HIBISCUS PETROLEUM BERHAD

Registration Number:
200701040290 (798322-P)

Head Office :
2nd Floor
Syed Kechik Foundation Building
Jalan Kapas, Bangsar
59100 Kuala Lumpur
Malaysia

Tel +603 2092 1300
Fax +603 2092 1301

www.hibiscuspetroleum.com

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HIBISCUS PETROLEUM BERHAD Registration Number: 200701040290 (798322-P) ANNUAL REPORT 2022/2023

Hibiscus Petroleum

HIBISCUS PETROLEUM BERHAD
Registration Number: 200701040290 (798322-P)

EXECUTE · ENHANCE · EXCEL
EXPLORING NEW HORIZONS

ANNUAL REPORT
2022/2023

EXECUTE • ENHANCE • EXCEL
EXPLORING NEW HORIZONS

EXECUTE emphasises the importance of delivering within budget and schedule, the growing number of relatively large and complex development projects in our portfolio.

ENHANCE relates to our efforts to accrete shareholder value.

EXCEL refers to our efforts to be viewed by the industry as being potentially amongst the best operators in the Asia Pacific region and the United Kingdom Continental Shelf. This fits with our vision of being a respected, valuable and responsible energy company.

EXPLORING NEW HORIZONS introduces our intention towards finding new resources through near-field exploration initiatives. It also indicates that in our merger and acquisition strategies, we would consider expanding our geographical footprint to include other jurisdictions with established legal frameworks.

INSIDE THIS REPORT

INTRODUCTION

2 About Us
6 Investment and Value Creation in the Oilfield Life Cycle
8 Malaysia at a Glance
12 Malaysia-Vietnam Commercial Arrangement Area at a Glance
14 Vietnam at a Glance
16 The United Kingdom at a Glance
19 Australia at a Glance

PERFORMANCE REVIEW

22 Chairman's Statement
30 Management Discussion and Analysis
65 Financial Highlights

CORPORATE OVERVIEW

68 Calendar of Events
71 Corporate Information
72 Corporate Structure

LEADERSHIP

76 Board of Directors
85 Leadership Team, Management Team and Technical Experts

GOVERNANCE

98 Corporate Governance Overview Statement
114 Sustainability Report
207 Nominating Committee Report
212 Remuneration Committee Report
217 Audit and Risk Management Committee Report
221 Statement on Risk Management and Internal Control
228 Additional Compliance Information
229 The Board of Directors' Responsibility Statement

CORPORATE DISCLOSURES

230 Financial Report
346 Analysis of the Holdings of Ordinary Shares
349 Analysis of the Holdings of Redeemable Convertible Preference Shares

13th ANNUAL GENERAL MEETING

350 Notice of the 13th Annual General Meeting
Form of Proxy

In this Annual Report 2022/2023, references to the number of issued ordinary shares of the Company for the period prior to the effective date of the Proposed Share Consolidation (as defined on page 43 of the Management Discussion and Analysis section) are to the number of ordinary shares then existing, before consolidation.

13TH ANNUAL GENERAL MEETING

Venue : Tricor Business Centre
Gemilang Room, Unit 29-01
Level 29, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

Date : Tuesday, 5 December 2023.

Time : 9.30 a.m.

For more information, visit: www.hibiscuspetroleum.com

Cover Painting by Zaharuddin Sarbini

Title
Hibiscus Series #3

Year of Painting
2020

Artist Biography
Zaharuddin Sarbini, born in 1966 in Sekinchan, Selangor, is a self-taught artist and a graduate of Aeronautical Engineering from Universiti Teknologi Malaysia. While Zaharuddin is widely recognised for his vibrant and lifelike still-life portrayals of fruits, his artistic journey has also led him to explore other subjects, including avian and aquatic themes.

Page Navigation:
Content Page
Previous Page
Next Page

ABOUT US

Hibiscus Petroleum Berhad (Hibiscus Petroleum) is Malaysia's first listed independent oil and gas exploration and production company. Our key activities are focused on monetising producing oilfields and growing our portfolio of development and producing assets in areas of our geographical focus: Malaysia, Vietnam, the United Kingdom and Australia.

As an operator of offshore oil and gas producing fields, our efforts are focused on safely enhancing value from the assets in which we have economic interests.

Our growth strategy in the current oil and gas market is to leverage opportunities that are present within our portfolio of existing assets and make quality acquisitions on a selective basis, thus delivering sustainable returns to our shareholders.

We are committed towards upholding high standards of safety and environmental management. We also prioritise corporate governance and transparency, whilst expanding our business on strong technical and commercial foundations.

Hibiscus Petroleum is headquartered in Kuala Lumpur and our securities are listed on the Main Market of Bursa Malaysia Securities Berhad. Hibiscus Petroleum is a constituent on the FTSE4Good Bursa Malaysia Index as well as the FTSE4Good Bursa Malaysia Shariah Index. Hibiscus Petroleum securities have been classified as being Shariah-compliant by the Shariah Advisory Council of the Securities Commission Malaysia.

FY2023 GROUP HIGHLIGHTS

MARKET CAPITALISATION[1]
RM1.74 billion
FY2022: RM2.01 billion ▼ 14%

EBITDA
RM1.27 billion
FY2022: RM1.08 billion ▲ 17%

REVENUE
RM2.34 billion
FY2022: RM1.70 billion ▲ 38%

PROFIT AFTER TAXATION
RM400.5 million
FY2022: RM652.9 million ▼ 39%

NET ASSETS[1]
RM2.69 billion
FY2022: RM2.20 billion ▲ 22%

DEBT[1]
RM456.8 million
FY2022: RM88.8 million ▲ 414%

CASH[1]
RM1.18 billion
FY2022: RM707.8 million ▲ 67%

CAPITAL EXPENDITURE[2]
RM516.8 million
FY2022: RM182.5 million ▲ 183%

NET 2P RESERVES[3]
67.0 MMboe
FY2022: 72.3 MMboe ▼ 7%

NET 2C RESOURCES[3]
60.6 MMbbl
FY2022: 70.2 MMbbl ▼ 14%

NET UNIT PRODUCTION COST[4]
USD26/boe
FY2022: USD23/boe

NET PRODUCTION RATE
20,017 boe/day
FY2022: 20,013[5,6] boe/day

Notes:
1. As at 30 June 2023 for FY2023, as at 30 June 2022 for FY2022.
2. For the PM3 CAA PSC, the Kinabalu PSC, the Block 46 Cai Nuoc PSC, the PM305 PSC, the PM314 PSC, the North Sabah PSC, the Anasuria Area and the Marigold Development Project only.
3. As at 1 July 2023 for FY2023, as at 1 July 2022 for FY2022.
4. Weighted average production volume and operating expenditure based on net entitlement/working interest in the PM3 CAA PSC, the Kinabalu PSC, the Block 46 Cai Nuoc PSC, the PM305 PSC, the PM314 PSC, the North Sabah PSC and the Anasuria Cluster.
5. Combined average daily net production rate (post validation by the regulator) is the sum of:
   - the average daily net production rate of the North Sabah PSC and the Anasuria Cluster for the period from 1 June 2021 to 30 June 2022; and
   - the average daily net production rate of the PM3 CAA, Kinabalu, Block 46 Cai Nuoc, PM305 and PM314 PSCs, for the period from 1 February 2022 to 30 June 2022.
6. Figures adjusted following PSC Statement audit and Petroliam Nasional Berhad's review.

Key:
- FY2023 – Financial year ended 30 June 2023.
- FY2022 – Financial year ended 30 June 2022.
- EBITDA – Earnings before Interest, Taxes, Depreciation and Amortisation.
- 2P Reserves – Proven and probable oil reserves.
- 2C Resources – Best estimate contingent oil resources.
- MMboe – Million barrels of oil equivalent.
- MMbbl – Million barrels.
- boe – Barrels of oil equivalent.
- RM – Ringgit Malaysia.
- USD – United States Dollar.
- PSC – Production Sharing Contract.

Hibiscus Petroleum Group operates or jointly operates production sharing contracts or concessions in Malaysia, Vietnam, the United Kingdom and Australia. Our portfolio consists of production, development and exploration assets.

MALAYSIA

In January 2022, we achieved a significant milestone by finalising the acquisition of interests in three Malaysian Production Sharing Contracts (PSCs) from Repsol Exploración, S.A. (Repsol). This move marked a substantial expansion of our presence and operations within the Malaysian oil and gas sector.

Our journey in Malaysia commenced with the 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (North Sabah PSC). SEA Hibiscus Sdn Bhd (SEA Hibiscus) took on the role of operator for the North Sabah PSC on 31 March 2018. During our tenure as operator, we have effectively overseen the implementation of a range of production enhancement initiatives, leading to a significant increase in gross oil production sales.

Looking ahead, our vision includes the diligent execution of additional prospects. These endeavours are designed to counteract natural decline and sustain the upward trajectory of our oil production. Of particular significance is that both the Kinabalu PSC and the North Sabah PSC contribute their crude oil to the Labuan Crude Oil Terminal, a facility managed and operated by SEA Hibiscus. This seamless synergy across our assets further solidifies our prominent position in the Malaysian oil and gas landscape.

MALAYSIA-VIETNAM COMMERCIAL ARRANGEMENT AREA

Acquisition of the PM3 Commercial Arrangement Area (CAA) PSC from Repsol was completed in January 2022 and lies within the CAA established between Malaysia and Vietnam. It is our largest source of gas production, with gas being piped to Malaysia and Vietnam. Production enhancement projects, including the longest well drilled in Malaysia, have been successful in improving production.

VIETNAM

We completed the acquisition of the Block 46 Cai Nuoc PSC (Block 46) from Repsol in January 2022 as part of the same acquisition which included three Malaysian PSCs and the PM3 CAA PSC. It lies adjacent to the PM3 CAA PSC and oil produced from Block 46 is processed at the PM3 CAA facilities.

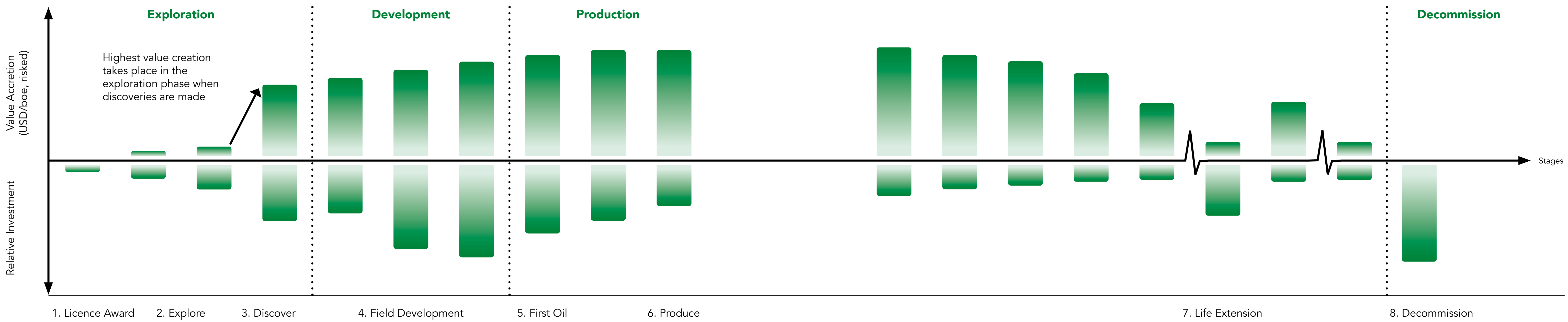
UNITED KINGDOM

The United Kingdom Continental Shelf (UKCS) is home to Hibiscus Petroleum's first producing asset – the Anasuria Cluster, a group of producing oil and gas fields and associated infrastructure. We jointly operate this asset via our jointly-controlled entity, Anasuria Operating Company Limited. Expanding our footprint in the North Sea, we acquired the discovered oilfields of Marigold West and Sunflower in 2018 and expect this development asset, together with the Teal West development, to deliver a step change to our production volumes in the near future. In the 32nd UKCS Licensing Round, we were also awarded the Kildrummy Licence which we hope will eventually become part of the Marigold West/Sunflower development.

AUSTRALIA

In the Bass Strait, we operate the VIC/RL17 petroleum retention lease (previously known as the VIC/L31 production licence). We also have indirect interests in five other licences through our interest in 3D Oil Limited.

INVESTMENT AND VALUE CREATION IN THE OILFIELD LIFE CYCLE



Decreasing Geological Risk → **Increasing Sensitivity to Changes in Oil Price**

Prospective Resources → **Contingent Resources** → **Reserves**

Stage	1. Licence Award	2. Explore	3. Discover	
Reserves/Resources	Prospective Resources			Contingent Resources
Investment/Activity	Bidding or direct negotiation with host countries	Seismic acquisition, processing and interpretation	Drill exploration well	Drill appraisal well/ extended well test
Risks	High geological risks	Geological risks	Geological risks	Reduced geological risks
Typical GCoS range	0 - 25%			25 - 55%
Value Creation	Secure right to explore acreage via the signing of a concession agreement	Identify drillable prospects. Define GCoS and prospective resources	Discovery of hydrocarbons	Commercial discovery of hydrocarbons

4. Field Development		5. First Oil	6. Produce	7. Life Extension	8. Decommission
	Proven Reserves				-
Pre-FID Prepare Field Development Plan; Plan optimal subsurface development (e.g. number of wells to drill, amount of oil production achievable); Front-End Engineering and Design (FEED) for the surface facilities	**Post-FID** Detail design, construction and installation	Start of oil production from the field	Maintenance of facilities and wells	Drilling of additional wells or implementing secondary oil recovery (e.g. waterflooding)	Facilities and well abandonment
Low geological risks; Oil price risks	Design risks; Oil price risks		Oil price risk	Oil price risk	-
55 - 85%			85 - 100%	60 - 80%	-
Confirm the economic feasibility of the project	Installation of the surface facilities and drilling of oil wells		Ensure optimal oil production from the field	Increased oil production and reserves from the field	Abandonment of the field in an environmentally safe manner

Notes:
- The table above does not account for unconventional concepts in field development.
- Inherent operational risks are not included.
- Information presented is reflective of the Company's portfolio of assets.

Key:
- USD/boe - United States Dollar per barrel of oil equivalent.
- FID - Final Investment Decision.
- GCoS - Geological Chance of Success.

MALAYSIA AT A GLANCE

On 31 March 2018, SEA Hibiscus Sdn Bhd (SEA Hibiscus) successfully assumed the role of operator of the North Sabah Production Sharing Contract (PSC) from Shell. As operator, SEA Hibiscus is responsible for the day-to-day operations, maintenance and conduct of production enhancement activities carried out on the asset.

The North Sabah PSC is our second producing asset, providing us with a further revenue stream after the Anasuria Cluster. It has enabled us to strengthen our technical and operating capabilities, profitability and balance sheet.

Through execution of production enhancement projects since the acquisition, we have been realising the considerable potential within the fields of the North Sabah PSC.

On 24 January 2022, we completed the acquisition and transfer of operatorship of three PSCs: Kinabalu Oil (Kinabalu), PM305 and PM314. Together with the PM3 Commercial Arrangement Area (CAA) PSC and Block 46 Cai Nuoc PSC acquired in the same transaction, these assets have brought about a step change to our oil and gas production volumes.

HIGHLIGHTS

OPERATIONAL PERFORMANCE	KINABALU	NORTH SABAH
AVERAGE UPTIME[1]	76%	94%
AVERAGE NET DAILY PRODUCTION RATE[1]	2,542 bbl/day	4,716 bbl/day
AVERAGE UNIT PRODUCTION COST[1]	17.4 USD/bbl	20.1 USD/bbl
LTIF[1,3]	0	0
2P OIL RESERVES[2]	7.8 MMstb	19.7 MMstb
2C OIL RESOURCES[2]	0	9.0 MMstb
LONG-TERM PARTNERSHIP WITH PETRONAS CARIGALI SDN BHD		

Notes:
1 For the financial year ended 30 June 2023.
2 As at 1 July 2023. Reserves for Kinabalu Oil are based on FIPC Group's current estimated net entitlement, as per RPS Energy's report dated August 2022 and adjusted for actual production during the 12 months ended 30 June 2023. Reserves and resources for North Sabah are based on SEA Hibiscus' current estimated net entitlement, as per RPS Energy's report dated August 2023.
3 LTIF represents the frequency of lost time injuries (LTI), which includes fatalities, permanent disabilities or work hours lost due to workplace incidents, per 1 million hours worked by both employees and contractors.
4 Minimal reportable data for PM314 and PM305 PSCs as PM314 is no longer operating and is undergoing the final steps of decommissioning, while there is negligible production from PM305.

Key:
- 2P Oil Reserves – Proven and probable oil reserves.
- 2C Oil Resources – Best estimate contingent oil resources.
- bbl – Barrels.
- MMstb – Million stock tank barrels.
- LTIF – Lost Time Injury Frequency.
- USD – United States Dollar.
- MSOSH – Malaysian Society for Occupational Safety and Health.
- OSH – Occupational Safety and Health.
- FIPC – Fortuna International Petroleum Corporation.
- RPS Energy – RPS Energy Consultants Limited.

NORTH SABAH PSC: OFFSHORE AND ONSHORE FACILITIES


St Joseph


SF30

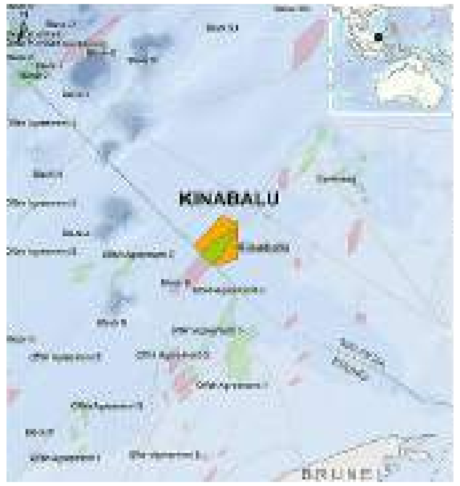

South Furious


Labuan Crude Oil Terminal (LCOT)


Barton

Malaysia At A Glance

KINABALU OIL PSC



Asset Name:
Kinabalu Oil PSC

Licence:
2012 Kinabalu Oil Production Sharing Contract

Hibiscus Petroleum's Interest:
60%

Operator:
Hibiscus Oil & Gas Malaysia Limited

Joint Venture Partner:
PETRONAS Carigali Sdn Bhd

Asset Location:
Offshore Sabah

Water Depth:
56m

Field Life Cycle:
Production

Producing Fields:
Kinabalu Main, Kinabalu East, Kinabalu Far East

Development Type:
Fixed platforms with oil pipeline to LCOT and gas pipeline to Samarang Platform

Acquisition Completion Date:
24 January 2022

Office Locations:
Kuala Lumpur, Kota Kinabalu

Awards:
Safety
PETRONAS Focused Recognition Award – Awarded in March 2023 for excellent HSSE performance for the Kinabalu PSC in CY2022[a].

Note:
[a] *Calendar Year 2022.*

NORTH SABAH PSC

Asset Name:
North Sabah PSC

Licence:
2011 North Sabah Enhanced Oil Recovery Production Sharing Contract

Hibiscus Petroleum's Interest:
50%

Operator:
SEA Hibiscus

Joint Venture Partner:
PETRONAS Carigali Sdn Bhd

Asset Location:
33km from Kota Kinabalu, Malaysia

Water Depth:
18-60m

Field Life Cycle:
Production

Producing Fields:
St Joseph, South Furious, SF30, Barton

Development Type:
Fixed platforms with dry trees, inter-field pipelines and a trunk line to LCOT

Acquisition Date:
31 March 2018

Office Locations:
Kuala Lumpur, Kota Kinabalu, Labuan

Awards:
Safety
(i) Awarded the MSOSH[a] OSH Gold Class 1 Award Winner for 2018 and 2017 under the category of Petroleum, Gas, Petrochemical & Allied Sectors for the St Joseph Platform by the Malaysian Society for Occupational Safety and Health.

(ii) PETRONAS Focused Recognition Award – Awarded in March 2023 for excellent HSSE performance in CY2022[b], with no major incidents and accidents.

Other Awards
(i) PETRONAS Malaysia Upstream Awards 2020: Awarded Best Emerging Petroleum Arrangement Contractor, Wells Excellence – GOLD award and for Drilling Excellence – BRONZE award.

(ii) PETRONAS Malaysia Upstream Awards 2022: Most Improved Operator Award – Awarded to SEA Hibiscus for showcasing sustained and continuous improvement in overall performance for three consecutive years.

(iii) 5-star Rating Award given to LCOT by the Office of the Chief Government Security Officer Malaysia, commending the high commitment and priority towards safety and security in protecting national interests and for being one of 15 national assets receiving a 5-star award.

(iv) PETRONAS Focused Recognition – received in March 2023 for LCOT demonstrating good collaboration with lifting parties to optimise market value of cargoes and secure reputation of Malaysia as a reliable crude exporter.

Notes:
[a] The MSOSH OSH Award is an annual award presented to organisations in Malaysia with proven outstanding Occupational Safety and Health performance. Identified companies are subjected to stringent document and site verification audits by the MSOSH panel of qualified and dedicated auditors which comprise, amongst others, representatives from the Department of Occupational Safety & Health (DOSH) and National Institute of Occupational Safety & Health (NIOSH) prior to being considered by the MSOSH Technical Committee for the respective awards.

[b] Calendar Year 2022.

PM305

Asset Name:
PM305 PSC

Licence:
PM305 Production Sharing Contract

Hibiscus Petroleum's Interest:
60%

Operator:
Hibiscus Oil & Gas Malaysia Limited

Joint Venture Partner:
PETRONAS Carigali Sdn Bhd

Asset Location:
Offshore eastern coast of Peninsular Malaysia

Water Depth:
73m

Field Life Cycle:
Production and decommissioning

Producing Fields:
Murai/Angsi Southern Channel Unit

Development Type:
Production via non-operated facilities and infrastructure

Acquisition Completion Date:
24 January 2022

Office Locations:
Kuala Lumpur, Kota Bharu, Kemaman

Awards:
Safety
PETRONAS Focused Recognition Award – Awarded in March 2023 for excellent HSSE performance for the PM305 PSC in CY2022[a].

Note:
[a] *Calendar Year 2022.*

PM314

Asset Name:
PM314 PSC

Licence:
PM314 Production Sharing Contract

Hibiscus Petroleum's Interest:
60%

Operator:
Hibiscus Oil & Gas Malaysia Limited

Joint Venture Partner:
PETRONAS Carigali Sdn Bhd

Asset Location:
Offshore eastern coast of Peninsular Malaysia

Water Depth:
73m

Field Life Cycle:
Decommissioning

Producing Fields:
None

Development Type:
Previously producing via South Angsi A platform

Acquisition Completion Date:
24 January 2022

Office Locations:
Kuala Lumpur, Kota Bharu, Kemaman

MALAYSIA-VIETNAM COMMERCIAL ARRANGEMENT AREA AT A GLANCE

On 24 January 2022, we completed the acquisition and transfer of operatorship in the PM3 Commercial Arrangement Area (CAA) PSC as part of the same acquisition which included three Malaysian PSCs and one Vietnamese PSC. The PM3 CAA PSC has allowed us to diversify our production to include gas.

Production enhancement projects under our operatorship, including drilling of the longest well in Malaysia, have unlocked increased oil and gas production, while our gas exploration well, Bunga Lavatera-1, has also proved to be successful.

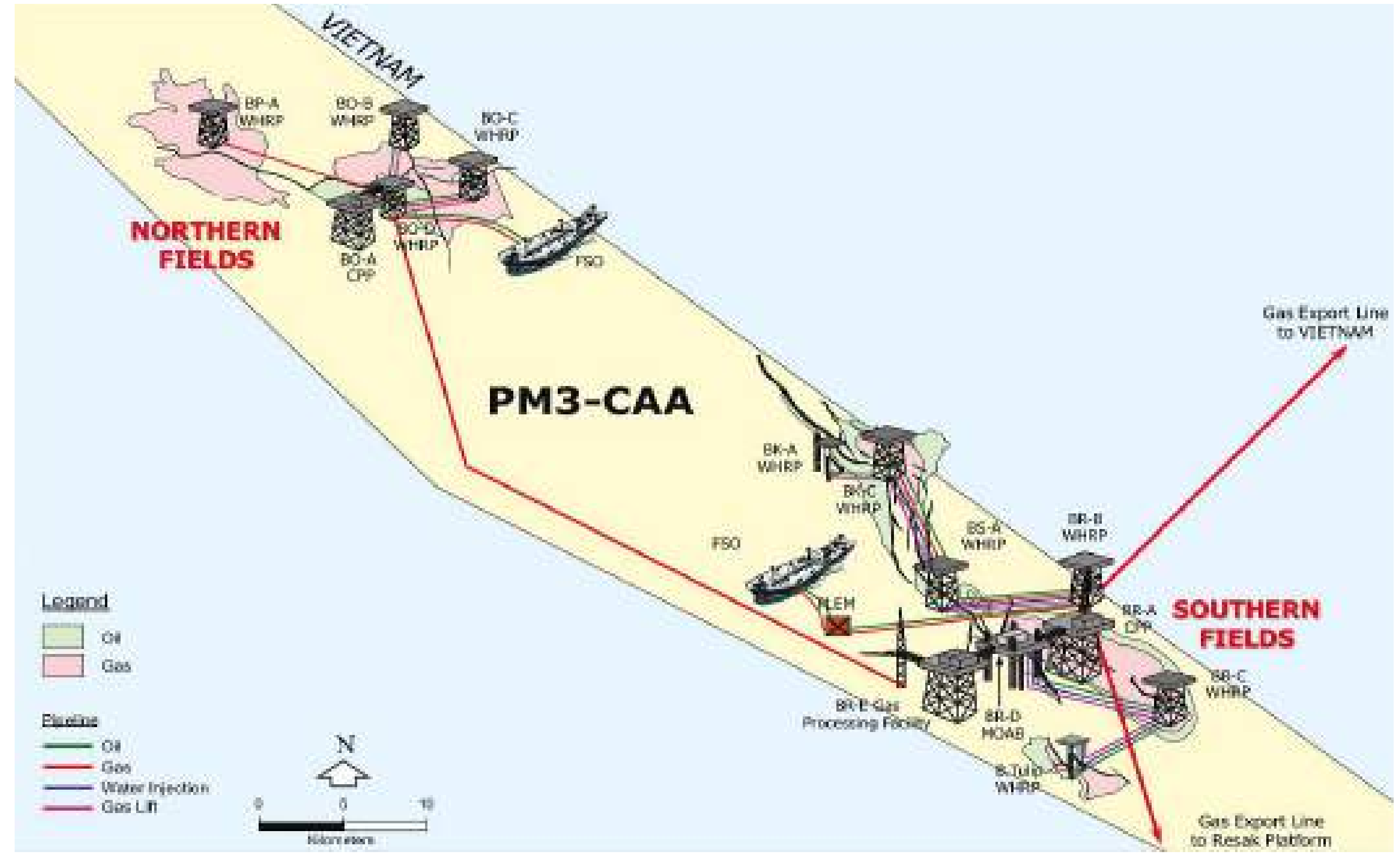
HIGHLIGHTS

AVERAGE UPTIME[1] 89%	**AVERAGE NET DAILY OIL AND CONDENSATE PRODUCTION RATE[1]** 3,068 bbl/day	**AVERAGE NET DAILY GAS PRODUCTION RATE[1]** 7,016 boe/day
AVERAGE UNIT PRODUCTION COST[1] 13.0 USD/boe	**LTIF[1,3]** 0	**2P OIL RESERVES[2]** 5.7 MMstb
2P GAS RESERVES[2] 64.8 Bscf	**IMPORTANT SOURCE OF GAS FOR** **MALAYSIA AND VIETNAM**	

Notes:
1 For the financial year ended 30 June 2023.
2 As at 1 July 2023, based on FIPC Group's current estimated net entitlement, as per RPS Energy's report dated August 2022 and adjusted for actual production during the 12 months ended 30 June 2023.
3 LTIF represents the frequency of lost time injuries (LTI), which includes fatalities, permanent disabilities or work hours lost due to workplace incidents, per 1 million hours worked by both employees and contractors.

Key:
- 2P Oil/Gas Reserves – Proven and probable oil/gas reserves.
- bbl – Barrels.
- boe – Barrels of oil equivalent.
- MMstb – Million stock tank barrels.
- Bscf – Billion standard cubic feet.
- LTIF – Lost Time Injury Frequency.
- USD – United States Dollar.
- FIPC – Fortuna International Petroleum Corporation.
- FSO – Floating Storage and Offloading.
- RPS Energy – RPS Energy Consultants Limited.

PM3 CAA PSC



Asset Name:
PM3 CAA PSC

Licence:
PM3 Commercial Arrangement Area (CAA) Production Sharing Contract

Hibiscus Petroleum's Interest:
35%

Operator:
Hibiscus Oil & Gas Malaysia Limited

Joint Venture Partner:
PETRONAS Carigali Sdn Bhd, PetroVietnam Exploration Production Corporation Limited

Asset Location:
CAA between Malaysia and Vietnam

Water Depth:
56m

Field Life Cycle:
Production

Producing Fields:
Bunga Orkid, Bunga Pakma, Bunga Raya, Bunga Seroja, Bunga Kekwa, Bunga Tulip, Bunga Lavatera

Development Type:
Fixed platforms with gas pipelines to Peninsular Malaysia and Vietnam, oil export via FSO Orkid and FSO PM3 CAA

Acquisition Date:
24 January 2022

Office Locations:
Kuala Lumpur, Kota Bharu, Kemaman

Awards:
Safety
(i) PETRONAS Malaysia Upstream Awards 2023: HSSE Excellence – Silver Award.

(ii) PETRONAS Focused Recognition Award: Awarded in March 2023 for excellent HSSE performance for PM3 CAA in CY2022[a].

Production
(i) PETRONAS Focused Recognition Award: Awarded in March 2022 for increasing gas supply from PM3 CAA to support higher gas demand in February 2022.

(ii) PETRONAS Malaysia Upstream Awards 2022: Project Delivery Excellence – Bronze Award. Awarded to Hibiscus Oil & Gas Malaysia for tremendous performance and successful delivery of the H4 Development Facilities Project despite the unprecedented COVID-19 pandemic and volatile market conditions.

(iii) PETRONAS Malaysia Upstream Awards 2023: Project Delivery Excellence – Silver Award.

(iv) PETRONAS Focused Recognition Award: Awarded in April 2023 for completion of the drilling of the longest well in Malaysia and for successfully flowing the well at rates exceeding initial expectations.

(v) PETRONAS Focused Recognition: Received in March 2023 for timely reinstatement of Flash Gas Compressor (FGC) at PM3 and successfully increasing PM3 CAA gas availability by 40 MMscf per day to fulfil high gas demand from Kerteh (Malaysia) and Ca Mau (Vietnam).

Note:
a Calendar Year 2022.

Key:
MMscf - Million standard cubic feet.

VIETNAM AT A GLANCE

We acquired Block 46 Cai Nuoc PSC from Repsol on 24 January 2022 as part of the same acquisition which included three Malaysian PSCs and the PM3 CAA PSC. It lies adjacent to PM3 CAA and oil produced from Block 46 Cai Nuoc PSC flows to the PM3 CAA facilities.

HIGHLIGHTS

AVERAGE UPTIME[1]	AVERAGE NET DAILY OIL PRODUCTION RATE[1]	AVERAGE UNIT PRODUCTION COST[1]
89%	166 bbl/day	28.7 USD/bbl
LTIF[1,3]	**2P OIL RESERVES[2]**	
0	0.2 MMstb	

Notes:
1 For the financial year ended 30 June 2023.
2 As at 1 July 2023, based on FIPC Group's current estimated net entitlement, as per RPS Energy's report dated August 2022 and adjusted for actual production during the 12 months ended 30 June 2023.
3 LTIF represents the frequency of lost time injuries (LTI), which includes fatalities, permanent disabilities or work hours lost due to workplace incidents, per 1 million hours worked by both employees and contractors.

Key:
- 2P Oil Reserves – Proven and probable oil reserves.
- bbl – Barrels.
- MMstb – Million stock tank barrels.
- LTIF – Lost Time Injury Frequency.
- USD – United States Dollar.
- FIPC – Fortuna International Petroleum Corporation.
- RPS Energy – RPS Energy Consultants Limited.

BLOCK 46 CAI NUOC PSC

Asset Name:
Block 46 Cai Nuoc PSC

Licence:
Block 46 Cai Nuoc Production Sharing Contract

Hibiscus Petroleum's Interest:
70%

Operator:
Talisman Vietnam Limited*

Joint Venture Partner:
PetroVietnam Exploration Production Corporation Ltd

Asset Location:
Offshore Vietnam

Water Depth:
56m

Field Life Cycle:
Production

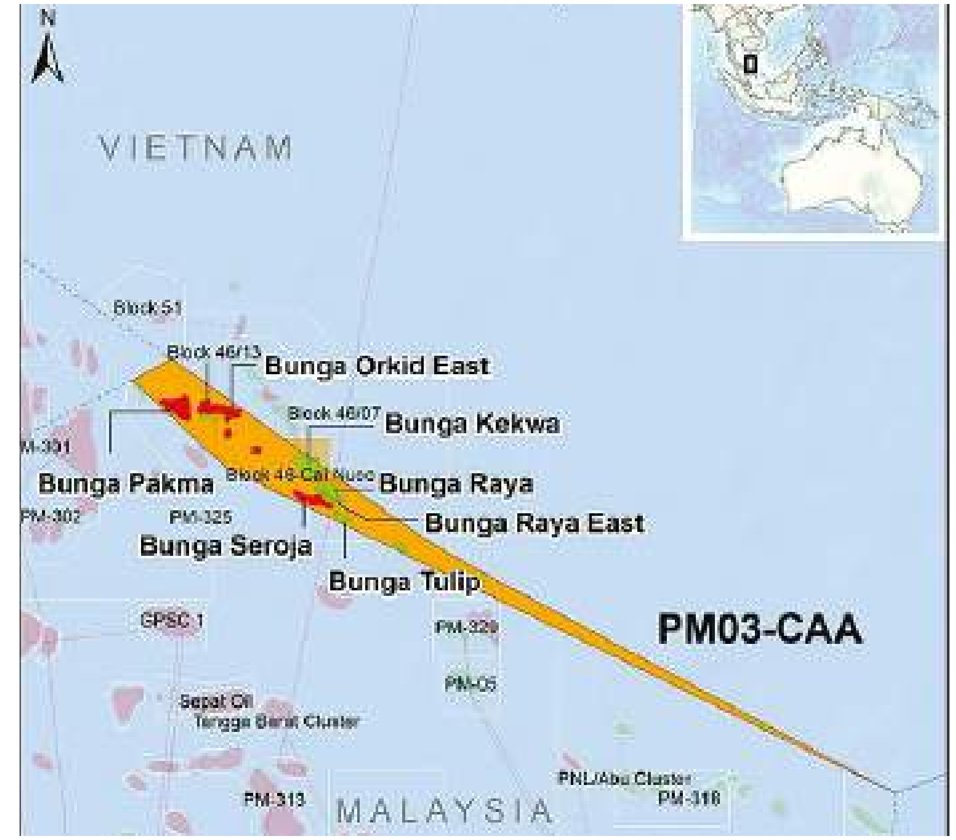
Producing Field:
Cai Nuoc

Development Type:
Tie-back to PM3 CAA facilities

Acquisition Date:
24 January 2022

Office Location:
Kuala Lumpur

Note:
* Talisman Vietnam Limited is undergoing a name change. The legal entity is currently part of Hibiscus Petroleum pending the name change.



UNITED KINGDOM AT A GLANCE

On 10 March 2016, Hibiscus Petroleum acquired our very first producing asset – a package of geographically focused producing fields and associated infrastructure located in the North Sea, United Kingdom (UK), collectively known as the Anasuria Cluster (Anasuria). Anasuria delivers production that generates positive cashflow with infield future development opportunities and exploration upside.

The addition of the Teal West discovery, an award to Hibiscus Petroleum as part of the UK Continental Shelf (UKCS) 32nd Licensing Round is a positive development and is expected to contribute to an increase in Anasuria's production by late CY2024/early CY2025.

Expanding our footprint in the North Sea, Hibiscus Petroleum acquired the discovered Marigold West and Sunflower oilfields on 16 October 2018. This shallow-water development asset will deliver a step change to our production volumes and revenue generating capacity.

Additionally, in line with our efforts to aggregate 2C oil resources at a competitive unit cost per barrel (as part of an area-wide development), we applied for (and were awarded), the Kildrummy discovery (as part of the UKCS 32nd Licensing Round). Kildrummy lies in close proximity to the Marigold West and Sunflower fields.

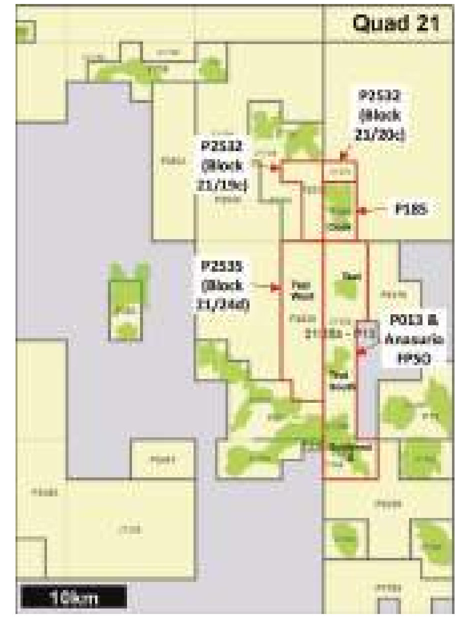
HIGHLIGHTS

ANASURIA AVERAGE UPTIME[1] 85%	**AVERAGE NET DAILY PRODUCTION RATE[1]** 2,415 boe/day	**AVERAGE UNIT PRODUCTION COST[1]** 22.8 USD/boe
LTIF[1,3] 0	**2P OIL RESERVES[2]** 20.9 MMbbls	**2P GAS RESERVES[2]** 11.3 Bscf
2C OIL RESOURCES[2] 43.6 MMbbls	**PERSONNEL WORKING ON ANASURIA OPERATIONS[4]** 144	**COMBINED PROJECT TEAM FOR MARIGOLD AND TEAL WEST:** 31

Notes:
1 For the financial year ended 30 June 2023.
2 As at 1 July 2023, based on Anasuria Hibiscus' participating interest. The reserves estimates for Anasuria and Teal West are based on internal estimates, while the contingent resources report for the Marigold and Sunflower fields are based on RPS Energy's report dated August 2020.
3 LTIF represents the frequency of lost time injuries (LTI), which includes fatalities, permanent disabilities or work hours lost due to workplace incidents, per 200,000 hours worked by both employees and contractors.
4 As at 30 September 2023, consists of personnel in the Anasuria Operating Company Limited and personnel dedicated to Anasuria operations from Petrofac Facilities Management Limited.

Key:
- 2P Oil or Gas Reserves – Proven and probable oil or gas reserves.
- 2C Oil or Gas Resources – Best estimate contingent oil or gas resources.
- boe – Barrels of oil equivalent.
- MMbbl – Million barrels.
- Bscf – Billion standard cubic feet.
- LTIF – Lost Time Injury Frequency.
- USD – United States Dollar.
- ROSPA – Royal Society for the Prevention of Accidents.
- FPSO – Floating, Production, Storage and Offloading Vessel.
- NSTA – North Sea Transition Authority, UK.
- RPS Energy – RPS Energy Consultants Limited.
- CY – Calendar year.

ANASURIA CLUSTER



Schematic of the Anasuria Field Layout and Infrastructure.

Asset Name:
Anasuria Cluster

Licences:
P013, P185, P2535, P2532

Asset Location:
UK Central North Sea,
~175km east of Aberdeen

Water Depth:
~94m

Acquisition/Award Date:
Anasuria: 10 March 2016
P2535 and P2532: 1 December 2020

Office Locations:
Kuala Lumpur, Aberdeen

Awards:
Safety
(i) Gold Award: Awarded by ROSPA for calendar year 2022 health and safety performance of the Anasuria FPSO vessel facility – 24th consecutive annual award.

(ii) Offshore Safety Awards 2022: Awards for Asset Operational Integrity Low Pressure (LP) Mode Project and Elected Safety Representative of the Year.

Other Awards
(i) Order of Distinction: Awarded by ROSPA for 24 consecutive Gold awards.

1) P013 and Anasuria FPSO

Hibiscus Petroleum's Interest:
50%

Operator:
Anasuria Operating Company Limited, jointly owned by Anasuria Hibiscus UK Limited (Anasuria Hibiscus) and Ping Petroleum UK PLC

Field Life Cycle:
Production

Producing Fields:
Teal, Teal South, Guillemot A

Development Type:
Subsea tie-back to Anasuria FPSO

2) P185

Hibiscus Petroleum's Interest:
19.3%

Operator:
Ithaca Energy (UK) Limited (Ithaca Energy)

Field Life Cycle:
Production

Producing Field:
Cook

Development Type:
Subsea tie-back to Anasuria FPSO

3) P2535 (Block 21/24d)

Hibiscus Petroleum's Interest:
100%

Operator:
Hibiscus Energy UK Limited

Field Life Cycle:
Development

Discovered Field:
Teal West

4) P2532 (Blocks 21/19c and 21/20c)

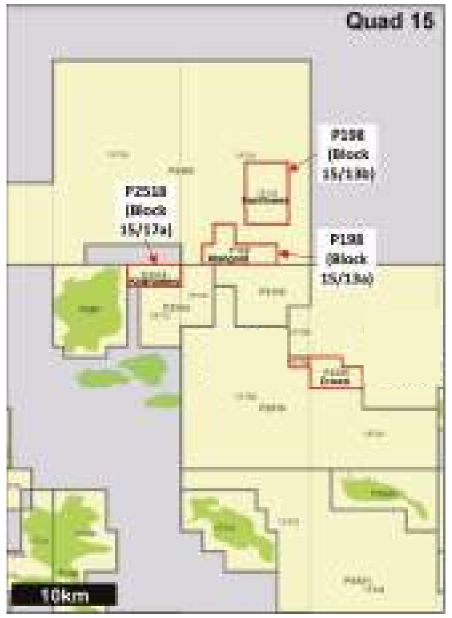
Hibiscus Petroleum's Interest:
19.3%

Operator:
Ithaca Energy

Field Life Cycle:
Exploration

Prospects:
Cook West, Cook North as potential extensions to the existing Cook Field

United Kingdom At A Glance



MARIGOLD WEST, SUNFLOWER AND KILDRUMMY

Asset Name:
Marigold West and Sunflower

Licences:
P198, Blocks 15/13a and 15/13b
P2518, Block 15/17a

Asset Location:
UK Central North Sea,
~250km northeast of Aberdeen

Water Depth:
~140m

Office Locations:
Kuala Lumpur, Aberdeen

1) P198 (Blocks 15/13a and 15/13b)

Hibiscus Petroleum's Interest:
87.5%[1]

Operator:
Anasuria Hibiscus

Joint Venture Partner:
Caldera Petroleum (UK) Limited (Caldera Petroleum)

Field Life Cycle:
Development

Discovered Fields:
Marigold and Sunflower

Acquisition Date:
16 October 2018

2) P2518 (Block 15/17a)

Hibiscus Petroleum's Interest:
100%

Operator:
Anasuria Hibiscus

Field Life Cycle:
Development

Discovered Field:
Kildrummy

Award Date:
19 January 2021

Note:
[1] As of June 30, 2023, Hibiscus Petroleum held a participating interest of 87.5% through Anasuria Hibiscus. Subsequently on 15 September 2023, a Unitisation and Unit Operating Agreement (UUOA) was executed between Anasuria Hibiscus, Caldera Petroleum and Ithaca Energy. Under the UUOA, Anasuria Hibiscus' interest in the unitized Marigold unit is 61.25%.

AUSTRALIA AT A GLANCE

Hibiscus Petroleum, through our wholly-owned subsidiary Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus) has interests in one licence located in the prolific oil and gas producing province of the Bass Strait of Australia.

We also have a 11.67% interest in 3D Oil Limited (3D Oil), a company listed on the Australian Stock Exchange. Through 3D Oil, we have indirect exposure to five additional exploration licences.

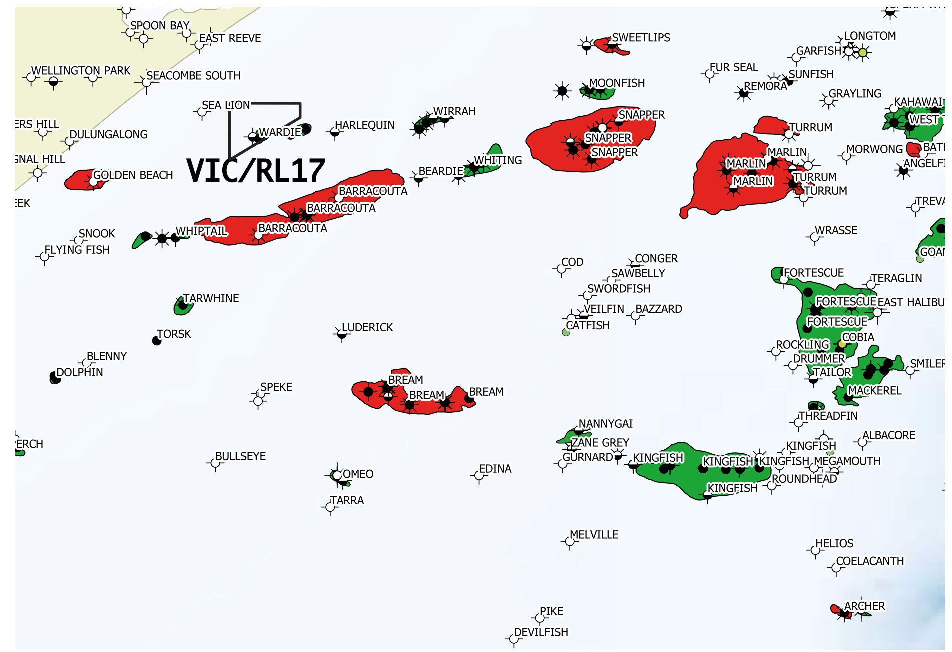
HIGHLIGHTS

NUMBER OF LICENCE[1]	2C OIL RESOURCES[1]	WELLS DRILLED[1]
1	8.0 MMbbl	1 exploration well

Note:
[1] Based on Hibiscus Petroleum's direct interest in VIC/RL17.

Key:
- 2C Oil Resources – Best estimate contingent oil resources.
- MMbbl – Million barrels.

GIPPSLAND BASIN



1) VIC/RL17 Petroleum Retention Lease (previously known as VIC/L31)

Hibiscus Petroleum's Interest:
100%

Operator:
Carnarvon Hibiscus

Asset Location:
Gippsland Basin, Offshore Victoria

Water Depth:
50m

Field Life Cycle:
Development

Discovered Field:
West Seahorse

2) Investments:

3D Oil, a company listed on the Australian Stock Exchange is an associate company of Hibiscus Petroleum. As at 1 October 2023, Hibiscus Petroleum holds 11.67% indirect interest in 3D Oil. 3D Oil holds interests in five offshore exploration licences:

A. VIC/P74
100%

Location:
Gippsland Basin, adjacent to Kingfish field, the largest oil field in Australia.

B. T/49P
20%

Location:
Otway Basin adjacent to the Thylacine and Geographe gas fields.

C. WA-527-P
100%

Location:
Bedout sub-basin, adjacent to the recent significant oil discovery at Dorado field.

D. VIC/P79
20%

Location:
Otway Basin adjacent to the Thylacine and Geographe gas fields.

E. GSEL 759
100%

Location:
20km Southeast of Mount Gambier and proximal to the South East Pipeline System.

EXECUTING PROJECTS SAFELY AND VIABLY

At Hibiscus Petroleum, our priority is ensuring the safety and well-being of our workforce whilst also managing risks effectively to safeguard the viability of our business.

CHAIRMAN'S STATEMENT

Dear Shareholders,

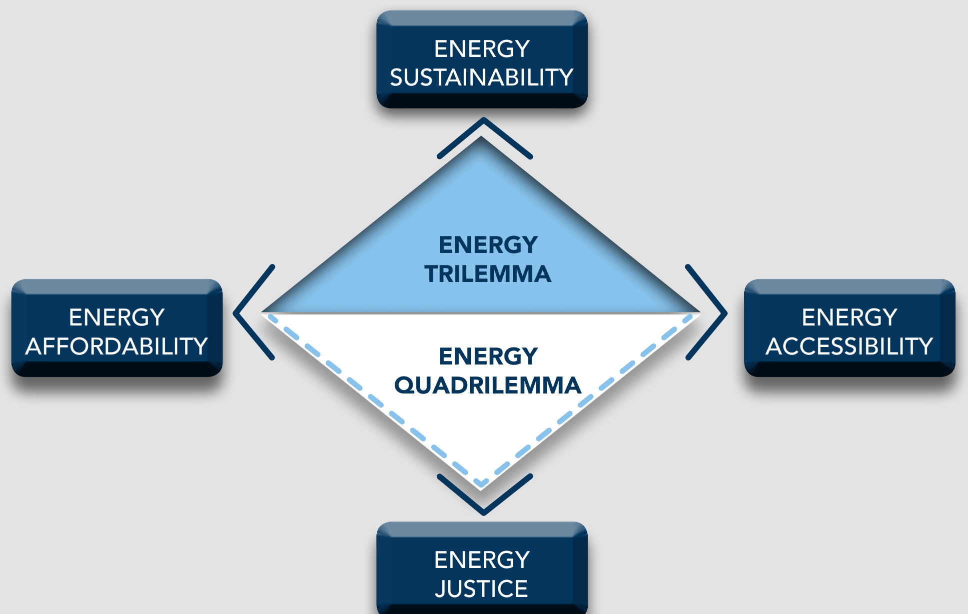
UNCERTAINTY

Since my last statement for our Annual Report 2021/2022, there has been a clear megatrend emerging in the area of Artificial Intelligence (AI). The development of AI related software tools and the technological hardware that supports this new area has directed a considerable focus on how many future job functions and work processes will be performed. The consensus is that greater efficiencies will be introduced in many areas of our day-to-day activities, given an almost immediate access and smart processing of information. Alongside this clear megatrend, the global population continues to grow with the world welcoming its eight billionth citizen in November 2022. This increase in population mostly occurs in countries currently deprived of energy.

The requirement of more computer processing power required by developed countries, coupled with an increasing level of energy generally being demanded by emerging economies, would have sufficed to underpin forecasts of strong energy prices going forward. However, these are not the only factors driving global energy related economics currently in play. Global economic and political decisions have for some time been heavily influenced by the demands of Environmental, Social and Governance (ESG) considerations as well as the climate change movement. Lately however, arising from the ongoing Russia-Ukraine conflict, there has been a realisation that national energy security strategies are also important for every country that is not energy independent. The post COVID-19 world also remains unsure if it is in recession or recovery, with interest rates being increased in some parts of the world to curb inflation whilst in China, the government has recently reduced these rates as a growth stimulus to curtail deflation.

REALITY

Notwithstanding these uncertainties, the responsibility of government, as far as energy delivery is concerned, has been captured in the well-publicised "Energy Trilemma".



However, socio-economic considerations have now necessitated the addition of a fourth dimension which concerns the provision of energy in a just and sustainable way. Generally referred to as 'energy justice', it refers to situations where injustices occur in the energy delivery systems and how best law and policy can respond, particularly with the objective of social sustainability (the "human flourishing" aspect) emerging as an increasingly important consideration.

With circa 60% of the global population living east or south of the Suez, the realisation today is that it is insufficient to resolve for the Trilemma, but instead, it is imperative to find a solution for the Quadrilemma if the issues of ESG and climate change are to be addressed. This is the current reality. However, it remains uncertain how the objectives of the Quadrilemma can be delivered.

Given that our Group operates in this uncertain and dynamic environment, your Board has been devoting an increasing amount of our time with the Senior Leadership Team to navigate our growing Company forward. Our objectives are to conduct our business in a manner consistent with, or better than our Vision and Mission statements, taking into account the dynamics of our industry and the uncertainties present all around us.

OPPORTUNITY

On 27 July 2023, the Malaysian government launched the National Energy Transition Roadmap (NETR) Phase 1 to accelerate Malaysia's energy transition. The NETR is characterised as being critical in supporting The Twelfth Malaysia Plan 2021 – 2025. This plan outlines the aspirations for the nation to achieve net zero emissions by 2050.

Conversely, in recent months, we have also observed that leaders of developed nations in Europe, the United States, and those managing large energy companies, have dialled back on climate change commitments previously made over the last three years. There is a dawning realisation that the economic cost of an accelerated push towards net zero targets will be prohibitive and ineffective unless it is matched with a global and united push towards the objectives of the Quadrilemma. Some prominent leaders have taken publicly unpopular stands, prioritising near-term economics and societal needs above the aspirations of the long-term climate change agenda. Notwithstanding this recent change in position, the large energy companies continue to actively participate in the energy transition by investing in renewables and rebalancing their respective portfolios, focussing more on gas projects and on oil opportunities in which their operational metrics (including parameters on (reducing) greenhouse gas (GHG) emissions) are in the top quartile.

ZAINUL RAHIM BIN MOHD ZAIN
Chair of the Board

Chairman's Statement

This rebalancing of portfolios of the larger players is creating Merger and Acquisition (M&A) opportunities for companies of our size.

TRAJECTORY

Whilst the International Energy Agency (IEA) has made some long-term energy demand projections and has recommended that financial institutions not support new oil and gas projects sanctioned after 31 December 2021, we believe that some of their views and assumptions stray into the realm of unrealistic optimism. Unfortunately, influential financial institutions have taken cue from the IEA views and what is currently clearly visible is that there is less capital available to develop fossil fuels, particularly, oil projects.

With less capital available, fewer oil projects are being developed. Thus, if the pathways proposed by the IEA in their document are not aggressively pursued and delivered, then we should not be surprised that within the next decade, energy starvation, brown-outs and even black-outs become terms of the vocabulary which are more frequently used.

So, the challenge then becomes in finding the right balance between the *status quo* and the change that will be required to protect the planet. To do this, we believe that as an industry, we must increase the momentum to decarbonise the oil and gas sector, through the development and deployment of solutions that are commercially sustainable. However, we believe at the same time, regulators must be pragmatic when introducing new regulations, and politicians and the media must also be fair and balanced in their rhetoric directed against industry players, so that investments in this very important energy delivery space will continue, hence avoiding tight energy supply situations, as we are experiencing right now.

Our Company believes that oil and gas will continue to remain an important part of the energy mix for at least the next 25 to 30 years. Thus, our trajectory will be to continue to pursue opportunities for new oil and gas, develop discovered resources and efficiently sweat the fields we currently operate. We will also continue to examine relevant M&A opportunities which will allow us to leverage our operational strengths, particularly when these opportunities emerge in legally safe and stable jurisdictions located around the countries in which we currently operate.

EXECUTE – ENHANCE – EXCEL – EXPLORING NEW HORIZONS

In the financial year (FY) ended 30 June 2023 (FY2023), we conducted our inaugural Investor Day during which we presented to some of our largest shareholders, the progress of the Company and some of our plans for the near future. The key themes covered the areas of Execute, Enhance, and Excel.

The theme of Execute recognised that over the next 18 months, our Group will likely spend more than RM1 billion (net to us) on capital projects in Malaysia and the United Kingdom (UK). To obtain the forecasted returns, we stressed the need to execute sanctioned projects in accordance with carefully crafted plans, requiring focus, discipline and competence to ensure that the execution remains on track, both technically and commercially.

We recognise our *raison d'être* is to enhance the value that we deliver to our shareholders. In this regard, we have embarked on several initiatives on our corporate front. Our recent announcement of our intent to consolidate our shares (which will allow larger funds to become part of our share register), and the buy-back of some of our shares, are both consistent with our intention to enhance shareholder value. Enhance is also about monetising and converting some 64 million barrels of discovered, contingent resources to reserves that will add to our future cash flow generation capacity and thus enhance our valuation as a company.

Excel is about excelling as an operator, through our relentless efforts to optimise the operations of every asset we acquire, with a view to maximise production and minimise wasteful practices by pursuing improvement techniques, thus earning us the respect as an efficient, robust and responsible operator in the industry. In mature fields, much like those under our operational purview, we will less likely find a small number of opportunities delivering large gains. Instead, we will have to relentlessly seek a large number of opportunities, each delivering a small gain which aggregate to a valuable prize. Our team that jointly operates the Anasuria asset is successfully delivering such small wins which aggregate to large gains over the longer-term and we are transferring some of their know-how and practices over to our Malaysian operations.

Whilst we only elaborated on the themes of Execute, Enhance and Excel at our Investor Day conference, I can now also disclose that over the course of FY2023, we have been developing and drilling some exciting exploration prospects, within the boundaries of licences that we currently possess.

More information on this subject may be found in our Management Discussion and Analysis section. We will make the necessary disclosures as these opportunities are implemented but at this juncture, we believe some of the prospects being pursued are potentially material.

OUR FINANCIAL PERFORMANCE

As mentioned earlier, oil prices have fluctuated over the course of FY2023. The Brent benchmark has ranged between a low of USD71.84 per barrel (bbl) and a high of USD113.50 per bbl over our Financial Year. Gas prices have also correspondingly moved. Against this backdrop (and combined with a full financial year contribution from the assets acquired from Repsol Exploración, S.A. in January 2022), our Group is pleased with our financial results for FY2023. We have reported a Profit After Taxation (PAT) of RM400.5 million on the back of revenue of circa RM2.3 billion and an EBITDA of RM1,269.7 million. This is the second consecutive year that our EBITDA levels have surpassed the RM1 billion mark, and the first year in which our revenue has hit the RM2 billion threshold.

In addition, during FY2023, the Group declared several interim single-tier dividends aggregating to 2.0 sen per ordinary share (based on the total number of issued ordinary shares of 2,012,418,743 prior to the share consolidation exercise). I am also pleased to be able to report that the Group is proposing, for the consideration of our shareholders during our Annual General Meeting to be held on 5 December 2023, a single-tier dividend of 1.25 sen per ordinary share (based on the post-consolidation number of issued ordinary shares of up to 804,967,497, which is equivalent to 0.5 sen per ordinary share based on the total number of issued ordinary shares prior to the share consolidation exercise). Looking forward, we hope that our FY2024 results will be similarly strong, if not stronger. Assuming oil prices remain relatively high, we will continue with our current dividend paying trend.

OUR AWARDS AND SAFETY PERFORMANCE

Our work environment demands constant vigilance and attention towards Health, Safety, Security and Environment (HSSE) considerations, and our ability to be considered as a responsible operator depends on our capability to provide a safe, healthy and secure workplace for our employees and business partners.

Our safety performance for FY2023, reflects our performance in this key area, recording zero Fatality and zero Lost Time Injury Frequency (LTIF) in all our operated assets, across all locations.

Period: 1 July 2022 - 30 June 2023

	UK	PM3 CAA	Malaysia	Australia
Fatality	0	0	0	0
LTIF*	0	0	0	0

Note:
* LTIF represents the frequency of lost time injuries (LTI), which includes fatalities, permanent disabilities or work hours lost due to workplace incidents, per 1 million hours worked by both employees and contractors.

The key HSSE initiatives that were conducted in FY2023 are itemised in the Sustainability Report section of this Annual Report 2022/2023.

Chairman's Statement

Whilst we have been honoured with several awards over the course of FY2023, there are several awards that I would like to specifically mention here:

- Our Group was awarded a **silver award for HSSE Excellence** at the Malaysia Upstream Awards 2023 event. This award, received from the Malaysian regulator PETRONAS, benchmarks our performance against that of all Exploration and Production companies operating in Malaysia; and

- In the UK, our team conducting Anasuria operations was awarded a **Gold Award** and the **Order of Distinction for calendar year 2022 health and safety performance** by the Royal Society for the Prevention of Accidents (ROSPA).

We believe that our HSSE performance is the outcome of consistent and relentless diligence across the various assets that we operate and a push towards a safer workplace that starts with our leadership. It takes a great deal of dedication to deliver the performance that receives such recognition, and hence we are very honoured to have been selected to receive these awards.

I would also like to share that on the business front we have been recognised as the **'Most Outstanding Company in Malaysia – Energy Sector'** at the 2023 Asiamoney Asia's Outstanding Companies Poll.

The Asia's Outstanding Companies Poll is designed to acknowledge excellence in areas such as financial performance, management team excellence, investor relations engagements and Corporate Social Responsibility initiatives. The poll was supported by 1,225 fund managers, analysts and bankers and a total of 7,653 votes were received for publicly listed companies across 12 markets in Asia. We would like to thank Asiamoney and our investors for supporting us and recognising our commitment.

INTRODUCING THE LATEST ADDITION TO OUR BOARD

Since January 2023, Puan Zaidah binti Ibrahim has been an Independent Non-Executive Director of our Board. Her profile may be viewed on page 82 of this Annual Report 2022/2023.

We are confident that her contributions and input to the Group will be extremely valuable and we look forward to working with her towards fulfilling our Vision of being a **Respected, Valuable and Responsible Energy Company**.

OUR THANKS

The duties for the Board have been increasing as all stakeholders raise their expectations, particularly in the areas of corporate governance and transparency. We are now also having to increasingly consider our business activities and direction through the ESG lens. We are proud to have maintained our top quartile position in the Bursa Malaysia FTSE4Good Malaysia Index, but we realise that the performance bar is being raised each year. We will try to keep pace with the ESG demands placed upon us, but in doing so, we wish to be convinced that our efforts will deliver tangible rewards to all our stakeholders.

As always, it has been a pleasure to work with my fellow Board members who have continuously discharged their duties with utmost care and dedication. Many of the matters that we review at the Board are highly technical with considerable detail being presented by our Management team. High quality, robust discussions and meticulous reviews preceded our final Board decisions. Thus, I would like to take this opportunity to thank my fellow Board members for their dedication and individual contributions.

I would also like to take this opportunity to record our thanks to the relevant regulators in Malaysia, namely the Securities Commission Malaysia, Bursa Malaysia Securities Berhad and Bank Negara Malaysia. They have all assisted us at all stages of our growth with timely approvals for various corporate exercises. Our industry-specific regulators also deserve special mention, namely PETRONAS of Malaysia, PetroVietnam of Vietnam, the North Sea Transition Authority (NSTA) of the UK, the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) of the Commonwealth of Australia and the Australian National Offshore Petroleum Titles Administrator (NOPTA). You would also have noted that in July 2023, our Group announced that the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) had issued their Environmental Approval for our Teal West Project. This approval, the first to be issued in the UK after more than a year, paved the way for the award of a Production Consent for the same project some weeks later. The continuous support of the various regulators has been instrumental in our success.

At the asset level, we work with our partners and co-venturers. On behalf of the Board, I would like to extend our thanks to each of them – PETRONAS Carigali Sdn Bhd, Ping Petroleum UK PLC, Ithaca Energy (UK) Limited, PetroVietnam Exploration Production Corporation Limited, Caldera Petroleum (UK) Limited, and 3D Oil Limited – for their support and co-operation over the past year.

The partnerships and relationships that we have with the oil trading groups of Trafigura Pte Ltd, BP Oil International Limited and PETCO Trading Labuan Company Limited have also been instrumental in assisting us in the achievement of many milestones over the years. Much of what we have done would not have been possible without your timely and positive support. For this, on behalf of the Group, I would like to thank each of you.

This past financial year has been operationally busy. To assist us in achieving our objectives, we have relied on contractors and their contractors. To each of you, thank you for your support and commitment in helping us achieve our operational aspirations and safety related goals.

Over the past year, it has become increasingly difficult to secure financial facilities in support of our operations. We have engaged with several financial institutions in an effort to secure debt that will enable us to leverage our Balance Sheet more efficiently as we grow our Company. We have received tremendous encouragement in this area from HSBC Bank Malaysia Berhad, Bank of China (Malaysia) Berhad, Industrial and Commercial Bank of China (Malaysia) Berhad and Standard Chartered Bank Malaysia Berhad. On behalf of the Group, thank you for your confidence in us.

I would also like to extend my thanks to the Management team and all our employees. Your work, in the face of many challenges, has been of the highest standard. I am particularly encouraged by the initiatives that are being implemented towards improving our ESG positioning. These efforts will have a long-term positive impact on our business and will showcase to all our stakeholders that we strive to be a responsible corporate citizen.

Finally, on behalf of the Board, I would also like to extend our thanks to all our stakeholders and in particular our shareholders. Thank you most sincerely for your continued patience, trust and support.

Hibiscus Petroleum Berhad is growing and can now claim to be an established regional Independent Oil and Gas Company in the exciting Asia Pacific business landscape. Reputable business partners are now part of our growth story and with these alliances we believe our aspiration of being an even more respected Exploration and Production operator in the upstream business is at hand. As previously mentioned, we believe in the long-term viability of our sector, and are pursuing exciting exploration prospects and will continue investing in relatively large development projects both in Malaysia and overseas. We are also continuously reviewing M&A opportunities, seeking a portfolio of assets that matches our risk profile. We look forward positively to FY2024 and to your continuing support.

Thank you.

ZAINUL RAHIM BIN MOHD ZAIN
Chair of the Board
4 October 2023

ENHANCING SHAREHOLDER VALUE

At Hibiscus Petroleum, our challenge is to foster growth that is sustainable and value accretive for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF OUR BUSINESS AND OPERATIONS

A. OUR BUSINESS

Hibiscus Petroleum Berhad (Hibiscus Petroleum or our Company) and our subsidiaries (our Group) remain focused on creating value for all our stakeholders by safely and efficiently finding and producing hydrocarbons and bringing these resources to market. Over the financial year ended 30 June 2023 (FY2023) a critical activity has been to safely and efficiently integrate the assets and resources acquired from Repsol Exploración S.A. (Repsol) in January 2022 into our portfolio. Besides contributing towards a significant growth in our total production, the acquisition also ensured that 30% of our aggregate production is now from gas, a target that we have been pursuing as part of our portfolio balancing strategy.

The oil and gas fields which are part of our portfolio are located primarily in the continents of Asia and Europe, particularly in the North Sea and in Southeast Asia. We intend to maintain our geographic focus in these areas as we assess future growth opportunities. Within our portfolio, we possess assets which are in production and other opportunities which remain currently undeveloped. In conducting our business, we collaborate and/or compete with regulators, financial institutions, state-owned enterprises, other public-quoted entities and privately held companies from around the world, with a key element of our business strategy being to operate or jointly operate the material assets within our portfolio so that we have:

- influence over the phasing and deployment of capital;
- a degree of control over the operating philosophy invoked within the assets under our care; and
- the opportunity to rollout components of our Environmental, Social and Governance (ESG) agenda together with our co-venturers.

Our revenues are primarily derived from the sale of crude oil and gas. It is important to note that with the exception of our assets in the United Kingdom Continental Shelf (UKCS), where gas produced is sold at market price, the revenues we achieve from our gas sales in Malaysia and Vietnam are oil price-linked. Thus, our general business performance is sensitive to the price at which we can sell the volumes of crude oil and gas we produce, offset against the corresponding costs we incur in delivering such production. Given that we are only a very small part of the global oil and gas ecosystem, our Company has little control of the prices at which we are able to sell our products, and thus it is imperative that we manage our operations optimally and control our cost base prudently.

DR KENNETH GERARD PEREIRA
Managing Director

B. MACRO TRENDS

Oil and gas prices continue to be impacted by polarising world events and ever more volatile political and industrial views. Our FY2023 started with the continued rise in oil prices as the world economies recovered from the COVID-19 pandemic.

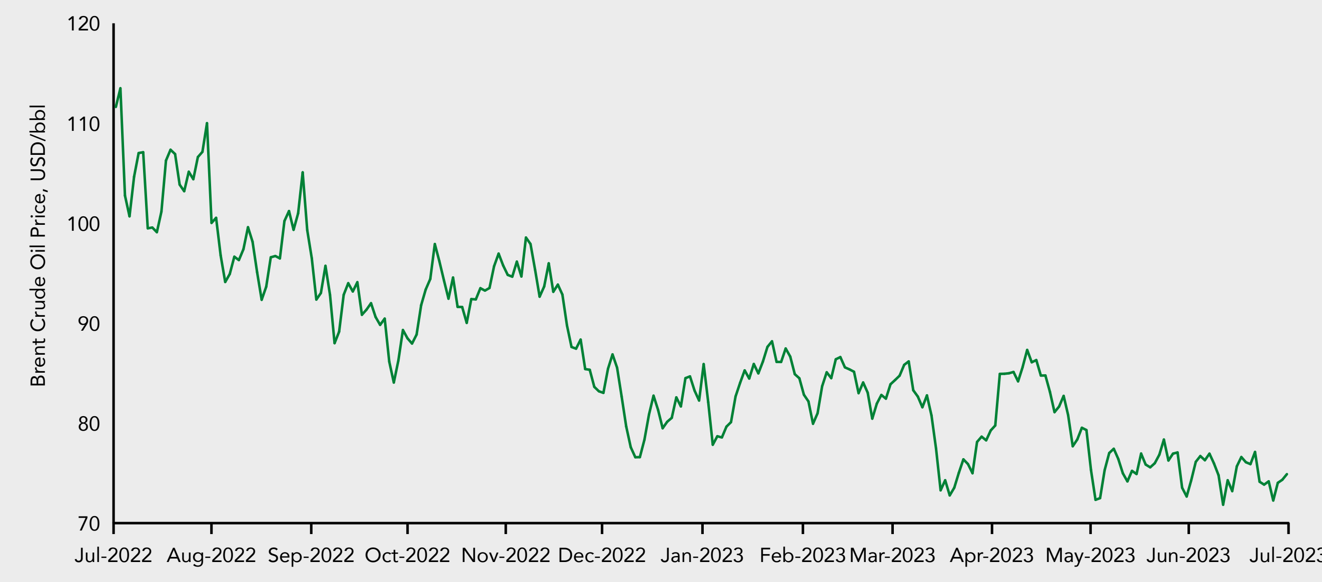


***Figure 1**: Brent Crude Oil Prices for FY2023.*

As can be seen from Figure 1, crude oil prices retreated from a high of USD113/bbl in July 2022 to about USD72/bbl in June 2023 as the slowing global economy weakened demand. China experienced its first annual decline in oil consumption this century amid repeated shutdowns in response to COVID-19 outbreaks and a faltering real estate market. Recession fears due to higher-than-expected inflation and tighter monetary policy in many major economies coupled with underlying banking woes sparked concerns about flagging demand.

On the supply side, uncertainty over the effects of Western sanctions on Russian crude oil exports caused volatility in oil price movements. However, as of March 2023, Russian crude oil exports have held steady since implementation of the Group of Seven (G7) price cap and ban on crude oil imports, invoked on 5 December 2023. In response, Russia rerouted its oil, reportedly selling its barrels at a major discount to Brent oil prices, to non-sanctioning countries, primarily India and China. Downside supply risks did not materialise until Russia's recent announcement of a modest production reduction. A sizable release of strategic petroleum reserves by Organisation for Economic Co-operation and Development (OECD) member countries also helped keep oil markets well supplied, in part offsetting underproduction and reduced targets by OPEC+ (Organization of the Petroleum Exporting Countries plus selected non-member countries).

In more recent media releases, China appears to have shown better than expected growth figures for their economy and oil prices have rebounded significantly as a result. Similarly, gas prices may track upwards again in anticipation of the upcoming 2023 European winter. Last year, the European winter was unusually mild, providing a reprieve for most European countries.

With Russian gas supply curtailed, Europe has increased its reliance on Liquefied Natural Gas (LNG) and has significantly grown its LNG import capacity in 2023. However, if the European winter turns out more severe this year, some countries may face shortages. A side effect of increased LNG imports by European countries is that the less economically developed countries have been unable to compete with rising LNG gas prices and in the face of localised shortages are being forced to rely more on coal for their energy needs.

The trend of decreasing investments in oil and gas projects as seen in the last seven years appears to finally be reversing (see Figure 2). Many of the oil majors and national oil companies have matured development plans for large capital investments in the past year. Several major oil companies have also made announcements to reverse their growing investments in renewable and energy transition projects and focus more capital on high return oil and gas developments.

Management Discussion and Analysis

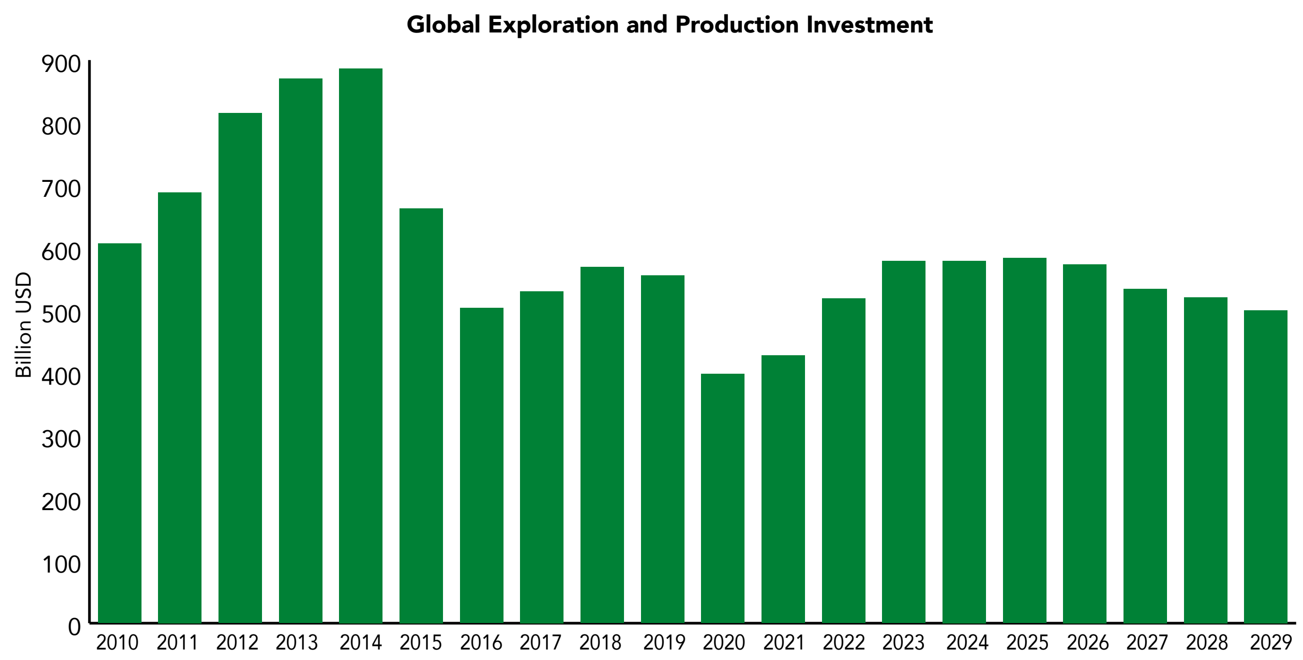


Figure 2*: Oil and Gas Investment Trends over the Past 13 Years and Forecast till 2029 (Source: Rystad Energy).*

Several factors are driving this shift. Chief among them is the relatively high oil and gas prices that have been observed over the last year, and the changing priority of a number of governments around the world towards energy security. These large capital projects typically have long maturation cycles of 5 to 7 years so whilst they may impact long term oil and gas price levels, these projects will not relieve pressure on growing demand in the near term. As a result, oil prices will probably remain high for the next few years.

Despite this shift in investments, the majors are still actively participating in the energy transition and with that comes a rebalancing of their portfolios. This creates a healthy market for mergers and acquisitions as they continue to divest non-core assets.

These recent macro trends are changing the landscape of our industry sector and certain factors are emerging for detailed consideration by industry participants going forward. These developments, their drivers and effects are further elaborated in the following paragraphs:

1. **Political Trends**

   The energy sector is at a crossroads, and political leaders worldwide are faced with the challenge of balancing environmental responsibility, economic stability and energy security. The next few years will be crucial in determining the trajectory of global energy systems and their impact on the planet.

   Political trends in the energy sector will continue to evolve, reflecting the complex interplay of environmental, economic and geopolitical factors. When the Paris Agreement was signed in 2015, most countries acted quickly to devise plans to reduce emissions and incentivise increased investments into renewable energy development. Europe paved the way for the charge away from fossil fuels and implemented aggressive targets for decarbonisation. In the last few years, however, the narrative has been abruptly disrupted by not only the incursion of Russia into Ukraine and the associated political and economic implications, but also the realisation that the relentless pressure on companies to rebalance their oil and gas portfolios has led to supply concerns resulting in unstable energy prices. One consequence has been an undesired rise in inflation.

   Noticeable changes are being observed. In recent weeks in the United Kingdom (UK), policies have been announced that have dramatically weakened the UK government's commitments towards its key green commitments. The UK government has also acknowledged that the decision to not approve development projects in the North Sea, and the subsequent need to increase LNG imports from overseas, has led to higher emissions. On 27 September 2023, the approval of Rosebank, a large oil and gas development in the North Sea was announced, following several other announcements of developments (including the Teal West project proposed by our Company). It is now expected that the UK government will approve more oil and gas developments in the North Sea going forward.

   In Southeast Asia, governments are steering conversations more towards the narrative around energy growth, energy security and achieving these targets responsibly. In Malaysia, the focus is on growing the contribution of renewables over time while utilising its abundant resource of gas as a transition fuel and exploring the option of implementing carbon capture, utilisation, and storage (CCUS).

   Throughout calendar years of 2022, there had been a growing recognition of the need for a 'just transition' to a low-carbon economy, which culminated at COP27 with several announcements. South Africa signed loan agreements worth EUR600 million with France and Germany as part of its continued efforts to implement the Just Energy Transition Partnership announced at COP26. The Indonesia Just Energy Transition Partnership launched at the G20 Summit in parallel with COP27 intends to mobilise USD20 billion over the next three to five years to accelerate a just transition. Vietnam, India and Senegal have also expressed interest in entering Just Energy Transition Partnerships.

   The energy crisis has also prompted some governments to rethink their plans to phase out nuclear power, as sentiment shifts in favour of reliable energy supplies. Japan, which idled its nuclear plants in the wake of the Fukushima Daiichi disaster in 2011, plans to restart seven nuclear reactors by the summer of 2023. Including these seven, Japan currently has 23 commercially operable but offline nuclear reactors. It is possible that the Japanese government could announce the restart of more nuclear reactors during 2023. Other countries, such as India and China, are also likely to renew focus on nuclear energy in 2023.

2. **Social Trends**

   The impact of the clean energy transition is starting to be felt worldwide. The developed nations from Europe and North America are trying to weather the impact of rising energy prices in return for cleaner environments. However, in the developing world the impact is more painful.

   Inflation, an energy scarcity scenario and rising interest rates are pushing over 50 countries towards the risk of bankruptcy, unless developed countries offer urgent assistance. In addition, around 75 million people who have recently gained access to electricity are likely to lose the ability to pay for it. There are also estimates that 100 million people may revert to the use of traditional biomass for cooking and at the current rate of economic progress, 670 million people will remain without electricity by 2030. This is 10 million more than projected in 2021.

   It is also expected that food insecurity is likely to be exacerbated by the energy shortages that are being projected. Extreme poverty remains a major concern in certain areas with an estimated 49 million people, in 46 countries, currently living in near-famine-like conditions. These numbers include 750,000 people at immediate risk of starvation, of whom about 75% are concentrated in Ethiopia and Yemen.

   On the other hand, the continued growth of digital-based lifestyles, not solely in the developed world, has created demand for an exponential growth in data centres and cloud computing clusters around the world. These are some of the more energy intensive industries. The growth rate of these industries could be significantly underestimated at this point as the technology shift continues at an ever-accelerating pace. This trend alone could exacerbate the energy crisis significantly.

Management Discussion and Analysis

3. Business and Economic Trends

Since early 2022, the world has been on a post-COVID economic rebound. The importance of long-term health and well-being, and a deep care for the environment continue to be part of the narrative, particularly amongst the younger generation. The impact over the past year of economic recovery and its link to decarbonisation objectives can be summarised as follows:

- The global economy resumed its growth trend (average of +3.2%), although there was a slowdown in China due to their Zero-COVID policy;
- CO_2 emissions once again experienced an increase of almost 2%, and the carbon factor continued to rise as coal consumption grew over the past two years, further deviating from the 2°C pathway;
- Renewable power generation continued to expand, with solar growing by 27% and wind by 13%;
- The Russia-Ukraine conflict continues to impact the recovery of the global economy; and
- Efforts to reduce energy intensity and the carbon factor are inadequate to align with the objectives outlined in the Paris Agreement. This global observation holds true at the regional level as well, especially in China, the USA and Europe, where the observed trend improvements are still insufficient.

For the oil and gas industry, it entered 2023 with its healthiest financial balance sheet yet for many decades. However, the industry's investment trajectory beyond 2023 will likely be determined by factors such as:

- The balance that oil and gas producers strike between increasing investment and continuing capital discipline;
- The role oil and gas companies see for themselves in accelerating and securing the energy transition;
- The dynamics of natural gas demand and the resultant policy environment;
- The refining industry's adaptation to the readjustment in energy markets; and
- The trajectory for deal-making amid the interplay of energy security and transition.

4. Technology

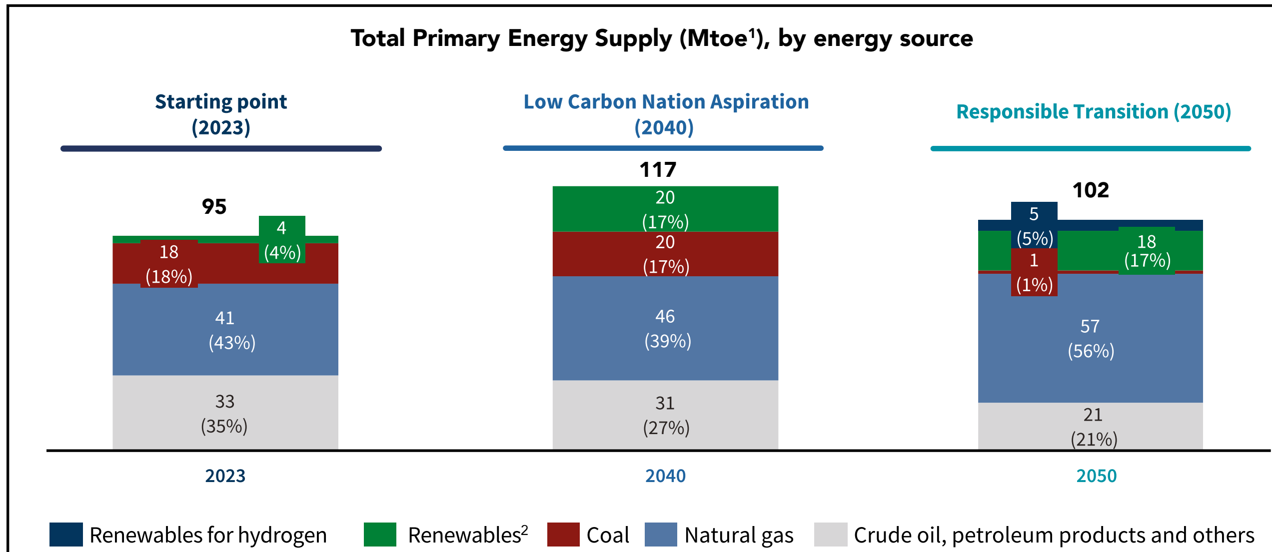
Over FY2023, the technology world has been mesmerised by ChatGPT. ChatGPT is a natural language processing tool driven by Artificial Intelligence (AI) technology that allows each of us to have human-like conversations and much more with a "chatbot". The language model can answer questions and assist you with tasks, such as composing emails, essays and even software code. Since its public launch, the rise in its use and popularity has been meteoric.

Whilst its utility cannot be disputed, people are also expressing concerns about AI chatbots replacing or atrophying human intelligence. The discourse today has extended to whether ChatGPT will gradually cripple human capacity and capability to think, or could it increase productivity to such astonishing degree that other considerations of concern will have to be ignored? The fact appears to be that AI has gone mainstream and its utility will accelerate faster than anything that has been seen before. It is also likely that as AI goes mainstream, it will be increasingly integrated into all aspects of our lives in a short space of time. In the oil and gas ecosystem, there are already several areas where AI is already being implemented and the results are encouraging.

5. The Malaysian Situation

As of the publication of this Annual Report 2022/2023, it has been one year since the coalition "Unity" government has been on seat. There is now a renewed focus on the implementation of long-term policies, focusing mainly on good governance, sustainable development and racial harmony under the framework termed "Malaysia MADANI". Of immediate concern to the business community is the weakness of the Malaysian Ringgit and the lacklustre performance of Bursa Malaysia Securities Berhad, the Malaysian stock exchange. More positively, the investment climate appears to be gradually improving as confidence in the new government grows internationally. There is also a focus on slowly reducing a reliance on subsidies in the country, which should allow the government more financial capacity to address new areas of economic growth.

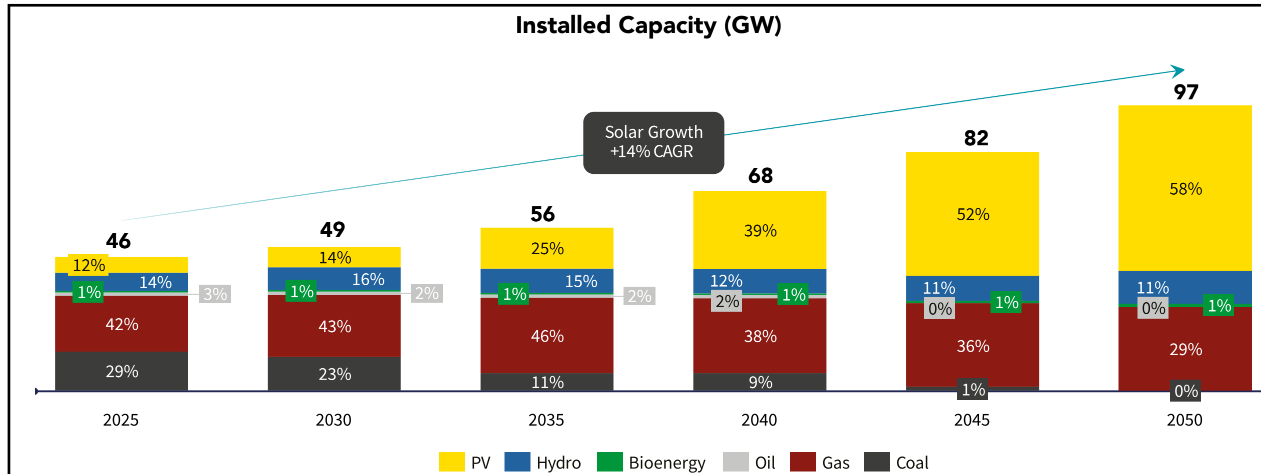
On the sustainability front, there has been a strong emphasis placed on the initiatives as itemised in the National Energy Transition Roadmap (NETR).



Notes:
[1] Mtoe: Million tonnes of oil equivalent.
[2] Includes bioenergy, solar, hydropower and hydrogen.

***Figure 3**: Malaysia's projected Total Primary Energy Supply (TPES) by 2050.*
(Source: https://ekonomi.gov.my/sites/default/files/2023-08/National%20Energy%20Transition%20Roadmap.pdf (29 August 2023)).

Figure 3 shows how Malaysia intends to transition from its current heavy reliance on coal, natural gas and other petroleum products (96%) as its primary energy supply, to a contribution of 20% from renewable energy sources by 2040 whilst the demand for energy grows by 23%. Note that the total contribution from gas continues to grow and the use of crude oil remains relatively stable over this period. The target is a responsible transition by 2050 in which 23% of the energy supply comes from renewable energy sources. It should further be noted that the contribution from gas continues to grow during this transition period to 56% of the energy mix.



Notes:
GW: Gigawatts.
CAGR: Compound annual growth rate.

***Figure 4**: Projected power system installed capacity mix by 2050.*
(Source: https://ekonomi.gov.my/sites/default/files/2023-08/National%20Energy%20Transition%20Roadmap.pdf (29 August 2023)).

Management Discussion and Analysis

Figure 4 shows a worrying trend, which is similar to that observed in other parts of the world. In order for Malaysia to achieve target of a 23% contribution from renewable sources to the primary energy supply, it has to achieve a renewable energy (RE) installed capacity of 70%. This reflects the relatively low capacity factor associated with RE technologies. Thus, despite natural gas having only 29% of the installed capacity by 2050, it is projected to constitute 56% of Malaysian primary energy supply.

Another interesting element of the NETR is the strong focus on CCUS initiatives. This is particularly of interest to the Company. We believe that our primary responsibility is to minimise the emissions from our operations. The Company has already initiated studies on how to capture CO_2 from our operations with the intention of storing it under ground. If this is done successfully, the associated natural gas produced can be accepted as green energy source. Extending such a concept further, the next step in this journey is for gas fired power plants to also capture and store CO_2 generated from its operations to generate clean energy for Malaysia.

NETR Energy Transition Lever: Carbon Capture, Utilisation and Storage (CCUS)		
Code	Key Initiatives	Champions
CC1	**Develop CCUS-specific policies and regulations** o Develop policy and regulatory framework to facilitate the implementation of CCUS projects. o Establish governance structure of CCUS by clearly defining roles of each ministry and agency. o Amend existing regulations (e.g. Exclusive Economic Zone Act 1984 [Act 311] and National Land Code) to incorporate key enablers for CCUS development.	Ministry of Economy (MOE)
CC2	**Strengthen CCUS adoption through provision of incentives across all relevant sectors and facilitate hub development** o Establish carbon pricing instrument to drive the adoption of carbon capture technology for stationary emitters. o Enhance incentives to reduce cost, enable access to funding and encourage adoption of CCUS technologies (e.g., public catalytic funds, tax credits, contract for difference).	Ministry of Finance MOE
CC3	**Facilitate CCUS Hub infrastructure development** o Explore collaboration with potential investors and financiers to fund and catalyse investments in CCUs infrastructure for hub development.	MOE
CC4	**Establish transboundary CO_2 agreement** o Negotiate and introduce transboundary CO_2 regulatory agreement encompassing the provisions on transboundary movement and storage of carbon, liability and cost sharing.	MOE
CC5	**Promote local utilisation of CO_2 in industry** o Set specific mandates within use case (e.g. cured concrete and urea).	Ministry of International Trade and Industry

Source: https://ekonomi.gov.my/sites/default/files/2023-08/National%20Energy%20Transition%20Roadmap.pdf (29 August 2023).

C. OUR POSITIONING

Over the past eight years, the Company has evolved through the timely acquisitions of mature assets which have identifiable opportunities that may be exploited by an efficient operator to enhance value. Given the level economic volatility that is currently being observed globally, our current corporate direction is to be vigilant of risks that may negatively impact the Company and to identify, monitor and mitigate them as far as practicable. This approach will provide a strong business foundation from which to pursue our growth plans.

In the coming months and years, we expect this growth to be delivered through our traditional activities, i.e.:

- Mid-life asset (brownfield) operations enhancement;
- New developments; and
- Portfolio management.

In addition, we hope to be able to also pursue some near-field exploration activities in both Peninsular Malaysia and North Sabah if market conditions permit.

1. Brownfield Operations

This business area covers our operations or joint operations of mid-life producing assets. These activities are our primary source of cashflow. Our business objective for this class of assets, during the current Energy Transition, is to make investments and technical enhancements that, in the first instance, arrest the natural decline in production, and secondly, enhance output in a cost-efficient manner, thereby extending the economic life of oil or gas fields in our portfolio. In addition, when making such investments, we need to ensure that our carbon intensity metrics do not substantially increase.

Our producing fields in:

- the Anasuria Cluster in the UK sector of the North Sea;
- Sabah, East Malaysia, specifically Kinabalu and North Sabah; and
- the Commercial Arrangement Area (CAA) between Peninsular Malaysia and Vietnam

fall into this category of our business. Within these brownfield clusters, there are growth opportunities located in areas which have access to existing infrastructure.

In conclusion our target in this area is clear – our mid-life asset operations need to be conducted safely, cost effectively and show a reducing trend in the area of greenhouse gas (GHG) emissions.

2. New Developments

This area of our business covers assets in which we have an interest but are not yet in production. For these assets, a defined development concept and timeline to convert them to income generators have been determined and material financial and human resources are being deployed to progress business objectives.

In September 2023, the Unitisation and Unit Operating Agreement (UUOA) was executed by the various licensees of the Marigold West and Marigold East fields. This unitized area, now called Marigold, opens up the development of opportunities within the Marigold Unit and Sunflower Cluster:

- Licence P198, Blocks 15/13a and 15/13b in the North Sea; and
- Licence P2518 Block 15/17a (containing the Kildrummy discovery) which was awarded to Anasuria Hibiscus UK Limited (Anasuria Hibiscus) as part of the UKCS 32nd Offshore Licensing Round. Subject to further technical work, we hope that Kildrummy becomes part of a long-term area development plan around the Marigold and Sunflower Cluster.

Also in early September 2023, all regulatory approvals required for the development of the Teal West field, within Licence P2535 Block 21/24d, were obtained. The Final Investment Decision related to this project was recently taken for this opportunity and First Oil is scheduled in late 2024 or early 2025.

3. Portfolio Management

Our Company also owns interests in certain licences which have either exploration or development potential but are yet to possess a defined, future plan for exploration or exploitation. As have been presented elsewhere in this Annual Report 2022/2023, our legacy permits in Australia (i.e. VIC/L31, VIC/P57 and VIC/P74) have all been subject to some form of recent portfolio management activities:

- VIC/L31: Currently converted to a Retention Lease;
- VIC/P74: Our 50% interest transferred to 3D Oil Limited (3D Oil); and
- VIC/P57: Permit surrendered to the Australian National Offshore Petroleum Titles Administrator (NOPTA).

As part of efforts to enhance shareholder value, our Business Development team continuously scans the market to optimise value from our existing portfolio.

Management Discussion and Analysis

4. Near-Field Exploration

Seismic datasets around the producing licences that we operate in Malaysia were recently analysed and several near-field exploration opportunities have been identified, both in Peninsular Malaysia and Sabah. Over the course of FY2024, we shall be drilling these prospects that have a high geological chance of success (GCOS) of becoming a commercial discovery.

D. ESG CONSIDERATIONS

Within the context of ESG, the current narrative is generally focused on the environment. Whilst this is an important component of the ESG triangle, we believe that all sub-categories of ESG are significant and are highlighted below.

1. Environment (Emissions)

Whilst many governments are currently facing the competing priorities of energy security and the achievement of climate change goals and, the large Independent Oil Companies (IOCs) are themselves preparing for a long-term future in which fossil fuels become decreasingly significant as a primary energy source, our Company will look at a more modest contribution to the global energy transition agenda. In the first instance, our main objective will be to continue to optimally manage our own carbon footprint. Decarbonising initiatives are being implemented on an on-going basis in Anasuria, North Sabah and the recently acquired assets under the Peninsula Hibiscus Sdn Bhd (Peninsula Hibiscus) Group (see relevant sections of the Sustainability Report) since our acquisition of these assets and are all efforts are showing positive results.

Since January 2022, we have also had to include the emissions metrics of the recently acquired assets, under Peninsula Hibiscus Group, as part of our overall group business sustainability scorecard. Whilst it may be noted that the Group has made significant progress in reducing our GHG emissions (Scope 1 and Scope 2) as is reported in our Sustainability Report, we recognise that there is more to do particularly in Peninsular Malaysia, and we are actively pursuing several pathways to make an impact in this area.

Although the Group has been gradually but conscientiously executing our decarbonising initiatives, the substance and urgency of developments in the area of climate change on a more macro scale caused us to roll out our *Climate Change Framework (CCF)* in November 2021. Our *CCF* makes it clear to all our stakeholders the targets we intend to pursue to meaningfully contribute to the global energy transition agenda. In pursuing our objectives in this area, we will ensure that the initiatives we implement are also economically sustainable.

In essence, our overarching aspiration is to be a Net Zero Emissions Producer by 2050. This net zero aspiration will align us with:

- the legally binding policy of the UK Government to be a Net Zero carbon emitter by 2050;
- the Malaysian Government's recent aspiration to reach Carbon Neutrality as early as 2050; and
- Petroliam Nasional Berhad (PETRONAS)' aspiration to be at Net Zero Carbon Emissions by 2050.

We have also committed to focus on transparent reporting of our climate disclosures (including measurable GHG metrics) that are published in the Group's annual Sustainability Report. Whilst we have already aligned these metrics with the GHG Protocol Corporate Accounting and Reporting Standard, we are also in the process of exploring other international climate related frameworks to improve our reporting to achieve higher disclosure and governance standards.

In summary, at Hibiscus Petroleum, our Vision compels us to be a responsible energy company. A significant component of that responsibility covers our tangible actions and contributions towards the global energy transition agenda.

2. Social (Safety)

Our Vision to be a Respected and Responsible Energy Company implicitly captures a social requirement for us to operate our assets safely.

Period: 1 July 2022 - 30 June 2023

	UK	PM3 CAA	Malaysia	Australia
Fatality	0	0	0	0
Lost Time Injury Frequency (LTIF)*	0	0	0	0

Note:
* LTIF represents the frequency of lost time injuries (LTI), which includes fatalities, permanent disabilities or work hours lost due to workplace incidents, per 1 million hours worked by both employees and contractors.

Our performance in this area is captured in our Sustainability Report and our record of being recognised by regulators and government agencies domestically and internationally is testimony of our relentless efforts. Our intention is to provide a safe and healthy environment for the people who work with us and in doing so, grow the trust that host governments, business partners and regulators have been building in us.

3. Governance

We can only earn the trust of our stakeholders if we act with full transparency in matters relating to corporate governance. It is also important that our employees act with integrity when interacting with regulators, contractors and business partners and it is imperative that we ensure responsible oversight and put in place robust processes to remain compliant with local laws and generally accepted business principles. Given the increase in the scale of our operations, we have afforded more resources to our Internal Audit department and under the direction of the Audit and Risk Management Committee, our business practices are under constant review, particularly in several high-risk areas, with the intention of improving control procedures.

Management Discussion and Analysis

E. OUR ASSETS

Jurisdiction	Malaysia				Malaysia-Vietnam Commercial Arrangement Area (CAA)	Vietnam		United Kingdom						Australia
Fiscal System	Production Sharing Contract (PSC)				PSC	PSC		Concession						Concession
Licence Name	North Sabah PSC	Kinabalu PSC	PM305 PSC	PM314 PSC	PM3 CAA PSC	Block 46 Cai Nuoc PSC		Anasuria Cluster (or Anasuria)				Marigold Cluster		Bass Strait Cluster
	2011 North Sabah Enhanced Oil Recovery PSC	2012 Kinabalu Oil PSC			PM3 CAA Area PSC			P013 – Teal, Teal South and Guillemot A	P185 – Cook	P2535 – Block 21/24d	P2532 – Blocks 21/19c and 21/20c	P198 – Blocks 15/13a and 15/13b	P2518 – Block 15/17a	VIC/RL17
Fields	Producing: St Joseph, South Furious, South Furious 30 (SF30), Barton	Producing: Kinabalu Main, Kinabalu East, Kinabalu Far East	Producing: Murai/Angsi Southern Channel Unit		Producing: Bunga Orkid, Bunga Pakma, Bunga Raya, Bunga Seroja, Bunga Kekwa, Bunga Tulip, Bunga Lavatera Exploration: Greater Central Area, Greater Silver Area	Producing: Cai Nuoc Discovered: Hoa Mai		Producing: Teal, Teal South, Guillemot A	Producing: Cook	Discovered: Teal West	Prospects: Cook West, Cook North as potential extensions of the existing Cook field	Discovered: Marigold West, Sunflower	Discovered: Kildrummy	Discovered: West Seahorse
Licence Tenure	2040	2032	2029	2033	2027	2027		Life of Field	Life of Field	Life of Field	Life of Field	Life of Field	Life of Field	2026
Direct Interest	50.0%	60.0%	60.0%	60.0%	35.0%	70.0%		50.0%	19.3%	100.0%	19.3%	87.5%[6]	100%	100%
Operatorship	Operated	Operated	Operated	Operated	Operated	Operated		Jointly-operated	Non-operated	Operated	Non-operated	Operated	Operated	Operated
Asset Type	Production	Production	Production and Decommissioning	Decommissioning	Production	Production		Production	Production	Development	Exploration	Development	Development	Development
Facilities/ Infrastructure	20 Platforms/ Structures[1], 146 Wells[1], 1 Crude Oil Terminal	2 Platforms[1], 36 Wells[1]	1 Platform (SAA), 1 Platform (ASCU), 10 Wells (SAA), 6 Wells (ASCU)	1 Platform (SAA), 3 Wells (SAA)	14 Platforms/ Structures[1], 143 Wells[1], 2 FSOs[1]	9 Wells[1]		13 Subsea Wells[1], 1 FPSO[1]		2 Subsea Wells (future)	–	8 Subsea Wells (future)	1 Subsea Well (future)	–
Net Oil Reserves and Resources (MMbbl)	2P Reserves: 19.7[2] 2C Resources: 9.0[2]	2P Reserves: 7.8[3]	–	–	2P Reserves: 5.7[3]	2P Reserves: 0.2[3]		2P Reserves: 20.9[5]			Subsurface studies yet to commence	2C Resources: 43.6[4]	Subsurface studies yet to commence	2C Resources: 8.0[5]
Net Gas Reserves and Resources (Bscf)	–	–	–	–	2P Reserves: 64.8[3]	–		2P Reserves: 11.3[5]		–	Subsurface studies yet to commence	–	Subsurface studies yet to commence	–

Notes:

1. As of January 2023.
2. As of 1 July 2023, based on the current estimate net entitlement of SEA Hibiscus Sdn Bhd (SEA Hibiscus), derived from RPS Energy Consultants Limited's report dated August 2023 for the PSC life.
3. As of 1 July 2023, based on the current estimate net entitlement of the FIPC Group, derived from RPS Energy Consultants Limited's report dated August 2022 for the PSC life, adjusted for actual production in the 12 months ended 30 June 2023.
4. As of 1 July 2023, based on the participating interest of Anasuria Hibiscus, derived from RPS Energy Consultants Limited's report dated August 2020.
5. As of 1 July 2023, based on internal estimates.
6. As of June 30, 2023, Hibiscus Petroleum held a participating interest of 87.5% through Anasuria Hibiscus. Subsequently on 15 September 2023, a UUOA was executed between Anasuria Hibiscus, Caldera Petroleum (UK) Limited (Caldera Petroleum) and Ithaca Energy (UK) Limited (Ithaca Energy). Under the UUOA, Anasuria Hibiscus' interest in the unitized Marigold unit is 61.25%.

Key:

- FPSO - Floating Production, Storage and Offloading vessel.
- FSO - Floating Storage and Offloading vessel.
- 2P Reserves - Proven and probable reserves.
- 2C Resources - Best estimate contingent resources.
- MMbbl - Million barrels.
- Bscf - Billion standard cubic feet.
- SAA - South Angsi A.
- ASCU - Angsi Southern Channel Unit.

Management Discussion and Analysis

F. OUR SALES AND CUSTOMERS

The fields of the Anasuria Cluster, North Sabah, as well as our recently acquired assets under the Peninsula Hibiscus Group of companies, produce a combination of oil, condensate, gas and water daily. Of value to us are the oil, condensate and gas components of this fluid stream. This fluid stream undergoes a process of separation prior to being sold. Produced water is removed, treated and disposed. Separated oil is sold in parcels called 'cargoes'. Gas is either sold to third parties, used on our facilities for power generation or injected into some of the fields as part of increased oil recovery activities. A small volume of gas is flared.

Water produced from our fields is treated to reduce the oil-in-water content to ensure that it is in compliance with local environmental standards. We take great care in monitoring the relevant levels to ensure that we do not breach permissible concentrations in the treated liquids. The treated water is subsequently discharged to the sea.

In FY2023 we sold a total of circa 4.5 MMbbl of oil and condensate and 2.6 million barrels of oil equivalent (MMboe) of gas. Of those volumes, 4.8 MMboe originated from assets under the Peninsula Hibiscus group (Figure 5), 1.5 million barrels (MMbbl) from North Sabah (Figure 6), and 0.8 MMboe was sold from the Anasuria Cluster (Figure 7).

For the recently acquired assets under the Peninsula Hibiscus Group, oil and condensate are mainly sold through a marketing agreement with PETCO Trading Labuan Company Ltd, a subsidiary of PETRONAS, whilst gas is sold to PETRONAS and the Vietnam Oil and Gas Group (PetroVietnam). Gas produced from PM3 CAA asset is an important energy source for both Malaysia and Vietnam.

	Unit	FY2023	FY2022
Net Oil and Condensate Production	MMbbl	2.11	0.90
Net Oil and Condensate Sold	MMbbl	2.28	0.75
Average Realised Oil and Condensate Price	USD/bbl	97	119
Net Gas Sold	MMscf	15,220	5,982
Average Gas Price	USD/Mscf	5.11	7.57

Figure 5*: Oil, condensate and gas production and sales volume net to our Group from the Peninsula Hibiscus Group assets.*

In North Sabah, oil is lifted from the Labuan Crude Oil Terminal (LCOT) and is sold directly to Trafigura Pte Ltd (Trafigura), a large global commodities trader.

	Unit	FY2023	FY2022	FY2021	FY2020	FY2019
Net Oil Production	MMbbl	1.72	1.82	2.35	2.28	1.79
Net Oil Sold	MMbbl	1.48	2.06	2.67	1.87	1.96
Average Realised Oil Price	USD/bbl	94	90	52	57	73
Number of Cargo Offtakes	MMscf	5	7	9	6	7

Figure 6: *Oil production and sales volume net to our Group from the North Sabah PSC over the last five financial years.*

For the Anasuria Cluster, we have appointed BP Oil International Limited (BPOI) to lift our cargoes and to market our oil to refineries in Europe. The parent organisation of BPOI is BP p.l.c., a global energy company. To date, BPOI has successfully marketed all our cargoes at competitive prices.

Excess produced gas from the Anasuria Cluster is exported through the Fulmar Gas Line, which is part of the SEGAL (Shell Esso Gas and Associated Liquids) system, to the St Fergus gas terminal. Sales gas deliveries from the St Fergus gas terminal are an important component of the UK daily gas requirements.

	Unit	FY2023	FY2022	FY2021	FY2020	FY2019
Net Oil Production	MMbbl	0.78	0.67	0.85	0.95	1.13
Net Oil Sold	MMbbl	0.73	0.69	1.03	0.76	1.35
Average Realised Oil Price	USD/bbl	82	92	50	59	67
Net Gas Sold (Exported)	MMscf	612	620	716	652	799
Average Gas Price	USD/Mscf	28.10	22.58	2.95	1.78	4.53

Figure 7*: Oil and gas production and sales volume net to our Group from the Anasuria Cluster over the last five financial years.*

We are pleased with our oil and gas trading arrangements for our producing assets. Our direct counterparties are financially strong and have a large pool of reputable clients. Working with major global players also ensures transparency and has allowed us to gradually develop business relationships with some of the largest global oil trading organisations.

G. FINANCIAL PERFORMANCE

Financial Year End	30 Jun 2023	30 Jun 2022	30 Jun 2021	30 Jun 2020	30 Jun 2019
Revenue (RM Mil)	2,344.8	1,696.5	804.8	646.5	988.3
EBITDA (RM Mil)	1,269.7	1,082.7	380.8	213.3	549.4
PAT/(LAT) (RM Mil)	400.5	652.9	103.7	(49.3)	230.0
Net Assets per Share (RM)	1.34	1.09	0.74	0.77	0.78
Debt (RM Mil)	(456.8)	(88.8)	(5.7)	(49.2)	-

Notes:
EBITDA : Earnings before interest, taxes, depreciation and amortisation.
PAT : Profit after taxation.
LAT : Loss after taxation.

Figure 8*: Hibiscus Petroleum's financial performance over the last five financial years.*

The Group's revenue for FY2023 exceeded the RM2 billion mark for the first time in a full financial year, at RM2.3 billion. Contribution from the Peninsula Hibiscus Group's assets was instrumental in achieving this milestone, while the North Sabah and Anasuria Cluster assets also continued to deliver strong performance. FY2023 also marked the first year in which the Group recorded a positive contribution from the Peninsula Hibiscus Group's assets for a full twelve-month period.

On the back of strong revenue levels, the Group achieved an EBITDA and a PAT of RM1.3 billion and RM400.5 million respectively for FY2023, representing 65.9% and 19.3% year-on-year growth from the 'normalised' EBITDA and 'normalised' PAT recorded for FY2022, respectively. The 'normalised' results in FY2022 were derived after excluding the negative goodwill (which was recognised upon completing the acquisition of the Peninsula Hibiscus Group's assets from Repsol in January 2022) of RM317.3 million.

This enhanced financial performance enabled the Group to continue its efforts to reward our loyal shareholders with more consistent declarations of dividends.

Prudent cashflow management, loyal shareholders and careful sequencing of investments into opportunities and projects have continued to be key in ensuring that we maintain a degree of financial independence. Whilst profits are extremely important, Management's focus remains on delivering strong and sustainable EBITDA levels as long-term business continuity is of the highest priority.

H. SHARE PERFORMANCE

Figure 9 tabulates the share price performance of the Company over the past five years. As of the date of this report (5 October 2023), our share price is at RM1.04 per ordinary share and our market capitalisation is approximately RM2.09 billion.

Financial Year End	30 Jun 2023	30 Jun 2022	30 Jun 2021	30 Jun 2020	30 Jun 2019
Year High (RM)	1.160	1.490	0.735	1.130	1.320
Year Low (RM)	0.815	0.605	0.445	0.260	0.775
Year Close (RM)	0.865	1.000	0.685	0.615	1.070
Trading Volume (Mil)	3,675	7,164	6,616	11,214	8,030
Market Capitalisation (As at the Year End) (RM Mil)	1,741	2,012	1,370	977	1,699
Oil Price at Year Close (USD/bbl)	75	115	75	41	67

Figure 9*: Hibiscus Petroleum's share performance over the last five financial years.*

We are also undertaking a corporate exercise related to our capital structure. Details of this exercise are outlined in the following paragraphs.

1. Proposed Share Consolidation

On 23 August 2023, we announced a proposal to undertake a consolidation of every 5 existing Hibiscus Petroleum shares into 2 consolidated shares (Proposed Share Consolidation).

The rationale for the Proposed Share Consolidation is to:

- reduce the volatility of our share price, thereby creating a more stable trading environment for our shares; and
- increase market interest of our shares to a wider pool of investors seeking share price stability and longer-term growth as well as institutional investors and investment funds whose investment guidelines currently limits trading in securities which are priced below a prescribed floor.

On 5 October 2023, our shareholders approved the Proposed Share Consolidation.

Upon completion of the Proposed Share Consolidation, our issued share capital shall remain the same. Further, there shall be no change in the percentage of equity interest and market value of shares held by shareholders other than non-material changes due to rounding and corrections for fractional entitlements.

Management Discussion and Analysis

Share Price Volatility

Over the past 12-month period up to and including 31 July 2023, our shares have been trading at a closing price range of between RM0.82 and RM1.16. Our relatively low share price subjects our shares to vulnerability of speculative day-to-day trading, which generates share price volatility. The low share price may also have been a contributory reason that price movements for our shares were relatively more volatile when compared to price movements for the FTSE Bursa Malaysia KLCI Index (KLCI Index) as well as Brent oil prices over the same period, as shown in Figure 10 below.

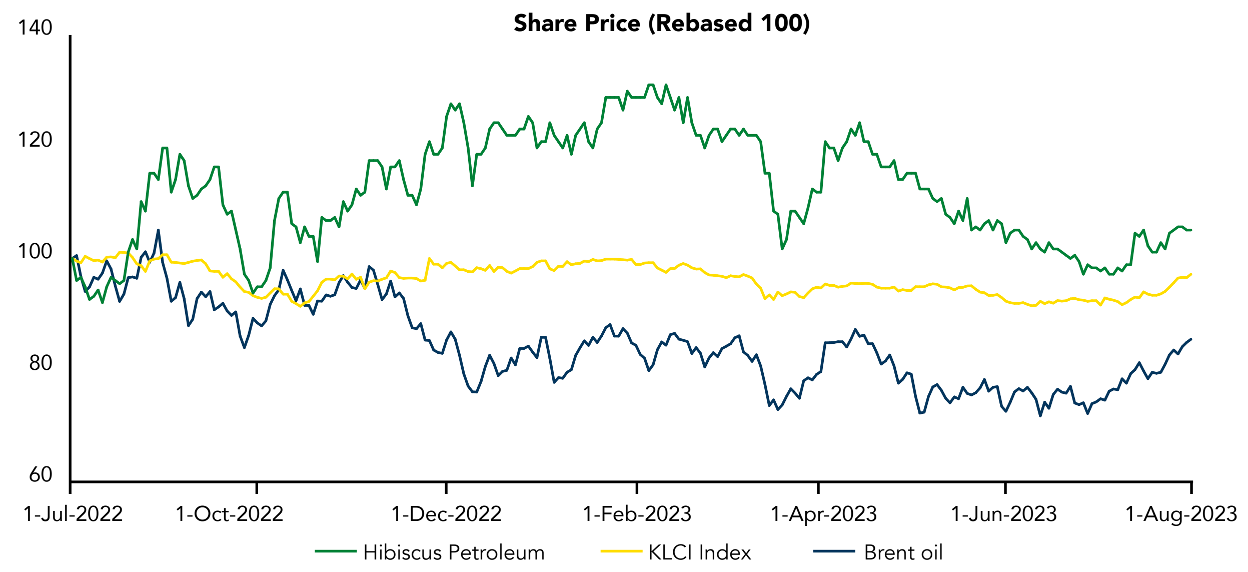


Figure 10*: Movement of Hibiscus Petroleum share price, KLCI index and Brent oil prices.*

Share Liquidity

The market liquidity of the shares of a listed company is an important feature of its overall attractiveness to potential investors. Its liquidity is also a consideration when it is assessed for inclusion in domestic or global indices. In the process of proposing to consolidate our shares, these considerations were carefully evaluated. In summary, it is expected that sufficient trading liquidity will remain for our shares following the Proposed Share Consolidation exercise in view of the following:

- the relatively high average daily traded volume and total volume traded of our shares for the preceding 12-month period up to and including 31 July 2023 of 13.2 million and 3.4 billion shares, respectively;
- the relatively high turnover ratio of our shares based on public float and total number of shares in issue of 230% and 171%, respectively for the preceding 12-month period up to and including 31 July 2023; and
- the relatively high public float for our shares of about 75% of the total number of issued shares as at 31 July 2023.

Premised on the above, the consolidated shares are expected to remain accessible to a broad range of investors, support market participation as well as overall demand for the consolidated shares.

As an update, at an Extraordinary General Meeting held on 5 October 2023, our shareholders voted in favour of the share consolidation proposal.

2. REVIEW OF OPERATING ACTIVITIES

A. PENINSULAR MALAYSIA, VIETNAM, CAA AND KINABALU (ASSETS HELD UNDER PENINSULA HIBISCUS GROUP)

1. Production Operations

FY2023 was the first full year of financial results from the Peninsula Hibiscus Group post the completion of the acquisition of the entire equity interest in Fortuna International Petroleum Corporation (FIPC) from Repsol on 24 January 2022. FIPC, through its wholly-owned subsidiaries owns participating interests in five PSCs:

- 2012 Kinabalu Oil (Kinabalu) PSC;
- PM3 CAA PSC;
- PM305 PSC;
- PM314 PSC; and
- Block 46 Cai Nuoc PSC.

The PSCs are operated by Hibiscus Oil & Gas Malaysia Limited (HML), a member of the FIPC group of companies.

Throughout FY2023, there was a continuous drilling programme in the PSCs mentioned above. The Company drilled 3 wells as part of the North Bunga Orkid H4 Development, one successful exploration well in the Bunga Lavatera field, and infill wells on both the Bunga Raya and Bunga Orkid fields. The drilling rig also drilled two development wells in the Kinabalu field.

From a maintenance perspective, activities in FY2023 focused on catching up on existing backlogs and prioritised asset integrity. Two extensive major maintenance campaigns in the PM3 CAA PSC and the Kinabalu PSC were completed in Q1 of FY2023 with further campaigns commencing in Q4 of FY2023.

Key indicators demonstrating the performance of assets held under the Peninsula Hibiscus are tabulated in Figure 11 below:

	Unit	FY2023	FY2022
Average Uptime	%	85	91
Net Oil and Condensate Production	MMbbl	2.11	0.93
Net Oil and Condensate Sold	MMbbl	2.28	0.75
Net Gas Sold (exported)	MMscf	15,220	5,982
Average Unit Production Cost (UPC)	USD/boe	13.7	10.5

Note:
FY2022 figures are for the period 1 February 2022 to 30 June 2022.

Figure 11*: Performance Metrics of Assets in Peninsula Hibiscus Group.*

2. Awards

HML received the following PETRONAS Focused Recognition Awards (FRA):

- In January 2023, FRA for successful implementation of the Back-to-Basics programme;
- In March 2023, FRA for timely reinstatement of Flash Gas Compressor (FGC) at PM3 and successfully increasing PM3 CAA gas availability by 40 MMscf per day to fulfil high gas demand from Kerteh (Malaysia) and Ca Mau (Vietnam);
- In March 2023, FRA for excellent 2022 Health, Safety, Security and Environment (HSSE) performance for PM3 CAA, Kinabalu and PM305; and
- In April 2023, FRA for completion of the drilling of the longest well in Malaysia, and for successfully flowing the well at rates exceeding initial expectations.

HML also received the following Malaysia Upstream Awards 2023:

- Silver Award for HSSE Excellence; and
- Silver Award for Project Delivery Excellence (H4 Project).

3. Production Enhancement Projects

BOC-29: Longest Well Drilled in Malaysia

In March 2023, HML completed the drilling of the longest well in Malaysia at the Bunga Orkid field in the northern area of PM3 CAA. The well, Bunga Orkid C-29 (BOC-29), was drilled to a total depth of 6,963 metres and produced at an initial rate of close to 4,000 barrels (bbl) of oil per day. For prudent reservoir management, the production rate from the well is currently being maintained at about 3,000 bbls of oil per day. The well was drilled utilising the PVD-III drilling rig and is the fifth well, and second oil producer drilled as part of the six-well Bunga Orkid H4 reservoir infill drilling programme. Three water injectors have already been drilled with a fourth water injector planned in CY2024 to complete the programme.

PM3 CAA PSC: Bunga Lavatera-1 Gas Exploration Well

In March 2023, the PVD-III rig was deployed to the Bunga Pakma A platform for the drilling of the Bunga Lavatera-1 exploration well. The well was spudded on 23 March 2023 and reached its target total depth of 6,000m (Measured Depth) / 2,347m (True Vertical Depth Below Sea Level) on 17 April 2023. The well discovered gas in both the primary and secondary target sands, with the primary target gas bearing sand coming in better than expected. The well was completed as a gas producer and first gas is scheduled in Q3 of CY2023 after the required topside facilities are hooked-up. The preliminary estimate of net incremental 2P Reserves is approximately 1.6 MMboe and total capital expenditure for the well has been estimated at about USD7 million, net to HML. Whilst the 2P Reserves that have been unlocked vide this initiative are relatively modest, our success in identifying and converting this prospect to a commercially viable opportunity gives us confidence that we have a good understanding of the PM3 CAA geology.

Management Discussion and Analysis

4. Outlook

The PM3 CAA PSC contains a number of opportunities for further development and exploration. HML is working diligently with partners PETRONAS Carigali Sdn Bhd (PETRONAS Carigali) and PetroVietnam Exploration Production Corporation (PVEP) to define and high grade these projects. Several projects have already received approval from regulators PETRONAS (Malaysia Petroleum Management) and PetroVietnam, while other opportunities are in the final stages of the relevant approval processes. Development activities will continue in FY2024 and will likely extend into FY2025.

With the Sabah State Sales Tax dispute resolved, activities in the Kinabalu PSC will ramp up further in FY2024 and several development projects are currently going through the approval process with regulator PETRONAS.

We expect production from both the PM3 CAA PSC and the Kinabalu PSC to increase after completion of major maintenance campaigns in Q2 of FY2024. Increased continuous maintenance activities will improve facilities uptime and the drilling of additional oil production and water injection wells are projected to contribute additional production.

B. MALAYSIA – THE NORTH SABAH PSC

1. Production Operations

FY2023 represents the fifth full financial year of SEA Hibiscus' operatorship of the North Sabah PSC. As operator, we are responsible for the day-to-day operations and maintenance activities carried out on the asset, and the execution of production enhancement investments.

When compared to the previous year, average facilities uptime in FY2023 increased by 8% to 94%. This was a result of the extensive annual major maintenance campaign which commenced in March 2022 during which time a great deal of the maintenance backlog, a result of the COVID-19 pandemic, was cleared.

	Unit	FY2023	FY2022	FY2021	FY2020
Average Uptime	%	94	86	92	91
Net Oil Production	MMbbl	1.72	1.82	2.35	2.28
Net Oil Sold	MMbbl	1.48	2.06	2.67	1.87
Average Unit Production Costs (UPC)	USD/bbl	20.1	18.0	14.2	12.6

Figure 12: *Performance Metrics of the North Sabah PSC.*

It should be noted that average net oil production rate in FY2023 decreased from an average of 4,989 bbl/day in FY2022 to an average of 4,716 bbl/day, an overall reduction of 5% and that average operating expenditure per bbl (OPEX/bbl), or unit operating cost, for FY2023 increased by 12% compared to FY2022 due to lower net oil production and increased expenditure being incurred on maintenance related activities.

2. Awards

The North Sabah asset received the following PETRONAS FRA awarded in March 2023 for:

- SEA Hibiscus' excellent HSSE performance in 2022, with no major incidents and accidents; and
- LCOT demonstrating good collaboration with lifting parties to optimise market value of cargoes and secure reputation of Malaysia as a reliable crude exporter.

3. Production Enhancement Projects

South Furious 30 Water Flood Phase 2 Project Development Plan

On 19 December 2022, PETRONAS approved the South Furious 30 Water Flood Phase 2 Field Development Plan (FDP), which entails the drilling of 6 water injectors and 5 oil infill wells at the South Furious 30 field over 2 years: CY2023 and CY2024. The objective of the water injection project is to increase production and reserves recovery via pressure support and sweep into existing and new oil producers. A total of 11 wells will be drilled from a newly installed well head platform bridge linked to an existing jacket. The drilling campaign is tentatively planned to commence in mid 2024, and a new leased water injection facility is expected to be introduced to the field in late 2024.

First steel cut for the projects was achieved in Kuching fabrication yard on 16 May 2023.

Overall, we expect to spend circa USD154.5 million in capital expenditure, net to SEA Hibiscus, for sanctioned projects over CY2023 and CY2024.

4. Outlook

As a responsible operator, we will continue to collaborate with our joint venture partner, PETRONAS Carigali, and the Malaysian regulator, PETRONAS, to develop viable opportunities within the boundaries of the North Sabah PSC. For FY2024 the focus will be on the safe and efficient execution of the South Furious 30 Water Flood Phase 2 project and the drilling of two near-field exploration prospects.

C. UK – THE ANASURIA CLUSTER

Anasuria Hibiscus has interest in the following fields which make up the Anasuria Cluster:

Asset Name/ Field	Asset Type	Anasuria Hibiscus Stake	Operator
Guillemot A	Producing Field	50%	Anasuria Operating Company Limited (AOCL)
Teal	Producing Field	50%	AOCL
Teal South	Producing Field	50%	AOCL
Cook	Producing Field	19.3%	Ithaca Energy
Teal West	Development Field	100%	Hibiscus Energy UK Limited (HEUK)
Anasuria FPSO	FPSO Facility	50%	AOCL

The majority of the fields in this cluster (including the FPSO) are operated by AOCL acting as Duty Holder since June 2022. The Cook field is operated by Ithaca Energy whilst the Teal West field is operated by HEUK, a wholly-owned subsidiary of Atlantic Hibiscus Sdn Bhd.

Average uptime achieved for the Anasuria Cluster in FY2023 was 85%, an increase from 68% in FY2022. The replacement of a riser which failed in May 2021 was completed in September 2022 allowing uptime for the last three quarters of FY2023 to progressively improve. As at the date of this report, uptime has been consistently above 90% for several months, positively impacting production. Figure 13 presents the performance metrics of the assets under the Anasuria Cluster.

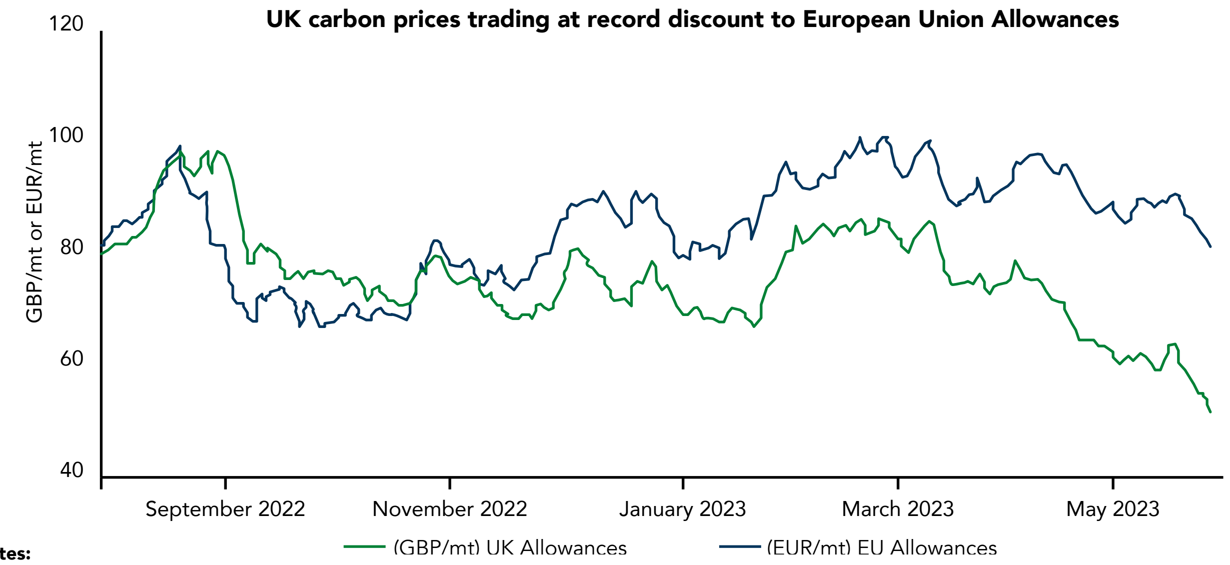
	Unit	FY2023	FY2022	FY2021	FY2020
Average Uptime		85	68	83	84
Net Oil Production	MMbbl	0.78	0.67	0.85	0.95
Net Oil Sold	MMbbl	0.73	0.69	1.03	0.76
Net Gas Sold (exported)	MMscf	612	620	716	652
Average Unit Production Cost (UPC)	USD/boe	22.8	26.2	22.2	19.3

Notes:
MMscf: Million standard cubic feet.
MMbbl: Million barrels.

Figure 13*: Performance Metrics of Assets of the Anasuria Cluster.*

With the failed riser returning to service, aggregate net oil production for FY2023 exceeded that of FY2022 but the declining trend seen since FY2021 is clear. Increased production in FY2023 compared to FY2022 and a more rigorous approach to the operations and maintenance activities being invoked at the Anasuria Floating Production Storage and Offloading (FPSO) facility since AOCL was appointed Duty Holder has resulted in lower UPC.

Management Discussion and Analysis



Notes:
GBP/mt: Pound Sterling per metric tonne.
EUR/mt: Euro per metric tonne.

***Figure 14**: Recent Trends of UK Carbon Pricing (Source: S&P Global Commodity Insights).*

As shown in Figure 14, the cost of acquiring carbon credits in the UK has shown a downward trend in recent months. This factor has also contributed to a reduction of unit operating costs for AOCL.

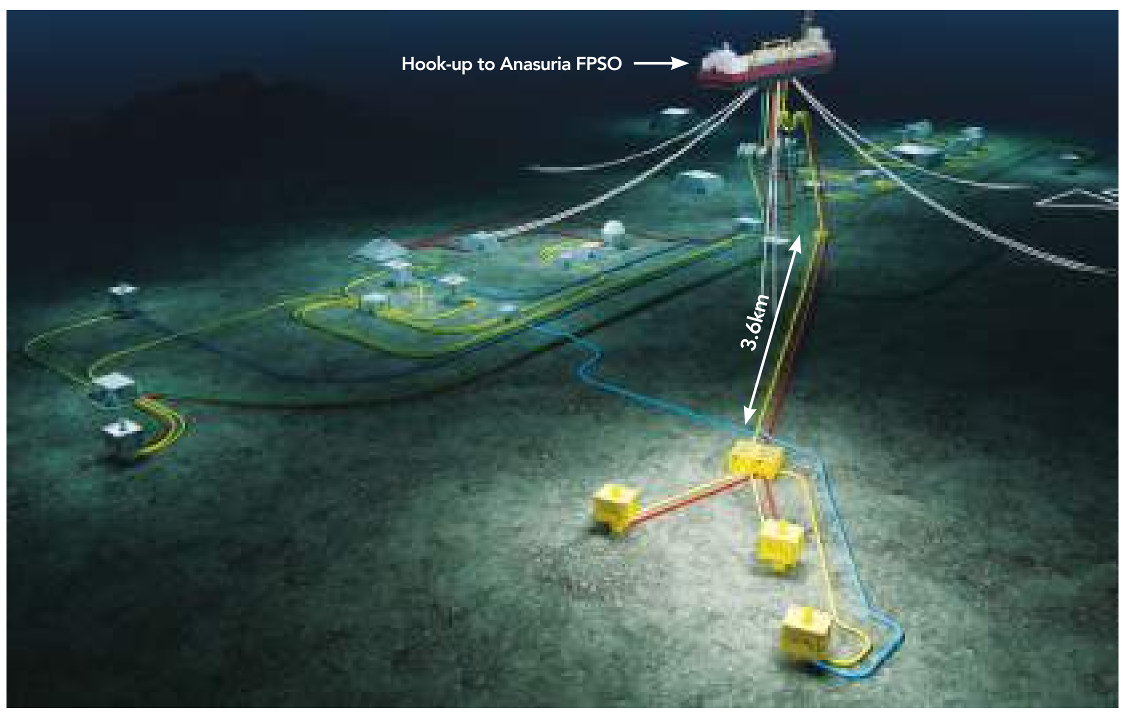
1. Awards

The Anasuria team received the following awards for safety performance:

- Gold Award – Awarded by the Royal Society for the Prevention of Accidents (ROSPA) for CY2022 health and safety performance of the Anasuria FPSO facility, this being our 24th consecutive annual award; and
- Order of Distinction – Awarded by ROSPA for 24 consecutive Gold Awards.

2. Production Enhancement Projects

UK – Teal West



Teal West: Proposed Development Plan - Tie-back to Existing Anasuria FPSO.

Teal West Tie-back to Anasuria FPSO

Whilst equity interest in the Teal West licence is held by Anasuria Hibiscus, operatorship of this asset is being undertaken by HEUK. The base development plan for the Teal West field is to drill an oil producer well followed by the drilling of a water injector approximately 12 to 18 months after First Oil. The Teal West field is planned to be produced to the Anasuria FPSO – about 4km away – where well fluids will be processed and exported via the Anasuria infrastructure.

The key commercial elements governing the tie-in of the Teal West wells to the Anasuria FPSO are covered in an Agreement for the Transportation, Processing and Operating Services (TPOSA) between AOCL and Anasuria Hibiscus. This TPOSA was executed in March 2023.

Further progress was achieved when our Environmental Statement for this project was approved by the UK Government Authorities on 7 July 2023. The UK Government's North Sea Transition Authority (NSTA) subsequently approved the Field Development Plan on 1 August 2023 and a Production Consent for the Teal West field was issued to Anasuria Hibiscus.

The drilling of the initial Teal West development well is planned to commence in mid CY2024. It is forecasted that facilities related to the subsea tie-back will be installed in the third quarter of CY2024 with First Oil from the development expected in late CY2024 or early CY2025. Total capital expenditure is expected to be circa USD110 million over CY2023 and CY2024.

3. Outlook

The increased involvement of AOCL personnel in the day-to-day operations of assets in the Anasuria Cluster has significantly improved the efficiency of the Anasuria FPSO operations. There has also been a change in business sentiment in the UK towards oil and gas projects, with a renewed, pragmatic focus on energy security. These factors bode well for the UK oil and gas industry in general. It is also hoped that the fiscal regime will soon be improved in the near future to encourage a greater level of investment interest.

D. UK – MARIGOLD CLUSTER

Anasuria Hibiscus has interests in the Marigold Cluster of oil and gas fields. Initially our interests comprised the following licences covering fields with discoveries:

- 87.5% interest in P198 - Block 15/13a (Marigold West);
- 87.5% interest in P198 - Block 15/13b (Sunflower); and
- 100% interest in P2518 - Block 15/17a (Kildrummy).

Anasuria Hibiscus has been progressing the development of the Marigold Cluster in Licence P198 since the Marigold West and Sunflower fields were acquired in October 2018. In December 2020, the company submitted a FDP to the NSTA to develop the Marigold Cluster using a leased, operated FPSO.

Concurrently, Ithaca Energy, holder of Licence P2158 (Block 15/18b), which is adjacent to the Marigold West Field and includes the Yeoman discovery, submitted a Concept Select Report to the NSTA which proposed that the oil and gas resources in the vicinity of Marigold West, including their own adjacent Yeoman (now called Marigold East) discovery, would be best developed via a tie-in to the existing Piper/Flotta infrastructure.

In November 2021, the NSTA ruled that their preference was the tie-back development concept as proposed by Ithaca Energy as it minimised GHG emissions. In the view of the NSTA, a joint development maximised economic recovery not only for the owners of the Marigold area but also delivered benefits to participants of the wider Flotta Catchment Area.

As part of its Area Plan, the NSTA also required that Anasuria Hibiscus and Ithaca Energy enter into a UUOA for the joint development of the Marigold unit, which covered the Marigold West and Marigold East Fields. The UUOA was recently signed on 15 September 2023. It defines the participating interest of Anasuria Hibiscus, Caldera Petroleum (UK) Ltd (Caldera Petroleum) and Ithaca Energy in the joint development of the Marigold unit as:

- Anasuria Hibiscus: 61.25%
- Caldera Petroleum: 8.75%
- Ithaca Energy: 30.00%

An integrated project team led by Anasuria Hibiscus, comprising Anasuria Hibiscus personnel and Ithaca Energy secondees will develop the Marigold FDP targeted for submission by early CY2024.

Management Discussion and Analysis

The Sunflower field, located in Block 15/13b and being part of Licence P198, will be developed by Anasuria Hibiscus and Caldera Petroleum as a subsea tie-in to the Marigold Project infrastructure and an FDP for Sunflower will be submitted independent of Marigold as Sunflower does not form part of the UUOA. As per Licence P198 interests stated above, Anasuria Hibiscus holds 87.5% and is the operator of the Sunflower field while Caldera Petroleum holds 12.5%.

In respect of licence P2518 - Block 15/17a (Kildrummy), there are no immediate plans to develop this asset. It is expected that the Kildrummy field will be subject to more detailed technical work to test its viability as a tie-back to the Marigold development but no timeline has been set for this activity at this juncture.

E. AUSTRALIA – BASS STRAIT

Our Bass Strait asset comprises 100% interest in the VIC/RL17 Petroleum Retention Lease for the West Seahorse field (VIC/RL17) (previously known as the VIC/L31 Production Licence).

In addition, we have a 11.67% interest in the equity of 3D Oil Ltd (3D Oil), a company listed on the Australian Stock Exchange.

In relation to the Group's other legacy licences in Australia:

- On 4 February 2022, Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus) and 3D Oil submitted an application to surrender the VIC/P57 permit in good standing to the NOPTA. The surrender was approved and took effect on 11 August 2022.
- On 7 July 2022, 3D Oil submitted an application for the "Approval of Transfer of a Petroleum Title" to NOPTA seeking approval for the transfer of Carnarvon Hibiscus' entire interest in VIC/P74 to 3D Oil. The Group had agreed to transfer its entire interest to 3D Oil at no cost. The transfer was approved and took effect on 21 September 2022.

3. REVIEW OF FINANCIAL RESULTS AND FINANCIAL POSITION

A. STATEMENT OF PROFIT OR LOSS

The Group's revenue for the current twelve-month period, i.e. from 1 July 2022 to 30 June 2023 (FY2023) exceeded the RM2 billion mark for the first time over a full financial year, at RM2,344.8 million. This was 38% higher than the revenue posted in the previous financial year ended 30 June 2022 (FY2022) of RM1,696.5 million.

The contribution from the Peninsula Hibiscus Group was instrumental towards achieving this milestone, while the 2011 North Sabah Enhanced Oil Recovery PSC and the Anasuria Cluster continued to deliver strong performance.

FY2023 marked the first year in which the Group recorded a positive contribution from the Peninsula Hibiscus Group's assets for a full twelve-month period. As previously mentioned, our Group, via its wholly-owned subsidiary, Peninsula Hibiscus, completed the acquisition of the entire equity interest in FIPC from Repsol (Fortuna International Acquisition) on 24 January 2022 (Completion Date).

FIPC, through its wholly-owned subsidiaries, namely HML, Hibiscus Oil & Gas Malaysia (PM3) Limited (Hibiscus Oil & Gas (PM3)) and Talisman Vietnam Limited (TVL) (collectively, FIPC Group), owns participating interests in five PSCs (collectively, the Peninsula Hibiscus Group's assets):

- the 2012 Kinabalu Oil PSC (Kinabalu);
- the PM3 CAA PSC (PM3 CAA);
- the PM305 PSC (PM305);
- the PM314 PSC (PM314); and
- the Block 46 Cai Nuoc PSC (Block 46).

On the back of strong revenue levels, the Group achieved earnings before interest, taxes, depreciation and amortisation (EBITDA) and profit after taxation (PAT) of RM1,269.7 million and RM400.5 million respectively for FY2023, representing 66% and 19% year-on-year growth from the 'normalised' EBITDA and 'normalised' PAT recorded for FY2022, respectively. The 'normalised' EBITDA and 'normalised' PAT in FY2022 of RM765.3 million and RM335.6 million respectively were derived, after excluding a negative goodwill recognised (which was recognised upon completing the acquisition of the Peninsula Hibiscus Group's assets from Repsol) of RM317.3 million.

At Completion Date of the Fortuna International Acquisition, the fair value of the identifiable assets and liabilities acquired were accounted in accordance with the provisions of the Malaysian Financial Reporting Standards (MFRS) 3 'Business Combinations'. The fair value, when compared against the final purchase consideration of the Fortuna International Acquisition resulted in a one-off total negative goodwill of RM317.3 million.

In FY2023, our Group sold 4.5 MMbbl of oil and condensate and 2.6 MMboe of gas. On a combined basis, this represented an increase of 55% or 2.5 MMboe as compared with our sales volume in FY2022.

The Group's total assets and shareholders' funds as at 30 June 2023 amounted to RM6,198.5 million and RM2,689.8 million respectively. Total assets grew by RM686.1 million (or by 12%) while shareholders' funds improved by RM487.7 million (or by 22%) when compared to that recorded as at 30 June 2022. Included in shareholders' funds as at 30 June 2022 are retained earnings of RM2,214.8 million.

The favourable operational performance and relatively strong oil, condensate and gas prices resulted in positive cash flows being generated from our producing oil and gas assets and contributed to a favourable net current assets position, recorded as at 30 June 2023, amounting to RM687.7 million.

The financial results of each of the Group's operating segments are detailed below:

OPERATING SEGMENTS	FY2023 RM'000	FY 2022 RM'000	Variance RM'000	Variance %
Malaysia – North Sabah				
Revenue	626,780	791,291	(164,511)	(21)
EBITDA	274,034	309,846	(35,812)	(12)
PBT	136,870	183,446	(46,576)	(25)
Taxation	(40,531)	(86,896)	46,365	53
PAT	96,339	96,550	(211)	(0)
Malaysia – Kinabalu and Others				
Revenue	510,681	188,791	321,890	171
EBITDA	248,576	151,683	96,893	64
PBT	175,443	100,815	74,628	74
Taxation	(68,402)	62,171	(130,573)	-
PAT	107,041	162,986	(55,945)	(34)
CAA				
Revenue	784,205	380,491	403,714	106
EBITDA	511,248	469,491	41,757	9
PBT	294,854	388,228	(93,374)	(24)
Taxation	(33,959)	(317)	(33,642)	(10,613)
PAT	260,895	387,911	(127,016)	(33)
UK				
Revenue	347,255	330,942	16,313	5
EBITDA	249,765	214,544	35,221	16
PBT	136,902	145,019	(8,117)	(6)
Taxation	(159,419)	(63,939)	(95,480)	(149)
(LAT)/PAT	(22,517)	81,080	(103,597)	–
Vietnam				
Revenue	66,539	–	66,539	100
EBITDA	6,598	20,758	(14,160)	(68)
PBT	2,258	19,093	(16,835)	(88)
Taxation	(8,012)	478	(8,490)	–
(LAT)/PAT	(5,754)	19,571	(25,325)	–
Australia				
Revenue	–	–	–	–
(LBITDA)/EBITDA	(7,803)	(50,760)	42,957	85
(LBT)/PBT	(7,966)	(50,760)	42,794	84
Taxation	–	–	–	–
LAT	(7,966)	(50,760)	42,794	84

Management Discussion and Analysis

OPERATING SEGMENTS	FY2023 RM'000	FY 2022 RM'000	Variance RM'000	%
Investment holding and Group activities				
Revenue	9,370	5,006	4,364	87
LBITDA	(12,722)	(32,897)	20,175	61
LBT	(26,275)	(44,410)	18,135	41
Taxation	(1,245)	13	(1,258)	–
LAT	(27,520)	(44,397)	16,877	38
Group				
Revenue	2,344,830	1,696,521	648,309	38
EBITDA	1,269,696	1,082,665	187,031	17
PBT	712,086	741,431	(29,345)	(4)
Taxation	(311,568)	(88,490)	(223,078)	(252)
PAT	400,518	652,941	(252,423)	(39)

Notes:

EBITDA: Earnings before interest, taxes, depreciation and amortisation.
LBITDA: Loss before interest, taxes, depreciation and amortisation.
PBT: Profit before taxation.
LBT: Loss before taxation.
PAT: Profit after taxation.
LAT: Loss after taxation.

Figure 15*: Analysis of the Group's financial performance by operating segments.*

1. Malaysia – North Sabah

The Company's indirect wholly-owned subsidiary, SEA Hibiscus, holds a 50% participating interest in North Sabah.

In FY2023, the North Sabah operating segment recorded a revenue of RM626.8 million. 1,478,688 bbls of crude oil were sold at an average realised oil price of USD94.03 per bbl. The segment's revenue in FY2022 was RM791.3 million, on the back of the sales of 2,064,718 bbls of crude oil at an average oil price of USD90.44 per bbl.

The gross profit margin of 63.3% attained in FY2023 was lower than the 70.3% realised in FY2022 due to higher average operating costs (OPEX) per bbl incurred in FY2023. Average OPEX per bbl increased from USD18.00 in FY2022 to USD19.79 in FY2023 mainly due to higher OPEX and lower average daily oil production rate.

The OPEX per bbl in FY2023 included amounts incurred for the annual planned major maintenance campaigns for CY2022 and CY2023. The maintenance campaign of CY2022 took place between March 2022 and August 2022. Apart from the planned annual maintenance activities, this campaign also covered catch-up activities of lower priority maintenance work, carried over from previous years, which had been deferred due to certain restrictions on movement, quarantine requirements, manpower and logistic constraints related to the COVID-19 pandemic. The planned major maintenance campaign for CY2023 took place from April 2023 to August 2023.

In addition to the above, a well intervention campaign was conducted between March 2023 and September 2023.

The EBITDA of RM274.0 million attained in FY2023 was delivered after charging supplemental payment of RM117.4 million, payable to PETRONAS and sales tax (SbST) imposed by the Sabah State Government on crude oil sold in FY2023 of RM31.3 million.

As previously disclosed, in order to achieve a stable environment for continuing investment and undertaking smooth operations in Sabah, the Group had, on 21 September 2022 proposed without prejudice to their respective rights as applicable, to pay the claims imposed by the Sabah State Government on revenues earned and to be earned, for the sale of crude oil by North Sabah and Kinabalu respectively. This proposal was accepted by the Sabah State Government on 27 September 2022.

As at 30 June 2022, the Group had accrued related penalties imposed by the Sabah State Government for the unpaid SbST up to 30 June 2022 amounting to RM38.2 million. This amount comprised RM33.7 million attributable to North Sabah and RM4.5 million was accrued for Kinabalu. Notwithstanding the above, SEA Hibiscus (which holds 50% participating interests in North Sabah) and HML (which holds 60% participating interests in Kinabalu) were able to achieve mutual agreements with the Sabah State Government to settle the penalties imposed at lower amounts, at RM8.3 million and RM0.9 million respectively. Accordingly, during FY2023, North Sabah and Kinabalu reversed an overprovision of the penalties related to SbST amounting to RM25.4 million and RM3.6 million respectively.

Profit Before Tax (PBT) for the North Sabah segment in FY2023 was RM136.9 million. It was derived mainly after deducting the following items from EBITDA, all of which are non-cash in nature:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM108.2 million;
- Depreciation of right-of-use assets of RM14.3 million; and
- Unwinding of discount on provision for decommissioning costs of RM6.9 million.

The tax regime under which Malaysian oil and gas activities are governed, and is thus applicable to SEA Hibiscus, is the Petroleum (Income Tax) Act 1967 (PITA). The provisions of PITA are applied to net taxable petroleum income at the rate of 38.0%. Total net tax expenses in FY2023 amounted to RM40.5 million.

2. Malaysia – Kinabalu and Others

	FY2023			FY2022		
	Kinabalu RM'000	Others@ RM'000	Total RM'000	Kinabalu RM'000	Others@ RM'000	Total RM'000
Revenue	493,657	17,024	510,681	179,806	8,985	188,791
EBITDA/(LBITDA)	214,883	33,693	248,576	160,724	(9,041)	151,683
PBT/(LBT)	140,833	34,610	175,443	110,191	(9,376)	100,815
Taxation	(60,854)	(7,548)	(68,402)	75,623	(13,452)	62,171
PAT/(LAT)	79,979	27,062	107,041	185,814	(22,828)	162,986

	Variance (FY2023 vs FY2022)					
	Kinabalu RM'000	Others@ RM'000	Total RM'000	Kinabalu %	Others@ %	Total %
Revenue	313,851	8,039	321,890	175	89	171
EBITDA/(LBITDA)	54,159	42,734	96,893	34	–	64
PBT/(LBT)	30,642	43,986	74,628	28	–	74
Taxation	(136,477)	5,904	(130,573)	–	44	–
PAT/(LAT)	(105,835)	49,890	(55,945)	(57)	–	(34)

@ Consists of PM305 and PM314.

As previously mentioned, the Completion Date of the Fortuna International Acquisition was on 24 January 2022. Accordingly, in FY2023, the contribution of the PSCs acquired as part of this acquisition to the Group's financial performance was for a full twelve-month period as compared to approximately a five-month duration in FY2022 (i.e. from Completion Date to 30 June 2022).

The "Malaysia – Kinabalu and Others" segment consists of Kinabalu, PM305 and PM314. The Group has 60% participating interests in all these three PSCs.

Management Discussion and Analysis

During FY2023, this segment contributed RM510.7 million to our Group's revenue from the sale of crude oil. It consisted of the following:

- Kinabalu – 1,088,966 bbls of crude oil sold at an average realised oil price of USD100.56 per bbl; and
- PM305 and PM314 – 40,212 bbls of crude oil sold at an average realised oil price of USD93.91 per bbl.

This was significantly higher than the revenue attained in FY2022, during the five months from Completion Date to 30 June 2022 of RM188.8 million. This revenue, broken down by the different PSCs, comprised:

- Kinabalu – 350,236 bbls of crude oil sold at an average realised oil price of USD121.15 per bbl; and
- PM305 and PM314 – 18,130 bbls of crude oil sold at an average realised oil price of USD116.96 per bbl.

Kinabalu

The Kinabalu PSC recorded a gross profit of RM330.8 million in FY2023. The resulting gross profit margin attained was relatively high, at 67.0%, which was reasonably consistent with the 67.6% achieved in FY2022. Kinabalu was able to maintain a reasonable level of profitability in FY2023 despite unfavourable operational performance due to the relatively high average oil price realised.

Kinabalu's operational performance in FY2023 was adversely affected by outages experienced with its high-pressure compressor since September 2022. The root cause was duly identified, and restoration work was completed in July 2023. Issues encountered with this compressor affected the supplies of gas lift to the producing oil wells.

The PSC's operations were also impacted by activities related to the CY2022 annual planned major maintenance campaign that took place from 29 July 2022 to 9 August 2022, during which production facilities were shut down. These activities included an electrical submersible pump change-out and an underwater inspection campaign. There was also a slower than planned production ramp up post the shutdown period caused by certain technical issues encountered with the high pressure gas compressor tubular bracing installation (as mentioned above). These events collectively resulted in a relatively high OPEX per bbl of USD17.37 in FY2023, compared to USD9.00 in FY2022.

The average net oil production rate and average uptime achieved in FY2023 were at 2,506 bbls per day and 76% respectively, both metrics being lower when compared to the 3,375 bbls per day and 88% respectively achieved in FY2022.

In FY2023, the segment incurred a supplemental payment amounting to RM77.8 million, payable to PETRONAS. SbST incurred for the sale of crude oil was RM24.6 million. As previously highlighted in the North Sabah segment above, the Kinabalu PSC had during FY2023 reversed an overprovision of the penalties related to SbST amounting to RM3.6 million.

The following non-cash items were deducted from EBITDA to arrive at FY2023's PBT:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM67.6 million;
- Depreciation of right-of-use assets of RM4.0 million; and
- Unwinding of discount on provision for decommissioning costs of RM1.8 million.

In FY2022, a negative goodwill of RM165.0 million was allocated to this segment as at Completion Date, which did not recur in FY2023. A total negative goodwill of RM317.3 million was recognised by the Group upon the completion of the Fortuna International Acquisition. The Group segregated the various PSCs acquired into three operating segments, namely "Malaysia – Kinabalu and Others", "CAA" and "Vietnam". The total negative goodwill was allocated to the respective operating segments based on the relative fair value of the identifiable net assets of the PSCs at Completion Date.

The tax regime governing Kinabalu is PITA, at the rate of 38.0%. The effective tax rate (ETR) over PBT on the back of a net RM60.9 million tax expense in FY2023 was 43.2%. This was higher than the 38.0% PITA rate mainly due to the non-tax deductibility of certain unrealised foreign exchange losses recognised. Note that whilst Kinabalu was in a taxable position in FY2023, the segment has not been subject to any taxes under PITA as there were sufficient tax losses brought forward to fully offset taxes payable.

Others

The gross profit attained by PM305 and PM314 in FY2023 of RM14.3 million was RM7.6 million higher when compared to the RM6.7 million reported for FY2022. This was due to the higher volume of crude oil sold. This segment's high gross profit margin in FY2023 of 84.3% was largely driven by the high average oil price achieved.

The following transactions, which were recognised as gains in the profit or loss, were included in the PBT for FY2023:

- A reversal of over accrued wells decommissioning costs amounting to RM10.4 million upon finalisation of the decommissioning contract with the relevant vendor;
- Previously, Repsol had paid its contribution to cover future facilities decommissioning costs (to be incurred at the end of the production life) into an abandonment cess fund as required by the regulator. Facilities pre-decommissioning work for the SAA Platform commenced in 2019 and were previously expensed to the profit or loss by Repsol. As at 31 December 2022, costs incurred in relation to such facilities pre-decommissioning work of RM10.0 million have been reclassified as a receivables as they will be reimbursed from the abandonment cess fund subsequent to an agreement on the costs relating to the scope of work with the regulator. Accordingly, this amount has been recognised as a gain in the profit or loss in December 2022; and
- A reversal of over accrued costs amounting to RM2.6 million was recorded upon the completion of the wells decommissioning work relating to PM305 and PM314 in the first quarter of FY2023.

During FY2022, decommissioning expenditure relating to PM305 and PM314 of RM13.2 million was recognised as an expense. This was due to a rephasing of the well plug and abandonment decommissioning work, which was completed in August 2022. This was the main cause for a LBITDA of RM9.0 million and a LBT of RM9.4 million for that financial year.

The tax regime governing PM305 and PM314 is PITA, at the rate of 38.0%. In FY2023, a net RM7.5 million tax expense was recorded. The ETR over PBT of 21.8% was lower than the 38.0% PITA rate mainly due to adjustments made in December 2022 following a reassessment of the full CY2022 tax obligations under PITA.

3. CAA

The CAA segment represents the Group's investment in its 35% participating interest in PM3 CAA, located within the CAA between Malaysia and Vietnam, acquired as part of the Fortuna International Acquisition. The investment includes the management of the operations relating to the production of petroleum from seven existing oil fields (namely Bunga Orkid, Bunga Pakma, Bunga Lavatera, Bunga Kekwa, Bunga Raya, Bunga Seroja and Bunga Tulip).

PM3 CAA contributed RM784.2 million to the Group's FY2023 revenue from the sale of crude oil and gas. This revenue comprised the following:

- Crude oil – RM433.5 million (1,020,802 bbls at an average realised oil price of USD94.21 per bbl); and
- Gas – RM350.7 million (15,220 million standard cubic feet (MMscf) at an average realised price of USD5.11 per thousand standard cubic feet (scf)).

The total revenue generated by PM3 CAA in FY2023 more than doubled that achieved in FY2022, as the Group only accounted for five months sale transactions subsequent to Completion Date in FY2022.

PM3 CAA's revenue from the sale of crude oil and gas in FY2022 of RM380.5 million consisted of the following:

- Gas – RM191.8 million (5,982 MMscf at an average realised price of USD7.57 per thousand scf); and
- Crude oil – RM188.7 million (383,015 bbls at an average realised oil price of USD116.26 per bbl).

During FY2023, this PSC generated a gross profit and gross profit margin of RM505.9 million and 64.5% respectively. This was largely driven by the high average realised prices obtained for the sale of both crude oil and gas.

The higher level of activities carried out in FY2023 resulted in a higher OPEX per boe and lower average uptime in FY2023 compared to FY2022. The OPEX per boe and average uptime in FY2023 were USD13.02 and 89% respectively, compared to USD9.91 and 95% respectively achieved in FY2022.

Despite this, the average net oil equivalent production rate achieved in FY2023 of 9,569 boe per day was better than the 9,231 boe per day delivered in FY2022.

The operational performance in FY2023 was boosted by the following events:

- First Oil achieved from the BOC-29ST1 well in March 2023 (second oil producer of the H4 project);
- Improved performance from the PM3 Northern field gas injection compressor supplying gas lift to the oil producers;
- Continued uplift in production from the H4 reservoirs through optimised water injection; and
- Successful well work activities in the PM3 Southern field.

Management Discussion and Analysis

These favourable developments were partly offset by the effect of the CY2022 annual planned major maintenance campaign, which took place from 20 August 2022 to 2 September 2022. In addition, oil production was also impacted by activities related to the mobilisation of a drilling rig to the Bunga Raya B platform for an infill well drilling programme.

OPEX incurred included costs associated with:

- Well integrity and intervention campaigns;
- Inspection and maintenance work scopes performed during the annual planned major maintenance campaign; and
- Other maintenance and production enhancement activities.

The segment achieved an EBITDA of RM511.2 million in FY2023. The EBITDA included a gain of RM22.0 million recognised from a reversal of provision for penalties relating to PITA and Corporate (Income Tax) Act 1967 (CITA) made by Repsol prior to the FIPC Acquisition.

In December 2022, the Inland Revenue Board of Malaysia (IRB) completed its audit on the tax returns submitted for Year of Assessment (YA) 2017 for PITA and for YA 2017 to YA 2019 for CITA. Following the receipt of the Notices of Additional Assessments from the IRB on these YAs, the provisions for the additional taxes and penalties previously made for these YAs were updated and the resulting gain to the profit or loss amounting to RM66.6 million was recorded by this segment. The RM66.6 million comprised RM22.0 million attributable to penalties that had been imposed whilst RM44.6 million comprised the tax component. The overprovision of RM22.0 million for penalties was adjusted to other expenses and the overprovision of taxes of RM44.6 million was adjusted to taxation in the profit or loss.

During FY2022, the segment recorded the following gains to the profit or loss which did not recur in FY2023:

- Negative goodwill which arose from the Fortuna International Acquisition allocated to this segment of RM146.0 million; and
- The reversal of overprovision of taxes and related tax penalties for YA 2014 to YA 2016 of RM125.5 million. The contractors of PM3 CAA are HML, Hibiscus Oil & Gas (PM3), PETRONAS Carigali and PetroVietnam Exploration & Production Corporation Ltd (PVEP). It should be noted that PM3 CAA is a chargeable person under PITA. Prior to Completion Date, the IRB had raised additional assessments for YA 2014, YA 2015 and YA 2016 under PITA against PM3 CAA for additional taxes and penalties. In September 2022, PM3 CAA and the IRB reached an amicable settlement on this matter which resulted in the issuance of revised/reduced assessments by the IRB on 27 September 2022 (Settlement). Following this development, the provisions for the additional taxes and penalties made by Repsol prior to Completion Date were updated and the resulting gain recorded by this CAA segment upon the reversal of the earlier provisions to the profit or loss as at 30 June 2022 was RM125.5 million. This sum comprised a reversal of over accrual of tax provision of RM60.1 million in taxation and reversal of provision for tax penalties of RM65.4 million in other expenses.

The segment's PBT in FY2023 was RM294.9 million. It was derived mainly after deducting the following items from the segment's EBITDA of RM511.2 million, all of which are non-cash in nature:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM160.5 million;
- Depreciation of right-of-use assets of RM36.0 million; and
- Unwinding of discount on provision for decommissioning costs of RM10.9 million.

The tax regime governing this segment is PITA, at the rate of 38.0%. During FY2023, the segment recognised a net tax expense of RM34.0 million, delivering an ETR over PBT of 11.5%. The following were the significant reversals of overprovision of taxes that resulted in the low net tax expense amount:

- PITA YA 2021 – Reversal of an overprovision of tax of RM40.0 million
  - o The overprovision amount was finalised upon submission of the tax returns to the IRB in August 2022;
- PITA YA 2017 – Reversal of an overprovision of tax of RM31.6 million (refer to the explanation above); and
- CITA YA 2017 to YA 2019 – Reversal of an overprovision of tax of RM13.0 million (refer to the explanation above).

Omitting the impact of the abovementioned overprovision adjustments would result in a 'normalised' net tax expense of RM118.6 million in FY2023, delivering a 'normalised' ETR over a 'normalised' PBT (after omitting the overprovision of RM22.0 million for penalties mentioned above) of 43.5%. This was higher than the 38.0% PITA rate due to the non-tax deductibility of certain unrealised foreign exchange losses recognised.

4. United Kingdom

Total revenue generated by the UK segment in FY2023 amounted to RM347.3 million, which was RM16.3 million higher than the RM330.9 million revenue attained in FY2022.

The segment's higher revenue was due to the higher average selling price for the sale of gas. Total revenue generated from the sale of gas in FY2023 amounted to RM75.1 million, compared to RM58.7 million attained in FY2022.

Revenues generated from the sale of crude oil in both years were consistent at RM272.2 million for each year. The higher crude oil volume sold in FY2023 was off-set by a lower average realised oil price attained when compared to that secured in FY2022. In FY2023, 725,294 bbls of crude oil were sold at an average oil price per bbl of USD81.19 per bbl whilst in FY2022, 685,255 bbls were sold at an average oil price per bbl of USD95.32.

Operational performance in FY2023 improved significantly following the completion, in September 2022, of the project to replace the riser which malfunctioned in May 2021. The said riser, which transports produced crude oil from the subsea well to the Anasuria FPSO was temporarily isolated from the primary production system following the malfunction and the impact of that temporary isolation was a lower overall daily production rate from the Anasuria Cluster that adversely affected OPEX per boe and offtake volumes.

The average OPEX per boe recorded for FY2023 of USD22.75 was lower than the USD26.19 achieved in FY2022. Both the average daily oil equivalent production rate and average uptime in FY2023 were higher, at 2,415 boe per day and 85% respectively compared to 2,119 boe per day and 68% respectively delivered in FY2022.

Accordingly, the UK segment achieved higher profit margins in FY2023. The segment recorded gross profit and EBITDA amounting to RM262.8 million (75.7% margin over revenue) and RM249.8 million (71.9% margin over revenue) respectively. These profitability levels exceeded the performance of FY2022. In FY2022, gross profit was RM242.9 million (73.4% margin over revenue) and EBITDA was RM214.5 million (64.8% margin over revenue).

PBT stood at RM136.9 million after deducting the following non-cash items from EBITDA:

- Amortisation of intangible assets and depreciation of oil and gas assets of RM83.6 million; and
- Unwinding of discount on provision for decommissioning costs and contingent consideration of RM21.9 million and RM1.7 million respectively.

<u>Taxation – Ring fence corporation tax (RFCT), supplementary charge (SC), Energy Profits Levy (EPL)</u>

RM '000	RFCT + SC	EPL	Total
Total	(41,092)	(118,327)	(159,419)
Income Tax	(18,448)	–	(18,448)
Deferred Tax	(22,644)	(118,327)	(140,971)
– Deferred tax liabilities	(36,092)	(130,391)	(166,483)
- Recognition (EPL - One-off)	–	(113,316)	(113,316)
- Recognition (EPL - Recurring)	–	(43,872)	(43,872)
- Recognition (RFCT + SC)	(69,567)	–	(69,567)
- Reversal	33,475	26,797	60,272
– Deferred tax assets	13,448	12,064	25,512

<u>RFCT and SC</u>

The tax regime which applies to the exploration for, and production of, oil and gas in the UK, and is thus applicable to Anasuria Hibiscus, currently comprises of the RFCT and the SC. The current rates for the RFCT and the SC are set at 30.0% and 10.0% respectively. The segment recorded a net tax expense in FY2023 amounting to RM41.1 million, representing an ETR over PBT of 30.0%. This was lower than the statutory rates stated, mainly due to additional allowances in relation to capital expenditure incurred, as provided under the SC regime and the non-tax deductibility of foreign exchange gains recognised.

<u>EPL</u>

The EPL was enacted when the Energy (Oil and Gas) Profits Levy Act 2022 received Royal Assent on 14 July 2022. The EPL, which took effect from 26 May 2022, introduced an additional 25.0% levy on UK oil and gas profits on top of the existing RFCT and SC. When it was first enacted, the EPL regime (i) had an enhanced deduction such that 180.0% of certain categories of capital expenditure can be offset against taxable income, (ii) was temporary and could be phased out when oil and gas prices returned to historically more normal levels although this was not specified in the law, and (iii) included a sunset, or expiry, clause that ensured the levy did not apply beyond 31 December 2025.

Management Discussion and Analysis

On 17 November 2022, the UK Government announced changes to the EPL regime which came into effect from 1 January 2023. The revised EPL regime includes an increased levy rate of 35.0% (from 25.0%) on UK oil and gas profits on top of the existing RFCT and SC. This meant that the UK upstream oil and gas industry faces a 75.0% marginal rate of tax. The enhanced deduction for certain categories of capital expenditure to offset taxable EPL income was reduced to 129.0% except in the case of decarbonisation expenditures which retained the 180.0% enhanced deduction. The EPL regime will now apply until 31 March 2028.

The EPL is regarded as an income tax, similar in nature to RFCT and therefore falls within the scope of International Accounting Standard 12 Income Taxes. Deferred tax is required to be set up on EPL in a similar way as the RFCT and the SC.

The net deferred tax expense arising from the EPL regime as at 30 June 2023 was RM130.4 million based on the taxable temporary differences expected to be reversed during the window for which the EPL regime applies, i.e. up to 31 March 2028. These temporary differences arose from the expected future amortisation of intangible assets and depreciation of oil and gas assets up to 31 March 2028. Included in this amount is RM113.3 million of deferred tax liability computed from the carrying values of the intangible and oil and gas assets at the point when the EPL regime became effective, i.e. on 26 May 2022 and the changes to the EPL regime that became effective on 1 January 2023. The net deferred tax liability recognised as at 30 June 2023 is non-cash in nature and will be fully reversed to the profit or loss by 31 March 2028.

Anasuria Hibiscus does not expect a significant income taxation liability arising from the EPL regime as currently enacted as Anasuria Hibiscus foresees there will be sufficient enhanced capital allowances in the future allowed in the EPL regime to offset any income chargeable to EPL.

At this stage, the Group's intention remains to phase our UK capital expenditure programme such that we optimise the incentives offered as part of the EPL regime. It is also clear that the UK Government is incentivising decarbonisation initiatives within the UK oil and gas sector and this is encouraging us to identify further opportunities that will reduce our overall carbon footprint.

5. Vietnam

The Vietnam operating segment consists of the Group's investment in its 70% interest in Block 46, a tie-back asset to PM3 CAA located in Vietnamese waters, which was acquired as part of the Fortuna International Acquisition. Block 46 contains the producing Cai Nuoc field and the undeveloped Hoa Mai field. PVEP (a wholly-owned subsidiary of Vietnam Oil and Gas Group) holds the remaining participating interest in Block 46.

LAT for FY2023 amounted to RM5.8 million.

Since being acquired as part of the Fortuna International Acquisition, Block 46 conducted its sole crude oil offtake in October 2022, when 125,521 bbls of crude oil were sold at an average realised oil price of USD98.45 per bbl.

Block 46's opening underlift inventory acquired as part of the Fortuna International Acquisition (Acquired Underlift Inventory) of 81,418 bbls was incorporated into the Group's financial statements at its fair value, in accordance with the provisions of MFRS 3 'Business Combinations' (and revalued at the prevailing crude oil price at the end of each financial period in accordance with the provisions of MFRS 9 'Financial Instruments'). As the crude oil offtake that took place in October 2022 was the first offtake undertaken by Block 46 since Completion Date, the 'cost' of the Acquired Underlift Inventory included in the cost of sales for this offtake was higher than would have been the case had the weighted average costs been used, by approximately RM27.0 million.

It should be noted that a 'normalised' EBITDA for Block 46, after omitting the impact of the 'consumption' of the Acquired Underlift Inventory valued at a higher 'cost', would have been approximately RM33.6 million whilst a 'normalised' PBT would have been approximately RM29.2 million.

For Block 46, Vietnamese income tax of 50.0% is paid by the PSC. The net tax expense in FY2023 of RM8.0 million was driven by RM17.0 million of taxation imposed on revenue earned during FY2023. This was partly offset by (i) the reversal of overprovisions of Vietnam and Barbados income taxes made for prior years amounting to RM6.9 million, and (ii) net deferred tax credit recognised of RM2.2 million, as a result of the recognition of deferred tax assets relating to decommissioning activities and the reversal of deferred tax liabilities arising from depreciation of oil and gas properties.

Furthermore, the depreciation of oil and gas assets and the unwinding of the discount on the provision for decommissioning costs amounted to RM3.9 million and RM0.4 million respectively.

During FY2022, the segment recognised its share of the negative goodwill of RM6.3 million. This did not recur in FY2023.

6. Australia

The Australia operating segment's LAT of RM8.0 million in FY2023 was lower when compared to the LAT of RM50.8 million reported in FY2022.

The LAT in FY2023 was largely driven by a provision for decommissioning costs, amounting to RM6.5 million, associated with two legacy exploration wells, namely West Seahorse-3 and Wardie-1, in the undeveloped West Seahorse field. Subsequent to the Group having assessed that it was not economically feasible to develop the West Seahorse field, the Group is now required to fully decommission these two temporarily abandoned exploration wells. This will be done under a revised work programme submitted to NOPTA for the VIC/RL17 Petroleum Retention Lease (VIC/RL17) for the period between November 2023 and November 2026. The full decommissioning work involves removing the West Seahorse-3 wellhead and the Wardie-1 conductor which is sticking above the mudline at the seafloor.

The estimated cost for the full decommissioning work is approximately USD1.5 million or RM6.5 million equivalent. Upon completion of the full decommissioning work, which is expected to be undertaken during the first half of CY2025, the Group plans to return the VIC/RL17 permit to NOPTA by 4 November 2026.

During FY2022, the Group fully impaired the carrying amounts of VIC/RL17, the VIC/P57 Exploration Permit (VIC/P57) and the VIC/P74 Exploration Permit (VIC/P74). The total provision for impairment recognised, which was derived at after thorough assessments conducted by the Group and with the assistance of third-party experts, where required, amounted to RM46.9 million (RM40.5 million for VIC/RL17, RM4.5 million for VIC/P57 and RM1.9 million for VIC/P74).

It should be noted that the Group surrendered the VIC/P57 permit on 11 August 2022 and also transferred its entire interest in VIC/P74 to 3D Oil Limited on 21 September 2022.

7. Investment Holding and Group Activities

The LAT recorded for this segment in FY2023 amounted to RM27.5 million, which was lower by RM16.9 million when compared to a LAT of RM44.4 million incurred in FY2022. This reduction was driven by lower costs incurred for business development and corporate development activities in FY2023, amounting to RM11.9 million.

In addition, net foreign exchange gains of RM12.1 million were recognised in FY2023 while in FY2022, the equivalent gains were RM5.6 million. Such foreign exchange differences arose mainly from the appreciation of the USD against the MYR. This positively impacted the period-end retranslation of the inter-company balances.

Total interest expenses incurred in FY2023 amounted to RM12.2 million. Of this amount, RM7.7 million represented interests charged on the drawn down portion of a term loan and revolving credit facilities while RM4.5 million was incurred in relation to the outstanding balance of Trafigura's prepayment facility. This was drawn down to part finance the purchase consideration for the Fortuna International Acquisition. In FY2022, interest expenses incurred of RM9.4 million generally arose from the outstanding balance of Trafigura's prepayment facility.

Major components of other expenses recorded were corporate overheads, professional and consultancy fees and depreciation expense.

In FY2023, the segment reported a tax expense of RM1.2 million, mainly charged on interest income earned.

B. STATEMENTS OF FINANCIAL POSITION

1. Non-current Assets

The Group's non-current assets as at 30 June 2023 amounted to RM4,107.6 million, representing an increase of RM138.8 million from RM3,968.8 million as at 30 June 2022.

During FY2023, net unrealised foreign exchange gains, recognised due to the year-end retranslation of the Group's non-current assets denominated in non-MYR currencies, amounted to RM228.4 million. The USD had appreciated against MYR as at 30 June 2023 when compared to 30 June 2022. This positively affected the year-end retranslation of these non-current assets.

Capital expenditure invested by PM3 CAA in FY2023 amounted to RM191.5 million, mainly for the H4 development drilling campaign, the Bunga Lavatera drilling campaign and PM3 CAA workover. In addition, RM86.9 million was invested in Kinabalu mainly for the electrical submersible pump pilot facilities and redevelopment projects, while the North Sabah PSC invested RM71.7 million mainly for the South Furious 30 Water Flood Phase 2 development project.

Management Discussion and Analysis

In the UK, capital expenditure invested by Anasuria Hibiscus in FY2023 amounted to RM157.1 million (RM75.2 million for Teal West, RM48.5 million for the Anasuria Cluster and RM33.4 million for the Marigold West and Sunflower fields).

The above transactions, that increased the non-current assets balance, were partly offset by the depreciation and amortisation of equipment, intangible assets and right-of-use assets (by RM480.4 million), lower deferred tax assets (by RM71.7 million) and lower non-current lease receivables from PM3 CAA's and North Sabah's partners (by RM51.7 million).

2. Current Assets

As at 30 June 2023, the Group's current assets amounted to RM2,090.9 million, which was RM547.3 million higher than the balance as at 30 June 2022 of RM1,543.6 million.

Cash and bank balances increased from RM549.4 million as at 30 June 2022 to RM959.7 million as at 30 June 2023, largely due to the collection of proceeds from crude oil offtakes and the sale of gas from the Group's producing oil and gas assets.

The Group's other receivables, deposits and prepayments balance as at 30 June 2023 increased by RM77.7 million mainly caused by the higher amounts to be reimbursed by the respective joint venture partners for North Sabah, PM3 CAA and Kinabalu. In addition, when compared to 30 June 2022, both inventories and current tax recoverable balances as at 30 June 2023 increased by RM34.7 million and RM9.1 million respectively.

3. Total Liabilities

Total liabilities increased from RM3,310.4 million as at 30 June 2022 to RM3,508.8 million as at 30 June 2023.

During FY2023, the Group drew down a term loan to aid its capital expenditure and working capital requirements. The amount outstanding as at 30 June 2023 amounted to RM456.8 million. This did not exist as at 30 June 2022. Over the coming months, this amount will be applied towards progressing the SF30 Water Flood Phase 2 development project at North Sabah and the Teal West Development.

Our deferred tax liabilities balance also increased by RM211.8 million. It was mainly due to additional deferred tax liabilities recognised for the EPL regime in the UK and on capital expenditures invested by the Anasuria Cluster and PM3 CAA. In addition, as at 30 June 2023, the outstanding operations-related payables and accruals for Kinabalu and PM3 CAA increased by RM39.3 million and RM20.7 million respectively when compared to 30 June 2022.

The increase in total liabilities were partly offset by the following:

- The outstanding amount owed to Trafigura as at 30 June 2022 of RM176.4 million which was fully repaid in November 2022;
- Lower provision for taxation balance by RM113.9 million, mainly due to the settlement of taxation obligations and reversal of overprovisions of taxation related to PM3 CAA, North Sabah and the Anasuria Cluster in FY2023;
- The outstanding drawn down amount of the revolving credit facilities as at 30 June 2022 of RM88.8 million which was fully repaid in November 2022;
- Lower outstanding lease liabilities by RM63.3 million mainly due to repayments made; and
- Lower operations-related payables and accruals balances in North Sabah of RM54.0 million mainly due to payment of SbST accrued as at 30 June 2022 and lower accruals for supplemental payments.

4. Total Equity

Total equity as at 30 June 2023 increased by RM487.7 million when compared to 30 June 2022. This was mainly attributable to net earnings generated by the producing oil and gas assets of the Group, partly offset by RM50.3 million dividends declared throughout FY2023. This amount comprised the sum of RM20.1 million for the final single-tier dividend of 1.0 sen per ordinary share declared in respect of FY2022 and a total of RM30.2 million for the first and second interim single-tier dividends of 0.75 sen per ordinary share each declared in respect of FY2023.

C. STATEMENTS OF CASH FLOWS

1. Cash flows from operating activities

During FY2023, net cash generated from the Group's operating activities amounted to RM726.7 million. It comprised mainly the aggregate of funds received from operations at the Group's producing oil and gas assets in Malaysia and the UK, partly offset by the repayment to Trafigura, payment of taxation obligations, payment of decommissioning liabilities and group-wide OPEX.

2. Cash flows used in investing activities

Net cash utilised by the Group during FY2023 for investing activities amounted to RM497.8 million. The amount invested in various capital expenditure programmes by the PM3 CAA, Anasuria Hibiscus, Kinabalu and North Sabah amounted to RM191.5 million, RM165.2 million, RM86.9 million and RM71.7 million respectively.

3. Cash flows from financing activities

The net cash flows generated from the Group's financing activities during FY2023 amounted to RM114.4 million. It was mainly due to the net amount received upon drawing down a term loan which amounted to RM436.5 million. This was partly offset with net repayments of the Group's lease liabilities and revolving credit facilities of RM167.4 million and RM90.2 million respectively.

It should be noted that the Company paid a total of RM55.3 million for dividends during FY2023. The details of the dividends paid are as follows:

- In respect of FY2022:
  - o Interim single-tier dividend of 1.0 sen per ordinary share, paid on 22 July 2022 – RM20.1 million;
  - o Final single-tier dividend of 1.0 sen per ordinary share, paid on 18 January 2023 – RM20.1 million; and
- In respect of FY2023:
  - o First interim single-tier dividend of 0.75 sen per ordinary share, paid on 18 April 2023 – RM15.1 million.

4. KEY RISKS AND MITIGATIONS

As a responsible organisation, our commitment to achieving our objectives and fostering an environment of sustained growth is characterised by our capacity to manage our exposure to potential risks that may impact our business. Such risks may be operational, financial, regulatory, safety or environment related.

Our Executive Risk Management Committee (ERMC) maintains a vigilant stance within a board-approved risk management framework, actively developing and implementing robust strategies to mitigate potential risk affecting our Group over time.

While we acknowledge that complete risk elimination may not always be attainable, we have implemented targeted measures to address and minimise these risks. Below, in no order of priority, we outline our top risks and their corresponding mitigation strategies:

1. Price Uncertainties and Challenges in the Global Oil and Gas Industry

Mitigation Strategies

- Rigorous monitoring of oil and gas price trends providing a basis for essential functions such as price forecasting for strategic decisions, recognising potential market risks and vulnerabilities, shaping operational plans including deferment of non-critical capital expenditure and maintenance programmes, and locking in the selling price of some of our production when oil prices are high.
- Continuously striving for operational excellence through our commitment to cost efficiency, including streamlining processes, allocation of resources, maintenance excellence and technology integration.
- Explore opportunities for expansion and productivity enhancement, including extending our existing footprints.
- Incorporate conservative oil and gas price projections as an integral component of our extensive and prudent due diligence process for evaluating/stress testing new investments.

2. Liquidity and Funding Access Limitations

Mitigation Strategies

In addition to the mitigation strategies highlighted under the risk of price uncertainties and challenges in the global oil and gas industry:

- Conduct holistic annual business planning and exercises to establish balanced and realistic budgets that are communicated throughout the organisation and are progressively monitored with clear accountability.
- Implement rigorous and structured Group-wide cashflow management to ensure the availability of adequate resources, complemented by conscientious financial and capital discipline to maximise value for our shareholders.
- Continue strong relationships with existing established banks and build relationships with new banks.
- Maintaining engagement with the equity capital markets to ensure access to equity injection, if necessary, and to strengthen our financial flexibility and ability to secure additional capital to support our growth and strategic initiatives.

Management Discussion and Analysis

3. HSSE

Mitigation Strategies

- Uphold a comprehensive focus on HSSE requirements and risk assessments throughout our activities and asset lifecycles. This involves ongoing awareness programmes, communication efforts, and periodic audits to ensure effective risk management and the protection of our people, environment and communities.
- As stakeholder inclusiveness is a core element of our sustainability model, we actively engage with our key stakeholders, including oil and gas regulators, partners, local authorities and the community, to safeguard our environment and assets in combating threats, such as oil spills and asset damage resulting from activities such as fish bombing. We remain committed to understanding diverse perspectives and evolving expectations within all aspects of our business activities through close partnerships and ongoing engagement.
- The safety, health and well-being of our people are of paramount priority, and particularly in responding to the evolving health threats to our workforce and operations. Our HSSE function takes a leading role to review, coordinate and support the activation of pertinent parts of our Emergency Response Plan and Business Continuity Plan. We maintain continuous monitoring of directives and measures from various stakeholders, including governmental, industry and medical organisations, to ensure the safety of our people and the resilience of our business operations.

4. Cyberattack and Security Breach

Mitigation Strategies

We adopt a zero-trust security model, maintain agility in addressing emerging threats, and prioritise the protection of our digital assets and stakeholders. This commitment is reflected in our Group-wide implementation of comprehensive information technology (IT) security systems and cybersecurity programmes to mitigate data breach risks from both internal and external sources. These measures undergo regular audits and reviews for effectiveness, with audit findings presented to the Board. Continuous monitoring, enhancements and awareness sessions further fortify our defences against malicious activities that may compromise our IT systems.

5. Business Interests Misalignment

Mitigation Strategies

- Foster open and transparent communication channels with our partners, staying well-informed about their business drivers to ensure alignment of interests to allow us to maximise the value of joint assets.
- Plan our investments meticulously through a disciplined due diligence process which aims to mitigate the impact of specific risk factors on portfolio basis to the best of our abilities. We also adhere to an operational model that aligns in with the Group's operational capability, financial capacity and controls framework. Additionally, we objectively select potential business partners, viewing these partnerships as long-term associations.

6. Breach of Business Integrity and Compliance

Mitigation Strategies

- Fostering a culture of strong and effective corporate governance whilst adhering to a zero-tolerance policy against all forms of bribery and corruption. This commitment is reinforced through the continuous enhancement and communication of our Board endorsed *Code of Conduct and Ethics (Code)*, and *Anti-Corruption Anti-Bribery Policy*. To ensure strict adherence to these guidelines, compliance programmes are conducted, including regular training programmes for both staff and third-party consultants.
- Implement a Group-wide corruption risk management approach that encompasses all business segments and with regular internal audit activities conducted to provide assurance that established policies, standards and procedures are being complied with effectively.
- The Group has a well-established *Whistle Blower Policy* in place, offering stakeholders confidential platforms to report any known malpractices or wrongdoings, made verbally or in writing, on matters relating to *Code*, legal issues, accounting, audit, or any improper business conduct within the Group.

7. Changes in Regulations Related to GHG Emissions and Climate Change Compliance

Mitigation Strategies

- Execute our Energy Transition Strategy in pursuit of our Net Zero Emissions Producer goal by 2050 and to reduce 50% of our Scopes 1 and 2 emissions by 2030.
- Actively engage in initiatives aimed at reducing GHG emissions footprint, with a specialised division dedicated to coordinating decarbonisation efforts in our operating assets and evaluating low-carbon investment opportunities. This division is committed to enhancing our governance on climate change and low-carbon future, and fostering collaboration with our Group's asset teams and external stakeholders to meet our GHG reduction target.
- Conduct our operations responsibly, with due emphasis on GHG reduction while delivering value to all stakeholders, ensuring our environmental efforts align with their interests.

8. Human Capital Retention

Mitigation Strategies

- Business acquisition and restructuring initiatives have exacerbated the risk of losing talented employees. Recognising the importance of competitive compensation and benefit structures in retaining and attracting top talents, we conduct comprehensive annual Group-wide remuneration reviews to ensure employees are offered attractive and equitable financial incentives.
- Develop succession planning blueprint for vital roles across the Group to ensure a sustainable pool of skilled, qualified and competent talents for a future-ready organisation.
- Cultivate a positive, collaborative work environment that promotes inclusivity, employee engagement, well-being and work-life balance to attract and retain top talent.
- Maintain transparent communication with our employees through feedback mechanisms and performance evaluations, enabling us to identify areas for improvement and implement tailored strategies to meet employee preferences and aspirations.

5. OUR FUTURE: OBJECTIVES AND STRATEGIES FOR CREATING VALUE

A. BUILD REPUTATION AS A RESPECTED AND RESPONSIBLE OPERATOR OF MID-LIFE ASSETS:

The Group has been gradually developing a profile as a responsible and respected operator of oil and gas assets in mid-life. This is being achieved by:

- remaining focused on our core business whilst protecting our base assets as a source of positive cashflow;
- delivering strong operational metrics;
- delivering on our commitments;
- utilising "best practice" corporate governance principles; and
- being a responsible corporate citizen.

The objective going forward will be to continue to positively build our business profile, always cognisant of the associated business risks and HSSE considerations in all that we do.

B. BUILD PROFILE IN THE EQUITY AND DEBT CAPITAL MARKETS:

Our growth, whether organic or through business development initiatives will be dependent on our capacity to access funding in the equity and debt markets. The equity and debt capital markets are becoming increasingly reluctant to support organisations operating in the fossil fuel extraction business. Therefore, we will be working with reputable international and domestic funding institutions to put in place a relatively strong financial foundation, recognising that reputable financial institutions require that we make a strong commitment towards ESG requirements.

To support our Group, the equity markets will desire consistent returns vide dividend payouts. Thus, the objective going forward will be to strive to deliver a reasonable dividend yield to loyal shareholders. Additionally, after receiving approval from our shareholders to buy-back our own shares, the Group is continuously monitoring the share price performance, and is ready to consider a buy-back of our shares when deemed appropriate.

C. ORGANIC GROWTH:

We have an opportunity to grow through the development of resources which have already been secured in the UK and Malaysia. These resource bases are reasonably material and have longevity. Strong crude oil prices currently provide a viable economic base for the Group to consider the development of these opportunities at the current time.

D. FOCUS ON OPERATIONS:

In a strengthening oil price environment, it is going to be increasingly important to focus on safe operations, minimising facilities downtime and maximising production.

E. NEAR-FIELD EXPLORATION (NFE):

As we learn more about the assets we operate, we have identified opportunities which we believe have a good risk/reward profile to justify NFE investment given the current crude oil price outlook. Opportunities that we pursue in this area will be infrastructure led i.e. we will pursue opportunities that can be brought onstream in a short time frame in a success case due to proximity to existing infrastructure, preferably under our operatorship.

Management Discussion and Analysis

F. SUSTAINABILITY:

Sustainability is reflected in the Group's *Sustainability Policy*. It is the intention of the Group to continue to uphold high ESG standards. An honest and pragmatic approach towards the reduction in our carbon footprint, a commitment to the safety and well-being of our employees and contractors, and a relentless pursuit of transparency and governance in the conduct of our business coupled with an awareness of the concerns of our community will be the foundation from which we deliver the Group's Vision in a sustainable manner.

6. CONCLUDING REMARKS

Our business is faced with several material uncertainties impacting the world at this time. Governments are highlighting the urgency of climate change. The result is seen as a thrust towards the widespread use of renewable and clean sources of energy but there are clear signs that the current sprint towards a Net Zero World has resulted in a fragile energy balance. The Russian incursion into the Ukraine tipped energy security to the forefront as the current political priority with clean energy strategies becoming a secondary consideration.

Prior to 2022, OPEC+ had lost its position as the swing producer and market maker to the US shale industry. Over the past year, that position of influence appears to have returned to OPEC+. OPEC+ continues to curtail production to stabilise crude prices at a sustainable level. Whilst some stakeholders would like to see lower energy costs, this move by OPEC+ ensures that the development of new resources remains viable and profitable, while keeping energy costs at reasonable levels for consumers.

At the time of publication of this Annual Report 2022/2023, the price of Brent crude oil is once again around USD90 per barrel. Concurrently, uncertainty remains in both government policies and major oil company strategies surrounding the divide between energy security and net zero targets.

In addition, market volatility has been further compounded by the sudden and unprecedented attack by the Hamas movement on Israeli settlements located in the Gaza Strip. Political and military sensitivities have been seriously bound and it is expected that given the long history of conflict in this area coupled with the extent of fatalities and casualties, this unfortunate turn of events will have negative impact on global economic recovery.

You will note the theme of this Annual Report is Execute – Enhance – Excel – Exploring New Horizons. We first introduced this theme during our inaugural Investor Day on 16 March 2023.

EXECUTE emphasises the importance of delivering within budget and schedule, the growing number of relatively large and complex development projects in our portfolio. Our Group will spend more than RM1 billion on capital projects in Malaysia and the United Kingdom over the next 18 months. Executing projects safely and efficiently is critical to the Group and we have worked diligently to ensure that we have the right competence and governance in place to be successful.

ENHANCE relates to our efforts to enhance shareholder value. Besides the share consolidation and share buy-back initiatives mentioned earlier, we continuously focus on monetising the discovered, contingent resources already available to the company.

EXCEL refers to our efforts to be viewed by the industry as being potentially amongst the best operators in the Asia Pacific region. This fits with our vision of being a respected, valuable and responsible energy company. Over the years we have proven that we are a capable operator of mature assets, however, we are always striving to become amongst the best in the industry. We continuously challenge our teams to increase the efficiency and uptime of our facilities, while at the same time chasing production gains through facility and well enhancements.

EXPLORING NEW HORIZONS introduces our intention towards finding new resources through near-field exploration initiatives. It also indicates that in our merger and acquisition strategies, we would consider expanding our geographical footprint to include other jurisdictions with established legal frameworks. The main target is meaningful growth for the Company. This can be achieved through both NFE projects and new acquisitions but exploration has been in our DNA since the inception of the Company. Our first success as a company came when we made the first oil discovery in 30 years in offshore Oman in 2014. For nearly 10 years we had not pursued any exploration but pursued opportunities in early 2023, when we drilled a successful exploration well in the PM3 CAA PSC, called Bunga Lavatera. This exploration well discovered gas at a volume that was greater than the pre-drill forecast.

In FY2024 we expect to drill a number of NFE prospects both in East and West Malaysia, a few of which could have a meaningful impact to the Company.

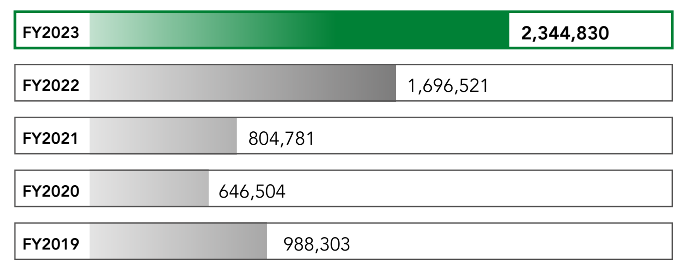
In conclusion, we believe that the Company is on a strong business foundation, but we have to remain continuously vigilant to operating safely, with great care for the environment. We also believe that our foundation has positioned us to achieve our 2026 Mission to grow and maintain net production in a band between 35,000 and 50,000 boe/d whilst building our 2P Reserves base to 100MMboe.

DR KENNETH GERARD PEREIRA
Managing Director
5 October 2023

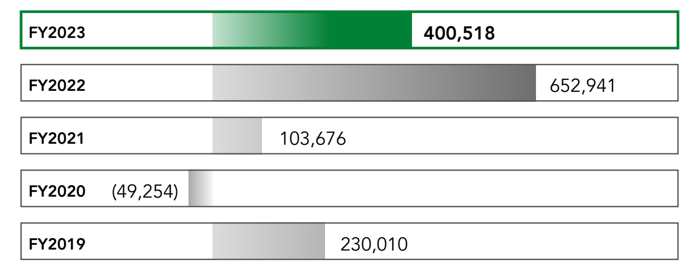
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED (FY)	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Revenue	**2,344,830**	1,696,521	804,781	646,504	988,303
Profit/(loss) after taxation	**400,518**	652,941	103,676	(49,254)	230,010
Total assets	**6,198,528**	5,512,418	2,788,043	2,426,152	2,393,132
Shareholders' equity	**2,689,759**	2,202,017	1,473,922	1,221,307	1,237,532
Net assets per share	**RM1.34**	RM1.09	RM0.74	RM0.77	RM0.78
Basic earnings/(loss) per share	**19.90 sen**	32.51 sen	5.91 sen	(3.10 sen)	14.48 sen

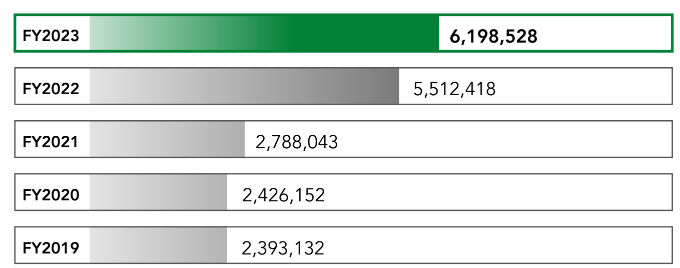
REVENUE (RM'000)



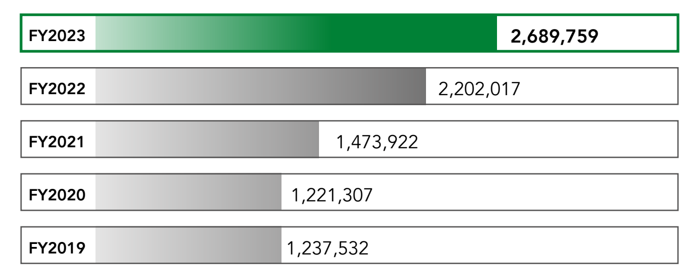
PROFIT/(LOSS) AFTER TAXATION (RM'000)



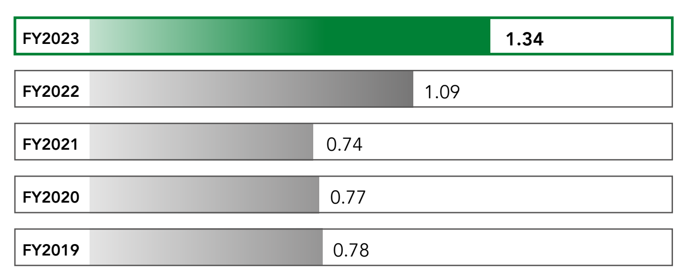
TOTAL ASSETS (RM'000)



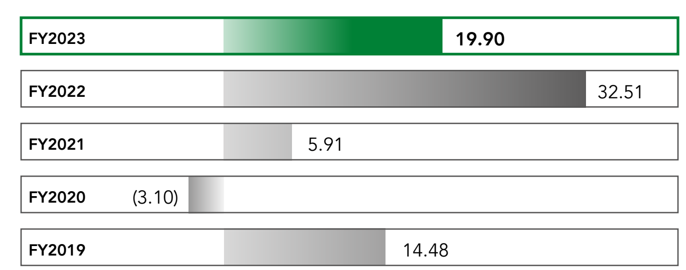
SHAREHOLDERS' EQUITY (RM'000)



NET ASSETS PER SHARE (RM)



BASIC EARNINGS/(LOSS) PER SHARE (SEN)



EXCELLING IN OPERATIONS

Operational excellence is the cornerstone of Hibiscus Petroleum's competitive advantage and success. Our relentless pursuit of process optimisation and enhanced productivity is crucial in fostering a culture of continuous improvement.

CALENDAR OF EVENTS

22 November 2022

Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) announced earnings before interest, taxes, depreciation and amortisation (EBITDA) of RM298.4 million and a profit after taxation (PAT) of RM135.3 million for the financial quarter ended 30 September 2022 on the back of average realised oil prices of over USD110 per barrel.

30 November 2022

Asia Hibiscus Sdn Bhd, a direct wholly-owned subsidiary of Hibiscus Petroleum, entered into the Group's maiden long-term debt facility agreement, with four banks for a total of USD120 million.

The facility will be used primarily to drive the Group's organic growth plans for our current producing and development assets, as well as to fund working capital requirements.

1 December 2022

The recommended final single-tier dividend of 1.0 sen per ordinary share in respect of FY2022 was approved by the shareholders during the 12th Annual General Meeting.

Hibiscus Petroleum also announced the appointment of Puan Zaidah binti Ibrahim as its new Independent Non-Executive Director, with effect from 1 January 2023.

2 December 2022

The Company announced several changes to the composition of its Board Committees effective 1 January 2023:

- Resignation of Encik Zainul Rahim bin Mohd Zain from the Audit and Risk Management Committee (ARMC), the Nominating Committee (NC) and the Remuneration Committee (RC);
- Appointment of YBhg Dato' Sri Roushan Arumugam to the ARMC; and
- Appointment of Puan Emeliana Dallan Rice-Oxley and Puan Zaidah binti Ibrahim to the NC and RC.

16 February 2023

Corporate:
Hibiscus Petroleum announced the following:
- EBITDA of RM353.3 million and PAT of RM70.5 million for the financial quarter ended 31 December 2022. EBITDA and PAT increased by 152.5% and 45.3% respectively year-on-year, driven by a revenue of RM713.1 million, due to consistently high oil, condensate and gas prices and strong operational performance; and
- Declaration of an interim single-tier dividend of 0.75 sec per ordinary share was declared for FY2023.

Peninsula Hibiscus Group (Peninsula Hibiscus):
- Received PETRONAS Focused Recognition Award in January 2023 for successful implementation of the Back-to-Basics Safety programme.

16 March 2023

Hibiscus Petroleum held its first Investor Day which was attended by approximately 100 external attendees comprising shareholders, investors, analysts and bankers. The event was organised with the objective of enhancing corporate visibility within the investment community. Presentations were made by senior members of the Leadership Team, on the Group's progress and strategic growth plans in pursuit of 2026 Mission.

24 May 2023

Corporate:
Hibiscus Petroleum announced the following:
- EBITDA of RM291.6 million and PAT RM71.5 million for the financial quarter ended 31 March 2023, on the back of RM523.3 million revenue. This represented an increase of 80% for EBITDA and 104% for PAT compared against the 'normalised' EBITDA and 'normalised' PAT recorded in the financial quarter ended 31 March 2022;
- Declaration of a second interim single-tier dividend of 0.75 sen per ordinary share for FY2023;
- Completion of the drilling of the longest well in Malaysia in March 2023, extending to a total measured depth of approximately 7km, with gross production of about 3,000 bbl/day; and
- Average net quarterly production which exceeded 21,000 boe/day.

Peninsula Hibiscus:
Received PETRONAS Focused Recognition commendations for:
- Timely reinstatement of Flash Gas Compressor (FGC) at PM3 and successfully increasing PM3 CAA gas availability by 40 MMscf per day to fulfil high gas demand from Kerteh (Malaysia) and Ca Mau (Vietnam) (March 2023);
- Excellent 2022 HSSE performance for PM3 CAA, Kinabalu and PM305 (March 2023); and
- Completion of the drilling of the longest well in Malaysia and for successfully flowing the well at rates exceeding initial expectations (April 2023).

North Sabah:
Received PETRONAS Focused Recognition commendations in March 2023 for:
- SEA Hibiscus' excellent HSSE performance in 2022, with no major incidents and accidents; and
- Labuan Crude Oil Terminal demonstrating good collaboration with lifting parties to optimise market value of cargoes and secure reputation of Malaysia as a reliable crude exporter.

Key:
- bbl – Barrels.
- boe – Barrels of oil equivalent.
- MMscf – Million standard cubic feet.

5 July 2023

The Company hosted its first Group-wide townhall since the completion of the acquisition of the Repsol assets, which was attended by over 800 Hibiscus employees (both physically and online). The objective of the townhall was to reinforce a sense of Unity, Pride and Growth amongst the team.

10 July 2023

Hibiscus Petroleum announced that Anasuria Hibiscus UK Limited (Anasuria Hibiscus), an indirect wholly-owned subsidiary of the Company, was granted approval of the Environmental Statement (ES) for the Teal West Development from the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED), on behalf of the United Kingdom's Secretary of State for the Department for Energy Security and Net Zero, on 7 July 2023. There were no conditions attached to the agreement to the grant of consent received.

Hibiscus Petroleum gets environmental consent for Teal West Development

By NST Business - July 10, 2023 @ 3:21pm

KUALA LUMPUR: Hibiscus Petroleum Bhd's subsidiary Anasuria Hibiscus UK Limited, has received the grant of consent for the Environmental Statement (ES) for the Teal West Development from the Offshore Petroleum Regulator for Environment and Decommissioning, last Friday.

There were no conditions attached to the agreement to grant consent.

Hibiscus Petroleum expects the decision on the Field Development Plan (FDP) in due course following the grant of consent for the ES.

The Teal West Development is expected to have a production life of 10 years and, in the high production case, reach a total of 10.4 million stock tank barrels of oil and 9.8 billion standard cubic feet of gas.

At midday Hibiscus Petroleum's share price closed 1.16 per cent higher at 87.5 sen.

Calendar of Events

12 July 2023

3D Oil Limited (3D Oil), an associate company of Hibiscus Petroleum announced that ConocoPhillips Australia, operator of the VIC/P79 and T/49P exploration permits, issued a Letter of Award for a semi-submersible rig to drill two firm exploration wells. 3D Oil has a participating interest of 20% in both exploration permits.

2 August 2023

Anasuria Hibiscus received a Development and Production Works Consent for the Teal West field from the North Sea Transition Authority on 1 August 2023.

23 August 2023

Hibiscus Petroleum announced the following:

- EBITDA of RM1.3 billion and PAT of RM400.5 million for the financial year ended 30 June 2023;
- Declaration of a third interim single-tier dividend of 0.50 sen per ordinary share for FY2023; total of 2.0 sen declared to-date; and
- Proposal to undertake a consolidation of every 5 existing Hibiscus Petroleum shares into 2 consolidated shares (Proposed Share Consolidation).

1 September 2023

Anasuria Hibiscus and Ping Petroleum UK PLC (Ping Petroleum) entered into a separate but identical Farm-in Agreement for Licence P2451 (Licence) with Rapid Oil Production Ltd (Rapid Oil) (Farm-in Agreement) to acquire 42.5% equity interest each in the Licence, with the balance 15% to remain with Rapid Oil.

25 September 2023

The Final Investment Decision (FID) approval for the Teal West field was obtained.

5 October 2023

At an Extraordinary General Meeting held, the shareholders of the Company approved the Proposed Share Consolidation.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Zainul Rahim bin Mohd Zain	-	Non-Independent Non-Executive Chair
Dr Kenneth Gerard Pereira	-	Managing Director
YBhg Dato' Sri Roushan Arumugam	-	Non-Independent Non-Executive Director
Thomas Michael Taylor	-	Senior Independent Non-Executive Director
YBhg Dato' Dr Zaha Rina Zahari	-	Independent Non-Executive Director
Emeliana Dallan Rice-Oxley	-	Independent Non-Executive Director
Zaidah binti Ibrahim	-	Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Thomas Michael Taylor	-	Chair
YBhg Dato' Sri Roushan Arumugam	-	Member
YBhg Dato' Dr Zaha Rina Zahari	-	Member

NOMINATING COMMITTEE

YBhg Dato' Dr Zaha Rina Zahari	-	Chair
YBhg Dato' Sri Roushan Arumugam	-	Member
Thomas Michael Taylor	-	Member
Emeliana Dallan Rice-Oxley	-	Member
Zaidah binti Ibrahim	-	Member

REMUNERATION COMMITTEE

YBhg Dato' Sri Roushan Arumugam	-	Chair
Thomas Michael Taylor	-	Member
Emeliana Dallan Rice-Oxley	-	Member
Zaidah binti Ibrahim	-	Member

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143) (SSM PC No. 202008001023)
Tan Ai Ning (MAICSA 7015852) (SSM PC No. 202008000067)

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7890 4800
Fax : +603-7890 4650
Email : boardroom-kl@boardroomlimited.com

PRINCIPAL PLACE OF BUSINESS

2nd Floor
Syed Kechik Foundation Building
Jalan Kapas, Bangsar
59100 Kuala Lumpur
Tel : +603-2092 1300
Fax : +603-2092 1301
Website : www.hibiscuspetroleum.com

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Level 10, Menara TH 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Tel : +603-2173 1188
Fax : +603-2173 1288

STOCK EXCHANGE LISTING

The Main Market of Bursa Malaysia Securities Berhad
Stock Name : HIBISCS
Stock Code : 5199
Sector : Energy
Sub-sector : Oil and Gas Producers

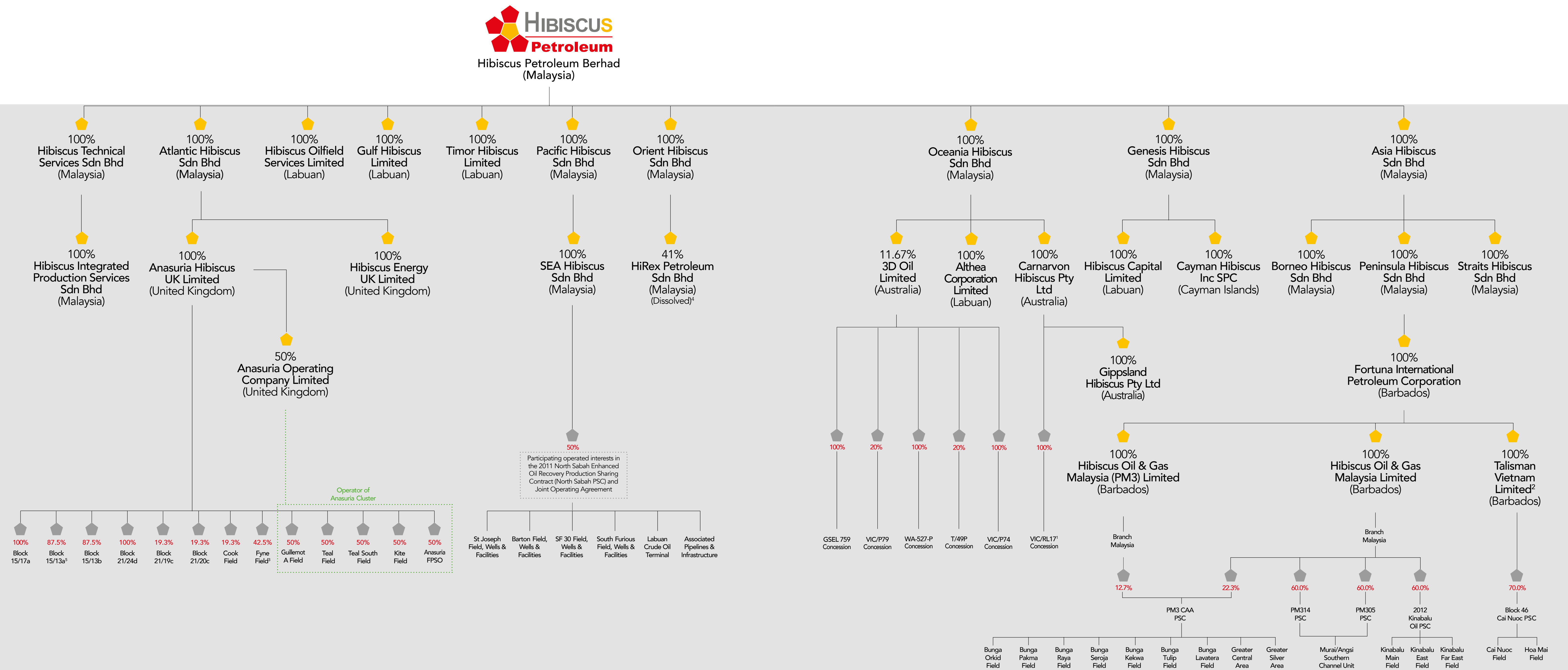
SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +603-2783 9299
Fax : +603-2783 9222
Email : is.enquiry@my.tricor.global.com

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
HSBC Amanah Malaysia Berhad
Industrial and Commercial Bank of China (Malaysia) Berhad
Bank of China (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad
Standard Chartered Saadiq Berhad

CORPORATE STRUCTURE
(AS AT 6 OCTOBER 2023)



Notes:
1. Previously known as the VIC/L31 production licence.
2. Entity to be renamed.
3. The acquisition of 42.5% equity interest in Licence P2451 is subject to approval by the North Sea Transition Authority.
4. Dissolved as of 6 October 2023.
5. As of 30 June 2023, Hibiscus Petroleum Berhad held a participating interest of 87.5% through Anasuria Hibiscus UK Limited (Anasuria Hibiscus). Subsequently on 15 September 2023, a Unitisation and Unit Operating Agreement (UUOA) was executed between Anasuria Hibiscus, Caldera Petroleum (UK) Limited and Ithaca Energy (UK) Limited. Under the UUOA, Anasuria Hibiscus' interest in the Marigold unit is 61.25%.

EXPLORING NEW HORIZONS

Our intention is to discover new oil and gas resources through near-field exploration initiatives. We will also consider expanding our geographical footprint through merger and acquisition activities to include new jurisdictions with sound and established legal frameworks.

BOARD OF DIRECTORS
(AS AT 4 OCTOBER 2023)

ZAINUL RAHIM BIN MOHD ZAIN

Non-Independent
Non-Executive Chair

Malaysian | 70 | Male

DATE APPOINTED TO THE BOARD
14 December 2010

DATE OF LAST RE-ELECTION
14 December 2021

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
B.Eng majoring in Mechanical Engineering, University of Western Australia, Australia

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:
Listed Entity:
Nil
Other Public Company:
- Non-Executive Director, Standard Chartered Saadiq Berhad
- Chair, Malaysian Dutch Business Council

WORK EXPERIENCE AND/OR PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):
- 45 years of experience in the oil and gas exploration and production (E&P) industry
- Chair, Cenergi SEA Berhad
- Director, redT Energy Plc
- Director, PETRONAS Carigali Sdn Bhd
- Director, Bank Pembangunan Malaysia Berhad
- Director, UKM Holdings Sdn Bhd
- Adviser, Sime Darby Energy & Utilities Division
- Chairman, Shell companies in Egypt
- Managing Director, Shell Egypt N.V
- Deputy Chairman, Shell Malaysia

DR KENNETH GERARD PEREIRA

Managing Director

Malaysian | 65 | Male

DATE APPOINTED TO THE BOARD
13 September 2010

DATE OF LAST RE-ELECTION
2 December 2020

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- Doctorate in Business Administration, University of South Australia, Australia
- Masters in Business Administration (MBA), Cranfield University, United Kingdom
- B.Sc. (Honours) in Engineering, Bath University, United Kingdom

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:
Listed Entity:
Nil
Other Public Company:
Nil

WORK EXPERIENCE AND/OR PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):
- 35 years of experience in the oil and gas industry (both in services and E&P)
- Founded Hibiscus Petroleum Berhad in 2010 and was appointed to the Board in September 2010 as Managing Director.
- Managing Director, Interlink Petroleum Ltd, an oil and gas E&P company listed on the BSE (formerly known as Bombay Stock Exchange)
- Chief Operating Officer, SapuraCrest Petroleum Berhad (now part of Sapura Energy Berhad Group)
- Vice President, Energy Sector Projects of Sapura Energy Sdn Bhd
- Various positions at Sapura Group of companies
- Previously worked for Schlumberger Overseas (as a Field Engineer in North Africa, Asia and Europe)

Board of Directors (As at 4 October 2023)

YBHG DATO' SRI ROUSHAN ARUMUGAM

Non-Independent
Non-Executive Director

Malaysian | 51 | Male

DATE APPOINTED TO THE BOARD
25 July 2011

DATE OF LAST RE-ELECTION
2 December 2020

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- MBA, Imperial College Business School, Imperial College, London, United Kingdom
- MA in Law, University of Bristol, United Kingdom
- MA in English Language and Literature, St. Catherine's College, University of Oxford, United Kingdom

MEMBERSHIP ON THE BOARD COMMITTEES:
- Chair, Remuneration Committee
- Member, Nominating Committee
- Member, Audit and Risk Management Committee

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:
Listed Entity:
Nil
Other Public Company:
- Director, Pneumacare Ltd
- Director, South Pickenham Estate Company Ltd

OTHER PRESENT APPOINTMENT(S):
- Director, Sri Inderajaya Holdings Sdn Bhd
- Member of the Advisory Board of Oakhouse Partners

WORK EXPERIENCE AND/OR PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):
- 24 years of experience in the financial services industry
- Investment Banker, Nomura Advisory Services, Malaysia
- Investment Banker, Deutsche Bank, London, United Kingdom
- Analyst, Emerging Markets Equity Research, Caspian Securities Ltd, London, United Kingdom
- Consultant, Price Waterhouse, London, United Kingdom
- Domus Fellow, St. Catherine's College, University of Oxford, United Kingdom
- Trustee, East West Trust, St. Catherine's College, United Kingdom

THOMAS MICHAEL TAYLOR

Senior Independent
Non-Executive Director

British | 67 | Male

DATE APPOINTED TO THE BOARD
1 August 2016

DATE OF LAST RE-ELECTION
1 December 2022

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- MA in Engineering, University of Cambridge, United Kingdom
- Member of the Chartered Institute of Management Accountants

MEMBERSHIP ON THE BOARD COMMITTEES:
- Chair, Audit and Risk Management Committee
- Member, Nominating Committee
- Member, Remuneration Committee

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:
Listed Entity:
Nil
Other Public Company:
Nil

WORK EXPERIENCE AND/OR PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):
- 39 years of oil and gas industry experience
- Finance Director, Sakhalin Energy Investment Company
- Finance Director, Shell Malaysia
- Finance Director, Brunei Shell Petroleum
- Held board memberships in oil and gas companies, in all sectors of the industry in Malaysia, Brunei, Russia, Hungary and France

Board of Directors (As at 4 October 2023)

YBHG DATO' DR ZAHA RINA ZAHARI

Independent Non-Executive Director

Malaysian | 61 | Female

DATE APPOINTED TO THE BOARD
15 September 2017

DATE OF LAST RE-ELECTION
2 December 2020

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- Doctorate in Business Administration, University of Hull, United Kingdom, focusing on capital markets research and specialising in derivatives
- MBA, University of Hull, United Kingdom
- BA (Honours) Accounting and Finance, Leeds, United Kingdom
- Global Leadership Development Programme, International Centre Leadership in Finance (ICLIF)

MEMBERSHIP ON THE BOARD COMMITTEES:
- Chair, Nominating Committee
- Member, Audit and Risk Management Committee

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:
Listed Entity:
- Chair, Manulife Holdings Berhad
- Director, Pacific & Orient Berhad
- Director, IGB Berhad
- Director, Keck Seng (Malaysia) Berhad

Other Public Company:
- Chair, Manulife Investment Management (M) Berhad
- Chair, Pacific & Orient Insurance Co Bhd
- Director, Mizuho Bank (Malaysia) Berhad
- Director, Pacific & Orient Properties Limited
- Director, Kuala Lumpur Business Club

OTHER PRESENT APPOINTMENT(S):
- Member, Appeals Committee of Bursa Malaysia Berhad
- Director, Sage 3 Capital Sdn Bhd
- Director, FWU Malaysia Sdn Bhd
- Director, L'Oreal Malaysia Sdn Bhd
- Director, Sri Communications Sdn Bhd

WORK EXPERIENCE AND/OR PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):
- More than 34 years of experience in financial (including Islamic), commodities and securities industry and the developing of the Malaysian Financial Market, M&A in insurance and Takaful companies
- More than 14 years of experience as an Independent Board member of listed financial institutions as well as companies in the oil and gas and property industries
- Licensed by Securities Commission Malaysia for corporate advisory services
- Chief Executive Officer, RHB Securities Bhd
- COO, Kuala Lumpur Options and Financial Futures Exchange
- Head of Exchanges, KLSE, MESDAQ, MDEX, Labuan Offshore Financial Exchange
- Consultant, Financial Technologies Middle East based in Bahrain (BFX)
- SV President, Royal Bank of Scotland Group, Singapore
- Member, Global Board of Adviser for XBRL Board Member, Commodity and Monetary Exchange of Malaysia
- Director, Hong Leong Industries Berhad
- Director, Tanah Makmur Bhd
- Director, MyCreative Ventures Sdn Bhd
- Director, Zurich Insurance Malaysia Bhd
- Director, MIMB Investment Bank Bhd
- Director, EON Capital Bhd
- Director, EON Bank Bhd
- Director, MAA Takaful Bhd
- Director, Malaysian Assurance Alliance Bhd
- Director, MAA Holdings Bhd
- Director, MAA International Assurance Ltd
- Board Member, Trustee for Malaysia AIDS Foundation
- Market Participants Committee (MPC) of Bursa Malaysia Bhd

EMELIANA DALLAN RICE-OXLEY

Independent Non-Executive Director

Malaysian | 60 | Female

DATE APPOINTED TO THE BOARD
5 October 2022

DATE OF LAST RE-ELECTION
1 December 2022

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- Advanced Management Program, Harvard Business School, United States of America
- Professional Certification in Decision Quality and Risk Management, Stanford University, Stanford, California, United States of America
- B.Sc in Geology, University of South Carolina, United States of America

MEMBERSHIP ON THE BOARD COMMITTEES:
- Member, Nominating Committee
- Member, Remuneration Committee

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:
Listed Entity:
- Director, PGS ASA
- Director, Affin Bank Berhad

Other Public Company:
Nil

OTHER PRESENT APPOINTMENT(S):
- Member, Heriot-Watt University Malaysia Business Advisory Board
- Advisory Board member, Women's Global Leadership Conference, Houston, Texas, United States of America

WORK EXPERIENCE AND/OR PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):
- 36 years of experience in the oil and gas E&P industry
- Distinguished Achievements Award, Offshore Technology Conference Asia 2022
- 2019 Female Executive of the Year, Asia Pacific Energy Assembly
- Vice President, Exploration, Upstream, PETRONAS
- Vice President, Exploration Malaysia, PETRONAS
- Senior General Manager, Exploration Malaysia, PETRONAS
- Exploration Portfolio and Planning Manager for Asia Pacific region for Shell
- Held various technical and managerial roles for Shell in Malaysia, United Kingdom, Brazil, United States of America and Latin America
- Director, PETRONAS Management Training Sdn Bhd
- Director, PETRONAS Gas Berhad
- Director of PETRONAS E&P Overseas Ventures Sdn Bhd and various PETRONAS Carigali Overseas' private limited companies

Board of Directors (As at 4 October 2023)

ZAIDAH BINTI IBRAHIM

Independent Non-Executive Director

Malaysian | 63 | Female

DATE APPOINTED TO THE BOARD
1 January 2023

DATE OF LAST RE-ELECTION
Not Applicable

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- B.Eng in Electrical & Electronics Engineering, University of Wales, Institute of Science & Technology, United Kingdom (First Class Honours)
- Global Leader Forum, Executive Education of Columbia University in the City of New York
- New Leader Program, Executive Education of Thunderbird School of Global Management

MEMBERSHIP ON THE BOARD COMMITTEES:

- Member, Nominating Committee
- Member, Remuneration Committee

PRESENT DIRECTORSHIP(S) IN OTHER COMPANIES:

Listed Entity:
Nil

Other Public Company:
Nil

WORK EXPERIENCE AND/OR PAST DIRECTORSHIP(S) AND/OR APPOINTMENT(S):

- 32 years of experience in the oil and gas industry
- Has extensive leadership and diverse exposure to ExxonMobil global businesses in North America, Europe, West Africa, Middle East, Asia Pacific
- Served numerous technical and managerial roles in Canada, United States of America, Australia and Malaysia
- Director, Imperial Oil Resources and Production Manager, Imperial Upstream, Imperial Oil Limited, Calgary, Canada
- Imperial Upstream Transition/ Management of Change Manager, Imperial Oil Ltd, Calgary, Canada
- Imperial Oil Ltd representative in the Alberta Executive Committee of Canadian Association of Petroleum Producers (CAPP)
- Planning & Business Analysis Manager, ExxonMobil Global Production Company, Houston, United States of America
- Global Operations Resource Manager, ExxonMobil Global Production Company, Houston, United States of America
- Operations Manager, ExxonMobil Canada Ltd, Halifax & St John's, Canada
- Production Technical Manager, Esso Australia Ltd, Melbourne, Australia
- Operations Technical Subsurface Manager, Esso Australia Ltd, Melbourne, Australia
- Special Projects & Operations Manager, ExxonMobil Exploration & Production Malaysia Inc, Kuala Lumpur, Malaysia
- Operations Technical Manager, ExxonMobil Exploration & Production Malaysia Inc, Kuala Lumpur, Malaysia
- Asset Manager, ExxonMobil Exploration & Production Malaysia Inc, Kuala Lumpur, Malaysia
- Engineering Supervisor in multiple disciplines (Facilities Surveillance, Quality Control, Operations Analysis), ExxonMobil Exploration & Production Malaysia Inc, Kuala Lumpur, Malaysia

Declarations:

1. **Family Relationship with Director and/or Major Shareholder**
   None of the Directors has any family relationship with any Director and/or major shareholder of Hibiscus Petroleum Berhad (Hibiscus Petroleum).

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with Hibiscus Petroleum.

3. **Conviction of Offences**
   None of the Directors has been convicted for offences within the past 5 years other than traffic offences, if any.

4. **Public Sanction/Penalty**
   None of the Directors has any public sanction or penalty imposed on them by any regulatory body* during the financial year ended 30 June 2023.

5. **Attendance at Board Meetings**
   The details of attendance of each Director at Board Meetings are set out on page 103 of this Annual Report 2022/2023.

Note:
* Regulatory body refers to any regulator that regulates Hibiscus Petroleum or its subsidiaries or any authority or organisation which regulates the business activity of Hibiscus Petroleum or its subsidiaries. This includes Bursa Malaysia Securities Berhad, the Securities Commission Malaysia, Bank Negara Malaysia, the Companies Commission of Malaysia, the Employees Provident Fund, the Inland Revenue Board, the Department of Environment and the local municipal councils, amongst others.

LEADERSHIP TEAM, MANAGEMENT TEAM AND TECHNICAL EXPERTS

LEADERSHIP TEAM (AS AT 4 OCTOBER 2023)

DR KENNETH GERARD PEREIRA

Managing Director

Nationality	Age	Gender
Malaysian	65	Male

Please refer to page 77 of this Annual Report 2022/2023.

YIP CHEE YEONG

Chief Financial Officer (CFO)

Nationality	Age	Gender
Malaysian	49	Male

DATE APPOINTED TO CURRENT DESIGNATION:
1 June 2019

QUALIFICATION(S):
- Member of the Malaysian Institute of Accountants, Malaysia and Fellow Member of the Association of Chartered Certified Accountants, United Kingdom
- B.A (Honours) in Accounting and Finance, Middlesex University, London, United Kingdom

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum Berhad (Hibiscus Petroleum) in November 2013 and held the position of Vice President, Finance and Group Controller before his appointment as CFO.
- Has over 29 years of accounting and finance experience in various industries, namely oil and gas, manufacturing, technology, services, risk consulting, audit and taxation.
- Was previously CFO at Microsoft Malaysia, responsible for company-wide financial management and was a key member of the senior management team.

Leadership Team, Management Team and Technical Experts
Leadership Team (As at 4 October 2023)

DR PASCAL HOS
Chief Executive Officer (CEO), Hibiscus Oil & Gas Malaysia Limited

Nationality	Age	Gender
Dutch	52	Male

DATE APPOINTED TO CURRENT DESIGNATION:
1 February 2022

QUALIFICATION(S):
- Doctorate in Mechanical Engineering, Rice University, Texas, United States of America
- B.Sc. in Mechanical Engineering, Rice University, Texas, United States of America

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in February 2011 as Head of Petroleum Engineering and a co-founder. Redesignated as Chief Operating Officer (COO) of HiRex Petroleum Sdn Bhd in October 2014.
- Subsequently re-designated as Vice President, New Ventures on May 2016 before being appointed as the CEO, SEA Hibiscus Sdn Bhd in September 2017, followed by Senior Vice President of New Ventures in March 2021 prior to commencing current role.
- Has over 23 years of experience in general management, field development, reservoir engineering, production technology and rock mechanics in major local and foreign companies. Includes experience in project management, field development planning, development project execution, well and reservoir management and reserves reporting.
- Previously worked at Schlumberger Sugar Land Technology Center, NASA Johnson Space Center, Shell International EP and Sarawak Shell Berhad.

JOYCE VASUDEVAN
Head, Corporate Finance

Nationality	Age	Gender
Malaysian	55	Female

DATE APPOINTED TO CURRENT DESIGNATION:
2 September 2020

QUALIFICATION(S):
- B.Economics, majoring in Accounting, La Trobe University, Melbourne, Australia

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum on 1 January 2011 as co-founder and CFO. Re-designated as Vice President, Strategy Development in 2015 and is currently Head, Corporate Finance.
- Has more than 32 years of experience in audit, corporate finance, finance, business planning, operations planning, debt and equity fund raising, investor relations, media relations and strategy development.
- Worked in the Corporate Finance departments at Malaysian International Merchant Bankers Berhad and RHB Sakura Merchant Bankers Berhad and was involved in numerous projects including acquisitions, corporate restructurings, equity issuances and valuation exercises.
- Set up and headed the new Business Analysis & Planning Department at Carlsberg Brewery Malaysia Berhad and was tasked to drive business plans, formulate sales, marketing, production and competitive business models and evaluate prospective investments.
- Headed the Strategic & Operations Planning Unit of the COO's Office at SapuraCrest Petroleum Berhad (now part of Sapura Energy Group) and was responsible for co-driving a group-wide reorganisation of all its business units.

OTHERS:
- Sits on the Finance Committee and Investment Committee of Women's Fund Asia, a non-profit organisation with headquarters in Sri Lanka and Australia.

KEVIN ROBINSON
Vice President, Project Assurance & Asset Oversight

Nationality	Age	Gender
British and American	67	Male

DATE APPOINTED TO CURRENT DESIGNATION:
1 September 2020

QUALIFICATION(S):
- M.Sc in Geochemistry, University of Leeds, United Kingdom
- B.Sc (Honours) in Geology, University of Sheffield, United Kingdom

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in April 2019.
- Has over 45 years of experience in Upstream Oil and Gas mainly in Exploration, Development, New Ventures and Management.
- As Vice President Asia – built a significant E&P Business in Malaysia from 2004 to 2019 for Newfield Exploration and then Sapura E&P developing 10 oilfields and 1 gas field with peak production of 75,000 barrels per day. Also discovered 9 TCF of commercial gas in Sarawak with 11 gas discoveries which have subsequently been developed and the gas sold to the LNG plant in Bintulu, Sarawak.
- Expanded Sapura's E&P business outside Malaysia signing 9 exploration permits in Australia, New Zealand and Mexico. Also discovered and developed 2 oilfields in China for Newfield from 1997 to 2004.
- Prior to 2004, worked for Oryx, Huffco and Newfield as a Petroleum Geologist and Geochemist on projects in Southeast Asia, Australia, China, South America and North Sea with numerous commercial discoveries, field developments and acquisitions.
- Started career with Core Laboratories working at the wellsite and then built a successful Geoscience Lab Business in Southeast Asia, China and Australia.

CHONG CHEE SEONG
Chief Executive Officer, SEA Hibiscus Sdn Bhd (SEA Hibiscus)

Nationality	Age	Gender
Malaysian	46	Male

DATE APPOINTED TO CURRENT DESIGNATION:
1 March 2021

QUALIFICATION(S):
- Master in Mechanical Engineering, University of Cambridge, United Kingdom
- MA in Engineering, University of Cambridge, United Kingdom

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum Group in December 2017 as the COO of SEA Hibiscus.
- Has over 22 years work experience in the oil and gas industry.
- Joined ExxonMobil Exploration & Production Malaysia Inc in 2001 in the Development Projects Department as a Mechanical Engineer and subsequently transitioned through various technical and leadership roles, including assignments in Reservoir Engineering, Production Planning, Operations and Integrity Management.
- Previously worked at Newfield Malaysia (later acquired by Sapura Energy) initially as Business Planning Manager, subsequently assuming technical and operations responsibilities for the company's crude oil Production Sharing Contracts (PSCs) as its Oil Assets Manager.

Leadership Team, Management Team and Technical Experts
Leadership Team (As at 4 October 2023)

LIM KOCK HOOI
Group General Counsel

Nationality	Age	Gender
Malaysian	66	Male

DATE APPOINTED TO CURRENT DESIGNATION:
7 March 2017

QUALIFICATION(S):
- LLB (Honours), University of London, United Kingdom
- B.Sc (Honours) in Applied Geology, University of Malaya, Malaysia
- Fellow of the Chartered Institute of Arbitrators, United Kingdom

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in October 2014.
- A petroleum geologist for 9 years prior to retraining as a lawyer. Over 33 years of experience in oil and gas law practice, with 16 years as an external legal counsel and 17 years as an in-house legal counsel in a senior leadership team role.
- Member of the management team of Caelus Energy Asia, as the Senior Vice President for Legal for the Asia-Pacific region prior to joining Hibiscus Petroleum.

DEEPAK THAKUR, CFA
Vice President, Economics and Business Planning

Nationality	Age	Gender
Indian	40	Male

DATE APPOINTED TO CURRENT DESIGNATION:
1 February 2020

QUALIFICATION(S):
- Chartered Financial Analyst (CFA), CFA Institute, Charlottesville, Virginia, United States of America
- Master of Business Administration (MBA) (Major in Finance), Indian Institute of Management (IIM), Bangalore, India
- B. Tech in Petroleum Engineering, Indian Institute of Technology (IIT), Dhanbad, India

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in March 2012.
- Over 16 years of experience in the oil and gas industry in a career dedicated to developing financial models and cashflows, performing valuation and sensitivity analysis, debt funding, corporate planning, financial due diligence and reservoir engineering.
- Previously worked with Essar Group - Business Leadership Programme (BLP), Morgan Stanley and Prize Petroleum Ltd in India on multiple oil and gas opportunities based in South East Asia, United Kingdom, Australia, Africa and India.

STEWART MCMICKLE
Vice President, New Ventures

Nationality	Age	Gender
American	57	Male

DATE APPOINTED TO CURRENT DESIGNATION:
1 June 2023

QUALIFICATION(S):
- MBA (Finance), Tulane University, United States of America
- B.Sc in Mechanical Engineering, Louisiana Tech University, United States of America

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in March 2023.
- Over 32 years' experience in the oil and gas industry involving upstream business analysis, LNG and gas marketing, business development and acquisition/divestment of oil and gas properties. Early career spent in project engineering and maintenance engineering assignments in oil refineries.
- Worked in diverse roles including Marketing Manager for RasGas in Qatar, Divestment Manager accountable for sale of late life producing properties onshore US and offshore Gulf of Mexico, Middle East Business Development Executive focused on UAE, Iraq and Oman and Project Executive for international divestment campaigns.
- Previously worked in Chevron, Mobil and ExxonMobil.

SYARIFAH ALIZA SYED AZAUDDIN
Vice President, Corporate Governance

Nationality	Age	Gender
Malaysian	48	Female

DATE APPOINTED TO CURRENT DESIGNATION:
1 January 2019

QUALIFICATION(S):
- MBA, International Islamic University, Malaysia
- B.A (Honours) in Accountancy and Finance, Lancaster University, United Kingdom

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in September 2011. Initially held the position of Senior General Manager, Corporate Finance, Secretarial and Regulatory Compliance. Currently, she is Vice President, Corporate Governance.
- Has over 26 years of experience in various areas of corporate finance, asset management, private equity, corporate strategy including Environmental, Social and Governance (ESG), corporate governance, audit and general management encompassing production of Annual Report (including Sustainability Report), investor relations management and risk identification and mitigation.
- Previously the Deputy Head, Alternative Investment Group at KFH Asset Management Sdn Bhd, a subsidiary of Kuwait Finance House (Malaysia) Berhad (KFHMB) and also worked with the International Business Team of KFHMB.
- Prior to that, she served at Artisan Encipta (M) Sdn Bhd (the venture capital arm of MIMOS Berhad).
- Career commenced in the Renong Berhad Group of companies, where she was instrumental in the Commercial & Marketing Department's efforts in its transportation unit, after having an initial stint in internal audit.

Leadership Team, Management Team and Technical Experts

Leadership Team (As at 4 October 2023)

DR AMBROSE GERARD CORRAY

Vice President, InfoTech & Digitalisation

Nationality	Age	Gender
Malaysian	66	Male

DATE APPOINTED TO CURRENT DESIGNATION:
1 August 2023

QUALIFICATION(S):
- Doctorate in Business Administration (DBA), Southern Cross University, Australia
- MBA, Southern Cross University, Australia
- B.Sc (Honours) in Mechanical Engineering, King's College London, United Kingdom

WORKING EXPERIENCE:
- Managed Corporate Services function (Human Capital & InfoTech) and now focused on InfoTech & Digitalisation strategy deployment in Hibiscus Group.
- Instrumental in Hibiscus Petroleum's successful North Sabah asset acquisition and transitions from Shell in 2018 and Repsol assets in Malaysia and Vietnam from Repsol (Spain) in 2021.
- 40 years of oil and gas industry global experience. Previously worked with Schlumberger, GE Oil & Gas; oil companies as Vice President, E&P/COO at Interlink Petroleum (BSE listed) & CEO of Loyz Energy (Catalist listed); Director, Loyz Australia. Managed USA drilling activities in Colorado and North Dakota as Joint Venture leader of US, Singapore and European exploration companies.
- Managed Schlumberger Omnes, Network Solutions and Schlumberger Sema for Southeast Asia/Australia providing services in the telecommunications, oil and gas and banking sectors.
- Career began as field engineer progressing to senior management and director roles, over a 20-year span with SLB. Subsequent role as Regional Manager (Asia Pacific with General Electric, GE).
- Founded Petrosearch Pte Ltd, a Singapore-based company providing consulting, human capital, training and other services to the oil and gas businesses.
- University academic supervisor to Doctoral researchers in the oil and gas and management sectors.

NOOR ASHIAH YANG

Vice President, Group Human Capital

Nationality	Age	Gender
Malaysian	55	Female

DATE APPOINTED TO CURRENT DESIGNATION:
1 February 2023

QUALIFICATION(S):
- B.A in Economics (Honours), Laurentienne University, Sudbury, Canada

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in February 2023.
- Over 25 years' experience in various areas of human capital namely organisational development, talent management, reward and compensation, employee engagement/industrial relations, corporate governance and ESG.
- Previously worked at Velesto Energy Berhad as Vice President of Human Resources and headed human capital functions for various oil and gas and energy companies including Bumi Armada, SapuraCrest, Petra Energy, Dialog, Eden Group and Renong Group.

LILY LING LEONG SHUANG

Vice President, Corporate Development

Nationality	Age	Gender
Malaysian	40	Female

DATE APPOINTED TO CURRENT DESIGNATION:
1 May 2023

QUALIFICATION(S):
- Fellow Member of the Association of Chartered Certified Accountants, United Kingdom
- B.A (Honours) in Accounting, University of Hertfordshire, United Kingdom

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in January 2020.
- Has 20 years of diversified experience in investment banking, corporate finance, investor relations, corporate strategy, media relations, corporate communications, advisory and investment consulting, corporate social responsibility, finance and audit.
- Was with Sapura Energy Berhad prior to joining Hibiscus Petroleum, working on corporate finance and investor relations and led the RM4 billion rights issue exercise in 2019.
- Previously a Director of Corporate Finance at CIMB Investment Bank, involved in the structuring, planning and execution of corporate finance transactions for 8 years, covering mergers and acquisitions, debt and equity capital markets, including two major initial public offerings with combined transaction value of RM19.1 billion.
- Career commenced at Ernst & Young, leading the audit of companies in various industries.

LAI WAI PENG

Vice President, Business Transformation

Nationality	Age	Gender
Malaysian	46	Female

DATE APPOINTED TO CURRENT DESIGNATION:
6 March 2023

QUALIFICATION(S):
- B.Sc in Chemical Engineering, National University Malaysia
- Advanced Management Program, Harvard Business School

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum in March 2023.
- Over 22 years' experience in the oil and gas industry with proven track record of establishing, creating value and monetizing successful operated upstream oil and gas company.
- Worked in diverse roles across commercial, mergers and acquisitions, corporate finance, economics, strategy and planning, business development and Head of Business Unit in Malaysia, UK and Australia.
- Spent her career working in Accenture, Shell UK, Woodside Energy and Ping Petroleum.

Leadership Team, Management Team and Technical Experts
Leadership Team (As at 4 October 2023)

NURZALINA JAMALUDDIN
Vice President, Low Carbon Ventures

Nationality	Age	Gender
Malaysian	46	Female

DATE APPOINTED TO CURRENT DESIGNATION:
1 February 2023

QUALIFICATION(S):
- B.Sc in Chemical Engineering, Cornell University (Cum Laude), New York, United States of America

WORKING EXPERIENCE:
- Joined Hibiscus Petroleum Group in April 2021 and previously held the position of COO of SEA Hibiscus. She is currently Vice President, Low Carbon Ventures.
- Over 23 years of experience, mostly in the oil and gas industry, in diverse roles across surface, subsurface, planning, business process improvement, transformation, business development, sales, commercial and trade policies.
- Spent majority of her career in ExxonMobil E&P Malaysia Inc and later served as Vice President and founding member of Malaysia Petroleum Resources Corporation (under the Prime Minister's Department), Senior Commercial Advisor in Talisman Energy and Chief Business Development Officer and Secretary to the Board of Governors at the Asia School of Business (in collaboration with Bank Negara Malaysia and MIT Sloan School of Management, Boston).
- Active in coaching and mentoring in the energy and women advocacy space.

MOHAMMED FARROUKH ABDUL AZIZ
Chief Operating Officer, SEA Hibiscus

Nationality	Age	Gender
Malaysian	51	Male

DATE APPOINTED TO CURRENT DESIGNATION:
30 January 2023

QUALIFICATION(S):
- M.Sc in International Management, King's College London, United Kingdom
- B.Eng (Honours) in Mechanical Engineering, University of Warwick, United Kingdom

WORKING EXPERIENCE:
- Joined SEA Hibiscus in January 2023.
- Over 25 years of experience in the oil and gas industry in general management, strategic planning, asset management, development and production operations, financial performance management, risk mitigation and HSSE management, procurement and stakeholder management.
- Previously worked in ExxonMobil, Petronas Carigali, Murphy Oil and SapuraOMV Malaysia.
- Most recent role was Head of Malaysia Assets with SapuraOMV where he was managing and supporting business activities in exploration, development and production operations.

Declarations:

1. **Family Relationship with Director and/or Major Shareholder**
   None of the Leadership Team has any family relationship with any Director and/or major shareholder of Hibiscus Petroleum Berhad (Hibiscus Petroleum or Company).
2. **Conflict of Interest**
   None of the Leadership Team has any conflict of interest with Hibiscus Petroleum.
3. **Conviction of Offences**
   None of the Leadership Team has been convicted for offences within the past 5 years other than traffic offences, if any.
4. **Public Sanction/Penalty**
   None of the Leadership Team has any public sanction or penalty imposed on them by any regulatory body* during the financial year ended 30 June 2023.
5. **Directorship in Public Companies and Listed Issuers**
   None of the Leadership Team has any directorship in other public companies or listed issuers.

Note:
* Regulatory body refers to any regulator that regulates Hibiscus Petroleum or its subsidiaries or any authority or organisation which regulates the business activity of Hibiscus Petroleum or its subsidiaries. This includes Bursa Malaysia Securities Berhad, the Securities Commission Malaysia, Bank Negara Malaysia, the Companies Commission of Malaysia, the Employees Provident Fund, the Inland Revenue Board, the Department of Environment and the local municipal councils, amongst others.

Leadership Team, Management Team and Technical Experts
Management Team and Technical Experts (As at 4 October 2023)

Vincent Lee
Group Internal Auditor

Indarjit Singh
Geoscience Advisor

Vivian Phang Mun Yee
Senior General Manager,
Human Capital

Meera Surin Derpall
Senior General Manager,
Risk & Business Process Improvement

Michele Toh
Assistant General Counsel

Jenny Poh
Deputy General Manager,
Corporate Secretarial

Liew Shau Teng
Financial Controller

Doreen Hong
Senior Manager,
Corporate Finance

Eiki Loke Chiu Chee
Senior Manager, Finance

Nurafnizar Mohammad
Senior Manager,
Sustainability and Compliance

Thevindran Thevaraj
Project Manager, Digital Transformation

Joel Sheng
Information Technology (IT)
Manager & System Administrator

Catherine Chow
Treasury Advisor

Angie Hoo
Group Treasury Manager














Leadership Team, Management Team and Technical Experts
Peninsula Hibiscus Team (As at 4 October 2023)

Dr Pascal Hos
Chief Executive Officer

Suresh Vasudevan
Head, Planning & Resource

Devarajan Indran
Head, Technical Services

Regina Khoo Pooi Yin
Head, Finance

Azmi Mahras
Senior Manager,
Supply Chain Management

Norshilawati Othman
Acting Head, Stakeholder Relations

Coco Chan Kim Yan
Head, Legal

Abu Bakar Hanfi Abdul Mannan
Head, Health, Safety & Environment

Kalavathy Mahintheran
Head, Human Capital

Michael Anthony Fox
Head, Operated Asset

Robert Palmer
Head, Operations

George Wong
Head, Drilling

Chun Kee Goh
Senior Manager, Subsurface

Nor Afida Abdul Ali
Head, Corporate Services

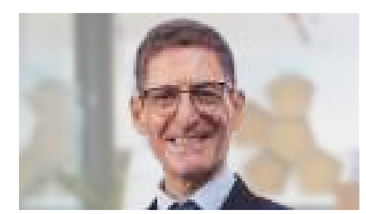
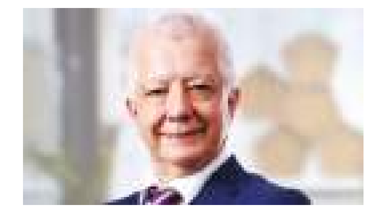
Lim Kok Chee
Head, IT











Leadership Team, Management Team and Technical Experts
North Sabah Team (As at 4 October 2023)

Chong Chee Seong
Chief Executive Officer

Mohammed Farroukh Abdul Aziz
Chief Operating Officer

David Jayakumar Richards
Head, Subsurface

Ng Kok Kong
Head, Finance

Muhamad Her Nasir
Head, Contracts & Procurement

Alan Toh
Head, Planning

Bhavani Manickam
Legal Counsel

Mohammad Hatta Rizal Mansor
Head, Health, Safety, Security & Environment

Nordin Ahmad
Head, Human Capital Management

Edmund Ang
Head, Operations

Amnoradi Baijuri
Head, Projects & Engineering

Nor Aina Ahmad
Logistic Manager

Anwar Hisham Zainal Anuar
Head, Drilling

Kevin Gan
Enterprise Resource Planning Lead

Rizal Eddy
Acting Head, IT/ Information Management















Leadership Team, Management Team and Technical Experts
Production/Development Projects - Anasuria Cluster, Teal West, Marigold and Sunflower Cluster Team (As at 4 October 2023)

Kevin Robinson
Vice President, Project Assurance & Asset Oversight

Clifford Lang
General Manager, Hibiscus Energy UK Limited/ Teal West Project Manager

Gurin Hanspal
Project Manager, Marigold

Dr Jeyanthi Ramasamy
Subsea Manager

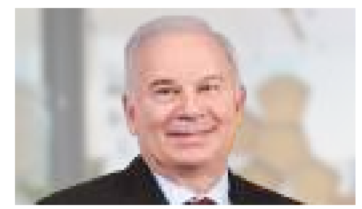
Eric Tioe
Subsurface Manager, Marigold and Teal West

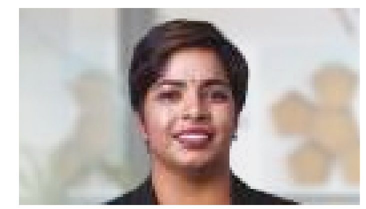
Mohd Fadzil Harun
Senior Reservoir Engineer

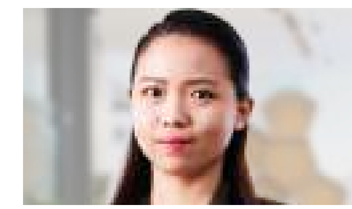
Chan Sine Yee
Finance Manager

Yap Siew Chee
Senior Geoscientist

Yee Shen Yann
Assistant Asset Coordinator



CORPORATE GOVERNANCE OVERVIEW STATEMENT

At Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company), our Board of Directors (Board) is entrusted with the key responsibility of safeguarding the resources of the Company and its subsidiaries (Group) in the best interests of its shareholders. This involves exercising due diligence and reasonable care in its oversight of the Group.

This Statement provides a concise summary of how our Group has implemented the principles and practices of Corporate Governance (CG) outlined in the Malaysian Code on Corporate Governance 2021 (MCCG).

We have achieved this through the application of the following three key MCCG principles and practices:

(i) Leadership and effectiveness of the Board: Strong emphasis is placed on the ability of our Board to discharge its fiduciary duties and leadership functions with good governance and efficacy. The Company supports this fundamental role of the Board by providing the necessary tools including relevant training to ensure that our Directors are aided, as necessary, to provide strategic direction to the Group and incorporate sustainability considerations in their decision making.

(ii) Effective audit and risk management: We prioritise the implementation of robust internal controls and risk management practices within our organisation to facilitate the identification, assessment and management of risks effectively. In doing so, we believe the Group's assets are better protected to safeguard our shareholders' interests.

(iii) Integrity in corporate reporting and meaningful relationships with stakeholders: We maintain a high level of integrity in our corporate reporting processes. We strive to provide accurate and timely information to our stakeholders, to maintain their trust and confidence in the Group's Leadership Team. Furthermore, we prioritise forging meaningful relationships with our stakeholders, taking into account their perspectives and concerns in deciding a course of action.

By adhering to these three key principles and practices, we demonstrate our commitment to upholding strong CG standards at Hibiscus Petroleum.

In the latest review conducted in June 2023, Hibiscus Petroleum maintained its position on the FTSE4Good Bursa Malaysia (F4GBM) Index, which was initially achieved in December 2020, evidencing continued recognition of our good Environmental, Social and Governance (ESG) practices. The Company has also retained its position in the FTSE4Good Bursa Malaysia Shariah Index. Furthermore, Hibiscus Petroleum has successfully preserved its highest rating of 4 stars from FTSE Russell which places us among the top 25% of public listed companies in the FBM EMAS Index based on ESG ratings. This sustained accomplishment over the years underscores our unwavering commitment to sustainability considerations in carrying out our operations.

Our strong CG performance has also enabled Hibiscus Petroleum to retain its Green Lane Policy (GLP) status, which was initially granted by Bursa Malaysia Securities Berhad (Bursa Securities) in December 2019. The GLP status accords the Company certain privileges, which include the ability to issue "non-complex" circulars without the need for pre-vetting by Bursa Securities, while for "complex" circulars that do not fall within the specified exemptions, we benefit from expedited processing. By maintaining our GLP status, Hibiscus Petroleum is able to enhance its efficiency in engaging with stakeholders for more effective communication in line with regulatory requirements.

This Statement is prepared in compliance with Bursa Securities' Main Market Listing Requirements (MMLR)[1]. It is intended to be read alongside Hibiscus Petroleum's CG Report 2023 (CG Report), which can be accessed on our corporate website at https://www.hibiscuspetroleum.com. The CG Report provides comprehensive information on how the Company has implemented each Practice outlined in the MCCG during the financial year ended 30 June 2023 (FY2023). It includes details of any alternative measures taken to achieve the desired outcomes as prescribed by the MCCG.

We encourage stakeholders to access further information and gain a comprehensive understanding of our Company's governance practices and performance by also referring to the following reports:

(i) Statement on Risk Management and Internal Control on pages 221 to 227 of this Annual Report 2022/2023;

(ii) Reports by the following Board Committees:

   (a) Nominating Committee (NC) Report on pages 207 to 211 of this Annual Report 2022/2023;

   (b) Remuneration Committee (RC) Report on pages 212 to 216 of this Annual Report 2022/2023; and

   (c) Audit and Risk Management Committee (ARMC) Report on pages 217 to 220 of this Annual Report 2022/2023.

(iii) Sustainability Report on pages 114 to 206 of this Annual Report 2022/2023.

collectively referred to as the "Reports".

Note:

[1] Compliance with Paragraphs 15.08A(3) and 15.25 as well as Practice Note 9 of the MMLR on the preparation of the NC Report and disclosure of CG related information.

EXPLANATIONS FOR DEPARTURES FROM MCCG PRACTICES

Our Company diligently upholds the principles outlined in the MCCG to maintain high standards of CG. While we largely adhere to the recommended practices, there are three specific areas where we have departed from the MCCG practices for justified reasons which we believe serve the best interests of the Company and its stakeholders.

(i) Practice 1.4: Chairman's Participation in Board Committees

We adhere to the MCCG recommendation that the Chairman of the Board should not be a member of any of the Board Committees to ensure independence and impartiality in the decision-making process. However, our Company has made a departure in this practice by allowing the Chair of the Board to participate in all Board Committees' meetings by way of invitation.

We believe that our Chair's vast experience, deep understanding of our Company's strategic direction and valuable insights contribute significantly to the effectiveness of our Board Committees. Our Chair of the Board's participation in the Board Committee meetings is limited to hearing the deliberations held to understand the rationale of recommendations made, without having the same discussion points repeated at Board meetings. This approach makes effective use of all of our Directors' valuable time to facilitate quicker Board discussions, whilst concurrently ensuring the independence and objectivity of the Board Committees' recommendations remain intact.

(ii) Practice 8.2: Non-Disclosure of Top 5 Senior Management's Remuneration Components

While the MCCG encourages companies to disclose the top five Senior Management's remuneration components, including salary, bonus, benefits-in-kind and other emoluments, in specified salary bands of RM50,000, we have chosen not to disclose this information on a named basis. Our decision to depart from the recommended MCCG practice is due to strategic considerations aimed at maintaining a competitive edge in attracting and retaining top talents.

Moreover, we place significant emphasis on protecting the personal security and privacy of our Senior Management personnel. Public disclosure of their specific compensation may expose them to potential security risks and breaches of privacy.

Despite not disclosing specific figures at an individual level, we maintain a robust and transparent compensation structure that is equitable, competitive and aligned with industry standards. Our governance processes ensure that remuneration decisions are made with fairness and accountability in mind.

(iii) Practice 12.2: Non-Adoption of Integrated Reporting

In FY2023, we transitioned into the 'Large Companies' category, in accordance with the MCCG's definition.

We have extensively incorporated the fundamental elements of integrated reporting and share the overarching objective of enhancing information quality in our disclosures to promote transparency. Nevertheless, we have not adhered to the conventional standard format of integrated reporting. We will conduct a comprehensive evaluation of the associated costs and benefits of doing so prior to determining the next course of action.

In these cases, our decisions reflect a careful assessment of what is most advantageous for our Company and its stakeholders. We remain steadfast in our commitment to transparency and accountability and through these disclosures, we seek to reinforce our dedication to responsible CG practices.

This Statement, the CG Report and the other itemised Reports serve as a testament of our commitment to responsible business practices.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD LEADERSHIP AND COMPANY PURPOSE

Our Board is responsible for the performance and sustainable value enhancement of the Group whilst being accountable to our stakeholders. To achieve this, we ensure that the Group's strategic plan and budget support long-term value creation and incorporate initiatives that consider economic, environmental and social aspects essential for sustainability. The Board fulfils these objectives by defining the Group's targets, objectives, values and strategies while ensuring the availability of necessary resources to prioritise the agreed strategic priorities.

During FY2023, our Group remained steadfast in pursuing growth and business optimisation objectives, navigating the challenges posed by a post COVID-19 world now facing a prolonged Russian-Ukrainian conflict. We have proactively adapted our strategies to ensure continued progress and success despite the uncertainties presented by an evolving landscape. Our ability to adapt and innovate has allowed us to sustain growth, optimise our business practices and continue delivering value to our stakeholders.

Corporate Governance Overview Statement

Our CG Framework

Our commitment to good governance is fundamental to our operations. We have established a rigorous CG framework and adhere to a well-defined values system that ensures compliance with applicable laws and regulations. This framework not only enables effective risk mitigation but also cultivates ethical behaviour within our organisation. Hibiscus Petroleum is dedicated to upholding high standards of business integrity, ethics and professionalism. Our Board sets an example by embodying our corporate values of tenaciousness, being environmentally responsible, employing a people focused approach, possessing agility and trustworthiness (TEPAT). Such core values guide our every action.

TENACIOUS
Hibiscus succeeds because our people take ownership and are relentless in pursuit of our goals.

ENVIRONMENTALLY RESPONSIBLE
Our decision-making and actions shall safeguard the environment as far as reasonably practicable.

PEOPLE FOCUSED
We can only succeed when everyone works as one, with common objectives in a safe, secure and respectful work environment.

AGILE
Our uniqueness lies in our readiness to act and our ability to be flexible, balanced and adaptive to change.

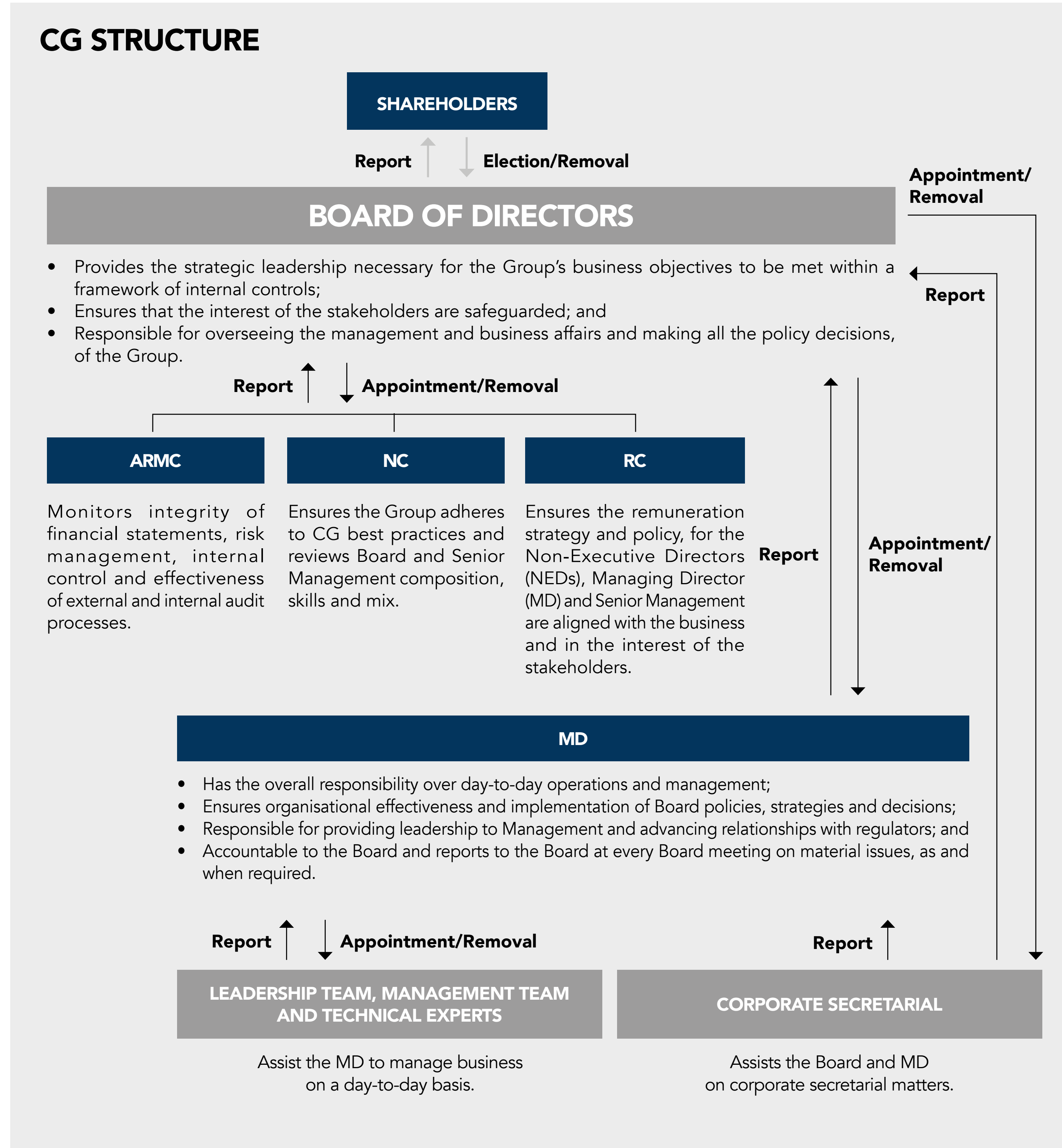
TRUSTWORTHY
We believe that trust and integrity are fundamental prerequisites to being a respected and valuable company.

Our Board operates within a well-defined governance framework that includes established procedures, clear lines of responsibility and delegated authorities. This framework ensures the effective implementation of the approved strategy and the assessment and mitigation of key risks.

Within this governance framework, our Board exercises its oversight function, ensuring that the approved strategy is executed efficiently and that risks are identified, evaluated and effectively managed. The procedures and lines of responsibility within the framework provide clarity and guidance to the Management Team and employees, facilitating the smooth implementation of strategic initiatives. By maintaining a strong governance framework, our Board demonstrates its commitment to accountability, transparency and the pursuit of sustainable value creation for the Group.

Furthermore, our Board recognises the importance of engaging with the Group's stakeholders. It ensures that there are sufficient channels for stakeholder input and that their perspectives are taken into consideration during decision-making processes. This commitment to stakeholder engagement fosters a more inclusive approach and enables our Board to make informed decisions that align with the interests and expectations of various stakeholders.

Our CG structure is as depicted below:



Corporate Governance Overview Statement

Division of Responsibilities

The leadership responsibilities within our Board are divided between the Chair of the Board and the MD. The Chair of the Board is responsible for overseeing the overall effectiveness of the Board, while the MD is in charge of managing the day-to-day operations of the business. The MD also collaborates with the Board to develop strategic plans and leads the implementation of those plans together with the Leadership Team.

For reinforced independent oversight, one of our NEDs serves as the Senior Independent Director. This individual has been carefully selected based on his demonstrated independence and strong character traits, as assessed by the Board.

In addition, to facilitate effective management of the business, the Board has delegated authority to the MD through an approved *Limits of Authority (LOA)* framework. This enables the MD to delegate authority to the Group's Senior Management at appropriate levels, empowering them to fulfil their responsibilities efficiently.

The *LOA* framework plays a crucial role in our corporate structure, providing a clear and structured approach to decision-making and operational management. Regular reviews and updates of the *LOAs* are conducted to ensure their ongoing relevance and suitability for the Group's business operations.

On 22 June 2023, we revised our corporate *LOA* to align with the evolving needs and objectives of our organisation. This framework sets out the delegation of authority and responsibilities at the corporate level, ensuring effective governance and accountability.

Additionally, on 18 April 2023, both SEA Hibiscus' *LOA* and Peninsula Hibiscus' *LOA* were revised to enhance their effectiveness within the respective operating subsidiaries. These *LOAs* outline the delegation of authority and decision-making processes specific to each subsidiary, enabling efficient and streamlined operations.

Furthermore, on 22 November 2022, the Marigold-Sunflower Project *LOA* was revised to address the unique requirements and considerations of the project. This *LOA* provides the necessary guidelines and controls for the successful execution and management of the Marigold-Sunflower Project.

The *LOA* framework extends to our project entities, including Anasuria Hibiscus UK Limited and Carnarvon Hibiscus Pty Ltd. These entities have their own *LOAs*, tailored to the specific project requirements, ensuring effective project management and decision-making.

Additionally, our joint operating entity, such as Anasuria Operating Company Limited, also adheres to the *LOA* framework. This entity has established guidelines and processes that facilitate collaboration, coordination and effective decision-making among the joint venture partners.

Overall, the *LOA* framework serves as a fundamental tool in our CG structure, providing clarity, accountability and control across the Group. Regular reviews and updates ensure that the *LOAs* remain relevant and aligned with our strategic objectives, enabling us to operate efficiently and effectively in a dynamic business environment.

Strategic Planning and Implementation

As part of our strategic planning and implementation, our Board conducted a review of the matters reserved for its decision-making and examined the criteria outlined in the MMLR and the MCCG to gauge whether additional self-regulation measures should be employed to complement market regulation.

To facilitate effective governance, the Board has delegated certain responsibilities to three Board Committees: the ARMC, NC and the RC. The Board is confident that these Board Committees have adequate resources and time to carry out their duties effectively. The *Terms of Reference (TOR)* for each Board Committee are periodically reviewed, revised and approved by the Board. The respective Board Committee Chairs provide regular reports on their activities to the Board. Detailed *TORs* for each Board Committee can be accessed on our corporate website.

The powers of the Board are governed by our Company's *Constitution*, which outlines the decision-making processes of the Board and the rights of shareholders to attend and vote at general meetings. Directors have access to our Management Team and when necessary and appropriate, they can seek advice and information from independent advisors to discharge their responsibilities accordingly.

Board Administration

Our Board is supported by two company secretaries who are responsible for equipping the Board with necessary policies, processes, information and resources for its effective and efficient function. The company secretaries also ensure compliance with all Board procedures and offer advice to the Directors, as needed. The company secretaries also serve as secretaries to the ARMC, NC and RC. They have direct access to the Chairs of these Board Committees. In addition to their statutory duties, the company secretaries facilitate communication between the Board and Management.

Discharging Board Responsibilities

Throughout FY2023, our Board conducted 12 regular meetings, with one dedicated to an extensive review of our long-term business strategy. The depth of review and the Directors' commitment to allocating appropriate amounts of time to do the same are a testament of the Board's responsibility towards fulfilling its fiduciary duties diligently. In addition to these meetings, our Board held more frequent sessions to discuss proposed plans on funding, asset acquisitions and arising developments, enabling the Board to provide valuable guidance to the Leadership Team.

In January 2023, our Board approved a comprehensive business plan for the year, centred around the strategic themes of "Execute – Enhance – Excel – Exploring New Horizons". This plan charts the direction for achieving growth, operational excellence and value creation, encompassing a range of key initiatives, including elevating efforts in seeking viable low-carbon investments, considering a more consistent and gradually increasing dividend payout philosophy, funding strategy measures, talent identification and retention initiatives and organising added investor relation activities as part of efforts to engage further with stakeholders.

Our Board took an active role in guiding the Management Team to streamline operations, optimise efficiency and execute asset development projects with precision. Our Board placed a strong emphasis on exploring opportunities within our existing licences and conducting thorough assessments of potential acquisitions based on their compelling value propositions. Similarly, for the United Kingdom Continental Shelf, our Board provided strategic guidance by prioritising efforts to secure regulatory approvals for the Teal West project, expanding efforts to maximise the value of the Marigold project, actively assessing opportunities to increase our market presence in jurisdictions with robust legal frameworks, while also considering potential farm-down options, where deemed in the interest of the Group. In addition, our Board has also supported the Management Team in prioritising the Group's focus to potential gas prospects which align with our commitment to enhancing our portfolio with cleaner energy sources. Through these proactive measures, our Board has effectively positioned the Group towards fulfilling its identified objectives.

To monitor performance and evaluate strategic objectives, our Board approves the Key Performance Indicators (KPIs) at the Group, Corporate and Business Unit levels. These KPIs serve as important benchmarks for performance appraisals and guide our progress monitoring.

Overall, over FY2023, our Board demonstrated its commitment to sustainable growth and delivering value to shareholders through strategic planning and robust decision-making deliberations to optimise production, explore new ventures and establish effective performance metrics to drive the growth and success of the Group. Our Board remains dedicated to thorough reviews and addressing crucial matters to ensure effective governance and the sustained success of the Group.

Board and Board Committee Meetings and Attendance

The Directors demonstrated exceptional commitment at both our Board and Board Committee meetings throughout FY2023 with a perfect attendance record and their active participation in deliberations on agendas presented.

The Directors' attendance at Board and Board Committee meetings for FY2023 is summarised below:

Director	Board	ARMC	NC	RC
Number of meetings held during FY2023	**12**	**9**	**7**	**5**
Zainul Rahim bin Mohd Zain[1]	100% (12/12)	100% (4/4)	100% (4/4)	100% (2/2)
Dr Kenneth Gerard Pereira	100% (12/12)	n/a	n/a	n/a
YBhg Dato' Sri Roushan Arumugam[2]	100% (12/12)	100% (5/5)	100% (7/7)	100% (5/5)
Thomas Michael Taylor	100% (12/12)	100% (9/9)	100% (7/7)	100% (5/5)
YBhg Dato' Dr Zaha Rina Zahari	100% (12/12)	100% (9/9)	100% (7/7)	n/a
Emeliana Dallan Rice-Oxley[3]	100% (8/8)	n/a	100% (3/3)	100% (3/3)
Zaidah binti Ibrahim[4]	100% (6/6)	n/a	100% (3/3)	100% (3/3)

Notes:
1 Encik Zainul Rahim bin Mohd Zain resigned as a member of the ARMC, NC and RC on 1 January 2023 but remains as the Chair of the Board.
2 YBhg Dato' Sri Roushan Arumugam was appointed to the ARMC on 1 January 2023.
3 Puan Emeliana Dallan Rice-Oxley was appointed to the Board on 5 October 2022 and appointed as a member of the NC and RC on 1 January 2023.
4 Puan Zaidah binti Ibrahim was appointed to the Board and as a member of the NC and RC on 1 January 2023.
n/a Denotes 'not applicable' as the Director is not a member of the Board or Board Committee (as applicable) during FY2023.
% The figures represent the percentage of meeting attendance for each Director at the respective meetings held during FY2023.

Corporate Governance Overview Statement

The Directors' dedication to fulfilling their responsibilities are integral to maintaining effective governance and oversight, reflecting their commitment to upholding the highest standards of corporate ethics and responsibility.

Promoting Good Business Conduct

The Group's *Code of Conduct and Ethics (Code)* governs the way we work and has been updated in June 2023 to enhance the existing Conflict of Interest (COI) disclosures of a key person[2], pursuant to the amendments made to the MMLR. The updates ensure that any COI are handled in a transparent and diligent manner, ensuring that any decisions made are objective and not compromised by such situations or potential ones.

The Group also has in place an *Anti-Corruption and Anti-Bribery (ACAB) Policy* which reiterates our zero tolerance for bribery and corruption. Regular training on the *Code* and *ACAB Policy* are conducted, including on the corporate liability provisions introduced by Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (amended 2018). As at 31 July 2023, all of Hibiscus Petroleum Group staff had completed the required annual refresher course and the latest round of quizzes to ensure awareness and understanding of the *Code* and the *ACAB Policy*.

In addition, compliance with the principles of the *Code* and the *ACAB Policy* are explicitly required through terms incorporated in contracts executed with contractors, joint venture partners, or other parties working/dealing with the Group.

Hibiscus Petroleum also maintains a *Whistle Blower Policy*. Employees and stakeholders are reminded of their obligations to report any improper conduct or known organisational practice(s)/wrongdoing(s). Any reported case is investigated by the Group Internal Auditor, with an update provided to the ARMC and the Board of Directors.

In alignment with international human rights and labour standards, Hibiscus Petroleum has earlier established an *Anti-Modern Slavery Policy* which reinforces our commitment to combat modern slavery. This policy can be viewed on our corporate website.

To prevent insider trading, our Directors and employees, including Principal Officers[3], are reminded of their obligations not to deal in Hibiscus Petroleum's securities when in possession of price-sensitive information. The Company has a *Policy with Regard to Insider Dealing* to ensure compliance with applicable regulations.

In order to maintain high standards of Directorship, Hibiscus Petroleum has in place a *Fit and Proper Policy for the Appointment and Re-election of Directors*. This policy ensures that individuals appointed or re-elected as directors possess the necessary qualities, character, integrity, competency and commitment to discharge their responsibilities effectively.

Our Board of Directors recognises the importance of avoiding COI to ensure the best interests of the Group are upheld. Directors have a duty to refrain from engaging in any situation where they have, or could have, a direct or indirect interest that conflicts, or potentially conflicts, with the interests of the Group. To address this, the Board has implemented procedures to effectively manage such situations.

Driving Sustainability for a Better Future

At Hibiscus Petroleum, we are dedicated to building a better future through sustainable growth. We believe in harnessing the power of innovative ideas and exploring multiple strategic options to address global energy demand in a responsible and impactful way. Our commitment goes beyond mere compliance; we strive to continually engage in safe, cost-efficient and environmentally and socially responsible practices.

One of our key engagement platforms is the effort taken in fostering close relationships and partnerships with our host countries, particularly in countries in which we operate; namely Malaysia, Vietnam, the United Kingdom and Australia. We recognise that sustainable growth is not possible without collaboration and engagement with local stakeholders. By forging strong alliances, we align our activities with national development priorities, generate economic and social value and create opportunities for local businesses and investments. Furthermore, we are dedicated to enhancing local skills and capabilities, contributing to the development and empowerment of the communities we operate in.

Sustainability is at the heart of our operations. It is seamlessly integrated into our strategy, management standards, governance and audit processes. We have established a comprehensive framework that ensures sustainability considerations are incorporated into every aspect of our business. Our approach is guided by the expectations of our Directors, the Business Sustainability Management Committee and key stakeholder groups, including our shareholders, host governments and communities.

Notes:

2 Key person refers to, among others, a Director, key senior management and legal representative of a listed corporation, as well as a Director and Chief Executive of the management company or trustee-manager of a real estate investment trust, exchange-traded fund, closed-end fund and business trust.

3 Principal Officers refer to the Chief Executive Officer who is not a Director, the Chief Financial Officer or any other employee who has access or is privy to price-sensitive information in relation to the listed issuer.

Our sustainability efforts are underpinned by our core values and aligned with the United Nations' Sustainable Development Goals (SDGs). We recognise the global challenges we face and actively work towards achieving the SDGs in a way that is meaningful. By incorporating these goals into our practices, we contribute to addressing pressing issues such as climate change, environmental stewardship, social equality and economic development.

We are committed to transparency and open communication with our stakeholders. Our *Sustainability Policy* and *Climate Change Framework* provide a clear roadmap for our sustainable practices. These documents can be accessed on our corporate website, allowing stakeholders to understand our commitment to sustainability and the steps we are taking to drive positive change.

Our Approach to Sustainability

At Hibiscus Petroleum, sustainability is not an afterthought, but an integral part of our DNA. We continuously strive to improve and innovate, exploring new ways to minimise our environmental footprint, enhance social well-being and create long-term value for all stakeholders. By embracing sustainability as a guiding principle, we are taking progressive steps in efforts to jointly contribute to a better future for generations to come.

In addition, the Group has implemented an *Environment Policy* that focuses on optimising energy and natural resource usage while ensuring continuous assessment of our operations' impact on the environment. We maintain action plans, including a *Crisis Management Plan*, to effectively respond to any emergencies that may arise. Our commitment extends to understanding and implementing sustainable practices, striking a balance between our shareholders' objectives, economic success, environmental protection and the ethical obligations to our stakeholders and the wider community living in the areas in which we operate.

Our Board has reviewed and approved the material sustainability matters that reflect the significant environmental, social and governance impacts on our business for FY2023. For more detailed information on our sustainability performance, please refer to our Sustainability Report, on pages 114 to 206 of this Annual Report 2022/2023.

BOARD COMPOSITION, SUCCESSION AND EVALUATION

Our Board is dedicated to ensuring that we have a highly skilled and experienced Leadership Team that drives the success of our Group. The NC plays a vital role in overseeing the appointment and succession planning of Directors and Senior Management. We place great value on diversity and inclusivity, as emphasised in our *Diversity Policy*, which recognises the importance of individuals from different backgrounds, skills and experiences.

Appointments to our Board are based on merit and the potential value that each candidate brings to the Group. The *Fit and Proper Policy for the Appointment and Re-election of Directors* provides guidance in our selection process, ensuring that we choose the most qualified individual for a Board position.

Hibiscus Petroleum prides itself on having a Board of Directors that embraces diversity and inclusivity. The Board consists of individuals from various age groups, ethnic backgrounds and professional fields, such as oil and gas, business administration, finance and banking, engineering, accounting, audit and the legal sector. This diverse composition enables the Board to leverage a wide range of perspectives, knowledge and skills, contributing to effective stewardship and management.

Recognising the value of diversity, our Board believes that embracing different perspectives and experiences can foster a culture of innovation, creativity and critical thinking, enabling us to adapt to the evolving needs of our stakeholders and the dynamic business environment, resulting in enhanced Company performance which may provide Hibiscus Petroleum with a significant competitive advantage. By fostering a culture of inclusivity, Hibiscus Petroleum ensures that all Board members' voices are heard, respected and valued. This inclusive approach encourages open dialogue, collaboration and the exploration of new ideas and solutions which we believe results in the enhanced overall performance of the Group.

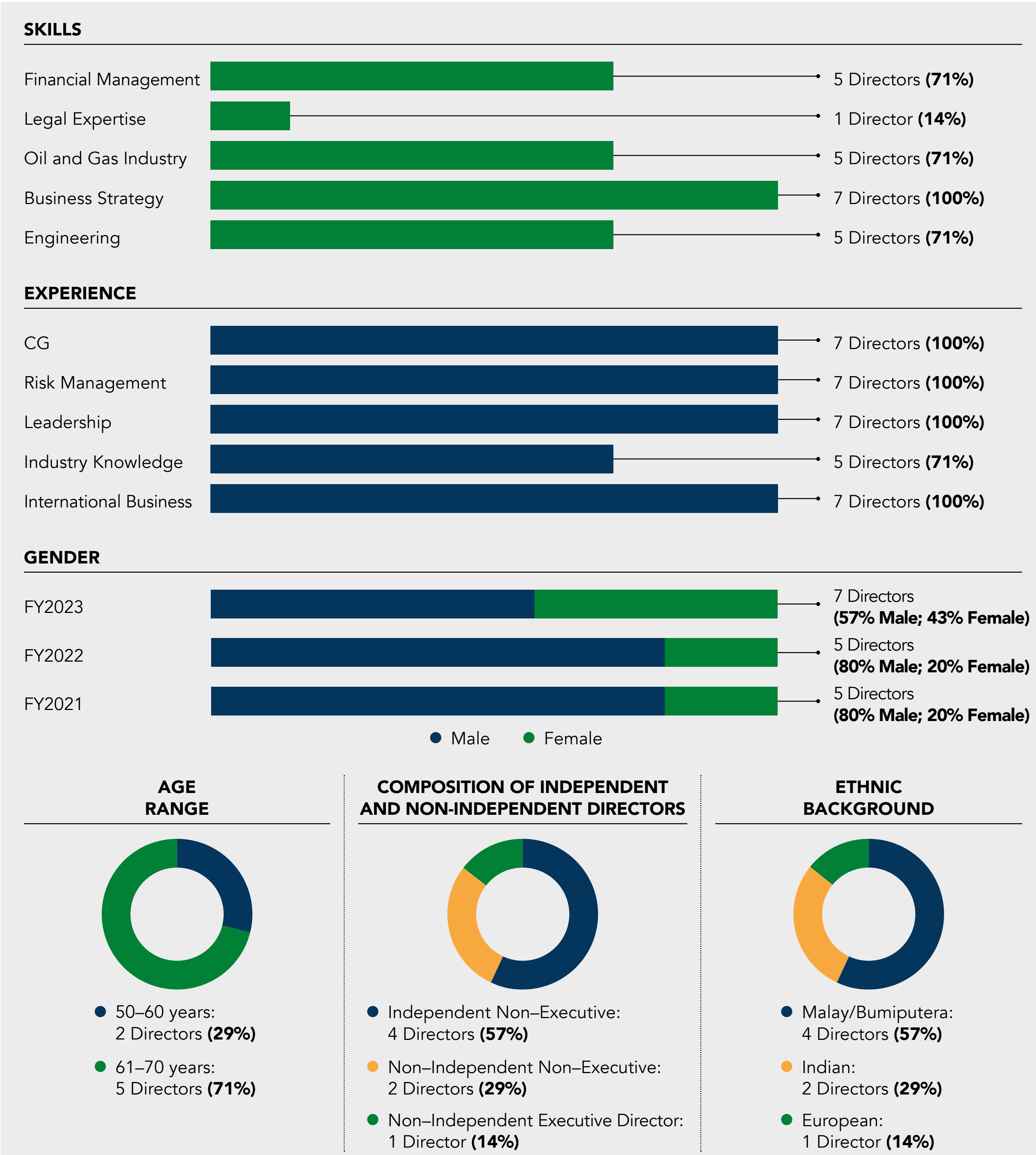
In our commitment to enhancing diversity and expertise on the Board, we conducted a thorough search process, resulting in the appointment of Puan Emeliana Dallan Rice-Oxley and Puan Zaidah binti Ibrahim as Independent Non-Executive Directors (INEDs) in October 2022 and January 2023, respectively. With their appointments, we have achieved a 43% representation of female directors on our Board. Both Puan Emeliana Dallan Rice-Oxley and Puan Zaidah binti Ibrahim bring extensive international experience in the oil and gas industry, contributing valuable perspectives to our Board. To ensure a smooth transition, they underwent a tailored induction programme, familiarising themselves with our business operations and governance policies.

With these changes, our Board composition of seven (7) directors comprise four (4) INEDs, accounting for 57% of our Board and three (3) NEDs including our Non-Executive Chair, comprising the remaining 43%. This composition aligns with the requirements and guidelines set by relevant governance frameworks, ensuring a balanced and diverse representation on our Board.

Further information about the backgrounds and qualifications of our Directors can be found on pages 76 to 83 of this Annual Report 2022/2023.

Corporate Governance Overview Statement

The charts below provide a visual representation of the diversity and composition within our current Board, showcasing the range of skills, experience, age, ethnic background and independence represented:



Enhancing Governance and Accountability

In accordance with regulatory requirements and good governance practices, YBhg Dato' Sri Roushan Arumugam was re-designated from an Independent Director to a Non-Independent Director on 25 July 2023. This re-designation was necessitated by the MMLR of Bursa Securities, which limit the tenure of Independent Directors to a maximum of 12 years. This re-designation reflects our commitment to effective governance and accountability, ensuring compliance with the prescribed guidelines.

Re-election Recommendations for Directors at the 13th Annual General Meeting (AGM)

Dr Kenneth Gerard Pereira, YBhg Dato' Sri Roushan Arumugam, YBhg Dato' Dr Zaha Rina Zahari and Puan Zaidah binti Ibrahim have the full support and recommendation of the Board to be re-elected at the upcoming 13th AGM. The Board recognises their exceptional contributions and believes that their re-election will bring continued stability, expertise and valuable perspectives to the Board and its Board Committees.

Each of these Directors has demonstrated a strong commitment to the Group's success and has played an instrumental role in driving our strategic objectives forward. Their diverse backgrounds and wealth of experience have enriched our decision-making processes and helped navigate complex business challenges.

The Board has conducted a thorough assessment of the performance and qualifications of these Directors in accordance with our governance framework. They have completed the necessary *Fit and Proper* declarations, validating their ongoing suitability for the roles they serve. The Board is satisfied that they meet the requisite standards of competence, character and integrity.

The Board firmly believes that their re-election will be in the best interest of the shareholders and the Group as a whole. Their ongoing dedication, industry knowledge and expertise will continue to enhance the governance practices and contribute to the long-term sustainability and growth of the Group.

The recommendation for the re-election of these Directors is subject to the approval of shareholders at the 13th AGM. We encourage all shareholders to exercise their voting rights and support the re-election of these esteemed individuals, as their continued presence on the Board will ensure the continuity of effective leadership and stewardship for the benefit of all stakeholders.

Board Effectiveness and Performance Assessment for FY2023

To ensure continued effectiveness, we conduct regular performance reviews for all Directors, ensuring their contributions align with the strategic objectives of the Group. In FY2023, we conducted an internal assessment to evaluate the effectiveness of our Board. Directors completed questionnaires which assessed their individual and collective performance, facilitated by the company secretaries. The evaluation highlighted the positive diversity of views, skills and experiences within the Board, fostering a constructive boardroom culture where challenges are welcomed. The assessment also identified areas for improvement, such as addressing principal risks and enhancing our succession strategy. These insights have been integrated into our future meeting agendas, allowing us to continually strengthen our governance practices.

The Board remains steadfast in its commitment to maintaining a strong and diverse composition, robust succession planning and effective governance. We greatly appreciate the dedication and expertise of our Directors in guiding the strategic direction and decision-making processes of our Group, ensuring sustainable growth and long-term success.

Directors' Continuing Education Programme

The commitment of our Board at Hibiscus Petroleum to continuous learning and development is evident in their active participation in various training programmes during FY2023. These programmes included seminars, conferences and webinars, providing our Directors with valuable insights and knowledge. Moreover, our newly appointed Directors underwent tailored induction programmes to ensure a thorough understanding of our business operations and governance policies. This strong dedication to ongoing education and skill enhancement reinforces our Board's ability to make informed decisions and effectively guide the Company forward.

To ensure that our Directors have access to relevant training opportunities, our Corporate Secretarial team regularly notifies them of external training programmes. In addition, the training needs of our Directors are identified through the annual Board assessment process. This assessment allows us to understand the specific areas where additional training may be beneficial, further enhancing Board effectiveness.

At Hibiscus Petroleum, our Directors prioritise continuous professional development and have successfully completed the Mandatory Accreditation Programme (MAP) mandated by Bursa Securities. Furthermore, some of our Directors have proactively enrolled in the earlier sessions of the newly launched mandatory MAP Part II: Leading for Impact programme, initiated by the Securities Commission Malaysia.

Corporate Governance Overview Statement

This programme was specifically designed to enhance board leadership in agile and responsible business practices, with a strong focus on sustainability and ESG governance. Through their active participation in these programmes, these Directors demonstrate their dedication to staying updated with industry best practices and upholding the highest standards of CG at Hibiscus Petroleum.

We recognise the growing importance of sustainability considerations in our business and operations and organised training programmes for the Board and Management. These programmes are aimed to keep them abreast on current developments and challenges related to sustainability in order to address arising sustainability concerns and make informed choices aligned with our commitment to environmental and social responsibility.

In addition to external training, our Directors at Hibiscus Petroleum also benefit from regular updates on the market outlook, competitive landscape and changes to accounting standards. These updates are provided by our MD, Management Team and external auditors, ensuring that our Directors are equipped to make well-informed decisions.

Furthermore, our Directors actively participate in key strategic planning initiatives, such as the Hibiscus Strategic Planning Conference 2023, which took place in August 2023. This off-site conference provided a valuable platform for our Directors to engage with Management in strategic discussions, exchange insights and contribute to the long-term vision and direction of the Company. Their active participation in such initiatives further enhances their understanding of the business landscape and strengthens their ability to make informed decisions which drive the success of the Group.

DIRECTORS' REMUNERATION FRAMEWORK

The determination of remuneration for the NEDs, Executive Directors and Senior Management of Hibiscus Petroleum is the responsibility of the RC. The RC reviews the *Directors' Remuneration Policy* and the remuneration policies for the Senior Management, ensuring that rewards are closely aligned with the successful delivery of the Group's Scorecard and KPIs.

The Company adheres to a policy that requires Executive Directors appointed to the Boards of associate and/or subsidiary companies to surrender any fees received from those entities to the Company, provided that the individuals are adequately protected and indemnified from claims and liabilities incurred while discharging their duties lawfully in the best interests of the Company.

The remuneration of our NEDs is structured around fixed fees based on their responsibilities on the Board and Board Committees. In addition, NEDs receive a meeting allowance per day and are reimbursed for reasonable expenses incurred in the discharge of their duties, such as travel and accommodation expenses. The Company has established a process for reimbursing these expenses.

Each year, the RC conducts a review of the Board's remuneration to ensure its competitiveness. This review takes into account factors such as remuneration provided to Directors in comparable companies within the oil and gas sector. The complexity and performance of the Group, as well as the individual members' responsibilities, contributions, statutory and fiduciary duties, risks, intensity or complexity of work, time commitment and effort, are also considered. Board remuneration is proposed annually and requires approval by the shareholders at the AGM.

It is important to note that individual Directors do not participate in discussions or decisions regarding their specific remuneration. The Board acknowledges the review conducted by the RC, which provides insights into the remuneration landscape. This includes considerations such as the fees paid to the Chair of the Board in comparison to the market average and the appropriateness of meeting allowances for NEDs based on workload and responsibilities.

The remuneration structure at Hibiscus Petroleum is formulated to ensure fairness and competitiveness. The RC is responsible for determining the remuneration of NEDs, Executive Directors and Senior Management. The Board conducts an annual review to meticulously evaluate and ensure that the remuneration remains competitive and aligned with market standards.

For the period from the day after the 13th AGM in December 2023 until the date of the next AGM in 2024, the Board has carefully considered the remuneration fees for the Chair of the Board and other NEDs.

Based on our *Directors' Remuneration Policy* which ensures fairness, transparency and alignment with our business performance, we conducted a comprehensive review to benchmark the fees paid to NEDs by comparable companies in the oil and gas sector.

The findings of this review, coupled with the strong justifications below, have provided compelling support for the proposal to increase the remuneration of our NEDs which include:

- The need to offer competitive remuneration to attract and retain skilled individuals who can effectively steer the Company amidst the complexities of the oil and gas industry;
- To attract experienced Directors with valuable insights, industry connections and expertise to contribute to informed decision-making and assist the Company in navigating dynamic market conditions;
- To mitigate the risk of losing experienced Directors to external opportunities and ensure continuity in governance practices, crucial for long-term stability and sustainable growth;
- To acknowledge the critical roles played by the Chair of the Board and NEDs in overseeing critical projects such as Teal West and the SF30 Water Flood (Phase 2) which have recently received the Development and Production Works Consent to progress accordingly;
- To recognise the NEDs' efforts through a competitive compensation package which fosters a positive work environment and reinforces the Board's commitment to excellence; and
- To recognise the significance of the NEDs' oversight of the Company's risk management processes in safeguarding the interests of shareholders and stakeholders.

In addition, the Board is proposing the introduction of medical coverage as an additional benefit for NEDs. This proposal will be presented to shareholders for approval at the upcoming 13th AGM in December 2023. The objectives for the provision of medical coverage are to enhance the well-being of NEDs and recognise their valuable contributions to the Company. The well-being and health of our Directors are essential to their effective functioning and decision-making and this proposed benefit underscores our commitment to their overall welfare.

The proposed remuneration structure for the NEDs at Hibiscus Petroleum, including the proposed medical coverage benefit, will be presented to shareholders for approval at the upcoming AGM. The fixed fees and meeting allowances will be paid in arrears on a quarterly basis, covering the period from the day after the 13th AGM to the date of the AGM in 2024.

Type of Fees/Meeting Allowances/ Other Benefits	Existing Rate	For the period from the day after the 13th AGM in December 2023 until the date of the next AGM in the year 2024
Non-Executive Chair of the Board's Annual Fee	RM250,000	RM330,000
NEDs' Annual Fees (excluding the Chair of the Board)	RM150,000	RM180,000
<u>Meeting Allowances for the Chair</u> For each meeting of the Board and the Board Committee attended by a NED serving as the Chair of the meeting	RM4,500	No proposed change to the existing rate
<u>Meeting Allowances for a Member</u> For each meeting of the Board and the Board Committee attended by a NED serving as a member of the meeting	RM3,500	No proposed change to the existing rate
<u>Specific Meeting Allowances</u> For each specific meeting attended by a NED, which involves interactions with third parties on behalf of the Company, in addition to the regular Board and Board Committee meetings	RM3,500	No proposed change to the existing rate
<u>Other benefits for NEDs</u> Annual individual limit for medical coverage * The coverage will be provided through either company-secured insurance or directly by the Company up to the total specified capped limit	Not applicable	RM500,000

Note: The actual remuneration figures for each Director during FY2023 is disclosed in the relevant financial statements and CG Report.

Corporate Governance Overview Statement

MD's Remuneration

The remuneration of our MD is in accordance with the terms of his employment contract which was approved by our Board. The remuneration package reflects the MD's responsibilities and contributions to the Company, prerequisite qualifications and experience, strategic targets and performance of the Group (amongst others). The specific breakdown of the MD's remuneration can be found in the Audited Financial Statements on page 319 of this Annual Report 2022/2023.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Internal Control and Risk Management

Our Board acknowledges the utmost importance of establishing and maintaining a strong system of internal controls within the organisation. These internal controls are thoughtfully designed to safeguard the Company's assets, mitigate risks, ensure compliance with regulatory requirements and uphold responsible governance practices. Our Board actively engages in the development and implementation of policies, procedures and frameworks that establish robust internal controls throughout the organisation.

The ARMC assumes a crucial role in overseeing the effectiveness of the Company's internal control environment. The ARMC is responsible for monitoring the external audit of reserves and resources, as well as the internal audit programme. By conducting comprehensive reviews of financial reporting, risk management practices and internal audit processes, the ARMC ensures that risks are identified, managed and communicated in a timely and effective manner.

In order to enhance the capabilities of the ARMC, the Board has implemented proactive measures through the establishment of the Executive Risk Management Committee (ERMC). The ERMC comprises Senior Management members who have been delegated specific responsibilities by the ARMC to support its oversight functions. Through regular meetings and collaborative discussions, the ERMC contributes to the identification, evaluation and management of risks across the organisation. Their collective knowledge and experience aid in the development of robust risk management frameworks and the implementation of effective mitigation measures.

The Company's internal control systems undergo thorough annual assessments to evaluate their effectiveness in addressing evolving risks and improvements are made, as and when required. Their dedication towards ensuring internal control systems are robust is a testament to our Board's commitment to responsible governance in protecting the Company's assets and fostering sustainable growth. Through the establishment and maintenance of effective internal controls, Hibiscus Petroleum strengthens its ability to manage risks, safeguard shareholder interests and achieve its business objectives in a reliable and transparent manner.

Business Sustainability Management Committee

Our Board has delegated the responsibility and oversight of environmental stewardship, occupational and process safety, asset security and overall governance to the Business Sustainability Management Committee. This committee reviews sustainability strategies, priorities and key initiatives, policies and programmes. It also monitors progress and promotes responsible practices. Through its oversight, the committee drives and monitors our progress in attaining our aspiration to become a net zero emissions producer by 2050.

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

Engaging With Our Stakeholders

Our Board places great importance on maintaining transparent and timely communication with our stakeholders. We are committed to providing adequate and timely disclosure of relevant information, including financial, organisational, governance and transaction-related updates. To ensure consistency and adherence to best practices, our Group has established comprehensive *Corporate Disclosure Policies and Procedures*. Our Group's spokespersons strictly adhere to these policies, ensuring that all communications align with our disclosure guidelines.

We understand the importance of shareholder engagement and recognise it as part of our fiduciary duties to our shareholders. Leveraging the power of information technology, we employ various channels to disseminate information to our stakeholders. Through various platforms, such as our website, investor portals, webcasts and digital communication tools, we provide access to a wealth of information, including our annual reports, quarterly reports, corporate and business updates, notices of general meetings, investor briefing slides, press releases, public announcements and responses to frequently asked questions.

We have further improved the accessibility and transparency of our disclosures by dedicating specific sections on our corporate website to financial results and CG. These sections serve as centralised resources for stakeholders to access key information related to our financial performance, governance practices and risk management initiatives. By consolidating this information in a user-friendly format, we aim to enhance stakeholders' understanding of our Group's operations, strategies and progress.

Furthermore, we recognise the importance of ongoing engagement with our stakeholders. Through proactive and open communication, we encourage feedback, questions and constructive dialogue from shareholders, analysts, investors, employees and other relevant stakeholders. We are committed to addressing their enquiries and concerns in a timely and transparent manner, strengthening our relationships and building trust.

By maintaining clear and consistent communication practices, we strive to provide stakeholders with the information they need to make well-informed decisions about our Group. We believe that effective communication not only enables stakeholders to assess our activities but also fosters a deeper understanding of our business, values and commitment to sustainable growth. As we continue to engage with our stakeholders, we remain dedicated to transparency, accountability and responsible CG practices.

Conduct of General Meetings

The general meetings serve as a significant platform for engagement and communication with our shareholders. In light of our commitment to ensuring the safety and well-being of all individuals, our 12th AGM and Extraordinary General Meeting (EGM) were held virtually on 1 December 2022. The decision to conduct virtual meetings was driven by the prevailing COVID-19 situation, following the guidance provided in the *Revised Guidance Note on the Conduct of General Meetings for Listed Issuers (Revised Guidance Note)* issued by the Securities Commission Malaysia and the applicable Standard Operating Procedures issued by Majlis Keselamatan Negara.

The conduct of virtual meetings during the COVID-19 pandemic allowed us to realise that participation was greater and more meaningful when shareholders were able to engage with the Board and Management from remote locations conveniently.

The *Revised Guidance Note* provided by the Securities Commission Malaysia enables listed issuers to continue leveraging technology for the conduct of their general meetings. This aligns with the Malaysian Government's directive and allows us to comply with the *Revised Guidance Note*. Our 12th AGM and EGM were conducted on a virtual basis through live streaming, enabling shareholders to attend remotely. Online remote voting facilities were also made available, providing a convenient and secure method for shareholders to cast their votes.

By adopting virtual meeting arrangements, we ensured that shareholders had the opportunity to participate and engage in the decision-making processes of the AGM and EGM, regardless of their geographic location. The virtual format facilitated the submission of questions in advance and during the meetings, allowing for interactive and informative sessions. The proceedings were conducted with the utmost transparency and adherence to relevant regulations.

Through virtual platforms, we successfully convened the 12th AGM and EGM to obtain the necessary approvals from our shareholders for the proposed resolutions tabled.

Moving forward, we remain committed to providing regular updates, financial reports and other relevant information to our shareholders through various digital channels. We encourage shareholders and stakeholders to stay connected and leverage these channels to engage with us, ensuring open and effective communication.

As the situation evolves, we will continue to monitor and assess the feasibility of holding future general meetings in accordance with prevailing regulations and guidelines. We have circa 16,300 shareholders as of 29 September 2023 and we would like to be able to maximise participation amongst our investors.

Enhanced Shareholder Engagement

To ensure adequate preparation and participation from our shareholders, the Notices of our 12th AGM and EGM were issued more than 28 days prior to the meetings, providing sufficient time for attendance planning and proxy form submission, if required. The virtual format of the AGM and EGM further extended the reach of shareholder engagement, allowing individuals residing outside the Klang Valley to actively participate and vote. Shareholders were encouraged to submit their questions to the Board ahead of and during the AGM and EGM, fostering interactive and informative sessions that facilitated meaningful dialogue between shareholders and the Board.

Engaging and Productive 12th AGM and EGM: Insights, Discussions and Shareholder Participation

At the 12th AGM, our MD delivered a comprehensive presentation on the Group's financial results and significant accomplishments. The virtual nature of the meeting proved successful, as it attracted a significant level of engagement. Over 300 shareholders and proxies, representing 47.63% of our Company's issued share capital, actively participated in the virtual gathering.

The entire Board, including the MD and Leadership Team, attended the 12th AGM, either physically at the Broadcast Venue or online, demonstrating their commitment to engaging with shareholders. They responded to enquiries pertaining to the Group's performance, financials, business operations and CG, ensuring transparency and accountability. The question-and-answer session was effectively moderated by Deloitte Business Advisory Sdn Bhd, an independent moderator appointed for the AGM, further facilitating constructive discussions between shareholders and the Board.

Corporate Governance Overview Statement

An EGM was held immediately following the conclusion of the 12th AGM. The purpose of the EGM was to obtain shareholders' approval for the capital reduction and share buy-back initiatives. The virtual format of the EGM allowed for efficient and streamlined decision-making, with shareholders able to participate and cast their votes online through the remote electronic voting system. The Board presented the proposals during the EGM, providing detailed explanations on the initiatives tabled. The EGM served as a platform for shareholders to actively contribute to the decision-making process and demonstrate their ongoing support for the Group's strategic initiatives. The virtual EGM saw the active involvement of over 200 shareholders and proxies, representing 48.23% of the Company's issued share capital.

The significant attendance recorded at both the 12th AGM and EGM underscored the shareholders' support and interest in the business performance of the Company.

The successful virtual format of the 12th AGM and EGM allowed for broader shareholder participation regardless of geographical location and promoted engagement and transparency. We are appreciative of our shareholders' active involvement and valuable contributions during the 12th AGM and EGM.

Smooth and Secure E-Polling Process at the 12th AGM and EGM

The voting process at both the 12th AGM and EGM was conducted seamlessly and securely through e-polling. Tricor Investor & Issuing House Services Sdn Bhd, our share registrar, fulfilled the role of the poll administrator, overseeing the electronic voting process and ensuring its accuracy. To ensure transparency and to maintain the integrity of the voting results, Deloitte Business Advisory Sdn Bhd was appointed as the independent scrutineer, responsible for independently verifying the poll results.

Availability of AGM Minutes for Stakeholder Access

As part of our commitment to transparency and accountability, the minutes of our AGM is made available on our corporate website to provide a valuable resource for shareholders and other interested parties to peruse the presentation delivered and the outcome/decisions of such meetings.

Engagement and Communication with Stakeholders

Furthermore, our Board actively encourages stakeholders to engage with us and share their queries or concerns. Shareholders and other stakeholders are encouraged to reach out to the Chair of the Board, Encik Zainul Rahim bin Mohd Zain and the Senior INED, Mr Thomas Michael Taylor, to address any questions or issues they may have.

The contact details for both individuals have been published for easy reference, ensuring that stakeholders have a direct line of communication with the Board. By fostering open channels of communication, we strive to build strong relationships with our stakeholders and ensure their voices are heard and addressed appropriately.

Contact Information

Encik Zainul Rahim bin Mohd Zain
(Chair of the Board)
Email : zainulrahim@hibiscuspetroleum.com
Tel : +603 2092 1300
Fax : +603 2092 1301

Mr Thomas Michael Taylor
(Senior INED)
Email : tmiketaylor@hibiscuspetroleum.com
Tel : +603 2092 1300
Fax : +603 2092 1301

Shareholder Information – 13th AGM

We are pleased to announce that the 13th AGM of our Company is scheduled to take place at 9.30 a.m. on Tuesday, 5 December 2023. The Notice of the 13th AGM, containing the agenda and proposed resolutions, can be found on pages 350 to 356 of this Annual Report 2022/2023.

The Notice of the 13th AGM will be sent to our shareholders by 31 October 2023. In addition, this notice together with the Form of Proxy, Administrative Guide, Annual Report 2022/2023, the CG Report and the Statement in relation to the Proposed Renewal Share Buy-Back Authority to Shareholders can be downloaded from our Company website at https://www.hibiscuspetroleum.com. This digital access ensures the immediate availability of essential documents and promotes efficiency in communication.

In ensuring the AGM-related documents are issued on 31 October 2023, we provide more than the required 21-day notice period and exceed the 28-day recommendation by the MCCG in order to allow our shareholders ample time to review the proposed resolutions, make necessary arrangements to attend the AGM, or appoint proxies as they deem appropriate. Our shareholders' active participation and engagement in the 13th AGM are highly valued.

In accordance with our commitment to environmental sustainability and in line with the evolving global landscape, we strongly encourage all shareholders to opt for electronic communications for the receipt of these important documents. Embracing electronic delivery not only reduces paper consumption but also aligns with the recommendations set forth by the MCCG to encourage digital engagement.

To further support our sustainability efforts, we have adopted a "print-on-request" approach for the Annual Report 2022/2023. A shareholder who prefers a physical copy can request for it, reducing resource costs in addition to minimising our carbon footprint.

The transition of the COVID-19 situation into an endemic phase calls for stringent measures to prioritise the safety and well-being of our shareholders and participants. As recommended by the MCCG, we will be conducting the 13th AGM virtually through live streaming and online remote voting. This virtual format not only ensures compliance with health and safety guidelines but also facilitates broader shareholder participation regardless of geographical location. We believe that embracing electronic communications and conducting virtual meetings are pivotal steps in adapting to the evolving business landscape and meeting the expectations of our stakeholders.

CG PRIORITIES: STRENGTHENING PRACTICES AND PROCESSES FOR THE FUTURE

Our Company places great emphasis on CG as a key driver of transparency, accountability and sustainable growth. To strengthen our governance practices and processes, we have outlined a comprehensive roadmap with both short-term (1 to 2 years) and long-term (3 to 5 years) initiatives.

In the short term, our focus is on reviewing CG policies, providing targeted training to empower our Board and Management, further promoting Board diversity and independence, enhancing stakeholder communication and fortifying our risk management framework.

Looking ahead to the long term, our objectives include integrating sustainability considerations into our strategy, embracing technological advancements, implementing robust succession planning strategies and establishing a continuous evaluation framework.

Our resolute commitment to these priorities aims to solidify our reputation as a responsible and sustainable organisation. Adhering to sound governance principles and maintaining a culture of integrity will ultimately create enduring value for our shareholders, stakeholders and the wider community.

We are proud to share that the Group remains steadfast in operating within a robust governance framework, reinforcing transparency, integrity and exemplary standards of conduct across all levels of our organisation. By upholding these principles, we foster trust, inspire confidence and uphold the interests of our valued shareholders and stakeholders.

The Board's approval of this CG Overview Statement on 4 October 2023 underscores our unwavering commitment to transparent and responsible CG practices.

SUSTAINABILITY REPORT

115 Introduction – Sustainability at Hibiscus Petroleum Berhad
116 Our Approach to Sustainability
118 Prioritising our Material Business Sustainability Matters
118 Our Material Sustainability Matters
122 Health, Safety and Security
- 125 Occupational Health and Safety
- 136 Process Safety and Asset Integrity
- 143 Crisis and Emergency Preparedness
- 153 Security

154 Environmental Management
- 157 Climate Change and Greenhouse Gas (GHG) Emissions
- 159 GHG Emissions Management
- 166 Energy Management
- 167 Waste Management
- 170 Water Management
- 173 Biodiversity
- 175 Soil Quality
- 176 Boundary Noise
- 176 Air Emissions
- 176 Environmental Studies
- 179 Environmental Audit

180 Our People
- 180 Workforce Diversity and Inclusivity
- 182 Performance and Rewards
- 182 Talent Development
- 183 Employee Management and Engagement

184 Our Community
- 184 Employment and Training Initiatives
- 185 Community Investment and Engagement

193 Our Society – Human Rights
194 Economic Value Generation and Distribution
194 Information Technology (IT) and Cybersecurity
196 Our Commitment Towards Tax Corporate Governance
- 196 Compliance
- 196 Cooperative Relationship with Tax Authorities
- 196 Tax Governance, Control and Risk Management
- 197 Approach to Tax Planning

197 The Way Forward
198 Appendix – Detailed Environmental Management Performance Indicators by Assets
203 Glossary

1. INTRODUCTION – SUSTAINABILITY AT HIBISCUS PETROLEUM BERHAD

Our vision is to be a Respected, Valuable and Responsible Energy Company. In the pursuit of our Vision, we remain committed to conduct our business efficiently, responsibly and ethically.

Hibiscus Petroleum Berhad Group (Group) recognises the importance of sustainability-related matters, both in terms of how they impact our ability to create business value and how our operations may impact the economy, climate, environment and people. We are committed to addressing these effects and understanding evolving stakeholders' expectations, to achieve the right balance between delivering value to our shareholders, attaining economic success, protecting the environment and fulfilling our ethical obligations towards the communities where the Group is present.

After the latest assessment conducted in June 2023, Hibiscus Petroleum Berhad (Company) continues to maintain its constituency on the FTSE4Good Bursa Malaysia (F4GBM) Index. Since its inclusion in December 2020, the Group has demonstrated its good Environmental, Social and Governance (ESG) practices. In fact, the Company has attained improved scores, particularly for the Environmental pillar.

Hibiscus Petroleum has also retained the highest rating of 4 stars from FTSE Russell, thereby keeping the Company placed in the top 25% by ESG ratings amongst public listed companies in the FBM EMAS Index, in addition to preserving our position in the FTSE4Good Bursa Malaysia Shariah Index.

About this Report

This Sustainability Report (Report) provides an overview of the Group's sustainability approach for the 12-month period from 1 July 2022 to 30 June 2023 (FY2023), unless stated otherwise. Through this Report, we aim to provide insights on how we manage economic, environmental and social matters which are material to us and our stakeholders from a business sustainability perspective. Where possible, we strive to provide both quantitative as well as qualitative data to support our responses on sustainability matters.

This Report should be read together with the other reports included in this Annual Report 2022/2023 which cover aspects of sustainability, namely our Management Discussion and Analysis, our Corporate Governance (CG) Overview Statement, CG Report and the Statement on Risk Management and Internal Control (SORMIC).

Scope and Basis of Scope

The Group is committed to being transparent about its reporting boundaries which focus on areas where we have 'operational control' and active operations, as listed below:

- The 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract (PSC), located in Malaysia (North Sabah PSC), which includes our Labuan Crude Oil Terminal (LCOT);
- PM3 Commercial Arrangement Area (CAA) PSC in Malaysia;
- Block 46 Cai Nuoc PSC (Block 46 PSC) located in Vietnamese waters;
- Kinabalu Oil (Kinabalu PSC) in Malaysia;
- The Anasuria Cluster in the North Sea, the United Kingdom (UK) (Anasuria Cluster), which includes the operation of Anasuria Floating Production Storage and Offloading (FPSO); and
- Corporate Headquarters in Kuala Lumpur, Malaysia.

For clarity, Block 46 PSC is accounted for under the PM3 CAA PSC as the Block 46 production wells are tied-back to PM3 CAA's facilities. For PM3 CAA PSC, Block 46 PSC and Kinabalu Oil PSC, the performance data available only commences from 25 January 2022 upon the PSCs coming under the Group's operatorship.

In addition, there is minimal reportable data for PM314 and PM305 PSCs as PM314 is no longer operating and is undergoing the final stages of decommissioning, while there is negligible production from PM305.

The Group also has operations in the United Kingdom Continental Shelf (UKCS) vide Anasuria Operating Company Limited (AOCL). As an operator in one of the most technically demanding operating environments in the world, AOCL is supported by Petrofac Facilities Management Limited (Petrofac) as the Integrated Service Provider (ISP). Petrofac was previously the Duty Holder of the offshore facility from 2016, prior to AOCL's successful transition to the role on 10 June 2022.

AOCL is equally owned by the Anasuria concessionaires i.e. Anasuria Hibiscus UK Limited (Anasuria Hibiscus) and Ping Petroleum UK PLC (PPUK).

Reporting Frameworks and Standards

This Report has been prepared in accordance with Bursa Malaysia Securities Berhad (Bursa Securities)' Main Market Listing Requirements with reference to its Sustainability Reporting Guide (3rd Edition). In addition, the Report adopted applicable guidance provided by relevant performance indicators from pertinent global ESG benchmarks and frameworks such as the FTSE4Good ESG Index and the United Nations' Sustainable Development Goals (UN SDGs).

Sustainability Report

2. OUR APPROACH TO SUSTAINABILITY

Sustainability Governance

Board of Directors through Managing Director

- Oversees direction and development of sustainability strategies and plans
- Charts the development and implementation of sustainability plans and initiatives
- Approves execution timelines

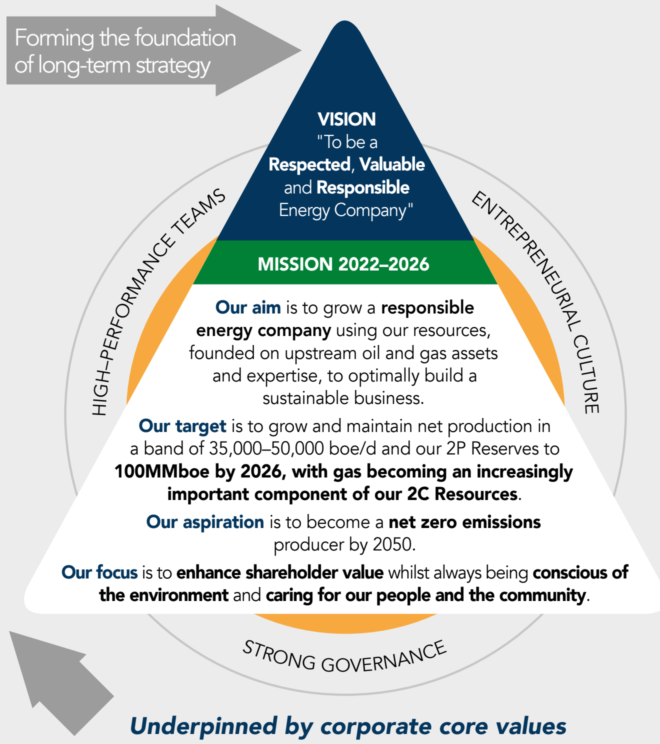
Business Sustainability Management Committee

- Corporate Governance
- Legal
- Human Capital
- Corporate Development
- Finance
- Risk and Compliance
- Commercial and Strategic Relations
- Low Carbon Ventures
- Engineering and Asset Management
- Health, Safety, Security and Environment
- Operations

- Reviews sustainability strategies and priorities
- Assesses key initiatives, policies and programmes

Business Units

- Manage business unit's sustainability matters
- Execute action plans specific to the business unit
- Monitor and report to the Business Sustainability Management Committee



Underpinned by corporate core values

- Tenacious
- Environmentally responsible
- People focused
- Agile
- Trustworthy

Notes:
- boe/d - Barrels of oil equivalent per day.
- MMboe - Million barrels of oil equivalent.
- 2P Reserves - Proven and probable oil or gas reserves.
- 2C Resources - Best estimate contingent oil or gas resources.

Hibiscus Petroleum's Sustainability Governance Structure.

We operate within an established framework of oversight and reporting, underpinned by our core values. The tone of driving and managing sustainability throughout the organisation is set from the top through our Board of Directors (Board) and Managing Director (MD). Our Business Sustainability Management Committee (BSMC), which meets monthly, comprises senior representatives from all key business units and departments. This inclusive and robust structure ensures that there is regular guidance on the direction, management and reporting of important business sustainability matters.

Our actions are guided by the Group's Vision and Mission, as well as our *Sustainability Policy*[1]. The *Sustainability Policy*, together with our *Environment Policy*[2], affirm our commitment to the integration of environmental, social and governance (including tax governance) considerations into our business processes and outlines our position pertaining to sustainability matters.

Our *Sustainability Policy* is aligned with UN SDGs and their call to a Decade of Action.

Notes:
[1] Our *Sustainability Policy* can be accessed at https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/Sustainability–Policy.pdf.
[2] Our *Environment Policy* can be accessed at https://ir2/chartnexus.com/hibiscuspetroleum/docs/sustainability/Environment–Policy.pdf.

Materiality Review

We conducted a materiality review exercise in FY2023 to determine our most significant business sustainability matters, which further influence and shape our strategy, targets and reporting. Our material business sustainability matters are specifically those areas over which we have a degree of influence, are important to our stakeholders and can significantly affect our Group's risk profile, potential liabilities, maintenance of our licences to operate, reputation and access to capital.

1 Identification of Business Sustainability Matters
- Conducted review of:
  - Internal and external sources
  - Feedback and input from stakeholders obtained through regular interactions

2 Prioritisation of Material Business Sustainability Matters
- Determined relative importance and materiality of business sustainability matters through impact assessment

3 Review and Validation of Material Business Sustainability Matters
- List of material business sustainability matters were reviewed and approved by the Board

Materiality Review Process.

Identification of Business Sustainability Matters

In order to better understand issues in the area of business sustainability considered relevant to our stakeholders and our Group, we conducted a review of the following during the past financial year:

- Our current business strategy;
- Risk registers from our existing risk assessment and management processes;
- Relevant requirements, guidelines and policies, including those issued by Bursa Securities;
- Bursa Securities' Sustainability Reporting Guide and Toolkit, including the Common Sustainability Matters and Indicators prescribed;
- Sustainability topics as reported by five selected peers within the oil and gas exploration and production industry;
- ESG themes and indicators utilised by the FTSE4Good Index; and
- UN SDGs.

Stakeholder Engagement

Stakeholder inclusiveness is a core element of our sustainability model. To this end, we took into account the input received through our regular interactions with our key stakeholders in our materiality review process.

We engage closely and frequently with our stakeholders to understand their expectations, interests and information needs, including those pertaining to sustainability.

Our Key Stakeholders

- Board and Management
- Employees
- Joint Venture Partners
- Contractors
- Suppliers
- Shareholders and Investment Community
- Governments and Regulators
- Communities

We conduct active stakeholder engagements prior to investment in new opportunities. Interaction continued through all aspects of execution; from business development, exploration and development planning phases through to field operations, as well as corporate areas. This allows for the insights received from our stakeholders to be incorporated into our business strategies and plans to create lasting value.

Sustainability Report

3. PRIORITISATION AND VALIDATION OF MATERIAL BUSINESS SUSTAINABILITY MATTERS

After the initial identification of material sustainability issues, we performed internal reviews with Senior Management and the Board to shortlist and finalise key material themes, initiatives currently being performed (and those planned for action), as well as related qualitative and quantitative indicators to measure our performance.

Criteria used for our impact assessment included how issues could affect our stakeholders and our Group's business, e.g. through the lenses of legislation, reputational damage, employee turnover, licence to operate, stakeholder relationships, and how these could affect our business strategy, financial or operational performance. Whilst all the above considerations are critical to the conduct of a sustainable business, we have particularly worked to uphold our safety policy and business ethics principles.

Our material business sustainability matters of high importance were subsequently approved by the Board.

4. OUR MATERIAL SUSTAINABILITY MATTERS

The list of material business sustainability matters, together with our progress in addressing the risks and opportunities related to each of these matters and their links to UN SDGs are summarised below:

Material Matters	Highlights for FY2023	Related UN SDGs	Detailed Discussion Location
Business Ethics	• Established *Anti-Corruption and Anti-Bribery (ACAB) Policy, Code of Conduct and Ethics, Whistle Blower Policy* and *Anti-Modern Slavery Policy*; • All employees have undergone *ACAB Policy* related training as at 31 July 2023; and • There were no incidents of bribery nor corruption in FY2023.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	CG Overview Statement (pages 98–113), CG Report on our corporate website and SORMIC sections (pages 221–227).
Occupational Health and Safety	• Continued strict enforcement of our *Health, Security, Safety and Environment (HSSE) Policy*[3] as well as the *Drug and Alcohol Policy* introduced in January 2020; and • Maintained zero work-related fatality record and zero Lost Time Injury in FY2023.	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH	Occupational Health and Safety section (pages 125–136).
Process Safety and Asset Integrity	• Adopted Process Safety Framework in managing asset integrity across value chain and continued the effort to improve our process safety culture; and • Conducted Safety Integrated Level (SIL) Assessment Workshop for Kinabalu asset and Safety Case Workshop in FY2023, as part of efforts to continuously improve our process safety and asset integrity performance.	3 GOOD HEALTH AND WELL-BEING	Process Safety and Asset Integrity section (pages 136–142).
Safety Assessment and Emergency Preparedness Major Incident Response	• Continued implementation of robust emergency preparedness and response systems across the Group; • Maintained action plans capable of responding to any arising emergency, as contained in the Group's Crisis Management Plan; • Performed annual emergency response and preparedness exercises, including training and drills to ensure readiness and skillfulness of employees involved; and • Recorded zero incident of major oil spills in FY2023.	3 GOOD HEALTH AND WELL-BEING	Crisis and Emergency Preparedness section (pages 143–153).

Note:
[3] Our *HSSE Policy* can be found at https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/HSSE-Policy.pdf.

Material Matters	Highlights for FY2023	Related UN SDGs	Detailed Discussion Location
Climate Change and Greenhouse Gas (GHG) Emissions	• Remain committed to our aspirational target of becoming a Net Zero Producer by 2050 as outlined in the Group's *Climate Change Framework*, with an interim target for reducing 50% of our Scopes 1 and 2 emissions by 2030, against FY2020 baseline; • Achieved GHG reduction of around 80,000 tonnes CO_2e per annum through Advance Membrane Phase 1 trial conducted at PM3 CAA PSC, through recovery of hydrocarbon from the Acid Gas Removal Unit (AGRU) vent thereby reducing venting of methane; • Initiated Phase 1 of a Carbon Capture and Storage (CCS) study to assess the potential of injecting CO_2 rich gas into depleted gas reservoirs for geological storage in PM3 CAA; • Commenced the initiative to upgrade low-pressure and high-pressure compressors in Kinabalu Complex which will allow more production gas to be sent to the Semarang platform and reduce flaring; and • Recorded a total net absolute GHG emissions of 7,249,428 tonnes CO_2e in FY2023, a 15% reduction against FY2020 baseline.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION	Climate Change and GHG Emissions section (pages 157–165).
Energy Use	• Implemented fuel switching initiative from diesel gensets to a hybrid of solar photovoltaic (PV) panels and/or small wind turbines in unmanned platforms at North Sabah, PM3 CAA and Kinabalu PSCs; and • Switched to energy efficient light emitting diode (LED) lights in AOCL.	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Energy Management section (page 166).
Effluents and Waste	• Handling of hazardous waste as per the Environmental Quality (Scheduled Wastes) Regulations, 2005 and the Group's Waste Management Procedure; • Conducted initiatives to promote circularity including a Reuse and Recycling Campaign and establishing a Recycle & Recovery Temporary Storage Area in LCOT, as well as formalising a contract for recovery of scheduled waste by Peninsula Hibiscus Sdn Bhd (Peninsula Hibiscus); and • Conducted annual monitoring of seawater and groundwater quality at our facilities for reporting to the Department of Environment (DOE) of Malaysia.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 14 LIFE BELOW WATER	Waste Management (pages 167–170) and Water Management sections (pages 170–173).
Water Security	• Reduced reliance on freshwater supply from shore by recycling water through a condensation process from air-conditioning units at Kinabalu PSC; • Implemented rainwater harvesting initiative at North Sabah PSC to reduce water consumption; and • Recorded total water used of 41,761 m^3, of which 95% was sourced from seawater.	6 CLEAN WATER AND SANITATION	Water Management section (pages 170–173).

Sustainability Report

Material Matters	Highlights for FY2023	Related UN SDGs	Detailed Discussion Location
Biodiversity	• Ongoing macrobenthos study carried out in LCOT to assess the biotic integrity of marine ecosystems in the area; • Performed marine environment monitoring on a yearly and five-yearly basis and conducted Marine Risk Assessment (MRA); • Obtained formal approval for an initiative with Malaysia Petroleum Management (MPM) on rig-to-reef (R2R) abandonment philosophies to promote biodiversity with the Department of Fisheries; and • Reuse and repurpose a decommissioned topside platform for one of our projects at South Furious, Sabah.	14 Life Below Water 15 Life On Land	Biodiversity section (pages 173–175).
Supply Chain Management	• Awarded contracts to indigenous contractors within the state where viable, generating job opportunities within local communities in Sabah and Terengganu; and • Compensated local service providers and suppliers in our host countries a total of RM928.7 million in FY2023, making up 80.27% of our procurement spending.	8 Decent Work and Economic Growth	Economic Value Generation and Distribution section (page 194).
Value Generation and Distribution	• Distributed value in the form of: o payment of taxes and royalties totaling approximately RM232.5 million in FY2023 to host governments; o compensation to local service providers and suppliers for their expertise and resources amounting to approximately RM928.7 million; and o remuneration to our employees, totaling approximately RM139.4 million.	8 Decent Work and Economic Growth	
Workforce Diversity and Inclusivity	• Established our *Diversity Policy* to ensure inclusiveness and the *Group Recruitment Policy* to promote merit-based recruitment; • Achieved 43% of women representation on the Board, surpassing the 30% target set; and • 38% female representation in the Senior Leadership Team.	5 Gender Equality 10 Reduced Inequalities	Workforce Diversity and Inclusivity section (pages 180–181).
Equal Pay for Equal Work Performance and Reward	• Applied merit-based performance appraisal and incentives framework; • Committed towards exceeding regulatory minimum wage requirements; and • Extended a cost-of-living allowance to all employees to ensure their financial sustainability.	5 Gender Equality 8 Decent Work and Economic Growth 10 Reduced Inequalities	Performance and Rewards section (page 182).
Employee Management and Engagement	• Adhered to our *Diversity Policy*, Employee Handbook and our *Code of Conduct and Ethics* in the management of employees; and • Continued regular employee engagement initiatives through townhall sessions, weekly and monthly meetings, management visits and festive celebrations.	8 Decent Work and Economic Growth	Employee Management and Engagement section (page 183).

Material Matters	Highlights for FY2023	Related UN SDGs	Detailed Discussion Location
Talent Development	• Continued our talent development programmes in FY2023 which comprise amongst others on-the-job training, mentoring and participation in relevant workshops, conferences and seminars; and • Spent a total of 40,348 hours for training as a Group.	8 Decent Work and Economic Growth	Talent Development section (page 182).
Employment and Training Initiatives	• Provided on-the-job guidance and exposure to a total of 16 interns from local and foreign universities; and • For our North Sabah operations, 46% of our employees comprise local Sabahans which far exceeds the minimum threshold set by the state government of 30%, whilst 99% of our employees are Malaysians.	8 Decent Work and Economic Growth	Employment and Training Initiatives section (pages 184–185).
Engagement and Impact Management Community Investment	• Adhered to our Corporate Social Responsibility (CSR) selection criteria in evaluating and approving all CSR initiatives; • Spent a total of RM1,071,869 in FY2023 for CSR initiatives reaching 96,561 beneficiaries; and • Sponsored CSR initiatives in the areas of education, health, safety, cultural heritage preservation, capacity-building for local communities as well as other forms of community services; for example: – Partnered with five local universities for Hibiscus Scholarship Programme, sponsoring a total of 47 scholars in FY2023; – Provided internship opportunities to graduating scholars; – Organised free Human Papillomavirus (HPV) screening in Sabah, for 3,135 women, in efforts to assist early detection of cervical cancer; – Conducted "*Let's Be Safe*" Safety Campaign, involving more than 3,800 schoolchildren across Malaysia; and – Supported '*Kercut*' Revival Craft project in Kuala Terengganu and Oyster Farming Project in Sabah, aimed at improving the socio-economic standing of the beneficiaries.	2 Zero Hunger 3 Good Health and Well-Being 4 Quality Education 8 Decent Work and Economic Growth 10 Reduced Inequalities 11 Sustainable Cities and Communities 12 Responsible Consumption and Production 14 Life Below Water 15 Life On Land 17 Partnerships for the Goals	Community Investment and Engagement section (pages 185–193).

Sustainability Report

Material Matters	Highlights for FY2023	Related UN SDGs	Detailed Discussion Location
Human Rights	• Adhered to our *Anti-Modern Slavery Policy*, whilst supporting freedom of association and collective bargaining; and • Achieved full compliance with labour regulations of countries we are in. No labour standard or human rights violations recorded during FY2023.	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Our Society – Human Rights section (pages 193–194).
Public Policy and Government Relations	• Continued active participation in committees and workshops organised by government agencies and regulatory bodies aimed at advancing safety, securities and environmental matters; and • Continued fostering of relationship with Malaysian tax authorities to ensure due compliance with applicable tax laws and reduce occurrences of disputes without compromising the Group's interests.	17 PARTNERSHIPS FOR THE GOALS	Security (pages 153–154), Environmental Management (pages 154–179) and Tax Corporate Governance sections (pages 196–197).
Cybersecurity	• Implemented continuous enhancements of cybersecurity systems, guided by our *Infotech Security Policy*.	17 PARTNERSHIPS FOR THE GOALS	Information Technology and Cybersecurity section (pages 194–195).

5. HEALTH, SAFETY AND SECURITY (HSS)

Safety is of primary concern; therefore, HSS considerations are embedded into every task that we undertake and each business decision that we make. In addition, our governance structure provides our Board and Management oversight of our core risk management processes and our corresponding mitigation plans.

Our HSSE Sustainability Framework

Our integrated management system approach to identifying and managing key sustainability matters are guided within an established framework of robust governance and reporting, reinforced by our core values whilst working towards a clearly articulated vision and mission. Our commitment towards driving and managing sustainability throughout the organisation is set from the top through our Board and MD.

Our ability to create sustained value in the short, medium and long terms will be largely dependent on sustainability related matters. Sustainability matters and risks are identified and assessed in terms of their reputational, financial, operational, environmental, strategic and social settings against our Risk Assessment Matrix (RAM) by subject matter experts. The RAM evaluates an identified risk's likelihood and consequence to our pre-set risk tolerance levels, thus forming an integral part of the risk management decision-making process.

Group Asset Decarbonisation discussion on 23 March 2023.

Our commitment to achieve zero harm to people by upholding the highest standards of HSS as embodied within the Group's key business drivers, remains at the core of our operations. We strive, without exception, to ensure that our most valuable asset – our people and the contractors who support us at our various locations, are not placed in an environment that is inherently hazardous.

We relentlessly pursue a continuous improvement approach in our HSS performance in line with our *'I Care for Your Safety'* mantra. During periods of higher activity levels across all our work locations in FY2024, we have been guided in our efforts by our *HSSE Policy*[4], through which we also seek to reinforce the role of leadership and personal accountability at all levels to sustain a culture of zero harm, at all times. Accordingly, the emphasis on HSS is driven from the top where our Board has oversight over HSS matters and evaluates HSS performance regularly.

Note:
[4] Our *HSSE Policy* can be accessed at https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/HSSE–Policy.pdf.

First Cut Steel Ceremony at a contractor yard on 16 May 2023.

In supporting this objective, the Group oversees the governance of HSS through a HSS Management System (HSSMS) which encompasses both corporate-level policies as well as specific subsidiary-level policies specific to the jurisdiction of the entity's operations. These policies are then embedded into a HSS framework which forms the central hub of control, by identifying business areas where heightened levels of risk are present and as such, require increased level of oversight. Our robust governance structure provides our Board and Management effective control of our core risk management processes and our corresponding mitigation plans.

The HSSMS details objectives and determines minimum practices, outlines processes and procedures, assigns main ownership and execution responsibilities and sets effective performance indicators used to measure HSS compliance and effectiveness levels. The importance of HSS considerations is further reiterated through embedment of these considerations into every task and business decision. The Group's scorecard which determines annual remuneration also includes HSS targets. However, it should be noted that whilst the scorecard includes such safety targets, our compensation system is not premised on excellent safety performance. Instead, excellent safety performance is viewed as an essential requirement to maintain our licence to operate.

Risk Assessment and Management

We strive to maintain a comprehensive and systematic approach to risk management whilst combining this activity with a pragmatic approach to business needs, operational excellence, on delivery of business objectives as well as in meeting stakeholder expectations.

A high emphasis is placed on effective risk management within our business and operational risk exposure areas, and the subsequent management of these identified risk(s) to '*As Low As Reasonably Practicable*' (ALARP) for both routine as well as new activities and/or projects via a risk-based prioritisation approach. This in turn allows us to operate effectively whilst protecting our people, the environment and communities in the vicinity of our operational facilities through a well-defined system of corporate governance.

Comprehensive risk assessments are carried out on health and safety aspects prior to the commencement of new and ongoing operations and/or projects. Specialised techniques such as Hazard Identification (HAZID), Process Hazard Analysis (PHA) and Hazard and Operability analysis (HAZOP) are utilised by multi-disciplined teams to study and identify possible sources of hazards during a project lifecycle and to analyse proposed changes to existing operations. This allows for a systematic assessment of the potential safety and health hazards, the possible consequences, and the presence of unmitigated risks throughout the lifecycle of new and ongoing operations and/or projects.

Sustainability Report

Engaging with Our Stakeholders

Stakeholder engagement is an important part of our HSSE initiatives. We work in close partnership with the regulators, government agencies, industry associations as well as our contractors amongst others, to drive further improvements in the area of HSS, both in our own operations and the industry in general.

We value the input of our stakeholders. We start engaging with them before we invest in new opportunities and maintain a continuous dialogue throughout the execution of our projects. We learn from their insights and use them to improve our strategies and plans to create long-term value.

We are committed towards enhancing our relationship with our stakeholders and shall continue to engage closely and collaborate with our partners to understand their views and changing expectations. Engagement and collaborative efforts with stakeholders by specific PSCs pertaining to HSSE matters are discussed in detail throughout this section.

SEA Hibiscus Sdn Bhd (SEA Hibiscus)' HSSE Contractor's Engagement Forum for H1 2023 on 22 and 23 February 2023.

SEA Hibiscus participated in the MPM-led Pulau Mantanani Community Engagement programme on the dangers of encroachment and fish bombing on 23 August 2022.

5.1 Occupational Health and Safety (OH&S)

The safety, health and well-being of our people and contractors are of paramount importance. The resolute focus to collectively uphold safety, regardless of any externalities sets the tone of the safety mindset driven by our Leadership Team.

Various controls that govern the overarching safety culture and practices of the Group, which includes our work systems and processes, have been introduced and implemented across the Group. Central amongst these are the core policies that cover the HSS aspects of our business. Every person working in or for our organisation is empowered and authorised to immediately **STOP WORK** if any uncertainty exists that a particular activity or situation may be unsafe and could potentially harm the well-being of any person or result in damage to the environment or asset.

Our HSS practices aim to maintain a culture in which employees and contractors keep each other safe on the job. Specifically for our Group, any action or inaction that surmounts to a violation of the International Association of Oil & Gas Producers' (IOGP) Life Saving Rules are thoroughly investigated with consequence management initiated, where appropriate. This has resulted in an inherently safe work environment that fortifies HSS compliance (as far as practicable), prevents non-compliances as well as promotes a proactive reporting and intervention culture.

Bypassing Safety Controls
Obtain authorisation before overriding or disabling safety controls

Confined Space
Obtain authorisation before entering a confined space

Driving
Follow safe driving rules

Energy Isolation
Verify isolation and zero energy before work begins

Hot Work
Control flammables and ignition sources

Line of Fire
Keep yourself and others out of the line of fire

Safe Mechanical Lifting
Plan lifting operations and control the area

Work Authorisation
Work with a valid permit when required

Working at Height
Protect yourself against a fall when working at height

IOGP Life Saving Rules.

Sustainability Report

At all levels across our Group, processes to encourage transparent discussions and group collaborations on the work being performed are encouraged and practised to increase our ability to safely manage work and critical activities, to be aware of risks, and to be committed to predicting errors.

Safety alerts and learnings from past events (in particular, near miss events) occurring within our industry and externally (where relevant) are cascaded to our people and contractors to allow for enhanced appreciation of safety prerequisites and to avoid any recurrence. Our ability to understand how people work enhances our ability to identify potential risks and introduce the necessary mitigative measures to manage these risks to ALARP levels.

A Safety Stand Down at LCOT in FY2023.

North Sabah PSC

Our holistic approach to addressing safety encompasses and is reinforced by the introduction and implementation of various HSS activities and campaigns which focus on the verification of personal safety safeguards in the performance of our daily activities as well as leadership engagements at the frontline. Examples of key HSS activities and campaigns conducted in FY2023 to strengthen communication on health and safety include the following:

- All new staff (includes contractors) received a HSSE briefing as part of the induction process prior to commencement of work at the work location.

HSSE Campaign Briefing in FY2023.

Further, staff travelling to offshore facilities are required to have undergone the Basic Offshore Safety Induction and Emergency Training (BOSIET) certification which includes:

- o Helicopter survival with Compressed Air-Emergency Breathing System (CA-EBS);
- o Emergency first aid;
- o Firefighting; and
- o Sea survival, and lifeboat training.

A refresher programme also known as the Further Offshore Emergency Training (FOET) certification must be attended every 4 years to ensure sustained competency levels.

- Quarterly leadership site visits to all our primary locations were successively organised for Senior Management throughout FY2023, to engage our frontliners on safety performance, improve existing health and safety programmes as well as to discuss and evaluate health and safety challenges, if any. These leadership visits also served as a platform to reinforce Management's commitment towards the safety, health and well-being of the workforce through transparent and open conversations, in line with Company *HSSE Policy* and practices.

First Cut Steel Ceremony at a contractor yard on 16 May 2023.

- Throughout FY2023, our HSSE performance was reviewed on a weekly, monthly, and quarterly basis by Senior Management. These reviews serve to ensure that the annual Key Performance Indicators (KPIs) and targets, set at the beginning of the year, are pursued and remain active business targets all through the year. The HSSE performance record is also shared with all staff during the quarterly townhall sessions across all locations.

Q1 2023 LCOT HSSE Committee Meeting and Inspection on 16 February 2023.

- Monthly HSSE Management meetings involving the Management Team, HSSE function and staff representatives from various levels of the organisation are conducted prior to the release of the HSSE KPIs monthly reporting to the regulator i.e. before the 10th of every month.

Throughout FY2023 we have also continued to engage our staff with the following activities, which demonstrate our focus and resolve towards safety, and highlighted the importance of proactive intervention efforts by our employees and contractors:

- The continuation of the SEA Hibiscus '*Hearts & Minds*' (H&M) behavioural safety programme which was launched in September 2021 as part of a 3-year initiative to optimise the "culture of care" and inherent safety mindfulness to achieve a generative HSS culture through:
  - o A series of workshop sessions to cascade the selected Energy Institute (EI) Modular series;
  - o Facilitated Coaching post the cascading session(s) via meetings and engagements; and
  - o Monitoring & Reporting sessions: Leading indicators to measure performance and verify that the H&M objectives are achieved.

- Continuous observation and analysis of trends in relation to proactive intervention practices such as the completion and follow-up of Accident Control Technique (ACT) findings at the business unit level. This has enabled the HSSE function to identify potential areas for improvement, monitor and gauge overall focus areas that require close monitoring and to eliminate unsafe acts and conditions and at-risk behaviours.

- Regular toolbox meetings are performed to enable our staff and contractors to identify specific health and safety issues associated with a particular task or at the worksite, with the intention of proposing relevant and adequate mitigation measures accordingly. Toolbox meetings focus on embedding ownership for safe work with our frontliners, thus also serving as a platform to cover safety checks and to confirm that the proper and adequate safety measures have been put in place prior to the start of a job. This in turn empowers staff and contractors to make the right decision i.e. to call for a **STOP WORK** if necessary and where required.

LCOT Pre-Entry (Confined Space) Safety Check.

- Commencing January 2023, a series of enhanced HSSE Site Supervision programmes, as below, have also been actively pursued:
  - o Face-to-face engagement with Contractors' Management; and
  - o Quarterly Site Inspection Visits (SIV) led by activities owners and accompanied by the site HSSE personnel.

HSSE Site Supervision Activities at LCOT.

Sustainability Report

- Our annual Safety Day event – Safety Day 2022 with the theme "*Driving for Excellence in the New Norm*" was successfully carried out on 15 September 2022 across our Kuala Lumpur (KL) and Kota Kinabalu (KK) offices, offshore platforms, LCOT, Asian Supply Base (ASB) as well as onboard a contractor accommodation work boat and a contractor barge. A series of prior programmes were conducted as part of the main event, most notable amongst these being the Biggest Loser Challenge which was carried out over a period of 6 months, and webinars covering subjects such as the "*Management of Protected Areas and Protected Places Act*" by a representative from the Chief Government Security Office (CGSO) of WP Labuan and the "*Cyber Security Challenges in the Oil and Gas Industry*" by a representative from the National Cyber Security Agency (NACSA).




SEA Hibiscus staff and contractors onboard a contractor accommodation work boat, at St Joseph Living Quarters (SJLQ), our Kuala Lumpur (KL) office and LCOT during Safety Day 2022.

- The IOGP Life Saving Rules were adopted and rolled out across all business locations in 2019. Continuous focus on creating awareness of the IOGP Life Saving Rules in the execution of familiar or routine tasks have led to a series of successful quarterly HSSE campaigns which have been carried out at the frontline from January 2020 and into FY2023. These campaigns included a '*Line of Fire*' campaign in Q3 2022 and Q2 2023, a '*Dropped Object*' campaign in Q4 2022 and a '*Working at Height*' campaign in Q1 2023 respectively. These campaigns were conducted to reinforce the importance of proactive HSSE culture.


Q2 2023 Line of Fire campaign at a contractor yard.

Our key HSS performance indicators are set out below:

HSS Performance - North Sabah PSC

Indicators[1]	FY2019	FY2020	FY2021	FY2022	FY2023
Number of staff trained on health and safety basic standards	309	211	222	225	**248**
Lost Time Injury Frequency (LTIF)[2]	0.69	0.30	0.00	0.00	**0.00**
Total Recordable Case Frequency (TRCF)[3]	0.69	0.59	1.46	0.00	**0.37**
Incident free days (including lost time injuries (LTI), major spills, medical treatment case (MTC), major loss of process containment)[4]	298	278	273	638	**87**
Number of work-related fatalities	0	0	0	0	**0**

Notes:
1. FY2019, FY2020, FY2021, FY2022 and FY2023 data shown in the table above are as of 30 June 2019, 30 June 2020, 30 June 2021, 30 June 2022 and 30 June 2023 respectively.
2. LTIF represents the frequency of LTI which includes fatalities, permanent disabilities or work hours lost due to workplace incidents per 1 million hours worked by both employees and contractors.
3. TRCF is the frequency fatalities, lost time injuries, substitute work and other injuries requiring treatment by a medical professional per 1 million hours worked by both employees and contractors.
4. Incident free days for FY2023 is from the last MTC on 6 April 2023. The incident occurred during maintenance work onboard a contractor barge which resulted in the injured person requiring medical treatment. An investigation was carried out and lessons learnt were communicated to reduce the probability of any future recurrences.

As of FY2023, we achieved a major safety milestone of 10,000,000 man-hours LTI free as of 28 May 2023 in our operations of the North Sabah PSC. We operate in an environment where constant vigilance and attention towards HSSE considerations are a necessity. Hence, this achievement is a testament to the collective effort, commitment, and dedication of our people and the contractors who support us at our various locations in maintaining a safe working environment.

Working At Height (WAH) awareness briefing conducted on 26 May 2023 at a contractor yard.

We continuously aim to improve our safety performance by emphasising learnings from past incidents to further strengthen our HSS resilience and manage HSS risks. In line with these initiatives and as a means of preventing future incidents, near miss and High Potential (HiPo) incidents that have a high probability of resulting in severe consequences, are reported and tracked internally, with the root cause investigated thoroughly in accordance with our internal Incident Notification, Investigation and Reporting Procedure. Lessons learnt are shared and corrective action(s) implemented across our operations accordingly.

SEA Hibiscus' HSSE was nominated to host the first PETRONAS MPM Joint HSE Committee Meeting (JHSEC) for year 2023 on 15 and 16 March 2023. The JHSEC is led by MPM HSSE and serves as a platform to discuss HSSE performance benchmarking with all Petroleum Arrangement Contractors (PACs).

Sustainability Report

PM3 CAA and Kinabalu PSCs, and other PSCs under the Peninsula Hibiscus Group

Hibiscus Oil & Gas Malaysia Limited (HML) continued implementing initiatives under its Back-to-Basics 6.0 programme to further embed an appropriate HSSE culture in an effort to reduce employee injuries. These initiatives were part of a fit-for-purpose HSSE Management System (HSSEMS) involving the sharing of HSSE data and information and risk management processes, ensuring verification and validation of procedures through HSSE assurance practices, and maintaining a risk-based approach to contractor management and environmental concerns.

2023 HML HSSE Objectives and Action Plan

	Objective or Strategy	2023 Action Plan
HSSEMS Interface and Integration	To ensure HSSE management systems are in place, rebranded, standardised and fit for purpose to support ongoing safe operations.	**1. Phase I** a. Complete Phase I HSSEMS document, procedures and practices rebranding. b. To review and update plan and procedures including tactical response plan. **2. Phase II** a. Identification of systemic processes and complete gap assessment between HML, SEA Hibiscus and MPM requirement. b. Integration of systemic and critical processes.
Knowledge Management	To ensure HSSEMS expectations, requirements, information, knowledge and processes are disseminated and socialised effectively to support ongoing safe operations through communication plans, trainings and engagements.	1. Socialisation of HSSE interface and integration outcomes. 2. Communication plan via #HSSE Insight, supported by evaluation of understanding. 3. Issuance of communication pack. 4. Field information dissemination and feedback session including risk-hazard management, best practices and potential improvement opportunities. 5. HSE training and competency management as per matrix.
Risk Management	To increase awareness of risk management process and develop competency accordance to roles, responsibility and accountability in managing risk associated with operation and activity being undertaken including ALARP demonstration.	1. Establish methodology to identify critical task and processes. 2. Identify safety critical position and critical process. 3. Review availability, functionality of safety critical position and technical authority. 4. Review implementation of hazard management process. 5. Review implementation of loss of primary containment (LOPC) Management Programme.
HSSE Assurance	To ensure a robust and appropriate assurance plan is in place for ongoing verification of management system implementation.	1. Implement Tier 1 HSE assurance programme focusing on 21 risk areas. 2. Integrated Operational Asset Integrity Assurance (IOAIA) audit and HSSEMS audit action management verification. 3. Establishment of HSE compliance matrix by asset or operational functions.

2023 HML HSSE Objectives and Action Plan

	Objective or Strategy	2023 Action Plan
Contractor Management	To maintain zero Red-Banded contractors and increase Green-Banded contractor rate to support further reduction of contractor incident rate and ongoing safe operations.	1. Identification of potential Yellow Banded Contractors and critical contractors need improvement. 2. Deploy contractors coaching plan. 3. Focused contractor HSSE engagement (high and selected medium risk contractors including Senior Management engagement).
Environment	To achieve 50% of scheduled waste recovery for SW311 & SW409. To assess the viability of CCS viability in PM3.	**Scheduled waste recovery** 1. Identify potential scheduled waste for recovery. (Completed) 2. Establish scheduled waste recovery contract. (Completed) 3. Segregate potential SW311 and SW409 for collection by licenced scheduled waste recovery service provider. (Ongoing) **CCS** 1. Conduct conceptual studies for CCS in 2023. (Ongoing)
System or Application	Application System or Tool: 1. Electronic Permit to Work (ePTW) 2. MyOSH	**ePTW** 1. Reviewed Petroliam Nasional Berhad (PETRONAS) ePTW system. 2. Good alignment with HML with no major changes. 3. Operations and Information Technology (IT) discussed with vendor PETRONAS ICT. 4. Quotation received and submitting for budget. **MyOSH** 1. SEA Hibiscus provide feedback on the relevant improvement. 2. Discussion with the vendor. 3. Received quotation and proceed for procurement process. 4. Target to be available in early September 2023.
Offshore Safety Passport	To have a digital tool to track and record prerequisite requirements in terms of certification and documentation including Fitness to Work (FTW), BOSIET and Permit to Work as well as other related trainings of personnel prior to mobilisation to work in HML offshore facilities.	**Offshore Safety Passport** 1. Shared with SEA Hibiscus on HML KABAL (Well-IT), an application to track Personnel on Board (POB) and cargo movement.

HML's unwavering dedication to the Back-to-Basics programme, successful implementation of the Hibiscus Observation Card (HiOC) system, active engagement with high-risk contractors, and prioritisation of a safe working environment particularly during the monsoon season clearly demonstrate HML's commitment to cultivating a robust HSSE culture towards excellent HSSE performance. As a recognition of these endeavours, in June 2023, HML was accorded the prestigious HSSE Excellence Silver Award by PETRONAS during the Malaysia Upstream Awards presentation ceremony, highlighting our exceptional HSE performance in the country.

HSSE Excellence Silver Award Ceremony and Trophy (June 2023).

Sustainability Report

From July 2022 to June 2023, HML achieved a total of 5,247,211 man-hours of work without any Lost Time Injury, major fire or major oil spill. However, there was one Restricted Work Case (RWC) injury and one major gas release or loss of primary containment (LOPC) Tier 1 event recorded during this period.

The RWC occurred on 12 September 2022 at the Bunga Raya C (BRC) platform when a person suffered a finger injury while attempting to remove a stud bolt on a valve. Subsequently, a major gas release was recorded on 1 February 2023 at Bunga Raya E (BRE) platform where a gas leak was observed at BRE bridle bottom flange (instrument drain line) due to parted bolts. There was no significant impact observed on the environment due to the immediate shutdown process that was initiated.

HSSE Alerts were issued to share the immediate recommended action steps to prevent potential similar occurrences.

HML has maintained a strong safety record with no work-related employee nor contractor fatalities, continuing its positive performance since becoming part of the Group. In the event of accidents or incidents resulting in injuries, HML conducts investigations and shares its findings, along with the actions taken, following its internal Incident Notification, Investigation, and Reporting Procedure.

HSS Performance - PSCs under Peninsula Hibiscus Group

Indicators	FY2022[1]	FY2023[2]
No. of man-hours	2,130,784	**5,247,211**
No. of work-related fatalities	0	**0**
No. of LTI	0	**0**
LTIF[3]	0	**0**
No. of recordable case[4]	1	**1**
TRCF[5]	0.47	**0.19**
Major Oil Spills (more than or equal to 5 barrels)	0	**0**
Major Gas Releases	0	**1**
Major LOPC (≥Tier 1)[6]	0	**1**
Fire incident	0	**0**

Notes:

1 From 25 January 2022 until 30 June 2022.
2 From 1 July 2022 until 30 June 2023.
3 Calculated based on frequency of LTI (injuries/illness) (Fatality + Permanent Partial Disability (PPD) + Permanent Total Disability (PTD) + Lost Workdays Case (LWC)) per million hours worked by both employees and contractors.
4 Recordable case is the sum of Fatality, PPD, PTD, LWC, RWC and MTC.
5 Calculated based on total recordable case per million hours worked by both employees and contractors.
6 Major LOPC is an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials (e.g. steam, hot water, nitrogen, compressed CO_2, or compressed air), that resulted in one or more of the consequences listed below:
- An employee, contractor or subcontractor "days away from work" injury and/or fatality.
- A hospital admission and/or fatality of a third-party.
- An officially declared community evacuation or community shelter-in-place including precautionary community evacuation or community shelter-in-place.
- An engineered pressure relief discharge, of a quantity greater than or equal to the Tier 1 threshold quantities in Table 1 of API 754 2nd Edition (see Appendix ii) in any one-hour period, to atmosphere whether directly or via a downstream destructive device that results in one or more of the following four consequences:
  - rainout;
  - discharge to a potentially unsafe location;
  - an on-site shelter-in-place or on-site evacuation, excluding precautionary on-site shelter-in-place or on-site evacuation; and
  - public protective measures (e.g. road closure) including precautionary public protective measures.
- An upset emission from a permitted or regulated source, of a quantity greater than or equal to the Tier 1 threshold quantities in Table 1 of API 754 2nd Edition (see Appendix ii) in any one-hour period, that results in one or more of the following four consequences:
  - rainout;
  - discharge to a potentially unsafe location;
  - an on-site shelter-in-place or on-site evacuation, excluding precautionary on-site shelter-in-place or on-site evacuation; and
  - public protective measures (e.g. road closure) including precautionary public protective measures.
- A release of material greater than or equal to the Tier 1 threshold quantities described in in Table 1 of API 754 2nd Edition (see Appendix ii) in any one-hour period.

To support the mental health of workers in the post-coronavirus disease 2019 (COVID-19) period, HML launched a Mental Health Awareness Campaign.

The following programmes were conducted:

- A Mental Health Talk (Series 1) entitled "*Identifying of Common Psychological Problems at the Workplace and its associated factors*" was held on 26 July 2022. The talk was attended by 50 personnel.
- A Mental Health Talk (Series 2) on "*Tips for Healthy Minds at Work*" was organised on 18 August 2022. 38 personnel participated in the talk.
- A "*Mental Health Awareness – Lessons Learned*" session was conducted on 29 November 2022.
- A Mental Health Talk onboard PVD III drilling rig was arranged on 17 and 18 December 2022 which involved 94 crew members. HML received positive responses from participants with no significant anxiety or depression detected.

Concurrently, HML also organised a Wellness Health Promotion Programme between September and November 2022 in which medical screenings to detect non-communicable disease (NCD) for the employees were provided. NCDs (and their complications) pose a real and significant threat as it is a factor which may result in economic loss because of reduced labour productivity and rising healthcare costs to treat such patients. The main objectives of this programme were to:

- Identify workers who may have NCDs;
- Promote awareness of healthy lifestyle practices among working individuals;
- Increase the level of fitness;
- Reduce the stress prevalence; and
- Reduce the prevalence of lifestyle-related disorders.

A total of 62 personnel from HML were tested on 26 September 2022. Amongst the medical screenings conducted were blood tests, urine tests and a fitness test.

Wellness Health Promotion Programme.

HML also organised other health and safety standard training with the primary purpose of increasing the knowledge and awareness of our staff to be more attuned to health and safety related matters. Some of the programmes held were as follows:

- A Mercury Awareness training conducted on 1 April 2023 at Kemaman Supply Base (KSB) which was attended by 25 staff.
- A Heat Stress Awareness conducted on 23 May 2023 which had 243 staff participating.
- A Noise and Hearing Conservation Awareness training was conducted in June 2023 for the Bunga Raya platform crew, with the attendance of 70 onboard crew members recorded.
- An Initial Ergonomic Risk Assessment training was held on 21 and 22 June 2023 which was attended by 23 personnel.

In order to minimise incidents through behavioural changes, HML initiated a HSSE Culture programme by conducting a series of safety talks, as follows:

- Safety Talk #1 was conducted on 21 September 2022 on "*Basic Rules Towards Lasting HSSE Culture*". The session emphasised the importance of house safety rules of an organisation and the need for such rules to be written in direct and concise language to facilitate understanding and compliance. The talk was attended by 16 personnel.
- Safety Talk #2 was held on 14 October 2022 covering the presentation topic of "*Moving Up the Safety Cultural Ladder*". In this session, the topic discussed how an organisation could achieve the next level of safety compliance from its current level, via self-awareness of the present status and each staff taking accountability and exerting personal influence to enhance safety levels via their individual roles and responsibilities. This talk was attended by 24 personnel.
- Safety Talk #3 was held on 9 November 2022 on "*OSHA 2022 and Impact to us*" which was attended by 33 personnel. The talk deliberated on key areas of the upcoming Malaysia Occupational Safety & Health Act (new amendment) and the steps HML had to pursue to ensure full compliance.

Sustainability Report

Given that a significant portion of HML's workforce consists of contractors, the relevant management processes were implemented. HML also engaged with Mode 2 high-risk contractors to ensure safe operations. Senior leaders from contractor companies were further invited to share best practices and discuss potential HSSE threats.

Recognising the importance of contractors and service providers in ensuring the conduct of safe operations, HML continues to prioritise the establishment and forging of strong relationships with these parties and consistently conducts engagements to ensure alignment of performance objectives, and process/procedures and expectations. Frequent engagements have been held with Mode 1 and Mode 2 contractors to instill the HML TEPAT[5] culture.

Notes:

Mode 1
- The contractor provides people, processes and tools for the execution of the contract under the supervision, instructions and HSSEMS of HML.
- The contractor has a management system to provide assurance that the personnel for whom it is responsible are qualified and fit for the work and that the processes, tools, materials and equipment they provide are properly maintained and suitable for the contract.

Mode 2
- The contractor executes all aspects of the contract under its own HSSEMS, providing the necessary instructions and supervision and verifying the proper functioning of its HSSEMS.
- HML has the right to verify the overall effectiveness of the HSSEMS controls in place, including interface with subcontractors, and assuring that both HML and contractor HSSEMS are compatible.

Mode 3
- The contractor operates within its own HSSEMS that has no interface with the client's HSSEMS.
- The Contractor is not required to report HSSE performance data to the client.

Prior to a planned shutdown, HML organised 14 Offshore Safety Induction (OSI) sessions which comprised seven HSSE modules to educate contractors on HML's HSSE expectations, management system, key processes and emergency response requirements. These OSI sessions were attended by 724 individuals. The seven modules in the OSI session comprised:

- General Safety Rules (House Rules)
  - These requirements ensure that those going to HML offshore locations (from embarkation point to disembarkation point) fully comply to Life Saving Rules, Hibiscus Petroleum's policies, use of correct personal protective equipment (PPE) and not carry prohibited items were reinforced during the sessions.
- People Onboard Management
  - This module focused on the roles and responsibilities of personnel during emergency response situations while working onboard HML offshore locations. This includes credible scenarios occurring during emergency response situations and the types of offshore platform alarm sounds.
- Emergency Preparedness and Response
  - Attendees were informed of the locations of primary and secondary mustering point (area where head counting of individuals would be conducted to ensure everyone was accounted for during emergency situations) at HML offshore locations.
- Permit to Work systems, Task Risk Assessment and Toolbox talk
  - This module briefed participants on the type of permits required for different types of work. The module also detailed the roles and responsibilities of each personnel working in various dedicated teams.
- Hazards at Workplace (during Shutdown)
  - This module introduced the attendees to the main hazards present at HML locations ranging from confined space entrance, use of chemicals, ergonomics, heavy lifting, welding etc.
- Waste Management
  - This session informed on the best practices when segregating and splitting scheduled waste and non-scheduled waste, as well as emphasising the need for labeling the waste generated prior to sending it onshore for disposal.
- Intervention (**STOP WORK**) and Incident Reporting
  - This module stressed on the roles and responsibilities of everyone working at the HML work locations to report incidents and near-miss occurrences. The module also reinforced the need to utilise intervention or **STOP WORK** instruction if any unsafe action(s) or conditions were observed while working at the HML worksite in an effort to reduce the potential or possibility of incidents or near-misses occurrences.

HSSE supervision coverage at worksites was also increased to monitor and support the significant work activities carried out. Both the Kinabalu and PM3 CAA Planned Shutdown were successfully completed without any recordable injuries between 29 July to 9 August 2022 and 20 August to 4 September 2022 respectively.

Note:
5 TEPAT denotes Hibiscus Petroleum's core values of Tenaciousness, Environmentally Responsible, People Focused, Agile and Trustworthiness.

The Senior Management Team's involvement in health and safety improvements was demonstrated through the quarterly HSSE Steering Committee meetings. This participative initiative is a platform for management engagement on health and safety with employee representations from all levels of the organisation.

The HSSE Steering Committee of HML is supported by the following HSSE Sub-committees as below:

- Asset Committee which focuses on any issue or support required by the operations teams.
- Technical Services Committee which attends to any issue or support related to technical matters.
- Logistics Committee which focuses on any issue or support required by the marine and aviation teams.
- Human Capital Safety Committee which attends to company-wide HSSE-related matters such as capability and competency assessments, and professional development.
- Office Safety Committee (OSC) which focuses on KL office matters such as hazard hunts, emergency drills and HSSE promotional programmes in the office.

These Sub-committees conduct monthly meetings to discuss HSSE related matters subject to their scope and highlight any significant issues to the HSSE Steering Committee's attention.

Anasuria Cluster

Under the UK regulations (Statutory Instrument No. 971), safety representatives are elected to represent the different worker groups offshore. On the Anasuria FPSO, regular meetings were held, chaired by the Offshore Installation Manager, with the minutes of such meetings posted on the notice board of the FPSO. In addition, safety meetings were also held regularly to discuss general safety issues. Furthermore, industry alerts were regularly discussed to benefit from lessons learnt from other locations.

During FY2023, there were campaigns to inculcate safety awareness within the workforce. Several campaigns were rolled out offshore including a full update to the asset induction process. The following awareness campaigns were carried out onboard during asset safety meetings within the period:

- Cancer Awareness
- Sun Health
- Lung Health
- Stress Awareness
- Body Image
- Dental Care
- Mental Health
- Neurodiversity
- Heart Health
- Hidden Disabilities
- Skin Health
- Physical Activity

In addition, for the Anasuria FPSO, annual Health, Safety, Environment and Quality (HSEQ) targets were set annually, using upper quartile industry performance as a benchmark. Actual performance was monitored and discussed at monthly review meetings.

Our key HSS performance indicators for the past 5 financial years are set out below:

HSS Performance - Anasuria Cluster

Indicators	FY2019	FY2020	FY2021	FY2022	FY2023
Number of staff trained on health and safety standards[1]	10/13 (77%)	9/12 (75%)	9/9 (100%)	12/12 (100%)	**18/18 (100%)**
LTIF – employees and contractors[2]	0	0	0	0	**0**
Total Recordable Injury Rates (TRIR) – employees and contractors[2]	0.89	0.52	0.00	1.7	**1.7**
Incident free days (including LTI, major spills, medical treatment case, major loss process containment)	359	366	363	362	**363**
Number of work-related fatalities of employees and contractors	0	0	0	0	**0**

Notes:
1 Includes only AOCL workforce.
2 LTIF represents the frequency of lost time injuries (LTI) which include fatalities, permanent disabilities or workhours lost due to workplace incidents per 200,000 hours worked by both employees and contractors.
3 TRIR is the number of fatalities, lost time injuries, substitute work, and other injuries requiring treatment by a medical professional per 200,000 hours worked by both employees and contractors.

Sustainability Report

The HSS performance for FY2023 has been generally positive, with zero LTIs recorded during this period.

At many of our operating sites, we work alongside third-party contractors who deliver proprietary products and specialist technical skills and services. Where third-party contractors work alongside our employees, we attempt to ensure that these members of the supply chain also subscribe to our systems and processes to assure a safe working environment for all. Thus, our selection of business partners and suppliers requires an assessment of their organisational safety performance. We are only interested in working with those who are non-compromising in their attitude towards safety performance.

In Anasuria, two recordable cases were reported during the period resulting in a TRIR of 1.7 (based on 200,000 worked hours). Details on the two reportable cases are as follows:

- On 31 July 2022, a contractor suffered a minor strain to his back while loosening bolts during a maintenance operation. He was then found unfit to do the full range of his duties resulting in him being confined to doing restricted work, as defined by Occupational Safety and Health Administration (OSHA).
- On 5 October 2022, whilst ascending the turret stairs, a person fell forward onto the grating at the top and suffered a laceration to his finger due to impact from falling on the floor grating. The injuries he sustained resulted in him undertaking restricted work (as defined by OSHA).

In the case of all incidents reported on the asset, full investigations were conducted, root causes identified and actions are tracked to closure in the AOCL Action Tracking Management System (ATMS).

5.2 Process Safety and Asset Integrity

North Sabah PSC

Process safety management remains central in our approach to safety. We acknowledge that strong leadership and operational discipline are essential attributes that contribute towards mitigating risks and sustaining a healthy process safety culture through all phases of our operations which are dynamic in nature. Our Process Safety Framework is a tool for managing asset integrity across the value chain, through the disciplined application of systems and processes to prevent a major unplanned and uncontrolled process safety incident that has the potential to result in serious impact to our people, the environment, our assets and production. We focus on utilising effective precautions or safety barriers across our operations to keep our facilities safe, eliminating potential impact to our people, the environment, our facilities and our reputation.

Process safety hazards are managed through prevention and response barriers. These effective precautions can be broadly categorised into active controls and passive safety barriers which often involve equipment, procedural documentation and/or people to prevent incidents. As per the normal practice in operating facilities, multiple barriers are utilised throughout our operations as process safeguards based on the severity of a potential hazard.

A rigorous maintenance schedule with specific requirements and criteria for inspections is maintained to ensure barriers are effective. This protects the integrity of our wells, structures, piping and equipment and minimises the risk of an unplanned loss of containment or an unplanned release of hydrocarbons. Both are considered process safety related events.

We also adopt a detailed approach to prevent the occurrence of major accidents whilst undertaking all projects, as a means to continually improve our process safety culture. We ensure that employees with the appropriate level of competency undertake, oversee and review project planning activities. This ensures the understanding of major hazards and associated scenarios, and the implementation and/or maintenance of critical system safeguards, as appropriate. Appropriate materials, tools, up-to-date installation methods and drilling fluids are utilised in conducting drilling-related activities, whilst meeting all relevant safety standards. Our well design, planning and inspection procedures conform to both international level practices as well as existing legislation. Finally, we rely on the effective application of design criteria and safety barriers which are built into our programmes and verified through internal and external review processes, including independent inspections of proposed well designs.

<u>Contractor HSSE Management</u>

Contractors are an integral partner to our operations, comprising around 73% of our total workforce hours in FY2023. Compliance to the North Sabah safety requirements is mandatory for all staff and contractors working on our operations. To comply with this requirement, from the onset and prior to award of a contract, potential contractors' HSSE management systems, capabilities and HSSE competencies are assessed and rated against our HSSE requirements during the bidding process. Additional focus has also been placed on the pre-award process by the introduction of the risk ranking and contract mode categorisation initiatives to identify potential risks and hazards as early as possible. The intent here is for actions to mitigate and manage the identified potential risks and hazards of a particular activity to be identified from the onset and frequently monitored thereafter by the contract owners during the post-award phase.

As part of efforts to ensure that potential risks and hazards are identified and the relevant mitigation actions are taken as early as possible to address the same, safety related activities such as the below were carried out throughout FY2023 in the presence of, and with participation of, contractor personnel:

- Quarterly Vessel Fast Crew Boat, Standby Boat and Boat Inspection Programmes.
- HSSE and Welfare Quarterly Management Engagements at the frontlines.
- Workplace Inspection Programmes at all locations.

Pre-mobilisation Safety Briefing at a contractor yard on 13 May 2023.

A high-risk HSSE contractor audit programme was also carried out in Q4 2022. This initiative was introduced in FY2021 as a platform for company and contractor representatives to monitor HSSE compliance and raise concerns on the same. In this programme, the selected high-risk contractors were audited through a series of HSSE document review, desktop reviews and/or field verification against the SEA Hibiscus' requirements, industry standards and best practices. This ensures that the controls established through the HSSEMS are implemented, maintained and effective in safeguarding our people, the environment, our assets and our reputation. It also enables us to verify that the requirements of the system are translated into tasks and targets as appropriate.

High-risk HSSE contractor audit programmes held in Q4 2022.

Another key initiative to strengthen the ongoing collaboration with our key contractors supporting the operations of the North Sabah PSC included the successful launching of the SEA Hibiscus HSSE Contractor's Engagement Forum on 6 and 7 September 2022. As a result of the positive response from this maiden launch, the H1 2023 SEA Hibiscus HSSE Contractor's Engagement Forum was organised on 22 and 23 February 2023 to provide another platform for the SEA Hibiscus and our contractors to discuss and reflect on the key HSSE Key Performance Indicators (KPIs) that are required to be met for calendar year 2023.

This forum served as a platform for the SEA Hibiscus and contractor's management to collectively reflect on the North Sabah HSSE Performance thus far and to discuss further improvements together, as partners, to maintain a safe work environment in the dynamic working conditions of our operations. Leaders from contractor companies were invited to share their knowledge and experience in this regard as we continue to pursue HSSE excellence.

Sustainability Report

H1 2023 SEA Hibiscus HSSE Contractor's Engagement Forum on 22 and 23 February 2023.

External Assurance Audits

During FY2023, several external assurance programmes were carried out on the North Sabah PSC, namely the LCOT Department of Occupational Safety and Health (DOSH) audit on 13 October 2022 and the HSE Functional Assurance – Operations Safety audit from 31 October to 14 November 2022.

The LCOT DOSH audit was conducted to ensure compliance to the Occupational Safety and Health Act (OSHA) 1994 and Factories and Machineries Act (FMA) 1967, as well as to assess the overall effectiveness of the company's compliance practices and protocols to other regulations that are benchmarked and practised across the industry.

The HSE Functional Assurance – Operations Safety audit from 31 October to 14 November 2022 was conducted by MPM via a document review, physical site verification at our offshore platforms, LCOT and ASB work locations as well as via interviews with office and site personnel, including third-party contractors (where applicable). This assurance exercise was conducted in order to provide assurance to the regulator that the management control framework in place complies with the relevant Malaysian Acts and related regulations and guidelines, PETRONAS' Procedures and Guidelines for Upstream Activities (PPGUA 4.1) as well as to specific requirements or aspects referenced within the organisation such as the Group's *HSSE Policy*, HSSE requirements and procedures and incident management arrangements. The focus in this area is on proactive governance of operational safety practices, which in turn ensures a safe and dependable operations management throughout the lifespan of the asset.

HSE Functional Assurance – Operations Safety audit by MPM from 31 October to 14 November 2022.

HSE Functional Assurance – Operations Safety audit by MPM from 31 October to 14 November 2022.

The North Sabah PSC is continuing its efforts to pursue the ISO 45001 Occupational Health & Safety Management (OH&S) Systems certification. ISO 45001 is an international standard that specifies the requirements for an occupational health and safety management system to enable organisations to:

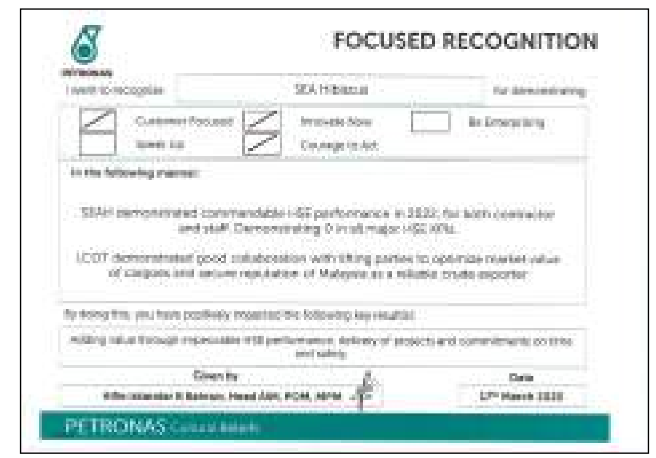
- provide safe and healthy workplaces in order to mitigate the occurrence of work-related incidents of injuries or ill health; and
- to proactively improve OH&S performance by taking advantage of OH&S opportunities.

As part of this effort, an ISO 45001:2018 and ISO 14001:2015 Stage 1 desktop verification audit was conducted in September 2022 by the National Institute of Occupational Safety and Health (NIOSH). This was later followed by the ISO 45001:2018 and ISO 14001:2015 Stage 2 Audit at LCOT and ASB from 23 to 25 November 2022 which were held with the aim of evaluating the implementation, including effectiveness of the organisation's HSSMS in meeting the applicable statutory, regulatory and contractual requirements and standards in order to achieve the ISO 45001 certification.

ISO 45001 and ISO 14001 awareness session at ASB on 24 May 2022.

In March 2023, SEA Hibiscus was awarded 2 PETRONAS Focused Recognition Awards by our partner, PETRONAS Carigali Sdn Bhd (PETRONAS Carigali) for "*Effectively contributing to excellent HSSE performance in 2022*" as well from the regulator, PETRONAS MPM for "*Adding value through impeccable HSE performance, delivery of projects and commitments on time and safely*", demonstrated in the following manner:

- Excellent HSSE performance recorded in 2022 with no major incidents and accidents.
- Commitments on Zero Tolerance towards HSSE non-compliance.



PM3 CAA and Kinabalu PSCs, and other PSCs under the Peninsula Hibiscus Group

The main objective of the Safety Integrated Level (SIL) assessment is to assess the integrity level for all instrumented protection functions that have been provided for all process systems, in accordance with international codes and standards such as Functional Safety – Safety instrumented systems for the process industry (IEC 61511).

Sustainability Report

An assessment workshop was conducted to perform a systematic review of plant process systems to identify failures in various safety related control systems at each plant, which undertake activities that have the potential to harm personnel (through injury or loss of life) or cause damage to the environment (temporary or permanent). A secondary objective was to identify where such failures have the potential to cause significant economic loss due to production loss and/or damage to capital equipment. The safety and environmental harm and the economic loss would generally arise from a loss of containment, either of the product or of a substance hazardous to health.

Participants of the Kinabalu SIL Assessment Workshop from 17 to 19 January 2023.

As part of HML's commitment to ongoing improvement, the Safety Case must be formally revised and an updated Safety Case resubmitted every five years. Updating an existing Safety Case provides continuous assurance that existing HSSE risks are effectively managed, and guarantees that risks associated with changes to equipment, activities or locations, as well as systemic weaknesses identified by incident analyses and audits, are effectively managed.

Participants of the PM3 South Operations Safety Case Workshop held on 9 to 11 May 2023.

Additionally, other work-in-progress activities such as the Kinabalu and PM3 North Operations Safety Case Gap Assessment Workshops were held on 29 May and 19 June 2023 respectively. A Safety Layout As-Built Updates Campaign which involved participation of HML's Safety Specialists at offshore sites was also conducted.

As part of its ongoing efforts to reduce the incidence of LOPC across all of HML's maturing assets, a LOPC Management Framework programme, established since July 2021, was utilised to identify common threats for LOPC based on historical data and operational experience. This was done in order to identify the relevant areas of focus. Simultaneously, a review of the ongoing programme continues to be conducted across all assets to monitor, analyse, and report LOPC KPI to facilitate the development of new strategies to ultimately prevent and/or minimise LOPC incidents across all HML-operated assets.

In FY2023, there were 11 hydrocarbon releases recorded from July to December 2022 whilst 5 hydrocarbon releases were recorded from January to June 2023.

The relevant mitigation measures were immediately implemented and the learnings from such incidences were shared with all employees in efforts to prevent recurrence of such situations.

There was also a major LOPC incident reported on BRE platform at level gauge (8LZG-9175) bridle bottom flange that is connected to the Regeneration Gas Separator (8V-9140). The incident was caused by parted bolts on the bridle 4" bottom flange releasing hydrocarbon gas and condensate with operating pressure of 47 barg. Upon investigation, the failure of the bolts was due to Chloride Induced Stress Corrosion Cracking (CISCC) contributed by the use of lower grade B8 stainless steel bolts that were susceptible to CISCC. Immediate action was taken to replace all B8 bolts with higher grade B7 bolts for the affected system. The damaged (bend) spool was removed from location.

As added precautionary measures, the following recommended actions were also cascaded to other locations:

- To extend inspection and replace the standard grade bolts type with those of a higher grade for the regeneration gas separator system skid.
- To perform survey on bridle flange bolting integrity and condition for all vessels across all assets.

Anasuria Cluster

In May and June 2023, AOCL was subject to a detailed regulatory inspection covering the subject of '*Process Safety Leadership*' as part of a wider industry review which covered a wide cross section of installation operators. The process involved a detailed documentation review and individual interviews cascading through the organisation from the CEO, onshore and offshore Leadership Teams and offshore elected safety representatives. Overall, the regulator had positive feedback on AOCL's performance.

Contractor HSSE Management

As a practice, pre-contract HSEQ audits are carried out on all non-routine offshore projects, such as a scale inhibitor squeeze, diving and drilling campaigns. In addition, combined operations HAZID/risk assessment workshops are also held, bridging documents prepared and emergency response arrangements tested through exercises and drills. With respect to planned shutdowns, several planning meetings are held and the work packs prepared are subject to detailed risk assessments.

A requirement of the Safety Case Regulations 2015 is that a 'thorough review' of the installation Safety Case must be carried out every five years, and a report of the findings submitted to the Health & Safety Executive (HSEx). The purpose of this review is to demonstrate, through a systematic examination, that the Safety Case remains sound, information is current and accurate, and areas for improvement are identified and addressed. The review looks at design parameters, ageing processes and changes in operating conditions that may limit the life of the installation, or impact the effectiveness of its safety critical elements.

During the course of calendar year 2020 when Petrofac was the Duty Holder, a Safety Case thorough review was conducted, and the required report was submitted to the HSEx in 2020. As AOCL successfully transitioned to the role of the Anasuria FPSO Duty Holder on 10 June 2022, the responsibility to address open action items transferred from Petrofac to AOCL. Since transition, a series of HSEx inspections have taken place. The table below shows the inspection focus areas and status of items raised. AOCL is engaging with the HSEx on these items and they are tracked in AOCL's ATMS system to closure.

AOCL's Inspection Focus Areas and Status

Inspection Title	When	Onshore	Offshore	Items Raised	Items Closed
Petrofac Pre-Duty Holder Letter Items	–	–	–	11	5
Human Factors	November 2022	Yes	No	0	n/a
Maintenance Management	November 2022	Yes	No	1	0
HSEx Offshore Inspection	December 2022	Yes	Yes	4	3
Wells	March 2023	Yes	No	1	1
Pipelines	January/March 2023	Yes	No	0	n/a
HSEx Offshore Inspection	February/March 2023	Yes	Yes	7	2
Cyber Security	March 2023	Yes	No	1	0
Process Safety Leadership	June/July 2023	Yes	No	Ongoing	n/a

As a part of the environmental compliance process (with the UK Regulations), annual environmental inspections are undertaken by the Offshore Petroleum Regulator for Environment and Decommissioning (OPRED). Such an inspection took place in November 2022.

The OPRED Inspection Letter received for the 2021 Inspection identified 10 areas for improvement. Six of these items have been closed/completed (which was 3 more than that achieved in the previous financial year), with the remaining four improvement areas still open and currently in progress. The remaining four improvement areas are:

- ensuring meter maintenance activities are carried out as planned;
- ensuring crude offtake systems are maintained and tested to prevent the release of crude oil to the sea;
- plans to assure integrity of all Anasuria risers and ensuring they are fit for operations beyond calendar year 2022; and
- ensure AOCL's anomaly management system allows clear tracking of anomalies through all phases or remediation.

Sustainability Report

In addition, AOCL received the OPRED Inspection Letter on 27 June 2023. OPRED reported a total of eight findings/areas for improvement following the 2022 Inspection, of which one has been addressed. The remaining areas of improvement identified include:

- ensuring that subsidiary red lights, which are a part of navigational lights, are consistently flashing correctly as specified by the Consent to Locate;
- investigating to ensure that the Aids to Navigation System, both lights and fog horns, will automatically switch to the backup system, in the event the primary system fails;
- confirming offtake reel spool piece replacement has been completed;
- providing an update of the failed Guillemot production/test riser dissection, testing and root cause analysis;
- confirming that the newly installed forward fire water pump work has been completed;
- confirming what actions were taken to investigate and remedy the dripping of fluid from the hydraulic swivel and if any was released to sea; and
- providing an update to the Platform Operating Procedures Manual (POPM) update project.

During the reporting period, the Anasuria asset achieved a Gold Award for the 24th consecutive year and the Order of Distinction for 24 consecutive Gold Awards for health and safety performance from the Royal Society for the Prevention of Accidents (ROSPA), UK. Hibiscus Petroleum through its indirect wholly-owned subsidiary, Anasuria Hibiscus has been a joint operator of Anasuria since 10 March 2016. Prior to this, Shell U.K. Limited had been the operator of Anasuria since the fields commenced production in 1996.

In addition, in May 2023, AOCL entered the Offshore Safety Awards which are jointly organised by Offshore Energies UK (OEUK), the leading representative body for the UK offshore oil and gas industry, and Step Change in Safety. The Offshore Safety Awards celebrate the excellent work being done to promote safety across the energy industry, with winners being selected by their industry peers. In this regard, AOCL was nominated for two of the six industry awards for the Elected Safety Representative of the Year and Welfare and Wellbeing awards. Although ultimately AOCL did not win awards for these two categories, being recognised via nomination in such an elite field, is acknowledgement enough.

Together with our partner PPUK, Anasuria Hibiscus and AOCL, the Duty Holder of the Anasuria FPSO, are proud to have been able to continue to uphold the safety performance of the Anasuria asset.

At many of our operating sites, we work alongside third-party contractors who deliver proprietary products, and specialist technical skills and services. Where third-party contractors work alongside our employees, we must ensure that these members of our supply chain also subscribe to our systems and processes to assure a safe working environment for all. Thus, our selection of business partners and suppliers requires an assessment of their own organisational safety performance. We are only interested in working with those who are non-compromising in their attitude towards safety performance.

5.3 Crisis and Emergency Preparedness

Safety is not just a core value at Hibiscus Petroleum. It is the very foundation of our business. We strive to ensure the safety of our workforce and communities, to keep our infrastructure healthy and fit for service, and to maintain strong emergency preparedness and response systems.

We plan for safe, reliable, incident-free operations, in keeping with our belief that all incidents are preventable.

We have robust emergency preparedness and response systems which we constantly test for continuous monitoring and improvement, to enable us to promptly resume normal operations and/or business activities in the unlikely event of an incident, to reduce the occurrence of any adverse impact to business productivity and profitability. We partner proactively with local first responders, emergency management groups as well as state and federal agencies.

Our Crisis Management Team (CMT), located at our headquarters in Kuala Lumpur, is responsible for the overall strategic management of critical events which require corporate support.

At project level, the coverage of emergency preparedness encompasses unintended events caused by natural disasters, major fires, spills, or social unrest, and ensures that Emergency Response (ER) centers and ER Plans are in place at the country, regional or global level.

ER plans are seamlessly integrated by company-appointed crisis and ER operatives and personnel by providing knowledge and skill development coaching programmes and training to manage various business emergencies. Corporate and site-specific drills and exercises to test emergency response plans are embedded in yearly activity plans and executed under the monitoring and coaching capabilities of the HSSE department.

Emergency preparedness requires a systematic approach to identify potential hazards to facilitate planned mitigation and remediation actions which are efficient and effective, whilst ensuring the safety of responders, the community, and the environment. Our programmes use an organisational structure for incident management that, depending on the nature and magnitude of an incident, covers all levels of the organisation – from frontline workers to executive leadership – and can be activated immediately. Additionally, these programmes are regularly reviewed and periodically audited to ensure their continual improvement and proper functioning.

Sustainability Report

Our comprehensive ER plans are tailored to each business unit to cover distinct operations and risks, including site-specific receptors. We regularly review, audit, update and test these plans to ensure they work as expected. Our emergency management programmes outline the review and improvement cycles. All of our regulated plans are updated to ensure effectiveness and alignment with stakeholders' expectations, in addition to evolving business needs. Relevant information from our ER plans is shared with local first responders and key stakeholders in accordance with our license to operate to facilitate seamless coordination between all parties.

We place high importance in training our employees and direct contractors who could be involved in an emergency response. The training commensurates with the role they would be required to take on during such an emergency and addresses potential hazards or risks that may be encountered in the course of duty. For example, onshore operations staff are trained on shoreline oil spill protection and clean-up strategies, while marine and offshore operations staff are trained in facility emergency shutdown and oil spill offshore containment and dispersion strategies.

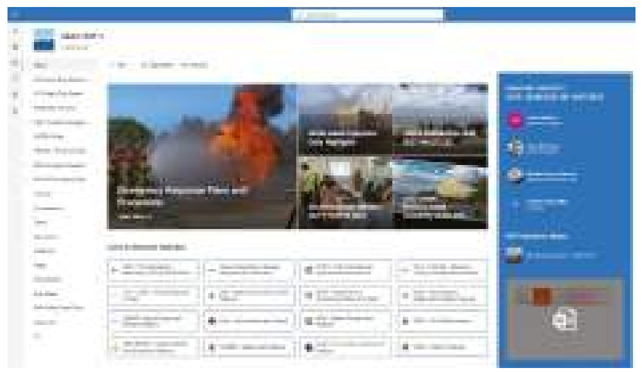
North Sabah PSC

As part of a continuous effort towards achieving a level of desired readiness to face various types of incidents, numerous trainings, workshops and exercises were organised between July 2022 and July 2023 to exercise the Command, Control, Coordination and Communication (4Cs) principle between various facilities and the SEA Hibiscus Incident Management Team (IMT) and CMT.

To further improve response effectiveness, the HSSE Department fully implemented a virtual incident management tool called "*LogIT*". This tool enables both IMT and CMT to respond to emergencies in near "real-time", albeit virtually, across all locations with the support of our Emergency Control Centre (ECC).

The integration of *LogIT* with the pre-existing ER procedures and plans was done via linkage to our IMT webpage. The IMT Webpage functions as a one-stop centre for ER, and provides the user access to business emergency and crisis plans, emergency callout duty roster, operation emergency standing instruction updates, training schedules and online knowledge centre for ER. This includes access to relevant webpages and tools utilised during ERs. The webpage also communicates training offerings for emergency responders.

LogIT Incident Management Software.



SEA Hibiscus IMT Webpage.

To ensure emergency preparedness, discussions-based and operations-based exercises were conducted including seminars, workshops, and tabletop drills as well as full-scale exercises involving our employees and contractors, local first responders and other third-party agencies. We also work with local emergency responders as per our business HSSE plans.

Routine T–Baton Training at LCOT by our Auxiliary Police.

Polis Diraja Malaysia (PDRM) Engagement with Auxiliary Police Organisation.

Our Auxiliary Police on board St Joseph Standby Vessel.

LCOT Fire Team Member and Leader Training (February to March 2023).

Chemical Spill Emergency Drill Logistic Warehouse "Exercise Enoe 01/2023" (completed May 2023).

LCOT Emergency Response Assurance Visit, Training and Exercise (June 2023).

Sustainability Report

SEA Hibiscus Warehouse Worst Case Scenario Workshop and Tabletop Drill (January 2023).

LCOT Worst Case Scenario Workshop and Tabletop Drill (July to August 2022).

SEA Hibiscus Incident Management Team Training (March 2023).

Furthermore, through industry associations, we exchange best practices with other operators and participate in committee activities and joint exercises for the purpose of collectively advancing safety and emergency preparedness. These were some notable engagements done with the following agencies during this financial year:

- MPM – Joint Emergency Response Working Group (JERWG), Joint Security Working Group, Sahabat Maritim initiative for fishermen engagement on security risks, Radar Surveillance (RS3).
- Malaysian National Security Council (MKN) – external stakeholder engagement level, drills and exercises (inclusive NACSA).
- Office of the CGSO – external stakeholder engagement level, business emergency response plans, Key Point Installation assessment, drills and exercises.
- Ministry of Health (MOH) of Malaysia – external stakeholder engagement level, drills and exercises.
- Fire and Rescue Department Malaysia (JBPM) – Labuan Emergency Mutual Aid (LEMA) Joint Working Group meetings, external stakeholder engagement level, drills and exercises.
- Malaysian Maritime Enforcement Agency (MMEA) – external stakeholder engagement level, Sahabat Maritim.
- Polis Diraja Malaysia (PDRM) – external stakeholder engagement level, Sahabat Maritim, Joint Security Working Group (Sabah), Auxiliary Police Annual meeting.
- Atomic Energy Licensing Board (AELB) (now known as the Department of Atomic Energy Malaysia) – external stakeholder engagement level, drills and exercises.
- DOE – external stakeholder engagement level, drills and exercises, national and state oil spill contingency seminars and workshops.
- Department of Occupational and Health (DOSH) of Malaysia – external stakeholder engagement level, drills and exercises.
- Marine Department Malaysia (MARDEP) – external stakeholder engagement level, drills and exercises, International Ship and Port Facility Security (ISPS) related engagement and national drills.
- Lembaga Kemajuan Ikan Malaysia (LKIM) – Mantanani Sahabat Maritim outreach programme.

Mantanani Sahabat Maritim outreach programme Safety and Security Awareness talk by SEA Hibiscus' Offshore Installation Manager (August 2023).

SEA Hibiscus' CEO presenting Safety Token to Villagers during Mantanani Sahabat Maritim outreach programme (August 2023).

Participating organising members of Mantanani Sahabat Maritim outreach programme (August 2023).

SEA Hibiscus Fire Safety Awareness Programme in collaboration with JBPM (August 2022).

SEA Hibiscus Fire Safety Awareness Programme in collaboration with JBPM (August 2022).

SEA Hibiscus Fire Safety Awareness Programme in collaboration with JBPM (August 2022).

SEA Hibiscus Security Awareness Programme in collaboration with CGSO and NACSA (August 2022).

SEA Hibiscus External Stakeholder meet – Civil Aviation Authority of Malaysia (CAAM) SAR Mission Director KLIA (February 2023).

SEA Hibiscus External Stakeholder meet – MKN (February 2023).

SEA Hibiscus External Stakeholder meet – MMEA (February 2023).

SEA Hibiscus External Stakeholder Meet – MARDEP WP Labuan (February 2023).

Sustainability Report

Pandemic Preparedness (COVID-19) and Post-Pandemic Initiatives

We moved swiftly to ensure preventive controls were established within the organisation in view of the COVID-19 pandemic which commenced in early 2021. Several stringent initiatives were implemented upon the announcement of the Movement Control Order (MCO) and the variations under Enhanced (EMCO), Conditional (CMCO) and Recovery (RMCO), and thereafter scaled back during the Endemic stage declared by the Malaysian Government. Upon a subsequent announcement by the Malaysian Government, all company controls for the pandemic were gradually reduced and ceased in October 2022.

Health monitoring and alerts are nevertheless practised within the Company to ensure necessary health controls are achieved in accordance with the Petroleum (Safety Measures) Act 1984, OSHA 1994 and Factories and Machineries Act 1967.

In addition, we secured contractual support from well-established entities to better manage and elevate our capabilities when facing non-desired events. More specifically, contracts are in place for:

- Medical Emergency Response support coverage – the integrated medical services provider extends comprehensive and continuous occupational health services covering international medical assistance, healthcare, occupational health regulatory compliance consultation and medical evacuation support services. Our Medical ER Plan incorporates its services in the event of medical evacuation of staff due to occupational or non-occupational illness while at work.
- Oil Spill Contingency Plan (OSCP) support coverage – the UK specialist organisation works to assist operators to respond effectively to oil spills. This gives us access to their global network of oil spill response equipment and expertise, including offshore and shoreline oil recovery equipment, dispersant stockpiles, and aerial dispersant spraying capabilities. Their equipment can be quickly mobilised from their regional bases at any time, for instance, it owns a dispersant aircraft based at Senai, Johor and a regional logistics base at Singapore.
- OSCP support coverage – the local oil spill response organisation (OSRO) National Oil Spill Workshops is well-connected with local enforcement and government agencies. It provides oil spill response consultation and equipment during oil spill incidents, as well as assists to build competency and skills for our emergency responders.

OSRO Tier 2 Petroleum Arrangement Contractor (PAC) Members Quarterly Meeting – Port Dickson Q1 2023.

Local and Regional OSRO participated in SEA Hibiscus Tier 3 Oil Spill Exercise (September 2022).

Focused Worst Case Scenario Exercises – Tier 3 Oil Spill Exercise (Exercise Kiamsam 01/2022)

In an effort to maintain 'readiness', reduce any existing gaps and continually implement further improvements to emergency response capability, SEA Hibiscus embarked on a large-scale Tier 3 Oil Spill Exercise involving our frontline and management within the business units in line with requirements by PPGUA and following best practices recommended by IOGP and International Petroleum Industry Environmental Conservation Association (IPIECA).

Three crucial drills were conducted to test certain design phase criteria:

Phase 1
- Trigger LCOT Emergency Response Plan (ERP) and SEA Hibiscus OSCP (SEA Hibiscus Tier 1), trigger SEA Hibiscus IMT, Notify Crisis Leader.
- Deploy Tier 1 Equipment.
- Notification to external stakeholders (Authorities, PETRONAS, Petroleum Industry of Malaysia Mutual Aid Action Group (PIMMAG), OSRL, PETRONAS Labuan Gas Terminal (LGAST)).

Phase 2
- Activate Tier 2 support (PIMMAG/OSRL).
- Deployment – Oil spill modelling, staging area, Pusat Kawalan Tindakan Kecemasan/ Pusat Kawalan Operasi Bencana, Shoreline Clean-up Assessment Technique, manpower services, deployment Tier 2 Oil Spill Response Equipment, 4Cs.

Phase 3
- Managing a prolonged incident.
- Escalating events (knockover effect).
- Business continuity plan.

Phase 4
- Activate state response plan (National/State/ District Oil Split contingency plan) and mobilisation.
- Deploy SEA Hibiscus Tier 3 (Manpower and Equipment), Government Assets.
- Joint command (Industry/ Authorities) and split responsibility of incident 4Cs.

Oil Spill Classification

Tier 1
Tier 1 spills are likely to be small and affect a localised area. The spill can be managed using onsite resources.

Characteristics of Tier 1 Oil Spill:
- Spill occurs within immediate site proximity.
- Minor environmental impact.
- Spill can be managed using oil spill response resources available on site.
- Source of spill has been secured.
- Minimal media interest.

Tier 2
Tier 2 spills are those in which regional and national resources are required to control the spill.

Characteristics of Tier 2 Oil Spill:
- Spill extends beyond the immediate site boundary.
- Tier 1 resources are overwhelmed and additional in country resources are required.
- Potential impact to sensitive areas and/or local communities.
- Spill source cannot immediately be secured.
- Local/national media interest.

Tier 3
Tier 3 spills are those in which national and international resources are required to control the spill.

Characteristics of Tier 3 Oil Spill:
- E.g. complete loss of vessel cargo, well blowout, pipeline rupture.
- Spill has crossed international maritime boundaries.
- Tier 2 resources are overwhelmed and additional international resources (e.g. Oil Spill Response Limited (OSRL)) are required.
- Significant impact to sensitive areas and/or local communities.
- International media interest.

Sustainability Report

The objectives of the exercise are:

- Establish a multi-tiered oil spill exercise programme using SEA Hibiscus' worst case event scenario.
- Design the exercise programme to fit the lean organisation structure of the business.
- Populate training and coaching programmes to guide the organisation in the oil spill exercise journey.
- Embed external stakeholder engagements, workshops and joint physical and mobilisation exercises.
- Provide a safe environment where participants may exercise and learn through "trial and error/success" mode.
- Testing of all company and Tier 2 emergency response equipment in a real deployment exercise.
- Merge SEA Hibiscus and the Emergency Response Organisation and Resources of various authorities and agencies in a coordinated response plan, with full active deployment of equipment, vessels, and manpower by SEA Hibiscus and the relevant authorities.
- Conduct an "After Action Review" and revise company emergency response plans, responder growth development plan and equipment update.

Through this exercise, we achieved the following:

- Valuable exposure received by our frontline team with regards to managing a large-scale emergency from the perspectives of 4Cs.
- Leveraged the success of building business relationship ties with strategic partners especially local government and industry responders, in addition to providing valuable information with regards to tactics and strategies to establish a joint response capability to counter with business worst case scenario.
- Obtained assurance that all levels of emergency response resources including organisation, manpower, equipment and business aided tools are tested and ready for managing a large-scale emergency situation.
- Identified from exercise After Action Review potential business gaps, authority and licensing requirements, planned and agreed action on gap closures to ensure effectiveness in our future readiness, further improving our emergency response procedures.

TIER 3 OIL SPILL JOINT EXERCISE ORGANISATION

Organisation

- Exercise Committee and Planning Team
- Role Players
- SEA Hibiscus CMT (KL), IMT (KK), Logistic Labuan
- Invitees from partners and external stakeholders

Exercise Director

Strategic Risk Manager, SEA Hibiscus Director, National Security Council Wilayah Persekutuan (WP) Labuan

SEA Hibiscus Exercise Sponsor Committee

Chief Executive Officer, SEA Hibiscus,
Head HSSE, SEA Hibiscus

Exercise Planner

Deputy Director, MKN (WP Labuan)
LCOT Fire Chief, SEA Hibiscus

SEA Hibiscus Internal Planning Committee

1. LCOT, Offshore Installation Manager (OIM), SEA Hibiscus
2. LCOT Deputy OIM, SEA Hibiscus
3. HSSE Advisor LCOT, SEA Hibiscus
4. Fire and Security Superintendent, SEA Hibiscus
5. LCOT Head of Security, SEA Hibiscus

WP Labuan External Stakeholders

1. Labuan Cooperation
2. MKN
3. National Disaster Management Agency (NADMA)
4. Angkatan Pertahanan Awam Malaysia (APAM)
5. CGSO
6. DOSH
7. PDRM
8. JBPM
9. MPM
10. LGAST
11. MARDEP
12. Lembaga Perlabuhan Labuan (LPL)
13. MMEA
14. Kementerian Kesihatan Malaysia (Hospital Labuan)
15. PIMMAG
16. OSRL

Exercise Kiamsam Tier 3 full deployment exercise 27 to 29 September 2023 at WP Labuan.

PM3 CAA and Kinabalu PSCs, and other PSCs under the Peninsula Hibiscus Group

Although the COVID-19 pandemic transitioned to the Endemic stage, monthly meetings have been regularly held between HML and the Office Building Management to discuss relevant issues associated with safety, security, and administrative issues within the building.

Continuous precautionary measures have been instituted within the HML Kuala Lumpur office. These include recommending the use of face masks in common areas in the office, regular sanitisation and disinfection of common areas within the building, *ad hoc* sanitisation or disinfection upon the reporting of any positive COVID-19 case by Building Management and/or tenant, and the distribution of COVID-19 self-test kits to HML employees.

The HSSE team has also carried out risk assessment to manage COVID-19 cases at the HML offices/and other premises, including at supply bases which includes Tok Bali Supply Base (TBSB), ASB, KSB under the purview of the OSC. The OSC discharges its duty in collaboration with the Building Management (KL Office), and the Management of TBSB, ASB and KSB. Reference was also made to the MOH to ensure compliance with the latest procedures and to seek advisory support.

The HML Emergency Response Team comprises the CMT, Business Support Team (BST), IMT and Tactical Response Team (TRT). As part of the annual company emergency response and preparedness exercises, HML organised training and drills for BST, IMT and TRT. Below are the examples of TRT emergency drill exercise scenarios carried out on-site:

- Fire
- Abandon Ship
- Medical Emergency
- Confined Space
- Man Overboard (MOB)
- Emergency Steering
- Piracy
- Oil Pollution

Sustainability Report

- Collision
- Dynamic Positioning (DP) Failure
- Power Failure
- Cargo Shifting

On average, a team, consisting of 10 to 15 crew members, is involved in each TRT exercise. Amongst the main objectives of these drills are to ensure readiness and skillfulness of onshore or offshore personnel in an emergency response, achieve improved communications between the on-site team and the KL office team, and enhance the capability of crew members in logistical preparations for emergency situations. The outcomes of these drills are better coordinated responses, good communication, mutual support between different levels of management and locations, in addition to compliance and familiarisation with the procedures and guidelines for safety purposes in offshore and onshore emergency situations. Approximately 13 emergency drill exercises have been conducted at the HML Supply Bases located at TBSB, ASB and KSB during the period between July 2022 and June 2023.

In addition, HML actively joins other oil and gas companies in monthly meetings and discussions to review and update the functionality of oil spill response equipment owned by PIMMAG. In December 2022, HML collaborated with PIMMAG and PETRONAS, as well as the DOE to conduct an Oil Spill Workshop to streamline the appropriate response in the event of an oil spill emergency. On 20 July 2023, PIMMAG organised the PAC Meeting Serial 3/2023 and Audit Committee Meeting Placeholder to re-appoint the new PAC Chairman and Deputy Chairman.

In addition, HML is also an active participant and regular member, in the capacity as a PAC, of the JERWG organised by MPM and attended the four meetings held from June 2022 to July 2023.

On average, the JERWG meetings or workshops attract around 25 participants comprising representatives from each PAC and MPM HSE.

Furthermore, HML had also joined a workshop organised by PIMMAG "*Bengkel Pemurnian Dokumen*" (Joint Oil Spill Response Guidelines for Industry and Related Government) which was held on 19 and 20 December 2022. The identified takeaways from this meeting was combined knowledge and experience shared by different PACs on the Emergency Response Plan (ERP) activation during Exercise Jerung Emas (PETRONAS Carigali-Peninsular Malaysia Asset (PMA)), Emergency Response Management (ERM) during Bekok-A Gas Leak incident (PETRONAS Carigali-PMA), Offshore Maritime Search & Rescue (MSAR) and Marine Maintenance, Repair and Operations (MMRO) Tabletop Exercises with several stakeholders, Site Emergency Response Drill Learnings and Discussion, and Pre-Budget Expectation (PBE) for Emergency & Crisis Management 2024.

Finally, HML is also working with OSRL to prepare an Oil Spill Capability Review for Block PM3 CAA and Kinabalu assets (anticipated to be completed in Q3/Q4 2023). OSRL is the largest international industry-funded cooperative which exists to respond to oil spills wherever in the world they may occur, by providing preparedness, response, and intervention services. This Capability Review assesses, provides feedback, and makes recommendations on the following topic areas:

- Oil spill planning process i.e., scenario identification, response strategy, emergency response documents and tiered response capability
- Adherence/compliance to legislation, regulations, and agreements
- Emergency response documents (i.e., OSRP and Incident Management Plan (IMP))
- Oil Spill Training and Exercise Programme
- Sustainability and Continuous Improvements

Anasuria Cluster

As joint operator of the Anasuria Cluster and through our ownership of AOCL, we partly rely on the provisions of the Management System Standards of our Duty Holder (AOCL), which is also the owner of the Safety Case, to demonstrate that AOCL has the ability to operate the Anasuria facility safely and be responsible for the day-to-day management of the Anasuria FPSO and pipelines.

We have identified all foreseeable major accident scenarios related to work under our direct control and have implemented emergency response plans, facilities and procedures to ensure an effective and efficient response by an empowered organisation. Emergency response plans are regularly tested through drills and exercises. As part of our initiatives in this area, employees and contractors receive emergency response training appropriate to their roles and responsibilities.

We also have the capability to respond to Tiers 2 and 3 environmental events. Emergency Response procedures are available which details the processes in place to maintain a constant state of preparedness and to enable the proactive mobilisation of resources when responding to an emergency. The emergency response provision functions through an on-call Duty Manager with onshore incident management support located within the Petrofac Emergency Response Centre at Blaikies Quay, Aberdeen Harbour.

The Anasuria Oil Pollution and Emergency Plan (OPEP) details the offshore Tiers 1-3 emergency response arrangements for the installation and subsea infrastructure and is supported by the Onshore AOCL OPEP. Additional Temporary Operation OPEPs and Communication and Interface Plans are developed and implemented where required.

Training and exercising plans are in place to ensure all personnel required for response to an emergency, are competent. Duty Managers are trained to OPEP level 2 and HSEQ team members are trained to OPEP level 3 and participate regularly in exercises organised by the Emergency Response Team of which they are a part of.

To support our oil spill response plans and capabilities, we are an associate member of a specialist organisation which works to assist operators to respond effectively to oil spills. Apart from access to their global network of oil spill response equipment and expertise, we also have access to the UK's Oil Spill Prevention and Response Advisory Group's (OSPRAG) well capping device. The well capping device is a vital piece of equipment which, if in the unlikely event has to be called upon, would be deployed to seal off oil leaking from an uncontrolled subsea oil well and minimise damage to the marine environment. The AOCL Duty Managers have the authority to mobilise these resources in response to an incident. In relation to a well-related incident, an appointed Well Operator has been provided the authority to mobilise these resources. AOCL and the appointed Well Operators are also members of the Offshore Pollution Liability Association (OPOL).

We also contract with an established integrated medical services provider which provides us with international medical assistance, healthcare and security services. The Coastguard Search and Rescue helicopter can also be called upon to provide emergency evacuation of casualties or those with serious illness.

<u>Pandemic Preparedness (COVID-19) and Post-Pandemic Initiatives</u>

The Anasuria Cluster continued to support and comply with COVID-19 controls in line with the UK Governmental requirements and industry best practices. A cautionary approach was taken to the relaxation of the controls for COVID-19 resulting in no long-term health effects suffered by the core team and no significant disruption to operations. Post COVID-19, good practice hygiene measures have been maintained in both the office and offshore work environments.

5.4 Security

PM3 CAA and Kinabalu PSCs, and other PSCs under the Peninsula Hibiscus Group

<u>Security Engagement, Arrangement, Coordination and Communication with Government Authorities</u>

In managing offshore encroachment and intrusion, HML has been actively involved in the Joint Security Working Group (JSWG) organised by PETRONAS' Group Security and the Government authorities including the MMEA, Royal Malaysian Navy (RMN), Marine Police Force and Special Branch of the Royal Malaysia Police (RMP), MARDEP, the Office of the CGSO, Department of Fisheries Malaysia (DOF), Sabah Ports and Harbour Department (JPDS), National Hydrographic Centre (PHN). The JSWG meetings were held approximately on 5 occasions from September 2022 to June 2023 and these meetings were focused on addressing and managing maritime security issues confronting the Malaysia Upstream operations block, including HML offshore operations at PM3 CAA and Kinabalu. Amongst the key topics discussed at the JSWG meetings were current security updates on South China Sea issues, management of encroachment or intrusion, gazettement of offshore facilities, and emergence of threats such as drone, physical intrusion and drifted persons.

On average, the JSWG meetings involve approximately 20 participants comprising of representatives from each PAC, MPM HSE, PETRONAS' Group Security and the Government authorities concerned. The main objectives of these JSWG meetings have been to address steps taken to facilitate security coordination in operational support to PETRONAS or PACs, enhance readiness and capability in response to various security risks and threats confronting offshore operations, and ensuring continuous communication between PETRONAS, PACs and the authorities in security-related issues. Such meetings have resulted in improved relationships and coordination between PETRONAS, PACs and the Government authorities on security matters and enhanced operational/logistical cooperation and collaboration between parties involved.

HML was also involved in making the necessary arrangements (including preparing the Security Risk Assessment and Security Plan) for security coordination to facilitate the offshore project execution which includes PM3 CAA Drilling Campaign, Kinabalu Remotely Operated Vehicle (ROV) Campaign, Kinabalu Infill Drilling, and South Angsi A (SAA) Decommissioning, with assistance and support from MKN and other relevant government agencies. Among the MKN-organised Security Coordination Meeting or *Mesyuarat Penyelarasan Keselamatan* (MPK) held were MPK MKN Sitting for PM3 CAA and Kinabalu Field Drilling Projects on 15 August 2022 and MPK MKN Sitting for SAA Decommissioning and Kinabalu Infill Projects on 8 June 2023.

Sustainability Report

Additionally, HML assisted government agencies (e.g. CGSO and MKN) in reporting encroachment cases at the national strategic assets (offshore facilities) to the Kelantan State Key Point Committee (*Jawatankuasa Sasaran Penting Negeri* or JSPN) for the Federal Government's attention and action. HML also organised a Security Audit Visit to our offshore facilities, which includes Bunga Raya-A (BRA) platform on 7 June 2023 for Team JKPK Negeri Kelantan (Kelantan State Security Inspection Sub-committee or *Jawatankuasa Kecil Pemeriksaan Keselamatan* under JSPN Kelantan) comprising CGSO Kelantan, Kelantan Contingent Police Headquarters (IPK Kelantan) and the Kelantan State JBPM to inspect and audit the physical security aspects (protective security) of the BRA platform as it is one of the national strategic assets for which the government is responsible to protect and safeguard.

Engagement and Communication with Onshore Facilities and Local Community

HML was involved in various engagements with onshore facilities (supply bases) in supporting offshore operations. These engagements involved security briefings, site visits and awareness programmes with supply bases' Auxiliary Police, HML staff and contractors stationed at supply bases. Other relevant stakeholders were also included in such engagements. On 4 and 5 July 2023, the Security Team conducted a security awareness and briefing session for HML and TBSB employees. The session covered the most recent security situation offshore and precautions to be undertaken in daily operations. In terms of HML's engagement with the local community, the Company was directly involved in the '*Sahabat Maritim*' Programme (PSM) with PETRONAS and MMEA (amongst others) held on 21 July 2023 at Kuala Besar, Kota Bharu, Kelantan, with attendance from the local fishermen community, MMEA Kelantan, a PAC in the TBSB and the general public.

6. ENVIRONMENTAL MANAGEMENT

Amidst the growing urgency to address environmental challenges, we are committed to jointly play our part in safeguarding the environment by minimising our impacts as far as reasonably practicable, guided by our core values and *Environment Policy*. We recognise that strong environmental performance is crucial for our success and continued growth.

We adopt a risk-based approach to environmental management. We utilise an Environmental Aspects and Impacts Register to manage associated risks, in accordance with our Environmental Management System, throughout the lifecycle of assets under our control or influence. Environmental aspects are those elements of our activities, products, services, or physical resources which may have physical effects on, or potential benefits to, the environment. These include discharges, greenhouse gas and other air emissions, raw materials and energy use, waste disposal and pollution.

This section provides a comprehensive overview of our environmental initiatives, progress and the strategies we have implemented to mitigate our impact on the environment. Through diligent monitoring, innovation and collaboration, we are dedicated to fostering a harmonious relationship between our operations and the planet, working towards a future where sustainability is not just a goal, but an integral part of our identity.

In managing environmental impacts, we have also abided by the Guided Self-Regulation (GSR) requirements, a programme initiated by the Malaysian DOE to assist organisations in achieving environmental excellence through the implementation of a set of rigorous environmental mainstreaming (EM) tools. In line with GSR requirements, we have also established the Environment Regulatory Compliance Monitoring Committee (ERCMC), chaired by the CEO of SEA Hibiscus, which meets annually to discuss environmental updates and issues, budget requirements, continuous improvement measures and environmental compliance matters. This programme is currently implemented at LCOT.

LCOT Annual Environmental Regulatory Compliance Monitoring Committee (ERCMC) meeting conducted on 15 November 2022.

Meanwhile, AOCL had its Environmental Management System evaluated against the requirements of the ISO 14001:2015 Environmental Management System Standard and became certified on 5 April 2023. SEA Hibiscus is also on course to obtain the ISO 14001:2018 Environmental Management Systems certification, currently pending an audit process offshore.

We are committed to working closely with our stakeholders. We conduct meetings and engagements with the DOE at least twice a year, through which we provide some updates on our activities and status of compliance, and discuss matters pertaining to the environment. SEA Hibiscus also participates in the Joint Environment Working Group (JEWG) organised by MPM together with other PACs three times a year to discuss matters relating to the environment.

This Report includes our disclosure of data for all of our production assets. There is minimal reportable data for the PM314 and PM305 PSCs as PM314 is no longer operating and is undergoing the final stages of decommissioning, while there is negligible production from PM305. Block 46 PSC is accounted for under the PM3 CAA PSC as the PSC facilities are tied-back to PM3 CAA infrastructure.

Our summarised Environmental Management performance data table is shown below:

Indicator	Unit	FY2021	FY2022	FY2023
Climate Change and Greenhouse Gas (GHG) Emissions				
Total Operational GHG Emissions	**tonnes CO_2e**	**551,447**	**6,490,703**	**7,249,428**
Scope 1	tonnes CO_2e	549,846	6,487,907	7,247,324
Scope 2	tonnes CO_2e	1,602	2,796	2,104
Payment to UK ETS	RM mil	16.8	25.0	25.0
Net GHG Emissions (Scope 1 and Scope 2) – Operational Control	tonnes CO_2e	465,213	6,434,556	7,183,155
Net GHG Emissions (Scope 1 and Scope 2) – Equity Control	tonnes CO_2e	224,598	2,384,887	2,613,073
Aggregate Net Emissions Intensity	tonnes CO_2e/ kBoE	48.33	223.27	228.25
Total Scope 3 GHG Emissions (Categories 4 and 6)	tonnes CO_2e	0	26,272	50,092
Total Operational GHG Emissions (Scopes 1 and 2) by Operation				
North Sabah PSC	tonnes CO_2e	425,227	587,841	361,504
PM3 CAA PSC	tonnes CO_2e	–	5,630,270	6,604,192
Kinabalu PSC	tonnes CO_2e	–	184,850	185,437
Anasuria Cluster	tonnes CO_2e	126,183	87,688	98,243
Energy Management				
Total Energy Consumption (Anasuria FPSO)	**kWh**	**370,630,088**	**371,895,367**	**414,788,144**
Natural Gas	kWh	348,580,994	357,475,720	390,922,822
Diesel	kWh	22,049,094	14,419,647	23,865,322
Waste Management				
Total Waste Generated	**tonnes**	**302.53**	**266.40**	**2,159.79**
Hazardous Waste	tonnes	205.58	191.56	865.70
Non-Hazardous Waste	tonnes	96.95	74.84	1,294.09
Total Waste Generated by Type of Treatment				
Recycled	tonnes	78.40	62.52	124.03
Non-recycled	tonnes	34.01	174.78	1,979.96

Sustainability Report

Indicator	Unit	FY2021	FY2022	FY2023
Environmental Fines and Penalties (Waste-related)	**RM**	**0**	**0**	**0**
Waste Generation by Operation				
North Sabah PSC	tonnes	190.12	29.13	65.19
PM3 CAA PSC	tonnes	–	148.61	1,713.92
Kinabalu PSC	tonnes	–	5.03	245.99
Anasuria Cluster	tonnes	112.41	83.66	134.69
Oil Spills	**kg**	**26.81**	**41.50**	**21.38**
Water Management				
Produced Water Generated by Operation	**m^3**	**5,501,175**	**7,296,705**	**10,538,784**
North Sabah PSC	m^3	4,013,413	3,430,599	3,668,319
PM3 CAA PSC	m^3	–	2,101,436	4,696,931
Kinabalu PSC	m^3	–	433,412	842,280
Anasuria Cluster	m^3	1,487,762	1,331,258	1,331,253
Total Water Used	**m^3**	**0**	**25,651**	**41,761**
Freshwater purchased from third-party	m^3	0	326	1,360
Non-freshwater withdrawal	m^3	0	25,169	39,671
Re-used water	m^3	0	156	730
Total Water (Effluent) Discharge by Operation	**m^3**	**5,501,175**	**7,322,356**	**10,580,545**
North Sabah PSC	m^3	4,013,413	3,430,599	3,668,319
PM3 CAA PSC	m^3	–	2,126,671	4,736,749
Kinabalu PSC	m^3	–	433,829	844,224
Anasuria Cluster	m^3	1,487,762	1,331,258	1,331,253
Oil in Water Concentration of Produced Water Discharged by Operation				
North Sabah PSC	mg/l	19.9	17.6	19.8
PM3 CAA PSC	mg/l	–	13.42	17.86
Kinabalu PSC	mg/l	–	24.73	21.76
Anasuria Cluster	mg/l	7.82	11.92	13.31
Environmental Fines and Penalties (Water-related)	**RM**	**0**	**0**	**0**
Air Emissions (Anasuria Cluster)				
Nitrogen oxides emissions (NO_x)	tonnes	265	246	278
Sulphur oxides emissions (SO_x)	tonnes	4	3	4
Volatile organic compounds (VOC) emissions	tonnes	568	389	401

Further details by assets/projects may be found at the Appendix section of this Report.

6.1 Climate Change and Greenhouse Gas (GHG) Emissions

We recognise the significant challenges that climate change has posed to the world and particularly, to our industry. We believe climate risks can and should be addressed concurrently while attending to the growing demand for affordable and secure energy, which is necessary to ensure a just and orderly transition.

We strive to align ourselves to the Paris Agreement's aim of limiting global average temperature rise to well below 2 degrees Celsius and the global ambition of achieving net zero emissions by 2050. This is expressed through our aspiration to become a Net Zero Emissions Producer by 2050, which is now part of our Mission Statement. This ambition will also align us with:

- The Malaysian Government's recent aspiration to reach Carbon Neutrality as early as 2050;
- PETRONAS' aspiration to be at Net Zero Carbon Emissions by 2050; and
- The UK and Scottish Governments' commitments to:
  - o Reach net zero emissions by 2050 (the Scottish Government has committed to reach this goal by 2045);
  - o Achieve Zero Routine Flaring by 2030 (as set out by the North Sea Transition Authority); and
  - o Reduce methane emissions by 50% by 2030.

Our response to climate change is premised on the principle of Common but Differentiated Responsibilities (CBDR) outlined in the United Nations Framework Convention on Climate Change (UNFCCC). Our climate strategy, together with our climate position and policy principle are defined in our *Climate Change Framework*[6] (CCF), which was adopted in November 2021. This framework encompasses both climate mitigation and climate adaptation strategies.

In understanding, managing and reporting our climate-related risks and opportunities, we are guided by the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD).

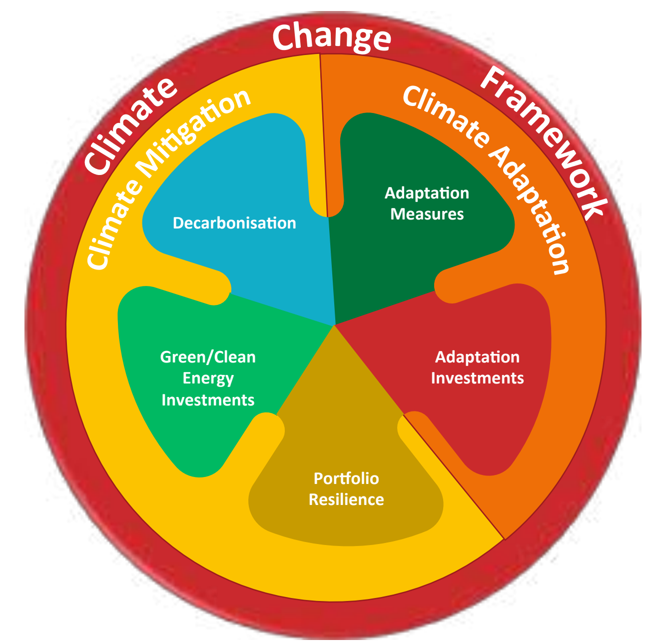
Climate Governance

The Board of Directors, through our MD, provides overall leadership and supervisory role in all sustainability matters including climate change, as outlined in the Board Charter.

The Board is primarily assisted by the BSMC, which comprises senior representatives from all key business units and departments, in discharging its oversight duties. The BSMC regularly reviews sustainability strategies and priorities, and assesses key initiatives, policies and programmes highlighted by business units, including those pertaining to climate change.

The Board and MD are further supported in the oversight and management of climate change risks by the Executive Risk Management Committee (ERMC), which reports to the Audit and Risk Management Committee, a committee of the Board, through the consolidated Group risk register and management monitoring carried out.

Climate Risks and Our Response



The Group's Climate Change Framework Chart.

Our *Climate Change Framework* encompasses both our Climate Mitigation and Climate Adaptation strategies. Whilst the goal of climate mitigation is to address the *causes* of climate change, climate adaptation aims to minimise the *impact* of climate change.

Within our Framework, we have conducted a high-level evaluation of climate-related risks and opportunities, adopting the recommendations of the TCFD. This assessment has allowed us to identify transition and physical risks that may affect our businesses in the short, medium and long terms as well as develop the necessary action plan to address these risks and opportunities.

Note:

[6] Our *Climate Change Framework* can be accessed at https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/Climate–Change–Framework.pdf.

The following table presents a summary of high-level climate-related risks identified and the advancement we have made in mitigating the same via climate-related activities aligned with our CCF thus far.

Transition Risks	Threats	Latest Status
Market	Possible decline in market demand for oil resulting in stranded assets[1].	• Improving the resilience of our hydrocarbon portfolio through the acquisition of assets which has resulted in the increase of gas volumes in our portfolio from 4% to 19% (2P reserves). • Implementing internal carbon pricing for development projects within the UK. As of FY2023, the adopted internal carbon price stood at USD104 per tonne.
	Price volatility of oil and gas.	• Implementing continuous improvement in resource and operational efficiency, to further reduce unit production cost.
Technology	Widespread adoption of green/ disruptive technologies (e.g. electric vehicle (EV), energy storage system (ESS) and fuel (e.g. hydrogen)) displacing demand for oil.	• Engaging in a progressive and measured exploration of investments in clean energy.
Policy and Legal	Tightening government policies on climate rules, implementation of domestic and cross border carbon tax.	• Pursuing decarbonisation opportunities, towards achieving our aspirational target of being Net Zero Emissions Producer by 2050, including: o Fuel switching of diesel genset to hybrid of solar PV and small wind turbine in North Sabah; o Commencing Phase 2 of the Advanced Membrane trial in Q3 2023 and performing CCS study to assess the potential for geological storage in PM3 CAA; o Switching to energy efficiency LED lights resulting in a reduction of the Anasuria FPSO's electrical consumption helping to reduce the emissions by approximately 682 tonnes CO_2e/year; o Implementing leak detection and repair (LDAR) programmes to reduce fugitive emissions for all our assets; and o Exploring opportunities for cost recovery of eligible decarbonising projects via carbon market. Subject to the extension of PM3 CAA, these initiatives would help us reach our Scopes 1 and 2 reduction target of 50% by 2030, against FY2020 baseline. • In FY2023, our total net absolute GHG emissions amounted to 7,249,428 tonnes CO_2e, a reduction of 15% from our FY2020 baseline of 8,416,395 tonnes CO_2e, with a net emission intensity of 228.25 CO_2e/kBOE. • AOCL established its *Net Zero Policy* in May 2021, pursuant to the UK and Scottish Governments' climate commitments. • Continuing our engagement with relevant key stakeholders on climate-related activities and participation in industry associations.
Reputation	Stigmatisation of the oil and gas sector due to perceptions of the sector's contribution to climate change or detraction from energy transition.	• Maintaining our constituency on the FTSE4Good Bursa Malaysia (F4GBM) Index pursuant to the latest assessment in June 2023 and being accorded the maximum 4-star ESG rating by FTSE Russell, which places Hibiscus Petroleum in the top 25% by ESG ratings amongst public listed companies on the FBM EMAS Index. • Improving disclosure on waste and water management with the inclusion of data on total waste generated and total water used.

Latest Steps Taken to Address our Climate-related Transition Risks.

Note:
[1] As of September 2023, International Energy Agency (IEA) forecasted the oil peak demand to be reached by 2030.

The changes in regulations related to GHG emissions and climate change have been identified as a key business risk and is currently monitored and managed under the Group's risk management framework and reviewed by the Board as part of our quarterly risk evaluation process.

The Group also acknowledges that climate-related physical risks, both acute and chronic, arising from extreme weather events and shifts in climate pattern may cause disruption to our business and have an impact on our portfolio of hydrocarbon assets. We will continue to assess any potential impact, charting and implementing the necessary climate adaptation measures accordingly.

6.2 GHG Emissions Management

The Group acknowledges the significance of GHG emissions in driving climate change and is dedicated to taking important measures to enhance our reporting and performance in this area.

The GHG Protocol Corporate Accounting and Reporting Standard serves as our primary guideline in our GHG reporting. We calculate GHG emissions based on the Global Warming Potential (GWP) factors premised on the Intergovernmental Panel on Climate Change (IPCC)'s 5th Assessment Report. The estimated GHG emissions encompass carbon dioxide, methane, and nitrous oxide, reported in units of carbon dioxide equivalent (CO_2e).

Our GHG reporting includes Scope 1, Scope 2, and Scope 3 emissions within our operational control.

AOCL's Net Zero Emissions Management Strategy.

For AOCL, the efforts in managing GHG emissions are guided by its Net Zero Strategy developed in 2022, in alignment with its *Net Zero Policy* introduced in 2021. The Strategy presents a structured and well-founded approach for both AOCL and its shareholders, supporting its future development and investment decisions with regards to emissions reduction.

Specific emissions reduction measures and initiatives opportunities were already identified in the Anasuria Emissions Reduction Action Plan (ERAP) and integrated into the yearly plans. A comprehensive roadmap was devised as a tool to advance, monitor and oversee the Net Zero Emissions Management Strategy, which has been communicated to all members of both offshore and onshore teams. These initiatives have been shared with external regulatory stakeholders, fostering transparency and collaboration.

Improving Our GHG Reporting

We are consistently striving to refine our GHG emissions reporting and exploring ways to improve the quality and coverage of our disclosure.

This year we have disclosed Scope 3 emissions data of our North Sabah asset under Category 4: Upstream Transportation and Distribution for the full financial year. This disclosure encompasses diesel consumption of third-party vessels used in our North Sabah offshore operations, such as accommodation work barges, workboats, and anchor handling towing supply vessels.

The Group has commenced the use of the SANGEA 4.3 Software application to calculate and report the GHG emissions of the PM3 CAA PSC, Kinabalu PSC and North Sabah PSC in November 2022. The SANGEA Software is widely acknowledged in the industry as a leading tool for estimating and reporting GHG emissions. It is also capable of monitoring energy usage and detecting the concentration of pollutants in the atmosphere.

We have also commenced reporting of GHG Fugitive Emission Level 3[7] for the North Sabah PSC as part of PETRONAS MPM's requirement on methane quantification which was effective in December 2022. This is executed using iCON, a process simulation software developed by PETRONAS to quantify methane levels of remaining sources. The Kinabalu PSC and PM3 CAA are presently meeting PETRONAS MPM's requirement and reporting GHG Fugitive Emissions at Level 4[8].

Notes:
[7] Level 3 is a level of quantification of GHG at a Component Level. It is quantified based on the number of components such as valves or pumps in gas or liquid services, with average emission factor applied to each category (component and services) to calculate methane emissions. Level 3 gives a higher confidence and accuracy than Level 1 and 2 as it is based on site specific component inventory.
[8] Level 4 is a level of quantification of GHG at a Site Measurement. It requires actual or direct site measurement using appropriate measurement equipment (e.g. flowmeter, Optical Gas Imaging (OGI)) or use of process data for quantification (e.g. simulation model). Simulation model refers to an engineering calculation, using suitable software when appropriate, to determine the volume of emissions.

Sustainability Report

Monitoring the flare stack emissions.

We have also conducted a GHG data validation exercise at North Sabah Offshore in July 2022 with the objective of reviewing and improving GHG data accuracy and competency in the data collection process, in line with PETRONAS MPM's requirement.

An independent third-party has been commissioned to conduct an annual audit on Anasuria Cluster's GHG emissions data as part of a mandatory requirement for the UK ETS reporting process. In addition, monthly and quarterly internal assurance checks on the accuracy of the data and readings that measure our emissions are also conducted.

<u>GHG Emissions Reduction Initiatives</u>

We are dedicated to continuously improving our efforts to reduce GHG emissions across the Group. Below are examples of initiatives implemented in FY2023:

- LDAR

  As part of this commitment towards reducing our operational emissions, we have planned LDAR programmes for our PSCs and the LCOT facility. These LDAR programmes are in line with the requirements set by the DOE, Malaysia, as stipulated in the Environmental Quality (Clean Air) Regulations 2014. The purpose is to detect fugitive emissions, including methane.

  In addition to meeting DOE requirements, LDAR is also mandated by PETRONAS MPM under the Minimum Environmental Specification (MES) requirements to quantify and report GHG Fugitive Emission Level 4. In a similar approach, MPM has enforced the requirement for all PACs to conduct LDAR for both onshore and offshore operations as part of the PETRONAS Net Zero Carbon Emissions 2050 aspiration.

  Last year, the LDAR programme was conducted in the South Furious field from 9 to 14 November 2022 and in the LCOT from 19 to 23 December 2022. The LDAR programme for year 2023 was scheduled at the St Joseph and Barton fields for September 2023 and at LCOT in October 2023 but as of the date of this Report, work has yet to commence.

LDAR being conducted at LCOT in December 2022.

- Hydrocarbon Recovery via Advanced Membrane Installation

  For the PM3 CAA PSC, the advanced membrane units installed in April 2022 for the Phase 1 trial managed to achieve GHG reduction of around 80,000 tonnes CO_2e/annum by recovering hydrocarbon from the Acid Gas Removal Unit (AGRU) vent and monetising it as sales gas, thereby reducing the venting of the methane into the atmosphere. Phase 2 of the trial is planned for execution in Q3 2023, where more units of advanced membrane will be placed at the secondary membrane for higher GHG reduction.

  Hydrocarbon gas in the PM3 CAA reservoirs may contain CO_2 in concentrations which range from 2% to 75%. Produced gas is channeled through a membrane system to reduce CO_2 concentrations to 8% to meet the sales gas specification.

- CCS Study

  Aiming to reduce the GHG impact of excess gas rich in CO_2, we have initiated a CCS study to assess the potential of injecting the CO_2 rich gas into depleted PM3 CAA gas reservoirs for geological storage. The study consists of two phases. Phase 1 focuses on reservoir candidates screening, storage capacity and flow assurance study while Phase 2 focuses on the CCS feasibility and overall CCS concept. Phase 1 was kicked off in May 2023 and is planned for completion by the end of 2023. The result from Phase 1 will determine if Phase 2 is required. If the CCS project in the PM3 CAA is feasible and economical, the first CO_2 re-injection is targeted for 2028.

- Flaring Reduction Initiatives

  Kinabalu PSC is currently implementing a project to improve the efficiency of the low-pressure and high-pressure compressors to increase the amount of produced gas that can be transported to the Semarang platform, thereby reducing the need for flaring. The gas produced from the Kinabalu Complex is intended to be directed to the Semarang platform owned by PETRONAS. However, due to the limitations of the current gas compressors at the Kinabalu Complex, a small amount of produced gas cannot be transported to the platform and is instead flared, resulting in higher GHG emissions. Implementation work on the Kinabalu facilities commenced in March 2022 and is expected to complete by Q3 2024.

  In the Anasuria Cluster located in the North Sea, the produced gas serves as fuel for our machinery and supports gas lift operations to enhance production. The remaining gas is exported through pipelines to the UK mainland, where it is sold as a cleaner primary energy source. However, there are instances where some gas volumes need to be flared. There is a risk that the Shell Esso Gas and Associated Liquids (SEGAL) pipeline, a crucial part of our gas export infrastructure, may experience capacity limitations at various times between 2021 and 2025. To address this situation, we are exploring options and alternative routes for gas evacuation to minimise excessive gas flaring should the SEGAL pipeline become unavailable during this period.

  AOCL plans to develop Flare and Vent Reduction Strategies as per the North Sea Transition Authority's Net Zero Stewardship Expectation 11 requirements to support AOCL's commitment to reducing emissions from its operations.

- Development of Anasuria FPSO ERAP

  Following on from AOCL's Net Zero Strategy, in 2023, AOCL developed the Anasuria FPSO ERAP in line with the North Sea Transition Authority's Net Zero Stewardship Expectation 11 requirements. The Anasuria ERAP is specific to a single installation which sets out a plan of actions, projects and investments which AOCL plans to consider or undertake to reduce the emissions associated with Anasuria operations. AOCL submitted the Anasuria ERAP to the North Sea Transition Authority in March 2023 for review. Subsequently, further work including the conduct of methane service has been carried out prior to the next ERAP submission in Q4 2023.

Sustainability Report

GHG Emissions Performance

Below are the consolidated indicators of the Group's GHG emissions. GHG emissions figures for FY2022 have been restated, upon finalisation of Anasuria Cluster's GHG emissions data for 1 January 2022 to 30 June 2022 noted in the Sustainability Report 2021/2022 as provisional.

Group GHG Emissions Performance

Scope 1 Emissions						
Emissions by source	**Unit**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**
Combustion	tonnes CO_2e	226,330	280,499	269,272	1,250,885	1,373,130
Flaring	tonnes CO_2e	209,535	233,482	241,510	460,183	373,882
Venting	tonnes CO_2e	94,047	70,993	36,037	183,644	55,897
AGRU	tonnes CO_2e	–	–	–	4,514,050	5,266,850
Fugitive Emissions	tonnes CO_2e	3,039	2,898	2,960	2,206	2,148
Mobile and Transportations	tonnes CO_2e	374	235	65	76,706	111,129
Others	tonnes CO_2e	–	–	–	233	64,288
Total[1]	**tonnes CO_2e**	**533,325**	**588,107**	**549,846**	**6,487,907**	**7,247,324**

Emissions by type of gas	**Unit**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**
Carbon dioxide	tonnes	473,955	489,389	490,990	4,118,648	4,801,268
Methane	tonnes	2,423	4,640	2,694	94,017	96,943
Nitrous oxide	tonnes	16	17	16	63	72
HFCs	tonnes	0.00	–	0.01	0.02	–

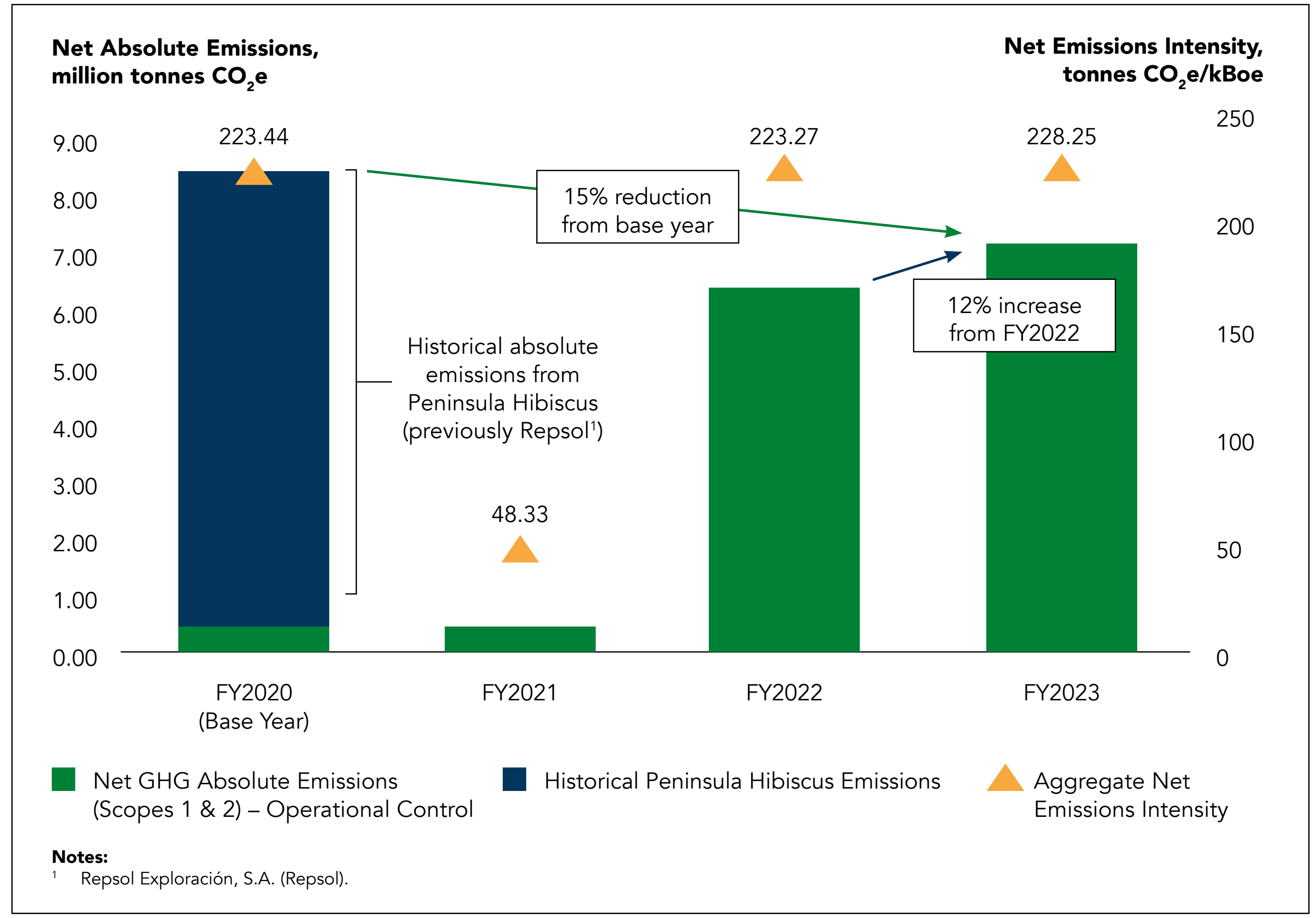
Scope 2 Emissions[2]						
Emissions by source	**Unit**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**
Purchased Electricity	tonnes CO_2e	1,683	1,647	1,602	2,796	2,104

Total GHG Emissions (Scopes 1 and 2)						
Indicator	**Unit**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**
Total Operational GHG Emissions	**tonnes CO_2e**	**535,008**	**589,754**	**551,447**	**6,490,703**	**7,249,428**

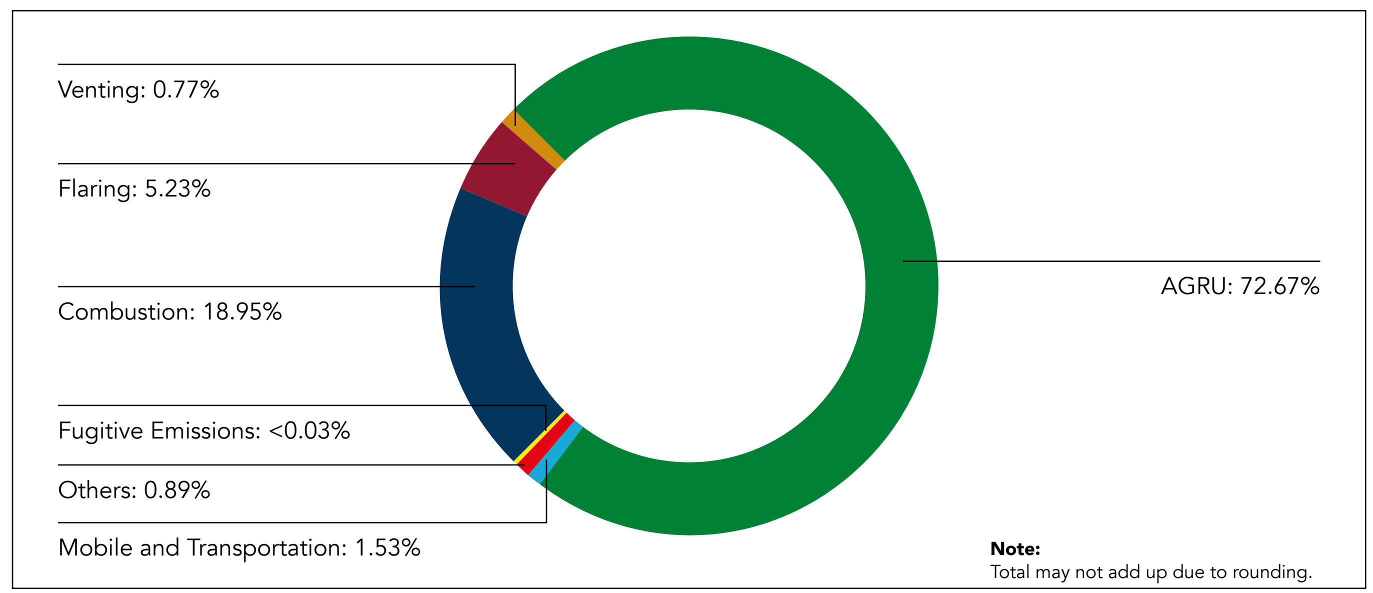
Scope 3 Emissions						
Category	**Unit**	**FY2019**	**FY2020**	**FY2021**	**FY2022**	**FY2023**
Upstream Transportation and Distribution	tonnes CO_2e	Not available	Not available	Not available	26,272	50,092
Business Travel	tonnes CO_2e	0	0	0	0	0
Total	**tonnes CO_2e**	**0**	**0**	**0**	**26,272**	**50,092**

UK ETS Payment	RM mil	13.7	11.5	16.8	25.0	25.0
Net GHG Emissions (Scopes 1 & 2) – Operational Control[3]	**tonnes CO_2e**	**447,589**	**479,143**	**465,213**	**6,434,556**	**7,183,155**
Net GHG Emissions (Scopes 1 & 2) – Working Interest[4]	**tonnes CO_2e**	**214,413**	**229,886**	**224,598**	**2,384,887**	**2,613,073**
Aggregate Net Emission Intensity[5]	**tonnes CO_2e/kBoE**	**48.50**	**57.08**	**48.33**	**223.27**	**228.25**

Notes:
1 Totals may not add up due to rounding.
2 Scope 2 Emissions include corporate building emissions.
3 Net GHG Emissions – Operational Control refers to net emissions after payment to UK ETS.
4 Net GHG Emissions – Working Interest refers to the net emissions based on our equity share.
5 Aggregate Net Emission Intensity – Previously GHG Emissions Intensity was presented as a Gross Emissions Intensity. This has been updated to a Net GHG Emission Intensity.



Group Net GHG Emissions Performance.



Breakdown of Total GHG Emissions by Source for FY2023.

Sustainability Report

In FY2023, the Group has reduced its net absolute emissions by 15% against its FY2020 baseline, whilst seeing an increase of 2% of its net emissions intensity, largely driven by the increase in oil and gas production.

The Group is taking steps to reduce its overall emissions through initiatives such as improving the efficiency of its oil and gas production operations through our decarbonisation efforts.

Carbon Credit Policy

The Group acknowledges the important role of carbon credits on the path towards achieving net zero emissions. In pursuing our emissions target however, the utmost priority is given towards reducing our emissions where viable, with carbon credits playing a complementary role in bridging any remaining gap against our target or to fulfil compliance obligations. Carbon offsets acquired as carbon credits for these purposes must be of high quality, meeting our criteria for environmental integrity, additionality, permanence, and adherence to reputable standards.

AOCL actively participates in the UK Emissions Trading Scheme (ETS) and procures carbon credits when the emissions at the Anasuria Cluster exceed the permitted allowances. The UK ETS commenced operations in 2021, replacing the previous participation of the UK in the European Union Emission Trading Scheme (EU ETS).

Since assuming operatorship in March 2016, AOCL has been participating in the ETS. Therefore, the costs associated with purchasing carbon allowances under the scheme have been factored into AOCL's annual planning and budgeting process. The carbon price used during the planning and budgeting cycle is based on the prevailing ETS prices.

Separately, as Hibiscus Energy UK Limited serves as the operator for Hibiscus' development assets in the UK, it has also factored in the ETS costs as part of the economic evaluation for these projects. In 2023, Anasuria Hibiscus' internal carbon price assumption of USD104/tonne has been applied to estimate the future ETS costs for when the development assets have progressed into production phase.

The Group is committed to transparently disclosing the use of purchased carbon credits as an emissions offset mechanism for both compliance and voluntary carbon markets in our annual Sustainability Report.

Stakeholder Engagements

On 17 August 2022, the Group had the opportunity to speak at the *Floating Offshore Energy Transition: University, Industry & Government* Conference held by the Asia School of Business. This event marked the commencement of the *Floating the Energy Value Chain in East Asia: Collaboration for Innovation in the Adaptation of the Oil and Gas Supply Chain to Zero Carbon (FEVCEA)* project from April 2022 to March 2023. The research conducted for this project identifies areas within the oil and gas supply chain that require innovative solutions for successful decarbonisation.

In FY2023, the Group became a member of the 2022-2025 International Gas Union (IGU)'s Sustainability Committee and contributed in the Study Group for Methane Emission Reduction. The primary objectives of this working group are to gather industry best practices for reducing methane emissions and establish a framework for the sector to achieve a minimum of 30% reduction, as outlined in the 26th United Nations Climate Change Conference (COP26).

In addition, the Group has been and remains a member of the Malaysian Gas Association (MGA). The MGA actively supports the use of gas as an interim and transitional energy source during the global shift towards cleaner fuels. Gas is recognised as the cleanest among fossil fuels and plays a crucial role as the world transitions towards lower carbon alternatives. The Group's energy transition strategy aligns with this advocacy by focusing on increasing the presence of gas in our hydrocarbon asset portfolio. Furthermore, the Group is a general sponsor of the 2024 Offshore Technology Conference (OTC) Asia scheduled to be held on 27 February 2024 until 1 March 2024 in Kuala Lumpur, and is represented in the Decarbonisation and Future Energy Sub-committee for the event. The conference aims to promote and advance scientific and technical knowledge for offshore resources and environmental matters.

AOCL, which is equally owned by AHUK and PPUK, is an active member of OEUK, a representative body for the UK offshore energy industries. AOCL is fully committed to collaborative efforts aimed at realising the goals outlined in OEUK's Roadmap 2035: A Blueprint for Net Zero. This roadmap was introduced in September 2019 by OEUK, representing the UK oil and gas industry, with a focus on the sector's role in facilitating the energy transition necessary for a fully decarbonised economy. AOCL fully supports these objectives and actively contributes to the energy transition endeavours aligned with the UK's net zero targets. In conjunction with OEUK's initiatives, AOCL has been pursuing further action to reduce emissions and actively participates in efforts to decrease methane emissions by 50% by 2030, as outlined in its Methane Reduction Strategy. These collective measures demonstrate AOCL's commitment to playing a crucial role in achieving a sustainable and environmentally responsible future.

Awareness Building on Climate Change

We have made deliberate efforts in enhancing consciousness and understanding of climate change, recognising their importance in supporting our journey towards becoming a Net Zero Producer by 2050. In FY2023, concerted endeavours were directed on brainstorming and harmonising our proposed decarbonisation projects and initiatives across the Group.

In addition to such internal engagements on the matter, we also attended an online webinar, organised by the DOE on World Ozone Day as part of our commitment to enhance our awareness and knowledge on the Hydrochlorofluorocarbon (HCFC) Elimination Management Plan that governs some refrigerants, the use of which requires prior approval from the DOE.

Hibiscus Group Decarbonisation Discussions held between March and May 2023.

Sustainability Report

6.3 Energy Management

The Group continues to expand the utilisation of renewable energy sources to power our offshore facilities. To date, several of our platforms have benefited from these alternative energy supplies:

Solar PV	Wind Turbine
• St Joseph: SJJT-A, SJJT-B, SJJT-F and SJV-A • South Furious: SFJT-B and SFV-A • Barton: BTJT-A and BTV-A	• St Joseph: SJJT-F • Barton: BTJT-A

The Group also plans to install a wind turbine system at SJJT-A in Q3 2023 followed by a hybrid of solar PV and wind turbine system at SFJT-B in 2024. The feasibility of using fuel cells to power up the lighting system SJJT-F is also being explored as part of the energy management initiative.

Wind Turbine Solar Hybrid Installation at SFJT-F (2 units).

Wind Turbine at BTJT-A.

We are also continuously looking for methods to improve our energy efficiency levels. Several improvements were made on Anasuria FPSO in FY2023, including:

- The G-8030 engine exchange which the FPSO upgraded from a 14,000 Hp engine to a 16,000 Hp engine. The new engine power output capability increases with a minor reduction in heat rate and increased efficiency. The improved aerodynamics also serves to optimise gas flow, increase mass flow and overall machine efficiency. The result is an increase in power output and reduced environmental emissions to the atmosphere.

- Installation of AAF N-Hance Filtration System to improve the gas turbine air inlet filtration. The air intake filter upgrades will provide adequate filtration through the engine. This will be a line of defence/mitigation against contamination of the engine internals and causing it to seize. This upgrade will be implemented across the gas turbine fleet, upgrade on G-8030 already complete with G-8010/8020 in the plan for Q4 2023.

The Anasuria FPSO and its associated facilities are engineered to remain operational throughout the entire field lifecycle, making frequent replacements unlikely. As a result, finding opportunities for energy savings presents challenges. However, if the need arises to replace or acquire new equipment, we will strive to procure more recent models that provide energy-saving possibilities, taking into account their costs and benefits.

<u>Resource Management</u>

As a Group, we are committed to applying best practices in managing environmental resources, acknowledging their finite nature and the irreversibility of certain environmental damages. We closely monitor and evaluate our performance across a range of potential environmental impacts including waste, water, air emissions, soil quality, spills and biodiversity performance, and actively seek ways to improve the efficiency of our resource use.

6.4 Waste Management

Our waste management practices in Malaysia are guided by the Environmental Quality (Scheduled Wastes) Regulations 2005 and our Waste Management Procedures. We endeavour to ensure full compliance with the applicable regulations and minimise the impact of waste generation on the environment and the communities around which we operate.

At SEA Hibiscus, there are currently two competent persons who are qualified Certified Environmental Professional in Scheduled Waste Management (CePSWaM) authorised by the DOE overseeing the management of hazardous waste. Monthly reports containing inventory data of both generated and disposed hazardous waste are submitted to the DOE through their online Electronic Scheduled Waste Information System (E-SWIS), covering both the SEA Hibiscus and Peninsula Hibiscus operations.

Meanwhile, in the UK, our waste management practices for our offshore installations abide by a well-defined Waste Management Plan aimed at effectively handling and managing waste in accordance with regulatory guidelines and environmental standards. A basic level of segregation is required between non-hazardous, solid and inert waste and all other waste categories. Certain products, waste, and containers, including specific chemicals used offshore, fall under the classification of special waste (hazardous waste). Special waste materials or 'sludge' are handled by specialised contractors. Any waste of this nature that is transferred ashore for disposal is closely monitored through a systematic auditing process.

As part of the activities in annual HSSE Plan, we conducted quarterly Scheduled Waste Inspections at LCOT and the SEA Hibiscus ASB warehouse as well as monthly Scheduled Waste Inspections at North Sabah offshore facilities respectively to ensure that we complied with stipulated regulations, guidelines and the applicable SEA Hibiscus procedures covering hazardous waste.

We also continued our Waste Characterisation Study to determine the characteristics and composition of our waste, for submission to the DOE. In FY2023, the study was carried out on several types of scheduled wastes, namely fluorescent tubes (SW 109), waste of paints, inks, dye, or varnish (SW 417), spent lubricating oil (SW 305) and a mixture of scheduled and non-scheduled wastes mainly comprising used garnet (SW422) via Total Threshold Limit Concentration (TTLC) tests. The parameters for this test include pH, total solids, gross calorific value, flash point, moisture and heavy metals. TTLC analysis for oily sludge (SW 310) generated by crude oil storage tanks at LCOT is planned to be carried out by Q3 2023, as part of our Waste Acceptance Criteria reviews.

Several meetings and inspections with different stakeholders in relation to our scheduled waste treatment, recovery and onshore and disposal facilities.

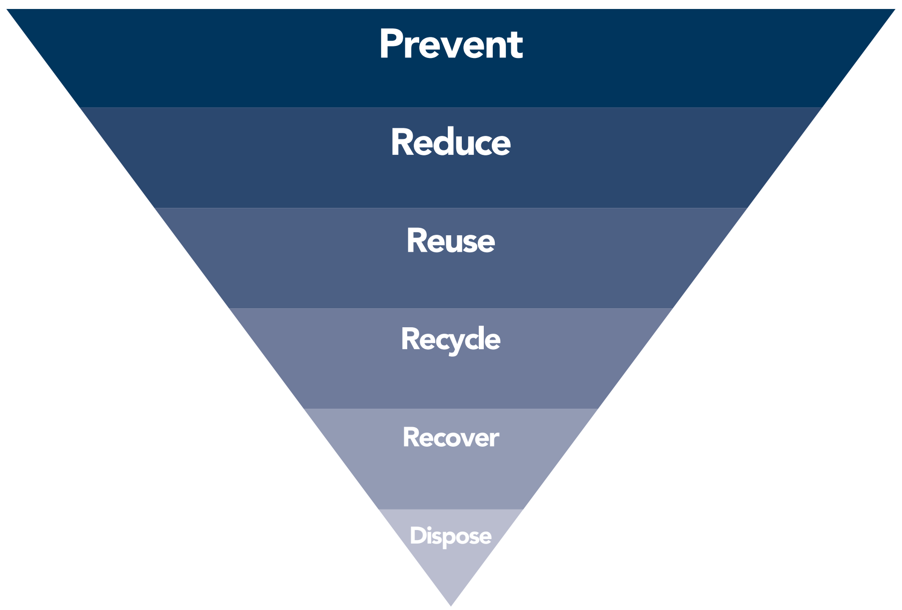
Sustainability Report

Staff and contractors onshore and offshore were provided with awareness and refresher programmes regarding the management of hazardous waste. Furthermore, inspections were carried out at all our facilities in North Sabah, both onshore and offshore, to ensure our compliance with stipulated regulations, guidelines and the applicable SEA Hibiscus procedure(s) regarding hazardous waste.

We are currently running a Reuse and Recycling campaign at LCOT with the objective of reducing the usage of single-use plastics at the LCOT canteen premise since the beginning of 2023. Under this campaign, we encourage our staff and contractors to bring their own food containers and bottles from home for use while in LCOT. In FY2023, we also carried out our e-waste recovery initiative in North Sabah and received a certificate of participation from our waste management partner for this endeavour.

We have established a Recycle & Recovery Temporary Storage Area at the Sludge Farm as a collection point on 1 November 2022. The recycling of identified items is currently managed by an appointed contractor who sends the waste items to the approved recycling centres.

A recovery contract has also been established in November 2022 between Peninsula Hibiscus and a licensed waste contractor, specifically for recoverable scheduled waste, such as contaminated drums and oily sludge. This move towards circularity aligns with our waste management hierarchy.



Waste Management Hierarchy.

In addition to the conduct of waste management awareness and refresher programmes, we have also invited the DOE of Labuan to give a talk on Scheduled Waste Management to our staff and contractors in LCOT and the SEA Hibiscus ASB warehouse on 26 and 28 July 2022. The talk covered key focus areas in Scheduled Waste Management such as scheduled waste classifications and its characteristics, the sources of scheduled waste, the policies and regulations related to scheduled waste, the management and challenges related to scheduled waste and its management in Malaysia.

Relevant personnel also attended a training organised by the DOE to familiarise themselves with the new system, MyPremis, used to renew licences related to scheduled waste.

Further, on 6 September 2022, we have also conducted a performance review on our scheduled waste contractors to discuss on issues and challenges related to waste management and to assist them enhance their performance in managing our waste.

We have updated our waste performance data to include the total waste generated which encompasses hazardous and non-hazardous waste.

Group Waste Management Performance

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Hazardous waste	**tonnes**	**31.40**	**39.17**	**205.58**	**191.56**	**865.70**
Non-recycled waste	tonnes	17.70	12.19	4.51	153.27	775.81
Recycled waste	tonnes	13.69	14.03	10.95	9.19	34.09
Non-Hazardous waste	**tonnes**	**94.44**	**93.57**	**96.95**	**74.84**	**1,294.09**
Non-recycled waste	tonnes	41.25	35.30	29.50	21.51	1,204.15
Recycled waste	tonnes	53.19	58.27	67.45	53.33	89.94
Total Waste	**tonnes**	**125.84**	**132.74**	**302.53**	**266.40**	**2,159.79**
Environmental fines and penalties	RM	0.00	0.00	0.00	0.00	0.00

Group Oil Spill Performance

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
North Sabah PSC	kg	0	0	0	0	0
PM3 CAA PSC	kg	n/a	n/a	n/a	0	0
Kinabalu PSC	kg	n/a	n/a	n/a	0	0
AOCL[1]	kg	0	0	26.81	41.50	21.38
Total	**kg**	**0**	**0**	**26.81**	**41.50**	**21.38**

Notes:
[1] Data under AOCL's operatorship is only available from 10 June 2022 onwards.
[2] Hydrocarbon discharges to sea during permitted routine or planned operations have not been included, such as Oil Pollution Prevention and Control (OPPC) Non-Compliance Event described under the Water Management section.
[3] FY2021 figures have been updated to reflect the actual data on financial year basis.

Sludge Farm

We are the sole oil and gas organisation in Malaysia granted a licence to operate a sludge farm within our facility for handling hazardous waste, specifically sludge waste. This authorisation comes with a strict set of 55 requirements outlined in the licence approval conditions. Sludge waste is primarily generated in our crude oil production facilities during operations in the emulsion and wax treatment plant (EWTP), crude storage tanks, effluent treatment plant (ETP), free water knock-out vessels (FWKO), as well as during maintenance activities like pigging operations.

At the sludge farm, we utilise bacteria and nutrients to treat the generated sludge, which undergoes processes such as tilting, ploughing, and water spraying. This treatment process spans a duration of five to eight years, during which the sludge is gradually prepared for disposal in a designated landfill located on the LCOT premises. Before disposing of the treated sludge, we obtain the necessary approvals from the DOE and the AELB.

Sustainability Report

Sludge farm at LCOT.

The operations carried out at the sludge farm are regulated by the DOE and are subjected to rigorous monitoring in accordance with the Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) (Amendment) Regulations 2006.

As part of our monitoring obligations, we perform Technologically Enhanced Naturally Occurring Radioactive Material (TENORM) monitoring at our facility to track the level of TENORM concentrations in the sludge.

Visit by the DOE of Putrajaya (DOE Headquarters) and the DOE of Labuan to LCOT's Sludge Farm.

Chemicals

The Offshore Chemicals Regulations 2002 require UK offshore operators to apply for permits for the use and/or discharge of chemicals during all relevant offshore energy activities, including well operations, production operations, pipeline operations and decommissioning activities. Chemicals used must be approved by the UK Centre for Environment Fisheries Aquaculture Science (CEFAS). AOCL has conducted appropriate risk assessment for each chemical usage and discharge and has all relevant permits in place which allows the Anasuria FPSO to utilise chemicals during normal operations and for *ad hoc* projects. Chemicals are tracked and usage and discharge reported to the regulators on a quarterly basis.

6.5 Water Management

We are aware that operational discharges to the sea, including produced water, slops, and bilge water, can potentially have negative impacts on the aquatic environment. Among these discharges, produced water is typically associated with the highest environmental risk, which is why we devote particular attention to its management and mitigation.

Produced water extracted from the North Sabah offshore is transported via pipeline to LCOT where it undergoes treatment at the ETP. Following treatment, the water is discharged into the open sea.

As per the directive issued by the DOE in 2011, all crude oil terminals in Malaysia, including LCOT, must adhere to the maximum limit of 100 mg/l for oil and grease in effluent discharge. Compliance with this parameter is monitored at LCOT daily, with measurements taken at eight-hour intervals. The data obtained is submitted monthly to the DOE through an online system, and our results consistently fall well within the specified limits.

To oversee the effluent treatment process and industrial effluents, we currently have two (2) certified individuals (CePIETSO – Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems) recognised by DOE.

In addition to oil in water measurements, we also monitor various other parameters for effluent discharge, including temperature, pH, 5-day biological oxygen demand (BOD_5), chemical oxygen demand (COD), suspended solids, boron, phenol, sulphide, ammoniacal nitrogen, cyanide, and chloride.

In February 2023, DOE officers conducted a routine inspection and sampling visit to our LCOT site. During this visit, they collected several samples from our ETP, and no instances of non-compliance with relevant regulations were observed.

DOE taking samples from our ETP as part of Routine Inspection and Sampling.

Further samples will be taken in the coming months to complete this testing exercise before any further action or follow–up is contemplated.

On the Anasuria field in the UK, pressure maintenance of the producing reservoirs is achieved by drawing water from the sea, then filtering and injecting it into the producing horizons. The water injected into the reservoirs combines with groundwater and is produced with the oil. The produced water then undergoes cleansing and filtering in the processing facilities located on the Anasuria FPSO, prior to its discharge into the sea.

Residual oil in water concentrations are monitored and reported to the regulators in accordance with the Offshore Petroleum Activities OPPC Regulations 2005. Any exceedance of the legal monthly average limit of 30mg/l of oil must be reported to OPRED. We collect samples of produced water every six months. These samples are then subjected to analysis for inorganic and organic constituents, radiology, and chemical residues. The findings are subsequently reported to the appropriate regulatory authorities.

During FY2023, three OPPC Non-Compliance Notifications (NCN) were submitted to OPRED. Two of these incidents were due to higher than permissible oil in water levels that occurred during routine planned OPPC-permitted discharging activity. The other OPPC NCN submitted to the regulator was the result of AOCL failing to meet OPPC permit conditions in relation to sampling requirements, when a crude oil sample required for 6-monthly oil in water calibration was missed. Mitigation and action plans have been put into place to address and prevent such incidents in the future. This has been communicated and agreed by OPRED.

Sustainability Report

We are continuously seeking out various measures to minimise our water usage and actively work towards recycling and reusing water sources. We have implemented an initiative in the North Sabah PSC area to collect rainwater, and in Peninsula Hibiscus, we have explored various strategies to reduce water consumption and encourage water recycling practices within our facilities. Specifically, at the Kinabalu Complex, which comprises two wellhead platforms (KNDP-A and KNDW-D), we have implemented a system to reuse and recycle water condensation from the air conditioning system. As the Kinabalu Complex does not have a seawater desalination unit, it relies on freshwater supply transported from the shore via support vessels. By adopting this initiative, the Kinabalu Complex has achieved a sustainable source of fresh water for general washing and sanitation purposes, while concurrently reducing its reliance on freshwater supply from the shore.

From a reporting standpoint, the Group has further improved its disclosure by reporting the total water used for this financial year. The following summarises the Group's water management indicators on a consolidated basis:

Group Water Management Performance - Water Produced

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Produced water[1]	m^3	6,087,360	5,737,533	5,501,175	7,296,705	10,538,784
Environmental fines and penalties	RM	0	0	0	0	0

Note:
1 Produced water is water generated from our production and it is discharged back into the sea after treatment.

Group Water Management Performance - Water Usage and Discharge

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Freshwater purchased from 3rd party[1]	m^3	0	0	0	326	1,360
Non-freshwater withdrawal[2]	m^3	0	0	0	25,169	39,671
Re-used water[3]	m^3	0	0	0	156	730
Total water used[4]	**m^3**	**0**	**0**	**0**	**25,651**	**41,761**
Total water (effluent) discharge[5]	**m^3**	**6,087,360**	**5,737,533**	**5,501,175**	**7,322,356**	**10,580,545**

Notes:
1 Freshwater purchased is potable water used for consumption.
2 Withdrawal of seawater for desalination – used for sanitation and general washing.
3 Re-used water is water (condensate) from air conditioners.
4 Total water use includes freshwater purchased, non-fresh water withdrawn and re-used water.
5 Total water discharge includes water used and produced water discharge.

Water Quality

The monitoring of seawater quality in the North Sabah PSC is conducted annually, covering four locations within a 1km radius distance from the nearest St Joseph and South Furious facilities and two control stations. The parameters involved include dissolved oxygen (DO), total suspended solids (TSS), phosphate, nitrate, ammonia, mercury, cadmium, chromium (VI), copper, cyanide, lead, zinc, arsenic (III), aluminium, tributyltin (TBT), polycyclic aromatic hydrocarbon (PAH), total phenol, oil and grease, faecal coliform count, temperature, pH and marine litter.

In November 2022, we carried out our seawater sampling and monitoring at the South Furious and St Joseph fields. The results for seawater sampling reported that concentrations for the parameters of interest are well below the prescribed Class 3 limit stipulated in the Malaysia Marine Water Quality Criteria and Standard.

Following the new directive issued by DOE, in 2022 we began monitoring and reporting our groundwater quality at LCOT to DOE annually, instead of quarterly. We ensure that the limits set by the Contaminated Land Management and Control Guideline No.1: Malaysian Recommended Site Screening Levels for Contaminated Land 2009 and Dutch Target and Intervention Values, 2000 are fully adhered to.

The parameters monitored include temperature, pH, dissolved oxygen, total suspended solids, phenol, cyanide, chromium (hexavalent and trivalent), arsenic, copper, lead, selenium, vanadium, zinc, mercury, total polycyclic aromatic hydrocarbons (PAH) and monoaromatic hydrocarbons – benzene, toluene, ethylbenzene and xylenes (BTEX). The monitoring points are BH1 – BH2 and BH4 – BH8. We have voluntarily committed to monitor our groundwater quality in 9 additional boreholes: BH15, BH24, BH26, BH27, BH28, BH29, BH31, BH32 and BH33, on an annual basis for selected parameters.

Additionally, thorough assessments known as Environment Site Assessments (ESAs) were conducted at Peninsula Hibiscus' supply bases located in ASB, KSB, and TBSB. These assessments were aimed at ascertaining whether our operations had caused any soil or groundwater contamination in those areas. Furthermore, regular monitoring of groundwater is being carried out on an annual basis, and thus far, no instance of environmental contamination has been observed.

Borehole for groundwater monitoring.

As part of our continuous improvement effort, we also visited the laboratory of the contractor involved in our groundwater and soil samples analysis located at Kota Kinabalu, Sabah. The objective of the visit was to check, verify and ensure all Standard Operating Procedures (SOPs) and methodologies utilised by the contractor were as per the documented procedures provided to SEA Hibiscus. The check found that the contractor has complied with the stipulated SOP and documentation.

This year, we also plan to carry out seawater monitoring around the surrounding areas of LCOT's new pipeline to verify the oil in water (OIW) performance and to inspect the effectiveness of the pipeline diffuser by collecting water samples from four transects with a total of 21 sampling points.

6.6 Biodiversity

We acknowledge the significance of biodiversity in maintaining ecological balance. We also recognise the crucial role of preserving biological diversity and protecting ecosystems. The biodiversity surrounding our operations encompasses various marine organisms such as algae, fishes, reptiles, seagrasses, mangroves and coral reefs. We consistently evaluate the impact of our operations on the nearby environment, considering their effects on biodiversity with the aim of minimising or avoiding negative impact.

Under the Enhanced Biodiversity & Ecosystem Services (BES) Management for Upstream Malaysia, LCOT is amongst the three sites identified by PETRONAS MPM and DOE as high-risk sites as it is located approximately 2km from the Labuan Marine Park, Pulau Kuraman. In line with this, a BES Risk Assessment (BESRA) and a Biodiversity Action Plan (BAP) have been planned to be conducted for LCOT in 2024.

The objective of the BESRA is to identify the potential impact from site operations located onshore/offshore around the surrounding high-risk marine ecosystem. Key activities include:

- Gathering environmental and biodiversity data (up to the most recent 3 calendar years) and establishing the existing environment around the site. Areas of interest include:
  - o Species of actual or potential economic value;
  - o Species that could serve as indicators of ecosystem health, particularly predators at the top of the food-chain or invasive colonising species that may indicate ecosystem disturbance;

Sustainability Report

- o Endangered and threatened species including International Union for Conservation of Nature (IUCN) Red List Status and protection under national law (i.e. threatened species at global and national level);
- o Alien or exotic species, the spread of which could threaten indigenous biological diversity;
- o Areas of high biodiversity value; and
- o "Flagship" species, the conservation of which will also protect the diversity of other species and habitats.

- Understanding site operational activities and to identify:
  - o Any existing impacts on biodiversity, including impact on socio-economic (if any);
  - o Activities that could have exerted pressures that could or already have contributed to degradation of the biodiversity; and
  - o Identify any mitigation measures to be implemented to address impact.

- Identifying any historical incident that may have impacted the surrounding marine ecosystem at site or resulted in any significant biodiversity issues to provide focus for subsequent biodiversity impact assessment.

The aim of the BAP is to ensure adequate controls and proactive measures are in place to protect the surrounding ecosystem. It will outline a set of future actions that will lead to the conservation or enhancement of biodiversity and will include but are not limited to these elements:

- Recommend additional mitigation measures and/or strengthen existing mitigation measures against potential impact identified during risk assessment;
- Recommend future biodiversity monitoring programme;
- Identify indicator species that could be monitored to indicate biodiversity health of the area; and
- Recommend biodiversity conservation programme for any species of concern identified.

As part of our initiatives to minimise impact to the environment and biodiversity, we are dedicated to reduce onshore disposal activities by evaluating together with the relevant regulators, the potential of reusing and repurposing decommissioned platforms.

- South Angsi (SAA) Platform In-Situ Rig-to-Reef

  For the SAA platform, regulatory endorsements to reef in-situ have been obtained in September 2022. This concept was crafted in the conceptual phase by Hibiscus' internal technical experts working closely with the relevant stakeholders in 2018. To enhance the diverse marine ecological state of the SAA location, four major sections of the substructure will be laid in-situ creating the largest reefing substructure in the region.

  As part of the collaboration with the DOF and PETRONAS, a portion of the substructure measuring 8m x 21m x 17m will be reefed in Tenggol Island, Terengganu. This will promote future decommissioning activities to be more cost effective whilst enhancing marine biodiversity and addressing the sanctity of our food security.

- Repurposing of Tanjong Baram Topside Platform

  Similarly, rather than completely dismantling the Tanjong Baram topside, this facility was removed from location and refurbished at shore. In 2024, it will be mobilised for offshore installation at one of our projects at South Furious, Sabah. This will be the first repurposing project in Malaysia in which the topside is removed and repurposed for another project. Refurbishment efforts are currently ongoing pursuant to the topside having arrived at the fabrication yard on 3 May 2023.

Refurbishment of Topside Platform.

Refurbishment of Topside Platform.

- Beach Clean Up at Greyhope Bay, Aberdeen

  In the United Kingdom, in conjunction with World Environment Day on 5 June 2023, AOCL joined forces with OEUK and other member companies for a beach clean at Greyhope Bay, Aberdeen to support this year's '*Beat Plastic Pollution*' global campaign. By participating in this beach cleaning event, AOCL had the opportunity to demonstrate its commitment to environment sustainability, and support a cause that aligns with AOCL's company values. Beach clean-ups play a vital role in protecting marine life, reducing pollution, and preserving the natural beauty of our coastal areas. AOCL came together as a team, made a positive impact, and contributed towards the well-being of our local environment. A total of 168kg of waste was collected during this beach cleaning event.

OEUK 2023 Beach Clean at Greyhope Bay, Aberdeen.

6.7 Soil Quality

Soil quality refers to the soil's capacity to perform essential functions that contribute to maintaining the local biodiversity balance. The assessment of soil quality involves monitoring the ability of a specific type of soil, within the boundaries of natural or managed ecosystems, to sustain or enhance water and air quality, as well as support human health and habitation.

In 2022, SEA Hibiscus initiated an annual soil monitoring and reporting process for LCOT, maintaining the same set of 10 parameters: pH, oil and grease, cyanide, cadmium, chromium, lead, mercury, copper, total phenol and arsenic.

In addition to monitoring soil quality, we also assessed soil characteristics, focusing specifically on soil permeability, hydraulic conductivity, subsurface transport capability, and soil nutrient status. Both assessments involve a distinct set of test parameters that conform with the requirements specified in our licence. We are in compliance with the applicable requirements.

Sustainability Report

6.8 Boundary Noise

We also conducted annual monitoring of the noise levels at three locations outside the LCOT boundary, both during the day and night. This practice aims to guarantee that our surrounding communities are not subjected to excessive noise pollution originating from our regular onshore operations. We are in compliance with the applicable requirements.

6.9 Air Emissions

As part of our commitment to reducing air pollution, we perform an annual dark smoke observation on all our fuel burning equipment (FBE) at LCOT, in compliance with the Environmental Quality (Clean Air) Regulation 2014. Additionally, we perform dust particulate monitoring for three furnaces and two generator sets within LCOT. We are in compliance with the applicable requirements.

Furthermore, we carry out an annual FBE Efficiency Assessment to measure our flue gas emissions and evaluate the efficiency of our combustion processes.

To ensure transparency and regulatory compliance, we submit our Emission Declaration for LCOT to DOE on an annual basis.

The reported efficiency of our combustion processes in relation to the FBE Efficiency Assessment that was carried out is that our performance ranges from 93.78% to 99.22%. There are no gaseous emission standards prescribed for natural gas fuelled furnaces and no specific efficiency values prescribed for furnaces in the Environmental Quality (Clean Air) Regulations 2014. Thus, we have complied with applicable standards or practices and shall continue to carry out the mitigation measures stipulated in the Approval Condition issued by the DOE.

In 2023, we will also be conducting an ambient air monitoring at LCOT with the parameters of sulphur dioxide (SO_2), nitrogen dioxide (NO_2), carbon monoxide (CO), carbon dioxide (CO_2), ground level ozone (O_3), particulate matter with the size of less than 10 micron (PM10) and particulate matter with the size of less than 2.5 micron (PM2.5).

One of the furnaces at LCOT.

6.10 Environmental Studies

To develop an improved understanding of our impact on the environment, we are undertaking several studies, namely the Environmental Impact Assessment (EIA) Study and Marine Risk Assessment (MRA) for the SF30 Water Flood Project Phase 2 which includes, amongst others, an Environmental Baseline Study (EBS) and a coral survey, and the Environmental Risk Project Assessment and Mitigation Plan (ERAMP) for the upcoming drilling project.

<u>EIA Study and MRA</u>

In line with our commitment to environmental conservation, we have just concluded an EIA Study and MRA for the SF30 Water Flood Project Phase 2. This comprehensive study involves an Environmental Baseline Sampling (EBS) process, which encompasses monitoring the quality of marine water, seabed sediment, as well as conducting plankton and macrobenthos sampling. A coral survey was also conducted as part of this EIA Study. The results of this EIA Study and MRA would be known in due course.

EIA Study for SF30 Water Flood Phase 2.

EIA Study for SF30 Water Flood Phase 2.

<u>Macrobenthos Study</u>

During the course of 2023, a macrobenthos study is currently being undertaken at LCOT. The objectives of this study are to monitor macrobenthos, particle size distribution and hydrocarbons, specifically total petroleum hydrocarbons, aliphatic hydrocarbons, aromatic hydrocarbons and BTEX, and metals, and to attempt a correlation analysis among the macrobenthos data collected and volume of effluent discharge, concentrations of hydrocarbons and metals.

Prior to commencing the sampling exercise, a specific macrobenthos survey was performed to check the site and identify suitable transects and sampling points to develop the necessary sampling strategy. The first sampling exercise was conducted from 21 to 23 November 2022 at the beaches near LCOT and Universiti Malaysia Sabah (UMS). The sampling exercise covered seven stations with one station in each transect. A total of 77 samples of macrobenthos were collected including five samples for sediment analysis, particle size analysis and total organic matter analysis. The particle size analysis was undertaken to determine the size of sand grains while the total organic matter analysis was to determine the potential organic contamination from the discharge effluent or the dispersion of the organic content.

Sustainability Report

The second sampling exercise was carried out from 12 to 17 of December 2022 at the same locations, with a total of 66 samples of macrobenthos collected, including 6 samples for sediment analysis. The third sampling exercise was conducted from 19 to 26 February 2023 at the same locations, with a total of 88 samples of macrobenthos collected, including 8 samples for sediment analysis.

The final sampling exercise was conducted offshore, near LCOT and the UMS seaside, on 15 April 2023 utilising a vessel. In total, 77 samples of macrobenthos were collected during this exercise.

Sampling of macrobenthos conducted offshore from LCOT using a vessel.

Sampling of macrobenthos along the LCOT's shoreline.

<u>Environmental Sensitivity Index (ESI)</u>

SEA Hibiscus also participated in the first ESI workshop organised by PETRONAS MPM together with the DOE of Sabah, Universiti Malaysia Sarawak (UNIMAS), UMS, Environment Protection Department (EPD), PETRONAS Carigali, Sabah Biodiversity Centre, Sabah Forestry Department, Sabah Parks, and the World Wildlife Fund (WWF) in July 2022 for Sabah and Labuan.

The workshop included site verification trips to several islands in Sabah to classify the ESI ranking, establish an index map and reporting of the same. A second workshop was then held in November 2022 to handover the updated ESI to all end users and government agencies. During the workshop, training on the ESI 2022 digital system was also conducted for the end users.

6.11 Environmental Audit

Environmental audits are also a key aspect of our management system.

As per the regulations set by the DOE, certain aspects of our operations require an annual Environmental Audit to be conducted by an independent third-party. The purpose of this audit is to serve as a tool for continuous improvement, aiding the enhancement of productivity, reducing long-term costs and concurrently ensuring environmental protection. The Government of Malaysia introduced Environmental Audits under Section 33A of the Environmental Quality Act (EQA) 1974 (Amendment 1996). This requirement aims to ensure compliance and promote self-regulation within the industry, emphasising the importance of environmental responsibility.

In August 2022, an audit was conducted on LCOT by an independent third-party, focusing on certain aspects of its operations, as per regulations set by DOE. The audit recorded no instance of Non-Compliance (NC), zero observations of potential non-compliance and ten good practices. Amongst the good practices recorded were the following:

- Environmental monitoring reports being prepared and submitted to the DOE of Labuan as per the requirements. All parameters of interest were within the stipulated limit.
- Scheduled waste inventory had been submitted to the DOE on quarterly basis as per requirements under the *"Jadual Pematuhan Lesen"*.
- Sludge farm was effectively managed in compliance with Environmental Quality (Scheduled Wastes) Regulations 2005. It was located within a bunded area, and sump pits were provided.
- Environmental management matters were being diligently communicated and discussed with the DOE.

In addition to the aforementioned third-party audit, we also underwent other annual inspections by the DOE to ensure our adherence to various regulations, including the Environmental Quality (Industrial Effluent) Regulations 2009, Environmental Quality (Scheduled Wastes) Regulations 2005, Environmental Quality (Clean Air) Regulations 2014, and Sludge Farm licence. In relation to the above, the DOE had also conducted inspections in September 2022 and February 2023, and noted no non-compliance incidents against applicable regulations.

Site inspection at LCOT by the DOE.

7. OUR PEOPLE

Our people are the collective essence of who we are as an organisation. With operations across multiple geographies and an ambitious growth plan, we recognise it is important that our people drive sustainable practices at all levels of our business.

Our vision of becoming a Respected, Valuable and Responsible energy company is fuelled by our five corporate values, encapsulated by the acronym TEPAT, which are being tenacious, environmentally responsible, people focused, agile and trustworthy. These values define how we work as a team and how we deliver in our commitments to our stakeholders. As a dynamic organisation operating in a competitive global landscape, we are not afraid to question the *status quo* and challenge common norms. Innovation requires an enterprising mindset and turning ideas into action demands agility and perseverance. The trust of our stakeholders is crucial and we are mindful that solutions must be cost competitive, safe and environmentally friendly to be effective.

Our success is underpinned by our ability to recruit, develop, motivate and retain highly competent employees. This is driven primarily by the following key factors:

- Ensuring a diverse and inclusive working environment, in which we seek to treat all our employees fairly and equally;
- Establishing competitive remuneration packages linked to the collective performance of our Group and balanced with the individual contribution of each employee; and
- Nurturing talent development to optimise the capabilities of our employees which also sets the critical platform for succession planning.

7.1 Workforce Diversity and Inclusivity

We are committed to recognising the importance of diversity. This extends to all areas of our business including talent acquisition, talent development, competency development (including skills enhancement), career progression, Board appointments, staff retention and motivation, mentoring and coaching programmes, flexible work arrangements, forms of leave available to staff, succession planning, as well as the Group's policies and procedures. Our employees are treated respectfully and equally, irrespective of age, gender, ethnicity, nationality, disability, sexual orientation, cultural background, religious beliefs and socio-economic status. Our commitment towards such inclusivity and diversity is clearly set out in our *Diversity Policy*.

We are a diverse organisation, comprising individuals of various nationalities, genders, age groups, educational backgrounds and level of experience. Our commitment to inclusivity is steadfast. Currently, our workforce consists of 824 employees, including both permanent and fixed term members. We take pride in our international makeup, with employees hailing from 6 nationalities including Malaysians, British, Americans, Indians, Vietnamese and Dutch nationals. Our team boasts an average age between 31 to 40 years, reflecting a well-rounded blend of age groups and a diverse array of technical expertise. We place a strong emphasis on valuing and leveraging technical competence and experience as our key assets.

Group Employee Gender Diversity by Employee Category

Category		Corporate Headquarters			SEA Hibiscus			HML		
		FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
Senior Management	Male	8	6	6	2	2	3	0	10	1
	Female	1	3	6	1	1	0	0	1	0
Middle Management	Male	6	7	9	66	66	71	0	39	93
	Female	9	9	9	13	16	15	0	12	20
Executive	Male	6	10	12	104	126	124	0	149	153
	Female	22	28	29	48	53	52	0	78	93
Non-Executive	Male	2	2	2	110	105	109	0	40	4
	Female	0	1	1	3	3	6	0	17	6
Total		**54**	**66**	**74**	**347**	**372**	**380**	**0[1]**	**346**	**370**

Note:
[1] In FY2021, no reportable data was available as acquisition completion only occurred on 24 January 2022.

Group Employee Composition by Employment Type

Employee Type	Corporate Headquarters			SEA Hibiscus			HML		
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
Permanent	46	58	62	324	344	350	0	312	336
Contract (Direct Hire)	8	8	12	23	28	30	0	34	34
Total	**54**	**66**	**74**	**347**	**372**	**380**	**0[1]**	**346**	**370**

Group Employee Age Diversity by Employee Category

Age	Corporate Headquarters			SEA Hibiscus			HML		
	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
Below 30	11	14	16	41	45	49	0	19	125
31 to 40	19	27	26	147	153	155	0	126	134
41 to 50	15	14	16	91	105	115	0	125	81
51 to 60	5	7	11	53	54	54	0	74	7
Above 60	4	4	5	15	15	7	0	2	23
Total	**54**	**66**	**74**	**347**	**372**	**380**	**0[1]**	**346**	**370**

Notes:
[1] In FY2021, no reportable data was available as acquisition completion of the Repsol assets in Malaysia and Vietnam only occurred on 24 January 2022.
[2] The figures in the above Group employee tables are as at 30 June of the respective financial year.

We will continue to take positive measures to enhance our workforce diversity, invoking policies which provide equal opportunities, free of any form of discrimination and encourages fair treatment and opportunity for men and women. These measures include:

- Continued observance and commitment to our *Diversity Policy*.
- Ongoing adherence to our *Group Recruitment Policy* which aims to recruit the best candidates based on merit. Furthermore, we will continue to ensure that:
    - o all persons, regardless of age, gender, ethnicity, disability, cultural background or other personal factors, with appropriate experience and qualifications will be considered equally when recruiting new staff or directors; and
    - o there will be no preference given to a specific gender for a position and women with appropriate experience and qualifications will be considered equally in the recruitment and selection process.
- Continued use of our performance appraisal and incentives framework which is merit-based. In addition, all decisions associated with career advancement, including promotions, transfers, and other assignments, as well as training opportunities are based on our Group's needs and determined on merit.

To further strengthen our recruitment efforts, we are actively sourcing talents via our internal vacancy advertisement, Company's careers page, and Employee Referral Programme (ERP).

Sustainability Report

7.2 Performance and Rewards

Our corporate core values provide the foundation upon which we undertake all aspects of our business. These values bind our staff and coupled with our Performance Management System, align business objectives and targets, and govern the manner in which our goals are pursued. Our Performance Management System has been extended to recognise not only an individual's work performance but also how the individual interacts within a team to achieve common goals. We emphasise the importance of constructive feedback and conversations across the organisation throughout the year and empower people to deliver on their commitments.

Our employees undergo 2 comprehensive appraisals annually. These appraisals include discussions about performance, the progress made towards pre-determined targets, future career development and training needs. Throughout the calendar year, all of our employees underwent performance reviews in which their superiors assigned performance ratings. For the Leadership Team, performance reviews were conducted by our MD, Nominating and Remuneration Committees with final approval from our Board.

We are committed towards exceeding the regulatory minimum wage requirements. We further strive to remunerate our employees competitively and conduct industry remuneration benchmarking exercise at least once annually. Incentives are utilised as a means to compensate and motivate employees with clear linkages of performance to rewards. Discretionary bonuses are paid annually based on the achievement of corporate and individual performance targets.

7.3 Talent Development

Talent development has continued to be a key area of focus for the organisation. It ensures that we have, and will continue to have, the relevant competencies and capabilities required to achieve our Group's business objectives. Talent development also allows our people to realise their career aspirations.

Our talent development programmes comprise on-the-job training, mentoring and participation in relevant workshops, conferences and seminars. The various types of training programmes that are offered to employees build on key competencies required for their specific job roles. In addition, employees are afforded exposure to other fields. The programmes undertaken during FY2023 included technical courses (mandatory HSSE, industry specific courses including business fundamentals, technical elements of operations, petroleum economics and climate change matters impacting the industry), management and leadership skills development, personal competencies and various corporate courses.

In 2023, the Group has consolidated the Leadership Development Programme (LDP), consisting of 3 parts: the Senior Management Development Programme (SMDP), the Managerial Development Programme (MDP) and the Executive Development Programme (EDP). The objective of the LDP is to build strong capabilities within the workforce for technical and non-technical staff. The LDP was successfully piloted by SEA Hibiscus in 2022 and was seamlessly implemented for the rest of the Group.

The extent of training provided to our employees during FY2023 is tabulated below:

Employee Training Performance

Indicators	FY2021	FY2022	FY2023
Total training hours as a Group	6,359 hours	15,772 hours	40,348 hours
Average training hours per day per employee	15.86 hours/1.98 days	20.12 hours/2.52 days	48.97 hours/6.12 days

Note:
- For HML, the total training hours computed were from 25 January 2022 to 30 June 2023 as the acquisition of Repsol's assets was completed on 24 January 2022.

7.4 Employee Management and Engagement

The management of our employees is grounded in our *Diversity Policy*, *Employee Handbook* and our *Code of Conduct and Ethics*. These documents have been thoughtfully developed after reviewing industry standards, consultation with our staff, Senior Management and the Board. They are readily available to all employees through SharePoint, our Group's web-based collaborative platform and updates are communicated through email notification.

Our Board is committed to instilling an organisational culture with high integrity and zero tolerance for corruption. In this regard, the Group updated its *Anti-Corruption and Anti-Bribery (ACAB) Policy* in 2020 and subsequently as of 31 July 2023, all employees have fully completed the quizzes which had been rolled out to test their awareness and understanding of the *ACAB Policy*. Another set of quizzes is planned to be rolled out in October 2023.

Employee ACAB Training

Employee Category	ACAB Training Completion Rate					
	Third Quarter 2021		Third Quarter 2022		Third Quarter 2023	
	No. of Employees	%	No. of Employees	%	No. of Employees	%
Senior Management	12	100	22	100	17	100
Middle Management	86	100	145	100	218	100
Executive	158	100	424	100	461	100
Non-Executive	108	100	162	100	127	100

Our Leadership Team members regularly engage with each other and with all levels of personnel within our Group through quarterly townhall sessions, weekly and monthly meetings, management offsite visits and festive celebrations. Importantly, we celebrate significant milestones and achievements as a team. Apart from meetings and gatherings, we gather employee feedback and concerns through semi-annual performance appraisals and a formal, confidential and non-discriminatory grievance process as set out in the *Employee Handbook*.

The attrition rate of our full-time employees during FY2023 was 7.17% of which 1.73% of this total was due to staff reaching the age of retirement.

Group Employee Attrition Rate

Employee Category	Attrition Rate		
	FY2021	FY2022	FY2023
Senior Management	2.88	0.10	1.45
Middle Management	1.11	0.85	2.65
Executive	2.73	11.19	8.53
Non-Executive	0.59	0.29	0.67

Our Knowledge Sharing Webinars (KSW) aim to provide a platform for knowledge sharing, networking and professional development in a semi-formal environment. Topics presented range from technical areas (such as decommissioning phases and gas business fundamentals) to legal scopes. These employee sharing sessions have provided the opportunity for different experts from our various assets to share and learn from each other's work experiences and facilitate personal development.

These sessions have been recorded and posted on our Hi-Tech corporate learning repository for employees to access at any time. In 2023, 6 KSWs are scheduled through to the end of 2023 commencing August 2023 onwards, with topics encompassing areas of mental health and sustainability, amongst others.

Sustainability Report

8. OUR COMMUNITY

We are committed to conducting our business operations in a manner that fully acknowledges and respects the rights of the people impacted by our operations, specifically our local community. Our presence in the various locations in which we operate places us in the position to directly understand how we can make a positive difference to the communities that support us.

We also recognise the importance of building positive relationships with our community and striving to deliver sustainable socio-economic benefits, where feasible. By implementing these inclusive initiatives, we not only build trust with local communities but also established strong partnerships with regulatory bodies and our stakeholders at large.

8.1 Employment and Training Initiatives

We prioritise the appointment of suitably qualified locals in the areas in which we operate and build on this initiative by investing in their training and development through on-the-job training and external courses.

In addition, for FY2023, we provided on-the-job guidance and exposure to 16 interns from the petroleum engineering, chemical engineering, mechanical engineering, technology management, logistics and maritime, software engineering, manufacturing and offshore engineering, process engineering and finance fields who were integrated into our Asset/Project Teams or placed at our Corporate Headquarters. Aside from gaining valuable experience, these interns were also provided allowances during their placement period at the Group.

Intern Placement	Degree Major
Corporate Headquarters	Bachelor of Mechanical Engineering (Honours), Monash University
	Bachelor in Accounting & Finance (Honours), Sunway University
SEA Hibiscus	Pearson SRF BTEC Level 3 Advanced Diploma in Process Engineering, Tun Ahmadshah Abdullah Institute of Oil and Gas
	Bachelor of Office Systems Management (Honours), Universiti Teknologi Mara (UiTM)
	Bachelor in Manufacturing & Offshore Engineering, Universiti Teknologi Malaysia (UTM)
	Bachelor in Mechanical Engineering, UMS
HML	Bachelor of Chemical Engineering, Universiti of Malaysia Pahang (UMP)
	Bachelor of Management (Technology), UTM
	Bachelor of Science (Honours) Logistics & Maritime Transportation, Universiti Pertahanan Nasional Malaysia (UPNM)
	Bachelor of Science (Honours) in Statistics, Universiti Kebangsaan Malaysia (UKM)
	Bachelor in Petroleum Engineering, Universiti Teknologi PETRONAS (UTP)
	Bachelor of Computer Science (Software Engineering), Universiti Tenaga Nasional (UNITEN)
	Bachelor in Accounting (Honours), Universiti Malaya (UM)
	Bachelor in Petroleum Engineering, UNITEN (2 interns)
	Bachelor of Chemical Engineering, University College London

For North Sabah, 46% of our employees comprise local Sabahans which far exceeds the minimum threshold set by the state government of 30%, whilst more than 99% of our employees are Malaysians. Meanwhile, for HML, approximately 4% of employees are local Sabahans and there are no minimum requirements set for their employment.

In Malaysia, we also support and comply with PETRONAS' requirement for affirmative action with respect to the award of supply and service contracts to companies from the Malaysian states that produce oil and gas (Terengganu, Sabah and Sarawak). As we conduct operations in Sabah, where viable, we unbundle scopes of integrated contracts and carve out minor works for tender and award these to indigenous contractors from within the state. This practice directly generates job opportunities within local communities in Sabah, where we operate.

8.2 Community Investment and Engagement

The Group has a set of comprehensive Corporate Social Responsibility (CSR) selection criteria and review processes to evaluate and approve all CSR initiatives on a Group-wide basis. CSR proposals are assessed by the CSR Review Panel on the BSMC, utilising a set of criteria that covers, amongst others, relevance to business operations, social and environmental reach, cost effectiveness, risks and programme sustainability. This is performed under the direction of the Group's MD, who is the Committee Chair.

Separate specific working committees are formed to undertake additional research and groundwork (e.g. site recces) for shortlisted projects which encompass areas such as Education, Health, Safety, Preserving Cultural Heritage, Capacity Building and Other Community Services. A presentation is then prepared to the CSR Review Panel who is tasked to evaluate these selected projects. Such initiatives which meet the required pre-determined conditions are then forwarded to the relevant Company authorised leader in accordance with Hibiscus Petroleum's *Limits of Authority*. Throughout this process, the Board is apprised of the activities conducted/recommended by the BSMC on a continuing basis for its input.

We are pleased to advise that our CSR initiatives are aligned with, and a testament of our support of United Nations (UN)' Sustainable Development Goals (UN SDGs), particularly Goals 2, 3, 4, 8, 10, 11, 12, 14 and 15, with Goal 17 – Partnerships for the Goals underpinning all the initiatives.

A summary of our contributions and the number of beneficiaries who have been the recipients of our CSR efforts are shown below:

Group CSR Spending and Reach

	FY2021	FY2022	FY2023
Total Spend (RM)	311,440	1,252,964	1,071,869
Beneficiaries	12	65,997	96,561

Education

- Hibiscus Scholarship

  We are passionate about contributing to the development of young Malaysian talents through the Hibiscus Scholarship programme. In this regard, we have partnered with 5 local universities, namely UM, Universiti Sains Malaysia (USM), UTM, Universiti Malaysia Terengganu (UMT) and UMS in the areas of engineering, environment, finance and information technology.

  In FY2023, we continued our sponsorship of 47 scholars pursuing degrees at various universities. In 2023, a total of 16 scholars from these institutions of higher learning are graduating. These 16 scholars comprise 4 scholars from UMT (marine biology), 4 from UTM (petroleum and chemical engineering), 3 from USM (geophysics), 4 from UMS (petroleum and mechanical) and 1 from UM (geology). Our contribution to these scholarships amounts to RM470,400.

  Out of 16 graduating scholars, 1 scholar from UTM (Petroleum Engineering) and 1 from UM (Applied Geology) interned with the Group. Subsequently, these 2 scholars completed their internship programme and have graduated in 2023.

  To nurture resilient and innovative individuals, we organised a scholar engagement session aimed at equipping them with crucial life skills such as communication, leadership, problem-solving and collaboration. These skills will benefit them not only in their academic journeys but also their personal and professional lives.

  The Hibiscus Scholarship programme aligns with UN SDG 4 (Quality Education) and makes meaningful contribution to UN SDG 8 (Decent Work and Economic Growth) and UN SDG 17 (Partnerships for the Goals).

Sustainability Report

41 scholars from 5 partner universities attended the 'Scholars Engagement Programme' to assist them to develop a 'workplace ready' professional mindset.

- Contribution towards Education and Training for the Mentally Challenged

  The Selangor and Federal Territory Association for the Mentally Handicapped (SAMH), a non-profit organisation, provides education and training to mentally handicapped children in two special schools in the Klang Valley which serve the needs of 250 multi-racial children. The children come from the bottom 40th percentile household income category (B40) families, single parent families or are orphans.

  It is SAMH's aim that such efforts assist the children to reach their maximum potential in order to improve their future quality of life, in line with their tagline of '*Transforming Disability to Ability*'.

  The Group has supported SAMH's goals by contributing a token contribution of RM10,000. The contribution supports UN SDG 4 (Quality Education), UN SDG 10 (Reduced Inequalities) and SDG17 (Partnerships for the Goals).

Health

- Human Papillomavirus (HPV) Screening

  The state of Sabah has among the highest incidence rates of cervical cancer in Malaysia. Inaccessibility, lack of awareness and financial limitations are the causes of the relatively low number of screenings conducted for HPV, the main causative agent of cervical cancer. We hope to improve the number of screenings currently conducted by making free medical screenings available to Malaysian women aged between 30 to 65 years in the B40 category in Sabah.

  SEA Hibiscus has collaborated with public agencies (Sabah State Health Department), private individuals (general practitioners), academic institutions (Hospital UMS) and civil societies (Malaysia Medical Association and the Obstetrical and Gynaecological Society of Malaysia) to support testing for the early detection of HPV. We have pledged approximately RM2.5 million for this effort over a five-year period starting calendar year 2021.

  As of 30 June 2023, 3,135 women have been screened under this programme, of which 64 cases of HPV have been detected. Those detected with the HPV have been advised on their next medical course of action.

Entrance to Outreach Programme for Early HPV Detection.

Outreach Programme for Early HPV Detection at Kg. Pukak, Kuili, Tuaran in October 2022.

Outreach Programme for Early HPV Detection at Kg. Parapat Laut, Kudat in July 2022.

The HPV medical screening programme supports UN SDG 3 (Good Health and Well-being) and UN SDG 17 (Partnerships for the Goals).

- Thalassaemia Awareness

  We are committed in our support of the local Thalassaemia communities and we conduct joint initiatives to raise the awareness about this disorder. Thalassaemia is a hereditary blood disorder that causes the body to have less haemoglobin (red blood cells that carry oxygen). This deficiency cause an individual to easily feel tired, weak or have shortness of breath. Regular blood transfusions are the most common method of treatment and is a life-long treatment.

  The NowyouSEEme (NYSM) 3.0 campaign was launched in 8 May 2023 on World Thalassaemia Day and marks the third consecutive year of our collaboration with the Malaysian Ministries of Health and Education. The campaign aims to educate secondary school students on the medical condition so that by being better informed, they are able to play an active role in society to help manage and eventually eradicate the disease.

  Similar to prior campaigns, the NYSM 3.0 initiative taps into the creativity of students in storytelling to develop content on a social media platform. Engagement through participation in contests held in their respective schools is also a means of promoting awareness amongst students. In 2023, 70 schools throughout the country competed in this year's campaign, which showcased the talent and ingenuity of young students in creating awareness on Thalassaemia through a fresh, different perspective relatable to a younger generation audience.

  A report on the effectiveness of NYSM campaigns will be issued by the MOH by June 2024.

  The NYSM 3.0 programme incurred costs of RM158,249 and contributes to UN SDG 3 (Good Health and Well-being) and UN SDG 17 (Partnerships for the Goals).

Judging panel consisting of representatives from MOE, MOH and HML.

The infographic poster provided to each participating school.

- Blood Donation Drive In Labuan

  In December 2022, SEA Hibiscus organised a Blood Donation Campaign at the Financial Park Complex located in Labuan. The campaign received support from the Malaysian Red Crescent Society Labuan Branch, Hospital Labuan Blood Bank and Junior Chamber International (JCI) Labuan Branch. The initiative involved the participation of 16 volunteers from LCOT, including individuals from the Operations, Emergency Response Team and Auxiliary Police. The campaign successfully collected 57 pints pf blood. This blood will help replenish the supply of blood transfusions, particularly benefitting Thalassaemia patients in Labuan.

  The blood donation drive cost RM7,528 and contributes to UN SDG 3 (Good Health and Well-being) and UN SDG 17 (Partnerships for the Goals).

SEA Hibiscus' Labuan Operations successfully jointly organised a Blood Donation Campaign, supported by the Malaysian Red Crescent Society Labuan Branch, Hospital Labuan Blood Bank and JCI Labuan Branch.

Sustainability Report

A blood donor participating in the campaign.

Safety

- Hibiscus Safety Campaign in Schools

  A safe and conducive environment is imperative in order that students thrive at school. Therefore, a Hibiscus Safety campaign was organised in November and December 2022 to increase safety awareness in schools by nurturing early mindfulness of personal safety from a young age through the dissemination of safety messages focused on personal safety issues and potential threats which may be faced at home, at school and at other public locations.

  The half-day "*Let's Be Safe*" Safety awareness campaign, conducted on a hybrid basis via face-to-face interaction at the schools and online, was attended by:
  - More than 1,000 schoolchildren from 58 primary schools in Kota Kinabalu, Sabah;
  - More than 300 schoolchildren from 7 primary schools in Dungun, Terengganu; and
  - A combination of more than 2,500 participants from schools located in remote locations in Sabah and Terengganu.

  The campaign involved partnerships with various governmental agencies including the State Education Department, PDRM, JBPM, Health Department and the Civil Defence Agency. During the campaign, students had the opportunity to engage in a fun-learning environment. They listened to easy-to-understand briefings and viewed visuals provided by the enforcement agencies. Quiz sessions were organised to encourage maximum understanding. Following these activities, live demonstration of safety protocols were conducted by JBPM, PDRM, Health Department and the Civil Defence Agency.

  A hands-on interactive learning session focused on potential risks and surrounding dangers, whether at home, school or public places, was also conducted via a specially created interactive video, with the same tagline *"Let's Be Safe"*. Students were encouraged to share the knowledge they gained with their peers, friends and family members to reach a wider audience.

  The Hibiscus Safety campaign incurred costs of RM107,892 and contributes to UN SDG 3 (Good Health and Well-being), UN SDG 4 (Quality Education) and UN SDG 17 (Partnerships for the Goals).

Participants in Sabah trying out the interactive module.

Group photo of participants of "Let's Be Safe" programme in Terengganu with collaborators and HML's representatives.

The Hibiscus Safety Campaign being shared on multiple platforms for better reach to the wider community.

- Flood Donation Relief Dungun

  The Kuala Dungun area in Terengganu is prone to floods during the monsoon season.

  In addition to our school safety campaign aimed at instilling safety awareness amongst the schoolchildren in the same neighbourhood, HML also provided aid to four villages with a combined population of about 1,000 people. Life jackets, first-aid kits and safety ropes worth RM18,000 were distributed to residents of Kg. Pasir Raja, Kg. Jongok Batu, Kg. Kuala Jengai and Kg. Shukor.

  The villages were also advised of additional safety measures to be taken during the monsoon season, particularly the importance of making early preparations by storing essential items in a safe place and relocating to a temporary evacuation centre in the event of rising flood waters.

  The Flood Donation relief initiative supports UN SDG 4 (Quality Education), UN SDG 11 (Sustainable Cities and Communities) and UN SDG 17 (Partnerships for the Goals).

Representatives from the four villages receiving aid from our representatives.

- Dog Health Protection Programme in Labuan

  The vicinity surrounding LCOT has become a refuge to stray dogs, as it is an area where dog owners abandon their unwanted pets. Some of these dogs have made LCOT their home, and attempts to remove them in a humane manner have proven unsuccessful. Since the dogs do not pose a hazard to LCOT personnel and contribute to mitigating the intrusion of wild monkeys, a long-term solution was implemented. In collaboration with a private veterinarian, a programme was initiated to spay, neuter, vaccinate, deworm and provide care for 10 dogs. These dogs are also given food and shelter within the LCOT compound.

  This programme has cost RM7,528.

Preserving Cultural Heritage

- Tunas Tari Sponsorship

  In December 2022, Hibiscus Petroleum sponsored Tunas Tari's *"Seeds of Hope"* production at a cost of RM25,390. The production was held at the Damansara Performing Arts Centre.

  Tunas Tari is a traditional dance enrichment centre for children that aims to instill positive traits and nurture their soft skills whilst raising public awareness about the importance of preserving cultural heritage.

  The *"Seeds of Hope"* production showcased and highlighted the current global concern of climate change and natural disasters, as well as the importance of caring for the environment for future generations.

Sustainability Report

The production cast comprising 34 children between the ages of 6 to 16 years old.

Combination of 14 dances inspired by various traditional dances in Malaysia including contemporary concept dance.

Hibiscus Petroleum's Managing Director and Group General Counsel attended the production.

The sponsorship of "*Seeds of Hope*" contributes to UN SDG 4 (Quality Education) and UN SDG 17 (Partnerships for the Goals).

- Sisters in Islam (SIS) Fundraising Initiative

  In support of culture and arts, HML sponsored RM10,000 for a fundraising event organised by SIS. This initiative served both as a means to raise funds, and as a platform to celebrate Malaysia's rich culture and tradition. SIS is dedicated to advocating for women's right and ensuring justice for women in Malaysia.

  The above initiative aligns with the UN SDG 10 (Reduced Inequalities) and UN SDG 17 (Partnerships for the Goals).

<u>Capacity Building</u>

We are committed to capacity building programmes aimed at promoting sustainable socio-economic development. These programmes are well planned and involved active engagement with local communities and collaborations with local agencies or non-governmental associations (NGOs).

Through these initiatives, skills training and cultivation of entrepreneurial capacity are provided to women in rural communities, fishermen and marginalised groups. Our programmes are aimed at improving the socio-economic standing of these beneficiaries, and thus facilitate the generation of an alternative source of income on a sustained basis for their families.

- Handicraft Revival Programme in Kuala Terengganu

  The Kercut Revival Craft project was launched in 2022 to revive a local handicraft using 'Kercut' (*Lepironia articulata*), a wild sedge that grows in and near 'gelam' (*Melaleuca forest*) swamps in the Setiu Wetlands area and 'Lidi' sourced from Nipah trees (*Nypa fruticans*), plants that grow in mangrove forests where there are tides and which are close to the sea.

  The project is a collaboration between the Sultan Mizan Royal Foundation, Terengganu State Parks, Kraftangan Malaysia and HML. The objectives of the programme are to enhance weaving skills and creativity for new products, to increase the income of craft entrepreneurs through the production of tourism related souvenirs and to create a new community in the field of crafts with the involvement of the younger generation.

  In 2022, 20 participants (10 women from Kg. Beris Tok Ku, Setiu for the 'Kercut' programme and 10 women from Pengkalan Gelap, Setiu for the Lidi Nipah programme) were trained by Kraftangan Malaysia in the making of products using 'Kercut' and 'Lidi' Nipah for the ecotourism industry. These women will continue for another year in the programme. Towards the third quarter of this year, an additional 10 women will be joining the programme in efforts to be equipped with the skills necessary towards becoming a Kercut entrepreneur.

  The project workshop was initially equipped with a dyeing machine and a flattening machine. These machines enhance the efficiency of leaf-flattening and colouring process before weaving them into various products such as bags or mat. This year, a drying hut is being constructed to expedite the drying of 'Kercut' leaves after the flattening and colouring process. These improvements aim to reduce the production cycle duration, thereby increasing product output.

  The Handicraft Revival programme in Terengganu contributes to UN SDG 8 (Decent Work and Economic Growth) and UN SDG 17 (Partnerships for the Goals).

- Oyster Farming Project in Sabah

  Launched in October 2021, this 18-month long social investment project began in January 2022 to sponsor and develop 7 selected participants from the B40 group in Mengkabong Bay, Tuaran, Sabah into competent oyster farmers to enable them to generate sustainable income to uplift their livelihood and that of their families.

  This collaborative venture between HML and the Sabah Fisheries Department is in line with the latter's vision of establishing Mengkabong Bay into a primary oyster production hub in Sabah and Malaysia in general.

  HML sponsored the required start-up equipment including farm tools and event ceremonies while the Sabah Fisheries Department allocated farm lots, conducted theory and practical skills training on the oyster farming system, and exposed participants to fish rearing management through familiarisation visits as well as introduction to basic bookkeeping and inventory practices.

  The group of participants managed to harvest a total of 4,580 kg of oysters and generated approximately RM20,141 in revenue for their efforts throughout the project.

  The Sabah Fisheries Department has committed to continually nurture, monitor and assist the participants with technical input and expansion plans in the future.

  The Oyster Farming Project in Sabah incurred costs of RM8,290 in FY2023 and made significant contributions to UN SDG 8 (Decent Work and Economic Growth), UN SDG 12 (Responsible Consumption and Production), UN SDG 14 (Life Below Water) and UN SDG 17 (Partnerships for the Goals).

Group photo of all participants of the Oyster Farming Project together with collaborators and HML's representatives.

The oyster farm lots in Mengkabong Bay, Tuaran.

Sustainability Report

- Sustainable Urban Farm in Selangor

  In October 2022, the Rotary Club of Gombak launched a Sustainable Urban Farm project for Rumah Amal Cheshire (Cheshire Home), with the Group sponsoring the RM12,000 cost of the urban farming unit installed on the home's grounds.

  Rumah Amal Cheshire currently provides housing for 25 residents. Since 1963, the home has been providing residential care to individuals who are permanently disabled, regardless of race or religious background, and are without the means or resources to live independently. From 2007, they have been offering Economic Empowerment Programmes for their residents in which they provide training to those with physical or learning disabilities to increase employability. The programme also provides a pathway to gain independence.

  The urban farm will serve as a space for residents to cultivate plants to produce fresh and healthy agricultural products like herbs and vegetables to ensure food security as well as supplement their daily nutritional needs. The farm is also a therapeutic and healing community space for the residents' increased quality of life.

  The Sustainable Urban Farm contributes to UN SDG 2 (Zero Hunger), UN SDG 12 (Responsible Consumption and Production) and UN SDG 17 (Partnerships for the Goals).

Urban Farming Unit at Rumah Amal Cheshire.

Rotary Club members and Rumah Amal Cheshire patrons viewing the Urban Farming Unit.

- Providing Employment Opportunities for Communities with Special Needs in Aberdeen

  AOCL supports a local Aberdeen social enterprise called, 'The Bread Maker' to provide lunch during all-day meetings. The Bread Maker is a social enterprise that gives opportunities to adults with learning disabilities. It assists those who would find it difficult to get a job or training in most ordinary businesses. Meaningful employment enhances the lives of their apprentices equipping them with essential life skills.

  This effort contributes to UN SDG 4 (Quality Education), UN SDG 8 (Decent Work and Economic Growth) and UN SDG 17 (Partnerships for the Goals).

<u>Other Community Services</u>

Under the Group's Social Sustainability section of the *Sustainability Policy*, we have recognised the importance of community engagements via the following assertion made i.e. "*The Group places importance on CSR Programmes and actively encourages our employees to participate in CSR activities/programmes in our locations of operations. Such engagements with local communities and other stakeholders play an important part in our maintaining a social licence to operate.*".

- Provision of School Uniforms

  During the Ramadan period this year, over 50 HML's employees volunteered their time to partake in a series of CSR activities, aimed at assisting underprivileged communities in Peninsular Malaysia and Sabah. Partnering with USM, 41 sets of school uniforms were donated to the *'Back to School'* programme for B40 families, specifically those from Sekolah Jenis Kebangsaan (Tamil) Ladang Sungai Puntar, Kedah, who lacked the means to provide school attire and essentials for their children.

  This initiative contributes to UN SDG 4 (Quality Education) and UN SDG 17 (Partnerships for the Goals).

- Food Aid Initiative

  In collaboration with Pusat Pungutan Zakat, 60 families at Projek Perumahan Rakyat (PPR) Hiliran Ampang received food baskets containing 22 essential items. Additionally, 30 families at PPR Kota Damansara received food baskets via the arrangement with the Kechara Soup Kitchen. In Tawau, Sabah, 38 families affected by a fire incident received food baskets in a joint effort with Jabatan Kebajikan Masyarakat Tawau.

  This '*Food Basket*' programme supported these families in preparing for the Hari Raya festivities and contributes to UN SDG 2 (Zero Hunger) and UN SDG 17 (Partnerships for the Goals).

- Spreading Cheer and Assistance to Orphanage Residents

  Our employees also volunteered their time to bring joy to the residents of various orphanages over the course of FY2023.

  One of these heart warming visits was part of the '*Aidilfitri Cheer*' programme, which involved accompanying 60 orphans from two orphanages, namely (Rumah Sentuhan Budi, Petaling Jaya and Rumah Anak Amal Budi Bistari, Shah Alam) on a 'Shopping Raya' outing to an outlet in Subang. This memorable day was followed by a 'buka puasa' event in Kelana Jaya, where the children enjoyed the delicious meals. The programme was further enriched with activities to entertain the children.

  In addition, our volunteers also accompanied children from three orphanages in Sabah, namely Rumah Anak Yatim Darul Bakti, Kota Belud, Rumah Anak Yatim As-Sakinah, Kinarut and Rumah Anak Kesayangan, Likas to purchase Raya attire at a textile shop in Kota Kinabalu.

  The above initiative supports the UN SDG 2 (Zero Hunger) and UN SDG 17 (Partnerships for the Goals).

Our volunteers with the orphanage residents.

We continue to play our part consistently and on a sustained basis to assist in advancing and improving the quality of life of various communities throughout Malaysia.

Our programmes have positively impacted many lives and contributed to local development on an inclusive basis. We remain committed in our continuous efforts to assist the development of the communities around us through our annual allocation of sponsorship programmes under our social investment budget.

- Support of 'Recipe for Life' programme in Aberdeen

  In May 2023, AOCL selected Home-Start Aberdeen as its chosen charity for 2023/2024. Home-Start Aberdeen has been supporting vulnerable families across Aberdeen for over 30 years. AOCL kicked off the partnership with a donation to the charity's Recipe for Life programme, which aims to empower parents to enhance their families' dietary habits by enhancing their knowledge, skills and confidence in cooking and making healthy eating choices.

  AOCL recognises the importance of giving back to the local community, especially during these challenging times, and we hope that AOCL's support plays a modest yet meaningful role in addressing broader social issues affecting families in the Aberdeen area.

  This initiative supports UN SDG 2 (Zero Hunger), UN SDG 3 (Good Health and Well-being) and UN SDG 17 (Partnerships for the Goals).

9. OUR SOCIETY – HUMAN RIGHTS

We are dedicated to respecting and promoting the rights of every person including our employees, the communities where we operate and those working within our supply chain. This commitment is in line with internationally recognised human rights and labour standards such as the UN Guiding Principles on Business and Human Rights (2011) and the UN International Covenant on Economic, Social and Cultural Rights which guide businesses on how to act responsibly in respecting human rights. We have in place the following policies as a testament of our ongoing commitment in upholding human rights:

<u>Anti-Modern Slavery Policy</u>

This policy underscores our commitment to prohibit the employment of forced bonded or underage labour and to take all necessary steps to ensure that no form of slavery exists within our business operations and supply chain. The scope of this policy covers our Group, contractors, joint venture partners, and other parties collaborating with us.

Sustainability Report

The Audit and Risk Management Committee is the designated independent committee to receive any complaints/information with follow-up on actions taken (if any) by the Group Internal Auditor as the Investigator.

We work to continually assess the extent of the risk of instances of modern slavery and human trafficking in our business and take reasonable steps to ensure that these have no place in our Group and supply chain. Going forward, we will enhance our efforts in bringing to the attention of our suppliers our commitment against modern slavery in our business operations.

Diversity Policy

Our *Diversity Policy* ensures the inclusiveness of all people.

Whistle Blower Policy

Our *Whistle Blower Policy* extends to external parties as a further sign of our commitment to key stakeholders, including our communities. This provides a confidential and anonymous avenue for individuals and communities impacted by any human rights violations arising from our business activities.

Drug and Alcohol Policy

The Group recognises that the protection of the health and safety of our employees, contractors and others involved in our operations is an integral part of business performance. Therefore, this policy was introduced in January 2020 as part of efforts to illustrate the Group's commitment and seriousness in ensuring a safe and healthy work environment for all.

Right to Collective Bargaining and Freedom of Association

Further, we support the right of our employees to freedom of association and collective bargaining, in compliance with the Malaysian labour regulations. We also commit to fully complying with labour regulations of the countries in which we operate and accordingly, have not recorded any non-compliances of applicable labour standards or encountered any human rights violations during the financial year under review.

10. ECONOMIC VALUE GENERATION AND DISTRIBUTION

We aim to make a positive contribution by delivering long-term tangible benefits to our key stakeholders. We generated and distributed value in the following manner during FY2023:

- Payment of taxes and royalties totalling approximately RM232.5 million to the host governments, which grant us our licences to operate;
- Payment of remuneration of approximately RM139.4 million to our employees; and
- Use of contractors and suppliers located in our host countries, when they possess the necessary expertise and utilise a high level of localised resources. In this regard, we have compensated local service providers and suppliers approximately RM928.7 million.

The summary of total spending on all suppliers is approximately RM439.6 million for FY2021, RM590.8 million in FY2022 and RM1,157.0 million for FY2023.

11. INFORMATION TECHNOLOGY (IT) AND CYBERSECURITY

In 2022, we saw the successful assimilation of the acquired Repsol's assets into the Group. The transition activity related to the acquisition was carefully planned and executed for all systems including IT infrastructure, core applications, engineering, and Enterprise Resource Planning (ERP) applications. The project was successfully completed in the allocated period.

The key priorities of the InfoTech & Digitalisation department for FY2023 focused on the consolidation of the IT infrastructure, implementing the digitalisation strategy for the operational technology and IT networks and progressive adoption of cloud technology. The continuous enhancement of cybersecurity and expansion of the organisation's technology support ecosystem continues to be a focus area for the Group.

With the completion of the Repsol transition, two additional data centres are now under the purview of the InfoTech & Digitalisation team. These new data centres were in existence from the Repsol assets' acquisition and are in addition to the existing two data centres that were already serving the Group. To increase operational efficiency, we intend to consolidate the data centres through 2024. The consolidation exercise will reduce overheads required to manage the data centres and will provide flexibility and release additional resources to the InfoTech & Digitalisation team to refocus on service delivery and cybersecurity. The Group will also significantly benefit from the optimal usage of licences, resources and will reduce the carbon emissions as a result of having in place an efficient IT network.

In addition to data centre consolidation, we are currently exploring the possibility of adopting a hybrid cloud model. Adoption of a cloud model provides the freedom to scale up computing resources without the need to purchase physical hardware which may be subject to long procurement lead times. The hybrid model allows existing hardware in the data centre to remain while eliminating the need to procure additional hardware to cater for the increasing demands of the future. To ensure compliance, our InfoTech & Digitalisation team has actively involved the PETRONAS Digital team to obtain the latest guidelines that govern cloud adoption. Meticulous assessment involving various global cloud providers is ongoing to ensure the Company derives the best value by moving to cloud.

The data centre consolidation exercise and the cloud adoption initiative require extensive planning and the final design considerations include easier access to digital information and applications without compromising security of the infrastructure. The most important focus in 2023 is on the design and feasibility of the initiative ensuring optimal utilisation of resources and preparing a model that is in line with business needs of the Group.

Digitalisation initiatives are prioritised according to cost-benefit and budget considerations. Selected projects are being implemented in line with the Digitalisation strategy articulated in the Group Business Plan. These digital initiatives are tested for robustness and value creation to ensure tangible impact at scale across the Group. Specifically, we are evaluating digital solutions that will increase productivity of the Group's employees, reducing cycle time and, optimising workflows, where possible and utilising technology to accelerate outcomes. Additionally, we are assessing the Group's data management structures. The approach here is to ensure information is available on a timely basis, is easily searchable and leveraging advanced search engines, for better decision making across the organisation. Some of the initiatives that we are working on are Industrial Internet of Things (IIOT), a Predictive Maintenance project which has been planned to improve Asset Performance Management and ensure that the Group efficiently manages uptime of production assets. Significantly, we are evaluating digital tools to ensure that we effectively manage and continuously improve on HSSE standards to provide a safe working environment for the Group's employees.

For continuous enhancements of cybersecurity systems across the Group, customisation, and alignment of processes between different business units are the top priority. Other efforts being carried out include:

- Increasing server capacities to ensure testing and staging environments are set-up for controlled roll-out of applications in-compliance with the IT General Compliance requirements.
- Implementing an additional layer of firewall to protect core IT infrastructure.
- Enhancing the security of the Office 365 applications used widely in the Group, constantly auditing the effectiveness of the controls and maintain the average security score above the industry average.
- Improving end user's security through the rollout of multi-factor authentication and implementing a personal backup facility for the Group's users.
- Implementing additional security measures for privileged account access to critical infrastructure components across the Group.
- Increasing awareness of cybersecurity for the entire Group including providing anti-phishing training in addition to the development of a capacity building programme which is being implemented in stages.
- Embarking on a single incident management framework that includes provision of service desk, consolidation of managed services vendors and consolidation of security incidents and security measures at the Group level.

A multi-pronged approach has been taken to address data security and its possible leakage. The implementation of an electronic Data Management solution will provide visibility into the data and its usage within the Group. Current initiative includes identification of structured and unstructured data sources and bringing them together into the greater data lake where granular access can be determined based on the business needs of the Group. The initiative is expected to be completed in the year 2024.

A validation of the security controls will be carried out in Q4 2023 through an external penetration test and an audit exercise. The exercise will provide vital inputs on potential gaps in the cybersecurity setup for the Group.

Several initiatives and projects have been planned to address the core business needs of the Group. Constant efforts are ongoing to ensure that end users can effectively conduct their activities efficiently and effectively in a dynamic, stable connected and secure environment that adapts to growing business needs.

Sustainability Report

12. OUR COMMITMENT TOWARDS TAX CORPORATE GOVERNANCE

The Group practises strong governance when managing its tax affairs. Adequate systems and processes are in place to allow the Group to comply with all tax laws and regulations of the countries in which it operates.

The Group conducts its tax affairs based on the following key principles:

- Ensuring compliance with applicable tax laws and regulations, both in terms of the letter and the spirit of these laws and regulations.
- Developing and maintaining professional and cooperative relationships with tax authorities.
- Managing tax related matters with professional care, including the engagement of external tax advisors whenever necessary to ensure positions taken are supportable and defendable.
- Undertaking tax planning only where there are business operations with genuine commercial presence and economic substance. The Group does not seek to evade tax nor engage in aggressive tax planning.

The Group also observes its core values when managing tax matters. The five core values are (i) tenacious, (ii) environmentally responsible, (iii) people focused, (iv) agile, and (v) trustworthy.

12.1 Compliance

Our Group recognises that taxes play an important role in the economic development of countries in which it operates. Accordingly, we prioritise attention to its responsibilities in this area by ensuring the rightful amount of taxes are paid on a timely basis.

Within the framework of this principle, the Group undertakes to:

- Adopt its tax positions on sound economic and business principles and best practices, and refrain from the use of abusive tax schemes and planning practices;
- Apply the "arm's length" principles in intra-group transactions, as required by the applicable tax laws and regulations;
- Disclose truthful and complete information in its dealings with tax authorities; and
- Strive for certainty, stability and predictability of tax implications on practices applied by the management in accordance with applicable tax laws and regulations and due collaboration with the tax authorities.

12.2 Cooperative Relationship with Tax Authorities

The Group shall continue fostering relationships with the tax authorities grounded on principles of mutual trust, good faith, professionalism, transparency, cooperation and due collaboration, all with the purpose of ensuring due compliance with applicable tax laws and regulations and to reduce tax disputes without compromising the Group's interests.

In particular, the Group:

- Provides the tax authorities with the required tax-related information and documentation in a timely manner;
- Prioritises non-litigious means for disputes resolution when possible, but considers legal action to preserve/strengthen our position in seeking to achieve amicable agreements with the tax authorities whenever feasible; and
- Participates in discussion and contributes views on proposed changes to applicable tax laws and regulations which may impact the Group.

12.3 Tax Governance, Control and Risk Management

The Group has in place a sound management system and control environment to govern its tax matters.

The management of tax-related risks is carried out via the implementation of policies, procedures and a system of internal control with clear definition of roles and responsibilities, key steps of processes, and reporting and monitoring routines to ensure compliance and exposure to tax-related risks are well managed. It also forms part of the Group's risk management framework, details of which are documented in the SORMIC.

In particular, the Group adopts the following approaches towards its tax governance, control and risk management:

- Tax affairs are managed in an orderly and professional manner to ensure compliance with tax obligations and proper management of tax-related risks. Efficient internal procedures, systems and controls are applied to enable the correct operation of key tax-related processes.
- Active management, monitoring and mitigation of tax-related risks with a view to eliminating them, and where the said risks are assumed (e.g. in cases involving uncertainty in respect of the application or interpretation of tax law), steps will be undertaken to defend the Group's legitimate interests as efficiently as possible by ensuring advice is sought from external advisors and comprehensive position papers are prepared and maintained.
- The Group's tax department and personnel involved with the tax function are kept up to date on developments in the tax laws and practices through regular updates from external tax advisors and regular attendance/participation in tax seminars.
- Ensuring the Group's tax department is equipped with sufficient knowledge and skill sets to support its commitments towards tax corporate governance.

The Group provides an avenue to report information relating to occurrences of known and/or suspected malpractices or wrongdoings, including reporting on any tax mismanagement. Whistle-blowers can report in writing to a designated email or in a sealed labelled envelope to the Chair of the Board or Chair of the Audit and Risk Management Committee or Senior Independent Director. The *Whistle Blower Policy* and the *ACAB Policy* are available on the Group's SharePoint facility and corporate website.

12.4 Approach to Tax Planning

The Group's transactions are always driven by proper business purpose. The following principles are applied in relation to tax planning:

- Manage tax costs and tax benefits in an efficient manner and apply available tax incentives and benefits appropriately, provided they are aligned with the relevant intended policy objectives and supported by genuine commercial activities.
- Ensure that tax planning is based on reasonable interpretations of applicable laws that are aligned with the economic and commercial activities, and which would avoid any abusive or fraudulent outcomes. Where necessary, professional advice will be sought from external consultants to support positions taken.
- Refrain from using engineered business structures to conceal or reduce the transparency of its tax activities. Transactions and structures are driven by commercial considerations and aligned with business activities.
- Avoid setting up a presence in tax havens, except where justifiable with sound business reasons and economic substance requirements are complied with. There is full transparency and cooperation with the relevant tax authorities to facilitate the disclosure of required information.

We are committed to continuously review and enhance our tax policies, processes and procedures so as to strengthen our tax corporate governance and bring value to our stakeholders.

THE WAY FORWARD

In this Report, we have detailed many of the specific initiatives that have been undertaken, or which we plan to undertake in the near future to address matters of material business sustainability within our Group and of impact to our stakeholders. Much of what we do relies on the efforts of our people. Hibiscus Petroleum's corporate core values form the bedrock of our Business Sustainability Principles. With our workforce equipped with such values, we believe that we balance our commercial objectives of achieving profitability and growth without compromising on the overarching need to extract essential resources from our planet safely and responsibly whilst keeping our people safe and secure.

We continue to strengthen our foothold in the oil and gas industry in line with our aspirations to be an enduring player. Our long-term existence as a commercial organisation can only be assured if we act responsibly now and always. We endeavour to be an organisation that incorporates sustainability initiatives in all that we do. We believe that such an approach is part of our obligation to accrete shareholder value responsibly, in a dynamic and evolving business environment. Each of our stakeholders should remain assured that the Board and Management remain committed to these goals.

This Report has been approved by the Board of Hibiscus Petroleum Berhad on 4 October 2023.

Sustainability Report

APPENDIX – DETAILED ENVIRONMENTAL MANAGEMENT PERFORMANCE INDICATORS BY ASSETS

North Sabah PSC

Scope 1 Emissions

Emissions by source	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Combustion	tonnes CO_2e	147,701	203,053	192,283	214,643	166,828
Flaring	tonnes CO_2e	154,242	152,274	192,507	185,369	135,412[1]
Venting	tonnes CO_2e	93,833	70,807	35,866	183,498	55,746[2]
Fugitive Emissions	tonnes CO_2e	3,036	2,898	2,941	2,162	2,064
Mobile and Transportations	tonnes CO_2e	374	235	65	47	33
Total	**tonnes CO_2e**	**399,185**	**429,267**	**423,663**	**585,719**	**360,083**

Emissions by type of gas	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Carbon dioxide	tonnes	347,455	340,493	371,813	373,522	283,415
Methane	tonnes	2,207	4,340	2,501	8,371	2,982[3]
Nitrous oxide	tonnes	8.85	8.33	9.19	9.57	3.93[4]

Scope 2 Emissions

Emissions by source	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Purchased Electricity	tonnes CO_2e	1,608	1,567	1,564	2,122	1,421

Total GHG Emissions (Scopes 1 and 2)

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Total Operational GHG Emissions	**tonnes CO_2e**	**400,793**	**430,834**	**425,227**	**587,841**	**361,504[5]**

Total GHG Emissions (Scope 3)

Category	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Upstream Transportation and Distribution	tonnes CO_2e	Not Available	Not Available	Not Available	26,272	50,092

Notes:
1 Decreased flaring emissions in FY2023 as compared to the previous FY2022 due to various reasons i.e. reduced Low Low Pressure (LLP) compressor shutdown, multiple compressors interruptions and trips in North Sabah Offshore.
2 Significant reduction in venting emissions due to higher reliability of auto ignitors after upgrades.
3 Methane emissions reduced by 64.3% due to lower venting in FY2023.
4 Nitrous oxide emissions lower by 58.9% due to decrease in GHG emission from combustion sources in North Sabah Offshore in FY2023.
5 Total operational GHG emissions reduced by 38.5% from FY2022 due to lower venting and flaring in FY2023.

PM3 CAA PSC

Scope 1 Emissions

Emissions by source	Unit	FY2022	FY2023
Combustion	tonnes CO_2e	933,158	1,081,811
Flaring	tonnes CO_2e	114,103	102,627
AGRU[1]	tonnes CO_2e	4,514,050	5,266,850
Fugitive Emissions	tonnes CO_2e	41	83
Mobile and Transportations	tonnes CO_2e	68,472	89,683
Other GHG's[2]	tonnes CO_2e	n/a	62,680
Total	**tonnes CO_2e**	**5,629,823**	**6,603,734**

Emissions by type of gas	Unit	FY2022	FY2023
Carbon dioxide	tonnes	3,478,205	4,242,806
Methane	tonnes	85,575	93,834
Nitrous oxide	tonnes	41	51

Scope 2 Emissions

Emissions by source	Unit	FY2022	FY2023
Purchased Electricity	tonnes CO_2e	447	458

Total GHG Emissions (Scopes 1 and 2)

Indicator	Unit	FY2022	FY2023
Total Operational GHG Emissions	**tonnes CO_2e**	**5,630,270**	**6,604,192**

Notes:
1 Acid Gas Removal Unit (AGRU).
2 Other GHG's include compressors, pneumatic controls and pumps, and loss of primary containment (LOPC).

Kinabalu PSC

Scope 1 Emissions

Emissions by source	Unit	FY2022	FY2023
Combustion	tonnes CO_2e	26,646	39,483
Flaring	tonnes CO_2e	149,843	123,230
Venting	tonnes CO_2e	0	0
Fugitive Emissions	tonnes CO_2e	1.21	1.03
Mobile and Transportations	tonnes CO_2e	8,187	21,412
Other GHG's[1]	tonnes CO_2e	n/a	1,137
Total	**tonnes CO_2e**	**184,677**	**185,263**

Sustainability Report

Emissions by type of gas	Unit	FY2022	FY2023
Carbon dioxide	tonnes	182,777	180,777
Methane	tonnes	5	51
Nitrous oxide	tonnes	6	11

Scope 2 Emissions

Emissions by source	Unit	FY2022	FY2023
Purchased Electricity	tonnes CO_2e	173	174

Total GHG Emissions (Scopes 1 and 2)

Indicator	Unit	FY2022	FY2023
Total Operational GHG Emissions	**tonnes CO_2e**	**184,850**	**185,437**

Note:
1 Other GHG's include compressors, pneumatic controls and pumps, and LOPC.

Anasuria Cluster

Scope 1 Emissions[1]

Emissions by source	Unit	FY2019	FY2020	FY2021	FY2022[6]	FY2023[7]
Combustion	tonnes CO_2e	78,629	77,446	76,990	76,438	85,008
Flaring	tonnes CO_2e	55,292	81,208	49,003	10,869	12,613
Venting	tonnes CO_2e	215	186	171	145	151
Fugitive Emissions	tonnes CO_2e	4	–	19	2	–
Other	tonnes CO_2e	–	–	–	233	471
Total	**tonnes CO_2e**	**134,140**	**158,840**	**126,183**	**87,688**	**98,243**

Emissions by type of gas	Unit	FY2019	FY2020	FY2021	FY2022[6]	FY2023[7]
Carbon dioxide	tonnes	126,501	148,896	119,176	84,144	94,269
Methane	tonnes	216	300	193	67	75
Nitrous oxide	tonnes	8	8	7	6	7
HFCs[2]	tonnes	0.002	–	0.008	0.023	–

Scope 2 Emissions[3]

Emissions by source	Unit	FY2019	FY2020	FY2021	FY2022[6]	FY2023[7]
Purchased Electricity	tonnes CO_2e	0	0	0	0	0

Total GHG Emissions (Scopes 1 and 2)

Indicator	Unit	FY2019	FY2020	FY2021	FY2022[6]	FY2023[7]
Total Operational GHG Emissions	**tonnes CO_2e**	**134,140**	**158,840**	**126,183**	**87,688**	**98,243**

Total GHG Emissions (Scope 3)[4]

Category	Unit	FY2019	FY2020	FY2021	FY2022[6]	FY2023[7]
Business Travel	tonnes CO_2e	0	0	0	0	0
UK ETS Payment[5]	**RM mil**	**13.7**	**11.5**	**16.8**	**25.0**	**25.0**

Notes:
1 GHG emissions comprise carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride. The GWP factors used are in accordance with the UK Government's guidance for reporting of GHG emissions.
2 HFCs or Hydrofluorocarbons are included in the reporting for this year.
3 Scope 2 GHG emissions are zero as there is no purchased electricity for the Anasuria FPSO operations, as all activities are conducted offshore. Office use of electricity is not measured separately as this is included in the office rent.
4 Scope 3 – Business Travel GHG emissions are zero as there are no vehicles that are owned or rented by AOCL, or where AOCL is responsible for purchasing fuel for the purposes of business travel. GHG emissions from air travel, helicopters and supply vessels have not been accounted for. This category of Scope 3 is included in fulfilment of UK Government's Streamlined Energy and Carbon Reporting (SECR) requirements.
5 Payments for UK ETS are on a gross basis.
6 Emission figures from 1 January 2022 to 31 December 2022 are final and have undergone successful external verification.
7 Emission figures from 1 January 2023 to 30 June 2023 are provisional.

Waste Management

North Sabah

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Hazardous waste	**tonnes**	**4.373**	**12.95**	**190.12**	**29.10**	**65.19**
Non-recycled waste	tonnes	3.395	–	–	–	–
Recycled waste	tonnes	0.978	–	–	–	9.396
Total Waste	**tonnes**	**4.373**	**12.95**	**190.12**	**29.10**	**65.19**
Environmental fines and penalties	RM	0	0	0	0	0

Notes:
1 Non-recycled and recycled waste are no longer reported as there are no requirements to report this to MPM.
2 FY2021 figure has been updated to reflect the actual data on financial year basis.
3 Higher hazardous waste generated due to tank maintenance activity at LCOT in FY2023.

Sustainability Report

PM3 CAA PSC

Indicator	Unit	FY2022	FY2023
Hazardous waste	**tonnes**	**148.61**	**772.70**
Non-recycled waste	tonnes	148.61	764.40
Recycled waste	tonnes	0	8.30
Non-Hazardous waste	**tonnes**	**–**	**941.22**
Non-recycled waste	tonnes	–	941.22
Recycled waste	tonnes	–	0
Total Waste	**tonnes**	**148.61**	**1,713.92**
Environmental fines and penalties	RM	0	0

Note:
Inclusive of waste from PM305.

Kinabalu PSC

Indicator	Unit	FY2022	FY2023
Hazardous waste	**tonnes**	**5.03**	**15.11**
Non-recycled waste	tonnes	1.80	8.93
Recycled waste	tonnes	3.23	6.18
Non-Hazardous waste	**tonnes**	**–**	**230.88**
Non-recycled waste	tonnes	–	230.88
Recycled waste	tonnes	–	0
Total Waste	**tonnes**	**5.03**	**245.99**
Environmental fines and penalties	RM	0	0

Anasuria Cluster

Indicator	Unit	FY2019	FY2020	FY2021	FY2022	FY2023
Hazardous waste	**tonnes**	**27.02**	**26.22**	**15.46**	**8.82**	**12.70**
Non-recycled waste	tonnes	14.31	12.19	4.51	2.86	2.48
Recycled waste	tonnes	12.72	14.03	10.95	5.96	10.22
Non-Hazardous waste	**tonnes**	**94.44**	**93.57**	**96.95**	**74.84**	**121.99**
Non-recycled waste	tonnes	41.25	35.30	29.50	21.51	32.05
Recycled waste	tonnes	53.19	58.27	67.45	53.33	89.94
Total Waste	**tonnes**	**121.47**	**119.80**	**112.41**	**83.66**	**134.69**
Environmental fines and penalties	RM	0	0	0	0	0

Notes:
1 Totals may not add up due to rounding.
2 Further improvements have been made on the waste disclosure, where the non-recycled waste and recycled waste are now reported for both Hazardous waste and Non-Hazardous waste.
3 Waste figures from 1 January 2022 to 31 December 2022 are final.
4 Waste generation figures from 1 January 2023 to 30 June 2023 are provisional.

GLOSSARY FOR THE SUSTAINABILITY REPORT

#
4Cs – Command, Control, Coordination and Communication

A
ACAB – Anti-Corruption and Anti-Bribery
ACT – Accident Control Technique
AELB – Atomic Energy Licensing Board
AGRU – Acid Gas Removal Unit
ALARP – As Low As Reasonably Practicable
Anasuria – Anasuria Cluster
Anasuria Hibiscus – Anasuria Hibiscus UK Limited
AOCL – Anasuria Operating Company Limited
AP – Auxiliary Police
ASB – Asian Supply Base
ATMS – Action Tracking Management System

B
B40 – Malaysians within the lowest 40% household income category
BAP – Biodiversity Action Plan
barg – Bar Gauge
BES – Biodiversity and Ecosystem Services
BESRA – Biodiversity and Ecosystem Services Risk Assessment
Block 46 PSC – Block 46 Cai Nuoc Production Sharing Contract
Board – Board of Directors
BOD_5 – 5-Day Biological Oxygen Demand
BOSIET – Basic Offshore Safety Induction and Emergency Training
BRC – Bunga Raya C platform
BRE – Bunga Raya E platform
BSMC – Business Sustainability Management Committee
BST – Business Support Team
BTEX – Benzene, Toluene, Ethylbenzene and Xylenes
BT – Barton

C
CA-EBS – Compressed Air Emergency Breathing System
CAA – Commercial Arrangement Area
CAAM – Civil Aviation Authority of Malaysia
CAR 2014 – Environmental Quality (Clean Air) Regulations 2014
CBDR – Common but Differentiated Responsibilities
CCF – Climate Change Framework
CCS – Carbon Capture and Storage
CEFAS – Centre for Environment Fisheries Aquaculture Science
CEO – Chief Executive Officer
CePIETSO – Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems
CePSWAM – Certified Environmental Professional in Scheduled Waste Management
CGSO – Chief Government Security Officer Malaysia
CH_4 – Methane
CISCC – Chloride Induced Stress Corrosion Cracking
CMCO – Conditional Movement Control Order
CMT – Crisis Management Team
CO – Carbon Monoxide
CO_2 – Carbon dioxide
CO_2e – Carbon dioxide equivalent
COD – Chemical Oxygen Demand
Company – Hibiscus Petroleum Berhad
COO – Chief Operating Officer
COP26 – 26th United Nations Climate Change Conference
COVID-19 – Coronavirus disease 2019
CSR – Corporate Social Responsibility
CY – calendar year

D
DO – Dissolved Oxygen
DOE – Department of Environment
DOF – Department of Fisheries
DOSH – Department of Occupational Safety and Health Malaysia
DP – Dynamic Positioning

E
EBS – Environmental Baseline Sampling
ECC – Emergency Control Centre
EDP – Executive Development Programme
EDPR – Effluent Discharge Pipeline Replacement
EI – Energy Institute
EIA – Environment Impact Assessment
EM – Environmental Mainstreaming
EMCO – Enhanced Movement Control Order
EMS – Environmental Management System
EPD – Environment Protection Department
ePTW – Electronic Permit to Work
EQA – Environmental Quality Act
ER – Emergency Response

Sustainability Report

ERAMP	– Environmental Risk Assessment and Mitigation Plan
ERAP	– Emissions Reduction Action Plan
ERM	– Emergency Response Management
ERP	– Emergency Response Plan
ERCMC	– Environment Regulatory Compliance Monitoring Committee
ERMC	– Executive Risk Management Committee
ESG	– Environmental, Social and Governance
ESA	– Environmental Site Assessment
ESI	– Environmental Sensitivity Index
ESS	– Energy Storage System
E-SWIS	– Electronic Scheduled Waste Information System
ETP	– Effluent Treatment Plant
ETS	– Emissions Trading Scheme
ETSWAP	– Emissions Trading Scheme Workflow Automation Project
EU	– European Union
EU ETS	– European Union Emission Trading Scheme
EV	– Electric Vehicle
EWTP	– Emulsion and Wax Treatment Plant
F	
F4GBM	– FTSE4Good Bursa Malaysia
FBE	– Fuel Burning Equipment
FEVCEA	– Floating the Energy Value Chain in East Asia: Collaboration for Innovation in the Adaptation of the Oil and Gas Supply Chain to Zero Carbon
FMA 1967	– Factories and Machinery Act 1967
FOET	– Further Offshore Emergency Training
FPSO	– Floating Production Storage and Offloading
FTSE	– Financial Times Stock Exchange
FTW	– Fitness to Work
FWKO	– Free Water Knock-out Vessels
FY	– Financial Year
G	
GHG	– Greenhouse gas
Group	– Hibiscus Petroleum Berhad Group
GS	– Group Security
GSR	– Guided Self-Regulation
GWP	– Global Warming Potential
H	
H_2S	– Hydrogen Sulphide
H&M	– Hearts & Minds
HAZID	– Hazard Identification
HAZOP	– Hazard and Operability analysis
HCFC	– Hydrochlorofluorocarbon
HFC	– Hydrofluorocarbon
HHS	– Hibiscus Hope Scholarship
Hibiscus Petroleum	– Hibiscus Petroleum Berhad
HiOC	– Hibiscus Observation Card
HiPo	– High Potential
HML	– Hibiscus Oil & Gas Malaysia Limited
HSE	– Health, Safety and Environment
HSEQ	– Health, Safety, Environment and Quality
HSEx	– Health & Safety Executive
HSS	– Health, Safety and Security
HSSE	– Health, Security, Safety and Environment
HSSEMS	– Health, Security, Safety and Environment Management System
HSSMS	– HSS Management System
HPV	– Human Papillomavirus
I	
IEA	– International Energy Agency
IGU	– International Gas Union
IMP	– Incident Management Plan
IMT	– Incident Management Team
IOAIA	– Integrated Operational Asset Integrity Assurance
IOGP	– International Association of Oil & Gas Producers
IPCC	– Intergovernmental Panel on Climate Change
IPIECA	– International Petroleum Industry Environmental Conservation Association
ISP	– Integrated Service Provider
ISPS	– International Ship and Port Security
ITGC	– Information Technology General Compliance
IUCN	– International Union for Conservation of Nature
J	
JBPM	– Fire & Rescue Department Malaysia
JERWG	– Joint Emergency Response Working Group
JEWG	– Joint Environment Working Group
JHSEC	– Joint HSE Committee Meeting
JPDS	– Sabah Ports and Harbour Department
JSPN	– Jawatankuasa Sasaran Penting Negeri
JSWG	– Joint Security Working Group
JT-A, -B, -F	– Jacket A, B, F
K	
kBoE	– Kilobarrel of Oil Equivalent
Kinabalu Oil	– Kinabalu Production Sharing Contract
KK	– Kota Kinabalu
KL	– Kuala Lumpur
KPIs	– Key Performance Indicators
KSB	– Kemaman Supply Base
KSW	– Knowledge Sharing Webinar
L	
LCOT	– Labuan Crude Oil Terminal
LDAR	– Leak Detection and Repair
LDP	– Leadership Development Programme
LED	– Light Emitting Diode
LEMA	– Labuan Mutual Aid Group
LGAST	– Labuan Gas Terminal
LKIM	– Lembaga Kemajuan Ikan Malaysia
LOPC	– Loss of Primary Containment
LP	– Low Pressure
LTI	– Lost Time Injury
LTIF	– Lost Time Injury Frequency
LWC	– Lost Workday Case
M	
MARDEP	– Marine Department Malaysia
MCO	– Movement Control Order
MD	– Managing Director
MDP	– Managerial Development Programme
MES	– Minimum Environment Specification
METS	– Manage your UK Emissions Trading Scheme Reporting Service
MGA	– Malaysian Gas Association
MKN	– Malaysian National Security Council
MMEA	– Malaysian Maritime Enforcement Agency
MMRO	– Marine Maintenance, Repair and Operations
MOB	– Man Overboard
MOC	– Management of Change
MOH	– Ministry of Health
MOV	– Management Operation Visit
MPK	– Mesyuarat Penyelarasan Keselamatan
MPM	– Malaysia Petroleum Management
MRA	– Marine Risk Assessment
MS	– Management System
MSAR	– Maritime Search and Rescue
MTC	– Medical Treatment Case
N	
NACSA	– National Cyber Security Agency
NC	– Non-Compliance
NCD	– Non-Communicable Disease
NCN	– Non-Compliance Notifications
NIOSH	– National Institute of Occupational Safety and Health
North Sabah PSC	– The 2011 North Sabah Enhanced Oil Recovery Production Sharing Contract
NO_x	– Nitrogen oxides
NO_2	– Nitrogen Dioxide
NYSM	– NowyouSEEMe campaign
O	
OEUK	– Offshore Energies UK
OGI	– Optical Gas Imaging
OH&S	– Occupational Health and Safety
OIM	– Offshore Installation Manager
OIW	– Oil In Water
OPEP	– Oil Pollution and Emergency Plan
OPOL	– Offshore Pollution Liability Association
OPRED	– Offshore Petroleum Regulator for Environment and Decommissioning
OPPC	– Oil Pollution Prevention and Control
OSC	– Office Safety Committee
OSCP	– Oil Spill Contigency Plan
OSHA	– Occupational Safety and Health Administration
OSI	– Offshore Safety Induction
OSPRAG	– Oil Spill Prevention and Response Advisory Group
OSRO	– Oil Spill Response Organisation
OSRL	– Oil Spill Response Limited
OSRP	– Oil Spill Response Plan
OTC	– Offshore Technology Conference
O_3	– Ozone
P	
PAC	– Petroleum Arrangement Contractor
PAH	– Polycyclic Aromatic Hydrocarbon
PBE	– Pre-Budget Expectation
PETRONAS Carigali	– PETRONAS Carigali Sdn Bhd
PDRM	– Polis Diraja Malaysia
PD&T	– Project Delivery and Technology
Petrofac	– Petrofac Facilities Management Limited
PETRONAS	– Petroliam Nasional Berhad
pH	– Potential of hydrogen
PHA	– Process Hazard Analysis
PHN	– National Hydrographic Centre
PIMMAG	– Petroleum Industry of Malaysia Mutual Aid Action Group
PMA	– Peninsular Malaysia Asset
PM3 CAA	– PM3 Commercial Arrangement Area Production Sharing Contract
PM10	– Particulate Matter with the size of less than 10 micron

Sustainability Report

PM2.5	– Particulate Matter with the size of less than 2.5 micron
POB	– Personnel on Board
POPM	– Platform Operating Procedures Manual
PPD	– Permanent Partial Disability
PPE	– Personal Protective Equipment
PPGUA	– PETRONAS Procedures and Guidelines for Upstream Activities
PPUK	– Ping Petroleum UK PLC
PSC	– Production Sharing Contract
PSM	– '*Sahabat Maritim*' Programme
PTD	– Permanent Total Disability
PV	– Photovoltaic
R	
R2R	– Rig-to-Reef
RAM	– Risk Assessment Matrix
RMCO	– Recovery Movement Control Order
RMN	– Royal Malaysian Navy
RMP	– Royal Malaysia Police
ROSPA	– Royal Society for the Prevention of Accidents
ROV	– Remotely Operated Vehicle
RS3	– Radar Surveillance
RWC	– Restricted Work Case
S	
SAA	– South Angsi A
SAMH	– Selangor and Federal Territory Association for the Mentally Handicapped
SANGEA	– SANGEA software application
SDP	– Supervisory Development Programme
SEA Hibiscus	– SEA Hibiscus Sdn Bhd
SECR	– Streamlined Energy and Carbon Reporting
SEGAL	– Shell Esso Gas and Associated Liquids
SF	– South Furious
SIL	– Safety Integrated Level
SIV	– Site Inspection Visit
SJ	– St Joseph
SJLQ	– St Joseph Living Quarters
SMDP	– Senior Management Development Programme
SOPs	– Standard Operating Procedures
SORMIC	– Statement on Risk Management and Internal Control
SO_x	– Sulphur Oxides
SO_2	– Sulphur Dioxide
T	
TA	– Turn-Around
TBSB	– Tok Bali Supply Base
TBT	– Tributyltin
TCFD	– Taskforce on Climate-related Financial Disclosures
TENORM	– Technologically Enhanced Naturally Occurring Radioactive Material
TRCF	– Total Recordable Case Frequency
TRIR	– Total Recordable Injury Rate
TRT	– Tactical Response Team
TSS	– Total Suspended Solids
TTLC	– Total Threshold Limit Concentration
U	
UK	– United Kingdom
UK ETS	– UK Emissions Trading Scheme
UKM	– Universiti Kebangsaan Malaysia
UiTM	– Universiti Teknologi Malaysia
UM	– University of Malaya
UMS	– Universiti Malaysia Sabah
UMT	– Universiti Malaysia Terengganu
UN SDG	– United Nations' Sustainable Development Goal
UNFCCC	– United Nation Framework Convention on Climate Change
UNIMAS	– Universiti Malaysia Sarawak
UNITEN	– Universiti Tenaga Nasional
UPNM	– Universiti Pertahanan Nasional Malaysia
USD	– United States Dollar
USM	– Universiti Sains Malaysia
UTM	– Universiti Teknologi Malaysia
UTP	– Universiti Teknologi PETRONAS
V	
V-A	– Vent A
VOCs	– Volatile Organic Compounds
W	
WAC	– Waste Acceptance Criteria
WAH	– Work At Height
WP	– Wilayah Persekutuan
WWF	– World Wildlife Fund

NOMINATING COMMITTEE REPORT

YBHG DATO' DR ZAHA RINA ZAHARI
Chair of the Nominating Committee

This report has been prepared in compliance with Paragraph 15.08A(3) of the Main Market Listing Requirements (MMLR). It provides an overview of the activities undertaken by our Nominating Committee (NC) during the financial year ended 30 June 2023 (FY2023).

The NC has reviewed this report and it has been subsequently approved by the Board of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) for inclusion in the Annual Report 2022/2023.

Composition

The establishment of our NC was approved by our Board on 26 February 2011. The composition of our NC adheres to Paragraph 15.08A of the MMLR of Bursa Malaysia Securities Berhad (Bursa Securities). Pursuant to the MMLR, the NC must consist exclusively of Non-Executive Directors (NEDs), with a majority of them being independent.

Our NC is chaired by YBhg Dato' Dr Zaha Rina Zahari, who serves as an Independent Non-Executive Director (INED). This appointment is consistent with Practice 5.8 of the Malaysian Code on Corporate Governance 2021 (MCCG), which recommends that the NC should be chaired by an Independent Director or the Senior Independent Director.

During FY2023, the composition of our Board underwent some changes to enhance its effectiveness and align it with best practices. On 5 October 2022 and 1 January 2023 respectively, two additional Directors, Puan Emeliana Dallan Rice-Oxley and Puan Zaidah binti Ibrahim, were appointed to the Board.

On 1 January 2023 also, the composition of the NC was revised pursuant to the recommendations of Practice 1.4 of the MCCG that the Chair of the Board should not be a member of the Audit and Risk Management Committee (ARMC), NC or Remuneration Committee (RC). Pursuant to and as part of these changes, Encik Zainul Rahim bin Mohd Zain, who also serves as the Chair of the Board, resigned as a member of the NC. The appointment of our two latest Board members, Puan Emeliana Dallan Rice-Oxley and Puan Zaidah binti Ibrahim, to the NC was then instituted on 1 January 2023 to ensure the NC's continued effectiveness and address the gap left from the resignation of our Chair of the Board from the NC.

These changes were implemented with the aim of upholding the highest standards of Corporate Governance (CG) and ensuring that the NC comprises individuals with the necessary skills, expertise and independence to fulfil their responsibilities. We also acknowledge the significance of diversity, including gender diversity, in the composition of the NC and strive to maintain a balanced and inclusive representation.

Nominating Committee Report

The members of our NC and their attendance at the NC meetings held during FY2023 are as follows:

Name of NC Member	Appointment Date	Designation	Attendance at NC Meetings[1]
YBhg Dato' Dr Zaha Rina Zahari	30 May 2018	Chair, INED	100% (7/7)
Thomas Michael Taylor	15 August 2016	Member, Senior INED	100% (7/7)
YBhg Dato' Sri Roushan Arumugam	28 March 2013	Member, Non-INED	100% (7/7)
Emeliana Dallan Rice-Oxley	1 January 2023	Member, INED	100% (3/3)
Zaidah binti Ibrahim	1 January 2023	Member, INED	100% (3/3)
Zainul Rahim bin Mohd Zain[2]	26 February 2011	Member, Non-INED	100% (4/4)

Notes:

1 The percentage figures represent the percentage of meeting attendance for each Director whilst a member of the NC during FY2023.

2 Encik Zainul Rahim bin Mohd Zain resigned from the NC effective 1 January 2023.

Meetings Attendance

The meetings of our NC are planned in advance and the requisite quorum to hold a meeting, as stipulated in the *NC's Terms of Reference (TOR)*, is two (2) members. In FY2023, a total of seven (7) meetings were held, providing a platform for robust discussions and decision-making. Our company secretaries act as the Secretary to our NC.

Effective 1 January 2023, there were significant changes in the composition of the NC. We welcomed the appointment of Puan Emeliana Dallan Rice-Oxley and Puan Zaidah binti Ibrahim as new members. During their tenure as NC members, spanning three (3) meetings, both individuals demonstrated a perfect attendance record, actively participating in discussions and contributing valuable insights.

On the same date, Encik Zainul Rahim bin Mohd Zain resigned from the NC. We wish to express our utmost gratitude to Encik Zainul Rahim bin Mohd Zain for his invaluable contribution and unwavering commitment towards matters covered by the NC over the many years of his tenure as a member of the NC. His dedication and insights have greatly enriched the discussions and decision-making process within the NC.

The changes in the NC's composition were implemented to align with Practice 1.4 of the MCCG. This practice discourages the Chair of the Board from serving on Board Committees, ensuring impartiality when deliberating on matters put forth by the Board Committees and thereby, fostering objective discussions during main Board meetings. We have followed this practice, but we invite the Chair of the Board to all Board Committee meetings to understand the recommendations made, without having the same discussion points repeated at Board meetings. This approach makes effective use of all our Directors' valuable time whilst ensuring the independence and objectivity of the Board Committees' recommendations remain intact.

The participation of our Managing Director (MD) in the NC meetings (with the exception of matters that directly concern him personally) contributes to comprehensive discussions on proposals brought before the NC. This collaborative approach ensures a thorough examination of proposals and enables informed decision-making.

The NC Chair diligently reports the key deliberations and recommendations to the Board, seeking necessary approvals for proposed initiatives. This process ensures accountability and alignment with the overall strategic direction of the Company.

For a comprehensive overview of the proposals discussed and approved by the NC in FY2023, we encourage you to refer to the Summary of Key Activities section on page 211 of this Annual Report 2022/2023.

Key Responsibilities of the NC

The NC plays a crucial role in ensuring that the Board and Board Committees are appropriately constituted of Directors with the necessary skills, expertise and ability to devote the time and commitment necessary to support the Group's current and future activities.

When seeking to appoint new NEDs, the NC relies on recommendations, including those from our existing Board members, industry contacts and independent parties, to generate a list of potential candidates. From this list, a shortlist is created for further consideration.

In addition to its focus on Board composition, the NC places importance on the recruitment, development and retention of a high quality and diverse workforce. It also assesses the suitability and quality of succession plans that are developed to ensure a smooth transition of middle management staff to assume more senior roles within the organisation.

The *TOR* of the NC are reviewed periodically to ensure their relevance and effectiveness. The current version of the *TOR* can be accessed on the corporate website at the following link: https://ir2.chartnexus.com/hibiscuspetroleum/docs/sustainability/NC–TOR.pdf.

By fulfilling its roles and responsibilities, the NC contributes to the overall governance and effectiveness of the Company, supporting its long-term growth and success.

- **Directors' Appointments and Re-election**

  One of the primary responsibilities of the NC is to oversee the selection and nomination of candidates for appointment to our Board. The assessment of potential candidates is conducted in accordance with the parameters outlined in our *Diversity Policy* and the *Fit and Proper Policy for the Appointment and Re-election of Directors*. These policies are designed to ensure that our Directors possess the necessary qualities, experience, integrity, competence and time commitment to effectively fulfil their roles.

  Directors are expected to demonstrate the following attributes:

  (i) Proven leadership and experience in areas relevant to Hibiscus Petroleum's strategies and business plan.

  (ii) Character and Integrity:

  (a) Probity: Compliance with legal and regulatory requirements, as well as professional standards.
  (b) Personal Integrity: Demonstrated honesty and a clean record without any abuses of position that contradict principles of good CG.
  (c) Financial Integrity: Prudent management of financial obligations.
  (d) Reputation: An untarnished reputation for integrity and sound business judgment.

  (iii) Experience and Competence:

  (a) Qualifications, training and skills.
  (b) Relevant past and current experience and expertise, including a commendable performance record in driving, leading and implementing business performance, operations and CG.

  (iv) Time and Commitment:

  (a) Ability to dedicate sufficient time to fulfil responsibilities as a Board member and any appointed Board Committee(s).
  (b) Openness and objectivity to consider diverse perspectives, make independent and informed judgements, demonstrate passion for the role and participate in the Group's activities or events outside of boardroom meetings.

In addition, our Board Skills Matrix provides structured guidance for identifying the knowledge, skills and competencies required to meet the needs of our Group and its strategic objectives. Our *Diversity Policy* also takes into account the mix of backgrounds (social and professional), skills, experience and gender representation.

The chart below outlines the process for Board appointments:

1. Nomination by existing Directors, industry contacts and independent sources.
2. Assessment of candidates based on the Board Selection Criteria, *Diversity Policy*, *Fit and Proper* criteria, Board Skill Matrix and reference checks.
3. Interviews conducted by Directors, where possible and recommendations made to the Board.
4. Board approval followed by an announcement to Bursa Securities.

- **Appointment Process and Qualifications of Puan Emeliana Dallan Rice-Oxley and Puan Zaidah binti Ibrahim**

During the meticulous appointment process for Puan Emeliana Dallan Rice-Oxley and Puan Zaidah binti Ibrahim, their qualifications, experience and achievements were carefully assessed to ensure their suitability for appointment to the Board of Hibiscus Petroleum.

Puan Emeliana Dallan Rice-Oxley brings a wealth of expertise to the Board, having completed the Advanced Management Program from Harvard Business School, obtained a Professional Certification in Decision Quality and Risk Management from Stanford University and earned a B.Sc in Geology from the University of South Carolina. With over 36 years of experience in the oil and gas industry and a notable track record of accomplishments, she offers valuable leadership and industry knowledge to Hibiscus Petroleum.

Nominating Committee Report

Puan Zaidah binti Ibrahim's notable background in the oil and gas industry includes a B.Eng in Electrical & Electronics Engineering from the University of Wales, Institute of Science & Technology. With 32 years of experience, she has held diverse roles within ExxonMobil global businesses, gaining extensive exposure across various regions. Her expertise in operations management and technical fields enhances the capabilities of the Board in these areas.

Following a comprehensive evaluation and recommendation by the NC, both Puan Emeliana Dallan Rice-Oxley and Puan Zaidah binti Ibrahim have been appointed to the Board. Their appointments contribute to the overall governance and strategic direction of Hibiscus Petroleum, leveraging their skills, knowledge and experience to support the Company's growth and success.

For more detailed profiles of Puan Emeliana Dallan Rice-Oxley and Puan Zaidah binti Ibrahim, we encourage you to refer to pages 81 and 82 of this Annual Report 2022/2023. These pages provide comprehensive information on their qualifications, professional experiences and significant contributions to the oil and gas industry.

At this juncture, the NC is pleased to highlight that with the latest Board appointments, Hibiscus Petroleum has achieved a noteworthy 43% representation of female directors on our Board, surpassing the recommended 30% female composition recommended by Practice 5.9 of the MCCG. Nevertheless, we wish to reiterate that the underlying selection criteria for Board appointments remain centred on the selection of highly qualified individuals based on merit and their ability to contribute to the success of the Company.

- **Re-election of Directors at the 13th Annual General Meeting (AGM) and Commitment to Governance Excellence**

For the 13th AGM, the re-election of Directors was a significant aspect of the process, demonstrating our commitment to maintaining a strong and capable Board. Dr Kenneth Gerard Pereira, YBhg Dato' Sri Roushan Arumugam, YBhg Dato' Dr Zaha Rina Zahari and Puan Zaidah binti Ibrahim were recommended for re-election based on their continued contributions and dedication to the growth of Hibiscus Petroleum.

The re-election process followed the same rigorous assessment as the initial appointment process. Each Director's qualifications, experience, integrity and commitment were thoroughly evaluated to ensure their ongoing suitability for the Board. These assessments are crucial to maintain a high standard of governance and to ensure that our Directors possess the necessary skills and attributes to effectively fulfil their roles.

The nominations for re-election were presented to the Board for approval, reflecting our commitment to transparent and responsible corporate practices. The re-elections of Dr Kenneth Gerard Pereira, YBhg Dato' Sri Roushan Arumugam, YBhg Dato' Dr Zaha Rina Zahari and Puan Zaidah binti Ibrahim will be proposed at the upcoming 13th AGM, where shareholders will have the opportunity to express support for their re-election.

By adhering to these processes and assessments, we ensure that our Board consists of qualified and capable individuals who possess the expertise and commitment required to drive the long-term success of Hibiscus Petroleum. The diligence and adherence to governance standards contribute to the strength, effectiveness and integrity of our Board, enabling us to make informed decisions and navigate the evolving landscape of the oil and gas industry.

We appreciate the continued support of our shareholders as we strive to maintain a Board that upholds the highest standards of CG and remains dedicated to creating sustainable value for all stakeholders.

Board Effectiveness Evaluation and Continuous Improvement

In addition to managing the selection and appointment process, our NC plays a pivotal role in conducting an annual assessment of the effectiveness of our Board. This evaluation serves as a valuable tool to measure the performance of the Board, Board Committees and individual Directors. The findings from the evaluation are used to recommend the re-election of Directors and assist in identifying potential candidates for future appointments.

The evaluation process encompasses a comprehensive analysis of the Board as a whole and each Board Committee, taking into consideration factors such as their composition and fulfilment of responsibilities. Feedback is gathered through a combination of self-assessment and peer assessment to provide a 360-degree evaluation of Directors' performance, contributions and overall character and personality.

As part of this evaluation, particular attention is given to INEDs to ensure their ability to act independently in fulfilling their roles and responsibilities.

Upon completion of the evaluation, our NC thoroughly examines the strengths and identifies any areas which require improvement. Based on the findings, an action plan is developed to address these gaps and enhance the effectiveness of the Board. The findings and action plans are then reported to the Board for further discussion and implementation.

This continuous evaluation and improvement process reflects our commitment to maintaining a high-performing and effective Board that operates with integrity, transparency and accountability. By conducting an annual assessment and diligently addressing areas of improvement, we strive to uphold the highest standards of CG and ensure that our Board remains well-equipped to fulfil its fiduciary duties and drive the long-term success of our organisation.

Summary of Key Activities in FY2023

The activities conducted by the NC during FY2023 demonstrate its involvement in shaping the Board's composition, ensuring its effectiveness and overseeing key appointments, organisational structure and succession planning within Hibiscus Petroleum.

(i) Board Size Composition

- Consideration and recommendation for the re-election of Mr Thomas Michael Taylor and the retention of YBhg Dato' Sri Roushan Arumugam as Independent Directors, subject to shareholders' approval at the 12th AGM held on 1 December 2022.
- Discussion and recommendation for the appointment of Puan Emeliana Dallan Rice-Oxley and Puan Zaidah binti Ibrahim as additional INEDs.
- Review of the composition and performance of the ARMC and its members.
- Assessment of the independence of Independent Directors.
- Proactively addressed the resignation of Encik Zainul Rahim bin Mohd Zain from the ARMC, NC and RC. To ensure continuity and effectiveness, the NC recommended the appointment of YBhg Dato' Sri Roushan Arumugam to the ARMC and Puan Emeliana Dallan Rice-Oxley and Puan Zaidah binti Ibrahim to the NC and RC, respectively, effective from 1 January 2023. The assessment process involved evaluating potential candidates' qualifications, experience and expertise, ensuring their suitability for the committees. The appointments were made to maintain the committees' functionality and diversity of perspectives.

(ii) Board Effectiveness Evaluation

- Review of the 2022 Board's annual assessment, including the mix of skills, experience and size of the Board, effectiveness of the Board as a whole and performance of individual Directors and Board Committees.
- Evaluation of the character, experience, integrity and competence of the MD.
- Examination of training needs for each Director.
- Recommendation of the NC Report for inclusion in the Company's Annual Report 2021/2022.

(iii) Organisational Structure, Key Senior Management Appointments and Succession

- Discussion and recommendation of the extension of the service contract for the MD.
- Assessment and recommendation of the appointment of the Chief Operating Officer of SEA Hibiscus Sdn Bhd, the Vice President of Group Human Capital, the Vice President of Low Carbon Ventures, the Vice President of Business Transformation and the Vice President of New Ventures.
- Review of the performance assessment of the Leadership Team and key personnel, including the Group Internal Auditor and the MD.
- Evaluation and consideration of the extension of employment contracts for key executives, such as the Chief Executive Officer of Peninsula Hibiscus Group and the Vice President of Economics and Business Planning.
- Review and recommendation of staff promotions, compensation updates and salary increment proposals.

(iv) Staff Job Group Harmonisation

Post the successful acquisition of the shares of Fortuna International Petroleum Corporation from Repsol Exploración, S.A., the NC has been diligently overseeing a comprehensive (yet gradual) review of a job group harmonisation process for all staff to ensure that the overall organisation structure of the enlarged group is equitable and in alignment with the Company's policies.

The NC has played a crucial role in ensuring the integrity, effectiveness and diversity of the Board and Senior Management of Hibiscus Petroleum. Through rigorous assessments, evaluations and strategic recommendations, the NC has contributed to the organisation's governance framework and long-term success. Upholding high standards of CG, promoting transparency and fostering accountability, the NC remains dedicated to evaluating and improving governance practices and recommending qualified individuals to enhance the Board's capabilities.

This Report is dated 4 October 2023.

REMUNERATION COMMITTEE REPORT

YBHG DATO' SRI ROUSHAN ARUMUGAM
Chair of the Remuneration Committee

This report has been reviewed by the Remuneration Committee (RC) and has been subsequently approved by the Board of Directors (Board) of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) for inclusion in this Annual Report 2022/2023.

Composition

Our RC, established on 26 February 2011, consists exclusively of Non-Executive Directors (NEDs), with a majority being Independent Directors, in adherence to Guidance 7.2 of the Malaysian Code on Corporate Governance 2021 (MCCG).

On 1 January 2023, the composition of the RC was revised pursuant to the recommendations of Practice 1.4 of the MCCG that the Chair of the Board should not be a member of the Audit Committee, Nominating Committee or RC. As a result of this, Encik Zainul Rahim bin Mohd Zain resigned from the RC with effect from 1 January 2023. In this regard, we would like to express our appreciation for his valuable contribution during his tenure as a member of the RC. Pursuant to this, Puan Emeliana Dallan Rice-Oxley and Puan Zaidah binti Ibrahim were appointed as members of the RC, effective from the same date. The addition of these new members to the RC ensures a comprehensive representation of independent and experienced Directors, further enhancing the RC's ability to provide valuable insights and expertise in remuneration-related matters at Hibiscus Petroleum. The RC plays a crucial role in overseeing and recommending appropriate remuneration frameworks and policies that align with the Company's objectives and foster robust corporate governance practices.

The attendance of the RC members at the RC meetings held during the financial year ended 30 June 2023 (FY2023) is as follows:

Name of the RC Member	Appointment Date	Designation	Attendance at RC Meetings[1]
YBhg Dato' Sri Roushan Arumugam	28 March 2013	Chair, Non-Independent NED	100% (5/5)
Thomas Michael Taylor	15 August 2016	Member, Senior Independent NED	100% (5/5)
Emeliana Dallan Rice-Oxley	1 January 2023	Member, Independent Non-Executive Director (INED)	100% (3/3)
Zaidah binti Ibrahim	1 January 2023	Member, INED	100% (3/3)
Zainul Rahim bin Mohd Zain[2]	26 February 2011	Member, Non-Independent NED	100% (2/2)

Notes:
1 The figures represent the percentage of meeting attendance for each Director whilst a member of the RC meeting during FY2023.
2 Encik Zainul Rahim bin Mohd Zain resigned from the RC effective 1 January 2023.

Meeting Attendance

The meetings of our RC are carefully scheduled in advance before the start of each calendar year. As outlined in the *RC's Terms of Reference (TOR)*, a minimum quorum of two (2) members is required for a meeting to proceed.

Throughout FY2023, the RC convened a total of five (5) meetings, with all members demonstrating their commitment by attending these meetings throughout their tenure in the RC. This exceptional level of attendance reflects the active participation and dedication of each member, greatly contributing to the effective functioning and decision-making of the RC. Their unwavering commitment ensures that the RC can fulfil its responsibilities diligently and provide valuable insights and recommendations on remuneration-related matters at Hibiscus Petroleum.

In support of these meetings, our company secretaries fulfil the role of secretary to the RC, providing necessary administrative assistance to facilitate smooth proceedings.

During RC meetings, our Managing Director (MD) is invited to participate, except when discussions involve his personal remuneration. His presence facilitates fruitful deliberations on proposals presented to the RC for consideration.

The RC Chair provides updates on key deliberations and recommendations to the Board and proposals within the scope of Board Reserved Matters are presented for approval. In addition, the Board seeks shareholders' approval for NEDs' fees and meeting allowances based on the RC's recommendation, in compliance with regulatory requirements. This ensures transparency and accountability in the decision-making process related to remuneration matters.

Key Responsibilities of the RC

The RC, as part of its role in overseeing remuneration matters at Hibiscus Petroleum, holds several key responsibilities:

- **Remuneration of the MD and the Leadership Team**

  The RC plays a crucial role in ensuring that the MD and the Leadership Team are appropriately rewarded for their contributions to achieving the Key Performance Indicators (KPIs) outlined in the Group Scorecard.

  This includes aligning incentives and rewards with the Company's long-term sustainability and approved business strategy. By carefully evaluating their performance and considering market benchmarks, the RC ensures that their remuneration packages are competitive based on the responsibilities they hold.

- **Monitoring Remuneration Policies**

  The RC is responsible for continuously monitoring the remuneration policies that apply to the entire workforce of Hibiscus Petroleum. This involves assessing the alignment of incentives and rewards with the Company's goals and objectives to ensure that employees are fairly compensated for their contributions to the overall performance of the Group.

  By regularly reviewing and updating these policies, the RC ensures that they remain effective, competitive and within market norms and compliant with relevant regulations and best practices.

Remuneration Committee Report

- ***Directors' Remuneration Policy* and RC's *TOR***

  The RC is responsible for periodically reviewing and updating the *Directors' Remuneration Policy* and the RC's *TOR*. These documents provide clear guidelines and frameworks for decision-making processes related to remuneration matters. They ensure transparency, fairness and compliance with applicable laws and regulations. The *Directors' Remuneration Policy* and the RC's *TOR* can be accessed on our corporate website, providing stakeholders with detailed information about our remuneration practices.

  The RC is fully committed to maintaining transparency and fairness in all remuneration practices. By adhering to the *Directors' Remuneration Policy* and the RC's *TOR*, the committee ensures that decisions related to remuneration are made in a responsible and accountable manner, aligning with the best interests of the Company and its stakeholders.

- **NEDs' Remuneration**

  The RC assists the Board in determining the remuneration packages for NEDs. This includes ensuring that the level of remuneration is sufficient to attract and retain high-calibre individuals who can contribute effectively to the Board's decision-making processes.

  NEDs receive a fixed fee for their directorship responsibilities and additional fees are provided for attending Board and Board Committee meetings, as well as meetings and events involving external parties in their capacity as NEDs. The meeting allowance fees differ based on the NED's role as either Chair or a member of the Board or Board Committee.

  To facilitate their active participation, NEDs are entitled to reimbursement for necessary travel, accommodation and incidental expenses incurred in the performance of their roles.

  These provisions ensure that NEDs can effectively fulfil their responsibilities while being fairly compensated for their time and contributions.

- **Share and Pension Schemes**

  During their appointment, NEDs do not participate in any share or pension schemes at Hibiscus Petroleum. The Company does not currently have any share or pension schemes in place for NEDs or other employees.

Proposed NEDs' Remuneration for Approval at the 13th Annual General Meeting (AGM)

At Hibiscus Petroleum, we place utmost importance on attracting and retaining the right talent in our Board of Directors. To achieve this, we have established a robust *Directors' Remuneration Policy*, which ensures fairness, transparency and alignment with our business performance. Based on our policy, subsequently, we benchmarked the fees paid to NEDs with a comparable oil and gas public listed company (in terms of the revenue and profits generated).

The findings of this review, coupled with the strong justifications below, have provided compelling support for the proposal to increase the remuneration of our NEDs:

(i) Sustained Business Growth and Industry Complexity

As the Company continues to expand its operations and ventures into new opportunities, the responsibilities of the Board, particularly the Chair of the Board and NEDs, are expected to grow significantly. Offering competitive remuneration becomes imperative to attract and retain skilled individuals who can effectively steer the Company amidst the complexities of the oil and gas industry.

(ii) Attracting Specialised Expertise

The oil and gas sector requires specialised knowledge and experience. By providing competitive compensation, Hibiscus Petroleum can attract experienced Directors with valuable insights, industry connections and expertise. Such knowledgeable Directors are able to contribute to informed decision-making and assist the Company in navigating dynamic market conditions.

(iii) Mitigating Director Turnover Risk

Providing competitive remuneration mitigates the risk of losing experienced Directors to external opportunities. Adequate compensation incentivises Directors to remain dedicated to the Company's success and contribute their expertise consistently over time. Reducing the possibility of Director turnover ensures continuity in governance practices, crucial for long-term stability and sustainable growth.

(iv) Strategic Achievement – Teal West Field Development

The recent receipt of Development and Production Works Consent for the Teal West field marks a significant milestone for Anasuria Hibiscus UK Limited (Anasuria Hibiscus), an indirect wholly-owned subsidiary of the Company. This achievement signifies Anasuria Hibiscus' sustained business growth and expansion in the oil and gas sector. With such strategic milestones, the importance of a skilled and dedicated Board, including the Chair of the Board and NEDs, becomes even more crucial. The proposed increase in remuneration acknowledges their instrumental role in overseeing critical projects such as this.

(v) Demonstrating Appreciation and Recognition

Increasing the remuneration of the Chair of the Board and NEDs demonstrates Hibiscus Petroleum's appreciation for their devoted service and substantial contributions to the Company's growth and success. Recognising their efforts through a competitive compensation package fosters a positive work environment and reinforces the Board's commitment to excellence.

(vi) Strategic Leadership and Risk Management

The Chair of the Board and NEDs hold strategic leadership roles and are responsible for overseeing the Company's risk management processes. As the industry evolves and faces uncertainties, they play a crucial role in safeguarding the interests of shareholders and stakeholders. The proposed increase in remuneration acknowledges the significance of their strategic oversight in maintaining the Company's financial health and reputation.

(vii) New Proposal for Medical Coverage Benefit for the NEDs

As part of our commitment to enhancing the well-being of our NEDs and recognising their valuable contributions to the Company, the Board is proposing the introduction of medical coverage as an additional benefit which will be presented to shareholders for approval at the upcoming 13th AGM in December 2023.

The proposed medical coverage benefit aims to provide comprehensive health coverage for our NEDs, ensuring their well-being and peace of mind. By offering this additional benefit, we aim to attract top talent, fostering capabilities, knowledge and experience within our Board and further enhance the overall welfare of our Directors.

Given the increased responsibilities shouldered by our NEDs, we recognise the importance of offering a competitive and attractive remuneration package to attract and retain top talent in our Board of Directors. Therefore, a carefully considered proposal for an enhanced remuneration structure, including medical coverage benefit, will be presented at the upcoming 13th AGM for consideration and approval.

The proposed resolutions for approval at the upcoming 13th AGM will include the following:

- **NEDs' Remuneration**

  The proposed remuneration structure seeks to reflect the additional responsibilities of the NEDs against an increasingly complex industry landscape. A proposal is therefore being made to increase the annual fees of the NEDs, with a RM80,000 increase to the annual fee of the Non-Executive Chair to a total annual amount of RM330,000 and a RM30,000 increase to the annual fee of the NEDs' (excluding the Chair of the Board) to a total annual amount of RM180,000.

- **Meeting Allowances**

  The meeting allowances for participation in both Board and Board Committee meetings, along with extended engagements and time allocated by the NEDs for involvement in the Company's activities and external events for NEDs will remain unchanged. The current rates are considered appropriate based on the workload and responsibilities of our Directors, prevailing market conditions and the need to attract and retain highly qualified NEDs. This decision takes into account the valuable contributions of our NEDs and maintains consistency with industry standards.

- **Proposed NEDs' Additional Benefit – Medical Coverage**

  The Board of Directors at Hibiscus Petroleum is proposing the introduction of medical coverage as an additional benefit for NEDs. The coverage will be provided through either company-secured insurance and/or directly by the Company up to total specified capped limit of RM500,000. This proposal will be presented at the upcoming 13th AGM in December 2023. The objective of this proposed benefit is to enhance the well-being of NEDs and recognise their valuable contributions to the Company. The well-being and health of our Directors are essential to their effective functioning and decision-making and this proposed benefit underscores our commitment to their overall welfare. We also believe that the proposed introduction of medical coverage for NEDs will enhance the value proposition for potential NEDs and reinforce our governance practices.

The proposed resolutions related to NEDs' remuneration and the introduction of medical coverage will be presented at the 13th AGM for shareholders' consideration and approval. We encourage shareholders to carefully review the accompanying documentation and cast their votes accordingly.

Note:
The specific details of the proposed resolutions are provided in the Notice of the 13th AGM section of this Annual Report 2022/2023.

Remuneration Committee Report

Summary of Key Activities in FY2023

During FY2023, the RC of Hibiscus Petroleum undertook various activities to fulfil its responsibilities.

These activities included:

(i) Review and Recommendations for Bonus Allocations

The RC conducted a comprehensive review of bonus allocations for different employee groups, ensuring fairness, competitiveness and alignment with the Company's financial position. Their recommendations to the Board are aimed to provide appropriate recognition and incentives for employees while maintaining the Company's financial stability. The RC played a crucial role in promoting fairness and accountability in the allocation of bonuses, contributing to employee motivation and the overall success of the Company.

(ii) Directors' Fees and Meeting Allowances

The RC conducted a thorough review and provided recommendations for Directors' fees. The RC carefully assessed the meeting allowances for NEDs attending Board and Board Committee meetings, as well as meetings and events involving external parties in their capacity as NEDs, proposing rates that fairly reflected their workload and responsibilities.

These recommendations were presented to shareholders for approval at the 12th AGM held on 1 December 2022.

(iii) Comprehensive Review and Recommendations for Key Positions' Remuneration

The RC conducted a thorough review of remuneration packages for key positions within Hibiscus Petroleum, including those for the MD, the Chief Executive Officer of Peninsula Hibiscus Group, the Vice President of Group Human Capital, the Vice President of Low Carbon Ventures, the Vice President of Business Transformation, the Vice President of New Ventures and the Vice President of Economics and Business Planning.

The RC considered market benchmarks, industry standards and the Company's financial position to ensure fair and competitive compensation. The RC collaborated with the Nominating Committee to align remuneration proposals with talent management strategies. Their recommendations were presented to the Board for approval, demonstrating their commitment to transparent and effective remuneration practices.

(iv) Staff Remuneration Packages

Post the successful acquisition of the shares of Fortuna International Petroleum Corporation from Repsol Exploración, S.A., the RC has undertaken a thorough and gradual review of remuneration packages for all staff to ensure fairness and equity in compensation packages across the enlarged group. The RC's primary objective is to align the proposed approach with the Company's policies while remaining competitive within the market. By adhering to the industry norms and benchmarks, the RC aims to provide equitable compensation that appropriately reflects the employees' roles, responsibilities and contributions.

Throughout these activities, the RC has demonstrated its commitment to transparent and responsible remuneration practices, ensuring fair compensation as a means of attracting and retaining top talents and promoting accountability in remuneration matters at Hibiscus Petroleum.

This Report is dated 4 October 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

THOMAS MICHAEL TAYLOR
Chair of the Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) is pleased to present the ARMC Report for the financial year ended 30 June 2023 (FY2023) in compliance with Paragraph 15.15 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities).

This report has been approved by the Board of Directors (Board) of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) for inclusion in this Annual Report 2022/2023.

Composition of ARMC and Attendance

The ARMC comprises of the members named below. Their attendance at the ARMC meetings held during FY2023, is also reflected below:

Name of ARMC Member	Appointment Date	Directorship	Attendance at ARMC Meetings[1]
Thomas Michael Taylor	1 August 2016	Chair, Senior Independent Non-Executive Director	100% (9/9)
YBhg Dato' Dr Zaha Rina Zahari	17 October 2017	Member, Independent Non-Executive Director	100% (9/9)
YBhg Dato' Sri Roushan Arumugam[2]	1 January 2023	Member, Independent Non-Executive Director	100% (5/5)
Zainul Rahim bin Mohd Zain[3]	26 February 2011	Member, Non-Independent Non-Executive Chair of the Board	100% (4/4)

Notes:

1 The minimum number of ARMC meetings to be held in a financial year is four (4) meetings. Additional meetings may be called at any time, at the discretion of the Chair of the ARMC.

2 YBhg Dato' Sri Roushan Arumugam has been redesignated as a Non-Independent Non-Executive Director as of 25 July 2023.

3 Encik Zainul Rahim bin Mohd Zain has resigned as a member of the ARMC effective 1 January 2023.

Audit and Risk Management Committee Report

In line with Paragraph 15.09(1)(b) of the MMLR, all ARMC members are Non-Executive Directors, with the majority being Independent Directors and at least one member of the ARMC fulfils the requirements as prescribed under Paragraph 15.09(1)(c) of the MMLR.

During the year under review, the Board of Hibiscus Petroleum, via the Nominating Committee, performed the annual assessment on the performance of the ARMC and each of its members pursuant to Paragraph 15.20 of the MMLR of Bursa Securities. This annual assessment was done to evaluate whether the ARMC and each of its members had discharged their responsibilities and duties in accordance with the ARMC's *Terms of Reference (TOR)*.

The *TOR* of the ARMC is available on the Company's website at https://www.hibiscuspetroleum.com.

Summary of the ARMC Activities For FY2023

The ARMC carried out the following activities in discharging its functions and duties during FY2023:

(i) Financial Reporting

- Reviewed the draft audited financial statements of the Group and of the Company for the financial year ended 30 June 2022 (FY2022) (annual results), together with the Directors' and Auditors' Reports thereon prior to submission to the Board of Hibiscus Petroleum for consideration and approval; and
- Reviewed the unaudited quarterly financial reports (including Corporate Business Updates) for FY2023 prior to submission to the Board for consideration and approval.

(ii) External Audit

- Reviewed and discussed with Management and the external auditors the key audit areas connected to the review of the annual results and actions to be taken to address such matters, focusing primarily on:
  - o significant matters highlighted by Management, including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and how these matters were addressed;
  - o compliance with accounting standards and other legal or regulatory requirements to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company;
  - o financial results and cashflows of the Group and of the Company;
  - o changes or implementation of accounting policies and standards; and
  - o compliance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and provisions of the Companies Act 2016 as well as the MMLR;
- Reviewed and discussed with the external auditors the nature and scope of their audit and ensured that the audit covered the key risk areas affecting financial reporting;
- Reviewed the external auditors' audit plan and the audit fee of the Group for FY2023;
- Considered the findings by the external auditors during the review of the annual results and Management's response thereto;
- Discussed new developments in financial reporting and standards with the external auditors in relation to future financial years/periods;
- Reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services;
- Reviewed the external auditors' internal control recommendations and Management's response;
- Ensured appropriate actions were taken to ensure the effectiveness of the internal control systems based on feedback received from the external auditors;
- Reviewed the fees and type of non-audit services provided by the external auditors;
- Reviewed and recommended proposed amendments to the Group's *External Auditor Independence Policy* to the Board;
- Assessed the independence of the external auditors by obtaining a written confirmation and as set out in the Group's *External Auditor Independence Policy*, evaluated the quality and rigour of the audit performed, the quality of service provided, the audit firm's reputation, the compliance to the engagement partners' rotation period in accordance with the terms of all relevant professional and regulatory requirements and the suitability, objectivity, performance and independence of the external auditors. In this regard, the external auditors' Transparency Report was presented, deliberated and accepted in August 2023;

- Reviewed and approved a pre-determined process and annual maximum fees for non-assurance services to be provided by the Group's external auditors;
- Recommended the re-appointment of the external auditors of the Company to the Board, subject to shareholders' approval at the Company's Annual General Meeting; and
- Conducted meetings with the external auditors without Management being present.

(iii) Internal Audit

- Reviewed and approved the internal audit plan for FY2023;
- Reviewed the effectiveness of the internal audit process and assessed the performance of the internal audit function;
- Reviewed and noted the annual declaration made by the Group Internal Auditor on behalf of the Group's internal audit function, in order to assess their independence and objectivity for FY2023 in accordance with the Group's Internal Audit Charter;
- Reviewed the internal audit reports which incorporated findings, recommendations and Management responses for the Group. Key areas covered during FY2023 were:
  - (a) Peninsula Hibiscus Sdn Bhd and its subsidiaries' (Peninsula Hibiscus Group) key business processes and compliance in the following areas:
    - o control procedures over diesel consumption;
    - o accounts payable and banking administration;
    - o contracting and procurement;
  - (b) Data integrity review on Fortuna International Petroleum Corporation and its subsidiaries' (Fortuna International Group) key procurement and inventory related information and transactions and balances migrated from the predecessor system to the current system subsequent to completion of the acquisition of the entire equity interest in the Fortuna International Group in FY2022; and
  - (c) Compliance with the Group's *Anti-Corruption and Anti-Bribery Policy*.
- Reviewed with the Group Internal Auditor the results of the audit progress reports and whether appropriate actions were being taken on the recommendations of the internal audit function; and
- Conducted meetings with the Group Internal Auditor without Management being present.

(iv) Related Party Transactions (RPTs)

- Reviewed RPTs on quarterly basis. During FY2023, there were no RPTs that triggered the disclosure threshold under the MMLR and required shareholders' approval.

(v) Annual Report

- Reviewed and recommended the draft ARMC Report and draft Statement on Risk Management and Internal Control in the Company's Annual Report 2021/2022 for FY2022 to the Board for consideration and approval.

(vi) Others

- Reviewed and deliberated on the Group and each business division's key risks (including corruption risks) and mitigation plans adopted or to be adopted by the Management to control and mitigate the risks based on the recommendations of the Executive Risk Management Committee (ERMC);
- Reviewed and recommended the proposed revisions to the ARMC *TOR* to the Board for consideration and approval; and
- Reviewed and recommended RPS Energy Consultants Limited's reserves report related to Production Sharing Contracts (PSCs) of the Peninsula Hibiscus Group's prior to submission to the Board for consideration and approval. The PSCs were:
  - (a) PM3 CAA;
  - (b) 2012 Kinabalu Oil;
  - (c) PM305;
  - (d) PM314; and
  - (e) Block 46 Cai Nuoc.

Internal Audit Function

The Group's internal audit function supports the ARMC and the Board in discharging its duties and responsibilities by providing independent and objective assessment on the adequacy and effectiveness of internal control and governance processes/ framework of the Group.

The Group's internal audit function is headed by the in-house Group Internal Auditor, who is a qualified accountant and a chartered member of The Institute of Internal Auditors Malaysia. In order to maintain independence from Management and operations, the in-house Group Internal Auditor reports directly to the ARMC, which reviews the annual internal audit plan and scope of work for the Group as well as the performance of the Group Internal Auditor in undertaking the internal audit function. As at 30 June 2023, the Group's internal audit function consists of four (4) members (inclusive of the Group Internal Auditor).

Audit and Risk Management Committee Report

The internal audit function is guided by the Group's *Internal Audit Charter*, which sets out its purpose, authority, scope, independence and responsibilities.

Through the internal audit function, the Group undertakes regular and structured reviews of the system of internal controls so as to provide reasonable assurance that such a system of internal controls continues to operate satisfactorily and effectively in the Group.

During the financial year under review, the Group's internal audit function conducted various engagements in accordance with the approved risk-based internal audit plan of the Group. The internal audit plan was developed based on the information provided by Management through enterprise risk assessments conducted by the ERMC, as well as areas of concern deemed important by the ARMC and/or Management.

Details of the internal audit activities carried out by the Group's internal audit function for FY2023 are as follows:

(i) Established and presented risk-based annual internal audit plans for FY2023, which included the internal audit strategy and key focus areas taking into consideration the Group's business strategic plans, regulatory requirements and Management inputs for the ARMC's deliberation and approval;

(ii) Evaluated and appraised the soundness, adequacy and application of accounting, financial and other controls towards promoting effective controls in the Group and the Company;

(iii) Appraised the level of operational and business compliance with established policies and procedures;

(iv) Identified and recommended opportunities for improvements to the existing system of internal controls and processes in the Group;

(v) Conducted audit reviews based on the approved audit plan;

(vi) Reported results of internal audit reviews to the ARMC on a regular basis; and

(vii) Performed follow-up reviews to ensure that audit recommendations and action plans were implemented by Management on a timely basis.

A sum of RM1,743,152 was incurred by the Group for the internal audit function for FY2023.

This statement is made in accordance with the resolution of the Board dated 4 October 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (Board) of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) affirms its commitment towards maintaining a sound framework of risk management and internal control in Hibiscus Petroleum Group (Group) and is pleased to provide the following statement. This statement outlines the nature and scope of risk management and internal control as managed within the Group during the financial year ended 30 June 2023 and it further applies up to the date of this statement.

BOARD RESPONSIBILITY

The Board is responsible and accountable for the Group's risk management framework and system of internal control. This responsibility and accountability include the establishment of an appropriate risk management framework and control environment, as well as reviewing its effectiveness, adequacy and integrity. The system of internal control encompasses governance, financial, organisational, operational and compliance controls. Due to the limitations inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's desired objectives. Accordingly, it can only provide reasonable, rather than absolute, assurance against material misstatement or loss.

Management has applied judgement in assessing the risks faced by the Group, 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. The Board, through the Audit and Risk Management Committee (ARMC), ensures that measures are taken in areas that are identified for improvement, as part of Management's continued efforts to strengthen the Group's system of internal control.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

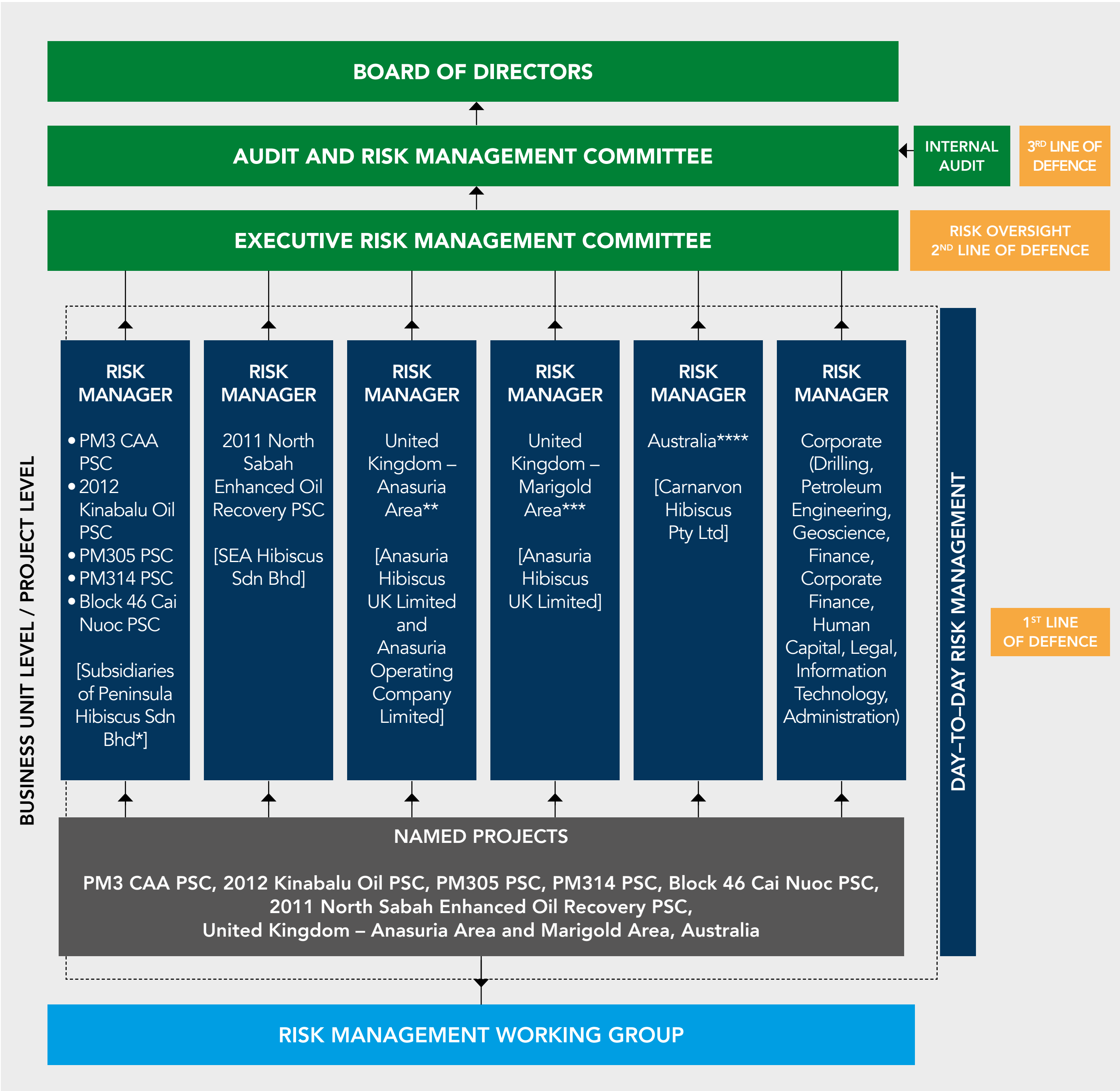
Risk Management Framework

Risk management is firmly embedded in the Group's system of internal control as it is regarded by the Board to be integral to our operations. The management of risk is a collective responsibility and is therefore integrated into the Group's governance, business processes and operations. It is a reiterative process, consisting of steps which enable continuous improvement in decision-making.

To this end, the Group has established a comprehensive risk management framework that encompasses processes for identifying, evaluating and managing significant risks, including corruption risk, faced by the Group. Risk assessment and evaluation are integral to the Group's strategic planning and day-to-day operations. A detailed risk management process has been instituted, culminating in a Board review, which identifies the key risks facing the Group at business unit or project level. This information is reviewed by Management as part of the strategic review and periodical business performance process. Pursuant to a periodic assessment of our risk management framework, the necessary refinements are made progressively to accommodate our growing business and address changes to our operating environment and to ensure that the internal control systems in place remain comprehensive and holistic. In the event of any identified breaches in our system of internal control, immediate actions are taken to notify the appropriate stakeholders and prompt remedial measures are implemented to address such breaches effectively.

Statement on Risk Management and Internal Control

Risk Management Structure



* *Hibiscus Oil & Gas Malaysia Limited, Hibiscus Oil & Gas Malaysia (PM3) Limited and Talisman Vietnam Limited.*
** *Guillemot A, Teal, Teal South (Licence No. P013 (Blocks 21/25a and 21/30a)), Cook (Licence No. P185 (Block 21/20a)), Cook West, Cook North (Licence No. P2532 (Blocks 21/19c and 21/20c)) and Teal West (Licence No. P2535 (Block 21/24d)).*
*** *Marigold West and Sunflower fields (Licence No. P198 (Blocks 15/13a and 15/13b)) and Kildrummy (Licence No. P2518 (Block 15/17a)).*
**** *The VIC/RL17 Petroleum Retention Lease.*

- **Management**

Management acknowledges that they are responsible for implementing the processes for identifying, evaluating, monitoring and reporting risks and for taking appropriate and timely corrective or mitigating actions as needed. Management has further assured the Executive Risk Management Committee (ERMC) and the Board that the Group's risk management framework and internal control systems are operating adequately and effectively in all material aspects.

The risk profile of the Group has been established based on the principles of enterprise risk management. Through this approach, significant risks are identified and assessments of key risks indicators and risk mitigation plans are conducted regularly.

Management has implemented the necessary processes to:

(a) identify risks that are pertinent to the Group's business and align mitigation plans with its objectives and strategies;
(b) design, implement and continuously monitor the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
(c) identify any changes to existing risks or emerging risks, taking appropriate mitigating actions as appropriate, and promptly informing the Board of such developments.

These efforts underscore Management's commitment to fostering a proactive risk management culture and ensuring that the Group's operations are safeguarded against potential uncertainties.

Under the risk management framework, responsibilities are allocated in the following manner:

Business Unit level and Project level

Detailed risk assessments and mitigation plans of each business unit and project are led by the relevant Risk Manager involving health, safety, security and environment (HSSE) specialists, geologists, petroleum engineers, facilities/project engineers, primary contractors and joint venture representatives. The scope of these assessments encompasses critical areas such as resources and reserves, production and cost, HSSE, planning and execution, legal, political and regulatory, financial and capital, human capital, reputation, commercial and business continuity.

The designated Risk Managers identify key risks in their respective business units and projects. They assume the responsibility for evaluating the likelihood and impact of these risks while overseeing the implementation of risk mitigation plans.

Company level

The respective Risk Managers report key risks regularly to the ERMC for monitoring and review. The ERMC, led by the Chair of the ERMC, comprises key management personnel from various technical, commercial, operational and financial disciplines, appointed by the ARMC. The ERMC is accountable for ensuring effective risk governance and implementation within the Group. It convenes at least once every quarter to review and update the risk events, procedures and mitigating measures, proposing new mitigation measures to address persistent risks. The Chair of the ERMC provides regular updates to the ARMC based on these reviews.

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

Corruption risk assessments are an integral part of the risk identification, assessment, mitigation and management process at both the business unit and project levels, as well as at the corporate level. This is in response to the introduction and implementation of corporate liability provisions under Section 17A of the Malaysian Anti-Corruption Commission's (MACC) Act 2009 (amended 2018).

Furthermore, measures have been taken to reinforce the adequacy of existing procedures to minimise potential risks, including the tightening of existing processes and the introduction of new ones (where deemed necessary), as elaborated further in subsequent sections of this Report.

- **Internal Audit**

Internal audit complements the role of the ERMC by independently reviewing the adequacy and effectiveness of the controls implemented based on identified risk profiles and risk management strategies relevant to the audit engagement.

The Group Internal Auditor assists in the assessment of the quality of the Group's risk management and internal control systems, and reports to the ARMC on the status of specific areas identified for improvement based on its audit plan.

- **Board**

In evaluating 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 objectives and strategies. The Board also assesses the effectiveness of the risk management and internal control systems in managing those risks.

Statement on Risk Management and Internal Control

The ERMC Chair meets the ARMC regularly to highlight and discuss the key risks as well as the status of mitigation plans.

The ARMC, on behalf of the Board:

(a) reviews the adequacy of the Group's risk management framework;
(b) through the internal audit process, reviews the effectiveness of the internal control systems deployed by Management to address those risks;
(c) reviews and recommends corrective measures to be undertaken to remedy any failings and/or weaknesses;
(d) reviews status updates from internal audit on recommended corrective actions;
(e) reviews and undertakes monitoring of principal risks which may affect the Group directly or indirectly, and if deemed necessary, recommends additional courses of action to mitigate such risks;
(f) monitors and communicates the risk assessment results to the Board; and
(g) reviews the actual and potential impact of any failure or weakness of the internal controls in place, particularly those related to financial performance or conditions affecting the Group.

The responsibilities of the Board for the governance of risk and related issues and the institution of controls include:

(a) approving the Group's risk philosophy/policy;
(b) approving the Group's risk portfolio and determining the Group's risk tolerance and risk appetite;
(c) assessing and monitoring key business risks to safeguard shareholders' investments and the Group's assets;
(d) providing effective oversight on assessment of principal risks and the appropriate systems to manage these risks; and
(e) reviewing the adequacy and integrity of the Group's internal control systems to safeguard shareholders' investments and the Group's assets.

Throughout the financial year and up to the date of this statement, the Board has considered all key issues that have been highlighted, and how these had been addressed. The Board has also sought any additional information deemed necessary to ensure it had taken into account all significant aspects of risk factors and internal controls of the Group. Among the matters 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 systems;
(c) the work of its internal audit, risk management team and other assurance providers, including the external auditors and Competent Persons;
(d) the extent and adequacy of the communication of the results from the monitoring to the Board;
(e) the incidence of any control failure or weakness that was identified at any time during the financial year and its 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:

(i) Control Environment

The control environment is the organisational structure and culture created by Management and employees to sustain organisational support for effective internal control. It is the foundation for all the other components of internal control, providing discipline and structure. Management's commitment to establishing and maintaining effective internal control is cascaded downwards and permeates the Group's control environment, aiding in the successful implementation of internal control.

Key elements include:

Organisation Structure

The Group has a well-defined organisation structure that is aligned to its business requirements and ensures check and balance through a segregation of duties. Clear reporting lines and authority limits govern the approval processes, driven by the *Limits of Authority (LOA)* framework set by the Board.

All key strategic, business and investment plans are approved and monitored by the Board. Comprehensive Board papers, which include both financial and non-financial matters such as cashflow forecasts, business strategies, business opportunities, corporate exercises and any other key matter to be considered for the Group, are escalated to the Board for deliberation and approval.

LOA

The Board's approving authority is, in part, delegated to Management through a clear and formally defined *LOA* framework which deals with areas of corporate, financial, operational, human capital and work plans and budgets. The *LOA* framework is the primary instrument that governs and manages the Group's business decision process. Whilst the objective of the *LOA* framework is to empower Management, the key principle adhered to in its formulation is to ensure that a system of internal control of checks and balances are incorporated therein. The *LOA* framework is periodically reviewed and updated to ensure its relevance to the Group's business. *LOAs* are implemented at corporate level, including at operating subsidiary level (in Peninsula Hibiscus Sdn Bhd and its subsidiaries (Peninsula Hibiscus Group) and in SEA Hibiscus Sdn Bhd (SEA Hibiscus)), at project level (in Anasuria Hibiscus UK Limited (Anasuria Hibiscus) and in Carnarvon Hibiscus Pty Ltd (Carnarvon Hibiscus)), as well as at the joint operating entity level (Anasuria Operating Company Limited (AOCL)).

Board and Management Committees

The various Board Committees, namely the ARMC, Nominating Committee and Remuneration Committee are all governed by clearly defined *Terms of Reference (TOR).*

The *TOR* of the ARMC was updated in June 2023 to align it with amendments to the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities) that took effect from 1 July 2023 in relation to conflict of interest. The ARMC is required to review any conflict of interest situation that arose, persists or may arise within the Group, including any transaction, procedure or course of conduct that raises questions of Management's integrity, a framework to monitor any conflict of interest situation that may arise within the Group and measures taken to resolve, eliminate or mitigate such conflicts and report the same to the Board.

The ARMC comprises a majority of Independent Directors with wide-ranging in-depth experience from different backgrounds, knowledge and expertise. Its members met regularly and have had full and unimpeded access to both the internal and external auditors during the financial year.

Human Capital Policies and Procedures

The Group's Human Capital policies and procedures serve to govern all aspects of human capital management, from talent acquisition, learning and development, performance management, employee relations to cessation of employment. These policies and procedures ensure that employees are competent, compensated appropriately and adequately trained to carry out their duties and responsibilities.

Code of Conduct and Ethics (Code)

Directors and employees are required to read, understand and adhere to the *Code*.

The *Code* was updated in June 2023 to provide further guidance to employees on the steps to be taken in the event they encounter any conflict of interest situation. More information on the *Code* is available on the Company's website.

There have been no incidences of non-compliance of the *Code* during the financial year under review.

HSSE Policy

The Group continues to inculcate awareness and build commitment on HSSE throughout the whole organisation. The goal is zero injuries, with the safe delivery of projects being a critical success factor.

Whistle Blower Policy

The policy covers all parties including external stakeholders and members of the public (where relevant). This policy outlines the reporting process when there are occurrences of known and/or suspected malpractices or wrongdoings.

Anti-Modern Slavery Policy

The policy, which supports the *Code*, reiterates the Group's stand to respecting internationally recognised human rights and labour standards and extends to external third parties working with the Group.

Anti-Corruption and Anti-Bribery Policy

The policy illustrates the Group's zero tolerance policy against all forms of corruption and bribery.

Consistent recurrent trainings including quizzes to gauge employees' understanding of the policy, have been carried out to ensure full compliance with the policy.

All contracts with third parties entered by the Group impose *Anti-Corruption and Anti-Bribery Policy* compliance requirements on such third parties.

Statement on Risk Management and Internal Control

Drug and Alcohol Policy

The Group recognises that the protection of the health and safety of our employees, contractors and others involved in the Group's operations is an integral part of business performance. This policy demonstrates the Group's commitment and seriousness in ensuring a safe and healthy work environment for all parties.

Sustainability Policy

In view of the importance of sustainability and its increasing impact to the business, this policy was updated in July 2021 to align with the United Nations' Sustainable Development Goals and their call to a Decade of Action, which supports our commitment to use energy and natural resources wisely and efficiently, and to ensure our environmental management system continually assesses the impact of our operations to the surrounding environment, while maintaining action plans capable to respond to any arising emergency. In support of this policy, the Group also adopted a *Climate Change Framework* to define our position and our adaptation and mitigation principles related to climate change.

Other Policies

Key policies and procedures covering *Related Party Transactions, Information Technology (IT), Accounting, Contracting and Procurement, Information Management, Risk Management, Corporate Disclosure, Succession Planning, Insider Trading, External Auditor Independence, Environment* and *Diversity* are available via the Group's SharePoint facility. These are revised periodically to meet changing business, operational and statutory reporting needs.

At this juncture, the Group wishes to highlight that there have been no material unresolved penalties or fines which may adversely affect the Group for the financial year under review and up to the date of this statement.

(ii) Monitoring

Monitoring the effectiveness of internal controls is embedded in the normal course of the business. Periodic assessments are integral to the Management's continuous monitoring, upgrading and tightening of internal controls to reflect the Group's operations.

The Group's overall strategic business plan which maps out its objectives, business direction and highlights project risks with particular focus on its oil and gas assets in Malaysia, Vietnam, United Kingdom and Australia, were presented by Management to the Board for their deliberation and approval. Subsequent to alignment between the Board and Management on the business objectives to be pursued, overall performance and the potential of the crystallisation of potential, identified risks are continuously monitored.

The Group operates the following Production Sharing Contracts (PSCs) in Malaysia – the 2012 Kinabalu Oil PSC, the PM3 CAA PSC, the PM305 PSC, the PM314 PSC, the Block 46 Cai Nuoc PSC which Hibiscus Oil & Gas Malaysia Limited operates and the 2011 North Sabah Enhanced Oil Recovery PSC which SEA Hibiscus operates.

The Management Teams of the Peninsula Hibiscus Group and SEA Hibiscus have established their own structure for the monitoring of internal controls, which is in compliance with processes and procedures established by the Malaysian and Vietnamese regulators (where applicable) and which reports regularly to the Company and to the Board. Any key management decisions are deliberated with the Company's key management personnel, including the Managing Director, before being presented to the Board for approval, if such an approval is required under the Group's *LOA*.

The Company, together with Ping Petroleum UK PLC has established the joint operating company, AOCL as the Licence Operator for the Anasuria Cluster. The Company, through a specific team, monitors the progress of work plans of the Anasuria Cluster via AOCL and provides the Board with regular updates.

The Company's indirect wholly-owned subsidiary company, Anasuria Hibiscus is the operator of the Marigold West and Sunflower fields (Licence No. P198 (Blocks 15/13a and 15/13b)), Teal West (Licence No. P2535 (Block 21/24d)) and Kildrummy (Licence No. P2518 (Block 15/17a)) licences. The Anasuria Hibiscus project team deliberates key management decisions with the Company and the Board, where required. The Board regularly receives status updates on the progress of the projects.

In addition, progress in the VIC/RL17 Petroleum Retention Lease work plans by the Company's indirect wholly-owned subsidiary company, Carnarvon Hibiscus as operator of the concessions, is presented and discussed with the Board by Management. Management, together with the Board, regularly reviews issues covering, but not limited to, strategy, risks, performance, resources and future business appraisals.

Significant changes in the business and the external environment, and strategic plans to address these changes are reported by Management to the Board on an on-going basis.

Quarterly financial results and other information are provided to the ARMC and the Board to enable the Board to monitor and evaluate the business and financial performance.

Management and Board Meetings

The Board meets regularly with a set schedule of matters, which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The Managing Director and key management personnel lead the presentation of Board papers and provide explanations of pertinent issues. In arriving at any decision, on recommendation by Management, a thorough deliberation and discussion by the Board is a prerequisite.

Internal Audit

The internal audit function is undertaken in-house led by the Group Internal Auditor. The internal audit role is to validate the adequacy and effectiveness of internal controls, and to provide an independent and objective assurance to add value and improve the internal controls of the Group. The internal audit function achieves its objectives by bringing a systematic, risk-based approach to evaluate the Group's governance, risk management and internal controls. The Group Internal Auditor assists both the Board and the ARMC by conducting on-going reviews of risks and internal controls to ensure that key financial, operational, system and compliance controls established by the Board and Management are operating effectively.

To ensure independence from Management, the Group Internal Auditor reports directly to the ARMC.

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

Joint Ventures and Associate

The Group's system of internal control does not apply to its associate company, which falls within the control of its majority shareholders. The Group's internal control systems described in this statement applies for joint ventures where the Group is the Operator and has the ability to participate in the key decision-making process of the joint ventures. For non-operated joint ventures with minority stakes, the Group participates in an operations committee or in board meetings and reviews the management accounts received. These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

REVIEW OF THE STATEMENT BY THE BOARD OF DIRECTORS

This Statement on Risk Management and Internal Control has been prepared in compliance with the MMLR of Bursa Securities and in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers. In making the statement, the Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects, based on the risk management model adopted by the Group.

The Board considers the system of internal control described in this statement to be effective and the risks to be at an acceptable level within the context of the Group's business environment and risk appetite set by the Board. The Board and Management will continue to take measures to strengthen the risk management processes and internal control environment and monitor the health of the risks and internal control framework.

For the financial year under review, the Board is satisfied with the adequacy, integrity and effectiveness of the systems of risk management and internal control and save as disclosed in the financial report for the financial year ended 30 June 2023, there was no other material loss, contingency or uncertainty requiring separate disclosure.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 4 October 2023.

ADDITIONAL COMPLIANCE INFORMATION

1. MATERIAL CONTRACTS INVOLVING THE INTEREST OF THE DIRECTORS AND MAJOR SHAREHOLDER

Save as disclosed below, there were no other material contracts of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) and its subsidiaries (Group) involving the interests of the directors and major shareholder, either still subsisting at the end of the financial year ended 30 June 2023 or entered into since the end of the previous financial year:

a) The Service Agreement between Hibiscus Petroleum and Dr Kenneth Gerard Pereira dated 1 January 2011 appointed him as Managing Director (MD) of Hibiscus Petroleum. Subsequently, on 19 July 2018, a new Service Agreement to renew the appointment of Dr Kenneth Gerard Pereira as MD of Hibiscus Petroleum was executed, as he had attained the age of 60 years. This was effected to comply with the requirements of the Company's policy which requires automatic cessation of employment upon the age of 60 years, unless renewed at the Company's discretion.

   Effective 1 August 2020, an extension of the MD's Service Agreement for a period of 2 years was put in place. The latest Service Agreement was executed from 1 August 2022 for a period of 2 years.

2. CONTRACTS RELATING TO LOANS

There was no contract relating to loans of the Company involving the interest of the directors and major shareholder.

3. CONVERTIBLE SECURITIES

As at 4 October 2023, the Company has 2,193,880 Redeemable Convertible Preference Shares (RCPS) outstanding. These RCPS are no longer convertible into ordinary shares but remain redeemable at the option of the holders on any date after 25 July 2011, being the date of listing of our Company. There were no RCPS redeemed during the financial year under review.

4. NON-AUDIT FEES

During the financial year under review, non-audit fees to the external auditors of the Group and of the Company amounted to RM541,198 and RM110,800 respectively, incurred for tax-related services/advice and regulatory compliance advisory services.

The scope and terms of the non-audit work scope were negotiated and discussed independently by the Group and the Company in accordance with the Group's and the Company's relevant policies and procedures. The work scope was not prohibited under the *External Auditor Independence Policy*, which complies with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

THE BOARD OF DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Board of Directors (Board) of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) is required by the Companies Act 2016 (Act) to prepare financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia and that give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the results and cashflows of the Group and of the Company for the financial year.

In preparing the financial statements of the Group and of the Company, the Directors have:

- selected and applied appropriate accounting policies consistently;
- made reasonable and appropriate judgements and estimates;
- ensured all applicable approved accounting standards in Malaysia and the provisions of the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad have been complied with; and
- based on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for at least the next 12 months from the date of approval of the financial statements.

The Board has the responsibility for ensuring that the Group and the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company to enable them to ensure the financial statements comply with the Act.

The Board has overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention, detection of fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and comprehensible assessment of the Group's position and prospects in the Directors' Report from pages 231 to 238 and the financial statements from pages 246 to 345 of this Annual Report 2022/2023.

This statement is made in accordance with the resolution of the Board dated 4 October 2023.

FINANCIAL REPORT

231	Directors' Report
239	Statement by Directors
239	Statutory Declaration
240	Independent Auditors' Report
246	Statements of Profit or Loss
247	Statements of Comprehensive Income
248	Statements of Financial Position
250	Statements of Changes in Equity
252	Statements of Cash Flows
254	Notes to the Financial Statements

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The Group and the Company are principally engaged in the business of exploring for, and producing oil and gas. The Group and the Company also develop oil and gas fields, hold investments, and provide project management, technical and other services relating to the oil and gas exploration and production industry. There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit after taxation for the financial year	400,518	49,928

DIVIDENDS

The amount of dividends paid by the Company since 30 June 2022 are as follows:

	RM'000
<u>In respect of the financial year ended 30 June 2023</u>	
First interim single-tier dividend of 0.75 sen per ordinary share, paid on 18 April 2023	15,093
Second interim single-tier dividend of 0.75 sen per ordinary share, paid on 21 July 2023	15,093
<u>In respect of the financial year ended 30 June 2022</u>	
First interim single-tier dividend of 1.0 sen per ordinary share, paid on 22 July 2022	20,124
Final single-tier dividend of 1.0 sen per ordinary share, paid on 18 January 2023	20,124
	70,434

On 23 August 2023, the Directors declared a third interim single-tier dividend of 0.50 sen per ordinary share in respect of the financial year ended 30 June 2023, payable on 20 October 2023. The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2024.

On 4 October 2023, the Directors have recommended the payment of a final single-tier dividend of 0.50 sen per existing ordinary share in respect of the financial year ended 30 June 2023, which is subject to the approval by the Company's shareholders at the forthcoming Annual General Meeting. As announced by the Company on 23 August 2023, there is a proposed share consolidation exercise which is pending approval by the Company's shareholders. The final single-tier dividend amount per ordinary share will be subject to adjustments based on the total number of ordinary shares as at the listing date of the consolidated shares if the proposed share consolidation is approved by the shareholders and subsequently effected. The financial statements for the current financial year do not reflect this dividend. This dividend, if approved by the Company's shareholders, will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 30 June 2024.

DIRECTORS' REPORT (CONTINUED)

SHARE CAPITAL

During the financial year, the Company reduced its issued ordinary share capital from RM966,013,524.78 to RM166,013,524.78 by way of a capital reduction exercise pursuant to Section 117 of the Companies Act 2016 ("Act"). The number of issued ordinary shares comprising 2,012,418,743 shares remain unchanged.

Except as disclosed above, there were no other changes in the issued ordinary share capital of the Company during the financial year.

RESERVES AND PROVISIONS

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

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that proper actions had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and adequate provision made for impairment.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the impairment of receivables inadequate to any substantial extent.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps to ascertain that any current assets, which were unlikely to be realised in the ordinary course of business, including the value 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.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) Any charges on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) Any contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company 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 substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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.

ITEMS OF A MATERIAL AND UNUSUAL NATURE

In the opinion of the Directors, the results of the operations of the Group during the financial year were substantially affected by the following:

(i) Energy Profits Levy in the United Kingdom ("UK")

A new inclusion in the UK's fiscal regime, namely the Energy Profits Levy ("EPL"), was enacted when the Energy (Oil and Gas) Profits Levy Act 2022 received Royal Assent on 14 July 2022. The EPL, which took effect from 26 May 2022, introduced an additional 25.0% levy on UK oil and gas profits in addition to the existing ring fence corporation tax ("RFCT") and supplementary charge ("SC"). The EPL regime includes an enhanced deduction such that 180.0% of certain categories of capital expenditure could be offset against taxable income. This form of EPL was initially enacted for a fixed period and provisions were included to phase it out when oil and gas prices returned to historically more normal levels although this was not specified in the law. The legislation included a sunset, or expiry, clause that ensured the levy did not apply beyond 31 December 2025.

On 17 November 2022, the UK Government announced changes to the EPL regime which came into effect from 1 January 2023. The revised EPL regime included an increased levy rate of 35.0% (from 25.0%) on UK oil and gas profits in addition to the existing RFCT and SC. This meant that the UK upstream oil and gas industry would face a 75.0% marginal rate of tax. The enhanced deduction for certain categories of capital expenditure to off-set taxable EPL income was reduced to 129.0% except in the case of decarbonisation expenditures which were retained at the 180.0% enhanced deduction. The EPL regime will now apply until 31 March 2028. The UK Government have announced that they will legislate to remove EPL from the statute if oil and gas prices both fall to below historic average prices for a period of two quarters. They have identified the historic average prices as USD71.40 per barrel for oil and GBP0.54 per therm for gas. Precise details of the mechanism to end EPL have not been finalised.

Upon the introduction of EPL regime during the current financial year, the Group recognised an initial deferred tax liability of RM113,316,085, which will be fully reversed to profit or loss during the EPL regime period, which ends on 31 March 2028.

DIRECTORS' REPORT (CONTINUED)

ITEMS OF A MATERIAL AND UNUSUAL NATURE (CONTINUED)

In the opinion of the Directors, the results of the operations of the Group during the financial year were substantially affected by the following: (continued)

(ii) Reduction of the Issued Ordinary Share Capital of the Company pursuant to Section 117 of the Act

The Company announced on 4 October 2022 that it proposed to undertake the following:

(a) Reduction of RM800,000,000.00 of the issued ordinary share capital of the Company pursuant to Section 117 of the Act ("Capital Reduction"); and

(b) Authority for the Company to purchase its own shares of up to 10.0% of the total number of the issued ordinary share capital of the Company ("Share Buy-Back").

The Capital Reduction and Share Buy-Back were approved by the Company's shareholders on 1 December 2022.

On 3 March 2023, the Company received a notice issued by the Registrar of Companies confirming the Capital Reduction. Accordingly, the Capital Reduction was effective and deemed completed as at 3 March 2023.

Following the completion of the Capital Reduction, the issued ordinary share capital of the Company as at 3 March 2023 reduced by RM800,000,000.00 from RM966,013,524.78 to RM166,013,524.78. The number of issued ordinary shares comprising 2,012,418,743 shares remain unchanged.

Except as disclosed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

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

Zainul Rahim bin Mohd Zain
Dr Kenneth Gerard Pereira
Thomas Michael Taylor
YBhg Dato' Sri Roushan A/L Arumugam
YBhg Dato' Dr Zaha Rina binti Zahari
Emeliana Dallan Rice-Oxley (appointed on 5 October 2022)
Zaidah binti Ibrahim (appointed on 1 January 2023)

In accordance with Clause 110 of the Constitution of the Company, Zaidah binti Ibrahim shall retire by rotation from the Board of Directors at the forthcoming Annual General Meeting of the Company and being eligible, offers herself for re-election.

In accordance with Clause 125 of the Constitution of the Company, Dr Kenneth Gerard Pereira shall retire by rotation from the Board of Directors at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-election.

In accordance with Clause 134 of the Constitution of the Company, YBhg Dato' Sri Roushan A/L Arumugam and YBhg Dato' Dr Zaha Rina binti Zahari shall retire by rotation from the Board of Directors at the forthcoming Annual General Meeting of the Company and being eligible, offers themselves for re-election.

LIST OF DIRECTORS 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:

Chong Chee Seong
Devarajan Indran
Ian Edward Gregory
Jeremy Andrew Marryshow
Lim Kock Hooi
Dr Pascal Josephus Petronella Hos
Poh Phei Ling
Sir Trevor Austin Carmichael
Mark John Paton (resigned on 30 November 2022)
William Peter Anthony Douglas (resigned on 31 March 2023)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Number of ordinary shares			
	At 01.07.2022	**Bought**	**Sold**	**At 30.06.2023**
Direct interests:				
YBhg Dato' Dr Zaha Rina binti Zahari	4,500,000	-	-	4,500,000
YBhg Dato' Sri Roushan A/L Arumugam	700,000	420,000	-	1,120,000
Dr Kenneth Gerard Pereira	70,385,000	400,000	-	70,785,000
Indirect interests:				
Dr Kenneth Gerard Pereira*	108,772,600	-	-	108,772,600
YBhg Dato' Sri Roushan A/L Arumugam**	37,440,700	40,000	-	37,480,700

* *Deemed interested via his 63.75% equity interest in Hibiscus Upstream Sdn. Bhd. ("Hibiscus Upstream").*
** *Deemed interested via his 100.00% equity interest in Littleton Holdings Pte Ltd.*

	Number of Redeemable Convertible Preference Shares			
	At 01.07.2022	**Bought**	**Redeemed**	**At 30.06.2023**
Indirect interests:				
Dr Kenneth Gerard Pereira*	2,193,880	-	-	2,193,880

* *Deemed interested via his 63.75% equity interest in Hibiscus Upstream.*

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration as set out on page 236 of the Directors' Report) by reason of a contract made by the Company or 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 and any benefit that may deemed to have been received by certain Directors.

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' REMUNERATION

The aggregate amounts of emoluments received and/or receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group RM'000	Company RM'000
Executive Director:		
- salaries and bonus	6,800	6,800
- defined contribution plan	1,564	1,564
- other benefits	8	8
	8,372	8,372
Non-executive Directors:		
- fees and allowances	1,819	1,509
	10,191	9,881

There are two types of Directors for the Company's subsidiaries, namely Directors who are also employees of the Group and Directors who are external parties. Employees of the Group do not receive any separate additional remuneration for serving as Directors of the Company's subsidiaries. Total emoluments received by the Directors of the Company's subsidiaries during the financial year in the form of salaries and bonus, defined contribution plan and other benefits in their capacity as employees of the Group and Directors' fees amounted to RM10,880,849 and RM342,177 respectively.

The Company has effected a Directors' and Officers' Liability Insurance (subject to applicable sub-limits and terms) for the Directors and Officers of the Group at a total insurance premium cost of RM536,291 in the financial year.

SUBSIDIARIES

The details of the subsidiaries of the Company are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective equity interest (%)
Gulf Hibiscus Limited	Provision of project management, technical and other services	Malaysia	100
Hibiscus Oilfield Services Limited	Provision of project management, technical and other services	Malaysia	100
Orient Hibiscus Sdn. Bhd.	Investment holding	Malaysia	100
Oceania Hibiscus Sdn. Bhd. ("Oceania Hibiscus")	Investment holding	Malaysia	100
Genesis Hibiscus Sdn. Bhd. ("Genesis Hibiscus")	Investment holding	Malaysia	100
Hibiscus Technical Services Sdn. Bhd.	Provision of project management, technical and other services	Malaysia	100
Timor Hibiscus Limited	Investment holding	Malaysia	100
Atlantic Hibiscus Sdn. Bhd. ("Atlantic Hibiscus")	Investment holding	Malaysia	100
Pacific Hibiscus Sdn. Bhd. ("Pacific Hibiscus")	Investment holding	Malaysia	100
Asia Hibiscus Sdn. Bhd. ("Asia Hibiscus")	Investment holding	Malaysia	100
Subsidiaries of Oceania Hibiscus			
Carnarvon Hibiscus Pty Ltd ("Carnarvon Hibiscus")	Exploration and development of oil and gas	Australia	100
Althea Corporation Limited	Investment holding	Malaysia	100
Subsidiaries of Genesis Hibiscus			
Cayman Hibiscus Inc SPC	Dormant	Cayman Islands	100
Hibiscus Capital Limited	Investment holding	Malaysia	100
Subsidiaries of Atlantic Hibiscus			
Anasuria Hibiscus UK Limited	Exploration and production of oil and gas	UK	100
Hibiscus Energy UK Limited	Exploration and production of oil and gas	UK	100
Subsidiary of Pacific Hibiscus			
SEA Hibiscus Sdn. Bhd.	Exploration and production of oil and gas	Malaysia	100

DIRECTORS' REPORT (CONTINUED)

SUBSIDIARIES (CONTINUED)

The details of the subsidiaries of the Company are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective equity interest (%)
Subsidiary of Carnarvon Hibiscus			
Gippsland Hibiscus Pty Ltd	Exploration and development of oil and gas	Australia	100
Subsidiaries of Asia Hibiscus			
Peninsula Hibiscus Sdn. Bhd. ("Peninsula Hibiscus")	Exploration and production of oil and gas	Malaysia	100
Borneo Hibiscus Sdn. Bhd.	Exploration and production of oil and gas	Malaysia	100
Straits Hibiscus Sdn. Bhd.	Exploration and production of oil and gas	Malaysia	100
Subsidiary of Peninsula Hibiscus			
Fortuna International Petroleum Corporation ("Fortuna International")	Investment holding	Barbados	100
Subsidiaries of Fortuna International			
Hibiscus Oil & Gas Malaysia (PM3) Limited	Oil and gas exploration, development and production	Barbados	100
Hibiscus Oil & Gas Malaysia Limited	Oil and gas exploration, development and production	Barbados	100
Talisman Vietnam Limited	Oil and gas exploration, development and production	Barbados	100

AUDITORS' REMUNERATION

The aggregate amounts of auditors' remuneration paid and/or payable of the Group and of the Company during the financial year amounted to RM3,088,411 and RM451,000 respectively.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 4 October 2023. Signed on behalf of the Board of Directors:

DR KENNETH GERARD PEREIRA
DIRECTOR

ZAINUL RAHIM BIN MOHD ZAIN
DIRECTOR

Kuala Lumpur

STATEMENT BY DIRECTORS

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

We, Dr Kenneth Gerard Pereira and Zainul Rahim bin Mohd Zain, two of the Directors of Hibiscus Petroleum Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 246 to 345 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and financial performance of the Group and of the Company for the financial year ended 30 June 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 4 October 2023.

DR KENNETH GERARD PEREIRA
DIRECTOR

ZAINUL RAHIM BIN MOHD ZAIN
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION

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

I, Yip Chee Yeong, the officer primarily responsible for the financial management of Hibiscus Petroleum Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 246 to 345 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 Declaration Act, 1960.

YIP CHEE YEONG
(MIA No. CA-22753)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 4 October 2023.

Before me

SITI NURBAYA BINTI MOHD BISHARUDDIN (W738)
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HIBISCUS PETROLEUM BERHAD
(Incorporated in Malaysia)
(Registration Number: 200701040290 (798322-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Hibiscus Petroleum 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 30 June 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 30 June 2023 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 246 to 345.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

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.

Group

Key audit matters	How our audit addressed the key audit matters
Recoverability of the carrying amounts of intangible assets, equipment and right-of-use assets *Refer to Note 4(k)(ii) - Significant accounting policies: Impairment of non-financial assets, Note 5(a) - Critical accounting estimates and judgements: Estimation of oil and gas reserves, Note 5(b) - Critical accounting estimates and judgements: Impairment review of intangible assets, equipment and right-of-use assets, Note 15 - Intangible assets, Note 16 - Equipment and Note 17 - Right-of-use assets* As at 30 June 2023, the Group's carrying amounts of intangible assets, equipment and right-of-use assets (collectively, "Upstream Assets") amounted to RM1,460.9 million, RM2,024.5 million and RM158.1 million respectively. These Upstream Assets are grouped at the lowest level cash generating units ("CGUs") for which separate identifiable cash flows are available. These CGUs are based on operating areas as listed below: - 2011 North Sabah Enhanced Oil Recovery Production Sharing Contracts ("PSC") ("North Sabah"); - 2012 Kinabalu Oil PSC ("Kinabalu"); - PM3 CAA PSC ("PM3 CAA"); - Block 46 Cai Nuoc PSC ("Block 46"); - Anasuria Area (Licence No. P013, Licence No. P185, Licence No. P2532, Licence No. P2535 and Anasuria floating production storage and offloading vessel); and - Marigold West and Sunflower fields ("MGS")	We performed the following audit procedures for each of the CGUs: - Agreed the cash flows to management forecasts approved by the Directors and considered any adjustments relevant to FVLCTS; - Compared the life-of-field assumptions with the production profile within the licence period for the CGUs; - Agreed the production volumes or contingent resources incorporated into the cash flows to the reserves estimates prepared by external independent parties or internal geological and geophysical teams; - Assessed the reasonableness of the forecasted oil and gas prices incorporated into the cash flows by comparing to available market data and considered the appropriateness of the possible impact of the volatility in oil and gas prices; - Agreed future operating and capital expenditure included in the cash flows to supporting documents; - Assessed the reliability of operating cash flows by comparing the actual operating expenditures to the previous forecast;

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HIBISCUS PETROLEUM BERHAD (CONTINUED)
(INCORPORATED IN MALAYSIA)
(REGISTRATION NUMBER: 200701040290 (798322-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Group (continued)

Key audit matters	How our audit addressed the key audit matters
Recoverability of the carrying amounts of intangible assets, equipment and right-of-use assets (continued)	
Management had performed the impairment assessments for Upstream Assets using the fair value less costs to sell ("FVLCTS") model that mainly derived from the estimated future cash flows of each CGU based on management estimates of future oil and gas prices, market supply and demand, product margins, expected future capital expenditure and expected future production volumes. Based on the assessments, the Directors concluded that no impairment is required for North Sabah, Kinabalu, PM3 CAA, Block 46, the Anasuria Area and MGS. We focused on this area due to the significant assumptions and judgements used in the Group's assessment of the recoverable amounts based on FVLCTS.	- Compared the commercial risk factors incorporated into the cash flows for North Sabah, the Anasuria Area and MGS to externally available benchmarks in light of the uncertainties for development projects given the volatile oil prices; - Assessed the competency, capabilities and objectivity of the external independent parties and internal geological and geophysical teams who produced the reserves estimates by considering their professional qualifications, experience and independence; - Checked the reasonableness of the discount rates and the commercial risk factors with the assistance of our valuation experts by benchmarking to industry reports; and - Performed sensitivity analysis by changing the key assumptions used in the base case cash flows on oil and gas prices, production volumes, contingent resources and discount rates in consideration of the possible impact due to potential market uncertainties. We did not find any material exceptions in the procedures performed.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Company

Key audit matters	How our audit addressed the key audit matters
Recoverability of the carrying amounts of cost of investments in subsidiaries and amounts owing by subsidiaries	
Refer to Note 4(d)(i) - Significant accounting policies: Financial assets, Note 4(k)(ii) - Significant accounting policies: Impairment of non-financial assets, Note 5(d) - Critical accounting estimates and judgements: Impairment review of investments in subsidiaries and amounts owing by subsidiaries, Note 18 - Investments in subsidiaries and Note 25 - Amounts owing by/(to) subsidiaries As at 30 June 2023, the net carrying amounts of the investments in subsidiaries and amounts owing by subsidiaries is RM240.3 million after total impairment losses of RM689.5 million. During the financial year, the Company has recognised impairment in the investments in subsidiaries and amounts owing by subsidiaries of RM4.1 million and RM1.9 million respectively. The recoverable amount of the investments in subsidiaries and amounts owing by subsidiaries were determined based on the discounted cash flows used to assess the recoverable amount of Upstream Assets after taking into account financing and tax cash flows of the respective subsidiaries, which are available for distributions as dividends. We focused on this area due to the significant judgements and assumptions made by management in determining the recoverable amount of the investments in subsidiaries and amounts owing by subsidiaries.	In addition to the procedures performed on the cash flows from the underlying Upstream Assets of the subsidiaries as described in the key audit matter earlier, we performed the following audit procedures: - Agreed the cash flows used to determine the recoverable amount of the investments in subsidiaries and amounts owing by subsidiaries to cash flows used to determine the recoverable amount of Upstream Assets which we have assessed above, and where relevant, to the fair value of the underlying net assets of these subsidiaries; - Checked management's forecasted future operating activities including the estimated income and expenses to supporting documents; - Checked that the cash flows used to determine the recoverable amount of Upstream Assets had been appropriately adjusted for financing and tax cash flows of the respective subsidiaries; and - Checked appropriateness of management's assessment on the expected credit losses of amounts owing by subsidiaries. We did not find any material exceptions from the procedures performed.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and other sections in 2023 Annual Report, which are expected to be made available to us after that date. Other information 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 and will not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HIBISCUS PETROLEUM BERHAD (CONTINUED)
(INCORPORATED IN MALAYSIA)
(REGISTRATION NUMBER: 200701040290 (798322-P))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

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

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

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 18 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

TAN ENG HONG
03424/03/2025 J
Chartered Accountant

Kuala Lumpur
4 October 2023

STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
	Note	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Revenue	6	**2,344,830**	1,696,521	**104,731**	143,190
Cost of sales	7	**(817,463)**	(479,630)	**-**	-
Gross profit		**1,527,367**	1,216,891	**104,731**	143,190
Other income	8	**37,087**	8,893	**4,472**	3,040
Administrative expenses		**(294,961)**	(397,521)	**(50,982)**	(102,596)
Supplemental payments		**(196,525)**	(214,737)	**-**	-
Impairment of intangible assets		**-**	(46,942)	**-**	-
Net impairment of investments in subsidiaries and amounts owing by subsidiaries		**-**	-	**(6,018)**	(54,554)
Other administrative expenses		**(98,436)**	(135,842)	**(44,964)**	(48,042)
Other expenses		**(481,434)**	(342,729)	**(3,717)**	(1,309)
Finance costs	9	**(77,255)**	(61,007)	**(4,049)**	(868)
Share of results of an associate		**1,282**	(415)	**-**	-
Negative goodwill from business combination	13	**-**	317,319	**-**	-
Profit before taxation	10	**712,086**	741,431	**50,455**	41,457
Taxation	11	**(311,568)**	(88,490)	**(527)**	12
Profit after taxation		**400,518**	652,941	**49,928**	41,469
Profit after taxation attributable to:					
- Owners of the Company		**400,518**	652,941	**49,928**	41,469
Earnings per share (sen)					
- Basic	12	**19.90**	32.51		
- Diluted	12	**19.90**	32.45		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Profit after taxation	**400,518**	652,941	**49,928**	41,469
Other comprehensive income ("OCI"):				
Item that may be subsequently reclassified to profit or loss:				
- Foreign currency translation	**137,534**	109,477	**-**	-
Total comprehensive income for the financial year, net of tax	**538,052**	762,418	**49,928**	41,469
Total comprehensive income attributable to:				
- Owners of the Company	**538,052**	762,418	**49,928**	41,469

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	15	**1,452,069**	1,422,576	**5**	-
Equipment	16	**2,024,457**	1,838,981	**2,060**	2,148
Right-of-use assets	17	**158,106**	175,245	**1,373**	879
Other receivables	23	**178,802**	230,541	**-**	-
Investments in subsidiaries	18	**-**	-	**-**	4,761
Investment in an associate	19	**4,902**	4,088	**-**	-
Investments in joint ventures	20	**-**	-	**-**	-
Restricted cash and bank balances	29	**219,012**	158,456	**-**	-
Tax recoverable		**53,425**	50,406	**-**	-
Deferred tax assets	36	**16,811**	88,513	**-**	-
		4,107,584	3,968,806	**3,438**	7,788
CURRENT ASSETS					
Intangible assets	15	**8,854**	-	**-**	-
Inventories	21	**198,628**	163,900	**-**	-
Trade receivables	22	**411,381**	404,730	**-**	-
Other receivables, deposits and prepayments	23	**493,579**	415,850	**1,539**	759
Other investment	24	**-**	-	**-**	-
Amounts owing by subsidiaries	25	**-**	-	**240,271**	276,451
Amount owing by a joint venture	26	**339**	328	**-**	-
Amount owing by an associate	27	**-**	10	**-**	-
Amount owing by a related party	28	**-**	-	**145**	145
Cash and bank balances	29	**959,659**	549,386	**56,731**	22,880
Tax recoverable		**18,504**	9,408	**-**	-
		2,090,944	1,543,612	**298,686**	300,235
TOTAL ASSETS		**6,198,528**	5,512,418	**302,124**	308,023

The annexed notes form an integral part of these financial statements.

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	30	**166,014**	966,014	**166,014**	966,014
Other reserves	31	**308,930**	171,396	**-**	-
Retained earnings/(Accumulated losses)		**2,214,815**	1,064,607	**109,027**	(690,591)
		2,689,759	2,202,017	**275,041**	275,423
NON-CURRENT LIABILITIES					
Other payables	33	**4,303**	9,340	**-**	-
Borrowings	34	**647,742**	364,009	**632**	106
Contingent consideration	35	**43,372**	35,372	**-**	-
Deferred tax liabilities	36	**792,973**	581,189	**178**	-
Provision for decommissioning costs	37	**617,125**	621,611	**-**	-
Convertible Redeemable Preference Shares ("CRPS")					
- liability component	39	**-**	-	**-**	-
		2,105,515	1,611,521	**810**	106
CURRENT LIABILITIES					
Trade payables	32	**38,299**	8,458	**-**	-
Other payables and accruals	33	**863,292**	1,040,443	**24,270**	30,612
Borrowings	34	**214,752**	193,750	**765**	812
Amounts owing to subsidiaries	25	**-**	-	**546**	539
Amount owing to a joint venture	26	**319**	319	**-**	-
Amount owing to a related party	28	**-**	-	**312**	312
Contingent consideration	35	**7,574**	28,552	**-**	-
Provision for decommissioning costs	37	**56,291**	90,720	**-**	-
Provision for taxation		**222,508**	336,419	**161**	-
Redeemable Convertible Preference Shares	38	**219**	219	**219**	219
		1,403,254	1,698,880	**26,273**	32,494
TOTAL LIABILITIES		**3,508,769**	3,310,401	**27,083**	32,600
TOTAL EQUITY AND LIABILITIES		**6,198,528**	5,512,418	**302,124**	308,023

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Non-distributable					
	Share capital RM'000	**CRPS - equity component RM'000**	**Other reserves RM'000**	**Foreign exchange reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
Group						
At 01.07.2022	**966,014**	**-**	**389**	**171,007**	**1,064,607**	**2,202,017**
Profit after taxation	**-**	**-**	**-**	**-**	**400,518**	**400,518**
OCI, net of tax:						
- Foreign currency translation	**-**	**-**	**-**	**137,534**	**-**	**137,534**
Total comprehensive income for the financial year	**-**	**-**	**-**	**137,534**	**400,518**	**538,052**
Dividends	**-**	**-**	**-**	**-**	**(50,310)**	**(50,310)**
Capital Reduction*	**(800,000)**	**-**	**-**	**-**	**800,000**	**-**
Total transactions with owners of the Company	**(800,000)**	**-**	**-**	**-**	**749,690**	**(50,310)**
At 30.06.2023	**166,014**	**-**	**389**	**308,541**	**2,214,815**	**2,689,759**
At 01.07.2021	959,892	246	389	61,530	451,865	1,473,922
Profit after taxation	-	-	-	-	652,941	652,941
OCI, net of tax:						
- Foreign currency translation	-	-	-	109,477	-	109,477
Total comprehensive income for the financial year	-	-	-	109,477	652,941	762,418
Conversion of CRPS to new ordinary shares	6,122	(246)	-	-	-	5,876
Dividends	-	-	-	-	(40,199)	(40,199)
Total transactions with owners of the Company	6,122	(246)	-	-	(40,199)	(34,323)
At 30.06.2022	966,014	-	389	171,007	1,064,607	2,202,017

* *Reduction of RM800,000,000.00 in the Company's issued ordinary share capital pursuant to Section 117 of the Companies Act 2016 ("Act") ("Capital Reduction") was completed on 3 March 2023.*

The annexed notes form an integral part of these financial statements.

	Non-distributable			
	Share capital RM'000	**CRPS - equity component RM'000**	**(Accumulated losses)/ Retained earnings RM'000**	**Total RM'000**
Company				
At 01.07.2022	**966,014**	**-**	**(690,591)**	**275,423**
Profit after taxation/Total comprehensive income for the financial year	**-**	**-**	**49,928**	**49,928**
	966,014	**-**	**(640,663)**	**325,351**
Capital Reduction*	**(800,000)**	**-**	**800,000**	**-**
Dividends	**-**	**-**	**(50,310)**	**(50,310)**
Total transactions with owners of the Company	**(800,000)**	**-**	**749,690**	**(50,310)**
At 30.06.2023	**166,014**	**-**	**109,027**	**275,041**
At 01.07.2021	959,892	246	(691,861)	268,277
Profit after taxation/Total comprehensive income for the financial year	-	-	41,469	41,469
	959,892	246	(650,392)	309,746
Conversion of CRPS to new ordinary shares	6,122	(246)	-	5,876
Dividends	-	-	(40,199)	(40,199)
Total transactions with owners of the Company	6,122	(246)	(40,199)	(34,323)
At 30.06.2022	966,014	-	(690,591)	275,423

* *The Capital Reduction was completed on 3 March 2023.*

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		**712,086**	741,431	**50,455**	41,457
Adjustments for:					
Depreciation and amortisation of equipment, intangible assets and right-of-use assets		**480,355**	280,227	**1,236**	1,273
Finance costs		**77,255**	61,007	**4,049**	868
Unrealised loss/(gain) on foreign exchange		**22,616**	(3,656)	**(4,471)**	(2,373)
Impairment of investment in an associate		**532**	-	**-**	-
Write-off of bad debts		**19**	-	**-**	-
Impairment of intangible assets		**-**	46,942	**-**	-
Write-off of inventories		**-**	63	**-**	-
Impairment of equipment		**-**	35	**-**	-
Net impairment of investments in subsidiaries and amounts owing by subsidiaries		**-**	-	**6,018**	54,554
Dividend income		**-**	-	**(73,000)**	(121,000)
Fair value gain on other investment		**-**	(130)	**-**	(130)
Negative goodwill from business combination	13	**-**	(317,319)	**-**	-
Share of results of an associate		**(1,282)**	415	**-**	-
Reversal of provision for inventory obsolescence		**(3,407)**	-	**-**	-
Interest income		**(18,377)**	(1,883)	**(8,979)**	(5,777)
Operating profit/(loss) before working capital changes		**1,269,797**	807,132	**(24,692)**	(31,128)
Inventories		**(21,087)**	(8,347)	**-**	-
Trade receivables		**16,907**	(49,122)	**-**	-
Other receivables, deposits and prepayments		**55,391**	120,460	**(750)**	1,916
Trade payables		**28,294**	(1,560)	**-**	-
Other payables and accruals		**(376,303)**	208,902	**(1,312)**	3,151
Amounts owing by subsidiaries		**-**	-	**(17,409)**	(59,453)
Amount owing by an associate		**10**	(10)	**-**	-
Amount owing to an associate		**-**	(117)	**-**	-
CASH GENERATED FROM/(USED IN) OPERATIONS		**973,009**	1,077,338	**(44,163)**	(85,514)
Tax paid		**(176,698)**	(133,027)	**(188)**	-
Movement in restricted cash and bank balances		**(69,659)**	(24,781)	**-**	2
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**726,652**	919,530	**(44,351)**	(85,512)

The annexed notes form an integral part of these financial statements.

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		**18,377**	1,883	**3,735**	5,777
Other investment		**-**	136,560	**-**	136,560
Net cash outflow arising from business combination	13	**-**	(503,297)	**-**	-
Advances to subsidiaries		**-**	-	**(53,867)**	(200,466)
Repayment of advances to subsidiaries		**-**	-	**81,821**	132,491
Dividends received from a subsidiary		**-**	-	**106,000**	49,945
Acquisition of intangible assets		**(94,907)**	(28,506)	**(6)**	-
Purchase of equipment		**(421,310)**	(141,115)	**(364)**	(272)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(497,840)**	(534,475)	**137,319**	124,035
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of term loan		**436,533**	-	**-**	-
Drawdown of revolving credit		**185,263**	84,752	**185,263**	-
Advance from a subsidiary		**-**	-	**32,651**	-
Interest paid		**(9,203)**	-	**(3,330)**	-
Repayment of advances from a subsidiary		**-**	-	**(32,651)**	-
Dividends paid		**(55,341)**	(20,075)	**(55,341)**	(20,075)
Repayment of lease liabilities		**(167,396)**	(69,582)	**(849)**	(858)
Repayment of revolving credit		**(275,419)**	-	**(185,263)**	-
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**114,437**	(4,905)	**(59,520)**	(20,933)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**343,249**	380,150	**33,448**	17,590
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		**37,602**	(9,260)	**403**	371
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**544,779**	173,889	**22,880**	4,919
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	29	**925,630**	544,779	**56,731**	22,880

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and principal place of business are as follows:

Registered office	: 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.
Principal place of business	: 2nd Floor, Syed Kechik Foundation Building, Jalan Kapas, Bangsar, 59100 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 4 October 2023.

2 PRINCIPAL ACTIVITIES

The Group and the Company are principally engaged in the business of exploring for, and producing oil and gas. The Group and the Company also develop oil and gas fields, hold investments, and provide project management, technical and other services relating to the oil and gas exploration and production industry. The principal activities of the subsidiaries are set out in Note 18 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3 BASIS OF PREPARATION

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

The financial statements have been prepared under the historical cost convention, except as disclosed in the significant accounting policies in Note 4 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements 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 to the financial statements.

3 BASIS OF PREPARATION (CONTINUED)

(a) Amendments to published standards that are effective to the Group and the Company

The Group and the Company have applied the following amendments for the first time for the financial year beginning on 1 July 2022:

- Annual improvements to MFRSs 2018 – 2020: MFRS 9 'Financial Instruments'
- Annual improvements to MFRSs 2018 – 2020: Illustrative Examples Accompanying MFRS 16 'Leases'
- Amendments to MFRS 3 'Reference to the Conceptual Framework'
- Amendments to MFRS 116 'Property, Plant and Equipment – Proceeds before Intended Use'
- Amendments to MFRS 137 'Onerous Contracts Cost of Fulfilling a Contract'

The adoption of the above amendments did not have any impact on the current financial year or any prior financial period.

(b) Amendments to published standards that are applicable to the Group and the Company but not yet effective are as follows:

<u>Effective for financial periods beginning on or after 1 January 2023</u>

- Amendments to MFRS 101 '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 Practice Statement 2 'Disclosure of Accounting Policies'

<u>Effective for financial periods beginning on or after 1 January 2024</u>

- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendments to MFRS 101 'Non-current Liabilities with Covenants'
- Amendments to MFRS 107 and MFRS 7 'Supplier Finance Arrangements'

The Group will adopt the above amendments when they become effective in the respective financial periods. The Group is in the process of assessing the impact of the adoption of these amendments to existing standards.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June 2023.

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

Intragroup transactions, balances, unrealised gains and unrealised losses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Changes in ownership interests in subsidiaries without change of control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Disposal of subsidiaries

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary less any non-controlling interests.

In addition, any amounts previously recognised in OCI 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 OCI are reclassified to profit or loss.

Business combination

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred may include the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs, other than the costs to issue debt or equity securities, are expensed as incurred.

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 'Financial Instruments' in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

Business combination (continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy on goodwill is set out in Note 4(i)(i) to the financial statements.

(b) Oil and gas expenditure - exploration and evaluation ("E&E") assets

E&E assets comprise rights and concessions and conventional studies related to licensed areas of interest in the exploration phase. Following the acquisition of a concession right to explore a licensed area, the costs directly associated with an exploration well such as licence acquisition, geological and geophysical surveys, drilling, commercial appraisal costs and other directly attributable costs of exploration and appraisal including technical and administrative costs, are capitalised as conventional studies, and presented as intangible assets.

Oil and gas expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward in relation to each area of interest to the extent that the following conditions are satisfied:

- The rights to the tenure of an area of interest are current; and
- At least one of the following conditions is also met:
  - E&E expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
  - E&E activities in the area of interest have not, at the reporting date, reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full to profit or loss in the financial period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the proven and probable developed reserves.

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. The Group allocates E&E assets to cash generating unit ("CGU")s or groups of CGUs for the purpose of assessing such assets for impairment. Each CGU or group of units to which an E&E asset is allocated will not be larger than an operating segment as disclosed in Note 42 to the financial statements.

(c) Currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the functional and presentation currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Currency translation (continued)

(ii) Transactions and balances

Transactions in a currency other than the functional currency are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate at the reporting date are recognised in profit or loss.

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined.

(iii) Translation of Group entities' financial statements

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

- Assets and liabilities are translated at the closing exchange rates at the reporting date;
- Income and expenses are translated at average exchange rates (unless the 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 using the exchange rates at the dates of the transactions);
- All resulting currency translation differences are recognised in OCI and accumulated in the foreign exchange reserve;
- On consolidation, exchange differences arising from translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investment, are recognised in OCI; and
- Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date. Exchange differences are recognised in OCI.

On disposal of a foreign operation, the cumulative amount recognised in OCI relating to that particular foreign operation is reclassified from equity to profit or loss.

(d) Financial instruments

Financial instruments are recognised in the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instruments.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends, gains and losses relating to a financial instrument classified as a liability or an asset are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group and the Company have a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets

- Classification

  The Group and the Company have classified its financial assets in the following measurement categories:

  - Those to be measured subsequently at fair value (either through OCI or through profit or loss); and
  - Those to be measured at amortised cost.

- Recognition and derecognition

  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.

- Measurement

  At 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 fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

  Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

  Debt instruments

  - 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. The Group and the Company reclassify debt instruments only when its business model for managing those assets changes.
  - There are three measurement categories into which the Group and the Company classify its debt instruments:

    - Amortised cost

      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 income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income/(expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line items in the statements of comprehensive income or statements of profit or loss and statements of comprehensive income as applicable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets (continued)

- Measurement (continued)

Debt instruments (continued)

- Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income/(expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/(expenses) and impairment expenses are presented as separate line items in the statements of comprehensive income or statements of profit or loss and statements of comprehensive income as applicable.

- FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss and presented net within other income/(expenses) in the period which it arises.

- Subsequent measurement – Impairment for 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 amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have seven types of financial instruments that are subject to the ECL model:

- Trade receivables;
- Other receivables;
- Deposits;
- Amounts owing by subsidiaries;
- Amount owing by a joint venture;
- Amount owing by an associate; and
- Amount owing by a related party.

While cash and bank balances are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets (continued)

- Subsequent measurement – Impairment for debt instruments (continued)

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.

General 3-stage approach for other receivables, deposits, amounts owing by subsidiaries, amount owing by a joint venture, amount owing by an associate and amount owing by a related party

- At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

Simplified approach for trade receivables

- The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

<u>Significant increase in credit risk</u>

The Group and the Company consider the probability of a default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Company also consider available reasonable and supportable forward-looking information.

The following indicators are considered:

- 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 debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets (continued)

- Subsequent measurement – Impairment for debt instruments (continued)

  - Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and the Company 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.

  <u>Definition of default and credit-impaired financial assets</u>

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

  Quantitative criteria

  - The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

  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; or
    - The debtor is insolvent.

  Financial instruments that are credit-impaired are assessed on individual basis.

  <u>Write-off</u>

  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 a failure to make contractual payments. 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets (continued)

- Subsequent measurement – Impairment for debt instruments (continued)

  <u>Write-off (continued)</u>

  Other 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 an unavailability of a 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.

(ii) Financial liabilities

All financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as FVTPL.

FVTPL category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. The Group and the Company did not enter into any hedging activities as at the reporting date.

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

(iii) Equity instruments

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

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital of the Company at the option of the holder, and the number of shares to be issued does not vary with changes in the fair value of the shares.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method until it is extinguished on conversion or maturity of the compound instrument. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except when the compound instrument is redeemed or repurchased before maturity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(iv) Compound financial instruments (continued)

Upon conversion of the convertible instrument into equity shares, the amount credited to share capital is the aggregate of the carrying amounts of the liability components classified within liability and equity at the time of conversion. No gain or loss is recognised.

(v) Redeemable Convertible Preference Shares ("RCPS")

MFRS 9 requires the Company as an issuer of a financial instrument to classify the instrument either as a liability or equity in accordance with the substance of the contractual arrangement on initial recognition.

RCPS, which amongst other conditions, are redeemable at the option of the holder of the RCPS and are classified as current liabilities. The RCPS are not entitled to any dividend.

(vi) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(e) Investments in subsidiaries

Investments in subsidiaries are carried at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of each reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

(f) Investment in an associate

Associate is an entity, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for using the equity accounting method. Under the equity method, the investment is initially recognised at cost less any impairment losses, unless it is classified as available for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and OCI or expense of the associate, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The Group's investment in associate includes goodwill identified on acquisition.

In respect of an equity accounted associate, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity accounted associate.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the associate acquired, the difference is recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment in an associate (continued)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

On the disposal of the investment in an associate, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

(g) Investments in joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

(i) Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or

(ii) Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method - refer above).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in the joint venture. Where there is objective evidence that an investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as that of other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Production Sharing Contract

The Company's subsidiaries which are parties to Production Sharing Contract ("PSC") arrangements are SEA Hibiscus Sdn. Bhd. ("SEA Hibiscus"), Hibiscus Oil & Gas Malaysia Limited ("Hibiscus Oil & Gas"), Hibiscus Oil & Gas Malaysia (PM3) Limited ("Hibiscus Oil & Gas (PM3)") and Talisman Vietnam Limited ("Talisman Vietnam").

Under the terms of the PSCs, assets procured by the contractors for petroleum operations in each contract area become the property of the host government in which the PSC operates, with the contractors retaining the rights of use of those assets for the duration of the PSC.

The Group classifies the PSCs as joint operations and recognises its share of assets, liabilities, revenues and expenses in accordance with the contractually conferred rights and obligations stated in the PSCs and the Joint Operating Agreements ("JOAs").

Under the JOAs, the operator is allowed to recover its indirect charges for administrative contributions for supporting the joint operation by charging the non-operator the portion of allowed overhead calculated based on agreed percentages under the JOAs. This charge of the allowed overhead is to compensate for the operator's administrative contribution of performing services that is not to be considered as direct charge for the benefit of the joint operation. The portion of the allowed overhead, when charged to the non-operator, is recognised as a reduction in the operator's cost of sales upon incurred.

Under the PSCs, contractors fund the work outlined in an approved work programme and budget and are entitled to recover costs from production, subject to the cost recovery limits of the PSCs. The cost recovery mechanism of the PSCs enables contractors to recover costs incurred via an entitlement to production volume. Costs unrecovered in a particular quarter can be carried forward for recovery against production in subsequent quarters. The contractors' share of production also includes an element of profit.

(i) Intangible assets

(i) Goodwill

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

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's CGUs that are expected to benefit from the synergies of the combination.

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

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

Intangible assets acquired separately are measured at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets (continued)

(ii) Other intangible assets

Other intangible assets comprise rights and concessions, and conventional studies related to licensed areas of interest in the development and production phases. Intangible assets acquired separately are measured at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Where the consideration to acquire the intangible assets includes a contingent consideration arrangement, intangible assets are initially recognised, which includes an estimate for the contingent consideration which derives from future anticipated variable costs. A liability will be recognised for the contingent consideration at the same time. The contingent consideration is subsequently measured at amortised cost. Subsequent changes in the contingent consideration will be recognised against the cost of the intangible assets or, in certain circumstances, in profit or loss.

Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Amortisation of other intangible assets is computed based on the unit of production method using proven and probable reserves.

Cost associated with production and general corporate activities are expensed in the period incurred. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(iii) Computer software

Costs incurred to acquire computer software that does not form an integral part of the related hardware are capitalised as intangible assets when the computer software is ready for its intended use. Computer software is amortised on a straight-line basis over the estimated useful life of three years.

The costs of computer software initially recognised include purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

When an indication of impairment exists, the carrying amount of the intangible assets is assessed for impairment. Refer to Note 4(k)(ii) to the financial statements for the accounting policy on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets (continued)

(iv) Emission trading schemes

The Group operates in an energy intensive industry and as part of the regulatory and legislative requirement in the United Kingdom ("UK"), it is required to partake in emission trading schemes ("ETS"). UK emissions allowances ("UKAs") are purchased to settle the Group's liabilities related to emissions.

UKAs are presented under cost of sales in the statement of profit or loss when utilised against the Group's emissions liabilities in the UK. UKAs purchased but are not utilised against emissions liabilities are recognised in the statement of financial position as an intangible asset, at cost.

(j) Equipment

Equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of equipment initially recognised include purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation of the following assets is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives:

Furniture and fittings	10.0% - 14.0%
Office equipment	20.0% - 33.3%
Office renovation	10.0% - 33.3%
Floating production storage and offloading vessel ("FPSO")	5.0%

The depreciation method, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment. The effects of any revision are recognised in profit or loss when the changes arise.

Expenditure on the construction, installation and completion of infrastructure facilities for oil and gas assets is capitalised within equipment.

Subsequent expenditure relating to equipment that has already been recognised is added to the carrying amount of the asset 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 parts that are replaced is derecognised. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Expenses incurred for the construction of tangible assets attributable to ongoing projects incurred are capitalised as 'work in progress'. Capitalisation is made within tangible assets according to the nature of the expenditure. No depreciation is charged during this phase until the asset is ready for use. The depreciation rate is calculated based on the useful life of the asset to be assessed once it is ready for use.

Depreciation of oil and gas assets comprising subsea facilities and equipment is computed based on the unit-of-production method using proven and probable developed reserves.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment

(i) Impairment of financial assets

The accounting policies for impairment of financial assets are set out in Note 4(d)(i) to the financial statements.

(ii) Impairment of non-financial assets

Assets that have an indefinite useful life or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment when there is an indication that these assets may be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of an asset is the higher of the assets' fair value less costs to sell ("FVLCTS") and their value in use, which is measured by reference to discounted future cash flows. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.

(l) Inventories

Inventories of crude oil, spares and diesel are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of petroleum products includes direct costs and transportation charges incurred in bringing the inventories to their present condition and location, and is determined on a weighted average basis.

(m) Cash and bank balances

Cash and bank balances in the statements of financial position comprise cash in hand, bank balances, fixed deposits with licensed banks. In the statements of cash flows, cash equivalents are short-term and highly liquid investments for the purpose of meeting short term commitments rather than for investments or other purposes, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and exclude restricted cash.

(n) Provisions

(i) Decommissioning costs

Provision for future decommissioning costs is made in full when the Group has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. Periodic estimates are made for such future facility abandonment costs. The estimated cost of decommissioning and restoration is discounted to its net present value. An amount equivalent to the discounted initial provision for decommissioning costs is capitalised and amortised over the life of the underlying asset on a unit-of-production basis over proven and probable developed reserves. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the underlying related asset.

The unwinding of the discount applied to future decommissioning provisions is included under finance costs in profit or loss. The estimated interest rate used in discounting the cash flows is reviewed at least once annually.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions (continued)

(i) Decommissioning costs (continued)

Where the Group has obligations to contribute to a decommissioning fund, the amount paid to the fund by the Group reduces the provision for decommissioning costs to the extent that the contributions should also reduce the Group's obligations in relation to such future decommissioning costs.

(ii) Other provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The increase in the provision due to passage of time is recognised as finance cost.

(o) Current and deferred taxation

Current income tax for current and prior periods is recognised at the amount expected to be paid to, or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred tax liability is recognised on temporary differences on investments in subsidiaries, except where the Group and the Company are able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred tax is measured:

(i) At the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) Based on the tax consequence that will follow from the manner in which the Group and the Company expect, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities. Deferred tax assets and liabilities are offset when the deferred 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.

Current and deferred taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from business combination is adjusted against goodwill on acquisition, if any.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases

(i) Accounting by lessee

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

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

- 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 affect 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. Refer below on reassessment of lease liabilities.

- Right-of-use assets

  Right-of-use 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.

  Right-of-use assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss, if any. The right-of-use 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 right-of-use asset is depreciated over the underlying asset's useful life. In addition, the right-of-use assets are adjusted for certain remeasurement of the lease liabilities.

- Lease liabilities

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

  - Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
  - Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
  - The exercise prices of purchase and extension options if the Group and the Company are reasonably certain to exercise the options; and

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

(i) Accounting by lessee (continued)

- Lease liabilities (continued)

  - 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, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment with similar terms, security and conditions.

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

  The Group and the Company present the lease liabilities within borrowings in the statements of financial position. Interest expense on the lease liabilities is presented within the finance cost in profit or loss.

- Reassessment of lease liabilities

  The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the right-of-use 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 small items of office furniture. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(ii) Accounting by lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

- Finance leases

  The Group classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

  The Group derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investment is subject to impairment assessment requirements of MFRS 9 (refer to Note 4(k)(i) to the financial statements on impairment of financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

(ii) Accounting by lessor (continued)

- Operating leases

  The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

  The Group recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

- Sublease classification

  When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the right-of-use assets arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

- Separating lease and non-lease components

  If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15 'Revenue from Contracts with Customers'.

(q) Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are recognised in profit or loss in the financial period in which the associated services are rendered by employees of the Group and the Company. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities such as the Employee Provident Fund on a mandatory, contractual or voluntary basis. The Group and the Company have no further payment obligations once the contributions have been paid.

(r) Revenue

Revenue from contracts with customer

(i) Sale of oil and gas products

Oil and gas revenues that comprise the Group's share of sales of hydrocarbons are recognised at the point in time when control of the asset is transferred to the customer. No element of financing is deemed present as the sales are made with a credit term of 14 to 30 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue (continued)

Revenue from contracts with customer (continued)

(ii) Project management, technical and other services

Revenue is recognised over the period in which the project management, technical and other services relating to the oil and gas exploration and production industry are rendered, when it is probable that future economic benefits will flow to the Group and the Company, and the amount of revenue can be measured reliably.

Revenue from other sources

(i) Interest income

The Group's and the Company's interest income is recognised using the effective interest method. Interest income consists of income from deposits with licensed banks and financial institutions.

The Company's interest income includes interest received from advances to subsidiaries.

(ii) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(s) Under/overlift

An underlift asset is initially measured at the market price of crude oil at the date of lifting and remeasured to the current market price of crude oil at the reporting date. Change arising from the remeasurement is included in profit or loss.

The measurement of an overlift liability depends on the terms of agreement. If the agreement allows the net settlement of overlift balances in cash, the balances will fall within the scope of MFRS 9. Overlift balances that fall within the scope of MFRS 9 are to be initially measured at market price of crude oil at the date of lifting and remeasured to the current market price of crude oil at the reporting date. However, if the agreement restricts the net settlement of overlift balances to be settled in kind only, the transactions will not fall within the scope of MFRS 9. Overlift balances that do not fall within the scope of MFRS 9 are to be initially measured at estimated future production costs at the date of lifting and remeasured at the lower of carrying amount and current market price of crude oil at the reporting date. Changes arising from the remeasurement is included in profit or loss.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Makers ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Board of Directors, Managing Director and leadership team are the Group's CODM.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact on the Group's and the Company's results and financial positions are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimation of oil and gas reserves

Oil and gas reserves are a key element in the Group's investment decision making process. They are also an important element in assessment for impairment. Changes in proven and probable developed oil and gas reserves will affect unit-of-production depreciation charges to profit or loss. Proven oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids 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.

Proven developed reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Estimates of oil and gas reserves are inherently imprecise, require the application of judgement and are subject to future revision. Accordingly, financial and accounting measures (such as the discounted cash flows ("DCF"), depreciation, depletion and amortisation charges, and decommissioning provisions) that are based on proven reserves are also subject to change.

Proven reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proven reserves estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. Furthermore, estimates of proven reserves only include volumes for which access to market is assured with reasonable certainty. All proven reserves estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Probable reserves are those unproven reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50.0% probability that the quantities actually recovered will equal or exceed the sum of estimated proven plus probable reserves.

In general, changes in the technical maturity of hydrocarbon reserves resulting from new information becoming available from development and production activities have tended to be the most significant cause of annual revisions. In general, estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available through, for example, the drilling of additional wells or the observation of long-term reservoir performance under producing conditions. As those fields are further developed, new information may lead to revisions.

Changes to the Group's estimates of proven and probable reserves, particularly proven and probable developed reserves, also affect the amount of depreciation and amortisation recorded for oil and gas assets and rights and concessions related to revisions. A reduction in proven and probable developed reserves will increase depreciation and amortisation charges (assuming constant production) and reduce income.

Although the possibility exists for changes in reserves to have a critical effect on depreciation and amortisation charges and, therefore, income, it is expected that in the normal course of business, the Group will continue to prioritise exploration and timely project delivery which ultimately results in maximisation of reserve recovery and will thus constrain the likelihood for changes to occur.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Impairment review of intangible assets, equipment and right-of-use assets

Carrying amounts of the Group's intangible assets, equipment and right-of-use assets are assessed for indicators of impairment and reviewed for possible impairment when indicators of impairment exist. For the purpose of assessing impairment, assets are grouped at the lowest level CGUs for which there is a separately identifiable cash flow available. These CGUs are based on operating areas, represented by the 2011 North Sabah Enhanced Oil Recovery PSC ("North Sabah"), the 2012 Kinabalu Oil PSC ("Kinabalu"), the PM3 CAA PSC ("PM3 CAA"), the PM305 and PM314 PSCs ("PM305 and PM314"), the Block 46 Cai Nuoc PSC ("Block 46"), the Anasuria Area (consists of the Anasuria Cluster, Licence No. P2532 and Licence No. P2535), the Marigold and Sunflower fields, Licence No. P2518, the VIC/RL17 petroleum retention lease ("VIC/RL17"), the VIC/P57 exploration permit ("VIC/P57") and the VIC/P74 exploration permit ("VIC/P74").

Estimates of future cash flows of each CGU are based on management estimates of future crude oil and gas prices, market supply and demand, product margins, expected future capital expenditure and expected future production volumes. Other factors that can lead to changes in estimates may include variations in regulatory environments. Expected future production volumes, which include proven and probable reserves, are used for impairment testing because the Group believes this to be the most appropriate indicator of expected future cash flows.

A discount rate based on the rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted is used in impairment testing. The discount rate applied is reviewed on an annual basis.

Refer to Note 15 to the financial statements for the key assumptions on the impairment review of intangible assets, equipment and right-of-use assets.

(c) Estimation of provision for decommissioning costs

Provisions are made for the future decommissioning and restoration of oil and gas assets at the end of their economic lives. Changes in the estimates of costs to be incurred, reserves or in the rate of production may impact income over the remaining economic life of the oil and gas assets.

Most of these decommissioning and restoration events are many years in the future and the precise requirements that will have to be met when such removal events occur are uncertain. Actual timing and net cash outflows can defer from estimates due to uncertainties concerning the timing of the decommissioning activity, legislative changes, technological advancement, regulatory, environmental and political changes, and the appropriate discount rate used in estimating the liability. The carrying amount of the provision, together with the discount rate used in discounting the cash flows and inflation rate, are regularly reviewed and adjusted to account for such changes.

(d) Impairment review of investments in subsidiaries and amounts owing by subsidiaries

The Company reviews the recoverability of its underlying interests in the subsidiaries by considering the ability of the respective subsidiaries to distribute their earnings and make repayments through the utilisation of assets held by them, including the generation of income from future operating activities. The Company uses judgement in making assumptions about risk of default and expected loss rate to calculate the ECL for the amounts owing by subsidiaries. Impairment loss is recognised when the carrying amount exceeds the recoverable amount.

(e) Provision for income taxes and deferred taxes

Judgement is involved in determining the Group's provision for income taxes and deferred taxes as there may be transactions and computations for which the final tax determination are uncertain at the reporting date. Where the final outcome of these matters is different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(e) Provision for income taxes and deferred taxes (continued)

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authority. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the tax authority.

6 REVENUE

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Revenue from contracts with customer:				
Crude oil sales	**1,909,660**	1,441,010	**-**	-
Gas sales	**425,800**	250,505	**-**	-
Project management, technical and other services fees	**6,060**	3,947	**22,752**	16,413
	2,341,520	1,695,462	**22,752**	16,413
Revenue from other sources:				
Dividend income	**-**	-	**73,000**	121,000
Interest income	**3,310**	1,059	**8,979**	5,777
	3,310	1,059	**81,979**	126,777
	2,344,830	1,696,521	**104,731**	143,190

Included in interest income of the Group and of the Company are profits income received from deposits with licensed Islamic banks amounting to RM615,422 (2022: RM1,058,911) and RM580,783 (2022: RM1,058,911) respectively.

7 COST OF SALES

	Group	
	2023 RM'000	**2022 RM'000**
Cost of operations	**636,150**	403,013
Tariff and transportation expenses	**181,313**	76,617
	817,463	479,630

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

8 OTHER INCOME

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Unrealised gain on foreign exchange	**-**	3,656	**4,471**	2,373
Realised gain on foreign exchange	**19,288**	4,150	**-**	537
Interest income	**15,067**	824	**-**	-
Fair value gain on other investment (Note 24)	**-**	130	**-**	130
Sundry income	**2,732**	133	**1**	-
	37,087	8,893	**4,472**	3,040

The unrealised and realised gains on foreign exchange have neither been derived from the trading of futures contracts nor futures foreign exchange trading.

9 FINANCE COSTS

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Unwinding of discount on contingent consideration (Note 35)	**1,654**	3,222	**-**	-
Unwinding of discount on provision for decommissioning costs (Note 37)	**42,604**	34,315	**-**	-
Interest expenses	**32,997**	23,470	**4,049**	868
	77,255	61,007	**4,049**	868

10 PROFIT BEFORE TAXATION

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Profit before taxation is arrived at after charging/ (crediting):				
Auditors' remuneration:				
- fees for statutory audit				
- PricewaterhouseCoopers PLT, Malaysia	**1,417**	1,534	**340**	315
- member firms of PricewaterhouseCoopers International Limited	**718**	600	**-**	-
- fees for audit related services				
- PricewaterhouseCoopers PLT, Malaysia	**412**	392	**-**	-
- fees for other services				
- member firms of PricewaterhouseCoopers PLT, Malaysia	**504**	2,494	**111**	2,266
- member firms of PricewaterhouseCoopers International Limited	**37**	-	**-**	-
Depreciation and amortisation of equipment, intangible assets and right-of-use assets	**480,355**	280,227	**1,236**	1,273
State sales tax	**55,939**	76,480	**-**	-
Rental expenses	**46,456**	13,411	**-**	-
Unrealised loss/(gain) on foreign exchange	**22,616**	(3,656)	**(4,471)**	(2,373)
Impairment of investment in an associate	**532**	-	**-**	-
Write-off of bad debts	**19**	-	**-**	-
Impairment of intangible assets	**-**	46,942	**-**	-
Write-off of inventories	**-**	63	**-**	-
Impairment of equipment	**-**	35	**-**	-
Net impairment of investments in subsidiaries and amounts owing by subsidiaries	**-**	-	**6,018**	54,554
Negative goodwill from business combination	**-**	(317,319)	**-**	-
Share of results of an associate	**(1,282)**	415	**-**	-
Reversal of provision for inventory obsolescence	**(3,407)**	-	**-**	-
Realised (gain)/loss on foreign exchange	**(19,288)**	(4,150)	**2,481**	(537)
Net reversal of tax penalties	**(51,451)**	(27,214)	**-**	-
Staff costs:				
- Directors' fees and allowances	**1,819**	1,196	**1,509**	1,063
- salaries and bonus	**111,371**	88,886	**23,966**	18,898
- defined contribution plan	**19,499**	12,342	**4,158**	3,296
- other benefits	**6,716**	2,473	**990**	157

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

10 PROFIT BEFORE TAXATION (CONTINUED)

Rental expenses recognised are related to short-term and low value leases.

The unrealised foreign exchange and realised foreign exchange gains/losses have neither been derived from the trading of futures contracts nor futures foreign exchange trading.

State sales tax of RM55,938,769 (2022: RM76,480,305) represents sales tax imposed by the Sabah State Government ("SbST") on petroleum products sold by North Sabah in SEA Hibiscus and Kinabalu in Hibiscus Oil & Gas.

The net reversal of tax penalties in the current financial year amounting to RM51,451,487 comprised a reversal of overprovision for SbST penalties made in the previous financial year for North Sabah and Kinabalu of RM29,022,973 and a reversal of overprovision for tax penalties in relation to Petroleum (Income Tax) Act 1967 ("PITA") and Corporate (Income Tax) Act 1967 ("CITA") upon receipt of the Notices of Additional Assessment for Year of Assessment ("YA") 2017 for PITA and YA 2017 to YA 2019 for CITA raised by the Inland Revenue Board of Malaysia ("IRB") against PM3 CAA, Kinabalu and PM305 and PM314 of RM22,428,514.

The net reversal of tax penalties in the previous financial year amounting to RM27,213,768 comprised a reversal of overprovision for tax penalties in relation to the Notice of Additional Assessment for YA 2014 and the Notices of Assessment for YA 2015 and YA 2016 raised by the IRB against PM3 CAA of RM65,453,920 (refer to Note 45 to the financial statements), partially offset by the accrual of penalties imposed by the Sabah State Government for unpaid SbST up to 30 June 2022 of RM38,240,152.

Directors' remuneration included in staff costs is as disclosed in Note 40 to the financial statements.

11 TAXATION

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Current tax:				
Malaysian income tax				
- Current year provision	**127,987**	156,253	**349**	-
- Over accrual in prior years	**(85,375)**	(53,289)	**-**	-
Foreign income tax				
- Current year provision	**42,990**	44,914	**-**	-
- Over accrual in prior years	**(7,830)**	(1,084)	**-**	-
	77,772	146,794	**349**	-
Deferred tax expense (Note 36):				
- Origination and reversal of temporary differences	**115,467**	(58,304)	**178**	(12)
- In respect of the introduction of a new tax legislation	**118,329**	-	**-**	-
	311,568	88,490	**527**	(12)

11 TAXATION (CONTINUED)

In the UK, a new inclusion in the fiscal regime, namely the Energy Profits Levy ("EPL") was enacted on 14 July 2022. The EPL, which took effect from 26 May 2022, introduced an additional 25.0% levy on UK oil and gas profits. On 17 November 2022, the UK Government announced changes to the EPL, which increased the levy rate to 35.0% with effect from 1 January 2023. During the financial year, net deferred tax expense recognised on EPL amounted to RM118,328,627.

A reconciliation of income tax expense/(credit) applicable to the profit before taxation at the statutory tax rate to income tax expense/(credit) at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Profit before taxation	**712,086**	741,431	**50,455**	41,457
Tax at the statutory tax rate of 24.0% (2022: 24.0%)	**170,901**	177,943	**12,109**	9,950
Non-deductible expenses	**65,934**	38,583	**7,197**	3,856
Non-taxable income	**(65,000)**	(169,231)	**(18,593)**	(29,989)
Effects of different tax rates in different jurisdictions/ regimes	**150,634**	120,019	**-**	-
Deductions for supplementary charge in different jurisdictions	**(27,981)**	(4,098)	**-**	-
Share of post tax results from investments accounted for using the equity method	**(308)**	100	**-**	-
Temporary differences not recognised	**4,276**	35,533	**1,141**	16,171
Recognition of previously unrecognised temporary differences	**(6,999)**	(55,986)	**(1,327)**	-
One-off effect arising from adoption of EPL	**113,316**	-	**-**	-
Over accrual in prior years	**(93,205)**	(54,373)	**-**	-
Income tax expense/(credit) for the financial year	**311,568**	88,490	**527**	(12)

Included in income tax expense of the Group and of the Company are tax savings amounting to RM52,180,323 (2022: RM5,498,220) and RM Nil (2022: RM1,134,536) respectively from the utilisation of current and previous financial years' tax losses.

A deferred tax expense of RM113,316,085 was recognised upon the adoption of the EPL by the Group during the current financial year. This deferred tax expense was derived from taxable temporary differences which arose from the expected future amortisation of intangible assets and depreciation of oil and gas assets computed from the carrying values of these assets at the point when the EPL regime became effective. It will be fully reversed to profit or loss during the EPL regime period, which ends on 31 March 2028.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

12 EARNINGS PER SHARE

The basic earnings per share is derived by dividing the Group's profit attributable to the owners of the Company of RM400,518,234 (2022: RM652,941,533) by the weighted average number of ordinary shares in issue during the financial year of 2,012,418,743 shares (2022: 2,008,539,421 shares).

The diluted earnings per share is determined by dividing the Group's profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue, adjusted for the effects of all dilutive potential ordinary shares.

In the previous financial year, the diluted earnings per share was impacted by the dilutive impact of 3,880,000 CRPS which had been issued and remained unconverted. The weighted average number of ordinary shares in issue adjusted for the effects of these dilutive potential ordinary shares was 2,012,418,750 shares.

In the current financial year, the diluted earnings per share equals the basic earnings per share. The CRPS had been fully converted to the issued and paid-up ordinary share capital of the Company in the previous financial year.

		Group	
		2023	**2022**
Profit after taxation attributable to owners of the Company (RM'000)	(A)	**400,518**	652,941
Weighted average number of shares for basic earnings per share computation ('000)	(B)	**2,012,419**	2,008,539
Effects of dilution of CRPS ('000)		**-**	3,880
Weighted average number of shares for diluted earnings per share computation ('000)	(C)	**2,012,419**	2,012,419
Basic earnings per share (sen)	(A/B)	**19.90**	32.51
Diluted earnings per share (sen)	(A/C)	**19.90**	32.45

13 BUSINESS COMBINATION

In the previous financial year, on 24 January 2022 ("Completion Date"), the Company's indirect wholly-owned subsidiary, Peninsula Hibiscus Sdn. Bhd. ("Peninsula Hibiscus"), completed the acquisition of the entire equity interest in Fortuna International Petroleum Corporation ("Fortuna International") ("Fortuna International Acquisition") from Repsol Exploración, S.A. ("Repsol") for a cash purchase consideration of United States Dollar ("USD") 212,500,000 (subject to agreed adjustments).

Fortuna International through its wholly-owned subsidiaries, namely Hibiscus Oil & Gas, Hibiscus Oil & Gas (PM3) and Talisman Vietnam (collectively, "Fortuna International Group") owns participating interests in the following PSCs:

(a) 60.0% interest in Kinabalu located off the coast of Sabah, Malaysia, held by Hibiscus Oil & Gas;

(b) 35.0% interest in PM3 CAA located within the Commercial Arrangement Area ("CAA") between Malaysia and Vietnam, held by Hibiscus Oil & Gas (22.3%) and Hibiscus Oil & Gas (PM3) (12.7%);

(c) 60.0% interest in each of PM305 and PM314 located off the eastern coast of Peninsular Malaysia in the Malay Basin, held by Hibiscus Oil & Gas; and

(d) 70.0% interest in Block 46, a tie-back asset to PM3 CAA located in Vietnamese waters, held by Talisman Vietnam.

(Kinabalu, PM3 CAA, PM305, PM314 and Block 46 are collectively referred to as the "Fortuna International Assets".)

The Fortuna International Acquisition has resulted in the Group assuming Repsol's role as operator in all of the PSCs under the JOAs.

13 BUSINESS COMBINATION (CONTINUED)

The parties holding the remaining participating interests in the Fortuna International Assets are as follows:

(a) PETRONAS Carigali Sdn. Bhd. ("PETRONAS Carigali"), a wholly-owned subsidiary of Petroliam Nasional Berhad, in Kinabalu, PM305 and PM314;

(b) PETRONAS Carigali and PetroVietnam Exploration Production Corporation Ltd ("PetroVietnam"), a wholly-owned subsidiary of Vietnam Oil and Gas Group, in PM3 CAA; and

(c) PetroVietnam in Block 46.

The purchase consideration per the conditional sale and purchase agreement with Repsol ("Repsol SPA") was USD212,500,000 (equivalent to RM890,396,250). In calculating the final purchase consideration, the following adjustments were made (pursuant to the Repsol SPA):

	RM'000
Purchase consideration per the Repsol SPA (i.e. USD212,500,000)	890,396
Add: Time value amount	19,491
Less: Pre-closing dividend	(326,828)
Less: Leakage adjustment amount	(2,092)
Final purchase consideration (i.e. USD138,652,308)	580,967
Less: Cash and bank balances of subsidiaries acquired	(77,670)
Net cash outflow arising from business combination	503,297

The resulting final purchase consideration was USD138,652,308 (equivalent to RM580,967,036).

The fair value of the identifiable assets and liabilities of the Fortuna International Group has been determined in accordance with the provisions of MFRS 3 'Business Combinations' and assigned to the identifiable assets and liabilities on Completion Date. The fair value of the identifiable assets and liabilities of the Fortuna International Group as at Completion Date was as follows:

	Fair value recognised on acquisition RM'000
Assets	
Intangible assets	27,691
Equipment	1,188,502
Right-of-use assets	172,486
Tax recoverable	56,676
Deferred tax assets	31,225
Inventories	98,780
Trade receivables	222,817
Other receivables, deposits and prepayments	536,584
Cash and bank balances	77,670
	2,412,431

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

13 BUSINESS COMBINATION (CONTINUED)

	Fair value recognised on acquisition RM'000
Liabilities	
Trade payables	96,226
Other payables and accruals	202,780
Borrowings	465,496
Provision for taxation	306,477
Deferred tax liabilities	72,461
Provision for decommissioning costs	370,705
	1,514,145
Total identifiable net assets at fair value	898,286
Negative goodwill from business combination	(317,319)
Final purchase consideration (after adjustments)	580,967

The transaction resulted in a gain (i.e. negative goodwill) as the Group has the skill sets and capabilities to further enhance value of the Fortuna International Assets post acquisition. As a result, the fair value of the acquired assets was greater than the final purchase consideration. The negative goodwill of RM317,319,012 was recognised in profit or loss in the previous financial year.

For the purposes of reporting the financial performance of the Fortuna International Group, the Group has segregated the PSCs acquired into the following operating segments:

- Malaysia – Kinabalu and Others
  - Comprises Kinabalu, PM305 and PM314.
- Commercial Arrangement Area
  - Comprises PM3 CAA.
- Vietnam
  - Comprises Block 46.

In the previous financial year (for the period from 25 January 2022 to 30 June 2022), the Fortuna International Group contributed revenue of RM569,282,319 and profit after taxation generated from operations (i.e. without including the negative goodwill) of RM253,149,735. With the inclusion of the negative goodwill of RM317,319,012, total profit after taxation generated by the operating segments in the Fortuna International Group for the previous financial year (for the period from 25 January 2022 to 30 June 2022) amounted to RM570,468,747.

13 BUSINESS COMBINATION (CONTINUED)

The abovementioned Fortuna International Group's revenue, allocation of negative goodwill and profit after taxation reported for the previous financial year by operating segments are shown in the table below:

	Malaysia – Kinabalu and Others RM'000	Commercial Arrangement Area RM'000	Vietnam RM'000	Total RM'000
Revenue	188,791	380,491	-	569,282
Negative goodwill	165,006	145,967	6,346	317,319
Profit after taxation	162,986	387,911	19,571	570,468

The negative goodwill has been allocated to the respective operating segments based on the relative fair value of the identifiable net assets of the PSCs at Completion Date.

Had the Fortuna International Group been acquired on 1 July 2021, the Group's revenue and profit after taxation for the previous financial year would have been RM2,195,091,235 and RM798,457,778 respectively.

Transaction costs and professional fees incurred relating to the Fortuna International Acquisition of RM2,878,441 was expensed to profit or loss as part the Group's administrative expenses in the previous financial year.

14 JOINT OPERATIONS

Under the terms of the joint agreements below, the Group has a direct share in all of the assets employed by the arrangements and is liable for its share of the liabilities incurred. There is no legal or contractual separation between the arrangement and the parties to the arrangement. The Group has therefore classified these arrangements as joint operations. It has included its interests in the assets, liabilities, revenue and expenses in the appropriate line items in the statement of financial position and profit or loss respectively, in accordance with the accounting policy.

(a) North Sabah

The North Sabah asset is located approximately 33 kilometres from Kota Kinabalu, Malaysia.

On 31 March 2018, SEA Hibiscus completed the acquisition of the North Sabah asset from Sabah Shell Petroleum Company Limited ("Sabah Shell Petroleum") and Shell Sabah Selatan Sdn. Bhd. and successfully assumed the role of operator for the assets from Sabah Shell Petroleum. The responsibilities of SEA Hibiscus as the operator of North Sabah and under the JOA are the management of the operations of:

- Production of petroleum from four existing oil fields, namely St Joseph, South Furious, South Furious 30 and Barton; and
- Existing pipeline infrastructure, the Labuan Crude Oil Terminal ("LCOT"), and all other equipment and assets relating to the PSC.

The four producing fields are located in the South China Sea, off the coast of Sabah. Each field is operated from its respective main platform/complex. Each field is connected via an inter-field pipeline to a main trunk line which transports hydrocarbons to LCOT, an onshore processing plant and oil export terminal.

The expiry date of the PSC is on 31 December 2040.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

14 JOINT OPERATIONS (CONTINUED)

(b) Fortuna International Assets

Subsequent to the completion of the Fortuna International Acquisition, the Group assumes the role of operator in all of the PSCs under the JOAs.

Hibiscus Oil & Gas holds the operatorship of Kinabalu, PM3 CAA, PM305 and PM314. The responsibilities of Hibiscus Oil & Gas as the operator of these PSCs and under the JOAs are the management of the operations of:

(i) Kinabalu

- Production of petroleum from three existing oil fields, namely Kinabalu Main, Kinabalu East and Kinabalu Far East.

(ii) PM3 CAA

- Production of petroleum, gas and condensate from seven existing oil fields, namely Bunga Orkid, Bunga Pakma, Bunga Lavatera, Bunga Raya, Bunga Seroja, Bunga Kekwa and Bunga Tulip; and
- Exploration activities from two existing fields, namely Greater Central Area and Greater Silver Area.

(iii) PM305

- Production of petroleum from Murai field through the Angsi Southern Channel, a unitised area operated by PETRONAS Carigali.

(iv) PM314

- Production of petroleum has ceased since September 2019.

Talisman Vietnam holds the operatorship of Block 46. The responsibilities of Talisman Vietnam as the operator of Block 46 and under the JOA are the management of the operations of production of petroleum from Cai Nuoc oil field.

The expiry dates of the respective PSCs are as follows:

(i) 25 December 2032 for Kinabalu;

(ii) 31 December 2027 for PM3 CAA;

(iii) 26 November 2029 for PM305;

(iv) 30 March 2033 for PM314; and

(v) 31 December 2027 for Block 46.

The details of the Fortuna International Assets are disclosed in Note 13 to the financial statements.

14 JOINT OPERATIONS (CONTINUED)

(c) Anasuria Area

(i) Anasuria Cluster

(i) Licence No. P013 and the Anasuria FPSO

The Group, via its indirect wholly-owned subsidiary, Anasuria Hibiscus UK Limited ("Anasuria Hibiscus"), together with Ping Petroleum UK PLC ("Ping Petroleum") has established the joint operating company, Anasuria Operating Company Limited ("Anasuria Operating Company") in Aberdeen and this company has been approved as the Licence Operator for Licence No. P013 by the Secretary of State for Energy and Climate Change of the UK Government. Anasuria Hibiscus holds 50.0% interest in Anasuria Operating Company.

Anasuria Operating Company operates the fields under Licence No. P013 (Block 21/25a and Block 21/30a) and the Anasuria FPSO, which are located approximately 175 kilometres east of Aberdeen in the UK Central North Sea.

Anasuria Hibiscus' interest in Licence No. P013 consists of:

- 50.0% interest in the Guillemot A field and the related field facilities;
- 50.0% interest in the Teal field and the related field facilities; and
- 50.0% interest in the Teal South field and the related field facilities.

There is no expiry date for the licence covering the Guillemot A, Teal and Teal South fields.

Anasuria Hibiscus also holds 50.0% interest in the Anasuria FPSO and the related equipment.

(ii) Licence No. P185

Anasuria Hibiscus' interest in Licence No. P185 (Block 21/20a) contains 19.325% interest in the Cook field and the related field facilities. The remaining interest is held by Ithaca Energy UK Limited ("Ithaca Energy") and Ping Petroleum with 61.35% and 19.325% interest respectively. Ithaca Energy is the operator for the field.

The UK's North Sea Transition Authority ("NSTA") had on 12 March 2018 extended the licence for the Cook field into a life of field licence. The licence is terminable only if there is a continuous minimum 12-month period in which the production has fallen below a minimum production level.

(ii) Licence No. P2532

Licence No. P2532 (Blocks 21/19c and 21/20c) contains the Cook West and Cook North prospects, which are potential extensions to the existing Cook field.

These blocks are contiguous with the Cook field (Licence No. P185 (Block 21/20a)) and reflect a similar equity holding as that of the Cook field.

(iii) Licence No. P2535

Licence No. P2535 (Block 21/24d) contains the Teal West discovery, which is contiguous to the Teal field and is located approximately 4 kilometres from the Teal manifold. The Teal West field is planned to be produced to the Anasuria FPSO where the well fluids will be processed and exported via the Anasuria infrastructure.

Anasuria Hibiscus is the operator for the field.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

14 JOINT OPERATIONS (CONTINUED)

(c) Anasuria Area (continued)

(iii) Licence No. P2535 (continued)

Anasuria Hibiscus holds 100.0% interest in Licence No. P2535 effective from 12 October 2022 when the assignment of NEO Energy (ZEX) Limited's 30.0% interest in the licence to Anasuria Hibiscus was completed.

Anasuria Hibiscus received a Development and Production Works Consent to a Field Development Plan ("FDP") for the Teal West field from the NSTA on 1 August 2023. The FDP approval comes pursuant to the unconditional grant of consent for the Environmental Statement received on 7 July 2023.

(d) Marigold West and Sunflower fields

The Marigold West and Sunflower fields, which are part of the UK Continental Shelf Petroleum Production Licence No. P198 (Block 15/13a and Block 15/13b) respectively, are located approximately 250 kilometres northeast of Aberdeen in the UK Central North Sea.

On 16 October 2018, Anasuria Hibiscus, completed the acquisition of 50.0% interest in the two blocks under Licence No. P198; (i) Block 15/13a, containing the Marigold West discovered oilfield, and (ii) Block 15/13b, containing the Sunflower discovered oilfield.

On 12 February 2019, Anasuria Hibiscus assumed the role of operator for the fields.

On 20 January 2021, Anasuria Hibiscus entered into a farm-in agreement with its joint venture partner for the fields, Caldera Petroleum (UK) Ltd ("Caldera Petroleum"). As per the terms of the farm-in agreement, Caldera Petroleum agreed to transfer to Anasuria Hibiscus 37.5% interest in Licence No. P198 Block 15/13a and Block 15/13b and in return, Anasuria Hibiscus agreed to pay all amounts attributable to Caldera Petroleum's retained interest of 12.5% up to first oil delivered from the fields.

Pending the development and finalisation of a Unitisation and Unit Operating Agreement ("UUOA"), Anasuria Hibiscus and Caldera Petroleum entered into a Governance Agreement on 5 May 2022, with Ithaca Oil and Gas Limited ("Ithaca Oil and Gas") to jointly develop the resources found in Licence No. P198 Block 15/13a and Ithaca Oil and Gas' Licence No. P2158 Block 15/18b (which is adjacent to the Marigold West field and containing the Marigold East field) (herein collectively referred to "unitised Marigold field") via a tieback to the Piper B platform.

On 15 September 2023, Anasuria Hibiscus, Caldera Petroleum and Ithaca Oil and Gas entered into the UUOA. The unitisation of Marigold West field and the Marigold East field will allow an optimal field development solution to be implemented. Pursuant to the UUOA, the unit participations for Anasuria Hibiscus, Caldera Petroleum and Ithaca Oil and Gas in the unitised Marigold field will be 61.25%, 8.75% and 30.00% respectively, with Anasuria Hibiscus being the operator for the unitised Marigold field. The UUOA is a pre-requisite for the submission of a FDP for the unitised Marigold field. For the avoidance of doubt, interests in the Licence No. P198 Block 15/13b (Sunflower field) remain unchanged with Anasuria Hibiscus holding 87.5% and Caldera Petroleum holding 12.5%.

The Marigold West field is expected to be in production by 2028, upon which Licence No. P198 would then be expected to be valid for the life of the fields.

(e) VIC/P57

The Group, via its indirect wholly-owned subsidiary, Carnarvon Hibiscus Pty Ltd ("Carnarvon Hibiscus"), had entered into a joint arrangement, VIC/P57 via the Joint Operation Agreement and Farm-In Agreement dated 14 August 2012 to explore and develop oil and gas properties within the permitted area. At the beginning of the current financial year, Carnarvon Hibiscus and its wholly-owned subsidiary, Gippsland Hibiscus Pty Ltd ("Gippsland Hibiscus") had a 55.1% and a 20.0% participating interest in this arrangement respectively. The remaining participating interest of 24.9% was held by 3D Oil Limited ("3D Oil"), an associate of the Group.

14 JOINT OPERATIONS (CONTINUED)

(e) VIC/P57 (continued)

On 4 February 2022, Carnarvon Hibiscus and 3D Oil submitted an application to surrender the VIC/P57 permit in good standing to the Australian National Offshore Petroleum Titles Administrator ("NOPTA"). The surrender was approved and took effect on 11 August 2022.

(f) VIC/P74

On 3 October 2019, Carnarvon Hibiscus exercised its option to farm into VIC/P74 by acquiring a 50.0% interest in VIC/P74 from 3D Oil. Subsequent to the above, Carnarvon Hibiscus entered into an Assignment Agreement with 3D Oil on 8 May 2020 and the transfer of interest contemplated thereunder was approved and registered by NOPTA on 6 July 2020. Carnarvon Hibiscus and 3D Oil subsequently executed an Instrument of Transfer, a JOA and a Deed of Cross Charge for VIC/P74 (collectively, the "Instruments"). The Instruments were approved by NOPTA and were registered on 7 October 2020, thereby facilitating the completion of Carnarvon Hibiscus' acquisition of a 50.0% interest in VIC/P74. Under the JOA, 3D Oil shall remain the operator of VIC/P74.

At the beginning of the current financial year, the Group elected to exit VIC/P74. On 7 July 2022, 3D Oil submitted an application of "Approval of Transfer of a Petroleum Title" to NOPTA seeking approval for the transfer of Carnarvon Hibiscus' entire interest in VIC/P74 to 3D Oil. The Group had agreed to transfer its entire interest to 3D Oil at no cost. The transfer was approved and took effect on 21 September 2022.

15 INTANGIBLE ASSETS

	Rights and concessions RM'000	Conventional studies RM'000	Computer software RM'000	Emission trading schemes RM'000	Total RM'000
Group					
At 01.07.2022	**1,315,766**	**102,416**	**4,394**	**-**	**1,422,576**
Additions	**-**	**83,931**	**2,831**	**8,145**	**94,907**
Changes in estimates	**(39,763)**	**-**	**-**	**-**	**(39,763)**
Amortisation	**(97,240)**	**-**	**(3,494)**	**-**	**(100,734)**
Exchange differences	**73,770**	**9,219**	**239**	**709**	**83,937**
At 30.06.2023	**1,252,533**	**195,566**	**3,970**	**8,854**	**1,460,923**
Non-current	**1,252,533**	**195,566**	**3,970**	**-**	**1,452,069**
Current	**-**	**-**	**-**	**8,854**	**8,854**
	1,252,533	**195,566**	**3,970**	**8,854**	**1,460,923**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

15 INTANGIBLE ASSETS (CONTINUED)

	Rights and concessions RM'000	Conventional studies RM'000	Computer software RM'000	Emission trading schemes RM'000	Total RM'000
Group (continued)					
At 01.07.2021	1,312,444	63,364	-	-	1,375,808
Additions	14,697	27,727	775	-	43,199
Acquisition through business combination (Note 13)	-	22,947	4,744	-	27,691
Changes in estimates	29,505	-	-	-	29,505
Reclassification	-	-	1,723	-	1,723
Amortisation	(86,722)	-	(3,107)	-	(89,829)
Impairment	(30,437)	(16,505)	-	-	(46,942)
Exchange differences	76,279	4,883	259	-	81,421
At 30.06.2022	1,315,766	102,416	4,394	-	1,422,576
Non-current	1,315,766	102,416	4,394	-	1,422,576

	Computer software RM'000
Company	
At 01.07.2022	**-**
Additions	**6**
Amortisation	**(1)**
At 30.06.2023	**5**
At 01.07.2021	-
Reclassification	29
Amortisation	(29)
At 30.06.2022	-

15 INTANGIBLE ASSETS (CONTINUED)

Included in rights and concessions are the carrying amounts of producing field licences in the Anasuria Cluster amounting to RM640,987,538 (2022: RM630,154,952), producing field licences in North Sabah amounting to RM377,942,456 (2022: RM452,639,494), capitalised acquisition and related transaction costs of the Marigold West and Sunflower fields amounting to RM233,603,211 (2022: RM232,971,176). In the previous financial year, the Group impaired the remaining carrying amounts of the capitalised acquisition and related transaction costs in VIC/RL17, VIC/P57 and VIC/P74 in full amounting to RM30,437,194. Capitalised expenditures are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Conventional studies relate to conceptual study costs incurred for the development of the Marigold West and Sunflower fields amounting to RM98,997,410 (2022: RM60,722,518), Licence No. P2535 amounting to RM70,344,430 (2022: RM17,383,874), PM3 CAA amounting to RM25,713,774 (2022: RM24,234,933), North Sabah amounting to RM431,724 (2022: RM Nil), Licence No. P2532 amounting to RM68,156 (2022: RM64,303) and Block 46 amounting to RM10,576 (2022: RM10,244). In the previous financial year, the remaining carrying amounts of exploration costs in VIC/RL17, VIC/P57 and VIC/P74 amounting to RM16,505,246 were fully impaired.

(a) North Sabah

The recoverable amounts of the intangible assets, equipment and right-of-use assets relating to North Sabah were determined using the FVLCTS model based on DCF derived from the expected cash inflow and outflow over the production life of North Sabah.

The key assumptions applied to determine the recoverable amount for North Sabah were as follows:

(i) Discount rate of 10.0% (2022: 10.0%);

(ii) Oil price forecast based on the oil price forward curve from an independent party;

(iii) Future oil production profile based on an assessment by an independent oil and gas reserve expert; and

(iv) Commercial risk factors applied to the valuation derived, as a result of the uncertain commerciality surrounding development projects included in the valuation model.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount is greater than the carrying amount. The most sensitive assumption in the DCF economic model was oil price forecast. A 10.0% decrease in the oil price forecast did not result in the carrying amount exceeding its recoverable amount. The cost to sell is estimated to be immaterial.

(b) Kinabalu

The recoverable amounts of the intangible assets, equipment and right-of-use assets relating to Kinabalu were determined using the FVLCTS model based on DCF derived from the expected cash inflow and outflow over the production life of Kinabalu.

The key assumptions applied to determine the recoverable amount for Kinabalu were as follows:

(i) Discount rate of 10.0% (2022: 10.0%);

(ii) Oil price forecast based on the oil price forward curve from an independent party; and

(iii) Future oil production profile based on an assessment by an independent oil and gas reserve expert.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount is greater than the carrying amount. The most sensitive assumption in the DCF economic model was oil price forecast. A 10.0% decrease in the oil price forecast did not result in the carrying amount exceeding its recoverable amount. The cost to sell is estimated to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

15 INTANGIBLE ASSETS (CONTINUED)

(c) PM3 CAA

The recoverable amounts of the intangible assets, equipment and right-of-use assets relating to PM3 CAA were determined using the FVLCTS model based on DCF derived from the expected cash inflow and outflow over the production life of PM3 CAA.

The key assumptions applied to determine the recoverable amount for PM3 CAA were as follows:

(i) Discount rate of 10.0% (2022: 10.0%);

(ii) Oil price forecast based on the oil price forward curve from an independent party; and

(iii) Future oil production profile based on an assessment by an independent oil and gas reserve expert.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount is greater than the carrying amount. The most sensitive assumption in the DCF economic model was oil and gas prices forecast. A 10.0% decrease in the oil and gas prices forecast did not result in the carrying amount exceeding its recoverable amount. The cost to sell is estimated to be immaterial.

(d) PM305 and PM314

Hibiscus Oil & Gas has 60.0% interest in PM305 and PM314. As at the reporting date, the carrying amounts of equipment and right-of-use assets relating to PM305 and PM314 are negligible.

(e) Block 46

The recoverable amounts of the intangible assets and equipment relating to Block 46 were determined using the FVLCTS model based on DCF derived from the expected cash inflow and outflow over the production life of Block 46.

The key assumptions applied to determine the recoverable amount for Block 46 were as follows:

(i) Discount rate of 10.0% (2022: 10.0%);

(ii) Oil price forecast based on the oil price forward curve from an independent party; and

(iii) Future oil production profile based on an assessment by an independent oil and gas reserve expert.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount is greater than the carrying amount. The most sensitive assumption in the DCF economic model was oil price forecast. A 10.0% decrease in the oil price forecast did not result in the carrying amount exceeding its recoverable amount. The cost to sell is estimated to be immaterial.

(f) Anasuria Area

The recoverable amounts of the intangible assets, equipment and right-of-use assets relating to the Anasuria Area (which includes the Anasuria Cluster, Licence No. P2532 and Licence No. P2535) were determined using the FVLCTS model based on DCF derived from the expected cash inflow and outflow over the production life of the Anasuria Area.

15 INTANGIBLE ASSETS (CONTINUED)

(f) Anasuria Area (continued)

The key assumptions applied to determine the recoverable amount for the Anasuria Area were as follows:

(i) Discount rate of 10.0% (2022: 10.0%);

(ii) Oil price forecast based on the oil price forward curve from an independent party;

(iii) Future oil production profile based on an assessment by independent oil and gas reserve expert; and

(iv) Teal West's first oil being achieved at the end of year 2024 (2022: end of year 2024).

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount is greater than the carrying amount. The most sensitive assumption in the DCF economic model was oil price forecast. A 10.0% decrease in the oil price forecast did not result in the carrying amount exceeding its recoverable amount. The cost to sell is estimated to be immaterial.

(g) Marigold West and Sunflower fields

The Group has assessed the recoverable amount of the intangible assets, equipment and right-of-use assets relating to the Marigold West and Sunflower fields. The recoverable amount was determined using the FVLCTS model based on DCF derived from the expected cash inflow and outflow over the production life of the Marigold West and Sunflower fields.

The key assumptions applied to determine the recoverable amount for the Marigold West and Sunflower fields were as follows:

(i) Discount rate of 10.0% (2022: 10.0%);

(ii) First oil being achieved in year 2028 (2022: year 2026);

(iii) Oil price forecast based on the oil price forward curve from an independent party;

(iv) An oil production profile based on an assessment by independent oil and gas reserve expert; and

(v) Commercial risk factors applied to the valuation derived.

Fair value measurement was performed based on Level 3 hierarchy.

Based on the assessments performed, the Group concluded that the recoverable amount is greater than the carrying amount. The most sensitive assumption in the DCF economic model was oil price forecast. A 10.0% decrease in the oil price forecast or a six-month deferment in capital expenditure did not result in the carrying amount exceeding its recoverable amount. The cost to sell is estimated to be immaterial.

(h) Licence No. P2366

Licence No. P2366 has been fully impaired as there was no sanctioned development of the licence. The licence expired on 30 September 2021 when the request to extend the expiry date of the licence was not approved by the NSTA.

(i) Licence No. P2518

Anasuria Hibiscus has 100.0% interest in Licence No. P2518 (Block 15/17a) containing the Kildrummy discovered field. As at the reporting date, no development costs have been incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

15 INTANGIBLE ASSETS (CONTINUED)

(j) VIC/RL17

VIC/RL17 has been fully impaired in the previous financial year after due assessments on its recoverable amount were performed subsequent to NOPTA granting approval of a Retention Lease application on 5 November 2021. Based on the assessments performed, the Group had concluded that the recoverable amount was negligible.

(k) VIC/P57

VIC/P57 has been fully impaired in the previous financial year as Carnarvon Hibiscus and 3D Oil submitted an application to surrender the VIC/P57 permit to NOPTA on 4 February 2023. The surrender was approved and took effect on 11 August 2023, and accordingly, VIC/P57 was written off during the current financial year.

(l) VIC/P74

VIC/P74 has been fully impaired in the previous financial year as the Group had elected to exit the permit by transferring Carnarvon Hibiscus's entire interest in VIC/P74 to 3D Oil. The transfer was approved and took effect on 21 September 2022, and accordingly, VIC/P74 was written off during the current financial year.

16 EQUIPMENT

	Furniture and fittings RM'000	Office equipment RM'000	Office renovation RM'000	Oil and gas assets RM'000	FPSO RM'000	Work in progress RM'000	Total RM'000
Group							
Cost							
At 01.07.2021	1,142	14,425	3,187	643,322	29,025	89,075	780,176
Additions	15	1,518	37	72,328	-	67,219	141,117
Acquisition through business combination (Note 13)	-	514	-	1,117,196	-	70,792	1,188,502
Changes in estimates	-	-	-	(25,236)	-	-	(25,236)
Transfer	-	-	-	18,791	5,858	(24,649)	-
Write-off	(1)	(89)	-	-	-	-	(90)
Reclassification	-	(8,769)	-	(5,009)	5,009	-	(8,769)
Exchange differences	10	190	103	100,293	2,325	10,893	113,814
At 30.06.2022/01.07.2022	**1,166**	**7,789**	**3,327**	**1,921,685**	**42,217**	**213,330**	**2,189,514**
Additions	**37**	**2,307**	**415**	**108,960**	**-**	**310,153**	**421,872**
Changes in estimates	**-**	**-**	**-**	**(24,960)**	**-**	**-**	**(24,960)**
Transfer	**-**	**-**	**-**	**260,811**	**1,855**	**(262,666)**	**-**
Exchange differences	**12**	**298**	**121**	**127,774**	**2,583**	**14,701**	**145,489**
At 30.06.2023	**1,215**	**10,394**	**3,863**	**2,394,270**	**46,655**	**275,518**	**2,731,915**

16 EQUIPMENT (CONTINUED)

	Furniture and fittings RM'000	Office equipment RM'000	Office renovation RM'000	Oil and gas assets RM'000	FPSO RM'000	Work in progress RM'000	Total RM'000
Group (continued)							
Accumulated depreciation							
At 01.07.2021	305	11,419	970	156,193	6,456	-	175,343
Depreciation	117	1,518	722	160,152	3,009	-	165,518
Write-off	(1)	(89)	-	-	-	-	(90)
Reclassification	-	(7,046)	-	-	-	-	(7,046)
Exchange differences	4	116	67	16,067	518	-	16,772
At 30.06.2022/01.07.2022	**425**	**5,918**	**1,759**	**332,412**	**9,983**	**-**	**350,497**
Depreciation	**117**	**1,315**	**616**	**318,415**	**3,819**	**-**	**324,282**
Exchange differences	**6**	**183**	**98**	**31,614**	**740**	**-**	**32,641**
At 30.06.2023	**548**	**7,416**	**2,473**	**682,441**	**14,542**	**-**	**707,420**
Accumulated impairment							
At 01.07.2021	-	-	-	-	-	-	-
Impairment	-	-	-	35	-	-	35
Exchange differences	-	-	-	1	-	-	1
At 30.06.2022/01.07.2022	**-**	**-**	**-**	**36**	**-**	**-**	**36**
Exchange differences	**-**	**-**	**-**	**2**	**-**	**-**	**2**
At 30.06.2023	**-**	**-**	**-**	**38**	**-**	**-**	**38**
Net book value							
At 30.06.2022	741	1,871	1,568	1,589,237	32,234	213,330	1,838,981
At 30.06.2023	**667**	**2,978**	**1,390**	**1,711,791**	**32,113**	**275,518**	**2,024,457**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

16 EQUIPMENT (CONTINUED)

	Furniture and fittings RM'000	Office equipment RM'000	Office renovation RM'000	Total RM'000
Company				
Cost				
At 01.07.2021	978	5,225	1,526	7,729
Additions	11	261	-	272
Write-off	(1)	(89)	-	(90)
Reclassification	-	(3,617)	-	(3,617)
At 30.06.2022/01.07.2022	**988**	**1,780**	**1,526**	**4,294**
Additions	**36**	**285**	**43**	**364**
At 30.06.2023	**1,024**	**2,065**	**1,569**	**4,658**
Accumulated depreciation				
At 01.07.2021	253	4,860	257	5,370
Depreciation	92	209	153	454
Write-off	(1)	(89)	-	(90)
Reclassification	-	(3,588)	-	(3,588)
At 30.06.2022/01.07.2022	**344**	**1,392**	**410**	**2,146**
Depreciation	**92**	**207**	**153**	**452**
At 30.06.2023	**436**	**1,599**	**563**	**2,598**
Net book value				
At 30.06.2022	644	388	1,116	2,148
At 30.06.2023	**588**	**466**	**1,006**	**2,060**

17 RIGHT-OF-USE ASSETS

	Office equipment RM'000	Equipment RM'000	Vessels RM'000	Leasehold buildings RM'000	Total RM'000
Group					
Cost					
At 01.07.2021	4,769	5,506	6,436	8,211	24,922
Additions	2,326	3,097	94	1,080	6,597
Acquisition through business combination (Note 13)	613	-	158,292	13,581	172,486
Modification	(5)	(231)	-	-	(236)
Exchange differences	137	633	8,572	1,122	10,464
At 30.06.2022/01.07.2022	**7,840**	**9,005**	**173,394**	**23,994**	**214,233**
Additions	**-**	**5,067**	**19,491**	**1,478**	**26,036**
Modification	**10**	**-**	**1,032**	**1,703**	**2,745**
Exchange differences	**270**	**725**	**11,137**	**1,247**	**13,379**
At 30.06.2023	**8,120**	**14,797**	**205,054**	**28,422**	**256,393**
Accumulated depreciation					
At 01.07.2021	2,995	3,099	2,489	3,932	12,515
Depreciation	1,030	3,120	17,026	3,704	24,880
Exchange differences	18	362	843	370	1,593
At 30.06.2022/01.07.2022	**4,043**	**6,581**	**20,358**	**8,006**	**38,988**
Depreciation	**1,678**	**3,066**	**43,624**	**6,971**	**55,339**
Exchange differences	**131**	**508**	**2,823**	**498**	**3,960**
At 30.06.2023	**5,852**	**10,155**	**66,805**	**15,475**	**98,287**
Net book value					
At 30.06.2022	3,797	2,424	153,036	15,988	175,245
At 30.06.2023	**2,268**	**4,642**	**138,249**	**12,947**	**158,106**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

17 RIGHT-OF-USE ASSETS (CONTINUED)

	Office equipment RM'000	Leasehold buildings RM'000	Total RM'000
Company			
Cost			
At 01.07.2021	159	1,716	1,875
Additions	-	1,080	1,080
At 30.06.2022/01.07.2022	**159**	**2,796**	**2,955**
Modification	**-**	**1,277**	**1,277**
At 30.06.2023	**159**	**4,073**	**4,232**
Accumulated depreciation			
At 01.07.2021	63	1,223	1,286
Depreciation	36	754	790
At 30.06.2022/01.07.2022	**99**	**1,977**	**2,076**
Depreciation	**28**	**755**	**783**
At 30.06.2023	**127**	**2,732**	**2,859**
Net book value			
At 30.06.2022	60	819	879
At 30.06.2023	**32**	**1,341**	**1,373**

18 INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares in Malaysia, at cost	**588,053**	588,053
Less: Impairment losses	**(588,053)**	(583,981)
	-	4,072
Amounts owing by subsidiaries	**57,236**	56,202
Less: Impairment losses	**(57,236)**	(55,513)
	-	4,761

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective equity interest (%) 2023	2022
Gulf Hibiscus Limited ("Gulf Hibiscus")	Provision of project management, technical and other services	Malaysia	**100**	100
Hibiscus Oilfield Services Limited ("Hibiscus Oilfield")	Provision of project management, technical and other services	Malaysia	**100**	100
Orient Hibiscus Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Oceania Hibiscus Sdn. Bhd. ("Oceania Hibiscus")	Investment holding	Malaysia	**100**	100
Genesis Hibiscus Sdn. Bhd. ("Genesis Hibiscus")	Investment holding	Malaysia	**100**	100
Hibiscus Technical Services Sdn. Bhd. ("Hibiscus Technical")	Provision of project management, technical and other services	Malaysia	**100**	100
Timor Hibiscus Limited ("Timor Hibiscus")	Investment holding	Malaysia	**100**	100
Atlantic Hibiscus Sdn. Bhd. ("Atlantic Hibiscus")	Investment holding	Malaysia	**100**	100
Pacific Hibiscus Sdn. Bhd. ("Pacific Hibiscus")	Investment holding	Malaysia	**100**	100
Asia Hibiscus Sdn. Bhd. ("Asia Hibiscus")	Investment holding	Malaysia	**100**	100
Subsidiaries of Oceania Hibiscus				
Carnarvon Hibiscus[(2)]	Exploration and development of oil and gas	Australia	**100**	100
Althea Corporation Limited	Investment holding	Malaysia	**100**	100
Subsidiaries of Genesis Hibiscus				
Cayman Hibiscus Inc SPC[(2)]	Dormant	Cayman Islands	**100**	100
Hibiscus Capital Limited ("Hibiscus Capital")	Investment holding	Malaysia	**100**	100
Subsidiaries of Atlantic Hibiscus				
Anasuria Hibiscus[(1)]	Exploration and production of oil and gas	UK	**100**	100
Hibiscus Energy UK Limited[(1)]	Exploration and production of oil and gas	UK	**100**	100
Subsidiary of Pacific Hibiscus				
SEA Hibiscus	Exploration and production of oil and gas	Malaysia	**100**	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The details of the subsidiaries are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective equity interest (%) 2023	2022
Subsidiary of Carnarvon Hibiscus				
Gippsland Hibiscus[2]	Exploration and development of oil and gas	Australia	**100**	100
Subsidiaries of Asia Hibiscus				
Peninsula Hibiscus	Exploration and production of oil and gas	Malaysia	**100**	100
Borneo Hibiscus Sdn. Bhd.	Exploration and production of oil and gas	Malaysia	**100**	100
Straits Hibiscus Sdn. Bhd.	Exploration and production of oil and gas	Malaysia	**100**	100
Subsidiary of Peninsula Hibiscus				
Fortuna International[1]	Investment holding	Barbados	**100**	100
Subsidiaries of Fortuna International				
Hibiscus Oil & Gas (PM3)[1]	Oil and gas exploration, development and production	Barbados	**100**	100
Hibiscus Oil & Gas[1]	Oil and gas exploration, development and production	Barbados	**100**	100
Talisman Vietnam[1]	Oil and gas exploration, development and production	Barbados	**100**	100

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

(2) The financial statements were not required to be audited based on the regulations of its country of incorporation. The company had not commenced operations or was dormant during the financial year ended 30 June 2023.

The Company reviewed the recoverability of its underlying interests in subsidiaries which recorded net liabilities positions as at 30 June 2023. The recoverable amount was determined using the FVLCTS model. The key assumptions of the cash flows included the cash flows from the underlying intangible assets, fair value of the underlying equipment and an investment as disclosed in Note 15, Note 16 and Note 19 to the financial statements. Fair value measurement was performed based on Level 3 hierarchy. The Company considered the financial position of Oceania Hibiscus and recognised an impairment in the investment in, and amount owing by, Oceania Hibiscus of RM4,072,771 (2022: RM Nil) and RM1,722,340 (2022: RM54,243,895) respectively.

19 INVESTMENT IN AN ASSOCIATE

	Group 2023 RM'000	2022 RM'000
At 01.07.2022/01.07.2021	**4,088**	4,381
Share of post-acquisition results and reserves	**1,346**	(293)
Impairment of investment in an associate	**(532)**	-
At 30.06.2023/30.06.2022	**4,902**	4,088
Fair value of quoted shares (Level 1)	**4,902**	4,329

Set out below is the summarised financial information for 3D Oil which is accounted for using the equity method:

	Group 2023 RM'000	2022 RM'000
Revenue and other income	**12,961**	1
Profit/(loss) after taxation/Total comprehensive income/(expenses)	**10,570**	(3,553)
Non-current assets	**45,923**	42,273
Current assets	**10,317**	4,153
Non-current liabilities	**(10,507)**	(10,683)
Current liabilities	**(1,800)**	(3,368)
Net assets	**43,933**	32,375
Group's share of net assets 11.67% (2022: 11.68%)	**5,127**	3,781
Impairment of investment in an associate	**(532)**	-
Transaction costs capitalised	**307**	307
Carrying amount	**4,902**	4,088

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

19 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Nature of investment in associate is as follows:

Name of company	Principal activities	Place of business/ Country of incorporation	Measurement method	Group's effective equity interest (%) 2023	2022
3D Oil	Exploration and development of upstream oil and gas assets	Australia	Equity	**11.67**	11.68

There are no contingent liabilities relating to the Group's interest in the associate.

3D Oil shares are publicly traded on the Australian Stock Exchange. Due to fluctuations of the market price of the shares, an impairment assessment was performed for the Group's investment in 3D Oil by comparing the higher of FVLCTS and value in use against the carrying amount of the investment. The recoverable amount is based on FVLCTS, which is derived from the market price of the shares. Based on the assessment performed, the Group concluded that the recoverable amount is lower than the carrying amount and as a result, an impairment of investment in an associate of RM531,579 was recognised during the financial year. The cost to sell is estimated to be immaterial.

20 INVESTMENTS IN JOINT VENTURES

	Group 2023 RM'000	2022 RM'000
Unquoted shares outside Malaysia, at cost:		
At 30.06.2023/30.06.2022	**-**	-

The joint ventures below have share capital consisting solely of ordinary shares, which is held directly by the Group:

Name of company	Principal activities	Place of business/ Country of incorporation	Measurement method	Group's effective equity interest (%) 2023	2022
Lime	Oil and gas exploration and production business	Isle of Man	Equity	**-**	-
HIREX	Exploration of oil and gas	Malaysia	Equity	**41.0**	41.0

There are no contingent liabilities relating to the Group's interest in the joint ventures.

Lime Petroleum Plc ("Lime")

The Group entered into a global settlement agreement with various parties for purposes of resolving and settling the subject legal proceedings and other related claims ("Settlement Agreement") on 31 August 2020. The Settlement Agreement between the relevant parties in relation to the subject legal proceedings and other related claims between the parties has been duly completed and/or effected as at 18 October 2021, pursuant to the terms of the Settlement Agreement.

Lime was dissolved on 15 March 2022. The Directors have fully impaired the Group's investment in Lime and its concession companies in previous financial years.

20 INVESTMENTS IN JOINT VENTURES (CONTINUED)

HiRex Petroleum Sdn. Bhd. ("HIREX")

Pursuant to a winding-up process initiated by the Group during the financial year ended 30 June 2018, HIREX is now in liquidation. The Directors have fully impaired the Group's investment in HIREX in previous financial years.

21 INVENTORIES

	Group 2023 RM'000	2022 RM'000
Crude oil	**66,222**	30,416
Spares	**131,448**	133,100
Diesel	**958**	384
	198,628	163,900

Inventories recognised as expenses during the financial year amounted to RM497,636,397 (2022: RM328,356,449). These were included in cost of sales as disclosed in Note 7 to the financial statements.

22 TRADE RECEIVABLES

	Group 2023 RM'000	2022 RM'000
Sales of crude oil	**313,704**	309,859
Sales of gas	**77,609**	78,718
Provision of project management, technical and other services	**20,068**	16,153
	411,381	404,730

The amounts are unsecured and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

23 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Non-current				
Other receivables	**178,802**	230,541	**-**	-
Current				
Other receivables and deposits	**460,636**	400,403	**4,575**	4,536
Less: Impairment of other receivables	**(5,784)**	(6,121)	**(4,296)**	(4,296)
	454,852	394,282	**279**	240
Prepayments	**38,727**	21,568	**1,260**	519
	493,579	415,850	**1,539**	759

Other receivables

Other receivables include finance leases receivable in relation to right-of-use assets for SEA Hibiscus and Hibiscus Oil & Gas. The following table sets out the maturity analysis of the finance leases receivable, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2023 RM'000	**2022 RM'000**
Within one year	**83,457**	99,383
Later than one year but not later than five years	**198,679**	145,292
Later than five years	**534**	157,382
Minimum lease payments	**282,670**	402,057
Future finance income	**(30,712)**	(108,489)
Net investment in finance leases	**251,958**	293,568
Non-current	**178,802**	230,541
Current	**73,156**	63,027
	251,958	293,568

24 OTHER INVESTMENT

	Group/Company	
	2023 RM'000	**2022 RM'000**
Other investment	**-**	-

In the previous financial year, other investment comprised investment in unit trust funds and was classified as financial assets at FVTPL. The fair value gain recognised in profit or loss was RM130,384 as disclosed in Note 8 to the financial statements.

This amount corresponded to the remaining net proceeds from the issuance of the CRPS in November 2020 (after deducting all related expenses) and income earned from investing the net proceeds into permitted investments. The investment was fully withdrawn in December 2021 to part finance the purchase consideration of the Fortuna International Acquisition.

25 AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2023 RM'000	**2022 RM'000**
Amounts owing by subsidiaries:		
Trade	**33,267**	19,305
Less: Impairment of receivables (trade)	**(2,324)**	(2,324)
Non-trade	**251,186**	301,105
Less: Impairment of receivables (non-trade)	**(41,858)**	(41,635)
	240,271	276,451
Amounts owing to subsidiaries:		
Non-trade	**(546)**	(539)

The trade balance of amounts owing by subsidiaries represents receivables on demand and to be settled in cash. Included in the non-trade balance are advances that bear interest rates from 3.29% to 9.97% (2022: 3.29% to 4.50%) per annum. The remaining non-trade balance represents payments made on behalf of subsidiaries and dividends receivable from a subsidiary which are unsecured and interest-free.

In the financial year, there was an impairment loss of RM222,702 (2022: RM310,114) on amounts owing by subsidiaries.

The non-trade balance of amounts owing to subsidiaries is unsecured, repayable on demand and interest-free.

26 AMOUNT OWING BY/(TO) A JOINT VENTURE

The amount owing by/(to) a joint venture is in relation to the provision of project management, technical and other services relating to the oil and gas exploration and production industry and share of administrative expenses. The amounts are unsecured and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

27 AMOUNT OWING BY AN ASSOCIATE

In the previous financial year, amount owing by an associate represented 3D Oil's 24.9% share in the VIC/P57 joint bank account less 3D Oil's share of VIC/P57 expenses.

28 AMOUNT OWING BY/(TO) A RELATED PARTY

Amount owing by/(to) a related party is in relation to the provision of project management, technical and other services relating to the oil and gas exploration and production industry and a share of administrative expenses. The amounts are unsecured and are to be settled in cash.

29 CASH AND BANK BALANCES

For the purpose of the statements of cash flows, cash and cash equivalents comprised the following:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Cash and bank balances	**1,178,671**	707,842	**56,731**	22,880
Less: Cash restricted in use	**(253,041)**	(163,063)	**-**	-
Cash and cash equivalents	**925,630**	544,779	**56,731**	22,880
Cash restricted in use represented by:				
Non-current	**219,012**	158,456	**-**	-
Current	**34,029**	4,607	**-**	-
	253,041	163,063	**-**	-

Non-current cash restricted in use represents monies placed in trust for the Group's obligations for the estimated cost of decommissioning the facilities of the Anasuria Cluster. Such decommissioning activities are expected to be carried out at the end of life of the Anasuria Cluster and therefore, these monies in the trust are classified as non-current assets.

Current cash restricted in use in the current financial year represents deposits placed with a financial institution as security for banking facilities obtained for Asia Hibiscus. Current cash restricted in use in the previous financial year represents deposits placed with financial institutions as security for banking facilities obtained for SEA Hibiscus and Hibiscus Oil & Gas.

29 CASH AND BANK BALANCES (CONTINUED)

Reconciliation of liabilities arising from financing activities:

					Non-cash changes				
	At 01.07.2022 RM'000	**Transaction costs RM'000**	**Proceeds from borrowings RM'000**	**Principal and interest payments RM'000**	**Additions RM'000**	**Interest expense RM'000**	**Modification RM'000**	**Foreign exchange movement RM'000**	**At 30.06.2023 RM'000**
Group									
Lease liabilities	468,945	-	-	(167,396)	51,496	26,166	4,759	21,684	405,654
Revolving credit	88,814	-	185,263	(280,687)	-	4,628	-	1,982	-
Term loan	-	(9,740)	446,273	(3,935)	-	8,045	-	16,197	456,840
Total liabilities arising from financing activities	557,759	(9,740)	631,536	(452,018)	51,496	38,839	4,759	39,863	862,494

				Non-cash changes			
	At 01.07.2022 RM'000	**Proceeds from borrowings RM'000**	**Principal and interest payments RM'000**	**Interest expense RM'000**	**Modification RM'000**	**Offsetting with the amount owing by a subsidiary RM'000**	**At 30.06.2023 RM'000**
Company							
Lease liabilities	918	-	(849)	51	1,277	-	1,397
Revolving credit	-	185,263	(188,593)	3,330	-	-	-
Advance from a subsidiary	-	32,651	(32,651)	667	-	(667)	-
	918	217,914	(222,093)	4,048	1,277	(667)	1,397

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

29 CASH AND BANK BALANCES (CONTINUED)

Reconciliation of liabilities arising from financing activities: (continued)

	At 01.07.2021 RM'000	Acquisition through business combination (Note 13) RM'000	Proceeds from borrowings RM'000	Principal and interest payments RM'000	Non-cash changes: Additions RM'000	Interest expense RM'000	Transfer* RM'000	Modification RM'000	Foreign exchange movement RM'000	At 30.06.2022 RM'000
Group										
Lease liabilities	26,770	465,496	-	(69,582)	12,115	12,831	-	(485)	21,800	468,945
Revolving credit	-	-	84,752	-	-	602	-	-	3,460	88,814
CRPS	5,677	-	-	-	-	154	(5,831)	-	-	-
Total liabilities arising from financing activities	32,447	465,496	84,752	(69,582)	12,115	13,587	(5,831)	(485)	25,260	557,759

	At 01.07.2021 RM'000	Principal and interest payments RM'000	Non-cash changes: Additions RM'000	Interest expense RM'000	Transfer* RM'000	At 30.06.2022 RM'000
Company						
Lease liabilities	613	(858)	1,080	83	-	918
CRPS	5,677	-	-	154	(5,831)	-
	6,290	(858)	1,080	237	(5,831)	918

* *Transfer represents conversion of CRPS into new ordinary shares.*

30 SHARE CAPITAL

	Number of shares	Share capital RM
Ordinary shares		
At 01.07.2021	2,000,137,151	959,891,550
Conversion of CRPS to new ordinary shares	12,281,592	6,121,975
At 30.06.2022/01.07.2022	**2,012,418,743**	**966,013,525**
Capital reduction	**-**	**(800,000,000)**
At 30.06.2023	**2,012,418,743**	**166,013,525**

During the current financial year, the Company reduced its issued and paid-up ordinary share capital by RM800,000,000.00, from RM966,013,524.78 to RM166,013,524.78 via the Capital Reduction exercise pursuant to Section 117 of the Act. The number of issued and paid-up ordinary shares comprising 2,012,418,743 shares remain unchanged. The exercise was completed on 3 March 2023.

In the previous financial year, the Company increased its issued and paid-up ordinary share capital by way of a conversion of 5,895,169 units of the second tranche of the private placement of Islamic Convertible Redeemable Preference Shares ("Private Placement of CRPS") ("CRPS-T2") at a conversion price of RM0.48 into 12,281,592 new ordinary shares.

31 OTHER RESERVES

(a) Foreign exchange reserve

The foreign exchange reserve arose from the translation of the financial statements of entities and operations with different functional currencies and is not distributable by way of dividends.

(b) Other reserves

Other reserves consist of the Group's share of a joint venture's share-based payment reserve. Other reserves are not distributable by way of dividends.

(c) CRPS - equity component

In the previous financial year, CRPS - equity component was related to the equity component of the CRPS. Details of the CRPS are disclosed in Note 39 to the financial statements.

32 TRADE PAYABLES

Trade payables are related to the direct cost of delivering sales of crude oil and gas and direct cost of executing exploration and development activities in non-producing licences. The amounts are unsecured and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

33 OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Other payables	**4,303**	9,340	**-**	-
Current				
Other payables	**132,219**	362,171	**1,500**	1,871
Accruals	**655,720**	658,148	**7,677**	8,617
Deferred revenue	**60,260**	-	**-**	-
Dividend payable	**15,093**	20,124	**15,093**	20,124
	863,292	1,040,443	**24,270**	30,612

Other payables and accruals are mainly related to cost of production operations, maintenance and overheads.

Deferred revenue of the Group relates to advance billings issued by the Group for which the performance obligations are yet to be satisfied. This deferred revenue shall be recognised as revenue earned only when the performance obligations are satisfied.

In the previous financial year, included in current other payables of the Group was an amount of RM176,376,000 arising from a trade arrangement with a counterparty that bore an effective interest rate ranged from 7.08% to 8.25% per annum. This amount was fully settled via crude oil offtake proceeds received between July 2022 and December 2022.

34 BORROWINGS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Secured				
Lease liabilities	**282,730**	364,009	**632**	106
Term loan	**365,012**	-	**-**	-
	647,742	364,009	**632**	106
Current				
Secured				
Lease liabilities	**122,924**	104,936	**765**	812
Term loan	**91,828**	-	**-**	-
	214,752	104,936	**765**	812
Unsecured				
Revolving credit	**-**	88,814	**-**	-
	214,752	193,750	**765**	812
	862,494	557,759	**1,397**	918

34 BORROWINGS (CONTINUED)

Lease liabilities

	Group	
	2023 RM'000	2022 RM'000
Commitments in relation to lease liabilities are payable as follows:		
Within one year	**143,073**	138,658
Later than one year but not later than five years	**310,370**	399,840
Later than five years	**1,061**	1,767
Minimum lease payments	**454,504**	540,265
Future finance charges	**(48,850)**	(71,320)
Recognised as liabilities	**405,654**	468,945
The present value of lease liabilities are as follows:		
Within one year	**122,924**	104,936
Later than one year but not later than five years	**281,761**	362,485
Later than five years	**969**	1,524
Lease liabilities	**405,654**	468,945

	Company	
	2023 RM'000	2022 RM'000
Commitments in relation to lease liabilities are payable as follows:		
Within one year	**844**	849
Later than one year but not later than five years	**659**	109
Minimum lease payments	**1,503**	958
Future finance charges	**(106)**	(40)
Recognised as liabilities	**1,397**	918
The present value of lease liabilities are as follows:		
Within one year	**765**	812
Later than one year but not later than five years	**632**	106
Lease liabilities	**1,397**	918

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

34 BORROWINGS (CONTINUED)

As at 30 June 2023, the Group's and the Company's lease liabilities have remaining terms up to seven years (2022: up to eight years) and up to three years (2022: up to three years) respectively.

Term loan

The term loan facility of the Group is secured by corporate guarantees from the Company and certain subsidiaries and charges over the shares of certain subsidiaries.

For the current financial year, the facility bore an effective interest rate ranging from 8.37% to 9.06% per annum.

Revolving credit

The revolving credit facilities of the Group and of the Company are unsecured with a maximum six-month rollover period and bear effective interest rates ranging from 3.99% to 7.57% (2022: 3.99%) per annum and 6.28% to 7.57% (2022: Nil) per annum respectively.

The Group and the Company paid RM275,419,148 and RM185,263,148 respectively to fully repay the remaining outstanding balances of the revolving credit facilities drawn down during the current financial year.

35 CONTINGENT CONSIDERATION

	Group	
	2023 RM'000	**2022 RM'000**
Non-current		
At 01.07.2022/01.07.2021	**35,372**	19,683
Changes in estimates	**4,020**	14,697
Transfer to current liabilities	**-**	(4,001)
Unwinding of discount (Note 9)	**1,654**	3,222
Exchange differences	**2,326**	1,771
At 30.06.2023/30.06.2022	**43,372**	35,372
Current		
At 01.07.2022/01.07.2021	**28,552**	25,251
Settlement	**(5,015)**	(2,317)
Changes in estimates	**(16,869)**	-
Transfer from non-current liabilities	**-**	4,001
Exchange differences	**906**	1,617
At 30.06.2023/30.06.2022	**7,574**	28,552

The contingent consideration of the Group relates to the Marigold West and Sunflower fields. As per the terms of the farm-in agreement entered into by Anasuria Hibiscus with Caldera Petroleum for an additional 37.5% interest in Licence No. P198 Block 15/13a and Block 15/13b, Anasuria Hibiscus agreed to pay all amounts attributable to Caldera Petroleum's retained interest of 12.5% up to first oil arising from the fields, as disclosed in Note 14(d) to the financial statements. The contingent consideration represents the estimated amount to be paid and is dependent on the timing and amounts estimated to be incurred for the period up to first oil.

36 DEFERRED TAX (ASSETS)/LIABILITIES

	Group	
	2023 RM'000	**2022 RM'000**
Deferred tax liabilities	**792,973**	581,189
Deferred tax assets	**(16,811)**	(88,513)
	776,162	492,676

	Group	
	2023 RM'000	**2022 RM'000**
At 01.07.2022/01.07.2021	**492,676**	471,958
Acquisition through business combination (Note 13)	**-**	41,236
Release of deferred tax liabilities due to conversion of CRPS to new ordinary shares	**-**	(45)
Recognised in profit or loss (Note 11)	**233,796**	(58,304)
Exchange differences	**49,690**	37,831
At 30.06.2023/30.06.2022	**776,162**	492,676

	Company	
	2023 RM'000	**2022 RM'000**
Deferred tax liabilities	**178**	-

	Company	
	2023 RM'000	**2022 RM'000**
At 01.07.2022/01.07.2021	**-**	57
Release of deferred tax liabilities due to conversion of CRPS to new ordinary shares	**-**	(45)
Recognised in profit or loss (Note 11)	**178**	(12)
At 30.06.2023/30.06.2022	**178**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

36 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year are as follows:

	Equipment RM'000	Intangible assets RM'000	Others RM'000	Total RM'000
Group				
Deferred tax liabilities				
At 01.07.2022	**431,671**	**499,327**	**70,968**	**1,001,966**
Recognised in profit or loss	**170,936**	**67,781**	**(43,869)**	**194,848**
Exchange differences	**30,416**	**32,399**	**5,315**	**68,130**
At 30.06.2023	**633,023**	**599,507**	**32,414**	**1,264,944**
Offsetting				**(471,971)**
Deferred tax liabilities (after offsetting) at 30.06.2023				**792,973**

	Equipment RM'000	Decom-missioning costs RM'000	Tax losses RM'000	Provision and other payables RM'000	Others RM'000	Total RM'000
Group						
Deferred tax assets						
At 01.07.2022	**(207)**	**(281,158)**	**(140,964)**	**(9,603)**	**(77,358)**	**(509,290)**
Recognised in profit or loss	**145**	**28,554**	**195**	**(16,584)**	**26,638**	**38,948**
Exchange differences	**(7)**	**(15,790)**	**(8,437)**	**(10,319)**	**16,113**	**(18,440)**
At 30.06.2023	**(69)**	**(268,394)**	**(149,206)**	**(36,506)**	**(34,607)**	**(488,782)**
Offsetting						**471,971**
Deferred tax assets (after offsetting) at 30.06.2023						**(16,811)**

36 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

The movements in deferred tax assets and liabilities during the financial year are as follows: (continued)

	Equipment RM'000	Intangible assets RM'000	Others RM'000	Total RM'000
Group				
Deferred tax liabilities				
At 01.07.2021	163,320	462,305	(958)	624,667
Acquisition through business combination	246,474	11,092	71,645	329,211
Conversion of CRPS to new ordinary shares (deferred tax liabilities component)	-	-	(45)	(45)
Recognised in profit or loss	(2,004)	(3,280)	(5,447)	(10,731)
Exchange differences	23,881	29,210	5,773	58,864
At 30.06.2022	431,671	499,327	70,968	1,001,966
Offsetting				(420,777)
Deferred tax liabilities (after offsetting) at 30.06.2022				581,189

	Equipment RM'000	Decom-missioning costs RM'000	Intangible assets RM'000	Tax losses RM'000	Provision and other payables RM'000	Others RM'000	Total RM'000
Group							
Deferred tax assets							
At 01.07.2021	-	(144,726)	(90)	(279)	(7,614)	-	(152,709)
Acquisition through business combination	(1,453)	(145,849)	-	(95,160)	-	(45,513)	(287,975)
Recognised in profit or loss	1,234	27,079	88	(48,705)	(1,463)	(25,806)	(47,573)
Exchange differences	12	(17,662)	2	3,180	(526)	(6,039)	(21,033)
At 30.06.2022	(207)	(281,158)	-	(140,964)	(9,603)	(77,358)	(509,290)
Offsetting							420,777
Deferred tax assets (after offsetting) at 30.06.2022							(88,513)

The movements in deferred tax liabilities for the Company arose from the movements relating to foreign source income yet to be remitted. Included in the movements in deferred tax assets and deferred tax liabilities in the previous financial year were movements relating to the Private Placement of CRPS.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

36 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Deferred tax assets have not been recognised in respect of the following deductible temporary differences because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Tax losses	**387,756**	391,684	**101,968**	101,968
Unabsorbed capital allowances	**5,124**	10,771	**549**	5,638
Provisions and other payables	**288,451**	271,091	**66,649**	62,336
	681,331	673,546	**169,166**	169,942

In accordance with the Malaysian Finance Act 2021 which was gazetted on 31 December 2021, the Group's and the Company's unutilised tax losses can now be carried forward for ten consecutive YAs (2022: ten consecutive YAs).

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Limit of utilisation				
YA 2028	**59,004**	59,004	**53,085**	53,085
YA 2029	**10,962**	10,962	**10,962**	10,962
YA 2030	**13,068**	13,068	**12,344**	12,344
YA 2031	**18,768**	18,768	**13,952**	13,952
YA 2032	**17,041**	17,041	**11,625**	11,625
YA 2033	**569**	-	**-**	-
	119,412	118,843	**101,968**	101,968

37 PROVISION FOR DECOMMISSIONING COSTS

	Group	
	2023 RM'000	**2022 RM'000**
At 01.07.2022/01.07.2021	**712,331**	381,374
Additions	**6,439**	-
Acquisition through business combination (Note 13)	**-**	370,705
Changes in estimates	**(66,377)**	17,505
Payment	**(71,369)**	(104,228)
Unwinding of discount (Note 9)	**42,604**	34,315
Exchange differences	**49,788**	12,660
At 30.06.2023/30.06.2022	**673,416**	712,331
Represented by:		
Non-current	**617,125**	621,611
Current	**56,291**	90,720
At 30.06.2023/30.06.2022	**673,416**	712,331

The Group makes provisions for the future costs of decommissioning of its oil and gas production facilities and pipelines on a discounted basis.

38 RCPS

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

	Number of RCPS	**Nominal value RM**
Issued and paid-up		
At 01.07.2022/30.06.2023	**2,193,880**	**219,388**
Total liability component		**219,388**

The RCPS are classified as current liabilities as the RCPS are redeemable at the option of the RCPS holders. The remaining RCPS are not convertible into ordinary shares of the Company.

The principal terms of the RCPS are as follows:

(a) Dividend rights — The RCPS are not entitled to any dividend.

(b) Convertibility — The RCPS were convertible on the basis of 1 RCPS: 10 ordinary shares with 10 Warrants-B ("Shares"). After receipt of the approval from the Securities Commission Malaysia ("SC") for the Initial Public Offering ("IPO"), 5,557,000 RCPS were converted into Shares of the Company. Pursuant to the IPO, 2,804,120 RCPS were converted into such number of Shares so that the holder held a total number of Shares equivalent to 20.0% of the enlarged issued and paid-up ordinary share capital of the Company as at the date of listing. Other than as stated above, the holder is not entitled to convert any additional RCPS into ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

38 RCPS (CONTINUED)

(c) Redeemability

Subject to compliance with the relevant requirements, all RCPS (unless earlier converted into Shares) shall be fully redeemable at the option of the holder, at the Redemption Price:

(i) on the date falling 12 months after the date of issue of the RCPS if the approval from the SC is not received by the Company by then; or

(ii) on the date falling 14 business days after the Company's receipt of any letter from the SC rejecting or stating its non-approval of the Company's application for the IPO; or

(iii) on any date after the listing;

whichever occurs first.

The Company shall use its reasonable endeavours to ensure that it has sufficient funds (whether through profits or a new issue of shares or otherwise), which can be lawfully applied towards redemption of the RCPS at the relevant time.

No RCPS redeemed by the Company shall be capable of reissue.

(d) Redemption price — RM0.10 per RCPS

(e) Status — The RCPS is not listed or quoted on any stock exchange.

39 CRPS

In the financial year ended 30 June 2021, the Company issued 203,611,100 CRPS (i.e. 6,600 in the first tranche of the Private Placement of CRPS ("CRPS-T1") and 203,604,500 CRPS-T2) amounting to RM203,611,100 at an issue price of RM1.00 per CRPS.

Details of the CRPS were as follows:

(a) The CRPS were classified as compound financial instruments comprising both liability and equity components.

The Company had a financial liability arising from its obligation to repay the premium and principal ("Redemption Price") to holders of the CRPS which were not converted at the maturity date of the CRPS. The Company had the option to redeem in whole or part of the outstanding CRPS on 17 May 2022 (being the end of the 18th month from 18 November 2020, i.e. the issue date of CRPS-T1), and/or redemption in one lump sum upon the maturity date of the CRPS on 18 November 2022, subject to compliance with the Act. The fair value of the liability component was determined by discounting the Redemption Price over the tenure of the CRPS at a discount rate based on the benchmark rate of debt instruments which have a similar profile as that of the CRPS.

The total equity component of the CRPS was derived by netting off the total liability component of the CRPS from the total proceeds obtained from the issuance of the CRPS.

(b) The CRPS allow its holder to convert the CRPS into a fixed number of new ordinary shares at a fixed conversion price. The conversion price of the CRPS was fixed at a premium of up to 10.0% over the 5-day volume weighted average market price up to and including the market day immediately before the respective price-fixing date.

The conversion prices for CRPS-T1 and CRPS-T2 were fixed at RM0.66 and RM0.48 respectively.

39 CRPS (CONTINUED)

(c) Total transaction costs in connection with the Private Placement of CRPS which comprise placement fees, professional fees, regulatory fees and other expenses amounted to RM7.6 million.

RM5.9 million of this amount was incurred for the issuance of the 203,611,100 CRPS, and had been allocated to the liability component and the equity component in proportion to their initial carrying amounts amounting to RM5.6 million and RM0.3 million respectively. The remaining RM1.7 million had been charged to profit or loss in the previous financial year when the Private Placement of CRPS expired on 21 March 2022.

The maturity date of the CRPS was on 18 November 2022.

In the previous financial year, there were conversions of 5,895,169 units of CRPS-T2 into 12,281,592 new ordinary shares. All the CRPS (both CRPS-T1 and CRPS-T2) have been fully converted to the issued and paid-up ordinary share capital of the Company.

	Group/Company			
	Equity component RM'000	**Liability component RM'000**	**Deferred tax liabilities RM'000**	**Total RM'000**
At 01.07.2021	246	5,677	57	5,980
Recognised in profit or loss:				
Accretion of interest expense	-	154	-	154
Deferred tax	-	-	(12)	(12)
Conversion into new ordinary shares	(246)	(5,831)	(45)	(6,122)
At 30.06.2022/30.06.2023	-	-	-	-

40 DIRECTORS' REMUNERATION

(a) The aggregate amounts of emoluments received and/or receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Executive Director:				
- salaries and bonus	**6,800**	5,471	**6,800**	5,471
- defined contribution plan	**1,564**	1,258	**1,564**	1,258
- other benefits	**8**	8	**8**	8
	8,372	6,737	**8,372**	6,737
Non-executive Directors:				
- fees and allowances	**1,819**	1,196	**1,509**	1,063
	10,191	7,933	**9,881**	7,800

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

40 DIRECTORS' REMUNERATION (CONTINUED)

(b) Details of Directors' emoluments of the Group and of the Company received/receivable for the financial year in bands of RM50,000 are as follows:

	Group	
	2023	**2022**
Executive Director:		
RM8,350,001 – RM8,400,000	**1**	-
RM6,700,001 – RM6,750,000	**-**	1
Non-executive Directors:		
RM350,001 – RM400,000	**1**	-
RM300,001 – RM350,000	**-**	1
RM250,001 – RM300,000	**3**	1
RM200,001 – RM250,000	**-**	2
RM150,001 – RM200,000	**1**	-
RM100,001 – RM150,000	**3**	-
RM50,001 – RM100,000	**1**	-
RM1 – RM50,000	**-**	3
	10	8

	Company	
	2023	**2022**
Executive Director:		
RM8,350,001 – RM8,400,000	**1**	-
RM6,700,001 – RM6,750,000	**-**	1
Non-executive Directors:		
RM350,001 – RM400,000	**1**	-
RM300,001 – RM350,000	**-**	1
RM250,001 – RM300,000	**3**	1
RM200,001 – RM250,000	**-**	2
RM150,001 – RM200,000	**1**	-
RM100,001 – RM150,000	**1**	-
	7	5

41 SIGNIFICANT RELATED PARTIES DISCLOSURES

(a) Identities of related parties

The related parties of the Group and of the Company are:

(i) Its subsidiaries, an associate and the joint ventures as disclosed in Note 18, Note 19 and Note 20 to the financial statements; and

(ii) The Directors and leadership team who are the key management personnel.

(b) In addition to information detailed elsewhere in the financial statements, set out below are other significant transactions and outstanding balances with related parties during the financial year:

	Transaction values		Balances outstanding	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Group				
Project management, technical and other services fees receivable from:				
Ping Petroleum[1]	**2,894**	3,947	**20,068**	16,153
HIREX[2]	**-**	-	**194**	183
JOA indirect overheads recovery from:				
3D Oil[3]	**-**	1	**-**	41
Technical and non-technical, and overhead charges reimbursed to an associate:				
3D Oil[3]	**-**	(196)	**-**	(18)
Company				
Project management, technical and other services fees receivable from:				
Oceania Hibiscus[4]:				
Gross	**35**	29	**1,222**	1,186
Less: Impairment of receivables	**-**	-	**(1,222)**	(498)
	35	29	**-**	688
Hibiscus Technical[4]:				
Gross	**13,555**	9,377	**34,790**	20,470
Less: Impairment of receivables	**-**	-	**(2,324)**	(2,324)
	13,555	9,377	**32,466**	18,146

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

41 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) In addition to information detailed elsewhere in the financial statements, set out below are other significant transactions and outstanding balances with related parties during the financial year: (continued)

	Transaction values		Balances outstanding	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Company (continued)				
Project management, technical and other services fees receivable from: (continued)				
Anasuria Hibiscus[4]	**6,235**	4,863	**1,010**	205
SEA Hibiscus[4]	**619**	401	**266**	-
Gulf Hibiscus[4]:				
Gross	**2**	100	**1,375**	1,373
Less: Impairment of receivables	**-**	-	**(1,375)**	(1,373)
	2	100	**-**	-
Peninsula Hibiscus[4]	**668**	1,444	**2,193**	1,451
Hibiscus Oil & Gas[4]	**1,081**	132	**-**	114
Asia Hibiscus[4]	**496**	4	**514**	4
Dividend income:				
Pacific Hibiscus[4]	**73,000**	121,000	**73,000**	106,000
Payment on behalf of:				
Gulf Hibiscus[4]:				
Gross	**22**	164	**11,547**	11,521
Less: Impairment of receivables	**-**	-	**(11,547)**	(11,521)
	22	164	**-**	-
Oceania Hibiscus[4]:				
Gross	**981**	466	**54,745**	53,746
Less: Impairment of receivables	**-**	-	**(54,745)**	(53,746)
	981	466	**-**	-
Hibiscus Technical[4]	**40**	1,608	**1,648**	1,608

41 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) In addition to information detailed elsewhere in the financial statements, set out below are other significant transactions and outstanding balances with related parties during the financial year: (continued)

	Transaction values		Balances outstanding	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Company (continued)				
Payment on behalf of: (continued)				
Timor Hibiscus[4]:				
Gross	**10**	10	**27,818**	27,809
Less: Impairment of receivables	**-**	-	**(27,818)**	(27,799)
	10	10	**-**	10
Peninsula Hibiscus[4]	**-**	134,819	**16**	81,857
Hibiscus Capital[4]:				
Gross	**71**	175	**253**	182
Less: Impairment of receivables	**-**	-	**(253)**	(182)
	71	175	**-**	-
Asia Hibiscus[4]	**549**	22	**55**	22
Payment on behalf by:				
Hibiscus Oilfield[4]	**-**	-	**441**	432
Advances to:				
Anasuria Hibiscus[4]	**43,932**	44,221	**86,819**	40,318
Hibiscus Technical[4]	**9,737**	21,438	**31,591**	21,438
Asia Hibiscus[4]	**198**	-	**-**	-
Interest income on advances to:				
Anasuria Hibiscus[4]	**4,548**	87	**4,741**	87
Hibiscus Technical[4]	**1,214**	223	**1,446**	223
Peninsula Hibiscus[4]	**1,446**	4,408	**3,879**	4,408
Asia Hibiscus[4]	**2**	-	**2**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

41 SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTINUED)

(b) In addition to information detailed elsewhere in the financial statements, set out below are other significant transactions and outstanding balances with related parties during the financial year: (continued)

	Transaction values		Balances outstanding	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Company (continued)				
Advances from:				
Anasuria Hibiscus[4]	**-**	8,782	**-**	-
Asia Hibiscus[4]	**32,651**	-	**-**	-
Interest expense on advances from:				
Anasuria Hibiscus[4]	**-**	631	**-**	-
Asia Hibiscus[4]	**667**	-	**-**	-

The Group and the Company entered into the abovementioned related party transactions with parties whose relationships are set out below:

[1] Shareholder of a joint operating company of the Group.

[2] Joint ventures of the Group.

[3] An associate of the Group.

[4] Subsidiaries of the Group.

(c) Key management personnel compensation

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Directors:				
- fees and allowances	**1,819**	1,196	**1,509**	1,063
- salaries and bonus	**6,800**	5,471	**6,800**	5,471
- defined contribution plan	**1,564**	1,258	**1,564**	1,258
- other benefits	**8**	8	**8**	8
	10,191	7,933	**9,881**	7,800
Key management personnel other than Directors:				
- salaries, bonus and fees	**23,709**	18,212	**8,038**	5,829
- defined contribution plan	**1,990**	1,472	**1,297**	931
- other benefits	**908**	768	**45**	4
	26,607	20,452	**9,380**	6,764

42 OPERATING SEGMENTS

Operating segments are presented in respect of the Group's business segments. The Group has activities in the following principal areas[1]:

(i) Malaysia – North Sabah

Group's investment in its 50.0% participating interest in North Sabah, located off the coast of Sabah, Malaysia. The investment includes the management of the operations relating to the production of petroleum from four existing oil fields (namely St Joseph, South Furious, South Furious 30 and Barton), existing pipeline infrastructure, the LCOT and all other equipment and assets relating to the PSC.

The functional currency of this segment is USD. The average and closing rates adopted for conversion to RM in the financial year are 4.5078 and 4.6735 respectively.

(ii) Malaysia – Kinabalu and Others

Group's investments and operations in Kinabalu, PM305 and PM314.

Kinabalu

- Group's investment in its 60.0% participating interest in Kinabalu, located off the coast of Sabah, Malaysia.

PM305

- Group's investment in its 60.0% participating interest in PM305, located off the eastern coast of Peninsular Malaysia in the Malay Basin.

PM314

- Group's investment in its 60.0% participating interest in PM314, located off the eastern coast of Peninsular Malaysia in the Malay Basin.

The functional currency of this segment is USD. The average and closing rates adopted for conversion to RM in the financial year are 4.5078 and 4.6735 respectively.

(iii) Commercial Arrangement Area

Group's investment in its 35.0% participating interest in PM3 CAA, located within the CAA between Malaysia and Vietnam. The investment includes the management of the operations relating to the production of petroleum from seven existing oil fields (namely Bunga Orkid, Bunga Pakma, Bunga Lavatera, Bunga Kekwa, Bunga Raya, Bunga Seroja and Bunga Tulip).

The functional currency of this segment is USD. The average and closing rates adopted for conversion to RM in the financial year are 4.5078 and 4.6735 respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

42 OPERATING SEGMENTS (CONTINUED)

Operating segments are presented in respect of the Group's business segments. The Group has activities in the following principal areas[1]: (continued)

(iv) United Kingdom

Group's investments and operations in the UK, consisting of (i) the Anasuria Area and (ii) the Marigold Area, all located offshore in the UK Continental Shelf.

Anasuria Area

(a) Anasuria Cluster

- Group's investment in its:
  - (i) 50.0% jointly operated interest in the Licence No. P013 (Blocks 21/25a and 21/30a) containing the Guillemot A, Teal and Teal South producing fields,
  - (ii) 19.3% non-operated interests in the Licence No. P185 (Block 21/20a) containing the Cook producing field,
  - (iii) 50.0% interest in the Anasuria FPSO, and
  - (iv) 50.0% interest in Anasuria Operating Company.

(b) Licence No. P2532

- Group's investment in its 19.3% interest in Licence No. P2532 (Blocks 21/19c and 21/20c) containing the Cook West and Cook North field extensions.

(c) Licence No. P2535

- Group's investment in its 70.0% interest in Licence No. P2535 (Block 21/24d) containing the Teal West discovered field.

Marigold Area

(a) Marigold West and Sunflower fields

- Group's investment in its 87.5% interest in two blocks under Licence No. P198; (i) Block 15/13a, containing the Marigold West discovered oilfield, and (ii) Block 15/13b, containing the Sunflower discovered oilfield. This includes the management of operations to develop these fields towards production.

(b) Licence No. P2518

- Group's investment in its 100.0% interest in Licence No. P2518 (Block 15/17a) containing the Kildrummy discovered field.

The functional currency of this segment is USD. The average and closing rates adopted for conversion to RM in the financial year are 4.5078 and 4.6735 respectively.

42 OPERATING SEGMENTS (CONTINUED)

Operating segments are presented in respect of the Group's business segments. The Group has activities in the following principal areas[1]: (continued)

(v) Australia

Group's operations in the VIC/RL17 for the West Seahorse field and investment in 3D Oil.

The functional currency of this segment is Australian Dollar ("AUD"). The average and closing rates adopted for conversion to RM in the financial year are 3.0211 and 3.1040 respectively.

(vi) Vietnam

Group's investment in its 70.0% interest in Block 46, a tie-back asset to the PM3 CAA located in Vietnamese waters. Block 46 contains the producing Cai Nuoc field and the undeveloped Hoa Mai field.

The functional currency of this segment is USD. The average and closing rates adopted for conversion to RM in the financial year are 4.5078 and 4.6735 respectively.

(vii) Investment holding and group activities

Investments in companies owning/operating oil and gas concessions, and provision of project management, technical and other services relating to the oil and gas exploration and production industry. The investment holding and group activities are located in Malaysia.

[1] The Directors have fully impaired the Group's investment in HIREX. Therefore, HIREX is no longer relevant for inclusion in this note. HIREX is in the process of being wound up.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

42 OPERATING SEGMENTS (CONTINUED)

	Malaysia – North Sabah RM'000	Malaysia – Kinabalu and Others RM'000	Commercial Arrangement Area RM'000	United Kingdom RM'000	Vietnam RM'000	Australia RM'000	Investment holding and group activities RM'000	Group RM'000
30.06.2023								
Non-current assets	**645,719**	**558,236**	**1,135,301**	**1,743,731**	**16,104**	**4,902**	**3,591**	**4,107,584**
Included in the segments assets is:								
Investment in an associate	**-**	**-**	**-**	**-**	**-**	**4,902**	**-**	**4,902**
Additions to non-current assets	**62,556[(2)]**	**86,028[(2)]**	**176,263[(2)]**	**194,319**	**961[(2)]**	**-**	**1,730**	**521,857**
Project management, technical and other services	**-**	**-**	**-**	**-**	**-**	**-**	**6,060**	**6,060**
Sales of crude oil and gas	**626,780**	**510,681**	**784,205**	**347,255**	**66,539**	**-**	**-**	**2,335,460**
Interest income	**-**	**-**	**-**	**-**	**-**	**-**	**3,310**	**3,310**
Revenue	**626,780**	**510,681**	**784,205**	**347,255**	**66,539**	**-**	**9,370**	**2,344,830**
Depreciation and amortisation	**(122,580)**	**(72,126)**	**(196,597)**	**(83,822)**	**(3,906)**	**-**	**(1,324)**	**(480,355)**
Profit/(loss) from operations	**149,620**	**174,956**	**309,018**	**160,651**	**2,024**	**(8,554)**	**(14,191)**	**773,524**
Impairment of investment in an associate	**-**	**-**	**-**	**-**	**-**	**(532)**	**-**	**(532)**
Share of results of an associate	**-**	**-**	**-**	**-**	**-**	**1,282**	**-**	**1,282**
Finance costs	**(14,584)**	**(1,007)**	**(19,797)**	**(29,041)**	**(434)**	**(163)**	**(12,229)**	**(77,255)**
Interest income	**1,834**	**1,494**	**5,633**	**5,292**	**668**	**1**	**145**	**15,067**
Taxation	**(40,531)**	**(68,402)**	**(33,959)**	**(159,419)**	**(8,012)**	**-**	**(1,245)**	**(311,568)**
Profit/(loss) after taxation	**96,339**	**107,041**	**260,895**	**(22,517)**	**(5,754)**	**(7,966)**	**(27,520)**	**400,518**

42 OPERATING SEGMENTS (CONTINUED)

	Malaysia – North Sabah RM'000	Malaysia – Kinabalu and Others RM'000	Commercial Arrangement Area RM'000	United Kingdom RM'000	Vietnam RM'000	Australia RM'000	Investment holding and group activities RM'000	Group RM'000
30.06.2022								
Non-current assets	668,564	585,787	1,152,246	1,536,940	17,995	4,088	3,186	3,968,806
Included in the segments assets is:								
Investment in an associate	-	-	-	-	-	4,088	-	4,088
Additions to non-current assets	39,849[(2)]	(8,943)[(2)]	65,543[(2)]	121,104	(481)[(2)]	514	1,522	219,108
Project management, technical and other services	-	-	-	-	-	-	3,947	3,947
Sales of crude oil and gas	791,291	188,791	380,491	330,942	-	-	-	1,691,515
Interest income	-	-	-	-	-	-	1,059	1,059
Revenue	791,291	188,791	380,491	330,942	-	-	5,006	1,696,521
Depreciation and amortisation	(112,777)	(49,345)	(73,007)	(42,237)	(1,530)	-	(1,331)	(280,227)
Profit/(loss) from operations	196,967	(62,746)	250,457	171,723	12,882	(3,403)	(34,228)	531,652
Impairment of intangible assets	-	-	-	-	-	(46,942)	-	(46,942)
Share of results of an associate	-	-	-	-	-	(415)	-	(415)
Finance costs	(13,623)	(1,523)	(8,256)	(27,288)	(135)	-	(10,182)	(61,007)
Interest income	102	78	60	584	-	-	-	824
Negative goodwill from business combination	-	165,006	145,967	-	6,346	-	-	317,319
Taxation	(86,896)	62,171	(317)	(63,939)	478	-	13	(88,490)
Profit/(loss) after taxation	96,550	162,986	387,911	81,080	19,571	(50,760)	(44,397)	652,941

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

42 OPERATING SEGMENTS (CONTINUED)

During the financial year, revenue from external customers mainly derived from the sale of crude oil and gas amounted to RM2,335,458,485 (2022: RM1,691,515,117). Revenue mainly derived from each of the three (2022: three) major customers amounted to RM1,277,861,840 (2022: RM368,506,896), RM626,779,911 (2022: RM791,291,268) and RM272,163,104 (2022: RM272,226,087) respectively.

(2) Included effect of revision in the discount rate used for provision for decommissioning costs.

43 COMMITMENTS

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Approved and contracted for:				
Capital commitments	**164,120**	123,006	**1**	42
Share of a joint operation's capital commitments	**96**	566	**-**	-
	164,216	123,572	**1**	42
Share of a joint operation's other material commitments	**35,570**	32,571	**-**	-
	199,786	156,143	**1**	42

44 FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including price risk, foreign currency risk and interest rate risk), credit risks and liquidity risks. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(i) Market risk

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 Organization of the Petroleum Exporting 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 periodically use different types of derivative instruments to manage its exposure to price volatility, thus mitigating fluctuation in commodity-related cash flows.

44 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currencies against which they are measured. Foreign currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency. The currencies giving rise to this risk are primarily USD, AUD and Great Britain Pound ("GBP"). Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

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

	USD RM'000	**RM RM'000**	**AUD RM'000**	**GBP RM'000**	**Others RM'000**	**Total RM'000**
Group						
30.06.2023						
Financial assets						
Trade receivables	**386,780**	**-**	**-**	**24,601**	**-**	**411,381**
Other receivables and deposits	**468,716**	**161,558**	**1**	**361**	**-**	**630,636**
Amount owing by a joint venture	**194**	**145**	**-**	**-**	**-**	**339**
Cash and bank balances	**815,803**	**107,608**	**135**	**255,094**	**31**	**1,178,671**
Intra-group balances	**579,272**	**377,128**	**2,712**	**10,857**	**215**	**970,184**
	2,250,765	**646,439**	**2,848**	**290,913**	**246**	**3,191,211**
Financial liabilities						
Trade payables	**13,794**	**-**	**-**	**24,505**	**-**	**38,299**
Other payables and accruals	**479,473**	**225,485**	**392**	**67,084**	**5,272**	**777,706**
Borrowings	**836,142**	**25,720**	**-**	**632**	**-**	**862,494**
Contingent consideration	**50,946**	**-**	**-**	**-**	**-**	**50,946**
RCPS	**-**	**219**	**-**	**-**	**-**	**219**
Amount owing to a joint venture	**302**	**15**	**-**	**2**	**-**	**319**
Intra-group balances	**691,226**	**411,876**	**108,792**	**10,857**	**215**	**1,222,966**
	2,071,883	**663,315**	**109,184**	**103,080**	**5,487**	**2,952,949**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

44 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

The Group's and the Company's exposure to foreign currency is as follows: (continued)

	USD RM'000	RM RM'000	AUD RM'000	GBP RM'000	Others RM'000	Total RM'000
Group (continued)						
30.06.2023						
Net financial assets/(liabilities)	**178,882**	**(16,876)**	**(106,336)**	**187,833**	**(5,241)**	**238,262**
Less: Net financial (assets)/ liabilities denominated in respective entities' functional currencies	**(171,627)**	**(17,710)**	**105,212**	**(6)**	**-**	**(84,131)**
	7,255	**(34,586)**	**(1,124)**	**187,827**	**(5,241)**	**154,131**
30.06.2022						
Financial assets						
Trade receivables	381,099	-	-	23,627	4	404,730
Other receivables and deposits	503,330	119,598	-	499	-	623,427
Amount owing by a joint venture	183	145	-	-	-	328
Amount owing by an associate	-	-	10	-	-	10
Cash and bank balances	416,457	103,382	47	187,877	79	707,842
Intra-group balances	594,547	192,762	10,740	5,687	99	803,835
	1,895,616	415,887	10,797	217,690	182	2,540,172
Financial liabilities						
Trade payables	822	237	-	7,399	-	8,458
Other payables and accruals	468,338	377,505	590	68,659	8,322	923,414
Borrowings	522,762	34,997	-	-	-	557,759
Contingent consideration	63,924	-	-	-	-	63,924
RCPS	-	219	-	-	-	219
Amount owing to a joint venture	302	15	-	2	-	319
Intra-group balances	614,667	209,764	135,234	23,757	1,704	985,126
	1,670,815	622,737	135,824	99,817	10,026	2,539,219

44 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

The Group's and the Company's exposure to foreign currency is as follows: (continued)

	USD RM'000	RM RM'000	AUD RM'000	GBP RM'000	Others RM'000	Total RM'000
Group (continued)						
30.06.2022						
Net financial assets/(liabilities)	224,801	(206,850)	(125,027)	117,873	(9,844)	953
Less: Net financial (assets)/ liabilities denominated in respective entities' functional currencies	(222,696)	(92,591)	122,777	-	-	(192,510)
	2,105	(299,441)	(2,250)	117,873	(9,844)	(191,557)
Company						
30.06.2023						
Financial assets						
Other receivables and deposits	**6**	**273**	**-**	**-**	**-**	**279**
Amounts owing by subsidiaries	**57,144**	**170,423**	**1,408**	**11,081**	**215**	**240,271**
Amount owing by a related party	**-**	**145**	**-**	**-**	**-**	**145**
Cash and bank balances	**1,561**	**55,141**	**14**	**2**	**13**	**56,731**
	58,711	**225,982**	**1,422**	**11,083**	**228**	**297,426**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

44 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

The Group's and the Company's exposure to foreign currency is as follows: (continued)

	USD RM'000	RM RM'000	AUD RM'000	GBP RM'000	Others RM'000	Total RM'000
Company (continued)						
30.06.2023						
Financial liabilities						
Other payables and accruals	**193**	**23,553**	**-**	**-**	**57**	**23,803**
Borrowings	**-**	**1,397**	**-**	**-**	**-**	**1,397**
RCPS	**-**	**219**	**-**	**-**	**-**	**219**
Amounts owing to subsidiaries	**441**	**105**	**-**	**-**	**-**	**546**
Amount owing to a related party	**296**	**15**	**-**	**1**	**-**	**312**
	930	**25,289**	**-**	**1**	**57**	**26,277**
Net financial assets	**57,781**	**200,693**	**1,422**	**11,082**	**171**	**271,149**
Less: Net financial assets denominated in the entity's functional currencies	**-**	**(200,693)**	**-**	**-**	**-**	**(200,693)**
	57,781	**-**	**1,422**	**11,082**	**171**	**70,456**
30.06.2022						
Financial assets						
Other receivables and deposits	-	240	-	-	-	240
Amounts owing by subsidiaries	1,934	268,216	1,373	5,617	-	277,140
Amount owing by a related party	-	145	-	-	-	145
Cash and bank balances	1,677	21,110	12	2	79	22,880
	3,611	289,711	1,385	5,619	79	300,405

44 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

The Group's and the Company's exposure to foreign currency is as follows: (continued)

	USD RM'000	RM RM'000	AUD RM'000	GBP RM'000	Others RM'000	Total RM'000
Company (continued)						
30.06.2022						
Financial liabilities						
Other payables and accruals	3,396	27,165	-	21	22	30,604
Borrowings	-	918	-	-	-	918
RCPS	-	219	-	-	-	219
Amounts owing to subsidiaries	459	80	-	-	-	539
Amount owing to a related party	296	15	-	1	-	312
	4,151	28,397	-	22	22	32,592
Net financial (liabilities)/assets	(540)	261,314	1,385	5,597	57	267,813
Less: Net financial assets denominated in the entity's functional currencies	-	(261,314)	-	-	-	(261,314)
	(540)	-	1,385	5,597	57	6,499

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

44 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Foreign currency risk (continued)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonable, possible level of change in the foreign currency exchange rates as at the end of the financial year, with all other variables held constant:

	Group		Company	
	2023 Increase/ (Decrease) RM'000	**2022 (Decrease)/ Increase RM'000**	**2023 Increase/ (Decrease) RM'000**	**2022 (Decrease)/ Increase RM'000**
Effects on profit before taxation/equity:				
USD				
- strengthened by 5.0%	**363**	(14)	**2,889**	(27)
- weakened by 5.0%	**(363)**	14	**(2,889)**	27
AUD				
- strengthened by 5.0%	**(56)**	(112)	**71**	69
- weakened by 5.0%	**56**	112	**(71)**	(69)
GBP				
- strengthened by 5.0%	**9,391**	5,894	**554**	280
- weakened by 5.0%	**(9,391)**	(5,894)	**(554)**	(280)
RM				
- strengthened by 5.0%	**(1,729)**	(15,164)	**-**	-
- weakened by 5.0%	**1,729**	15,164	**-**	-

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from its floating rate borrowings and trade arrangement with a counterparty.

The Group continuously monitors its debt portfolio, allowing the Group to capitalise on less expensive financing in a low interest rate environment and achieve a certain level of protection against rate hikes.

44 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(i) Market risk (continued)

Interest rate risk (continued)

The interest rate profile of the Group's interest-bearing borrowings and trade arrangement with a counterparty based on the carrying amounts as at the end of the financial year is as follows:

	Group	
	2023 RM'000	**2022 RM'000**
Floating rate instruments:		
- Borrowings	**456,840**	88,814
- Trade arrangement with a counterparty	**-**	176,376
	456,840	265,190

Interest rate sensitivity

At the reporting date, if annual interest rates had been 50 basis points higher/lower respectively, with all other variables in particular foreign exchange rates being held constant, the Group's profit before tax will be lower/higher by RM2,313,383 (2022: RM1,322,820) as a result of increase/decrease in interest expense on these floating rate instruments.

(ii) Credit risk

Trade receivables

The Group and the Company manage their exposure to credit risk or the risk of counterparties defaulting, arising from trade receivables by monitoring the timely receipt of receivables on an on-going basis.

The Group's major concentration of credit risk relates to trade receivables due from 8 (2022: 8) customers which constituted 100.0% (2022: 100.0%) of its total trade receivables as at the end of the financial year.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the financial year.

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses lifetime ECL allowances for all trade receivables.

As at 30 June 2023, in view of the good historical payment experience with the counterparties and the collections received subsequent to the reporting date, the Group and the Company do not expect any counterparty to fail to meet its obligations. Therefore, the Group and the Company are of the view that ECL are not material.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

44 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(ii) Credit risk (continued)

Other financial assets

The Group's and the Company's exposure to credit risks for other financial assets arises from other receivables and deposits, amounts owing by subsidiaries, amount owing by a joint venture, amount owing by an associate and amount owing by a related party. Management has taken reasonable steps to ensure these financial assets are recoverable.

These financial assets are assessed on an individual basis for ECL measurement and the impairment losses recognised are disclosed in Note 18, Note 23 and Note 25 to the financial statements.

For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with counterparties possessing high credit ratings. While cash and bank balances are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Company has issued corporate guarantees for a trade arrangement with a counterparty and banking facilities in its indirect wholly-owned subsidiaries. The Company has assessed that the subsidiaries have the financial capacity to meet the contractual cash flow obligations and hence, does not expect significant credit losses arising from these guarantees.

As at the end of the financial year, the exposure to credit risk in relation to the corporate guarantees given by the Company amounted to RM470,235,176 (2022: RM264,564,000).

(iii) Liquidity risk

Liquidity risk arises mainly from the risk of insufficient cash flows from business activities and funding to meet the Group's financial obligations when they fall due. The Group practises prudent risk management by maintaining sufficient cash balances to meet the Group's operational and financing needs as and when they fall due, ensuring availability of funding via credit lines, whilst meeting external debt covenant compliance.

44 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(iii) Liquidity risk (continued)

The following table sets out the maturity profile of the financial liabilities as at the end of the financial year based on contractual undiscounted cash flows:

	Carrying amount RM'000	Contractual undiscounted RM'000	Within 1 year RM'000	Within 1-2 years RM'000	More than 2 years RM'000
Group					
30.06.2023					
Trade payables	**38,299**	**38,299**	**38,299**	**-**	**-**
Other payables and accruals	**777,706**	**780,607**	**774,326**	**22**	**6,259**
Borrowings	**862,494**	**1,017,740**	**278,055**	**218,280**	**521,405**
Contingent consideration	**50,946**	**55,997**	**7,738**	**19,957**	**28,302**
RCPS	**219**	**219**	**219**	**-**	**-**
Amount owing to a joint venture	**319**	**319**	**319**	**-**	**-**
	1,729,983	**1,893,181**	**1,098,956**	**238,259**	**555,966**
30.06.2022					
Trade payables	8,458	8,458	8,458	-	-
Other payables and accruals	923,414	929,159	919,792	2,501	6,866
Borrowings	557,759	629,079	227,472	193,838	207,769
Contingent consideration	63,924	67,981	29,497	30,295	8,189
RCPS	219	219	219	-	-
Amount owing to a joint venture	319	319	319	-	-
	1,554,093	1,635,215	1,185,757	226,634	222,824

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

44 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management policies (continued)

(iii) Liquidity risk (continued)

	Carrying amount RM'000	Contractual undiscounted RM'000	Within 1 year RM'000	Within 1-2 years RM'000	More than 2 years RM'000
Company					
30.06.2023					
Other payables and accruals	**23,803**	**23,803**	**23,803**	**-**	**-**
Borrowings	**1,397**	**1,503**	**844**	**611**	**48**
RCPS	**219**	**219**	**219**	**-**	**-**
Amount owing to a related party	**312**	**312**	**312**	**-**	**-**
Amounts owing to subsidiaries	**546**	**546**	**546**	**-**	**-**
Financial guarantee contracts	**-**	**470,235**	**470,235**	**-**	**-**
	26,277	**496,618**	**495,959**	**611**	**48**
30.06.2022					
Other payables and accruals	30,604	30,604	30,604	-	-
Borrowings	918	958	849	99	10
RCPS	219	219	219	-	-
Amounts owing to subsidiaries	539	539	539	-	-
Amount owing to a related party	312	312	312	-	-
Financial guarantee contracts	-	270,278	270,278	-	-
	32,592	302,910	302,801	99	10

44 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Capital risk management

The Group manages its capital, which comprises share capital and retained earnings stated in the statements of financial position, to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividends declared, returning of capital to shareholders or issuing of new shares.

Under the requirements of Bursa Securities Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than 25.0% of the Company's issued and paid-up ordinary share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group's borrowings are subject to the covenants of the lending banks. These include liquidity and solvency ratios and the Group has complied with these parameters.

(c) Classification of financial instruments

	2023 RM'000	2022 RM'000
Group		
Financial assets		
Financial assets at amortised cost		
Trade receivables	**411,381**	404,730
Other receivables and deposits	**630,636**	623,427
Amount owing by an associate	**-**	10
Amount owing by a joint venture	**339**	328
Cash and bank balances	**1,178,671**	707,842
	2,221,027	1,736,337
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	**38,299**	8,458
Other payables and accruals	**777,706**	923,414
Borrowings	**862,494**	557,759
RCPS	**219**	219
Amount owing to a joint venture	**319**	319
	1,679,037	1,490,169
Financial liabilities at FVTPL		
Contingent consideration	**50,946**	63,924

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

44 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification of financial instruments (continued)

	2023 RM'000	2022 RM'000
Company		
Financial assets		
Financial assets at amortised cost		
Other receivables and deposits	**279**	240
Amounts owing by subsidiaries	**240,271**	277,140
Amount owing by a related party	**145**	145
Cash and bank balances	**56,731**	22,880
	297,426	300,405
Financial liabilities		
Financial liabilities at amortised cost		
Other payables and accruals	**23,803**	30,604
Borrowings	**1,397**	918
RCPS	**219**	219
Amounts owing to subsidiaries	**546**	539
Amount owing to a related party	**312**	312
	26,277	32,592

44 FINANCIAL INSTRUMENTS (CONTINUED)

(d) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where the Group and the Company currently have 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.

	Gross amounts RM'000	Offsetting impact RM'000	Net amounts as presented in the statements of financial position RM'000
Group			
30.06.2023			
Financial assets			
Other receivables and deposits	**637,899**	**(7,263)**	**630,636**
Financial liabilities			
Other payables and accruals	**784,969**	**(7,263)**	**777,706**
30.06.2022			
Financial assets			
Other receivables and deposits	634,610	(11,183)	623,427
Financial liabilities			
Other payables and accruals	934,597	(11,183)	923,414
Company			
30.06.2023			
Financial assets			
Amounts owing by subsidiaries	**247,072**	**(6,801)**	**240,271**
Financial liabilities			
Amounts owing to subsidiaries	**7,347**	**(6,801)**	**546**
30.06.2022			
Financial assets			
Amounts owing by subsidiaries	282,464	(5,324)	277,140
Financial liabilities			
Amounts owing to subsidiaries	5,863	(5,324)	539

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (CONTINUED)

44 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair values of financial instruments

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2023.

Fair value estimates are made at a specific point in time and based on relevant market data and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial instruments other than those carried at fair value

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the reporting date approximate their fair values.

(f) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial instrument at fair value through profit or loss:				
Liability				
Contingent consideration				
At 01.07.2021	-	-	44,934	44,934
Additions	-	-	14,697	14,697
Settlement	-	-	(2,317)	(2,317)
Unwinding of discount	-	-	3,222	3,222
Exchange differences	-	-	3,388	3,388
At 30.06.2022/01.07.2022	**-**	**-**	**63,924**	**63,924**
Changes in estimates	**-**	**-**	**(12,849)**	**(12,849)**
Settlement	**-**	**-**	**(5,015)**	**(5,015)**
Unwinding of discount	**-**	**-**	**1,654**	**1,654**
Exchange differences	**-**	**-**	**3,232**	**3,232**
At 30.06.2023	**-**	**-**	**50,946**	**50,946**

45 MATERIAL LITIGATION

(i) Notice of Additional Assessment for YA 2014 under PITA against PM3 CAA and Notices of Assessment for YA 2015 and YA 2016 under PITA against PM3 CAA

The contractors of PM3 CAA are Hibiscus Oil & Gas, Hibiscus Oil & Gas (PM3), PETRONAS Carigali and PetroVietnam. PM3 CAA is a chargeable person under PITA.

The IRB had previously raised Notice of Additional Assessment for YA 2014 and Notices of Assessment for YA 2015 and YA 2016 under PITA against PM3 CAA for additional taxes and penalties amounting to RM261,924,234.01 (gross PM3 CAA), out of which the portion potentially attributable to the Group was estimated to be up to RM95,615,112.38 (collectively, "Assessments").

An amicable out-of-court settlement covering these Assessments was reached between PM3 CAA and the IRB ("Settlement") in September 2022. The resulting Consent Orders were sealed by the Court of Appeal on 5 October 2022 and the Notices of Reduced Assessment for YA 2014, YA 2015 and YA 2016 were subsequently issued by the IRB. Pursuant to the terms of the Settlement, the total amount of additional taxes and penalties payable by PM3 CAA for YA 2014, YA 2015 and YA 2016 were reduced to RM43,295,701.64, out of which RM17,344,482.59 was attributable to the Group. The total amount of such reduced additional taxes and penalties payable by the Group to the IRB was made within the due date.

With regards to PM3 CAA's respective appeals to the Special Commissioners of Petroleum Income Tax ("SCPIT") via Form Q in respect of the Assessments, following the Court of Appeal's sealed Consent Orders and the foregoing payment by the Group to the IRB, PM3 CAA and the IRB recorded before the SCPIT on 11 September 2023 a settlement agreement to bring the appeals before the SCPIT to an end. Pursuant thereto, the SCPIT issued the Deciding Orders of even date, by which the appeals before the SCPIT have now ceased.

The Group has considered the full impact of the Settlement when estimating the provision for taxation in the previous financial year.

(ii) Notice to Arbitrate ("Notice") received by Hibiscus Oil & Gas

Hibiscus Oil & Gas received the Notice dated 2 March 2023 from lawyers acting for Oceancare Corporation Sdn. Bhd. ("Oceancare"). The Notice relates to a dispute arising from a contract entered into between Hibiscus Oil & Gas (as operator of the relevant PSCs) and Oceancare titled "Provision of Integrated Well Services for Intervention, Workover & Abandonment for Petroleum Arrangement Contracts (PACs) Package (B): Integrated Workover for Production Enhancement and for Abandonment", in which Oceancare is claiming a total principal amount of RM36,574,760.86 alleging, amongst other things, variation to original scope of work, which Hibiscus Oil & Gas denies.

On 30 March 2023, Hibiscus Oil & Gas served its response to the Notice and put forward its counterclaim. This arbitration has been registered by the Asian International Arbitration Centre ("AIAC") and pursuant thereto, Hibiscus Oil & Gas made payment of a provisional advance deposit in the sum of RM185,797.25 to the AIAC in May 2023. No updates or further developments have been received from the AIAC or Oceancare since then.

The Directors are of the opinion that the Group has a reasonably good basis to defend the claim.

ANALYSIS OF THE HOLDINGS OF ORDINARY SHARES
AS AT 29 SEPTEMBER 2023

Total number of issued shares : 2,012,418,743 ordinary shares

Voting Rights : One vote for every ordinary share held

DISTRIBUTION OF ORDINARY SHAREHOLDERS

Category	No. of Shareholders	No. of Ordinary Shares	% of Total Shareholdings
Less than 100	142	2,457	0.00
100 – 1,000	3,136	1,836,705	0.09
1,001 – 10,000	8,159	42,077,251	2.09
10,001 – 100,000	3,822	126,354,856	6.28
10,001 to less than 5% of issued shares	1,031	1,733,374,874	86.13
5% and above of issued shares	1	108,772,600	5.41
Total	**16,291**	**2,012,418,743**	**100.00**

Substantial Shareholders as per Register of Substantial Shareholders as at 29 September 2023

No.	Name	Direct No. of Ordinary Shares	%	Indirect No. of Ordinary Shares	%
1	Hibiscus Upstream Sdn Bhd	108,772,600	5.41	-	-
2	Dr Kenneth Gerard Pereira	74,785,000	3.72	108,772,600[1]	5.41
3	Polo Investments Limited	138,900,000	6.90	-	-
4	YBhg Datuk Michael Tang Vee Mun	8,061,100	0.40	214,359,066[2]	10.65
5	Mettiz Capital Limited	-	-	138,900,000[3]	6.90
6	Polo Resources Limited	-	-	138,900,000[3]	6.90

Notes:
1 Deemed interest by virtue of his interest in Hibiscus Upstream Sdn Bhd pursuant to Section 8 of the Companies Act 2016 (the Act).
2 Deemed interest by virtue of his interest in Polo Investments Limited and Mettiz Capital Sdn Bhd pursuant to Section 8 of the Act.
3 Deemed interest by virtue of their interest in Polo Investments Limited pursuant to Section 8 of the Act.

Directors' Shareholdings as per Register of Directors' Shareholdings as at 29 September 2023

No.	Name	Direct No. of Ordinary Shares	%	Indirect No. of Ordinary Shares	%
1	Zainul Rahim bin Mohd Zain	-	-	-	-
2	Dr Kenneth Gerard Pereira	74,785,000	3.72	108,772,600[1]	5.41
3	YBhg Dato' Sri Roushan Arumugam	1,120,000	0.06	37,480,700[2]	1.86
4	Thomas Michael Taylor	-	-	-	-
5	YBhg Dato' Dr Zaha Rina Zahari	4,500,000	0.22	-	-
6	Emeliana Dallan Rice-Oxley	-	-	-	-
7	Zaidah binti Ibrahim	-	-	-	-

Notes:
1 Deemed interest by virtue of his interest in Hibiscus Upstream Sdn Bhd pursuant to Section 8 of the Act
2 Deemed interest by virtue of his interest in Littleton Holdings Pte Ltd pursuant to Section 8 of the Act.

LIST OF TOP 30 SHAREHOLDERS AS AT 29 SEPTEMBER 2023

No.	Name	No. of Ordinary Shares	% of Total Shareholdings
1	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hibiscus Upstream Sdn Bhd (MGN-HUS0001M)	108,772,600	5.41
2	CIMSEC Nominees (Asing) Sdn Bhd CIMB For Polo Investments Limited (PB)	96,900,000	4.82
3	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kenneth Gerard Pereira	74,285,000	3.69
4	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mettiz Capital Sdn Bhd	51,834,066	2.58
5	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 35ZH For Omnis Portfolio Investments ICVC-Omnis Global Emerging Markets Equity Opportunities Fund	39,026,800	1.94
6	CIMB Group Nominees (Asing) Sdn Bhd Exempt AN For DBS Bank Ltd (SFS-PB)	37,440,700	1.86
7	CitiGroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn Bhd (2)	29,400,000	1.46
8	CGS-CIMB Nominees (Asing) Sdn Bhd Pledged Securities Account For Polo Investments Limited (M4553B)	27,000,000	1.34
9	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Kenanga Shariah Growth Opportunities Fund (50156 TR01)	24,429,700	1.21
10	IFAST Nominees (Tempatan) Sdn Bhd Global Success Network Sdn Bhd	23,000,000	1.14
11	HSBC Nominees (Asing) Sdn Bhd TNTC For Barings Asean Frontiers Fund	22,526,200	1.12
12	Cartaban Nominees (Tempatan) Sdn Bhd icapital.biz Berhad	21,930,200	1.09

ANALYSIS OF THE HOLDINGS OF ORDINARY SHARES
AS AT 29 SEPTEMBER 2023

LIST OF TOP 30 SHAREHOLDERS AS AT 29 SEPTEMBER 2023

No.	Name	No. of Ordinary Shares	% of Total Shareholdings
13	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Total International Stock Index Fund	21,258,600	1.06
14	Cartaban Nominees (Asing) Sdn Bhd Exempt AN For State Street Bank & Trust Company (WEST CLT OD67)	20,718,900	1.03
15	Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad For Principal Dali Equity Growth Fund (UT-CIMB-DALI) (419455)	20,466,139	1.02
16	CitiGroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Principal EQITS)	20,077,400	1.00
17	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mettiz Capital Sdn Bhd (MY3831)	20,000,000	0.99
18	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Emerging Markets Stock Index Fund	18,961,300	0.94
19	CitiGroup Nominees (Tempatan) Sdn Bhd Exempt AN For AIA Bhd	18,350,800	0.91
20	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund 6B14 For Lazard Emerging Markets Small Cap Equity Trust	16,093,700	0.80
21	CitiGroup Nominees (Asing) Sdn Bhd UBS AG	15,717,132	0.78
22	CGS-CIMB Nominees (Asing) Sdn Bhd Pledged Securities Account For Polo Investments Limited (M3831C)	15,000,000	0.75
23	CitiGroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (RHB INV)	15,000,000	0.75
24	AmanahRaya Trustees Berhad Public Islamic Opportunities Fund	13,600,000	0.67
25	CitiGroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	13,425,200	0.67
26	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Allianz Life Insurance Malaysia Berhad (MEF)	13,172,500	0.65
27	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For PRUlink Equity Fund	12,914,900	0.64
28	CitiGroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB PRIN)	12,515,250	0.62
29	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad For Kenanga Growth Opportunities Fund (50154 TR01)	11,856,800	0.59
30	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For PRUlink Equity Income Fund	11,825,200	0.59

ANALYSIS OF THE HOLDINGS OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES (RCPS)
AS AT 29 SEPTEMBER 2023

DISTRIBUTION OF RCPS HOLDERS

Category	No. of RCPS Holders	No. of RCPS	% of Total RCPS Holdings
Less than 100	-	-	-
100 – 1,000	-	-	-
1,001 – 10,000	-	-	-
10,001 – 100,000	-	-	-
100,001 to less than 5% of issued RCPS	-	-	-
5% and above of issued RCPS	1	2,193,880	100
Total	**1**	**2,193,880**	**100**

DIRECTORS' RCPS HOLDINGS
Directors' RCPS holdings as per Register of Directors' RCPS holders as at 29 September 2023

		Direct No. of RCPS	%	Indirect No. of RCPS	%
1	Zainul Rahim bin Mohd Zain	-	-	-	-
2	Dr Kenneth Gerard Pereira	-	-	2,193,880[1]	100
3	YBhg Dato' Sri Roushan Arumugam	-	-	-	-
4	Thomas Michael Taylor	-	-	-	-
5	YBhg Dato' Dr Zaha Rina Zahari	-	-	-	-
6	Emeliana Dallan Rice-Oxley	-	-	-	-
7	Zaidah binti Ibrahim	-	-	-	-

Note:
[1] Deemed interest by virtue of his interest in Hibiscus Upstream Sdn Bhd pursuant to Section 8 of the Act.

LIST OF RCPS HOLDER AS AT 29 SEPTEMBER 2023

No.	Name	No. of RCPS	% of Total RCPS Holdings
1	Hibiscus Upstream Sdn Bhd	2,193,880	100

NOTICE OF THE 13TH ANNUAL GENERAL MEETING (AGM)

NOTICE IS HEREBY GIVEN THAT the 13th AGM of Hibiscus Petroleum Berhad (Hibiscus Petroleum or the Company) will be held via the virtual platform at the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Broadcast Venue) on Tuesday, 5 December 2023 at 9.30 a.m. or any adjournment thereof, whichever is later, for the purpose of considering and if thought fit, to pass the following resolutions (with or without modifications):

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To approve the payment of a final single-tier dividend of 1.25 sen per ordinary share in respect of the financial year ended 30 June 2023 based on the total number of issued ordinary shares of up to 804,967,497. **[Ordinary Resolution 1] (Please refer to Explanatory Note 2)**

3. To approve the payment of Non-Executive Directors (NEDs)' fees amounting to RM330,000 per annum to the Chair of the Board of Directors (Board) and RM180,000 per annum to each NED (save for the Chair of the Board) for the period from 6 December 2023 until the date of the next AGM in year 2024, to be paid quarterly in arrears. **[Ordinary Resolution 2]**

4. To approve the payment of NED's meeting allowances for the period from 6 December 2023 until the date of the next AGM in year 2024 at the following rate (as applicable), to be paid quarterly in arrears: **[Ordinary Resolution 3]**

   - RM4,500 for each meeting of the Board and of the Board Committees attended by a NED serving as the Chair of the meeting; or

   - RM3,500 for each meeting of the Board and of the Board Committees attended by a NED serving as a member of the Board or Board Committee.

5. To approve payments for additional attendances and time expended by any NED for the Company's purposes (or on behalf of the Company) at meetings and/or third-party events involving external party(ies) other than those referred to under Item 4 above, in the NED's capacity as a Director of the Company, for the period from 6 December 2023 until the date of the next AGM in year 2024, at the rate of RM3,500 per meeting or event, to be paid quarterly in arrears. **[Ordinary Resolution 4] (Please refer to Explanatory Note 3)**

6. To approve the payment of the medical coverage benefit, subject to a maximum limit of RM500,000 for the NEDs, for the period from 6 December 2023 until the date of the next AGM in year 2024. **[Ordinary Resolution 5] (Please refer to Explanatory Note 4)**

7. To re-elect Dr Kenneth Gerard Pereira who is retiring pursuant to Clause 125 of the *Constitution* of the Company. **[Ordinary Resolution 6]**

8. To re-elect YBhg Dato' Sri Roushan Arumugam who is retiring pursuant to Clause 134 of the *Constitution* of the Company. **[Ordinary Resolution 7]**

9. To re-elect YBhg Dato' Dr Zaha Rina Zahari who is retiring pursuant to Clause 134 of the *Constitution* of the Company. **[Ordinary Resolution 8]**

10. To re-elect Puan Zaidah binti Ibrahim who is retiring pursuant to Clause 110 of the *Constitution* of the Company. **[Ordinary Resolution 9]**

11. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 30 June 2024 and to authorise the Directors to fix their remuneration. **[Ordinary Resolution 10]**

As Special Business

To consider and, if thought fit, to pass the following resolutions:

12. **AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **[Ordinary Resolution 11] (Please refer to Explanatory Note 5)**

    "THAT subject always to the Companies Act 2016 (the Act), the *Constitution* of the Company and the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to allot and issue new ordinary shares in the Company at any time and from time to time and upon such terms and conditions to such persons and for such purposes as the Directors may in their discretion deem fit PROVIDED THAT the aggregate number of new ordinary shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued ordinary share of the Company for the time being and that such authority shall, unless revoked or varied by an ordinary resolution by the shareholders of the Company in a subsequent general meeting, commence upon the passing of this resolution and expire at the next AGM of the Company AND THAT the Directors are further authorised to do all such things and upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company to give effect to the issuance of new ordinary shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the new ordinary shares to be issued pursuant to this resolution.

    AND THAT for purposes of and pursuant to Section 85 of the Act to be read together with Clause 61 of the *Constitution* of the Company, the general pre-emption rights of Hibiscus Petroleum shareholders under those provisions for the issuance of new Hibiscus Petroleum shares which rank equally to the existing issued Hibiscus Petroleum shares arising from any issuance of new Hibiscus Petroleum shares pursuant to Sections 75 and 76 of the Act, is hereby fully waived and shall not be applicable."

13. **PROPOSED RENEWAL OF THE AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY (PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY)** **[Ordinary Resolution 12] (Please refer to Explanatory Note 6)**

    "THAT, subject to the Companies Act 2016 (the Act), the *Constitution* of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) (Listing Requirements) and all other applicable laws, rules, regulations, orders, guidelines and requirements, the Company be and is hereby authorised to purchase such number of the issued ordinary shares of the Company (Shares) as may be determined by the Board of Directors of Hibiscus Petroleum (Board) from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit, necessary and expedient in the best interest of the Company, PROVIDED THAT:

    (a) the maximum aggregate number of Shares which may be purchased by the Company or held as treasury shares shall not exceed 10% of the total number of issued shares of the Company at any point in time;

    (b) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its Shares shall not exceed the total amount of retained profits of the Company; and

    (c) the authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until:

        (i) the conclusion of the next AGM of the Company, being the 14th AGM following the 13th AGM at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

Notice of the 13th Annual General Meeting (AGM)

(ii) the expiration of the period within which the 14th AGM of the Company is required by law to be held; or

(iii) the authority is revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of the purchase(s) by the Company of its own Shares before the aforesaid expiry date and in any event, in accordance with the provisions of Listing Requirements and/or any applicable laws, rules, regulations, orders, guidelines and/or requirements issued by Bursa Securities and/or any other relevant authorities.

THAT, upon completion of the purchase by the Company of its own Shares, the Board be and is hereby authorised to deal with the Shares so purchased (Purchased Shares) in their absolute discretion in the following manner:

(a) cancel all or part of the Purchased Shares; or

(b) retain all or part of the Purchased Shares as treasury shares; or

(c) retain part of the Purchased Shares as treasury shares and cancel the remainder of the Purchased Shares; or

(d) deal with the treasury shares in such other manner as allowed under the Act, Listing Requirements and/or applicable laws, rules, regulations, orders, guidelines and/or requirements of any relevant authorities.

AND THAT the Board be and is hereby empowered and authorised to take all such steps and do all acts, deeds and things (including the opening and maintaining of depository account(s) under the Securities Industry (Central Depositories) Act, 1991) and to execute, sign, deliver and cause to be delivered on behalf of the Company all such documents and/or agreements (including, without limitation, the affixing of the Company's common seal, where necessary) as the Board may consider necessary, expedient and/or relevant to finalise, implement, give full effect to and complete the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, terms, modifications, variations and/or amendments in any manner as may be required or imposed by the relevant authorities or as the Board may in their discretion deem fit, necessary, expedient or relevant and to do all such acts and things the Board may consider necessary or expedient in the best interest of the Company."

14. To transact any other matters that may be transacted at an AGM of which due notice shall have been given in accordance with the Act and the *Constitution* of the Company.

NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF REGISTER

NOTICE IS HEREBY GIVEN THAT, a final single-tier dividend of 1.25 sen per ordinary share in respect of the financial year ended 30 June 2023 based on the total number of issued ordinary shares of up to 804,967,497, if approved by the shareholders, will be paid on 19 January 2024 to shareholders registered in the Record of Depositors at the close of business on 4 January 2024 (Depositor).

A Depositor shall qualify for entitlement to the dividend only in respect of:

(a) Shares transferred into the Depositor's securities account before 4.30 p.m. on 4 January 2024 in respect of transfers; and
(b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board
HIBISCUS PETROLEUM BERHAD

Tai Yit Chan (MAICSA 7009143) (SSM PC No. 202008001023)
Tan Ai Ning (MAICSA 7015852) (SSM PC No. 202008000067)
Secretaries

Selangor Darul Ehsan
31 October 2023

IMPORTANT NOTICE

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chair of the meeting to be present at the main venue of the meeting.

Shareholders or proxies are **NOT** to be physically present at the Broadcast Venue on the meeting day.

Shareholders are to attend, participate, speak (in the form of real-time submission through typed texts) and vote (collectively referred to as 'participate') remotely at the 13th AGM via the Remote Participation and Voting facilities (RPV) provided by Tricor Investor & Issuing House Services Sdn Bhd (Tricor) as the Poll Administrator of the Company via its TIIH Online website at https://tiih.online.

Notes:

1. *For purposes of determining a member who shall be entitled to attend and vote at the 13th AGM in accordance with Clauses 72(b) and 72(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 27 November 2023. Only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, participate, speak and vote via RPV at the 13th AGM as well as for appointment of proxy(ies) to attend, participate, speak and vote on his/her stead.*

2. *A member of the Company who is entitled to participate at the 13th AGM may appoint up to two (2) proxies to attend and vote at the 13th AGM via RPV. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at the 13th AGM via RPV shall have the same right as a member to speak at the 13th AGM.*

3. *A proxy or attorney or a duly authorised representative may, but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 (Exempt Authorised Nominee) which holds Ordinary Shares in the Company for multiple beneficial owners in one (1) securities account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where the Exempt Authorised Nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*

5. *A member who has appointed a proxy or attorney or authorised representative to attend and vote at the 13th AGM via RPV* ***must request his/her proxy or attorney or authorised representative to register himself/herself for RPV*** *at TIIH Online website at https://tiih.online. The procedures for RPV can be found in the Administrative Guide for the 13th AGM.*

6. *Members who wish to appoint a proxy may do so either by using a hard copy form or through electronic means, following the procedure outlined below. The proxy appointment must be deposited with Tricor not less than forty-eight (48) hours before the time appointed for holding the 13th AGM or any adjourned meeting. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chair of the meeting as his/her proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy has been duly completed by the member(s).*

Notice of the 13th Annual General Meeting (AGM)

To facilitate the proxy appointment process, kindly follow the guidelines provided below:

(a) In hard copy form:

In the case of an appointment made in hard copy form, the completed Form of Proxy must be deposited with:

*(i) **Tricor Investor & Issuing House Services Sdn Bhd:***
Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

or alternatively

***Tricor's Customer Service Centre** at:*
Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

*(ii) **By fax at 03–2783 9222.***

(b) By electronic means:

The Form of Proxy can be electronically submitted with Tricor via TIIH Online at https://tiih.online.

Kindly refer to the Administrative Guide for the 13th AGM on the procedures for the electronic lodgement via TIIH Online.

7. *Please ensure ALL particulars required in the Form of Proxy are completed and the Form of Proxy is signed and dated accordingly.*

8. *The last date and time for submitting the Form of Proxy is on Sunday, 3 December 2023 at 9.30 a.m.*

9. *If the Form of Proxy is signed under the hands of an appointor or his attorney duly authorised (or if the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised), it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.*

10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Tricor or alternatively the Customer Service Centre at the address stated under item (6)(a)(i) not less than forty-eight (48) hours before the time appointed for holding the 13th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*

11. *By submitting the duly executed Form of Proxy, the member and his/her proxy(ies) consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the 13th AGM or any adjournment thereof.*

12. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 13th AGM will be put to vote by way of poll. Independent scrutineers will be appointed to verify the poll results.*

EXPLANATORY NOTES

1. **Item 1 of the Agenda: Audited Financial Statements of the Company and the Group for the Financial Year Ended 30 June 2023 (Audited Financial Statements)**

   The Audited Financial Statements are laid before the shareholders pursuant to Section 340(1)(a) of the Act, solely for discussion purposes only. The Audited Financial Statements do not require approval of the shareholders and therefore, will not be put forward for voting.

2. **Item 2 of the Agenda: Proposed Payment of Final Single-Tier Dividend**

   Further to the Company's announcements made on 4 October 2023 and 20 October 2023, the final single-tier dividend amount per ordinary share has been adjusted to 1.25 sen upon the completion of the share consolidation exercise following the listing and quotation of up to 804,967,497 consolidated shares on the Main Market of Bursa Securities with effect from 20 October 2023.

3. **Item 5 of the Agenda: Extended Engagements and Time Allocation of NEDs for Company Activities and External Events**

   The Group envisions leveraging on the extensive expertise, capabilities and wide-ranging business network of its NEDs to advance the Group's interests. This strategic move is prompted by escalated business activities and enhanced production operations. The proposed supplemental payments align with the projected increased participation and involvement of NEDs, as and when required.

   The Company is seeking shareholders' approval for remunerating additional NED attendances and expended time, encompassing participation in meetings and external events involving third party(ies) (excluding those mentioned in Item 4 of the Agenda) on behalf of the Company.

4. **Item 6 of the Agenda: Proposed NEDs Medical Coverage Benefit**

   The proposed introduction of a medical coverage benefit for the NEDs is rooted in the Company's commitment to their well-being and the recognition of their vital role in the Company. This initiative aims to provide comprehensive health coverage, ensuring their holistic welfare and offering a sense of security.

   By introducing this supplementary provision, the Company aims to achieve two main objectives: (i) attracting and retaining top-tier talent within our Board and (ii) nurturing expertise, knowledge and experience. This initiative aligns with the Company's broader goal of enhancing the overall welfare of our Directors.

   The coverage will be provided through either company-secured insurance and/or directly by the Company up to the total specified capped limit.

   Shareholders' approval of this proposal would reflect the Company's collective commitment to prioritising the welfare of the NEDs and acknowledging their invaluable service to the Company.

5. **Item 12 of the Agenda: Authority for Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Act**

   During its 12th AGM on 1 December 2022, the Company obtained shareholders' approval for the general mandate to issue shares under Sections 75 and 76 of the Act (2022 Mandate). As of the notice date, the Company has not issued any shares under the 2022 Mandate.

   Ordinary Resolution 11 proposed under Agenda item 12 is a renewal of this general mandate for share issuance under Sections 75 and 76 of the Act. If approved, this mandate will empower the Directors to speedily allot and issue new shares, not exceeding 10% of the total issued shares, for capital expenditure, working capital purposes and potential business expansion. This eliminates delays and costs related to convening a general meeting for shareholder approval. Unless revoked or varied by the Company at a general meeting, the authority will remain valid until the next AGM.

Notice of the 13th Annual General Meeting (AGM)

6. Item 13 of the Agenda: Proposed Renewal of Share Buy-Back Authority

Ordinary Resolution 12 proposed under Agenda item 13 if passed, will empower the Company to purchase its own ordinary shares of up to 10% of the total number of issued shares of the Company through Bursa Malaysia Securities Berhad as may be determined by the Directors of the Company at any time within the time stipulated by utilising the funds allocated out of the retained profits of the Company based on the latest audited financial and/or the latest management accounts (where applicable) available at the time of the purchase.

Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Proposed Renewal of Share Buy-Back Authority Statement of the Company dated 31 October 2023.

PERSONAL DATA POLICY

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, participate and vote at the 13th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the proxies and representatives appointed for the 13th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 13th AGM (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

FORM OF PROXY

FOR THE 13TH ANNUAL GENERAL MEETING

HIBISCUS PETROLEUM BERHAD
Registration Number: 200701040290 (798322–P)

No. of Ordinary Shares Held	
CDS Account Number	

*I/We ______________________________________
(Full Name In Block Letters)

NRIC/Passport/Registration/Company No.: ______________________________

of ______________________________________
(Full Address)

Mobile No.: ______________________________

Email Address: ______________________________

being a member of **HIBISCUS PETROLEUM BERHAD** ("**HIBISCUS PETROLEUM**" or "**Company**") hereby appoint:

Full Name (In Block Letters)	NRIC/Passport No.	Mobile No.	Proportion of Shareholdings	
			No. of Shares	%
Full Address		Email Address		

and/or (delete as appropriate)

Full Name (In Block Letters)	NRIC/Passport No.	Mobile No.	Proportion of Shareholdings	
			No. of Shares	%
Full Address		Email Address		

or failing him/her, the CHAIR OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the 13th Annual General Meeting (AGM) of the Company to be held via the virtual platform at the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Broadcast Venue) on Tuesday, 5 December 2023 at 9.30 a.m. or at any adjournment thereof, whichever is later, on the following resolutions (with or without modifications) referred to in the Notice of the 13th AGM by indicating an "X" in the space provided below:–

Item	Agenda			
1.	To receive the Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2023 together with the Reports of the Directors and Auditors thereon.			
	Ordinary Business	**Ordinary Resolution**	**For**	**Against**
2.	Payment of a final single-tier dividend of 1.25 sen per ordinary share in respect of the financial year ended 30 June 2023 based on the total number of issued ordinary shares of up to 804,967,497.	1		
3.	To approve the payment of Non-Executive Directors (NEDs)' fees amounting to RM330,000 per annum to the Chair of the Board and RM180,000 per annum to each NED (save for the Chair of the Board) for the period from 6 December 2023 until the date of the next AGM in year 2024, to be paid quarterly in arrears.	2		
4.	To approve the payment of NEDs' meeting allowances for the period from 6 December 2023 until the date of the next AGM in year 2024 at the following rate (as applicable), to be paid quarterly in arrears: • RM4,500 for each meeting of the Board and of the Board Committees attended by a NED serving as the Chair of the meeting; or • RM3,500 for each meeting of the Board and of the Board Committees attended by a NED serving as a member of the Board or Board Committee.	3		
5.	To approve payments for additional attendances and time expended by any NED for the Company's purposes (or on behalf of the Company) at meetings and/or third-party events involving external party(ies) other than those referred to under item 4 above, in the NED's capacity as a Director of the Company, for the period from 6 December 2023 until the date of the next AGM in year 2024, at the rate of RM3,500 per meeting or event, to be paid quarterly in arrears.	4		
6.	To approve the payment of the medical coverage benefit, subject to a maximum limit of RM500,000 for the NEDs, for the period from 6 December 2023 until the date of the next AGM in year 2024.	5		
7.	To re-elect Dr Kenneth Gerard Pereira who is retiring pursuant to Clause 125 of the *Constitution* of the Company.	6		
8.	To re-elect YBhg Dato' Sri Roushan Arumugam who is retiring pursuant to Clause 134 of the *Constitution* of the Company.	7		
9.	To re-elect YBhg Dato' Dr Zaha Rina Zahari who is retiring pursuant to Clause 134 of the *Constitution* of the Company.	8		
10.	To re-elect Puan Zaidah binti Ibrahim who is retiring pursuant to Clause 110 of the *Constitution* of the Company.	9		
11.	To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 30 June 2024 and to authorise the Directors to fix their remuneration.	10		
	Special Business	**Ordinary Resolution**	**For**	**Against**
12.	Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.	11		
13.	Proposed Renewal of Share Buy-Back Authority.	12		

Dated this ______ day of ________________2023

____
Signature/Common Seal of Shareholder(s)

Note: Please refer to the Notice of the 13th AGM for full details of the proposed Ordinary Resolutions.

(Please indicate with an "X" in the spaces provided whether you wish your vote to be cast for or against the Ordinary Resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit).

Notes:

1. *For purposes of determining a member who shall be entitled to attend and vote at the 13th AGM in accordance with Clauses 72(b) and 72(c) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 27 November 2023. Only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, participate, speak and vote via RPV at the 13th AGM as well as for appointment of proxy(ies) to attend, participate, speak and vote on his/her stead.*
2. *A member of the Company who is entitled to participate at the meeting may appoint up to two (2) proxies to attend and vote at the 13th AGM via RPV. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to attend and vote at the 13th AGM via RPV shall have the same right as a member to speak at the 13th AGM.*
3. *A proxy or attorney or a duly authorised representative may, but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
4. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 (Exempt Authorised Nominee) which holds Ordinary Shares in the Company for multiple beneficial owners in one (1) securities account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where the Exempt Authorised Nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
5. *A member who has appointed a proxy or attorney or authorised representative to attend and vote at the 13th AGM via RPV* ***must request his/her proxy or attorney or authorised representative to register himself/herself for RPV*** *at TIIH Online website at https://tiih.online. The procedures for RPV can be found in the Administrative Guide for the 13th AGM.*
6. *Members who wish to appoint a proxy may do so either by using a hard copy form or through electronic means, following the procedure outlined below. The proxy appointment must be deposited with Tricor not less than forty-eight (48) hours before the time appointed for holding the 13th AGM or any adjourned meeting. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chair of the meeting as his/her proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy has been duly completed by the member(s).*

   To facilitate the proxy appointment process, kindly follow the guidelines provided below:

   (a) *In hard copy form:*

   In the case of an appointment made in hard copy form, the completed Form of Proxy must be deposited with:

   (i) ***Tricor Investor & Issuing House Services Sdn Bhd (Tricor):***

   Unit 32-01, Level 32, Tower A, Vertical Business Suite,
   Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
   59200 Kuala Lumpur, Malaysia.

   or alternatively

   Tricor's Customer Service Centre** at**:

   Unit G-3, Ground Floor, Vertical Podium,
   Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,
   59200 Kuala Lumpur, Malaysia.

   (ii) ***By fax at 03–2783 9222.***

   (b) *By electronic means:*

   The Form of Proxy can be electronically submitted with Tricor via TIIH Online at https://tiih.online.

   Kindly refer to the Administrative Guide for the 13th AGM on the procedures for the electronic lodgement via TIIH Online.
7. *Please ensure ALL the particulars required in the Form of Proxy are completed, signed and dated accordingly.*
8. *The last date and time for lodging the Form of Proxy is on Sunday, 3 December 2023 at 9.30 a.m.*
9. *If the Form of Proxy is signed under the hands of an appointor or his attorney duly authorised (or if the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hands of an officer or attorney duly authorised), it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If the Form of Proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in the Form of Proxy.*
10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Tricor or alternatively the Customer Service Centre at the address stated under item (6)(a)(i) not less than forty-eight (48) hours before the time appointed for holding the 13th AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
11. *By submitting the duly executed Form of Proxy, the member and his/her proxy(ies) consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the 13th AGM or any adjournment thereof.*
12. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 13th AGM will be put to vote by way of poll. Independent scrutineers will be appointed to verify the poll results.*

PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the 13th AGM dated 31 October 2023.

AFFIX
POSTAGE
STAMP

Share Registrar

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia