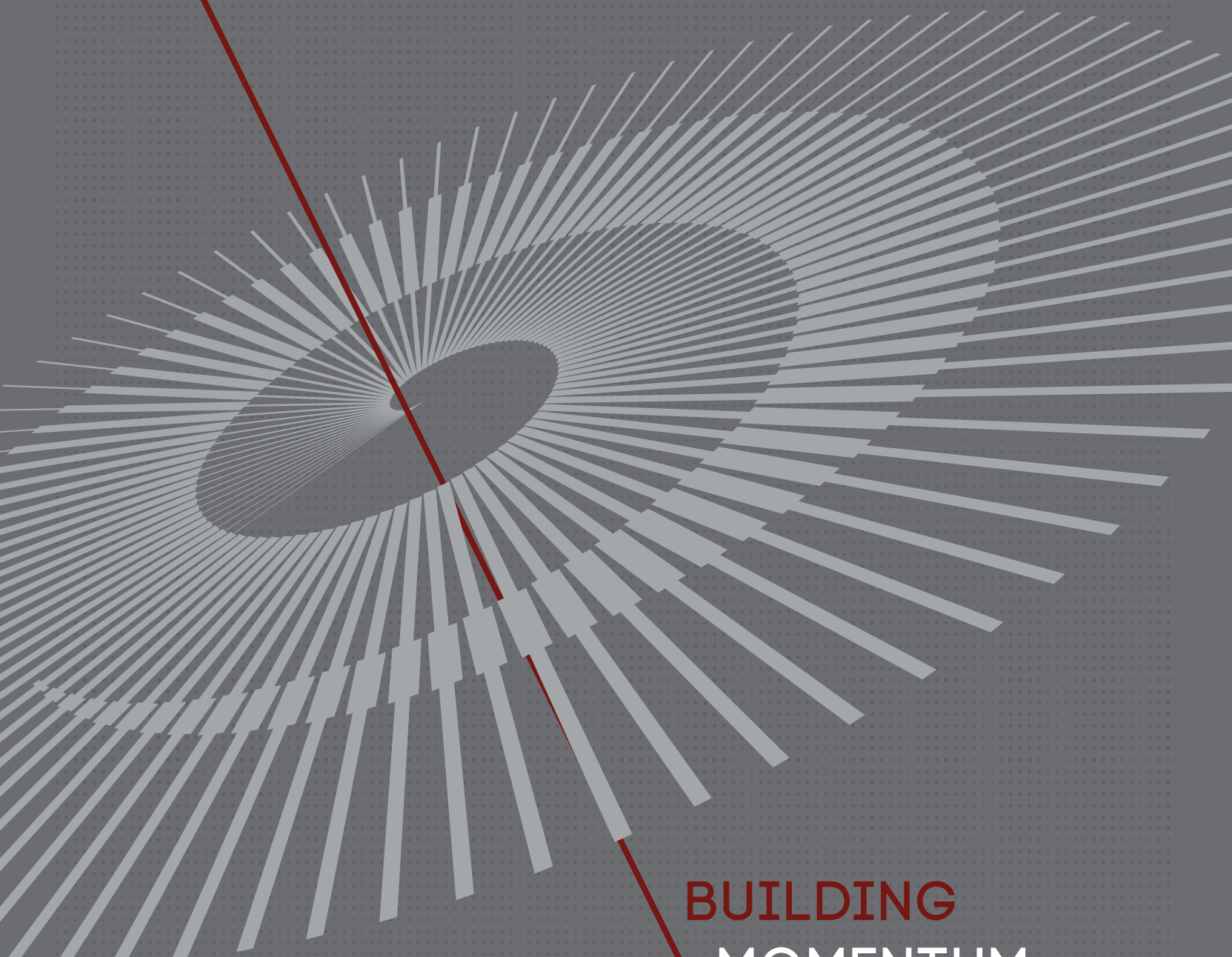




DELEUM



**BUILDING**  
**MOMENTUM**

ANNUAL REPORT 2022

# OUR CORE BUSINESS

## OUR VISION

To be the Premier Malaysian Service Company in the Energy Industry and to grow our regional footprint

## OUR MISSION

To Achieve Superior Growth and Returns for our Stakeholders and to be the Best in Class

## OUR CORE VALUES



- Provision of gas turbine packages, aftersales support and services.
- Provision of printed circuit heat exchanger and operational spares.
- Provision of multi-phase pump and submersible motors, after sales and spares.
- Provision of thermal engineering products and solutions.
- Supply, installation, repair and maintenance of valves and flow regulators.



- Slickline and Well Services (SWS).
- Asset Integrated Solutions (AIS).
- Specialty Chemical and Well Stimulation (SCWS).



- Provision of low dust, environmentally friendly blasting technology for surface preparation.
- Coating removal by controlled induction heating.
- Passive fire protection services.
- Integrated maintenance, construction and modification services.
- Oil spillage combat equipment and services.



# TABLE OF CONTENTS

---

<b>02</b>	Financial Highlights
<b>05</b>	Corporate Information
<b>06</b>	Group Corporate Structure
<b>07</b>	Profiles of Directors
<b>11</b>	Profiles of Key Senior Management
<b>13</b>	Message from the Chairman
<b>16</b>	Management Discussion and Analysis
<b>26</b>	Sustainability Statement
<b>97</b>	Corporate Governance Overview Statement
<b>116</b>	Statement on Risk Management and Internal Control
<b>127</b>	Audit Committee Report
<b>133</b>	Financial Statements
<b>269</b>	Additional Compliance Information
<b>270</b>	Analysis of Shareholdings
<b>273</b>	List of Properties
<b>274</b>	Corporate Directory
<b>275</b>	Notice of Annual General Meeting
<b>282</b>	Statement Accompanying Notice of Annual General Meeting
<b>283</b>	Administrative Guide
<b>Enclosed</b>	Proxy Form

# FINANCIAL HIGHLIGHTS

For the Financial Years Ended 31 December 2018-2022

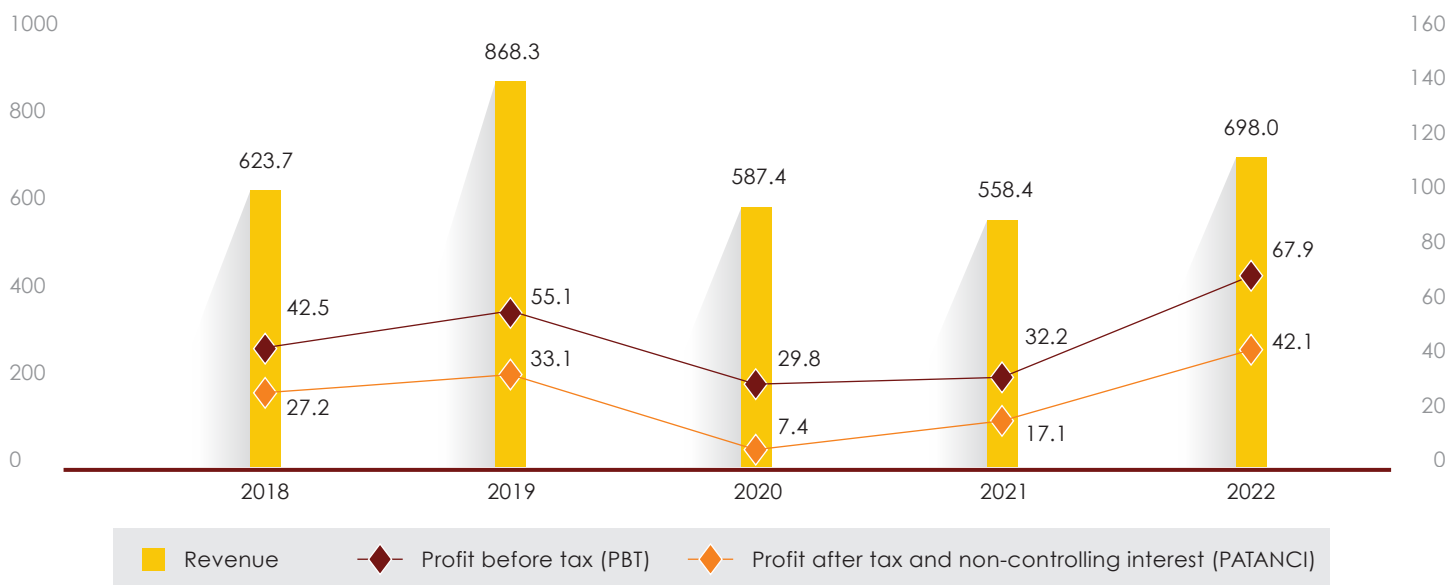
	2018 (RM'000)	2019 (RM'000)	2020 (RM'000) (Restated)	2021 (RM'000)	2022 (RM'000)
Revenue	623,685	868,299	587,424	558,367	698,049
Gross profit	124,451	143,616	110,145	107,388	143,717
Earnings before interest, tax, depreciation and amortisation	73,889	89,970	66,715	66,405	99,735
Share of associates' results	2,275	4,757	5,007	5,633	5,308
Share of joint venture's results	1,139	1,374	512	1,345	1,147
Profit before tax	42,548	55,073	29,756	32,152	67,891
Profit after tax	29,829	44,004	15,362	23,767	51,242
Non-controlling interest	(2,660)	(10,856)	(7,933)	(6,699)	(9,100)
Profit after tax and non-controlling interest	27,169	33,148	7,429	17,068	42,142
Number of shares ('000)	401,126	401,554	401,554	401,554	401,554

## REVENUE

(RM MILLION)

## PBT/PATANCI

(RM MILLION)



## FINANCIAL RATIOS

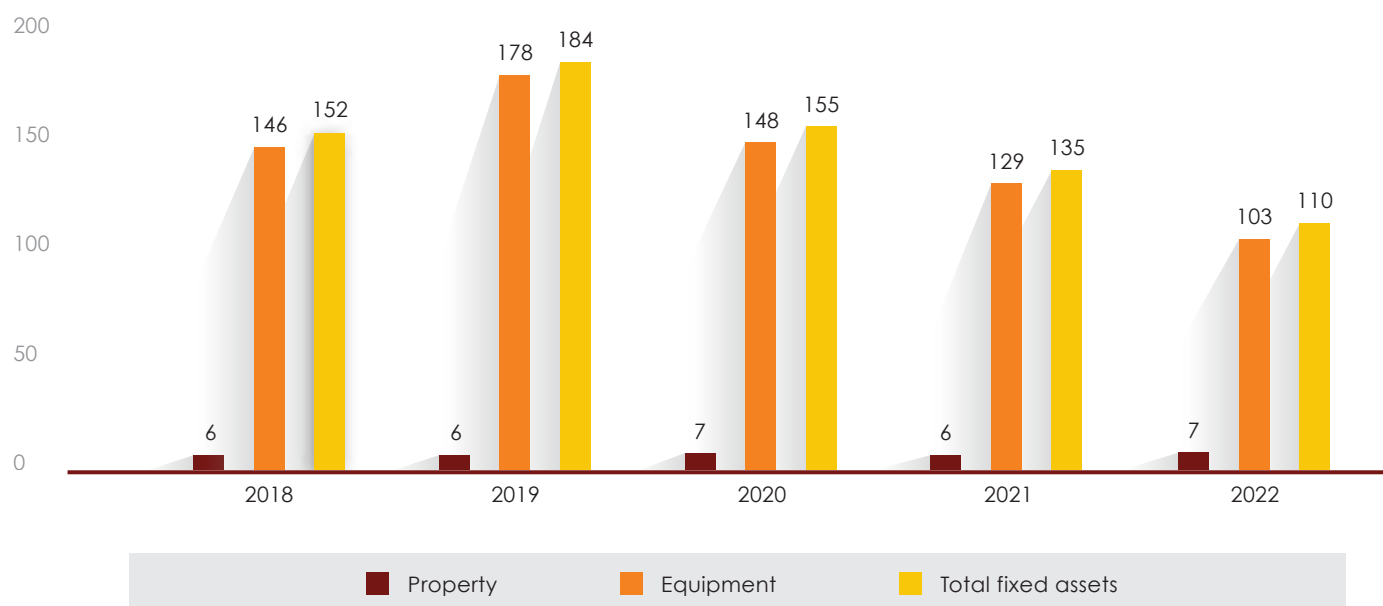
	2018	2019	2020	2021	2022
Return on equity (%)	8.2	9.5	2.1	4.8	10.8
Return on total assets (%)	4.1	4.4	1.1	2.8	5.9
Gearing ratio (%)	19.1	25.4	22.5	8.5	2.3
Net asset per share (RM)	0.83	0.87	0.87	0.89	0.97
Dividend per share (Sen)	3.50	4.40	1.00	2.20	5.25
Dividend yield (%)	3.6	4.6	1.6	4.4	5.8

## FINANCIAL HIGHLIGHTS

For the Financial Years Ended 31 December 2018-2022

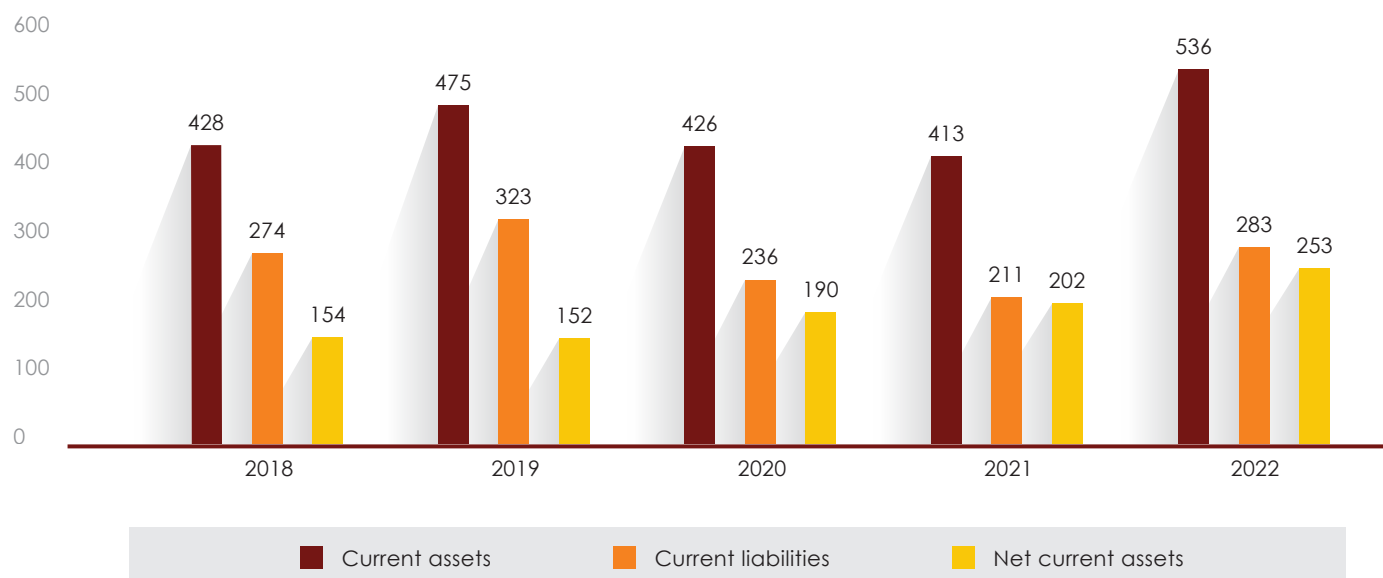
### PROPERTY, PLANT AND EQUIPMENT

(RM MILLION)



### NET CURRENT ASSETS

(RM MILLION)

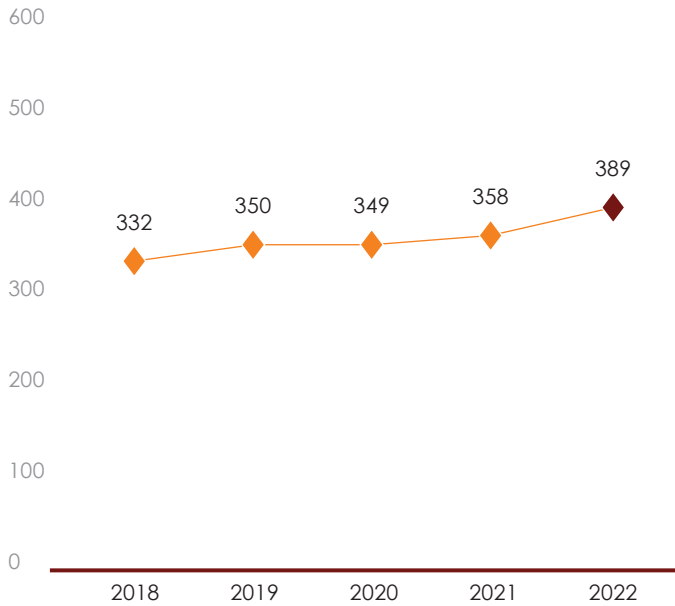


## FINANCIAL HIGHLIGHTS

For the Financial Years Ended 31 December 2018-2022

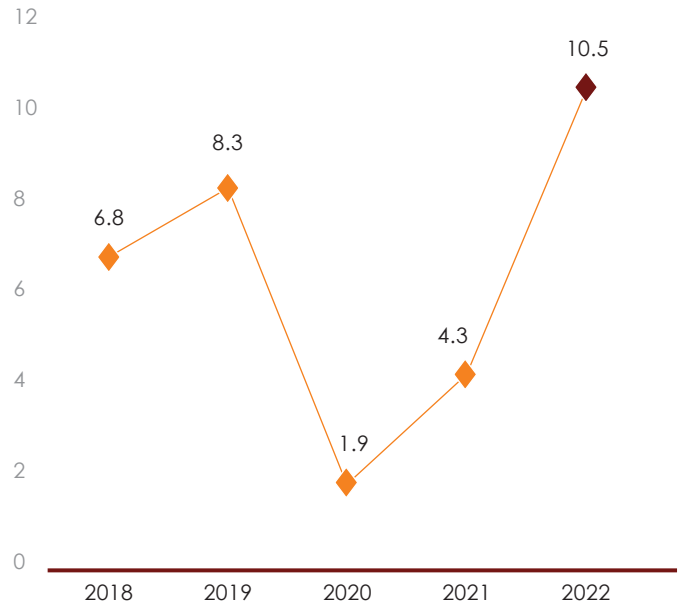
### SHAREHOLDERS' EQUITY

(RM MILLION)

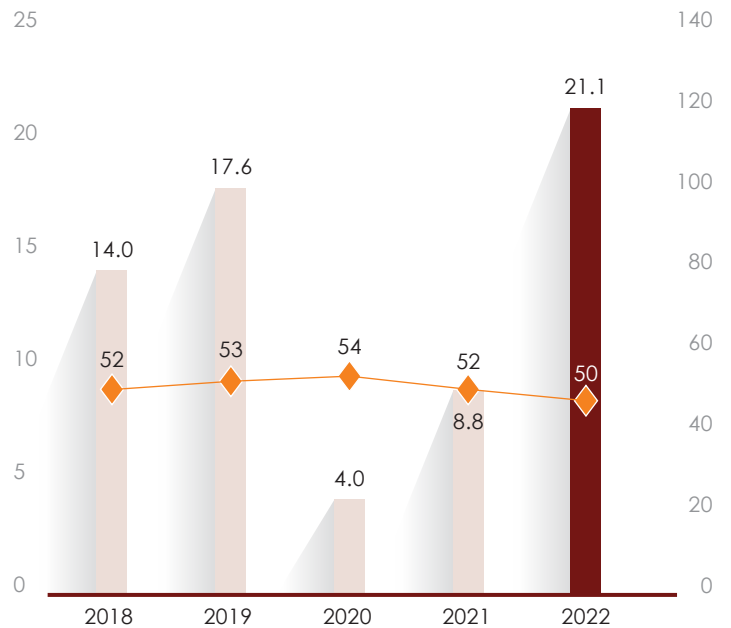
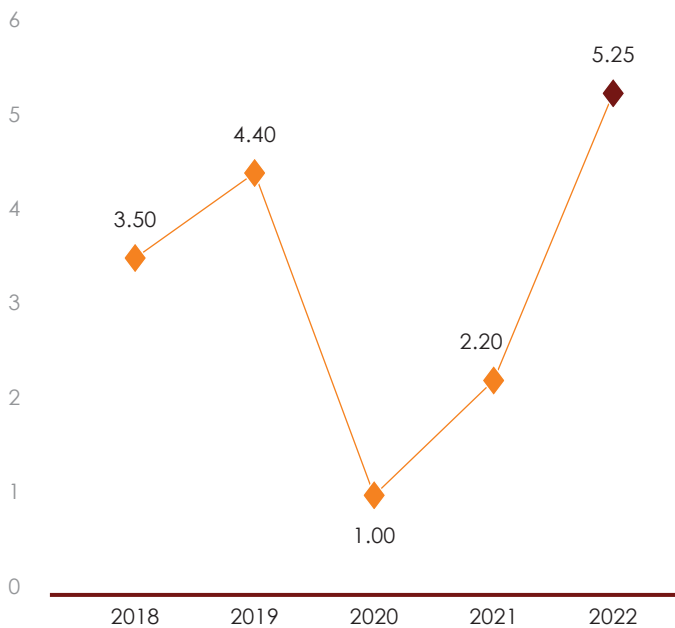


### EARNINGS PER SHARE

(SEN)



### DIVIDEND



◆◆ Dividend Per Share (Sen)

■ Total Dividend for the Financial Year (RM Million)

◆ Dividend Payout Ratio (%)

# CORPORATE INFORMATION

As At 31 March 2023

## BOARD OF DIRECTORS

### Dato' Izham bin Mahmud

Non-Independent  
Non-Executive Chairman

### Datuk Vivekananthan

#### a/l M.V. Nathan

Non-Independent  
Non-Executive Deputy Chairman

### Ramanrao bin Abdullah

Group Chief Executive Officer

### Lee Yoke Khai

Independent Non-Executive Director

### Datuk Manharlal a/l Ratilal

Independent Non-Executive Director

### Tan Sri Dato' Seri Shamsul Azhar bin Abbas

Senior Independent Non-Executive Director

### Datin Aisah Eden

Independent Non-Executive Director

## AUDIT COMMITTEE

### Datuk Manharlal a/l Ratilal

(Chairman)

### Lee Yoke Khai

### Tan Sri Dato' Seri Shamsul Azhar bin Abbas

## JOINT REMUNERATION AND NOMINATION COMMITTEE

### Tan Sri Dato' Seri Shamsul Azhar bin Abbas

(Chairman)

### Datuk Vivekananthan

#### a/l M.V. Nathan

### Lee Yoke Khai

### Datuk Manharlal a/l Ratilal

### Datin Aisah Eden

## BOARD RISK COMMITTEE

### Lee Yoke Khai

(Chairman)

### Datuk Vivekananthan

#### a/l M.V. Nathan

### Datin Aisah Eden

## COMPANY SECRETARY

### Suliana Rosli

(SSM PC No. 202008000912)  
(MAICSA 7057610)

## REGISTERED OFFICE / HEAD OFFICE

No. 2, Jalan Bangsar Utama 9  
Bangsar Utama  
59000 Kuala Lumpur, Malaysia  
Tel : 603-2295 7788  
Fax : 603-2295 7777  
Email : info@deleum.com  
Website : www.deleum.com

## SHARE REGISTRARS

### Boardroom Share Registrars Sdn. Bhd.

11th 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

## STOCK EXCHANGE LISTING

### Bursa Malaysia Securities Berhad

Main Market  
Stock Code: 5132

## AUDITORS

### PricewaterhouseCoopers PLT

Level 10, 1 Sentral, Jalan Rakyat  
Kuala Lumpur Sentral  
P.O. Box 10192  
50706 Kuala Lumpur, Malaysia  
Tel : 603-2173 1188  
Fax : 603-2173 1288

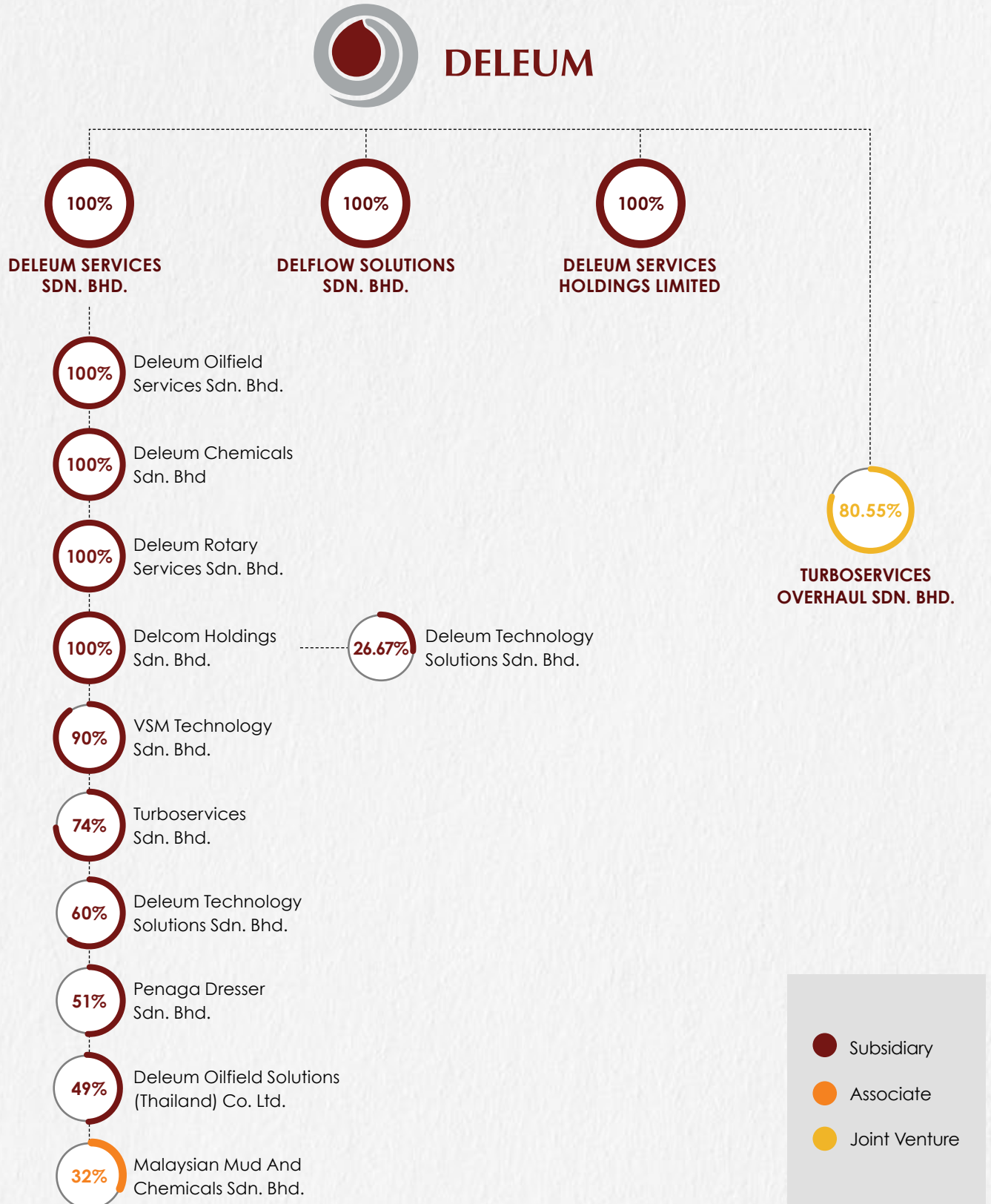
## PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad  
Standard Chartered Bank  
Malaysia Berhad  
Malayan Banking Berhad  
Ambank (M) Berhad



# GROUP CORPORATE STRUCTURE

As At 31 March 2023





## PROFILES OF DIRECTORS



### DATO' IZHAM BIN MAHMUD

*Non-Independent Non-Executive Chairman*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 82

Dato' Izhah bin Mahmud was appointed to the Board on 21 December 2005.

He holds a Bachelor of Science Degree (Honours) in Economics from Queen's University Belfast, UK and a Master of Arts (Economics Development) from Vanderbilt University, USA. He is one of the co-founders of Deleum Services Sdn. Bhd. ("Deleum Services") (formerly known as Delcom Services Sdn. Bhd.), a wholly owned subsidiary of Deleum Berhad via his family holding company, IM Holdings Sdn. Bhd.

Dato' Izhah joined the Federal Treasury in 1965 and attained the level of Principal Assistant Secretary and was subsequently seconded to the Malacca State Development Corporation as General Manager in 1972. In 1974, he embarked on his banking career and joined Aseambankers Malaysia Berhad as General

Manager and was later promoted to Managing Director in 1979, a position he held until his retirement in 1996. During this period, he served as a Director of various subsidiaries of the Maybank Group and Cagamas Berhad.

He joined Deleum Services as its Chairman upon retirement and was subsequently appointed Executive Chairman in 2000. He was the Executive Chairman of Deleum Berhad until his retirement on 31 May 2010 and subsequently became the Non-Executive Chairman. He previously also served on the Boards of RHB Capital Berhad, RHB Bank Berhad, Renong Berhad, Opus Berhad, AMMB Holdings Berhad and AmlInvestment Bank Berhad.

He has attended all the eleven (11) Board Meetings of the Company held during the financial year ended 31 December 2022.

### DATUK VIVEKANANTHAN A/L M.V. NATHAN

*Non-Independent Non-Executive Deputy Chairman*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 81

**Board Committees:**

- Joint Remuneration and Nomination Committee
- Board Risk Committee



Datuk Vivekananthan a/l M.V. Nathan was appointed to the Board on 21 December 2005. He is one of the co-founders of Deleum Services.

He joined ESSO Malaysia in the Instrumentation and Electrical Engineering Services Department in 1962 and undertook assignments at ESSO refineries in Malaysia and Thailand. He then worked for Mobil Refinery, Singapore and subsequently was the Project Engineer with Avery Laurence (S) Pte. Ltd. on various first ever offshore projects in Brunei, Thailand and Indonesia. He had also attended training with Yokogawa Electric Works in Japan. He later joined Teledyne Inc. and was based in USA for training in management before being promoted as Marketing Director of its Far East Operations.

In 1982, together with his founding partners, Datuk Vivekananthan successfully spearheaded Deleum Services' venture into the oil

and gas industry. He was appointed as the Managing Director and later re-designated as President of Deleum Services. He was the Deputy Executive Chairman of Deleum Berhad until his retirement on 31 May 2010 and subsequently became the Non-Executive Deputy Chairman.

He is an Honorary Member of the Malaysian Gas Association since May 2016 after having served as its Council Member from 2004 until May 2016. He previously also served as a Director of Malaysian Philharmonic Orchestra and a member of the Board of Trustees of Dewan Filharmonik PETRONAS since November 2014 until his resignation on 15 July 2022.

He has attended all the eleven (11) Board Meetings of the Company held during the financial year ended 31 December 2022.

## PROFILES OF DIRECTORS



### RAMANRAO BIN ABDULLAH

*Group Chief Executive Officer*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 59

Mr Ramanrao bin Abdullah was appointed as Group Chief Executive Officer of Deleum on 1 July 2021 and appointed as Director to the Board on 8 July 2021.

He holds a Bachelor of Accounting from University of Malaya and a Master in Business Administration from University of Leicester, United Kingdom. He is a member of the Institute of Chartered Accountants in England and Wales ("ICAEW").

Mr Ramanrao has built a career in the oil and gas industry spanning more than 26 years, all of which have been with Halliburton. His various roles in the company included those in the Finance, Business Development and Operation workstreams before assuming the position of Chief Executive Officer of Halliburton Asia Pacific in 2014. Following this, he was appointed to a newly created role as Vice President of Business Development for Asia Pacific and Asian National Oil Companies for their Global Operations in 2018.

Prior to his career in the energy sector, he was a practicing accountant in an audit firm in Bath, England for six years.

A leading figure in the industry, Mr Ramanrao previously served on the Research Advisory Council ("RAC") of Universiti Teknologi PETRONAS ("UTP") and continues his association with the university as an adjunct lecturer since 2019. He previously also served as a member of the Advisory Council for Society of Petroleum Engineers ("SPE") Asia Pacific.

Mr Ramanrao also currently serves as a Council Member of the Malaysian Gas Association ("MGA") and an Executive Committee Member of the International Petroleum Technology Conference ("IPTC") 2023.

Mr Ramanrao's extensive experience in both the corporate and regulatory framework of the oil and gas industry, not just in Malaysia and regionally but also globally, as well as his training as a chartered accountant, has equipped him with a comprehensive range of diverse competencies relevant to this sector.

He has attended all the eleven (11) Board Meetings of the Company held during the financial year ended 31 December 2022.

### TAN SRI DATO' SERI SHAMSUL AZHAR BIN ABBAS

*Senior Independent Non-Executive Director*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 70

**Board Committees:**

- Joint Remuneration and Nomination Committee (Chairman)
- Audit Committee



Tan Sri Dato' Seri Shamsul Azhar bin Abbas was appointed to the Board on 9 June 2022. He was redesignated as Senior Independent Non-Executive Director on 1 January 2023.

He joined Petroliaam Nasional Berhad ("PETRONAS") in 1975 and served in various capacities during his 40 years tenure with the organisation including his last held position as President and Chief Executive Officer of PETRONAS from 2010 to 2015.

During the tenure of his leadership, he guided PETRONAS in undertaking strategic landmark projects (both for PETRONAS and Malaysia), such as the Pengerang Integrated Refinery and Petrochemical Project ("RAPID"), the Bintulu Train 9 project, the construction of 2 PETRONAS Floating Liquefied Natural Gas (LNG) facilities and Malaysia's first Regasification terminal in Malacca.

Tan Sri was the President/Chief Executive Officer of MISC Berhad from 1 July 2004 until 31 December 2008 and was its Chairman from February 2010 to 1 August 2011. He also served as Pro-Chancellor of Universiti Teknologi PETRONAS, a member of the Board of Trustees of the Razak School of Government and the Chairman of the National Trust Fund of Malaysia. He was the Chairman of MMC Corporation Berhad and MMC Ports Holdings Sdn. Bhd. from 16 July 2015 to 31 August 2020. He retired as the Chairman of Sapura Energy Berhad on 7 May 2022.

Currently, he is also a Senior Independent Non-Executive Director of Enra Group Berhad.

Subsequent to his appointment to the Board on 9 June 2022, he has attended all four (4) Board Meetings of the Company held during the financial year ended 31 December 2022.

## PROFILES OF DIRECTORS



### LEE YOKE KHAI

*Independent Non-Executive Director*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 65

**Board Committees:**

- Board Risk Committee (Chairman)
- Audit Committee
- Joint Remuneration and Nomination Committee

Mr Lee Yoke Khai was appointed to the Board on 15 March 2019. He is a Fellow of the Institute of Chartered Accountants Australia and a member of the Malaysian Institute of Accountants and Malaysian Association of Certified Public Accountants.

He holds a Bachelor of Economics (Accounting) from Monash University, Australia. Mr Lee started his career with Price Waterhouse Melbourne, Australia as an Audit Assistant in 1978 and joined Price Waterhouse Malaysia (currently known as PricewaterhouseCoopers PLT) ("PwC") in 1981. He was an Audit Partner of PwC from 1991 until his retirement in 2018.

During his tenure with PwC, he was the partner responsible for the East Malaysian practice, and involved in the listing of various companies on Bursa Malaysia Securities Berhad. He was the Risk Management Partner in 2006 until 2012, responsible for the overall risk management strategy for the firm. In 2012, he was elected to the Oversight Board with oversight over the management of the firm and served until 2016.

Mr Lee was also the Leader of Technology group and Emerging Markets group during his career with PwC. In 1999, he was appointed Leader of the Global Risk Management unit for Malaysia and lead a number of significant assignments in risk management and internal audit for large corporations.

Mr Lee has extensive experience within the audit profession covering a wide range of industrial and commercial operations in Malaysia and Australia. He was Engagement Leader on large multinational corporations in various sectors including plantations, upstream and downstream oil and gas, information technology, construction and property development, manufacturing and services industries. In addition, he has experience in investigations, share valuations and due diligence.

He previously also served as the Senior Independent Non-Executive Director of Cycle & Carriage Bintang Berhad until his resignation on 30 September 2022.

He has attended all the eleven (11) Board Meetings of the Company held during the financial year ended 31 December 2022.

### DATUK MANHARLAL A/L RATILAL

*Independent Non-Executive Director*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 63

**Board Committees:**

- Audit Committee (Chairman)
- Joint Remuneration and Nomination Committee



Datuk Manharlal a/l Ratilal was appointed to the Board on 1 October 2020. He was appointed as Senior Independent Non-Executive Director on 10 March 2022 and redesignated as Independent Non-Executive Director on 1 January 2023.

He holds a Master in Business Administration from Aston University in Birmingham, United Kingdom and a Bachelor of Arts (Honours) in Accountancy from the City of Birmingham Polytechnic (now known as Birmingham City University).

Datuk Manharlal was the Executive Vice President and Group Chief Financial Officer of PETRONAS, a member of the Board and Executive Leadership Team of PETRONAS and sat on the boards

of several subsidiaries of PETRONAS until his retirement in late 2018. Prior to joining PETRONAS in 2003, he was attached with RHB Investment Bank Berhad for 18 years, concentrating in corporate finance where he was involved in advisory work in mergers and acquisitions, and the capital markets.

Currently, he is an Independent Non-Executive Director of Hong Leong Investment Bank Berhad and Genting Berhad.

He has attended all the eleven (11) Board Meetings of the Company held during the financial year ended 31 December 2022.

## PROFILES OF DIRECTORS



### DATIN AISAH EDEN

*Independent Non-Executive Director*

**Nationality:** Malaysian

**Gender:** Female

**Age:** 63

**Board Committees:**

- Board Risk Committee
- Joint Remuneration and Nomination Committee

Datin Aisah Eden was appointed to the Board on 30 June 2022.

Datin Aisah joined Sarawak Electricity Supply Corporation ("SESCO") in 1984 and served in various capacities during her tenure with the organisation including her last held position as an Executive Vice President, Corporate Services of Sarawak Energy Berhad from 2015 to August 2019.

Datin Aisah holds a Master in Business Administration from University of Exeter in Exeter, United Kingdom and a Bachelor of Law (Honours) from Chelmer Institute of Higher Education (now known as Anglia Ruskin University, Essex, United Kingdom). She is a Barrister at Law. She was called to the Bar at Lincoln's Inn, London in 1986.

During the tenure of her leadership, she led and drove Sarawak Energy Berhad's focus on the social and environmental impact

of hydro power development towards the global best practices viz the International Hydropower Association Sustainability Assessment Protocol. She also served as the Deputy President of the United Nation Global Compact Malaysia Steering Committee from 2018 to June 2019.

Datin Aisah has extensive corporate services experience covering a wide range of board, corporate-legal, strategic human resource, retail, shared services, sustainability and corporate social responsibility ("CSR"), government relations to managing brand and reputation.

Subsequent to her appointment to the Board on 30 June 2022, Datin Aisah has attended all four (4) Board Meetings of the Company held during the financial year ended 31 December 2022.

None of the Board of Directors above have:

- More than five (5) directorships in public companies and listed issuers in Malaysia.
- Any family relationship with any Director and/or major shareholder of Deleum Berhad.
- Any conflict of interest with Deleum Berhad.
- Any conviction for offences within the past five (5) years other than traffic offences.
- Any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2022.



## PROFILES OF KEY SENIOR MANAGEMENT



**JAYANTHI A/P GUNARATNAM**

*Group Chief Financial Officer*

**Nationality:** Malaysian

**Gender:** Female

**Age:** 50

**Date of Appointment:**

1 January 2015

### Academic/Professional Qualifications

- Bachelor of Accountancy (Honours) Universiti Utara Malaysia
- Member of Malaysian Institute of Accountants (MIA)

### Working Experience

Joined Deleum in 2001, and has held various positions, the last being General Manager of Finance, Administration and Procurement.



**AZMAN BIN JEMAAT @ HASSAN**

*Chief Executive Officer  
Penaga Dresser Sdn. Bhd.*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 55

**Date of Appointment:**

1 March 2018

### Academic/Professional Qualifications

- Bachelor of Mechanical Engineering, University of Wollongong, Australia.

### Working Experience

Joined Penaga Dresser Sdn. Bhd. in 2013 as General Manager and the last position held was the Chief Operating Officer of Penaga Dresser Sdn. Bhd.



**IMRAN HAKIM BIN ABDUL AZIZ**

*Chief Executive Officer  
Deleum Oilfield Services Sdn. Bhd.*

**Nationality:** Malaysian

**Gender:** Male

**Age:** 48

**Date of Appointment:**

20 September 2021

### Academic/Professional Qualifications

- Bachelor of Engineering, Manufacturing Engineering, Leeds Metropolitan University, United Kingdom

### Working Experience

- Joined Deleum Oilfield Services Sdn. Bhd. in 2021 as Chief Executive Officer.
- Prior to joining Deleum Oilfield Services Sdn. Bhd., he worked as the Technical Sales Manager SEA at Halliburton Energy Services.

## PROFILES OF KEY SENIOR MANAGEMENT



### MOHAMMAD KAMAL BIN MD YOSOF

Chief Executive Officer  
Deleum Technology Solutions Sdn. Bhd.  
(formerly known as Deleum Primera  
Sdn. Bhd.)

**Nationality:** Malaysian

**Gender:** Male

**Age:** 57

**Date of Appointment:**

1 July 2022

#### Academic/Professional Qualifications

- Bachelor of Civil Engineering Southern Illinois University, USA

#### Working Experience

- Joined Deleum Technology Solutions Sdn. Bhd. in 2021 as Chief Operating Officer.
- Prior to joining Deleum Technology Solutions Sdn. Bhd., he had more than 30 years working experience in Oil & Gas industry.



### NURUZZATULAIN BINTI SAHAMAH

General Manager  
Turboservices Sdn. Bhd.

**Nationality:** Malaysian

**Gender:** Female

**Age:** 50

**Date of Appointment:**

1 August 2012

#### Academic/Professional Qualifications

- Bachelor of Engineering (Mechanical) Monash University, Melbourne

#### Working Experience

- Joined Deleum on 1 June 1998 as Application Engineer and the last position held was the Senior Manager - Operations Support



### SULIANA BINTI ROSLI

General Manager -  
Group Corporate Services/  
Company Secretary

**Nationality:** Malaysian

**Gender:** Female

**Age:** 48

**Date of Appointment:**

7 November 2022

#### Academic/Professional Qualifications

- Bachelor of Laws, University of Hull, United Kingdom
- Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)

#### Working Experience

- Joined Deleum in June 2022 as General Manager - Group Corporate Services
- Prior to joining Deleum, she served as the Senior Legal Manager and Company Secretary for HSS Engineers Berhad.

None of the Key Senior Management members above have:

- Any directorship in public companies and listed issuers in Malaysia.
- Any family relationship with any Director and/or major shareholder of Deleum Berhad.
- Any conflict of interest with Deleum Berhad.
- Any conviction for offences within the past five (5) years other than traffic offences.
- Any public sanction or penalty imposed on them by the relevant regulatory bodies during the financial year 2022.

## MESSAGE FROM THE CHAIRMAN



**Dato' Izham bin Mahmud**

Chairman

### DEAR ESTEEMED SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report for Deleum Berhad (“Deleum” or “the Group”) for the financial year ended 31 December 2022 (“FY2022”).

The financial year under review saw major economies transitioning from the COVID-19 pandemic to the endemic phase with necessary measures being taken to adapt to the new normal and to ensure business continuity, which led to increased business activities.

Notwithstanding the above, tighter monetary policy, geopolitical risks in various parts of the world, coupled with the rising interest rates impeding global economic growth, remain potential challenges to the oil and gas sector in terms of supply and price trends.

The culmination of these events, with raw material prices soaring to new highs and recession looming in the background, led to devastating outcomes on a global scale, further threatening the path to recovery for various countries.

Despite this, I am pleased to report that Deleum delivered stellar performance during the year under review, underscored by its inherent tenacity and competitive edge to achieve operational excellence. In these trying times, Deleum has undoubtedly proved its steadfast resilience.

### FINANCIAL HIGHLIGHTS

In FY2022, Deleum posted a 98.4% increase in profit after tax from continuing operations to RM51.0 million versus RM25.7 million previously, on the back of better revenue of RM698.0 million. Meanwhile, profit after tax and non-controlling interest rose 146.9% to RM42.1 million from RM17.1 million a year ago, mainly attributable to improved operating margins achieved across all three segments as well as the reversal of trade receivables impairment, gain on disposal of plant and equipment, and lower other operating expenses incurred.

Furthermore, the Group registered a strong cash balance of RM178.0 million as at 31 December 2022, contributed by the positive cash inflow of RM22.0 million and RM2.2 million from its operating and investing activities respectively. The cash inflow was offset by the repayment of RM22.0 million in bank borrowings, RM15.1 million in dividend payments to shareholders and non-controlling interest, and the repayment of RM1.3 million in lease liabilities on right-of-use assets. Simultaneously, the Group paid a total of RM8.6 million for its purchase of plant and equipment.



## MESSAGE FROM THE CHAIRMAN



The Group's borrowings decreased significantly by 71.0% to RM8.8 million from RM30.3 million in FY2021 as we continued to exercise financial discipline in reducing our debt.

This led to a strengthened balance sheet despite the volatile economic landscape which bodes well for our future expansion plans.

A comprehensive analysis of the Group's overall and segmental operational and financial performance can be found in the Management Discussion and Analysis section of this Annual Report.

### OPERATIONAL HIGHLIGHTS

The Group benefitted from increased activity in the oil and gas sector and took decisive steps towards margin optimisation, including paying particular attention to the higher value-added product lines.

The Group's 86.67% owned subsidiary, Deleum Technology Solutions Sdn. Bhd. ("DTSSB") (formerly known as Deleum Primera Sdn. Bhd.) had its licence suspension uplifted by PETRONAS on 12 December 2022.

Deleum was added to the FTSE4Good Bursa Malaysia Shariah Index effective 13 December 2022, in addition to its existing status as one of the constituents of the FTSE4Good

Bursa Malaysia Index. Our inclusion into these two indices clearly demonstrate our uncompromising commitment to Economic, Environmental, Social and Governance ("EESG") matters.

The Group will remain committed in promoting transparency and integrity in our business practices, by enforcing a zero-tolerance approach to all forms of bribery and corruption across all our subsidiaries and associates.

Acknowledging the significance of climate change as a crucial global issue, we are determined to play our role in minimising its impact. For this reason, we have introduced several strategies to lower our carbon footprint.

We recognise that long-term business sustainability must be achieved through financial triumphs that do not compromise our corporate obligation for the environment and community.

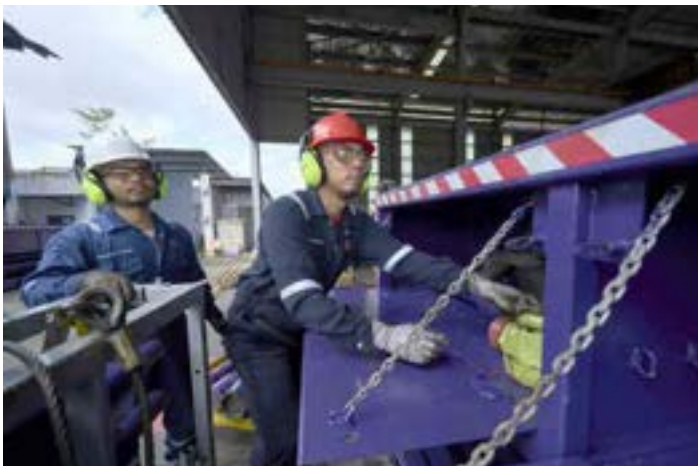
The Group's Sustainability Statement in this Annual Report details our ongoing efforts to this end.

### SHAREHOLDERS VALUE CREATION

I am proud to announce that Deleum continued to reward the loyalty and support of our shareholders with generous dividends in FY2022 in line with our dividend policy. It is



## MESSAGE FROM THE CHAIRMAN



worth noting that, this is the 16th consecutive year of dividend pay-outs since our Initial Public Offering in 2007, with cumulative payments amounting to RM257.1 million.

In respect of FY2022, Deleum declared and paid a total of 5.25 sen per ordinary share as dividends, comprising a first interim single tier dividend of 2.00 sen per ordinary share paid on 30 September 2022 and a second interim single tier dividend of 3.25 sen per ordinary share paid on 30 March 2023.

This brought the total dividend pay-out in respect of FY2022 to RM21.1 million, which translates to a dividend pay-out ratio of 50.0%.

### CONCLUSION AND APPRECIATION

I applaud Deleum's impressive financial and operational performance in FY2022. This would not have been possible without the collective efforts of all our stakeholders who

believe in our vision of becoming the premier Malaysian services provider in the oil and gas sector.

On behalf of the Group, I would like to express gratitude to our former Independent Non-Executive Director, Datuk Noor Azian Binti Shaari, who resigned in April 2022 for her contributions during her tenure with the Group. We appreciate her valuable insights and wish her all the best in her future endeavours.

I express my gratitude to my fellow Board members for their hard work, dedication, and significant contributions to Deleum's strategic objectives. Your support, insights, and knowledge have played a vital role in the Group's success, and we anticipate continuing our collaboration in the future.

At the same time, we are privileged to welcome our two newly appointed Independent Non-executive Directors, Tan Sri Dato' Seri Shamsul Azhar bin Abbas and Datin Aisah Eden. I am certain the Board of Deleum will benefit from their expertise and experience.

I also extend my sincere appreciation to Mr. Ramanrao Abdullah, our Group CEO, for his outstanding leadership and strategic guidance. His unwavering commitment and devoted efforts have been fundamental in driving the Group's performance in FY2022. I also acknowledge the outstanding resilience and perseverance of our senior management and staff in navigating the challenging business environment.

Last but not least, I remain grateful for the continued support and trust of our valued shareholders, customers, suppliers, business partners, financiers and other stakeholders, for without which the Group would not be able to reach the heights that we have today.

The Group aims to continue reaching greater heights as we ride on the recovery of spending in the oil and gas sector, whilst strengthening our commitment to EESG.

**Dato' Izham bin Mahmud**

Chairman

31 March 2023

# MANAGEMENT DISCUSSION AND ANALYSIS



The financial year ended 31 December 2022 ("FY2022") had major economies transitioning into the endemic phase and embracing the "new normal", given the successful roll-out of vaccines in most countries curtailing the spread of the COVID-19 virus.

Notwithstanding the abovementioned, Brent crude oil prices witnessed a roller coaster ride during the year under review. For instance, persistent geopolitical challenges had resulted in a steep climb of crude oil prices from USD74 per barrel in December 2021 to a high of USD117 per barrel in March 2022.

Whilst supply constraints kept prices at approximately USD100 per barrel for most of the year, demand concerns emerged as China renewed strict nationwide lockdowns under its zero-COVID policy. Oil prices knee jerked on the anticipated effect of dampened demand from the

world's largest oil importer by declining abruptly to USD81 per barrel in Dec 2022.

Nevertheless, Deleum Berhad ("Deleum") is optimistic of the landscape in the financial year ending 31 December 2023 ("FY2023") given that oil majors are expected to increase capital expenditure following years of underinvestment, further bolstered by a boost in demand as China reopens its economy. Therefore, Deleum will seek opportunities and endeavours to form new partnerships to ensure business continuity alongside the oil price recovery.

In pursuing growth, Deleum's group of companies ("the Group") will increasingly cultivate a culture of integrity to foster long-term success, as we continue to enforce strong corporate governance standards across all levels of the organisation, with policies, such as the Anti-Bribery and Corruption Policy, Code of Business Conduct, and Whistleblowing Policy and Procedure.

## MANAGEMENT DISCUSSION AND ANALYSIS

Further details of corporate governance practices are outlined in the Group's Corporate Governance Overview Statement in this Annual Report.

### OUR VISION, MISSION AND CORE VALUES

The Group's aim is to become the energy industry's premier Malaysian services company whilst growing its regional footprint. This is supported by our mission to be the best in class and to achieve superior growth and returns for our stakeholders. To achieve this, our culture and decision making is guided by the three core values of service quality, health, safety and environment, and integrity.

On service quality, we endeavour to be the trusted first-class service provider to our customers and partners. We are fastidious in our approach towards health, safety and environment, where we cultivate a staunch attitude towards prevention, adherence, and preparedness. Finally, on integrity, we absolutely uphold honesty, employ sound ethics, and advocate trust and compliance in our business.

These three pillars of core values will form the bedrock of sustainability in our business for generations to come.

### OVERVIEW OF OPERATIONS

The Group's core business operations focus on the upstream activities of the oil and gas sector, particularly the exploration and production fronts. Our four decades of extensive experience has firmly established the Group as a recognised integrated product and services provider, offering a diverse range of specialised products and support services for the oil and gas industry.

Our key areas of business operations remain in Power and Machinery ("P&M"), Oilfield Services ("OS") and Integrated Corrosion Solution ("ICS"), details of which are outlined in the 'Segmental Performance' section.

### BUSINESS FOCUS: BUILDING MOMENTUM

After withstanding the challenges of the pandemic, FY2023 is anticipated to be a particularly fruitful year for the oil and gas industry.

With several years of underinvestment in the energy sector, oil and gas companies are likely to increase their capital expenditure budget in FY2023 to support demand.

With built up resilience in the period of transition, Deleum is now ready to capture the recovery spend in the global oil and gas sector. In fact, some of this uptrend has already been reflected in our FY2022 performance, and we are ready to benefit from this further in FY2023.

The Group intends to explore opportunities for non-organic and geographical expansion, utilising its sturdy balance sheet to forge a formidable path forward.

In addition to strengthening our core business by leveraging on our competitive advantages and capitalising on opportunities available, the Group will strive to build on its expertise and leading position by incrementally infusing technology in greater degree into our suite of products and services in the upcoming year. We aspire to sustain our growth trajectory through a strong commitment to providing high-quality products and services, as well as prioritising Economic, Environmental, Social and Governance ("EESG") practices. These values are at the core of our business operations.

### FINANCIAL INDICATORS

The Group posted better revenue of RM698.0 million in FY2022, a 25.0% or RM139.6 million increase from RM558.4 million a year ago, on the back of stronger revenue contribution across all three segments.

The Group's profit attributable to equity holders of the Company for FY2022 rose 146.9% or RM25.0 million to RM42.1 million from RM17.1 million previously, in line with higher revenue. The improved bottom line was due to higher operating margins across all three segments, as well as the reversal of an impairment made on its trade receivables, a gain on the disposal of plant and equipment, and lower other operating expenses.

Meanwhile, the Group's joint venture which was involved in the overhaul and repairs of gas turbines contributed RM1.1 million, which was 14.7% or RM0.2 million lower than RM1.3 million in FY2021. The lower share of results was due to higher operating expenses incurred.



## MANAGEMENT DISCUSSION AND ANALYSIS

In FY2022, Deleum recorded RM5.3 million from the share of results of associate, which was 5.8% or RM0.3 million lower than RM5.6 million a year ago, due to the lower throughput achieved from Malaysian Mud and Chemicals Sdn. Bhd.'s ("2MC") liquid mud and dry bulk businesses.

Notwithstanding that the P&M segment continued to be the main contributor to revenue, the Group continues to focus its efforts on improving contributions from the OS and ICS segments. In addition to boosting revenue, our endeavour to improve financial performance will be augmented by exploring ways to pursue a more favourable product mix whilst maintaining cost efficiency.

### LIQUIDITY AND CAPITAL RESOURCES

The Group's renewed vigour resulted in positive cash inflow of RM22.0 million and RM2.2 million from its operating and investing activities respectively. Lower cash flow generated from operating activities as compared to previous year were primarily due to the increase in contract assets for exchange engines that were delivered close to year end and remained unbilled, but payment has been made to the trade creditors during the financial year. The cash inflow was offset by the repayment of RM22.0 million in bank borrowings, RM15.1 million in dividend payments to shareholders and non-controlling interests, and repayment of RM1.3 million in lease liabilities on right-of-use assets. This in turn led to a lower cash balance of RM178.0 million as at 31 December 2022, as compared to RM192.7 million recorded at the end of the previous year.

Our strong net cash position places the Group in good stead to diligently explore viable opportunities to stay on the course for future expansion.

### GEARING RATIO

The Group's persistent efforts in continuously paring down our borrowings in FY2022 afforded us a lower gearing ratio of 2.2%, compared to 8.5% in the previous year.

Details of the borrowings and maturity profile of such borrowings are disclosed in the Financial Statements for FY2022.

### CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any contingent liabilities or assets except for guarantees given to third parties in relation to operating requirements, utilities and maintenance contracts of RM13.1 million (FY2021: RM51.5 million).

### CAPITAL MANAGEMENT

The Group's capital management objective is to maximise efficiency in our cash flow by achieving an optimal capital structure that enables us to meet daily expenses as well as short and long-term financial obligations. Therefore, the Group will periodically analyse and adjust its debt financing, quantum of dividends, and issue of new shares as well as the return of capital to shareholders to ensure earnings sustainability.

### CAPITAL COMMITMENTS AND FUNDING SOURCES

As at 31 December 2022, Group's total capital commitments authorised for property, plant and equipment stood at RM24.1 million (FY2021: RM16.6 million), of which RM2.7 million (RM2021: RM0.8 million) of capital commitments have been contracted for but not incurred.

The remaining capital commitments of RM20.1 million (FY2021: RM15.3 million) relate to capital expenditure that have been authorised but not contracted for and share of capital commitment of a joint venture of RM1.3 million (FY2021: RM0.5 million). The capital commitments that have been authorised and contracted for relate to general contractual requirements and the purchase of equipment for current operations.



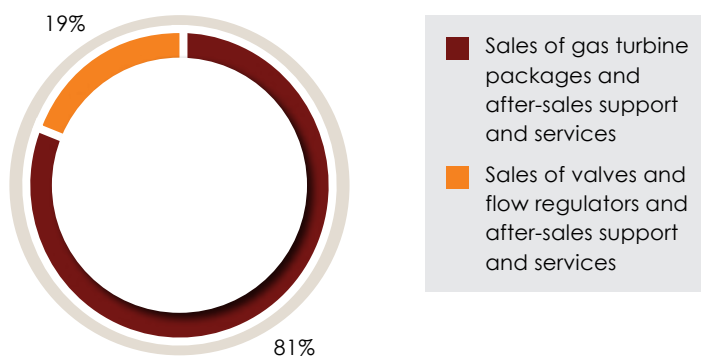
## MANAGEMENT DISCUSSION AND ANALYSIS

### SEGMENTAL PERFORMANCE

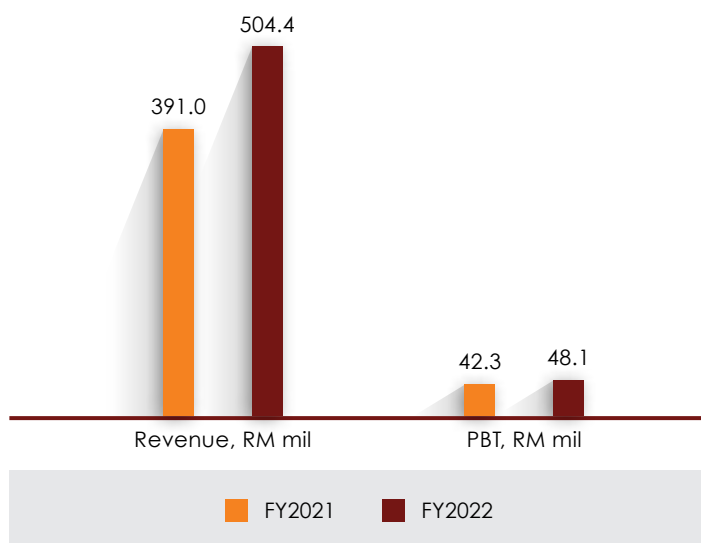


#### POWER AND MACHINERY ("P&M")

#### FY2022 REVENUE BREAKDOWN



#### PERFORMANCE HIGHLIGHTS



The P&M segment operates primarily via Deleum Services Sdn. Bhd. ("DSSB"), Turboservices Sdn. Bhd. ("TSSB"), Deleum Rotary Services Sdn. Bhd. ("DRSSB") and Penaga Dresser Sdn. Bhd. ("PDSB").

In FY2022, revenue for the P&M segment increased by 29.0% or RM113.4 million to RM504.4 million versus RM391.0 million previously. This was mainly attributable to higher exchange engines sales, rising demand for parts and repair, as well as improved Penaga Dresser's valves business. However, the increase was offset by lower contribution from retrofit projects.

Profit before tax ("PBT") rose 13.8% or RM5.8 million to RM48.1 million, compared to RM42.3 million for the corresponding period a year ago, on a favourable sales mix and higher gross profit achieved, but it was offset by higher operating expenses, primarily due to staff costs and a loss on forward foreign currency exchange contracts.

DSSB together with its technical partner, secured two recent letters of awards for the supply of printed circuit heat exchangers.

DSSB has also been commissioned, together with its technical partner, to supply three Gas Turbine Generators that will power up an offshore platform by end of 2025, a large offshore Carbon Capture Storage ("CCS") project. The CCS project marks a significant investment in carbon capture and storage technology in Malaysia and is anticipated to play a vital role in the global efforts to combat climate change.

PDSB was awarded a 7-year contract for the supply of control valves in October 2022.

In addition, TSSB has also secured the Master Service Agreement ("MSA") with various customers which is valid until September 2024.

Deleum is optimistic that the P&M segment will continue to strengthen in the coming year, with its orderbook that stood at RM266.6 million as at 31 December 2022.

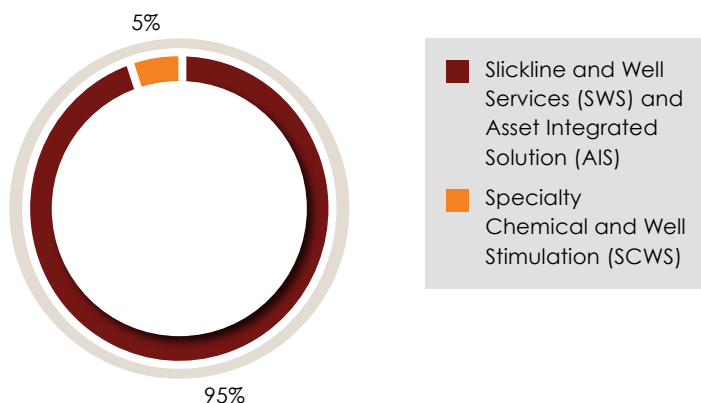
The P&M segment expects improved business conditions as a result of the loosening of customers' budgets and increased spend amidst recovery of crude oil prices. The segment will focus on the aftermarket and new equipment sales whilst exploring new opportunities for relevant and complementary new products and services in various markets. It will also explore opportunities to enhance the scope and value-add to the equipment supply activities from the newly secured products from its principals.

## MANAGEMENT DISCUSSION AND ANALYSIS

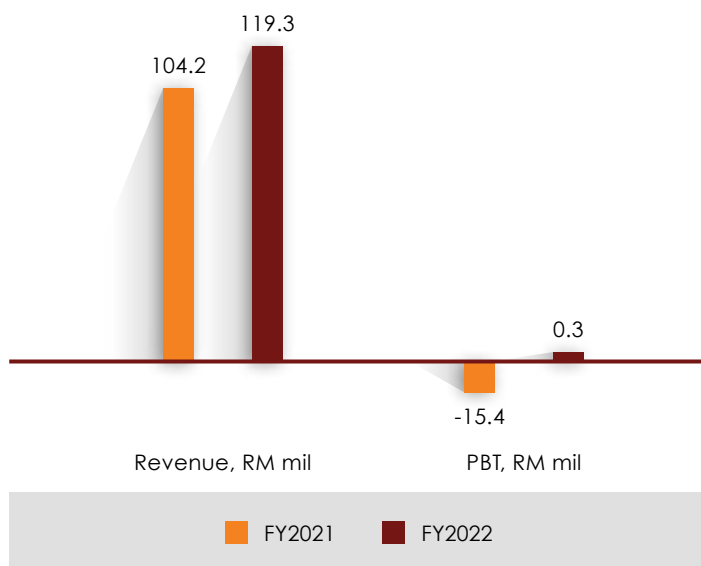


### ▶ OILFIELD SERVICES ("OS")

#### FY2022 REVENUE BREAKDOWN



#### PERFORMANCE HIGHLIGHTS



The OS segment operates primarily via Deleum Oilfield Services Sdn. Bhd. ("DOSSB") and Deleum Chemicals Sdn. Bhd. ("DCSB").

Revenue for the OS segment rose 14.5% or RM15.1 million to RM119.3 million from RM104.2 million in the previous year due to higher contribution from gas lift valves services, well intervention and enhancement and slickline activities in West Malaysia region.

In line with higher revenue, OS segment made a turnaround to report a profit before tax of RM0.3 million versus a loss before tax of RM15.4 million in previous financial year.

DOSSB's Slickline and Well Services ("SWS") unit continues to be the largest service provider of slickline packages in Malaysia, fulfilling the demand for more than half of the country's total slickline requirements in FY2022.

This was evidenced by the unit winning multiple contract extensions, ranging between one to two years, from leading oil and gas companies during the year, which involved services such as the provision of slickline equipment and services, gas lift valve, and insert string equipment, accessories and services, thus retaining our position as the market leader for slickline services in Malaysia.

Additionally, the OS segment marked key milestones that would set the growth pace going forward with the setting up of a subsidiary in Thailand. Further, we ventured into a new service line using Solids Control Equipment indicating our gradual move up in the value chain.

The Asset Integrated Solutions ("AIS") unit is an integrated services and solutions provider offering cased-hole logging, well intervention, drilling and completion services, and sub-surface engineering solutions.

It continues to deliver comprehensive, high quality, customised and cost-effective solutions to its customers in FY2022. It is also currently exploring opportunities to expand its services with electro-mechanical tool and set & retrieve wellbore devices without explosives.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Specialty Chemical and Well Stimulation ("SCWS") unit provides specialty chemicals and well stimulations services, offering all-inclusive chemical solutions for production enhancement, flow assurance, integrated pipeline cleaning, tank cleaning, well pumping services, well analysis and consultation. DCSB's in-house research and development facility carries out the development of chemical solutions. The unit will continue to seek business opportunities in the growth sectors and markets. Our team is working towards adding more product lines to broaden our portfolio.

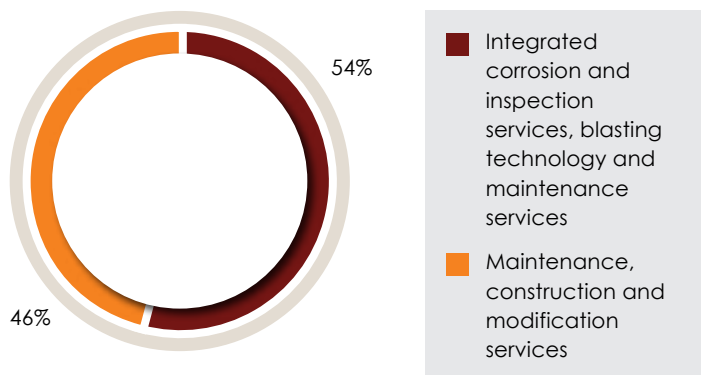
As at 31 December 2022, the OS segment had an orderbook balance of RM125.9 million, providing earnings visibility until FY2024. Meanwhile, the segment is tendering for RM214.5 million worth of contracts which indicate a buoyant outlook.

The OS segment will focus on strengthening its position as the market leader for slickline services in Malaysia. It will also continue to explore opportunities in the upstream sector, forging new partnerships with multinational companies to further expand product and service offerings, as well as expanding geographical presence by exploring international markets.

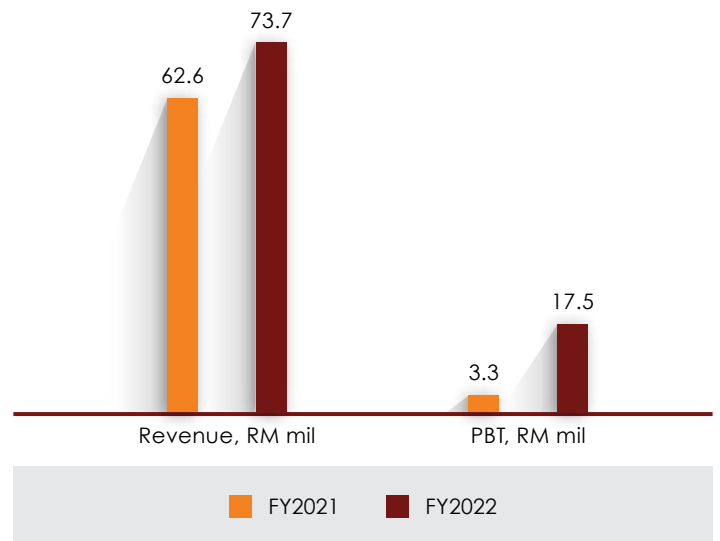


### INTEGRATED CORROSION SOLUTION ("ICS")

#### FY2022 REVENUE BREAKDOWN



#### PERFORMANCE HIGHLIGHTS



The ICS segment operates via Deleum Technology Solutions Sdn. Bhd. ("DTSSB"), formerly known as Deleum Primera Sdn. Bhd.

The ICS segment delivered 17.7% or RM11.1 million increase in revenue to RM73.7 million from RM62.6 million in the previous year due to higher activity levels for both its Sponge-Jet Blasting Business in Indonesia and Maintenance, Construction and Modification Services projects.

In line with higher revenue coupled with reversal of impairment made on its trade receivables, DTSSB's PBT surged fivefold to RM17.5 million from RM3.3 million a year ago. The profit improvement of RM14.2 million was offset by higher operating expenses incurred of RM0.8 million.

With the upliftment of suspension of DTSSB's Petroliam Nasional Berhad ("PETRONAS") licence and the renewal of its licence, the segment will have the opportunity to participate in tendering for PETRONAS projects, and targets to provide maintenance, construction and modification services, alternative blasting and painting, as well as riser corrosion prevention system and maintenance for the oil majors. The segment's order and tender books stood at RM3.9 million and RM12.8 million respectively as at 31 December 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

On growth strategies going forward, the segment will explore opportunities within the ASEAN region and identify potential partners in the respective local market. The Group's existing presence in Indonesia places us well in expanding our coverage in the country, whilst we seek to venture into other high-potential country markets.

### JOINT VENTURE AND ASSOCIATE COMPANY

Deleum has a 80.55%:19.45% joint venture with Solar Turbines International Company in the form of Turboservices Overhaul Sdn. Bhd. which provides repair and overhaul capabilities for a wide range of Solar Turbines equipment in Malaysia.

2MC, a 32% owned associate company of the Group, is involved in the operations of bulking installation in Labuan, offering dry and liquid bulking services to offshore oil and gas companies.

### RISKS

Deleum remains vigilant of the inherent risks that could adversely impact our future performance, especially given that the Group operates in a fast-paced business environment. Once a significant risk is identified, the Group strives to devise solutions to mitigate its impact to our performance.

Through a structured Enterprise Risk Management Framework, the Group assessed the business risks against the backdrop of the FY2022's business, operating environment, and its outlook. The underlying includes the adaptation of volatility of energy demand, and market shift towards more sustainable ways of doing business.

As Bursa Malaysia Securities Berhad mandated, we have reviewed the overall group key and emerging risks in no order of priority and established measures to address/ mitigate the risks.



### STRATEGIC

#### Description

Our strategic performance is impacted by the volatility of commodity prices, change of customer's requirements, exchange rates exposures, economic outlook including customers' budget.

#### Mitigation Measures / Responses

- Continually committed to key focus areas in our strategic plan, amongst others cost and cash management, human capital development, internal and external communication, international business, and digital & technology.
- Explore opportunities for new scope of services and markets including extending our existing footprint. We are also prudent and selective in repositioning our business portfolios.
- Assess the markets and underlying macroeconomic factors and remain focused on actions and capabilities to create and sustain competitive advantage.
- Aim to maintain a sustainable financial position to provide resilience against weak markets.



## MANAGEMENT DISCUSSION AND ANALYSIS



### PROJECT AND OPERATIONAL

#### Description

Our business is dependent on our capability in our processes, people, and systems in delivering the commitments to our customers. Our continuing challenge is cost stewardship and service excellence.

#### Mitigation Measures / Responses

- Manage our cost and cash flows against the backdrop of economic and commodity prices uncertainties.
- Undertake close monitoring and review of our operational expenses and working capital as well as cash flows to meet scheduled commitments.
- Maintain close and transparent regular engagements with existing key customers and principals to align mutual business goals and to maximise value.
- Strengthen the third parties (i.e. subcontractor and suppliers) deliverable commitments towards our customers via procurement vendor management.



### FINANCIAL

#### Description

Our financial performance may be exposed to loss in demand for assets and services, asset impairment, going concern, cash flows, and profitability that may be affected by costs and volatility in the foreign exchange rate.

#### Mitigation Measures / Responses

- Diversify our product/services and aggressively market for potential projects to mitigate asset impairment.
- Manage currency fluctuations and monitor foreign currency denominated business transactions in line with Board-authorized hedging policy and procedures.
- Undertake stringent operational and administrative cost management, strict compliance with Credit Control Policy, and continuous efforts on cost saving initiatives.



### HEALTH AND SAFETY

#### Description

The nature of our operations exposes our people and the environment in which we operate, to a wide range of health, safety, and environmental factors. Any adverse incident could result in regulatory action, operations disruption, increased costs, and impaired reputation.

#### Mitigation Measures / Responses

Maintain a safe and healthy work environment to protect stakeholders through:

- Strictly adapt, embed, and continuously monitoring implementation of safety and health policies and procedures.
- Regular campaigns via various activities.
- Periodic audits.

## MANAGEMENT DISCUSSION AND ANALYSIS



### ENVIRONMENTAL

#### Description

Rising concerns on the environmental footprint, including impact on climate change and waste management which may lead to additional legal and/or regulatory measures.

#### Mitigation Measures / Responses

Focused and committed to protect the environment in our business activities through:

- Adherence to our Climate Change commitment of becoming carbon neutral by 2050 by taking proactive steps in energy conservation.
- Adoption of best practices based on industry standards and guidelines and ensuring our established policies are always being adhered to. Various activities for waste management was also undertaken.



### CORRUPTION

#### Description

Non-compliance and violation of any laws relating to Anti-Bribery and Corruption in business dealings that may adversely impact meeting business objectives, regulatory compliance, and impairing Group's reputation. It may lead to a material adverse impact on our brand and ability to secure new contracts and license to operate.

#### Mitigation Measures / Responses

Concerted efforts to mitigate the corruption and bribery risk through:

- Strict adoption and adherence to laws and related policies and procedures and guidelines endorsed by the Board.
- Identify and implement continuous improvement in enhancing anti-bribery and corruption and related policies and procedures by performing a corruption and risk assessment gap analysis.
- Instill an integrity and speak-up culture within the organisation with group-wide progressive activities and communication.
- Continuous engagement and collaboration with various stakeholders.
- The Group has a whistleblowing reporting channel to lodge non-compliance complaints.



### HUMAN CAPITAL

#### Description

People are one of our greatest assets and key pillars of success in executing the Group's strategies. Common challenges are upskilling and reskilling our people and the inability to attract/acquire and retain the right talent to deliver value to our stakeholders.

#### Mitigation Measures / Responses

- To build a future-ready organisation and workforce, we pursue the realisation of a succession planning blueprint for critical positions throughout the Group to ensure a sustainable pipeline of qualified and competent talents are available.
- Focus on people management in the areas of multitasking, creativity, and evolving mindsets, culture, and behaviour within the organisation.
- Hire the right talent and retain the best talent by continuously benchmarking against competitive industry practices.
- Continuous training and development programmes to upskill and reskill our people.
- Commit and adhere to relevant legislations and our Equal Opportunity Policy.

## MANAGEMENT DISCUSSION AND ANALYSIS



### DIGITAL/CYBER SECURITY

#### Description

Threat landscape has evolved significantly over the past years as we accelerated digitalisation and automation of our systems and process to be in line with the rapid evolution of technology.

#### Mitigation Measures / Responses

- Strict adoption of policies such as Information Communication Technology ("ICT") Policy and Cybersecurity Policy.
- Monitor, upgrade, and strengthen cybersecurity controls throughout group-wide's IT landscape.
- Provide awareness, education, and training as part of our effort to instil a digital-savvy culture amongst our people.
- Periodically undertake self-assessments (i.e. Data Recovery testing) in identifying vulnerabilities and closing the identified gaps.



### COMPLIANCE / REGULATORY

#### Description

Compliance/regulatory risk may pose a potential exposure to legal penalties, perceived weakness in internal governance, financial/contract forfeiture, and material loss due to failure to comply with industry laws and regulations, internal policies, or prescribed best practices.

#### Mitigation Measures / Responses

- Monitor regulatory and policy developments and liaise with relevant governing authorities to keep ourselves abreast of regulatory changes.
- Continually progressing in our journey with structured compliance initiatives and the Anti-Corruption Compliance Journey.
- Audit and review of our internal control systems, strengthening and making appropriate changes to ensure alignment with the Group's established policies, procedures, guidelines and prescribed standards.
- Periodic engagements to keep abreast of changes in laws and regulations.

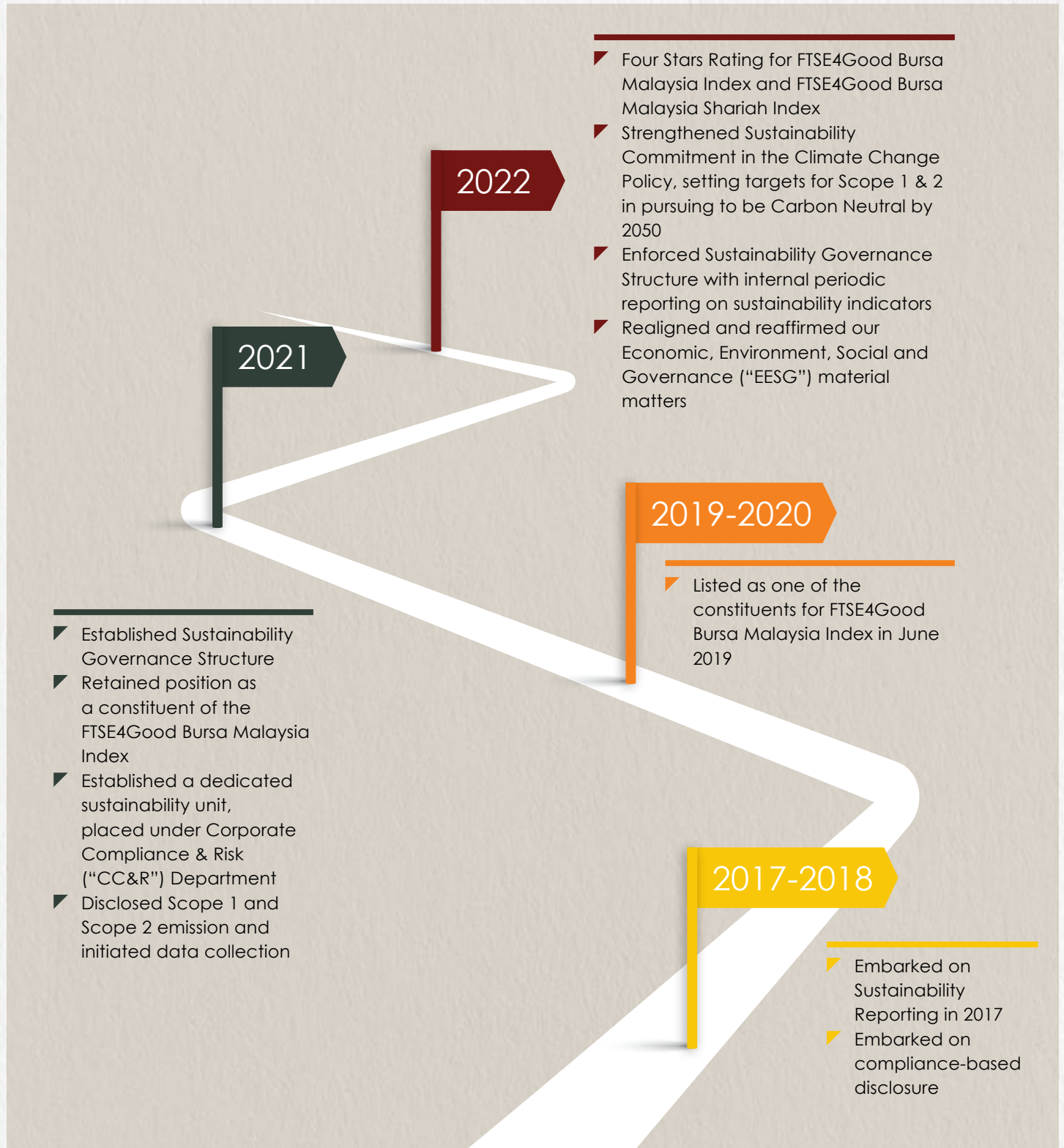
## CONCLUSION

We are proud of our achievement in FY2022 and look forward to continuing to succeed in our initiatives, business and financial performances. Our ultimate goal is to be the premier Malaysian services provider premised on the key pillars of service quality, health, safety and environment, and integrity to promote long-term sustainability of the Group.

With the recovery of the oil and gas sector and up trending of capital expenditure by oil majors, we are optimistic for our performance in FY2023. Deleum shall ride on the spending recovery, expanding our suite of products and services offerings whilst delivering long-term and sustainable value to our stakeholders.

# SUSTAINABILITY STATEMENT

## SUSTAINABILITY MILESTONES

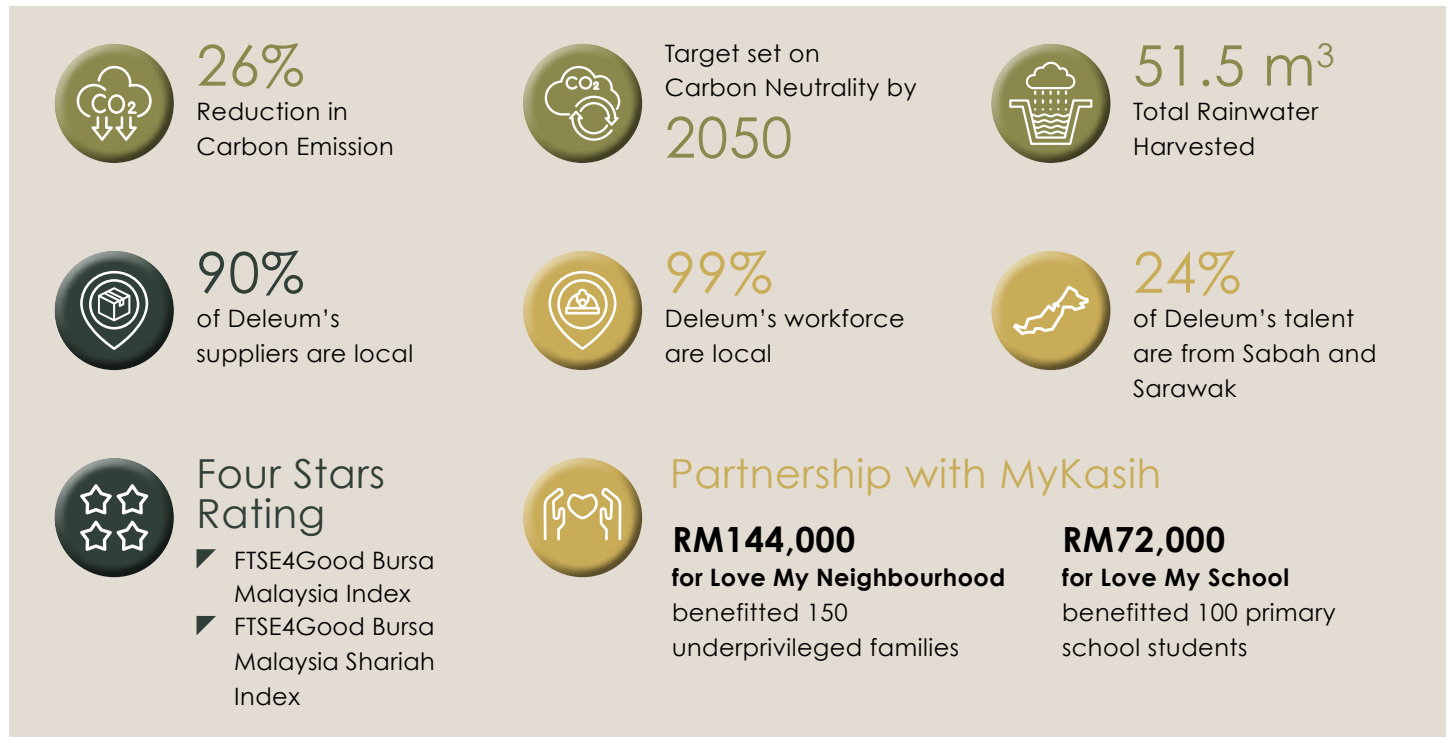




## SUSTAINABILITY STATEMENT

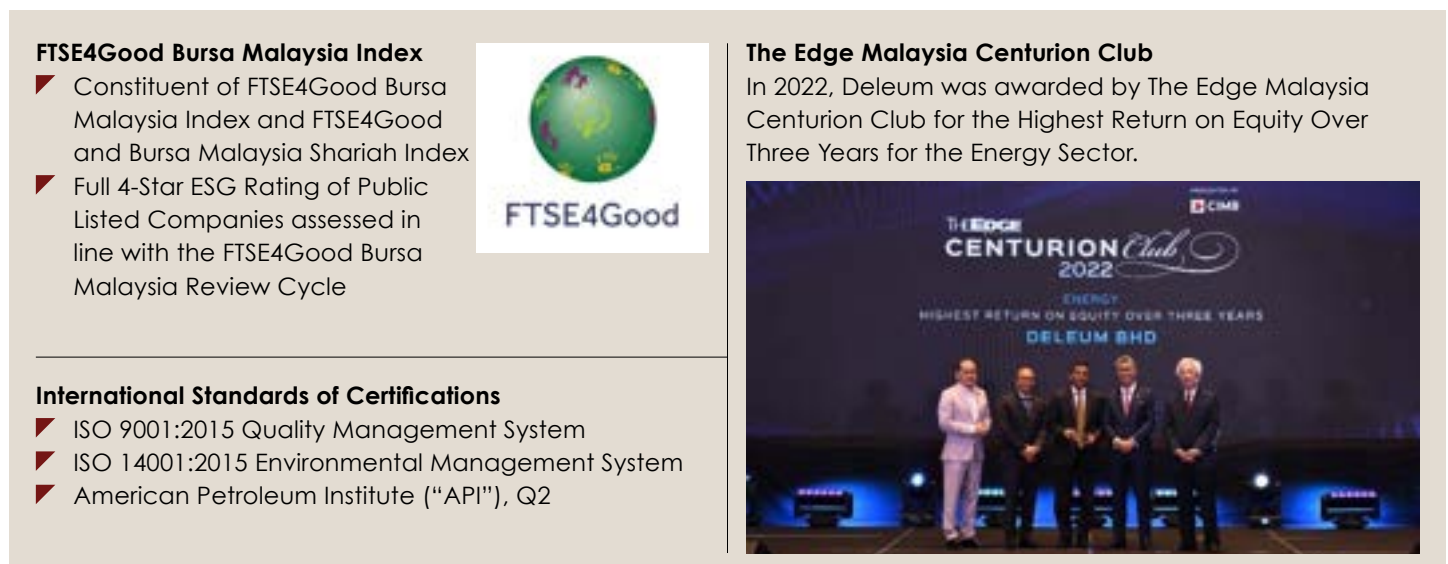
### SUSTAINABILITY AT A GLANCE

In financial year ended 2022 ("FY2022"), Deleum achieved commendable progress in the sustainability journey as presented in the snapshot below:



### AWARDS AND RECOGNITION

Deleum's endeavours in sustainability have achieved recognitions in FY2022 as follows:



# SUSTAINABILITY STATEMENT



## ABOUT THIS STATEMENT

### Introduction

Deleum Berhad ("Deleum" or "the Group") is committed to strengthening its EESG disclosures through the preparation of this Sustainability Statement for FY2022.

This Statement will provide a detailed account of the Group's sustainability strategies and initiatives to address relevant material topics for FY2022. Through these strategies, the Group aims to create financial and non-financial values for its key stakeholders whilst supporting environmental stewardship and socio-economic development.

For a more comprehensive perspective of Deleum's sustainability initiatives, it is recommended that this Statement be read together with the Message from the Chairman, Management Discussion and Analysis, Statement on Risk Management and Internal Control ("SORMIC") and Corporate Governance Overview Statement within this Annual Report.

This Statement showcases Deleum's reinforced motivation in strengthening the Group's sustainability direction. The Group's collective sustainability goals and achievements for the period between 1 January and 31 December 2022 are highlighted herein.

### Reporting Framework Applied

This Sustainability Statement has been prepared in accordance with the following frameworks and guidelines:

- Bursa Malaysia's Sustainability Reporting Guide Third Edition and Toolkits
- United Nations Sustainable Development Goals ("UNSDGs")
- Global Reporting Initiative ("GRI") Standards
- Task Force on Climate-Related Financial Disclosures ("TCFD")
- FTSE4Good Bursa Malaysia Index

The above is collectively known as the reporting framework.

## SUSTAINABILITY STATEMENT

### Reporting Period And Cycle

This Sustainability Statement contains information for FY2022, from 1 January to 31 December 2022. The Group has provided data over three years (FY2020-FY2022) wherever applicable. This allows for the presentation of trendlines that indicate general performance trends for key material topics.

### Statement of Use

This Statement is made following the Board's approval on 16 March 2023.

### Membership in Associations

As Deleum advocates for more sustainable practices in its industry, the Group holds memberships in multiple industry associations. This allows Deleum to discuss and implement sustainability best practices and spread awareness of material sustainability matters across the Group's value chain. Deleum's membership in associations and professional bodies are as follows:

- Malaysia South-South Association ("MASSA")
- Federation of Malaysian Manufacturers ("FMM")
- Malaysia Gas Association ("MGA")
- Malaysian International Chamber of Commerce and Industry ("MICCI")
- Federation of Public Listed Companies Berhad ("FPLC")
- American Malaysian Chamber of Commerce ("AMCHAM")
- Malaysian Oil & Gas Services Council ("MOGSC")

### Reporting Scope and Boundary

The boundary of this Statement is set to Deleum's operations in Malaysia and specifically over which Deleum has controlling interests/management control. This includes all subsidiaries and its joint venture entity and excludes associate company. The scope is limited to all principal operating activities of Deleum, which is in the oil and gas industry.

### Limitations

Data and information provided in this Statement are based on the Group's ability to collect and present meaningful data (quantitative and qualitative), which have been sourced from the Group's internal sources and records. The same reporting frameworks have also been applied to collect relevant and accurate data from the Group's value chain.

The Group acknowledges gaps in data availability for some indicators and endeavours to enhance data tracking and gathering mechanisms to ensure rectification and resolution moving forward.

Our aim is to have an independent review to be performed in year 2023.

### Forward-Looking Statements

Any forward-looking statements, including targets, plans, operations, and forecasts, are made from reasonable assumptions based on current business trajectories. As Deleum's business model is subjected to unforeseen risks, readers are advised to practise discretion and not rely on such statements.

### Report Availability

Readers are welcome to download a copy of this Sustainability Statement at the Group's corporate website.

### Distribution and Feedback

To constantly improve our sustainability approaches, Deleum welcomes constructive feedback from its valued stakeholders. Please direct any queries, feedback, or suggestions to the following:

#### Sonia Lim

General Manager

Corporate Compliance and Risk

DeleumSustainability@deleum.com

## SUSTAINABILITY STATEMENT

### OUR APPROACH TO SUSTAINABILITY

#### Sustainability at Deleum

As a responsible oil and gas service provider, Deleum is committed to incorporate sustainability throughout the Group's business operations. This is a direct response to climate change, as well as other material topics such as strategy and financial resilience, pollution and resources, biodiversity, health and safety, labour standards, human rights, community investment, anti-bribery and corruption, and more.

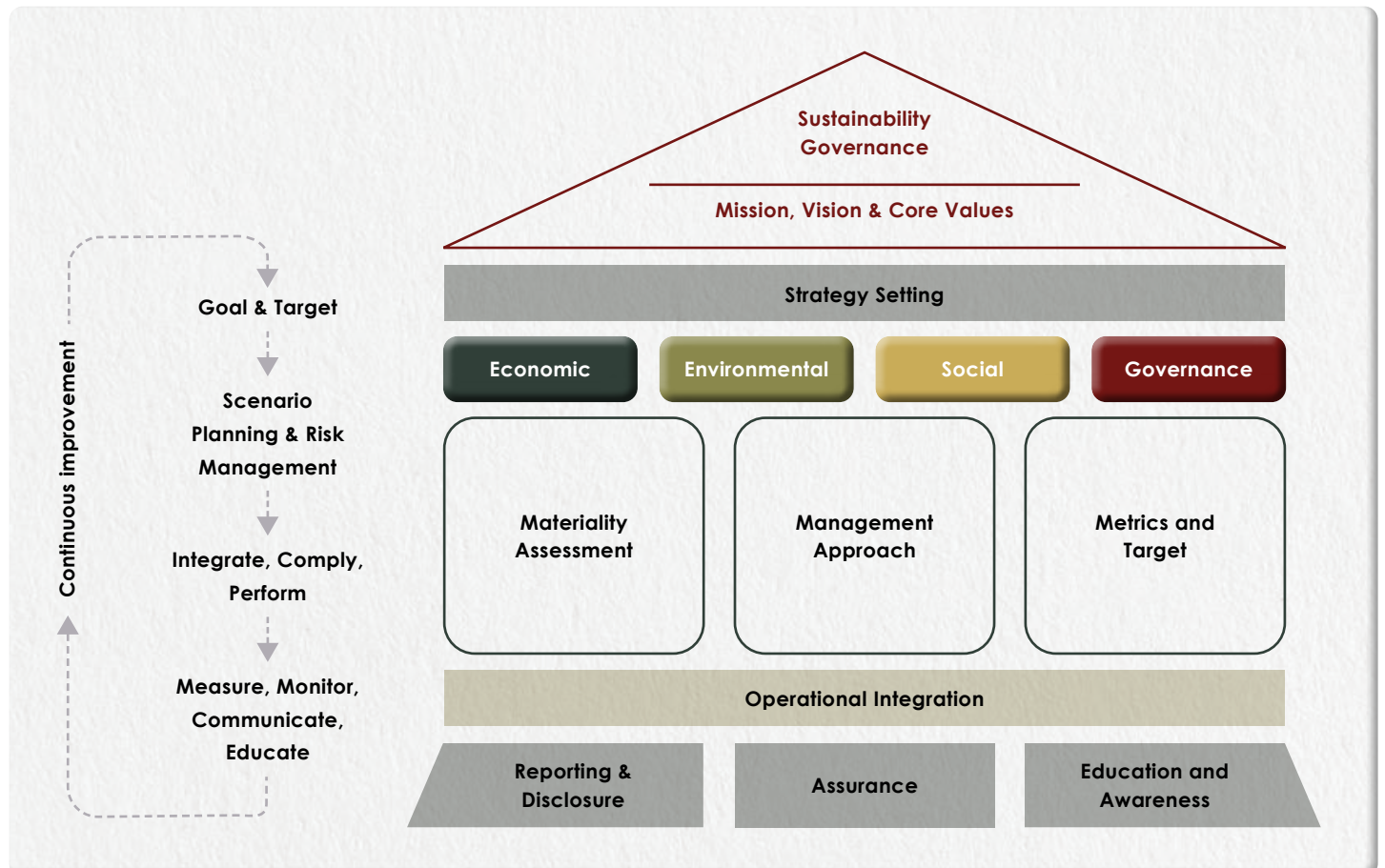
Our sustainability commitment is underpinned by Economic, Environmental, Social and Governance ("EESG") pillars:





## SUSTAINABILITY STATEMENT

Addressing sustainability is a continuous process that necessitates the alignment of all components with Deleum's mission, vision, and core values. Deleum promotes best practices for managing sustainability performance, as illustrated below:



This Sustainability Framework provides the overarching principles of our sustainability practices within the Group. This framework provides foundation, guidance, and organisational arrangement to internalise sustainability considerations in business strategies, and operations and to drive sustainability performance, striving for focus beyond compliance, as follows:

- Sustainability governance to ensure stewardship and accountability concerning sustainability management.
- Strategy setting as a guide on how to set a sustainability strategy for the Group.
- Materiality assessment to set our threshold where sustainability matters become sufficiently important for focused management and reporting.
- Management approach in managing and addressing sustainability matters including climate change-related matters.
- Metrics and targets to ensure the robustness of performance tracking and monitoring.
- Reporting and disclosure requirements.
- Assurance to be undertaken to ensure the quality of the data, performance and its disclosures.
- Education and awareness on the importance of training and awareness propagation for embedding sustainability in the Group.

## SUSTAINABILITY STATEMENT

We adopted the Sustainability Policy, which is committed to ensuring that EESG topics are instilled in the Group's sustainability approach, summarised below:



Deleum has developed a set of comprehensive policies to address the EESG material topics as follows:

- Code of Business Conduct ("COBC")
- Sustainability Framework and Policy
- Environmental Policy
- Climate Change Policy
- Health, Safety and Environment ("HSE") Policy
- Dividend Policy
- Anti-Bribery and Corruption Policy
- Substance Misuse Policy
- Whistleblowing Policy and Procedure
- Policy Statement on Human Rights and Labour Standards
- Enterprise Risk Management Framework
- Cybersecurity Policy
- Personal Data Policy
- Equal Opportunity Policy
- Quality Policy
- Learning and Development Policy
- Group Procurement Policy

To inculcate the sustainability, risk management and compliance culture within the Group, we have established a Group-wide Champions Programme. The Champions are the liaison representatives from the respective Business Units and Corporate Resources in fostering and empowering the drive for instilling risk management, compliance, and sustainability culture within their functions.

## SUSTAINABILITY STATEMENT



### Our Sustainability Governance Structure

The Sustainability Governance Structure establishes a clear tone from the top approach to drive sustainability across the Group in line with our mission, vision, and core values. Ultimately, it allows effective oversight on sustainability

topics including climate change-related matters, and business and operational risks that enables the integration of the sustainability agenda into daily business operations.

We streamlined and integrated the Sustainability Governance Structure with the Compliance and Risk Governance Structure by embedding the sustainability agenda in a quarterly reporting to Management Compliance and Risk Committee ("MCRC"), Board Risk Committee ("BRC") and Board of Directors ("Board").

We have also established a dedicated sustainability unit that is responsible to drive sustainability development and implementation under the purview of Corporate Compliance and Risk department, for seamless integration with the risk and compliance practices thus avoiding silo mindset culture.



#### BOARD OF DIRECTORS

Overseeing the inculcation of a strong sustainability culture, taking into consideration the economic, environmental, social and governance topics including climate change-related matters



#### BOARD RISK COMMITTEE

Provides oversight and leadership guidance on the Group's sustainability strategies, priorities, goals, targets and initiatives including climate change-related matters (as delegated by the Board)



#### GROUP CHIEF EXECUTIVE OFFICER

- Chairman of MCRC
- Responsible for overall implementation of sustainability strategies, priorities, goals, targets and initiatives including climate change-related matters



#### MANAGEMENT COMPLIANCE AND RISK COMMITTEE

- A sustainability committee at management level that is responsible for overall implementation of sustainability strategies, priorities, goals, targets and initiatives including climate change-related matters
- Evaluates overall sustainability risks and opportunities including climate change-related matters
- Oversees Business Units and Corporate Resources in ensuring the robust sustainability management programme and implementation
- CC&R is the MCRC's Secretariat



#### BUSINESS UNITS & CORPORATE RESOURCES

- Responsible for overall implementation of sustainability strategies, priorities, goals, targets and initiatives including climate change-related matters
- Reports on sustainability performance against target
- Responsible to develop plan and timeline for disclosure
- Head of Business Units and Corporate Resources supported by respective Sustainability Champion

## SUSTAINABILITY STATEMENT

### Assessing Materiality

Materiality assessments are vital for our value-creation journey as we identify the sustainability issues that matter most to our business and stakeholders. Conducting a materiality assessment allows us to identify opportunities and mitigate risks to ensure sustainable business growth.

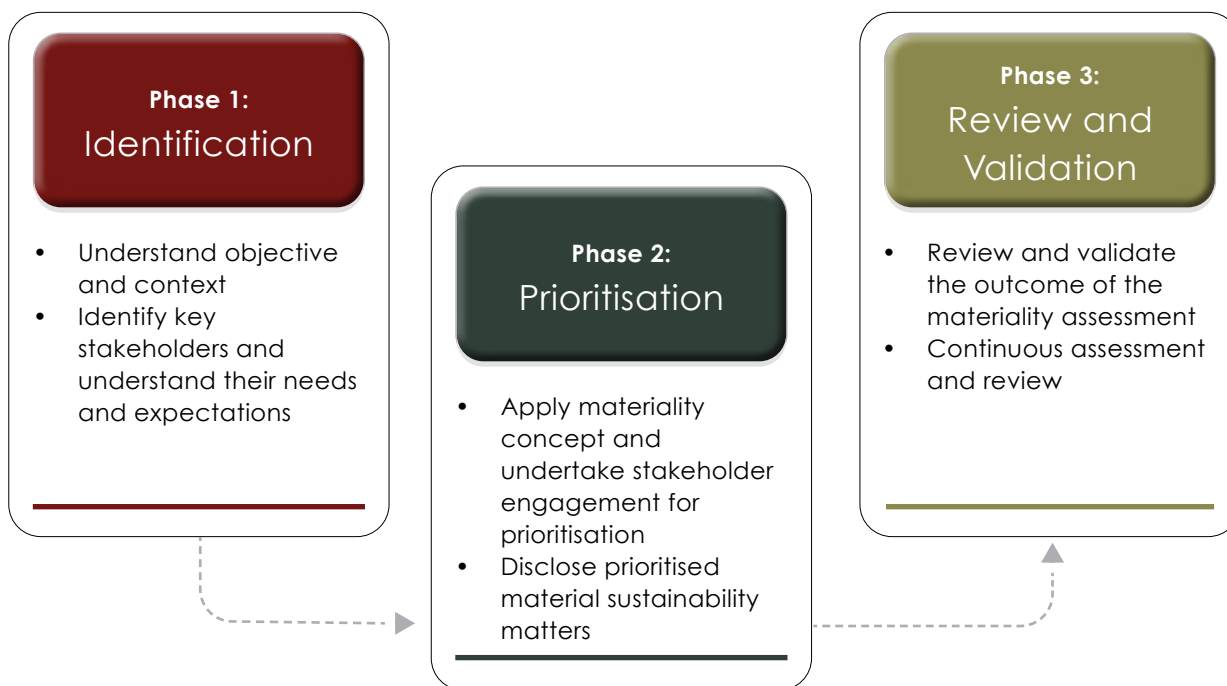
Our methodology for materiality assessment is guided by our Sustainability Framework and Enterprise Risk Management Framework, underpinned by Bursa Malaysia's Sustainability Reporting Guide Third Edition and Toolkits, TCFD, GRI Standards, and FTSE4Good criteria.

In FY2022, we performed reviews based on the changing sustainability landscape. Our reviews analyse internal and external factors such as the business operating environment, emerging trends, climate change impact, risks and opportunities, regulatory requirements, peer benchmarking, analyst reports, and insightful internal and external stakeholder feedback.

We identify the material topics whilst the stakeholders' perspectives support the prioritisation of material topics, which will be referenced for the Group's decision-making, including the allocation of resources.

The inclusion of multiple stakeholders' perspectives served to provide the Group with material topics that are relevant to the business landscape.

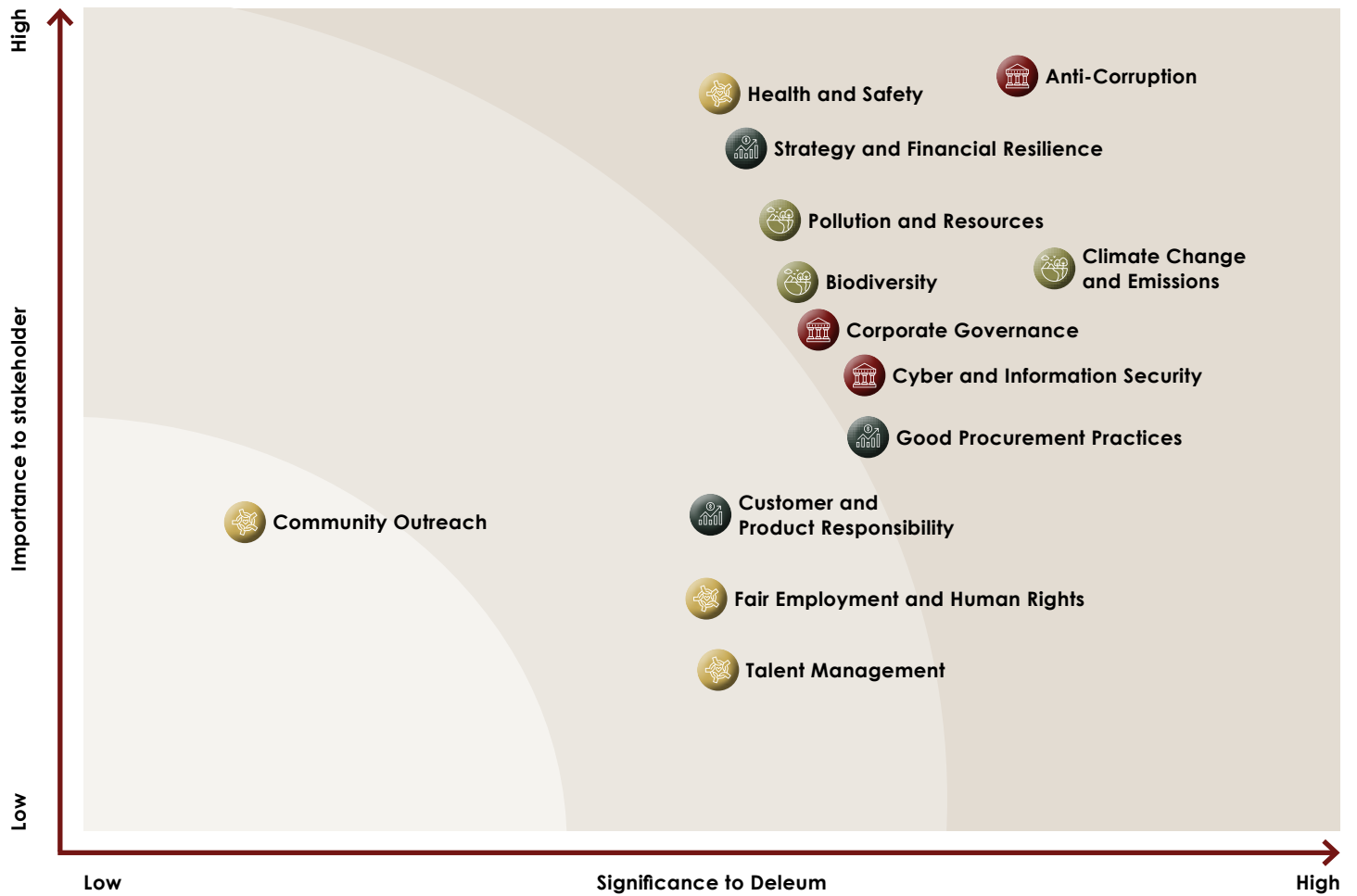
The following matrix illustrates the outcome of the materiality assessment and the significance of each sustainability material matter from the perspective of Deleum and its stakeholders.




















# SUSTAINABILITY STATEMENT

Deleum Sustainability Materiality Matrix



Economic
 Environmental
 Social
 Governance

## SUSTAINABILITY STATEMENT

EESG Material Topics	What's important	Linkage to SDGs
<b>Economic</b> 	<p><b>Strategy and Financial Resilience</b> Meeting financial and sustainability goals and balancing stakeholders' needs for future growth by optimising cost management by ensuring financial returns to shareholders.</p> <p><b>Good Procurement Practices</b> Strong procurement management is key to operational efficiency to maintain reliable products and services from our suppliers.</p> <p><b>Customer and Product Responsibility</b> Meeting the demands of customer and societal needs with innovative product solutions adds a competitive edge. Delivering high-performance products safely and responsibly whilst ensuring proper product usage helps customers to maximise value.</p>	 
<b>Environmental</b> 	<p><b>Climate Change and Emissions</b> Climate change, directly and indirectly, affects Deleum's profitability and sustainable growth. It is crucial to protect these by mitigating and adapting to climate-related risks.</p> <p><b>Pollution and Resources Use</b> Responsible environmental management in energy, handling hazardous and non-hazardous waste, water consumption and use of material resources.</p> <p><b>Biodiversity</b> Any potential impact and protection of biodiversity on local flora and fauna in the areas where our business is operated.</p>	   
<b>Social</b> 	<p><b>Fair Employment and Human Rights</b> Foster human rights and fair employment practices by embracing diversity and inclusion in the workforce and offering employees fair compensation and benefits.</p> <p><b>Talent Management</b> Promote development and improve competencies of our people to respond to the rapidly changing and complex business environment.</p> <p><b>Health and Safety</b> Anticipate, recognise, evaluate, and control of hazards arising in or from the workplace that could impair the health and well-being of employees, including mental health.</p> <p><b>Community Outreach</b> Financial and non-financial contributions to support local communities, and underprivileged groups.</p>	   
<b>Governance</b> 	<p><b>Anti-Corruption</b> Enhance business integrity compliance within the ambit of Malaysian and international laws on bribery and corruption.</p> <p><b>Corporate Governance</b> A robust governance system protects the best interests of both business and stakeholders for sustainable growth.</p> <p><b>Cyber and Information Security</b> Protection of all data, information, and intellectual property against cybersecurity breaches.</p>	




## SUSTAINABILITY STATEMENT

### Stakeholder Engagement






We define stakeholders as parties impacted by our business decisions and activities and whose actions and decisions will influence our business, where we strive to actively engage with stakeholders regularly and maintain open and transparent dialogues to gain insights into their expectations of sustainability matters that are related to our business.

Effective stakeholder engagement helps us set our business priorities whilst responding to their needs more effectively and, ultimately, enables us to deliver long-term value to stakeholders. Thus, we have mapped our stakeholders' concerns with responses against our sustainability material matters, which allowed us to identify any associated risks and opportunities arising from these concerns.

(P) Periodically
(R) As Required
(D) Daily
(W) Weekly
(M) Monthly
(Q) Quarterly
(B) Bi-annually
(A) Annually

Stakeholder Group	Engagement Channel	Key Concern	Our Response	Frequency
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Employee engagement and appreciation sessions</li> <li>Town hall meetings</li> <li>Digital communication</li> <li>Speak-Up and Listen-Up Programme</li> <li>Sustainability &amp; Compliance campaigns</li> <li>HSE campaigns</li> <li>Human Resource updates</li> <li>Departmental meetings</li> </ul>	<ul style="list-style-type: none"> <li>Health, safety, and environment</li> <li>Anti-bribery and corruption</li> <li>Well-being and mental health</li> <li>Work-life balance</li> <li>Human rights</li> <li>Employee Welfare</li> </ul>	<ul style="list-style-type: none"> <li>Provide a safe working environment for our employees</li> <li>Implement initiatives on employees' well-being</li> <li>Flexible working arrangements</li> <li>Promote health and safety programmes</li> </ul>	(P) (R) (D) (W) (M) (Q) (A)
<b>Customers</b> 	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Customer satisfaction surveys</li> <li>Networking events</li> <li>Feedback management system</li> <li>Company website</li> <li>Industry conference and networking events</li> </ul>	<ul style="list-style-type: none"> <li>Health, safety, and environment</li> <li>Anti-bribery and corruption</li> <li>Ethical business</li> <li>Product quality and delivery</li> <li>Product pricing and credit terms</li> </ul>	<ul style="list-style-type: none"> <li>Design distinct value propositions for each customer segment</li> <li>Collaborate with strategic partners to deliver high-quality and competitive products</li> <li>Participate in conferences covering a broad range of sustainability and industry-related topics such as renewable energy</li> <li>Conduct anti-bribery and corruption sharing sessions</li> </ul>	(P) (R) (D) (W) (M) (Q) (B) (A)
<b>Partners &amp; Principals</b> 	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Day-to-day interactions</li> <li>Site visits</li> </ul>	<ul style="list-style-type: none"> <li>Health, safety and environment</li> <li>Anti-bribery and corruption</li> <li>Ethical business practices</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>Implement stringent policies</li> <li>Strengthen health, safety and environmental standards in our procurement process</li> <li>Conduct assessments</li> <li>Conduct anti-bribery and corruption sharing sessions</li> <li>Provide grievance mechanisms for suppliers</li> </ul>	(P) (R) (D) (M) (Q)

## SUSTAINABILITY STATEMENT

Stakeholder Group	Engagement Channel	Key Concern	Our Response	Frequency
<b>Suppliers &amp; Contractors</b> 	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Day-to-day interactions</li> <li>Dialogues</li> <li>Site visits</li> <li>Supplier performance reviews</li> <li>Workshops and training sessions</li> </ul>	<ul style="list-style-type: none"> <li>Business performance</li> <li>Continuous value creation</li> <li>Health, safety, and environment</li> <li>Anti-bribery and corruption</li> <li>Ethical business practices</li> <li>Product pricing and credit terms</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen partnership benefits</li> <li>Strengthen good HSE practices leveraging on each governance practice</li> <li>Business performance, planning and other commercial matters</li> <li>Conduct anti-bribery and corruption sharing sessions</li> </ul>	(P) (R) (W) (D) (M) (Q) (A)
<b>Shareholders &amp; Investors</b> 	<ul style="list-style-type: none"> <li>Company website</li> <li>Announcements via Bursa Malaysia</li> <li>Analysts Briefings</li> <li>Press releases</li> <li>Meetings and conferences</li> <li>Annual reports</li> <li>Annual general meetings</li> </ul>	<ul style="list-style-type: none"> <li>Operational, commercial and financial performance</li> <li>Growth project progress and deliverables</li> <li>Sustainable value creation</li> </ul>	<ul style="list-style-type: none"> <li>Access to the Board members and management team</li> <li>Strengthen communication frequency and disclosures</li> <li>Improve disclosure materials with clarification of messages</li> <li>Timely disclosure on key topics</li> </ul>	(R) (Q) (B) (A)
<b>Financial institutions</b> 	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Engagement sessions</li> </ul>	<ul style="list-style-type: none"> <li>Operational, commercial and financial performance</li> <li>Growth project progress and deliverables</li> </ul>	<ul style="list-style-type: none"> <li>Engage with relevant financial institutions with common objectives</li> </ul>	(P) (R)
<b>Local communities</b> 	<ul style="list-style-type: none"> <li>Community engagement sessions</li> <li>Corporate social responsibility events</li> <li>Company website</li> </ul>	<ul style="list-style-type: none"> <li>Safety of our operations</li> <li>Quality of land, air and water surrounding our base operations</li> </ul>	<ul style="list-style-type: none"> <li>Adopt stringent HSE best practices</li> <li>Invest in community development programmes such as the Plogging Days programme, and partner with local non-profit MyKasih Foundation to aid 250 families and school students through the latter's charitable programmes</li> </ul>	(P) (R) (A)
<b>Government and regulators</b> 	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Engagement sessions</li> <li>Company website</li> </ul>	<ul style="list-style-type: none"> <li>Health, safety and environment</li> <li>Anti-bribery and corruption</li> <li>Ethical business practices</li> <li>Compliance and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Anti-bribery and corruption awareness and training</li> <li>Keep abreast of any changes of laws and regulations</li> <li>Collaborate with relevant agencies with common objectives</li> <li>Strengthen transparent communication with relevant bodies</li> </ul>	(P) (R) (A)



## SUSTAINABILITY STATEMENT

### Embedding Sustainability within the Enterprise Risk Management Approach

Deleum is guided by a resilient Enterprise Risk Management ("ERM") Framework that integrates risk management into key business activities, initiatives, and processes to assess and mitigate risks that may impact our stakeholders and the organisation. Our framework was developed in line with the Committee of Sponsoring Organisations of the Treadway Commission Framework.

As delegated by the Board, the BRC is chaired by an Independent Non-Executive Director. They will meet quarterly to provide oversight on risk management activities that cover the sustainability risks, including climate change and, health and safety risks. At the management level, MCRC ensures proper implementation of Group-wide risk management practices.

To integrate sustainability into the risk management framework and practices, proactive approaches were made in FY2022:

- Review and assess sustainability material matters and its impact including climate change-risks with reference to ERM Framework
- Broaden our risk taxonomy and inventory by including sustainability-related risks. The risks' identified indicators include transition, physical, carbon emissions and, health and safety, are monitored and periodically reviewed
- Among the sustainability risks under review is climate change impact assessment, carbon emissions, talent succession management, anti-bribery and corruption, cyber and information security, and health and safety matters
- Consolidate and integrate the sustainability risks into a multi-disciplinary risk heat map at enterprise-wide level. The risk heat map is reviewed and assessed on a quarterly basis by MCRC, BRC and Board
- Embed sustainability risks in respective business units' risk profile
- Mandatory structural meeting with a unified sustainability, risk, and compliance governance committee to uphold sustainability agenda for a seamless reporting
- Integrate and synchronise responsibilities towards sustainability and governance under the purview of a dedicated sustainability unit within the CC&R department

The appointed Champions are empowered to perform the review and assessment of their respective functions related to risk profile, project and tender assessment, investment assessment, Risk Control Self-Assessment, Business Impact Assessment, Business Continuity Plan, and Gift, Hospitality, Donation & Sponsorship ("GHDS") transactions. The review ensures adequacy, completeness, accuracy, relevance and timeliness of assessment, reporting, escalation, and communication.

Details of Deleum's risk management activities for FY2022 are provided in the Statement on Risk Management and Internal Control in this Annual Report.

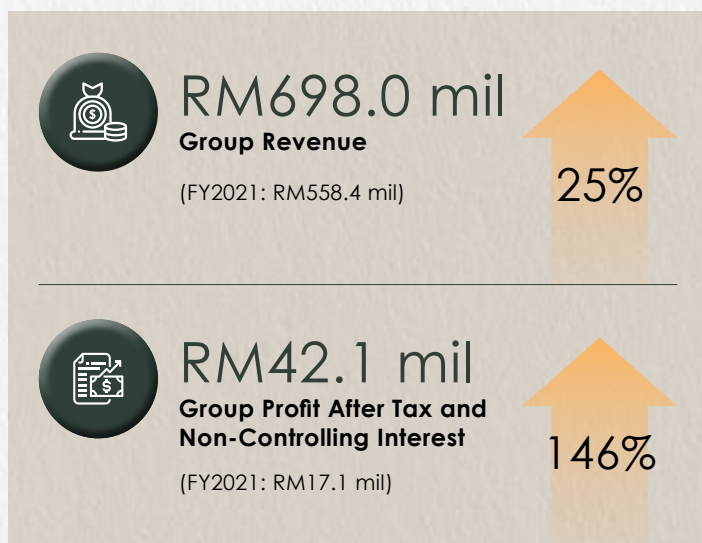
## SUSTAINABILITY STATEMENT



### STRATEGIC AND FINANCIAL RESILIENCE

Robust financial performance is vital for generating various indirect economic values for stakeholders. Through improving financial and business performance, the organisation could provide shareholders' returns, repay financiers, make tax payments which support socioeconomic factors including job creation and infrastructure development and also make donations and contributions to the community.

The Group's financial snapshot in FY2022 is presented below:



## 50%

of annual net profit paid as dividend to our shareholders

## 5.25 sen

per share, amounting to RM21.1 mil

The Financial Highlights section provides details of Deleum's financial and business performance for FY2022. Narratives discussing the results achieved are provided in this Annual Report's Management Discussion and Analysis section.

### GOOD PROCUREMENT PRACTICES

Deleum's procurement practices are guided by the Group Procurement Policy and Procedure and COBC.

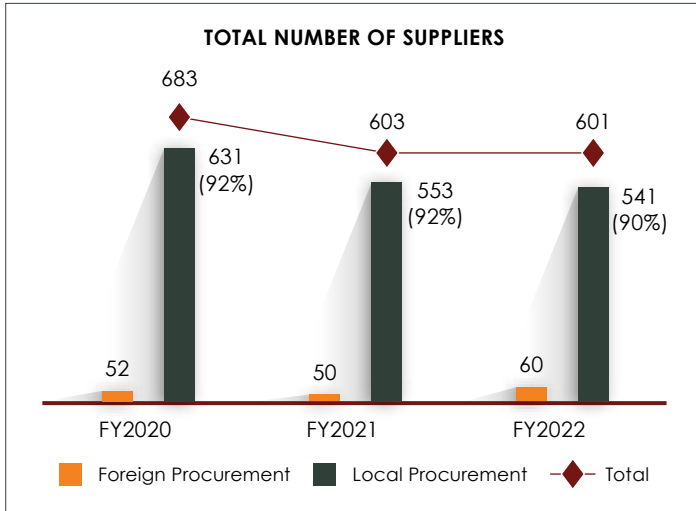
### SUPPORTING LOCAL SUPPLIERS

The Group strives to prioritise local suppliers, provided the goods and services are available in the areas that we operate in.

Local procurement enables knowledge and skills transfer and reduces environmental footprint (when compared to importing goods or services from abroad). In addition, local procurement typically has shorter supply lines and lesser resources consumed to produce and supply the goods or services.

Akin to the preceding financial year, we created jobs for about 90% of Deleum's local suppliers in FY2022. Nevertheless, the spending stood at 22% of the Group's total procurement due to relatively higher prices upon conversion from the applicable foreign currency exchange rates and specialised products and services sourced abroad.

# SUSTAINABILITY STATEMENT



## CUSTOMER SERVICE AND PRODUCT RESPONSIBILITY

Good customer services and high-quality products can help build brand loyalty and customer trust. The responsibility for customer satisfaction and service quality performance is under the purview of respective business units, which are systematically tracked, monitored, and reported as follows:

- Operational tracking and monitoring by respective business units on a quarterly basis
- Management Review Meeting for Quality and Environmental Management System, chaired by GCEO
- Management Offsite Strategy and Budget Meeting for long-term planning and decision-making, chaired by GCEO

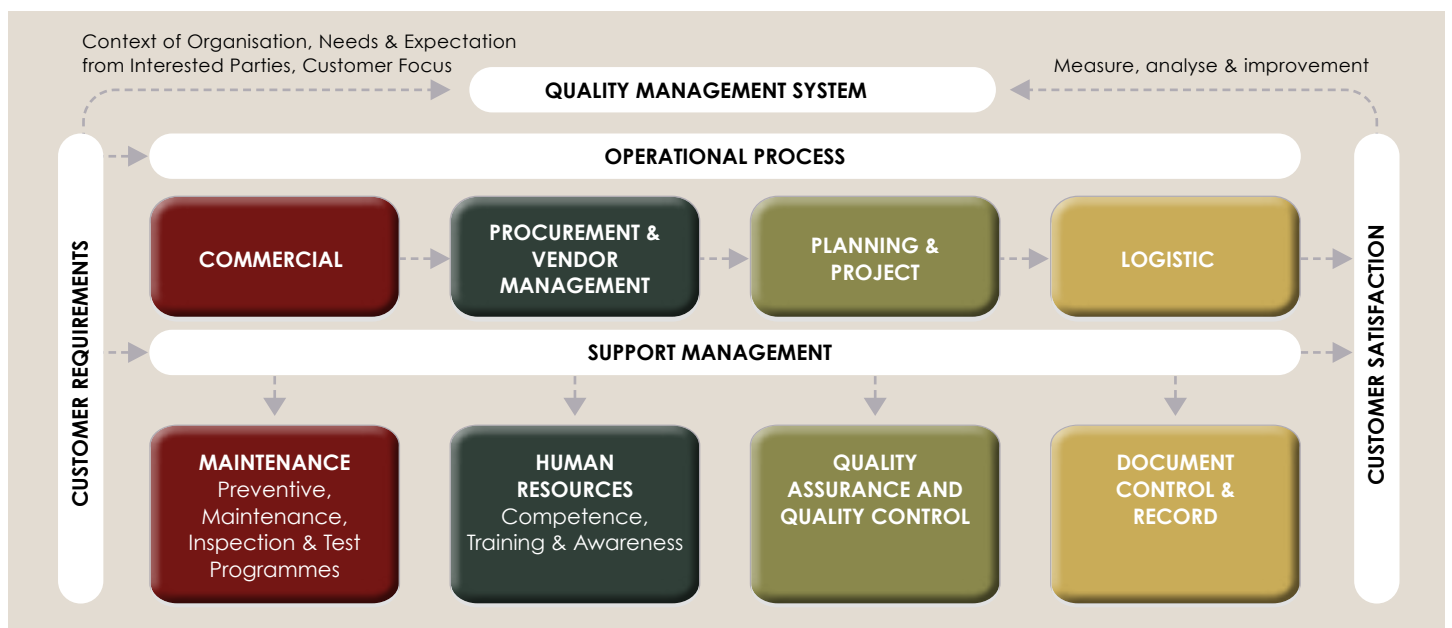
## QUALITY MANAGEMENT APPROACH

We manage our quality of products and services by adopting the Quality Policy which echoes our following commitments:

- Provide total customer satisfaction by maintaining and continuously improving on Quality Management
- Review and continually improving the Quality Management System in compliance with international standards and customers' requirements
- Ensure that Management and employees effectively implement and comply with the Quality Management requirements at all levels
- Inculcate an effective communication culture throughout our business, operations, and relevant parties

FY2022	
<b>Total Procurement Spending</b>	<b>Total Foreign Procurement Spending</b>
RM483.81	RM377.31 (78%)
<b>Total Local Procurement Spending</b>	
RM106.50 (22%)	

Note: Please refer to Our Performance Data in this Sustainability Statement for the three years comparison data.



## SUSTAINABILITY STATEMENT

### QUALITY SERVICE TO CUSTOMERS

We have adopted the Service Quality Plan to ensure project details are defined and communicated to all stakeholders, including customers to minimise risks, eliminate operational downtimes, and continuously improve quality and business standards.

In FY2022, we focused on delivering high-quality products and services with customer-focused initiatives as follows:

Initiatives	What's important
<b>Operational Excellence</b>	Enhance and improve our operational excellence through process re-structuring and re-engineering
<b>Equipment</b>	Enhance the reliability, compatibility, and adequacy of our equipment delivery with the required scopes, quality, and performance
<b>Manpower</b>	Continuous review of the adequacy and competency of our manpower to ensure the general and technical support are delivered with highest quality
<b>Service Quality Feedback</b>	Interactions with our customers on a regular basis for their feedback, among others, on: <ul style="list-style-type: none"> <li>• Health, safety, and environmental concerns</li> <li>• Product quality and delivery</li> <li>• Product pricing and credit terms</li> <li>• Anti-bribery and corruption</li> <li>• Ethical business</li> <li>• Customer ratings</li> </ul>
<b>Communication</b>	Enhance communication swiftness between customer and our people through dedicated customer-focused programmes, conference, meetings, interactions, omnichannel presence, etc.

To ensure we understand the customer needs and requirements for proactive measures, we implemented the Customer Feedback Log, a systematic and structured recording system of our customer compliments and complaints. In FY2022, the following compliments and complaints received were addressed:



*Note: Customer compliments and complaints were received through meetings, digital and verbal communications, customer satisfaction survey forms and Non-Compliance Report, including customer health and safety compliance. Please refer to Our Performance Data in this Sustainability Statement for the three years comparison data.*



## SUSTAINABILITY STATEMENT



### Protecting and Preserving The Environment

We are aware of the growing impact of climate change on the environment, communities, and business operations. These include physical, transitional, legal, and reputational risks associated with climate change.

We incorporated sustainability strategies into all aspects of the Group's operations, including reducing our environmental footprint. These strategies are a direct response to climate change and other material topics like water consumption, waste management, pollution prevention, biodiversity protection, and more.

Our Sustainability Governance Structure prioritises environmental performance, including climate change, with the Board and BRC maintaining oversight on the aforementioned topics.

We continue to implement best practices in accordance with regulatory and customer requirements, as well as the ISO 14001:2015 Environmental Management System, under which all of the Group's operations are conducted.

In addition, we have successfully complied with the regulatory requirement that we subscribed to with no major non-conformance. In FY2022, we reported zero environmental fines and penalties:



**FY2022: 0**  
Incidents Reported

FY2021: 1  
FY2020: 0

### CLIMATE CHANGE AND EMISSIONS

Deleum recognises anthropogenic climate change as a defining global issue that poses immediate and long-term threats to the environment, the economy and society. Therefore, we seek to minimise our carbon and greenhouse gases ("GHG") footprints and commit to operating responsibly.

We recognise the physical, transitional, legal, and reputational risks posed by climate change that may have material impacts on returns and long-term value to our business. Our aspiration is to deliver values for our employees, shareholders, customers, and wider society, and integrate our long-standing commitment to contribute to sustainable development through a climate resilient and environmentally friendly business model.

By upholding our commitment towards reducing the impact of climate change, we developed and implemented the Sustainability Policy, Environmental Policy, and Climate Change Policy. The policies are the testament of tone from the top of the Board and BRC as well as Senior Management on our ethical climate that is embodied throughout the Group. The policies are communicated to our stakeholders through our company website, intranet, and other various digital and conventional communication channels.



Deleum aims to operate sustainably for a greener future.



## SUSTAINABILITY STATEMENT

In committing to carbon neutrality by 2050, we have outlined the targets for carbon or GHG emission reduction, underpinned by the following initiatives:

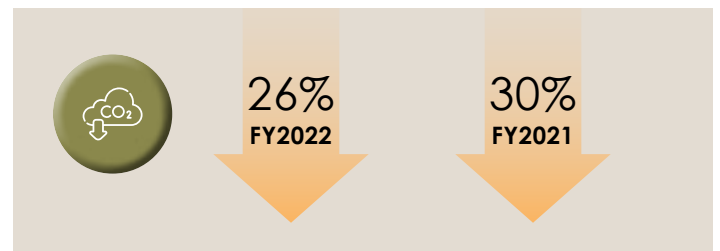
Goals & Targets	Indicator	Initiatives
<p><b>Short-term Target:</b> 15% reduction by 2026 (Scope 1 &amp; 2)</p> <p><b>Mid-term Target:</b> 30% reduction by 2035 (Scope 1 &amp; 2)</p> <p><b>Long-term Target:</b> Carbon Neutral by 2050</p>	Scope 1 & 2 GHG Emission	<ul style="list-style-type: none"> <li>• Replace conventional bulbs with installation of LED at our offices and facilities in FY2022.</li> <li>• To explore innovative ways in offsetting our electric utility bills with renewable solar energy, such as installation solar panels at our facilities.</li> <li>• To explore innovative ways in offsetting our electricity consumption such as enrolling in the Green Electricity Tariff.</li> <li>• To explore innovative ways in reducing the fossil fuel usage in our mobile combustion with the utilisation of electric forklifts as well as hybrid genset and powerpack.</li> <li>• To broaden our digitalisation innovations in our operations such as through cloud computing, virtual meetings, and telecommuting, thus reducing energy consumption, the amount of paper and other materials used.</li> <li>• To continue pursuing operational excellence initiatives through various smart ways such as light sensors, efficient water pump, power down electronic initiatives, paperless initiatives, flexible working arrangements, etc.</li> <li>• To expand our rainwater harvesting programme as part of efforts to reduce the effects of climate change by capturing and storing rainwater for later use.</li> </ul>

### CARBON EMISSIONS

Our carbon emissions produced comprise both direct and indirect emissions. The focus on energy efficiency enables reduction in energy consumption, which consequently reduces emissions. Given that carbon emissions that contribute to climate change primarily are derived from energy consumption, we continue to pursue efficiency in consumption of direct and indirect energy sources.

We remain committed to continuously adopting best practices to progressively reduce emissions across business operations. At present, we have reduced total emissions due to lower business operation activities brought by the closure of two (2) facilities. We comply with the basis of

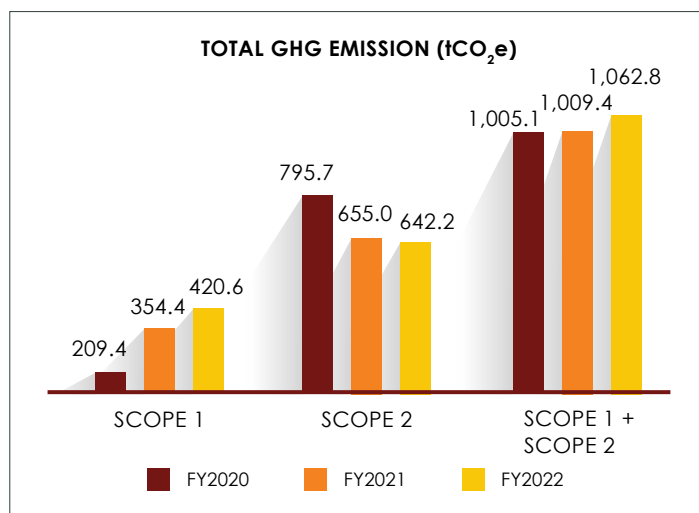
calculation as prescribed by TCFD, Protocol Corporate Accounting and Reporting Standard ("GHG Protocol"), GRI and Energy Commission's National Energy Balance 2016.



*Note: Reduction trend is based on baseline year 2019 with total Scope 1 and 2 emissions of 1,442.9 tCO<sub>2</sub>e (Scope 1: 443.1 tCO<sub>2</sub>e and Scope 2: 999.8 tCO<sub>2</sub>e).*

## SUSTAINABILITY STATEMENT

At Deleum, Scope 1 energy typically comprises diesel and petrol. Diesel and petrol are used to power machinery and generator sets as well as vehicles. Scope 2 energy comprises mainly electricity sourced from the local grid. Following are the Group's total emissions based on Scope 1 and 2 sources in metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) in reference to GHG Protocol, as presented below:

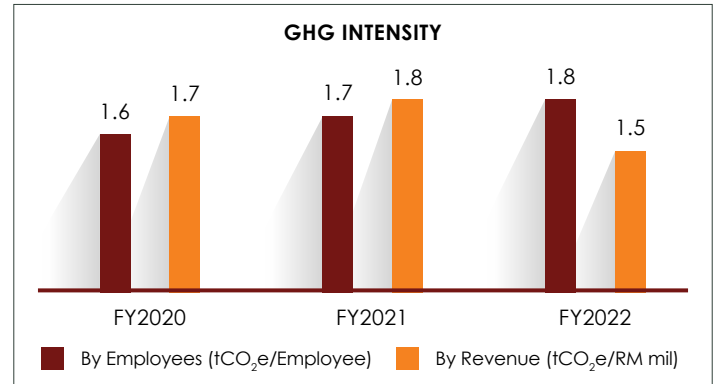


Note: The reduction has taken into consideration the closure of facilities in Kajang and Bintulu in FY2021 that reflected lower Scope 2 emissions in FY2022.

### GHG INTENSITY

GHG intensity refers to the amount of greenhouse gas (GHG) emissions that are produced per unit of activity, such as per unit of energy consumed or per unit of product manufactured.

By measuring GHG intensity, it is possible to identify opportunities for reducing emissions and improving the sustainability of various industries and processes.

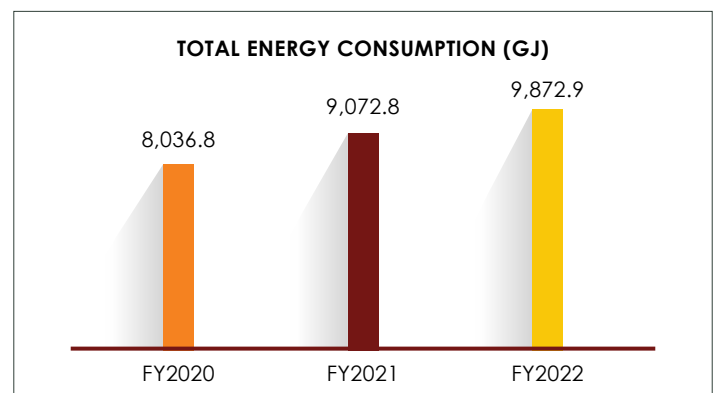


Note: GHG intensity is quantified by dividing the total GHG emission with the Group's total revenue and total number of permanent employees.

### ENERGY EFFICIENCY

Our energy efficiency endeavour is driven by both commercial and sustainability aspirations. We committed to reduce our emissions by the reduction of the energy used in our operations in innovative and efficient ways. The commitment to this convention is reflected in our Climate Change Policy.

The Group continues to adopt best practices in managing and reducing emissions where possible. Deleum strives to pursue efficiency in consumption of Scope 1 and Scope 2 energy sources, whilst also exploring greater use of renewable energy.

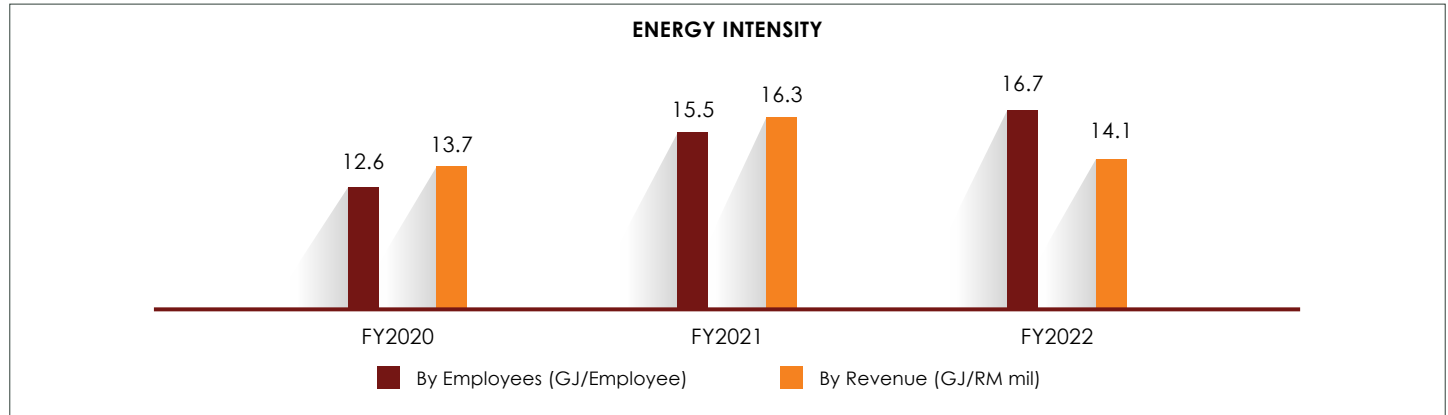


Note: Three years' energy consumption data have been updated to include both Scope 1 energy sources (Diesel and Petrol) and Scope 2 (Electricity).

## SUSTAINABILITY STATEMENT

### ENERGY INTENSITY

Energy intensity measures the efficiency of energy use in an economy, and it has several important implications. We have initiated steps to improve our energy efficiency to uphold our commitment for more strategic climate change and planning.



Note: Energy intensity is quantified by dividing the total energy consumption with the Group's total revenue and total number of permanent employees.

### PRACTISING CLIMATE CHANGE RISK MANAGEMENT

We have established and integrated the climate related risk management process and practice into the Sustainability Framework that includes the principal guidelines to manage the climate change-related matters.

The principal guidelines make reference to the TCFD recommendations, where the process and procedures implemented are for climate risk management. We intend to build this initial work with a more detailed assessment and analysis as well as disclosures in the coming year. In FY2022, we integrated the climate related risk management process and practice with the enterprise risk management, as well as identified climate change associated risks that may impact the Group's business value chain in both short, medium and long term.

Principal guides	Practice and process in climate-related risk management
<b>Identify and assess climate change-related risks</b>	<ul style="list-style-type: none"> <li>Identify and assess climate change risks over the short, medium, and long term for physical and transition risks</li> <li>Report to MCRC, BRC and Board</li> </ul>
<b>Manage climate change-related risks</b>	<ul style="list-style-type: none"> <li>Monitor performance against targets set</li> <li>Monitor and report the indicators of Scope 1 and 2 on a regular basis</li> <li>Identify actions to reduce carbon emissions</li> </ul>
<b>Integrate into enterprise risk management</b>	<ul style="list-style-type: none"> <li>Streamline and integrate into a single risk reporting structure to MCRC, BRC and Board on a quarterly basis</li> <li>Consolidate and integrate the climate change risk into the multi-disciplinary risk heat map at enterprise-wide level</li> <li>Include climate change risk as part of our risk taxonomy and inventory</li> <li>Climate change risk assessment process is governed by the risk related framework policy and procedures, i.e. the ERM Framework</li> </ul>

## SUSTAINABILITY STATEMENT

### Deleum's Potential Physical and Transition Risks

Risk Category	Type	Potential Risk	Estimated Time Horizon		
			Short	Medium	Long
Physical	<b>Acute</b> Increased severity of extreme weather events	Strong winds and floods may affect our people and assets	●	●	●
	<b>Chronic</b> Changes in precipitation patterns and extreme variability in weather patterns	Rising sea levels and extreme heat	●	●	●
Transition	<b>Policy and Legal</b>	Increasing disclosure requirements	●		
		Potential of carbon pricing (e.g. carbon market, emissions trading system and carbon tax)	●	●	
	<b>Technology</b>	Costs to adopt low emissions technologies (i.e. digitalisation, light emitting diode lighting installation, electrify the operations to reduce fuel, etc.)	●	●	
	<b>Market</b>	Increasing customer preferences for low-carbon products and services	●	●	
	<b>Reputation</b>	Increasing stakeholder scrutinisation, concern and feedback	●		

Note: Short term is <5 years; Medium term is 5–10 years; and Long term is >10 years.

Given the impact of global temperature increase at 1.5 to 2.0 degree Celsius, we took proactive steps by performing simulation of test scenarios to help in our planning and adaptation:

- Review and implement the Group's Business Continuity Management system involving the simulation of test scenarios at operational facilities. The simulation is performed to validate the effectiveness of the response system, recovery strategies, level of competency and readiness as guided by Business Continuity Plan.
- Risk travel alert and awareness to our operations guided by the Adverse Weather Safety Campaign guidelines. The guideline, amongst others, alerts on the possibility of hazards scenarios e.g., sea swell, boat rocking and rolling motion due to strong winds.

- Monitor the weather through precipitation monitoring based on rainfall and Met Malaysia's weather forecasting.
- Mobilise our Emergency Response Team to help flood victims.

### ENABLING CUSTOMERS TO IMPROVE THEIR CLIMATE CHANGE PERFORMANCE

We look to reducing environmental impacts across the supply chain. One of our subsidiaries, DOSSB has entered into an agency agreement as LatConnect 60's agent to promote, market and sell LatConnect 60's monitoring system within the oil and gas industry in Malaysia, Indonesia, Thailand, and Australia. This enables our customers to monitor their GHG footprint such as methane emissions through the high-resolution satellite imagery data via EONET capability as well as analytic solutions.

## SUSTAINABILITY STATEMENT

### POLLUTION AND RESOURCES USES

Deleum recognises our operations may generate pollution to air, water, and land, and consume finite resources that may threaten people, ecosystem services and the environment.

We committed to sustainable environmental protection, minimising the potential pollution impact on the environment and to protect the environment by prevention of pollution, reduction of waste and water, and minimisation of consumption resources. We strive to explore best solutions in advancing the reduction of the pollution and resources used in our operations with efficient and innovations of operational excellence. The commitment to these conventions is reflected in our Sustainability Policy, Climate Change Policy, and Environmental Policy.

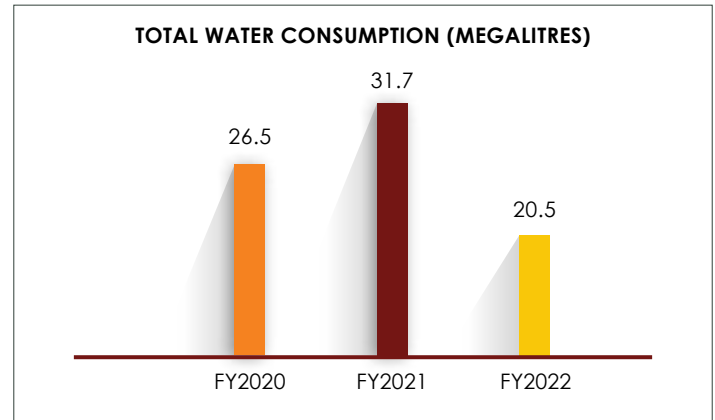
These policies are a testament from the top of our commitment to a sustainable environment, protecting and minimising the potential impact resulting from the pollution and resources used. The policies are communicated to our stakeholders through our company website, intranet, and various digital and conventional communication channels.

To reduce the impact of pollution and resources used management and to improve efficiency, we stay committed to operating in a structured Environmental Management Systems and to promote the sustainable use of resources including waste and water. Such initiatives emphasise our roles and responsibilities to fight climate change, conserve and promote the efficient use of natural resources and to protect the ecosystem, as summarised below:

- Training, learning and awareness (i.e. Course for Certified Environmental Professional in Scheduled Waste Management and regular chemical handling awareness)
- Responsible Scheduled Waste Management
- Periodical assurance of Environmental Management System
- Routine Noise Boundary Programme
- Rainwater Harvesting Programme
- Recycling programmes and practices 6R (Reuse, Reduce, Refuse, Repurpose, Recycle, Rethink)

### WATER MANAGEMENT

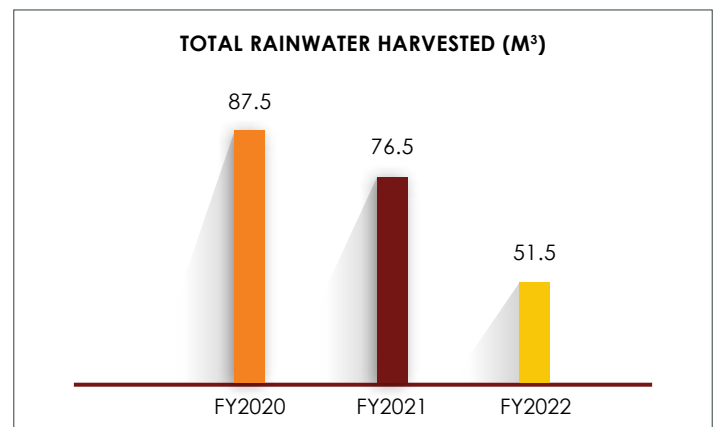
Deleum does not operate in any water stressed areas nor does it face water supply challenges. The Group's total water consumption, is presented below:



Note: The reduction has also taken into consideration the closure of facilities in Kajang and Bintulu in FY2021. In FY2022, no consumption was recorded in these facilities.

Water consumption is scoped to water used in operations. Water consumed is mainly treated freshwater from municipal sources, as well as rainwater, harvested at the Teluk Kalong Facility.

Deleum's plan is to progressively implement rainwater harvesting systems at other operating sites as part of its continuing efforts.



Note: Decreased rainwater harvesting in FY2022 was due to lower rainfall as compared to preceding years.



## SUSTAINABILITY STATEMENT

In promoting water management efficiency, we have taken the following initiatives to control the amount of water used:

- Minimise water pressure and outflows for toilets, washbasins and pantries
- Reduce water leakage through regular maintenance

### WASTE MANAGEMENT

Efficient waste management continues to be a key area in our environmental management. We strongly believe in waste prevention where possible, as we strive to reduce

our waste to disposal across our operations. We remain guided by a waste management hierarchy, and we comply with the Environmental Quality Act 1974, allowing us to manage waste based on potential benefits.

We are committed to promote efficient use of resources in our facilities, including the reduction of hazardous and non-hazardous materials and products as well as the reduction of waste through an effective waste management programme.

We are also committed to managing our waste efficiently to reduce the impact with the following principles:

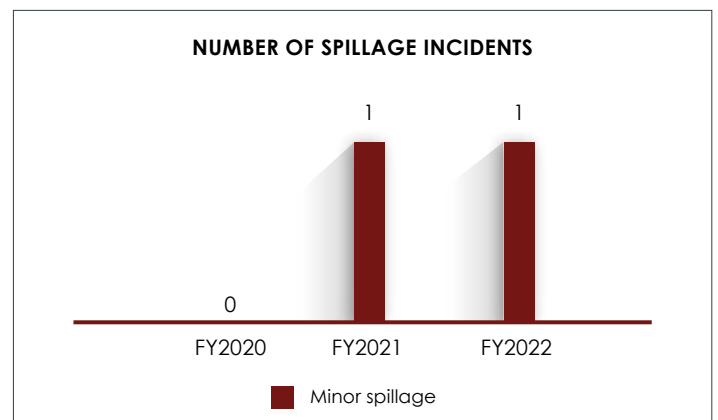


Our hazardous and non-hazardous waste are managed according to the First Schedule of the Environmental Quality Act 1974. Our waste inventory is in line with the Environmental Quality (Scheduled Wastes) Regulations set by the Department of Environment.

In FY2022, Deleum set the zero spillage target as we strive for a safe workplace. Nevertheless, despite our efforts to reduce, prevent or reduce the possibility of spillage, one minor spillage was reported in FY2022.

We immediately took action to collect and contain the residual, control spread of liquid and dispose the waste in conformance with regulations and, our policies and procedures. We continued our efforts by intensifying

our inspections and supervision, raising awareness, and tightening our processes.



## SUSTAINABILITY STATEMENT

In continuing to promote zero spillage to avoid pollution, we have outlined the targets and initiatives, underpinned by the following initiatives:

<b>Goals &amp; Targets</b>	<b>Zero spillage in FY2023</b>
<b>Indicator</b>	Number of incidents
<b>Initiatives</b>	<ul style="list-style-type: none"> <li>• Continuous training and awareness</li> <li>• Periodic inspections and audits</li> <li>• Periodic reviews and assessments of environmental aspects and impacts</li> <li>• Structured tracking, monitoring, and reporting</li> <li>• Practise "6R" – Reuse, Reduce, Refuse, Repurpose, Recycle, and Rethink</li> <li>• Scheduled waste management</li> </ul>

In FY2022, we generated a total 41.6 metric tonnes of wastes, as follows:

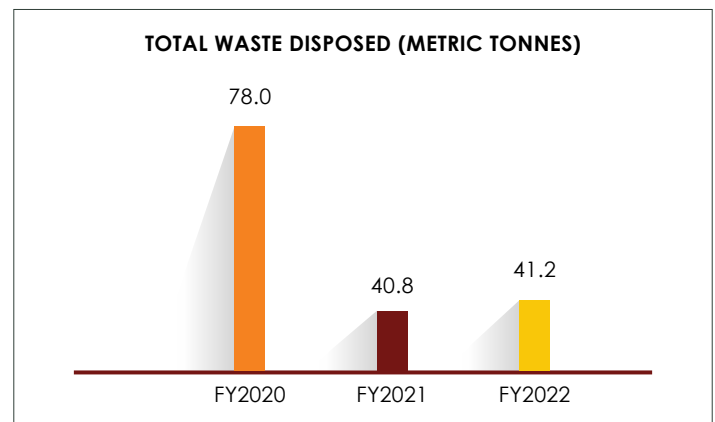
Wastes Data	FY2020	FY2021	FY2022
	Metric Tonnes		
Non-recyclable wastes directed to disposal	78.0	40.8	41.2
Recycled wastes diverted from disposal	-	-	0.4
<b>Total wastes generated</b>	<b>78.0</b>	<b>40.8</b>	<b>41.6</b>

*Note: The reduction took into consideration the closure of facilities in Kajang and Bintulu in FY2021.*



### DISPOSING OUR WASTE

We promote efficient use of resources in all our facilities by reducing usage of hazardous materials and products whilst practising effective waste management and recycling initiatives. The total non-recyclable waste directed to disposal is as follows:



*Note: The sources of waste directed to disposal (non-recyclable) are from operations, supply bases and services facilities. All waste directed to disposal (non-recyclable) are categorised as hazardous waste.*

All hazardous wastes are managed by our in-house Certified Schedule Waste Competent Person registered and recognised by the Department of Environment, in conformance with Environmental Quality Act 1974 and ISO 14001: 2015 Environmental Management System.



### RECYCLING OUR WASTE

To minimise impact on the surrounding communities and environment, waste generated from our operations are being managed responsibly through recycling. We have kickstarted our recycling waste "6R" programme through Plogging Day.

Recycling is practised within our premises, where recyclable items such as paper, cardboard boxes, plastic, e-waste, aluminium waste, bottles, and cans are collected by recycling contractors.

## SUSTAINABILITY STATEMENT

In FY2022, total recycled wastes diverted from disposal recorded, is as follows:



*Note: Recycled waste diverted from disposal was only collected from FY2022 onwards.*

Our organisation strives to reduce paper usage by moving our conventional filing system to online platforms, transforming manual forms to electronic forms and practising sustainable hybrid working model.



### ► WASTE LIFE-CYCLE

We have implemented a structured programme for the storage and collection of waste and recyclables. The initiative includes providing dedicated areas and storage for the collection and recycling of non-hazardous material such as recycled drums and recycled paper stations.

#### Waste Generation

All hazardous waste are managed by our own Certified Schedule Waste Competent Person registered and recognised by the Department of Environment (DOE).

#### Waste Collection & Disposal

Licensed third-party contractors are used for waste disposal. All contractors are approved by the DOE. Our plan is to work with the contractor on GHG emission during the transportation activity.

#### Waste Treatment

We collect and identify the type of waste produced in tonne. For each waste type, we use the average data method to calculate the mass of waste emissions based on their specific waste treatment method applied.

We continuously seek innovative ways for our waste management. We have an in-house chemical professional that is able to provide advice and facilitation to our operations team. Regular reviews, briefings, site visits as and when required takes place for the best solutions in managing our waste efficiently.



### ► IMPROVING SUPPLY CHAINS' ENVIRONMENTAL PERFORMANCE

Over the course of our supply chain, we are increasingly focused on reducing environmental impacts. This includes enabling customers to reduce their environmental impact footprint.

Since 2012, our subsidiary, Deleum Technology Solutions Sdn. Bhd. ("DTSSB") (formerly known as Deleum Primera Sdn. Bhd.) has been providing its customers a low pollution approach in surface preparation with the use of sponge media abrasive technology.

The result is an eco-friendly and safer approach that employs dustless blasting. Dustless blasting reduces air emissions and is thus safer as workers are not exposed to dust particles.

Deleum continues to combine Sponge-Jet technology and, rust and paint removal technology for our tank cleaning services.



## SUSTAINABILITY STATEMENT

### BIODIVERSITY

Though biodiversity may not be directly material to the Group's operations, we believe we can and should contribute to biodiversity conservation and preservation to reduce the impact on biodiversity.

To the best of our knowledge, the Group does not operate in locations or locations adjacent to sites deemed to be high in biodiversity value, or sites which contain flora and fauna species deemed to be on the International Union for Conservation of Nature ("IUCN") Red List. We do not encroach into areas that provide critical refuge to known vulnerable or endangered species.

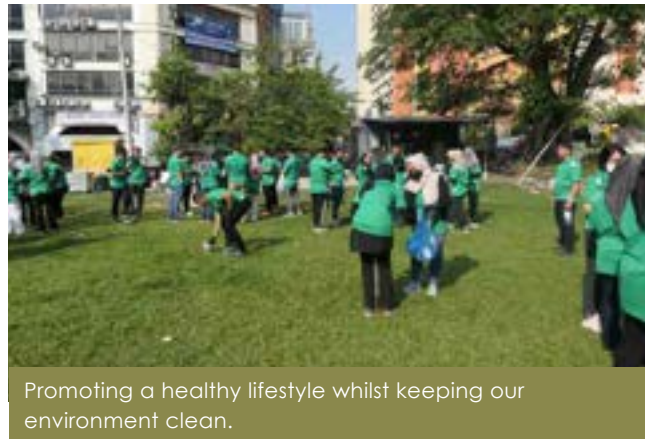
Deleum aspires to explore possibilities working with non-governmental organisations ("NGOs") and other bodies towards providing support for their environmental related activities. Since 2019, Deleum has collaborated with Malaysian Natural Society to support its mangrove rehabilitation project at the ecoCare Environmental Education Centre ("EEC"), Kerteh, Terengganu.

In our endeavour to protect and preserve biodiversity, we have carried out initiatives with our employees volunteering for the following projects:

- Mangrove Education Talk for students of SMK Kampung Baru Kerteh
- Mangrove Trekking
- Mangrove Seeding Mangrove Planting
- Plogging Day



Contributing to the environment, one tree at a time.



Promoting a healthy lifestyle whilst keeping our environment clean.

The Plogging Day, organised with the active participation and volunteering of employees, aimed to promote a healthy lifestyle, and instil a culture of waste recycling within the organisation. As a result, we have collected 0.4 metric tonnes of recyclable waste from multiple operational sites.

**12 August 2022**

Bangsar Utama, Bangsar,  
Kuala Lumpur.

**20 September 2022**

Taman Awam, Miri,  
Sarawak.

**24 August 2022**

Kuala Kemaman  
beaches, Kemaman,  
Terengganu.

**1 October 2022**

Pantai Pancur Hitam,  
Labuan.

In upholding our commitment to net positive biodiversity impact, we continue to monitor the environmental impact of our business presence and operations.



## SUSTAINABILITY STATEMENT



Deleum places equal emphasis on social and environmental concerns. As a responsible employer in the oil and gas sector, our primary social impact is on our employees, casual workers, customers, principal, business partners, suppliers and the local communities in where we operate in.

Therefore, the key social topics relevant to our Group include fair employment, labour standards, human rights, talent management, occupational health and safety, and community development.

### FAIR EMPLOYMENT AND HUMAN RIGHTS

We strive to nurture an open, efficient, and inclusive workplace enabling our employees to be the best version of

themselves. We believe diversity of ideas and perspectives enhances business innovation and productivity. High calibre and professional talent are essential in driving higher productivity and ensuring operational excellence across the organisation.

We are guided by the United Nations Universal Declaration of Human Rights, the International Labour Organisation standards, the Malaysian Employment Act (Amendment) 2022 as well as the labour laws of other countries in which we operate.

We continue to uphold our track record of zero incidents or substantiated complaints received of infringement of labour standards and human rights, women's rights, children's rights, indigenous people's rights, as well as non-discrimination and harassment.

0

**Incidents or substantiated complaints received concerning labour standards, human rights, women's rights, child rights and indigenous people's rights violation as well as non-discrimination and harassment since FY2020**

### OUR COMMITMENT AND VALUES

<b>UN Universal Declaration of Human Rights</b>	Deleum upholds fundamental human rights in accordance with the UN Universal Declaration of Human Rights. In all that we do, we strive to protect the rights of our people, suppliers, and the communities in which we operate.
<b>Policy Statement on Human Rights and Labour Standards</b>	<p>We will continue to uphold our commitment to human rights conventions, as reflected in our Policy Statement on Human Rights and Labour Standards, which was reviewed and updated in FY2022.</p> <p>The policy is available in English and Bahasa Malaysia and has been communicated to our employees. The policy applies to our employees as well as our suppliers and contractors.</p> <p>The full policy can be found at <a href="http://www.deleum.com">www.deleum.com</a>.</p>
<b>Board and Management Oversight</b>	The Board and Management provides oversight, leadership and advice on strategic human capital matters, people development, organisational culture, and employee well-being.



## SUSTAINABILITY STATEMENT

<b>Minimum Wages</b>	Our business operations meet the standards of national labour regulations, including the Employment Act (Amendment) 2022 and the Minimum Wages Order 2022 that came into force on 1 May 2022. The commitment to these conventions is reflected in the Policy Statement on Human Rights and Labour Standards.
<b>Non-Discrimination and Uphold Diversity</b>	<p>We have zero tolerance for any form of discrimination against race, religion, gender, age, ethnicity, marital status, sexual orientation, disabilities, nationality or other social characteristics unrelated to job performance and any form of discrimination or prejudice in the workplace.</p> <p>We are also committed to gender pay parity and equal employment, and ensuring our workplace is free from any form of harassment, whether by internal or external parties, as stated in our COBC and Policy Statement on Human Rights and Labour Standards.</p>
<b>Right to Freedom of Association</b>	<p>We support and respect the right to freedom of expression for our employees and encourage them to raise, in good faith work-related feedback, concerns, inquiries, and thoughts via all available communication channels, including the whistleblowing channel, without fear of any retaliation.</p> <p>Our employees are also free to associate themselves with any organisation as long as they are compliant with the Federal Constitution, other applicable laws, our COBC and relevant internal policies. We respect those rights and are committed to treating all employees with dignity and respect.</p>
<b>Rights to Collective Bargaining</b>	<p>Deleum is in compliance with local labour laws pertaining to rights to collective bargaining. We are not a unionised organisation but we respect the legal rights of employees to become members of a labour union in accordance with governing laws and regulations.</p> <p>We continuously engage with our employees and casual worker representatives on various feedback for improvement of their welfare and well-being. Amongst the mechanisms in place are having representatives of employees to be part of the HSE Committee to manage health and safety issues at the workplace.</p>
<b>Working Conditions, Forced Labour And Child Labour</b>	<p>We continue to monitor the labour conditions of all employees working in our business locations as per labour regulations, including work hours, overtime, safe workplace. We continuously engage with our employees and casual worker representatives on various feedback for improvement on their welfare and well-being.</p> <p>We have zero tolerance for forced labour and we do not employ illegal workers or those working under forced labour or modern slavery conditions. We acknowledge that all employees have the right to enter employment with Deleum on a voluntary basis and will not make use of forced labour in any of our areas of operations.</p> <p>We have zero tolerance for child labour and comply with child labour laws in the countries we operate.</p>

## SUSTAINABILITY STATEMENT

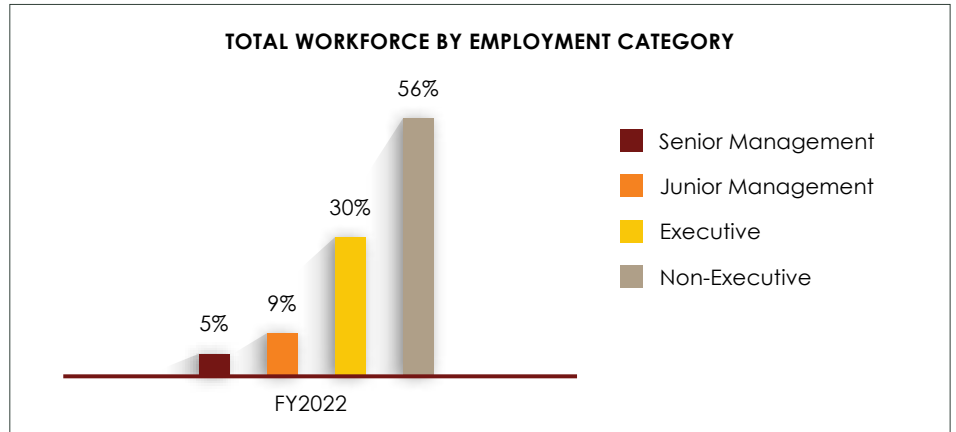
<b>Promote Young Talent</b>	<p>Deleum supports temporary workplace internship programmes for fresh graduates to support employment and development of young talent. The commitment to these conventions is reflected in our Policy Statement on Human Rights and Labour Standards.</p> <p>We have in place an internship programme where fresh graduates are provided with on-the-job training and soft skills, and their performance are supervised and monitored for development for their career progression.</p> <p>In FY2022 we demonstrated our interest in young talent as follows:</p> <ul style="list-style-type: none"> <li>• Employed 10 interns (aged 21-24 years old). As part of the internship programme, there were regular engagements with our senior leadership, for instance a lunch and dialogue session hosted by the GCEO on 7 September 2022.</li> <li>• Collaboration with a local university sponsoring young talent in the petroleum engineering field.</li> </ul>
<b>Bullying and Harassment</b>	<p>We view bullying and harassment including sexual harassment as a serious misconduct that undermines the dignity and respect of our employees.</p> <p>To raise awareness on sexual harassment, we have exhibited conspicuous notices on sexual harassment at the place of employment.</p> <p>Any reported bullying and harassment including sexual harassment will be thoroughly investigated and will be treated as serious misconduct.</p>
<b>Equal Pay and Equal Work</b>	<p>In line with our Equal Pay for Equal Work Policy, employees in identical positions receive similar remuneration regardless of their gender, ethnicity, and other social identities.</p>
<b>Compliance with Working Hours and Claim</b>	<p>We operate in full compliance to applicable laws and regulations in relation to wages, work hours, overtime, claims and benefits.</p> <p>Based on the stipulated Employment Act (Amendment) 2022 and our principle of promoting well-being to our employees, we are committed to offer flexible working arrangements, as well as overtime claims for eligible employees whose wages fall below RM4,000 a month.</p>

## OUR PEOPLE PROFILE

<b>Total number of workforce*</b> 781	<b>Number of permanent employees</b> 592	<b>Number of contract employees</b> 88	<b>Number of casual workers</b> 101
<b>Percentage of permanent employees</b> 76%	<b>Percentage of contract employees</b> 11%	<b>Percentage of casual workers</b> 13%	<b>Percentage of workforce with a disability</b> 0%

\*Note: Total number of workforce refers to permanent, contract and temporary (casual workers).

# SUSTAINABILITY STATEMENT



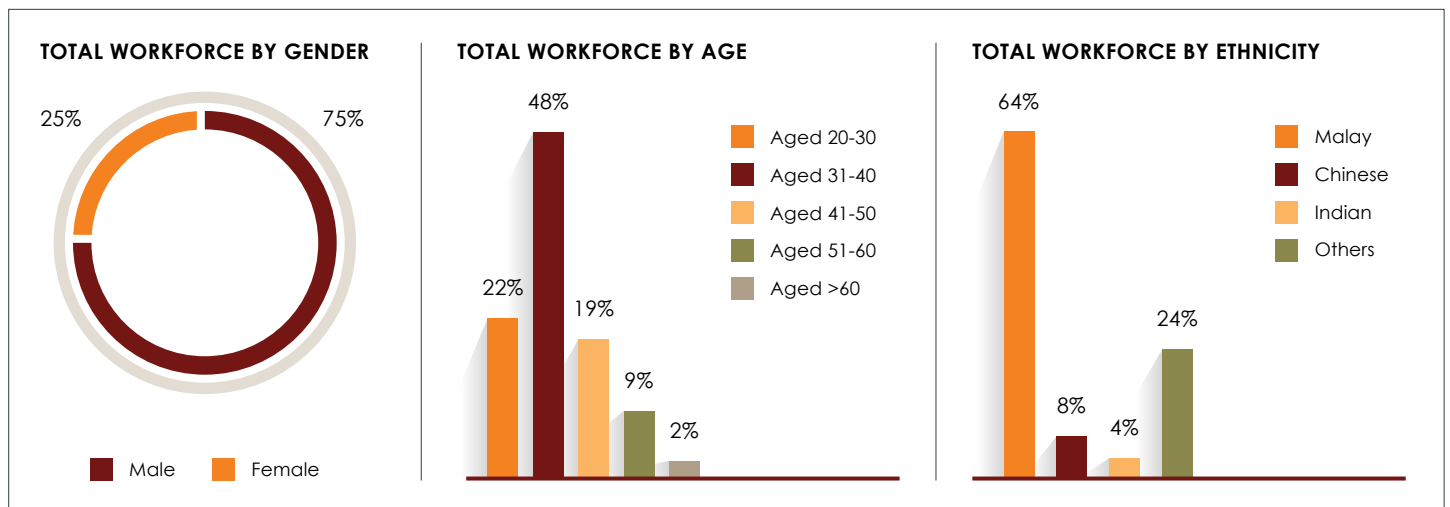
Note: Senior Management profile comprises Senior Managers, General Managers, C-Suites, and Group Chief Executive Officer positions. Meanwhile, Junior Management profile comprises Assistant Manager and Manager positions.

## FOCUS ON LOCAL TALENT

We support local talent and are committed to local employment. Local employments made up 99% of our total workforce in FY2022 and this includes 97% of local talent for Senior Management. We hire and promote our people based on meritocracy across our operations in Malaysia, Indonesia and Thailand.

We also celebrate local talents in our Sabah and Sarawak operations, with the composition of 24% of our total workforce in FY2022. We strive to carry on with balancing our needs with that of the communities where we serve, remain steadfast with our commitment to employ, and develop local talents to enrich the local economy.

## CELEBRATING DIVERSITY IN OUR PEOPLE

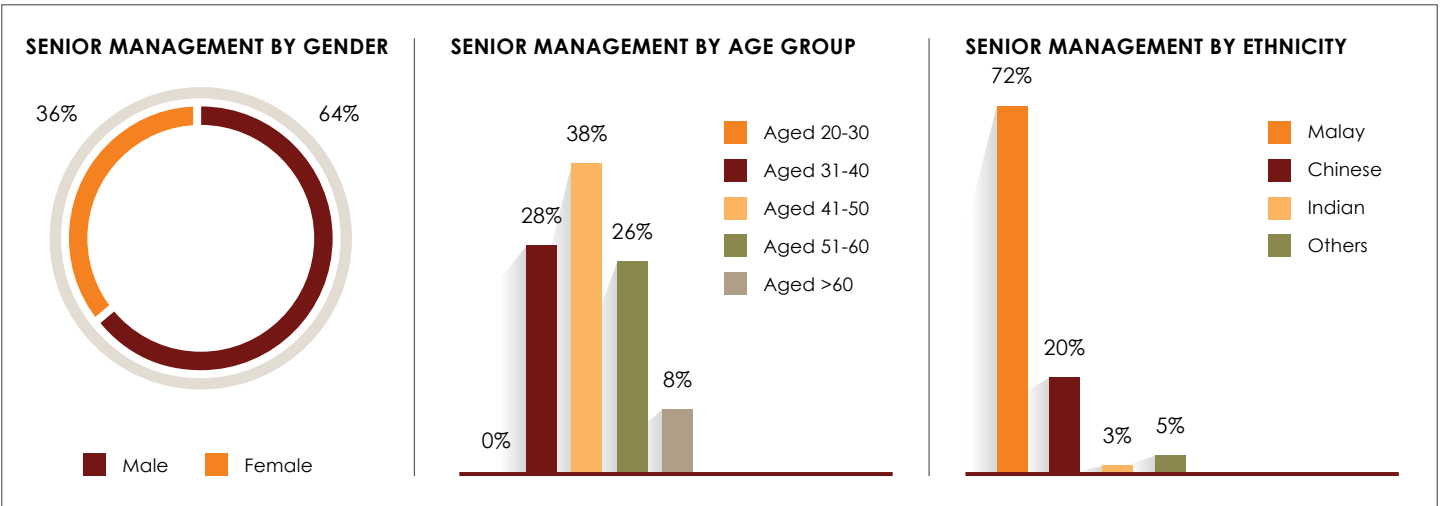


Note: Others represent ethnic groups for Bumiputera Sabah and Sarawak, such as Iban, Dayak, Kadazan, Bidayuh and more. Please refer to Our Performance Data in this Sustainability Statement for the three years comparison data.

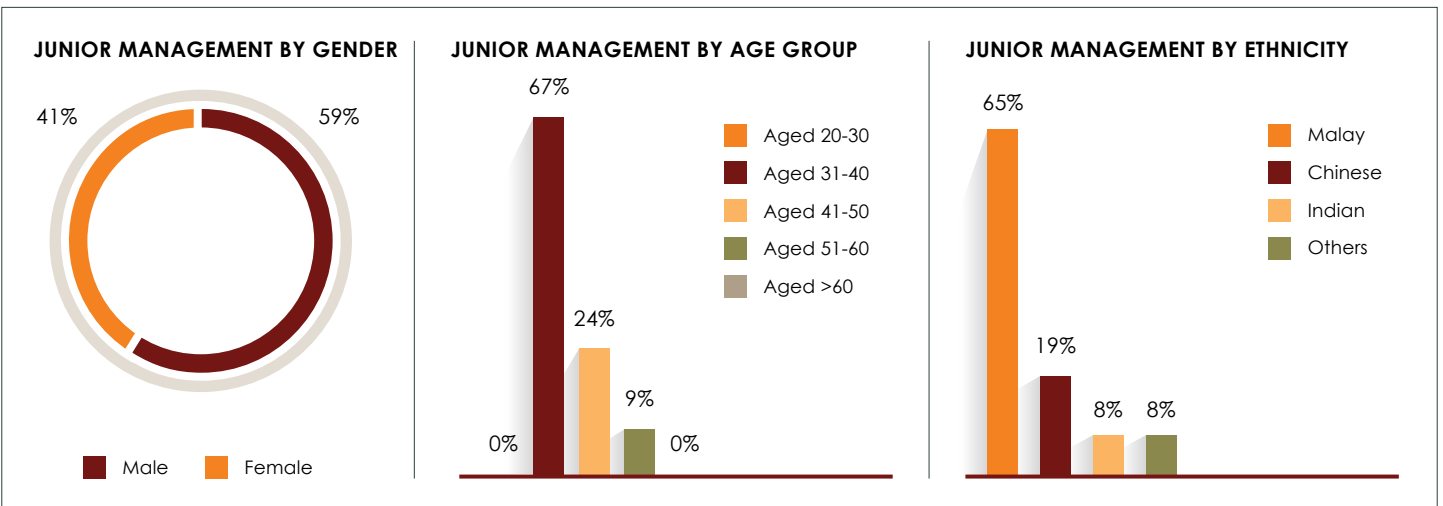
# SUSTAINABILITY STATEMENT



## ► SENIOR MANAGEMENT PROFILE



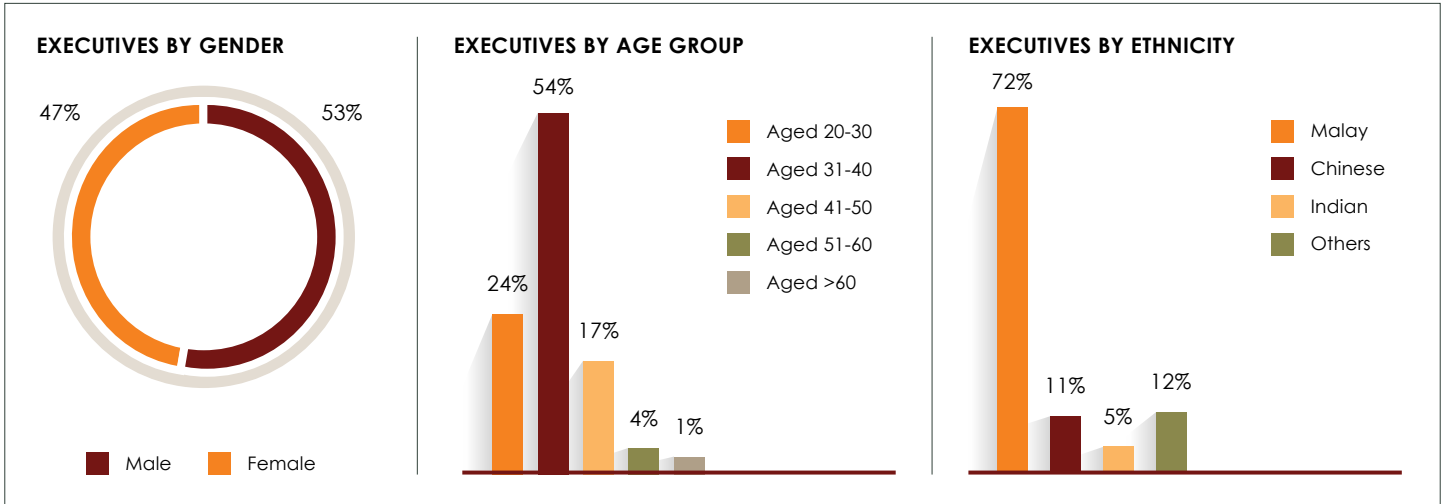
## ► JUNIOR MANAGEMENT PROFILE



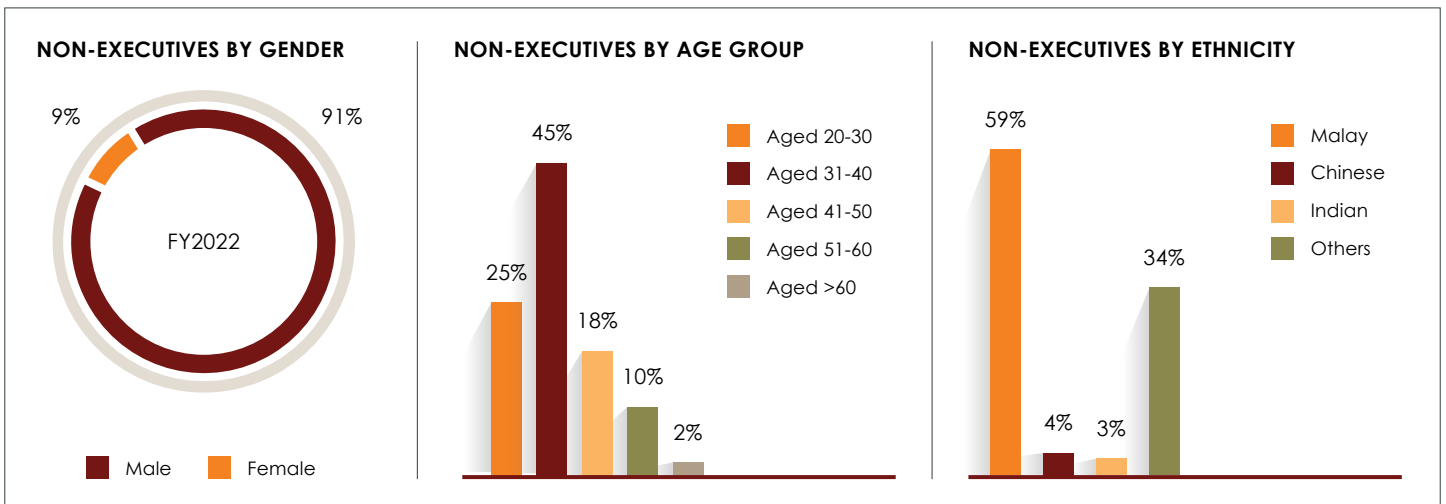
# SUSTAINABILITY STATEMENT



## EXECUTIVES PROFILE



## NON-EXECUTIVES PROFILE





## SUSTAINABILITY STATEMENT



## ▶ TURNOVER DATA

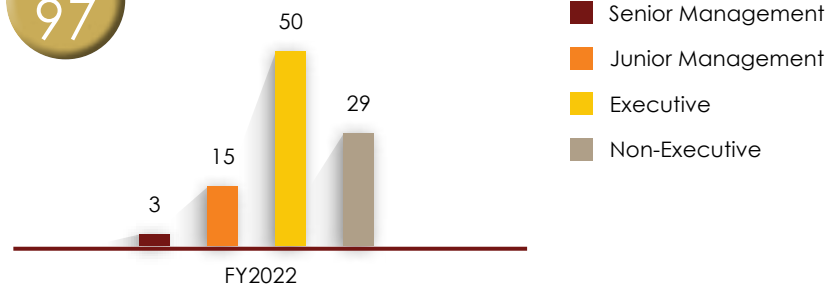


Total  
Turnover Rate

16%

## TOTAL TURNOVER BY EMPLOYMENT CATEGORY

Total  
97



Note: Please refer to Our Performance Data in this Sustainability Statement for the three years' comparison data.

## REMUNERATION AND REWARDS

We continuously drive a high-performance culture by nurturing our talent and investing in their professional growth. To retain and attract the best talent, we ensure:

- The total remuneration remains competitive by benchmarking against market data from time to time
- Our performance management strategy includes a balance between performance-linked bonuses, increments with competitive benefits and welfare
- Factors including professional qualifications, sector experience, seniority, competencies and job responsibilities are considered to provide fair compensation packages for individual talents
- Rewarding high performance talent with recognition awards (i.e. Most Valuable Person)
- Honouring our loyal employees with long service awards

The following are the employees' salaries, bonuses, benefits, EPF and SOCSO contribution:

## Total Payments Made for Employee Benefits



Salaries and  
Bonuses

RM84.78 mil

FY2022

FY2021: RM84.36 mil

FY2020: RM93.71 mil



Employees'  
Retirement  
Benefits (EPF)

RM9.31 mil

FY2022

FY2021: RM9.24 mil

FY2020: RM10.13 mil



Social and  
Security  
Protection

RM0.78 mil

FY2022

FY2021: RM0.78 mil

FY2020: RM0.90 mil

## SUSTAINABILITY STATEMENT

### WELFARE FOR OUR EMPLOYEES

Our permanent employees are entitled to the following benefits:

 <p><b>Leave</b></p> <ul style="list-style-type: none"> <li>• Annual Leave</li> <li>• Medical Leave</li> <li>• Hospitalisation Leave</li> <li>• Prolonged Illness</li> <li>• Marriage Leave</li> <li>• Paternity Leave</li> <li>• Maternity Leave</li> <li>• Study and Examination Leave</li> <li>• Special Leave</li> <li>• Replacement Leave</li> <li>• Public Holiday Leave</li> </ul>	 <p><b>Medical</b></p> <ul style="list-style-type: none"> <li>• Group Personal Accident</li> <li>• Group Term Life Insurance</li> <li>• Group Hospitalisation &amp; Surgical</li> <li>• Outpatient</li> <li>• Dental and Optical</li> <li>• Maternity</li> <li>• Preventive Health Screening</li> </ul>	 <p><b>Other Benefits</b></p> <ul style="list-style-type: none"> <li>• Overtime</li> <li>• Business Travel Benefits</li> <li>• Compassionate Financial Assistance</li> <li>• Emergency Loan</li> <li>• Professional Membership</li> </ul>
--	--	--

All female employees at Deleum are entitled to 98 consecutive days of maternity leave and male employees are eligible for 7 days of paternity leave, in line with the Employment Act (Amendment) 2022.

In the year under review, we offered financial assistance to our underprivileged employees, promoting their career progression by encouraging and providing support to reskill and upskill their competency through training and certification courses. We also provided compassionate financial assistance to employees who were affected by unfortunate events such as floods and other calamities.

Breastfeeding employees are supported with amenities at our office.

 <p><b>FY2022: 32</b> <b>Paternity Leave</b></p> <p>FY2021: 28 FY2020: 27</p>	 <p><b>FY2022: 14</b> <b>Maternity Leave</b></p> <p>FY2021: 14 FY2020: 14</p>
--	--

Return to Work		FY2020	FY2021	FY2022
<b>Return to Work Rates</b> (return to work after parental leave period)	Male	100%	100%	100%
	Female	100%	100%	100%
<b>Retention Rates</b> (remain with the organisation for 12 months or more post parental leave)	Male	85%	96%	94%
	Female	71%	79%	86%

## SUSTAINABILITY STATEMENT

### HONOURING CULTURAL AND RELIGIOUS DIVERSITY

We make every effort to enhance the quality of life of our employees and are aware of our role as a responsible employer.

We provide prayer rooms for our Muslim colleagues to perform their daily prayers.

Beyond public holidays, Deleum employees are entitled to a half-day leave on the eve of a major cultural and/or religious occasions such as Hari Raya Aidilfitri, Chinese New Year, Deepavali, Christmas and more.

### EMPLOYEE GRIEVANCE MECHANISM

We provide multiple avenues for our employees to air and settle grievances as quickly, amicably, and fairly as possible. The Group acknowledges all forms of grievances including in relation to labour standards non-compliances, and investigate them with care, compassion, sensitivity, and confidentiality.

Among the avenues that we provide are:

- Any employee who has specific concerns about the working conditions, terms of employment, and/or any labour standards issues shall report directly to their supervisor or Group Human Resources Department. The process is governed by the Grievance Policy and is communicated to all employees.
- The Speak-Up and Listen-Up Programme where employees can anonymously provide their general complaint or suggestions by communicating digitally via Quick Response code, placed in offices of our locations.

### PRACTISING SOCIAL RISK ASSESSMENT AND DUE DILIGENCE

Risk assessment and due diligence reviews are performed, among others, by completing prescribed due diligence questionnaires in accordance with the labour standards related procedures.

In FY2022, among the actions taken to address labour risks and issues are as follows:

- Reduced excessive hours by introducing flexible working hours and work from home arrangements;
- Undertook salary benchmarking against market data and applicable laws;
- Revised insurance benefits to accommodate rising costs of global medical expenses and health benefits;
- Provided compassionate financial assistance for employees, regardless of gender, sex, age, nationality, disabilities, religion and race;
- Harmonised leave provision for employees for special needs;
- Introduced additional platform, Speak-Up and Listen-Up Programme for employees to provide feedback and suggestions; and
- Internalised paternity and maternity leave provision to all employees in accordance with revised Employment Act (Amendment) 2022.

### TALENT MANAGEMENT

Our people are key pillars of the Group, as their efforts ensure that we strive to retain our position in the oil and gas industry. To cultivate a high-performance culture, we equip our employees with essential tools and training to facilitate their growth and development.

### TALENT DEVELOPMENT

We are committed to provide opportunities for promotion on a fair and equal basis. Our commitment to developing our employees is reflected in our COBC, Policy Statement on Human Rights and Labour Standards, Learning and Development Policy and Equal Opportunity Policy.

Employees are appraised annually, during which they are provided with constructive feedback and rewarded for their excellence with appropriate adjustments to their compensation packages. We monitor and measure our employee's performance through digitalised Employee Performance Management evaluations based on Objectives and Key Results, a collaborative goal-setting methodology, which include conversational sessions between managers and employees allowing employees to give and receive feedback.

## SUSTAINABILITY STATEMENT



# 100%

of Deleum's employees were appraised annually

### TRAINING AND LEARNING

Mindful that learning is a life-long endeavour, we support our employees as they progress along their individual paths through talent development initiatives. These continuous learning programmes enable our people to enhance their skills to achieve greater outcomes, both within the workplace and on a personal level. Ultimately, the development of our employees contribute to the Group's overall growth.

The commitment to these conventions is reflected in our COBC, Learning and Development Policy and Equal Opportunity Policy. We ensure our employees are well-equipped with the latest knowledge and skills to meet customers' expectations.

The training we offer across the organisation to all levels includes technical competencies, professional education, soft skills development, leadership skills and any other areas Management deems necessary. We contribute to the Malaysian government's Human Resource Development Fund to support employees' training as well.

Training is based on the individual employee's training plan which outlines gaps in skills, which the employee, with the support of his/her superior and Management, is required to address. Training can also be requested by employees on an as and when basis.

In FY2022, most trainings were conducted in person as Malaysia entered the endemic phase of the COVID-19 beginning 1 April 2022. In comparison, our employees attended virtual trainings in FY2021. The increase in training expenditure from FY2021 to FY2022 can be attributed to the shift from online to in person trainings.

**Total Training Hours Group-wide**

15,667

**Total Training Spend Group-wide**

RM1.65 mil

**Average Training Hours Per Entity**

1,741

**Average Training Spend Per Entity**

RM183,578

**Average Training Days Per Employee**

2.5

**Average Training Spend Per Employee**

RM2,116

**Average Training Hours Per Employee**

20

*Note: Average training hours and training spend refers to total training hours and training spend divided by total workforce. Meanwhile, the average hours and training spend per entity is divided by nine (9) entities.*



Empowering our leadership with ESG training.

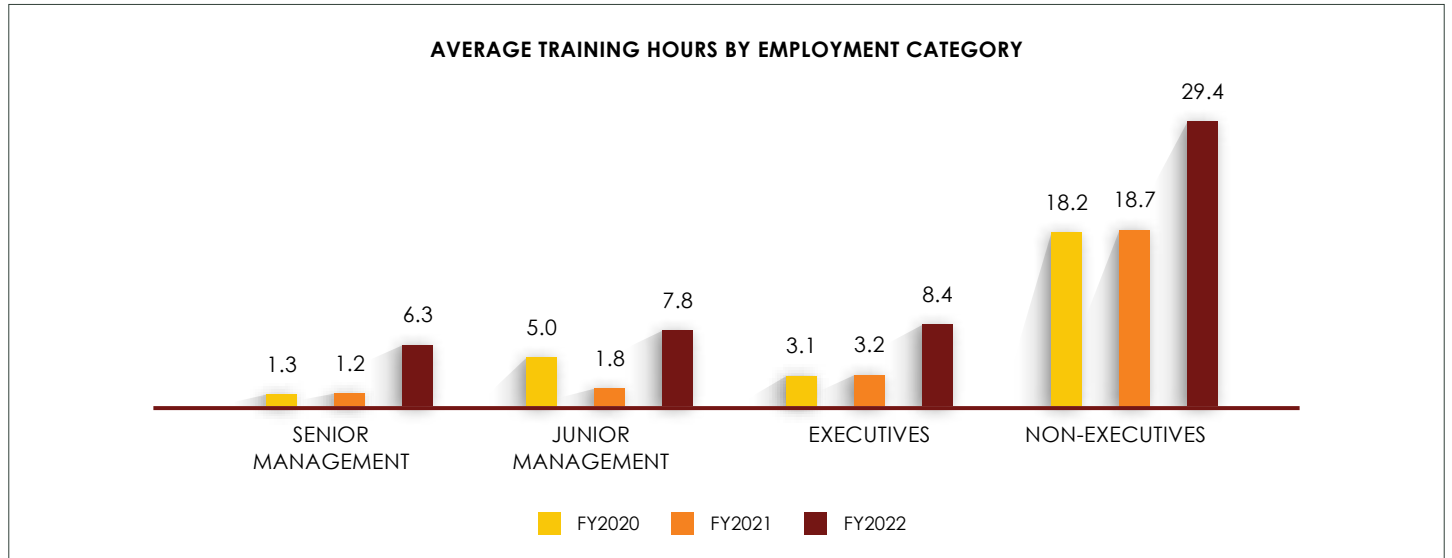
## SUSTAINABILITY STATEMENT

Leveraging the expertise of both internal and external providers, we deliver a wide range of purposeful training and learning programmes to empower our employees through upskilling and competency building:

<b>On-Boarding of New Hires</b>	New recruits are welcomed with an orientation programme to integrate them into the Deleum family and familiarise them with the working culture.
<b>Talent Development Programmes</b>	We strive to strengthen our talent pipeline through succession management and mentoring programmes, identifying, and assessing readiness and redefining talent categories for more targeted and focused development interventions.
<b>Soft Skills Programmes</b>	We introduce and offer a range of soft skills programmes and courses yearly to our employees.
<b>Functional and Technical Training Programmes</b>	<p>Training programmes are provided to upskill and reskill employees, including function-specific training to adjust to new guidelines and operations.</p> <p>Core Functional and Technical Training Programmes:</p> <ul style="list-style-type: none"> <li>• Standard Operating Procedure ("SOP")</li> <li>• Safety &amp; Health Training</li> <li>• ISO / Quality Assurance</li> <li>• Microsoft Training</li> <li>• Functional Specific Training</li> </ul>
<b>Compulsory Training</b>	<p>All employees are required to attend mandatory training on Health, Safety and Environmental, COBC, Conflict of Interest ("COI") and Anti-Bribery and Corruption.</p> <p>Among the topics covered for the employees are:</p> <ul style="list-style-type: none"> <li>• Health, safety and environment topics</li> <li>• Wrongdoing reporting procedures (including bullying or harassment awareness) and its channel, and business ethics</li> <li>• Anti-bribery and corruption topics</li> </ul>
<b>Introduction To ESG</b>	<p>In FY2022, we started rolling out sustainability training for our Board members, Senior Management, and employees by organising two sessions:</p> <ul style="list-style-type: none"> <li>• Sustainability Awareness Session: Introduction of FTSE4Good Bursa Malaysia Index by Bursa Malaysia</li> <li>• Sustainability ESG training with the Board members</li> </ul> <p>The primary objective is to pursue increased awareness of sustainability, UNSDGs, FTSE4Good Bursa Malaysia Index, environmental impacts, health and safety, and business ethics.</p>



## SUSTAINABILITY STATEMENT



### HEALTH AND SAFETY

Deleum is committed to the highest health and safety standards to ensure our employees, casual workers and contractors always make it home safely. Health and safety are the utmost priority to the Group as we put strong emphasis in the execution of health and safety practices and inculcating a strong safety culture in our operations. We reflect the convention in our COBC, HSE Policy and other related policies and procedures.

In nurturing a self-accountability culture, we developed and communicated the 10 Life Saving Rules, a set of guidelines which remind employees, suppliers and contractors of the measures they need to take to protect their safety. We also diligently practise the corporate slogan "*Collective Responsibility Towards HSE Excellence*" as part of the health and safety culture transformation.

To uphold the quality in our health and safety conducts, we performed periodic audits and inspections as part of the health and safety annual plan. Regular reviews, revisions and updates of policies and procedures to ensure the health and safety practice are in conformance with the highest international standards such as ISO 45001:2018 Occupational Health and Safety Management System.

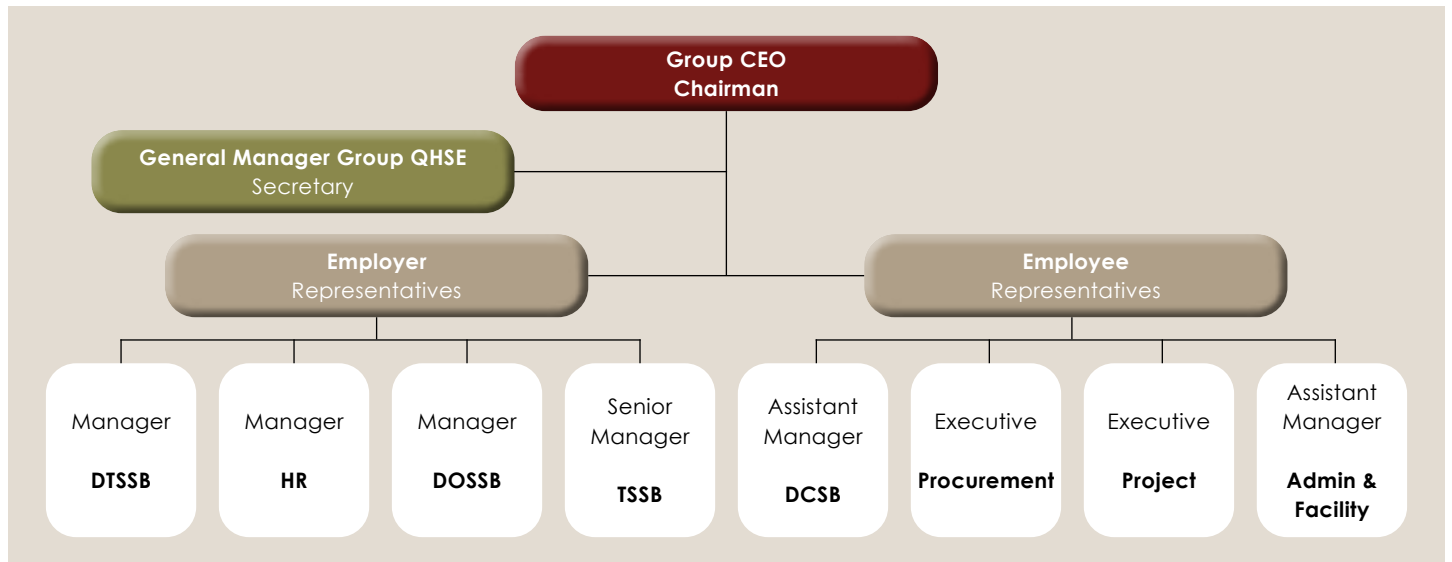
Beyond ensuring our health and safety conducts are in conformance with the standards set, we also maintain the confidentiality of our workers' health and safety data to protect workers' privacy and comply with applicable laws and regulations.

### HEALTH AND SAFETY MANAGEMENT

Our health and safety practices are centred on the Group-wide HSE Management System which makes reference to ISO 45001:2018 Occupational Health and Safety Management System. It provides a structured management approach to control and reduce safety and health risks in the workplace.

The HSE Committee is responsible for the management of health and safety at operational level. The committee, chaired by GCEO, meets every quarter to review and monitor the HSE policies and procedures, plans, performance, commission incident investigations and propagate awareness to employees, casual workers and contractors. The periodic meetings include the participation of both employees/casual workers and management representatives. Amongst the matters and actions under their purview is employee's and customer's feedback on the health and safety measures and process improvement, as well as the investigation process and policies and procedures review.

## SUSTAINABILITY STATEMENT



At management level, MCRC is responsible to ensure a sound implementation of the Group-wide health and safety related matters with oversight from BRC which is chaired by an Independent Non-Executive Director as delegated by the Board. The review is conducted on a quarterly basis.

Our health and safety practices are based on the principle of Plan-Do-Check-Act ("PDPA"), and we are continually ensuring that we are progressing and improving our safety standards. We communicate health and safety standards requirements and its roles and responsibilities to all our employees, as it is important that everyone is responsible and accountable in creating a safe work environment.

### PRACTISING RISK ASSESSMENT AND DUE DILIGENCE ON HEALTH AND SAFETY

At Deleum, we take a proactive approach to identifying and assessing health and safety risks. Risk assessments are undertaken across all our business units before the commencement of routine and non-routine activities. The risk assessment includes identifying ways to avoid or reduce risks, and mitigation measures.

Among other assessments conducted are the health and safety impact analysis in relation to personal protective equipment, communication, compliance with laws and regulations and training. The Job Hazard Analysis, Chemical Health Risk Assessment and Noise Monitoring are also used to identify any work-related hazards that have the potential to result in high-consequence injuries, ill health and/or fatalities.

In FY2022, we performed risk assessment and due diligence reviews on health and safety for existing and potential projects and before the appointment of new suppliers and contractors. Risk assessment and due diligence reviews were performed, among others, by completing a prescribed due diligence questionnaire in accordance with the related procedures.

Our contractors are briefed on the health and safety requirements when working within the perimeter of our workplace. It is mandatory for them to do a risk assessment prior to the commencement of work to identify any potential risks and implement the necessary mitigation measures to mitigate or reduce the risk. Contractors are supervised closely through the use of work permits and inspections by the safety and security employees at the respective sites.

## SUSTAINABILITY STATEMENT

We also conducted a mental health survey to identify, analyse and understand our employee's mental health state, as a proactive measure to ensure they are provided with the necessary support.

### REPORTING PROTOCOL FOR INCIDENTS OR ACCIDENTS

The protocol for investigating and taking action on reported incidents or accidents, including those leading to injuries and fatalities, are governed by the Incident Investigation and Reporting Procedure. If there is any incident or accident reported, the following actions shall be taken:

- Safety stand-down
- Escalation to relevant management echelon and customer
- Incident investigation
- Incident communication and/or report to customer and management echelon
- Health and safety alert for internal circulation

The results and actions will be communicated and reported to the HSE Committee, MCRC, BRC and Board.

### HEALTH AND SAFETY PERFORMANCE

We always strive for a safe culture at Deleum as stipulated in our COBC and HSE Policy and endeavour for zero fatality and lost time injury target.

However, there was one fatality incident reported involving a casual worker (contractor) and one lost time incident

recorded in FY2022. Immediate action was undertaken which included lodgement reports to the authorities and investigations initiated involving the Department of Occupational Safety and Health ("DOSH").

We performed the investigation process that involved the relevant customer, casual worker, and employee representatives in ascertaining the root causes of the incident. Insights and learnings have been tapped to strengthen the safety culture and processes at all operational levels, such as:

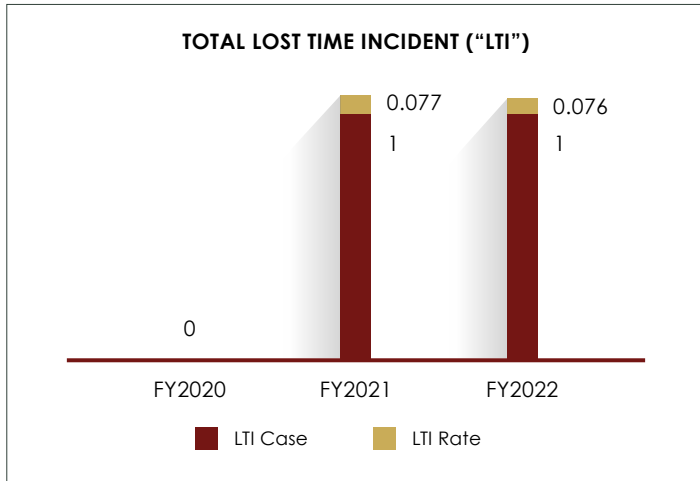
- Reinforce the "4 Re" Programmes (Review, Reverify, Revalidate and Repeat) in ensuring all requirements are followed before any commencement of work at all worksites
- Review and strengthen the practice of Job Hazard Analysis
- Review the safety programme to enhance our safety process

The lessons learnt have been shared with all levels of stakeholders through various platforms, such as HSE Committee meetings, morning meetings, toolbox talk meetings and pre-mobilisation meetings which conformed to ISO 45001:2018 Occupational Health and Safety Management System.

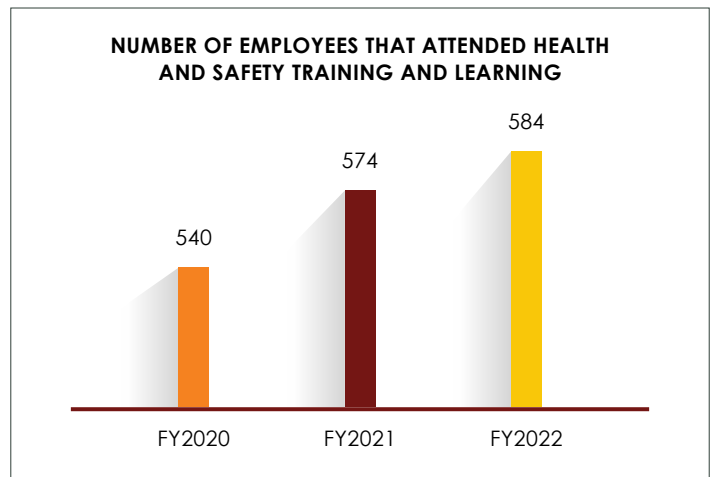
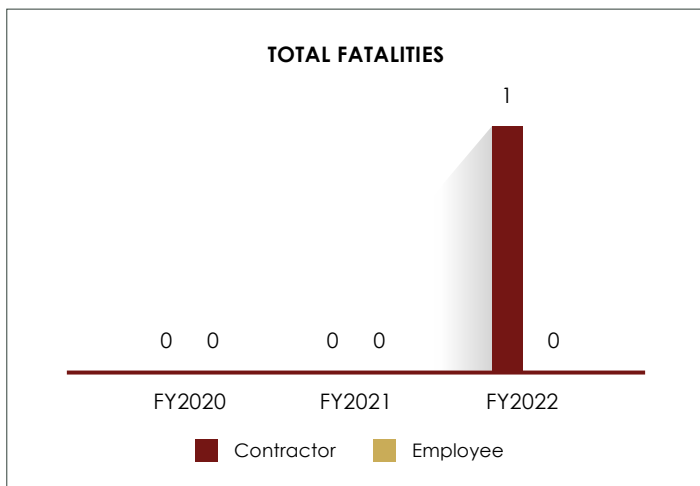
To inculcate health and safety culture at workplace, we continued to uphold our HSE policy and focused on the targets for health and safety, underpinned by the following initiatives:

Goals & Targets	Indicator	Initiatives
<b>Zero fatality in FY2023</b>	Number of fatalities	<ul style="list-style-type: none"> <li>• "4 Re" Programmes</li> <li>• Continuous training and awareness programme</li> <li>• Periodic inspection and audit</li> <li>• Strengthen the Job Hazard Analysis process and compliance</li> <li>• Strengthen safety processes and procedures</li> <li>• Structured tracking, monitoring, and reporting</li> </ul>
<b>Zero Loss Time Injury in FY2023</b>	Loss Time Injury Rate	

# SUSTAINABILITY STATEMENT



- Induction training for new employees and casual workers
- Safety Training Observation Programmes ("STOP")
- Toolbox meetings
- Regular safety meetings
- Regular technical health and safety trainings
- Health and safety briefings
- Health and safety bulletin, which also covers the mental health learning awareness



Note: The fatality case reported refer to a casual worker.

## HEALTH AND SAFETY TRAINING AND LEARNING

Training and learning are the foundation of our health and safety programme, where all employees, suppliers, contractors, and casual workers are made aware of the risks and hazards and its reporting procedures.

The training and learning sessions conducted during FY2022 were as follows:



## SUSTAINABILITY STATEMENT

### COMMUNITY OUTREACH

Deleum continues to support a range of societal causes as part of the Group's approach in creating positive community impacts as a responsible corporate citizen. We firmly believe in giving back to the community and managing our social footprint in the areas we operate.

In FY2022, we invested a total of RM365,000 for various initiatives that benefitted approximately 500 individuals.

We continued the on-going community outreach efforts by partnering with a registered local non-profit organisation, MyKasih Foundation ("MyKasih"). We are honoured to support an organisation that is making a difference in the community with the targeted beneficiaries.

#### MyKasih's "Love My Neighbourhood"

- Invested RM144,000 in financial value
- Benefitted 150 underprivileged families in Sarawak, Sabah, Terengganu and Labuan for 12 consecutive months to purchase essential household items

#### MyKasih's "Love My School"

- Invested RM72,000 in financial value
- Benefitted 100 selected primary school students in Terengganu and Sabah, to purchase schoolbooks, stationeries, food and drink in schools



Making a difference in the community. Mock cheque presentation to MyKasih.

Throughout the year, we carried out numerous community outreach programmes, which included:

- Gotong-royong at Pusat Transit Gelendangan, Kuala Lumpur
- Softball and netball sponsorship for students of SK Kampung Bakam, Miri Sarawak
- Blood Donation Drive across various locations
- Clothes Donation

In FY2023, we aim to collaborate with relevant authorities to combat corruption in our community and aspire to make a positive impact. We believe that by working together, we can create a more transparent and fair society.

### EMPLOYEE VOLUNTEERISM

We provide many opportunities through WeCare Programme for employees to participate in a wide range of social activities to help our people. Since the inception of the WeCare Programme, there has been encouraging numbers of employee participating and/or volunteering.

Going forward, we strive to expand the WeCare Programme to reach out to our surrounding communities.



## SUSTAINABILITY STATEMENT



### Embracing Good Governance

We believe that a high standard of governance forms a strong basis for safeguarding stakeholders' interests. By being responsive and transparent in our business practices, we can demonstrate our accountability and ensure long-term business growth.

#### CORPORATE GOVERNANCE

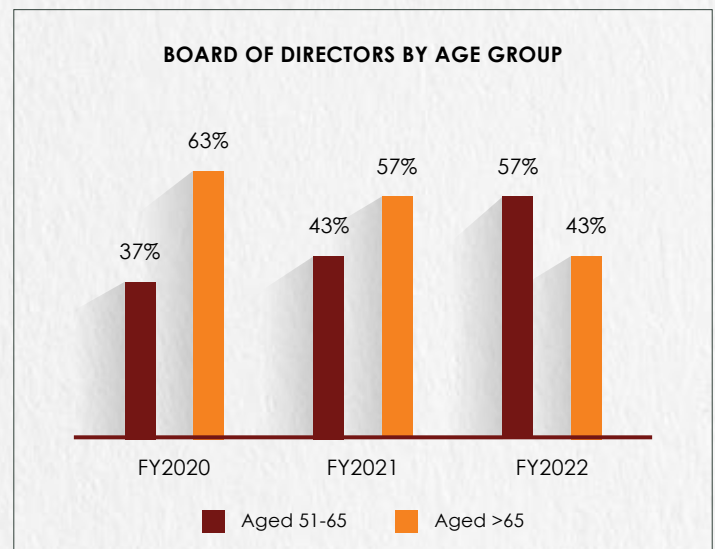
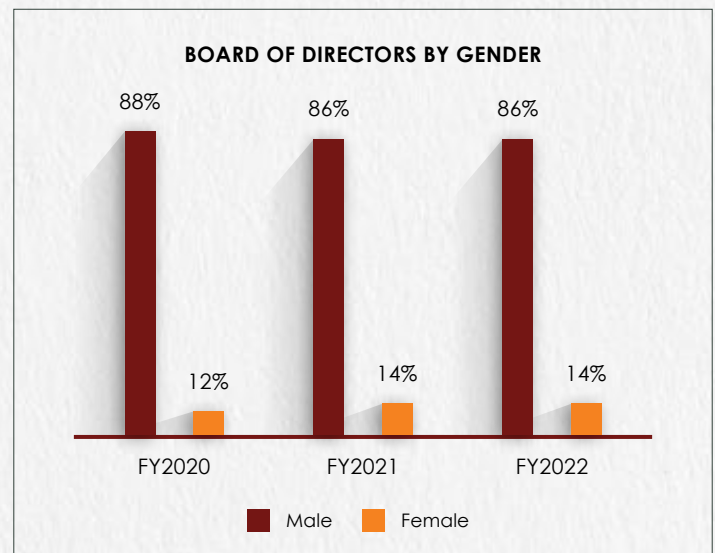
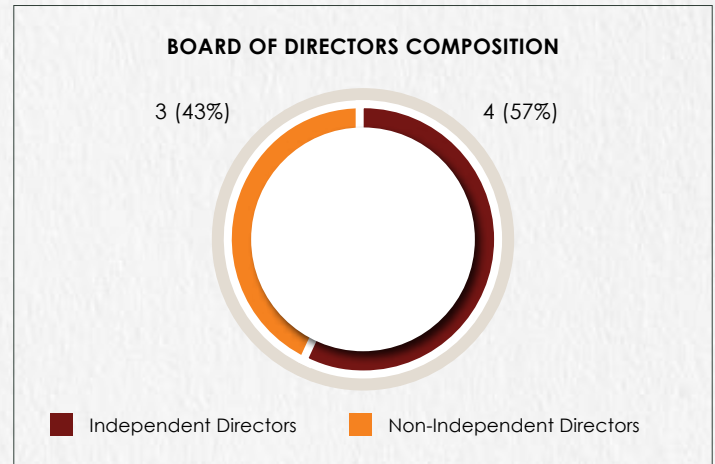
Good corporate governance fosters trust and provides structured practices and processes in managing our business activities.

The Board is responsible for the leadership of the Group and has collective responsibility for the achievement of its objectives and goals. It formulates and reviews the Group's strategic direction, core values and management to ensure that we operate with integrity in line with a good corporate governance culture and in compliance with all applicable laws, rules, and regulations.

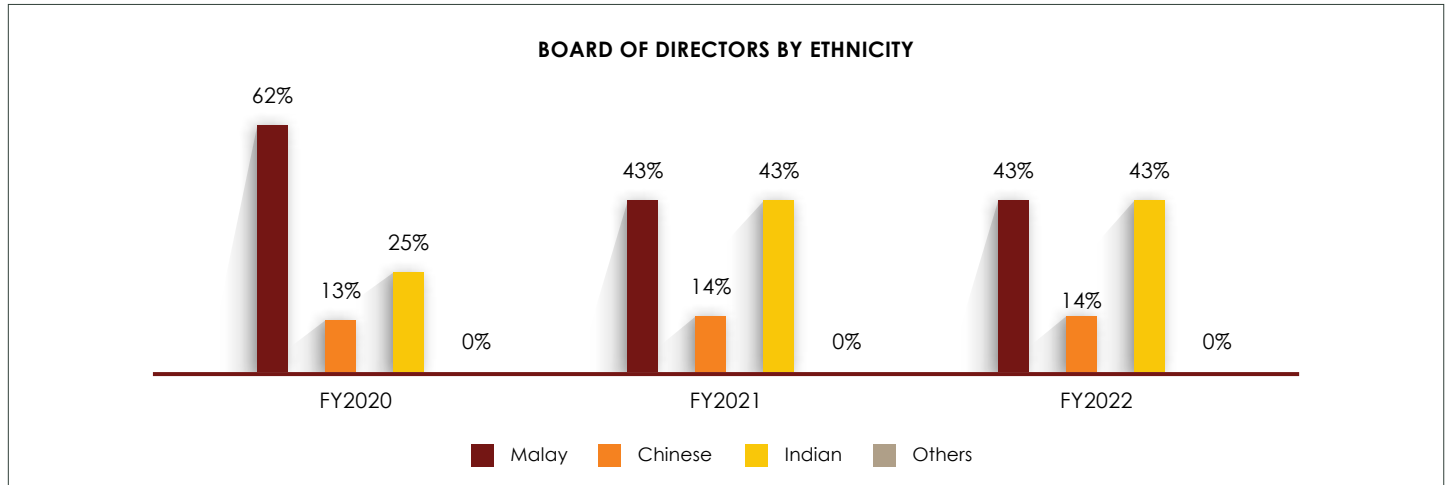
#### BOARD DIVERSITY

The Board has a well-balanced composition with an effective mix, ensuring that there is fair representation, as well as a balance of power and authority on the Board. The members of the Board are selected based on objective criteria of proven skills, merit, and capabilities in their particular field of endeavour with due regard for diversity in expertise, experience, age, cultural background, gender and outlook which benefits the operations of the Board as a custodian of the business.

It provides an effective blend of entrepreneurship, business, and professional expertise.



## SUSTAINABILITY STATEMENT



Details of Deleum's corporate governance for FY2022 are provided in the Corporate Governance Overview Statement in this Annual Report.

### ANTI-CORRUPTION

Ethics, honesty, and integrity are cornerstones of our approach in conducting business. We are committed to upholding the highest ethical standards in our workplace, across all business dealings and relationships, wherever we operate. The Board sets high commitment and strict practices towards prohibition of bribery and corruption.

#### ZERO TOLERANCE STANCE ON CORRUPTION

Deleum has zero-tolerance for any form of bribery and will not participate in any acts of corruption. Raising concerns and reporting wrongdoings are encouraged without fear of any retribution or any potential adverse impact on Deleum's business.

Pursuant to Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 on Corporate Liability, Deleum has established the following:

- ▣ COBC
- ▣ Anti-Bribery and Corruption Policy
- ▣ GHDS Procedure
- ▣ COI Guidelines
- ▣ Third Party Anti-Bribery and Corruption Management Guidelines
- ▣ Anti-Money Laundering and Counter Financing of Terrorism Guidelines

## SUSTAINABILITY STATEMENT

The policies and procedures are embodied in our commitment conventions which is referenced to the SORMIC and applies to the Board, all employees and third parties in performing works or services for or on behalf of Deleum. The commitments are as follows:

<b>ZERO TOLERANCE FOR ANY KIND OF CORRUPTION</b>	We adopt zero tolerance for any form of bribery or corruption, including offering or taking bribes, double-dealing, illegal transactions, tampering with elections, kickbacks, money laundering, and investor's fraud.
<b>APOLITICAL COMPANY</b>	Deleum is nonpartisan, and all donations to political parties, organisations, or their representatives are prohibited. No contribution was given to any political parties, organisations, or their representatives in FY2022.
<b>ANTI-MONEY LAUNDERING AND ANTI-TERRORISM</b>	Committed to combating money laundering and terrorism financing by complying with the Anti-Money Laundering, Anti-Terrorism Financing, and Proceeds of Unlawful Activities Act 2001.
<b>ZERO TOLERANCE ON FRAUD</b>	Deleum does not engage in any scheme to defraud anyone of money, property, or honest services.
<b>GOVERNING GIFT AND HOSPITALITY</b>	<p>In the course of business transactions, we recognise the importance of promoting goodwill and building cordial relationships through gifts and hospitality. Whilst such practices are allowed, restrictions have been imposed through the GHDS Procedure to prevent the practices from being disguised or give rise to the perception or suspicion of any corrupt conduct or the attempt thereof.</p> <p>Under no circumstances shall an employee or director of Deleum offer, give, receive, or solicit any gift or hospitality from any third party that has or may have business interest with Deleum.</p>

To further uphold our commitment on zero tolerance on corruption, we are in the midst of securing the certification of ISO 37001: Anti-Bribery Management System.

### STRENGTHENING ETHICS AND INTEGRITY

The Board provides oversight on the establishment and implementation of COBC. In FY2022, we reviewed and revised our COBC and it was approved by the Board on 23 February 2022.

The COBC embodied the behavioural standards where we expect our directors, employees and all external parties that have an active commercial relationship with the Group to adhere and comply with.

To ensure that our ethical business practice is understood by our employees, the COBC document is available in English and Bahasa Malaysia where the full document can be found at [www.deleum.com](http://www.deleum.com).

Please refer to the SORMIC in this Annual Report for more information on COBC related matters.

## SUSTAINABILITY STATEMENT

### WHISTLEBLOWING POLICY AND REPORTING CHANNEL

Deleum had updated its Whistleblowing Policy and Procedure, which was approved by the Board on 23 February 2022. We encourage our employees, suppliers and public to report unethical conduct such as any attempted, suspected or actual bribery or corruption activities and/or violations of policies, or applicable laws.

Any person may lodge a report if he/she is aware of any instances of improper conduct or wrongdoing, including but not limited to the following:

- Any form of financial crime, including fraud
- Harassment
- Misappropriation of assets
- Criminal breach of trust
- Illicit and corrupt practices
- Questionable and improper accounting
- Misuse of confidential information
- Acts or omissions which are deemed to be against the interest of the Company, laws, regulations or public policies;
- Giving false or misleading information including suppression of any material facts or information
- Danger to health and safety or to the environment
- Breaches of Deleum's policies
- Deliberate concealment of any of the above matter or other acts of wrongdoing

Reports made in good faith, either anonymously or otherwise, shall be addressed in a timely manner and without incurring fear of reprisal regardless of the outcome of any investigation, as outlined in Deleum's Whistleblowing Policy.

Whistle blowers, whose identities are kept confidential, can reach the Whistleblowing Committee Chairman at [whistle@deleum.com](mailto:whistle@deleum.com) and/or via sealed letters.

Please refer to the SORMIC in this Annual Report for more information on whistleblowing related matters.

### PRACTISING RISK ASSESSMENT AND DUE DILIGENCE ON ANTI-BRIBERY AND CORRUPTION

We evaluated the risks associated with existing and potential projects, as well as before appointing new suppliers and contractors. This assessment involved completing a prescribed questionnaire in accordance with our Third-Party Anti-Bribery and Corruption Management Guidelines Conflict of interest, political relationship and contributions, government relationships, potential corruption, money laundering and financing of terrorism, etc., and among other assessments were conducted prior to the appointment.

To reduce the Group's exposure to risks, we also take proactive measures as follows:

- Identify and implement continuous improvement in enhancing the anti-bribery and corruption and related policies and procedures by performing a gap analysis and risk assessment.
- Compliance monitoring on GHDS transactions. We empower our Compliance Champions to conduct the review and assessment on GHDS related practices, to ensure their respective functions fully comply with the GHDS Procedure, with facilitation and advisory provided by the Corporate Compliance and Risk team. The matters are regularly reported to MCRC, BRC and Board.
- We also constantly train and communicate the Group's goals and targets, as well as policies, to the Board and employees through the corporate website, training sessions and induction programmes.
- Conduct periodic corruption risk assessment of our business activities for the financial year under review, where the process was guided by our ERM Framework. The risk assessment consolidated into the risk heat map enterprise-wide level. The consolidated risk heat map is reviewed and assessed on a regular basis at Group-wide level.

## SUSTAINABILITY STATEMENT

The following are the performance of operations for corruption risk assessment:



*Note: Corruption risk assessment was only structured and aligned from FY2022 onwards. The 60% indicates 3 out of 5 business units which have been assessed.*

The business areas with significant or high exposures of bribery and corruptions risks:

Business areas	Type of risks
<ul style="list-style-type: none"> <li>Sales and business development</li> <li>Procurement of goods and services</li> <li>Licences</li> <li>Custom clearance</li> <li>Finance and administration</li> <li>Human resources</li> <li>Corporate Social Responsibility activities</li> </ul>	<ul style="list-style-type: none"> <li>Bribery</li> <li>Fraud</li> <li>Money laundering</li> <li>Facilitation of payment</li> <li>Collusion</li> <li>Falsifying documents/ records</li> <li>Insider information</li> </ul>

### INVESTIGATION PROTOCOL

We have in place, investigation processes and procedures, to address significant or high risks in relation to bribery and corruption practices. The investigation shall be conducted by designated investigators with the facilitation of a Legal representative for legal assurance purpose.

The investigation shall be carried out in a fair, objective, unbiased and impartial way on behalf of Deleum with no abuse of discretion, no discrimination, no capricious or arbitrary decision or action. Anyone that has an actual or perceived conflict of interest must not participate in an investigation nor make any judgment call on the corrective action or appeal procedures.

Upon conclusion of the investigation process, the report shall be classified as confidential, and shall be reported to the Whistleblowing Committee, BRC and Board.



### REGULAR TRAINING, LEARNING AND COMMUNICATION

In FY2022, we organised various trainings, learning and communication sessions for our Board, Senior Management and employees that cover our commitments, policies and practices on anti-bribery and corruption, including:

- Integrity Day with collaboration with the authority, Malaysian Anti-Corruption Commission ("MACC") on 25 January 2022 and 8 February 2023.



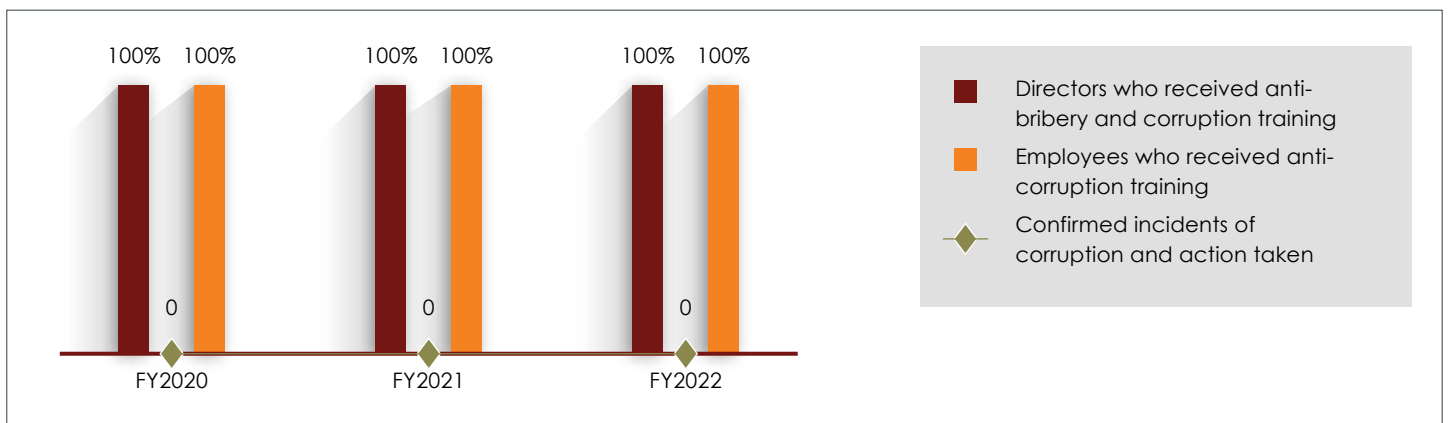
## SUSTAINABILITY STATEMENT

- Training for employees and Compliance Champions in relation to policies and practices, business ethics, code of conduct, conflict of interest, anti-bribery and corruption, gift, hospitality, and donations, etc.
- Corruption Risk Assessment Workshop for Business Units and Corporate Resources.
- Speak-Up and Listen-Up training and learning sessions for Business Units and Corporate Resources was rolled out in March 2022 to inculcate a speak-up culture at work.
- Compulsory training and assessment on COBC, COI and anti-bribery and corruption for employees.
- Induction training for all new employee that covers the general topic of anti-bribery and corruption as well as providing an understand of COBC, COI and anti-bribery and corruption.
- Regular communication via digital communication platforms, such as company website, intranet, and emails.
- International Anti-Corruption Day blast communication.



Taking a stand against corruption.

Following is the anti-bribery and corruption training attendance in relation to policies and practices business ethics, code of business conduct, conflict of interest, anti-bribery and corruption, gift, hospitality, and donations, etc.



## SUSTAINABILITY STATEMENT

	FY2020	FY2021	FY2022
Total amount of political contributions made	RM0	RM0	RM0
Number of staff disciplined or dismissed due to non-compliance with Anti-Bribery and Corruption Policy	0	0	0
Cost of fines, penalties, or settlements in relation to corruption	RM0	RM0	RM0

Going forward, we have outlined the target to increase the awareness to combat corruption across the Group:

Goals & Targets	Indicator	Initiatives
100% employees receive training on Anti-Bribery and Corruption in FY2023	Percentage	<ul style="list-style-type: none"> <li>Continuous training and awareness programme</li> <li>Assessment and declaration for COBC and Anti-bribery and Corruption modules and COI</li> </ul>

### CYBER AND INFORMATION SECURITY

Deleum is committed to protect the integrity and confidentiality of the data provided by its employees, customers and suppliers from all external and internal digital security threats.

We have stringent cybersecurity practices in place as embodied in the Cybersecurity Policy. Internal and external auditors conduct regular security assessments, including the ICT governance. In FY2022, an internal network penetration testing assessment was conducted by an independent third party which resulted in a low vulnerability assessment.

In compliance with Malaysia's PDPA requirements, the PDPA Committee was established to oversee the compliance and implementation of PDPA requirements. A designated PDPA Compliance Officer undertakes the implementation of PDPA compliance and reports to the

PDPA committee on its compliance. Our commitment conventions are reflected in the Personal Data Policy. We expect that all employees shall not process personal data regarding third parties, employees, or others unless the necessary steps for compliance are undertaken.

Throughout the year, we focused on a risk-based approach in identifying and managing localised risk with actions and mitigations. The MCRC and BRC review the implementation of risk management practices in relation to cyber and information security including personal data of employees and third parties, periodically to ensure the Group adheres to best practices across its business operations.

0

**Number of substantiated complaints concerning breaches of customer privacy and losses of customer data since FY2020.**

# SUSTAINABILITY STATEMENT

## OUR PERFORMANCE DATA

### ECONOMIC PERFORMANCE

INDICATORS	UNIT	FY2020	FY2021	FY2022
<b>CATALYSING PROSPERITY</b>				
<b>GOOD PROCUREMENT PRACTICES</b>				
Total number of suppliers	Number	683	603	601
Total number of local suppliers	Number	631	553	541
Total number of foreign suppliers	Number	52	50	60
Percentage of local suppliers	%	92	92	90
Percentage of foreign suppliers	%	8	8	10
Total procurement spending	RM' mil	395.39	404.40	483.81
Total spending on local suppliers	RM' mil	178.72	87.56	106.50
Total foreign procurement spending	RM' mil	216.67	316.84	377.31
Percentage of spending on local suppliers	%	45	22	22
Percentage of spending on foreign suppliers	%	55	78	78
<b>CUSTOMER SERVICE AND PRODUCT RESPONSIBILITY</b>				
Total number of complaints received	Number	69	49	51
Total number of compliments received	Number	20	18	19

### ENVIRONMENTAL PERFORMANCE

INDICATORS	UNIT	FY2020	FY2021	FY2022
<b>PROTECTING AND PRESERVING ENVIRONMENT</b>				
Environmental fines and penalties incident	Number	0	1	0
Environmental fines and fines amount	RM	0	26,000	0
<b>CLIMATE CHANGE AND EMISSIONS</b>				
<b>Carbon Emissions</b>				
<b>Scope 1</b>		209.4	354.4	420.6
Breakdown:				
Powerpack	CO <sub>2</sub> e Tonnes ("tCO <sub>2</sub> e")	58.1	85.3	121.6
Airpack		14.7	43.8	77.7
Genset		4.2	10.5	19.5
Forklift & base usage		30.1	39.4	83.5

## SUSTAINABILITY STATEMENT

INDICATORS	UNIT	FY2020	FY2021	FY2022
<b>PROTECTING AND PRESERVING ENVIRONMENT</b>				
Lorry		11.2	13.0	8.9
4 x 4 truck		39.0	67.9	27.5
Van		14.9	30.7	27.8
Car	tCO <sub>2</sub> e	24.1	28.3	20.7
Machine		13.1	35.5	33.4
<b>Scope 2</b>		795.7	655.0	642.2
<b>Total (Scope 1 + Scope 2)</b>		1,005.1	1,009.4	1,062.8
<b>GHG intensity:</b>				
• By total permanent employees	tCO <sub>2</sub> e/Employee	1.6	1.7	1.8
• By total revenue	tCO <sub>2</sub> e/RM mil	1.8	1.8	1.5
<b>Energy Efficiency</b>				
<b>Total energy consumption</b>	Gigajoules ("GJ")	8,036.8	9,072.8	9,872.9
<b>Energy intensity:</b>				
• By total permanent employees	GJ/Employee	12.6	15.5	16.7
• By total revenue	GJ/RM mil	13.7	16.3	14.1
<b>POLLUTION AND RESOURCE USE</b>				
<b>Water Management</b>				
<b>Total volume of water used</b>	Megalitres	26.5	31.7	20.5
<b>Total rainwater harvested</b>	Cubic meters	87.5	76.5	51.5
<b>Waste Management</b>				
<b>Number of spillage incidents</b>	Number	0	1	1
<b>Total Non-recyclable wastes diverted from disposal</b>		78	40.8	41.2
<b>Total recycled wastes diverted from disposal</b>	Metric tonnes	-	-	0.4
<b>Total waste generated</b>		78	40.8	41.6

## SUSTAINABILITY STATEMENT

## SOCIAL PERFORMANCE

INDICATORS	UNIT	FY2020	FY2021	FY2022
<b>HELPING PEOPLE</b>				
<b>FAIR EMPLOYMENT AND HUMAN RIGHTS</b>				
<b>Total workforce</b>	Number	743	795	781
<b>Number of permanent employees</b>	Number	639	585	592
<b>Number of contract employees</b>	Number	54	52	88
<b>Number of casual workers</b>	Number	50	158	101
<b>Percentage of permanent employees</b>	%	86	74	76
<b>Percentage of contract employees</b>	%	7	6	11
<b>Percentage of casual workers</b>	%	7	20	13
<b>Percentage of employees with a disability</b>	%	0	0	0
<b>Total workforce by gender:</b>				
• Male	Number	547	608	587
• Female		196	187	194
<b>Percentage of workforce by gender:</b>				
• Male	%	74	76	75
• Female		26	24	25
<b>Total workforce by age group:</b>				
• Aged 20-30		152	178	168
• Aged 31-40		386	398	378
• Aged 41-50	Number	136	150	150
• Aged 51-60		65	60	72
• Aged > 60		4	9	13
<b>Percentage of workforce by age group:</b>				
• Aged 20-30		20	22	22
• Aged 31-40		52	50	48
• Aged 41-50	%	18	19	19
• Aged 51-60		9	8	9
• Aged > 60		1	1	2



## SUSTAINABILITY STATEMENT

INDICATORS	UNIT	FY2020	FY2021	FY2022
<b>HELPING PEOPLE</b>				
<b>Total workforce by ethnicity:</b>				
• Malay	Number	496	551	503
• Chinese		63	63	64
• Indian		35	32	30
• Others		149	149	184
<b>Percentage of workforce by ethnicity:</b>				
• Malay	%	67	69	64
• Chinese		8	8	8
• Indian		5	4	4
• Others		20	19	24
<b>Total workforce by nationality:</b>				
• Malaysia	Number	740	794	774
• Foreign		3	1	7
<b>Percentage of workforce by nationality:</b>				
• Malaysia	%	99.6	99.9	99
• Foreign		0.4	0.1	1
<b>Number of workforce by employment category:</b>				
• Senior Management	Number	39	36	39
• Junior Management		61	68	66
• Executives		246	229	238
• Non-Executives		397	462	438
<b>Percentage of workforce by employment category:</b>				
• Senior Management	%	5	4	5
• Junior Management		8	9	9
• Executives		33	29	30
• Non-Executives		54	58	56
<b>Total number of workforce by gender:</b>				
• Senior Management	Number			
o Male		28	24	25
o Female		11	12	14
• Junior Management				
o Male		33	37	39
o Female		28	31	27
• Executives				
o Male		136	124	125
o Female		110	105	113
• Non-Executives				
o Male		350	423	398
o Female		47	39	40

## SUSTAINABILITY STATEMENT

INDICATORS	UNIT	FY2020	FY2021	FY2022
<b>HELPING PEOPLE</b>				
<b>Percentage of workforce by gender:</b>				
• <b>Senior Management</b>				
o Male		72	67	64
o Female		28	33	36
• <b>Junior Management</b>				
o Male		54	54	59
o Female	%	46	46	41
• <b>Executives</b>				
o Male		55	46	47
o Female		45	54	53
• <b>Non-Executives</b>				
o Male		88	92	91
o Female		12	8	9
<b>Total number of workforce by age group:</b>				
• <b>Senior Management</b>				
o Aged 20-30		0	0	0
o Aged 31-40		9	8	11
o Aged 41-50		17	14	15
o Aged 51-60		11	12	10
o Aged > 60		2	2	3
• <b>Junior Management</b>				
o Aged 20-30		2	1	0
o Aged 31-40		40	45	44
o Aged 41-50		14	17	16
o Aged 51-60		5	5	6
o Aged > 60	Number	0	0	0
• <b>Executives</b>				
o Aged 20-30		68	51	57
o Aged 31-40		133	129	128
o Aged 41-50		34	41	40
o Aged 51-60		9	6	11
o Aged > 60		2	2	2
• <b>Non-Executives</b>				
o Aged 20-30		82	126	111
o Aged 31-40		204	216	195
o Aged 41-50		71	78	79
o Aged 51-60		40	37	45
o Aged > 60		0	5	8

## SUSTAINABILITY STATEMENT

INDICATORS	UNIT	FY2020	FY2021	FY2022
<b>HELPING PEOPLE</b>				
<b>Percentage of workforce by age group:</b>				
• <b>Senior Management</b>				
○ Aged 20-30		0	0	0
○ Aged 31-40		23	22	28
○ Aged 41-50		44	39	38
○ Aged 51-60		28	33	26
○ Aged > 60		5	6	8
• <b>Junior Management</b>				
○ Aged 20-30		3	2	0
○ Aged 31-40		66	66	67
○ Aged 41-50		23	25	24
○ Aged 51-60		8	7	9
○ Aged > 60	%	0	0	0
• <b>Executives</b>				
○ Aged 20-30		27	22	24
○ Aged 31-40		54	56	54
○ Aged 41-50		14	18	17
○ Aged 51-60		4	3	4
○ Aged > 60		1	1	1
• <b>Non-Executives</b>				
○ Aged 20-30		21	27	25
○ Aged 31-40		51	47	45
○ Aged 41-50		18	17	18
○ Aged 51-60		10	8	10
○ Aged > 60		0	1	2
<b>Total number of workforce by ethnicity:</b>				
• <b>Senior Management</b>				
○ Malay		28	24	28
○ Chinese		8	9	8
○ Indian		2	2	1
○ Others	Number	1	1	2
• <b>Junior Management</b>				
○ Malay		43	45	43
○ Chinese		12	14	13
○ Indian		4	4	5
○ Others		2	5	5

## SUSTAINABILITY STATEMENT

INDICATORS	UNIT	FY2020	FY2021	FY2022
<b>HELPING PEOPLE</b>				
<b>Total number of workforce by ethnicity:</b>				
• <b>Executives</b>				
o Malay		170	168	172
o Chinese		29	27	25
o Indian		21	17	13
o Others	Number	26	17	28
• <b>Non-Executives</b>				
o Malay		255	314	260
o Chinese		14	13	18
o Indian		8	9	11
o Others		120	126	149
<b>Percentage of workforce by ethnicity:</b>				
• <b>Senior Management</b>				
o Malay		72	67	72
o Chinese		20	25	20
o Indian		5	5	3
o Others		3	3	5
• <b>Junior Management</b>				
o Malay		70	66	65
o Chinese		20	21	19
o Indian		7	6	8
o Others	%	3	7	8
• <b>Executives</b>				
o Malay		69	74	72
o Chinese		12	12	11
o Indian		8	7	5
o Others		11	7	12
• <b>Non-Executives</b>				
o Malay		64	68	59
o Chinese		4	3	4
o Indian		2	2	3
o Others		30	27	34
<b>Total of permanent employees voluntary turnover</b>	Number	55	71	97

## SUSTAINABILITY STATEMENT

INDICATORS	UNIT	FY2020	FY2021	FY2022
<b>HELPING PEOPLE</b>				
<b>Number of permanent employees voluntary turnover:</b>				
• Senior Management	Number	2	10	3
• Junior Management		9	12	15
• Executives		24	27	50
• Non-Executives		20	22	29
<b>Total percentage of permanent employees voluntary turnover</b>	%	9	12	16
<b>Percentage of permanent employees voluntary turnover:</b>				
• Senior Management	%	4	14	3
• Junior Management		16	17	15
• Executives		44	38	52
• Non-Executives		36	31	30
<b>Number of employees who took paternity leave</b>	Number	27	28	32
<b>Number of employees who took maternity leave</b>	Number	14	14	14
<b>Percentage of employees who return to work rates</b> (return to work after parental leave period):				
• Male	%	100	100	100
• Female		100	100	100
<b>Percentage of retention rates</b> (remain with the organisation for 12 months or more post parental leave):				
• Male	%	85	96	94
• Female		71	79	86
<b>Total number of employees entitled to employee benefits</b>	Number	743	795	781
<b>Percentage of employees entitled to employee benefits</b>	%	100	100	100
<b>Total salaries and bonuses payment made for employees</b>	RM' mil	93.71	84.78	93.71
<b>Total employees' retirement benefits (EPF) payment made for employees</b>	RM' mil	10.13	9.24	9.31
<b>Total Social and Security Protection payment made for employees</b>	RM' mil	0.90	0.78	0.78
<b>Number of substantiated complaints concerning human rights violations</b>	Number	0	0	0



## SUSTAINABILITY STATEMENT

INDICATORS	UNIT	FY2020	FY2021	FY2022
<b>TALENT MANAGEMENT</b>				
<b>Total training hours Group-wide</b>	Hours	8,330	9,523	15,667
<b>Total training spend Group-wide</b>	RM' mil	1.26	0.96	1.65
<b>Average training hours per entity</b>	Hours	926	1,058	1,741
<b>Average training spend per entity</b>	RM	140,277	107,139	183,578
<b>Average training hours per employee</b>	Hours	11	12	20
<b>Average training days per employee</b>	Days	1.4	1.5	2.5
<b>Average training spend per employee</b>	RM	1,699	1,213	2,116
<b>Total training hours by employee category:</b>				
• Senior Management		49	42	247
• Junior Management	Hours	308	119	518
• Executives		756	742	2,006
• Non-Executives		7,217	8,620	12,896
<b>Average training hours by employee category:</b>				
• Senior Management		1.3	1.2	6.3
• Junior Management	Hours	5.0	1.8	7.8
• Executives		3.1	3.2	8.4
• Non-Executives		18.2	18.7	29.4
<b>HEALTH AND SAFETY</b>				
<b>Total Manhours</b>	Manhours	2,600,302	2,594,547	2,647,578
<b>Number of work-related fatalities (Employee)</b>	Number	0	0	0
<b>Number of work-related fatalities (Contractor)</b>	Number	0	0	1
<b>Lost time incident</b>	Number	0	1	1
<b>Lost time incident rate</b>	Rate	0.0	0.077	0.076
<b>Number of employees trained on health and safety standards</b>	Number	540	574	584
<b>Percentage of employees trained on health and safety standards</b>	%	73	72	75
<b>COMMUNITY OUTREACH</b>				
<b>Total amount invested in the community</b>	RM	-	23,000	365,000
<b>Total number of beneficiaries of the community invested</b>	Beneficiaries	-	100	500

## SUSTAINABILITY STATEMENT

## GOVERNANCE PERFORMANCE

INDICATORS	UNIT	FY2020	FY2021	FY2022
<b>EMBRACING GOVERNANCE</b>				
<b>CORPORATE GOVERNANCE</b>				
<b>Total number of Directors</b>	Number	8	7	7
<b>Total number of Directors by gender:</b>				
• Male	Number	7	6	6
• Female		1	1	1
<b>Percentage of Directors by gender:</b>				
• Male	%	88	86	86
• Female		12	14	14
<b>Total number of Directors by age group:</b>				
• Aged < 30		0	0	0
• Aged 31-50	Number	0	0	0
• Aged 51-65		3	3	4
• Aged > 65		5	4	3
<b>Percentage of Directors by age group:</b>				
• Aged < 30		0	0	0
• Aged 31-50	%	0	0	0
• Aged 51-65		37	43	57
• Aged > 65		63	57	43
<b>Total number of Directors by ethnicity:</b>				
• Malay		5	3	3
• Chinese	Number	1	1	1
• Indian		2	3	3
• Others		0	0	0
<b>Percentage of Directors by ethnicity:</b>				
• Malay		62	43	43
• Chinese	%	13	14	14
• Indian		25	43	43
• Others		0	0	0

## SUSTAINABILITY STATEMENT

INDICATORS	UNIT	FY2020	FY2021	FY2022
<b>EMBRACING GOVERNANCE</b>				
<b>ANTI-CORRUPTION</b>				
Percentage of operations assessed for corruption-related risks	%	-	-	60
Number of Directors who received anti-bribery and corruption training	Number	8	7	7
Percentage of Directors who received anti-bribery and corruption training	%	100	100	100
Number of employees who received anti-bribery and corruption training	Number	743	795	781
Percentage of employees that received anti-bribery and corruption training	%	100	100	100
Number of confirmed incidents of corruption and action taken	Number	0	0	0
Total amount of political contributions made	RM	0	0	0
Number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies	Number	0	0	0
Cost of fines, penalties or settlements in relation to corruption	RM	0	0	0
<b>CYBER AND INFORMATION SECURITY</b>				
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

## SUSTAINABILITY STATEMENT

## GLOBAL REPORTING INITIATIVES INDEX

Note: Data and information provided in this GRI index is based on the Group's best knowledge and its ability to collect and present meaningful data (quantitative and qualitative), which have been sourced from the Group's internal sources and records.

GRI STANDARD	DISCLOSURE	PAGE REFERENCE / REASON FOR OMISSIONS	SECTOR STANDARD REF.NO.
<b>GRI 2: General Disclosures 2021</b>	2-1	Organisational details	5, 6, 274
	2-2	Entities included in the organisation's sustainability reporting	29
	2-3	Reporting period, frequency and contact point	29
	2-4	Restatements of information	45, 55-59, 62, 64, 67. Energy consumption, people profile, turnover data and trainings data has been revised.
	2-5	External assurance	29
	2-6	Activities, value chain and other business relationships	37-38
	2-7	Employees	55-58
	2-8	Workers who are not employees	55
	2-9	Governance structure and composition	97,101
	2-10	Nomination and selection of the highest governance body	107
	2-11	Chair of the highest governance body	101
	2-12	Role of the highest governance body in overseeing the management of impacts	33
	2-13	Delegation of responsibility for managing impacts	33
	2-14	Role of the highest governance body in sustainability reporting	33
	2-15	Conflicts of interest	123
	2-16	Communication of critical concerns	61, 72, 100
	2-17	Collective knowledge of the highest governance body	63, 105-106

## SUSTAINABILITY STATEMENT

GRI STANDARD	DISCLOSURE	PAGE REFERENCE / REASON FOR OMISSIONS	SECTOR STANDARD REF.NO.	
	2-18	Evaluation of the performance of the highest governance body	103	-
	2-19	Remuneration policies	108-111	
	2-20	Process to determine remuneration	108-111	
	2-21	Annual total compensation ratio	Information unavailable.	
	2-22	Statement on sustainable development strategy	30-31	
	2-23	Policy commitments	32	
	2-24	Embedding policy commitments	32	
	2-25	Processes to remediate negative impacts	61, 72, 100	
	2-26	Mechanisms for seeking advice and raising concerns	61, 72, 100	
	2-27	Compliance with laws and regulations	43, 53, 75	
	2-28	Membership associations	29	
	2-29	Approach to stakeholder engagement	37-38	
	2-30	Collective bargaining agreements	54	
<b>GRI 3: Material Topics 2021</b>	3-1	Process to determine material topics	34-35	
	3-2	List of material topics	35-36	
	3-3	Management of material topics	34-75	
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	40-42, 47, 59	11.2.1
<b>GRI 201: Economic Performance 2016</b>	201-1	Direct economic value generated and distributed	40-42	11.14.2
	201-2	Financial implications and other risks and opportunities due to climate change	47	11.2.2
	201-3	Defined benefit plan obligations and other retirement plans	59	-
	201-4	Financial assistance received from government	Information unavailable.	11.21.3

## SUSTAINABILITY STATEMENT

GRI STANDARD		DISCLOSURE	PAGE REFERENCE / REASON FOR OMISSIONS	SECTOR STANDARD REF.NO.
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	53-68	11.11.1
<b>GRI 202: Market Presence 2016</b>	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Information unavailable.	11.14.2
	202-2	Proportion of senior management hired from the local community	56	11.11.2 11.14.3
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Information unavailable.	11.14.1
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1	Infrastructure investments and services supported		11.14.4
	203-2	Significant indirect economic impacts		11.14.5
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	40-41	-
<b>GRI 204: Procurement Practices 2016</b>	204-1	Proportion of spending on local suppliers	41	11.14.6
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	70-75	11.20.1
<b>GRI 205: Anti-corruption 2016</b>	205-1	Operations assessed for risks related to corruption	73	11.20.2
	205-2	Communication and training about anti-corruption policies and procedures	72-74, 122-124	11.20.3
	205-3	Confirmed incidents of corruption and actions taken	75	11.20.4
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Information unavailable.	11.19.1
<b>GRI 206: Anti-competitive Behaviour 2016</b>	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Information unavailable.	11.19.2
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	175	11.21.1



## SUSTAINABILITY STATEMENT

GRI STANDARD	DISCLOSURE		PAGE REFERENCE / REASON FOR OMISSIONS	SECTOR STANDARD REF.NO.
<b>GRI 207: Tax 2019</b>	207-1	Approach to tax	175	11.21.4
	207-2	Tax governance, control, and risk management	175	11.21.5
	207-3	Stakeholder engagement and management of concerns related to tax	Information unavailable.	11.21.6
	207-4	Country-by-country reporting	Information unavailable.	11.21.7
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	75	-
<b>GRI 418: Customer Privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	75	-
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Information unavailable.	-
<b>GRI 301: Materials 2016</b>	301-1	Materials used by weight or volume	Information unavailable.	-
	301-2	Recycled input materials used	Information unavailable.	-
	301-3	Reclaimed products and their packaging materials	Information unavailable.	-
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	45	-
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organisation	45	11.1.2
	302-2	Energy consumption outside of the organisation	Information unavailable.	11.1.3
	302-3	Energy intensity	46	11.1.4
	302-4	Reduction of energy consumption	Information unavailable.	-
	302-5	Reductions in energy requirements of products and services	Information unavailable.	-
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	48	11.6.1

## SUSTAINABILITY STATEMENT

GRI STANDARD	DISCLOSURE		PAGE REFERENCE / REASON FOR OMISSIONS	SECTOR STANDARD REF.NO.
<b>GRI 303: Water and Effluents 2018</b>	303-1	Interactions with water as a shared resource	Information unavailable.	11.6.2
	303-2	Management of water discharge-related impacts	Information unavailable.	11.6.3
	303-3	Water withdrawal	Information unavailable.	11.6.4
	303-4	Water discharge	Information unavailable.	11.6.5
	303-5	Water consumption	48	11.6.6
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	52	11.4.1
<b>GRI 304: Biodiversity 2016</b>	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable. Deleum does not operates at these areas.	11.4.2
	304-2	Significant impacts of activities, products and services on biodiversity	Not applicable. Deleum does not operates at these areas.	11.4.3
	304-3	Habitats protected or restored	52	11.4.4
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable. Deleum does not operates at these areas.	11.4.5
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	43-44	-
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	45	11.1.5
	305-2	Energy indirect (Scope 2) GHG emissions	45	11.1.6
	305-3	Other indirect (Scope 3) GHG emissions	Information unavailable.	11.1.7
	305-4	GHG emissions intensity	45	11.1.8
	305-5	Reduction of GHG emissions	44	11.2.3
	305-6	Emissions of ozone-depleting substances (ODS)	Information unavailable.	-
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Information unavailable.	11.3.2

## SUSTAINABILITY STATEMENT

GRI STANDARD		DISCLOSURE	PAGE REFERENCE / REASON FOR OMISSIONS	SECTOR STANDARD REF.NO.
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	49-51	11.5.1
<b>GRI 306: Waste 2020</b>	306-1	Waste generation and significant waste-related impacts	49	11.5.2
	306-2	Management of significant waste-related impacts	49-50	11.5.3
	306-3	Waste generated	50	11.5.4
	306-4	Waste diverted from disposal	51	11.5.5
	306-5	Waste directed to disposal	50-51	11.5.6
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Information unavailable.	-
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1	New suppliers that were screened using environmental criteria		
	308-2	Negative environmental impacts in the supply chain and actions taken		
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	56, 59-60	11.10.1
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	59	11.10.2
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	56, 59-60	11.10.3
	401-3	Parental leave	60	11.10.4 11.11.3
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Information unavailable.	-
<b>GRI 402: Labor/ Management Relations 2016</b>	402-1	Minimum notice periods regarding operational changes	Information unavailable.	11.7.2
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	64-67	11.9.1

## SUSTAINABILITY STATEMENT

GRI STANDARD	DISCLOSURE	PAGE REFERENCE / REASON FOR OMISSIONS	SECTOR STANDARD REF.NO.	
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1	Occupational health and safety management system	64-65	11.9.2
	403-2	Hazard identification, risk assessment, and incident investigation	65-66	11.9.3
	403-3	Occupational health services	64	11.9.4
	403-4	Worker participation, consultation, and communication on occupational health and safety	65	11.9.5
	403-5	Worker training on occupational health and safety	67	11.9.6
	403-6	Promotion of worker health	67	11.9.7
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	66	11.9.8
	403-8	Workers covered by an occupational health and safety management system	64	11.9.9
	403-9	Work-related injuries	67	11.9.10
	403-10	Work-related ill health	Information unavailable.	11.9.11
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	62-64	11.7.1
<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee	62, 64	11.10.6
	404-2	Programmes for upgrading employee skills and transition assistance programmes	63	11.7.3 11.10.7
	404-3	Percentage of employees receiving regular performance and career development reviews	62	-
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	56-58, 69-70	11.11.1
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	56-58, 69-70	11.11.5
	405-2	Ratio of basic salary and remuneration of women to men	Information unavailable.	11.11.6

## SUSTAINABILITY STATEMENT

GRI STANDARD		DISCLOSURE	PAGE REFERENCE / REASON FOR OMISSIONS	SECTOR STANDARD REF.NO.
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	53-54	11.11.7
<b>GRI 406: Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken	53	-
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	54	11.13.1
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Information unavailable.	11.13.2
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	54	-
<b>GRI 408: Child Labour 2016</b>	408-1	Operations and suppliers at significant risk for incidents of child labour	54	-
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	54	11.12.1
<b>GRI 409: Forced or Compulsory Labour 2016</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	54	11.12.2
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Information unavailable.	11.18.1
<b>GRI 410: Security Practices 2016</b>	410-1	Security personnel trained in human rights policies or procedures	Information unavailable.	11.18.2
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	53	11.17.1
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1	Incidents of violations involving rights of indigenous peoples	53	11.17.2
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	68	11.15.1

## SUSTAINABILITY STATEMENT

GRI STANDARD		DISCLOSURE	PAGE REFERENCE / REASON FOR OMISSIONS	SECTOR STANDARD REF.NO.
<b>GRI 413: Local Communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programmes	68	11.15.2
	413-2	Operations with significant actual and potential negative impacts on local communities	Information unavailable.	11.15.3
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	61	-
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1	New suppliers that were screened using social criteria	Information unavailable.	11.10.8 11.12.3
	414-2	Negative social impacts in the supply chain and actions taken	61	11.10.9
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Not applicable. Deleum does not practise political contributions.	11.22.1
<b>GRI 415: Public Policy 2016</b>	415-1	Political contributions		11.22.2
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	42	11.3.1
<b>GRI 416: Customer Health and Safety 2016</b>	416-1	Assessment of the health and safety impacts of product and service categories	42	11.3.3
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	42	-
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	Not applicable. Deleum does not have products and services that involve market labelling.	-
<b>GRI 417: Marketing and Labelling 2016</b>	417-1	Requirements for product and service information and labelling		-
	417-2	Incidents of non-compliance concerning product and service information and labelling		-
	417-3	Incidents of non-compliance concerning marketing communications	-	



## SUSTAINABILITY STATEMENT

### TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The table below provides a detailed description of Deleum's commitment to aligning its business operations with TCFD themes and recommended disclosures. Wherever necessary, references to specific sections of this report are provided where more detailed explanations can be found.

TCFD RECOMMENDATIONS	RECOMMENDED DISCLOSURES	PAGE REFERENCE / EXPLANATION
<b>Governance</b> Disclose the company's governance around climate-related risks and opportunities	a) Board Oversight	33, 116
	b) Management's Role	33, 117
<b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material	a) Risks and Opportunities	47
	b) Impact on Organisation	47
	c) Resilience of Strategy	47
<b>Risk Management</b> Disclose how the company identifies, assesses, and manages climate-related risks	a) Risk ID and Assessment Processes	46, 118, 119, 120
	b) Risk Management Processes	46, 118, 119, 120
	c) Integration into Overall Risk Management	39, 120
<b>Metrics and Targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Climate-Related Metrics	44
	b) Scope 1, 2, 3 GHG Emissions	Refer to Page 45 for Scope 1 and 2 emissions. Information unavailable for Scope 3 emission.
	c) Climate-Related Targets	44

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Deleum Berhad ("Deleum" or "the Company") remains steadfast in its commitment in ensuring that high standards of corporate governance are consistently observed and practised throughout Deleum and its subsidiaries (collectively "the Group") in furtherance of the Group's Mission, Vision and Shared Values. The Board is mindful of its responsibilities to the shareholders and the other stakeholders and shall continue to uphold good corporate governance which is essential for sustainable long-term performance and value creation.

This Statement, as at 16 March 2023, provides an overview of the Group's application of the principles set out in the Malaysian Code on Corporate Governance ("MCCG") during the financial year ended 31 December 2022 ("FY2022"). The details of the application of each practice set out in the MCCG is disclosed in the Corporate Governance Report for FY2022 which is available on Deleum's corporate website at [www.deleum.com](http://www.deleum.com).

## PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

### I. ROLES AND RESPONSIBILITIES OF THE BOARD

#### 1. Board of Directors

The Board has collective responsibility and accountability for the overall management, direction and performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed.

It has the ultimate and overall responsibility for the entire affairs of the Group and the proper and effective conduct of its business including establishing the vision and strategic objectives of the Group, directing and providing effective oversight of Management and stewardship of the Group's resources towards realising the vision of the Group.

The Board Charter, published in the Company's corporate website, provides guidance to the Board in discharging its duties and responsibilities, including the following matters which are reserved for its collective decision making:

- i. the overall corporate strategy and direction, business plans and annual budget including major capital commitments;
- ii. participation in tenders or projects exceeding prescribed value and any amount outside existing core business;
- iii. material acquisitions and disposals of undertakings and properties;
- iv. key policies and the delegation of authority guidelines;
- v. undertaking of new business activities in non-traditional or non-core areas;
- vi. decision to cease to operate all or any part of the Group's business;
- vii. establishment of long-term or incentive plans and major changes to existing plans; and
- viii. succession planning.

The Group's corporate governance structure consists of a set of structures, policies and procedures.

The Board is supported by three (3) Board Committees to which the Board has delegated specific responsibilities, namely Audit Committee ("AC"), Board Risk Committee ("BRC") and Joint Remuneration and Nomination Committee ("JRNC").

The Board communicates its directions to management through the Group Chief Executive Officer ("GCEO") who is responsible for the day-to-day management of the business and operations of the Group and implementation of the Group's strategies and policies as approved by the Board. He is well supported by management team. The GCEO appraises the Board on a quarterly basis on the industry, business, prospects and issues faced by the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

All matters not specifically reserved to the Board and which are necessary for the day-to-day operations of the Group are delegated to Management to operate within the Delegation of Authority Guidelines ("DAG"). The GCEO is delegated the limits of authority as specified in the DAG on corporate and operational matters. The DAG sets out the specific approval thresholds for the GCEO who further delegates the authorities granted to him to the operational management team and other executives on operation matters including sales, procurement and capital expenditure.

### 2. Chairman, Deputy Chairman, GCEO and Independent Directors

The Board practises a clear demarcation of responsibilities whilst maintaining the balance of power and authority. The positions of the Chairman, Deputy Chairman and GCEO are held by separate persons and the clear separation of powers, roles and responsibilities that ensures a balance of power and authority. There is no family relationship between the Chairman, Deputy Chairman and GCEO.

#### (a) Chairman

The Chairman leads the Board and is responsible for instilling good governance practices and leadership of the Board, ensuring its effectiveness in all aspects of its role and setting its agenda. He presides over Board meetings and encourages positive contributions of all Directors at Board meetings and promotes an environment for open, robust and effective debate between all Board members and allows for constructive and dissenting views to be freely expressed. He is primarily responsible for the orderly conduct and effective working of the Board, and acts as a liaison between the Board and Management. The Chairman is non-executive and he is not involved in the day-to-day management of the Group.

#### (b) Deputy Chairman

The Deputy Chairman supports the Chairman and also assists in high level business development and customer relations. The Chairman and the Deputy Chairman work closely with the GCEO in the development of business, corporate policies and strategies for the Group.

#### (c) GCEO

The GCEO leads the management of the Group and oversees the day-to-day running and management of the business and operations of the Group, advancing long-term shareholders' value and implementation of the Board's policies and decisions. He also acts as the conduit between the Board and Management in ensuring the success of the Group's governance and management functions.

#### (d) Independent Non-Executive Directors

The Independent Non-Executive Directors provide independent and objective views, advice and judgement through their active participation within the Board Committees and in the Board's deliberations and decision-making.

#### (e) Senior Independent Non-Executive Director

The Senior Independent Non-Executive Director serves as the point of contact between the Independent Directors and the Chairman of the Board on sensitive issues and act as a designated contact to whom shareholders' concerns or queries may be raised. Following the appointment of Tan Sri Dato' Seri Shamsul Azhar bin Abbas as the Senior Independent Non-Executive Director effective from 1 January 2023, the Company has redesignated Datuk Manharlal a/l Ratilal as the Independent Non-Executive Director with effect from the same date.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 3. Company Secretary

The Board is supported by suitably qualified, experienced and competent Company Secretary in the discharge of its duties and responsibilities and has unhindered access to their advice and services.

The Company Secretary plays an advisory and consultancy role to the Board in advising the Board in relation to regulatory compliance and corporate governance, and ensuring that the applicable laws and regulations are complied with. She is responsible for organising and facilitating Board and Board Committee meetings and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and statutory registers are properly maintained at the registered office of the Company.

### 4. Board Charter, Codes and Policies

#### (a) Board Charter

The Board Charter as adopted by the Board, sets out, amongst others, the duties and responsibilities of Directors including guidelines on matters reserved for the Board's collective decision-making.

The Board Charter was last reviewed and revised in November 2021 and is available on the Company's corporate website.

#### (b) Directors' Code of Ethics

Directors' Code of Ethics ("Code") outlines standards of business conduct and ethical behaviour to be observed by all Directors in discharging their duties and responsibilities to the highest standards of personal integrity and professionalism. The Code sets out, amongst others, Directors' obligations in observing high standards of corporate governance, compliance with legal and statutory requirements, adherence to and upholding the principles of integrity, objectivity, accountability,

openness, honesty and leadership and acting in good faith in the best interest of the Group. The Company communicates the Code to all Directors upon their appointment.

The Code is available on the Company's corporate website.

#### (c) Code of Business Conduct

The corporate culture of integrity and honesty is applicable across the Group. The Group has in place a Code of Business Conduct ("COBC") as a guidance to Directors and employees as well as its contractors, subcontractors, consultants, agents and other third-party service providers with regard to the Group's standard of integrity and rules of conduct to be observed in the performance of work and business practices. They are refrained from all improper conduct and dishonest or unethical conduct in their performance of work and business dealings with the Group.

The COBC covered the areas of, amongst others, conflict of interest, anti-bribery and corruption, gifts, hospitality, donation and sponsorship, health, safety and environment, confidentiality, harassment, substance misuse policy and consequences of violation of the COBC. The latest revision of the COBC was approved by the Board on 23 February 2023.

The Anti-Bribery and Corruption Policy and the associated policies and guidelines are in line with the requirement of Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act") on corporate liability provision. There were a series of anti-bribery and corruption awareness sessions conducted including talks and workshops to further educate employees on ways to eradicate corruption. The detailed disclosure can be referred in the Statement on Risk Management and Internal Control of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The COBC and the Anti-Bribery and Corruption Policy are made available on the Company's corporate website.

### (d) Directors' Fit and Proper Policy

The Company has formulated a Directors' Fit and Proper Policy with effect from 1 July 2022 which serves to guide the JRNC and the Board in their review and assessment of potential candidates that are proposed for appointment as Director of the Company and its subsidiaries as well as re-election as Directors of the Company pursuant to the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

Directors' Fit and Proper Policy can be accessed at the Company's corporate website.

### (e) Whistleblowing Policy and Procedure

The Board has established a Whistleblowing Policy and Procedure to provide an avenue for all employees, third parties employed or engaged by the Group, and members of the public to disclose any wrongdoing and provide assurance of protection in accordance with this policy without fear of reprisal.

The Whistleblowing Policy and Procedure was last reviewed and updated in February 2022 and is available on the Company's corporate website.

There was no case reported in 2022 via the Whistleblowing reporting channel.

## 5. Access to Information

The members of the Board have full and unrestricted access to all information pertaining to the business and affairs of the Group. Prior to the meetings of the Board and Board Committees, all Directors are furnished with the agenda together with comprehensive Board papers containing information relevant to the business of the meetings.

Upon conclusion of the meeting, the minutes are circulated to all Directors in a timely manner for their perusal and comments, if any, prior to confirmation.

The Board is updated with the overview of the Group's financial performance and business activities at quarterly meetings. The financial performance is measured against the approved budget and the corresponding periods. Directors regularly receive additional information or updates on relevant matters from the Company between Board meetings.

In discharging their duties, all Directors have full access to the advice and services of the Company Secretary and other Senior Management personnel. The relevant Senior Management personnel are invited to attend meetings of the Board and Board Committees to report on matters relating to their areas of responsibility and to brief and provide clarifications and details on recommendations so as to enable Directors to make independent and informed decisions.

Directors are also empowered to seek external independent professional advice at the Group's expense should they consider it necessary in the furtherance of their duties. Approval may be obtained at the Board meeting where the matter is deliberated or from the Chairman. External advisers may also be invited to relevant Board or Board Committee meetings, if necessary. No Director had sought the services of any professional advisor during the year in the discharge of his/her duties.

Directors were briefed on relevant correspondences/communications from Bursa Securities and the Securities Commission from time to time and at quarterly meetings. Directors are apprised of all the Company's announcements to Bursa Securities and close period on restriction in dealing with the securities of the Company.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### II. BOARD COMPOSITION

#### 1. Composition & Diversity

The Board, as at the date of this Statement, comprises seven Directors with one Executive Director and six Non-Executive Directors, as follows:

Name	Designation
<b>Dato' Izham bin Mahmud</b>	Non-Independent Non-Executive Chairman
<b>Datuk Vivekananthan a/l M.V. Nathan</b>	Non-Independent Non-Executive Deputy Chairman
<b>Ramanrao bin Abdullah</b>	Executive Director/Group Chief Executive Officer
<b>Lee Yoke Khai</b>	Independent Non-Executive Director
<b>Datuk Manharlal a/l Ratilal</b> <i>(redesignated from Senior Independent Non-Executive Director to Independent Non-Executive Director w.e.f. 1 January 2023)</i>	Independent Non-Executive Director
<b>Tan Sri Dato' Seri Shamsul Azhar bin Abbas</b> <i>(appointed w.e.f. 9 June 2022 and redesignated as Senior Independent Non-Executive Director w.e.f. 1 January 2023)</i>	Senior Independent Non-Executive Director
<b>Datin Aisah Eden</b> <i>(appointed w.e.f. 30 June 2022)</i>	Independent Non-Executive Director
<b>Datuk Ishak bin Imam Abas</b> <i>(retired w.e.f. 19 May 2022)</i>	Independent Non-Executive Director
<b>Datuk Noor Azian binti Shaari</b> <i>(resigned w.e.f. 1 April 2022)</i>	Independent Non-Executive Director

The Board has a well-balanced composition with an effective mix, ensuring that there is an effective and fair representation, as well as a balance of power and authority on the Board. The Board is appropriately structured to provide the required leadership and governance to realise the Company's mission, objectives and business strategies for the benefit of all stakeholders, in particular shareholders' interest.

The members of the Board are selected based on objective criteria of proven skills, merit and abilities in their particular field of endeavour with due regard for diversity in expertise, experience, age, cultural background, gender and outlook which benefits the operation of the Board as a custodian of the business. It provides an effective blend of entrepreneurship, business and professional expertise.

As at the date of this Statement, there is one woman serving as member of the Board which is in line with the Board Charter. The Board will endeavour to have more women representation on the Board based on effective blend of required skills, experience and knowledge in areas identified and the needs of the Group.

The Independent Directors make up more than half of the Board which exceeds the minimum as mandated by the Listing Requirements of Bursa Securities which stipulates that at least two Directors or one-third (1/3) of the Board, whichever is higher, must be independent. The Independent Directors bring a wide range of experience and expertise to the Board and carry significant weight in the Board's decision on matters relating to the Group's affairs.

The Board is satisfied that given the present mix of skills, independence, work experiences and industry knowledge, the Board composition meets the needs of the Group in line with the nature and scale of the business operations.

The profile of each Director is presented on pages 7 to 10 of this Annual Report.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 2. Independence

All Directors, regardless of their independent status, are always required to act in the best interest of the Company and to exercise unfettered and independent judgement.

The Board undertakes to assess the independence of its Independent Directors upon their appointment and annually thereafter, or upon the development of any new interest in the Company's matters.

The Board believes that a Director's independence should not be determined through the length of service as there are significant advantages to be gained from long-serving Directors who over the years have developed deeper understanding of the Group's business and possess insight and in-depth knowledge of the Group's business and affairs.

In line with the MCCG and Board Charter, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Board may, upon assessment and recommendation by the JRNC with justification, seek shareholders' approval at general meeting for the retention of an Independent Director who has served a cumulative term of or more than nine (9) years as an Independent Director of the Company.

As at the end of the year, none of the Independent Non-Executive Directors of Company has served on the Board for more than nine (9) years.

### 3. Appointment and Re-election of Directors

The appointment of Directors is undertaken by the Board as a whole through a formal process as set out in the provisions of the Company's Constitution and upon the recommendation by the JRNC.

The JRNC in recommending new appointments to the Board will assess the suitability of an individual to be appointed to the Board by giving due consideration to the individual's skills, industry experience and knowledge, character, integrity and time to effectively discharge his or her role and responsibilities. In respect of Independent Directors, the JRNC will assess

whether the individual is able to exercise independent judgement and to demonstrate the values and principles associated with independence.

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from Directors, major shareholders, Management and independent advisors and networks from various parties.

During FY2022, Tan Sri Dato' Seri Shamsul Azhar bin Abbas and Datin Aisah Eden was appointed to the Board as Independent Non-Executive Directors on 9 June 2022 and 30 June 2022 respectively. The JRNC had reviewed both Tan Sri Dato' Seri Shamsul Azhar bin Abbas and Datin Aisah Eden's profile and curriculum vitae, the qualification and the disclosure of their other directorships and had considered their background, academic qualifications, skills, experiences, time commitment and competencies prior to their appointments as Independent Non-Executive Directors of the Company.

In accordance with the Company's Constitution, at each AGM, one-third (1/3) of Directors for the time being, or if their number is not three or multiple of three, then the number nearest to one-third (1/3), shall retire from office and be eligible for re-election. All Directors including the Director holding the office of GCEO, shall retire from office once at least in every three years but shall be eligible for re-election. Directors who are appointed by the Board during a financial year are subjected to re-election by the shareholders at the next AGM to be held following their appointments.

Datuk Vivekananthan a/l M.V. Nathan and Datuk Manharlal a/l Ratilal will retire by rotation pursuant to Clause 88 of the Company's Constitution, and Tan Sri Dato' Seri Shamsul Azhar bin Abbas and Datin Aisah Eden, who were appointed as Directors during FY2022, are required to retire at the forthcoming AGM pursuant to Clause 86 of the Company's Constitution. They have all completed the Fit and Proper Declaration Forms, are eligible, and have offered themselves for re-election at the forthcoming AGM. Their profiles can be found on pages 7 to 10 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board, at the recommendation of the JRNC, supported the re-elections of Datuk Vivekananthan a/l M.V. Nathan, Datuk Manharlal a/l Ratilal, Tan Sri Dato' Seri Shamsul Azhar bin Abbas and Datin Aisah Eden as Directors of the Company.

#### **4. Annual Assessment of Board, Board Committees, Individual Directors, Independence of the Independent Directors and Senior Management**

The Board through the JRNC and facilitated by the Company Secretary, annually assesses the effectiveness of the Board, Board Committees, the contribution of each individual Director including assessment of the independence of each of the Independent Directors to a set of criteria as prescribed by the Listing Requirements by way of a set of customised questionnaires. The annual assessments for the Board, Board Committees and individual Directors (including Independent Directors) were carried out on self and peer assessment basis. Summary of results of the annual assessment are tabled to the JRNC for deliberation and reported to the Board.

For FY2022, the assessment was conducted manually by incorporating the evaluation guidelines as per Bursa Malaysia's Corporate Governance Guide (4<sup>th</sup> Edition).

The Company also integrated the review of the performance of the Board and Senior Management in addressing the Company's environmental, social and governance ("ESG") matters into their performance evaluation.

The assessment criteria used in the assessment of Board and individual Directors include Board mix and composition, quality of information and decision making, ESG and sustainability matters and contribution and performance of each Director. The Board Committees were assessed based on their roles and responsibilities, scope and knowledge, supply of sufficient and timely information to the Board and also overall effectiveness and efficiency in discharging their function.

The Board is comfortable that the skills and experience of the current Directors satisfy the requirements of the skills matrix. The Directors have diverse and relevant range of skills, backgrounds, knowledge and experience to ensure effective governance of the business.

#### **5. Board Evaluation**

The Board's evaluation comprises of performance evaluation of the Board, Board Committees, Directors' self and peer evaluation and assessment of the independence of the Independent Directors.

Based on the evaluation, the JRNC and the Board concluded that the Board's size and composition is appropriate and well balanced given the scale of the Group's business and operations. All Directors of the Company possessed the required competence and character to manage the Group's affairs and the Board is satisfied that the Independent Directors continue to exercise independent and objective judgement and act in the interest of the Company and its stakeholders. None of the Independent Directors have any interests in the Company and there are no other areas of business conflicts.

The outcome of the evaluation for FY2022 highlighted certain key focus areas and future priorities for the Board's consideration.

#### **6. Time Commitment**

Board meetings for the ensuing financial year are planned and scheduled in advance by the Company Secretary before the end of the financial year to enable Directors to plan ahead and fit the year's meetings into their schedules.

The Chairman encourages active participation and full deliberation of issues brought up at the Board meetings. Decisions reached at the meetings reflect the consensus of the Board and not the views of any individual or group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board Charter provides that any Director, subject to the limitations on the number of directorships under the Listing Requirements or applicable laws, may accept new directorships which are not in conflict with the interests of Deleum's business and do not detrimentally affect his performance as a director. In accepting such appointment, Director shall take into consideration time spent on the appointment to enable him to devote sufficient time to carry out his duties to the Company. A Director shall seek guidance from the Chairman if there is any potential conflict of interest and shall, upon appointment, notify the Company Secretary who shall inform the Chairman and other members of the Board accordingly.

The Board is satisfied with the level of time commitment given by Directors towards fulfilling their roles and responsibilities as Directors as evidenced by their attendance at the Board and Board Committee meetings and the AGM as follows:

### Attendance of Directors at the meetings held during FY2022

Name of Directors	Board Meetings	AGM	EGM	Board Committees		
				Audit Committee (AC)	JRNC	BRC
<b>Dato' Izham bin Mahmud</b>	11/11	1/1	1/1	-	-	-
<b>Datuk Vivekananthan a/l M.V. Nathan</b>	11/11	1/1	1/1	-	4/5	4/4
<b>Ramanrao bin Abdullah</b>	11/11	1/1	1/1	-	-	-
<b>Lee Yoke Khai</b>	11/11	1/1	1/1	6/6	5/5	4/4
<b>Datuk Manharlal a/l Ratilal</b>	11/11	1/1	1/1	6/6	5/5	-
<b>Tan Sri Dato' Seri Shamsul Azhar bin Abbas</b> <i>(appointed on 9 June 2022)</i>	4/4	-	-	3/3	1/1	-
<b>Datin Aisah Eden</b> <i>(appointed on 30 June 2022)</i>	4/4	-	-	-	-	2/2
<b>Datuk Ishak bin Imam Abas</b> <i>(retired on 19 May 2022)</i>	6/6	1/1	-	2/2	3/3	-
<b>Datuk Noor Azian binti Shaari</b> <i>(resigned on 1 April 2022)</i>	4/4	-	-	-	2/2	1/1
<b>Total number of Meetings held during FY2022</b>	11	1	1	6	5	4

### 7. Directors' Training and Induction

Directors regularly attend various seminars, training programmes, briefings and conferences including those organised by the relevant regulatory authorities to be apprised, updated on changes and developments in the market place, state of economy, business environment and corporate regulatory framework and governance.

On a quarterly basis, Directors are briefed and updated on any relevant amendments to the Listing Requirements as well as applicable new statutory and regulatory requirements, corporate governance, accounting standards and taxation. Induction/familiarisation programme and management briefings relating to the Group's structure, business and operations are organised for newly appointed Directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities.

The Company Secretary keeps Directors informed of relevant external training programmes. The training programmes attended by Directors are recorded and maintained by the Company Secretary.

The seminars, workshops and conferences participated by Directors during FY2022 are summarised as follows:

1.	<b>Dato' Izham bin Mahmud</b>	25 January 2022	• In-house training: Integrity Day
		7 November 2022	• In-house training: ESG Awareness Training
		1 December 2022	• Bursa Malaysia Immersive Session: The Board "Agender"
2.	<b>Datuk Vivekananthan a/l M.V. Nathan</b>	25 January 2022	• In-house training: Integrity Day
		7 November 2022	• In-house training: ESG Awareness Training
3.	<b>Ramanrao bin Abdullah</b>	25 January 2022	• In-house training: Integrity Day
		24 March 2022	• MyWiE Programme - Adapting to a Changing World and D&I future trend
		28 March 2022	• Compressed Air Emergency Breathing System (CA-EBS) Initial Deployment Training (OPITO Approved)
		28 - 30 March 2022	• Tropical Basic Offshore Safety Induction and Emergency Training (BOSIET) with Emergency Breathing System (EBS) and Travel Safely by Boat (OPITO Approved)
		8 April 2022	• Basic H2S Training (OPITO Approved)
		8 - 9 June 2022	• 10 <sup>th</sup> Sabah Oil, Gas & Energy Conference & Exhibition - "Energy Transition"
		1 July 2022	• In-house training: FTSE4Good by Bursa Malaysia
		13 - 15 September 2022	• Malaysia Oil & Gas Services Exhibition and Conference together with Oil & Gas Asia - "Outlook of the Energy Ecosystem"
		20 October 2022	• LPS with SSHE Induction
		7 November 2022	• In-house training: ESG Awareness Training
		15 November 2022	• LNG - Transformation Touchpoints for Gas Industry
		23 November 2022	• ExxonMobil 2022 Senior Contractor Management Forum - Best in Class Performance and Fostering Partnership across Service Industry to Harness Value
	1 - 2 December 2022	• International Conference on Sustainable Oil Recovery and Digital Solutions - "The Impact of the Energy Transition on Petroleum Engineering and Geoscience Graduates"	

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

<b>4. Lee Yoke Khai</b>	25 January 2022	• In-house training: Integrity Day
	2 March 2022	• Climate Change Disclosure TCFD 101
	9 March 2022	• Climate Change Disclosure TCFD 102
	15 April 2022	• Board Nomination and Remuneration Committee (NRC) Disclosure
	8 June 2022	• MIA National Accountant Conference
	16 August 2022	• Advocacy Session on Disclosure Requirements and Corporate Disclosure Policy for Public Listed Companies
	7 November 2022	• In-house training: ESG Awareness Training
	17 November 2022	• Conversation with Audit Committee
<b>5. Datuk Manharlal a/l Ratilal</b>	9 May 2022	• Anti-Corruption Empowerment Talk Series for Directors and Senior Management - MACC Anti-Bribery and Corruption Training
	9 June 2022	• Global Minimum Tax by Deloitte Tax Services Sdn. Bhd.
	9 August 2022	• Anti Money Laundering / Counter Financing of Terrorism Training
	7 November 2022	• In-house training: ESG Awareness Training
	1 December 2022	• Awareness Session Briefing on Introduction to Integrated Reporting
<b>6. Tan Sri Dato' Seri Shamsul Azhar bin Abbas</b>	7 November 2022	• In-house training: ESG Awareness Training
<b>7. Datin Aisah Eden</b>	12 July 2022	• Mandatory Accreditation Programme (MAP)
	7 November 2022	• In-house training: ESG Awareness Training

The Board through the JRNC had assessed the training needs of each Director and is satisfied that Directors have received the necessary training during FY2022.

### III. BOARD COMMITTEES

The Board has established three Board Committees namely the AC, the JRNC, and the BRC. The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs, and operate within their own clearly defined Terms of Reference. The Board Committees will deliberate and review matters within their Terms of Reference in greater detail and report on matters deliberated together with their recommendations to the Board.

The Board is kept apprised of the activities and the decisions of the Board Committees through circulation of minutes of the meetings of the Board Committees and presentations made by the Chairman of the respective Board Committees at Board meetings.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 1. Joint Remuneration and Nomination Committee

The JRNC comprises all Non-Executive Directors, a majority of whom are Independent Directors. The Chairman of the JRNC is the Senior Independent Non-Executive Director of the Company.

The JRNC, as at the date of this Statement, comprises the following:

Name	Designation
<b>Tan Sri Dato' Seri Shamsul Azhar bin Abbas</b> <i>(appointed to the Board on 9 June 2022 and redesignated as Chairman of JRNC w.e.f. 1 January 2023)</i>	Chairman of JRNC / Senior Independent Non-Executive Director
<b>Datuk Manharlal a/I Ratilal</b> <i>(redesignated as member of JRNC w.e.f. 1 January 2023)</i>	Member/ Independent Non-Executive Director
<b>Datuk Vivekananthan a/I M. V. Nathan</b>	Member/Non-Independent Non-Executive Deputy Chairman
<b>Lee Yoke Khai</b>	Member/Independent Non-Executive Director
<b>Datin Aisah Eden</b> <i>(appointed w.e.f. 30 June 2022)</i>	Member/ Independent Non-Executive Director

In discharging its duties and responsibilities, the JRNC is guided by its Terms of Reference which was last reviewed in November 2021 and is available on the Company's corporate website.

During FY2022, five meetings of the JRNC were held with the attendance of members of the JRNC as reflected on page 104 of this Annual Report.

The JRNC's activities during the year included a detailed evaluation of the Board's performance which covered an assessment of the Board in general, individual directors, the Board Committees and the independence of the Independent Directors. The JRNC also reviewed the size, composition, and mix of skills of the Board and Board Committees, and based on its assessment, made recommendations to the Board to enhance the overall effectiveness and performance of the Board and its Committees.

The JRNC also considered the appointments of key personnel within the organisation and reviewed compensation packages of senior executives. During the year, the JRNC reviewed and recommended the appointment of the Chairman of JRNC and Senior Independent Director, as well as the new General Manager - Group Corporate Services. Additionally, it reviewed and recommended the appointment of new Directors and their nomination as members of the appropriate Board Committees.

The JRNC also reviewed and recommended the re-election and retirement by rotation of Directors at the Company's 17th AGM for the year under review. Additionally, the JRNC reviewed and recommended for the Board's approval the proposed Fit & Proper Policy for Appointment and Re-Election of Directors of the Group, reviewed and recommended Objective Key Result 2022 for the GCEO, and reviewed the training courses attended by Directors.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 2. Audit Committee

The AC has responsibility for oversight of the Company's financial statements, related party transactions, system of internal control, the Company's relationship with its external auditors and effectiveness and independence of internal audit function. In discharging its duties and responsibilities, the AC is guided by the Terms of Reference which was last reviewed in November 2021 and is available on the Company's corporate website.

A full AC Report enumerating its membership and a summary of its activities during the financial year is set out in pages 127 to 132 of this Annual Report.

### 3. Board Risk Committee

The BRC assists the Board in fulfilling its corporate governance oversight responsibilities with regards to the risk management, compliance (integrity & ethics), sustainability, and investment related matters and ensure they are effectively managed, which aligned to the Company's strategy. It ensures the Group has in place a sound enterprise risk management framework, business continuity management framework, sustainability framework and relevant anti-bribery and corruption related policies, procedures and guidelines. The BRC oversees and provides recommendation on risk management, business continuity management, sustainability and compliance (integrity & ethics) activities to enhance the Group's ability to achieve its strategic objectives through structured and systematic processes and controls.

In discharging its duties and responsibilities, the BRC is guided by the Terms of Reference which was last reviewed on 29 November 2022. The scope of the BRC has been expanded with oversight of the proposed investment and growth opportunities by the Management as well as sustainability matters in line with the requirements pursuant to the MCCG, and the revised Terms are available on the Company's corporate website.

The Management Compliance & Risk Committee's ("MCRC") acts as primary champion for risk management, compliance (integrity & ethics), and sustainability matters at both strategic and operational levels. It holds its quarterly meeting with structured agenda, which includes identification of key risks and mitigation plans.

A comprehensive narrative of the Company's sustainability initiatives, performances and future plans for material Economic, Environmental, Social and Governance matters is set out in the Sustainability Statement of this Annual Report.

The composition of the BRC and a summary of its activities during the financial year are set out in Section B II - "Risk Management and Internal Control Framework" of this Statement.

## IV. Remuneration of Directors and Key Senior Management

The objective of the Group's remuneration policies is to provide fair and competitive remuneration to its Board and Senior Management for retaining a high-quality team for the Group. The Remuneration Framework for Executive Directors and Key Senior Management is available on the Company's corporate website.

The details of Directors' and Key Senior Management's remuneration received for FY2022 (both from the Company and the Group) are as follows:

### a) Remuneration of Executive Directors

The GCEO received the remuneration from the Company in accordance with the contract of employment. He did not receive any remuneration from the subsidiaries of the Group. GCEO remuneration is reviewed and deliberated by JRNC and approved by the Board on the recommendation of the JRNC. Annual discretionary bonus of the GCEO is based on the Group's performance and recommendation of the JRNC and approval of the Board. During FY2022, the total remuneration of the GCEO received from the Company was as follows:

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Executive Director	Remuneration (RM)							
	Fees	Salaries and bonuses	Defined contribution plan	*Fixed allowance	**Estimated monetary value of benefits-in-kind	LTIP	#Other emoluments	Total
<b>Ramanrao bin Abdullah</b>	-	1,330,000.00	221,100.00	144,000.00	22,592.37	-	1,001.80	1,718,694.17

\* Comprised car allowance

\*\* Comprised prescribed value of company car and driver and club subscription fees.

# Comprised contribution to Social Security Organisation (SOCSO) and Employment Insurance Scheme (EIS).

The GCEO's remuneration package is structured so as to link to corporate and individual performance, aligned with the corporate objectives, and approved by the Board. He is not entitled to any Director's fee from the Group nor is he entitled to receive any meeting allowances for Board or Board Committee meetings.

Termination of the contract of the GCEO may be exercised by either party by giving three months' notice in writing.

#### b) **Remuneration of Non-Executive Directors**

The payment of Directors' fee and meeting allowances for Non-Executive Directors are based on the Non-Executive Directors' Remuneration Framework. The framework was last reviewed in February 2019 and took effect from 1 June 2019. The framework is available on the Company's corporate website.

Non-Executive Directors are entitled to Directors' fees and additional fees for chairing or sitting in Board Committees except for the Chairman and Deputy Chairman who do not receive any additional fees. Fixed meeting allowances are also paid to Non-Executive Directors covering expenses incurred in the course of their duties except for the Chairman and Deputy Chairman who are each provided a car, a driver and club subscriptions.

The Non-Executive Directors' fee and meeting allowances are in accordance with the Non-Executive Directors' Remuneration Framework, as follows:

Designation	Fixed fee per month (RM)
Chairman	28,750
Deputy Chairman	28,750
Members of the Board	4,600

Board Committees' Fee:

Designation	AC (Fixed fee per month) (RM)	JRNC (Fixed fee per month) (RM)	BRC (Fixed fee per month) (RM)
Chairman	2,875	1,150	1,150
Members of the Committee	2,300	1,150	1,150

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board as a whole determines the remuneration of Non-Executive Directors which is subject to the approval of the shareholders at the AGM. The fees and meeting allowances paid to the Non-Executive Directors during FY2022 were in line with their duties and responsibilities and time commitment required to discharge their duties.

The total remuneration for the Non-Executive Directors individually from the Company in respect of FY2022 are set out below. They did not receive any remuneration from the subsidiaries of the Group:

Directors	Fees (RM)	Salaries and bonuses (RM)	Defined contribution plan (RM)	*Estimated monetary value of benefits-in-kind (RM)	Meeting Allowances (RM)	#Other emoluments (RM)	Total (RM)
<b>Dato' Izham bin Mahmud</b> (Chairman of Board)	345,000	-	-	38,317.35	-	2,000.00	385,317.35
<b>Datuk Vivekananthan a/l M.V. Nathan</b> (Deputy Chairman of Board)	345,000	-	-	47,154.58	-	-	392,154.58
<b>Lee Yoke Khai</b> (Chairman of BRC)	110,400	-	-	-	32,775.00	-	143,175.00
<b>Datuk Manharlal a/l Ratilal</b> (Chairman of AC and redesignated as Member of JRNC w.e.f. 1 January 2023)	103,500	-	-	-	35,650.00	-	139,150.00
<b>Tan Sri Dato' Seri Shamsul Azhar bin Abbas</b> (appointed to the Board on 9 June 2022 and redesignated as Chairman of JRNC w.e.f. 1 January 2023)	54,203.33	-	-	-	11,500.00	-	65,703.33
<b>Datin Aisah Eden</b> (appointed on 30 June 2022)	41,630.00	-	-	-	9,200.00	-	50,830.00
<b>Datuk Ishak bin Imam Abas</b> (retired w.e.f. 19 May 2022)	40,250.00	-	-	-	13,225.00	-	53,475.00
<b>Datuk Noor Azian binti Shaari</b> (resigned w.e.f. 1 April 2022)	20,700.00	-	-	-	10,350.00	-	31,050.00
<b>Total (RM)</b>	1,060,683.33	-	-	85,471.93	112,700.00	2,000.00	1,260,855.26

\* Comprised prescribed value of company car and driver

# Comprised club subscription fees

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### c) Remuneration of Senior Management

For FY2022, the aggregate total remuneration paid to Deleum Group's top five Key Senior Management personnel, who are not Directors, comprising the five C-Level officers of the Group is RM4,120,194.45 as follows:

Remuneration (RM)						
Salaries and bonuses	Defined contribution plan	*Fixed allowances	**Estimated monetary value of benefits-in-kind	LTIP	#Other emoluments	Total
2,496,941.97	360,873.00	470,566.13	64,009.14	0	727,804.21	4,120,194.45

\* Comprised car allowance

\*\* Comprised prescribed value of company car and driver, petrol consumption and mobile expenses

# Comprised contribution to SOCSO and EIS, gratuity, retirement bonus, notice in lieu and annual leave encashment

In addition, they are covered under the Group insurance policies for Term Life, Hospitalisation and Personal Accident. The annual discretionary bonus is based on the individual's and the Group's performance as recommended by the JRNC and approved by the Board.

The top five Key Senior Management personnel's remuneration received during the financial year is categorised within the disclosure band as follows:

Remuneration Band (RM)	Number of Key Senior Management personnel
550,001 – 600,000	1
600,001 – 650,001	1
750,001 – 800,000	1
850,001 – 900,000	1
>1,000,000.00	1

The Board is of the view that the disclosure in the above manner is appropriate.

Directors and Officers of the Group are covered under a Directors and Officers Liability Insurance Policy against any liability incurred by them in their discharge of duties while in office. However, they are not indemnified if any intentional act on fraud, breach of duty or trust is proven against them.

No Director or Key Senior Management personnel is involved in deciding his/her own remuneration.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. Audit Committee and Financial Reporting

The Board is assisted by the AC to oversee the Group's financial reporting process, the quality of its financial reporting and also to ensure that the financial statements are drawn up following appropriate accounting policies and in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and Companies Act 2016 ("CA 2016"). The accounting policies, once adopted, are consistently applied and supported by reasonable judgments and estimates.

The GCEO and the Group Chief Financial Officer provide assurance in writing to the AC that adequate processes and controls are in place, that appropriate accounting policies have been adopted and applied consistently, and that the relevant financial statements give a true and fair view of the state of affairs of the Company and the Group.

#### **Statement of Directors' Responsibilities in Relation to Audited Financial Statements**

Directors are required by the CA 2016 to prepare the financial statements for each financial year which have been made out in accordance with the applicable MFRS, IFRS and the requirements of the CA 2016. The Board is responsible for presenting a balanced, clear and comprehensive assessment of the Group's financial position, performance and prospects through the quarterly and annual audited financial statements released to the shareholders.

In preparing the financial statements of the Group for FY2022, Directors have:

- adopted the appropriate accounting policies and applied them consistently;
- ensured compliance with the MFRS, IFRS, CA 2016 and any material departures have been disclosed and explained in the financial statements;

- made estimates and judgments which are reasonable and prudent; and
- ensured the financial statements have been prepared on a going concern basis and give a true and fair view of the state of affairs of the Company and the Group.

Directors have inquired of Management and the Auditors in respect of any fraud or irregularities impacting the Group. Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA 2016.

Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.

#### **External Auditors**

The Company's external auditors continue to report to the Company on their findings which are reported in the Company's financial reports with respect to each year of audit on the statutory financial statements and the review of the quarterly announcements. The AC and the Board have established formal and transparent arrangements to maintain appropriate relationships with the Company's external auditors in respect of all their professional services rendered to the Group.

As prescribed in the AC's Terms of Reference, the AC is responsible for the recommendation of the appointment of external auditors, considering the adequacy of experience, resources, audit fee and any issues regarding resignation or dismissal of the external auditors.

The external auditors also submitted their independence statement to the Board as part of their audit process. In order to further maintain independence of the external auditors, the audit partner-in-charge is rotated every seven years with the last rotation in FY2016. Assessment of the external auditors is disclosed in the AC Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### II. Risk Management and Internal Control Framework

The Board acknowledges its responsibility for ensuring the maintenance of a sound system of internal controls and risk management. The Company has the Enterprise Risk Management ("ERM") Framework to ensure proper and structured enterprise risk management processes for the identification, assessment, response, monitoring and reporting of risks on an enterprise-wide basis. The BRC reviewed the ERM Framework as and when it is necessary.

#### Board Risk Committee

The BRC comprises a majority of independent directors to oversee the Company's risk management framework and policies.

As at the date of this Statement, the members of the BRC are as follows:

Name	Designation
<b>Lee Yoke Khai</b>	Chairman/Independent Non- Executive Director
<b>Datuk Vivekananthan a/l M. V. Nathan</b>	Member/Non-Independent Non-Executive Deputy Chairman
<b>Datin Aisah Eden</b>	Member/Independent Non- Executive Director
<b>Datuk Noor Azian binti Shaari</b> <i>(resigned w.e.f. 1 April 2022)</i>	Member /Independent Non- Executive Director

During FY2022, four meetings of the BRC were held with the full attendance of members of the BRC as reflected on page 104 of this Annual Report.

The following activities were undertaken by the BRC:

- (i) reviewed the Corporate Compliance & Risk Plan for FY2022/2023;
- (ii) reviewed the revision of Group's Key Risk Profile comprising Strategic, Operational, Financial, Sustainability, Health & Safety, Corruption risks and its status of the implementation of mitigation action plans;
- (iii) reviewed the revision of the Business Continuity Framework;
- (iv) reviewed the quarterly compliance review;
- (v) reviewed the revision of the COBC, Whistleblowing Policy and Procedure and the Terms of Reference of Whistleblowing Committee;
- (vi) reviewed the Sustainability Plan, governance structure, material matters and stakeholder matrix;
- (vii) reviewed the Company's Climate Change Policy, commitment and target;
- (viii) reviewed the revision of Terms of Reference of BRC;
- (ix) reviewed the Sustainability Framework;
- (x) engaged Bursa Malaysia's Index and Sustainability Business Unit for FTSE4Good Index Review;
- (xi) notation on the COBC progress implementation and completion;
- (xii) notation on Sustainability report and progress update including the review of Bursa Malaysia FTSE4Good Index;
- (xiii) notation of the minutes of the MCRC Meetings; and
- (xiv) notation of Quarterly HSE Performance of the Group.

More comprehensive information is set out in the Statement on Risk Management and Internal Control of this Annual Report.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Internal Audit Function

Deleum engaged the services of Baker Tilly Monteiro Heng Governance as the outsourced Internal Audit Function ("IAF") in respect of FY2022. The IAF reports directly to the AC and is independent from Management. It has full access to the Group's entities records and personnel.

A summary of the IAF's responsibilities and activities is set out in the AC Report.

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

#### I. Communication with Stakeholders

The Board recognises the importance of an effective open dialogue with the shareholders and investment community. In this respect, the Group has established processes to ensure disclosures made are clear, accurate, relevant and timely for the shareholders and investment community to make informed investment decisions and enjoy equal access to the information.

The Group continued to engage with the analysts and fund managers on investor relations. The Group managed to hold three analyst briefings besides private meetings, teleconferences and e-mail-based communications as and when required, in FY2022 to provide updates to the investment community. Presentation materials of the analyst briefings are posted on the Company's corporate website to ensure universal access to the same. These investor relations initiatives provide an avenue for dialogue between institutional investors, fund managers and analysts with the Senior Management. It also serves as a platform for the fund managers and analysts to receive a balanced and complete view of the business operations, financial performance, key operating statistics and corporate development and challenges facing the Group.

Information on the Group's business operations and financial performance is also disseminated through various readily accessible channels including the announcements of quarterly and annual results to Bursa Securities, Annual Report, media releases and the Company's corporate website. The various disclosures are guided by the Listing Requirements and the Group's

Corporate Disclosure Policy which outlines the timing and manner of disclosure of material information. The Group maintains high confidentiality measures with regard to undisclosed material information. Deleum's corporate website at [www.deleum.com](http://www.deleum.com) provides quick access to Deleum's corporate information, financial results, governance information, statutory announcements, stock information, press releases and corporate related activities and is regularly updated to incorporate the latest development of the Group.

The Company's corporate website includes an Investor Relations section which provides all relevant information on the Company, including announcements to Bursa Securities, share price information, reports (annual reports, quarterly reports and analysts reports), key financial highlights of the Group as well as the investor relation contact. The website also has an e-mail alert service where shareholders and anyone who are interested may register to receive the latest announcements of the Company via e-mail.

#### II. Conduct of General Meetings

AGM is an important channel as it is the principal forum for dialogue and interaction amongst shareholders, the Board and Management and for receiving constructive feedback from shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf.

In light with the transition to endemic of the COVID-19 and for safety measure, the 17th AGM of the Company was convened fully virtually in line with the Securities Commission Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers. The Company appointed Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") as the Poll Administrator for the 17th AGM to facilitate the Remote Participation and Voting ("RPV") via its TIH Online website at <https://tiih.online>.

In line with best Corporate Governance practice, the notice of the 17th AGM held on 19 May 2022 was sent to shareholders at least 28 days ahead of the meeting. The Annual Report 2021 comprising the Audited Financial Statements for the financial year ended 31 December 2021 were issued on 18 April 2022. At the 17th AGM, the GCEO presented the Group's financial highlights and business updates to the shareholders.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Shareholders were invited to send questions before the meeting via Tricor's TIIH Online website in relation to the agenda items for the 17<sup>th</sup> AGM to further encourage engagement between Directors and shareholders. Besides this, the Chairman also invited shareholders to use the query box facility to submit questions (real time) during live streaming of the AGM. All relevant questions raised by shareholders were addressed during the Questions and Answers session. The Board members, Senior Management and the Company's External Auditors as well as advisors, if applicable, are present to respond to the shareholders' questions during the meeting. Suggestions and comments communicated by shareholders were taken into careful consideration and well noted by the Board and Management.

Poll voting for all resolutions as set out in the notice of the AGM was conducted online via RPV Facilities. An independent scrutineer was appointed to validate the votes cast for each resolution. The outcomes of voting were announced to the shareholders at the AGM upon which the Chairman declared all the resolutions were carried, and to Bursa Securities after the AGM and posted on the Company's corporate website.

In line with the MCCG, the minutes of the 17<sup>th</sup> AGM is posted and available on the Company's website at <https://www.deleum.com/agm2022> within thirty (30) business day after the 17<sup>th</sup> AGM.

### III. Dividends

Deleum continues to commit to its dividend policy of distributing 50% of the Group's annual profit attributable to the equity holders of the Company, subject to the availability of adequate distributable reserves, operating cash flow, financial commitments and expansion plans.

For FY2022, the Company declared two dividend payments amounting to 5.25 sen per share with the first payment made on 30 September 2022 and the second payment on 30 March 2023.

### KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is satisfied that the Group has maintained high standards of corporate governance and strived to achieve the highest level of integrity and ethical standard, in all its business dealings.

Moving forward, the Board will continue to improve the Company's corporate governance practices and have identified the following forward looking action items:

#### i. Anti-Corruption Compliance Journey

The Company has launched the Anti-Corruption Compliance Journey early 2022, an approach to showcase Deleum's firm stand in zero stand against bribery and corruption with the theme of Education, Comply and Sustain.

#### ii. Sustainability Framework

The Board has introduced and adopted the Sustainability Framework effective from 28 February 2023. This Sustainability Framework is to provide foundation, guidance and organisational arrangement to internalise sustainability considerations in business strategies and operations to drive sustainability performance, striving the focus beyond compliance. The Sustainability Framework will be reviewed at least once every two years or at any time if deemed necessary.

#### iii. Enhanced Sustainability Disclosures

With the enhancement of the sustainability reporting framework in the Listing Requirements, the Board takes cognisance of the compliance requirement and will work towards complying with the sustainability disclosures within the implementation dates. The Group also took a step up by disclosing of three financial years data on the selected common sustainability matters as set out in the Sustainability Statement of this Annual Report.

### COMPLIANCE STATEMENT

The Board recognises and subscribes to the importance of the principles and best practices set out in the MCCG. In this respect, where practical and appropriate, the Board has applied the principles and recommendations under the MCCG for FY2022.

The application of each practice set out in the MCCG during FY2022 and the explanation for departure is disclosed in the Corporate Governance Report which is available on the Company's corporate website.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors passed on 16 March 2023.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control is made in accordance with paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and is in line with the Malaysian Code on Corporate Governance 2021.

## BOARD RESPONSIBILITIES

The Board of Directors ("the Board") of Deleum Berhad ("Deleum" or "the Company") affirms its overall responsibility for reviewing the adequacy and effectiveness of the Company and its subsidiaries ("the Group")'s risk management and internal control systems. The systems in place are designed to ensure key risk areas are managed to an acceptable level to achieve the Group's business objectives. The Group's risk management and internal control systems is an ongoing process designed to meet the Group's particular needs based on the Group's business direction and to manage the risks in line with changes to the business environment, operating conditions and regulatory requirements.

The Board is aware that the risk management and internal control systems can only provide reasonable and not absolute assurance against the risk of material errors, misstatements, fraud, or occurrences of unforeseeable circumstances.

## RISK MANAGEMENT

### Board Risk Committee

The Board Risk Committee ("BRC") is chaired by an Independent Non-Executive Director. The BRC meets on a quarterly basis to review the effectiveness of the risk management process, to discuss matters relating to corporate compliance and risk management activities and reports produced therein. During the year, BRC's activities included the following:

- Overseeing the implementation of the risk management (including business continuity management) framework, policies and procedures in identifying and managing risks across the Group's business operations, including growth / investment opportunities.
- Overseeing the Group's governance and compliance matters (issues of corruption, fraud, malpractices, and unethical conduct) by the formulation of good governance, ethical and integrity culture within the Group.
- Assisting the Board on whistleblowing management by providing avenues for legitimate concerns to be objectively investigated and addressed; and
- Overseeing sustainability matters in relation to the sustainability strategy, implementation and performance i.e. FTSE4Good Index around the material matters including climate change related matters.

The duties and responsibilities of the BRC are guided by the Terms of Reference ("TOR") which are accessible on the Group's corporate website.

### Management Compliance & Risk Committee

The Management Compliance & Risk Committee ("MCRC") was established to ensure sound implementation of the Corporate Compliance & Risk practices within the Group.

The MCRC which is governed by its TOR, is chaired by the Group Chief Executive Officer ("GCEO"), and meets on a quarterly basis and reports to BRC in the same quarter.

The MCRC comprises the GCEO, Group Chief Financial Officer ("GCFO"), Head of Business Units, Group Corporate Resources functions, Group QHSE, and Group Human Resources.

The following are the key duties and responsibilities of the MCRC:

- a. Risk Management
  - i. Acts as the primary champion for risk management (including business continuity management) at strategic and operational levels;
  - ii. Deliberates the Group's key risks and ensures they are taken into consideration in the Group's business activities and strategies;
  - iii. Ensures the process of risk identification up to the mitigation plans are appropriately considered;
  - iv. Reviews the risk management framework including the strategies, policies, and action plans for effective implementation; and
  - v. Monitors and reports to the BRC and eventually to the Board on the risk activities undertaken on a quarterly basis.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### b. Corporate Compliance

- i. Reviews and recommends the Group's Compliance related policies and procedures for the BRC and Board's approval to inculcate an ethical environment and promulgate good governance practices consistent with the Board's appetite.
- ii. Reviews the adequacy and effectiveness of the compliance program for the Group and the relevant anti-bribery and corruption control measures, including but not limited to the due diligence process, compliance assessment, monitoring of compliance risk areas, training and awareness sessions for directors and employees as part of its continuous education program.

### c. Sustainability

- i. Formulate, develop, and implement sustainability strategies and initiatives including stakeholder engagement.
- ii. Provide leadership on the establishment, implementation and performance of Group's sustainability matters including the climate change related matters, strategies, priorities, goals, targets, initiatives, practices, and propagation of awareness, and recommend to the Board for approval.
- iii. To assess and evaluate overall sustainability risks and opportunities, including climate change related risks and opportunities.
- iv. To review sustainability, risk and compliance related disclosure statements in annual report, website or any public documents and recommend to the Board for approval.

Collectively, the MCRC members within their respective areas of responsibilities are accountable for providing reasonable assurance to the BRC that all identified risks at the Group's business units are managed within tolerable levels.

The GCEO is responsible for the day-to-day management of risks whereas the Head of Business Units are responsible in representing the GCEO's obligations to all business units. The Senior Management team, assisted by the Corporate Compliance & Risk function continuously support the GCEO in:

- Risk Management activities (inclusive of Business Continuity Management)
- Corporate Compliance matters focusing on integrity and ethics
- Sustainability progress updates and matters (including the climate-related risks)

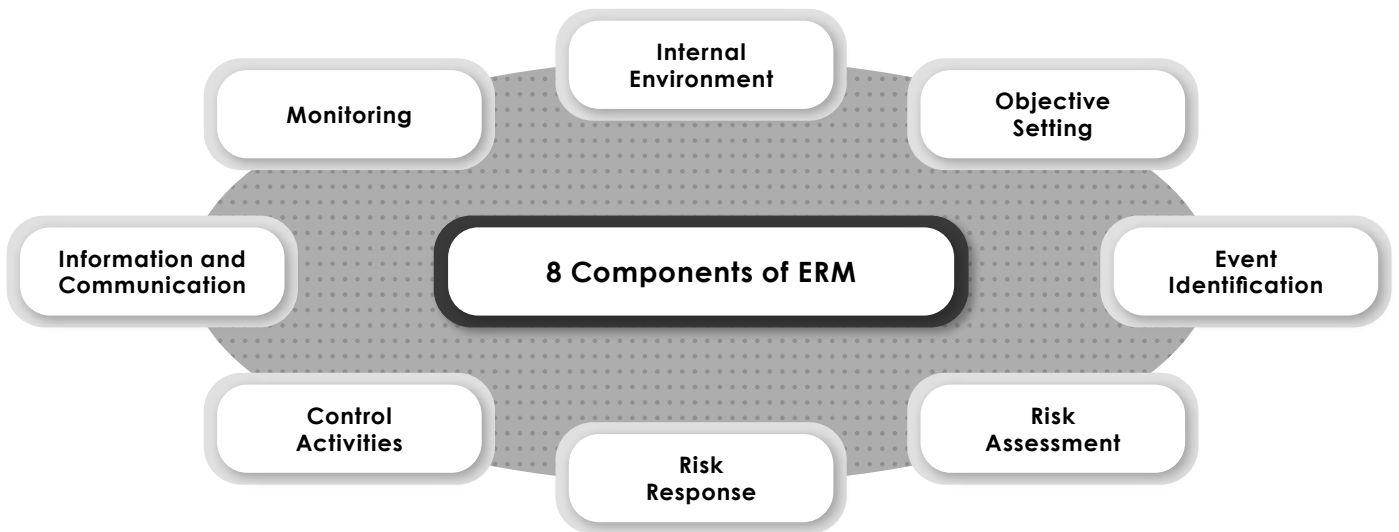
### Enterprise Risk Management Framework and Approach

#### The Enterprise Risk Management Framework

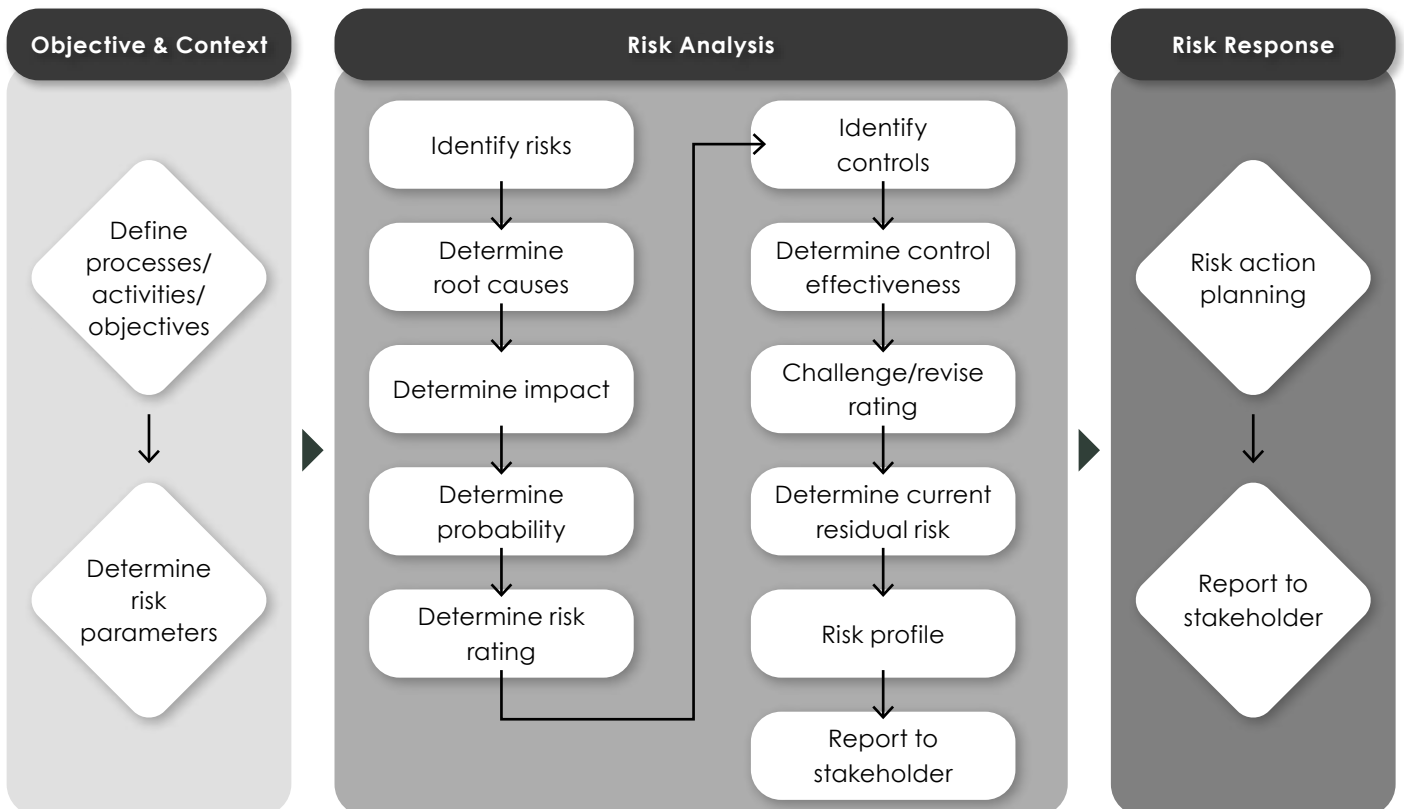
1. Deleum's Enterprise Risk Management Framework ("ERM Framework") is a structured and disciplined approach in aligning strategies, processes, people, technology, and knowledge with the purpose of evaluating the risks Deleum faces as it seeks to create value.
2. Principally aligned and consistent with the Enterprise Risk Management - Integrated Framework by The Committee of Sponsoring Organisations of the Treadway Commission, Deleum's ERM Framework is emphasised at establishing a robust risk management process and approach across the Group to ensure that all business risks are prudently identified, analysed, and effectively managed to safeguard Deleum's interests.
3. Deleum's ERM Framework enables the Management to effectively deal with uncertainties and associated risks and opportunities, enhancing the capacity to build value to stakeholders. The framework encompasses the following:
  - Aligning risk appetite and strategies
  - Enhancing risk response decisions
  - Reducing operational surprises and losses
  - Identifying and managing multiple and cross-enterprise risks and its impact, including financial, economic, environmental, social and governance ("ESG")
  - Seizing opportunities and considering a full range of potential events including strategies, operations, financial and ESG
  - Improving deployment of capital – to allow the Management to effectively assess overall capital needs and to enhance capital allocation

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

4. Deleum's ERM Framework consists of eight (8) interrelated components:



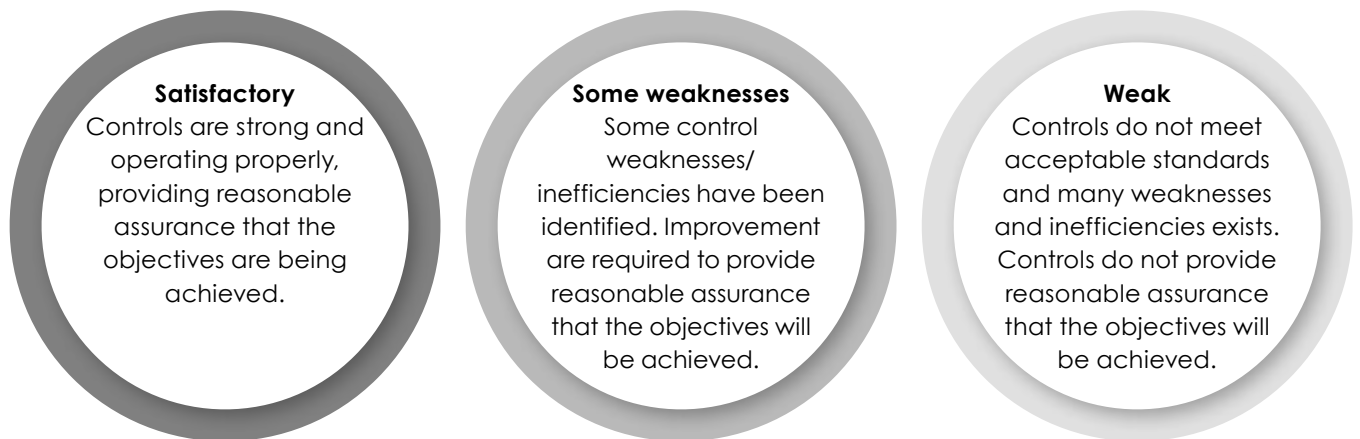
5. A structured risk assessment approach is adopted to guide Deleum to identify, analyse, evaluate, and mitigate risks. The business entities apply the process on a systematic, iterative manner with collaboration from the respective stakeholders, as depicted in the following diagram:



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Assessment Approach

1. Objective and context
  - Defining the Group's objectives and processes.
  - Determining risk parameters which are used to estimate the impact of risks based on the Group's risk appetite.
2. Risk analysis
  - Identifying key risks associated with the strategies, operations, financial, sustainability, people, integrity & governance and, cyber & technology and aligning them to the Deleum's objectives.
  - Identifying the controls and determining its effectiveness in relation to the risks identified. Assessment of the control effectiveness using the following ratings:



- Risk measurement enables risks to be categorised and graded in relation to the potential impact and probability of occurrence. Impact and probability are then combined to produce a risk severity rating.

Deleum adopts the following risk heat map / matrix to articulate the risk severity rating:

Net Risk Heat Map		Impact (I)			
		Low (1)	Moderate (2)	Major (3)	Critical (4)
Probability (P)	Almost Certain (4)	Medium	Significant	High	High
	Likely (3)	Medium	Significant	High	High
	Moderate (2)	Low	Medium	Significant	Significant
	Unlikely (1)	Low	Low	Medium	Medium

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### 3. Risk response

- Risk responses are monitored continuously to ensure that risk responses remain relevant and are operating as designed and expected. The following risk response strategies are adopted in responding to the identified risks:

#### Avoidance

Exiting the activities giving rise to risk (e.g. exiting a product line, declining expansion to new geographical market or selling a division).

#### Reduction

Action is taken to reduce the risk probability or impact, or both.

#### Sharing

Reducing risk probability or impact by transferring or otherwise sharing a portion of the risk.

#### Acceptance

No action is taken to affect risk probability or impact.

- The ERM Framework provides guidance for regular review and reporting. The reports include the risk profiles, risk action plans, and status updates. During the year under review, these reports were presented on a quarterly basis and deliberated by the MCRC, BRC and the Board.
- Continuous communication is practised within the Group for an effective risk management program. Frequent and explicit discussions about risks with our stakeholders are imperative to maintain awareness and management of key risks and their respective action plans.

### Summary of Risk Management Activities

Various risk management activities were conducted in 2022:

- The Group's Key Risk Profile was monitored, reviewed, updated, and presented on a quarterly basis to the MCRC and BRC for deliberation and the Board for approval, emphasising:
  - The risk assessment performed for existing and emerging risks, covering external trends, business strategies, financial, people, operations, integrity & governance, cyber and technology and sustainability and climate-related risks (e.g. greenhouse gas emissions, waste collection, and transition risks and physical risks).
  - The implementation of risk responses to mitigate the identified risks.
- Business units' specific risk profile was monitored, reviewed, updated, and presented to MCRC and BRC for deliberation.
- Provided risk assessment facilitation and consultation internally to projects, investments, and potential business leads (e.g., invitation-to-bids).
- Continuously inculcated an initiative-taking risk-aware culture within the Group through:
  - Appointment of risk champions to strengthen the accountability and risk management practices within respective business units and support services.
  - Periodic risk awareness briefings and risk assessment sessions are conducted.
- Constantly strive for continuous improvement that enhance and strengthen risk management practices within the Group, through refreshing the risk profiling, categorisation, assessment, and reporting.

### Risk Control Self-Assessment Checklist

A Risk Control Self-Assessment ("RCSA") checklist is an internal tool developed to assess the adequacy of processes and controls within all business units and corporate resources functions.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The RCSA comprises a set of questionnaires developed from respective risk categories that have been collated by all risk owners, indicating control measures that they have implemented. The RCSA enables Management to track the processes and controls to mitigate risks and acts as a check and balance mechanism to ensure that effective action plans, processes, and controls are in place.

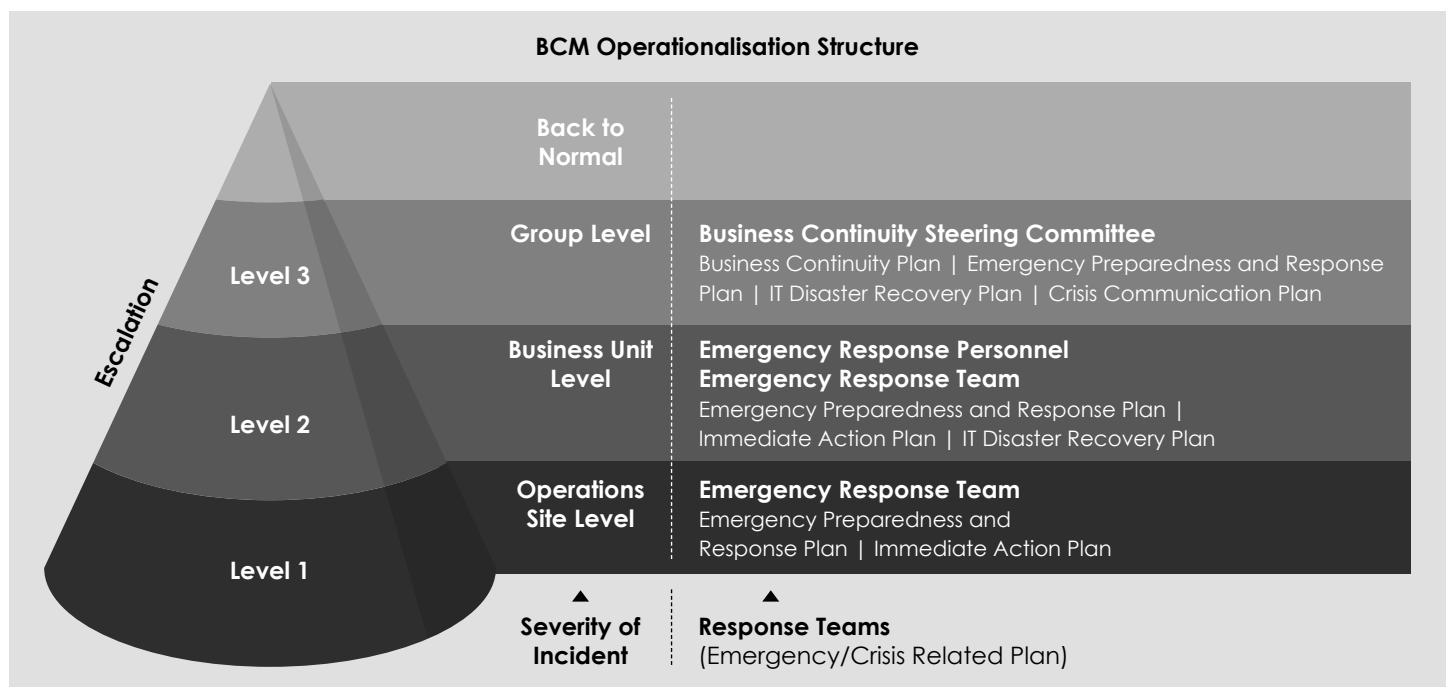
Guided by the 2022 Group's Key Risks Profile, the RCSA validation process was conducted with all key process owners, risk owners, business units and corporate resources functions. The BRC was provided with reasonable assurance by the relevant stakeholders with the completion of the control self-assessment exercise.

### BUSINESS CONTINUITY MANAGEMENT

In 2022, the Group continues the Contingency Planning Revision Initiative ("Initiative") to close identified gaps from the conducted Testing and Exercise ("T&E") - Exercise Kalong in 2021. The Business Continuity Management (BCM) coordinator, in collaboration with the Group's Quality, Health, Safety, and Environment ("QHSE") team and Operations, had enhanced relevant areas within the Business Continuity Management framework with the following objectives:

- Ensure the availability and reliability of dedicated response teams.
- Effective communication and coordination of escalated operation/business disruptions.
- Safeguard the safety and health of people, environment, asset, and reputation.

Under the initiative, enhancements were conducted as an integral part of managing business disruptions that prescribe an overarching tiered response activation protocol and dedicated response teams. The activation protocol demarcates the response processes, prioritisation, roles, and responsibilities of emergency site management, group management, and business continuity steering committee that oversee and steer prolonged crises that significantly impact business operations.



Learning from the experience gained in 2022, the Group will continue to evaluate the effectiveness of the enhanced BCM Framework via the implementation of T&E at operational facilities and the development of a Business Continuity Plan ("BCP") for Office Inaccessibility as focus areas for 2023.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### CORPORATE COMPLIANCE

At Deleum, we actively lay solid foundations across all businesses and remain steadfast in pursuing our growth plans through geographical expansion, financial stability, upholding our core values and presenting ourselves with integrity, ethics, and accountability. These are essential components which we must harness at both a professional and personal level. As a public listed company, we are adamant that all our business undertakings and proceedings are in strict adherence to good corporate governance practices. The Board continuously ensures that the ABC Policy is appropriately maintained and updated. As a yardstick in terms of ABC, we are guided by the relevant legal and regulatory requirements that relates to the ABC Policy such as The Malaysian Anti-Corruption Commission Act 2009, The Guidelines on Adequate Procedures issued by the Prime Minister's Department, and others.

Inculcating a high spirit of compliance and good governance, Deleum has launched a campaign called the Anti-Corruption Compliance Journey early 2022, an approach to showcase Deleum's firm stand in Zero Tolerance Against Bribery and Corruption with the theme of **Educate, Comply and Sustain**. It was intended to create awareness, develop proficiency, and cultivate a sustainable anti-corruption compliance culture among employees through continuous education and training our employees on Adequate Procedure Guidelines, ABC Policy, S17A Corporate Liability Provision and its related policies, procedures, and guidelines to Deleum and its Group of Companies.

Deleum has the existing Code, Policy, and Procedures in place to strengthen our commitment towards anti-bribery and corruption:

#### 1. Code of Business Conduct ("COBC")

- Deleum is committed to maintaining high values of integrity in its business dealings and conduct premised on its core values and is steadfast in promoting transparency and openness in communications, encouraging respect among individuals, instilling a high standard for a safe and healthy environment, and embracing excellence whilst striving for continuous improvements.

- The COBC applies to all directors, officers, and employees of the Group, and acts as a guide with regards to its standard of integrity and code of conduct to be observed in the performance of work and business practices. Deleum will not permit any illegal or unethical conduct in connection with any of its business dealings.
- The latest revision of the COBC was approved on 23 February 2022 by the Board. The key enhancement made was based on the operationalisation of Deleum's Core Values, alignment with development and establishment of ABMS and realignment of COBC with related policies, procedures, and guidelines.

#### 2. Anti-Bribery and Corruption ("ABC") Policy

- The ABC Policy sets out Deleum's position on bribery in all forms of corruption issues that may be faced in its operations. The ABC Policy has been designed to help prevent, detect, and address bribery and corruption, by establishing a culture of integrity, transparency and compliance. It sets out Deleum's position on bribery in all its forms and matters of corruption that may be faced in the course of its operations and provides information and guidance on how to recognise and deal with potential acts of bribery and corruption.

#### 3. Anti-Money Laundering and Counter Financing of Terrorism Guidelines

- Deleum is committed to combat money laundering and terrorism financing ("ML/TF") to protect the Group from exposure to financial crime and reputational risks by prohibiting its directors, officers and employees to engage in any financial transactions involving properties or funds which promotes or are the results of criminal activity including diverting, concealing, receiving or using the proceeds of such criminal activity.
- Deleum also prohibits financing, sponsoring, facilitating or assisting any terrorist person, activity or organisation or any such person's activity or organisation designated as a terrorist person, activity or organisation.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### 4. Conflict of Interest (“COI”) Guideline

- The COI Guideline outlines a guidance on how to recognise and deal with conflicts of interest within the Group. Purposeful compliance with this Guideline will avoid both actual and perceived appearance of biasness and ensure that conflict of interest disclosures are made in a manner that will allow Deleum to make an informed decision about the existence and impact of conflicts of interest.

### 5. Gift, Hospitality, Donation and Sponsorship (“GHDS”) Procedure

- The GHDS provides guidance on what Deleum considers to be acceptable practices for offering, providing, or receiving gifts and hospitality, as well as donations and sponsorships, aiming to optimise compliance with applicable anti-bribery and corruption laws and regulations; it was first established in 2020.
- It also establishes the due processes and monitoring in allowing directors and employees of Deleum to always be guided in managing courtesies provided to public / government officials.
- Salient changes made to the GHDS were on the inclusion of new requirement / limits and realignment of key controls and oversight functions within the processes which was approved for roll out on 16 June 2022.

### 6. Third Party Anti-Bribery & Corruption Management Guidelines (“TPABCMG”)

- The TPABCMG provides a general anti-bribery framework to be implemented and complied with for the management of Deleum’s third party relationships. The scope and procedures are considered as minimum standards expected of Deleum to form the core of good practice in third party anti-bribery management.
- The key to effective third-party management is knowing which Third Parties pose the most bribery risk to the Group and targeting them for thoughtful review. In achieving an effective procedure to counter bribery, Deleum adopts the following approach in managing third party bribery risk – Scoping, Due Diligence Assessment, Management and Record Keeping & Monitoring.

### 7. Whistleblowing Policy and Procedure

- The Whistleblowing Policy and Procedure serves as an avenue for all employees of the Group, third parties employed or engaged by the Group, and members of the public to disclose any wrongdoing and provide assurance of protection.
- Enhancement made to the Whistleblowing Policy and Procedure to align with ISO 37002:2021 Whistleblowing Management System. Key enhancement made are establishment of Whistleblowing Committee and its Terms of Reference, including the lodgement by anonymous parties, and prescribed Lodgment Form. The revised version was approved by the Board on 22 February 2022. The Policy and Procedure is made available in both English and Bahasa Malaysia version on Deleum’s Corporate website.
- Effective from 1 January 2023, all whistleblowing cases are to be reported to the Senior Independent Non-Executive Director.

As a continuity from 2021, impactful and concentrated efforts were holistically undertaken in tightening the Group’s business integrity and ethics in managing corruption risk through progressive execution of a series of programs focused on providing sufficient education / awareness and upholding governance.

Key programs / activities conducted were:

1. Deleum’s Integrity Day and signing of a Corruption Free Pledge in collaboration with the Malaysian Anti-Corruption Commission on 25 January 2022;
2. The translation of COBC and Whistleblowing Policy and Procedure to Bahasa Malaysia which are available on Deleum’s corporate website;
3. Introduction of the Speak-Up & Listen-Up Programme; an initiative to promote the transparency and openness in communication, highlighting any wrongdoing and ultimately, developing a high standard integrity and ethics in Deleum;
4. Anti-Bribery & Corruption Inaugural Plenary Session;
5. Compliance Awareness Sessions on Gift, Hospitality, Donation & Sponsorship;
6. COBC Refresher Campaigns for each location and operational sites with mandatory COBC test completion and ABC & COI declaration;
7. Deleum Integrity Day (East Coast Region) and signing of Corruption Free Pledge in collaboration with the Malaysian Anti-Corruption Commission on 8 February 2023;

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

8. Embedment of integrity messages prior to the start of the monthly operational / management meetings; and
9. GCEO integrity message during Quarterly Townhall sessions.

In 2023, the Group will continue to oversee the improvement and implementation of the Anti-Corruption Compliance Journey as a mitigation to this risk.

### CONTROL STRUCTURE

The key features of the Group's control structure are as follows:

- **The Board**

The Board provides direction and oversight and is supported by the Audit Committee ("AC"), Joint Remuneration and Nomination Committee ("JRNC") and BRC. Each Committee has formal defined TOR and reports on activities of each Committee are presented to the Board on a regular basis. The Committee's TOR and the Board Charter are available for reference on the Company's corporate website.

- **Group Strategy & Budget, and Reporting**

Respective business units and corporate resources functions prepare and submit their strategy and budget for the upcoming year which are then consolidated into the Group Strategy and Budget.

The Group Strategy and Budget for the upcoming year comprise, inter alia, (i) the Group's focus areas namely growth plans, service quality, health, safety, environment, and integrity, (ii) operating and financial performance, (iii) resource utilisation, (iv) capital expenditure, (v) cash flow projections, (vi) human capital development and (vii) sustainability.

The Group's and business unit's performances against the Group Budget are reported to the GCEO by the respective business units. The monitoring of actual results and projections are tracked and deliberated during the monthly operational meetings.

The Board reviews the quarterly results against the Group Budget and historical results prior to the quarterly announcement made to Bursa Securities. A dashboard reporting which entails further details on the Group's financial performance comparing against corresponding and preceding quarters is prepared by the Management for the AC's notation. The report also

consists of summary of key issues and its updates for the three segments of the Group.

- **Audit Committee**

The AC evaluates the adequacy and integrity of the Group's internal control systems. The AC reviews the Group's internal control, audit process, compliance, and governance. In addition, the AC monitors the independence and effectiveness of the external auditors; and receives Internal Auditor's reports from the outsourced internal auditors relating to the internal control review. Where appropriate, the AC is briefed on matters pertaining to corporate governance, financial reporting standards, listing requirements, legal and regulatory requirements as well as key matters affecting the interim and annual financial statements. Details of the AC's activities and responsibilities are set out in the AC Report in this Annual Report.

- **Internal Audit**

In 2022, Baker Tilly Monteiro Heng Governance Sdn. Bhd. ("Baker Tilly") was engaged to conduct the internal audit reviews of the Group.

Baker Tilly's primary role is to review the state of internal controls maintained by the Group based on the annual audit plan approved by the AC, and report on the adequacy and integrity of the internal controls and governance framework of the Group in relation to the audit scope. They provide an independent and objective assessment on the adequacy and effectiveness of the risk management, internal control systems, and governance processes.

Internal control weaknesses and areas for improvement regarding risk management and governance identified during the financial period under review have been or are being addressed by the Management.

- **Group Core Values and Code of Business Conduct**

The Group's revised Core Values namely Service Quality, Health Safety and Environment, Integrity and Sustainability are communicated to employees through the Group's website and under Deleum Communication email blast to all. In line with Deleum's new Vision, Mission and Core Values, the Board, Management, and employees of the Group are committed to a corporate culture which supports the operations of its businesses in an ethical manner and with integrity, and upholding high standards of professionalism at the workplace.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Furthermore, refresher trainings and updates on COBC and/or business policies are communicated to all employees. For contractors, subcontractors, vendors, and other service providers, the COBC is directly communicated via the Group's business terms and conditions.

To promote further awareness amongst the employees and visitors, posters covering key critical COBC points such as safety, anti-bribery, substance misuse, cyber security and whistleblowing are placed at common areas such as walkways, pantries, elevators, and notice boards at the Group's offices as well as operating sites.

During the year, COBC Refresher Campaign 2022 was rolled out to the Board of Directors and employees of the Group to provide awareness on the commitment to the ethical behaviour standards in our business activities.

The employees also completed the annual COI Declaration whereby all employees are required to declare their shareholding, business activities, relationship with specific parties or vendors, if any. This is an important declaration exercise to uphold our integrity and professionalism to support the Group's core values and COBC.

Deleum remains committed to comply with the Universal Declaration of Human Rights and has included it as part of its Human Resources Policies and on-boarding induction by the Group function.

The Universal Declaration of Human Rights is published on Deleum's corporate website. Suppliers and subcontractors have been informed to refer to Deleum's corporate website and reminders of the Declaration are also mentioned in the Group's purchase orders.

- **Authorisation Limits**

Authorisation limits in respect of organisational requirements for decision-making limits such as purchasing of goods and/or services, cash management and disbursements, contracting, treasury and banking transactions, human resources, and approval of agreements for ordinary course of business are clearly defined and documented for each level of management within the Group. The guidelines also

set out matters reserved for the Board's decision. The limits are reviewed and revised during the year and updated regularly to reflect the business environment, operational and structural changes.

The specific lines of responsibility, accountability, and delegation of authority, as approved by the Board, are to facilitate the Group's daily operations and is vested with the GCEO and the Senior Management team accordingly.

- **Policies and Procedures**

Documented internal policies and procedures are in place to ensure compliance with internal controls and the relevant rules and regulations. They are reviewed regularly by Management and periodically by internal auditors to ensure that gaps in policies and controls are addressed and where required, policies and procedures are augmented and revised to meet with the changing business dynamics. The Process Improvement function within the Group reviews the efficiency and effectiveness of the processes and procedures to meet the Group's business goals.

- **Quality Management System ("QMS") and Environmental Management System ("EMS") Audit**

The Group QHSE function is responsible for the Group's QMS and EMS certification and audits. The Group successfully maintained its ISO 9001:2015 certifications under:

- Deleum Services Sdn. Bhd. with the provision of products and services for the exploration and production of oil and gas which covers the following:
  1. Slickline, wellhead maintenance and oilfield services;
  2. Specialty chemicals and well stimulation; and
  3. Integrated corrosion, inspection, and mitigation for surface preparation industry.
- Turboservices Sdn. Bhd. with the Provision of Turbomachinery Sales and Services.

The Group also maintained its ISO 14001:2015 EMS certification for Deleum Chemicals Sdn. Bhd. ("DCSB"). These certifications provide assurance to customers on the delivery of quality products and services and compliance with regulatory requirements.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Besides ISO9001:2015 and ISO 14001:2015 certification, Deleum Oilfield Services Sdn. Bhd. ("DOSSB") Kemaman operations has maintained their American Petroleum Institute ("API") Specification Q2 on 28 July 2022. This certification proved that we are in compliance with requirements by ExxonMobil Exploration and Production Malaysia Inc (EMEPMI).

Internal audits are carried out by competent certified Lead Auditors. The internal audits performed in 2022 were as follows:

- ISO 14001:2015 Environmental Management System
  - ISO 9001:2015 Quality Management System
  - API Specification Q2
  - 2022 Subcontractor/Supplier QHSE Compliance Audits
- **Corporate Secretariat**  
The Company Secretarial function is under the stewardship of the Company Secretaries whose roles and responsibilities are stated in the Corporate Governance Overview Statement of this Annual Report.
  - **Centralised Functions**  
The Corporate Resources functions of Finance, Human Resources, Procurement, Corporate Compliance & Risk, Corporate Secretarial, Legal and Administration are being centralised at the Group level providing higher independence from the business units and inculcates a more structured process together with the standardised procedures to enhance efficiency and effectiveness across the Group.

### ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board had reviewed the effectiveness of the Group's risk management and internal control systems for the year under review and up to the date of approval of this Statement for inclusion in this Annual Report.

The Board is satisfied with the Group's ongoing process for identifying, evaluating, managing, and monitoring the risks of the business, including the scope and frequency of reports on both risk management and internal controls.

The Board is of the opinion that there are sufficient controls and appropriate management action plans in place to

meet the business objectives and strategies of the Group. No weaknesses in internal control that have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report were noted. Management is continuously reviewing the processes and procedures within the Group to further enhance the internal control systems.

Deleum's internal control systems are not extended to the associate companies in which the Group's interests are monitored through board representation.

### CONCLUSION

The external and internal auditors, in the course of executing their work based on the pre-approved review plans had highlighted their findings and recommendations for addressing the deficiencies and lapses in controls noted during their work. Management have considered their recommendations and implemented appropriate action plans on their findings and in line with this Management is of the view that the internal control systems are adequate.

For the financial year under review, the Board had received representations from the GCEO and GCFO, that the risk management and internal control processes were adequate to safeguard shareholders' investments and the Group's assets.

### REVIEW OF THIS STATEMENT

As required by paragraph 15.23 of the Bursa Securities Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in this Annual Report, issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement on Risk Management and Internal Control Report are made in accordance with a resolution of the Board of Directors passed on 28 February 2023.

# AUDIT COMMITTEE REPORT

The Board of Directors of Deleum Berhad ("Deleum" or "the Company") presents the Audit Committee Report which provides insights into the manner in which the Audit Committee ("AC") discharged its functions for Deleum and its subsidiaries ("the Group") for the financial year ended 31 December 2022 ("FY2022").

The AC reviews the Group's system of internal control, audit process, compliance, and governance. In addition, the AC monitors the independence and effectiveness of the external auditors and receives reports and presentations from internal auditors relating to their internal control review. The management of risks is the responsibility of the Board Risk Committee ("BRC") which reports directly to the Board. The Chair of the BRC is also a member of the AC.

## (I) MEMBERSHIP

The AC comprises three members, all of whom are Independent Non-Executive Directors, in line with the Malaysian Code on Corporate Governance ("MCCG"), as follows:

Name of Committee Members	Appointment Date	Designation
<b>Datuk Manharlal a/l Ratilal</b>	1 October 2020	Chairman/ Independent Non-Executive Director
<b>Lee Yoke Khai</b>	15 March 2019	Member/ Independent Non-Executive Director
<b>Tan Sri Dato' Seri Shamsul Azhar bin Abbas</b>	9 June 2022	Member/Senior Independent Non-Executive Director

The composition of the AC meets the requirement of paragraph 15.09(1) of Bursa Malaysia Securities Berhad ("Bursa Securities")'s Main Market Listing Requirements ("Listing Requirements") which stipulates that the AC must be composed of not fewer than three members, of which all must be non-executive, with a majority of them being independent directors.

All members of the AC are financially literate and one of the AC members, Mr Lee Yoke Khai is a member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Association of Certified Public Accountants.

The AC members come from different professional and business backgrounds. They have sufficient understanding of the Group's business to continuously apply a critical and probing view on the Company's financial reporting process, transactions and other financial information.

## (II) COMMITTEE MEETINGS

The AC held six meetings in 2022 with full attendance of the members. Details of the AC meeting attendance are set out in the Corporate Governance Overview Statement. By invitation, the Group Chief Executive Officer, the Group Chief Financial Officer and other relevant senior management personnel, and representatives from the external and internal auditors attended the AC meetings to brief and provide clarification to the AC on their areas of responsibility. At the Board meeting, the Chairman of the AC highlighted the relevant findings and issues and presented the recommendations of the AC to the Board.

The external auditors were present during deliberations at all AC meetings on matters relating to external audit and internal audit.

Time was also set aside for both the external and internal auditors to have separate private discussions with the AC in the absence of the Management or employees of the Company.

The Company Secretary is the Secretary of the AC who keeps records of the minutes of AC meetings. Minutes of each AC meeting is circulated to the AC members after the meeting for review and comments before confirmation at the next AC meeting and subsequently tabled to the Board meeting for notation.

During FY2022, the matters in relation to the quarterly and annual financial results and annual reporting, key audit matters, internal control reviews, and related party transactions were discussed at AC meetings which were summarised under Section (III) of this Report.



## AUDIT COMMITTEE REPORT

### (III) SUMMARY OF KEY ACTIVITIES

During the financial year under review, the AC's key focus areas were as follows:

- Quarterly and annual financial results and annual reporting;
- External audit;
- Internal audit; and
- Related party transactions.

#### 1. **Financial Results and Annual Reporting**

a) Reviewed with Management and the external auditors the appropriateness of the unaudited quarterly interim reporting and annual financial statements, before recommending them to the Board for consideration and approval and the release of the Group's results to Bursa Securities, with emphasis being given to:

- the quality and appropriateness of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- key areas in which significant judgements and estimates have been applied and used for the preparation of the financial statements;
- whether the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- any correspondence from regulators in relation to financial reporting; and
- the significant audit issues the AC considered in relation to the financial reporting.

When considering the quarterly interim reporting and annual financial statements, the AC considered the quarterly financial reporting from the Group Finance function and the report from the external auditors on their quarterly

review and annual audit. In this respect, the AC reviewed the significant audit and accounting issues and the Group's critical accounting policies, with particular on the following:

#### i. **Asset Impairment Testing**

The judgements in relation to asset impairment largely relate to the assumptions underlying the calculation of the value in use of the business being tested for impairment, primarily the achievability of the long-term business plans and macroeconomic assumptions underlying the valuation process.

This review was centred on the carrying value of the plant and equipment in the Oilfield Services segment.

During the financial year, the continual weak financial performance following low utilisation of the equipment and tools of a subsidiary in the segment has given rise to an impairment indicator to the carrying value of its assets. The recoverable amounts of the equipment and tools were calculated using value in use method based on approved budget for the financial year ending 2023 and projections for the remaining useful lives of these assets. Key assumptions consisting primarily of revenue and earnings before interest, tax, depreciation and amortisation, probability of achievement of budgeted financials, growth rate and basis of discount rate were reviewed and noted. It is concluded from the assessment that the previously impaired plant and equipment did not warrant any further impairment charge to be made or returned back during the financial year.

## AUDIT COMMITTEE REPORT

### ii. Revenue Recognition

The Integrated Corrosion Solution segment of the Group is involved in the provision of integrated corrosion and inspection, blasting technology, maintenance, construction and modification services. Revenue from certain business streams is recognised over the service period as customer receives and consumes the benefit of the performance of work by this segment. Revenue is recognised based on actual services provided as a proportion of the total services to be provided to the end of the financial year. This is determined based on the input method using the actual costs incurred relative to the total budgeted cost. This method represents a faithful depiction of the service as the actual costs incurred represents the percentage of service rendered.

The Management has continued to review and monitor the projects in progress to ensure that revenue and cost are recognised appropriately in the financial statements. Project closure exercises were undertaken to ensure completeness of revenue and cost recognition in the financial statements. The external auditors have placed their audit emphasis on the same by undertaking various audit procedures to review the actual costs incurred, budgeted cost, the percentage of completion of the services performed, provision for foreseeable losses as well as testing the effectiveness of the controls over the approvals of contracts budgets and communication with the respective project owners on the various project status updates. The findings and conclusions were brought to the meeting for discussion and deliberation with the AC members.

The AC has satisfied itself that the reviews and related actions taken for the above have been properly prepared by the Management and reviewed by the external auditors.

b) Reviewed the annual consolidated audited financial statements for the year under review before recommending to the Board for consideration and approval. The review was to ensure that the financial reporting and disclosures were updated and in compliance with:

- Listing Requirements of Bursa Securities;
- Companies Act 2016 and other relevant legal and regulatory requirements; and
- Applicable approved Malaysian Financial Reporting Standards and International Financial Reporting Standards.

c) Reviewed the Statement on Risk Management and Internal Control and the AC Report to ensure adherence to legal and regulatory reporting requirements prior to the Board's approval for inclusion into the Annual Report.

### 2. External Audit

a) Reviewed the external auditors' scope of work, audit plan and audit strategy for FY2022 to ensure appropriate focus on the key risk areas.

b) Reviewed the external auditors' report to the AC in relation to the reviews of the quarterly results and announcements along with resolution of issues highlighted in their report to the AC.

c) Reviewed the external auditors' report to the AC for the year under review in relation to the audit and accounting issues arising from the audit and Management's responses.

d) Reviewed the internal control findings and system of internal control and discussed the impact on the overall soundness of the internal control procedures and processes.

e) Reviewed other matters relating to accounting, auditing, financial reporting practices and processes, legal, regulatory and taxation matters of the Group.

f) Reviewed the independence and objectivity of the external auditors, and took into consideration information presented in the annual transparency report of the audit firm during the assessment.

## AUDIT COMMITTEE REPORT

As part of the annual audit exercise, the Company had obtained written assurance from PricewaterhouseCoopers PLT ("PwC") 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. PwC has complied with the requirement of MIA and the firm's Guidelines in rotating audit partners every seven years. A former engagement audit partner will not be eligible to be appointed as a member of the AC until he or she has observed a cooling-off period of at least three years in compliance with the Listing Requirements. The Group also restricts the employment of former employees of the external auditors unless a cooling-off period of at least three years is observed to ensure independence of the external auditors and for avoidance of any conflict of interest. During FY2022, no employment was offered to any former partner and/or staff of PwC.

- g) Monitored the non-audit related fees paid to the external auditors, so that the services provided did not affect the objectivity and independence of the external auditors.

The amount of audit fees and non-audit fees paid/payable to PwC or a firm or corporation affiliated to PwC by the Company and the Group respectively in respect of FY2022 were as follows:

	Company (RM)	Group (RM)
Statutory audit fee	159,163	513,601
Audit related services	191,765	191,765
Non-audit services	183,594	293,864

The non-audit services conducted during FY2022 by other PwC entities comprised mainly forensic investigation at Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.), tax services, accounting advisory services, and environmental, social and governance ("ESG") training.

The provision of non-audit services during FY2022 did not compromise PwC's independence and objectivity as the non-audit services were conducted by different teams from the statutory audit team of PwC. The AC concluded that it continued to be satisfied with the performance of PwC and that throughout the year the objectivity and independence of PwC in relation to the audit was not in any way impaired by either the nature of the non-audit related services, the level of non-audit fees charged, or any other facts or circumstances.

- h) Reviewed the performance and effectiveness of the external auditors and recommended to the Board for their re-appointment and fees for statutory audit.
- i) Reviewed with the external auditors the impact of new or proposed changes in accounting standards, regulatory requirements including changes in tax legislation and recent development. The AC will continue to monitor and review with the external auditors on regulatory updates and the impact to the accounting, auditing and financial reporting practices and processes.
- j) Held at least two private meetings with the external auditors without the presence of the Executive Director and Management or employees of the Company. The AC is satisfied that appropriate actions were taken to address the issues and concerns raised by the external auditors arising from these meetings.
- k) Carried out evaluation of the external auditors and internal auditors, the details of which are in Section (VI) – "Evaluation" of this Report.

### 3. Internal Audit

- a) Reviewed and approved the Internal Audit Plan prepared by the internal auditors, Baker Tilly Monteiro Heng Governance ("Baker Tilly") to ensure the adequacy of its scope and coverage of the Group's activities.

## AUDIT COMMITTEE REPORT

- b) Reviewed and assessed the resources, performance and competency of the internal auditors.
- c) Reviewed the Internal Audit reports, audit recommendations made and Management's responses to these recommendations, including actions taken to improve the system of internal control and procedures.
- d) Ensure that appropriate and prompt remedial actions and improved procedures were implemented by Management arising from the findings raised in the internal audit reviews and in respect of outstanding issues identified from the follow-up audits.
- e) Held one private meeting with the internal auditors without the presence of the Executive Director and Management or employees of the Company to discuss any areas of concern.

#### 4. Related Party Transactions

- a) Apprised the recurrent related party transactions to ensure that the amounts transacted were within the approved shareholders' mandate obtained.
- b) Reviewed the related party transactions of the Group to ensure that they are based on the Group's normal commercial terms and are not to the detriment of the Group's minority shareholders.
- c) Reviewed the adequacy of procedures and processes in identifying, monitoring, reviewing and reporting of related party transactions.
- d) Reviewed the circular to shareholders in respect of the annual shareholders' mandate for recurrent related party transactions prior to recommendation to the Board for consideration and approval.

#### 5. Deleum Berhad Long-Term Incentive Plan

There were no shares granted during the financial year.

#### (IV) INTERNAL AUDIT FUNCTION

The AC is supported by Baker Tilly, a well-established firm that complies with the International Professional Practices Framework issued by the Institute of Internal Auditors, as the Internal Audit Function ("IAF") of the Group. In carrying out the internal audit for the Group, the IAF team is headed by Head of Internal Audit & Governance Advisory of Baker Tilly who possesses the relevant qualifications and experience and who is assisted by no fewer than four staff including a senior manager.

The IAF's primary role is to assist the AC in reviewing the state of the systems of internal control maintained by Management and to provide assurance to the AC on the adequacy and integrity of the internal control and governance framework of the Group. The IAF reviews and assesses whether the systems of internal control and related procedures are effective and provides recommendations to strengthen internal control procedures and processes.

The IAF independently reviews the approved audit areas and reports directly to the AC. The IAF team has, and has exercised, direct access to the members of the AC as deemed necessary. The AC reviews and approves the internal auditors' annual audit plan. The IAF also works closely with the external auditors to avoid any activity overlap and to share their findings.

During the financial year, the cost incurred for the outsourced IAF amounted to RM88,000 excluding the out-of-pocket expenses and relevant applicable government tax. The activities carried out by the IAF were as follows:

- a) Conducted Internal Audit engagements consistent with the annual audit plan presented to and approved by the AC.

The plan adopts a risk-based methodology by focusing on key risk areas, which is partly guided by the Group's Enterprise Risk Management framework. The plan is designed and executed upon with the express objectives of testing financial, operational and compliance controls of the Group, as well as the design and operation of key business processes

## AUDIT COMMITTEE REPORT

operated. Each annual plan is reviewed throughout the course of the fiscal year and presented to Management and the AC to ensure continued relevance of areas covered in each fiscal year.

There were four (4) internal control reviews performed in year 2022 based on the approved Internal Audit Plan. Their findings, together with related recommendations and Management's responses thereto, are reported to the AC on a quarterly basis.

b) Reviewed the adequacy and integrity of the system of controls to ensure there is a systematic methodology for identifying, assessing, and managing risk areas with regard to:

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets and resources; and
- compliance with laws, regulations and contractual obligations within the Company's governance, operations and information systems.

c) Conducted follow up reviews on actions taken by Management in implementing their recommendations arising from prior audits.

The Company continues to outsource its IAF of the Group for the ensuing year as opposed to establishing an in-house IAF after considering the size of the Group as well as in-house resources and difficulty in attracting and retaining qualified and competent internal audit staff.

Baker Tilly has no relationship with the Group and is independent from Management, staff, Directors, and substantial shareholders.

### **(V) EVALUATION**

The evaluations of the external and internal auditors were reviewed by the AC based on the feedback obtained from the AC members, Management and self-assessment carried out by external auditors and internal auditors respectively. Summary of results of the

assessments were tabled to the AC for deliberation at the meeting.

The AC was satisfied with the performance of PwC and that throughout the year the objectivity and independence of PwC in relation to the audit was not in any way impaired by either the nature of the non-audit related services, the level of non-audit fees charged, or any other facts or circumstances.

The Board on the recommendation of the AC, is satisfied that PwC remains effective, objective and independent in carrying out its role as external auditors of the Company. The Board has at the Board meeting held on 28 February 2023 approved the AC's recommendation for the re-appointment of PwC for the ensuing year to be tabled at the Eighteenth Annual General Meeting for shareholders' approval.

The Board through the JRNC had conducted an annual evaluation and assessment on the performance of the AC and its members in respect of FY2022. The evaluation was based on self-assessment carried out by the AC members to monitor their overall effectiveness in meeting their responsibilities.

The evaluation focused on the structure and process including the composition and level of accountability and responsibility demonstrated by the AC. The JRNC was satisfied that the AC had carried out its duties and responsibilities effectively in accordance with its Terms of Reference and had demonstrated a high level of diligence, independence and commitment in discharging its responsibilities. The results of the evaluation were reported to the Board accordingly.

The AC members have considerable accounting, financial and business experience and the Board is satisfied with the composition of the AC and considers that the membership as a whole has sufficient relevant expertise and resource to discharge its responsibilities effectively.

# DIRECTORS' REPORT

The Directors are pleased to submit their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company.

The principal activities of the Group consist of the provision of gas turbines packages and related services, oilfield equipment and services, servicing of rotating equipment, integrated corrosion and inspection services, predominantly for the oil and gas industry.

There were no significant changes in the nature of these activities of the Group and of the Company during the financial year.

## FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year attributable to		
- Equity holders of the Company	42,141,697	20,982,974
- Non-controlling interest	9,099,787	0
Profit for the financial year	51,241,484	20,982,974

## DIVIDENDS

The dividends on ordinary shares paid or declared by the Company since 31 December 2021 were as follows:

	RM
In respect of the financial year ended 31 December 2021, as shown in the Directors' report of that year, a second interim single tier dividend of 1.20 sen per share on 401,553,500 ordinary shares, paid on 30 March 2022	4,818,642
In respect of the financial year ended 31 December 2022, a first interim single tier dividend of 2.00 sen per share on 401,553,500 ordinary shares, paid on 30 September 2022	8,031,070
	12,849,712

The Directors, had on 28 February 2023 declared a second interim single tier dividend of 3.25 sen per share in respect of the financial year ended 31 December 2022, totalling RM13,050,489, payable on 30 March 2023.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2022.

## RESERVES AND PROVISIONS

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

## DIRECTORS' REPORT

### SHARE CAPITAL AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

### DIRECTORS OF THE COMPANY

The Directors of the Company who have held office during the financial year and up to the date of this report are as follows:

Dato' Izham bin Mahmud  
 Datuk Vivekananthan a/l M.V. Nathan  
 Ramanrao bin Abdullah  
 Lee Yoke Khai  
 Datuk Manharlal a/l Ratilal  
 Tan Sri Dato' Seri Shamsul Azhar bin Abbas (appointed on 9 June 2022)  
 Datin Aisah Eden (appointed on 30 June 2022)  
 Datuk Noor Azian binti Shaari (resigned on 1 April 2022)  
 Datuk Ishak bin Imam Abas (retired on 19 May 2022)

### DIRECTORS OF SUBSIDIARIES

The Directors who have held office in the subsidiaries of the Company (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report are as follows:

Directors of Subsidiaries	Subsidiary
Mohammad Kamal bin Md Yosof	Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.)
Nuruzzatulain binti Sahamah	Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.)
Ahmad Rizal bin Omar	Deleum Rotary Services Sdn. Bhd.
Jean-Marc Alex Cochetoux	Turboservices Sdn. Bhd.
Nuruzzatulain binti Sahamah	Turboservices Sdn. Bhd.
Seow Keng Seng	Turboservices Sdn. Bhd.
Nurul Aznin binti Mamat	Turboservices Sdn. Bhd.
Eric Kurt Strecker	Penaga Dresser Sdn. Bhd.
Akira Fukasawa	Penaga Dresser Sdn. Bhd.
Azman bin Jemaat @ Hassan	Penaga Dresser Sdn. Bhd.
Nuruzzatulain binti Sahamah	Penaga Dresser Sdn. Bhd.
Imran Hakim bin Abdul Aziz	Penaga Dresser Sdn. Bhd.
Azman bin Jemaat @ Hassan	Deleum Services Sdn. Bhd.
Imran Hakim bin Abdul Aziz	Deleum Services Sdn. Bhd.
Nurul Aznin binti Mamat	Deleum Services Sdn. Bhd.
Imran Hakim bin Abdul Aziz	Deleum Oilfield Services Sdn. Bhd.
Imran Hakim bin Abdul Aziz	Deleum Oilfield Solutions (Thailand) Co. Ltd.
Suthee Chivaphongse	Deleum Oilfield Solutions (Thailand) Co. Ltd.



## DIRECTORS' REPORT

### DIRECTORS OF SUBSIDIARIES (CONTINUED)

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company was a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Directors has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

### DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received and receivable by Directors of the Company during the financial year is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive Director:				
- salaries and bonuses	1,330,000	1,089,000	1,330,000	1,089,000
- defined contribution plan	221,100	180,900	221,100	180,900
- other emoluments	145,002	134,143	145,002	134,143
- estimated monetary value of benefits-in-kind	22,592	30,520	22,592	30,520
Non-Executive Directors:				
- fees	1,060,683	1,179,900	1,060,683	1,179,900
- other emoluments	114,700	197,425	114,700	197,425
- estimated monetary value of benefits-in-kind	85,472	89,300	85,472	89,300
	2,979,549	2,901,188	2,979,549	2,901,188

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company and its related corporations were as follows:

	Number of ordinary shares in the Company			At 31.12.2022
	At 1.1.2022	Acquired	Sold	

#### Direct interest

Dato' Izham bin Mahmud	11,200,000	0	0	11,200,000
Datuk Vivekananthan a/l M.V. Nathan	43,302,600	0	0	43,302,600

#### Indirect interest

Dato' Izham bin Mahmud	138,466,598	0	0	138,466,598
Datuk Vivekananthan a/l M.V. Nathan	81,740,900	0	0	81,740,900

	Number of ordinary shares in a subsidiary, VSM Technology Sdn. Bhd.			At 31.12.2022
	At 1.1.2022	Acquired	Sold	

#### Direct interest

Datuk Vivekananthan a/l M.V. Nathan	40,400	0	0	40,400
-------------------------------------	--------	---	---	--------

By virtue of their interest in shares in the Company pursuant to Section 8 of the Companies Act 2016, Dato' Izham bin Mahmud and Datuk Vivekananthan a/l M.V. Nathan are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than as disclosed above, according to the Register of Directors' Shareholdings, the other Directors in office at the end of the financial year did not hold any interest in shares, grants and options over shares in the Company or shares, grants and options over shares and debentures of its related corporations during the financial year.

### INDEMNITY AND INSURANCE COSTS

The Group has in force a Directors and Officers Liability insurance policy essentially covering the acts of Directors and Officers. The current policy has a limit of liability of RM30,000,000. Annual premiums paid amounted to RM37,100.

## DIRECTORS' REPORT

### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and statements of financial position were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business at their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (a) 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 liability of any other person; or
- (b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the impairment on non-financial assets as disclosed in Note 3(a)(iii); and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

## DIRECTORS' REPORT

### SUBSIDIARIES

Details of subsidiaries are set out in Note 33 to the financial statements.

### AUDITORS

Auditors' remuneration for the financial year is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration:				
- statutory audit	513,601	460,388	159,163	129,038
- other audit related services	191,765	199,230	191,765	199,230
- non-audit related services	293,864	1,527,552	183,594	1,469,882
	999,230	2,187,170	534,522	1,798,150

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 February 2023.

**DATO' IZHAM BIN MAHMUD**  
DIRECTOR

**RAMANRAO BIN ABDULLAH**  
DIRECTOR

# STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<u>Continuing operations</u>					
Revenue	5	698,048,846	558,366,574	47,994,601	37,367,500
Cost of sales		(554,331,796)	(450,979,506)	(22,575,300)	(19,058,100)
Gross profit		143,717,050	107,387,068	25,419,301	18,309,400
Other operating income		5,704,226	3,460,564	613,805	913,334
Selling and distribution costs		(37,401,795)	(29,314,736)	0	0
Administrative expenses		(51,474,770)	(48,513,823)	(3,497,534)	(4,384,158)
Other operating gains/(losses)		1,530,639	(6,005,027)	(1,013,636)	(4,444,760)
Operating profit		62,075,350	27,014,046	21,521,936	10,393,816
Finance cost	8	(638,243)	(1,839,413)	(195,905)	(656,864)
Share of results of a joint venture (net of tax)	16	1,146,612	1,345,095	0	0
Share of results of an associate (net of tax)	17	5,307,695	5,632,787	0	0
Profit before tax	6	67,891,414	32,152,515	21,326,031	9,736,952
Tax expense	9	(16,933,210)	(6,469,965)	(343,057)	(255,943)
Profit from continuing operations (net of tax)		50,958,204	25,682,550	20,982,974	9,481,009
<u>Discontinued operation</u>					
Gain/(loss) from discontinued operation (net of tax)	38	283,280	(1,915,406)	0	0
Profit for the financial year		51,241,484	23,767,144	20,982,974	9,481,009
Other comprehensive (gains)/losses item that may be subsequently reclassified to profit or loss					
Currency translation differences of foreign operations		(34,164)	112,254	0	0
Reclassification adjustment relating to a subsidiary liquidated during the financial year	39	394,857	0	0	0
Total comprehensive income for the financial year		51,602,177	23,879,398	20,982,974	9,481,009

## STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Profit attributable to:					
Owners of the Company		42,141,697	17,068,105	20,982,974	9,481,009
Non-controlling interest		9,099,787	6,699,039	0	0
		51,241,484	23,767,144	20,982,974	9,481,009
Total comprehensive income attributable to:					
Owners of the Company		42,543,975	17,137,567	20,982,974	9,481,009
Non-controlling interest		9,058,202	6,741,831	0	0
		51,602,177	23,879,398	20,982,974	9,481,009
Earnings/(loss) per share (sen)					
- Basic/diluted	10				
- From continuing operations		10.42	4.73		
- From discontinued operations		0.07	(0.48)		
		10.49	4.25		

The above statements of comprehensive income are to be read in conjunction with the significant accounting policies and notes 1 to 40 to the Financial Statements.

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	12	110,290,814	134,526,283	3,435,463	3,818,437
Investment properties	13	700,122	723,698	0	0
Intangible assets	14	211,886	283,224	101,298	167,784
Subsidiaries	15	0	0	132,384,848	132,384,848
Joint venture	16	34,080,134	32,933,522	29,375,937	29,375,937
Associate	17	23,921,121	24,373,425	0	0
Deferred tax assets	27	2,186,118	1,222,834	1,109,113	379,067
Other receivable	20	2,296,099	1,881,382	0	0
Amount due from a subsidiary	18	0	0	12,677,395	0
Cash and bank balances	23	3,696,186	0	0	0
		177,382,480	195,944,368	179,084,054	166,126,073
<b>CURRENT ASSETS</b>					
Amounts due from subsidiaries	18	0	0	33,181,767	40,653,581
Tax recoverable		1,673,858	1,199,195	0	0
Inventories	19	40,014,420	32,011,598	0	0
Receivables, deposits and prepayments	20	318,279,913	184,931,800	1,371,451	1,308,030
Amount due from an associate	21	1,920,813	1,920,366	813	16
Amount due from a joint venture	22	223,484	176,331	223,484	176,331
Cash and bank balances	23	174,320,618	192,712,547	13,726,135	11,991,784
Derivative financial instrument	25	0	84,454	0	0
		536,433,106	413,036,291	48,503,650	54,129,742



## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>LESS: CURRENT LIABILITIES</b>					
Amounts due to subsidiaries	18	0	0	2,479,289	1,165,392
Borrowings	24	7,612,014	25,868,689	2,625,571	7,198,681
Derivative financial instrument	25	1,512,231	0	0	0
Taxation		9,048,051	3,139,491	812,026	79,738
Trade and other payables and contract liabilities	26	265,066,794	181,591,326	5,009,814	3,331,880
		283,239,090	210,599,506	10,926,700	11,775,691
<b>NET CURRENT ASSETS</b>		253,194,016	202,436,785	37,576,950	42,354,051
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	24	1,175,178	4,447,087	74,520	26,902
Deferred tax liabilities	27	14,596,167	14,852,907	0	0
Deferred income	28	259,079	312,089	0	0
		16,030,424	19,612,083	74,520	26,902
		414,546,072	378,769,070	216,586,484	208,453,222
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>					
Share capital	29	201,801,508	201,801,508	201,801,508	201,801,508
Retained earnings		238,637,744	208,537,361	14,784,976	6,651,714
Merger deficit	30	(50,000,000)	(50,000,000)	0	0
Foreign currency translation		(1,685,788)	(2,088,066)	0	0
Shareholders' equity		388,753,464	358,250,803	216,586,484	208,453,222
<b>NON-CONTROLLING INTEREST</b>		25,792,608	20,518,267	0	0
<b>TOTAL EQUITY</b>		414,546,072	378,769,070	216,586,484	208,453,222

The above statements of financial position are to be read in conjunction with the significant accounting policies and notes 1 to 40 to the Financial Statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022

Group	Note	Attributable to equity holders of the Company							Non-controlling interest RM	Total equity RM
		Issued and fully paid ordinary shares		Non-distributable		Distributable				
		Number of shares	Share capital RM	Foreign currency translation RM	Merger deficit RM	Retained earnings RM	Total RM			
At 1 January 2022		401,553,500	201,801,508	(2,088,066)	(50,000,000)	208,537,361	358,250,803	20,518,267	378,769,070	
Profit for the financial year		0	0	0	0	42,141,697	42,141,697	9,099,787	51,241,484	
Other comprehensive income/(loss) for the financial year		0	0	7,421	0	0	7,421	(41,585)	(34,164)	
Reclassification adjustment relating to a subsidiary liquidated during the financial year	39	0	0	394,857	0	0	394,857	0	394,857	
Total comprehensive income for the financial year		0	0	402,278	0	42,141,697	42,543,975	9,058,202	51,602,177	
Acquisition of non-controlling interest	39	0	0	0	0	808,398	808,398	(1,518,931)	(710,533)	
Incorporation of a subsidiary with non-controlling interest	39	0	0	0	0	0	0	16,270	16,270	
Dividends	11	0	0	0	0	(12,849,712)	(12,849,712)	(2,281,200)	(15,130,912)	
At 31 December 2022		401,553,500	201,801,508	(1,685,788)	(50,000,000)	238,637,744	388,753,464	25,792,608	414,546,072	

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022

Group	Note	Attributable to equity holders of the Company							Non-controlling interest RM	Total equity RM
		Issued and fully paid ordinary shares		Non-distributable		Distributable				
		Number of shares	Share capital RM	Foreign currency translation RM	Merger deficit RM	Retained earnings RM	Total RM			
At 1 January 2021		401,553,500	201,801,508	(2,157,528)	(50,000,000)	199,500,326	349,144,306	21,224,399	370,368,705	
Profit for the financial year		0	0	0	0	17,068,105	17,068,105	6,699,039	23,767,144	
Other comprehensive income for the financial year		0	0	69,462	0	0	69,462	42,792	112,254	
Total comprehensive income for the financial year		0	0	69,462	0	17,068,105	17,137,567	6,741,831	23,879,398	
Dividends	11	0	0	0	0	(8,031,070)	(8,031,070)	(7,447,963)	(15,479,033)	
At 31 December 2021		401,553,500	201,801,508	(2,088,066)	(50,000,000)	208,537,361	358,250,803	20,518,267	378,769,070	

The above consolidated statement of changes in equity is to be read in conjunction with the significant accounting policies and notes 1 to 40 to the Financial Statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022

Company	Note	Issued and fully paid ordinary shares		Distributable	Total RM
		Number of shares	Nominal value RM	Retained earnings RM	
At 1 January 2022		401,553,500	201,801,508	6,651,714	208,453,222
Total comprehensive income for the financial year		0	0	20,982,974	20,982,974
Dividends	11	0	0	(12,849,712)	(12,849,712)
At 31 December 2022		401,553,500	201,801,508	14,784,976	216,586,484
At 1 January 2021		401,553,500	201,801,508	5,201,775	207,003,283
Total comprehensive income for the financial year		0	0	9,481,009	9,481,009
Dividends	11	0	0	(8,031,070)	(8,031,070)
At 31 December 2021		401,553,500	201,801,508	6,651,714	208,453,222

The above statement of changes in equity is to be read in conjunction with the significant accounting policies and notes 1 to 40 to the Financial Statements.

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit for the year from:				
- Continuing operations	50,958,204	25,682,550	20,982,974	9,481,009
- Discontinued operation	283,280	(1,915,406)	0	0
	51,241,484	23,767,144	20,982,974	9,481,009
<u>Adjustments for:</u>				
Trade receivables:				
- impairment	23,850	4,916,423	0	0
- write back of impairment	(4,068,605)	(262,794)	0	0
- write off of impairment	(1,523,246)	0	0	0
Contract assets:				
- impairment	0	196,178	0	0
- write back of impairment	(97,578)	(42,469)	0	0
Other receivables:				
- impairment	358,968	212,485	0	0
Amounts due from subsidiaries				
- impairment	0	0	1,000,000	0
Inventories:				
- impairment	2,202,123	9,248,808	0	0
- write back of impairment	(258,129)	(135,860)	0	0
Income accretion on other receivable	(112,440)	(36,698)	0	0
Amortisation of intangible assets	71,338	70,310	66,486	46,384
Amortisation of government grants	(53,010)	(134,786)	0	0
Depreciation				
- property, plant and equipment	33,436,714	36,143,747	639,869	738,777
- investment properties	23,576	23,575	0	0
Liquidated damages:				
- provision	451,258	264,300	0	0
- write back	(107,511)	(44,417)	0	0
Gain on disposal of property, plant and equipment	(2,003,836)	(209,356)	0	(15,461)
Loss/(gain) on disposal of rights-of-use assets	8,174	(53,242)	0	(116)
Write-off:				
- property, plant and equipment	5,320	191,579	2,800	10,564
- inventories	525,630	1,052,702	0	0
- other receivables	0	76,727	0	0
Impairment on plant and equipment	0	3,171,268	0	0
Impairment on cost of investment in subsidiaries	0	0	0	4,432,519
Interest income	(2,676,819)	(2,985,343)	(190,993)	(141,675)
Dividend income	0	0	(23,161,101)	(16,403,000)
Inter-company interest income	0	0	(286,858)	(747,635)
Finance cost	638,243	1,864,868	195,905	656,864
Share of results of an associate	(5,307,695)	(5,632,787)	0	0
Share of results of a joint venture	(1,146,612)	(1,345,095)	0	0

## STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>					
<u>Adjustments for: (continued)</u>					
Loss on liquidation of subsidiary		352,370	0	0	0
Tax expense		17,000,825	6,469,965	343,057	255,943
Unrealised net foreign exchange loss		415,818	122,638	0	0
Net fair value loss on forward foreign currency exchange contracts		1,610,537	719,445	0	0
Operating profit/(loss) before working capital changes		91,010,747	77,629,315	(407,861)	(1,685,827)
<u>Changes in working capital</u>					
Amounts due from subsidiaries		0	0	(6,215,201)	(84,994)
Inventories		(10,472,446)	(11,735,447)	0	0
Receivables, deposits, prepayments and contract assets		(128,912,044)	(31,668,292)	(63,421)	(951,489)
Amounts due to a joint venture		0	0	(96,269)	(5,731)
Amounts due to subsidiaries		0	0	1,313,897	(10,285,679)
Trade and other payables and contract liabilities		83,764,688	9,151,009	1,663,139	1,802,315
Decrease in restricted cash		0	29,711,413	0	0
Cash generated from/(used in) operation		35,390,945	73,087,998	(3,805,716)	(11,211,405)
Tax paid		(12,786,951)	(13,690,701)	(340,815)	(69,012)
Interest paid		(625,542)	(1,894,610)	(188,507)	(690,348)
Net cash generated from/(used in) operating activities		21,978,452	57,502,687	(4,335,038)	(11,970,765)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received		2,585,732	3,025,682	693,596	1,152,156
Long-term deposits paid		0	(756,615)	0	0
Purchase of property, plant and equipment*		(8,595,661)	(12,720,546)	(172,543)	(621,662)
Proceeds from disposal of property, plant and equipment		3,153,421	399,470	0	199,800
Purchase of intangible assets		0	(38,500)	0	(38,500)
Redemption of investment securities		0	13,000,000	0	0
Amounts due (to)/from an associate		(447)	(143)	(797)	207
Amount due (to)/from a joint venture		(47,153)	(55,131)	49,116	(49,400)
Dividends received from subsidiaries		0	0	17,157,567	15,403,000
Dividends received from an associate		5,760,000	7,040,000	0	0
Repayment of advances from subsidiaries		0	0	5,804,806	16,432,344
Acquisition of non-controlling interest	39	(710,533)	0	0	0
Incorporation of a subsidiary with non-controlling interest	39	16,270	0	0	0
Net cash generated from investing activities		2,161,629	9,894,217	23,531,745	32,477,945

## STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Term loan:					
- repayments		(17,480,000)	(26,590,000)	0	0
Revolving credit:					
- repayments		(4,560,000)	(20,660,000)	(4,560,000)	(15,660,000)
Lease liabilities on right-of-use assets:					
- repayments		(1,257,249)	(1,614,940)	(52,644)	(52,333)
Dividends paid to:					
- shareholders		(12,849,712)	(8,031,070)	(12,849,712)	(8,031,070)
- non-controlling interest		(2,281,200)	(8,022,563)	0	0
(Increase)/decrease in restricted cash		(142,967)	1,399,368	0	0
Net cash used in financing activities		(38,571,128)	(63,519,205)	(17,462,356)	(23,743,403)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR</b>		(14,431,047)	3,877,699	1,734,351	(3,236,223)
<b>FOREIGN CURRENCY TRANSLATION</b>		(407,663)	329,836	0	0
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		183,378,720	179,171,185	11,991,784	15,228,007
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	23	168,540,010	183,378,720	13,726,135	11,991,784

\* Included in the purchase of property, plant and equipment is the capitalisation on the advance payment made in prior years of RM Nil (2021: RM6,410,100) as plant and equipment upon fulfilment of the recognition criteria during the current year.

The above statements of cash flows are to be read in conjunction with the significant accounting policies and notes 1 to 40 to the Financial Statements.



# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

## A BASIS OF PREPARATION

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

The financial statements have been prepared under the historical cost convention, except as disclosed in the significant accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

(a) Standards, amendments to published standards and IC Interpretation that are effective and applicable to the Group and the Company.

The new amendments to a published standard effective for the Group and the Company's financial period beginning on or after 1 April 2021 is as follows:

- Amendments to MFRS 16 Leases – Covid-19 - Related Rent Concessions beyond 30 June 2021

The new amendments to published standards that are effective for the Group and the Company's financial year beginning on or after 1 January 2022 are as follows:

- Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, plant and equipment – Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts - Cost of Fulfilling a Contract
- Annual improvements to MFRS Standards 2018 – 2020 Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards, Amendments MFRS 9 Financial Instruments, Amendments to the illustrative examples accompanying MFRS 16 Leases.

The adoption of the amendments to published standards listed above did not have any material impact to the Group and the Company on the current periods or any prior period and is not likely to affect future periods.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### A BASIS OF PREPARATION (CONTINUED)

- (b) Standards, amendments to published standards and IC Interpretation that are applicable to the Group and the Company but not yet effective

The Group and the Company will apply the new standards, amendments to published standards and IC Interpretation in the following periods:

- (i) Financial year beginning on or after 1 January 2023
- Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- (ii) Financial year beginning on or after 1 January 2024
- Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback
  - Amendments to MFRS 101 Presentation of Financial Statements – Non-current liabilities with covenants
- (iii) The effective date has been deferred to a date to be determined by Malaysian Accounting Standards Board
- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

### B CONSOLIDATION

- (a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Subsidiaries are consolidated using the acquisition method of accounting except for certain business combinations which were accounted for using the predecessor basis of accounting as follows:

- subsidiaries that were consolidated prior to 1 April 2002 in accordance with Malaysian Accounting Standard 2 "Accounting for Acquisitions and Mergers", the generally accepted accounting principles prevailing at that time
- business combinations consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 that meet the conditions of a merger as set out in MASB 21 "Business Combinations"
- internal group reorganisations, as defined in MASB 21, consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 where:
  - the ultimate shareholders remain the same, and the rights of each such shareholder, relative to the others, are unchanged; and
  - the minorities' share of net assets of the Group is not altered by the transfer
- combinations involving entities or businesses under common control with agreement dates on/after 1 January 2006

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### B CONSOLIDATION (CONTINUED)

#### (a) Subsidiaries (continued)

The Group has adopted the transitional provisions as provided by MASB 21, FRS 3 and FRS 3 (revised) to apply these Standards prospectively. Transitional provisions of MASB 21, FRS 3 and FRS 3 (revised) that were previously applied and disclosed in the prior year (FRS) financial statements are not relevant in the first set of MFRS financial statements. These provisions were applied to Deleum Services Sdn. Bhd. ("DSSB"). DSSB, a wholly-owned subsidiary company, is consolidated using the merger method of accounting as the internal group reorganisation took place on/after 1 April 2002 and with agreement dates before 1 January 2006, and where the ultimate shareholders remain the same, and the rights of each such shareholder relative to the others, are unchanged and the non-controlling interests' share of net assets of the Group is not altered by the transfer.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss. Refer to accounting policy Note C(a) on goodwill.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

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

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### B CONSOLIDATION (CONTINUED)

#### (a) Subsidiaries (continued)

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as a non-distributable reserve. Any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in merger deficit.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. Any change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

#### (c) Disposal of subsidiaries

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

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### B CONSOLIDATION (CONTINUED)

#### (d) Joint Ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount. The Group presents the impairment loss adjacent to "share of profit/(loss) of a joint venture" in the statement of comprehensive income.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

#### (e) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Carrying amount of the investment is reduced by dividends receivable from associates when the Group's right to receive payment is established. Dividends receivable is presented within amount due from associate.

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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### B CONSOLIDATION (CONTINUED)

#### (e) Associates (continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retained interest in the former associate at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

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

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

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

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

#### (f) Transactions with non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the statement of comprehensive income as an allocation of the profit or loss on the total comprehensive income for the year between non-controlling interests and owners of the Company.

### C INTANGIBLE ASSETS

#### (a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate of the acquisition date fair value of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the net of the acquisition date fair value of the identifiable assets acquired and liabilities assumed. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in the profit or loss.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### C INTANGIBLE ASSETS (CONTINUED)

#### (a) Goodwill (continued)

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### (b) Contracts

Customer contracts acquired as part of the business combination have finite useful life which ranges between one to two years and are capitalised at fair value at acquisition date and amortised using the straight line basis over their contractual periods or estimated useful lives, whichever is shorter. Customer contracts are carried at cost less accumulated amortisation and is tested for impairment whenever indication of impairment exists.

#### (c) Distributorship agreement

Distributorship agreement acquired as part of the business combination is capitalised at fair value at the acquisition date and amortised using the straight line basis over the duration of the agreement. Distributorship agreement is carried at cost less accumulated amortisation and is tested for impairment whenever indication of impairment exists.

#### (d) Software costs

Software costs are recognised when the Group and the Company can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use, its intention to complete and its ability to use, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software costs recognised as assets are amortised using the straight line basis over their estimated useful lives, which does not exceed five years.

Computer software costs for assets in progress are not amortised until they are ready for their intended use.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### D INVESTMENTS IN SUBSIDIARIES, JOINT VENTURE AND ASSOCIATES

In the Company's separate financial statements, investments in subsidiaries, joint venture and associates are carried at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (see accounting policy Note J on impairment of non-financial assets). Impairment losses are charged to profit or loss.

On disposal of investments in subsidiaries, joint venture and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### E PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially stated at cost. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (refer to accounting policy Note S on borrowings).

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

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight line basis to allocate the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

Freehold building	2%
Office equipment, furniture and fittings	10% - 33 1/3%
Renovations	10% - 20%
Plant, machinery and other equipment	6 2/3% - 33 1/3%
Motor vehicles	16 2/3% - 20%

Residual values and useful lives of assets are reviewed and adjusted where appropriate at the end of each reporting period.

At the end of the reporting period, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (refer to accounting policy Note J on impairment of non-financial assets).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in other income or other operating losses in profit or loss.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### F INVESTMENT PROPERTIES

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs if the investment property meets the definition of qualifying asset.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. Investment property is depreciated on the straight line basis to allocate the cost to their residual values over their estimated useful lives at the rate of 2% per annum.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is de-recognised.

Investment property is de-recognised either when it has been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Gains and losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in profit or loss.

Useful lives of investment properties are reviewed and are adjusted where appropriate at the end of the reporting period.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the investment property is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see accounting policy Note J on impairment of non-financial assets).

### G LEASES

On 1 January 2019, the Group and the Company have adopted MFRS 16 Leases ("MFRS 16") which replaces the previous leasing guidance under MFRS 117 Leases. The newly adopted MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet) and requires a lessee to recognise a "right-of-use" asset and a corresponding lease liability at the date on which the leased asset is available for use by the Group.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently. The Group's and Company's activities as lessor are not material to-date.

As allowed by the transitional provision of MFRS 16, the Group and the Company have elected to apply the simplified transition approach and not to restate the comparative amounts for the year prior to first adoption.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### G LEASES (CONTINUED)

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

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

#### Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date which the leased asset is available for use by the Company (i.e. the commencement date).

Contract may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are lessee, they have elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

#### Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company re-assess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of the lease term, or not to exercise an option previously included in the determination of the lease term. A revision in lease term results in re-measurements of the lease liabilities. See accounting policy below on re-assessment of lease liabilities.

#### ROU assets

ROU assets are initially measured at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### G LEASES (CONTINUED)

#### Accounting by lessee (continued)

#### ROU assets (continued)

ROU assets that are not investment properties are subsequently measured at costs, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset shall be depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain re-measurements of the lease liabilities. The Group and the Company present the ROU assets within the 'property, plant and equipment' line item in the statement of financial position. For existing leasehold properties with no corresponding lease liabilities due to full settlement upfront, at initial date of adoption of MFRS 16, these leasehold properties shall continue to be presented as part of property, plant and equipment.

ROU assets that meet the definition of investment property in accordance with MFRS 140 are presented in the statement of financial position as investment property. Subsequent measurement of the ROU asset is consistent with those investment properties owned by the Group (refer to accounting policy Note F on investment properties).

Leasehold land and buildings classified as lease is amortised in equal instalments over the period of the respective leases that range from 20 to 99 years.

#### Lease liabilities

Lease liability is initially measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

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

- fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group and the Company under residual value guarantees;
- exercise price of a purchase and extension options if the Group and the Company is reasonably certain to exercise that option; and
- penalties payments for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group and the Company present the lease liabilities within the borrowings line item in the statements of financial position. Interest expense on the lease liabilities is presented within the finance cost in the statements of comprehensive income.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### G LEASES (CONTINUED)

#### Accounting by lessee (continued)

#### Re-assessment of lease liabilities

Lease liability is re-measured when there is a change in the future variable lease payments arising from a change in an index or rate, or if there is a revision of in-substance fixed lease payments, or a revision in the lease term, or if there is a change in the Group's and Company's estimate of the amount expected to be payable under a residual value guarantee, which are not included in the lease liability until they take effect. When these adjustments to the lease payments take effect, the lease liability is re-measured and adjusted against the ROU assets.

#### Short term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. Payments associated with short-term leases of tools and equipment for oilfield activities, tools and equipment and chartering of vessels for project based activities of short tenure and leases of low value assets are recognised on a straight-line basis over the lease term as expense in profit or loss.

### H INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Cost of purchased inventories for resale purpose is determined after deducting discounts and rebates. For other inventories, the cost comprises raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Where a subsidiary adopts accounting policies that are different from the Group, their reported results shall be restated to comply with the Group accounting policies unless the discrepancy is immaterial.

### I CASH AND CASH EQUIVALENTS

For the purposes of the statements of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments (less than 3 months maturity) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### J IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss. Any subsequent increase in recoverable amount is recognised in profit or loss. Impairment losses on goodwill are not reversed.

### K FINANCIAL ASSETS

#### (a) Classification

The Group and the Company classify its financial assets at the time it is initially recognised and is subsequently measured at either amortised costs, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

The classification of financial asset at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and Company's business model for managing the financial assets. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("OCI"). For investments in equity instruments that are not held for trading, this will depend on whether the Group and the Company have made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group and the Company reclassify debt investments when and only when its business model for managing those assets change.

#### (b) Recognition and initial measurement

At initial recognition, 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 FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient is measured at the transaction price as determined under MFRS 15 (see accounting policy Note P and Note T).

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### K FINANCIAL ASSETS (CONTINUED)

#### (c) Subsequent measurement – debts instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

##### (i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition of the Group's and Company's financial assets are recognised directly in profit or loss and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

##### (ii) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses and impairment expenses are presented in other operating gains/(losses). When it is deemed to be material in nature, the impairment expenses shall be presented as separate line item in the statement of comprehensive income.

##### (iii) FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other operating gains/(losses) in the period in which it arises.

#### (d) Subsequent measurement – equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other operating gains/(losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### K FINANCIAL ASSETS (CONTINUED)

#### (e) Impairment of financial assets

The Group and the Company assess on a forward looking basis on the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

#### (i) General 3-stage approach for other receivables, amounts due from subsidiaries, amount due from an associate and amount due from a joint venture

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

#### (ii) Simplified approach for trade receivables and contract assets

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

#### Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward looking information that includes historical default rate, internal and external credit rating (as applicable), actual or expected changes in economic and regulatory environment that are expected to cause a significant change to the debtor's ability to meet its obligations.

A significant increase in credit risk is presumed if a debtor become inactive, indication of consistent delay in making contractual payments that are long past due with history of default or the debtor is expected to/or is experiencing significant financial difficulties and cash flow problems.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### K FINANCIAL ASSETS (CONTINUED)

#### (e) Impairment of financial assets (continued)

##### Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default when counterparty become inactive and/or consistently slow in making contractual payments that are long past due with history of default or the debtor is insolvent or has significant financial difficulties. For certain categories of financial assets such as trade receivables and contract assets balances, they are assessed on an individual basis.

Prior to the adoption of the new MFRS 9, a financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

#### (f) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group and the Company are not de-recognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

### L FINANCIAL LIABILITIES

#### (a) Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Management determines the classification of financial liabilities at initial recognition.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company classify all its financial liabilities as other financial liabilities. The Group's and the Company's other financial liabilities comprised of "amounts due to subsidiaries", "borrowings" and "trade and other payables (excluding contract liabilities and statutory obligations)" in the statements of financial position (Notes 18, 24 and 26).

#### (b) Recognition and measurement

Trade and other payables are recognised initially at fair value net of directly attributable transaction costs and subsequently re-measured at amortised cost using the effective interest method.

All fair value changes on financial liabilities which are irrecoverably designated as FVTPL is to be recognised in the statement of comprehensive income other than the amount of change in the fair value of the financial liability that is attributable to the change in the Group and the Company's own equity credit risks which is to be presented in the OCI.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### L FINANCIAL LIABILITIES (CONTINUED)

#### (b) Recognition and measurement (continued)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### (c) De-recognition

A financial liability is de-recognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statements of comprehensive income.

### M OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount is presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

### N DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivative financial instruments to manage its exposure to foreign currency exchange rate risk, comprising of forward foreign currency exchange contracts.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured at their fair values at the end of each reporting period. The method on recognising the subsequent changes in the fair value depends on whether the derivative is designated and effective as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss upon when the fair value changes on the derivatives arise.

### O SHARE CAPITAL

#### (a) Classification

Ordinary shares are classified as equity. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

#### (b) Share issue costs

Incremental external costs directly attributable to the issue of new shares are shown as a deduction in equity. Other share issue costs are charged to profit or loss.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### O SHARE CAPITAL (CONTINUED)

#### (c) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the end of reporting period. A dividend proposed or declared after the end of the reporting period, but before the financial statements are authorised for issue, is not recognised as a liability at the end of the reporting period. Upon the dividend becoming payable, it will be accounted as a liability. Distributions to holders of an equity instrument is recognised directly in equity.

### P RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest rate method. See accounting policy Note K(e) on impairment of financial assets.

### Q TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value net of directly attributable transaction costs and subsequently re-measured at amortised cost using the effective interest method.

### R CONTRACT BALANCES

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditional on something other than the passage of time. Contract asset is the excess of cumulative revenue earned over the billings to-date. Contract asset also includes advance payment to supplier or advance billing from suppliers where the performance obligation is yet to be satisfied.

Impairment on contract asset is assessed based on the policy in Note K(e).

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or is the excess of the billings to-date over the cumulative revenue earned.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### S BORROWINGS AND BORROWING COSTS

#### (a) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs incurred for the construction of any qualifying asset.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired.

#### (b) Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### T REVENUE RECOGNITION

Revenue from contracts with customers is recognised by reference to each distinct promise of goods and services (a performance obligation) in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. When the standalone selling prices are not directly observable, they are estimated based on expected cost-plus margin. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Performance obligations by segment are as follows:

#### (a) Power and Machinery ("P&M")

P&M segment revenue focuses on the sale and provision of after sales support services for gas turbines generators and compressors packages, supply, installation, repair and maintenance of safety valves and flow regulators, and maintenance, repair and overhaul services for motor, generators and transformers.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### T REVENUE RECOGNITION (CONTINUED)

#### (a) Power and Machinery ("P&M") (continued)

##### (i) Sale of gas turbine packages and after sales support services

###### After sales support services

The Group provides various after sales support services in respect of gas turbines generators and compressors that the Group sells. After sales support services includes but not limited to gas turbines exchange services, compressors maintenance and technical services, and sale of gas turbines parts and components with installation services and other ancillary services. Provision of maintenance services is either performed based on a scheduled interval periods or on an ad hoc basis at the request of customers.

Revenue from gas turbines exchange services which involve the delivery of the gas turbine is recognised when the customer accepts the delivery of the gas turbines.

Revenue from maintenance and technical services is recognised over the period in which the services are rendered.

Maintenance and technical services may be bundled with sale of parts and components. Sale of parts and components is assessed as separate performance obligations and revenue allocated to the parts and components is recognised when the parts and components are delivered and accepted by customers.

Sale of parts and components with installation services is assessed as separate performance obligations and revenue allocated to the parts and components is recognised when the parts and components are delivered and accepted by customers. Revenue allocated to installation services is recognised over the period in which the services is rendered based on input method.

For contract with payment/billing schedule, contract asset is recognised if the services rendered by the Group exceed the payment. If the payments exceed the services rendered, a contract liability is recognised.

###### Sale of gas turbine generators and compressors packages

Revenue from the sale of gas turbine generators and compressors including sale of parts and components ("gas turbine packages") is recognised when the control of the gas turbine packages has been transferred, being when these gas turbine packages are delivered and accepted by the customers.

Revenue from the provision of freight and handling services is assessed as a single performance obligation with the sale of gas turbine parts and components as the control of goods are transferred after the delivery services. Revenue is recognised when the gas turbine parts and components are delivered and accepted by customers.

There is no element of financing contained in the revenue as sales are generally made with a standard credit terms which is consistent with market practises unless otherwise as applicable and disclosed in the financial statements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### T REVENUE RECOGNITION (CONTINUED)

#### (a) Power and Machinery ("P&M") (continued)

##### (ii) Sales of valves and flow regulators and after sales support services

###### After sales support services

The Group provides after sales support services including repair and maintenance in relation to valves and flow regulators that the Group sells.

Revenue from repair and maintenance services is recognised over the period in which the services are rendered.

Repair and maintenance services may be bundled with sale of valves and flow regulators. Sale of valves and flow regulators is assessed as separate performance obligations and revenue allocated to the sale of valves and flow regulators is recognised when the valves and flow regulators are delivered and accepted by the customers.

For contract with payment/billing schedule, contract asset is recognised if the services rendered by the Group exceed the payment. If the payments exceed the services rendered, a contract liability is recognised.

###### Sale of valves and flow regulators

Revenue from sale of valves and flow regulators on stand-alone is recognised when the Group sells the valves and flow regulators to customers and control of the valves and flow regulators has been transferred, being when the valves and flow regulators are delivered and accepted by the customer.

Revenue for provision of installation, repair and maintenance of valves and flow regulators are recognised over the period in which the performance of services is rendered.

Revenue from the provision of freight services is assessed as a single performance obligation with the sale of valve and flow regulators as the control of goods is transferred after the delivery services. Revenue is recognised when the valves and flow regulators are delivered and accepted by customer.

There is no element of financing contained in the revenue as sales are generally made with a standard credit terms which is consistent with market practises unless otherwise as applicable and disclosed in the financial statements.

##### (iii) Sale, repair and maintenance of motors, generators and transformers

###### Sale of motors, generators and transformers

Revenue from sale of motors, generators and transformers including parts and components is recognised when the Group sells the motors, generators and transformers to customers and control of the motors, generators and transformers has transferred, being when the motors, generators and transformers are delivered and accepted by the customer.

Revenue from the provision of freight services is assessed as a single performance obligation with the sale of motors, generators and transformers as the control of goods is transferred after the delivery services. Revenue is recognised when the motors, generators and transformers are delivered and accepted by customer.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### T REVENUE RECOGNITION (CONTINUED)

(a) Power and Machinery ("P&M") (continued)

(iii) Sale, repair and maintenance of motors, generators and transformers (continued)

Repair and maintenance services

The Group provides repair and maintenance services in relation to motors, generators and transformers that the Group sells. Revenue from repair and maintenance services is recognised over the period in which the services is rendered.

There is no element of financing contained in the revenue as sales are generally made with a standard credit terms which is consistent with market practises unless otherwise as applicable and disclosed in the financial statements.

(b) Oilfield Services ("OS")

Oilfield Services segment specialises mainly in upstream operations, topside and downhole support services which consist of the provision of slickline equipment and services, well intervention and cased hole logging services, asset integrated solution services, gas lift valve and insert strings equipment, accessories and services and drilling and production services, provision of specialty chemicals and well stimulation services.

(i) Provision of slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services, gas lift valve and insert strings equipment, accessories and services and drilling and production services.

The Group provides slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services, gas lift valve and insert strings equipment, accessories and services and drilling and production services. Revenue from slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services and gas lift valve services is recognised over the period in which the services is rendered.

Revenue from sale of insert strings equipment, accessories and/or drilling products are recognised when the Group sells the insert strings equipment, accessories and/or drilling products to customers and control of insert strings equipment, accessories and/or drilling products have transferred, being when the insert strings equipment, accessories and drilling products are delivered and accepted by the customer.

(ii) Provision of specialty chemicals and well stimulation services

Well stimulation services

The Group provides well stimulation services at request from customers. Revenue from well stimulation services is recognised over the period in which the services are rendered.

Well stimulation services may be bundled with sale of specialty chemicals. Sale of specialty chemicals is assessed as separate performance obligations and revenue allocated to the sale of specialty chemicals is recognised when the chemicals are delivered and accepted by customers.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### T REVENUE RECOGNITION (CONTINUED)

#### (b) Oilfield Services ("OS") (continued)

##### (ii) Provision of specialty chemicals and well stimulation services (continued)

###### Sale of chemicals

Revenue from chemicals is recognised when the Group sells the chemicals to customers and control of the chemicals has been transferred, being when the chemicals are delivered to the customer.

Revenue from the provision of freight services is assessed as a single performance obligation with the sale of chemicals as the control of goods is transferred after the delivery services. Revenue is recognised when the chemicals are delivered and accepted by customer.

There is no element of financing contained in the revenue as sales are generally made with a standard credit terms which is consistent with market practises unless otherwise as applicable and disclosed in the financial statements.

#### (c) Integrated Corrosion Solution ("ICS")

ICS segment is involved in the provision of integrated corrosion and inspection, blasting technology, maintenance, construction and modification ("MCM") maintenance services.

##### (i) Provision of integrated corrosion and inspection, blasting technology and maintenance services

The Group provides integrated corrosion and inspection, blasting technology and maintenance services in relation to corrosion for tanks, structures and piping. Revenue from integrated corrosion inspection, blasting technology and maintenance services is recognised over the service period as customer receives and consumes the benefit of the Group's performance as the Group performs.

Revenue is recognised based on the actual service provided to the end of the financial year as a proportion of the total services to be provided. This is determined based on the actual costs incurred relative to the total budgeted costs. This method represents a faithful depiction of the service as the actual costs incurred represents the percentage of service rendered.

Revenue recognised from provision of integrated corrosion and inspection, blasting technology and maintenance services involves management's estimation on the total budgeted costs. Estimates of total budgeted costs are revised if circumstances change. Any resulting increases or decreases in the estimates of total budgeted costs would result in a change in the measure of progress and a corresponding change in the amount of revenue recognised. The change in estimates are reflected in profit or loss in the period in which the circumstances that give rise to the revision occurs. Refer Note 3 for critical accounting estimates and judgments.

Provision of integrated corrosion and inspection, blasting technology and maintenance services may be bundled with sale of sponge jet media and consumables. Sale of sponge jet media and consumables are assessed as separate performance obligations and revenue allocated to the sale of sponge jet media and consumables respectively are recognised when the sponge jet media and consumables are delivered and accepted by customers.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### T REVENUE RECOGNITION (CONTINUED)

#### (c) Integrated Corrosion Solution ("ICS") (continued)

- (i) Provision of integrated corrosion and inspection, blasting technology and maintenance services (continued)

For contract with payment/billing schedule, contract asset is recognised if the services rendered by the Group exceed the payment. If the payments exceed the services rendered, a contract liability is recognised.

There is no element of financing contained in the revenue as sales are generally made with a standard credit terms which is consistent with market practises unless otherwise as applicable and disclosed in the financial statements.

- (ii) Provision of maintenance, construction and modification ("MCM") maintenance services

Provision of maintenance, construction and modification ("MCM") maintenance services covers provision of site surveys, supply of materials and consumables, fabrication and offshore maintenance services, and provision of marine spread.

#### Provision of site surveys

Revenue from site surveys is recognised when the reports on site survey are completed and accepted by customers.

#### Supply of materials and consumables

The Group sells materials and consumables to customers upon request. Revenue from supply of materials and consumables are recognised when the customer accepts the delivery of the goods.

Revenue from the provision of freight services is assessed as a single performance obligation with the sale of materials and consumables as the control of goods is transferred after the delivery services. Revenue is recognised when the supply of materials and consumables are delivered and accepted by customer.

#### Fabrication and offshore maintenance works

The Group provides fabrication or offshore maintenance works at the request of the customer. Revenue from fabrication or offshore maintenance works is recognised over the services period as the customer receives and consumes the benefit of the Group's performance as the Group performs and/or the Group is enhancing the assets that the customer controls.

Revenue is recognised based on the actual service provided to the end of the financial year as a proportion of the total services to be provided. This is determined based on the actual costs incurred relative to the total budgeted costs. This method represents a faithful depiction of the service as the actual costs incurred represents the percentage of service rendered.

Revenue recognised from the provision of fabrication or offshore maintenance services involves management's estimation on the total budgeted costs. Estimates of total budgeted costs are revised if circumstances change. Any resulting increases or decreases in the estimates of total budgeted costs would result in a change in the measure of progress and a corresponding change in the amount of revenue recognised. The change in estimates are reflected in profit or loss in the period in which the circumstances that give rise to the revision occurs. Refer Note 3 for critical accounting estimates and judgments.



## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### T REVENUE RECOGNITION (CONTINUED)

#### (c) Integrated Corrosion Solution ("ICS") (continued)

##### (ii) Provision of maintenance, construction and modification ("MCM") maintenance services (continued)

##### Fabrication and offshore maintenance works (continued)

For contract with payment/billing schedule, contract asset is recognised if the services rendered by the Group exceed the payment. If the payments exceed the services rendered, a contract liability is recognised.

##### Marine spread

The Group provides vessels and associated services to customers at the request of the customer. Provision of vessels and associated services is a single performance obligation. Revenue from marine spread is recognised over the period based on time elapsed method, determined based on the actual time lapsed relative to the total services period.

There is no element of financing contained in the revenue as sales are generally made with a standard credit term which is consistent with market practises unless otherwise as applicable and disclosed in the financial statements.

Other revenue earned by the Group includes management fees, principal and commission based income services. Revenue from third party based transactions is recognised upon when the Group's right to receive the payment is established.

##### Other Operating Income

Government grant is recognised initially as deferred income at fair value when there is reasonable assurance that the Group will comply with the conditions attached to the grant and that the grant will be received. The grant is treated as part of deferred income under non-current liabilities and that they are credited to profit or loss on a straight-line basis over the expected lives of the related assets or over the period of the operating expenditures to which the grant is intended to compensate.

Other than income from government grants, other operating income earned by the Group is recognised on the following basis:

- (i) Interest income – using the effective interest method.
- (ii) Rental income – on a straight-line basis over the lease term.
- (iii) Dividend income – when the Group's right to receive payment is established.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### U EMPLOYEE BENEFITS

#### (a) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Company.

The Group and the Company recognise a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### (b) Defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into the Kumpulan Wang Simpanan Pekerja fund.

The Group's and the Company's contributions to defined contribution plans are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

#### (c) Share based payment transactions

The Group operates an equity settled share-based compensation plan under which the Group receives services from employees as consideration for equity instruments of the Company. The fair value of the employee services received in exchange for the grant of the share awards is recognised as employee benefit expense with a corresponding increase to the share based payment reserve within equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards granted, including market performance conditions but excluding the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions and service conditions are included in assumptions about the number of grants that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of grants that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share based payment reserve in equity.

In its separate financial statements of the Company, the grant of share awards by the Company to the employees of subsidiaries in the Group is treated as a capital contribution to the subsidiary. The fair value of shares granted to employees of the subsidiary in exchange for the services of the employees to the subsidiaries are recognised as investment in subsidiaries, with a corresponding credit to equity of the Company.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### V CURRENT AND DEFERRED INCOME TAXES

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries, joint venture and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liabilities are recognised on temporary differences arising on investments in subsidiaries, associates and a joint venture except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group's share of income taxes of joint venture and associates are included in the Group's share of results of joint venture and associates.

### W FOREIGN CURRENCIES

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### W FOREIGN CURRENCIES (CONTINUED)

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses arising from the settlement on foreign currency transactions and retranslation of balances on monetary assets and liabilities that are denominated in foreign currencies are presented in profit or loss on a net basis within "other operating gains/(losses)".

#### (c) Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income. When a foreign operation is partially sold or disposed of that will result in a loss of control, exchange differences that were recorded in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss. If the partial disposal did not result in a loss of control over a subsidiary that includes a foreign operation, the proportionate shares of exchange differences that were recorded in other comprehensive income and accumulated in the separate component of equity shall be reclassified to non-controlling interest.

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

### X SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment has been identified as the Group Chief Executive Officer who makes strategic decisions.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the Financial Year Ended 31 December 2022

### Y CONTINGENT LIABILITIES

The Group and the Company do not recognise contingent liabilities but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

### Z NON-CURRENT ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE / DISCONTINUED OPERATIONS

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

When the Group is committed to a sale plan involving an exit and/or disposal of a separate major line of business, it shall classify all the assets and liabilities of that business as held for sale when the criteria set out below had been met.

- Asset available for immediate sale in its present condition;
- Sale is highly probable to occur within one year;
- Management commits to a plan to sell.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

## 1 GENERAL INFORMATION

The principal activity of the Company is that of an investment holding company.

The principal activities of the Group consist of the provision of gas turbines packages and related services, oilfield equipment and services, servicing of rotating equipment, integrated corrosion and inspection services, predominantly for the oil and gas industry.

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 address of the registered office and principal place of business of the Company is:

No. 2, Jalan Bangsar Utama 9  
Bangsar Utama  
59000 Kuala Lumpur

## 2 FINANCIAL RISK MANAGEMENT POLICIES

The Group's activities expose it to a variety of financial risks from its operations including market risk, credit risk and liquidity risk. The Group's overall financial risk management objectives are to ensure that the Group creates value for its shareholders and to ensure that adequate financial resources are available for the development of the Group's businesses. The Group operates within clearly defined guidelines that are approved by the Board and seeks to minimise potential adverse effects on its financial performance. Such guidelines are reviewed periodically to ensure that the Group's policy guidelines are complied with.

Referring to Foreign Exchange Administration Rules (FEA) which come into effect on 15th April 2021, Bank Negara Malaysia (BNM) has announced further liberalisation of foreign exchange policy (FEP) which provides greater flexibilities. This is by allowing Resident to make or receive payment in Foreign Currency, to or from another Resident for settlement of domestic trade in goods and services between Resident exporter and Resident entity involved in Global Supply Chain operations in Malaysia. However, despite the flexibility, we have also some clients that are not categorised under Global Supply Chain due to the activities held within Malaysia and/or not meeting BNM's requirements. To mitigate this risk, the Group had reviewed its financial risk management policies and framework of which a new foreign exchange management policy was established during that year that permits derivatives to be undertaken principally on forward foreign currency exchange contracts by the Group to manage its foreign currency exchange risks. Fair value changes on derivatives undertaken shall be charged to profit or loss as and when it arises.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

### Market risk

Market risk refers to the risk that changes in market prices such as foreign exchange rates, interest rates and prices will affect the Group's financial position and cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### Market risk (continued)

##### (i) Foreign currency exchange risk

The Group is exposed to currency risk as a result of foreign currency transactions entered into currencies other than their functional currency. The Group uses financial instruments such as forward foreign currency exchange contracts to minimise the exposure of transaction risk in addition to the natural hedges by matching foreign currency receivables against foreign currency payables.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the functional currencies are as follows:

	Group			
	2022		2021	
	Assets RM	Liabilities RM	Assets RM	Liabilities RM
US Dollar	207,288,768	188,243,076	90,725,323	109,766,082
Others	5,757,699	8,449,005	3,035,673	2,638,337
	213,046,467	196,692,081	93,760,996	112,404,419

#### Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the US Dollar against Ringgit Malaysia. 10% sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items adjusted, based on the translation value at the period end, for a 10% change in foreign currency rates.

If the relevant foreign currency weakens/strengthens by 10% against the functional currency, the profit or loss will (decrease)/increase by:

	Group	
	2022	2021
	RM	RM
<u>Weaken by 10% impact to profit or loss</u>		
US Dollar	(1,447,473)	1,447,098
<u>Strengthen by 10% impact to profit or loss</u>		
US Dollar	1,447,473	(1,447,098)

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### Market risk (continued)

##### (ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in interest rates. Interest rate exposure arises from the Group's borrowings and deposits and is managed through the use of fixed and floating rate borrowings and deposits with short term tenure.

##### Interest rate sensitivity

This is mainly attributable to the Group's exposure to interest rates on its floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment. At the reporting date, if interest rates had been 100 basis points lower, with all other variables held constant, the Group's profit or loss would increase by RM51,528 (2021: RM219,032). Similarly, if interest rates had been 100 basis points higher, with all other variables held constant, the Group's profit or loss would decrease by a similar amount.

##### (iii) Price risk

The Group is not materially affected by price fluctuation and does not have exposure to price risk.

The Group does not have exposure to share price risk as it does not hold investment in quoted equity instruments.

#### Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

##### (i) Receivables and contract assets (excluding deferred costs)

The Group's exposure to credit risk is monitored on an ongoing basis. The risk is managed through the application of the Group's credit management procedures which include the application of credit approvals whereby credit evaluations are performed on all customers requiring credit over a certain amount and period, adherence to credit limits, regular monitoring and follow up procedures.

The Group's customers are mainly from the oil and gas industry. The Group considers the material loss in the event of non-performance by a customer to be low.

The Group applies the MFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets are assessed individually.

The expected loss rates are determined based on historical information about counterparty default rates. The historical loss rates are adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.



## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### Credit risk (continued)

#### (i) Receivables and contract assets (excluding deferred costs) (continued)

##### Trade receivables

	Group	
	2022 RM	2021 RM
Neither past due nor impaired: Counterparties without external credit rating		
- New customers during the year	2,242,627	6,429,016
- Existing customers with no defaults in the past	89,388,192	55,287,100
<b>Total unimpaired trade receivables</b>	<b>91,630,819</b>	<b>61,716,116</b>
Past due but not impaired: Counterparties without external credit rating		
- New customers during the year	5,271,616	3,378,096
- Existing customers with no defaults in the past	23,396,074	11,312,743
<b>Total past due but not impaired trade receivables</b>	<b>28,667,690</b>	<b>14,690,839</b>
Not past due but impaired: Counterparties without external credit rating		
- Existing customers	0	93,033
<b>Total not past due but impaired trade receivables</b>	<b>0</b>	<b>93,033</b>
Past due and impaired: Counterparties without external credit rating		
- Existing customers	977,440	6,353,808
<b>Total past due and impaired trade receivables</b>	<b>977,440</b>	<b>6,353,808</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### Credit risk (continued)

#### (i) Receivables and contract assets (excluding deferred costs) (continued)

##### Contract assets (excluding deferred costs)

	Group	
	2022 RM	2021 RM
Neither past due nor impaired:		
Counterparties without external credit rating		
- New customers during the year	16,694,648	1,109,441
- Existing customers	161,910,830	87,057,845
<b>Total unimpaired contract assets</b>	<b>178,605,478</b>	<b>88,167,286</b>
Not past due but impaired:		
Counterparties without external credit rating		
- Existing customers	0	196,178
<b>Total not past due but impaired contract assets</b>	<b>0</b>	<b>196,178</b>

#### (ii) Amounts due from subsidiaries, an associate and a joint venture

The Company provides unsecured loans and advances to subsidiaries and a joint venture. The amount due from an associate is mainly in relation to dividend receivable. The Company monitors the results of the subsidiaries, associate and joint venture regularly. As at 31 December 2022, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that amounts due from subsidiaries, an associate and a joint venture are stated at the realisable values. As at 31 December 2022, there was no indication that the loans and advances extended to the subsidiaries and amounts due from an associate and a joint venture are not recoverable.

#### (iii) Cash and bank balances

For cash and bank balances, the Group and the Company seek to ensure that cash assets are invested safely and profitably by assessing counterparty risks and allocating placement limits for various creditworthy financial institutions.

No expected credit loss was recognised arising from cash at banks, deposits with licensed banks and other financial institutions because the probability of default from these financial institutions is negligible.

Bank balances are with approved financial institutions with credit ratings of AA and above.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### Credit risk (continued)

##### (iii) Cash and bank balances (continued)

As at the end of the reporting period, the maximum exposure to credit risk arising from cash and bank balances is represented by the carrying amounts in the statements of financial position.

Management does not expect any counterparties to fail to meet their obligations. The credit qualities of the financial institutions in respect of bank balances are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
AAA	177,949,500	192,649,245	13,721,792	11,989,116
AA	40,591	39,178	3,329	1,851

The credit quality of the above bank balances is assessed by reference to RAM Ratings Services Berhad.

#### Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company have assessed their cash flows position taking into consideration their operational requirement and impact arising from Covid-19 and of the view that the Group and the Company have sufficient cash flow. The Group and Company also maintain standby credit lines to ensure availability of funding to meet operational requirements. The Group's and the Company's borrowings and standby credit lines are provided by financial institutions with sound credit ratings.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### Liquidity risk (continued)

#### 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.

	2022			Total RM
	On demand or within one year RM	One to two years RM	Two to five years RM	
<u>Group</u>				
<u>Financial liabilities</u>				
Trade and other payables (excluding contract liabilities and statutory obligations)	256,540,987	0	0	256,540,987
Borrowings	7,663,006	735,801	439,378	8,838,185
Total undiscounted financial liabilities	264,203,993	735,801	439,378	265,379,172
<u>Company</u>				
<u>Financial liabilities</u>				
Amounts due to subsidiaries	2,479,289	0	0	2,479,289
Borrowings	2,632,968	24,755	49,764	2,707,487
Other payables and accruals (excluding contract liabilities and statutory obligations)	4,677,349	0	0	4,677,349
Total undiscounted financial liabilities	9,789,606	24,755	49,764	9,864,125

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### Liquidity risk (continued)

#### Analysis of financial instruments by remaining contractual maturities (continued)

	2021			Total RM
	On demand or within one year RM	One to two years RM	Two to five years RM	
<u>Group</u>				
<u>Financial liabilities</u>				
Trade and other payables (excluding contract liabilities and statutory obligations)	171,828,446	0	0	171,828,446
Borrowings	26,299,714	4,396,413	108,432	30,804,559
Total undiscounted financial liabilities	198,128,160	4,396,413	108,432	202,633,005

#### Company

#### Financial liabilities

Amounts due to subsidiaries	1,165,392	0	0	1,165,392
Borrowings	7,222,953	20,468	7,864	7,251,285
Other payables and accruals (excluding contract liabilities and statutory obligations)	3,073,333	0	0	3,073,333
Total undiscounted financial liabilities	11,461,678	20,468	7,864	11,490,010

In additions to the amount disclosed above, the Company also provides financial guarantees amounting to RM31,651,000 (2021: RM20,148,704) for its subsidiaries to banks and third parties for their operational requirements, utilities and maintenance contracts. In the event of defaults, these financial guarantees provided by the Company shall be payable on demand or within one year.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### Fair value estimation

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group at the reporting date approximated their fair values except as set out below measured using Level 2 valuation technique:

	2022		2021	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<u>Group</u>				
<u>Financial liability</u>				
Borrowings	8,787,192	8,787,192	30,315,776	30,315,776
<u>Company</u>				
<u>Financial liability</u>				
Borrowings	2,700,091	2,700,091	7,225,583	7,225,583

The fair values of borrowings are determined using KLIBOR as at each reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 2 FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### Fair value estimation (continued)

- (ii) Financial instruments carried at fair value through profit or loss

The following table represents the assets and liabilities measured at fair value, using Level 2 valuation technique, at reporting date:

	Group	
	2022 RM	2021 RM
<u>Financial asset</u>		
Derivative financial instrument	0	84,454
<u>Financial liability</u>		
Derivative financial instrument	1,512,231	0

The fair values of forward foreign currency exchange contracts are determined using forward foreign currency exchange rates as at each reporting date.

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (a) Critical accounting estimates and judgments

The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates 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.

- (i) Revenue recognition

Revenue is recognised as and when the control of the asset is transferred to our customers and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the measurement of the Group's progress towards complete satisfaction of that performance obligation.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

#### (a) Critical accounting estimates and judgments (continued)

##### (i) Revenue recognition (continued)

Significant judgments are required in determining the progress towards complete satisfaction of that performance obligation based on the actual costs incurred to-date over the total budgeted costs. The total budgeted costs are based on management's best estimates, relying on historical experiences and collaboration with their specialists and expertise.

##### (ii) Impairment of financial assets

The impairment loss for financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, expected change in economy and regulatory environment that results in change in credit risks, expected change in internal or external credit rating, if any, changes in operating results as well as forward looking estimates at the end of each reporting period.

##### (iii) Impairment of non-financial assets

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value in use. The value in use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

#### Impairment on plant and equipment

During the financial year, the Group performed an impairment assessment in accordance with its accounting policy Note J on impairment of non-financial assets. The slump in activity level in the Oilfield Services segment amidst the Covid-19 pandemic have resulted in the low utilisation of its plant and equipment that consequently led to the weak financial performance during the year. These have given rise to an impairment indicator to the carrying value of these assets. Accordingly, the Group has performed an impairment assessment on these plant and equipment in the Oilfield Services segment based on the smallest identifiable cash generating unit ("CGU").

Based on the impairment assessment performed on chemical and slickline asset of oilfield services segment, no further impairment or reversal of impairment is required during the financial year.



## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

#### (a) Critical accounting estimates and judgments (continued)

The Group makes estimates concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates 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. (continued)

#### (iii) Impairment of non-financial assets (continued)

##### Impairment on plant and equipment (continued)

In the previous year, the Group recognised impairment charge of RM3,171,268, being the full carrying amount of the Group's assets of its chemical business. In relation to the provision of slickline equipment and services business, it is concluded from the assessment that the previously impaired plant and equipment did not warrant any further impairment charge to be made during the financial year.

The recoverable amount of the assets of its slickline business CGU was determined using the value-in-use calculation based on the number of years that cash flow is expected to be generated by these assets. The cash flow projections are based on approved budgeted financials for first year and forecasted financials for the subsequent years based on the following assumptions.

The projected cash flows are estimated for a period of 5 years based on the expected useful life of the slickline assets. The key assumption for the five-years cash flow projections for this CGU is the projected revenue with a growth rate of 3.00%, at a discount rate of 11.40%. The key estimation uncertainty over the assumption used in the value-in-use calculations is the achievability of the projected revenue from the slickline assets of oilfield services segment. Should the projected growth rate of 3% dropped to 1.8%, with other variables remain constant, the recoverable amounts of the asset will be equal to the carrying amounts.

#### (b) Critical judgments in applying the Group's accounting policies

In determining and applying accounting policies, judgments are often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group. There are no critical judgments which may materially affect the reported results and financial position of the Group.

### 4 SEGMENTAL REPORTING

The Group Chief Executive Officer is the Group's Chief Operating Decision Maker ("CODM"). Management has determined the operating segments based on the information reviewed by the Group Chief Executive Officer for the purposes of allocating resources and assessing performance. The Group is now primarily engaged in the following segments, by nature of business activities:

- Power and Machinery ("P&M") – Mainly consists of:
  - Sale of gas turbines and related parts, and overhaul of turbines, maintenance and technical services, including complete installation turnkey for new installations, package renewal and retrofit;
  - Supply and commission of combined heat and power plants; and
  - Supply, install, repair and maintenance of valves, flow regulators and other production related equipment.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 4 SEGMENTAL REPORTING (CONTINUED)

The Group Chief Executive Officer is the Group's Chief Operating Decision Maker ("CODM"). Management has determined the operating segments based on the information reviewed by the Group Chief Executive Officer for the purposes of allocating resources and assessing performance. The Group is now primarily engaged in the following segments, by nature of business activities: (continued)

- Oilfield Services ("OS") – Mainly consists of:
  - Provision of slickline equipment and services;
  - Provision of integrated wellhead maintenance services;
  - Provision of well intervention and cased hole logging services;
  - Provision of gas lift valve and insert strings equipment, accessories and services;
  - Provision of specialty chemicals and well stimulation services;
  - Provision of drilling and completions services; and
  - Provision of subsurface engineering services.
- Integrated Corrosion Solution ("ICS") – Mainly consists of:
  - Provision of integrated corrosion and inspection services, blasting technology, maintenance, construction and modification ("MCM") maintenance activities, services for tanks, vessels, structures and piping.
- Other non-reportable segment comprises management fees charged to a joint venture which does not meet the quantitative threshold for a reporting segment in 2022.

The P&M and OS segments comprise a series of cohesive and linked business activities within each of this segment within the Group. These business activities are aggregated to form an operating segment due to the similar nature and economic characteristics of the products and services.

Segment operating profit or loss is derived from the segment revenue less cost of sales and operating expenses directly attributed to the respective segments and including other income.

Unallocated income comprises mainly interest income earned by the Group. These income are not allocated to the business segments, as these types of activities are driven by the Group treasury function, which manages the cash position of the Group.

Unallocated corporate expenses represent the Group's corporate expenses including depreciation of property, plant and equipment of corporate assets and other common corporate overhead costs that are not charged to business segments.

Tax expenses and results of joint venture and associate are not allocated to the business segments as they are measured at the entity level.

Unallocated corporate assets represent the Group's corporate assets including property, plant and equipment, investment properties, intangible assets, investments in joint venture and associates, deferred tax assets and tax recoverable that are not allocated by business segments.

Unallocated corporate liabilities represent the Group's corporate liabilities including deferred tax liabilities, taxation and dividend payable that are not allocated by business segments.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 4 SEGMENTAL REPORTING (CONTINUED)

#### (a) Business Segments

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2022				
SEGMENT REVENUE				
External revenue	504,394,453	119,301,915	73,700,828	697,397,196
Other non-reportable segment				651,650
				<u>698,048,846</u>
SEGMENT RESULTS				
Segment operating profit	48,137,141	346,820	17,534,065	66,018,026
Other non-reportable segment				69,586
				<u>66,087,612</u>
Profit from operations				66,087,612
Unallocated income				362,235
Unallocated corporate expenses				(5,012,740)
Share of results of a joint venture				1,146,612
Share of results of an associate				5,307,695
Profit before tax				67,891,414
Tax expense				(16,933,210)
Profit from continuing operations (net of tax)				<u>50,958,204</u>
Profit from discontinued operation (net of tax)				283,280
Profit for the year				<u>51,241,484</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 4 SEGMENTAL REPORTING (CONTINUED)

(a) Business Segments (continued)

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2022 (continued)				
Other information from continuing operations:				
Depreciation and amortisation	3,018,982	29,049,256	752,901	32,821,139
Other material items				
Impairment for				
- trade receivables				
- impairment	23,850	0	0	23,850
- write back of impairment	(401,652)	(3,531,639)	(135,314)	(4,068,605)
- write off of impairment	0	(688,923)	(834,323)	(1,523,246)
- contract assets				
- write back of impairment	0	0	(97,578)	(97,578)
Inventories				
- impairment	656,000	543,021	1,003,102	2,202,123
- write back	(258,129)	0	0	(258,129)
Write-off of				
- property, plant and equipment	2,500	0	17	2,517
- inventories	10,954	65,352	449,324	525,630
Liquidated damages				
- provision	451,258	0	0	451,258
- write back	(107,511)	0	0	(107,511)
Unrealised net loss on foreign exchange	127,962	82,937	204,919	415,818
Net fair value loss on forward foreign exchange contracts	1,610,537	0	0	1,610,537
Finance cost	44,884	585,499	3,917	634,300
Revenue contributed by major customer which individually contributed to more than 10% of the Group's total revenue:				
- Customer A	(174,046,396)	(65,274,711)	(34,576,033)	(273,897,140)
Additions of plant and equipment	2,732,464	7,547,199	15,317	10,294,980
Amortisation of government grants	0	53,010	0	53,010
Gain on disposal of property, plant and equipment	(25,898)	(1,560,343)	(66,700)	(1,652,941)

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 4 SEGMENTAL REPORTING (CONTINUED)

(a) Business Segments (continued)

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2022 (continued)				
Segment assets	405,990,601	169,206,986	50,501,197	625,698,784
Unallocated corporate assets				88,116,802
Total assets				713,815,586
Segment liabilities	224,668,149	20,392,603	25,425,036	270,485,788
Unallocated corporate liabilities				28,783,726
Total liabilities				299,269,514

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 4 SEGMENTAL REPORTING (CONTINUED)

(a) Business Segments (continued)

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2021				
SEGMENT REVENUE				
External revenue	391,013,420	104,188,320	62,603,634	557,805,374
Other non-reportable segment				561,200
				<u>558,366,574</u>
SEGMENT RESULTS				
Segment operating profit/(loss)	42,295,393	(15,434,853)	3,262,599	30,123,139
Other non-reportable segment				71,600
				<u>30,194,739</u>
Profit from operations				30,194,739
Unallocated income				157,344
Unallocated corporate expenses				(5,177,450)
Share of results of a joint venture				1,345,095
Share of results of an associate				5,632,787
Profit before tax				32,152,515
Tax expense				(6,469,965)
Profit from continuing operations (net of tax)				25,682,550
Loss from discontinued operation (net of tax)				(1,915,406)
Profit for the year				<u>23,767,144</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 4 SEGMENTAL REPORTING (CONTINUED)

(a) Business Segments (continued)

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2021 (continued)				
Other information from continuing operations:				
Depreciation and amortisation	2,812,920	30,611,957	1,187,795	34,612,672
Other material items				
Impairment for				
- trade receivables				
- impairment	614,600	4,165,147	135,314	4,915,061
- write back of impairment	(246,119)	0	0	(246,119)
- contract assets				
- impairment	98,600	0	97,578	196,178
- write back of impairment	0	(38,862)	0	(38,862)
- property, plant and equipment				
- impairment	0	3,171,268	0	3,171,268
Inventories				
- allowance	394,548	4,491,103	4,363,157	9,248,808
- write back	(135,860)	0	0	(135,860)
Write-off of				
- property, plant and equipment	6,974	0	174,041	181,015
- other receivables	0	76,727	0	76,727
- inventories	11,255	108,293	933,154	1,052,702
Liquidated damages				
- provision	264,300	0	0	264,300
- write back	(44,417)	0	0	(44,417)
Unrealised net loss/(gain) on foreign exchange	147,083	(15,508)	(8,737)	122,838
Net fair value loss/(gain) on forward foreign exchange contract	727,020	(7,575)	0	719,445
Finance cost	42,236	1,403,837	388,415	1,834,488
Revenue contributed by major customers which individually contributed to more than 10% of the Group's total revenue:				
- Customer A	(51,585,676)	(50,711,845)	(36,608,372)	(138,905,893)
- Customer B	(45,554,043)	(29,577,312)	0	(75,131,355)
- Customer C	(73,038,796)	0	0	(73,038,796)
Additions of plant and equipment	2,489,167	16,605,117	222,068	19,316,352
Amortisation of government grants	0	134,786	0	134,786

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 4 SEGMENTAL REPORTING (CONTINUED)

#### (a) Business Segments (continued)

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2021 (continued)				
Segment assets	294,647,061	182,677,370	46,456,452	523,780,883
Unallocated corporate assets				85,199,776
Total assets				608,980,659
Segment liabilities	132,699,705	39,085,955	36,961,564	208,747,224
Unallocated corporate liabilities				21,464,365
Total liabilities				230,211,589

#### (b) Geographical information

The Group's transactions are principally conducted in one geographical segment, Malaysia, as such no segmental information by geographical segment has been disclosed.

### 5 REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers:				
- Goods and services	697,397,196	557,805,374	0	0
- Management fee*	640,400	538,700	24,833,500	20,964,500
Revenue from other source:				
- Dividend income	11,250	22,500	23,161,101	16,403,000
	698,048,846	558,366,574	47,994,601	37,367,500

\* Management fees income is being recognised over time upon when the services are being rendered.



## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 5 REVENUE (CONTINUED)

Revenue from contracts with customers:

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2022				
<u>Type of goods and services</u>				
Sale of gas turbine packages and after sales support and services	404,759,495	0	0	404,759,495
Commission based income services	2,107,417	0	0	2,107,417
Principal based income services	17,809,153	184,074	0	17,993,227
Sale of valves and flow regulators and after sales support and services	79,718,388	0	0	79,718,388
Provision of slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services, gas lift valve services, and drilling and completion services	0	113,380,136	0	113,380,136
Provision of specialty chemicals and well stimulation services	0	5,737,705	0	5,737,705
Provision of integrated corrosion and inspection services, blasting technology and maintenance services	0	0	39,562,526	39,562,526
Provision of maintenance, construction and modification maintenance services	0	0	34,138,302	34,138,302
	504,394,453	119,301,915	73,700,828	697,397,196

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2022				
Timing of revenue recognition:				
- At a point in time	409,870,625	3,607,771	11,078,102	424,556,498
- Over time	94,523,828	115,694,144	62,622,726	272,840,698
	504,394,453	119,301,915	73,700,828	697,397,196

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 5 REVENUE (CONTINUED)

Revenue from contracts with customers: (continued)

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
Financial year ended 31 December 2021				
<u>Type of goods and services</u>				
Sale of gas turbine packages and after sales support and services	334,160,080	0	0	334,160,080
Commission based income services	4,778,837	0	0	4,778,837
Principal based income services	0	315,007	0	315,007
Sale of valves and flow regulators and after sales support and services	52,074,503	0	0	52,074,503
Provision of slickline equipment and services, well intervention, asset integrated solution services, cased hole logging services, gas lift valve services, and drilling and completion services	0	100,937,678	0	100,937,678
Provision of specialty chemicals and well stimulation services	0	2,935,635	0	2,935,635
Provision of integrated corrosion and inspection services, blasting technology and maintenance services	0	0	31,069,657	31,069,657
Provision of maintenance, construction and modification maintenance services	0	0	31,533,977	31,533,977
	391,013,420	104,188,320	62,603,634	557,805,374

	Power and machinery RM	Oilfield services RM	Integrated corrosion solution RM	Group RM
--	---------------------------------	----------------------------	---	-------------

Financial year ended 31 December 2021

Timing of revenue recognition:

- At a point in time	321,873,427	1,167,534	6,876,198	329,917,159
- Over time	69,139,993	103,020,786	55,727,436	227,888,215
	391,013,420	104,188,320	62,603,634	557,805,374

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

## 6 PROFIT BEFORE TAX

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
The following items have been charged/(credited) in arriving at profit before tax from operations:				
Inventories consumed and recognised as cost of sales	125,254,006	82,725,810	0	0
- continuing operations	125,254,006	82,474,299	0	0
- discontinued operation	0	251,511	0	0
Cost of services purchased	312,637,412	274,347,475	0	0
- continuing operations	312,637,412	272,981,840	0	0
- discontinued operation	0	1,365,635	0	0
Purchase of products, parts and consumable	31,070,999	13,182,596	0	0
- continuing operations	31,070,999	12,763,636	0	0
- discontinued operation	0	418,960	0	0
Inter-company interest income	0	0	(286,858)	(747,635)
Impairment for:				
- cost of investment in subsidiary	0	0	0	4,432,519
- trade receivables				
- impairment	23,850	4,916,423	0	0
- continuing operations	23,850	4,915,061	0	0
- discontinued operation	0	1,362	0	0
- write back of impairment	(4,068,605)	(262,794)	0	0
- continuing operations	(4,068,605)	(246,119)	0	0
- discontinued operation	0	(16,675)	0	0
- write off of impairment				
- continuing operations	(1,523,246)	0	0	0
- other receivables				
- impairment	358,968	212,485	0	0
- amounts due from subsidiaries				
- impairment	0	0	1,000,000	0
- contract assets				
- impairment				
- continuing operations	0	196,178	0	0
- write back of impairment	(97,578)	(42,469)	0	0
- continuing operations	(97,578)	(38,862)	0	0
- discontinued operation	0	(3,607)	0	0
- plant and equipment				
- impairment	0	3,171,268	0	0

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 6 PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
The following items have been charged/(credited) in arriving at profit before tax from operations (continued):				
Depreciation:				
- property, plant and equipment	33,436,714	36,143,747	639,869	738,777
- continuing operations	33,436,714	35,305,832	639,869	738,777
- discontinued operation	0	837,915	0	0
- investment properties	23,576	23,575	0	0
Loss on liquidation of a subsidiary	352,370	0	0	0
Fees to PricewaterhouseCoopers PLT Malaysia:				
- statutory audit services				
- current year	513,601	460,388	159,163	129,038
- continuing operations	513,601	437,728	159,163	129,038
- discontinued operation	0	22,660	0	0
- audit related services	191,765	199,230	191,765	199,230
Fees to member firms of PricewaterhouseCoopers PLT, Malaysia				
- non-audit related services*	293,864	1,527,552	183,594	1,469,882
- continuing operations	293,864	1,522,352	183,594	1,469,882
- discontinued operation	0	5,200	0	0
(Gain)/loss on foreign exchange:				
- realised	(3,037,542)	(2,225,015)	6,604	0
- continuing operations	(3,037,542)	(2,223,075)	6,604	0
- discontinued operation	0	(1,940)	0	0
- unrealised	415,818	122,638	0	0
- continuing operations	415,818	122,638	0	0
- discontinued operation	0	0	0	0
Net fair value loss on forward foreign exchange contracts	1,610,537	719,445	0	0
Inventories - continuing operations				
- impairment	2,202,123	9,248,808	0	0
- write back	(258,129)	(135,860)	0	0
- write off	525,630	1,052,702	0	0
Interest income	(2,676,819)	(2,985,343)	(190,993)	(141,675)

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

## 6 PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
The following items have been charged/(credited) in arriving at profit before tax from operations (continued):				
Rental expense:				
- business premises	2,069,187	2,022,260	0	0
- continuing operations	2,069,187	1,932,260	0	0
- discontinued operation	0	90,000	0	0
- equipment	5,957,796	5,997,596	2,355	0
- continuing operations	5,957,796	5,995,405	2,355	0
- discontinued operation	0	2,191	0	0
Staff cost (including Executive Directors' remuneration as disclosed in Note 7)				
- wages, salaries and others	94,941,083	87,060,118	17,806,020	15,869,177
- continuing operations	94,941,083	84,578,127	17,806,020	15,869,177
- discontinued operation	0	2,481,991	0	0
- defined contribution plan	9,714,382	9,194,411	1,980,989	1,729,703
- continuing operations	9,714,382	8,965,142	1,980,989	1,729,703
- discontinued operation	0	229,269	0	0
Gain on disposal of property, plant and equipment	(2,003,836)	(209,356)	0	(15,461)
- continuing operations	(1,652,941)	(15,461)	0	(15,461)
- discontinued operation	(350,895)	(193,895)	0	0

\* Non audit services comprised mainly tax services, environmental, social and governance ("ESG") training and forensic investigation.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 7 DIRECTORS' REMUNERATION

The aggregate amounts of emoluments received and receivable by Directors of the Company during the financial year were as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive Director:				
- salaries and bonuses	1,330,000	1,089,000	1,330,000	1,089,000
- defined contribution plan	221,100	180,900	221,100	180,900
- other emoluments	145,002	134,143	145,002	134,143
- estimated monetary value of benefits-in-kind	22,592	30,520	22,592	30,520
Non-Executive Directors:				
- fees	1,060,683	1,179,900	1,060,683	1,179,900
- other emoluments	114,700	197,425	114,700	197,425
- estimated monetary value of benefits-in-kind	85,472	89,300	85,472	89,300
	2,979,549	2,901,188	2,979,549	2,901,188

### 8 FINANCE COST

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest on revolving credit facility	195,562	752,106	195,562	656,339
Interest on term loans	384,683	1,014,427	0	0
Interest on lease liabilities on right-of-use assets	57,998	72,880	343	525
	638,243	1,839,413	195,905	656,864

During the current financial year, finance cost incurred of RM195,562 (2021: RM656,339) at the Company level had been re-charged to its subsidiaries for the utilisation of the revolving credit facility.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 9 TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Continuing Operations</u>				
Current tax:				
- Malaysian tax	13,797,542	9,415,910	1,095,344	180,076
- Foreign tax*	5,795,910	0	0	0
(Over)/under provision in prior years:				
- Malaysian tax	(1,440,218)	(91,905)	(22,241)	1,508
Deferred tax (Note 27):				
- Origination and reversal of temporary differences	(3,403,236)	(1,434,260)	(730,046)	2,207
- Recognition of previously unrecognised temporary differences	0	(1,885,345)	0	0
- Deferred tax asset not recognised	226,036	419,833	0	0
- Under recognition of prior years temporary differences	542,426	45,732	0	72,152
- Effect of tax rates in foreign jurisdiction	1,414,750	0	0	0
	16,933,210	6,469,965	343,057	255,943

\* The foreign taxation charge during the year is relation to income derived from a subsidiary operating in Indonesia at the corporate income tax of 22.0% and withholding tax on the net profit of 12.5%.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 9 TAX EXPENSE (CONTINUED)

The explanation of the relationship between tax expense and profit before tax is as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Numerical reconciliation between the effective tax rate and the Malaysian tax rate				
Malaysian tax rate	24	24	24	24
Tax effects of:				
- expenses not deductible for tax purposes	2	9	3	19
- income not subject to tax	0	(3)	(25)	(41)
- share of results of associates and joint venture	(2)	(5)	0	0
- recognition of previously unrecognised temporary differences	0	(6)	0	0
- deferred tax asset not recognised	0	1	0	0
- (over)/under provision in prior years	(1)	0	0	1
- effect of tax in different jurisdiction	2	0	0	0
Effective tax rate	25	20	2	3

### 10 EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share

Basic and diluted earnings/(loss) per share of the Group is calculated by dividing the profit attributable to equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2022 RM	2021 RM
Profit/(loss) for the financial year attributable to equity holders of the Company		
- From continuing operations	41,858,417	18,983,511
- From discontinued operation	283,280	(1,915,406)
	42,141,697	17,068,105
Number of ordinary shares	401,553,500	401,553,500
Adjusted weighted average number of ordinary shares	401,553,500	401,553,500
Basic and diluted earnings/(loss) per share (sen)		
- From continuing operations	10.42	4.73
- From discontinued operation	0.07	(0.48)
	10.49	4.25



## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 11 DIVIDENDS

The dividends paid or declared by the Company during the financial year are as set out below.

	2022		2021	
	Gross dividend per share sen	Amount of dividend RM	Gross dividend per share sen	Amount of dividend RM
<u>In respect of the financial year ended 31 December 2020</u>				
First interim single tier dividend, on 401,553,500 ordinary shares, paid on 27 April 2021	0	0	1.00	4,015,535
<u>In respect of the financial year ended 31 December 2021</u>				
First interim single tier dividend, on 401,553,500 ordinary shares, paid on 30 September 2021	0	0	1.00	4,015,535
Second interim single tier dividend, on 401,553,500 ordinary shares, paid on 30 March 2022	1.20	4,818,642	0	0
<u>In respect of the financial year ended 31 December 2022</u>				
First interim single tier dividend, on 401,553,500 ordinary shares, paid on 30 September 2022	2.00	8,031,070	0	0
		<u>12,849,712</u>		<u>8,031,070</u>

The Directors had on 28 February 2023 declared a second interim single tier dividend of 3.25 sen per share in respect of the financial year ended 31 December 2022, totalling RM13,050,489, payable on 30 March 2023.

Total dividend for the financial year ended 31 December 2022 is 5.25 sen (2021: 2.20 sen) based on ordinary shares of 401,553,500 (2021: 401,553,500).

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2022.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 12 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM	Leasehold buildings renovations and improvements RM	Office equipment, furniture and fittings RM	Plant, machinery and other equipment RM	Motor vehicles RM	Total RM
<u>Year ended 31 December 2022</u>						
<u>Net book value</u>						
At 1 January 2022	2,852,606	4,204,992	3,479,155	123,216,622	772,908	134,526,283
Additions	0	1,780,854	1,051,949	7,540,669	181,202	10,554,674
Written off	0	0	(5,203)	0	(117)	(5,320)
Disposals	0	(187,436)	(12,872)	(1,147,799)	(2)	(1,348,109)
Depreciation charge	(87,758)	(1,647,535)	(1,876,915)	(29,391,519)	(432,987)	(33,436,714)
At 31 December 2022	2,764,848	4,150,875	2,636,114	100,217,973	521,004	110,290,814
<u>At 31 December 2022</u>						
Cost	4,387,284	33,044,715	13,014,120	404,064,679	3,259,560	457,770,358
Accumulated depreciation	(1,622,436)	(25,626,626)	(10,378,006)	(271,505,832)	(2,738,556)	(311,871,456)
Accumulated impairment	0	(3,267,214)	0	(32,340,874)	0	(35,608,088)
Net book value	2,764,848	4,150,875	2,636,114	100,217,973	521,004	110,290,814
<u>At 31 December 2021</u>						
Cost	4,387,284	32,372,318	12,992,252	406,977,163	3,372,317	460,101,334
Accumulated depreciation	(1,534,678)	(24,900,112)	(9,513,097)	(249,208,454)	(2,599,409)	(287,755,750)
Accumulated impairment	0	(3,267,214)	0	(34,552,087)	0	(37,819,301)
Net book value	2,852,606	4,204,992	3,479,155	123,216,622	772,908	134,526,283

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Leasehold land RM	Leasehold buildings renovations and improvements RM	Office equipment, furniture and fittings RM	Plant, machinery and other equipment RM	Motor vehicles RM	Total RM
<u>Year ended 31 December 2021</u>						
<u>Net book value</u>						
At 1 January 2021	2,940,366	6,633,320	4,090,437	139,201,877	1,440,767	154,306,767
Additions	0	838,811	1,863,691	17,281,205	0	19,983,707
Written off	0	(2)	(185,829)	(5,748)	0	(191,579)
Impairment (Note 3(a)(iii))	0	0	0	(3,171,268)	0	(3,171,268)
Disposals	0	(2)	(68,163)	(5,089)	(184,343)	(257,597)
Depreciation charge	(87,760)	(3,267,135)	(2,220,981)	(30,084,355)	(483,516)	(36,143,747)
At 31 December 2021	2,852,606	4,204,992	3,479,155	123,216,622	772,908	134,526,283
<u>At 31 December 2021</u>						
Cost	4,387,284	32,372,318	12,992,252	406,977,163	3,372,317	460,101,334
Accumulated depreciation	(1,534,678)	(24,900,112)	(9,513,097)	(249,208,454)	(2,599,409)	(287,755,750)
Accumulated impairment	0	(3,267,214)	0	(34,552,087)	0	(37,819,301)
Net book value	2,852,606	4,204,992	3,479,155	123,216,622	772,908	134,526,283
<u>At 31 December 2020</u>						
Cost	4,387,284	33,564,326	15,997,147	392,278,341	4,017,550	450,244,648
Accumulated depreciation	(1,446,918)	(23,663,792)	(11,906,710)	(221,695,645)	(2,576,783)	(261,289,848)
Accumulated impairment	0	(3,267,214)	0	(31,380,819)	0	(34,648,033)
Net book value	2,940,366	6,633,320	4,090,437	139,201,877	1,440,767	154,306,767

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold land RM	Leasehold buildings renovations and improvements RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
<u>Year ended 31 December 2022</u>					
<u>Net book value</u>					
At 1 January 2022	1,813,094	945,153	752,779	307,411	3,818,437
Additions	0	0	259,695	0	259,695
Written off	0	0	(2,684)	(116)	(2,800)
Depreciation charge	(48,892)	(28,498)	(367,943)	(194,536)	(639,869)
At 31 December 2022	1,764,202	916,655	641,847	112,759	3,435,463
<u>At 31 December 2022</u>					
Cost	2,444,000	4,179,198	2,501,320	965,683	10,090,201
Accumulated depreciation	(679,798)	(3,262,543)	(1,859,473)	(852,924)	(6,654,738)
Net book value	1,764,202	916,655	641,847	112,759	3,435,463
<u>At 31 December 2021</u>					
Cost	2,444,000	4,179,198	2,259,314	972,682	9,855,194
Accumulated depreciation	(630,906)	(3,234,045)	(1,506,535)	(665,271)	(6,036,757)
Net book value	1,813,094	945,153	752,779	307,411	3,818,437

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

## 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold land RM	Leasehold buildings renovations and improvements RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
<u>Year ended 31 December 2021</u>					
<u>Net book value</u>					
At 1 January 2021	1,861,986	982,420	515,956	742,390	4,102,752
Additions	0	0	661,416	0	661,416
Disposals	0	0	(12,051)	(184,339)	(196,390)
Written off	0	0	(10,564)	0	(10,564)
Depreciation charge	(48,892)	(37,267)	(401,978)	(250,640)	(738,777)
At 31 December 2021	1,813,094	945,153	752,779	307,411	3,818,437
<u>At 31 December 2021</u>					
Cost	2,444,000	4,179,198	2,259,314	972,682	9,855,194
Accumulated depreciation	(630,906)	(3,234,045)	(1,506,535)	(665,271)	(6,036,757)
Net book value	1,813,094	945,153	752,779	307,411	3,818,437
<u>At 31 December 2020</u>					
Cost	2,444,000	4,179,198	2,552,089	1,453,567	10,628,854
Accumulated depreciation	(582,014)	(3,196,778)	(2,036,133)	(711,177)	(6,526,102)
Net book value	1,861,986	982,420	515,956	742,390	4,102,752

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

\* Included in the property, plant and equipment are rights-of-use assets of the Group and the Company as follows:

Group	Leasehold land RM	Leasehold buildings RM	Rented office RM	Office equipment under lease RM	Motor vehicle under lease RM	Total RM
<u>2022</u>						
At 1 January	2,852,606	2,628,997	1,044,615	398,393	23,402	6,948,013
Addition	0	0	1,760,242	154,568	44,203	1,959,013
Disposals	0	0	(187,327)	(11,197)	0	(198,524)
Depreciation charge	(87,755)	(175,339)	(1,008,867)	(182,872)	(39,980)	(1,494,813)
At 31 December	2,764,851	2,453,658	1,608,663	358,892	27,625	7,213,689
Cost	4,387,284	5,880,747	5,107,669	874,730	161,218	16,411,648
Accumulated depreciation	(1,622,433)	(3,427,089)	(3,499,006)	(515,836)	(133,593)	(9,197,957)
At 31 December	2,764,851	2,453,658	1,608,663	358,894	27,625	7,213,691
<u>2021</u>						
At 1 January	2,940,366	2,804,334	1,663,861	629,629	46,805	8,084,995
Addition	0	0	813,307	39,754	0	853,061
Disposals	0	0	0	(67,483)	0	(67,483)
Depreciation charge	(87,760)	(175,337)	(1,432,553)	(203,507)	(23,403)	(1,922,560)
At 31 December	2,852,606	2,628,997	1,044,615	398,393	23,402	6,948,013
Cost	4,387,284	5,880,747	4,310,725	899,821	117,015	15,595,592
Accumulated depreciation	(1,534,678)	(3,251,750)	(3,266,110)	(501,428)	(93,613)	(8,647,579)
At 31 December	2,852,606	2,628,997	1,044,615	398,393	23,402	6,948,013

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

\* Included in the property, plant and equipment are rights-of-use assets of the Group and the Company as follows (continued):

Company	Leasehold land RM	Leasehold buildings RM	Office equipment under lease RM	Total RM
<u>2022</u>				
At 1 January	1,813,094	942,840	83,658	2,839,592
Addition	0	0	87,152	87,152
Depreciation charge	(48,892)	(26,190)	(52,622)	(127,704)
At 31 December	1,764,202	916,650	118,188	2,799,040
Cost	2,444,000	1,309,500	197,991	3,951,491
Accumulated depreciation	(679,798)	(392,850)	(79,803)	(1,152,451)
At 31 December	1,764,202	916,650	118,188	2,799,040
<u>2021</u>				
At 1 January	1,861,986	969,030	109,462	2,940,478
Addition	0	0	39,754	39,754
Disposals	0	0	(12,051)	(12,051)
Depreciation charge	(48,892)	(26,190)	(53,507)	(128,589)
At 31 December	1,813,094	942,840	83,658	2,839,592
Cost	2,444,000	1,309,500	153,685	3,907,185
Accumulated depreciation	(630,906)	(366,660)	(70,027)	(1,067,593)
At 31 December	1,813,094	942,840	83,658	2,839,592

The Group's net book value of motor vehicles acquired under hire purchase arrangement amounted to RM27,625 (2021: RM23,402) as at financial year end.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group	
	2022 RM	2021 RM
Net book value of property, plant and equipment of the Group pledged as security:		
- long term leasehold land	1,000,649	1,039,515
- long term leasehold buildings	585,824	704,094
- office equipment, furniture and fittings and renovations	193,271	436,094
- plant, machinery and other equipment	98,832,153	121,576,083
- motor vehicles	199,925	367,287
	<u>100,811,822</u>	<u>124,123,073</u>

The property, plant and equipment above have been pledged as security for borrowings as disclosed in Note 24 and the unutilised banking facilities as at financial year end.

The property, plant and equipment including right-of-use assets acquired by way of lease by the Group and the Company during the year are RM1,959,013 (2021: RM853,061) and RM87,152 (2021: RM39,754) respectively.

The property, plant and equipment excluding right-of-use assets acquired by way of lease by the Group and the Company during the year are RM8,595,661 (2021: RM12,720,546) and RM172,543 (2021: RM621,662) respectively.

In the current financial year, the Group's purchases of plant and equipment excluding right-of-use assets acquired by way of lease is RM Nil (2021: RM19,130,646) of which RM Nil (2021: RM6,410,100) had been paid upfront in the previous financial year.

### 13 INVESTMENT PROPERTIES

	Group	
	2022 RM	2021 RM
Net book value		
At 1 January	723,698	747,273
Depreciation charge	(23,576)	(23,575)
At 31 December	<u>700,122</u>	<u>723,698</u>
Cost	1,178,764	1,178,764
Accumulated depreciation	(447,179)	(423,603)
Accumulated impairment loss	(31,463)	(31,463)
	<u>700,122</u>	<u>723,698</u>
Fair value of investment properties	1,234,000	1,234,000



## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 13 INVESTMENT PROPERTIES (CONTINUED)

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2022 RM	2021 RM
Rental income	92,248	85,152

There were no direct operating expenses incurred in respect of investment properties as they were borne by the lessee.

The investment properties have been pledged as security for the unutilised banking facilities as at financial year end.

The fair value of the investment properties was estimated by using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for difference in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The Group measures the fair value using the level 3 fair value hierarchy. This level represents unobservable inputs to valuation techniques used to measure fair value.

Description	Valuation technique	Unobservable input	Unobservable input	Relationships of unobservable inputs to fair value
Office lot – Mutiara Bangsar	Sales comparison approach	Price per square foot	RM500	The higher the price per square foot, the higher fair value

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 14 INTANGIBLE ASSETS

Group	Goodwill RM	Contracts RM	Software costs RM	Total RM
<u>2022</u>				
At 1 January	108,997	0	174,227	283,224
Amortisation	0	0	(71,338)	(71,338)
At 31 December	108,997	0	102,889	211,886
Cost	108,997	3,953,810	2,883,691	6,946,498
Accumulated amortisation	0	(3,953,810)	(2,780,802)	(6,734,612)
At 31 December	108,997	0	102,889	211,886
<u>2021</u>				
At 1 January	108,997	0	206,037	315,034
Addition	0	0	38,500	38,500
Amortisation	0	0	(70,310)	(70,310)
At 31 December	108,997	0	174,227	283,224
Cost	108,997	3,953,810	3,862,199	7,925,006
Accumulated amortisation	0	(3,953,810)	(3,687,972)	(7,641,782)
At 31 December	108,997	0	174,227	283,224

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 14 INTANGIBLE ASSETS (CONTINUED)

Company	Software costs RM	Total RM
<u>2022</u>		
At 1 January	167,784	167,784
Amortisation	(66,486)	(66,486)
At 31 December	101,298	101,298
Cost	335,059	335,059
Accumulated amortisation	(233,761)	(233,761)
	101,298	101,298
<u>2021</u>		
At 1 January	175,668	175,668
Additions	38,500	38,500
Amortisation	(46,384)	(46,384)
At 31 December	167,784	167,784
Cost	350,531	350,531
Accumulated amortisation	(182,747)	(182,747)
	167,784	167,784

### 15 SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Unquoted shares at cost	146,217,367	146,217,367
Less: Impairment loss	(13,832,519)	(13,832,519)
	132,384,848	132,384,848

Details of subsidiaries, the Company's effective interest, principal activities and country of incorporation are set out in Note 33 to the financial statements.

During the financial year, the Company performed impairment assessment on its investment in subsidiaries for any potential impairment of its subsidiaries which show indicators of impairment. Based on the result of the impairment assessment, no further impairment is required.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 15 SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Penaga Dresser Sdn. Bhd.	Turboservices Sdn. Bhd.	Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.)	Other individually immaterial subsidiary	Total
In RM					
<u>Year ended 31 December 2022</u>					
NCI percentage of ownership interest and voting interest	49%	26%	13.34%		
Carrying amount of NCI	15,741,836	7,948,934	2,091,633	10,205	25,792,608
<u>Year ended 31 December 2021</u>					
NCI percentage of ownership interest and voting interest	49%	26%	40%		
Carrying amount of NCI	12,222,990	6,081,946	2,142,257	71,074	20,518,267

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 15 SUBSIDIARIES (CONTINUED)

Summarised financial information on subsidiaries with material NCI

Summarised statements of comprehensive income

	Penaga Dresser Sdn. Bhd.		Turboservices Sdn. Bhd.		Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.)	
	For the financial year ended 31 December		For the financial year ended 31 December		For the financial year ended 31 December	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	79,718,388	52,074,503	404,662,071	333,791,118	73,700,828	62,603,633
Profit before tax	13,455,344	9,964,216	13,742,412	10,478,398	16,819,597	2,644,499
Tax expense	(3,274,026)	(2,404,146)	(3,441,689)	(2,507,579)	(5,455,072)	(287,114)
Profit for the year/Total comprehensive income for the financial year	10,181,318	7,560,070	10,300,723	7,970,819	11,364,525	2,357,385
Total profit allocated to NCI	4,988,846	3,704,434	2,678,188	2,072,413	1,468,307	942,954
Total comprehensive income allocated to NCI	4,988,846	3,704,434	2,678,188	2,072,413	1,468,307	942,954
Dividends to NCI	1,470,000	5,880,000	811,200	0	0	0

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 15 SUBSIDIARIES (CONTINUED)

Summarised statements of financial position

	Penaga Dresser Sdn. Bhd.		Turboservices Sdn. Bhd.		Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.)	
	As at 31 December		As at 31 December		As at 31 December	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
<u>Current</u>						
Assets	44,524,886	29,855,382	259,039,048	162,768,040	50,232,570	45,457,341
Liabilities	(15,654,498)	(8,681,166)	(233,786,176)	(141,133,702)	(33,383,802)	(40,678,588)
Total current net assets	28,870,388	21,174,216	25,252,872	21,634,338	16,848,768	4,778,753
<u>Non-current</u>						
Assets	3,722,507	4,291,128	6,279,178	1,770,756	270,200	1,007,799
Liabilities	(41,458)	(95,224)	(959,226)	(12,993)	(25,519)	(57,632)
Total non-current net assets	3,681,049	4,195,904	5,319,952	1,757,763	244,681	950,167
Net assets	32,551,437	25,370,120	30,572,824	23,392,101	17,093,449	5,728,920

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

## 15 SUBSIDIARIES (CONTINUED)

Summarised statements of cash flows

	Penaga Dresser Sdn. Bhd.		Turboservices Sdn. Bhd.		Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.)	
	For the financial year ended 31 December		For the financial year ended 31 December		For the financial year ended 31 December	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities						
Cash generated from operations	7,457,587	10,506,621	(4,527,997)	524,556	11,231,801	12,318,952
Tax paid	(3,760,716)	(3,839,544)	(3,420,780)	(2,000,709)	(664,659)	(3,689,652)
Interest (paid)/received	(14,888)	(26,715)	936,214	732,691	(3,917)	(396,586)
Net cash generated from/(used in) operating activities	3,681,983	6,640,362	(7,012,563)	(743,462)	10,563,225	8,232,714
Net cash (used in)/generated from investing activities	(476,224)	(671,705)	(385,852)	(814,818)	156,371	13,025,277
Net cash used in financing activities	(3,503,412)	(12,509,392)	(7,144,711)	(3,716,050)	(612,653)	(18,941,368)
Net (decrease)/increase in cash and cash equivalents	(297,653)	(6,540,735)	(14,543,126)	(5,274,330)	10,106,943	2,316,623
Foreign currency translation	(4,490)	(1,319)	(226,797)	54,342	0	0
Cash and cash equivalents at beginning of the financial year	6,494,137	13,036,191	45,568,044	50,788,032	2,572,906	256,283
Cash and cash equivalents at end of the financial year	6,191,994	6,494,137	30,798,121	45,568,044	12,679,849	2,572,906

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 16 JOINT VENTURE

	Company	
	2022 RM	2021 RM
Unquoted shares at cost	29,375,937	29,375,937

	Group	
	2022 RM	2021 RM
Group's share of net assets of joint venture	34,080,134	32,933,522

Turboservices Overhaul Sdn. Bhd. ("TOSB") was a wholly owned subsidiary of the Group. It was incorporated in Malaysia and its main activities include the provision of gas turbine overhaul and maintenance services. In March 2015, the Group entered into a Subscription Agreement with STICO, which resulted in the Group having an equity interest of 80.55%. However, both parties' approval on relevant activities is required as stated in the Subscription Agreement. Based on MFRS and in the opinion of the Directors, TOSB is regarded as a material joint venture and its results and net assets are accounted for under the equity method of accounting.

The capital of TOSB consists of ordinary shares and redeemable convertible preference shares. It is a private company and there is no readily available quoted market price available for its shares.

Summarised statement of comprehensive income

	For the financial year ended	
	2022 RM	2021 RM
Revenue	4,562,536	4,562,536
Depreciation	(1,164,294)	(1,223,705)
Interest income	503,902	424,411
Profit before tax	1,891,484	2,153,066
Tax expense	(468,005)	(483,178)
Profit for the year/Total comprehensive income for the financial year	1,423,479	1,669,888
Interest in joint venture (80.55%) Share of results	1,146,612	1,345,095



## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 16 JOINT VENTURE (CONTINUED)

Summarised statement of financial position

	As at 31 December	
	2022 RM	2021 RM
<u>Current</u>		
Cash and bank balances	31,374,238	29,077,371
Other current assets (excluding cash and bank balances)	686,770	685,305
<b>Total current assets</b>	<b>32,061,008</b>	<b>29,762,676</b>
Financial liabilities (excluding trade payables)	(166,677)	(111,360)
Other current liabilities (including trade payables)	(234,325)	(180,878)
<b>Total current liabilities</b>	<b>(401,002)</b>	<b>(292,238)</b>
<u>Non-current</u>		
Assets	11,470,361	12,373,788
Liabilities	(821,075)	(958,413)
<b>Net assets</b>	<b>42,309,292</b>	<b>40,885,813</b>

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint venture.

	As at 31 December	
	2022 RM	2021 RM
Opening net assets		
1 January	32,933,522	31,588,427
Share of profit for the year	1,146,612	1,345,095
<b>Closing net assets</b>	<b>34,080,134</b>	<b>32,933,522</b>
Interest in joint venture (80.55%)	34,080,134	32,933,522
<b>Carrying value</b>	<b>34,080,134</b>	<b>32,933,522</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 17 ASSOCIATE

	Group	
	2022	2021
	RM	RM
Group's share of net assets of associate	23,921,121	24,373,425

In the opinion of the Directors, as at 31 December 2022, Malaysian Mud and Chemicals Sdn. Bhd. ("MMC") is a material associate. The Group's effective equity interest in the associate, the nature of the relationship and place of business/country of incorporation is set out in Note 33 to the financial statements. The associate has share capitals consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business.

MMC, being the sole associate to the Group, is a private company and there is no quoted market price available for the shares.

There are no contingent liabilities relating to the Group's interest in the associate.

Summarised statement of comprehensive income

	MMC	
	For the financial year ended	
	2022	2021
	RM	RM
Revenue	47,684,071	48,095,586
Depreciation	(8,884,533)	(7,903,059)
Profit before tax	22,296,195	23,277,606
Tax expense	(5,545,486)	(5,675,147)
Profit for the year/Total comprehensive income for the financial year	16,750,709	17,602,459
Interest in associate (32%)		
Share of results for the financial year	5,360,227	5,632,787
Others	(52,532)	0
	5,307,695	5,632,787
Dividends receivable/distribution of net asset surplus from associate	5,760,000	5,760,000

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 17 ASSOCIATE (CONTINUED)

Summarised statement of financial position

	MMC	
	As at 31 December	
	2022 RM	2021 RM
<u>Current</u>		
Cash and bank balances	4,197,920	5,578,930
Other current assets (excluding cash and bank balances)	32,569,569	28,650,680
<b>Total current assets</b>	<b>36,767,489</b>	<b>34,229,610</b>
Financial liabilities (excluding trade payables)	(5,570,031)	(5,503,124)
Other current liabilities (including trade payables)	(164,026)	(143,769)
<b>Total current liabilities</b>	<b>(5,734,057)</b>	<b>(5,646,893)</b>
<u>Non-current</u>		
<u>Assets</u>		
	52,590,381	56,104,633
<u>Liabilities</u>		
	(8,870,311)	(8,520,398)
<b>Net assets</b>	<b>74,753,502</b>	<b>76,166,952</b>

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associate.

	MMC	
	2022 RM	2021 RM
	Opening net assets	
1 January	76,166,952	76,564,493
Other adjustments	(164,159)	0
Profit for the year	16,750,709	17,602,459
Dividends	(18,000,000)	(18,000,000)
<b>Closing net assets</b>	<b>74,753,502</b>	<b>76,166,952</b>
Interest in associates (32%)	23,921,121	24,373,425
<b>Carrying value</b>	<b>23,921,121</b>	<b>24,373,425</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 18 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2022 RM	2021 RM
<u>Non-current:</u>		
Amounts due from a subsidiary	13,239,839	0
Less: Impairment of amounts due from a subsidiary	(562,444)	0
	12,677,395	0
<u>Current:</u>		
Amounts due from subsidiaries	33,619,323	40,653,581
Less: Impairment of amounts due from subsidiaries	(437,556)	0
	33,181,767	40,653,581
Amounts due to subsidiaries	(2,479,289)	(1,165,392)

Movement in impairment of amounts due from subsidiaries is as follows:

	Company	
	2022 RM	2021 RM
At 1 January	0	0
Impairment made during the year	1,000,000	0
At 31 December	1,000,000	0

Included in amounts due from subsidiaries are amounts due from a subsidiary amounting to RM2,200,000 (2021: RM2,200,000) in relation to the finance of the purchase of equipment. These amounts are unsecured, interest is charged at 4.15% per annum (2021: 4.15% per annum) and repayable on demand.

Except as mentioned above, the amounts due from/(to) subsidiaries are unsecured, interest free and are repayable/payable on demand.

The carrying amounts of the amount due from/(to) subsidiaries of the Company at the reporting date approximates their respective fair values.

Amounts due from/(to) subsidiaries are denominated in Ringgit Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 19 INVENTORIES

	Group	
	2022 RM	2021 RM
At cost:		
Finished goods	20,734,520	19,772,692
Goods in transit	31,459,742	22,729,757
Less: Allowance for slow moving inventories	(12,179,842)	(10,490,851)
	40,014,420	32,011,598

Included in costs of sales are inventories consumed and recognised as cost of sales during the year of RM125,254,006 (2021: RM82,725,810).

Movement in allowance for slow moving inventories is as follows:

	Group	
	2022 RM	2021 RM
At 1 January	10,490,851	1,429,150
Allowance made during the year	2,202,123	9,248,808
Reversal of allowance made	(258,129)	(135,860)
Written off during the year	(255,003)	(51,247)
At 31 December	12,179,842	10,490,851

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 20 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Non-current:</u>				
Other receivable	4,055,647	3,256,574	0	0
Less: Impairment of other receivable	(1,759,548)	(1,375,192)	0	0
	2,296,099	1,881,382	0	0
<u>Current:</u>				
Trade receivables	121,275,949	82,853,796	0	0
Less: Impairment of trade receivables	(977,440)	(6,446,841)	0	0
Trade receivables, net	120,298,509	76,406,955	0	0
Contract assets	178,605,478	88,363,464	0	0
Less: Impairment of contract assets	0	(196,178)	0	0
Contract assets, net	178,605,478	88,167,286	0	0
Other receivables	7,724,472	13,645,908	6,578	10,459
Less: Impairment of other receivables	(16,265)	(41,653)	0	0
	7,708,207	13,604,255	6,578	10,459
Deposits	1,332,487	1,653,738	21,489	21,489
Prepayments*	10,335,232	5,099,566	1,343,384	1,276,082
	19,375,926	20,357,559	1,371,451	1,308,030
	318,279,913	184,931,800	1,371,451	1,308,030

\* Included advances to trade suppliers.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 20 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

#### Other receivables

Included in other receivable is upfront deposits paid by the Group for an investment which involves a joint collaborative effort with an independent third party and are held for long-term strategical purposes.

In the financial year ended 31 December 2020, the Group has decided to withdraw its interest from this jointly collaborative investment plan. As part of an amicable mutual settlement, the other independent third party has decided to re-acquire back the investment rights currently held by the Group at a sum of Euro 800,000 payable on a staggered basis over a three years period. Balance of the payment milestones has been re-negotiated and revised to ten years during the financial year. An impairment loss made in the financial year ended 31 December 2022 and 31 December 2021 as follows:

	Group	
	2022 RM	2021 RM
At 1 January	1,416,845	1,253,890
Impairment made during the year	358,968	212,485
Written off during the year	0	(49,530)
At 31 December	1,775,813	1,416,845

The maturity profile of other receivable can be analysed as follows:

	Group	
	2022 RM	2021 RM
Due after 12 months	2,296,099	1,881,382
Due within 12 months	307,055	1,041,524

#### Deposits

Other receivables, deposits and prepayments are non-trade in nature, unsecured, interest free, payable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 20 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

The currency profile of other receivables, deposits and prepayments is as follows:

	Group	
	2022 RM	2021 RM
- Ringgit Malaysia	15,281,299	19,298,016
- US Dollar	856,462	18,019
- Sterling Pound	822,929	0
- Indonesian Rupiah	28,450	0
- Euro Dollar	4,682,885	2,922,906
	21,672,025	22,238,941

#### Trade receivables

The currency profile of trade receivables is as follows:

	Group	
	2022 RM	2021 RM
- Ringgit Malaysia	39,997,190	24,503,557
- US Dollar	80,119,640	51,897,099
- Sterling Pound	181,679	0
- Euro	0	6,299
	120,298,509	76,406,955

Credit terms of trade receivables range from 30 to 90 days (2021: 30 to 90 days) and trade receivables are non-interest bearing. They are recognised at their original invoice amounts which represent their transaction price on initial recognition.

74% of the Group's trade receivables as at 31 December 2022 (2021: 70%) relates to 5 (2021: 5) main customers while the remaining balance is spread over a large number of customers. The major customers are primarily companies involved in the oil and gas industry.



## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 20 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

#### Trade receivables (continued)

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2022 RM	2021 RM
Neither past due nor impaired	91,630,819	61,716,116
1 to 30 days past due not impaired	22,560,848	11,285,301
31 to 60 days past due not impaired	5,163,192	1,032,439
61 to 90 days past due not impaired	593,222	541,876
91 to 120 days past due not impaired	298,839	42,926
More than 121 days past due not impaired	51,589	1,788,297
Not past due but impaired	0	93,033
Past due and impaired:		
1 to 30 days past due and impaired	0	175,250
31 to 60 days past due and impaired	0	1,043,035
More than 121 days past due and impaired	977,440	5,135,523
	121,275,949	82,853,796
Less: Impairment of receivables	(977,440)	(6,446,841)
	120,298,509	76,406,955

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are debtors with good payment history. A number of these debtors are from the oil and gas industry. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM28,667,690 (2021: RM14,690,839) that are past due at the reporting date but not impaired. The receivable balances are unsecured in nature. These balances relate mainly to customers who have good payment history.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 20 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

#### Trade receivables (continued)

#### Receivables that are not past due but impaired

Trade receivables that are not past due but impaired are specific debtors that are identified in which collection are in doubt.

Movement in impairment of trade receivables is as follows:

	Group	
	2022 RM	2021 RM
At 1 January	6,446,841	1,806,697
Impairment made during the year	23,850	4,916,423
Reclassification	98,600	0
Written off during the year	(1,523,246)	(13,485)
Reversal of impairment losses	(4,068,605)	(262,794)
At 31 December	977,440	6,446,841

All impaired trade receivables are individually or collectively determined on the basis of shared credit risk characteristics. These impaired receivables are from customers whose credit risks have significantly increased since initial recognition. These receivables are not secured by collateral or credit enhancements.

#### Contract assets

	Group	
	2022 RM	2021 RM
Accrued revenue	175,703,292	87,667,239
Less: Impairment of accrued revenue	0	(97,578)
Accrued revenue, net	175,703,292	87,569,661
Retention sum	2,902,186	696,225
Less: Impairment of retention sum	0	(98,600)
	2,902,186	597,625
	178,605,478	88,167,286

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 20 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

#### Contract assets (continued)

The Group's movement in contract assets is summarised as follows:

	Group	
	2022 RM	2021 RM
At 1 January	88,167,286	75,811,358
Transferred to receivables	(605,886,240)	(559,774,764)
Revenue recognised during the year	696,128,254	572,284,401
Impairment	0	(196,178)
Reclassification	98,600	0
Reversal of impairment	97,578	42,469
At 31 December	178,605,478	88,167,286

#### Contract assets of which performance obligations have been satisfied

##### a. Accrued Revenue and Retention Sum

Accrued revenue represents timing difference in revenue earned from customers against the corresponding billings made to the respective customers. This includes accrued revenue arising from project based contracts where this represents the excess of cumulative revenue earned over the total billings made to-date on the contract. These billings will be issued when the billing milestone is met. Retention sum receivables are monies withheld by contract customers and will be released upon the completion of the contract jobs and/or expiry of the defect liability period of the contract.

Contract assets have increased by RM90.4 million due to unbilled amount on goods delivered and services performed, offset by amount transferred to trade receivables when the billing milestone is met.

The currency profile of contract assets consisting of accrued revenue and retention sum are as follows:

	Group	
	2022 RM	2021 RM
- Ringgit Malaysia	69,143,568	49,866,580
- US Dollar	109,455,642	38,300,706
- Euro	6,268	0
	178,605,478	88,167,286

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 20 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Contract assets of which performance obligations have been satisfied (continued)

#### a. Accrued Revenue and Retention Sum (continued)

Movement in impairment of accrued revenue and retention sum is as follows:

	Group	
	2022 RM	2021 RM
At 1 January	196,178	42,469
Impairment made during the year	0	196,178
Reclassification	(98,600)	0
Reversal of impairment losses	(97,578)	(42,469)
At 31 December	0	196,178

The Group applies the practical expedient in MFRS 15 on not disclosing the expected revenues and costs to be recognised in the future for the above mentioned deferred costs and revenue respectively as these performance obligations are part of contracts that have an original expected duration of one year or less.

### 21 AMOUNT DUE FROM AN ASSOCIATE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Amount due from an associate	1,920,813	1,920,366	813	16

Included in the amount due from an associate is dividend receivable of RM1,920,000 (2021: RM1,920,000).

Except as mentioned above, the amount due from an associate is non-trade in nature, unsecured, interest free, repayable/payable on demand and in relation to payments made on behalf for operating expenses.

The amount due from an associate is denominated in Ringgit Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 22 AMOUNT DUE FROM A JOINT VENTURE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Amount due from a joint venture	223,484	176,331	223,484	176,331

The amount due from a joint venture is unsecured, interest free, repayable on demand and is denominated in Ringgit Malaysia.

### 23 CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Non-current:</u>				
Deposits pledged as security	3,696,186	0	0	0
Total cash and bank balances	3,696,186	0	0	0
<u>Current:</u>				
Cash and cash equivalents*	168,540,010	183,378,720	13,726,135	11,991,784
Add:				
Cash held in a designated account	1,694,541	3,833,827	0	0
Deposits pledged as security	4,086,067	5,500,000	0	0
Total cash and bank balances	174,320,618	192,712,547	13,726,135	11,991,784
	178,016,804	192,712,547	13,726,135	11,991,784
<u>Represented by:</u>				
Deposits with licensed banks	169,620,209	179,119,234	13,695,000	11,916,000
Cash and bank balances	8,396,595	13,593,313	31,135	75,784
Total cash and bank balances	178,016,804	192,712,547	13,726,135	11,991,784

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 23 CASH AND BANK BALANCES (CONTINUED)

The currency profile of cash and bank balances is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
- Ringgit Malaysia	161,124,292	192,096,580	13,726,135	11,991,784
- US Dollar	16,857,024	509,499	0	0
- Euro Dollar	0	1,930	0	0
- Singapore Dollar	0	92,115	0	0
- Hong Kong Dollar	3,535	12,423	0	0
- Thai Baht	31,953	0	0	0
	178,016,804	192,712,547	13,726,135	11,991,784

The range of interest rate (per annum) and maturity periods of the deposits are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest rate (%)	0.01 – 3.45	0.01 - 1.60	1.50 – 2.40	1.50 -1.60
Maturities (days)	1 - 730	1 - 33	1 - 92	1 - 33

Cash held in a designated account is escrow account required by the terms of the term loans undertaken by subsidiary companies (Note 24).

\* Included in cash and cash equivalents are cash in hand of RM26,464 as at 31 December 2022 (2021: RM24,124).

As announced by the Company on 19 August 2021 to Bursa Malaysia Securities Berhad, MACC had on 18 August 2021 issued a notice of compound to Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.) ("DTSSB") in accordance with Section 92(1) of the Act. This is as a direct result of the involvement of DTSSB's former executive employees along with its suppliers, contractors and employees of a client ("Defendants") in relation to an alleged illegal scheme. There will be no prosecution against DTSSB. The affected bank deposits that have been frozen previously were released subsequently as at 31 December 2021.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 24 BORROWINGS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revolving credits	2,580,000	7,140,000	2,580,000	7,140,000
Lease liabilities on right-of-use assets	2,007,192	1,495,776	120,091	85,583
Term loans	4,200,000	21,680,000	0	0
	8,787,192	30,315,776	2,700,091	7,225,583
Less: amount repayable within 12 months				
Revolving credits	(2,580,000)	(7,140,000)	(2,580,000)	(7,140,000)
Lease liabilities on right-of-use assets	(832,014)	(1,248,689)	(45,571)	(58,681)
Term loans	(4,200,000)	(17,480,000)	0	0
	(7,612,014)	(25,868,689)	(2,625,571)	(7,198,681)
Amount repayable after 12 months	1,175,178	4,447,087	74,520	26,902

#### (a) Term loans (secured)

The above term loans were structured as follows:

	Group	
	2022 RM	2021 RM
Term loan – TL 1	0	10,280,000
Term loan – TL 2	4,200,000	11,400,000
	4,200,000	21,680,000

#### Term loan – TL 1

On 27 August 2019, a subsidiary of the Group drew down an additional term loan to part finance the purchase of new slickline equipment and tools following the new slickline contract secured on 15 January 2019. Full drawdown of RM38,000,000 was made as at 31 December 2020. The term loan is secured by an "all monies" first legal charge over machinery of slickline equipment and tools of the subsidiary as disclosed in Note 12 and corporate guarantees comprising of RM20,000,000 and RM136,000,000 furnished by the Company and another subsidiary of the Group respectively covering for the existing and new term loan raised to part finance the purchase of slickline equipment and tools.

The term loan carries an interest of 1.1% per annum above the KLIBOR. The loan is repayable by way of 30 monthly principal instalments with equal monthly instalment of RM1,260,000 with the last principal instalment payable of RM1,460,000. The first instalment commences on the 6th month from the date of the first drawdown or the 6th month from the date of the full drawdown, whichever is earlier. The first instalment payment was made in March 2020. The tenure of the loan is 3 years.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 24 BORROWINGS (CONTINUED)

#### (a) Term loans (secured) (continued)

##### Term loan – TL 1 (continued)

The term loan is fully repaid during the year. The escrow account with balance of RM1,071,276 as at 31 December 2022 (2021: RM2,573,362) (Note 23) was released and closed on 5 January 2023.

##### Term loan – TL 2

On 21 July 2020, a subsidiary of the Group drew down an additional term loan to part finance the purchase of the new slickline equipment and tools. Full drawdown of RM18,000,000 was made as at 31 December 2020. The term loan is secured by an "all monies" first legal charge over the newly purchased slickline equipment and tools of the subsidiary as disclosed in Note 12 and corporate guarantees comprising of RM20,000,000 and RM136,000,000 furnished by the Company and another subsidiary of the Group respectively covering the existing and new term loan raised to part finance the purchase of slickline equipment and tools.

The term loan carries an interest of 1.25% per annum above the KLIBOR. The loan is repayable by way of 30 monthly equal principal instalments of RM600,000. The first instalment commences on the 6th month from the date of the first drawdown or the 6th month from the date of the full drawdown, whichever is earlier. The first instalment payment was made on 21 February 2021. The tenure of the loan is 3 years.

Under the loan covenant, the subsidiary is required to open an escrow account under its own name. A minimum of two instalments (principal and interest) must be maintained at all time in that account. The balance in the escrow account as at 31 December 2022 is RM623,265 (2021: RM1,260,460) (Note 23).

The fair value of these term loans approximates its carrying amount due to it being a floating rate instruments.

The periods in which the term loans of the Group attain maturity are as follows:

	Group	
	2022 RM	2021 RM
Not later than 1 year	4,200,000	17,480,000
Later than 1 year but not later than 2 years	0	4,200,000
	4,200,000	21,680,000

#### (b) Revolving credits (unsecured)

The revolving credits facility was drawn down to part finance the purchase of additional slickline equipment and tools and for working capital requirements. The amount was rolled-over on a monthly basis at an average rate of 3.84% (1.00% per annum above the bank's cost of fund) (2021: 3.38%). The interest is fixed at the date of each drawdown and subsequently revised at the commencement of each roll-over period. No securities have been pledged under this facility.

The fair value of the revolving credit approximates its carrying amount due to it being a floating rate instrument.



## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 24 BORROWINGS (CONTINUED)

(c) Lease liabilities

Finance lease liabilities and lease liabilities on right-of-use assets

	Group	
	2022 RM	2021 RM
<u>Future minimum lease payments on right-of-use assets and hire purchase:</u>		
Not later than 1 year	895,463	1,290,512
Later than 1 year but not later than 2 years	770,706	152,818
Later than 2 years but not later than 5 years	449,106	108,432
	2,115,275	1,551,762
Less: Future finance charges	(108,083)	(55,986)
<u>Present value of lease liabilities and hire purchase</u>	<u>2,007,192</u>	<u>1,495,776</u>
<u>Analysis of present value of lease liabilities on right-of-use asset and hire purchase:</u>		
Not later than 1 year	832,014	1,248,689
Later than 1 year but not later than 2 years	735,800	142,735
Later than 2 years but not later than 5 years	439,378	104,352
	2,007,192	1,495,776
<u>Analysed as:</u>		
Due within 12 months	832,014	1,248,689
Due after 12 months	1,175,178	247,087
	2,007,192	1,495,776

The lease liabilities on right-of-use assets carry interest rates ranging from 2.46% to 4.68% (2021: 2.46% to 5.21%).

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 24 BORROWINGS (CONTINUED)

(c) Lease liabilities (continued)

Finance lease liabilities and lease liabilities on right-of-use assets (continued)

	Company	
	2022 RM	2021 RM
<u>Future minimum lease payments on right-of-use assets:</u>		
Not later than 1 year	49,478	61,865
Later than 1 year and not later than 2 years	26,824	20,468
Later than 2 years but not later than 5 years	52,141	7,864
	128,443	90,197
Less: Future finance charges	(8,352)	(4,614)
<u>Present value of lease liabilities</u>	<u>120,091</u>	<u>85,583</u>
<u>Analysis of present value of lease liabilities on right-of-use assets:</u>		
Not later than 1 year	45,571	58,681
Later than 1 year and not later than 2 years	24,755	19,118
Later than 2 years but not later than 5 years	49,765	7,784
	120,091	85,583
<u>Analysed as:</u>		
Due within 12 months	45,571	58,681
Due after 12 months	74,520	26,902
	120,091	85,583

The lease liabilities on right-of-use assets carry interest rates ranging from 3.41% - 3.82% (2021: 3.82%).

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 24 BORROWINGS (CONTINUED)

(d) Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	Other borrowings* RM	Lease liabilities on right-of-use assets RM	Total RM
As at 1 January 2022	28,820,000	1,495,776	30,315,776
Cash flows:			
- Repayments	(22,040,000)	(1,257,249)	(23,297,249)
- Interest paid	(567,577)	(57,965)	(625,542)
Non-cash changes:			
- Finance costs	580,278	57,965	638,243
- Movement in finance cost payable	(12,701)	0	(12,701)
- Acquisition of new leases	0	1,959,013	1,959,013
- Disposal	0	(190,348)	(190,348)
As at 31 December 2022	6,780,000	2,007,192	8,787,192
As at 1 January 2021	76,070,000	2,378,380	78,448,380
Cash flows:			
- Repayments	(47,250,000)	(1,614,940)	(48,864,940)
- Interest paid	(1,796,275)	(98,335)	(1,894,610)
Non-cash changes:			
- Finance costs	1,766,533	98,335	1,864,868
- Movement in finance cost payable	29,742	0	29,742
- Acquisition of new leases	0	853,061	853,061
- Disposal	0	(120,725)	(120,725)
As at 31 December 2021	28,820,000	1,495,776	30,315,776

\* Other borrowings include revolving credits and term loans.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 24 BORROWINGS (CONTINUED)

(d) Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

Company	Other borrowings* RM	Lease liabilities on right-of-use assets RM	Total RM
As at 1 January 2022	7,140,000	85,583	7,225,583
Cash flows:			
- Repayments	(4,560,000)	(52,644)	(4,612,644)
- Interest paid	(184,564)	(3,943)	(188,507)
Non-cash changes:			
- Finance costs	195,562	343	195,905
- Finance costs re-charged to subsidiaries	0	3,600	3,600
- Movement in finance cost payable	(10,998)	0	(10,998)
- Acquisition of new leases	0	87,152	87,152
As at 31 December 2022	2,580,000	120,091	2,700,091
As at 1 January 2021	22,800,000	110,329	22,910,329
Cash flows:			
- Repayments	(15,660,000)	(52,333)	(15,712,333)
- Interest paid	(685,423)	(4,925)	(690,348)
Non-cash changes:			
- Finance costs	656,339	525	656,864
- Finance costs re-charged to subsidiaries	0	4,400	4,400
- Movement in finance cost payable	29,084	0	29,084
- Acquisition of new lease	0	39,754	39,754
- Disposal	0	(12,167)	(12,167)
As at 31 December 2021	7,140,000	85,583	7,225,583

\* Other borrowings include revolving credits.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 25 DERIVATIVE FINANCIAL INSTRUMENT

Movement in derivative (liabilities)/assets are as follows:

	Group	
	Liabilities	Assets
	2022 RM	2021 RM
As at 1 January	84,454	0
Changes in fair value (Note 6)	(1,610,537)	(764,803)
Settlement during the year	13,852	849,257
As at 31 December	(1,512,231)	84,454

Forward foreign currency exchange contracts are used to manage the foreign currency exposures arising from the Group's obligation to settle its liabilities that are denominated in currencies other than the functional currency of the Group. The settlement dates on forward foreign currency exchange contracts range between 25 to 184 days (2021: 1 to 180 days). As at the reporting date, the notional principal amount of the outstanding forward foreign currency exchange contracts was RM 55,313,615 (2021: RM8,324,886).

The Group determines the fair value of the derivative financial instrument relating to the forward foreign currency exchange contracts using a valuation technique which utilises input from recognised and reliable financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair value of forward foreign currency exchange contracts is determined by using the forward foreign currency exchange rates as at each reporting date.

As at year end, the fair value losses arising from the forward foreign currency exchange contracts entered by the Group and remained outstanding as at 31 December 2022 is RM1,512,231 (2021: gain of RM84,454).

### 26 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables	219,691,323	143,160,958	0	0
Contract liabilities	5,552,635	5,375,481	0	0
Other payables	12,309,719	19,687,930	889,694	747,486
Staff related accruals	16,135,209	4,092,105	3,610,115	1,793,708
Other accruals	11,377,908	9,274,852	510,005	790,686
	27,513,117	13,366,957	4,120,120	2,584,394
	39,822,836	33,054,887	5,009,814	3,331,880
	265,066,794	181,591,326	5,009,814	3,331,880

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 26 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

The currency profile of trade payables is as follows:

	Group	
	2022 RM	2021 RM
- Ringgit Malaysia	25,328,486	31,628,755
- US Dollar	185,921,685	108,951,184
- Singapore Dollar	470,706	10,925
- Sterling Pound	1,328,276	0
- Euro Dollar	156,105	1,520
- Indonesian Rupiah	6,486,065	2,568,574
	219,691,323	143,160,958

The currency profile of other payables is as follows:

	Group	
	2022 RM	2021 RM
- Ringgit Malaysia	37,493,592	32,182,671
- US Dollar	2,321,391	814,898
- Singapore Dollar	0	57,318
- Indonesian Rupiah	7,853	0
	39,822,836	33,054,887

Other payables of the Company are denominated in Ringgit Malaysia.

Credit terms of payment granted by the suppliers of the Group are 30 to 60 days (2021: 30 to 60 days).

Contract liabilities have increased by RM0.2 million due to additional advance billings done on certain projects in which the performance obligations have not been satisfied, goods not delivered and services not performed during the year offset by the recognition of revenue during the year on the prior year contract liabilities.

Contract liabilities are denominated in Ringgit Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 27 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority.

Deferred tax assets are recognised for tax losses carried forward to the extent the realisation of the benefit through future taxable profit are probable.

The following amounts, determined after appropriate offsetting, are shown on the statements of financial position:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax assets	2,186,118	1,222,834	1,109,113	379,067
Deferred tax liabilities	(14,596,167)	(14,852,907)	0	0
At 1 January	(13,630,073)	(16,484,113)	379,067	453,426
Credited/(charged) to profit or loss (Note 9)				
- property, plant and equipment	(719,926)	2,022,346	91,945	(130,421)
- unutilised tax losses	0	(217,203)	0	(217,203)
- deferred cost	287,872	1,485,698	0	0
- deferred revenue	(458,527)	(1,805,150)	0	0
- provisions	1,792,878	1,135,513	638,101	273,265
- others	317,727	232,836	0	0
	1,220,024	2,854,040	730,046	(74,359)
	(12,410,049)	(13,630,073)	1,109,113	379,067
<u>Recognised deferred tax assets</u>				
<u>Deferred tax assets (before offsetting)</u>				
Property, plant and equipment	1,695,893	4,989,280	77,781	0
Deferred revenue	199,863	658,390	0	0
Provisions	4,270,279	2,477,401	1,105,028	467,081
Others	663,125	343,780	153	0
	6,829,160	8,468,851	1,182,962	467,081
Less: Offsetting	(4,643,042)	(7,246,017)	(73,849)	(88,014)
Deferred tax assets (after offsetting)	2,186,118	1,222,834	1,109,113	379,067

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 27 DEFERRED TAX (CONTINUED)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<u>Recognised deferred tax liabilities</u>				
<u>Deferred tax liabilities (before offsetting)</u>				
Property, plant and equipment	(18,519,869)	(21,093,330)	(73,849)	(88,014)
Deferred cost	(402,750)	(690,622)	0	0
Others	(316,590)	(314,972)	0	0
	(19,239,209)	(22,098,924)	(73,849)	(88,014)
Less: Offsetting	4,643,042	7,246,017	73,849	88,014
Deferred tax liabilities (after offsetting)	(14,596,167)	(14,852,907)	0	0

#### Unrecognised deferred tax assets

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

	Group	
	2022 RM	2021 RM
Property, plant and equipment	3,887,606	5,343,252
Unutilised tax losses	10,612,554	8,713,048
Deferred revenue	512,275	1,569,265
Accruals	6,303,879	5,388,543
Others	719,852	44,641
Total unrecognised temporary differences	22,036,166	21,058,749
Unrecognised deferred tax assets	5,288,680	5,054,100

Any unutilised tax losses from 2019 onwards shall only be allowed to be carried forward for a maximum period of ten (10) consecutive years commencing from the year such unutilised tax losses were incurred or from 2019 onwards for any unutilised tax losses that were incurred prior to 2019 whilst unused capital allowance is allowed to be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these items because it is not probable that sufficient future taxable profits will be available against which the Group can utilise the benefits therefrom or upon when such tax benefits had expired under the prevailing tax laws on that reporting date.

As at 31 December 2022, the Group's unutilised tax losses brought forward of RM10,012,537, RM816,921 and RM1,120,939 will have the limit of utilisation up to years of assessment of 2028, 2030 and 2031 respectively.



## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 28 DEFERRED INCOME

	Group	
	2022 RM	2021 RM
<u>Non-current</u>		
As at 1 January	312,089	542,942
Received during the year	0	99,747
Recognised in profit or loss	(53,010)	(134,786)
Grants repayable	0	(195,814)
As at 31 December	259,079	312,089

The subsidiaries of the Group had received conditional government grants for the purpose of developing specialty chemical solutions for production enhancement and undertaking asset integrated solutions services respectively in the oil and gas industry.

During the previous financial year, the grants received by a subsidiary have been cancelled due to inability in meeting the grant conditions by the subsidiary. Consequently, the relevant grants received are repayable and have been reclassified to other payables accordingly.

### 29 SHARE CAPITAL

	Group and Company	
	2022 RM	2021 RM
<u>Issued and fully paid ordinary shares:</u>		
At 1 January / 31 December		
- 401,553,500 ordinary shares with no par value (2021: 401,553,500 ordinary shares with no par value)	201,801,508	201,801,508

### 30 MERGER DEFICIT

	Group	
	2022 RM	2021 RM
Arising from the Company's business combination with Deleum Services Sdn. Bhd.	50,000,000	50,000,000

Merger deficit represents the excess of the nominal value of the shares of the Company being allotted of RM60,000,000 over the nominal value of the share capital of Deleum Services Sdn. Bhd. acquired of RM10,000,000.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 31 FINANCIAL INSTRUMENTS

Financial instruments by category

Year ended 31 December 2022

Group	Financial assets at amortised cost RM	Other financial liabilities at amortised cost RM	Fair value through profit or loss RM	Total RM
<u>Assets</u>				
Receivables, deposits and prepayments (excluding prepayments, SST receivables and contract assets)	131,635,302	0	0	131,635,302
Amounts due from associates	1,920,813	0	0	1,920,813
Amount due from a joint venture	223,484	0	0	223,484
Cash and bank balances	178,016,804	0	0	178,016,804
	311,796,403	0	0	311,796,403
<u>Liabilities</u>				
Trade and other payables (excluding statutory obligations and contract liabilities)	0	256,540,987	0	256,540,987
Derivative financial instrument	0	0	1,512,231	1,512,231
Borrowings	0	8,787,192	0	8,787,192
	0	265,328,179	1,512,231	266,840,410

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 31 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

Year ended 31 December 2022

Company	Financial assets at amortised cost RM	Other financial liabilities at amortised cost RM	Total RM
<u>Assets</u>			
Receivables, deposits and prepayments (excluding prepayments and contract assets)	28,067	0	28,067
Amounts due from subsidiaries	45,859,162	0	45,859,162
Amount due from a joint venture	223,484	0	223,484
Amount due from an associate	813	0	813
Cash and bank balances	13,726,135	0	13,726,135
	59,837,661	0	59,837,661
<u>Liabilities</u>			
Other payables and accruals (excluding statutory obligations and contract liabilities)	0	4,677,349	4,677,349
Amounts due to subsidiaries	0	2,479,289	2,479,289
Borrowings	0	2,700,091	2,700,091
	0	9,856,729	9,856,729

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 31 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

Year ended 31 December 2021

Group	Financial assets at amortised cost RM	Other financial liabilities at amortised cost RM	Fair value through profit or loss RM	Total RM
<u>Assets</u>				
Receivables, deposits and prepayments (excluding prepayments, SST receivables and contract assets)	81,790,399	0	0	81,790,399
Amounts due from associates	1,920,366	0	0	1,920,366
Amount due from a joint venture	176,331	0	0	176,331
Derivative financial instrument	0	0	84,454	84,454
Cash and bank balances	192,712,547	0	0	192,712,547
	276,599,643	0	84,454	276,684,097
<u>Liabilities</u>				
Trade and other payables (excluding statutory obligations and contract liabilities)	0	171,828,446	0	171,828,446
Borrowings	0	30,315,776	0	30,315,776
	0	202,144,222	0	202,144,222

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 31 FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category (continued)

Year ended 31 December 2021

Company	Financial assets at amortised cost RM	Other financial liabilities at amortised cost RM	Total RM
<u>Assets</u>			
Receivables, deposits and prepayments (excluding prepayments and contract assets)	31,948	0	31,948
Amounts due from subsidiaries	40,653,581	0	40,653,581
Amount due from a joint venture	176,331	0	176,331
Amount due from an associate	16	0	16
Cash and bank balances	11,991,784	0	11,991,784
	52,853,660	0	52,853,660
<u>Liabilities</u>			
Other payables and accruals (excluding statutory obligations and contract liabilities)	0	3,073,333	3,073,333
Amounts due to subsidiaries	0	1,165,392	1,165,392
Borrowings	0	7,225,583	7,225,583
	0	11,464,308	11,464,308

### 32 SIGNIFICANT RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group excluding independent directors.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 32 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

(a) The following transactions are with subsidiaries of the Company

	Company	
	2022 RM	2021 RM
- Management fees	24,193,100	20,425,800
- Dividend income	23,161,101	16,403,000
- Inter-company interest income	286,858	747,635
- Re-charge of expenses	2,059,093	4,263,175

(b) The following transactions are with a joint venture of the Group and the Company

	Group and Company	
	2022 RM	2021 RM
- Management fees	640,400	538,700
- Re-charge of expenses	72,994	111,101

(c) The following transactions are with a corporate shareholder and affiliated companies of a subsidiary of the Group, Turboservices Sdn. Bhd.

	Group	
	2022 RM	2021 RM
Purchases from Solar Turbines International Company ("STICO")	306,977,384	239,778,240
Purchases from affiliated companies of STICO	35,724,642	41,571,143
Technical fees to STICO	1,438,412	1,195,326
	344,140,438	282,544,709

	Group	
	2022 RM	2021 RM
Manpower services to STICO and its affiliated companies	2,506,609	1,986,998
Rental income from an affiliated company of STICO	54,432	54,432
	2,561,041	2,041,430

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 32 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

- (c) The following transactions are with a corporate shareholder and affiliated companies of a subsidiary of the Group, Turboservices Sdn. Bhd. (continued)

Significant outstanding balances arising from the above transactions during the financial year are as follows:

	Group	
	2022 RM	2021 RM
Amounts due from STICO and its affiliated company	8,705,649	2,179,412
Amounts due to STICO and its affiliated company	178,357,501	108,889,683

- (d) The following transactions are with a corporate shareholder and affiliated companies of the corporate shareholder of a subsidiary of the Group, Penaga Dresser Sdn. Bhd.

	Group	
	2022 RM	2021 RM
Sales to related parties of Dresser Italia S.R.L	1,918,340	805,996
Purchases from Dresser Italia S.R.L	171,640	0
Purchases from related parties of Dresser Italia S.R.L	41,893,984	20,047,203
	42,065,624	20,047,203

Significant outstanding balances arising from the above transactions during the financial year are as follows:

	Group	
	2022 RM	2021 RM
Amounts due from related parties of Dresser Italia S.R.L	111,242	243,455
Amounts due to related parties of Dresser Italia S.R.L	7,070,821	4,192,291

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 32 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

- (e) TOSB is a joint venture between the Company and Solar Turbines International Company ("STICO") and the related party transactions during the year are as follows:

	Group	
	2022 RM	2021 RM
Sales to STICO	4,000,000	4,000,000
Rental income from affiliated company of STICO	562,536	562,536
	4,562,536	4,562,536

Significant outstanding balance arising from the above transactions during the financial year is as follows:

	Group	
	2022 RM	2021 RM
Amount due from STICO and its affiliated company	380,211	380,204

- (f) The remuneration of key management personnel during the financial year are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors' fees	690,000	690,000	690,000	690,000
Salaries and bonuses	8,668,207	8,823,314	4,083,347	3,512,097
Defined contribution plans	1,144,649	1,170,704	600,959	514,985
Other remuneration	2,000,684	1,913,787	510,107	816,878
Estimated monetary value of benefits-in-kind	251,505	380,388	148,240	154,747
	12,755,045	12,978,193	6,032,653	5,688,707

The above is excluding independent Directors' remuneration.



## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 33 CORPORATIONS IN THE GROUP

The Group's effective equity interest in the subsidiaries, joint venture and associates, their respective principal activities and country of incorporation are as follows:

Name of company	Place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2022 %	2021 %	
<b>SUBSIDIARIES:</b>				
Deleum Services Sdn. Bhd.	Malaysia	100	100	Provision of gas turbines packages, maintenance and technical services, combined heat and power plants, and production related equipment and services predominantly for the oil and gas industry.
Deleum Services Holdings Limited *	Hong Kong	100	100	Investment holding.
Delflow Solutions Sdn. Bhd.	Malaysia	100	100	Dormant.
<u>Subsidiaries of Deleum Services Sdn. Bhd.</u>				
Deleum Oilfield Services Sdn. Bhd.	Malaysia	100	100	Provision of slickline equipment and services, integrated wellhead maintenance services, oilfield chemicals, drilling equipment and services, and other oilfield related products and services for the oil and gas industry.
Turboservices Sdn. Bhd.	Malaysia	74	74	Provision of gas turbine overhaul and technical services and supply of gas turbine parts to the oil and gas industry.
VSM Technology Sdn. Bhd.	Malaysia	90	90	Dormant.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 33 CORPORATIONS IN THE GROUP (CONTINUED)

Name of company	Place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2022 %	2021 %	
<b>SUBSIDIARIES (CONTINUED):</b>				
Subsidiaries of <u>Deleum Services Sdn. Bhd.</u> (continued)				
Deleum Chemicals Sdn. Bhd.	Malaysia	100	100	Development and provision of solid deposit removal solutions for enhancement of crude oil production and the supply of oilfield chemicals and services to the oil and gas industry.
Wisteria Sdn. Bhd.	Malaysia	0	100	Commenced members' voluntary liquidation on 14 January 2019 <sup>^</sup>
Delcom Holdings Sdn. Bhd.	Malaysia	100	100	Dormant.
Deleum Rotary Services Sdn. Bhd.	Malaysia	100	100	Servicing, repair and maintenance of motors, generators, transformers, pumps and valves.
Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.)	Malaysia	86.67	60	Provision of integrated corrosion and inspection services, blasting technology, maintenance, construction and modification maintenance activities, services for tanks, vessels, structures and piping.
Penaga Dresser Sdn. Bhd.	Malaysia	51	51	Supply, repair, maintenance and installation of valves and flow regulators for the oil and gas industry.
Deleum Oilfield Solutions (Thailand) Co. Ltd. @	Thailand	49	0	Provision of software, oilfield and chemical services in Thailand.
Subsidiaries of <u>Deleum Services Holdings Limited</u>				
Delcom Utilities (Cambodia) Limited *#	British Virgin Islands	0	60	Investment holding.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 33 CORPORATIONS IN THE GROUP (CONTINUED)

Name of company	Place of business/ Country of incorporation	Group's effective equity interest		Principal activities
		2022 %	2021 %	
<b>JOINT VENTURE:</b>				
Joint venture of <u>Deleum Berhad</u>				
Turboservices Overhaul Sdn. Bhd.	Malaysia	80.55	80.55	Overhaul of gas turbine and maintenance services to oil and gas companies.
<b>ASSOCIATES:</b>				
Associate of <u>Deleum Services Sdn. Bhd.</u>				
Malaysian Mud and Chemicals Sdn. Bhd.	Malaysia	32	32	Operation of a bulking installation, offering dry and liquid bulking services to offshore oil and gas companies.

\* Corporations not audited by PricewaterhouseCoopers PLT, Malaysia or member firm of PricewaterhouseCoopers International Limited.

^ On 25 January 2022, the Group completed the winding up of a wholly-owned dormant subsidiary, Wisteria Sdn. Bhd. ("Wisteria") by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act, 2016.

! On 9 June 2022, through its indirect wholly owned subsidiary, Delcom Holdings Sdn. Bhd., Deleum Berhad acquired 264,000 ordinary shares in Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.) ("DTS"), representing 26.67% of the total paid up share capital, for a total cash consideration of RM710,533. With the acquisition, Deleum Berhad now indirectly holds 86.67% of the paid up share capital in DTS.

@ On 21 June 2022, a new indirect subsidiary, Deleum Oilfield Solutions (Thailand) Co. Ltd, a limited company under the laws of Thailand, was incorporated. Deleum Services Sdn. Bhd. ("DSSB"), a wholly owned subsidiary of the Company, holds 98,000 ordinary shares, representing 49% of the total paid up share capital, as well as majority voting rights.

# On 24 June 2022, the Group completed the winding up of Delcom Utilities (Cambodia) Limited by way of members' voluntary winding up pursuant to Section 208 of the BVI Business Companies Act, 2014.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 34 CAPITAL COMMITMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Authorised and contracted for at the end of the reporting period but not yet incurred				
- Plant and machinery	2,292,571	732,807	0	0
- Others	411,023	43,849	128,315	0
Authorised but not contracted for at the end of the reporting period				
- Plant and machinery	15,310,975	9,769,700	0	0
- Others	4,853,500	5,557,800	471,500	386,000
	22,868,069	16,104,156	599,815	386,000
Share of capital commitment of a joint venture	1,249,500	490,500	0	0
	24,117,569	16,594,656	599,815	386,000

### 35 CONTINGENT LIABILITIES

In the ordinary course of business, the Group has given guarantees amounting to RM13,137,237 (2021: RM51,485,401) to third parties in respect of operational requirements, utilities and maintenance contracts.

### 36 MATERIAL LITIGATION

1. High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-508-08/2020) brought by Synergy Spectacular Sdn. Bhd. ("Plaintiff") against Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.) ("DTS") ("Defendant")

The Plaintiff has commenced the above legal proceedings against the Defendant wherein it is alleged *inter alia*, that the Defendant had unlawfully terminated the agreement entered into between parties for the supply and delivery of Cargo Handling Equipment (CHE) by the Plaintiff to the Defendant, and wherein there had been severe and protracted delay in delivery of the CHE by the Plaintiff.

By a Writ of Summons and Statement of Claim dated 21 August 2020, the Plaintiff commenced the above legal proceedings against the Defendant concerning the alleged unlawful termination of the Cargo Handling Equipment Project contract dated 11 October 2018 by the Defendant, claiming for *inter alia* Judgment for the amount of RM1,400,500.00, being the total sum from invoices allegedly outstanding, and damages in the amount of RM874,500.00 arising from the Defendant's alleged refusal to accept delivery of the CHE.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 36 MATERIAL LITIGATION (CONTINUED)

1. High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-508-08/2020) brought by Synergy Spectacular Sdn. Bhd. ("Plaintiff") against Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.) ("DTS") ("Defendant") (continued)

The Orders and/or relief sought by the Plaintiff, are as follows:

- (a) a Declaration that the termination of the Cargo Handling Equipment Project contract dated 11 October 2018 by the Defendant, was unlawful;
- (b) Judgment for the sum of RM1,400,500.00, being the total sum from invoices allegedly outstanding;
- (c) Damages in the amount of RM874,500.00 due to the Defendant's alleged refusal to accept delivery of the CHE;
- (d) General damages;
- (e) Late payment charges of 1.5% per month, from the date of the Writ of Summons until full settlement of all outstanding invoices;
- (f) Interest at the rate of 5% per annum on the Judgment sum from the date of Judgment until full settlement;
- (g) Costs; and
- (h) Any other relief deemed fit by the High Court.

The Suit proceeded for Trial on 27 - 28 September 2021, and 28 October 2021 and on 20 January 2022, the following Decision was delivered by the Court:

- (a) The Plaintiff's claim was dismissed;
- (b) The Defendant's counterclaim was dismissed, save for the declaration sought by the Defendant, namely for a declaration that the termination of the CHE Project by the Defendant was lawful and valid, which declaration was granted; and
- (c) The Plaintiff and the Defendant shall bear their own costs.

The Plaintiff has filed their appeal at the Court of Appeal on 17 February 2022 and the Memorandum of Appeal together with the Record of Appeal on 20 April 2022.

At the Case Management on 7 July 2022, Solicitors for the Plaintiff informed the Court that Plaintiff has been wound up and that they must apply to the liquidator, i.e. the Director General of Insolvency ("DGI"), for sanction to proceed with the appeal in the Court of Appeal under Section 486 [Powers of Liquidator in Winding Up by Court] (read together with Part I of the Twelfth Schedule) of the Companies Act 2016.

At the Case Management on 3 October 2022, the Court has directed for the next Case Management to be fixed on 30 November 2022 for the Plaintiff to update the Court on the status of their application for sanction to the Director General of Insolvency (Selangor State branch) to continue the above action.

Pursuant to the Hearing of the Appeal held on 12 January 2023, the Court of Appeal has granted the following Orders in favour of the Plaintiff:

- (a) Judgment for the sum of RM1,400,500.00 for outstanding invoices, as pleaded in the Statement of Claim;
- (b) Interest at the rate of 5% per annum on the judgment sum from the date of filing of the Suit, 21 August 2020, until the date of full settlement; and
- (c) Costs of RM10,000.00 be paid to the Plaintiff, subject to payment of the Allocatur fee.

The Court Order has been served to the Defendant on 20 February 2023 for the following sums (i) Judgment sum amounting to RM1,400,500.00; and (ii) Costs of the appeal amounting to RM10,000.00 and payment for the same has been made on 24 February 2023.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 36 MATERIAL LITIGATION (CONTINUED)

2. High Court of Kuala Lumpur (Civil Suit No. WA-22NCVC-768-11/2020) brought by Synergy Spectacular Sdn. Bhd. ("Plaintiff") against Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.) ("DTS") ("Defendant")

The Plaintiff had commenced the above legal proceedings against the Defendant, wherein it is alleged inter alia, that the Defendant had failed to make payment for certain works carried out by the Plaintiff, for which the Defendant had engaged the Plaintiff.

The Writ of Summons and Statement of Claim, both dated 23 November 2020, was served on the Defendant on 26 November 2020. The Defendant has filed its Memorandum of Appearance dated 9 December 2020 and Defence dated 7 January 2021. The Plaintiff thereafter filed its Reply to Defence dated 21 January 2021.

The Plaintiff's solicitors have, on 25 January 2021, served on the Defendant's solicitors an Amended Writ and Statement of Claim, both dated 22 January 2021, to:

- i) amend the original claim sum from RM1,568,048.66 to an amended claim sum of RM2,184,584.45; and
- ii) withdraw their claim for a declaration and injunction as the amended claim sum has rendered the declaration and injunction as no longer applicable.

The amendments have been sought on the basis that Invoice No. SS/CWR/BAP A Standby dated 3 November 2020 for the amount of RM616,535.79 became due and payable on 3 December 2020 (i.e. after the filing of their suit on 23 November 2020). Therefore, the Plaintiff has included the invoice amount in the total sum claimed.

The said amendment is to regularise the Plaintiff's claim and the same would not jeopardise the rights of the Defendant.

Pursuant to the Amended Writ & Statement of Claim, both dated 22 January 2021, the Plaintiff has sought for the following relief:

- (a) Judgment for the sum of RM2,184,584.45 being the total sum from invoices allegedly outstanding;
- (b) Interest at the rate of 5% per annum on the Judgment sum from the date of Judgment until full settlement;
- (c) Costs; and
- (d) Any other relief deemed fit by the High Court.

Pursuant to Case Management on 21 July 2021, the suit was initially fixed for Trial on 22, 23 and 29 September 2022 but was subsequently rescheduled by the Court to 8, 22 and 23 March 2023.

3. High Court of Kuala Lumpur (Civil Suit No. WA-22NCC-544-11/2020) brought by Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.) ("DTS") ("Plaintiff") against Mazrin Bin Ramli and 9 Others ("Defendants") ("The Civil Suit")

The Plaintiff has commenced the above legal proceedings against the Defendants by way of a Writ of Summons and Statement of Claim dated 5 November 2020 for, amongst others, breaches of fiduciary duty, knowing receipt and dishonest assistance in relation to an alleged fraudulent scheme involving its employees, suppliers, contractors, and employees of a client. for the amount of RM19,876,389.87.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 36 MATERIAL LITIGATION (CONTINUED)

3. High Court of Kuala Lumpur (Civil Suit No. WA-22NCC-544-11/2020) brought by Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.) ("DTS") ("Plaintiff") against Mazrin Bin Ramli and 9 Others ("Defendants") ("The Civil Suit") (continued)

Pursuant to the Recusal Application filed by the 6 Defendants on 9 March 2021, Plaintiff has, on 1 April 2022, vide its solicitors, Messrs. Ranjit Singh & Yeoh, filed an application for leave to apply for a committal order against Defendant No. 1 to Defendant No. 4, Syarifuddin bin Abdul Wahab, a director of Defendant No. 8 and Zul Hafizi bin Zainal Karib, a director of Defendant No. 10, for having committed contempt of Court. The case management for the application for leave to apply for a committal order has been scheduled for 13 May 2022.

During the Hearing on 21 November 2022, in relation to DTS Application for Leave to Apply for an Order of Committal against all the above and dismissed the same against Zul Hafizi bin Zainal Karib, a director of D10, with no order as to cost.

Pursuant to the above, DTS have filed an Application for an Order of Committal against all of the above except for Zul Hafizi bin Zainal Karib, a director of D10. The case management for the Application is scheduled on 2 March 2023.

Following the Defendant No. 8 being wound-up 27 May 2022, the Plaintiff's solicitors have written to the Official Receiver on 27 July 2022 informing them of the ongoing Civil Suit filed by the Plaintiff against the 10 Defendants which includes, Defendant No.8; and filed a Notice of Motion at the Shah Alam High Court for leave to be granted for the Plaintiff to continue with its claim against Defendant No. 8 which was granted by the Court on 26 August 2022.

Pursuant to the winding up of D8, DTS will be filing an application to amend its Statement of Claim against the Defendants, pending the forensic report prepared by Virdos-Lima Consultancy (M) Sdn. Bhd. ("VLC"). As such, the Court have given DTS until the end of January 2023 to file the amendment application. The next case management for this matter is fixed on 21 March 2023.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 37 CAPITAL MANAGEMENT

The Group's and the Company's objective when managing capital is to safeguard the Group's and the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group and the Company may adjust the amount of dividends, return capital to shareholders or issue new shares and debts.

The capital structure for the Group and the Company consists of borrowings, cash and cash equivalents and total equity as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and cash equivalents	168,540,010	183,378,720	13,726,135	11,991,784
Less: Total borrowings	(8,787,192)	(30,315,776)	(2,700,091)	(7,225,583)
	159,752,818	153,062,944	11,026,044	4,766,201
Total equity	414,546,072	378,769,070	216,586,484	208,453,222

The borrowings of the Group and the Company are subject to the bank's covenants, which include liquidity and solvency ratios, for which the Group and the Company have complied with.

### 38 DISCONTINUED OPERATION / DISPOSAL GROUP HELD FOR SALE

The maintenance, repair and overhaul business unit within the power and machinery operating segment that provides repair, servicing, maintenance and overhaul of motors, generators, transformers and other related services had ceased its active business activities during the year following the Group's decision to exit from this business unit segment.

As at 31 December 2021, the assets in Bintulu have been disposed at a consideration of RM120,000. During the year, the assets in Kajang have been disposed for a consideration of RM550,000 on 15 January 2022.

Profit/(loss) attributable to the discontinued operation is as follow:

	Group	
	2022 RM	2021 RM
Revenue	0	4,412,270
Other income/(expenses)	350,895	(6,327,676)
Profit/(loss) before tax	350,895	(1,915,406)
Tax expense	(67,615)	0
Profit/(loss) for the financial year/Total comprehensive income/(loss) for the financial year	283,280	(1,915,406)

The profit from discontinued operation of RM283,280 (2021: loss of RM1,915,406) is attributable entirely to the owners of the Company. The comparative consolidated statement of comprehensive income and the statements of cash flows have been re-presented to show the discontinued operation separately from continuing operations.



## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 38 DISCONTINUED OPERATION / DISPOSAL GROUP HELD FOR SALE (CONTINUED)

Impact to statements of cash flows attributable to the discontinued operation is as follows:

	Group	
	2022 RM	2021 RM
Net cash generated from/(used in) operating activities	283,280	(254,173)
Net cash generated from investing activities	0	199,670
Net cash used in financing activities	0	(381,231)
Effect on cash flows	283,280	(435,734)

The Group has presented the impact of the discontinued operation in the statement of cash flows in the notes to financial statements. Therefore, the statement of cash flows for the year ended did not separately present the effects arising from the discontinued operation.

### 39 CHANGES IN THE COMPOSITION OF THE GROUP

On 9 June 2022, through its indirect wholly owned subsidiary, Delcom Holdings Sdn. Bhd., Deleum Berhad acquired 264,000 ordinary shares in Deleum Technology Solutions Sdn. Bhd. (formerly known as Deleum Primera Sdn. Bhd.) ("DTS"), representing 26.67% of the total paid up share capital, for a total cash consideration of RM710,533. With the acquisition, Deleum Berhad now indirectly holds 86.67% of the paid up share capital in DTS and the effect of the acquisition are as follows:

	Group	
	2022 RM	2021 RM
Carrying amount of non-controlling interest acquired	1,518,931	0
Consideration paid to non-controlling interest	(710,533)	0
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	808,398	0

On 21 June 2022, a new indirect subsidiary, Deleum Oilfield Solutions (Thailand) Co. Ltd, a limited company under the laws of Thailand, was incorporated. Deleum Services Sdn. Bhd. ("DSSB"), a wholly owned subsidiary of the Company, holds 98,000 ordinary shares, representing 49% of the total paid up share capital, as well as majority voting rights.

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2022

### 39 CHANGES IN THE COMPOSITION OF THE GROUP (CONTINUED)

The effect of the incorporation on cash flow from non-controlling interest is as follows:

	Group	
	2022 RM	2021 RM
Net cash flows from investing activities		
Net cash inflow on incorporation	16,270	0

On 24 June 2022, the Group completed the winding up of Delcom Utilities (Cambodia) Limited by way of members' voluntary winding up pursuant to Section 208 of the BVI Business Companies Act, 2014. The effects of the winding up of Delcom Utilities (Cambodia) Limited are as follows:

	Group	
	2022 RM	2021 RM
Carrying amount of shares at the date of winding up	0	0
Less: Realisation of post-acquisition reserves		
Accumulated losses	(42,487)	0
Exchange translation reserve reclassified to profit or loss	394,857	0
Loss on liquidation of subsidiary	352,370	0

### 40 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 February 2023.

# STATEMENT BY DIRECTORS PURSUANT TO

Section 251(2) of The Companies Act 2016

We, Dato' Izham bin Mahmud and Ramanrao bin Abdullah, being two of the Directors of Deleum Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 139 to 262 are drawn up in accordance with the provisions of Companies Act 2016 and the Malaysian Financial Reporting Standards, and International Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 February 2023.

**DATO' IZHAM BIN MAHMUD**  
DIRECTOR

**RAMANRAO BIN ABDULLAH**  
DIRECTOR

# STATUTORY DECLARATION PURSUANT TO

Section 251(1)(b) of The Companies Act 2016

I, Jayanthi a/p Gunaratnam, the officer primarily responsible for the financial management of Deleum Berhad, do solemnly and sincerely declare that the financial statements set out on pages 139 to 262 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**JAYANTHI A/P GUNARATNAM**

Subscribed and solemnly declared by the abovenamed Jayanthi a/p Gunaratnam.

At: Kuala Lumpur

On: 28 February 2023

Before me:

COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DELEUM BERHAD

(Incorporated in Malaysia) Registration No. 200501033500 (715640-T)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Deleum Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 139 to 262.

### Basis for opinion

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

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

### *Independence and other ethical responsibilities*

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

### Our audit approach

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

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

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DELEUM BERHAD

(Incorporated in Malaysia) Registration No. 200501033500 (715640-T)

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

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p><b>Revenue recognition on contracts with customers</b>  Refer to Note T - Significant accounting policies: Revenue Recognition, Note 3 - Critical accounting estimates and judgements, Note 5 - Revenue</p> <p>The Group recognised revenue of RM698.0 million mainly derived from:</p> <ul style="list-style-type: none"> <li>• sale of gas turbine packages after sale support and services;</li> <li>• sales of valves and flow regulator;</li> <li>• provision of slickline equipment;</li> <li>• provision of integrated corrosion and inspection, blasting technology and maintenance services;</li> <li>• provision of maintenance, construction and modification maintenance activities services.</li> </ul> <p>As disclosed in Note 5, RM273.4 million of the revenue is recognised over time and the remaining RM424.6 million is based on point in time.</p> <p>The revenue recognised based on overtime includes revenue of RM22.4 million derived from contracts with customers in fixed contract value and the recognition of revenue involved measurement of progress towards complete satisfaction of the performance obligations over time. The measurement of progress is determined based on the input method using the actual costs incurred relative to the total budgeted costs.</p> <p>We focused on this area due to the significant revenue amounts reported and the significant time spent auditing the revenue balance. In addition, there is an inherent risk around the accuracy of revenue recorded especially on revenue recognised overtime using input method which involved significant estimate and judgement.</p>	<p>We have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Evaluated and tested the effectiveness of key controls on material revenue streams for accuracy and completeness of revenue.</li> <li>• Performed substantive procedures on significant revenue balances by examining sales transactions to proof of delivery to customers and to signed contracts.</li> <li>• Performed cut off procedures on revenue;</li> <li>• Reviewed management's assessment of principal versus agent in accordance with MFRS 15 - Revenue from contracts with customers;</li> <li>• Examined non-standard journal entries and other material adjustments related to revenue accounts.</li> <li>• For revenue using input method, we performed the following procedures on a sample basis: <ul style="list-style-type: none"> <li>o Recomputed the revenue based on the input method of measuring progress i.e., using actual costs incurred relative to the total budgeted costs;</li> <li>o Discussed with the respective project managers and examined the project documentation on a sampling basis to understand the status of the projects;</li> <li>o Vouched contract values to the work orders from customers and any subsequent variation orders;</li> <li>o Checked costs incurred to date to supplier invoices and suppliers statement reconciliation.</li> </ul> </li> </ul> <p>Based on the procedures performed, no material exceptions were noted.</p>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DELEUM BERHAD

(Incorporated in Malaysia) Registration No. 200501033500 (715640-T)

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

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p><b>Impairment assessment on the carrying value of property, plant and equipment</b></p> <p><i>Refer to Note 3 - Critical accounting estimates and judgements.</i></p> <p>As at 31 December 2022, the carrying value of the Group's property, plant and equipment amounted to RM110.3 million.</p> <p>Management performed impairment assessments of certain plant and equipment, which had impairment indicators. Management has concluded that based on their assessment, no impairment or reversal of impairment is required during the year.</p> <p>We focused on this area as the recoverable amounts of the plant and equipment were determined based on the discounted cash flows projections, which requires significant judgment and estimation on the future cash flows and the discount rate.</p>	<p>We have performed the following audit procedures on the recoverable amounts of the plant and equipment which were calculated using value in use ("VIU") method based on the approved financial budget for 2023 and projections for the remaining useful lives of the assets:</p> <ul style="list-style-type: none"> <li>• Discussed with management on the key assumptions used in the VIU cash flow which include the revenue growth rate, discount rate and profit margin and performed the following: <ul style="list-style-type: none"> <li>o Agreed the VIU cash flow to the Board's approved financial budgets for 2023.</li> <li>o Compared historical forecasting to actual results to assess reliability of management's estimates.</li> <li>o Compared the revenue growth rate and profit margin to the historical experience of the Company.</li> </ul> </li> <li>• Checked the mathematical accuracy of the VIU cash flow.</li> <li>• Checked the discount rate used in the VIU with the assistance of our valuation experts by benchmarking to market data and industry research.</li> <li>• Performed sensitivity test on the key assumptions.</li> </ul> <p>Based on the procedures performed, no material exceptions were noted.</p>

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

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

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement of Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and other sections of the 2022 Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and the Company and our auditors' report thereon. Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DELEUM BERHAD

(Incorporated in Malaysia) Registration No. 200501033500 (715640-T)

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

### Information other than the financial statements and auditors' report thereon (continued)

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

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

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

### Responsibilities of the Directors for the financial statements

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

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DELEUM BERHAD

(Incorporated in Malaysia) Registration No. 200501033500 (715640-T)

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

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

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 33 to the financial statements.

## OTHER MATTERS

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

**PRICEWATERHOUSECOOPERS PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants

**SOO KWAI FONG**  
03144/07/2023 J  
Chartered Accountant

Kuala Lumpur  
28 February 2023



# ADDITIONAL COMPLIANCE INFORMATION

## 1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2022 (FY2022).

## 2. LONG-TERM INCENTIVE PLAN

There were no shares granted during the financial year.

## 3. MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Company and/or its subsidiaries involving the interests of Directors and/or chief executive and/or major shareholders, either still subsisting at the end of FY2022 or entered into since the end of the previous financial year.

# ANALYSIS OF SHAREHOLDINGS

As at 21 March 2023

Issued shares : 401,553,500 ordinary shares

Voting rights : One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	Total Shareholdings	% of Shareholdings
less than 100	320	7.42	8,871	0.00
100 to 1,000	614	14.24	359,268	0.10
1,001 to 10,000	2,173	50.39	11,375,847	2.83
10,001 to 100,000	986	22.87	32,499,365	8.09
100,001 to less than 5% of issued shares	215	4.99	160,513,831	39.97
5% and above of issued shares	4	0.09	196,796,318	49.01
<b>Total</b>	<b>4,312</b>	<b>100.00</b>	<b>401,553,500</b>	<b>100.00</b>

## 30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name of Shareholders	No. of Shares	Percentage (%)
1.	Lantas Mutiara Sdn. Bhd.	81,740,900	20.36
2.	Maybank Nominees (Tempatan) Sdn. Bhd. Amara Investment Management Sdn. Bhd. for Hartapac Sdn. Bhd. (TRUSTACC/CLIENT H001 430886)	48,165,418	11.99
3.	Datuk Vivekananthan a/l M.V. Nathan	42,530,000	10.59
4.	IM Holdings Sdn. Bhd.	24,360,000	6.07
5.	Datin Che Bashah @ Zaiton binti Mustaffa	19,024,000	4.74
6.	Dato' Izham bin Mahmud	11,200,000	2.79
7.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Sri Dato' Mohd Ibrahim bin Mohd Zain	8,566,998	2.13
8.	Datin Che Bashah @ Zaiton binti Mustaffa	7,741,600	1.93
9.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (AM INV)	4,730,100	1.18
10.	Neoh Choo Ee & Company, Sdn. Berhad	4,462,332	1.11
11.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	3,948,300	0.98
12.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Datin Che Bashah @ Zaiton binti Mustaffa (PB)	3,719,998	0.93
13.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Investment Al-Fauzan (5170)	3,418,600	0.85

## ANALYSIS OF SHAREHOLDINGS

As at 21 March 2023

No.	Name of Shareholders	No. of Shares	Percentage (%)
14.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Sri Dato' Mohd Ibrahim bin Mohd Zain (MM0804)	3,333,000	0.83
15.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Yee Hui	3,029,900	0.75
16.	DYMM Tuanku Syed Sirajuddin Putra Jamalullail	2,901,066	0.72
17.	Dilip Manharlal Gathani	2,731,800	0.68
18.	Saudah binti Hashim	2,500,000	0.62
19.	Hj. Abd Razak bin Abu Hurairah	2,481,546	0.62
20.	Lee Sew Bee	2,388,000	0.59
21.	Phillip Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Yee Hui	2,200,000	0.55
22.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Datin Che Bashah @ Zaiton binti Mustaffa (CEB)	1,880,100	0.47
23.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Tan Swee Leong (PB)	1,660,000	0.41
24.	Celine D'Cruz a/p Francis D'Cruz	1,630,000	0.41
25.	ALLIANCEGROUP Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wong Yee Hui (8095789)	1,597,500	0.40
26.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Chandran Aloysius Rajadurai (PB)	1,597,000	0.40
27.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Equity Fund)	1,442,900	0.36
28.	UOBM Nominees (Tempatan) Sdn. Bhd. UOB Asset Management (Malaysia) Berhad for Progressive Insurance Bhd (Equity PFolio 1)	1,350,000	0.34
29.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Investment Al-Faid (4389)	1,318,400	0.33
30.	Amanahraya Trustees Berhad PMB Shariah Aggressive Fund	1,261,400	0.31

## ANALYSIS OF SHAREHOLDINGS

As at 21 March 2023

### SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Lantas Mutiara Sdn. Bhd.	81,740,900	20.36	0	0
Hartapac Sdn. Bhd.	48,165,418	11.99	0	0
Datuk Vivekananthan a/l M.V. Nathan	43,302,600	10.78	81,740,900 <sup>(1)</sup>	20.36
Datin Che Bashah @ Zaiton binti Mustaffa	32,365,698	8.06	0	0
IM Holdings Sdn. Bhd.	24,360,000	6.07	0	0
Dato' Izham bin Mahmud	11,200,000	2.79	138,466,598 <sup>(2)</sup>	34.48
Datin Sian Rahimah Abdullah	0	0	48,165,418 <sup>(3)</sup>	11.99
Faye Miriam Abdullah	0	0	48,165,418 <sup>(3)</sup>	11.99
Hugh Idris Abdullah	0	0	48,165,418 <sup>(3)</sup>	11.99
Farid Riza Izham	0	0	24,360,000 <sup>(4)</sup>	6.07
Faidz Raziff Izham	0	0	24,360,000 <sup>(4)</sup>	6.07
Hana Sakina Izham	0	0	24,360,000 <sup>(4)</sup>	6.07

Notes:

<sup>(1)</sup> Deemed interested by virtue of his shareholdings in Lantas Mutiara Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("the Act").

<sup>(2)</sup> Deemed interested by virtue of his shareholdings in IM Holdings Sdn. Bhd. and Lantas Mutiara Sdn. Bhd. pursuant to Section 8 of the Act and shares held by his spouse.

<sup>(3)</sup> Deemed interested by virtue of his/her shareholdings in Hartapac Sdn. Bhd. pursuant to Section 8 of the Act.

<sup>(4)</sup> Deemed interested by virtue of his/her shareholdings in IM Holdings Sdn. Bhd. pursuant to Section 8 of the Act.

### DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Izham bin Mahmud	11,200,000	2.79	138,466,598 <sup>(1)</sup>	34.48
Datuk Vivekananthan a/l M.V. Nathan	43,302,600	10.78	81,740,900 <sup>(2)</sup>	20.36

Notes:

<sup>(1)</sup> Deemed interested by virtue of his shareholdings in IM Holdings Sdn. Bhd. and Lantas Mutiara Sdn. Bhd. pursuant to Section 8 of the Act and shares held by his spouse.

<sup>(2)</sup> Deemed interested by virtue of his shareholdings in Lantas Mutiara Sdn. Bhd. pursuant to Section 8 of the Act.

## LIST OF PROPERTIES

No	Company	Address	Brief Description	Existing Use	Land Area/ Built up Area	Tenure/ Date of Expiry of Lease	Age of Building	Net Book Value @31/12/22	Revaluation, if any	Date of acquisition
1	Deleum Berhad (Corporate Head Office)	No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia	6 storey corner shop office	Office	350.00 sq metres/ 2,049.56 sq metres	Leasehold/ 03/12/2085	24 years	2,680,849	-	02/05/2006
2	Deleum Services Sdn. Bhd.	No. 42, Jalan Bangsar Utama 1, Bangsar Utama, 59000 Kuala Lumpur, Malaysia	5 storey corner shop office	Office	237.00 sq metres/ 1,080.90 sq metres	Leasehold/ 03/12/2085	34 years	342,700	-	19/09/1988
3	Deleum Services Sdn. Bhd.	No. 40, Jalan Bangsar Utama 1, Bangsar Utama, 59000 Kuala Lumpur, Malaysia	5 storey shop office	Office	168.00 sq metres/ 822.65 sq metres	Leasehold/ 03/12/2085	34 years	399,772	-	28/09/1988
4	Deleum Services Sdn. Bhd.	Unit No. 8-11-3, Menara Mutiara Bangsar, Jalan Liku, Off Jalan Bangsar, 59100 Kuala Lumpur, Malaysia	Office Lot	Office	141.00 sq metres/ 141.00 sq metres	Freehold	20 years	341,217	-	03/02/1997
5	Deleum Services Sdn. Bhd.	Unit No. 8-11-4, Menara Mutiara Bangsar, Jalan Liku, Off Jalan Bangsar, 59100 Kuala Lumpur, Malaysia	Office Lot	Office	147.00 sq metres/ 147.00 sq metres	Freehold	20 years	358,906	-	03/02/1997
6	Deleum Services Sdn. Bhd.	Lot 1315, Block 9, Miri Concession Land District, Miri Waterfront Commercial Centre, Jalan Bendahara, 98000 Miri, Sarawak, Malaysia	4 storey corner shop office	Office	186.70 sq metres/ 891.84 sq metres	Leasehold/ 30/09/2066	18 years	744,000	-	20/08/2004
7	Deleum Services Sdn. Bhd. (Operations)	Asian Supply Base, Ranca Ranca Industrial Estate, P.O. Box 81730, 87027 Labuan, Federal Territory, Malaysia	Warehouse	Warehouse	5,700.00 sq metres/ 1,776.43 sq metres	On Lease/ 30/09/2024	22 years	100,000	-	-
8	Deleum Services Sdn. Bhd. (Operations)	Kemaman Supply Base, Warehouse 28, 24007 Kemaman, Terengganu Darul Iman, Malaysia	Warehouse	Warehouse	4,134.00 sq metres/ 1,456.00 sq metres	On Lease/ 31/03/2023	14 years	31	-	-
9	Penaga Dresser Sdn. Bhd. (Operations)	No. A1-A2, Kawasan MIEL, Jakar Phase III, 24000 Kemaman, Terengganu Darul Iman, Malaysia	2 units of semi-detached factory	Assembly Plant	A1-1723 sq metres/ A2-1229 sq metres	Leasehold/ 19/04/2053	30 years	951,186	04/09/2019	12/04/2004

# CORPORATE DIRECTORY

## HEAD OFFICE

**Deleum Berhad** and its subsidiaries:

**Deleum Services Sdn. Bhd.**  
**Deleum Oilfield Services Sdn. Bhd.**  
**Deleum Chemicals Sdn. Bhd.**  
**Deleum Technology Solutions Sdn. Bhd.**  
**Turboservices Sdn. Bhd.**

No. 2, Jalan Bangsar Utama 9  
 Bangsar Utama  
 59000 Kuala Lumpur  
 Malaysia  
 Tel : +603-2295 7788  
 Fax : +603-2295 7777  
 Email : info@deleum.com

## BRANCH OFFICES

**Miri**  
 Lot 1315, Miri Waterfront  
 Commercial Centre  
 98000 Miri, Sarawak  
 Malaysia  
 Tel : +6085-413 528/417 020  
 Fax : +6085-418 037  
 Email : info@deleum.com

**Kota Kinabalu**  
 Lot A, H-02-7  
 Block H, Level 7  
 Aeropod Commercial Square  
 Jalan Aeropod Off Jalan Kepyayan  
 88200 Kota Kinabalu, Sabah  
 Malaysia  
 Tel : +6088-203 941  
 Email : info@deleum.com

## SUBSIDIARIES

**Turboservices Sdn. Bhd.**  
 Unit No. B-23-1, Level 23  
 Tower B, Menara UOA Bangsar  
 No. 5, Jalan Bangsar Utama 1  
 59000 Kuala Lumpur  
 Malaysia  
 Tel : +603-2280 2200  
 Fax : +603-2280 2249/2250  
 Email : info@deleum.com

## Penaga Dresser Sdn. Bhd.

Business Suite, 19A-9-1  
 Level 9, UOA Centre  
 No. 19, Jalan Pinang  
 50450 Kuala Lumpur  
 Malaysia  
 Tel : +603-2163 2322  
 Fax : +603-2161 8312  
 Email : sales@penagadresser.com

## Penaga Dresser Sdn. Bhd.

Lot A, H-02-7  
 Block H, Level 7  
 Aeropod Commercial Square  
 Jalan Aeropod Off Jalan Kepyayan  
 88200 Kota Kinabalu, Sabah  
 Malaysia  
 Tel : +6088-203 941  
 Email : sales@penagadresser.com

## OPERATIONS AND SUPPLY BASES

### Kemaman

Kemaman Supply Base  
 Warehouse 28  
 24007 Kemaman  
 Terengganu Darul Iman  
 Malaysia  
 Tel : +609-863 1407/1408  
 Fax : +609-863 1379  
 Email : info@deleum.com

### Labuan

Asian Supply Base  
 Ranca Ranca Industrial Estate  
 87027 Labuan  
 Malaysia  
 Tel : +6087-413 935/583 205  
 Fax : +6087-425 694  
 Email : info@deleum.com

## SERVICE FACILITIES

### Deleum Oilfield Services Sdn. Bhd.

(Miri Services Facility)  
 Sublot 3017  
 Permy Jaya Teknologi Park  
 Bandar Baru Permy Jaya  
 98000 Miri, Sarawak  
 Malaysia  
 Tel : +6085-413 528/417 020  
 Fax : +6085-418 037  
 Email : info@deleum.com

## Deleum Technology Solutions Sdn. Bhd.

(Telok Kalong Facility)  
 Lot PT8777  
 Telok Kalong Industrial Area  
 24000 Kemaman  
 Terengganu Darul Iman  
 Malaysia  
 Tel : +609-862 6666  
 Email : info@deleum.com

## Penaga Dresser Sdn. Bhd.

(Johor Engineering Centre)  
 Lot A15-A16  
 Kampung Bukit Raja  
 Sungai Rengit  
 81600 Pengerang  
 Johor Darul Takzim  
 Malaysia  
 Email : sales@penagadresser.com

## Penaga Dresser Sdn. Bhd.

(Terengganu Engineering Centre)  
 Lot A1-A2  
 Kawasan Miel Jakar Phase III  
 24000 Kemaman  
 Terengganu Darul Iman  
 Malaysia  
 Tel : +609-868 6799  
 Fax : +609-868 3453  
 Email : sales@penagadresser.com

## Penaga Dresser Sdn. Bhd.

(Sabah-Sarawak Engineering Centre)  
 Lot 3326 & 3327  
 Piasu Industrial Shophouse  
 Off Jalan Piasu Utara  
 98000 Miri, Sarawak  
 Malaysia  
 Tel : +6085-644 900/998  
 Fax : +6085-644 991  
 Email : sales@penagadresser.com

## Penaga Dresser Sdn. Bhd.

(Labuan Engineering Centre)  
 Asian Supply Base  
 Ranca Ranca Industrial Estate  
 87027 Labuan  
 Malaysia  
 Email : sales@penagadresser.com

## Deleum Chemicals Sdn. Bhd.

(Research & Development Facility)  
 No. 4-3, Jalan Bangsar Utama 9  
 Bangsar Utama  
 59000 Kuala Lumpur  
 Malaysia  
 Tel : +603-2295 7788  
 Fax : +603-2295 7777  
 Email : info@deleum.com

## Deleum Technology Solutions Sdn. Bhd.

**Deleum Chemicals Sdn. Bhd.**  
 (Integrated Workshop Facility)  
 Lot 4019  
 Kawasan Industri Telok Kalong  
 24007 Kemaman  
 Terengganu Darul Iman  
 Malaysia  
 Tel : +609-863 4588  
 Fax : +609-863 2588  
 Email : info@deleum.com

## JOINT VENTURE

### Turboservices Overhaul Sdn. Bhd.

(Turboservices: Solar Turbines  
 Integrated Service Centre)  
 Lot 26197  
 Kawasan Perindustrian Tuanku  
 Jaafar  
 71450 Seremban  
 Negeri Sembilan Darul Khusus  
 Malaysia  
 Tel : +606-6798 270/207  
 Fax : +606-6798 267  
 Email : info@deleum.com

## ASSOCIATE

### Malaysian Mud And Chemicals Sdn. Bhd.

Asian Supply Base  
 Ranca Ranca Industrial Estate  
 87027 Labuan  
 Malaysia  
 Tel : +6087-415 922  
 Fax : +6087-415 921  
 Email : mc2@tm.net.my

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting ("18th AGM") of DELEUM BERHAD ("the Company") will be held virtually via live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur and by Remote Participation and Voting ("RPV") facilities through meeting platform at TIH Online website at <https://tih.online> on Tuesday, 23 May 2023 at 10.00 a.m., for the following purposes:

## AGENDA

### **AS ORDINARY BUSINESS:**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.  
**(Please refer to Explanatory Note A)**
2. To re-elect Datuk Vivekananthan a/l M.V. Nathan who retires by rotation pursuant to Clause 88 of the Company's Constitution and being eligible, offers himself for re-election. **Ordinary Resolution 1**  
**(Please refer to Explanatory Note B)**
3. To re-elect Datuk Manharlal a/l Ratilal who retires by rotation pursuant to Clause 88 of the Company's Constitution and being eligible, offers himself for re-election. **Ordinary Resolution 2**  
**(Please refer to Explanatory Note B)**
4. To re-elect Tan Sri Dato' Seri Shamsul Azhar bin Abbas who retires pursuant to Clause 86 of the Company's Constitution and being eligible, offers himself for re-election. **Ordinary Resolution 3**  
**(Please refer to Explanatory Note B)**
5. To re-elect Datin Aisah Eden who retires pursuant to Clause 86 of the Company's Constitution and being eligible, offers herself for re-election. **Ordinary Resolution 4**  
**(Please refer to Explanatory Note B)**
6. To approve the payment of Directors' fees to Non-Executive Directors up to an amount of RM1,500,000 from 24 May 2023 until the next Annual General Meeting of the Company. **Ordinary Resolution 5**  
**(Please refer to Explanatory Note C)**
7. To approve the payment of Directors' benefits to Non-Executive Directors up to an amount of RM400,000 from 24 May 2023 until the next Annual General Meeting of the Company. **Ordinary Resolution 6**  
**(Please refer to Explanatory Note D)**
8. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

## NOTICE OF ANNUAL GENERAL MEETING

### **AS SPECIAL BUSINESS:**

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

#### **9. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

"**THAT** subject always to the Companies Act 2016, the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and any other governmental/regulatory authorities, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue shares not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is the earlier, unless such approval is revoked or varied by the Company at a general meeting."

**Ordinary Resolution 8**

**(Please refer to Explanatory Note E)**

#### **10. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SET OUT UNDER SECTION 2.5(1) OF THE CIRCULAR TO SHAREHOLDERS DATED 20 APRIL 2023**

"**THAT** approval be and is hereby given for the renewal of the Shareholders' Mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.5(1) of the Circular to Shareholders dated 20 April 2023 which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are undertaken on arms' length basis and not to the detriment of minority shareholders;

**AND THAT** the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

**AND THAT** the Board of Directors be and is hereby authorised to complete and do all such acts and things as it may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this mandate."

**Ordinary Resolution 9**

**(Please refer to Explanatory Note F)**

#### **11. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AS SET OUT UNDER SECTION 2.5(2) OF THE CIRCULAR TO SHAREHOLDERS DATED 20 APRIL 2023**

"**THAT** approval be and is hereby given for the renewal of the Shareholders' Mandate for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties



## NOTICE OF ANNUAL GENERAL MEETING

as set out in Section 2.5(2) of the Circular to Shareholders dated 20 April 2023 which are necessary for day-to-day operations and are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are undertaken on arms' length basis and not to the detriment of minority shareholders;

**AND THAT** the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which this shareholders' mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

**AND THAT** the Board of Directors be and is hereby authorised to complete and do all such acts and things as it may consider expedient or necessary (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this mandate."

**Ordinary Resolution 10**

**(Please refer to Explanatory Note F)**

### 12. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES IN THE COMPANY

"**THAT** subject to the Companies Act 2016, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Board of Directors of the Company be and are hereby authorised to purchase ordinary shares in the Company through Bursa Securities, provided that:

- (a) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed 10% of the total number of issued shares of the Company;
- (b) the maximum funds allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company based on the Company's audited financial statements for the financial year ended 31 December 2022; and
- (c) the authority conferred by this resolution shall continue to be in force until:
  - (1) the conclusion of the next annual general meeting of the Company, at which time the said authority shall lapse unless it is renewed by the passing of a resolution at that meeting, either unconditionally or subject to conditions; or
  - (2) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
  - (3) revoked or varied by a resolution passed by the shareholders in a general meeting of the Company,

whichever occurs first.

## NOTICE OF ANNUAL GENERAL MEETING

**THAT** the Board of Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

- (i) cancel all the shares so purchased; and/or
- (ii) retain part thereof as treasury shares and cancel the remainder; and/or
- (iii) retain the shares so purchased in treasury for distribution as dividend to the shareholders; and/or
- (iv) resell on the market of Bursa Securities; and/or
- (v) transfer the treasury shares or any of the said shares as purchase consideration; and/or
- (vi) in any other manner as prescribed by the Companies Act 2016.

**AND THAT** the Board of Directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any agreements, arrangements and instruments with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities from time to time and to do all acts and things as the Board of Directors may deem fit, necessary and expedient in the best interest of the Company to implement and/or to effect the purchase by the Company of its own shares." **Ordinary Resolution 11**  
**(Please refer to Explanatory Note G)**

13. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

### BY ORDER OF THE BOARD

**SULIANA BINTI ROSLI** (SSM PC No. 202008000912) (MAICSA 7057610)

Company Secretary  
Kuala Lumpur

20 April 2023

### Notes

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members and proxies WILL NOT BE ALLOWED to attend this AGM in person at the broadcast venue on the day of the 18th AGM. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") as the Poll Administrator for the 18th AGM to facilitate the RPV facilities via TIIH Online website at <https://tiih.online>. Members and proxies can attend, participate and vote remotely in the meeting via TIIH Online website at <https://tiih.online> by using RPV facilities. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for the 18th AGM.
2. A member of the Company entitled to attend and vote at the 18th AGM via RPV is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
3. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the 18th AGM. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

## NOTICE OF ANNUAL GENERAL MEETING

5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, under its Common Seal or the hand of its duly authorised officer.
8. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the 18th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the procedures for RPV set out in the Administrative Guide for the 18th AGM.
9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the 18th AGM or at any adjournment thereof:

(i) In hard copy form

The original signed Proxy Form must be deposited with the Company's Registered Office at No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia.

(ii) Via Tricor Online System (TIIH Online)

The Proxy Form can be electronically submitted via TIIH Online at <https://tiih.online>.

Please follow the procedures set out in the Administrative Guide for the 18th AGM.

10. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 18th AGM will be put to vote by way of poll.
11. For the purpose of determining a member who shall be entitled to attend the 18th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 16 May 2023 and only a depositor whose name appears on this Record shall be entitled to attend the 18th AGM or appoint proxy or proxies to attend and/or vote on his/her stead.
12. By submitting the duly executed Proxy Form, the member and his/her proxy(ies) 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 the 18th AGM or any adjournment thereof.

### Explanatory Notes to the Agenda

#### A. For Agenda Item 1

**To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon**

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("the Act") for discussion only under this Agenda item. They do not require shareholders' approval and hence, will not be put for voting.

## NOTICE OF ANNUAL GENERAL MEETING

### B. For Agenda Items 2 and 3

#### **To re-elect Directors who retire by rotation pursuant to Clause 88 of the Company's Constitution**

Datuk Vivekananthan a/l M.V. Nathan and Datuk Manharlal a/l Ratilal are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

### For Agenda Items 4 and 5

#### **To re-elect Directors who retires pursuant to Clause 86 of the Company's Constitution**

Tan Sri Dato' Seri Shamsul Azhar bin Abbas and Datin Aisah Eden are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

The Joint Remuneration and Nomination Committee ("JRNC") has via the annual Board Assessment for year 2022 assessed and recommended to the Board, the effectiveness of the Board, Board Committees and individual Directors including the Directors who are seeking for re-election at the forthcoming 18th AGM, based on the prescribed criteria inclusive of their skills, experience, character and valuable contributions and insights to the Board. Datuk Manharlal a/l Ratilal, Tan Sri Dato' Seri Shamsul Azhar bin Abbas and Datin Aisah Eden remained objective and independent in expressing their views and participating in Board deliberations and decision-making and have provided their confirmation of independence for the financial year ended 31 December 2022.

The profiles of the retiring Directors are enclosed in the Profiles of Directors of the Company's Annual Report 2022. The Board has endorsed the JRNC's recommendation for the re-election of the retiring Directors subject to the shareholders' approval at the 18th AGM. All Directors standing for re-election have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant JRNC and Board Meetings.

### C. For Agenda Item 6

#### **To approve the payment of Directors' fees to Non-Executive Directors up to an amount of RM1,500,000 from 24 May 2023 until the next Annual General Meeting of the Company**

The amount of up to RM1,500,000 under Ordinary Resolution 5 comprising Directors' fees to Non-Executive Directors of the Company is estimated for the period from 24 May 2023 until the next AGM of the Company to be held in 2024. The fees are in accordance with the Directors' Remuneration Framework for Non-Executive Directors in line with their duties and responsibilities and time commitment required to discharge their duties.

### D. For Agenda Item 7

#### **To approve the payment of Directors' benefits to Non-Executive Directors up to an amount of RM400,000 from 24 May 2023 until the next Annual General Meeting of the Company**

The amount of up to RM400,000 under Ordinary Resolution 6 comprising Directors' benefits to Non-Executive Directors of the Company is estimated for the period from 24 May 2023 until the next AGM of the Company to be held in 2024. The benefits are in accordance with the Directors' Remuneration Framework for Non-Executive Directors in line with their duties and responsibilities and time commitment required to discharge their duties.

## NOTICE OF ANNUAL GENERAL MEETING

Directors' benefits comprise fixed meeting allowances payable to Independent Non-Executive Directors for attendance of Board and Board Committee meetings and the provision of company car, driver and club subscriptions for Non-Executive Chairman and Non-Executive Deputy Chairman of the Company. The meeting allowances are estimated based on the number of scheduled Board and Board Committee meetings and Directors' involvement in these meetings. The number of such meetings are determined based on the strategy and plans of the Group.

### E. For Agenda Item 9

#### **Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The Company had at the Seventeenth AGM held on 19 May 2022, obtained its shareholders' approval for the renewal of the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act. The Company, however, did not issue any new shares pursuant to this mandate obtained as at the date of this Notice.

The proposed Ordinary Resolution 8 is a renewal mandate for the issue of shares under Sections 75 and 76 of the Act. If passed, it will give the Directors of the Company from the date of the 18th AGM, authority to allot and issue shares not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company.

A renewal of this general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate extraordinary general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions and/or for issuance of shares as settlement of purchase consideration.

### F. For Agenda Items 10 and 11

#### **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Sections 2.5(1) and 2.5(2) of the Circular to Shareholders dated 20 April 2023**

Please refer to the Circular to Shareholders dated 20 April 2023 for detailed information. The Ordinary Resolutions 9 and 10 proposed under Agenda Items 10 and 11 respectively, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

### G. For Agenda Item 12

#### **Proposed Renewal of Share Buy-Back Authority of up to 10% of the Total Number of Issued Shares in the Company**

Please refer to the Circular to Shareholders dated 20 April 2023 for detailed information. The Ordinary Resolution 11 proposed under Agenda Item 12, if passed, will empower the Board of Directors of the Company to purchase such number of ordinary shares in the Company from time to time on the market of Bursa Malaysia Securities Berhad upon such terms and conditions as the Board of Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being. This mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. No individual is seeking election as a Director at the forthcoming Eighteenth Annual General Meeting ("18th AGM").
2. Details of the Directors who are standing for re-election at the 18th AGM are set out in the Profiles of Directors section including the latest interests in the shares of the Company disclosed under Analysis of Shareholdings section of the Company's Annual Report 2022.
3. Details of the general mandate to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note E of the Notice of 18th AGM.

# ADMINISTRATIVE GUIDE

For the Eighteenth ("18th") Annual General Meeting ("AGM")



## Deleum Berhad

Registration No. 200501033500 (715640-T)  
(Incorporated in Malaysia)

Date : Tuesday, 23 May 2023  
 Time : 10.00 a.m.  
 Broadcast Venue : Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur  
 Online Platform : TIH Online website at <https://tiih.online> with Remote Participation and Voting ("RPV") facilities

### 1. RPV at Virtual 18th AGM

- a. The 18th AGM of the Company will be conducted virtually through live streaming and online remote voting from the broadcast venue using the RPV facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") in Malaysia via its TIH Online website at <https://tiih.online>.
- b. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. According to the Revised Guidance Note and Frequently Asked Questions issued by Securities Commission Malaysia, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of Companies Act 2016 provided that the online platform is located in Malaysia.

Shareholders/proxies/corporate representatives WILL NOT BE ALLOWED to be physically present, nor will they be admitted at the broadcast venue as it is only a place where the meeting is broadcasted for transmission online in the presence of Chairman, Directors, Group Chief Executive Officer, Auditors, Company Secretary and Senior Management. No seating and refreshment will be arranged for shareholders, proxies and corporate representatives at the broadcast venue when it is a virtual meeting.

If shareholders, proxies and corporate representatives arrive at the broadcast venue, the management reserves right to ask you to leave the broadcast venue in order to comply with standard operating procedures.

- c. With the use of RPV facilities, the Members may exercise your rights to participate, speak (in the form of types text messages) and vote at the general meeting from different location, including to pose questions to the Board or Management of the Company. Kindly ensure that you are connected to the internet at all times in order to participate and vote when our virtual 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 webcast is dependent on the bandwidth and stability of the internet connection of the participants.
- d. Kindly check the Company's website or announcements from time to time for any changes to the administration of the 18th AGM.
- e. The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

### 2. General Meeting Record of Depositors

Only depositors whose names appear on the General Meeting Record of Depositors as at 16 May 2023 shall be entitled to register and participate at the 18th AGM. If a member is unable to participate at the said meeting, he/she may appoint proxy/proxies to participate and vote on his/her behalf.

## ADMINISTRATIVE GUIDE

For the Eighteenth ("18th") Annual General Meeting ("AGM")

### 3. Pre-Meeting Submission of Questions to the Board of Directors

In order to enhance the efficiency of the proceedings of the 18th AGM, members or proxies may submit questions in advance via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose the questions and submit electronically not later than 21 May 2023 at 10.00 a.m. or use the query box to transmit questions via RPV facilities during live streaming of the 18th AGM. The Board of Directors will endeavour to respond to the relevant questions at the 18th AGM.

### 4. Proxy

If you are unable to attend the AGM, you are encouraged to appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

If you wish to participate in the 18th AGM yourself, please do not submit any Form of Proxy for the 18th AGM. You will not be allowed to participate in the 18th AGM together with a proxy appointed by you.

Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 18th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Sunday, 21 May 2023 at 10.00 a.m.:**

#### i. In hard copy form

The original signed proxy form must be deposited with the Company's Registered Office at No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia. The original instrument appointing a proxy shall be in writing and:

- a) In the case of an individual, shall be signed by the appointor or by his attorney; and
- b) In the case of a corporation, shall be either under the common seal or signed by its attorney or by an officer on behalf of the corporation.

#### ii. Via Tricor Online System (TIIH Online)

The proxy form can be electronically submitted via TIIH Online at <https://tiih.online>. Please refer to the procedures set out in "**Electronic Lodgement of Proxy Form**" below.

Members are requested to provide their mobile handphone numbers as well as the mobile handphone numbers of their proxies in the proxy forms in the event Tricor needs to contact the members/proxies.

A Corporate Member who wishes to appoint a Corporate Representative to participate at the AGM via RPV must deposit the original certificate appointment of corporate representative to the Company's Registered Office.

For Nominee Company registered as a member, the beneficial owner of the shares under a Nominee Company's CDS account who wishes to participate at the AGM via RPV can request the Nominee Company to appoint him/her as a proxy and deposit the duly completed original Proxy Form at the Company's Registered Office or submit electronically via TIIH Online at <https://tiih.online> not later than **Sunday, 21 May 2023 at 10.00 a.m.**

The appointed proxy/Corporate Representative/proxy of Nominees Company must register himself/herself for RPV at <https://tiih.online>.

For further details, please refer to the "**Procedures for RPV**" at item no. 6.



## ADMINISTRATIVE GUIDE

For the Eighteenth ("18th") Annual General Meeting ("AGM")

### 5. Poll Voting

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. The Company has appointed Tricor as Poll administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders/proxies/corporate representatives can proceed to vote on the resolutions at any time from the commencement of the 18th AGM at 10.00 a.m. on 23 May 2023 but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (5) of the below Procedures for RPV for guidance on how to vote remotely via TIH Online website.

Upon completion of the voting session for the 18th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

### 6. Procedures for RPV

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 18th AGM using the RPV facilities:

Procedure	Action
<b>Before the day of the AGM</b>	
1. Register as a user with TIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tih.online">https://tih.online</a>. Register as a user under the "e-Services" by selecting the "Sign Up" button and followed by <b>"Create Account by Individual Holder"</b>. Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>Registration as a user will be approved within one working day and you will be notified via e-mail.</li> <li>If you are already a user of TIH Online, you are not required to register again. You will receive an email from Tricor to notify you that remote participation for the 18th AGM is available for registration at TIH Online.</li> </ul>
2. Submit your request	<ul style="list-style-type: none"> <li>Registration is open from Thursday, 20 April 2023 <b>until the day of 18th AGM on Tuesday, 23 May 2023</b>. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 18th AGM to ascertain their eligibility to participate at the 18th AGM using RPV.</li> <li>Login with your user ID (i.e. e-mail address) and password and select the corporate event: <b>"(REGISTRATION) DELEUM BERHAD 18TH AGM"</b>.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select "Register for Remote Participation and Voting".</li> <li>Review your registration and proceed to register.</li> <li>System will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the Record of Depositors as at <b>16 May 2023</b>, the system will send you an <b>e-mail on 21 May 2023 to approve or reject</b> your registration for remote participation.</li> </ul>

(Note: Please allow sufficient time for approval of new user of TIH Online and registration for the RPV).

## ADMINISTRATIVE GUIDE

For the Eighteenth ("18th") Annual General Meeting ("AGM")

Procedure	Action
<b>On the day of the AGM (23 MAY 2023)</b>	
3. Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 18th AGM at any time from <b>9.00 a.m.</b> i.e. 1 hour before the commencement of the 18th AGM on <b>Tuesday, 23 May 2023 at 10.00 a.m.</b></li> </ul>
4. Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: "<b>(LIVE STREAM MEETING) DELEUM BERHAD 18TH AGM</b>" to engage in the proceeding of the 18th AGM remotely.</li> <li>If you have any question for the Chairman/Board, you may use the query box to transmit your question. If time permits, the Chairman/Board will try to respond to those relevant questions relating to the businesses to be discussed at the 18th AGM which are submitted by remote participants during the 18th AGM. You are encouraged to submit questions before the 18th AGM as priority will be given to questions submitted before the AGM – see "<b>Pre-Meeting Submission of Questions to the Board of Directors</b>".</li> </ul>
5. Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences <b>from 10.00 a.m. on Tuesday, 23 May 2023</b> until a time when the Chairman announces the completion of the voting session of the 18th AGM.</li> <li>Select the corporate event: "<b>(REMOTE VOTING) DELEUM BERHAD 18TH AGM</b>" or if you are on the live stream meeting page, you can select "<b>GO TO REMOTE VOTING PAGE</b>" button below the Query Box.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
6. End of Remote Participation	<ul style="list-style-type: none"> <li>Upon the declaration of the poll results and announcement by the Chairman on closure of the 18th AGM, live streaming will end.</li> </ul>

### Note to users of the RPV:

- Should your registration for the RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-4080 5616 / 011-4080 3168 / 011-4080 3169 / 011-4080 3170 or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

## ADMINISTRATIVE GUIDE

For the Eighteenth ("18th") Annual General Meeting ("AGM")

### 7. Electronic Lodgement of Proxy Form

The procedures to lodge your proxy form electronically via Tricor's TIH Online website are summarised below:

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
a. Register as a User with TIH Online	<ul style="list-style-type: none"> <li>Using your computer, please access the website at <a href="https://tiah.online">https://tiah.online</a>. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIH Online, you are not required to register again.</li> </ul>
b. Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>Select the corporate event: <b>"Deleum Berhad 18th AGM - Submission of Proxy Form"</b>.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration</li> <li>Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.</li> <li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li> <li>Review and confirm your proxy(s) appointment.</li> <li>Print proxy form for your record.</li> </ul>
<b>ii. Steps for Corporate or Institutional Shareholders</b>	
Register as a User with TIH Online	<ul style="list-style-type: none"> <li>Access TIH Online at <a href="https://tiah.online">https://tiah.online</a></li> <li>Under e-Services, the authorised or nominated representative of the corporate or institutional shareholder selects <b>"Create Account by Representative of Corporate Holder"</b>.</li> <li>Complete the registration form and upload the required documents.</li> <li>Registration will be verified, and you will be notified by email within one to two working days.</li> <li>Proceed to active your account with the temporary password given in the email and re-set your own password.</li> </ul>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>Login to TIH Online at <a href="https://tiah.online">https://tiah.online</a></li> <li>Select the corporate event: <b>"Deleum Berhad 18th AGM – Submission of Proxy Form"</b></li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration</li> <li>Proceed to download the file format for <b>"Deleum 18th AGM - Submission of Proxy Form"</b> in accordance with the Guidance Note set therein.</li> <li>Prepare the file for the appointment of proxies by inserting the required data.</li> <li>Login to TIH Online, select corporate event: <b>"Deleum Berhad 18th AGM – Submission of Proxy Form"</b>.</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Select "Submit" to complete your submission.</li> <li>Print the confirmation report of your submission for your record.</li> </ul>

Note: The representative of a corporate or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor if you need clarifications on the user registration.

## ADMINISTRATIVE GUIDE

For the Eighteenth ("18th") Annual General Meeting ("AGM")

### 8. No Recording or Photography

No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

### 9. Food Voucher and Door Gift

There will be no distribution of food voucher or door gift to members/proxy/proxies.

### 10. Enquiry

If you have any enquiry prior to the 18th AGM, please contact the following officers during office hours from 8.30 a.m. to 5.30 p.m. (Mondays to Fridays):

#### **Tricor Investor & Issuing House Services Sdn. Bhd.**

General Line : +603- 2783 9299  
Fax Number : +603-2783 9222  
Email : is.enquiry@my.tricorglobal.com

Contact persons : Ms Nur Qaisara Naaila  
+603-2783 9272 (Nur.Qaisara.Naaila@my.tricorglobal.com)

Puan Nor Faeayzah  
+603-2783 9274 (Nor.Faeayzah@my.tricorglobal.com)

# PROXY FORM



**Deleum Berhad**

Registration No. 200501033500 (715640-T)  
(Incorporated in Malaysia)

CDS Account No.	Number of Shares Held

I/We \_\_\_\_\_  
(Full name in block letters)

NRIC/Passport/Company No. \_\_\_\_\_

of \_\_\_\_\_  
(Address in full)

being a member of **DELEUM BERHAD** hereby appoint

\_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_ and/or  
(Full name in block letters)

\_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_  
(Full name in block letters)

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting ("18th AGM") of the Company to be held virtually via live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur and by Remote Participation and Voting ("RPV") facilities through meeting platform at TIH Online website at <https://tjh.online> on **Tuesday, 23 May 2023 at 10:00 a.m.** and at any adjournment thereof, and to vote as indicated below:

No.	Ordinary Resolutions	For	Against
1.	To re-elect Datuk Vivekananthan a/I M.V. Nathan as Director.		
2.	To re-elect Datuk Manharlal a/I Ratilal as Director.		
3.	To re-elect Tan Sri Dato' Seri Shamsul Azhar bin Abbas as Director.		
4.	To re-elect Dafin Aisah Eden as Director.		
5.	To approve the payment of Directors' fees to Non-Executive Directors up to an amount of RM1,500,000.		
6.	To approve the payment of Directors' benefits to Non-Executive Directors up to an amount of RM400,000.		
7.	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
8.	To authorise the issuance of shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
9.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.5(1) of the Circular to Shareholders dated 20 April 2023.		
10.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Sections 2.5(2) of the Circular to Shareholders dated 20 April 2023.		
11.	To approve the Proposed Renewal of Share Buy-Back Authority of up to 10% of the Total Number of Issued Shares in the Company.		

Please indicate with an "x" in the spaces provided how you wish your vote to be cast. If no instruction as to voting is given, the Proxy will vote as he or she thinks fit, or abstain from voting at his or her discretion.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:		
	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
<b>Total</b>		<b>100%</b>

Signature/Common Seal of Shareholder(s)

## Notes:

- The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members and proxies WILL NOT BE ALLOWED to attend this AGM in person at the broadcast venue on the day of the 18th AGM. The Company has appointed Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") as the Poll Administrator for the 18th AGM to facilitate the RPV facilities via TIH Online website at <https://tjh.online>. Members and proxies can attend, participate and vote remotely in the meeting via TIH Online website at <https://tjh.online> by using RPV facilities. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for the 18th AGM.
- A member of the Company entitled to attend and vote at the 18th AGM via RPV is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the 18th AGM. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined in accordance with the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, under its Common Seal or the hand of its duly authorised officer.
- A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the 18th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIH Online website at <https://tjh.online>. Please follow the procedures for RPV set out in the Administrative Guide for the 18th AGM.
- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the 18th AGM or at any adjournment thereof:
  - In hard copy form  
The original signed Proxy Form must be deposited at the Company's Registered Office: No. 2, Jalan Bangsar Utama 9, Bangsar Utama, 59000 Kuala Lumpur, Malaysia.
  - Via Tricor Online System (TIH Online)  
The Proxy Form can be electronically submitted via TIH Online at <https://tjh.online>. Please follow the procedures set out in the Administrative Guide for the 18th AGM.
- Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 18th AGM will be put to vote by way of poll.
- For the purpose of determining a member who shall be entitled to attend the 18th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 16 May 2023 and only a depositor whose name appears on this Record shall be entitled to attend the 18th AGM or appoint proxy or proxies to attend and/or vote in his/her stead.
- By submitting the duly executed Proxy Form, the member and his/her proxy(ies) 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 the 18th AGM or any adjournment thereof.

1<sup>st</sup> fold here

---

**AFFIX  
STAMP**

The Company Secretary

**DELEUM BERHAD**

Registration No. 200501033500 (715640-T)  
(Incorporated in Malaysia)

No. 2, Jalan Bangsar Utama 9  
Bangsar Utama, 59000 Kuala Lumpur, Malaysia

---

2<sup>nd</sup> fold here



**DELEUM BERHAD**

Registration No. 200501033500 (715640-T)

No. 2, Jalan Bangsar Utama 9

Bangsar Utama

59000 Kuala Lumpur

Malaysia

T +603 2295 7788

F +603 2295 7777

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