FINANCIAL STATEMENTS

FINANCIAL STATEMENTS Page

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

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 subsidiaries are set out in Note 15 to the financial statements. There has been no significant change 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	(208,295)	(107,418)
- Non-controlling interest	(148,005)	–
Loss for the financial year	(356,300)	(107,418)

RESERVES AND PROVISIONS

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

ISSUE OF SHARES

On 29 March 2023, the Group completed a debt settlement arrangement. In conjunction with the arrangement, the Company issued 1,032,544,282 new ordinary shares to Super Racer Limited to settle an amount owing to Super Racer Limited of USD49,562,125 (RM218,113,000).

DIRECTORS

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

Tan Sri Dr. Azmil Khalili Bin Dato' Khalid	
Yusoff Bin Hassan	
Cheung Hung	(Appointed on 29 March 2023)
Chow Hiu Tung	(Appointed on 29 March 2023)
Tse Man Yin	(Appointed on 29 March 2023)
Yau Shu Shan	(Appointed on 20 June 2023)
Izlan Bin Izhab	(Resigned on 29 March 2023)
Nik Din Bin Nik Sulaiman	(Resigned on 29 March 2023)
Y.M. Tunku Datuk Nooruddin Bin Tunku Dato' Sri Shahabuddin	(Resigned on 29 March 2023)
Dato' Jasmy Bin Ismail	(Resigned on 29 March 2023)
Datin Noor Lily Zuriaty Binti Abdullah	(Resigned on 29 March 2023)
Dato' Berikkazy Seksenbayev	(Resigned on 29 March 2023)
Yerlan Issekeshev	(Resigned on 29 March 2023)

DIRECTOR’S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

DIRECTORS (CONTINUED)

In accordance with Clause 89 of the Constitution of the Company, Cheung Hung and Tan Sri Dr. Azmil Khalili Bin Dato’ Khalid retire at the forthcoming Eleventh Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Clause 94 of the Constitution of the Company, Yau Shu Shan retires at the forthcoming Eleventh Annual General Meeting and, being eligible, offers herself for election.

LIST OF DIRECTOR OF SUBSIDIARIES

Pursuant to Section 253 of the Act, the Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year and during the period from the end of the financial year to the date of the report are:

Li Chang (Appointed on 1 April 2023)

DIRECTORS’ BENEFITS

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

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

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			
	At 1.1.2023	**Bought**	**Sold**	**At 31.12.2023**
<u>Interest in the Company</u>				
Tan Sri Dr. Azmil Khalili Bin Dato’ Khalid	56,642,910	–	–	56,642,910
Yusoff Bin Hassan	100,000	–	50,000	50,000
<u>Deemed interest/Indirect interest in the Company</u>				
Tan Sri Dr. Azmil Khalili Bin Dato’ Khalid				
- ordinary shares	40,650,000*	–	–	40,650,000*

* 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 in the Company or in its related corporations during the financial year.

DIRECTOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

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 2023.

DIRECTORS' REMUNERATION

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

	Group RM'000	Company RM'000
Executive Director:		
- Salaries and bonuses	195	195
- Defined contribution plans	17	17
Non-executive Directors:		
- Fees	325	325
- Allowances	172	172
	709	709

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and the Company are covered by Directors and Officers Liability Insurance for any liability of Directors and Officers in discharging their duties for the period of 19 May 2022 until 18 May 2023 and period of 19 May 2023 to 18 May 2024, at premium of RM32,870 and RM45,590 respectively.

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.

DIRECTOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

OTHER STATUTORY INFORMATION (CONTINUED)

(c) At the date of this report:

(i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors, other than as disclosed in the financial statements:

(i) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; 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 or of the Company for the year in which this report is made.

SUBSIDIARIES

Details of subsidiaries are as follows:

Name of subsidiary	Group's effective equity interest 2023 %	2022 %	Country of Incorporation and place of business	Principal activities
Reach Energy Ventures Sdn. Bhd.	100	100	Malaysia	Investment holding company
<u>Subsidiary held through Reach Energy Ventures Sdn. Bhd.</u>				
Palaeontol B.V.	60	60	Netherlands	Investment holding company
<u>Subsidiary held through Palaeontol B.V.</u>				
Emir-Oil LLP	60	60	Republic of Kazakhstan	Exploration, development, production and sale of crude oil and other petroleum products

DIRECTOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

AUDITORS' REMUNERATION

Auditors' remuneration for the financial year ended 31 December 2023 for the Group and the Company is as follows:

	Group RM'000	Company RM'000
Fees for statutory audit fees:		
- PricewaterhouseCoopers PLT, Malaysia	340	263
- Member firm of PricewaterhouseCoopers International Limited	673	–
	1,013	263

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 30 April 2024.

Signed on behalf of the Board of Directors:

TSE MAN YIN
DIRECTOR

TAN SRI DR AZMIL KHALILI BIN DATO' KHALID
DIRECTOR

STATEMENTS OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	6	208,673	169,460	–	–
Operating expenses					
Taxes other than income taxes	7	(66,064)	(70,390)	–	–
Purchases, services and other costs of operation		(35,751)	(32,604)	–	–
Depreciation and amortisation		(108,355)	(78,893)	(175)	(156)
Impairment of non-financial assets		(400,359)	(44,540)	–	–
Write-off of property, plant and equipment		(13,159)	(21,636)	–	–
Impairment of investment in subsidiaries	15	–	–	(15,237)	–
Impairment of amount due from subsidiaries	23	–	–	(91,490)	–
Distribution expense		(28,952)	(14,537)	–	–
Employee compensation costs	8	(16,844)	(14,452)	(2,076)	(2,813)
General and administrative expenses		(5,524)	(8,325)	(2,352)	(3,319)
Reversal of/(additional) provision for claims	31	20,482	(21,954)	–	–
Net reversal on impairment of financial assets	11	1,587	675	–	–
Other operating expenses	9	(2,848)	(4,315)	(51)	(10)
Total operating expenses		(655,787)	(310,971)	(111,381)	(6,298)
Loss from operations		(447,114)	(141,511)	(111,381)	(6,298)
Share of result of a joint venture	16	4,029	–	–	–
Finance income	10	75,416	28,866	13,100	1
Finance cost	10	(67,804)	(111,468)	(9,137)	(173)
Loss before tax	11	(435,473)	(224,113)	(107,418)	(6,470)
Taxation	13	79,173	(10,816)	–	–
Loss for the financial year		(356,300)	(234,929)	(107,418)	(6,470)
Loss attributable to:					
Owners of the Company		(208,295)	(157,194)	(107,418)	(6,470)
Non-controlling interest		(148,005)	(77,735)	–	–
Loss for the financial year		(356,300)	(234,929)	(107,418)	(6,470)
Basic loss per ordinary share (RM)	14	(0.10)	(0.14)		
Diluted loss per ordinary share (RM)	14	(0.10)	(0.14)		

The notes set out on pages 69 to 135 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loss for the financial year		(356,300)	(234,929)	(107,418)	(6,470)
Other comprehensive income, net of tax					
Items that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences		(13,215)	59,670	–	–
Total comprehensive expense for the financial year		(369,515)	(175,259)	(107,418)	(6,470)
Total comprehensive expense attributable to:					
Owners of the Company		(216,224)	(121,392)	(107,418)	(6,470)
Non-controlling interest		(153,291)	(53,867)	–	–
Total comprehensive expense for the financial year		(369,515)	(175,259)	(107,418)	(6,470)

The notes set out on pages 69 to 135 form an integral part of these financial statements.

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	17	819,017	1,257,518	–	1
Right of use of assets	18	4,055	3,997	289	117
Intangible assets	19	4,042	1,671	–	–
Investment in subsidiaries	15	–	–	238,000	253,237
Amount due from subsidiaries	23	–	–	216,845	–
Investment in joint venture	16	4,055	–	–	–
Other receivables and prepayments	20	8,226	3,752	–	–
Deposits, cash and bank balances	22	9,384	9,045	–	–
		848,779	1,275,983	455,134	253,355
CURRENT ASSETS					
Inventories		5,940	5,470	–	–
Trade receivables	21	311	321	–	–
Other receivables and prepayments	20	25,280	22,847	4,670	149
Amount due from subsidiaries	23	–	–	1,020	383
Amount due from a corporate shareholder of a subsidiary	23	–	4,064	–	4,064
Deposits, cash and bank balances	22	3,352	10,649	134	98
		34,883	43,351	5,824	4,694
CURRENT LIABILITIES					
Trade payables	28	78,164	82,410	–	–
Accruals and other payables	29	57,901	34,772	1,240	2,746
Amounts due to related parties	23	5,968	391,852	–	–
Borrowings	30	8,737	29,289	8,737	4,201
Lease liabilities	18	666	755	66	189
Provisions	31	12,555	37,458	–	–
Tax payable		3,309	3,243	–	–
		167,300	579,779	10,043	7,136
NET CURRENT LIABILITY		(132,417)	(536,428)	(4,219)	(2,442)

The notes set out on pages 69 to 135 form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023
(CONT'D)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
NON-CURRENT LIABILITIES					
Trade payables	28	3,265	5,293	–	–
Accruals and other payables	29	–	291,616	–	–
Amounts due to related parties	23	587,081	123,240	56,801	–
Borrowings	30	32,210	–	32,210	–
Lease liabilities	18	2,714	2,807	296	–
Provisions	31	9,926	6,889	–	–
Deferred tax liabilities	27	4,925	82,067	–	–
		640,121	511,912	89,307	–
NET ASSETS		76,241	227,643	361,608	250,913
EQUITY					
Share capital	25	707,088	488,975	707,088	488,975
Other reserves	26	8,569	16,498	–	–
Accumulated losses		(531,960)	(323,665)	(345,480)	(238,062)
Equity attributable to owners of the Company		183,697	181,808	361,608	250,913
Non-controlling interests		(107,456)	45,835	–	–
TOTAL EQUITY		76,241	227,643	361,608	250,913

The notes set out on pages 69 to 135 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Attributable to owners of the Company					
		Share capital RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group							
As at 1 January 2023		488,975	16,498	(323,665)	181,808	45,835	227,643
Issuance of new ordinary shares	25	218,113	–	–	218,113	–	218,113
Loss for the financial year		–	–	(208,295)	(208,295)	(148,005)	(356,300)
Other comprehensive income-net of tax - Foreign currency translation		–	(7,929)	–	(7,929)	(5,286)	(13,215)
Total comprehensive expense for the financial year		–	(7,929)	(208,295)	(216,224)	(153,291)	(369,515)
As at 31 December 2023		707,088	8,569	(531,960)	183,697	(107,456)	76,241

The notes set out on pages 69 to 135 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

		Attributable to owners of the Company							
	Note	Share capital RM'000	Warrant reserve RM'000	Share based options reserve RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group									
As at 1 January 2022		488,975	198,914	821	(19,304)	(366,206)	303,200	99,702	402,902
Transfer of reserve upon expiry of warrants and share based options	26	–	(198,914)	(821)	–	199,735	–	–	–
Loss for the financial year		–	–	–	–	(157,194)	(157,194)	(77,735)	(234,929)
Other comprehensive income- net of tax									
- Foreign currency translation		–	–	–	35,802	–	35,802	23,868	59,670
Total comprehensive income/ (expense) for the financial year		–	–	–	35,802	(157,194)	(121,392)	(53,867)	(175,259)
As at 31 December 2022		488,975	–	–	16,498	(323,665)	181,808	45,835	227,643

The notes set out on pages 69 to 135 form an integral part of these financial statements.

STATEMENT OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share capital RM'000	Warrant reserve RM'000	Share based options reserve RM'000	Accumulated losses RM'000	Total RM'000
Company						
As at 1 January 2023		488,975	–	–	(238,062)	250,913
Issuance of new ordinary shares	25	218,113	–	–	–	218,113
Total comprehensive expense for the financial year		–	–	–	(107,418)	(107,418)
As at 31 December 2023		707,088	–	–	(345,480)	361,608
As at 1 January 2022		488,975	198,914	821	(431,327)	257,383
Transfer of reserve upon expiry of warrants and share options		–	(198,914)	(821)	199,735	–
Total comprehensive expense for the financial year		–	–	–	(6,470)	(6,470)
As at 31 December 2022		488,975	–	–	(238,062)	250,913

The notes set out on pages 69 to 135 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(435,473)	(224,113)	(107,418)	(6,470)
Adjustments for:					
Depreciation and amortisation		108,355	78,893	175	156
Impairment of non-financial assets		400,359	44,540	–	–
Write-off of property, plant and equipment		13,159	21,636	–	–
Share of profits from joint ventures		(4,029)	–	–	–
Interest income from deposits		(839)	(649)	(4)	(1)
Unrealised foreign exchange (gain)/loss		(27,568)	(25,046)	(4,098)	71
Gain on modification of amount due to related party		(37,378)	–	–	–
Interest expenses		55,354	109,436	5,263	102
Accretion of asset retirement obligations		763	428	–	–
Other finance cost		2,514	–	67	–
(Reversal of)/additional provision for claims		(20,482)	21,954	–	–
Change in estimate of asset retirement obligations		1,681	2,329	–	–
Write-off of inventory		794	345	–	–
Impairment charge/(reversal) of:					
- trade receivable		30	227	–	–
- cash and bank balances		(118)	(418)	–	–
- other receivables		(1,499)	(484)	–	–
- investment in subsidiaries		–	–	15,237	–
- amount due from subsidiaries		–	–	91,490	–
Net reversal for inventory obsolescence		(1,615)	–	–	–
		54,008	29,078	712	(6,142)
Changes in working capital:					
Inventories		691	(3,856)	–	–
Trade receivables		(53)	(196)	–	–
Other receivables and prepayments		18,545	(2,896)	(121)	–
Trade payables		(17,376)	4,738	–	–
Other payables and accruals		171	4,797	(4,204)	1,346
Amount due from subsidiaries		–	–	(3,926)	–
Cash generated from/(used in) operating activities		55,986	31,665	(7,539)	(4,796)
Settlement of claims		(6,063)	(1,782)	–	–
Net cash generated from/(used in) operating activities		49,923	29,883	(7,539)	(4,796)

The notes set out on pages 69 to 135 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment		(37,183)	(52,138)	–	–
Purchase of intangible assets		(2,582)	(584)	–	–
Investment in joint ventures		(2)	–	–	–
Interest income received		839	649	–	1
Repayment of advance from subsidiary		–	–	–	809
Net cash (used in)/generated from investing activities		(38,928)	(52,073)	–	810
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of borrowings		3,839	4,033	3,839	4,033
Loan from related parties		3,968	–	3,968	–
Payment of borrowings		(25,383)	(15,943)	–	–
Payment of lease interest		(52)	(56)	(8)	(5)
Payment of lease principal		(765)	(557)	(173)	(157)
Net cash (used in)/generated from financing activities		(18,393)	(12,523)	7,626	3,871
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7,398)	(34,713)	87	(115)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		10,649	44,452	98	223
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		101	910	(51)	(10)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	22	3,352	10,649	134	98

The notes set out on pages 69 to 135 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

Reconciliation of liabilities arising from financing activities:

	At 1 January RM'000	Cash flows RM'000	Interest expense RM'000	Non-cash changes Foreign exchange RM'000	Others RM'000	At 31 December RM'000
2023						
Group						
Amount due to related parties	515,092	3,968	51,931	(30,609)	52,667[1][3]	593,049
Accrual and other payables	291,616	–	1,700	907	(294,223)[1][2]	–
Borrowings	29,289	(21,544)	1,671	1,606	29,925[3]	40,947
Lease liabilities	3,562	(817)	52	70	513[4]	3,380
Total liability arising from financing activities	839,559	(18,393)	55,354	(28,026)	(211,118)	637,376
Company						
Amount due to related parties	–	3,968	3,880	2,201	46,752[1]	56,801
Borrowings	4,201	3,839	1,375	1,606	29,926[3]	40,947
Lease liabilities	189	(181)	8	–	346[4]	362
Total liability arising from financing activities	4,390	7,626	5,263	3,807	77,024	98,110

(1) Includes reclassification from other payables to amounts due to related parties of USD17.8 million following the completion of a debt settlement arrangement of USD17.8 million as disclosed in Note 23, Note 25 and Note 36 to the financial statements.

(2) Includes a settlement of amount owing to Super Racer Limited ("SRL") of USD49.6 million. The settlement was via issuance of new ordinary shares as disclosed in Note 25 and Note 29 to the financial statements.

(3) Includes a reclassification from amounts due to related parties to borrowings following the shareholder of SRL assigned and transferred to Hong Kong Resources Management Limited its rights, title, interest and benefit in and with respect to an amount due to the shareholder of SRL of USD6.8 million, as disclosed in Note 23 and Note 30 to the financial statements.

(4) Comprises new lease entered during the year.

The notes set out on pages 69 to 135 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

Reconciliation of liabilities arising from financing activities: (continued)

	At 1 January RM'000	Cash flows RM'000	Interest expense RM'000	Non-cash changes: Foreign exchange RM'000	Non-cash changes: Others RM'000	At 31 December RM'000
2022						
Group						
Amount due to related parties	724,160	–	94,985	(28,217)	(275,836)[1]	515,092
Accrual and other payable	–	–	12,388	1,501	277,727[1]	291,616
Borrowings	38,837	(11,911)	2,007	71	285	29,289
Lease liabilities	2,192	(613)	56	32	1,895[2]	3,562
Total liability arising from financing activities	765,189	(12,524)	109,436	(26,613)	4,071	839,559
Company						
Borrowings	–	4,033	97	71	–	4,201
Lease liabilities	171	(162)	5	–	175[1]	189
Total liability arising from financing activities	171	3,871	102	71	175	4,390

[1] Includes reclassification of an amount due to a corporate shareholder in a subsidiary from amount due to related party to other payables of USD61.2 million.

[2] Comprises new lease entered during the year.

The notes set out on pages 69 to 135 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 30 April 2024.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following material 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.

3.1 Basis of preparation

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's 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 financial statements have been prepared under the historical cost convention except as disclosed in the summary of material accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

Going concern basis of preparation for the Group and the Company

The Group and the Company incurred losses after tax of RM356.3 million and RM107.4 million respectively for the financial year ended 31 December 2023. At that date, the Group's and the Company's current liabilities exceeded current assets by RM132.4 million and RM4.2 million respectively.

On 3 April 2023, the Directors of the Company announced that the Company had triggered the criteria under Paragraph 2.1(e) of Practice Note 17 ("PN17") of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") as its had an unqualified audit opinion which highlighted a paragraph on material uncertainty related to going concern on the Group in respect of the Group's audited financial statements for the financial year ended 31 December 2021 and the Company's shareholders' equity on a consolidated basis is 50% or less of its share capital as at 31 December 2022 as announced on 28 February 2023.

As a result, the Company is required to submit its regularisation plan to the Securities Commission Malaysia within 12 months from the date of its announcement. On 2 February 2024, TA Securities Holdings Berhad was appointed as principal adviser ("Principal Adviser") for the proposed regularisation plan pursuant to paragraph 8.04(3) of the Listing Requirements of Bursa Securities. The Principal Adviser had on 19 March 2024 submitted an application to Bursa Securities for an extension of time up to 2 October 2024 for the Company to submit a regularisation plan to the relevant authorities. The extension was approved by Bursa Securities on 16 April 2024. The Directors and its Principal Advisor are currently formulating a detailed regularisation plan for submission and subsequent approval by the relevant authorities.

The Group and the Company continue to face challenges in generating positive cash flows. The Group's ability to generate positive cash flows have been affected by crude oil price volatility as a result of uncertainties emanating from the Russian-Ukraine conflict that started in February 2022 and the Group's ability to meet production targets. The Group's subsidiary, Emir-Oil LLP's crude oil is exported via pipeline which runs from western Kazakhstan to the Russian coast before being transported to buyers via tankers which are loaded at Russian ports. Despite Emir-Oil's crude oil originating from Kazakhstan, due to the load port being within Russian territory, the international market regards such cargos as having originated from Russia resulting in a discount being imposed on Emir-Oil LLP's crude oil. The sanctions have caused a price differential between Emir-Oil LLP's export sale price and the international Brent oil price. In addition, the Group's ability to meet production targets is dependent on the production efficiencies of the Group's assets and successful implementation of new capital projects to improve productivity.

The Group and the Company rely on a controlling shareholder, Super Racer Limited and its sole shareholder to provide continued financial support as and when necessary and not to request for repayment of amounts owing to them that are past due, to enable the Group and the Company to meet the liabilities and obligations as they fall due.

The Directors have concluded that the continued volatility in crude oil prices, the Group's ability to meet production targets, and the future ability of Super Racer Limited and its sole shareholder to provide timely and sufficient financial support in the form of liquid funds as required, together with the liquidity position of the Group and the Company which are sensitive to changes, indicate that material uncertainties exist that may cast significant doubt on the Group's and the Company's ability to continue as a going concern, and therefore the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business and at amounts which could differ significantly from amounts at which they are currently recorded in the statements of financial position.

The Directors have reviewed the Group's cash flow forecast prepared by management, which covers a period to 30 April 2025 in assessing whether it is appropriate to prepare the financial statements of the Group and the Company for the financial year ended 31 December 2023 on a going concern basis. The cash flow forecast has considered reasonably possible changes in crude oil prices based on forecasted market data and expected production volume to be achieved based on the Group's current production targets for the forecast.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

Whilst the Company is formulating its regularisation plan, the Group and the Company have taken or are undertaking the following measures to mitigate liquidity pressures and to improve cash flows:

a) continue to implement a number of positive actions to mitigate the impact of the Russian-Ukraine conflict including existing cost savings and cash conservation initiatives to control net cash outflows and continue to explore alternative routes for oil exports. The Group has identified, among others, an alternative to its export crude oil via the Caspian Pipeline Consortium ("CPC"), which is expected to enable the Group to sell its crude oil at a lower price differential compared to international Brent oil prices. The sale of crude oil via the CPC is currently pending approval from the Ministry of Energy of Kazakhstan. In addition, the Group is also identifying other alternative routes and negotiating terms with several potential buyers to enable the Group to sell its crude oil closer to the international Brent oil prices;

b) continue to undertake plans and initiatives to improve the Group's productivity and efficiencies to meet production targets. This includes, among others, the Group's initiatives to install and replace electrical submersible pumps for extraction of oil, conduct maintenance works to restore reservoir pressure, initiate drilling infill wells (i.e. additional wells targeting pockets of oil left behind from original wells) to improve recovery of oil and gas reserves and injecting gas to supplement pressure in the reservoir to improve extraction. These initiatives had increased the Group's oil production for the financial year ended 31 December 2023. Similar actions are expected to further improve oil production in the coming year;

c) negotiated settlement arrangements with capital and operating expenditures vendors to extend payments terms up to 3 years from 31 December 2023; and

d) obtained confirmation from a controlling shareholder, Super Racer Limited and its sole shareholder, of their intention to continue provide timely and sufficient financial support in the form of liquid funds as and when necessary for the Group and the Company, not requesting repayment of amounts owing to SRL and its sole shareholder before 31 May 2025 and provide financial support to fund future capital and other expenditures of Emir-Oil LLP to increase production capacity and to enable the Group and the Company to meet liabilities and obligations as they fall due.

The Directors are of the opinion that, taking into account the above mentioned measures, the Group and the Company will have sufficient working capital to finance its operations, and meet its obligations as and when they fall due and to continue its business without significant curtailment of operations in the next twelve months from the approval date of the financial statements. 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.

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

The Group and the Company have applied the following standard and amendments to published standards for the financial year beginning on 1 January 2023:

- MFRS 17 'Insurance Contracts' and its amendments
- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of Accounting Policies'
- Amendments to MFRS 108 'Definition of Accounting Estimates'
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the standard and amendments to published standards listed above did not have any material impact to the Group and the Company on the current period or any prior period except for the amendments to MFRS 101 and MFRS Practice Statement 2. The Group and the Company disclose its material accounting policies in Note 3 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

3.1.2 Amendments to published standards that are applicable to the Group and the Company but not yet effective:

The amendments to published standards below are effective for the financial year beginning on or after 1 January 2023. None of these are expected to have a significant effect on the consolidated and separate financial statements of the Group and the Company respectively:

- **Amendments to MFRS 16**

  'Lease Liability in a Sale and Leaseback' (effective 1 January 2024) specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the "lease payments" or "revised lease payments" in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

  The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS16.

- **Amendments to MFRS 101**

  There are two amendments to MFRS 101 'Presentation of Financial Statements'. The first amendments, 'Classification of liabilities as current or non-current' clarify that liabilities are classified as either current or non-current, depending on the rights thar exits at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

  The second amendments, 'Non-current Liabilities with Covenants' specify that covenants of loan arrangements which an entity must comply with only after the reporting date would not affect classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification of a liability as current or non-current, even if the covenant is only assessed after the reporting date.

  Both amendments are effective for the annual reporting periods beginning on or after 1 January 2024.

  The amendments shall be applied retrospectively.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation (continued)

3.1.2 Amendments to published standards that are applicable to the Group and the Company but not yet effective: (continued)

The amendments to published standards below are effective for the financial year beginning on or after 1 January 2023. None of these are expected to have a significant effect on the consolidated and separate financial statements of the Group and the Company respectively: (continued)

- **Amendments to MFRS 107 and MFRS 7**

  Amendments to MFRS 107 and MFRS 7 ‘Supplier Finance Arrangements’ (effective 1 January 2024) require entities to disclose information about the supplier finance arrangements (‘SFA’) that enable the users to understand the effects of SFA on an entity’s liabilities, cash flows and exposure to liquidity risk.

  The amendments requires the following information about SFA to be disclosed in the annual period in which the amendments are first applied:

  a) the terms and conditions of SFAs;
  b) the carrying amount of financial liabilities that are part of SFAs and the line items in which those liabilities are presented;
  c) the carrying amount of the financial liabilities in(b) for which suppliers have already received payment from the finance providers;
  d) the range of payments due dated for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements;
  e) the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of SFAs; and
  f) liquidity risk information (e.g. concentration of risks, access to SFA facilities for liquidity requirement).

- **Amendments to MFRS 121**

  ‘Lack of Exchangeability’ (effective 1 January 2025) clarify that a currency is exchangeable when an entity is able to exchange it into another currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism that creates enforceable rights and obligations. If an entity can only obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, then the currency is not exchangeable. In such cases, the entity is required to estimate the spot exchange rate at the measurements date.

  The amendments do not specify how an entity estimates that spot exchange rate, but permit entity to use observable exchange rate without adjustment or another estimation technique, provided it could meet the objective for estimating the spot exchange rate set out in the amendments.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Consolidation and subsidiaries (continued)

(b) Business combination

The Group applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. 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.

3 SUMMARY OF MATERIAL 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 Joint venture

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group accounts for its interest in the joint venture using the equity method as disclosed in Note 16 of the financial statement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in other comprehensive income of the joint venture in other comprehensive income. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Joint venture (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is 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 a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

3.4 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.

3.5 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.

(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'.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Foreign exchange currency (continued)

(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.

3.6 Property, plant and equipment

Property, plant and equipment, including oil and gas properties, are stated at historical cost less accumulated depreciation 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.6 Property, plant and equipment (continued)

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
Information technology 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 in profit or loss.

3.7 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.

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 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 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.

3.9 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.

3.10 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 commit 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 have transferred substantially all the risks and rewards of ownership.

(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.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(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 subsidiaries;
- Amount due from a corporate shareholder of a subsidiary;
- Deposits 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.

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 (Stage 1) 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 (Stage 2) 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.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(d) Impairment (continued)

Significant increase in credit risk (continued)

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.

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 (Stage 3), 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.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (continued)

(d) Impairment (continued)

Significant increase in credit risk (continued)

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.

3.11 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.

3.12 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 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 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.

3.14 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.

3.15 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.

(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.

3.16 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.16 Current and deferred income tax (continued)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax 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.

3.17 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.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.17 Provisions (continued)

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.

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.

3.18 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 2023
(CONT'D)

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.19 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, gas and other petroleum products are recognised at a point in time when the control of the product is transferred to the customer.

The Group and the Company do 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.

3.20 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).

3.21 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.

3.22 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).

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Leases (continued)

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

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.

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.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Leases (continued)

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

Lease liabilities (continued)

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

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.

3.23 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.

3.24 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.

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

4 FINANCIAL RISK MANAGEMENT

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 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 receivables, other receivables, amount due from subsidiaries, amount due from a corporate shareholder of a subsidiary, deposits, cash and bank balances, trade payables, accruals and other payables, lease liabilities, amounts due to related parties and borrowings that are denominated in a currency that is different from the functional currency. The currencies giving rise to this risk are primarily the United States Dollar ("USD") and the 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 its impact on the Group's operational results or financial position arising from future changes in exchange rates.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group's and the Company's currency exposure profiles are as follows:

	Denominated in KZT		Denominated in USD	
	2023	2022	2023	2022
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets				
Deposits, cash and bank balances	12,558	8,272	–	11,263
Trade receivables	311	321	–	–
Other receivables	659	1,914	4,653	–
Amount due from a corporate shareholder of a subsidiary	–	–	–	4,064
	13,528	10,507	4,653	15,327
Financial liabilities				
Trade payables	71,185	79,069	10,244	8,634
Accruals and other payables	38,774	22,650	12,214	301,262
Lease liabilities	3,018	3,373	–	–
Amount due to related parties	–	–	593,049	515,092
Borrowings	–	–	40,947	29,289
	112,977	105,092	656,454	854,277
Company				
Financial asset				
Amount due from subsidiaries	–	–	216,845	–
Other receivables	–	–	4,654	–
Amount due from a corporate shareholder of a subsidiary	–	–	–	4,064
	–	–	221,499	4,064
Financial liabilities				
Borrowings	–	–	40,947	4,201
Amounts due to related parties	–	–	56,801	–
	–	–	97,748	4,201

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

4 FINANCIAL RISK MANAGEMENT (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 and equity. This analysis assumes that all other variables, in particular interest rates, remains constant and ignores any impact of forecasted sales and purchases.

Group

	Effect on profit/(loss) after taxation and equity	
	2023 RM'000	2022 RM'000
Increase/Decrease in foreign exchange rate		
KZT strengthened/weakened by:		
+ 2% (2022: +7%)	(1,970)	(6,427)
- 2% (2022: -7%)	1,970	6,427
Increase/Decrease in foreign exchange rate		
USD strengthened/weakened by:		
+ 4% (2022: +5%)	(26,072)	(41,465)
- 4% (2022: -5%)	26,072	41,465

Company

	Effect on profit/(loss) after taxation and equity	
	2023 RM'000	2022 RM'000
Increase/Decrease in foreign exchange rate		
USD strengthened/weakened by:		
+ 4% (2022: +5%)	(4,950)	(7)
- 4% (2022: -5%)	4,950	7

(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 changes in market rates. A detailed analysis of the Group's amount due to related parties and borrowings, together with their respective effective interest rates and maturity dates, are included in Note 23 and Note 30.

(iii) Price risk

The Group is significantly expose to crude oil commodity price risk. Commodity price risk related to crude oil is the Group's market risk exposure. Crude oil prices and quality differentials are influenced by worldwide factors such as Organisation of the Petroleum Exploiting Countries + ("OPEC+") actions, political events and supply and demand fundamentals. The Group is also exposed to natural gas price movements. Natural gas prices are generally influenced by oil prices and local market conditions. The Group's expenditures are subject to the effects of inflation, and prices received for the product sold are not readily adjustable to cover any increase in expenses from inflation. The Group may use different types of financial instruments to manage its exposure to price risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Financial assets that are primarily exposed to credit risks are trade receivables, deposits and other receivables, amount due from a subsidiary, amount due from a corporate shareholder in a subsidiary and deposits 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 payment profiles of sales over a certain period before 31 December 2023 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 customers to settle 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 70% (2022: 69%) of the Group's revenue and as such, the Group has concentration of credit risk for its trade receivables. The Group has assessed the probability of default to be low due to the good payment history of the customer with consideration of current market conditions. Therefore, the impact of expected credit loss ("ECL") is immaterial.

Other receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from other receivables are represented by its 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 loss allowances are determined for each of those stages. The Group determines the probability of default for other receivables considering historical data and macroeconomic information.

The analysis of the credit exposure of other receivables for which an ECL allowance is recognised is disclosed in Note 20.

Amount due from subsidiaries

The Company enters into trade and non-trade transactions with its subsidiaries. As at 31 December 2023, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

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

The amount due from subsidiaries are assessed using the 12-month ECL methodology under Stage 1 as the subsidiaries have 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 Company recognised an impairment loss of amount due from subsidiaries of RM91.5 million for the financial year ended 31 December 2023 as disclosed in Note 23.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Deposits and bank balances

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

The Group and the Company use the three stages approach for deposits 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 and bank balances for which an ECL allowance is recognised is disclosed in Note 22.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of financial asset and liability maturities. The Group manages its liquidity risk by maintaining sufficient levels of cash and available credit facilities to meet its working capital requirements. The Group also has various options of financing, including but not limited to shareholders' loan facilities. As at 31 December 2023, the Group had a shareholder's loan facility of USD5 million for working capital purposes, of which USD3.8 million remains undrawn to date. In addition, on 18 April 2024, the Group had signed an agreement with RG-HCPI Fund Singapore for a loan facility of USD6.4 million to fund planned capital expenditures by Emir-Oil LLP.

As at 31 December 2023, the Group's and the Company's current liabilities exceeded current assets by RM132.4 million and RM4.2 million respectively. Notwithstanding this, the Group and the Company met their financial obligations as and when they fell due during the financial year.

The Group and the Company continue to face challenges in generating positive cash flows. The Group's ability to generate positive cash flows have been affected by crude oil price volatility as a result of uncertainties emanating from the Russian-Ukraine conflict that started in February 2022 and the Group's ability to meet production targets.

The Group and the Company have taken or are undertaking measures disclosed in Note 3.1 to the financial statements to mitigate liquidity pressures and to improve cash flows. The Group will continue to implement these measures and draw down the available loan facilities to ensure that they continue to have sufficient funds to meet all its operational and financial obligations as and when they fall due.

If required, the Group will request financial support in the form of liquid funds from the Group's controlling shareholder, Super Racer Limited and its sole shareholder.

NOTES TO THE FINANCIAL STATEMENTS
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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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.

		Contractual undiscounted cash flows				
	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**	**Total RM'000**
Group						
2023						
Trade payables	81,429	78,164	3,412	–	–	81,576
Accruals and other payables (excluding statutory liabilities and contract liabilities)	14,309	14,309	–	–	–	14,309
Amounts due to related parties	593,049	5,968	439,798	–	540,881	986,647
Lease liabilities	3,380	589	952	1,766	5,152	8,459
Borrowings	40,947	9,070	–	–	53,455	62,525
	733,114	108,100	444,162	1,766	599,488	1,153,516
2022						
Trade payables	87,703	82,410	5,711	–	–	88,121
Accruals and other payables (excluding statutory liabilities and contract liabilities)	297,842	6,226	314,648	–	–	320,874
Amounts due to related parties	515,092	391,852	–	–	215,894	607,746
Lease liabilities	3,562	755	566	1,698	4,951	7,970
Borrowings	29,289	29,289	–	–	–	29,289
	933,488	510,532	320,925	1,698	220,845	1,054,000

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

		Contractual undiscounted cash flows				
	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	Total RM'000
Company						
2023						
Accruals and other payables (excluding statutory liabilities)	1,002	1,002	–	–	–	1,002
Amounts due to related parties	65,538	–	6,559	–	85,685	92,244
Lease liabilities	362	–	362	–	–	362
Borrowings	40,947	9,070	–	–	53,455	62,525
	107,849	10,072	6,921	–	139,140	156,133
2022						
Accruals and other payables (excluding statutory liabilities)	2,105	2,105	–	–	–	2,105
Lease liabilities	189	189	–	–	–	189
Borrowings	4,201	4,201	–	–	–	4,201
	6,495	6,495	–	–	–	6,495

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) 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 2023				
Trade payables	3,265	3,124	–	–
Amount due to related parties	587,081	663,863	56,801	35,241
Borrowings	32,210	18,510	32,210	18,510
At 31 December 2022				
Trade payables	5,293	4,906	–	–
Accruals and other payables	291,616	331,217	–	–
Amount due to related parties	123,240	141,276	–	–

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 related parties, trade payables, accruals and other payables, and borrowings as disclosed is measured based on Level 2 fair value measurement hierarchy using the discounted cash flows model.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) 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 and amortisation.

The Debt over EBITDA ratio of the Group is as follows:

	2023 RM'000	2022 RM'000
Amount due to related parties	593,049	515,092
Non-current other payables	–	291,616
Borrowings	40,947	29,289
Total Debt	633,996	835,997
Loss before tax	(435,473)	(224,113)
Finance income	(75,416)	(28,866)
Finance cost	67,804	111,468
Depreciation and amortisation	108,355	78,893
EBITDA	(334,730)	(62,618)
Debt over EBITDA ratio	(1.89)	(13.35)

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.

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(CONT'D)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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 reserve estimates were prepared for each oilfield and includes 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 becomes 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 reserve 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 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 and probable reserves will increase the rate of depreciation charges (assuming constant production) and reduce income. If the proved and probable developed reserves estimates increase by 10% the depreciation charges will decrease by RM8,708,636 (2022: RM6,257,890). Decreasing the proved and probable developed reserves estimates by 10% will increase the depreciation charges by RM10,410,149 (2022: RM6,257,890).

Changes to the Group's estimates of proved and probable developed reserves affect prospectively the amounts of depreciation charged and, consequently, the carrying amounts of property, plant and equipment. Information about the carrying amounts of these assets and the amounts charged to profit or loss, including depreciation charge is presented in Note 11.

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Depreciation of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for 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 estimated useful lives where actual useful lives vary from previously estimated useful lives.

(c) Impairment of property, plant and equipment

Property, plant and equipment, including oil and gas properties and exploration and evaluation assets, are reviewed for possible impairment 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, 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. 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.

During the financial year, the Directors have considered the results of their independent reserve engineer's report which had attributed an overall reduction in the estimated proved and probable undeveloped reserves of the Group, which arose mainly to the following reasons:

a) Increased uncertainty of the effectiveness of a gas injection project at the Kariman field as the initial trial did not proceed following delays in government approval to carry out the initial trial in the reservoir and physical construction of required equipment. This consequently delayed the execution plan and the readiness of equipment for the initial trial;

b) Poorer than expected performance of the Kariman field as current year production was lower than estimated. This resulted in a reduction in estimated developed reserves of existing wells which in turn reduced estimated future recoverable volumes per well for undeveloped reserves;

c) Seven workovers were planned at the start of the financial year for the Dolinnoe field. However, these planned workovers were reduced to one. This caused a reduction in undeveloped reserves;

d) Lower gas reserve volumes were due to a lower gas over oil ratio across the Kariman and Dollinnoe fields based on production performance in the current financial year and lower forecasted oil production; and

e) Removal of condensate and Liquefied Petroleum Gas ("LPG") production volume estimates in the current financial year in its entirety as the Group had no plans to finalise the gas processing plant for LPG.

Details of the estimates and judgements are set out in Note 17 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.

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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. 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.

6 REVENUE

	Group	
	2023	**2022**
	RM'000	**RM'000**
Sale of crude oil	189,798	166,514
Sale of gas	2,424	2,946
Sales of petroleum products	16,451	–
	208,673	169,460

The above revenue is recognised at a point in time.

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7 TAXES OTHER THAN INCOME TAXES

	Group	
	2023 RM'000	2022 RM'000
Rent export tax	28,184	34,232
Rent export duty expenditure	22,059	20,192
Mineral extraction tax	9,887	10,549
Property tax	5,934	5,417
	66,064	70,390

8 EMPLOYEE COMPENSATION COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Wages, salaries and allowances	15,803	13,679	1,851	2,536
Welfare and other expenses	1,041	773	225	277
	16,844	14,452	2,076	2,813

Employee compensation costs include Directors' remuneration (whether executive or otherwise) as disclosed in Note 12 to the financial statements.

9 OTHER OPERATING EXPENSES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Write-off of inventory	794	345	–	–
Realised foreign exchange gain/(loss) on operations - net	314	(924)	51	10
Change in asset retirement obligation estimate	1,681	2,329	–	–
Others	59	2,565	–	–
	2,848	4,315	51	10

Foreign exchange rates gain/(loss) arising from purchases and services procured are classified as part of operating expenditure.

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(CONT'D)

10 FINANCE INCOME/(COST)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Finance income				
Interest income from deposits with licensed islamic banks	4	1	4	1
Interest income from deposits with other licensed banks	835	648	–	–
Foreign exchange gain on related parties' loan:				
- Realised	5,754	3,068	5,191	–
- Unrealised	31,445	25,149	7,905	–
Gain on modification of amount due to related party	37,378	–	–	–
Finance income	75,416	28,866	13,100	1
Finance cost				
Interest expenses on amount due to MIE Maple Investment Limited	–	(83,492)	–	–
Interest expenses on amount due to Super Racer Limited ("SRL")	(5,773)	–	(1,758)	–
Interest expenses on amount due to shareholder of SRL	(46,158)	–	(2,122)	–
Interest expense on amount due to MIE Holdings Corporation	–	(11,493)	–	–
Interest expense on non-current other payable	(1,700)	(12,388)	–	–
Accretion of asset retirement obligations (Note 31)	(763)	(428)	–	–
Foreign exchange loss on borrowings, other payables and related parties' loan:				
- Realised	(5,296)	(1,501)	–	–
- Unrealised	(3,877)	(103)	(3,807)	(71)
Interest on borrowings	(1,671)	(2,007)	(1,375)	(97)
Interest on lease liabilities	(52)	(56)	(8)	(5)
Other finance cost	(2,514)	–	(67)	–
Finance cost	(67,804)	(111,468)	(9,137)	(173)

Foreign exchange difference arising from loans due from/to related parties and borrowings are classified as part of finance income/(cost).

11 LOSS BEFORE TAX

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loss before taxation is arrived at after charging/(crediting):				
Auditor remuneration:				
- Statutory audit fees				
- PricewaterhouseCoopers PLT, Malaysia	340	323	263	247
- Member firm of PricewaterhouseCoopers International Limited*	673	515	–	–
- Non audit fees:				
- PricewaterhouseCoopers PLT, Malaysia	–	180	–	180
Depreciation:				
- Property, plant and equipment (Note 17)	107,468	78,091	1	6
- Right of use of assets (Note 18)	595	516	174	149
Amortisation of intangible assets (Note 19)	292	286	–	–
Impairment of non-financial asset (Note 17)	400,359	44,540	–	–
Professional fees	2,795	3,606	1,736	2,719
(Reversal of)/additional provision for claims (Note 31)	(20,482)	21,954	–	–
Unrealised foreign exchange gain/(loss)	27,568	25,046	4,098	(71)
Realised foreign exchange gain/(loss)	772	643	5,242	10
Change in estimate of asset retirement obligations	1,681	2,329	–	–
Write-off of inventory	794	345	–	–
Write-off of property, plant and Equipment (Note 17)	13,159	21,636	–	–
Impairment charge/(reversal) of:				
- trade receivable	30	227	–	–
- cash and bank balances	(118)	(418)	–	–
- other receivables	(1,499)	(484)	–	–
- investment in subsidiaries	–	–	15,237	–
- amount due from subsidiaries	–	–	91,490	–
Net reversal for inventory obsolescence	(1,615)	–	–	–
Expenses arising from leases:				
- short-term leases				
- Premises	167	160	–	–
- low-value assets leases				
- Office equipment	8	5	8	5

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

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12 DIRECTORS' REMUNERATION

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Director:				
- Salaries and bonuses	195	600	195	600
- Defined contribution plans	17	73	17	73
Non-executive Directors:				
- Fees	325	425	325	425
- Allowances	172	216	172	216
	709	1,314	709	1,314

13 TAXATION

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Foreign income tax:				
- Current financial year	838	996	–	–
Deferred tax (income)/expense (Note 27)				
- Origination and reversal of temporary difference	(80,011)	9,820	–	–
	(79,173)	10,816	–	–

The explanation of the relationship between tax expense and (loss)/profit before tax is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loss before tax	(435,473)	(224,113)	(107,418)	(6,470)
Tax calculated at the statutory tax rates of 24% (2022: 24%)	(104,514)	(53,787)	(25,780)	(1,553)
Tax effects of:				
- Income not subject to tax	(15,292)	(5,874)	(3,146)	–
- Expenses not deductible for tax purposes	8,828	10,340	28,926	1,553
- Difference in overseas tax rates and tax base	20,317	19,623	–	–
- Re-measurement of deferred tax due to change in the excess profit tax rate	(57,736)	40,514	–	–
- Deductible temporary differences not recognised	69,224	–	–	–
	(79,173)	10,816	–	–

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14 LOSS PER ORDINARY SHARE

The calculation of basic earnings/loss per ordinary share at 31 December 2023 was based on the profit or loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2023	**2022**
Loss attributable to owners of the Company (RM'000)	(208,295)	(157,194)
Weighted average number of ordinary shares ('000)	2,128,957	1,096,412
Basic loss per ordinary share (RM)	(0.10)	(0.14)
Diluted loss per ordinary share (RM)	(0.10)	(0.14)

Diluted earnings/loss per ordinary share 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. As at 31 December 2023, there is no dilutive potential ordinary shares.

15 INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM'000	**2022 RM'000**
Cost of investment	25,646	25,646
Capital contributions to a subsidiary	584,391	584,391
Less: Accumulated impairment losses	(372,037)	(356,800)
	238,000	253,237

<u>Impairment assessment of investment in Reach Energy Ventures Sdn. Bhd.</u>

As a result of the continued challenging operating environment of the Group and the Company coupled with continuing losses during the financial year, management performed an assessment to identify whether an impairment is required with regards to the Company's investment in Reach Energy Ventures Sdn. Bhd. ("REVSB").

The recoverable amount of the Company's investment in subsidiary was determined using the FVLCD model which involves significant judgement and estimates in respect of REVSB's ability to distribute dividends to the Company. The fair value measurement is calculated using the discounted cash flow method categorised under Level 3 hierarchy.

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(CONT'D)

15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Impairment assessment of investment in Reach Energy Ventures Sdn. Bhd. (continued)

Key assumptions used in determining the recoverable amount are as follows:

	2023	**2022**
Period of projection	2024 – 2036	2023 – 2036
Selling price for export sales	USD70 – USD93	USD63 – USD94
Selling price for domestic sales	USD37 – USD47	USD31 – USD39
Reserve volume	23.5 MMBbl	47.3 MMBbl
Inflation rate	3.6% - 15.2%	3.1% - 14.8%
Cost of equity	15.76%	17.86%
Capital expenditure	USD103.9 million over the projection period	USD156.8 million over the projection period
Repayment of borrowings	In accordance with terms of borrowings	In accordance with terms of borrowings

The Company uses the period of subsoil use rights owned by REVSB's subsidiary as the projection period.

The Company recorded an additional impairment of RM15.2 million during the year ended 31 December 2023 as the carrying amount of investment was higher than its recoverable amount.

If the average oil price had been USD3.35/bbl lower than management's estimates would result an additional impairment of RM33.9 million to investment in subsidiaries.

Reserve volume had been 5% lower than management's estimates would result in an additional impairment of RM38.7 million to investment in subsidiaries.

If the estimated cost of equity used in determining the after-tax discount rate applied to the discounted cash flows been 5% higher than management's estimates, an additional impairment of RM26.3 million to investment in subsidiaries.

In the previous financial year, no additional impairment was made as the carrying value approximated its recoverable amount. If the average oil price had been USD0.035/bbl lower than management's estimates, or the reserve volume had been 0.04% lower than management's estimates, or the estimated cost of equity used in determining the after-tax discount rate applied to the discounted cash flows been 0.01% higher than management's estimates, the recoverable amount would be equal to the carrying amount of the investment in subsidiaries.

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(CONT'D)

15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiary	Group's effective equity interest 2023 %	Group's effective equity interest 2022 %	Country of incorporation	Principal activities
Reach Energy Ventures Sdn. Bhd.[1]	100	100	Malaysia	Investment holding company
Subsidiary held through Reach Energy Ventures Sdn. Bhd.				
Palaeontol B.V.[2]	60	60	Netherlands	Investment holding company
Subsidiary held through Palaeontol B.V.				
Emir-Oil LLP[3]	60	60	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.

(1) Audited by PricewaterhouseCoopers PLT, Malaysia
(2) No audit is required as allowed by the laws of the country of incorporation
(3) Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT Malaysia.

Summarised financial information for subsidiary

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

Summarised statement of financial position

	2023 RM'000	2022 RM'000
Non-current assets	1,884,310	1,275,866
Current assets	30,674	38,987
Current liabilities	(1,039,528)	(572,629)
Non-current liabilities	(1,148,159)	(627,636)
Net (liabilities)/assets	(272,703)	114,588
Accumulated non-controlling interests	(107,456)	45,835

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15 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Summarised statement of comprehensive income

	2023 RM'000	2022 RM'000
Revenue	208,673	169,460
Loss for the financial year	(370,013)	(194,337)
Loss allocated to non-controlling interests	(148,005)	(77,735)

Other than restricted cash set aside for environmental remediation relation to its operations as disclosed in Note 22, 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

	2023 RM'000	2022 RM'000
Net cash generated from operating activities	57,469	27,822
Net cash used in investing activities	(38,928)	(46,537)
Net cash used in financing activities	(26,019)	(18,814)
Exchange differences	10,653	4,291
Net increase/(decrease) in cash and cash equivalents	3,175	(33,238)

16 INVESTMENT IN JOINT VENTURE

During the financial year, the Group entered into a joint venture as set out below:

	Group	
	2023 RM'000	2022 RM'000
As at 1 January	–	–
Investment at cost	2	–
Share of result in joint venture	4,029	–
Foreign exchange translation	24	–
As at 31 December	4,055	–

The Group's ownership in the joint venture, its principal activities and country of incorporation is listed as follows:

Name of Company	Country of Incorporation and place of business	Principal activities	2023 Proportion of ownership interest %
Emir-Oil Trading LLP	Kazakhstan	Sale of petroleum products	60

16 INVESTMENT IN JOINT VENTURE (CONTINUED)

The summarised financial information of the joint venture that is accounted for using the equity method is as follows:

(i) Summarised statement of financial position

	2023 RM'000
Non-current assets	1
Current assets	29,216
Current liabilities	(20,906)
Net assets	8,311

(ii) Summarised statements of comprehensive income

	2023 RM'000
Revenue	84,193
Profit for the financial year/Total comprehensive income	8,276

(iii) Reconciliation of net assets to carrying amount

	2023 RM'000
Net assets as at 1 January	–
Issuance of shares	3
Profit for the financial year	8,276
Foreign exchange translation	32
Net assets as at 31 December	8,311
Interest in joint venture	60%
Group's interest in joint venture	4,987
Less: elimination of unrealised profit	(932)
Carrying amount	4,055

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17 PROPERTY, PLANT AND EQUIPMENT

Group	Exploration and evaluation assets RM'000	Oil and gas properties RM'000	Buildings and leasehold improvements RM'000	Motor vehicles, office and other production equipment RM'000	Information technology network equipment RM'000	Construction in progress RM'000	Total RM'000
2023							
Cost							
At 1 January	130,434	1,555,131	7,604	9,572	63	262,249	1,965,053
Additions	357	3,887	–	172	–	32,767	37,183
Transfers	–	946	456	1,153	–	(2,555)	–
Write-off	–	(10)	(9)	(866)	–	(13,133)	(14,018)
Foreign exchange translation	6,387	62,648	310	379	–	10,712	80,436
At 31 December	137,178	1,622,602	8,361	10,410	63	290,040	2,068,654
Accumulated depreciation							
At 1 January	–	454,259	4,817	1,713	63	–	460,852
Charge for the financial year	–	106,221	683	564	–	–	107,468
Write-off	–	(11)	(9)	(839)	–	–	(859)
Foreign exchange translation	–	21,424	333	147	–	–	21,904
At 31 December	–	581,893	5,824	1,585	63	–	589,365
Accumulated impairment							
At 1 January	88,628	134,857	–	–	–	23,198	246,683
Charge for the financial year	–	400,359	–	–	–	–	400,359
Foreign exchange translation	4,460	7,832	–	–	–	938	13,230
At 31 December	93,088	543,048	–	–	–	24,136	660,272
Net book value							
At 31 December	44,090	497,661	2,537	8,825	–	265,904	819,017

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Exploration and evaluation assets RM'000	Oil and gas properties RM'000	Buildings and leasehold improvements RM'000	Motor vehicles, office and other production equipment RM'000	Information technology network equipment RM'000	Construction in progress RM'000	Total RM'000
2022							
Cost							
At 1 January	168,514	1,393,659	7,188	7,925	63	253,279	1,830,628
Additions	9,158	952	–	128	–	41,900	52,138
Transfers	(35,149)	81,362	9	1,084	–	(47,306)	–
Write-off	(21,636)	–	–	–	–	–	(21,636)
Foreign exchange translation	9,547	79,158	407	435	–	14,376	103,923
At 31 December	130,434	1,555,131	7,604	9,572	63	262,249	1,965,053
Accumulated depreciation							
At 1 January	–	349,259	3,741	1,117	63	–	354,180
Charge for the financial year	–	76,767	776	548	–	–	78,091
Foreign exchange translation	–	28,233	300	48	–	–	28,581
At 31 December	–	454,259	4,817	1,713	63	–	460,852
Accumulated impairment							
At 1 January	84,151	85,749	–	–	–	22,031	191,931
Charge for the financial year	–	44,540	–	–	–	–	44,540
Foreign exchange translation	4,477	4,568	–	–	–	1,167	10,212
At 31 December	88,628	134,857	–	–	–	23,198	246,683
Net book value							
At 31 December	41,806	966,015	2,787	7,859	–	239,051	1,257,518

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17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Buildings And leasehold improvements RM'000	Motor vehicles, office and other production equipment RM'000	Information technology network equipment RM'000	Total RM'000
Cost				
At 1 January/31 December 2023	411	271	63	745
Accumulated depreciation				
At 1 January 2023	410	271	63	744
Charge for the financial year	1	–	–	1
At 31 December 2023	411	271	63	745
Net book value				
At 31 December 2023	–	–	–	–
Cost				
At 1 January/31 December 2022	411	271	63	745
Accumulated depreciation				
At 1 January 2022	406	269	63	738
Charge for the financial year	4	2	–	6
At 31 December 2022	410	271	63	744
Net book value				
At 31 December 2022	1	–	–	1

The Group's property, plant and equipment have been pledged as security for borrowings as disclosed in Note 30 to the financial statements.

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 2023, due to continued losses and revision of reserve volumes reported from an independent reserves engineer, the Group performed an assessment of the recoverability of its exploration and evaluation assets; its oil and gas properties; and its construction in progress. The recoverable amount was determined based on fair value less cost of disposal ("FVLCD"). The fair value measurement was calculated using the discounted cash flow method categorised under the Level 3 hierarchy.

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Key assumptions used in determining the recoverable amount are as follows:

	2023	**2022**
Period of projection	2024 – 2036	2023 – 2036
Selling price for export sales	USD70 – USD93	USD63 – USD94
Selling price for domestic sales	USD37 – USD47	USD31 – USD39
Reserves volume	23.5 MMBbl	47.3 MMBbl
Inflation rate	3.6% - 15.2%	3.1% - 14.8%
Weighted average cost of capital	14.01%	14.05%
Capital expenditure	USD103.9 million over the projection period	USD156.8 million over the projection period

The Group determined that individual oil fields 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 projection period.

The Group recorded an impairment for of RM400.4 million (2022: RM44.5 million) due to a shortfall between the carrying values of the assets and their FVLCD.

If the average oil price had been USD3.35/bbl lower than management's estimates, it would result in an additional impairment of RM42.8 million (2022: RM165.6 million) to the property, plant and equipment.

If the reserves volume had been 5% lower than management's estimates, it would result in an additional impairment of RM54.0 million (2022: RM43.1 million) to the property, plant and equipment.

If the estimated weighted average cost of capital used in determining the after-tax discount rate applied to the discounted cash flows been 5% higher than management's estimates, it would result in an additional impairment of RM23.9 million (2022: RM44.8 million) to the property, plant and equipment.

18 RIGHT OF USE OF ASSETS/LEASE LIABILITIES

(a) Right of use of assets

	Group RM'000	Company RM'000
Buildings		
Cost		
At 1 January 2023	5,801	888
Additions	653	346
Foreign translation effects	2	–
At 31 December 2023	6,456	1,234
Accumulated depreciation		
At 1 January 2023	1,804	771
Charge for the financial year	595	174
Foreign translation effects	2	–
At 31 December 2023	2,401	945
Net book value		
At 31 December 2023	4,055	289
Cost		
At 1 January 2022	3,609	713
Additions	1,959	175
Foreign translation effects	233	–
At 31 December 2022	5,801	888
Accumulated depreciation		
At 1 January 2022	1,270	622
Charge for the financial year	516	149
Foreign translation effects	18	–
At 31 December 2022	1,804	771
Net book value		
At 31 December 2022	3,997	117

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

(b) Lease liabilities

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Current	(666)	(755)	(66)	(189)
Non-current	(2,714)	(2,807)	(296)	–
	(3,380)	(3,562)	(362)	(189)

As at 31 December 2023, the Group's and the Company's lease liabilities have remaining terms ranging from 2 to 13 years (2022: 1 to 14 years) and 2 to 3 years (2022: 1 year) respectively. The Group's and the Company's lease liabilities bore an effective interest rate of 15.43% per annum (2022: 14.25% per annum) and 5.63% per annum (2022: 5.64% per annum) respectively. There are no future cash flows attributable to extension and termination options which the Group is potentially exposed to that are not reflected in the lease liabilities.

19 INTANGIBLE ASSET

	Group	
	2023 RM'000	**2022 RM'000**
Software		
Cost		
At 1 January	3,440	2,702
Additions	2,582	584
Foreign translation effects	154	154
At 31 December	6,176	3,440
Accumulated depreciation		
At 1 January	1,769	1,403
Charge for the financial year	292	286
Foreign translation effects	73	80
At 31 December	2,134	1,769
Net book value		
At 1 January	1,671	1,299
At 31 December	4,042	1,671

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20 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables	6,038	4,139	4,653	–
Less: Loss allowance	(726)	(2,225)	–	–
	5,312	1,914	4,653	–
Prepayments	6,449	6,871	17	149
Value-added tax and other statutory receivables	21,745	17,814	–	–
	33,506	26,599	4,670	149
Represent:				
Non-current	8,226	3,752	–	–
Current	25,280	22,847	4,670	149
	33,506	26,599	4,670	149

Other receivables are denominated in the following currencies:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables				
United States Dollar ("USD")	4,653	–	4,653	–
Kazakhstani Tenge ("KZT")	659	1,914	–	–
	5,312	1,914	4,653	–

Fair values of other receivables (excluding VAT receivables) approximate their carrying amounts.

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

	Group	
	2023 RM'000	2022 RM'000
At 1 January	2,225	2,709
Decrease in loss allowance	(1,499)	(484)
As at the end of the financial year	726	2,225

20 OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

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
2023					
Stage 2	12%	Lifetime ECL	6,038	(726)	5,312
2022					
Stage 2	54%	Lifetime ECL	4,139	(2,225)	1,914

21 TRADE RECEIVABLES

	Group 2023 RM'000	Group 2022 RM'000
Trade receivables	591	571
Less: Loss allowance	(280)	(250)
	311	321

All trade receivables are denominated in KZT.

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

Aging analysis of trade receivables is as follows:

Group

	Gross RM'000	ECL rate %	Collective impairment RM'000	Net RM'000
2023				
Not past due	205	–	–	205
Past due 60 to 180 days	130	18	(24)	106
Past due more than 180 days	256	100	(256)	–
	591		(280)	311
2022				
Not past due	303	–	–	303
Past due 60 to 180 days	18	–	–	18
Past due more than 180 days	250	100	(250)	–
	571		(250)	321

21 TRADE RECEIVABLES (CONTINUED)

Movement in the Group's loss allowance of trade receivables is as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	250	23
Increase in loss allowance	30	227
At 31 December	280	250

22 DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current				
Cash and bank balances	3,407	10,839	134	98
Less: Loss allowance	(55)	(190)	–	–
	3,352	10,649	134	98
Non-current				
Deposits with licensed bank	–	9,192	–	–
Cash and bank balances	9,548	–	–	–
Less: Loss allowance	(164)	(147)	–	–
	9,384*	9,045*	–	–

* Under the laws of Kazakhstan, the Group is required to set aside funds for environmental remediation relating to its operations. Management estimated that these amounts will be utilised in more than 12 months from the reporting date, and therefore, these amounts are classified as non-current.

The maturity of deposits with licensed banks in the previous financial year ranges from 7 to 30 days.

Movement in the Group's loss allowance for deposits, cash and bank balances is as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	337	755
Decrease in loss allowance	(118)	(418)
As at the end of the financial year	219	337

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22 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

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
2023					
Stage 1	2%	12-month ECL	12,955	(219)	12,736
2022					
Stage 1	2%	12-month ECL	20,031	(337)	19,694

Deposits, cash and bank balances are denominated in the following currencies:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
United States Dollar ("USD")	–	11,263	–	–
Kazakhstani Tenge ("KZT")	12,558	8,272	–	–
Euro ("EUR")	–	9	–	–
Malaysian Ringgit ("MYR")	178	150	134	98
	12,736	19,694	134	98

23 RELATED PARTY BALANCES

Related parties and their relationships with the Company are as follows:

Companies/Individual	Relationship
Reach Energy Ventures Sdn Bhd ("REVSB")	Subsidiary
Palaeontol B.V. ("PBV")	Subsidiary
Super Racer Limited ("SRL")	Controlling Shareholder (from 29 March 2023 onwards)
Mr. Cheung Siu Fai	Shareholder of SRL
MIE Holdings Corporation ("MIEH")	Corporate shareholder of a subsidiary (up to 11 October 2023)
MIE Maple Investments Limited ("MIEM")	Subsidiary of MIEH
Emir-Oil Trading LLP ("EOT")	Joint venture

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23 RELATED PARTY BALANCES (CONTINUED)

(a) Amounts due from subsidiaries

	Company	
	2023 RM'000	2022 RM'000
Non-current		
Amounts due from subsidiaries	308,335	–
Less: Loss allowance	(91,490)	–
	216,845	–
Current		
Amounts due from subsidiaries	1,020	383
	217,865	383

The Company's non-current amounts due from subsidiaries are denominated in USD and current amounts due from subsidiaries are denominated in Ringgit Malaysia. The amounts are unsecured and non-interest bearing.

The following table contains an analysis of the credit risk exposure of amounts due from subsidiaries for which an ECL allowance is recognised:

Company

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
2023					
Stage 2	30%	Lifetime ECL	309,355	(91,490)	217,865

(b) Amount due from a corporate shareholder of a subsidiary

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current	–	4,064	–	4,064

The Group's and the Company's amount due from MIEH is denominated in USD. The amount is unsecured, non-interest bearing and was repayable on demand.

On 11 October 2023, MIEH ceased to be a corporate shareholder of a subsidiary. As a result, the amount due from a corporate shareholder of a subsidiary was reclassified to other receivable.

23 RELATED PARTY BALANCES (CONTINUED)

(c) Amounts due to related parties

The Group's amounts due to related parties are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current				
Amounts due to MIEM (Note (i))	–	391,852	–	–
Amounts due to shareholder of SRL (Note (ii))	5,968			
	5,968	391,852	–	–
Non-current				
Amounts due to MIEM (Note (i))	–	123,240	–	–
Amounts due to shareholder of SRL (Note (ii))	583,028	–	52,748	–
Amount due to SRL (Note (iii))	4,053	–	4,053	–
	587,081	123,240	56,801	–

(i) As at 31 December 2022, the amounts due to MIEM were unsecured, denominated in United States Dollar and with the following repayment and interests terms:

Group			
Non-current RM'000	Current RM'000	Interest terms	Repayment terms
123,240	–	4.86% per annum	Due 2036
–	10,206[1]	Interest free	Repayable on demand
–	1,715[1]	5% per annum	Due 2023
–	1,293[1]	Interest free	Due 2023
–	378,638[2]	5% per annum	Due 2023
123,240	391,852		

[1] On 18 April 2023, MIEM confirmed that it will not request for repayment of these amounts before 30 April 2024.

[2] On 18 April 2023, the Group entered into a deed of amendment to existing loan agreements with MIEM to extend repayment terms of past due balances of RM378.6 million to 30 April 2025. As a result, a gain on modification of RM37.4 million is recognised.

On 11 October 2023, MIEM assigned and transferred to SRL its rights, title, interest and benefits in and with respect to the entire amounts due to MIEM by the Group. On the same date, SRL assigned and transferred to the shareholder of SRL its rights, title, interest and benefits in with respect to the same amounts.

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23 RELATED PARTY BALANCES (CONTINUED)

(c) Amounts due to related parties (continued)

(ii) As at 31 December 2023, the amounts due to shareholder of SRL are unsecured, denominated in United States Dollar and with the following repayment and interests terms:

Group			
Non-current RM'000	Current RM'000	Interest terms	Repayment terms
389,499	–	5% per annum	Due 2025
140,781	–	4.86% per annum	Due 2036
52,748[2]	–	5% per annum	Repayable when the cash position of the Company is more than USD10 million at any point in time.
–	2,534[1]	Interest free	Repayable on demand
–	1,784[1]	5% per annum	Due 2023
–	1,650[1]	Interest free	Due 2023
583,028	5,968		

Company			
Non-current RM'000	Current RM'000	Interest terms	Repayment terms
52,748[2]	–	5% per annum	Repayable when the cash position of the Company is more than USD10 million at any point in time.

[1] On 29 April 2024, shareholder of SRL confirmed that he will not request for repayment of these amounts before 31 May 2025.

[2] On 29 March 2023, following the completion of a debt settlement arrangement as disclosed in Note 36, the remaining amount owing to SRL of USD17,826,886 post settlement is now subject to interest of 5% per annum.

On 2 May 2023, SRL assigned and transferred to the shareholder of SRL its rights, title, interest and benefits in and with respect to the amount due to SRL by the Group of USD17.8 million. The amount continued to be subject to interest of 5% per annum.

On 15 May 2023, the shareholder of SRL assigned and transferred to Hong Kong Resources Management Limited ("HKRM") its rights, title, interest and benefits in and with respect to USD6.8 million out of the total amount due to the shareholder of SRL of USD17.8 million. As a result, the amount payable of USD6.8 million was reclassified from amount due to related parties to borrowings as disclosed in Note 30. This amount continues to be subject to interest of 5% per annum.

23 RELATED PARTY BALANCES (CONTINUED)

(c) Amounts due to related parties (continued)

(iii) The amount due to SRL as at 31 December 2023 is unsecured, denominated in United States Dollar and with the following repayment and interests terms:

Group and Company 2023 Non-current RM'000	Group and Company 2023 Current RM'000	Interest terms	Repayment terms
4,053[(1)]	–	Malaysia Overnight Rate	Due 2025

[(1)] On 29 March 2023, following the completion of a debt settlement arrangement as disclosed in Note 36, the Company entered into a shareholder loan agreement with SRL for a loan facility of USD5 million to the Company with an interest at Bank Negara Malaysia overnight policy rate as at the date of each period in which interest is payable. As at 31 December 2023, the Company had drawndown USD0.8 million.

24 SIGNIFICANT RELATED PARTY DISCLOSURES

Related party transactions of the Group and of the Company comprise mainly transactions between the Company and its subsidiaries, corporate shareholder and a corporate shareholder of a subsidiary.

Related parties and their relationship with the Group and the Company are disclosed in Note 23.

All related party transactions were carried out on agreed terms. 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:

	Group 2023 RM'000	Group 2022 RM'000
(i) Transactions with related parties		
Interest expenses on amount due to shareholder of SRL	46,158	–
Interest expenses on amount due to SRL	5,773	–
Interest expenses on amount due to MIEM	–	83,492
Interest expenses on amount due to MIEH	–	11,493
(ii) Transactions with joint venture		
Sales of crude oil to Emir-Oil Trading LLP	44,816	–
Advances from Emir-Oil LLP	18,848	–

	Company 2023 RM'000	Company 2022 RM'000
(iii) Transactions with subsidiaries		
Repayment of advance from subsidiaries	–	(809)
Professional fees to subsidiaries	1,331	–
Transfer of liabilities from a subsidiary[(1)]	300,071	–

[(1)] The Company undertook a subsidiary's obligation of amount due to SRL effective from 3 March 2023.

24 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(b) Key management personnel

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Directors:				
- Salaries and bonuses	195	600	195	600
- Defined contribution plans	17	73	17	73
Non-executive Directors:				
- Fees	325	425	325	425
- Allowances	172	216	172	216
	709	1,314	709	1,314
Other key management personnel:				
- Remuneration and other emoluments	1,833	720	663	720
- Defined contribution plans	334	94	80	94
	2,167	814	743	814
	2,875	2,128	1,451	2,128

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 Directors of the Group and senior management of the Group.

25 SHARE CAPITAL

	2023		2022	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid:				
At 1 January	1,096,413	488,975	1,096,413	488,975
Issuance of new ordinary shares	1,032,544	218,113	–	–
At 31 December	2,128,957	707,088	1,096,413	488,975

As disclosed in Note 36, on 29 March 2023, the Group completed a debt settlement arrangement. In conjunction with the arrangement, the Company issued 1,032,544,282 new ordinary shares to Super Racer Limited to settle an amount owing to Super Racer Limited of USD49,562,125 (RM218,113,000).

26 OTHER RESERVES

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Warrants reserve	(a)	–	–	–	–
Share-based payment reserve	(b)	–	–	–	–
Foreign exchange reserve	(c)	8,569	16,498	–	–
		8,569	16,498	–	–

(a) Warrants reserve

The movement in warrants reserve of the Group and the Company is as follows:

	2023 Number of warrants	2023 Amount RM'000	2022 Number of warrants	2022 Amount RM'000
At 1 January	–	–	1,277,822	198,914
Lapsed	–	–	(1,277,822)	(198,914)
At 31 December	–	–	–	–

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.

The Warrants expired on 15 August 2022.

(b) Share-based options reserve

Movements in the share-based options reserve of the Group and the Company are as follows:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
At 1 January	–	821	–	821
Lapsed during the year	–	(821)	–	(821)
At 31 December	–	–	–	–

Share based options lapsed in the previous financial year.

(c) Foreign exchange reserve

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

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27 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	
	2023 RM'000	**2022 RM'000**
Deferred tax liabilities	(4,925)	(82,067)

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

	Group	
	2023 RM'000	**2022 RM'000**
At 1 January	(82,067)	(69,170)
Foreign exchange translation	(2,869)	(3,077)
Credited/(charged) to loss (Note 13)		
- tax losses	(71,790)	9,305
- provisions	(1,082)	1,733
- lease liabilities	(99)	247
- property, plant and equipment	153,997	(20,374)
- intangible assets	(1,069)	(430)
- right of use of assets	54	(301)
	80,011	(9,820)
At 31 December	(4,925)	(82,067)
Deferred tax assets (before offsetting):		
- tax losses	100,301	165,812
- provisions	4,671	5,535
- lease liabilities	604	675
	105,576	172,022
Offsetting	(105,576)	(172,022)
Deferred tax assets (after offsetting)	–	–

27 DEFERRED TAX LIABILITIES (CONTINUED)

Movements during the financial year relating to deferred tax are as follows: (continued)

	Group	
	2023 RM'000	**2022 RM'000**
Deferred tax liabilities (before offsetting):		
- property, plant and equipment	(107,215)	(251,496)
- intangible assets	(2,533)	(1,817)
- right of use of assets	(753)	(776)
	(110,501)	(254,089)
Offsetting	105,576	172,022
Deferred tax liabilities (after offsetting)	(4,925)	(82,067)

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

As at 31 December 2023, the unused tax losses for which no deferred tax asset was recognised in the statements of financial position are as follows:

	Group	
	2023 RM'000	**2022 RM'000**
Unutilised tax losses	346,641	–

The unused tax losses for which no deferred tax asset was recognised in the statements of financial position will expire in the following financial years:

	Group	
	2023 RM'000	**2022 RM'000**
Financial year		
2024	74,798	–
2025	30,208	–
2026	241,112	–
	346,118	–
Deferred tax assets not recognised	69,224	–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

28 TRADE PAYABLES

	Group	
	2023 RM'000	2022 RM'000
Current	78,164	82,410
Non-current	3,265	5,293
	81,429	87,703

Non-current trade payable balances relate to purchases of plant and equipment which have repayment terms of between 1 to 3 years (2022: 1 to 3 years).

The carrying amount's of trade payables are denominated in the following currencies:

	Group	
	2023 RM'000	2022 RM'000
Kazakhstani Tenge ("KZT")	71,185	79,069
United States Dollar ("USD")	10,244	8,634
	81,429	87,703

29 ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current				
Contract liabilities (Note (a))	25,877	10,189	–	–
Withholding and other tax payable	15,714	16,287	–	–
Salary and welfare payable	2,001	2,070	238	641
Accruals and other payables	14,309	6,226	1,002	2,105
	57,901	34,772	1,240	2,746
Non-current				
Other payables (Note (b))	–	291,616	–	–
Total accruals and other payables	57,901	326,388	1,240	2,746

The Group's unsatisfied performance obligations as at 31 December 2023 are represented by contract liabilities.

29 ACCRUALS AND OTHER PAYABLES (CONTINUED)

(a) Movement of contract liabilities during the financial year are as follows:

	Group	
	2023 **RM'000**	**2022** **RM'000**
At 1 January	10,189	15,266
Contract liabilities netted with revenue recognised during the financial year	25,877	10,189
Revenue recognised that was included in contract liabilities balance at the beginning of the financial year	(10,189)	(15,266)
At 31 December	25,877	10,189

(b) Non-current other payable

	Group **2022** **RM'000**
- with 14% interest	170,992
- interest free	120,624
	291,616

On 8 July 2022, MIE Holdings Corporation as beneficial owner of the amount due to a corporate shareholder, assigned absolutely all its rights, interests, benefits, title, claims and demands, arising from or in connection with the amount payable to Super Racer Limited via a deed of amendments.

On 29 March 2023, the Group completed the debt settlement arrangement with Super Racer Limited to settle partially an amount due to SRL via issuance of new ordinary shares as disclosed in Note 25 to the financial statement.

As a result from the change in beneficial ownership, the amount in other payables was classified to amount due to related parties as disclosed in Note 23.

Accruals and other payables are denominated in the following currencies:

	Group		Company	
	2023 **RM'000**	**2022** **RM'000**	**2023** **RM'000**	**2022** **RM'000**
United States Dollar ("USD")	12,214	301,262	–	–
Kazakhstani Tenge ("KZT")	38,774	22,650	–	–
Malaysian Ringgit ("MYR")	6,913	2,476	1,240	2,746
	57,901	326,388	1,240	2,746

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

30 BORROWINGS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Secured				
Current:				
Term loan from Ruima Group Limited (a)	8,737	4,201	8,737	4,201
Term loan from a bank (b)	–	25,088	–	–
Non-current:				
Term loan (c)	32,210	–	32,210	–
	40,947	29,289	40,947	4,201

(a) The term loan principal of USD1.8 million (2022: USD1.2 million) carries an interest rate of 5% per annum with Ruima Group Limited. The term loan is repayable on 30 September 2024 (2022: 30 September 2023).

(b) The term loan principal of USD5.6 million carried an interest rate of 7% per annum for a period of 72 months. On 17 February 2023, the Group received notification of non-compliance with non-financial covenants. The non-compliance was because of the Group's involvement in several litigation cases and non-compliance of minimum work programs which in the opinion of the lender, posed a risk as to the timeliness in fulfilling its Group's obligations under the term loan. As a result of the breach of covenants, the Group was required to settle the term loan immediately. The Group fully settled the term loan on 21 February 2023.

(c) On 15 May 2023, the sole shareholder of Super Racer Limited assigned and transferred to Hong Kong Resources Management Limited ("HKRM") its rights, title, interest and benefit's in and with respect to an amount due to the sole shareholder of Super Racer Limited by the Group of USD6.8 million. As a result, this amount was reclassified from amount due to related parties to borrowings. This amount is subject to an interest rate of 5% per annum and is repayable when the cash position of the Company is more than USD10 million at any point in time.

On 8 March 2024, HKRM further assigned and transferred to Skyon Corporation Limited its rights, title, interest and benefit's in and with respect to this amount. The amount continues to be subject interest of 5% per annum.

31 PROVISIONS

Group

	Provision for Asset Retirement Obligation		Provision for claims		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current	781	751	11,774	36,707	12,555	37,458
Non-current	9,926	6,889	–	–	9,926	6,889
	10,707	7,640	11,774	36,707	22,481	44,347

31 PROVISIONS (CONTINUED)

Movements of provisions are as follows:

	Provision for Asset Retirement Obligation		Provision for claims	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	7,640	4,687	36,707	16,973
Additional/(reversal) during the financial year	171	268	(20,482)[a]	21,954
Foreign exchange translation	452	(72)	1,612	(438)
Changes in estimates	1,681	2,329	–	–
Payment	–	–	(6,063)	(1,782)
Accretion of asset retirement obligations	763	428	–	–
At 31 December	10,707	7,640	11,774	36,707[b]

(a) Reversal of USD4.5 million (RM20.5 million) during the financial year relates to reduced fines based on decisions made by the court in Kazakhstan.

(b) Provision in the previous financial year relates to penalty for non-compliance of minimum work programs that the Group committed to during the life of production contracts.

32 COMMITMENTS

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

	Group	
	2023 RM'000	2022 RM'000
Authorised but not contracted for	35,516	27,519
Contracted but not provided for	–	5,113
	35,516	32,632

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

32 COMMITMENTS (CONTINUED)

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

	Group	
	2023	**2022**
	RM'000	**RM'000**
<1 year	242,861	241,030
1-2 years	378,692	418,962
2-5 years	469,292	476,827
>5 years	988,130	1,016,875
	2,078,975	2,153,694

The minimum work program includes capital expenditure of RM472 million (2022: RM690 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.

33 FINANCIAL INSTRUMENTS BY CATEGORY

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

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at amortised costs				
Trade receivables	311	321	–	–
Other receivables	6,038	2,392	4,670	149
Deposits, cash and bank balances	12,736	19,694	134	98
Amount due from subsidiaries	–	–	217,865	383
Amount due from a corporate shareholder of a subsidiary	–	4,064	–	4,064
	19,085	26,471	222,669	4,694
Financial liabilities at amortised costs				
Trade payables	81,429	87,703	–	–
Accruals and other payables (excluding statutory liabilities and contract liabilities)	14,309	297,842	1,002	2,105
Amount due to related parties	52,326	515,092	56,801	–
Borrowings	40,947	29,289	40,947	–
	189,011	929,926	98,750	2,105

34 SEGMENTAL INFORMATION

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

The Group has one single operating segment, which operates the exploration, development, production and sale 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. 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 75% (2022: 69%) to the Group's revenue.

The geographical information of segment assets based on the country where these assets are located is disclosed as follows:

	Malaysia RM'000	Kazakhstan RM'000	Total RM'000
2023			
Non-current assets			
Right of use assets	289	3,766	4,055
Property, plant and equipment	–	819,017	819,017
Intangible assets	–	4,042	4,042
Total	289	826,825	827,114
Segment liabilities	99,350	708,071	807,421
2022			
Non-current assets			
Right of use assets	117	3,880	3,997
Property, plant and equipment	1	1,257,517	1,257,518
Intangible assets	–	1,671	1,671
Total	118	1,263,068	1,263,186
Segment liabilities	7,136	1,084,555	1,091,691

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

35 LITIGATION

a) Litigation involving Emir-Oil LLP and Ministry of Energy of Kazakhstan ("MOE") in connection with the application on the deferral of Contractual Obligations of Dolinnoe's Oil Field

Emir-Oil LLP ("Emir-Oil") had filed a claim to the Ministry of Energy of Kazakhstan ("MOE") at the Economic Court of Nur-Sultan on 15 July 2023 relating to approval of Amendment No. 4 relating to the deferral relating to contractual obligations of the Dolinnoe oil field in 2020 and 2021 to a period of 2022 to 2025.

During the period from 2020 to 2022, Emir-Oil had submitted several applications to the MOE for the postponement of obligations for 2020 to 2021 to 2022 to 2025. MOE, however, had rejected Emir-Oil's application.

On 15 July 2022, Emir-Oil decided to submit the claim to the Court of Nur-Sultan city to establish the rejection of the MOE as unjustifiable and oblige the MOE to postpone the contractual obligations of Dolinnoe's oil field for 2020 to 2021 to 2022 to 2025.

The preliminary hearing was held on 8 August 2022 and the second hearing was held on 22 August 2022. The Court of Nur-Sultan city on 22 August 2022 had rejected Emir-Oil's claim.

Emir-Oil had filed its appeal to the Appellate Division of the City Court of Nur-Sultan on 23 September 2022. The Court of the City of Astana (formerly known as the City Court of Nur-Sultan) on 28 October 2022 had supported MOE's position and rejected Emir-Oil's claim.

Emir-Oil filed a cassation complaint (the "Complaint") to the Supreme Court of the Republic of Kazakhstan on 25 April 2023. The Court had on 12 June 2023 at the first preliminarily stage denied Emir-Oil's motion. Accordingly, Emir-Oil has the right to petition the Prosecutor General to issue a protest the decision of the Supreme Court of the Republic of Kazakhstan.

On 14 November 2023, the MOE filed a claim in the Specialized Inter-District Economic Court of Astana for the compulsory recovery of debt from Emir-Oil due to non-performance of financial obligations under the Dolinnoe contract for 2020 to 2021, with a claim amount of approximately KZT 2.6 billion (i.e. RM 27.4 million).

The Specialised Inter-District Economic Court of Astana accepted the MOE's claim. Emir-Oil submitted the objections to the claim along with supporting documents on 5 December 2023. The Specialised Inter-District Economic Court of Astana completed the consideration of the MOE's claim and the full text of the reasoned decision of the Court was made available to Emir-Oil on 29 January 2024.

According to the Court's decision, the MOE's claim were partially satisfied. A reduced fine in the amount of KZT 910.3 million (i.e. RM 9.6 million) and a state duty of KZT 27.3 million (i.e. RM 0.3 million) were imposed on Emir-Oil.

The MOE filed an appeal against the decision of the Specialised Inter-District Economic Court of Astana. The appeal of the MOE was rejected and the decision of the Specialized Inter-District Economic Court of Astana was upheld without changes.

As at 31 December 2023, the Group has recognised a provision of claim of approximately KZT910.3 million (i.e. RM9.6 million).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

36 SIGNIFICANT EVENTS

a) Completion of Debt Settlement Arrangement

The Group had on 25 November 2022 announced a proposal to settle amount of owing to Super Racer Limited ("SRL") of USD49,562,125 via the issuance of 1,032,544,282 new ordinary shares in the Company to SRL ("Proposed Debt Settlement").

On 29 March 2023, the Group completed the debt settlement. Following its completion, SRL holds a direct interest of 48.5% in the Company and issuance of 1,032,544,282 new ordinary shares increased the share capital of the Company as disclosed in Note 25. The remaining debt owing to SRL of USD17,826,886 is now subjected to an interest rate of 5% per annum reduced from the initial interest rate of 14% per annum.

On 29 March 2023, SRL had also entered into a shareholder loan agreement with the Company to provide a loan facility of USD5 million to the Company at an interest rate equivalent to the Bank Negara Malaysia overnight policy rate as at the date of each period in which interest is payable as disclosed in Note 23.

b) Status of Practice Note 17

On 3 April 2023, the Board of Directors of the Company announced that the Company had triggered the criteria under Paragraph 2.1(e) of PN17 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") as its had an unqualified audit opinion which highlighted a paragraph on material uncertainty related to going concern on the Group in respect of the Group's Audited Financial Statements for the financial year ended 31 December 2022 and the Company's shareholders' equity on a consolidated basis is 50% or less of its share capital as announced on 28 February 2023.

As a result, the Company is required to submit its regularisation plan to the Securities Commission Malaysia within 12 months from the date of its announcement. On 2 February 2024, TA Securities Holdings Berhad was appointed as principal adviser ("Principal Adviser") for the proposed regularisation plan pursuant to paragraph 8.04(3) of the Listing Requirements of Bursa Securities.

The Principal Adviser had on 19 March 2024 submitted an application to Bursa Securities for an extension of time up to 2 October 2024 for the Company to submit a regularisation plan to the relevant authorities. The extension was approved by Bursa Securities on 16 April 2024.

The extension of time is without prejudice to Bursa Securities' right to proceed to suspend the trading of the listed securities of the Company and to de-list the Company in the event:

(i) the Company fails to submit its regularisation plan to the relevant regulatory authorities on or before 2 October 2024;

(ii) the Company fails to obtain the approval from any of the regulatory authorities necessary for the implementation of its regularisation plan; or

(iii) the Company fails to implement its regularisation plan within the time frame or extended time frame stipulated by any of the regulatory authorities.

Upon occurrence of any of the events set out in (i) to (iii) above, Bursa Securities shall suspend the trading of the listed securities of the Company on the 6th market day after the date of notification of suspension by Bursa Securities and de-list the Company, subject to the Company's right to appeal against the delisting.

The Board of Directors and its Principal Advisor are currently formulating a detailed regularisation plan for submission and subsequent approval by the relevant authorities.

STATEMENT BY **DIRECTORS**

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

We, Tse Man Yin and Tan Sri Dr Azmil Khalili bin Dato' Khalid, 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 58 to 135 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 2023 and financial performance of the Group and of the Company for the financial year ended 31 December 2023 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 30 April 2024.

TSE MAN YIN
DIRECTOR

TAN SRI DR AZMIL KHALILI BIN DATO' KHALID
DIRECTOR

STATUTORY **DECLARATION**

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

I, Lee Kim Hong, the Officer responsible for the financial management of Reach Energy Berhad, do solemnly and sincerely declare that the financial statements set out on pages 58 to 135 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.

LEE KIM HONG
(MIA No. CA-11927)

Subscribed and solemnly declared by the above named, at Kuala Lumpur in Malaysia on 30 April 2024, before me.

SITI NURBAYA BINTI MOHD BISHARUDDIN (W738)
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 2023, 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 2023 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 material accounting policies, as set out on pages 58 to 135.

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 to the financial statements, which indicates that the Group and the Company incurred losses of RM356.3 million and RM107.4 million respectively during the financial year ended 31 December 2023 and, as of that date, the Group's and the Company's current liabilities exceeded current assets by RM132.4 million and RM4.2 million respectively. As stated in Note 3.1 to the financial statements, these events or conditions, along with other matters as set forth in that note, indicate that a material uncertainty exists that may cast significant doubt on the Group and 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 matter described below to be the key audit matter to be communicated in our report.

Group

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of property, plant and equipment *Refer to Note 5(c) - Critical Accounting Estimates and Judgements - Impairment of property, plant and equipment, Note 17 - Property, plant and equipment* As at 31 December 2023, the Group's property, plant and equipment was RM819.0 million. The Group determined individual oil fields to be cash-generating units ("CGU") in assessing for impairment of property, plant and equipment. The recoverable amount assessments of CGUs were determined using the Fair Value Less Cost of Disposal ("FVLCD") model. The FVLCD model is derived from estimated future cash flows of each CGU. The FVLCD model involves significant judgement and estimates in respect of key assumptions such as selling prices for export and domestic sales, reserve volume, inflation rates, weighted average cost of capital and capital expenditure. These forward-looking estimates are inherently uncertain. Based on impairment assessments performed, the carrying amounts of the CGUs as at 31 December 2023 exceeded its recoverable amount by RM400.4 million, hence an impairment loss was recognised during the financial year. We focused on this area due to the significance of property, plant and equipment and significant judgement involved in determining the recoverable amounts.	We performed the following procedures to evaluate reasonableness of key assumptions used in the determination of recoverable amounts of property, plant and equipment: (a) Assessed key assumptions used in determining the recoverable amounts of the CGUs by performing the following: • Compared forecast selling prices for export and domestic sales against available independent market data; • Compared inflation rates and weighted average cost of capital against industry data; • Compared level of reserves and expected capital expenditure against management's external expert reserves report; • Evaluated the competency and objectivity of expert used by the Group who produced the reserves estimates used in the assessment of the recoverable amounts of CGUs by reference to their professional qualifications and experience; • Engaged our valuation expert in assessing the appropriateness of the methodology and weighted average cost of capital adopted in the assessment of the recoverable amounts of CGUs; • Assessed reliability of management's forecast through the review of past trends of actual sales volume of crude oil against forecast production profile and forecast capital expenditure against capital expenditure incurred; and • Checked the sensitivity analysis performed by management on selling prices, reserves volume and weighted average cost of capital. (b) Assessed adequacy of disclosures in the financial statements. Based on procedures performed above, we did not find any material exceptions.

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)

Company

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td> Impairment assessment of the cost of investment in subsidiary and amount due from a subsidiary
Refer to Note 5(f) - Critical Accounting Estimates and Judgements - Impairment of investment in subsidiary, Note 15 - Investment in subsidiaries and Note 23 – Amounts due to related parties
As at 31 December 2023, the Company recorded investment in subsidiary of RM238.0 million and amount due from a subsidiary of RM217.9 million.
The recoverable amount of the Company's investment in subsidiary was determined using the FVLCD model which involves significant judgement and estimates in respect of Reach Energy Ventures Sdn Bhd's ability to distribute dividends to the Company. This relates to the use of assumptions such as selling prices for export and domestic sales, reserve volume, inflation rates, cost of equity, capital expenditure and repayment of borrowings. These forward-looking estimates are inherently uncertain.
Based on the impairment assessment performed, an impairment loss was recognised during the financial year as the carrying value of investment in subsidiary exceeded its recoverable amount by RM15.2 million. In addition, an expected credit loss of RM91.5 million was recognised for the amount due from a subsidiary.
We focused on this area due to the significance of the investment in subsidiary balance and amount due from a subsidiary and the significant judgment in determining the recoverable amount. </td>
<td> We performed the following procedures to evaluate reasonableness of key assumptions used in the determination of recoverable amount of investment in subsidiaries and amount due from a subsidiary:
(a) Assessed the key assumptions used in determining the recoverable amount by performing the following:

Compared forecast selling prices for export and domestic sales against available independent market data;
Compared inflation rates and cost of equity against industry data;
Compared level of reserves and expected capital expenditure against management's external expert reserves report;
Evaluated the competency and objectivity of expert used by the Group who produced the reserves estimates used in the assessment of the recoverable amount by reference to their professional qualifications and experience;
Engaged our valuation expert in assessing the appropriateness of the methodology and cost of equity adopted in the assessment of the recoverable amounts;
Assessed reliability of management's forecast through the review of past trends of actual sales volume of crude oil against forecast production profile and forecast capital expenditure against capital expenditure incurred;
Assessed reasonableness of management's financing assumptions;
Checked the sensitivity analysis performed by management on selling prices, reserves volume and cost of equity; and
Checked appropriateness of management's assessment on the expected credit losses of amount due from a subsidiary.

(b) Assessed adequacy and reasonableness of disclosures in the financial statements.
Based on procedures performed above, we did not find any material exceptions. </td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF REACH ENERGY BERHAD
(CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Chairman's Statement, Statement on Directors' Responsibility, Management's Discussion and Analysis, Statement on Risk Management and Internal Control, Sustainability Statement, Corporate Governance Overview Statement, Audit Committee Report, Director's Report, and other sections of the 2023 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, 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.

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)

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

IRVIN GEORGE LUIS MENEZES
02932/06/2024 J
Chartered Accountant

Kuala Lumpur
30 April 2024

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 2023 ("FY2023") 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 FY2023 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 judgements 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 Executive Director are separate to ensure balance of power and authority, so that no individual has unfettered powers of decision. The Executive Director is responsible to the Board for implementing operational and corporate decisions while the Non-Executive Directors are responsible for providing independent views, advice and judgement 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 Secretaries

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 approximately 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.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A1. Board Responsibilities (continued)

1.3 Board Meetings (continued)

Eight (8) Board of Directors' meetings were held for FY2023. The record of attendance of the Directors who held office during FY2023 is as follows:

Directors	Number of meetings attended/held
Tan Sri Dr. Azmil Khalili bin Dato' Khalid (Non-Independent Non-Executive Director) *(Redesignated w.e.f. 29 March 2023)*	8/8
Yusoff bin Hassan (Independent Non-Executive Director)	8/8
Izlan bin Izhab (Senior Independent Non-Executive Director) *(Resigned w.e.f 29 March 2023)*	1/1
Dato' Berikkazy Seksenbayev (Independent Non-Executive Director) *(Resigned w.e.f 29 March 2023)*	0/1
Yerlan Issekeshev (Independent Non-Executive Director) *(Resigned w.e.f 29 March 2023)*	0/1
Nik Din bin Nik Sulaiman (Independent Non-Executive Director) *(Resigned w.e.f 29 March 2023)*	1/1
Dato' Jasmy bin Ismail (Independent Non-Executive Director) *(Resigned w.e.f 29 March 2023)*	1/1
Datin Noor Lily Zuriati binti Abdullah (Independent Non-Executive Director) *(Resigned w.e.f 29 March 2023)*	1/1
Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin (Executive Director) *(Resigned w.e.f 29 March 2023)*	1/1
Tse Man Yin (Executive Director) *(Appointed w.e.f 29 March 2023)*	7/7
Cheung Hung (Independent Non-Executive Chairman) *(Appointed w.e.f 29 March 2023)*	7/7
Chow Hiu Tung (Independent Non-Executive Director) *(Appointed w.e.f 29 March 2023)*	7/7
Yau Shu Shan (Independent Non-Executive Director) *(Appointed w.e.f 20 June 2023)*	5/5

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 FY2023 are as follows:

Directors	Training Programmes Attended
Tan Sri Dr. Azmil Khalili bin Dato' Khalid (Non-Independent Non-Executive Director) *(Redesignated w.e.f. 29 March 2023)*	• Ikhlas Capital & Ancora Group Joint Annual Conference 2023 from 20-22 July 2023 • Trespassing – Leadership Lessons from 77 Trains BC and Other Journeys by Asia School of Business in collaboration with Khazanah Alumni and supported by HSBC on 18 August 2023 • Net Zero Target Briefing by Earth Finance on 28 August 2023 • Environmental, Social and Governance (ESG) by Boardroom Corporate Services Sdn Bhd on 8 September 2023 • Khazanah Megatrends Forum 2023 by Khazanah Nasional Berhad from 2 to 3 October 2023
Izlan bin Izhab (Senior Independent Non-Executive Director) *(Resigned w.e.f 29 March 2023)*	N/A
Nik Din bin Nik Sulaiman (Independent Non-Executive Director) *(Resigned w.e.f 29 March 2023)*	N/A
Dato' Jasmy bin Ismail (Independent Non-Executive Director) *(Resigned w.e.f 29 March 2023)*	N/A
Datin Noor Lily Zuriati binti Abdullah (Independent Non-Executive Director) *(Resigned w.e.f 29 March 2023)*	N/A
Y.M. Tunku Datuk Nooruddin bin Tunku Dato' Sri Shahabuddin (Executive Director) *(Resigned w.e.f 29 March 2023)*	N/A
Dato' Berikkazy Seksenbayev (Independent Non-Executive Director) *(Resigned w.e.f 29 March 2023)*	N/A
Yerlan Issekeshev (Independent Non-Executive Director) *(Resigned w.e.f 29 March 2023)*	N/A

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A1. Board Responsibilities (continued)

1.4 Directors' Training (continued)

Directors	Training Programmes Attended
Yusoff bin Hassan (Independent Non-Executive Director)	• Environmental, Social and Governance (ESG) by Boardroom Corporate Services Sdn Bhd on 8 September 2023
Cheung Hung (Independent Non-Executive Chairman) *(Appointed w.e.f 29 March 2023)*	• Environmental, Social and Governance (ESG) by Boardroom Corporate Services Sdn Bhd on 8 September 2023 • Mandatory Accreditation Programme (MAP) ICDM Virtual Classroom from 9 October to 10 October 2023
Chow Hiu Tung (Independent Non-Executive Director) *(Appointed w.e.f 29 March 2023)*	• Environmental, Social and Governance (ESG) by Boardroom Corporate Services Sdn Bhd on 8 September 2023 • Mandatory Accreditation Programme (MAP) ICDM Virtual Classroom from 31 May to 2 June 2023
Tse Man Yin (Executive Director) *(Appointed w.e.f 29 March 2023)*	• Environmental, Social and Governance (ESG) by Boardroom Corporate Services Sdn Bhd on 8 September 2023 • Mandatory Accreditation Programme (MAP) ICDM Virtual Classroom from 11 May to 12 May 2023
Yau Shu Shan (Independent Non-Executive Director) *(Appointed w.e.f 20 June 2023)*	• Environmental, Social and Governance (ESG) by Boardroom Corporate Services Sdn Bhd on 8 September 2023 • Mandatory Accreditation Programme (MAP) ICDM Virtual Classroom from 9 to 10 October 2023

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 Advice

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A1. Board Responsibilities (continued)

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 can be found in the Annual Report 2023.

(a) RMC

Members

No.	Name	Designation	Membership
1	Cheung Hung *(Appointed as Chairman of RMC w.e.f 29 March 2023)*	Independent Non-Executive Director	Chairman
2	Tan Sri Dr. Azmil Khalili bin Dato' Khalid *(Appointed as member of RMC w.e.f. 29 March 2023)*	Non-Independent Non-Executive Director	Member
3	Chow Hiu Tung *(Appointed as member of RMC w.e.f. 29 March 2023)*	Independent Non-Executive Director	Member
4	Tse Man Yin *(Appointed as member of RMC w.e.f. 29 March 2023)*	Executive Director	Member
5	Yusoff bin Hassan *(Appointed as member of RMC w.e.f. 29 March 2023)*	Independent Non-Executive Director	Member
6	Datin Noor Lily Zuriati Binti Abdullah *(Resigned as member of RMC w.e.f. 29 March 2023)*	Independent Non-Executive Director	Chairman
7	Mr. Yerlan Issekeshev *(Resigned as member of RMC w.e.f. 29 March 2023)*	Independent Non-Executive Director	Member
8	Tunku Datuk Nooruddin Bin Tunku Dato' Sri Shahabuddin *(Resigned as member of RMC w.e.f. 29 March 2023)*	Executive Director	Member

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A1. Board Responsibilities (continued)

1.6 Board Committees (continued)

(a) RMC (continued)

Roles:

- Provide oversight, direction and counsel to the Company's/Group's risk management framework, policies and process.
- Review the risk identification and process to confirm it is consistent with the Company's strategy and business plan.
- Inquire of management / department heads and the external/internal auditor about significant business, political, financial and control risks or exposure to such risk.
- Oversee and monitor the Company's documentation of the material risks that the Company faces and update as events change and risks shift.
- Assess the steps management has implemented to manage and mitigate identifiable risk, including the use of hedging and insurance.
- Oversee and monitor at least annually, and more frequently if necessary, the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks).
- Review the following, with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled:
    i. management's tolerance for financial risks;
    ii. management's assessment of significant financial risks facing the Company;
    iii. the Company's policies, plans, processes and any proposed changes to those policies for controlling significant financial risks; and
    iv. to review legal matters which could have a material impact on the Company's public disclosure, including financial statements.

RC activities in FY2023:

- Reviewed and recommended to the Board's approval the performance evaluation of the RC.
- Reviewed the updates from Risk Owners based on the Company's Risk Profile

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A1. Board Responsibilities (continued)

1.6 Board Committees (continued)

(b) NRC

Members

No.	Name	Designation	Membership
1	Chow Hiu Tung *(Appointed as Chairman of NRC w.e.f. 29 March 2023)*	Independent Non-Executive Director	Chairman
2	Tan Sri Dr. Azmil Bin Dato' Khalid	Non-Independent Non-Executive Director	Member
3	Cheung Hung *(Appointed as Member of NRC w.e.f. 29 March 2023)*	Independent Non-Executive Chairman	Member
4	Encik Izlan Bin Izhab *(Resigned as Chairman of NRC w.e.f. 29 March 2023)*	Independent Non-Executive Director	Chairman
5	Nik Din Bin Nik Sulaiman *(Resigned as Member of NRC w.e.f. 29 March 2023)*	Independent Non-Executive Director	Member

Roles:

- Oversee the Board appointment process including the nomination and selection of Directors and key senior management of Reach Energy.
- Recommend new Directors' nomination to the Board and key senior management of Reach Energy.
- Review Board training programmes and making recommendations thereof.
- Assess the performance and effectiveness of individual Directors, Board and Board Committees, which includes assessing the fit and properness of Directors who are due for retirement by rotation at the forthcoming Annual General Meeting ("AGM").
- Assess and review the Board composition (i.e. size, experience, diversity etc) and organisation structure of Reach Energy.
- Oversee the succession planning for the Board and key senior management of Reach Energy.

NRC Activities in FY2023

- Reviewed performance and effectiveness of the Board and Board Committees as well as contribution of each individual Directors to the Board and Board Committees in FY2023.
- Discussed and review Management Succession Planning.
- Reviewed the composition of the Board in meeting necessary skills, experience and competency of the Board.
- Recommended for the Board's approval the appointment of Mr. Tse Man Yin, Mr. Cheung Hung, Mr. Chow Hiu Tung and Ms. Yau Shu Shan as Executive Director and Independent Non-Executive Directors of the Company.
- Reviewed and assessed the term of office and performance of the AC and each of its members.
- Assessed Directors' training needs to receive suitable orientation and training programmes.
- Reviewed the Directors' retirement by rotation at the Tenth ("10^{th}") AGM of the Company held on 13 June 2023.
- Discussed the management structure of the Company.

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 November 2022 and 27 November 2023 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 continuously and constantly 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 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A2. Board Composition

The Board is currently made up of six (6) members comprising four (4) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director 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 an 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 the Annual Report 2023.

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 nine (9) years, 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. Notwithstanding the above, the tenure of Independent Director should not exceed a cumulative term of twelve (12) years.

During the FY2023, 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 fit and proper assessment, 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.

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 ensure 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 FY2023, 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.

2.5 Directors' Fit and Proper Policy

The Company has adopted a Directors' Fit and Proper Policy to ensure a formal and transparent process for the appointment and re-election of Directors and the appointment of Key Senior Management of the Company. The execution is delegated to the Nominating and Remuneration Committee, which will be reviewed and approved by the Board. The Board reviews the Fit and Proper Policy periodically, which is available on the Company's website at www.reachenergy.com.my.

2.6 Conflict of Interest Policy ("COI")

The COI Policy was established in 2023. This policy outlines the disclosure obligations of each Director and Key Senior Management with respect to conflict of interest, and the procedures to be followed when a conflict of interest arises or potentially arises to ensure systematic identification, disclosure, and management of conflict of interest in an effective and timely manner.

The objective of this policy aims to ensure that conflict of interest is handled appropriately, promoting transparency, foster a culture of honesty and accountability, and good governance within the Group. Disclosure should occur as soon as practicable after the relevant facts have come to the knowledge of the individual and should be reported on a half yearly basis, including at all Board and the AC meetings.

The COI Policy is available on the Company's website at www.reachenergy.com.my.

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.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

A3. Remuneration (continued)

The NRC consists of the following members:

Name	Designation
Chow Hiu Tung *(Appointed as Chairman of NRC w.e.f 29 March 2023)*	Chairman
Cheung Hung *(Appointed as member w.e.f 29 March 2023)*	Member
Tan Sri Dr. Azmil Khalili bin Dato' Khalid	Member
Izlan bin Izhab *(Resigned as Chairman of the NRC w.e.f 29 March 2023)*	Chairman
Nik Din bin Nik Sulaiman *(Resigned as member w.e.f 29 March 2023)*	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 Director, 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 *(Resigned w.e.f 29 March 2023)*	150,000	–	16,574	–	–	166,574
Mr Tse Man Yin *(Appointed w.e.f 29 March 2023)*	45,000	–	–	–	–	45,000
Non-Executive Directors						
Tan Sri Dr. Azmil Khalili Bin Dato' Khalid	81,000	–	–	39,000	–	120,000
Encik Izlan Bin Izhab *(Resigned w.e.f 29 March 2023)*	12,055	–	–	3,000	–	15,055
Encik Nik Din Bin Nik Sulaiman *(Resigned w.e.f 29 March 2023)*	12,055	–	–	4,500	–	16,555
Dato' Jasmy Bin Ismail *(Resigned w.e.f 29 March 2023)*	12,055	–	–	4,500	–	16,555
Datin Noor Lily Zuriati Binti Abdullah *(Resigned w.e.f 29 March 2023)*	12,055	–	–	4,500	–	16,555
Dato' Berikkazy Seksenbayev *(Resigned w.e.f 29 March 2023)*	12,055	–	–	–	–	12,055
Mr Yerlan Issekeshev *(Resigned w.e.f 29 March 2023)*	12,055	–	–	–	–	12,055
En. Yusoff Bin Hassan	50,000	–	–	30,000	–	80,000
Mr Chow Hiu Tung *(Appointed w.e.f 29 March 2023)*	38,082	–	–	36,000	–	74,082
Mr Cheung Hung *(Appointed w.e.f 29 March 2023)*	57,123	–	–	36,000	–	93,123
Ms Yau Shu Shan *(Appointed w.e.f 20 June 2023)*	26,575	–	–	15,000	–	41,575
TOTAL	520,110	–	16,574	172,500	–	709,184

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 2023.

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, two (2) of whom are Independent Non-Executive Directors and one (1) of whom is Non-Independent Non-Executive Director. The AC is chaired by an Independent Non-Executive Director.

Name	Designation
Chow Hiu Tung *(Appointed as Chairman of AC w.e.f. 29 March 2023)*	Chairman
Tan Sri Dr. Azmil Khalili bin Dato' Khalid *(Appointed as member w.e.f. 29 March 2023)*	Member
Cheung Hung *(Appointed as member w.e.f. 29 March 2023)*	Member
Nik Din bin Nik Sulaiman *(Resigned as Chairman of the AC w.e.f. 29 March 2023)*	Chairman
Dato' Jasmy bin Ismail *(Resigned as member w.e.f. 29 March 2023)*	Member
Dato' Berikkazy Seksenbayev *(Resigned as member w.e.f 29 March 2023)*	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 Group.

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 seven 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 once during the FY2023 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.

The detailed roles, functions, responsibilities and summary of work done by the AC during the FY2023 are as set out in the AC Report of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

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.

B3. Internal Audit

The Internal Audit function is outsourced to an independent professional services firm which is a corporate member of the Institute of Internal Auditors ("IIA") Malaysia.

On annual basis, the Internal Auditor 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)

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 year 2023, the Company had on 13 June 2023 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 2023 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 2023 AGM's minutes and responses to questions raised by shareholders were published on the Company's website at www.reachenergy.com.my.

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 2023 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

1. COMPOSITION, MEETINGS AND ATTENDANCE

The AC comprises of three (3) members, two (2) of whom are Independent Non-Executive Directors and one (1) of whom is Non-Independent Non-Executive Director. The AC is chaired by an Independent Non-Executive Director.

Directors	Position	Directorship
Chow Hiu Tung *(Appointed w.e.f 29 March 2023)*	Chairman	Independent Non-Executive Director
Tan Sri Dr. Azmil Khalili bin Dato' Khalid *(Appointed w.e.f 29 March 2023)*	Member	Non-Independent Non-Executive Director
Cheung Hung *(Appointed w.e.f 29 March 2023)*	Member	Independent Non-Executive Chairman
Nik Din Bin Nik Sulaiman *(Resigned w.e.f 29 March 2023)*	Chairman	Independent Non-Executive Director
Dato' Jasmy Bin Ismail *(Resigned w.e.f 29 March 2023)*	Member	Independent Non-Executive Director
Dato' Berikkazy Seksenbayev *(Resigned w.e.f 29 March 2023)*	Member	Independent Non-Executive Director

During the financial year ended 31 December 2023, the AC had met five (5) times, four (4) of which were meeting with the External Auditors and one (1) of which was meeting with the Internal Auditors, however both in a separate session. The AC were facilitated by the Executive Director and Chief Financial Officer to provide clarification on the quarterly report, audits and operations issues. The attendance record of the AC members is shown as follows:-

Name of Member	Number of Meetings Attended
Nik Din bin Nik Sulaiman *	1/1
Dato' Berikkazy Seksenbayev *	1/1
Dato' Jasmy bin Ismail *	1/1
Chow Hiu Tung **	4/4
Tan Sri Dr. Azmil Khalili bin Dato' Khalid **	4/4
Cheung Hung **	4/4

* *(Resigned w.e.f 29 March 2023)*
** *(Appointed w.e.f 29 March 2023)*

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 Group's website at www.reachenergy.com.my. The terms of reference of the AC are reviewed regularly. Any revision or amendment shall form part of terms of reference and shall be considered reviewed or amended. The terms of reference of AC were last reviewed on 29 November 2023.

AUDIT COMMITTEE REPORT
(CONT'D)

3. REVIEW OF PERFORMANCE OF THE AC

The performance and effectiveness of the AC is reviewed and assessed annually by the Board through its Nomination and Remuneration Committee. For FY2023, the Board is satisfied that the AC has effectively discharged its duties, functions and responsibilities in accordance with the TOR of the AC.

4. 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 terms of reference. 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 2023;

(d) Reviewed and approved the Audit Committee Report for inclusion in the Annual Report 2023;

(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 Group's compliance with the recommendations set out in the Malaysian Code on Corporate Governance 2021 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 Auditors 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.

AUDIT COMMITTEE REPORT
(CONT'D)

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

External Audit

(a) Reviewed with the External Auditors:-

- the audit planning memorandum, audit strategy and scope of work for the FY2023;
- 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 Auditors; and
- the impact of any changes to the accounting standards, the impact and adoption of new accounting.

(b) Reviewed with the external auditors, 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 auditors the approved accounting standards applicable to the financial statements of the Group;

(d) Reviewed with the external auditors 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 auditors;

(f) Ensured the independence of the external auditors 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; and

(g) Conducted a private session with the External Auditors in the absence of the Executive Directors and Management in conjunction with the AC meeting.

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 auditors 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 Group and Company are in compliance with the MMLR, applicable approved accounting standards and other statutory and regulatory requirements.

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

The internal audit function, which is outsourced to an independent professional firm is an integral part of the assurance mechanism in ensuring the Group’s system of internal control are adequate and effective. The Internal Auditors report directly to the AC and assist the AC to discharge its duties and responsibilities.

The Internal Auditor prepare and table 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 report to the AC twice yearly and provide the AC with independent views on the adequacy, integrity and effectiveness of the system of internal control after its reviews.

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 FY2023 are as follows:-

- Strategic Management (Headquarters “HQ”)
- Production & Operations Management
- Financial Management
- Inventory Management
- Maintenance Management

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 2023 amounted to RM70,000.

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 2023. 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") and as guided by Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

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 and internal control, which includes the establishment of an appropriate risk management framework and control environment, as well as reviewing its effectiveness and adequacy. The system of internal control covers governance, financial, organisational, operational and compliance controls.

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

In discharging the Board's fiduciary duties while retaining overall accountability, the Board has delegated the responsibility of risk oversight and implementation to Risk Management Committee and Management respectively. 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.

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.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

Risk management is regarded by the Board to be one of the key components of internal control which is integral to the Group's operations. With the established risk identification and management protocols, risk management practices are integrated into the Group's governance and business operations, providing a structured and systematic process that enable continuous improvement in decision-making in respond to the significant risks faced by the Group.

Risk management practices adopted by the Group continues to identify, evaluate and manage significant risks faced by the Group. Risk assessment and evaluation are embedded in the Group's strategic planning and day-to-day operations.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS (CONTINUED)

A. Management

Management acknowledges their responsibility in risk management specifically for implementing the processes of identifying, evaluating, monitoring and reporting risks and 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.

  Liquidity Risk

  Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of financial asset and liability maturities. The Group manages its liquidity risk by maintaining sufficient levels of cash and available credit facilities to meet its working capital requirements. The Group also has various options of financing including but not limited to shareholder's loan facilities. As at 31 December 2023, the Group had a shareholder's loan facility of USD5 million for working capital purposes, of which USD3.8 million remains undrawn to date. In addition, on 18 April 2024, the Group had signed an agreement with RG-HCPI Fund Singapore for a loan facility of USD6.4 million to fund planned capital expenditure by Emir-Oil LLP.

  As at 31 December 2023, the Group's and the Company's current liabilities exceeded its current assets by RM132.4 million and RM4.2 million respectively. Notwithstanding this, the Group and the Company met their financial obligations as and when they fell due during the financial year.

  The Group and the Company continue to face challenges in generating positive cash flows. The Group's ability to generate positive cash flows have been affected by crude oil price volatility as a result of uncertainties emanating from the Russian-Ukraine conflict that started in February 2022 and the Group's ability to meet production targets.

  The Group and the Company have taken or are undertaking measures disclosed in Note 3.1 to the financial statements to mitigate liquidity pressures and to improve cash flows. The Group will continue to implement these measures and draw down the available loan facilities to ensure that they continue to have sufficient funds to meet all its operational and financial obligations as and when they fall due.

  If required, the Group will request financial support in the form of liquid funds from the Group's controlling shareholder, Super Racer Limited and its sole shareholder.

  On 3 April 2023, the Board of Directors of the Company announced that the Company was an affected listed issuer under Practice Note 17 ("PN17") of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

  On 2 February 2024, the Company announced the appointment of TA Securities Holdings Berhad ("TA Securities") as the Principal Adviser to assist the Company in formulating a regularisation plan and its submission pursuant to Paragraph 8.04(3) of the Listing Requirements.

  On 19 March 2024, on behalf of the Board of Directors of the Company, TA Securities had submitted an application to Bursa Securities for an extension of time up to 2 October 2024 for the Company to submit a regularisation plan to the relevant authority.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS (CONTINUED)

A. Management (continued)

- *Operational level (continued)*

  On 20 March 2024, additional information was requested by Bursa Securities on the application of the extension of time up to 2 October 2024 for the Company to submit a regularisation plan to the relevant authority. The reply was submitted to Bursa Securities on 1 April 2024.

  On 16 April 2024, Bursa Securities had vide its letter resolved to grant the Company an extension of time of six months up to 2 October 2024 to submit its regularisation plan to the relevant regulatory authorities for approval.

  The Company is in the midst of discussion with TA Securities on the options available for the Company to regularise its financial condition and this may potentially include undertaking corporate exercises, such as placements, rights issue and share capital reduction to be undertaken as part of its regularisation plan.

  The relevant submission will be made to the relevant authorities (i.e. the Securities Commission or SC/ Bursa Securities) once the scheme for the regularisation plan as well as the necessary due diligence steps have been completed.

- *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 and Non-Independent Directors, Executive Director and Senior Management from technical, operational and financial disciplines, who are responsible for ensuring effective risk governance and implementation within the Group. The Risk Management Committee meets at least twice a year to review and obtain updates on the risk events development, procedures and mitigating measures that are undertaken as well as 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 controls are designed to manage risks in order to achieve 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 systems of internal control and risk management strategies implemented in managing key risks identified.

The Group has outsourced its internal audit functions to an independent professional services from which is a corporate member of the Institute of Internal Auditors ("IIA") Malaysia. Their primary role is to undertake an independent assessment of the adequacy and effectiveness of the Group's internal control system on specific areas identified for improvement based on annual audit plan approved by the Audit Committee and report the results to the Audit Committee. The annual audit plan for the year ended 31 December 2023 was executed according to the scope and timing in the plan, i.e., internal audit review on Strategic Management (Headquarter "HQ"), Production/ Operations Management, Financial Management, Inventory Management and Maintenance Management were performed in October and November 2023 and the results were presented to the Audit Committee on 29 November 2023 highlighting deficiencies, recommendations for improvements, Management's response, and proposed action plans to rectify such deficiencies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS (CONTINUED)

C. Board of Directors

In assessing the effectiveness of the risk oversight and internal control activities of the Group, the Board considers whether business risks have impacted or are likely to impact the Group's achievement of its business objectives and strategies. The Board, is assisted by Risk Management Committee and Audit Committee in overseeing the effectiveness of risk and internal control activities.

The Board meets the Risk Management Committee at least twice a year to review and discuss the key risks identified as well as the implementation status of mitigation plans. 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;
    - Conduct annual review and periodic testing of the Company's/ Group's Risk Management Framework. This should include any insights 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 beyond tolerable risk appetite are being responded with appropriate actions in a timely manner;
    - Review the implementation status of the 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 management / department heads and the external/internal auditors on 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 and when 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 cascaded 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 balances 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, 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 strategic and operational matters relating to corporate, financial, operational, human resource, 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 put in place proper checks and balances while empowering 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, damage to properties as well as to protect and conserve the environment.

To achieve the above, management is committed to:

(a) Comply with legal requirements relating to health, safety and environment wherever the Group operates;

(b) Identify, evaluate and manage safety and health risks, and environmental impacts relating to the operations to 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 engagement with the employees, regulatory authorities, contractors and other relevant key stakeholders on health, safety and environment matters;

(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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

INTERNAL CONTROL FRAMEWORK AND ASSESSMENT (CONTINUED)

A. Control Environment (continued)

Other Policies

Apart from the above-mentioned, other 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 in place to govern the business operation and conducts of employees within the Group. These policies and procedures 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 controls implemented.

The Board meetings encompasses the following activities:

(a) The Executive Director ("ED") 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 in enabling the Board to monitor and evaluate the business and financial performance.

Internal Audit

The Internal Audit Function is outsourced to an external professional services provider firm. The outsourced internal audit function 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. Deficiencies and recommendations for improvements are highlighted to the management and Audit Committee, with follow-up and reviews of implementation of action plans.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

INTERNAL CONTROL FRAMEWORK AND ASSESSMENT (CONTINUED)

B. Monitoring (continued)

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, Super Racer Limited ("SRL") but applicable to its subsidiaries, Palaeontol B.V. ("PBV") and Emir-Oil LLP ("Emir-Oil") which fall within the control of its majority shareholders, where the Group serves as the operator and has the ability to participate in the key decision-making process of the subsidiaries.

The Board and Audit Committee regularly review management accounts of subsidiaries, providing 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 has reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 31 December 2023. 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 ED 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 and requires separate disclosure in this annual report.

ADDITIONAL COMPLIANCE **INFORMATION**

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

UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from corporate exercise during the financial year ended 31 December 2023.

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 2023 are as follows:-

	RM ’000
AUDIT FEES	
- PricewaterhouseCoopers PLT, Malaysia (“PwC Malaysia”)	340
- Member firm of PricewaterhouseCoopers International Limited	673
	1,013

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 2023.

ANALYSIS OF **SHAREHOLDINGS**
AS AT 1 APRIL 2024

Total number of issued shares	:	2,128,957,057 Ordinary Shares
Class of equity securities	:	Ordinary Shares
Voting rights	:	One (1) vote for each share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
1 - 99	17	0.26	421	0.00
100 - 1,000	422	6.44	220,540	0.01
1,001 - 10,000	2,109	32.19	13,986,700	0.66
10,001 - 100,000	2,929	44.71	126,171,819	5.93
100,001 to less than 5% of issued shares	1,073	16.38	956,033,295	44.91
5% and above of issued shares	1	0.02	1,032,544,282	48.50
Total	**6,551**	**100.00**	**2,128,957,057**	**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	Super Racer Limited UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian (Hong Kong) Limited (A/C Clients)	1,032,544,282	48.50	–	–
2	Cheung Siu Fai	–	–	1,032,544,282 [a]	48.50

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	Cheung Hung	–	–	–	–
2	Tan Sri Dr. Azmil Khalili Bin Dato' Khalid	56,642,910	2.66	40,650,000 [b]	1.91
3	Yusoff Bin Hassan	50,000	0.002	–	–
4	Chow Hiu Tung	–	–	–	–
5	Yau Shu Shan	–	–	–	–
6	Tse Man Yin	–	–	–	–

Notes:
[a] Deemed/indirect interest by virtue of his interest in Super Racer Limited, pursuant to Section 8 of the Companies Act, 2016
[b] 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

ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2024
(CONT'D)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% of Shareholdings
1	SUPER RACER LIMITED UOB KAY HIAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (A/C CLIENTS)*	1,032,544,282	48.50
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR AZMIL KHALILI BIN KHALID*	53,892,910	2.53
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ABDUL AZIZ BIN ABDUL KADIR*	45,000,000	2.11
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TNTT REALTY SDN BHD*	40,587,000	1.91
5	NIK FUZIAH BINTI NIK HUSSEIN	40,000,000	1.88
6	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CHIA KWOON MENG (MM0678)*	21,000,000	0.99
7	LEE KENG FAH	17,250,000	0.81
8	AZMI BIN ARSHAD	16,826,676	0.79
9	LIM GHIM CHAI	16,005,000	0.75
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR CHONG JEE SIANG (E-PPG)*	15,205,800	0.71
11	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR TAN KIM HEUNG (MY1989)*	14,583,401	0.69
12	YEAP SOON HOCK	14,136,000	0.66
13	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR KOH KIN LIP (MY0502)*	13,924,610	0.65
14	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR KOK TUCK CHEONG (MY3781)*	13,362,600	0.63
15	KENANGA NOMINEES (TEMPATAN) SDN BHD *RAKUTEN TRADE SDN BHD FOR LIM LEE AIK*	13,000,000	0.61
16	SIM MUI KHEE	12,446,800	0.58
17	TEE SIEW PING	10,740,600	0.50
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR RICKOH CORPORATION SDN. BHD.*	10,000,000	0.47
19	YAYASAN POK DAN KASSIM	9,500,000	0.45
20	TEO CHIN SIONG	9,099,300	0.43
21	RICKOH CORPORATION SDN. BHD.	8,353,913	0.39

ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2024
(CONT'D)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares	% of Shareholdings
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR YONG LOY HUAT (7000875)*	8,000,000	0.38
23	ABD RAHIM BIN SHAMSUDIN	6,550,948	0.31
24	HAN SI KWONG	6,300,000	0.30
25	TAN TONG CHEW	6,040,000	0.28
26	THAM WOOI LOON	5,815,598	0.27
27	CHOO AH NGO	5,500,000	0.26
28	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITES ACCOUNT FOR YONG LOY HUAT*	5,500,000	0.26
29	AFFIN HWANG NOMINEES (ASING) SDN BHD *EXEMPT AN FOR LEI SHING HONG SECURITIES LIMITED (CLIENTS A/C)*	5,000,000	0.23
30	LEE CHEE MING	5,000,000	0.23
	TOTAL	**1,481,165,438**	**69.57**

NOTICE OF ELEVENTH
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting ("11th 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 setting out in this notice.

Meeting Platform	:	https://meeting.boardroomlimited.my
Day and Date	:	Thursday, 27 June 2024
Time	:	2.00 p.m.
Broadcast Venue	:	Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Mode of Communication	:	1) Typed text in the Online Meeting Platform. The messaging window facility will be opened concurrently with the Virtual Meeting Portal, one (1) hour before the 11th AGM, that is from 1.00 p.m. on Thursday, 27 June 2024. 2) Alternatively, you may also submit your questions in advance to info@reachenergy.com.my by 2.00 p.m. on 25 June 2024 (48 hours before the commencement of the 11th AGM).

A G E N D A

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors' and Auditors' Reports thereon.	***Please refer to Explanatory Note to the Agenda***
2.	To re-elect Tan Sri Dr. Azmil Khalili Bin Dato' Khalid, who retires by rotation pursuant to Clause 89 of the Constitution of the Company.	***Ordinary Resolution 1***
3.	To re-elect Mr. Cheung Hung, who retires by rotation pursuant to Clause 89 of the Constitution of the Company.	***Ordinary Resolution 2***
4.	To re-elect Ms. Yau Shu Shan, who retires pursuant to Clause 94 of the Constitution of the Company.	***Ordinary Resolution 3***
5.	To approve the proposed payment of Directors' fees amounting up to RM360,000 in respect of the financial year ending 31 December 2024, to be made payable quarterly.	***Ordinary Resolution 4***
6.	To approve the payment of Directors' benefits (other than Directors' fees) up to an amount of RM300,000 for the period from 1 January 2024 until the conclusion of the next Annual General Meeting of the Company, to be made payable quarterly.	***Ordinary Resolution 5***
7.	To re-appoint PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146) as the Company's Auditors and to authorise the Board of Directors to determine their remuneration.	***Ordinary Resolution 6***

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING
(CONT'D)

AS SPECIAL BUSINESS

8. 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 7***

"**THAT** pursuant to Sections 75 and 76 of the Act, the Directors be and are hereby authorized to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the Constitution of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issuance.

THAT pursuant to Section 85 of the Act and Clause 12 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from issuance of new shares pursuant to this mandate.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.

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

BY ORDER OF THE BOARD

TAI YIT CHAN
(MAICSA 7009143)
SSM PC NO. 202008001023
CHEN BEE LING
(MAICSA 7046517)
SSM PC NO. 202008001623
Company Secretaries
Selangor Darul Ehsan

Date: 30 April 2024

NOTICE OF ELEVENTH ANNUAL GENERAL MEETING
(CONT'D)

Notes:

1. The 11th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") 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 RPV 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 11th AGM of the Company to be present at the main venue in Malaysia. Shareholders/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 11th 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 21 June 2024 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 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 11th 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 11th AGM will be put to vote on a poll.

NOTICE OF ELEVENTH 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 and 3 of the Agenda

Clause 89 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 AGM of the Company. With the current Board size of six (6) Directors, two (2) Directors are retiring in accordance with Clause 89 of the Constitution. The computation excludes Ms. Yau Shu Shan who will be retiring pursuant to Clause 94 of the Constitution.

Item 4 of the Agenda

Clause 94 of the Constitution provides that any director appointed during the year under review shall hold office only until the next following AGM of the Company and shall then be eligible for re-election. Any Director so appointed shall hold office until the next following AGM 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.

Ms. Yau Shu Shan, who was appointed during the year under review, is to retire in accordance to Clause 94 of the Constitution.

Items 5 and 6 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 Public 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 up to RM360,000 for the financial year ended 31 December 2024.

Besides, the Company is also seeking shareholders' approval for the payment of Directors' benefits up to an amount of RM300,000 for the period from 1 January 2024 until the conclusion of the next AGM 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 AGM 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 8 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 13 June 2023 ("the previous mandate"). The previous mandate was not utilised and accordingly, no proceeds were raised.

The proposed Ordinary Resolution 7 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 ELEVENTH ANNUAL GENERAL MEETING
(CONT'D)

The Ordinary Resolution 7 is to seek for the shareholders' approval of a general mandate for issuance of shares by the Company under Section 75 and 76 of the Act.

The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM. At this juncture, there is no decision to issue new shares, but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

The Company did not allot and issue any shares pursuant to the general mandate granted by the shareholders at the previous AGM.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. **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 11th 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 11th AGM and their profile are set out in the Directors' Profile in the 2023 Annual Report.

2. **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 13 June 2023 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 10th AGM held on 13 June 2023 and which will lapse at the conclusion of the 11th AGM to be held on 27 June 2024.

ADMINISTRATIVE **GUIDE**
FOR THE ANNUAL GENERAL MEETING OF REACH ENERGY BERHAD

Mode of Meeting

1. The Annual General Meeting ("**AGM**") of Reach Energy Berhad ("**REB**") will be conducted on a 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	:	Thursday, 27 June 2024
Time	:	2.00 p.m.
Broadcast Venue	:	12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan
Mode of Communication	:	1) Typed text in the Online Meeting Platform. The messaging window facility will be opened concurrently with the Virtual Meeting Portal, one (1) hour before the 11th AGM, that is from 1.00 p.m. on Thursday, 27 June 2024. 2) Alternatively, you may also submit your questions in advance to info@reachenergy.com.my by 2.00 a.m. on 25 June 2024 (48 hours before the commencement of the 11th AGM).

2. 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.

3. 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

1. A shareholder whose name appears on the Record of Depositors as at 21 June 2024 shall be eligible to participate the meeting or appoint proxy(ies) to participate on his/ her behalf.

2. 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

1. 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 SKY Corporate Services Sdn Bhd as Independent Scrutineer to verify the poll results.

2. e-Voting for the resolution set out in the Notice of AGM will take place immediately after questions on all resolutions have been addressed.

3. Members and proxies are required to use one of the following methods to vote remotely:

   a. Launch Lumi AGM by scanning the QR code given to you in the email along with your remote participation User ID and Password; or

   b. Access to 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)

4. 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.

5. 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 25 June 2024 at 2.00 p.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 25 June 2024 at 2.00 p.m. For further information, kindly refer to the "Electronic Lodgement of Form of Proxy" below:

   Step 1 Register Online with Boardroom Smart Investor Portal ("BSIP")
   (for first time registration only)

   (Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 on eProxy Lodgement.)

   a. Access BSIP website at https://investor.boardroomlimited.com,
   b. Click **<<Login>>** and click **<<Register>>** to sign up as a user.
   c. Complete the registration and upload a softcopy of your MyKAD/Identification Card (front and back) or Passport in JPEG or PNG format.
   d. Please enter a valid email address, follow the instruction for registration and wait for Boardroom's email verification.
   e. Your registration will be verified and approved within one (1) business day and an email notification will be provided.

   Step 2 eProxy Lodgement

   a. Access BSIP website at https://investor.boardroomlimited.com
   b. Login with your User ID and Password given above.
   c. Go to "**E-PROXY LODGEMENT**" and browse the Meeting List for "**REACH ENERGY BERHAD ANNUAL GENERAL MEETING**" and click "**APPLY**".
   d. Read the terms & conditions and confirm the Declaration.
   e. Enter your CDS Account Number and indicate the number of securities.
   f. Appoint your proxy(ies) or the Chairman of the AGM and enter the required particulars for your proxy(ies).
   g. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your votes.
   h. Review and confirm your proxy(ies) appointment.
   i. Click submit.

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.**

ADMINISTRATIVE GUIDE

FOR THE ANNUAL GENERAL MEETING OF REACH ENERGY BERHAD (CONT'D)

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.

Remote Participation and Electronic Voting ("RPEV")

1. All shareholders including (i) individual shareholders; (ii) corporate shareholders; (iii) authorized 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 ("BSIP") **(for first time registration only)**	*[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2.]* a. Access BSIP website at https://investor.boardroomlimited.com b. Click **<<Login>>** and click **<<Register>>** to sign up as a user. c. Complete registration and upload softcopy of MyKAD/Identification Card (front and back) or Passport in JPEG or PNG format. d. Please enter a valid email address, follow the instruction for registration and wait for Boardroom's email verification. e. Your registration will be verified and approved within one business day and an email notification will be provided.
2.	Submit request for remote participation **(user ID and password)**	*(Note: Registration for remote access will be opened on 30 April 2024. 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 Tuesday, 25 June 2024 at 2.00 p.m)* **Individual Members** a. Log in to https://investor.boardroomlimited.com, using your user ID and password. b. Select "**Virtual Meeting**" from main menu and select the correct Meeting Event(s) "**REACH ENERGY BERHAD ANNUAL GENERAL MEETING**", then click "**Register for RPEV**". c. Read and agree to the Terms & Condition. d. Enter your CDS Account Number and thereafter submit your request.

ADMINISTRATIVE GUIDE

FOR THE ANNUAL GENERAL MEETING OF REACH ENERGY BERHAD
(CONT'D)

Procedure		Action
Before the day of the AGM (continued)		
		Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee a. 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. b. Please provide a copy of Corporate Representative's MyKAD/Identification Card (front and back) or Passport in JPEG or PNG format as well as his/her email address.
3.	Email notification	a. You will receive notification(s) from Boardroom that your request(s) has been received and is/are being verified. b. Upon system verification against the AGM Record of Depositories as at 21 June 2024, you will receive an email from Boardroom either approving or rejecting your registration for remote participation. c. 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. d. Please note that the closing date and time to submit your request is by Tuesday, 25 June 2024 at 2.00 p.m.
On the day of the AGM		
4.	Login to Meeting Platform	a. The AGM virtual meeting portal will be opened for login at 27 June 2024 at 1.00 p.m. which can be accessed via one of the following methods:- ➢ Launch Lumi AGM by scanning the QR Code provided in the email notification; ➢ Access to Lumi AGM via website at https://meeting.boardroomlimited.my 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.
5.	Participate	*[Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition.]* a. If you would like to view the live webcast, select the broadcast icon. b. If you would like to ask a question during the AGM, select the messaging icon. c. Type your message within the chat box, once completed click the send button.
6.	Voting	a. Once voting has been opened, the polling icon will appear with the resolutions and your voting choices. b. To vote simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received. c. To change your vote, simply select another voting direction. d. If you wish to cancel your vote, please press "Cancel".

ADMINISTRATIVE GUIDE

FOR THE ANNUAL GENERAL MEETING OF REACH ENERGY BERHAD (CONT'D)

Procedure		Action
On the day of the AGM (continued)		
7.	End of Participation	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. b. You can now logout from the virtual meeting platform.

Submission of Questions

1. Shareholders may submit questions in advance on the AGM resolutions commencing from 30 April 2024 and in any event no later than 2.00 p.m., Tuesday, 25 June 2024 via Boardroom's website at https://meeting.boardroomlimited.my using the same user ID and password provided in Step (3) above, and select "**SUBMIT QUESTION**" to pose questions ("**Pre-AGM Meeting Question**s").

2. Thereafter, on the day of the AGM, shareholders may also submit questions via the messaging box on Lumi AGM website at https://meeting.boardroomlimited.my starting at 1.00 p.m. This website will remain open throughout the virtual AGM session.

3. The Board will endeavour to respond to Pre-AGM Meeting Questions and questions submitted from 1.00 p.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.

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 2023
    b. Corporate Governance Report 2023
    c. Notice of the 11th AGM, Proxy Form and Administrative Guide

2. If you wish to receive a copy of the Annual Report 2023, you may submit your on-line request via the Share Registrar's website at bsr.helpdesk@boardroomlimited.com and submit the Request Form in the Annual Report 2023 (abridged version). The printed Annual Report 2023 will be sent to you by ordinary post within four (4) market days from the date of the receipt of your request.

ADMINISTRATIVE GUIDE

FOR THE ANNUAL GENERAL MEETING OF REACH ENERGY BERHAD
(CONT'D)

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.) except on public holidays:-

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.

REACH ENERGY

REACH ENERGY BERHAD
REGISTRATION NO. 201301004557 (1034400-D)

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 Eleventh Annual General Meeting ("11th AGM") of **REACH ENERGY BERHAD** to 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 : Thursday, 27 June 2024
Time : 2.00 p.m.
Broadcast Venue : Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan
Mode of Communication :
1) Typed text in the Online Meeting Platform. The messaging window facility will be opened concurrently with the Virtual Meeting Portal, one (1) hour before the 11th AGM, that is from 1.00 p.m. on Thursday, 27 June 2024.
2) Alternatively, you may also submit your questions in advance to info@reachenergy.com.my by 2.00 p.m. on 25 June 2024 (48 hours before the commencement of the 11th AGM).

RESOLUTION NO.	RESOLUTION	FOR	AGAINST
Ordinary Resolution 1	To re-elect Tan Sri Dr. Azmil Khalili Bin Dato' Khalid, who retires by rotation pursuant to Clause 89 of the Constitution of the Company.		
Ordinary Resolution 2	To re-elect Mr. Cheung Hung, who retires by rotation pursuant to Clause 89 of the Constitution of the Company.		
Ordinary Resolution 3	To re-elect Ms. Yau Shu Shan, who retires pursuant to Clause 94 of the Constitution of the Company.		
Ordinary Resolution 4	To approve the proposed payment of Directors' fees in respect of the financial year ending 31 December 2024, to be made payable quarterly.		
Ordinary Resolution 5	To approve the proposed payment of Directors' benefits (other than Directors' fees) for the period from 1 January 2024 until the conclusion of the next Annual General Meeting.		
Ordinary Resolution 6	Re-appointment of PricewaterhouseCoopers PLT as the Company's Auditors.		
Ordinary Resolution 7	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 ____________________, 2024

....
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 11th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPV") 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 RPV 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 11th AGM of the Company to be present at the main venue in Malaysia. Shareholders/Proxies/Corporate Representatives **WILL NOT BE ALLOWED** to attend the 11th 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 21 June 2024 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 Level 11, 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 11th 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 11th 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
Level 11, Menara Symphony
No. 5, 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