



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The Group is principally engaged in the exploration, development and sale of crude oil and other petroleum products.

The principal activities of the subsidiaries are set out in Note 15. There has been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss for the financial year attributable to:		
- Owners of the Company	(53,410)	(3,823)
- Non-controlling interest	(28,849)	-
Loss for the financial year	(82,259)	(3,823)

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are disclosed in the financial statements.

DIRECTORS

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

Tan Sri Dr. Azmil Khalili bin Dato' Khalid	
Izlan bin Izhab	
Nik Din bin Nik Sulaiman	
Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin	
Ku Azhar bin Ku Akil	(Resigned on 18 July 2021)
Dato' Jasmy bin Ismail	
Datin Noor Lily Zuriaty binti Abdullah	
Dato' Berikkazy Seksenbayev	(Appointed on 31 March 2021)
Yerlan Issekeshv	(Appointed on 31 March 2021)
Yusoff bin Hassan	(Appointed on 23 September 2021)

In accordance with Clause 86 of the Constitution of the Company, Tan Sri Dr. Azmil Khalili bin Dato' Khalid, Nik Din bin Nik Sulaiman and Dato' Jasmy bin Ismail retire at the forthcoming Ninth Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Clause 91 of the Constitution of the Company, Yusoff bin Hassan retires at the forthcoming Ninth Annual General Meeting and, being eligible, offer himself for re-election.

DIRECTORS' REPORT

(cont'd)

DIRECTORS' BENEFITS

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

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company, its subsidiaries or any related corporations during the financial year except as follows:

	Number of ordinary shares/warrants			
	At 1.1.2021	Bought	Sold	At 31.12.2021
Interest in the Company				
Nik Din bin Nik Sulaiman	400,000	–	–	400,000
Tan Sri Dr. Azmil Khalili bin Dato' Khalid	56,642,910	–	–	56,642,910
Deemed interest/Indirect interest in the Company				
Nik Din bin Nik Sulaiman				
- ordinary shares	350,000*	–	–	350,000
Tan Sri Dr. Azmil Khalili bin Dato' Khalid				
- ordinary shares	40,650,000**	–	–	40,650,000
- warrants	40,000,000**	–	–	40,000,000

* Indirect interest by virtue of the interest of his spouse, Nik Aminah binti Nik Abdullah, pursuant to Section 8(4)(a) of the Companies Act 2016.

** Indirect interest by virtue of the interest of his spouse, Puan Sri Nik Fuziah binti Tan Sri Dr. Nik Hussein, pursuant to Section 59(11)(c) of the Companies Act 2016.

Other than as disclosed above, according to the Register of Directors' Shareholdings, the Directors in office at the end of the financial year did not hold any interest in the shares and/or options over shares in the Company or in its related corporations during the financial year.

DIVIDENDS

No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2021.

DIRECTORS' REPORT

(cont'd)

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in Note 12 to the financial statements. During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group and of the Company was RM7,031,000.

OTHER STATUTORY INFORMATION

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

DIRECTORS' REPORT (cont'd)

SUBSIDIARIES

Details of subsidiaries are set out in Note 15 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 11 to the financial statements.

AUDITORS

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

This report was approved by the Board of Directors on 28 April 2022.

Signed on behalf of the Board of Directors:

TAN SRI DR. AZMIL KHALILI BIN DATO' KHALID
DIRECTOR

IZLAN BIN IZHAB
DIRECTOR

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	6	150,691	79,542	–	–
Operating expenses					
Taxes other than income taxes	7	(49,421)	(22,233)	–	–
Purchases, services and other costs of operation		(24,569)	(30,204)	–	–
Depreciation, depletion and amortisation	16	(76,574)	(62,386)	(144)	(250)
Impairment of non-financial assets	16	–	(123,809)	–	–
Reversal of impairment of non-financial assets	16	–	13,919	–	–
Impairment on investment in subsidiaries		–	–	–	(356,800)
Distribution expense		(13,583)	(12,806)	–	–
Employee compensation costs	8	(10,635)	(13,865)	(2,528)	(5,288)
General and administrative expenses		(14,921)	(17,551)	(1,175)	(1,448)
Net loss on impairment of financial instruments		(661)	(1,326)	–	–
Other operating (expense)/income – net	9	(1,179)	2,930	15	(12)
Total operating expenses		(191,543)	(267,331)	(3,832)	(363,798)
Loss from operations		(40,852)	(187,789)	(3,832)	(363,798)
Finance income	10	17,622	2,114	18	139
Finance cost	10	(51,670)	(61,307)	(9)	(29)
Finance (cost)/income – net	10	(34,048)	(59,193)	9	110
Loss before income tax	11	(74,900)	(246,982)	(3,823)	(363,688)
Income tax (expense)/benefit	13	(7,359)	50,146	–	–
Loss for the financial year		(82,259)	(196,836)	(3,823)	(363,688)
Loss attributable to:					
Owners of the Company		(53,410)	(128,690)	(3,823)	(363,688)
Non-controlling interest		(28,849)	(68,146)	–	–
Loss for the financial year		(82,259)	(196,836)	(3,823)	(363,688)
Basic loss per ordinary share (RM)	14	(0.05)	(0.12)		
Diluted loss per ordinary share (RM)	14	(0.05)	(0.12)		

The notes set out on pages 53 to 112 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
 (cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loss for the financial year	(82,259)	(196,836)	(3,823)	(363,688)
Other comprehensive income, net of tax				
Items that will be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(2,352)	9,500	–	–
Total comprehensive expense for the financial year	(84,611)	(187,336)	(3,823)	(363,688)
Total comprehensive expense attributable to:				
Owners of the Company	(54,821)	(122,956)	(3,823)	(363,688)
Non-controlling interest	(29,790)	(64,380)	–	–
Total comprehensive expense for the financial year	(84,611)	(187,336)	(3,823)	(363,688)

The notes set out on pages 53 to 112 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	15	–	–	253,237	253,237
Property, plant and equipment	16	1,284,517	1,257,149	7	6
Right of use of assets	17	2,339	2,420	91	102
Intangible assets		1,299	1,490	–	–
Prepayments and other receivables	18	3,469	3,274	–	–
Restricted cash	20	8,480	6,953	–	–
		1,300,104	1,271,286	253,335	253,345
CURRENT ASSETS					
Inventories		1,677	1,835	–	–
Prepayments and other receivables	18	18,427	10,559	150	154
Trade receivables	19	849	5,664	–	–
Amount due from subsidiary	21	–	–	1,192	3,071
Amount due from corporate shareholder in a subsidiary	21	4,064	4,007	4,064	4,007
Deposits, cash and bank balances	20	44,452	10,163	223	1,818
		69,469	32,228	5,629	9,050
CURRENT LIABILITIES					
Trade payables	26	69,536	55,824	–	–
Accruals and other payables	27	29,191	19,668	1,410	1,007
Lease liabilities	17	538	352	171	182
Amounts due to related parties	21	361,695	331,340	–	–
Borrowings	28	15,097	–	–	–
Tax payable		2,877	2,886	–	–
Provisions	29	17,730	11,205	–	–
		496,664	421,275	1,581	1,189
NET CURRENT (LIABILITIES)/ ASSETS		(427,195)	(389,047)	4,048	7,861
TOTAL ASSETS LESS CURRENT LIABILITIES		872,909	882,239	257,383	261,206

The notes set out on pages 53 to 112 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

(cont'd)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
NON-CURRENT LIABILITIES					
Deferred tax liabilities	25	69,170	60,758	–	–
Amounts due to related parties	21	362,465	317,278	–	–
Borrowings	28	23,740	–	–	–
Trade payables	26	9,048	8,771	–	–
Accruals and other payables	27	–	334	–	–
Lease liabilities	17	1,654	2,079	–	–
Provisions	29	3,930	5,506	–	–
		470,007	394,726	–	–
NET ASSETS		402,902	487,513	257,383	261,206
EQUITY					
Capital	23	488,975	488,975	488,975	488,975
Other reserves	24	180,431	181,842	199,735	199,735
Accumulated losses		(366,206)	(312,796)	(431,327)	(427,504)
Equity attributable to owners of the company		303,200	358,021	257,383	261,206
Non-controlling interests		99,702	129,492	–	–
TOTAL EQUITY		402,902	487,513	257,383	261,206

The notes set out on pages 53 to 112 form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Attributable to owners of the Company							Total equity RM'000
	Capital RM'000	Warrant reserve RM'000	Share based payment reserve RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	
As at 1 January 2021	488,975	198,914	821	(17,893)	(312,796)	358,021	129,492	487,513
Loss for the financial year	-	-	-	-	(53,410)	(53,410)	(28,849)	(82,259)
Other comprehensive income-net of tax	-	-	-	(1,411)	-	(1,411)	(941)	(2,352)
- Foreign currency translation	-	-	-	(1,411)	-	(1,411)	(941)	(2,352)
Total comprehensive expense for the financial year	-	-	-	(1,411)	(53,410)	(54,821)	(29,790)	(84,611)
As at 31 December 2021	488,975	198,914	821	(19,304)	(366,206)	303,200	99,702	402,902

The notes set out on pages 53 to 112 form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(cont'd)

Group	Note	Attributable to owners of the Company						Total equity RM'000	
		Capital RM'000	Warrant reserve RM'000	Share based payment reserve RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000		Non-controlling interest RM'000
As at 1 January 2020		488,975	198,914	821	(23,627)	(184,106)	480,977	193,872	674,849
Loss for the financial year		-	-	-	-	(128,690)	(128,690)	(68,146)	(196,836)
Other comprehensive income-net of tax		-	-	-	5,734	-	5,734	3,766	9,500
- Foreign currency translation		-	-	-	5,734	-	5,734	3,766	9,500
Total comprehensive income/(expense) for the financial year		-	-	-	5,734	(128,690)	(122,956)	(64,380)	(187,336)
As at 31 December 2020	23, 24	488,975	198,914	821	(17,893)	(312,796)	358,021	129,492	487,513

The notes set out on pages 53 to 112 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	Non-distributable					Total RM'000
		Capital redemption reserve RM'000	Warrant reserve RM'000	Share based payment reserve RM'000	Accumulated losses RM'000		
As at 1 January 2021		488,975	198,914	821	(427,504)	261,206	
Total comprehensive expense for the financial year		-	-	-	(3,823)	(3,823)	
As at 31 December 2021	23, 24	488,975	198,914	821	(431,327)	(257,383)	
As at 1 January 2020		488,975	198,914	821	(63,816)	624,894	
Total comprehensive expense for the financial year		-	-	-	(363,688)	(363,688)	
As at 31 December 2020	23, 24	488,975	198,914	821	(427,504)	261,206	

The notes set out on pages 53 to 112 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loss before income tax	(74,900)	(246,982)	(3,823)	(363,688)
Adjustments for:				
Depreciation, depletion and amortisation	76,574	62,386	144	250
Impairment of non-financial assets	–	123,809	–	356,800
Reversal of impairment of non-financial assets	–	(13,919)	–	–
Unrealised foreign exchange loss/(gain)	1,174	9,613	(2)	–
Finance cost	50,496	51,694	9	29
Finance income	(17,622)	(2,114)	(16)	(139)
Provisions for claims	10,426	11,724	–	–
Change in estimate of asset retirement obligations	1,344	(263)	–	–
Loss on disposal of assets	744	132	–	–
Write off of inventory	221	184	–	–
Write off of property, plant and equipment	2	70	–	–
Impairment charge/(reversal) of:				
- trade receivable	–	(2)	–	–
- cash and bank balances	591	(59)	–	–
- other receivables	70	1,387	–	–
Net reversal for inventory obsolescence	(15)	(1,173)	–	–
	49,105	(3,513)	(3,688)	(6,748)
Changes in working capital:				
Inventories	343	2,549	–	–
Trade receivables	5,044	(5,620)	–	–
Prepayment and other receivables	(7,397)	2,270	6	21
Trade payables	9,058	2,888	–	–
Other payables and accruals	6,154	3,487	391	(138)
Amount due from corporate shareholder in a subsidiary	(57)	(770)	(57)	(769)
Cash generated from/(used in) operating activities	62,250	1,291	(3,348)	(7,634)
Settlement of claims	(4,764)	–	–	–
Net cash generated from/(used in) operating activities	57,486	1,291	(3,348)	(7,634)

The notes set out on pages 53 to 112 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(cont'd)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment		(59,411)	(15,152)	(8)	–
Gain on lease modification		(4)	–	(4)	–
Finance income received		693	750	16	139
Movement in restricted cash		(1,237)	–	–	–
Advances to a subsidiary		–	–	–	(68)
Repayment of advance from subsidiary		–	–	1,879	–
Net cash (used in)/generated from investing activities		(59,959)	(14,402)	1,883	71
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of borrowings		38,593	–	–	–
Payment of borrowings		(1,026)	–	–	–
Payment of amount due to related parties		(600)	(12,294)	–	–
Payment of lease interest		(41)	(103)	(123)	(180)
Payment of lease principal		(491)	(857)	(9)	(29)
Net cash generated from/(used in) financing activities		36,435	(13,254)	(132)	(209)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		33,962	(26,365)	(1,597)	(7,772)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		10,163	35,958	1,818	9,590
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		327	570	2	–
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	20	44,452	10,163	223	1,818

The notes set out on pages 53 to 112 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
 (cont'd)

Reconciliation of liabilities arising from financing activities:

2021	At 1 January RM'000	Cash flows RM'000	Non-cash changes		At 31 Dec RM'000
			Interest expense RM'000	Others RM'000	
Group					
Amount due to related parties	648,618	(600)	48,430	27,712*	724,160
Borrowings	–	37,567	1,026	244*	38,837
Lease liabilities	2,431	(532)	41	252**	2,192
Total liability arising from financing activities	651,049	36,435	49,497	28,208	765,189
Company					
Lease liabilities	182	(132)	9	112	171
2020					
Group					
Amount due to related parties	625,280	(12,294)	49,270	(13,638)*	648,618
Lease liabilities	5,771	(960)	103	(2,483)**	2,431
Total liability arising from financing activities	631,051	(13,254)	49,373	(16,121)	651,049
Company					
Lease liabilities	362	(209)	29	–	182

* Mainly comprises the effect of foreign currency translation

** Comprises termination of a lease and an entering of a new lease

The notes set out on pages 53 to 112 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1 GENERAL INFORMATION

The Company is incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

D3-5-8, Block D3
Solaris Dutamas
No.1, Jalan Dutamas 1
50480 Kuala Lumpur

Registered office

12th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Sekyen 13,
46200 Petaling Jaya
Selangor Darul Ehsan.

The principal activity of the Company is that of investment holding. The Group is principally engaged in the explorations, development, production and sale of crude oil and other petroleum products.

The principal activities of the subsidiaries are set out in Note 15. There has been no significant changes in the nature of these activities during the financial year.

2 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 April 2022.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been used consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation

The consolidated financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The consolidated financial statements have been prepared under the historical cost convention except as disclosed in this significant accounting policies.

The preparation of consolidated 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 the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

The Group and the Company incurred losses after tax of RM82.3 million and RM3.8 million respectively for the financial year ended 31 December 2021. At that date, the Group's current liabilities exceeded its current assets by RM427.2 million, comprising primarily amounts due to related parties of RM361.7 million which is past due as at 31 December 2021.

The Group and the Company continue to face challenges arising from operational issues which have affected the Group's ability to meet production targets and the volatility of crude oil price as a result of the uncertainties surrounding the industry caused by, among others, the COVID-19 pandemic and the Ukraine-Russia conflict, as disclosed in Note 33. The above conditions indicate the existence of material uncertainties which may cast significant doubt regarding the Group and the Company's ability to continue as a going concern.

In view of such circumstances, the Group and Company have taken the following measures to mitigate the liquidity pressure and to improve cash flows:

- (a) negotiating with a bank in Kazakhstan to obtain a loan facility of up to RM107.3 million to fund its capital expenditure and working capital requirements;
- (b) taking steps to address the operational issues faced by its operations in Kazakhstan including carrying out remediation plans such as purchasing the necessary equipment and services to bring its facilities back to the normal operating levels; and
- (c) the Group has obtained an extension of the Amounts due to related parties of RM352.5 million, as disclosed in Note 21 of the financial statements.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period up to 30 April 2023, taking into account reasonably possible changes in crude oil prices and production level of the subsidiary's operations. The Directors are of the opinion that, taking into account the above-mentioned measures, the Group and Company will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due in the next twelve months from the date of the statement of financial position. Accordingly, the Directors are satisfied that it is appropriate to prepare the financial statements of the Group and the Company on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

The volatility of crude oil prices, timing of resumption of production in Kazakhstan to normal capacity together with the liquidity position of the Group and the Company, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

3.1.1 Amendments to published standards that are effective and applicable to the Group and Company

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 January 2021:

- Amendments to MFRS 16 'COVID-19-Related Rent Concessions';
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform—Phase 2'.

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

3.1.2 Amendments to published standards that have been issued but not yet effective and applicable to the Group and the Company

A number of amendments to standards and interpretations are effective for the financial year beginning after 1 January 2021. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

The amendments shall be applied prospectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

3.1.2 Amendments to published standards that have been issued but not yet effective and applicable to the Group and the Company (continued)

- Amendments to MFRS 116 'Proceeds before intended use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

The amendments shall be applied retrospectively.

- Amendments to MFRS 137 'onerous contracts—cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

The amendments shall be applied retrospectively.

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as noncurrent if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

The amendments shall be applied retrospectively.

- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Consolidation and subsidiaries

(a) Consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(b) Business combination

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 and fair value of any pre-existing equity interest in the subsidiary.

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 recorded 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 income statement.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date 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 remeasured, and its subsequent settlement is accounted for within equity.

Inter-group transactions, balances and unrealised gains on transactions between Group companies are 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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Consolidation and subsidiaries (continued)

(c) 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. A 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.

(d) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured 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 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.

(e) Investment in subsidiaries in separate financial statements

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the statement of comprehensive income.

3.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors and certain senior management (including chief accountant), (collectively referred to as the "Executive Management") that makes strategic decisions.

3.4 Foreign exchange currency

(a) Functional and presentation currency

Items included in the consolidated 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 consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Foreign exchange currency (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 the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss on a net basis within 'Other operating expenses - net'.

(c) Group companies

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

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- (ii) 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
- (iii) all resulting exchange differences are recognised as a separate component of other comprehensive income.

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 arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income under 'foreign exchange reserve'.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss, as part of the gain or loss on disposal. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment

Property, plant and equipment, including oil and gas properties, are stated at historical cost less accumulated depreciation, depletion and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

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 Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

The cost of oil and gas properties is amortised at the field level based on the unit of production method. Unit of production rates are based on oil and gas proved and probable developed (producing and non-producing) reserves estimated to be recoverable from existing facilities based on the current terms of the respective production agreements. The Group's reserves estimates represent crude oil and gas which management believes can be reasonably produced within the current terms of their production agreements.

Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Office furniture and equipment	3 to 15 years
Leasehold improvement	2 years
IT Network equipment	2 years
Motor vehicles	5 to 7 years
Production equipment	up to 10 years
Buildings	up to 12 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating expenses - net' in profit or loss.

3.6 Exploration and evaluation expenditure

The successful efforts method of accounting is used for oil and gas exploration and production activities. Under this method, geological and geophysical costs are expensed when incurred. Costs of exploratory wells (including certain geophysical costs which are directly attributable to the drilling of these wells) are capitalised as exploration and evaluation assets pending determination of whether the wells find proved oil and gas reserves. Should the efforts be determined to be successful, all costs for development wells, supporting equipment and facilities, and proved mineral interests in oil and gas properties are capitalised. Proved oil and gas reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made. Prices include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Exploration and evaluation expenditure (continued)

Exploratory wells in areas not requiring major capital expenditures are evaluated for economic viability within one year of completion of drilling. The related well costs are expensed as dry holes if it is determined that such economic viability is not attained. Otherwise, the related well costs are reclassified to oil and gas properties and subject to impairment review. For exploratory wells that are found to have economically viable reserves in areas where major capital expenditure will be required before production can commence, the related well costs remain capitalised in exploration and evaluation assets only if additional drilling is under way or firmly planned. Otherwise the related well costs are expensed as dry holes. The Group does not have any costs of unproved properties capitalised in oil and gas properties.

Identifiable exploration assets acquired are recognised as assets at their fair value, as determined by the requirements of business combinations. Exploration and evaluation expenditure incurred subsequent to the acquisition of an exploration asset in a business combination is accounted for in accordance with the policy outlined above.

3.7 Intangible assets

Intangible assets represent computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years.

3.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to 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 levels 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 unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

3.9 Financial assets

(a) Classification

The Group and the Company classify their financial assets measured at amortised cost ("AC").

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company has transferred substantially all the risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial assets (continued)

(c) Measurement

(i) Initial recognition

The Group and the Company 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.

(ii) Subsequent measurement

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in other operating income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(d) Impairment

Impairment of debt instruments

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at AC. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The following financial instruments are subject to the ECL model:

- Trade receivables;
- Other receivables;
- Amount due from subsidiary;
- Amount due from corporate shareholder in a subsidiary;
- Amount due from corporate shareholder;
- Deposits, cash and bank balances.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial assets (continued)

(d) Impairment (continued)

Impairment of debt instruments (continued)

The Group and the Company apply the MFRS 9 'Financial Instruments' simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and trade related intercompany balances.

For non-trade financial assets, 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.

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.

The following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial assets (continued)

(d) Impairment (continued)

Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- **Quantitative criteria;**

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment 365 days from when they fall due. This is determined based on historical evidence that demonstrated payments past due 365 days meet the default criterion.

- **Qualitative criteria;**

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- the debtor is insolvent.

Write-off

Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payment. Nevertheless, trade receivables and contract assets that are written-off could still be subject to enforcement activities.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Non-trade receivables

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Financial liabilities

Financial liabilities are recognised initially at fair value minus any directly attributable transaction costs incurred at the acquisition or issuance of financial instrument.

Subsequent to initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in the profit or loss when the liabilities are derecognised. Any gains or losses arising from changes in fair value of derivatives are recognised in the statements of comprehensive income. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statements of comprehensive income.

3.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. 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 of the Company or the counterparty.

3.12 Inventories

Inventories are crude oil and materials and supplies which are stated at the lower of cost and net realisable value. Materials and supplies costs are determined using the first-in first-out method. Crude oil costs are determined using the weighted average cost method. The cost of crude oil comprises direct labour, depreciation, other direct costs and related production overhead.

3.13 Cash and cash equivalents

For the purpose 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 in hand, deposits held at call with financial institutions or other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.14 Share capital

(i) Classification

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual arrangement of the particular instrument.

(ii) Share issue costs

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Share capital (continued)

(iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(iv) Warrants reserve

The warrants reserve arose from the proceeds from issuance of warrants and is non-distributable by way of dividends. Warrants reserve is transferred to share premium upon exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry date of the warrants period will be transferred to retained earnings.

(v) Share-based payment reserve

The fair value of the warrants granted to a shareholder is recognised as operating expenses with a corresponding increase in the share-based payment reserve over the vesting period.

The fair value of the warrants is measured using Bloomberg Trinomial Lattice Model. Measurement inputs include subscription price on grant date, exercise price of the warrants, tenure of the warrants, risk-free interest rate, expected dividend yield and the expected volatility based on the historical volatility of a similar listed entity.

3.15 Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. 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 Company and its subsidiaries 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Current and deferred income tax (continued)

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 liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the parent and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.16 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group and the Company expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

Provision for asset retirement obligations

Asset retirement obligations (including future decommissioning and restoration) which meet the criteria of provisions are recognised as provisions and the amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements, while a corresponding addition to the related oil and gas properties of an amount equivalent to the provision is also created. This is subsequently depleted as part of the costs of the oil and gas properties.

Changes in the obligation due to revised estimates of the amount or timing of cash flows required to settle the future liability is recognised by increasing or decreasing the carrying amount of the asset retirement obligation ("ARO") liability and the ARO asset. The adjustments to the asset are restricted, that is to say the asset cannot decrease below zero and cannot increase above its recoverable amount. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Provisions (continued)

Provision for asset retirement obligations (continued)

Changes due solely to the passage of time i.e., accretion of the discounted liability) is recognised as an increase in the carrying amount of the liability and is recognised as accretion expense in the profit or loss under finance cost. This accretion expense is recognised based on the effective interest method during the useful life of the related oil and gas properties.

The effects of foreign exchange differences resulted from the re-measurement of ARO in foreign currencies is recognised by increasing or decreasing the carrying amount of the ARO liability and ARO asset.

If the conditions for the recognition of the provisions are not met, the expenditure for the decommissioning, removal and site cleaning will be expensed in profit or loss when incurred.

3.17 Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Once the contributions have been paid, the Company has no further payment obligations.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of MFRS 137 'Provisions, contingent liabilities and contingent assets' and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Revenue recognition

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expect to be entitled in exchange for transferring promised goods or services to a customer, net of estimated returns, discounts, commissions, rebates and taxes. Discounts and rebates are measured using the most likely amount method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good promised in the contract.

Revenue from the sale of crude oil and gas are recognised at a point in time when the control of the product is transferred to the customer.

The Group does not expect any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group and the Company do not adjust any of the transaction prices for the time value of money.

3.19 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.20 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. The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Leases

(i) The Group and the Company as a lessee

Leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Group and Company (i.e. the commencement date).

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 reassess 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 lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

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

ROU assets are subsequently measured at cost, 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 is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

ROU assets are presented as a separate line item in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 Leases (continued)

(i) The Group and the Company as a lessee (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments may include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Company present the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income.

Reassessment of lease liabilities

The Group and the Company may be exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT and office equipment. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised as an expense in profit or loss.

3.22 Contract liabilities

Contract liabilities of the Group represent advance receipts from customers on sales that have yet to be rendered or completed. Contract liabilities are named as advance payments and classified under other payables and accruals.

All other contract liabilities are expected to be recognised as revenue over the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group and the Company's activities expose it to a variety of financial risks: market risk (including interest risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Group and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group and the Company's financial performance.

The Group and the Company have established risk management policies, guidelines and procedures in order to manage its exposure to these financial risks. The following sections provide details regarding the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

(i) Foreign exchange risk

The Group and the Company are exposed to foreign currency risks on trade and other receivables, trade and other payables, cash and cash equivalents and amount due to and amount due from corporate shareholder in a subsidiary that are denominated in currency that is different from the functional currency. The currency giving rise to this risk is primarily United States Dollars ("USD") and Kazakhstani Tenge ("KZT").

The Group and the Company do not hedge their foreign currency denominated obligations.

The KZT is not a freely convertible currency. Limitation in foreign exchange transactions could cause future exchange rates to vary significantly from current or historical exchange rates. Management is not in a position to anticipate changes in the foreign exchange regulations and as such is unable to reasonably anticipate the impacts on the Group's results of operations or financial position arising from future changes in exchange rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group's and the Company's currency exposure profile is as follows:

	Denominated in KZT		Denominated in USD	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group				
Financial assets				
Restricted cash	7,791	6,953	–	–
Other receivables	1,238	1,437	–	–
Trade receivables	872	463	–	–
Cash and cash equivalents	180	2,471	–	–
Amount due from corporate shareholder in a subsidiary	–	–	4,064	4,007
	10,081	11,324	4,064	4,007
Financial liabilities				
Trade payables	66,582	55,630	–	–
Lease liabilities	2,022	2,325	–	–
Accruals and other payables	313	1,063	–	–
Amount due to corporate shareholder in a subsidiary	–	–	253,302	221,646
	68,917	59,018	253,302	221,646
Company				
Financial asset				
Amount due from corporate shareholder in a subsidiary	–	–	4,064	4,007
	–	–	4,064	4,007

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The table below summarises the change in foreign currency rate to the Group and the Company's loss after taxation. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Effect on profit/ (loss) after taxation and equity Group	
	2021 RM'000	2020 RM'000
Increase/Decrease in foreign exchange rate		
USD strengthened/weakened by:		
+ 10%	(24,855)	(21,764)
- 10%	24,855	21,764
	Effect on profit/ (loss) after taxation and equity Company	
	2021 RM'000	2020 RM'000
Increase/Decrease in foreign exchange rate		
USD strengthened/weakened by:		
+ 10%	406	401
- 10%	(406)	(401)
	Effect on profit/ (loss) after taxation and equity Group	
	2021 RM'000	2020 RM'000
Increase/Decrease in foreign exchange rate		
KZT strengthened/weakened by:		
+ 10%	(5,884)	(4,770)
- 10%	5,884	4,770

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Group and the Company have no significant interest bearing cash assets. The Group and the Company's income and operating cash flows are substantially independent of the changes in market rates as all interest rates arising from intra-group loans are fixed. A detailed analysis of the Group's borrowings, together with their respective effective interest rates and maturity dates, are included in Note 21 and Note 28. The Group and the Company's deposits that are placed in financial institution are not exposed to significant interest rate risk.

(iii) Price risk

The Group and the Company are not subject to significant price risk.

(b) Credit risk

Financial assets that are primarily exposed to credit risks are trade and other receivables, amount due from subsidiary, amount due from corporate shareholder, amount due from corporate shareholder in a subsidiary and cash and bank balances. Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group and the Company. At the reporting date, the Group and the Company's maximum exposure to credit risk is represented by carrying amounts of each class of financial assets recognised in the statement of financial position.

Trade receivables

The Group applies the MFRS 9 simplified approach to measure expected credit losses ("ECL") of its trade receivables.

The expected loss rates are based on the payment profiles of sales over a certain period before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

The Group has one customer which in aggregate accounts for more than 92% (2020: 85%) of the Group's revenue and as such, has concentration of credit risk for its trade receivables. The Group assessed the probability of default as low due to the good repayment trend of the customer with consideration of current market condition. Therefore, the impact of ECL is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

Other receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from other receivables are represented by the carrying amounts in the statement of financial position.

The Group uses the three stages approach for other receivables which reflect their credit risk and how the loss allowances are determined for each of those stages. The Group determines the probability of default for these other receivables considering historical data and macroeconomic information.

Other receivables are assessed using the lifetime ECL methodology under Stage 2 as there is a heightened risk on those balances.

Amount due from subsidiary, corporate shareholder and corporate shareholder in a subsidiary

The Company enters into trade and non-trade transactions with its subsidiary. The Group and the Company also enter into trade and non-trade transactions with their corporate shareholder and corporate shareholder in a subsidiary. As at 31 December 2021, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Group and the Company apply the simplified approach to measure ECL on such balances, similar to the methodology applied on trade receivables.

The Group and the Company use the three stages approach for non-trade intercompany balances which reflect their credit risk and how the loss allowances are determined for each of those stages. The Company determines the probability of default for these amounts due from subsidiaries individually using internal information available.

These intercompany balances are assessed using the 12-month ECL methodology under Stage 1 as the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. On that basis, the impact of ECL is not material for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

Deposits, cash and bank balances

The Group and the Company place its restricted cash and deposits, cash and bank balances with various creditworthy financial institutions. As at the end of the reporting period, the maximum exposure to credit risk arising from restricted cash and cash and cash equivalents are represented by the carrying amounts in the statements of financial position.

The Group and the Company use the three stages approach for deposits, cash and bank balances which reflect their credit risk and how the loss allowances are determined for each of those stages. The Group determines the probability of default for these balances considering historical data and macroeconomic information (such as market interest rates).

The analysis of the credit exposure of deposits, cash and bank balances for which an ECL allowance is recognised is disclosed in Note 20.

(c) Liquidity risk

The Group and the Company's liquidity risk management involve maintaining sufficient cash and cash equivalents and availability of funding through an adequate amount of committed credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

The table below analyses the Group and the Company's financial liabilities into relevant maturity groupings based on the remaining year at the end of the reporting period to their contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows of principal amount and interests.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
 (cont'd)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)
4.1 Financial risk factors (continued)
(c) Liquidity risk (continued)

	Contractual undiscounted cash flows					Total RM'000
	Carrying amount RM'000	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	
Group						
2021						
Trade payables	78,584	69,536	9,375	–	–	78,911
Accruals and other payables (excluding statutory liabilities)	13,335	13,477	164	–	–	13,641
Amount due to related parties	724,160	361,693	3,114	321,261	414,475	1,100,543
Lease liabilities	2,192	538	367	1,101	3,577	5,583
Borrowings	38,837	17,426	6,178	16,586	5,266	45,456
2020						
Trade payables	64,595	55,824	8,809	–	–	64,633
Accruals and other payables (excluding statutory liabilities)	3,918	3,464	837	161	–	4,462
Amount due to corporate shareholder in a subsidiary	648,618	346,134	–	289,944	398,297	1,034,375
Lease liabilities	2,431	544	362	1,085	3,889	5,880
Company						
2021						
Accruals and other payables (excluding statutory liabilities)	1,344	1,344	–	–	–	1,344
Lease liabilities	171	171	–	–	–	171
2020						
Accruals and other payables (excluding statutory liabilities)	926	926	–	–	–	926
Lease liabilities	182	182	–	–	–	182

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Fair value estimation

Except as disclosed below, the carrying amounts of the Group and the Company's financial assets and liabilities approximate their fair values due to the relatively short term nature of financial instruments.

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 December 2021				
Trade payables	9,048	9,125	–	–
Amount due to related parties	724,160	838,696	–	–
Borrowings	38,837	38,851	–	–
At 31 December 2020				
Trade payables	8,771	8,851	–	–
Amount due to related parties	648,618	695,473	–	–

Valuation principles

Fair value is defined as the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market as of the measurement date. The Group and the Company determine the fair value based on discounted estimated future cash flows using the prevailing market rates for similar credit risks and remaining year of maturity. Management judgement is exercised in the selection and application of appropriate parameters, assumptions and modelling techniques where some or all of the parameter inputs are not observable in deriving at fair value.

The disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Valuation technique

The fair value of the amount due to corporate shareholder in a subsidiary, trade payables and lease liabilities as disclosed is measured based on Level 2 fair value measurement hierarchy using the discounted cash flows model.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Capital risk management

The Group and the Company's objectives when managing capital are to safeguard the Group and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group and the Company monitor capital on the basis of Debt over Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA"). Debt is calculated as total amounts due to related parties and external borrowings. EBITDA is determined as profit before finance income, finance cost, income tax and depreciation, depletion and amortisation.

The Debt over EBITDA ratios of the Group as follows:

	2021	2020
	RM'000	RM'000
Total borrowings	762,997	648,618
Loss before income tax	(74,900)	(246,982)
Finance income	(17,622)	(2,114)
Finance cost	51,670	61,307
Depreciation, depletion and amortisation	76,574	62,386
EBITDA	35,722	(125,403)
Debt over EBITDA ratio	21.36	(5.17)

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5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimation of proved and probable oil reserves

Proved reserves are those quantities of petroleum that by analysis of geoscience and engineering data can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. Economic conditions include consideration of changes in existing prices provided only by contractual arrangements, but not on escalations based upon future conditions. Proved developed reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Proved undeveloped reserves are quantities expected to be recovered through future investments: from new wells on undrilled acreage in known accumulations, from extending existing wells to a different (but known) reservoir, or from infill wells that will increase recovery. Probable reserves are additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are likely to be recovered.

The Group's reserves estimates were prepared for each oilfield and include crude oil and liquefied petroleum gas that the Group believes can be reasonably produced within current economic and operating conditions.

Proved and probable reserves cannot be measured exactly. Reserves estimates are based on many factors related to reservoir performance that require evaluation by the engineers interpreting the available data, as well as price and other economic factors. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data, and the production performance of the reservoirs as well as engineering judgement. Consequently, reserves estimates are subject to revision as additional data become available during the producing life of a reservoir. When a commercial reservoir is discovered, proved reserves are initially determined based on limited data from the first well or wells. Subsequent data may better define the extent of the reservoir and additional production performance. Well tests and engineering studies will likely improve the reliability of the reserves estimates. The evolution of technology may also result in the application of improved recovery techniques such as supplemental or enhanced recovery projects, or both, which have the potential to increase reserves beyond those envisioned during the early years of a reservoir's producing life.

In general, changes in the technical maturity of reserves resulting from new information becoming available from development and production activities and change in oil and gas price have tended to be the most significant cause of annual revisions.

Changes to the Group's estimates of proved-plus-probable developed reserves affect the amount of depreciation, depletion and amortisation recorded in the financial statements for property, plant and equipment. These changes can, for example, be the result of production and revisions. A reduction in proved-plus-probable reserves will increase the rate of depreciation, depletion and amortisation charges (assuming constant production) and reduce income. If the proved-plus-probable developed reserves estimates increase by 10% the depreciation, depletion and amortisation charges will decrease by RM6,101,108. Decreasing the proved-plus-probable developed reserves estimates by 10% will increase the depreciation, depletion and amortisation charges by RM7,344,627.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Estimation of proved and probable oil reserves (continued)

Changes to the Group's estimates of proved and probable developed reserves affect prospectively the amounts of depreciation, depletion and amortisation charged and, consequently, the carrying amounts of oil and gas properties. Information about the carrying amounts of these assets and the amounts charged to profit or loss, including depreciation, depletion and amortisation is presented in Note 16.

Changes to the Group's estimates of proved-plus-probable reserves would also impact assumptions used in determining deferred tax asset recognition and impairment.

(b) Depletion, depreciation and amortisation of property, plant and equipment

The Group determines the estimated useful lives and related depreciation and amortisation charges for other property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

Management will adjust the estimated useful lives where useful lives vary from previously estimated useful lives.

(c) Impairment of property, plant and equipment

Property, plant and equipment, including oil and gas properties, are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Determination as to whether and how much an asset is impaired involve management estimates and judgements such as future prices of crude oil and production profile. However, the impairment reviews and calculations are based on assumptions that are consistent with the market conditions and data. Favourable changes to some assumptions may allow the Group to avoid the need to impair any assets, whereas unfavourable changes may cause the assets to become impaired. Details of the estimates and judgements are set out in Note 16 to the financial statements.

(d) Exploration and evaluation expenditure

Exploratory wells in areas not requiring major capital expenditures are evaluated for economic viability within one year of completion of drilling. The related well costs are expensed as dry holes if it is determined that such economic viability is not attained. In making decisions about whether to continue capitalising the exploration costs, it is necessary to make judgements about the economic viability of the exploratory wells. If there is a change in one of these judgements in a subsequent period, then the related capitalised exploration costs would be expensed in that period, resulting in a charge to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(e) Current and deferred income tax

The Group and the Company are subject to income taxes in Malaysia, Netherlands and Kazakhstan jurisdiction. Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is still subject to finalisation. The Group and the Company recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax in Kazakhstan has been re-measured to reflect the changes in excess profit tax rate that will be applicable in the periods in which the deductible/taxable temporary differences are expected to reverse.

Income in Kazakhstan is taxed at the excess profit tax rate which is based on rate of return on subsurface use operations and requires estimation of future taxable income, capital expenditures and other assumptions which affect the estimation of amounts and periods when deductible/taxable temporary differences existing at the reporting date are reversed/settled.

(f) Impairment of investment in subsidiaries

Investment in subsidiaries are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Determination as to whether and how much an investment is impaired involve management estimates and judgements such as future prices of crude oil, estimation of proved and probable oil reserves and production profile. However, the impairment reviews and calculations are based on assumptions that are consistent with the market conditions and data.

Details of the estimates and judgements are set out in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
 (cont'd)

6 REVENUE

	Group	
	2021	2020
	RM'000	RM'000
Sales of crude oil	148,160	77,250
Sales of gas	2,531	2,292
	<hr/> 150,691	<hr/> 79,542

The above revenue is recognised at a point in time.

7 TAXES OTHER THAN INCOME TAXES

	Group	
	2021	2020
	RM'000	RM'000
Rent export tax	20,710	4,305
Rent export duty expenditure	16,223	8,154
Mineral extraction tax	7,647	4,262
Property tax	4,841	5,512
	<hr/> 49,421	<hr/> 22,233

8 EMPLOYEE COMPENSATION COSTS

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and allowances	9,948	12,696	2,230	4,539
Welfare and other expenses	687	1,169	298	749
	<hr/> 10,635	<hr/> 13,865	<hr/> 2,528	<hr/> 5,288

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

9 OTHER OPERATING (EXPENSES)/INCOME – NET

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Write off of inventory	(221)	(243)	–	–
Write off of property, plant and equipment	(2)	(11)	–	–
Foreign exchange gain/(expense) on operation - net	820	805	(12)	(12)
Change in estimate of asset retirement obligations	–	263	–	–
Others	(1,776)	2,116	27	–
	(1,179)	2,930	15	(12)

Foreign exchange arising from purchases and services procured are classified as part of operating expenditure.

10 FINANCE (COST)/INCOME – NET

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance income				
Profit income from deposits with licensed islamic banks	18	139	18	138
Interest income from deposits with other licensed banks	675	611	–	–
Foreign exchange gain	16,929	1,364	–	1
Finance income	17,622	2,114	18	139
Finance costs				
Interest expenses on loan from corporate shareholder (Note 22)	(25,950)	(26,454)	–	–
Interest expense on deferred consideration (Note 22)	(22,480)	(22,816)	–	–
Accretion of asset retirement obligations (Note 29)	(461)	(471)	–	–
Foreign exchange loss	(1,173)	(9,613)	–	–
Interest on borrowings	(1,026)	–	–	–
Others	(580)	(1,953)	(9)	(29)
Finance costs	(51,670)	(61,307)	(9)	(29)
	(34,048)	(59,193)	9	110

Foreign exchange impact arising from amounts due from/to corporate shareholder in a subsidiary is classified as part of finance (cost)/income – net.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

11 LOSS BEFORE INCOME TAX

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loss before taxation is arrived at after charging/(crediting):				
Auditor remuneration:				
- Statutory audit fees				
- PricewaterhouseCoopers, Malaysia	275	275	202	202
- Member firm of PricewaterhouseCoopers International Limited*	552	548	-	-
- Non audit fees:				
- Member firm of PricewaterhouseCoopers International Limited*	105	7	-	-
Depreciation:				
- Property, plant and equipment (Note 16)	75,987	61,584	7	8
- Right of use of assets (Note 17)	373	543	139	242
Amortisation of intangible assets	214	259	-	-
Professional fees	1,601	1,755	622	866
Realised foreign exchange loss	199	1,160	28	12
Unrealised foreign exchange (gain)/loss	(16,790)	9,613	(2)	(1)
Expenses arising from leases:				
- short-term leases				
• Premises	97	202	-	-
- low-value assets leases				
• Office equipment	5	15	5	15

* PricewaterhouseCoopers PLT Malaysia and other member firms of PricewaterhouseCoopers International Limited are separate and independent legal entities.

12 DIRECTORS' REMUNERATION

The aggregate amount of emoluments receivable by Directors during the financial year was as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors' fee	144	287	144	287
Salaries, wages and bonus	1,002	2,580	758	2,426
Defined contribution plans	86	265	86	265
	1,232	3,132	988	2,978

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(cont'd)

13 INCOME TAX EXPENSE/(BENEFIT)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Foreign income tax:				
- Current financial year	589	(1,047)	-	-
Deferred tax expense/(benefit)				
Origination and reversal of temporary difference	6,521	(49,478)	-	-
Under-accrual from prior financial years	249	379	-	-
	7,359	(50,146)	-	-

The explanation of the relationship between tax expense and loss before income tax is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loss before income tax	(74,900)	(246,982)	(3,823)	(363,688)
Tax calculated at the statutory tax rates of 24% (2020: 24%)	(17,976)	(59,276)	(918)	(87,285)
Tax effects of:				
- Income not subject to tax	(3,920)	(8,955)	(9)	(6)
- Expenses not deductible for tax purposes	18,527	16,197	927	87,291
- Difference in overseas tax rates and tax base	4,605	9,901	-	-
- Re-measurement of deferred tax due to change in the excess profit tax rate	5,296	(8,392)	-	-
- Temporary differences in respect of prior financial year	827	379	-	-
Income tax expense/(benefit)	7,359	(50,146)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

14 LOSS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2021 was based on the profit or loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021	2020
Loss attributable to ordinary shareholders (RM'000)	(53,410)	(128,690)
Weighted average number of ordinary shares ('000)	1,096,412	1,096,412
Basic loss per ordinary share (RM)	(0.05)	(0.12)
Diluted loss per ordinary share (RM)	(0.05)	(0.12)

The Group and the Company present basic and diluted profit per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per ordinary share

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise free convertible warrants granted to the shareholders.

The assumed conversion from the exercise of warrants and share based payments would be anti-dilutive.

15 INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	RM'000	RM'000
Unquoted shares - at cost*	-	-
Cost of investment	25,646	25,646
Capital contributions to a subsidiary	584,391	584,391
Less: Accumulated impairment losses	(356,800)	(356,800)
	253,237	253,237

Impairment assessment of investment in REVS B

As a result of the continued challenging operating environment of the Group and the Company coupled with the continuing losses during the financial year, management has performed an assessment to identify whether an impairment is required with regards to the Company's investment in REVS B.

The recoverable amount of investment in REVS B is determined based on the FVLCD method. The fair value measurement is calculated using the discounted cash flow method categorised under Level 3 hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Impairment assessment of investment in REVSB (continued)

The key assumptions used in determining the recoverable amount is as follows:

	2021	2020
Period of projection	2021 – 2036	2021 – 2036
Selling price	USD70 – USD88	USD51 – USD76
Reserves volume	41.8 MMBbl	49.4 MMBbl
Inflation rate (USD)	2.0% - 3.7%	2.0% - 2.5%
Cost of equity (USD)	17.5%	15.1%
Capital expenditure	USD166.0 million	USD211.8 million
Repayment of borrowings	In accordance with terms of borrowings	In accordance with terms of borrowings

The Company uses the period of subsoil use rights as the period of the projection.

No additional/(reversal of) impairment is made as the carrying value approximates the recoverable amount.

The details of the subsidiaries are as follows:

Name of subsidiary	Group's interest		Country of incorporation	Principal activities
	2021 %	2020 %		
Reach Energy Ventures Sdn. Bhd.	100	100	Malaysia	Investment holding company
Subsidiary held through Reach Energy Ventures Sdn. Bhd.				
Palaeontol B.V.	60	60	Netherlands	Investment holding company
Subsidiary held through Palaeontol B.V.				
Emir-Oil LLP**	100	100	Republic of Kazakhstan	Exploration, development, production and sale of crude oil and other petroleum products

The financial year end of the subsidiaries fall on 31 December.

* Denotes RM2

** Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information for subsidiary

Set out below are the summarised financial information for Palaeontol B.V. Group ("PBV Group") before intercompany elimination:

Summarised statement of financial position

	2021	2020
	RM'000	RM'000
Non-current assets	1,300,006	1,271,180
Current assets	64,995	32,228
Current liabilities	(880,449)	(801,329)
Non-current liabilities	(235,297)	(166,104)
Net assets	249,255	335,975
Accumulated non-controlling interests	99,702	129,492

Summarised statement of comprehensive income

Revenue	150,691	79,542
Loss for the financial year	(71,816)	(158,121)
Loss allocated to non-controlling interests	(28,849)	(68,146)

Other than the restricted cash set aside for environmental remediation relation to its operations as disclosed in Note 20, there is no restriction on the Group's ability to access or use the assets or settle the liabilities of the PBV Group.

Summarised statement of cash flows

	2021	2020
	RM'000	RM'000
Net cash generated from operating activities	93,585	23,319
Net cash used in investing activities	(59,750)	(14,931)
Net cash used in financing activities	(2,158)	(1,984)
Exchange differences	12,520	(12,115)
Net decrease in cash and cash equivalents	44,197	(5,711)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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16 PROPERTY, PLANT AND EQUIPMENT

Group	Exploration and evaluation assets RM'000	Oil and gas properties RM'000	Buildings and leasehold improvements RM'000	Vehicles, office and other production equipment RM'000	Information technology equipment RM'000	Construction in progress RM'000	Total RM'000
2021							
Cost							
At 1 January	153,640	1,283,766	6,900	6,527	63	251,554	1,702,450
Additions	8,580	27,887	8	3,596	-	19,340	59,411
Transfer in/(out)	-	29,632	-	(2,403)	-	(27,229)	-
Disposal	-	(137)	-	-	-	(554)	(691)
Write-off	-	-	-	(55)	-	-	(55)
Foreign exchange translation	6,294	52,511	280	260	-	10,168	69,513
At 31 December	168,514	1,393,659	7,188	7,925	63	253,279	1,830,628
Accumulated depreciation							
At 1 January	-	257,342	2,800	656	63	-	260,861
Charge for the financial year	-	74,858	685	444	-	-	75,987
Foreign exchange translation	-	17,059	256	17	-	-	17,332
At 31 December	-	349,259	3,741	1,117	63	-	354,180
Accumulated impairment							
At 1 January	80,866	82,402	-	-	-	21,172	184,440
Foreign exchange translation	3,285	3,347	-	-	-	859	7,491
At 31 December	84,151	85,749	-	-	-	22,031	191,931
Net book value							
At 31 December	84,363	958,651	3,447	6,808	-	231,248	1,284,517

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Exploration and evaluation assets RM'000	Oil and gas properties RM'000	Buildings and leasehold improvements RM'000	Vehicles, office and other production equipment RM'000	Information technology network equipment RM'000	Construction in progress RM'000	Total RM'000
2020							
Cost							
At 1 January	146,904	1,298,878	7,042	6,604	63	255,630	1,715,121
Additions	13,458	624	—	130	—	940	15,152
Disposal	—	—	(5)	(47)	—	(9)	(61)
Transfer (out)/in	(6,098)	6,065	—	33	—	—	—
Write-off	—	—	(1)	(69)	—	—	(70)
Foreign exchange translation	(624)	(21,801)	(136)	(124)	—	(5,007)	(27,692)
At 31 December	153,640	1,283,766	6,900	6,527	63	251,554	1,702,450
Accumulated depreciation							
At 1 January	—	208,412	2,131	280	63	—	210,886
Charge for the financial year	—	60,297	787	500	—	—	61,584
Write-off	—	—	(5)	(65)	—	—	(70)
Foreign exchange translation	—	(11,367)	(113)	(59)	—	—	(11,539)
At 31 December	—	257,342	2,800	656	63	—	260,861
Accumulated impairment							
At 1 January	—	50,679	—	—	—	27,615	78,294
Charge for the financial year	84,611	39,198	—	—	—	—	123,809
Reversal for the financial year	—	(6,765)	—	—	—	(7,154)	(13,919)
Foreign exchange translation	(3,745)	(710)	—	—	—	711	(3,744)
At 31 December	80,866	82,402	—	—	—	21,172	184,440
Net book value							
At 31 December	72,774	944,022	4,100	5,871	—	230,382	1,257,149

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(cont'd)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Buildings and leasehold improvements RM'000	Vehicles, office and other production equipment RM'000	Information technology network equipment RM'000	Total RM'000
Cost				
At 1 January/31 December 2021	403	310	63	776
Additions	8	–	–	8
Disposal	–	(39)	–	(39)
At 31 December 2021	411	271	63	745
Accumulated depreciation				
At 1 January 2021	403	304	63	770
Charge for the financial year	3	4	–	7
Disposal	–	(39)	–	(39)
At 31 December 2021	406	269	63	738
Net book value				
At 31 December 2021	5	2	–	7
Cost				
At 1 January/31 December 2020	403	310	63	776
Accumulated depreciation				
At 1 January 2020	403	296	63	762
Charge for the financial year	–	8	–	8
At 31 December 2020	403	304	63	770
Net book value				
At 31 December 2020	–	6	–	6

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In accordance with MFRS 136 'Impairment of assets', the recoverable amount of assets is the greater of its value in use and its fair value less costs to sell. During the financial year ended 31 December 2021, due to the continued losses and the revision of reserves volume reported from an independent reserves engineer, the Group performed an assessment of the recoverability of its a) exploration and evaluation assets; b) oil and gas properties; and c) construction in progress. The recoverable amount is determined based on fair value less cost of disposal ("FVLCD"). The fair value measurement is calculated using the discounted cash flow method categorised under Level 3 hierarchy.

The key assumptions used in determining the recoverable amount is as follows:

	2021	2020
Period of projection	2022 – 2036	2021 - 2036
Selling price	USD70 – USD88	USD51 – USD76
Reserves volume	41.8 MMBbl	49.4 MMBbl
Inflation rate (USD)	2.0% - 3.7%	2.0% - 2.5%
Weighted average cost of capital	11.60%	11.60% - 15.90%
Capital expenditure	USD166.0 million over the projection period	USD211.8 million over the projection period

The Group determines the individual oil field to be the CGUs in assessing impairment of its oil and gas properties and exploration and evaluation assets. Each oil field is capable of generating cash flows independent of other assets. The Group uses the period of subsoil use rights as the period of the projection.

No additional/(reversal of) impairment is made as the carrying value approximates the recoverable amount.

If the average oil price had been USD5/bbl lower than management's estimates, it would result in an impairment of RM123.2 million to the property, plant and equipment.

If the reserves volume had been 5% lower than management's estimates, it would result in an impairment of RM69.5 million to the property, plant and equipment.

If the inflation rate had been 5% higher than management's estimates, it would result in an impairment of RM1.6 million to the property, plant and equipment.

If the estimated WACC used in determining the after-tax discount rate applied to the discounted cash flows had been 5% higher than management's estimates, it would result in an impairment of RM32.1 million to the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
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17 RIGHT OF USE OF ASSETS/LEASE LIABILITIES**(a) Right of use of assets**

	Group RM'000	Company RM'000
Buildings		
Cost		
At 1 January 2021	3,316	585
Additions	697	128
Termination	(401)	–
Foreign translation effects	(3)	–
	<hr/>	<hr/>
At 31 December 2021	3,609	713
Accumulated depreciation		
At 1 January 2021	896	483
Charge for the financial year	373	139
Foreign translation effects	1	–
	<hr/>	<hr/>
At 31 December 2021	1,270	622
Net book value		
At 1 January 2021	2,420	102
	<hr/>	<hr/>
At 31 December 2021	2,339	91
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
 (cont'd)

17 RIGHT OF USE OF ASSETS/LEASE LIABILITIES (CONTINUED)
(a) Right of use of assets (continued)

	Group RM'000	Company RM'000
Buildings		
Cost		
At 1 January 2020	6,221	585
Additions	2,452	–
Termination	(5,378)	–
Foreign translation effects	21	–
	<hr/>	<hr/>
At 31 December 2020	3,316	585
Accumulated depreciation		
At 1 January 2020	365	242
Charge for the financial year	544	241
Foreign translation effects	(13)	–
	<hr/>	<hr/>
At 31 December 2020	896	483
Net book value		
At 1 January 2020	5,856	343
	<hr/>	<hr/>
At 31 December 2020	2,420	102
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

17 RIGHT OF USE OF ASSETS/LEASE LIABILITIES (CONTINUED)

(b) Lease liabilities

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current	(538)	(352)	(171)	(182)
Non-current	(1,654)	(2,079)	–	–
	(2,192)	(2,431)	(171)	(182)

As of the year end, there is no future cash flows attributable to extension and termination options which the Group is potentially exposed to that are not reflected in the lease liability.

18 PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Advances to external parties	7,319	4,479	20	18
Advances to employees	1	–	–	–
Value-added tax and other statutory receivables	15,785	10,422	–	–
	23,105	14,901	20	18
Less: Loss allowance	(2,709)	(2,639)	–	–
	20,396	12,262	20	18
Other receivables	1,238	1,437	–	–
Deposits	262	134	130	136
Total deposits, prepayments and other receivables – net	21,896	13,833	150	154
Represent:				
Non-current	3,469	3,274	–	–
Current	18,427	10,559	150	154
	21,896	13,833	150	154

As at 31 December 2021, substantially all other receivables are denominated in KZT. The fair values of other receivables (excluding VAT receivables) approximate their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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18 PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

The movement in the Group's loss allowance for other receivables is as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 January	2,639	1,252
Increase in loss allowance	70	1,387
As at the end of the financial year	2,709	2,639

The following table contains an analysis of the credit risk exposure of other receivables for which an ECL allowance is recognised:

Group internal credit rating	ECL rate	Basis for recognition of ECL provision	Estimated gross carrying amount at default RM'000	Loss allowance RM'000	Carrying amount (net of ECL provision) RM'000
<u>2021</u> Stage 2	12%	Lifetime ECL	7,320	(2,709)	4,611
<u>2020</u> Stage 2	18%	Lifetime ECL	4,479	(2,639)	1,840

19 TRADE RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables	872	5,687	–	–
Less: Loss allowance	(23)	(23)	–	–
Trade receivables – net	849	5,664	–	–

The Group's trade receivables have credit terms of between 30 days to 60 days.

There is no contract asset recognised during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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19 TRADE RECEIVABLES (CONTINUED)

The aging analysis of trade receivables were as follows:

Group

	Gross RM'000	Average Expected loss rate %	Collective impairment RM'000	Net RM'000
2021				
Not past due	605	0	–	605
Past due 60 to 180 days	26	0	–	26
Past due more than 180 days	241	9.5	(23)	218
	<hr/> 872		<hr/> (23)	<hr/> 849
2020				
Not past due	5,634	0	–	5,634
Past due 60 to 180 days	9	0	–	9
Past due more than 180 days	44	52.3	(23)	21
	<hr/> 5,687		<hr/> (23)	<hr/> 5,664

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

	Group	
	2021 RM'000	2020 RM'000
United States Dollar ("USD")	–	5,224
Kazakhstani Tenge ("KZT")	849	440
	<hr/> 849	<hr/> 5,664
At 31 December	849	5,664

The movement in the Group and the Company's provision for impairment of trade receivables is as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 January	23	25
(Decrease)/increase in loss allowance	–	(2)
	<hr/> 23	<hr/> 23
At 31 December	23	23

NOTES TO THE FINANCIAL STATEMENTS

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20 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	45,040	8,477	56	267
Deposits with licensed financial institution	8,647	8,803	167	1,551
	53,687	17,280	223	1,818
Less: Loss allowance	(755)	(164)	–	–
	52,932	17,116	223	1,818
Less: Deposits with licensed financial institution/banks which are restricted in use*	(8,480)	(6,953)	–	–
Total cash and cash equivalents at the end of financial year	44,452	10,163	223	1,818

* Under the laws of Kazakhstan, the Group is required to set aside funds for environmental remediation relating to its operations. Management is unable to estimate reliably when these amounts will be utilised, and therefore, these amounts are classified as non-current.

The maturity and effective interest rate for the fixed deposits with licensed banks ranges from 7 to 30 days (2020: from 12 to 26 days).

The movement in the Group's loss allowance for cash and bank balances is as follows:

	Group	
	2021 RM'000	2020 RM'000
At 1 January	164	223
Increase/(decrease) in loss allowance	591	(59)
As at the end of the financial year	755	164

The following table contains an analysis of the credit risk exposure of cash and bank balances for which an ECL allowance is recognised:

Group internal credit rating	ECL rate	Basis for recognition of ECL provision	Estimated gross carrying amount at default RM'000	Loss allowance RM'000	Carrying amount (net of ECL provision) RM'000
<u>2021</u>					
Stage 1	1%	12-month ECL	53,687	(755)	52,932
<u>2020</u>					
Stage 1	1%	12-month ECL	17,280	(164)	17,116

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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20 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
United States Dollar ("USD")	45,450	5,330	–	–
Kazakhstani Tenge ("KZT")	7,216	9,259	–	–
Euro ("EUR")	8	403	–	–
Malaysian Ringgit ("MYR")	258	2,124	223	1,818
	52,932	17,116	223	1,818

21 AMOUNT DUE FROM SUBSIDIARY, AMOUNTS DUE FROM CORPORATE SHAREHOLDER IN A SUBSIDIARY AND AMOUNTS DUE TO RELATED PARTIES

(a) Amount due from subsidiary

The amount due from subsidiary is denominated in Ringgit Malaysia. The amount is non-interest bearing, unsecured and has no fixed terms of repayment.

(b) Amount due from corporate shareholder in a subsidiary

The amount due from corporate shareholder is denominated in Ringgit Malaysia. The amount is non-interest bearing, unsecured and is repayable on demand.

(c) Amounts due to related parties

Amounts due to related parties consists of amounts due to corporate shareholder in a subsidiary (MIE Holdings Corporation) and amounts due to MIE Maple Investments Limited. The relationship of these related parties are explained in Note 22.

The amounts due to corporate shareholder in a subsidiary is denominated in United States Dollars, is unsecured, with the repayment terms and interest exposure as follows:

2021		2020		Interest
Non-current RM'000	Current RM'000	Non-current RM'000	Current RM'000	
161,810	–	155,493	–	14%
91,493	–	66,153	–	Interest free
253,303	–	221,646	–	

The amounts due are not repayable at least 12 months from the date of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(cont'd)

21 AMOUNT DUE FROM SUBSIDIARY, AMOUNTS DUE FROM CORPORATE SHAREHOLDER IN A SUBSIDIARY AND AMOUNTS DUE TO RELATED PARTIES (CONTINUED)

(c) Amounts due to related parties (continued)

The amounts due to MIE Maple Investments Limited is denominated in United States Dollars, is unsecured, with the repayment terms and interest exposure as follows:

2021		2020		Interest	Repayment terms
Non-current RM'000	Current RM'000	Non-current RM'000	Current RM'000		
–	239,675*	–	230,324	5%	Due in 2021
–	112,796*	–	92,568	Interest free	Due in 2021
61,392	–	58,996	–	4.86%	Due in 2036
45,184	–	34,379	–	Interest free	Due in 2036
–	9,224	–	8,448	Interest free	Repayable on demand
1,623	–	1,559	–	5%	Due in 2023
963	–	698	–	Interest free	Due in 2023
109,162	361,695	95,632	331,340		

* Subsequent to the year end, the Group entered into agreements with MIE Maple Investments Limited to extend the repayment terms of the past due balances of RM239.7 million and RM112.8 million to 30 April 2023.

22 SIGNIFICANT RELATED PARTY DISCLOSURES

The related party transactions of the Group and the Company comprise mainly transactions between the Company and its subsidiaries and corporate shareholders.

The related parties and their relationship with the Company are as follows:

Companies	Relationship
Reach Energy Ventures Sdn Bhd ("REVSB")	Subsidiary
Palaeontol B.V. ("PBV")	Subsidiary
MIE Holdings Corporation ("MIEH")	Corporate shareholder in a subsidiary
MIE Maple Investments Limited	Subsidiary of MIEH
Reach Energy Holdings Sdn Bhd ("REHSB")	Corporate shareholder

All related party transactions were carried out on agreed terms with the related parties. In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions:

(a) Details of significant transactions arising during the financial year with the related companies are as follows:

	Company	
	2021 RM'000	2020 RM'000
(i) Transactions with subsidiaries		
Payments on behalf	(1,879)	68

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

22 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

- (a) Details of significant transactions arising during the financial year with the related companies are as follows:
(continued)

	2021	2020
	RM'000	RM'000
(ii) Transactions with related parties		
Repayments of deferred consideration principal	–	12,294
Repayments of shareholder loan principal	600	–
Interest expenses on loans	25,950	26,454
Interest expenses on deferred consideration	22,480	22,816
	–	–

- (b) Key management personnel

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Directors:				
-Fees	144	287	144	287
-Remuneration and other emoluments	1,002	2,580	758	2,426
-Defined contribution plans	86	265	86	265
	1,232	3,132	988	2,978
Other key management personnel:				
-Remuneration and other emoluments	648	565	648	565
-Defined contribution plans	72	69	72	69
	720	634	720	634
	1,952	3,766	1,708	3,612

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
 (cont'd)

23 CAPITAL

	Group and the Company	
	2021	2020
	RM'000	RM'000
Total share capital	678,968	678,968
Proceeds of shares allocated to warrant reserve	(189,993)	(189,993)
	488,975	488,975

The movement in the share capital of the Group and of the Company are as follows:

Share capital

Group and the Company	2021		2020	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid: At 1 January/31 December	1,096,412	678,968	1,096,412	678,968

24 OTHER RESERVES

	Note	Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Warrants reserve	(a)	198,914	198,914	198,914	198,914
Share-based payment reserve	(b)	821	821	821	821
Foreign exchange reserve	(c)	(19,304)	(17,893)	–	–
		180,431	181,842	199,735	199,735

(a) Warrants reserve

The movements in the warrants reserve of the Group and of the Company are as follows:

	2021		2020	
	Number of warrants	Amount RM'000	Number of warrants	Amount RM'000
At 1 January/31 December	1,277,822	198,914	1,277,822	198,914

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

24 OTHER RESERVES (CONTINUED)

(a) Warrants reserve (continued)

The subscription of ordinary shares by the previous holding company, Reach Energy Holdings Sdn. Bhd. in the previous financial years was with free detachable warrants with the following features:

- (i) 1 free warrant for 1 ordinary share of RM1 each;
- (ii) Exercise price for each warrant is RM0.75; and
- (iii) There is a moratorium in place whereby the warrants are not transferable during the moratorium period which is from the date of listing until the Company has commenced commercial production and generated one full financial year of audited operating revenue.

Upon the Company generating one full financial year of audited operating revenue, the warrants may thereafter sell, transfer or assign up to a maximum of 50% per annum (on a straight line basis).

Each warrant shall entitle the holder to subscribe for one new ordinary share of RM0.75 at the exercise price at any time during the exercise period and shall be subject to adjustments in accordance with the provision of the warrants deed poll. The warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such warrant holders exercise their warrants into new shares.

The new shares arising from the exercise of warrants shall, upon allotment and issue, rank pari passu with the then existing shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the new shares.

The warrants shall be transferable in the manner in accordance with the warrants deed poll subject always to the provisions of the SICDA (Securities Industry (Central Depositories) Act) and the rules of Bursa depository and any appendices.

The expiry date of the warrants is on 15 August 2022.

(b) Share-based payment reserve

The movements in the share-based payment reserve of the Group and the Company are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January/31 December	821	821	821	821

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

24 OTHER RESERVES (CONTINUED)

(b) Share-based payment reserve (continued)

The fair values of share-based payment were estimated using the Trinomial Lattice Model based on the following key assumptions:

	Tranche 1	Tranche 2
(i) Grant date	31 July 2013	30 June 2014
(ii) Subscription price	RM0.045 per share	RM0.099 per share
(iii) Exercise price	RM0.75 per warrant	RM0.75 per warrant
(iv) Tenure of the Warrant	8 years	8 years
(v) Risk free interest rate	3.222%	3.222%
(vi) Expected dividend yield	0%	0%
(vii) Expected share price volatility	56.65%	34.11%
(viii) Number of share options issued	113,600,000	142,000,000
(ix) Fair value at grant date	RM0.0046 per warrant	RM0.0021 per warrant
(x) Expiry date	30 July 2021	29 June 2022

(c) Forex exchange reserve

The foreign exchange reserve arises from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Company's presentation currency.

25 DEFERRED TAX LIABILITIES

Deferred 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 taxes relate to the same tax authority. The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group	
	2021	2020
	RM'000	RM'000
Deferred tax liabilities to be settled after more than 12 months	(69,170)	(60,758)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

25 DEFERRED TAX LIABILITIES (CONTINUED)

The movements during the financial year relating to deferred tax are as follows:

	2021 RM'000	Group 2020 RM'000
At 1 January	(60,758)	(108,756)
Forex exchange translation	(1,642)	(1,101)
Credited/(charged) to profit or loss (Note 13)		
- tax losses	(4,963)	23,877
- provisions	1,212	(1,120)
- lease liabilities	(79)	(624)
- property, plant and equipment	(2,652)	27,692
- intangible assets	(321)	(195)
- right of use of assets	33	(531)
	(6,770)	49,099
At 31 December	(69,170)	(60,758)
Subject to income tax		
Deferred tax assets (before offsetting):		
- tax losses	148,096	147,115
- provisions	3,597	2,372
- lease liabilities	405	465
	152,098	149,952
Offsetting	(152,098)	(149,952)
Deferred tax assets (after offsetting)	-	-
Deferred tax liabilities (before offsetting):		
- property, plant and equipment	(220,138)	(209,444)
- intangible assets	(680)	(345)
- right of use of assets	(450)	(464)
	(221,268)	(210,253)
Offsetting	152,098	149,495
Deferred tax liabilities (after offsetting)	(69,170)	(60,758)

In accordance with the laws of Kazakhstan, the unutilised tax losses arising from a year of assessment ("YA") are allowed to only be carried forward for utilisation up to 10 consecutive YAs from that YA.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

26 TRADE PAYABLES

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

	Group	
	2021 RM'000	2020 RM'000
Kazakhstani Tenge ("KZT")	66,582	55,630
United States Dollars ("USD")	12,002	8,965
	78,584	64,595
Represent:		
Non-current	9,048	8,771
Current	69,536	55,824
	78,584	64,595

Non-current trade payable balances relate to purchases of fixed assets which have repayment terms between 1 to 3 years.

27 ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Contract liabilities	15,266	12,907	–	–
Withholding and other tax payable	9,272	2,504	–	–
Salary and welfare payable	829	673	254	81
Accruals and other payables	3,824	3,918	1,156	926
	29,191	20,002	1,410	1,007
Represent:				
Non-current	–	334	–	–
Current	29,191	19,668	1,410	1,007
	29,191	20,002	1,410	1,007

The Group's unsatisfied performance obligations as at 31 December 2021 is represented by the contract liabilities balance.

The movement in contract liabilities during the financial year is not significant to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

28 BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Secured</u>				
Current:				
Term loan	2,569	–	–	–
Revolving credit	12,528	–	–	–
	15,097	–	–	–
<hr/>				
Non-current:				
Term loan	23,740	–	–	–

The term loan principle of up to USD6.3 million carries an interest rate of 7% per annum for a period of 84 months.

The revolving credit facility amounted to USD3.0 million carries an interest rate of 7% per annum for a period of 12 months.

Both facilities are secured by the Group's property, plant & equipment.

29 PROVISIONS

	Provision for ARO		Provision for claims	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current	757	–	16,973	11,205
Non-current	3,930	5,506	–	–
	4,687	5,506	16,973	11,205

Movements of provisions are as follows:

At 1 January	5,506	5,738	11,205*	–
Additional provision during the financial year	–	215	16,867	11,724
Foreign exchange translation	64	(655)	106	(519)
Changes in estimates	(1,344)	(263)	(6,441)	–
Settlement	–	–	(4,764)	–
Accretion of asset retirement obligations	461	471	–	–
At 31 December	4,687	5,506	16,973**	11,205*

* Provisions in prior year relates to claims of damages from the Ministry of Energy of Kazakhstan in connection with violations of gas dispersion limits during operation identified from inspections performed in previous years. During the year, settlement of these claims had been made.

** Provisions during the year relates to penalty on non-compliance of minimum working program that the Group is committed to during the life of the production contracts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(cont'd)

30 COMMITMENTS

- (i) Capital commitments for the purchase of property, plant and equipment:

	2021	Group
	RM'000	2020
		RM'000
Authorised but not contracted for	20,040	7,090
Contracted but not provided for	406	28,648
	<hr/>	
	20,446	35,738
	<hr/>	

- (ii) According to the production contracts for four blocks in Kazakhstan, the Group is committed to perform minimum work program during the life of the production contracts. Set out below is the commitment for the minimum work program:

	2021	Group
	RM'000	2020
		RM'000
<1 year	282,350	477,488
1-2 years	488,248	551,185
2-5 years	534,553	617,844
>5 years	1,205,761	1,344,605
	<hr/>	
	2,510,912	2,991,122
	<hr/>	

The minimum work program includes capital expenditure of RM693 million (2020: RM850 million) to be incurred over the life of the production contracts expiring in 2036. Other commitments represent mainly other direct operation and maintenance costs of wells and related facilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021
(cont'd)

31 FINANCIAL INSTRUMENTS BY CATEGORY

a) The table below provides an analysis of financial instruments categorised as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets at amortised costs				
Trade receivables	849	5,664	–	–
Other receivables (excluding prepayments)	1,500	1,571	130	134
Deposits, cash and bank balances	52,932	17,116	223	1,818
Amount due from subsidiary	–	–	1,192	3,071
Amount due from corporate shareholder in a subsidiary	4,064	4,007	4,064	4,007
	59,345	28,358	5,609	9,030
Financial liabilities at amortised costs				
Trade payables	78,584	64,595	–	–
Accruals and other payables (excluding statutory and contract liabilities)	3,824	3,918	1,344	1,007
Amount due to related parties	724,160	648,618	–	–
Borrowings	38,837	–	–	–
	845,405	717,131	1,344	1,007

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

(cont'd)

32 SEGMENTAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Executive Management (Chief Operating decision maker).

The Group has one single operating segment, which operates the exploration, development, production and sales of oil and other petroleum products in the Republic of Kazakhstan. The segment information is consistent with the financial position and financial performance as shown in the statement of financial position and statement of comprehensive income including related notes to the financial statements.

The reportable operating segment derive all revenue from the sale of crude oil in the Republic of Kazakhstan (the "Kazakhstan"). All revenue of the operating segment is contributed by external customers. The major customer, Euro Asian Oil SA ("Euro Asian") is one of the largest trading companies in the Mangistau region of Western Kazakhstan. Euro Asian contributes revenue of RM127.2 million (2020: RM64.8 million).

	Malaysia RM'000	Kazakhstan RM'000	Total RM'000
Statement of financial position			
2021			
Non-current assets			
Right of use assets	91	2,248	2,339
Property, plant and equipment	7	1,284,510	1,284,517
Intangible assets	–	1,299	1,299
Total	98	1,288,057	1,288,155
2020			
Non-current assets			
Right of use assets	102	2,318	2,420
Property, plant and equipment	6	1,257,143	1,257,149
Intangible assets	–	1,490	1,490
Total	108	1,260,951	1,261,059

33 SUBSEQUENT EVENT

The Russian-Ukraine conflict that started in February 2022 has resulted in oil prices reaching record highs amid fears of a global economic shock. As the oil price is expected to remain volatile, the financial performance of the Group and the Company continue to be affected by these uncertainties.

STATEMENT BY DIRECTORS

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

We, Tan Sri Dr. Azmil Khalili bin Dato' Khalid and Izlan bin Izhab, two of the Directors of Reach Energy Berhad, hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 43 to 112 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2021 and financial performance of the Group and of the Company for the financial year ended 31 December 2021 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 April 2022.

TAN SRI DR. AZMIL KHALILI BIN DATO' KHALID
DIRECTOR

IZLAN BIN IZHAB
DIRECTOR

STATUTORY DECLARATION

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

I, Tan Siew Chaing, the Officer responsible for the financial management of Reach Energy Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 112 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

TAN SIEW CHAING

Subscribed and solemnly declared by the abovenamed Tan Siew Chaing, at Kuala Lumpur in Malaysia on 28 April 2022, before me.

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF REACH ENERGY BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 43 to 112.

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.

Material uncertainty related to going concern

We draw attention to Note 3.1 in the financial statements, which indicates that the Group and the Company incurred net losses RM82.3 million and RM3.8 million respectively during the financial year ended 31 December 2021 and, as of that date, the Group’s current liabilities exceeded its current assets by RM427.2 million. As stated in Note 3.1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REACH ENERGY BERHAD (cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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. In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
<p><u>Impairment assessment of property, plant and equipment</u></p> <p>As at 31 December 2021, the Group recorded property, plant and equipment of RM1,284.5 million.</p> <p>The recoverable amount of the Group's property, plant and equipment is determined using Fair Value Less Cost of Disposal ("FVLCD") which is based on the discounted cash flow model.</p> <p>The assessment of the recoverable amount of the relevant cash-generating units ("CGU"), incorporates significant judgement and estimates in respect of factors such as future oil prices, future production levels, revenue discount amounts, operating costs/capital expenditure and economic assumptions such as discount rates and inflation rates. These forward-looking estimates are inherently difficult to determine with precision.</p> <p>We focused on this area due to the significance of the oil and gas assets balance and the significant estimates in determining the inputs used by management in determining the recoverable amount of the oil and gas assets.</p> <p>From the assessment performed, there is no impairment recognised for the financial year.</p> <p>Refer to Note 5(c) in the critical accounting estimates and judgements and Note 16 of the consolidated financial statements.</p>	<p>Our audit procedures to evaluate the reasonableness of key assumptions used in the determination of the recoverable amount of oil and gas assets comprised the following:</p> <p>(a) Tested the key assumptions used in determining the recoverable amount of the CGUs by performing the following:</p> <ul style="list-style-type: none"> - Compared the forecast oil prices against available independent market data and estimates; - Compared the revenue discount amounts against historical trend; - Compared the inflation and discount rates against industry data; - Compared the level of reserves and expected capital expenditure against management's external expert reserves report; - Evaluated the competency and objectivity of the experts used by the Group who produced the reserves estimates used in the valuations by reference to their professional qualifications and experience; - Engaged our valuation expert in testing the appropriateness of the methodology and the discount rates adopted in the assessment of the recoverable amounts of the CGUs; and - Assessed reliability of management's forecast through the review of past trends of actual sales volume of crude oil against the forecast production profile and forecast capital expenditure against actual capital expenditure incurred. <p>(b) Assessed adequacy and reasonableness of the disclosures in the financial statements.</p> <p>We did not identify any material exceptions from the procedures performed.</p>

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF REACH ENERGY BERHAD
 (cont'd)

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><u>Impairment assessment of investments in subsidiaries</u></p> <p>As at 31 December 2021, the Company recorded investments in subsidiaries of RM253.2 million.</p> <p>The recoverable amount of the Company's investments in subsidiaries are determined using the FVLCD which is based on the discounted cash flow model.</p> <p>The assessment of the recoverable amount incorporates significant judgement and estimates in respect of REVS B's ability to distribute dividends to the Company from the Group's operations at Emir-Oil. This is influenced by factors such as future oil prices, future production levels, revenue discount amounts, operating costs/capital expenditure and economic assumptions such as discount rates and inflation rates. These forward-looking estimates are inherently difficult to determine with precision.</p> <p>We focused on this area due to the significance of the investments in subsidiaries balance and the significant estimates in determining the inputs used by management in determining the recoverable amount of the investments.</p> <p>From the assessment performed, there is no additional /reversal of impairment recognised for the financial year.</p> <p>Refer to Note 5(g) in the critical accounting estimates and judgements and Note 15 of the financial statements.</p>	<p>Our audit procedures to evaluate the reasonableness of key assumptions used in the determination of the recoverable amount of investment in subsidiaries comprised the following:</p> <p>(a) Tested the key assumptions used in determining the recoverable amount of the CGUs by performing the following:</p> <ul style="list-style-type: none"> - Compared the forecast oil prices against available independent market data and estimates; - Compared the revenue discount amounts against historical trend; - Compared the inflation and discount rates against industry data; - Compared the level of reserves and expected capital expenditure against management's external expert reserves report; - Evaluated the competency and objectivity of the experts used by the Group who produced the reserves estimates used in the valuations by reference to their professional qualifications and experience; - Engaged our valuation expert in testing the appropriateness of the methodology and the discount rates adopted in the assessment of the recoverable amounts of the CGUs; - Assessed reliability of management's forecast through the review of past trends of actual sales volume of crude oil against the forecast production profile and forecast capital expenditure against actual capital expenditure incurred; and - Assessed reasonableness of management's financing assumptions. <p>(b) Assessed adequacy and reasonableness of the disclosures in the financial statements.</p> <p>We did not identify any material exceptions from the procedures performed.</p>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF REACH ENERGY BERHAD (cont'd)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Chairman's Statement, CEO's Report and Management's Discussion and Analysis, Statement on Risk Management and Internal Control, Group Financial Review, Sustainability Statement, Corporate Governance Overview Statement, Audit Committee Report, Director's Report, and other sections of the 2021 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information 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 REACH ENERGY BERHAD

(cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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 (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 15 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

NURUL A'IN BINTI ABDUL LATIF
02910/02/2023 J
Chartered Accountant

Kuala Lumpur
28 April 2022

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Companies Act, 2016, ("the Act") requires the Board to prepare financial statements which give a true and fair view of the state of affairs together with the results and cash flows of the Company. As required by the Act and the Main Market Listing Requirements of Bursa Securities, the financial statements for the financial year ended 31 December 2021 ("FY2021") have been prepared in accordance with the applicable approved Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

In preparing the financial statements for the FY2021 set out in this Annual Report, the Directors consider that the Company has adopted appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors have the responsibility in ensuring that the Company maintains accounting records that disclose the financial position of the Company with reasonable accuracy to ensure that the financial statements are in compliance with the Act. The Directors also have the overall responsibility to take such steps that are reasonably available to them to safeguard the assets of the Company as well as to prevent any irregularities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Reach Energy Berhad (“Reach Energy” or “the Company”) is entrusted with the responsibility of safeguarding the Company’s resources in the interest of its shareholders by exercising due and reasonable care. The Board recognises that its primary role is to protect and promote the interests of its shareholders, with the overriding objective of enhancing the long-term value of Reach Energy. The Board remains focused and committed to maintaining high standards of corporate governance and management of risks.

The Board continues to review its existing corporate governance practices and policies throughout the Group in ensuring full application of key corporate governance principles as set out in the Malaysian Code of Corporate Governance 2021 (“MCCG”).

This Corporate Governance Overview Statement is supported with a report (“Corporate Governance Report”), based on a prescribed format as outlined in paragraph 15.25(2) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) so as to map the application of Reach Energy’s corporate governance practices against the MCCG. The Corporate Governance Report is available on the Company’s website, www.reachenergy.com.my as well as via an announcement on the website of Bursa Securities.

In line with the requirements of the MCCG, the Group has provided clear and forthcoming explanations for departures from the Practices in the Corporate Governance Report. With regards to departure in Practices, the Board has provided disclosures on the alternative measures in place which will achieve similar outcomes of those Intended Outcomes of the MCCG. The explanations on the departures, supplemented with disclosure on the alternative practices are contained in the Corporate Governance Report.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

A1. Board Responsibilities

The Group acknowledges the pivotal role played by the Board in the stewardship of its directions and operations, and ultimately the enhancement of long-term shareholders’ value. To fulfill this role, the Board is responsible for determining all major policies, reviewing the system of internal control, ensuring that effective strategies and management are in place, sets the business direction and overseeing the conduct of the Group based on the periodic performance of the Group reported by Management in the quarterly financial results and has full access to all operational information together with the explanation provided by Management.

The Board is mindful of the importance of the establishment of clear role and responsibilities in discharging its fiduciary and leadership functions. The practices applied and exercised by the Board are set out below.

1.1 Board Independence and effectiveness

The roles of the Chairman and the Chief Executive Officer are separate to ensure balance of power and authority, so that no individual has unfettered powers of decision. The Executive Directors are responsible to the Board for implementing operational and corporate decisions while the Non-Executive Directors are responsible for providing independent views, advice and judgment in consideration of the interests of shareholders at large in order to effectively check and balance the Board’s decision-making process.

The Chairman provides leadership at Board level, chairing the meetings of the Company and the Board, represents the Board to the shareholders and together with the Board, reviews and approves the strategic objectives and policies of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A1. Board Responsibilities (continued)

1.2 Company Secretary

The Board is supported by qualified and competent Company Secretaries. The Board has direct access to the advice and services of the Company Secretaries. Both the Company Secretaries of the Company are qualified to act as Company Secretaries under the Companies Act 2016 (“CA 2016”) and are members of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”). The Company Secretaries play an advisory role to the Board in relation to the Company’s Constitution, Board’s policies and procedures, CG and compliance with the relevant regulatory requirements and legislations. The Company Secretaries are suitably qualified, competent and capable of carrying out the duties required.

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Group and all meeting materials are prepared and issued to the Board of Directors and Board Committee members at least five (5) business days prior to the meetings to enable them to receive the information in a timely manner.

1.3 Board Meetings

The Board meets at least once in every quarter with additional meetings convened as and when necessary. The meeting agenda, the relevant reports and Board papers are furnished to the Directors and Board Committee members at least five (5) business days prior to the meetings to allow the Directors to have sufficient time to read them for effective discussion and decision making at the meetings. The Senior Management is invited to attend these meetings to explain and clarify matters being tabled. Matters requiring Board’s decision during the intervals between the Board meetings are circulated and approved through circular resolutions.

The Board has a formal schedule of matters reserved at Board Meetings which includes, corporate plans, annual budgets, Management and Group’s performance review, operational updates and financial decisions, changes to the Management and control structure within the Group, including key policies and procedures and delegated limits of authorities.

The Board is supplied with information in a timely manner and appropriate quality to enable them to discharge their duties with regards to the issues to be discussed. The Company Secretaries shall organise and attend all Board Meetings to ensure proper records of the proceedings. The minutes of meetings of Board and Board Committees will be circulated to the Board Committee members and other members of the Board for review and comments within a reasonable timeframe prior to the Chairman’s confirmation at the next Board and Board Committees meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A1. Board Responsibilities (continued)

1.3 Board Meetings (continued)

Seven (7) Board of Directors' meetings were held for FY2021. The record of attendance of the Directors who held office during FY2021 is as follows:

Directors	Number of meetings attended/held
Tan Sri Dr. Azmil Khalili bin Dato' Khalid (Non-Independent Non-Executive Director)	7/7
Izlan bin Izhab (Senior Independent Non-Executive Director)	7/7
Nik Din bin Nik Sulaiman (Independent Non-Executive Director)	7/7
Dato' Jasmy bin Ismail (Independent Non-Executive Director)	7/7
Datin Noor Lily Zuriati binti Abdullah (Independent Non-Executive Director)	7/7
Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin (Executive Director)	7/7
Dato' Berikkazy Seksenbayev (Independent Non-Executive Director) (Appointed on 31 March 2021)	3/7
Yerlan Issekeshv (Independent Non-Executive Director) (Appointed on 31 March 2021)	3/7
Yusoff bin Hassan (Independent Non-Executive Director) (Appointed on 23 September 2021)	2/7
Ku Azhar bin Ku Akil (Executive Director) (Resigned on 18 July 2021)	3/7

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling the roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A1. Board Responsibilities (continued)

1.4 Directors' Training

The Directors recognise the importance and value of attending programmes, seminars and forums in order to keep themselves abreast with the current developments of the industry as well as the new statutory and regulatory requirements. The training needs of each Director would be assessed and proposed by the individual Director.

Details of trainings attended by the Directors during the FY2021 are as follows:

Directors	Training Programmes Attended
Tan Sri Dr. Azmil Khalili bin Dato' Khalid (Non-Independent Non-Executive Director)	<ol style="list-style-type: none"> 1. How to be an Effective Non-Executive Directors in a Disruptive World 2. Thought hUb: 6 Ideas to Shape the Future of Cities 3. Thought hUb: Plystudio Architects 4. Thought hUb: Integrated Health & Sports Complex – A Destination for Personal Optimisation 5. Thought hUb: Confronting the Climate Emergency – The Time is Now 6. Khazanah Megatrends Forum 2021 7. Pre-Board Convergence: Reshaping the business Towards a Sustainable Future 8. Thought hUb: Human Centric Design. Unpacking Complexities and Wicked Problems on 9 December 2021
Izlan bin Izhab (Senior Independent Non-Executive Director)	<ol style="list-style-type: none"> 1. The Innovation Conference 2. Value Creation Strategies 3. Transfer Pricing Workshop 4. Budget 2022
Nik Din bin Nik Sulaiman (Independent Non-Executive Director)	N/A
Dato' Jasmy bin Ismail (Independent Non-Executive Director)	<ol style="list-style-type: none"> 1. Anti-Bribery and Corruption Management System (ABMS) 2. How to be an Effective NED in a Disruptive World
Datin Noor Lily Zuriati binti Abdullah (Independent Non-Executive Director)	<ol style="list-style-type: none"> 1. Board and Executive Remuneration In A Time Of Crisis 2. MIA Women Leadership Conference 2021 3. M&A Due Diligence: Legal and Risk Perspective 4. Collaboration In The Boardroom: Behaviour and Relationships
Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin (Executive Director)	N/A
Dato' Berikkazy Seksenbayev (Independent Non-Executive Director) (Appointed on 31 March 2021)	<ol style="list-style-type: none"> 1. Mandatory Accreditation Program (MAP) programme (online)
Yerlan Issekeshv (Independent Non-Executive Director) (Appointed on 31 March 2021)	<ol style="list-style-type: none"> 1. Mandatory Accreditation Program (MAP) programme (online)
Yusoff bin Hassan (Independent Non-Executive Director) (Appointed on 23 September 2021)	<ol style="list-style-type: none"> 1. Mandatory Accreditation Program (MAP) programme (online)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A1. Board Responsibilities (continued)

1.4 Directors' Training (continued)

The Directors will continue to attend relevant training courses to further enhance their skills and knowledge to enable them to discharge their responsibilities more effectively.

The Company Secretaries facilitated the organisation of the internal training programmes and keep the Directors informed of relevant external training programmes. The Company Secretaries also circulated the relevant guidelines on the statutory and regulatory requirements from time to time for the Board's reference and briefed the Board on these updates at the Board meetings.

The External Auditors also briefed the Board on changes to the Malaysian Financial Reporting Standards ("MFRS") that affect the Group's financial statements during the year, where applicable.

1.5 Access to Information and Advise

The Board has unrestricted access to timely and accurate information in furtherance of its duties.

The Directors are given access to any information within the Group and have full access to the advice and services of the Company Secretaries and are free to seek an independent professional advice at the Company's expense, if necessary, to ensure effective functioning of the Board in discharging its various duties. Procedurally, when external advices are necessary, a Director who intends to seek such consultation or advice shall notify the Management of such request. Upon obtaining the Board Chairman's approval, the Director shall acquire the independent professional advice. All advices and opinions from the advisers shall be reported to the Board.

1.6 Board Committees

To assist in the discharge of its duties and responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide recommendations and advice:-

- Audit Committee ("AC");
- Risk Management Committee ("RMC"); and
- Nomination and Remuneration Committee ("NRC").

The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs with authority to act on behalf of the Board and operate within their respective approved Terms of Reference ("TOR") by the Board which are periodically reviewed by the Board and the Board appoints the Chairman and members of each Board Committee.

All Board Committees have written terms of reference which is approved by the Board. The Chairman of the respective Board Committees reports to the Board on key matters deliberated at the Board Committees' meetings and makes necessary recommendations to the Board. The ultimate responsibility for decision making lies with the Board.

The Directors allocate sufficient time and effort to carry out their responsibilities. It is also the Board's policy for Directors to notify the Chairman of the Board before accepting any new directorships notwithstanding that the MMLR allows a Director to sit on the board of up to five (5) listed issuers.

The details of the AC and NRC can be found in this report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A1. Board Responsibilities (continued)

1.7 Board Charter & Code of Conduct and Ethics

A Corporate Code of Conduct, formalised in December 2014 by the Board, sets out the standard business and ethical conduct of the Board, Management and Employees of the Company in the performance and execution of respective responsibilities.

The Board Charter, which was formalised in 2013 and revised in March 2018 to be in line with MCCG, sets out inter alia, the roles and responsibilities of the Board and Board Committees, the procedures for convening Board meetings, financial reporting, investor relations and shareholder communication. The Charter which serves as a source of reference for new Directors, will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter and Corporate Code of Conduct are available for reference at the Company's website at www.reachenergy.com.my.

1.8 Whistle-blowing Policy and Procedures

The Whistleblowing Policy, which was adopted by the Group in June 2014, is intended to cover protection for staff who raise concerns in relation to irregular and unlawful practices.

The Senior Independent Director will receive whistle-blower reports made by employees or external parties as prescribed under the Whistleblowing Policy.

The details of the procedures and lodgement channels of the Whistleblowing Policy are available on the Company's website at www.reachenergy.com.my.

1.9 Anti-Bribery Policy & No Gift Policy

The Company had in place Anti-Bribery Policy & No Gift Policy in compliance with the recent amendment of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and guided by the principles of the Ministerial Guidelines and Paragraph 15.29 of the MMLR of Bursa Securities in relation to anti-bribery.

The Anti-Bribery Policy & No Gift Policy seeks to establish and adopt the highest standards of personal and professional integrity in executing its business activities within the organisation and external to the organisation. Reach Energy is committed to ethical business practices and good corporate governance. Thus, this Anti-Bribery Policy & No Gift Policy sets out the Group's expectations for internal and external parties working with, for, and on behalf of the Group in upholding the Group's commitment and stance against bribery.

1.10 Environmental, Social and Governance ("ESG")

Reach Energy acknowledges the importance of sustainability relating to environmental, social and governance ("ESG") including their risks and opportunities to/for our Group. The Company communicates the targets and performances of the ESG to all the stakeholders of the Group regardless internally or externally. Detailed information pertaining to the sustainability of the Group can be found in the standalone Sustainability Statement in the Annual Report 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A2. Board Composition

The Board is currently made up of nine (9) members comprising seven (7) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Chairman and one (1) Executive Director. This is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities which requires at least two (2) directors or one-third of the Board, whichever is higher, to be independent and recommended Practice 4.1 of MCCG of having at least half of the Board comprising independent directors. The Chairman of the Board is a Non-Independent Non-Executive Director who carries out a leadership role in the conduct of the Board and its relations with shareholders and stakeholders.

The presence of the Independent Directors safeguards the interest of stakeholders in ensuring the highest standard of conduct and integrity are maintained. Their role is to ensure that any decision of the Board is deliberated fully and objectively with regards to the long-term interest of all stakeholders. A brief profile of each director can be found in this Annual Report.

The Board is satisfied that the present size and composition of the Board is appropriate for the complexity and scale of operations of Reach Energy. As presently constituted, the Board is well balanced and has the stability, continuity and commitment as well as capacity to discharge its responsibilities effectively.

The Independent Directors play a strong and vital role in entrenching good governance practices in the affairs of the Group through their participations in the respective Board Committees. The Independent Non-Executive Directors of the Company had devoted sufficient time and attention to the Group's affairs. None of the Directors on the Board hold more than five (5) directorships in other listed issuers on Bursa Securities.

The practices applied by the Board with regard to its composition are set out below.

2.1 Tenure of Independent Directors

The MCCG provides that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the re-designation of the independent director as a non-independent director. The Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine (9) years.

The Board has developed a policy which limits the tenure of its Independent Directors to nine (9) years and embraces the practice for retaining an independent director beyond nine (9) years and shall provide justification for doing so and seek shareholders' approval annually in that respect. If the Board continues to retain the Independent Directors after the twelfth (12th) year, in addition to providing justification as explained above, the Board will seek shareholders' approval through a two-tier voting process, unless the said Independent Director wishes to be re-designated as non-independent non-executive Director which shall be decided by the Board.

During the FY2021, the Board via the NRC assessed the independence of its Independent Directors and based on the assessment, the Independent Directors were found to have independence of mindset of which they will continue to be independent and be able to provide objective judgement during the Board's deliberations and decision-making. None of the Independent Directors has served more than a cumulative term of nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A2. Board Composition (continued)

2.2 Appointment of Directors

The Board does not set specific criteria for the assessment and selection of director candidate. However, the consideration would be taken on the need to meet the regulatory requirement such as the Act and MMLR, the achievement in the candidate's personal career, integrity, wisdom, independence of the candidate, ability to make independent and analytical inquiries, ability to work as team to support the Board, possession of the required skill, qualification and expertise that would add value to the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties/functions of the Board to select the suitable candidate.

The NRC is responsible to recommend an identified candidate to the Board if there is any vacancy arising from resignation, retirement or any other reasons or if there is a need to appoint additional director with the required skill or profession based on the recommendation from the Board in order to close the competency gap in the Board identified by the NRC. The potential candidate may be proposed by an existing director, senior management staff, shareholders or third party referrals and/or independent sources.

Upon receipt of the proposal, the NRC is responsible to conduct an assessment and an evaluation on the proposed candidates based on skills, knowledge, character, integrity, expertise and experience, competency, commitment (including time commitment) and where appropriate, the independence of proposed candidates for the appointment of independent directors. The NRC may, at its discretion, conduct legal and other background searches on the proposed candidates as well as a formal or informal interview.

Upon completion of the assessment and evaluation of the proposed candidates, the NRC would make its recommendation to the Board. Based on the recommendation of the NRC, the Board would evaluate and decide on the appointment of the proposed candidates.

2.3 Gender Diversity

The Board acknowledges the recommendation of the Code on gender diversity and has established a gender diversity policy whereby the Company would endeavour to have women participation in the Board. Presently, the Company has one (1) female Independent Non-Executive Director in the Board.

The NRC is responsible in ensuring that gender diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes.

The Group also ensures diversity in its management level by having strong female representation at the management level which could potentially be a pipeline for future candidates to be appointed as Directors or Senior Management. To nurture diversity within the Group, the Company would endeavour to provide a suitable working environment that is free from harassment and discrimination, and to provide fair and equal opportunities to all employees within the Group.

The Board recognises and embraces the benefits of having gender diversity in the boardroom as a mix-gendered board would offer different viewpoints, ideas and market insights which enables better problem solving to gain a competitive advantage in serving an increasingly diverse customer base compared to a boardroom that is dominated by one gender.

The Board will focus its efforts to establish a diverse Board with a variety of skills, experience, age, cultural background and gender.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A2. Board Composition (continued)

2.4 Board Annual Evaluation and Effectiveness

During the FY2021, the Board, through the NRC, had carried out the annual assessment conducted internally and facilitated by the Company Secretaries to review the effectiveness of the Board as a whole, Board Committees as well as the contribution of each individual director and assessment on the independence of the independent directors.

Based on the results of annual assessment, the Board was satisfied with the current composition of the Board and its committees in respect of their balanced mix of skills, experience and expertise, as well as individual director's personal attributes and contribution to the Board. The results of annual assessment have been documented.

The directors who are subject to re-election and/or re-appointment at the next Annual General Meeting ("AGM") shall be assessed by the NRC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment. Appropriate assessment and recommendation by the NRC would be based on the annual assessment conducted.

A3. Remuneration

The Board believes in a competitive and transparent remuneration framework that supports the Directors' and Senior Management's responsibilities and fiduciary duties in managing the Company to achieve its long-term objective and enhance stakeholders' value.

The Board through the NRC has established a Directors' Remuneration Policy and Procedure to assist the Group in attracting, retaining and motivating its Directors and Senior Management in order to run the Group successfully.

The NRC consists of the following members:

Name	Designation
Izlan bin Izhab	Chairman
Nik Din bin Nik Sulaiman	Member
Tan Sri Dr. Azmil Khalili bin Dato' Khalid	Member

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively. In the case of Executive Directors, the remuneration is structured to link rewards to corporate and individual performance based on key performance indicators. For Non-Executive Directors, the level of remuneration reflects their experience and level of responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A3. Remuneration (continued)

The remuneration of the Directors on a named basis are set out below:-

Name	Salary / Fees (RM)	Bonus (RM)	Defined contribution plan – EPF (RM)	Other emoluments/ allowances (RM)	Benefits-in-kind (RM)	Total (RM)
Executive Directors						
Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin	–	–	–	–	–	–
Ku Azhar bin Ku Akil (Resigned on 18 July 2021)	–	–	–	–	–	–
Non-Executive Directors						
Tan Sri Dr. Azmil Khalili bin Dato' Khalid	1	–	–	14,250	–	14,251
Izlan bin Izhah	25,000	–	–	17,250	–	42,250
Nik Din bin Nik Sulaiman	25,000	–	–	18,750	–	43,750
Dato' Jasmy bin Ismail	25,000	–	–	15,750	–	40,750
Datin Noor Lily Zuriati binti Abdullah	25,000	–	–	13,500	–	38,500
Dato' Berikkazy Seksenbayev (Appointed on 31 March 2021)	18,836	–	–	5,250	–	24,086
Yerlan Issekeshv (Appointed on 31 March 2021)	18,836	–	–	3,000	–	21,836
Yusoff bin Hassan (Appointed on 23 September 2021)	6,781	–	–	3,000	–	9,781
TOTAL	144,454	–	–	90,750	–	235,204

Notes: @ Other emoluments / allowances comprising meeting allowances which vary from one Director to another, depending on the number of committees they sit on and the number of meetings attended in the year 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A3. Remuneration (continued)

Although MCCG had stipulated that the Company should disclose on a named basis the top five (5) Senior Management's detailed remuneration, the Board believes that disclosure in such detail may be prejudicial to the business interest of the Group given the highly competitive environment it is operating in as well as competitive pressure in the talent market.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

B1. Audit Committee

The Audit Committee ("AC") comprises three (3) members, all of whom are Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. They are:-

Name	Designation
Nik Din bin Nik Sulaiman	Chairman
Dato' Jasmy bin Ismail	Member
Izlan bin Izhab <i>(Resigned as member on 23 August 2021)</i>	Member
Dato' Berikkazy Seksenbayev <i>(Appointed as member on 23 August 2021)</i>	Member

The role of the AC is to support the Board in overseeing the processes for production of the financial data, review the financial reports and the internal control of the Company.

The Chairman of the AC is not the Chairman of the Board ensuring that the impairment of objectivity of the Board's review of the AC findings and recommendations remain intact. The AC assesses the performance (including independence) and recommends to the Board annually the appointment or re-appointment of the External Auditors guided by the factors as prescribed under Paragraph 15.21 of the MMLR. The External Auditors confirmed that they are and have been independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants. The Audit partner in-charge of a public listed company would be rotated (within the audit firm) every five years to ensure independence of audit.

The composition of the AC is reviewed by the NRC annually and recommended to the Board for approval. In safeguarding an independent and effective AC whilst taking guidance from the MCCG, the membership for AC consists at least one (1) member who is financially literate and possesses appropriate level of expertise, experience and strong understanding of the Company's business.

The AC had met with the external auditors twice during the FY2021 without the presence of the Management to discuss any key areas or issues which require the attention of the AC and Board. All members of the AC undertake continuous professional development to keep themselves abreast with the relevant developments in accounting and auditing standards, practices and rules.

The Terms of Reference of AC sets out its rights, duties, responsibilities and criteria on the composition of AC, which includes former key audit partner of the Group to observe cooling-off period of at least two (2) years before being able to be appointed as member of AC.

The Board, with the recommendations of the AC, will ensure that all quarterly announcements and annual reports present a balanced and understandable assessment of the Group's financial position and prospect.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

B1. Audit Committee (continued)

The detailed roles, functions, responsibilities and summary of work done by the AC during the FY2021 are as set out in the AC Report of this Annual Report.

B2. Risk Management and Internal Control Framework

The Board understands that the ultimate responsibility for ensuring a sound internal control system which provides reasonable assurance on the effectiveness and efficiency of the system lies with the Board. The Group's internal control system is crafted to manage the risks to achieve Company's objectives aside from safeguarding the stakeholders' interests and the Group's asset.

The details of the Risk Management and Internal Control Framework are set out in the Statement on Internal Control and Risk Management of the Annual Report.

B3. Internal Audit

The Internal Audit function is out-sourced to Tricor Axcelasia Sdn Bhd (F.K.A. Axcelasia Columbus Sdn Bhd) ("Tricor Axcelasia") an independent professional services firm which is a corporate member of the Institute of Internal Auditors ("IIA") Malaysia.

On annual basis, Tricor Axcelasia provides the Board with a signed declaration of competency and list of trainings attended by the audit engagement team.

The internal audit function adopts a risk-based approach and prepares its audit plans based on significant risks identified. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's existing internal control policies and procedures and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the audit reviews are presented and discussed during the AC meetings. Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame. The action plans are reviewed and followed up by the internal audit function on a periodical basis to ensure the recommendations are effectively implemented.

The Board acknowledges that risk management is an integral part of good governance. Risk is inherent in all business activities. It is however, not the Group's objective to eliminate risk totally but to provide structural means to identify, prioritise and mitigate the risks involved in all the Group's activities and to balance between the cost and benefits of managing and treating risks, and the anticipated returns that will be derived therefrom.

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

C1. Communication with Stakeholders

Reach Energy recognises the importance of timely dissemination of relevant corporate and other information to its shareholders and investors. Therefore, the Company complies strictly with the disclosure requirements of Bursa Securities for the Main Market and the Malaysian Accounting Standards Board. Various channels of communications are employed to promote effective dissemination of information. Information is disseminated via annual reports, circulars to shareholders, press releases, quarterly financial results and various announcements made from time to time to Bursa Securities. Reach Energy also maintains a website at www.reachenergy.com.my that allows all shareholders and investors to gain access to the information of the Company. Any enquiries may be directed to this email address, info@reachenergy.com.my

All announcements made by the Company, financial results, annual reports as well as the notice of general meetings are also made available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

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

C1. Communication with Stakeholders (continued)

In addition to the above, the Board identified Encik Izlan bin Izhah as the Senior Independent Non-Executive Director to whom all concerns from the shareholders or investors may be conveyed.

C2. Conduct of General Meetings

All shareholders are encouraged to attend the Company's AGM, where shareholders can participate and be given the opportunity to ask questions regarding the business operations and financial performance and position of the Company. The Company allows a member to appoint two (2) proxies, who may, but need not, be members of the Company. A member may appoint any person to be his/her proxy without limitation and the proxy shall have the same rights as the member to speak at the general meetings.

Resolutions will be voted by way of poll, as required under the Listing Requirements of Bursa Securities. An Independent Scrutineer will be appointed to validate the poll results and the Company will make an announcement on the detailed results to Bursa Securities.

In order to help the effort of the Government of Malaysia to curb the spread of coronavirus disease ("COVID-19") in year 2021, the Company had on 24 June 2021 successfully conducted its Annual General Meeting entirely via remote participation and electronic voting. This is in accordance to Section 327 of the Companies Act 2016 and Clause 56 of the Company's Constitution which allows for General Meetings to be held using any technology or electronic means.

During the 2021 AGM, in line with Listing Requirements, all resolutions were voted via electronic poll voting. Leveraging on information technology or effective meeting procedures, an electronic poll voting system was put in place whereby all shareholders of the Company participated in the polling procedure. An independent scrutineer was appointed to validate the poll results. Voting results of the general meetings are also announced instantaneously by being displayed on the screen to shareholders/ proxies after each resolution is put to vote. The decision of each resolution put to poll as well as the name of the independent scrutineer were announced to Bursa Securities on the same day as the AGM. The 2021 AGM's minutes and responses to questions raised by shareholders were published on the Company's website at www.reachenergy.com.my.

This Corporate Governance Overview Statement was approved by the Board of Reach Energy on 14 April 2022.

AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) is pleased to present the Audit Committee (“AC”) Report and its activities held throughout the financial year ended 31 December 2021 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) and in line with the recommendation of the Malaysian Code on Corporate Governance 2011 (“MCCG”).

1. COMPOSITION, MEETINGS AND ATTENDANCE

The AC comprises of three (3) members all of whom are Independent Non-Executive Directors. Whereas the Chairman of the AC is a Chartered Accountant and also a member of the Malaysian Institute of Accountants. These criteria are in compliance with Paragraphs 15.09 and 15.10 of the MMLR. The Company also complies with Practice 9.1 of the MCCG, whereby the Chairman of the AC is not the Chairman of the Board.

Directors	Position	Directorship
Nik Din bin Nik Sulaiman	Chairman	Independent Non-Executive Director
Dato’ Jasmy bin Ismail	Member	Independent Non-Executive Director
Izlan bin Izhab <i>(Resigned as member on 23 August 2021)</i>	Member	Senior Independent Non- Executive Director
Dato’ Berikkazy Seksenbayev <i>(Appointed as member on 23 August 2021)</i>	Member	Independent Non-Executive Director

During the financial year ended 31 December 2021, the AC had met five (5) times and the attendance record of the AC members is shown as follows:-

Name of Member	Number of Meetings Attended
Nik Din bin Nik Sulaiman	5/5
Dato’ Jasmy bin Ismail	5/5
Izlan bin Izhab	4/5
Dato’ Berikkazy Seksenbayev	1/1

The external auditors were invited to present at four (4) meetings out of the total five (5) meetings held. During the financial year ended 31 December 2021, the AC met with the external auditors twice (2), without the presence of the executive board members and the Management, to express any concerns or issues they may have which are related to their ability to perform their audit work without restraint or interference.

In year 2021, the internal auditors have attended two (2) out of the five (5) meetings held to table the respective internal audit reports and presented their recommendations together with the actions and steps taken by the Management in response to any audit findings and to discuss the internal audit plan. Follow-up audit reports on the status, actions and steps taken by the Management on previous audit findings were tabled to the AC at subsequent AC meeting to update the AC accordingly.

Minutes of each AC meeting were recorded and tabled for confirmation at subsequent AC meeting and thereafter, the minutes will be presented to the Board for notation. The AC Chairman, with the assistance of the Chief Executive Officer, presented to the Board the Committee’s recommendations to approve the annual and quarterly financial statements. The AC Chairman also conveyed and made recommendations to the Board on matters of significant concern as and when raised by the external auditors or internal auditors in the respective presentations or reports.

AUDIT COMMITTEE REPORT

(cont'd)

1. COMPOSITION, MEETINGS AND ATTENDANCE (CONTINUED)

The AC is also responsible for overseeing the implementation of the Company's Policy on Whistleblowing for the Group's employees and third parties. Any complaint or information in respect of any illegal, unethical or questionable practices may be made through e-mail investors@reachenergy.com.my or mail addressed directly to the AC. A copy of the Company's Policy on Whistleblowing is available on the Company's corporate website at www.reachenergy.com.my.

2. ROLES AND RESPONSIBILITIES OF THE AC

The primary objective of the AC is to assist the Board in discharging its statutory duties and responsibilities relating to the corporate accounting and practices for the Group and to ensure the adequacy and effectiveness of the Group's internal control measures.

Pursuant to Paragraph 15.11 of the MMLR, the Terms of Reference ("TOR") of the AC has been drawn up and approved by the Board and this is available for reference on the Company's website at www.reachenergy.com.my. The TOR of the AC is reviewed regularly. Any revision or amendment shall form part of TOR and shall be considered reviewed or amended. The TOR of the AC was last reviewed on 25 March 2021.

3. REVIEW OF PERFORMANCE OF THE AC

The performance of the AC in year 2021 was assessed through self and peer evaluation among the members themselves and the Nomination and Remuneration Committee has reviewed the results of such assessments prior recommending the same to the Board for notation. Collectively from the results, the Board are satisfied that the AC has discharged its function, duties and responsibilities in accordance to the Terms of Reference of the AC and has supported the Board to ensure that the Group upholds appropriate Corporate Governance standards, practices and guidance during the financial year ended 31 December 2021.

4. TRAINING

The training programmes attended by each AC member during the financial year are set out in the Corporate Governance Report 2021.

5. SUMMARY OF WORK DONE BY THE AC DURING THE FINANCIAL YEAR

During the financial year, the AC carried out its duties in accordance with its TOR. The main activities carried out by the AC were as follows:-

Financial and Operations Review

- (a) Reviewed the quarterly financial results through discussions with Management before recommending to the Board for consideration and approval, focusing particularly on financial reporting issues, significant judgement made by the Management and unusual events as well as compliance with accounting standards and other requirements.
- (b) Reviewed the annual audited financial statements prior to submission to the Board for consideration and approval. The review focused particularly on changes of accounting policy, significant matters highlighted including key audit matters, financial reporting issues, significant and unusual events/transactions and how these matters are addressed and compliance with applicable approved accounting standards in Malaysia.
- (c) Reviewed and recommended to the Board for approval, the Statement of Risk Management and Internal Control for inclusion in the Annual Report 2021;
- (d) Reviewed and approved the Audit Committee Report for inclusion in the Annual Report 2021;

AUDIT COMMITTEE REPORT (cont'd)

5. SUMMARY OF WORK DONE BY THE AC DURING THE FINANCIAL YEAR (CONTINUED)

Financial and Operations Review (continued)

- (e) Reported to the Board on significant issues and concerns discussed during the Audit Committee Meetings together with applicable recommendations. Minutes of the Audit Committee Meetings were tabled and noted by the Board; and
- (f) Reviewed the application of corporate governance principles and the extent of the Company's compliance with the recommendations set out in the MCCG in conjunction with the preparation of the Corporate Governance Overview Statement and Statement of Risk Management and Internal Control.
- (g) Reviewed the provision of non-audit services by the External Auditor, the performance of the External Auditor and evaluated their suitability and independence before making recommendations to the Board on their reappointment.
- (h) Recommended to the Board the need of the appointment of external auditor to assist the Group to establish an anti-bribery and anti-corruption policy to comply with Section 17A of the Malaysian Anti-corruption commission Act 2019 and the new paragraph 15.29 of the Main Market Listing Requirement.
- (i) Reported to the Board on matter discussed and addressed at the AC meetings.

External Audit

- (a) Reviewed with the External Auditor:-
 - the audit planning memorandum, audit strategy and scope of work for the FY2021;
 - the results of the annual audit and accounting issues arising from the audit, their audit report and Management Letter together with the management's responses to the findings of the External Auditor; and
 - the impact of any changes to the accounting standards, the impact and adoption of new accounting.
- (b) Reviewed with the external auditor, the extent of assistance rendered by Management and issues arising from their audit, without the presence of the executive board members and Management.
- (c) Reviewed with the external auditor the approved accounting standards applicable to the financial statements of the Company;
- (d) Reviewed with the external auditor the results of the audit, the audit report, issues, reservations and management's responses arising from the audit, as well as the audit and non-audit fees;
- (e) Reviewed the conduct, suitability, independence and the remuneration and re-appointment of the external auditor; and
- (f) Ensured the independence of the external auditor by obtaining written assurance from the external auditors that the external auditors are independent in accordance with the By-laws (on professional ethics, conducts and practices) of the Malaysian Institute of Accountants.
- (g) Conducted a private session with the External Auditor in the absence of the Executive Directors and Management in conjunction with the AC meeting.

AUDIT COMMITTEE REPORT

(cont'd)

5. SUMMARY OF WORK DONE BY THE AC DURING THE FINANCIAL YEAR (CONTINUED)

Internal Audit

- (a) Reviewed with the Internal Auditor the annual internal audit plan for adequacy of scope and coverage on the activities. Audit areas were discussed and annual internal audit plan was approved for adoption; and
- (b) Reviewed the internal audit reports and the status of action plans committed by Management arising from the follow-up reviews of each audit reports previously reported and to communicate to the Board on relevant issues; and
- (c) Discussed the results of arising from the internal audit activities, the recommendations by the internal auditor on the systems controls and weaknesses and ensured that corrective actions were taken by Management.

As part of the duties and responsibilities to oversight the financial reporting, the AC ensures that the changes in or implementation of major accounting policy changes and all significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed and adhered to.

The AC also ensures that the financial reporting of the Company and the Group are in compliance with the MMLR, applicable approved accounting standards and other statutory and regulatory requirements.

6. INTERNAL AUDIT FUNCTION AND SUMMARY OF WORK DONE FOR THE FINANCIAL YEAR

The internal audit function, which is outsourced to an independent professional firm, Tricor Axcelasia Sdn. Bhd. is an integral part of the assurance mechanism in ensuring the Group's system of internal control are adequate and effective. The Internal Auditor reports directly to the AC and assists the AC to discharge its duties and responsibilities. This independent professional service firm has a total of 38 personnel providing internal audit services and can be deployed to render internal audit services to the Group. The key personnel (and their respective qualifications) of this professional service firm are as follows:

Name	Designation	Role	Qualifications
Ranjit Singh	Regional Managing Director of Tricor Axcelasia Sdn Bhd	Engagement Service Partner	<ul style="list-style-type: none"> • Certified Internal Auditor ("CIA") • Certification of Risk Management Assurance ("CRMA") • Certified Public Accountant ("CPA") (M) • Chartered Accountant ("CA")
David Low	Executive Director of Tricor Axcelasia	Engagement Director	<ul style="list-style-type: none"> • Chartered Accountant ("CA") • Professional Member of Institute of Internal Auditors

The Internal Auditor prepares and tables the Internal Audit Plan for the consideration and approval of the AC. It conducts independent reviews of the key activities with the Group's operation based on the Internal Audit Plan approved by the AC. The Internal Auditor reports to the AC twice yearly and provides the AC with independent views on the adequacy, integrity and effectiveness of the system of internal control after its reviews.

AUDIT COMMITTEE REPORT

(cont'd)

6. INTERNAL AUDIT FUNCTION AND SUMMARY OF WORK DONE FOR THE FINANCIAL YEAR (CONTINUED)

Prior to the presentation of report to the AC, comments from the Management are obtained and incorporated into the internal audit findings and reports. The review conducted by the Internal Auditor during FY2021 focusing on Emir Oil Limited Liability Partnership are as follows:-

- 1) Production/Operations Management;
- 2) Facilities Management;
- 3) Health, Safety and Environment; and
- 4) Procurement

The outsourced internal auditor used international practices framework or a risk-based approach in preparing their internal reviews. The results of the audits provided in the Internal Audit Reports together with the findings and recommendation for improvements were presented to the Audit Committee for deliberations. The resulting reports from the audits were also forwarded to the Management for attention and necessary corrective actions.

The total cost incurred for the internal audit function for the financial year ended 31 December 2021 amounted to RM80,000 (2020: RM80,000).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 requires listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

The Board of Directors ("the Board") of Reach Energy Berhad is pleased to provide the following Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2021. This Statement is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board is committed and acknowledges its responsibility to oversee the system of risk management and internal controls within the Group including reviewing its adequacy, integrity and effectiveness to safeguard shareholders' investments and the Group's assets.

BOARD OF DIRECTORS' ROLES AND RESPONSIBILITIES

In accordance with the Malaysian Code on Corporate Governance, the Board is responsible and accountable for the Group's system of risk management framework and internal control, which includes the establishment of an appropriate risk management framework and control environment, as well as reviewing its effectiveness, adequacy and integrity. The system of internal control covers governance, financial, organisational, operational and compliance controls.

However, due to limitations that are inherent in any systems of risk management and internal control, the system adopted by the Group is designed to manage rather than to eliminate the risk of failure to achieve business objectives. Therefore, the system of risk management and internal control can only provide reasonable but not absolute assurance against any material misstatement, fraud or loss.

Management has assessed the risks faced by the Group by identifying the Group's ability to reduce the incidence and impact of risks, and ensuring that the benefits outweigh the costs of operating the controls. Through the Risk Management Committee, the Board observed that measures were taken on areas identified for improvement, as part of management's continued efforts to strengthen the Group's internal control.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

Risk management is regarded by the Board to be the component of internal control and integral to operations. It is unified into the Group's governance and business operations, which consist of structured and systematic process that enable continuous improvement in decision-making, through a robust Risk Management Framework.

To achieve the above, the Group has established and carried on the processes for identifying, evaluating and managing significant risks faced by the Group. Risk assessment and evaluation are embedded in the Group's strategic planning and day-to-day operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS (CONTINUED)

In the event that breaches of controls are noted, the relevant parties would be informed accordingly and steps would be taken to rectify such breaches.

A. Management

Management acknowledges their responsibility in risk management specifically for implementing the processes for identifying, evaluating, monitoring and reporting risks and for taking appropriate and timely corrective or mitigating actions as needed, in particular the following areas:

- *Operational level*

Detailed risk assessments and mitigation plans of each project are led by the relevant manager involving health, safety, security and environment (HSSE) specialists, geologists, petroleum engineers, primary contractors and joint venture representatives. These also include sub surface, wells, facilities, operations, business processes, commercial and regulatory matters.

- *Group level*

The key risks are reported to the Risk Management Committee on a regular basis for monitoring and review. The Risk Management Committee comprises Independent Directors, Executive Director and Senior Management from different technical, operational and financial disciplines, who are responsible for ensuring effective risk governance and implementation within the Group and meets at least twice a year to review and update the risk events, procedures and mitigating measures that are undertaken and also proposes new mitigation measures to contain risks which all remain prevalent.

The risk profiles at each entity level are also regularly discussed at management level to ensure risks and controls are designed to meet the agreed business objectives.

B. Internal Audit

The internal audit's role is to assist the Risk Management Committee by independently reviewing the adequacy and effectiveness of the controls implemented based on identified risk and risk management strategies relevant to the audit engagement.

To achieve the above, the Group's outsourced internal audit functions to Tricor Axcelasia Sdn Bhd. Their primary role is to provide an independent assessment of the adequacy and effectiveness of the Group's internal control system and report to the Audit Committee on the status of specific areas (i.e. Production Operation, Procurement Management, Facilities Management and HSSE Management) identified for improvement based on annual audit plan approved by the Audit Committee.

C. Board of Directors

The Board considers whether business risks have impacted or are likely to impact the Group's achievement of its objectives and strategies in assessing the effectiveness of the risk oversight and internal control activities of the Group.

The Board meets the Risk Management Committee at least twice a year to highlight and discuss the key risks as well as the status of mitigation plans. As such, the Risk Management Committee, on behalf of the Board, is tasked to:

- a. provide oversight, direction and counsel to the Company's/Group's risk management framework, policies and process which include the following:
 - Establish the Company's/Group's Risk Management Framework based on an internationally recognised risk management framework;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS (CONTINUED)

C. Board of Directors (continued)

- a. provide oversight, direction and counsel to the Company's/Group's risk management framework, policies and process which include the following: (continued)
 - Conduct annual review and periodic testing of the Company's/Group's Risk Management Framework. This should include any insights it has gained from the review and any changes made to its Risk Management Framework arising from the review;
 - Monitor the Company's/Group's Divisional level risk exposures and management of the significant financial and non-financial risks identified;
 - Evaluate new risks identified including the likelihood of the emerging risks happening in the near future and consider the need to put in place appropriate controls;
 - Review Company's/Group's Risk Profile and ensure that significant risks that are outside tolerable ranges are being responded with appropriate actions taken in a timely manner;
 - Review the status of the implementation of management action plans in mitigating significant risks identified; and
 - Review and recommend the Company's/Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' interest and the Company's/Group's assets.
- b. review the risk identification process to confirm it is consistent with the Group's strategy and business plan;
- c. inquire of management/department heads and the external/internal auditors about significant business, political, financial and control risks or exposure to such risk;
- d. oversee and monitor the Group's documentation of the material risks that the Group faces and update as events change and risks shift;
- e. assess the steps management has implemented to manage and mitigate identifiable risk, including the use of hedging and insurance;
- f. oversee and monitor at least annually, and more frequently if necessary, the Group's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks); and
- g. review the following, with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled:
 - i. the management's tolerance for financial risks;
 - ii. the management's assessment of significant financial risks facing the Group;
 - iii. the Group's policies, plans, processes and any proposed changes to those policies for controlling significant financial risks; and
 - iv. legal matters which could have a material impact on the Group's public disclosure, including financial statements.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS (CONTINUED)

C. Board of Directors (continued)

Throughout the financial year and up to the date of this statement, the Board had considered all key issues that have been highlighted, and how these had been addressed, including all additional information necessary to ensure it had taken into account all significant aspects of risk factors and internal control of the Group. Among the issues considered were:

- (a) changes in the nature and the extent of significant risk factors since the previous assessment and how the Group has responded to changes in its business and the external environment;
- (b) the effectiveness of the Group's risk management and internal control system;
- (c) the work of its internal audit, risk management team and other assurance providers, including the external auditors;
- (d) the extent and adequacy of the communication of the results of the monitoring to the Board;
- (e) the incidence of any control failure or weaknesses that were identified at any time during the year and their impact on the Group's performance or financial, business or operational conditions;
- (f) events that had not been anticipated by management which impacted the achievement of the Group's objectives; and
- (g) the adequacy and effectiveness of the risk management and internal control policies as a whole.

INTERNAL CONTROL FRAMEWORK AND ASSESSMENT

The Group's internal control framework and assessment are segregated into two inter-related components, as follows:

A. Control Environment

Control environment is the organisational structure and culture created by the management and employees to sustain organisational support for effective internal control, whereby it is the foundation for all the other components of internal control, providing discipline and structure. The management's commitment to establishing and maintaining effective internal control is flowed downwards and spread throughout the Group's control environment, in supporting the implementation of internal control.

The key elements of control environment are as follows:

Organisation Structure

The Group has a well-defined organisation structure that is aligned to its business operation requirements, which includes check and balance through segregation of duties. Well-established reporting lines and authority limits govern the approval process, driven by Limits of Authority set by the Board.

Through the abovementioned structure, the Board approved and monitored the key strategic, business and investment plans. The Board papers, include both financial and non-financial matters such as cash flow forecasts, business strategies, business opportunities, corporate exercises, and any other key matters to be considered for the Group. These are escalated to the Board for deliberation and approval.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

INTERNAL CONTROL FRAMEWORK AND ASSESSMENT (CONTINUED)

A. Control Environment (continued)

Limits of Authority

The Board, through a clear and formally defined Limits of Authority, delegates authorities to the Board Committees and management which deal with areas of corporate, financial, operational, human resource, and work plans and budgets. The Limits of Authority is the primary instrument that governs and manages the Group's business decision process. The objective of the Limits of Authority is to ensure a system of internal control of checks and balances to empower management in executing business activities. The Limits of Authority will be reviewed and updated periodically to ensure its relevance to the Group's business.

Board and Management Committees

The Board Committees, namely the Audit Committee, Nomination & Remuneration Committee, and Risk Management Committee are all governed by clearly defined terms of reference.

The Audit Committee encompasses a majority of independent directors with wide ranging in-depth experience from different backgrounds, knowledge and expertise. Its members continue to meet regularly and have unimpeded access to both the internal and external auditors during the financial year.

Human Resource policies and procedures

There are guidelines within the Group for the hiring and termination of staff, annual performance appraisals, human capital development and other relevant procedures to ensure that employees are competent and adequately trained to carry out their duties and responsibilities.

Code of Conduct and Ethics (Code)

Employees and directors are required to read, understand and adhere to the Code of Conduct and Ethics policy. The policy encompasses sections such as Conflict of Interest, Insider Trading, Discrimination and harassment, health & safety and other relevant sections.

Health, Safety and Environment Policy

The Group continues to instill awareness and build commitment on health, safety and environment throughout the whole organisation. Reasonable and practical steps are undertaken to eliminate or prevent the risk of personal injury, occupational illnesses and damage to properties as well as protect and conserve the environment.

To achieve the above, management is committed to:

- (a) Comply with health, safety and environment legal requirements wherever the Group operates;
- (b) Identify, evaluate and control safety and health risks, and environmental impacts relating to the operations and prevent health, safety and environment incidents;
- (c) Provide competent workforce, adequate resources and organisation in all activities in ensuring a safe environment at the workplace;
- (d) Maintain a healthy and safe working place for the employees and contractors;
- (e) Promote productive health, safety and environment engagement with the employees, regulatory authorities, contractors and other relevant key stakeholders;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

INTERNAL CONTROL FRAMEWORK AND ASSESSMENT (CONTINUED)

A. Control Environment (continued)

Health, Safety and Environment Policy (continued)

To achieve the above, management is committed to: (continued)

- (f) Implement a fit-for-purpose Health, Safety and Environment Management System (HSE-MS);
- (g) Establish effective crisis management and emergency response capabilities in the operations; and
- (h) Continually improve the Health, Safety and Environment performance.

Other Policies

Key policies and procedures such as Procurement, Finance Management, Information & Technology, Quality Management, Whistleblowing, Personal Data Protection, Anti Bribery, Corporate Communications, No Smoking, Drugs and Alcohol are available via the Group's shared drive. These are revised periodically to meet changing business, operational and statutory reporting needs.

B. Monitoring

Monitoring the effectiveness of internal control is embedded in the normal course of the business. Periodic assessments are integral to management's continuous monitoring of internal control.

Management and Board Meetings

The Board members meet regularly with a set schedule of matters, which is required to be brought to their attention for discussion to ensure the effectiveness of supervision over appropriate control.

To achieve the above, the Board meetings encompasses the following activities:

- (a) The Chief Executive Officer ("CEO") and key management personnel lead the presentation of Board papers and provide explanations of pertinent issues; and
- (b) The Board members, through a thorough deliberation and discussion, act on the recommendations by management.

The Group's overall strategic business plan which maps out its objectives, business direction and highlights project risks with particular focus on the operation of Emir-Oil LLP concession block in Kazakhstan is presented by management to the Board for their deliberation and approval. The management, together with the Board, regularly reviews issues covering, but not limited to, business strategy, risks, performance, resources and future business appraisals.

The Audit Committee and Risk Management Committee monitor the risks associated with this operation and report their findings to the Board. Significant changes in the business and the external environment, and strategic plans to address these changes are reported by the management to the Board on an on-going basis.

In addition, quarterly unaudited financial results and other information are provided to the Audit Committee and the Board to enable the Board to monitor and evaluate the business and financial performance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

INTERNAL CONTROL FRAMEWORK AND ASSESSMENT (CONTINUED)

B. Monitoring (continued)

Internal Audit

The Internal Audit Function is outsourced to an external service provider. The outsourced internal auditor directly reports to the Audit Committee on the effectiveness of the current system of internal controls from the perspective of governance, risks and controls.

The internal and external audit plans are approved by the Audit Committee on a periodic basis. The Audit Committee also monitors major internal and external audit issues to ensure they are promptly addressed and resolved. Significant findings and recommendations for improvements are highlighted to the management and Audit Committee, with follow-up and reviews of action plans.

Adequacy and effectiveness of the Group's risk management and internal control systems

The Group's internal control system does not apply to its corporate shareholder, MIE Holdings Corporation ("MIEH") but to its subsidiaries, PBV and Emir-Oil which fall within the control of its majority shareholders.

The Group's internal control system described in this statement applies for subsidiaries where the Group is the operator and has the ability to participate in the key decision-making process of the subsidiaries.

The Board and Audit Committee review management accounts of subsidiaries. These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditor, PricewaterhouseCoopers ("PwC") has reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 31 December 2021. Their review was conducted in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement, issued by the Malaysian Institute of Accountants ("MIA"). AAPG 3 does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. AAPG 3 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. The Board has received assurance from the CEO that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

This statement on risk management and internal control is made in accordance with the resolution of the Board dated 14 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, the following additional information is provided:-

UTILISATION OF PROCEEDS

The Company did not carry out any corporate exercise to raise funds during the financial year ended 31 December 2021.

AUDIT AND NON-AUDIT FEES

The fees paid/payable to the external auditors for services rendered to the Group and Company for the financial year ended 31 December 2021 are as follows:-

	RM '000
AUDIT FEES	
- PricewaterhouseCoopers, Malaysia	275
- Member firm of PricewaterhouseCoopers International Limited	552
NON-AUDIT FEES	
- PricewaterhouseCoopers, Malaysia	-
- Member firm of PricewaterhouseCoopers International Limited	105
	932
	932

MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company involving directors' and major shareholders' interests during the financial year ended 31 December 2021.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

There were no recurrent related party transactions of a revenue nature which require shareholders' mandate during the financial year ended 31 December 2021.

ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2022

Issued and fully paid-up share capital	:	RM10,964,127.75 comprising 1,096,412,775 ordinary shares
Class of shares	:	Ordinary Shares
Voting rights by show of hand	:	One (1) vote for each member
Voting rights by poll	:	One (1) vote for each ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHAREHOLDINGS	% OF SHAREHOLDINGS
1 - 99	16	0.23	398	0.00
100 - 1,000	436	6.19	234,058	0.02
1,001 - 10,000	2,315	32.88	15,583,000	1.42
10,001 - 100,000	3,294	46.79	139,190,819	12.70
100,001 to less than 5% of issued shares	977	13.88	699,008,710	63.75
5% and above of issued shares	2	0.03	242,395,790	22.11
Total	7,040	100.00	1,096,412,775	100.00

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD (Direct Interest)	%	NO. OF SHARES HELD (Deemed/ Indirect Interest)	%
1	Reach Energy Holdings Sdn Bhd	127,800,100	11.66	–	–
2	MTD Capital Bhd	114,595,690	10.45	–	–
3	Ir. Shahul Hamid bin Mohd Ismail	981,000	0.09	127,800,100 ^a	11.66
4	Tan Sri Dr. Azmil Khalili bin Dato' Khalid	56,642,910	5.17	40,650,000 ^b	3.71
5	Puan Sri Nik Fuziah binti Tan Sri Dr. Nik Hussein	40,000,000	3.65	57,292,910 ^c	5.23

ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2022

(cont'd)

DIRECTOR'S SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

NO.	NAME OF DIRECTOR	NO. OF SHARES HELD (Direct Interest)	%	NO. OF SHARES HELD (Deemed/ Indirect Interest)	%
1	Tan Sri Dr. Azmil Khalili bin Dato' Khalid	56,642,910	5.17	40,650,000 ^d	3.71
2	Izlan bin Izhah	-	-	-	-
3	Nik Din bin Nik Sulaiman	400,000	0.04	350,000 ^e	0.03
4	Yusoff bin Hassan	-	-	-	-
5	Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin	-	-	-	-
6	Dato' Jasmy bin Ismail	-	-	-	-
7	Datin Noor Lily Zuriati binti Abdullah	-	-	-	-
8	Dato' Berikkazy Seksenbayev	-	-	-	-
9	Yerlan Issekeshv	-	-	-	-

Notes:

- a Deemed interest by virtue of his interest Reach Energy Holdings Sdn Bhd, pursuant to Section 8(4)(c) of the Companies Act, 2016
- b, d Indirect interest by virtue of the shareholding of his spouse, Puan Sri Nik Fuziah binti Tan Sri Dr. Nik Hussein, pursuant to Section 59(11)(c) of the Companies Act, 2016
- Deemed interest by virtue of his interest and his spouse, Puan Sri Nik Fuziah binti Tan Sri Dr. Nik Hussein's interest in Azimah Properties Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act, 2016
- c Indirect interest by virtue of the shareholding of her spouse, Tan Sri Dr. Azmil Khalili bin Dato' Khalid, pursuant to Section 59(11)(c) of the Companies Act, 2016
- Deemed interest by virtue of her interest in Azimah Properties Sdn Bhd pursuant to Section 8(4)(c) of the Companies Act, 2016
- e Indirect interest by virtue of the shareholdings of his spouse, Nik Aminah binti Nik Abdullah pursuant to Section 59(11)(c) of the Companies Act, 2016

ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2022

(cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1	REACH ENERGY HOLDINGS SDN BHD	127,800,100	11.66
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK PRIVATE WEALTH MANAGEMENT FOR MTD CAPITAL BHD</i>	114,595,690	10.45
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ABDUL AZIZ BIN ABDUL KADIR</i>	45,000,000	4.10
4	NIK FUZIAH BINTI NIK HUSSEIN	40,000,000	3.65
5	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR AZMIL KHALILI BIN KHALID</i>	38,892,910	3.55
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TINT REALTY SDN BHD</i>	38,000,000	3.47
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR AZMIL KHALILI BIN KHALID (PB)</i>	17,750,000	1.62
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR LAI MING CHUN @ LAI POH LIN (PB)</i>	11,000,000	1.00
9	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG KWEE LIAN</i>	10,000,000	0.91
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN. BHD.</i>	10,000,000	0.91
11	LEE KENG FAH	9,750,000	0.89
12	YAYASAN POK DAN KASSIM	9,500,000	0.87
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHONG JEE SIANG</i>	8,669,600	0.79
14	TEO CHIN SIONG	8,610,900	0.79
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHONG JEE SIANG</i>	8,036,200	0.73
16	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG LOY HUAT</i>	5,500,000	0.50
17	KHOO CHANG CHIANG	5,484,000	0.50
18	RHB CAPITAL NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR IOANNIS KOROMILAS</i>	5,121,800	0.47
19	LEE CHEE MING	5,000,000	0.46
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP</i>	5,000,000	0.46

ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2022
(cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK</i>	5,000,000	0.46
22	TENGGU ADNAN BIN TENGGU MANSOR	5,000,000	0.46
23	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LAU KAH CHIONG</i>	4,664,400	0.43
24	NG KIM KEONG	4,398,900	0.40
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHENG LIN CHIN</i>	4,124,000	0.38
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YONG LOY HUAT (7000875)</i>	4,000,000	0.36
27	HLIB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ABD RAHMAN BIN SOLTAN</i>	4,000,000	0.36
28	KU LIAN SIN	3,907,800	0.36
29	SUM TIM WAH	3,449,000	0.31
30	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEANG FOOK SAM</i>	3,255,000	0.30
	TOTAL	565,510,300	51.58

ANALYSIS OF WARRANT HOLDINGS

AS AT 1 APRIL 2022

No. of Warrants Issued	:	1,277,822,225
No. of Warrants Unexercised	:	1,277,822,225
Exercise Price	:	RM0.75
Expiry Date	:	The expiry dates of the warrants is as follows:- 15 August 2022 if the completion of Qualifying Acquisitions takes place within 36 months from the date of listing of the Company (i.e 15 August 2014).
Rights of Warrant Holder	:	The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrant holders exercise their Warrants into new ordinary shares of the Company.

ANALYSIS BY SIZE OF WARRANT HOLDINGS

SIZE OF WARRANT HOLDINGS	NO. OF WARRANT HOLDERS	% OF WARRANT HOLDERS	NO. OF WARRANT HOLDINGS	% OF WARRANT HOLDINGS
1 - 99	2	0.04	125	0.00
100 - 1,000	120	2.57	72,300	0.01
1,001 - 10,000	854	18.28	5,958,300	0.47
10,001 - 100,000	2,113	45.24	109,787,800	8.59
100,001 to less than 5% of issued warrant	1,582	33.87	1,162,003,700	90.94
5% and above of issued warrant	-	0.00	-	0.00
Total	4,671	100.00	1,277,822,225	100.00

SUBSTANTIAL WARRANT HOLDERS AS PER THE REGISTER OF SUBSTANTIAL WARRANT HOLDERS

NO.	NAME OF WARRANT HOLDERS	NO. OF WARRANTS HELD (Direct Interest)	%	NO. OF WARRANTS HELD (Deemed/ Indirect Interest)	%
N/A	N/A	N/A	N/A	N/A	N/A

ANALYSIS OF WARRANT HOLDINGS

AS AT 1 APRIL 2022
(cont'd)

DIRECTOR'S WARRANT HOLDINGS AS PER REGISTER OF DIRECTORS' WARRANT HOLDINGS

NO.	NAME OF DIRECTOR	NO. OF WARRANTS HELD (Direct Interest)	%	NO. OF WARRANTS HELD (Deemed/ Indirect Interest)	%
1	Tan Sri Dr. Azmil Khalili bin Dato' Khalid	–	–	40,000,000 ^	3.13
2	Izlan bin Izhab	–	–	–	–
3	Nik Din bin Nik Sulaiman	–	–	–	–
4	Yusoff bin Hassan	–	–	–	–
5	Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin	–	–	–	–
6	Dato' Jasmy bin Ismail	–	–	–	–
7	Datin Noor Lily Zuriati binti Abdullah	–	–	–	–
8	Dato' Berikkazy Seksenbayev	–	–	–	–
9	Yerlan Issekeshv	–	–	–	–

Notes:

^ Indirect interest by virtue of the warrant holdings of his spouse, Puan Sri Nik Fuziah binti Tan Sri Dr. Nik Hussein, pursuant to Section 59(11)(c) of the Companies Act, 2016

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS

NO.	NAME OF WARRANT HOLDERS	NO. OF WARRANTS	% OF WARRANT HOLDINGS
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ABDUL AZIZ BIN ABDUL KADIR</i>	40,000,000	3.13
2	NIK FUZIAH BINTI NIK HUSSEIN	40,000,000	3.13
3	CITIGROUP NOMINEES (ASING) SDN BHD <i>CBHK PBGSGP FOR SUNNYVALE HOLDINGS LTD</i>	22,710,300	1.78
4	YIN YIT FUN	18,500,000	1.45
5	TEH KAI SING	18,000,000	1.41
6	KU LIAN SIN	17,473,200	1.37
7	CHUA CHIN CHYANG	14,500,000	1.13
8	TEOH KAH CHONG	11,700,100	0.92
9	CHUA CHIN CHYANG	11,000,000	0.86
10	HAMDAN BIN RASID	11,000,000	0.86

ANALYSIS OF WARRANT HOLDINGS

AS AT 1 APRIL 2022

(cont'd)

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS (CONTINUED)

NO.	NAME OF WARRANT HOLDERS	NO. OF WARRANTS	% OF WARRANT HOLDINGS
11	ERA BINA SDN BHD	10,550,000	0.83
12	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)</i>	10,500,000	0.82
13	MOHANADASS KANAGASABAI	9,215,000	0.72
14	TEOH YIE HAO	6,900,000	0.54
15	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LEE SUH MUN</i>	6,771,300	0.53
16	YOGAVEL A/L PERIYASAMY	6,100,000	0.48
17	LOW TECK LAI	6,000,000	0.47
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MOHD AFIZ BIN AMINUDDIN</i>	6,000,000	0.47
19	RHB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR LOW SOEW WENG</i>	6,000,000	0.47
20	GOH PEI KIAT	5,892,000	0.46
21	YAYASAN POK DAN KASSIM	5,500,000	0.43
22	MOHAMED ROZHAN BIN MOHD GHAZALLI	5,378,500	0.42
23	LAM AH CHOI	5,272,200	0.41
24	CHAN CHAW SIONG	5,023,000	0.39
25	CHUA CHIN CHYANG	5,000,000	0.39
26	GUOY TONG KIAT	5,000,000	0.39
27	PERMATA HERBA HOLDING SDN BHD	5,000,000	0.39
28	MOHD FARIZ BIN ABDUL RASHID	4,500,000	0.35
29	LOH NAM HOOI	4,400,000	0.34
30	TEH BOON KING	4,282,500	0.34
	TOTAL	328,168,100	25.68

NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting (“9th AGM”) of the Company will be conducted on a virtual basis for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice.

Meeting Platform	:	https://meeting.boardroomlimited.my
Day and Date	:	Tuesday, 28 June 2022
Time	:	10.00 a.m.
Broadcast Venue	:	Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.
Mode of Communication	:	<ol style="list-style-type: none"> 1) Typed text in the Online Meeting Platform. The messaging window facility will be opened concurrently with the Meeting Platform, one (1) hour before the 9th AGM, that is from 9.00 a.m. on Tuesday, 28 June 2022. 2) Alternatively, you may also submit your questions in advance to info@reachenergy.com.my by 10.00 a.m. on 26 June 2022 (48 hours before the commencement of the 9th AGM).

AGENDA

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors’ and Auditors’ Reports thereon.	<i>Please refer to Explanatory Note to the Agenda</i>
2.	To re-elect YBhg Tan Sri Dr. Azmil Khalili bin Dato’ Khalid, who retires by rotation pursuant to Clause 86 of the Constitution of the Company.	<i>Ordinary Resolution 1</i>
3.	To re-elect Encik Nik Din bin Nik Sulaiman, who retires by rotation pursuant to Clause 86 of the Constitution of the Company.	<i>Ordinary Resolution 2</i>
4.	To re-elect Dato’ Jasmy bin Ismail, who retires by rotation pursuant to Clause 86 of the Constitution of the Company.	<i>Ordinary Resolution 3</i>
5.	To re-elect Encik Yusoff bin Hassan who retires pursuant to Clause 91 of the Constitution of the Company.	<i>Ordinary Resolution 4</i>
6.	To approve the proposed payment of Directors’ fees amounting to RM425,000 in respect of the financial year ending 31 December 2022, to be made payable quarterly.	<i>Ordinary Resolution 5</i>
7.	To approve the payment of Directors’ benefits (other than Directors’ fees) up to an amount of RM400,000 for the period from 1 January 2022 until the conclusion of the next Annual General Meeting of the Company, to be made payable quarterly.	<i>Ordinary Resolution 6</i>
8.	To re-appoint PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146) as the Company’s Auditors and to authorise the Board of Directors to determine their remuneration.	<i>Ordinary Resolution 7</i>

NOTICE OF NINTH ANNUAL GENERAL MEETING

(cont'd)

AS SPECIAL BUSINESS

9. To consider and if thought fit, to pass the following Resolutions:-

Authority for Directors to issue and allot shares in the Company pursuant to Section 75 and 76 of the Companies Act, 2016

**Ordinary
Resolution 8**

“**THAT** subject always to the Companies Act, 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 and 76 of the Companies Act, 2016 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being.

AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

ANY OTHER BUSINESS

10. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

TAN LAI HONG
(MAICSA 7057707)
SSM PC NO. 202008002309
CHEN BEE LING
(MAICSA 7046517)
SSM PC NO. 202008001623

Company Secretaries
Selangor Darul Ehsan
Date : 29 April 2022

NOTICE OF NINTH ANNUAL GENERAL MEETING

(cont'd)

Notes:

1. The 9th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting (“**RPEV**”) facilities provided by Boardroom Share Registrars Sdn Bhd at <https://meeting.boardroomlimited.my>. Please follow the procedures as set in the Administrative guide in order to register, participate and vote remotely via RPEV facilities.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chair of the 9th AGM of the Company to be present at the main venue in Malaysia. Shareholders/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 9th AGM in person at the Broadcast Venue on the day of the meeting. Any Shareholders or Proxies or Corporate Representatives who turn up at the Broadcast Venue would be requested to leave the venue politely.
3. In regard of deposited securities, only members whose names appears in the Record of Depositors as at 20 June 2022 shall be eligible to attend the Meeting and to speak and vote thereat.
4. A member of the Company who is entitled to attend and vote at the Meeting shall be entitled to appoint any person as his(her) proxy to attend and vote in his(her) stead. There shall be no restriction as to the qualification of the proxy. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
5. A member of the Company may appoint not more than two (2) proxies to attend the Meeting. Where a member appoints two (2) proxies, the member shall specify the proportion of his(her) shareholdings to be represented by each proxy.
6. In the case of a corporation, the form of proxy must be executed under seal or under the hand of its attorney duly authorised.
7. Where a member of the Company is an authorised nominee as defined under 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 to attend and vote at the Meeting.
8. 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”), such Exempt Authorised Nominee may appoint multiple proxies in respect of each omnibus account it holds. The appointment of multiple proxies shall be invalid unless the authorised nominee or exempt authorised nominee specifies the proportion of its shareholdings to be represented by each proxy it has appointed.
9. The instrument appointing a proxy or proxies may be deposited at the office of the Share Registrar’s office at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or at its website at <https://investor.boardroomlimited.com> (“Submit eProxy Form”) not less than 48 hours before the Meeting. Please refer to the “Administrative Details” for the 9th AGM for the steps of the eProxy Lodgement.
10. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements, all resolutions set out in the Notice of the 9th AGM will be put to vote on a poll.

NOTICE OF NINTH ANNUAL GENERAL MEETING

(cont'd)

Explanatory Notes to the Agenda:

Item 1 of the Agenda

This item of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

Items 2, 3 and 4 of the Agenda

Clause 86 of the Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an Annual General Meeting of the Company. With the current Board size of nine (9) Directors, three (3) Directors are to retire in accordance with Clause 86 of the Constitution. The computation excludes Encik Yusoff bin Hassan who will be retiring pursuant to Clause 91 of the Constitution.

Items 5 of the Agenda

Clause 91 of the Constitution provides that any director appointed during the year under review shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director so appointed shall hold office until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

Encik Yusoff bin Hassan who was appointed during the year under review is to retire in accordance to Clause 91 of the Constitution.

Items 6 and 7 of the Agenda

Payment of Directors' fees and benefits

Section 230(1) of the Companies Act, 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Company is seeking shareholders' approval for the payment of Directors' fees totaling RM425,000 for the financial year ending 31 December 2022.

Besides, the Company is also seeking shareholders' approval for the payment of Directors' benefits up to an amount of RM400,000 for the period from 1 January 2022 until the conclusion of the next Annual General Meeting of the Company.

The estimated amount payable (Directors' fees and benefits) is based on the assumption that the Company maintain its existing Board composition. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional benefits to meet the shortfall.

The proposed payment of benefits comprises meeting allowances and training allowances payable to the Chairman and members of the Board and Board Committees.

Item 9 of the Agenda

Authority for Directors to issue and allot shares in the Company pursuant to Section 75 and 76 of the Companies Act, 2016

This is the renewal of the mandate obtained from the members at the last Annual General Meeting held on 24 June 2021 ("the previous mandate"). The previous mandate was not utilised and accordingly, no proceeds were raised.

The proposed Ordinary Resolution 8 is to empower the Directors to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the total issued share capital of the Company for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

NOTICE OF NINTH ANNUAL GENERAL MEETING (cont'd)

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

No notice in writing has been received by the Company nominating any candidate for election as Directors at the 9th AGM of the Company. The Directors who are due for retirement and seeking for re-election pursuant to the Company's Constitution are as set out in the Notice of 9th AGM and their profile are set out in the Directors' Profile in the 2021 Annual Report.

Authority for Directors to issue and allot shares in the Company pursuant to Section 75 and 76 of the Companies Act, 2016

This is a renewal of the mandate obtained from the shareholders of the Company at the Annual General Meeting of 24 June 2021 and if passed, will empower the Directors of the Company to issue and allot shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

The renewal of this mandate would provide flexibility to the Company for any possible fund-raising exercise, including but not limited for further placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions. This authority is to avoid any delay and cost involved in convening a general meeting to approve such issuance of shares.

As at the date of the Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 8th AGM held on 24 June 2021 and which will lapse at the conclusion of the 9th AGM to be held on 28 June 2022.

ADMINISTRATIVE GUIDE

FOR THE ANNUAL GENERAL MEETING OF REACH ENERGY BERHAD

Mode of Meeting

- As a precautionary measure amid the COVID-19 pandemic and taking into consideration the health and safety of the shareholders and all participants, the Annual General Meeting (“**AGM**”) of Reach Energy Berhad (“**REB**”) will be conducted on virtual basis with proceedings of the AGM being streamed live from the broadcast venue on the date and time as set out below:

Meeting Platform	:	https://meeting.boardroomlimited.my
Day and Date	:	Tuesday, 28 June 2022
Time	:	10.00 a.m.
Broadcast Venue	:	Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.
Mode of Communication	:	<ol style="list-style-type: none"> 1) Typed text in the Meeting Platform. The messaging window facility will be opened concurrently with the Meeting Platform, one (1) hour before the 9th AGM, that is from 9.00 a.m. on Tuesday, 28 June 2022. 2) Alternatively, you may also submit your questions in advance to info@reachenergy.com.my by 10.00 a.m. on 26 June 2022 (48 hours before the commencement of the 9th AGM).

- Shareholders will be able to access and participate in the proceedings through Remote Participation and Electronic Voting (“**RPEV**”) facilities, which will be made available on the online portal of Boardroom Share Registrars Sdn Bhd at <https://meeting.boardroomlimited.my>.
- The broadcast venue is only meant to facilitate the conduct of the virtual AGM. **No shareholder or proxy shall be physically admitted to the broadcast venue on the day of the AGM.**

Entitlement to Participate and Vote Remotely

- A shareholder whose name appears on the Record of Depositors as at 20 June 2022 shall be eligible to participate in the meeting or appoint proxy(ies) to participate on his/her behalf.
- If a shareholder is unable to participate at the AGM, he/she may also appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

Voting Procedure

- Voting will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Boardroom Share Registrars Sdn Bhd (“**Boardroom**”) as the Poll Administrator to conduct the poll by way of electronic voting (e-Voting) and Boardroom Corporate Services Sdn Bhd as Independent Scrutineer to verify the poll results.
- Members and proxies are required to use one of the following methods to vote remotely:
 - Launch Lumi AGM by scanning the QR code given to you in the email along with your remote participation User ID and Password; or
 - Access Lumi AGM via website URL. <https://meeting.boardroomlimited.my>.

For the purpose of this AGM, e-Voting can be carried out by using either personal smart mobile phones, tablets, personal computers or laptops.

ADMINISTRATIVE GUIDE FOR THE ANNUAL GENERAL MEETING OF REACH ENERGY BERHAD (cont'd)

3. During the AGM, the Chairman will invite the Poll Administrator to brief on the e-Voting housekeeping rules. The voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of poll.
4. The Scrutineer will verify the poll result reports upon closing of the poll session by the Chairman. Thereafter, the Chairman will announce and declare whether the resolutions put to vote were successfully carried or otherwise.

Lodgement of Proxy Form

1. If you are unable to attend the AGM via RPEV facilities and wish to appoint the Chairman of the AGM as your proxy to vote on your behalf, please deposit your Proxy Form at the office of the Poll Administrator, Boardroom at **Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** not less than forty-eight (48) hours before the time of holding the AGM, i.e. latest by 26 June 2022 at 10.00 a.m. Any alteration to the Form of Proxy must be initialled.
2. Alternatively, the proxy appointment may also be lodged electronically at <https://investor.boardroomlimited.com>, which is free and available to all individual shareholders, not less than forty-eight (48) hours before the time of holding the AGM, i.e. latest by 26 June 2022 at 10.00 a.m. For further information, kindly refer to the "**Online Registration Procedure**" below.
3. **If you wish to participate in the AGM yourself, please do not submit any proxy form for the AGM. You will not be allowed to participate in the AGM together with a proxy appointed by you.**

Revocation of Proxy

If you have submitted your Proxy Form prior to the AGM and subsequently decide to appoint another person or wish to participate in the AGM yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy(ies) at least forty-eight (48) hours before the AGM. On revocation, your proxy(ies) will not be allowed to participate in the AGM. In such event, you should advise your proxy(ies) accordingly.

Online Registration Procedure




1. All shareholders including (i) individual shareholders; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees shall use the RPEV facilities to participate and vote remotely at the AGM. You will be able to view a live webcast of the meeting, ask questions and submit your votes in real time whilst the meeting is in progress.
2. Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants. Therefore, kindly ensure that connectivity for the duration of the meeting is maintained.
3. Kindly follow the steps below to request for your login ID and password and usage of the RPEV facilities:

Procedure	Action
Before the day of the AGM	
1. Register online with Boardroom Smart Investor Portal (for first time registration only)	<p><i>[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2.]</i></p> <ol style="list-style-type: none"> a. Access website https://investor.boardroomlimited.com b. Click <<Register>> to sign up as a user. c. Complete registration with all required information. Upload and attach softcopy of MyKAD/Identification Card (front and back) or Passport in JPEG, PNG or PDF format. d. Please enter a valid email address and wait for Boardroom's email verification to complete the registration. e. Your registration will be verified and approved within one business day and an email notification will be provided.

ADMINISTRATIVE GUIDE FOR THE ANNUAL GENERAL MEETING OF REACH ENERGY BERHAD (cont'd)

Procedure	Action
Before the day of the AGM	
2. Submit request for remote participation (user ID and password)	<p><i>(Note: Registration for remote access will be opened on 29 April 2022. Please note that the closing time to submit your request is not less than forty-eight (48) hours before the time of holding the AGM, i.e. latest by Sunday, 26 June 2022 at 10.00 a.m.)</i></p> <p>Individual Members</p> <ol style="list-style-type: none"> Log in to https://investor.boardroomlimited.com, using your user ID and password from step 1 above. Select “REACH ENERGY BERHAD ANNUAL GENERAL MEETING” from the list of Corporate Meetings and click “Enter”. Click on “Register for RPEV”. Read and agree to the Terms & Condition and confirm the Declaration. Enter your CDS Account Number and thereafter submit your request. <p>Appointment of Proxy – Individual Members</p> <ol style="list-style-type: none"> Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. Select “REACH ENERGY BERHAD ANNUAL GENERAL MEETING” from the list of Corporate Meetings and click “Enter”. Click on “Register for RPEV”. Read the terms & conditions and confirm the Declaration. Enter your CDS Account Number and indicate the number of securities for your proxy(ies) to vote on your behalf. Appoint your proxy(ies) or the Chairman of the AGM and enter the required particulars for your proxy(ies). Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your votes. Review and confirm your proxy(ies) appointment. Click submit. Download or print the eProxy form acknowledgement. <p>Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee</p> <ol style="list-style-type: none"> Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy (as the case may be) to submit the request. Please provide a copy of Corporate Representative’s MyKAD/Identification Card (front and back) or Passport in JPEG, PNG or PDF format as well as his/her email address.
3. Email notification	<ol style="list-style-type: none"> You will receive notification(s) from Boardroom that your request(s) has been received and is/are being verified. Upon system verification against the AGM Record of Depositories as at 20 June 2022, you will receive an email from Boardroom either approving or rejecting your registration for remote participation. If your registration is approved, you will also receive your remote access user ID and password in the same email from Boardroom after the closing date. Please note that the closing date and time to submit your request is by Sunday, 26 June 2022 at 10.00 a.m..

ADMINISTRATIVE GUIDE FOR THE ANNUAL GENERAL MEETING OF REACH ENERGY BERHAD (cont'd)

Procedure	Action
On the day of the AGM	
4.	<p>Login to Meeting Platform</p> <p>a. The AGM Meeting Platform will be opened for login at 28 June 2022 at 10.00 a.m. which can be accessed via one of the following methods:-</p> <ul style="list-style-type: none"> ➤ Launch Lumi AGM by scanning the QR Code provided in the email notification; or ➤ Access Lumi AGM Meeting Platform via website at https://meeting.boardroomlimited.my <p>b. Insert the Meeting ID and sign in with the user ID and password provided to you via the email notification in Step 3 above.</p>
5.	<p>Participate</p> <p><i>[Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition.]</i></p> <p>a. If you would like to view the live webcast, select the broadcast icon. </p> <p>b. If you would like to ask a question during the AGM, select the messaging icon. </p> <p>c. Type your message within the chat box, once completed click the send button.</p>
6.	<p>Voting</p> <p>a. Once voting has been opened, the polling icon  will appear with the resolutions and your voting choices.</p> <p>b. To vote, select your voting direction from the options provided. A confirmation message will appear to show your vote has been received.</p> <p>c. To change your vote, re-select another voting direction.</p> <p>d. If you wish to cancel your vote, please press "Cancel".</p>
7.	<p>End of Participation</p> <p>a. Upon the announcement by the Chairman on the closure of the AGM, the live webcast will end and the Messaging window will be disabled.</p> <p>b. You can now logout from the virtual meeting platform.</p>

Submission of Questions

1. Shareholders may submit questions in advance on the AGM resolution commencing from 29 April 2022 and in any event no later than 10.00 a.m., Sunday, 26 June 2022 via Boardroom's website at <https://meeting.boardroomlimited.my> using the same user ID and password provided in Step (2) above, and select "**SUBMIT QUESTION**" after selecting "**REACH ENERGY BERHAD ANNUAL GENERAL MEETING**" from the list of Corporate Meetings to pose questions ("**Pre-AGM Meeting Questions**").
2. Thereafter, on the morning of the AGM, shareholders may also submit questions via the messaging box via the Meeting Platform starting at 9.00 a.m. This Meeting Platform will remain open throughout the virtual AGM session.
3. The Board will endeavor to respond to Pre-AGM Meeting Questions and questions submitted from 9.00 a.m. on the day of the AGM and throughout the meeting. However, not all questions will be answered during the meeting. In such event, the responses will be posted on the Company's website as soon as practicable.

ADMINISTRATIVE GUIDE FOR THE ANNUAL GENERAL MEETING OF REACH ENERGY BERHAD

(cont'd)

Gift policy

No gift voucher will be given to shareholders/proxy holders who participate in the AGM.

No Recording or Photography

No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

Digital Copies of AGM Documents

1. As part of our commitment to protect the environment from paper waste, the following documents can be accessed from our website at www.reachenergy.com.my:
 - a. Annual Report 2021
 - b. Corporate Governance Report 2021
 - c. Notice of the 9th AGM, Proxy Form and Administrative Guide
2. If you wish to receive a copy of the Annual Report 2021, you may submit your on-line request via the Share Registrar's website at <https://meeting.boardroomlimited.my> using the same user ID and password provided in step (2) above, and select "**Request for Annual Report and Circular**" after selecting "**Investor Services**". The printed Annual Report 2021 will be sent to you by ordinary post within four (4) market days from the date of the receipt of your request.

Enquiry

If you have any enquiries prior to the AGM, please contact the following during office hours from Monday to Friday (8.30 a.m. to 5.30 p.m.):-

Boardroom Share Registrars Sdn. Bhd.

Address : 11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

General Line : 603-7890 4700

Fax Number : 603-7890 4670

Email : bsr.helpdesk@boardroomlimited.com

Personal Data Policy

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

PROXY FORM

CDS Account No.	
No. of shares held	

I/We _____
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No. _____) of

_____ (ADDRESS)

Tel No.: _____ Email Address: _____

being a member/members of **REACH ENERGY BERHAD**, hereby appoint:

Full Name (in block letters)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Tel No.:	Email Address:		

and/or (delete as appropriate)

Full Name (in block letters)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Tel No.:	Email Address:		

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Ninth Annual General Meeting ("9th AGM") of **REACH ENERGY BERHAD** to be conducted will be conducted on a virtual basis for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

- Meeting Platform : <https://meeting.boardroomlimited.my>
 Day and Date : Tuesday, 28 June 2022
 Time : 10.00 a.m.
 Broadcast Venue : Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.
 Mode of Communication : 1) Typed text in the Online Meeting Platform. The messaging window facility will be opened concurrently with the Meeting Platform, one (1) hour before the 9th AGM, that is from 9.00 a.m. on Tuesday, 28 June 2022.
 2) Alternatively, you may also submit your questions in advance to info@reachenergy.com.my by 10.00 a.m. on 26 June 2022 (48 hours before the commencement of the 9th AGM).

RESOLUTION NO.	RESOLUTION	FOR	AGAINST
Ordinary Resolution 1	To re-elect YBhg Tan Sri Dr. Azmil Khalili bin Dato' Khalid.		
Ordinary Resolution 2	To re-elect Encik Nik Din bin Nik Sulaiman.		
Ordinary Resolution 3	To re-elect Dato' Jasmy bin Ismail.		
Ordinary Resolution 4	To re-elect Encik Yusoff bin Hassan.		
Ordinary Resolution 5	To approve the proposed payment of Directors' fees in respect of the financial year ending 31 December 2022, to be made payable quarterly.		
Ordinary Resolution 6	To approve the proposed payment of Directors' benefits (other than Directors' fees) for the period from 1 January 2022 until the conclusion of the next Annual General Meeting.		
Ordinary Resolution 7	Re-appointment of PricewaterhouseCoopers PLT as the Company's Auditors.		
Ordinary Resolution 8	Authority to issue and allot shares pursuant to Section 75 and 76 of the Companies Act, 2016.		

Please indicate with an 'X' in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific instruction, your proxy will vote or abstain as he/she thinks fit.

Signed this _____ day of _____, 2022

.....
Signature of Shareholder/ Attorney
(if shareholder is a corporation, this part should be executed under seal or under the hand of its officer or attorney duly authorised)



Notes:

1. The 9th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("**RPEV**") facilities provided by Boardroom Share Registrars Sdn Bhd at <https://meeting.boardroomlimited.my>. Please follow the procedures as set in the Administrative guide in order to register, participate and vote remotely via RPEV facilities.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chair of the 9th AGM of the Company to be present at the main venue in Malaysia. Shareholders/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 9th AGM in person at the Broadcast Venue on the day of the meeting. Any Shareholders or Proxies or Corporate Representatives who turn up at the Broadcast Venue would be requested to leave the venue politely.
3. In regard of deposited securities, only members whose names appears in the Record of Depositors as at 20 June 2022 shall be eligible to attend the Meeting and to speak and vote thereat.
4. A member of the Company who is entitled to attend and vote at the Meeting shall be entitled to appoint any person as his(her) proxy to attend and vote in his(her) stead. There shall be no restriction as to the qualification of the proxy. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
5. A member of the Company may appoint not more than two (2) proxies to attend the Meeting. Where a member appoints two (2) proxies, the member shall specify the proportion of his(her) shareholdings to be represented by each proxy.
6. In the case of a corporation, the form of proxy must be executed under seal or under the hand of its attorney duly authorised.
7. Where a member of the Company is an authorised nominee as defined under 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 to attend and vote at the Meeting.
8. 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"), such Exempt Authorised Nominee may appoint multiple proxies in respect of each omnibus account it holds. The appointment of multiple proxies shall be invalid unless the authorised nominee or exempt authorised nominee specifies the proportion of its shareholdings to be represented by each proxy it has appointed.
9. The instrument appointing a proxy or proxies may be deposited at the office of the Share Registrar's office at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or at its website at <https://investor.boardroomlimited.com> ("eProxy Lodgement") not less than 48 hours before the Meeting. Please refer to the "Administrative Details" for the 9th AGM for the steps of the eProxy Lodgement.
10. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements, all resolutions set out in the Notice of the 9th AGM will be put to vote on a poll.

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AFFIX
STAMP

COMPANY SECRETARY
REACH ENERGY BERHAD
Boardroom Share Registrars Sdn Bhd
Ground Floor or 11th Floor, Menara Symphony
Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

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Fold This Flap For Sealing



REACH ENERGY BERHAD

Registration No. 201301004557 (1034400-D)

D3-5-8, Block D3, Solaris Dutamas
No.1, Jalan Dutamas 1
50480 Kuala Lumpur
Malaysia