

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2024

THE FIGURES HAVE NOT BEEN AUDITED

I. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/01/2024 RM'000	Preceding year corresponding quarter 31/01/2023 RM'000	Twelve months to 31/01/2024 RM'000	Twelve months to 31/01/2023 RM'000
Revenue	1,058,800	1,217,186	4,257,616	4,551,254
Other operating income	15,544	50,038	40,403	132,531
Operating expenses	(1,226,055)	(933,797)	(4,321,508)	(3,931,234)
Operating (loss)/profit	(151,711)	333,427	(23,489)	752,551
Depreciation and amortisation	(119,716)	(188,753)	(410,558)	(548,766)
Inventories written down	-	(30,239)	-	(51,180)
Finance income	4,281	4,756	18,423	14,035
Finance costs	(213,363)	(185,956)	(805,511)	(622,831)
Gain on disposal of property, plant and equipment	-	-	98	8,670
Net foreign exchange (loss)/gain	(126,002)	(398,710)	496,797	2,736
Share of (loss)/profit from associates and joint ventures	(93,488)	(215,293)	337,223	(38,600)
Loss before taxation and impairment	(699,999)	(680,768)	(387,017)	(483,385)
Provision for impairment on goodwill on consolidation	-	(1,463,671)	-	(1,463,671)
Provision for impairment on plant and equipment	(13,802)	(1,156,501)	(25,825)	(1,156,501)
Loss before taxation	(713,801)	(3,300,940)	(412,842)	(3,103,557)
Taxation	(18,077)	27,947	(105,858)	(71,970)
Loss after taxation	(731,878)	(3,272,993)	(518,700)	(3,175,527)
Attributable to:				
Owners of the Parent	(728,439)	(3,257,204)	(508,658)	(3,157,680)
Non-controlling interests	(3,439)	(15,789)	(10,042)	(17,847)
	(731,878)	(3,272,993)	(518,700)	(3,175,527)
Loss per share (sen)				
- Basic/Diluted	(4.33)	(20.38)	(3.17)	(19.76)

The condensed consolidated statement of profit or loss should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2024

THE FIGURES HAVE NOT BEEN AUDITED

II. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/01/2024	31/01/2023	31/01/2024	31/01/2023
	RM'000	RM'000	RM'000	RM'000
Loss after taxation	(731,878)	(3,272,993)	(518,700)	(3,175,527)
Other comprehensive income:				
Items that may be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences	(154,995)	597,587	(1,241,085)	184,722
Net changes in cash flow hedge	-	-	-	-
Share of other comprehensive income of associates and joint ventures:				
- Foreign currency translation differences	(3,338)	(537,445)	473,906	(6,490)
- Net changes in cash flow hedge	-	(15,406)	-	-
Items that has been reclassified to profit or loss in current year:				
Cumulative changes in cash flow hedge	-	-	-	-
Share of other comprehensive loss of associates and joint ventures:				
- Net changes in cash flow hedge	-	13,305	-	13,305
Total comprehensive (loss)/profit	<u>(890,211)</u>	<u>(3,214,952)</u>	<u>(1,285,879)</u>	<u>(2,983,990)</u>
Attributable to:				
Owners of the Parent	(886,885)	(3,198,711)	(1,274,289)	(2,964,345)
Non-controlling interests	<u>(3,326)</u>	<u>(16,241)</u>	<u>(11,590)</u>	<u>(19,645)</u>
Total comprehensive (loss)/profit	<u>(890,211)</u>	<u>(3,214,952)</u>	<u>(1,285,879)</u>	<u>(2,983,990)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2024

THE FIGURES HAVE NOT BEEN AUDITED

III. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	As at end of current financial period 31/01/2024 RM'000	As at end of preceding financial year 31/01/2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,348,014	5,079,520
Intangible assets	271,969	246,068
Investment in associates	1,878,853	1,694,204
Investment in joint ventures	2,740,233	2,444,014
Deferred tax assets	111,315	106,727
Trade and other receivables	55,632	227,361
Deferred expenditure	33,979	84,070
	<u>10,439,995</u>	<u>9,881,964</u>
Current assets		
Inventories	431,718	386,193
Trade and other receivables	1,045,356	782,985
Deferred expenditure	54,302	22,111
Contract assets	509,046	687,586
Tax recoverable	80,083	92,421
Cash, deposits and bank balances	1,453,506	850,125
	<u>3,574,011</u>	<u>2,821,421</u>
Non-current assets classified as held for sale	6,447	-
	<u>3,580,458</u>	<u>2,821,421</u>
TOTAL ASSETS	<u>14,020,453</u>	<u>12,703,385</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company/ (Deficit in shareholders' funds)		
Share capital	11,854,791	10,872,078
Islamic redeemable convertible preference shares ("RCPS-i")	-	982,713
Warrants reserve	109,110	109,110
Other reserves	1,195,977	1,970,284
Accumulated losses	(17,313,257)	(16,813,275)
	<u>(4,153,379)</u>	<u>(2,879,090)</u>
Non-controlling interests	<u>(38,222)</u>	<u>(26,632)</u>
Shareholders' deficit	<u>(4,191,601)</u>	<u>(2,905,722)</u>

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2024

THE FIGURES HAVE NOT BEEN AUDITED

III. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D.)

	UNAUDITED As at end of current financial period 31/01/2024 RM'000	AUDITED As at end of preceding financial year 31/01/2023 RM'000
Non-current liabilities		
Trade and other payables	20,375	11,808
Contract liabilities	19,160	51,694
Lease liabilities	15,028	22,935
Deferred tax liabilities	47,542	38,287
	<u>102,105</u>	<u>124,724</u>
Current liabilities		
Borrowings	10,982,446	10,615,934
Trade and other payables	5,511,821	3,716,758
Contract liabilities	826,361	558,602
Lease liabilities	24,418	18,720
Provisions	628,324	426,549
Provision for tax	136,579	147,820
	<u>18,109,949</u>	<u>15,484,383</u>
TOTAL LIABILITIES	<u>18,212,054</u>	<u>15,609,107</u>
TOTAL EQUITY AND LIABILITIES	<u>14,020,453</u>	<u>12,703,385</u>
Net liabilities per share (RM)	<u>(0.23)</u>	<u>(0.18)</u>

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2024

THE FIGURES HAVE NOT BEEN AUDITED

IV. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Parent						Non-controlling interests	(Shareholders' deficit)/ total equity	
	<----- Non-distributable ----->				Distributable				
	Share capital RM'000	RCPS-i RM'000	Shares held under trust RM'000	Warrants reserve RM'000	Other reserves RM'000	Accumulated losses RM'000			Total RM'000
Twelve months to 31 January 2024 (Unaudited)									
At 1 February 2023	10,872,078	982,713	-	109,110	1,970,284	(16,813,275)	(2,879,090)	(26,632)	(2,905,722)
Total comprehensive income/(loss)	-	-	-	-	(765,631)	(508,658)	(1,274,289)	(11,590)	(1,285,879)
	10,872,078	982,713	-	109,110	1,204,653	(17,321,933)	(4,153,379)	(38,222)	(4,191,601)
Transaction with owners:									
Conversion of matured RCPS-i into ordinary shares	982,713	(982,713)	-	-	-	-	-	-	-
Lapse of ESOS, representing total transaction with owners	-	-	-	-	(8,676)	8,676	-	-	-
At 31 January 2024	11,854,791	-	-	109,110	1,195,977	(17,313,257)	(4,153,379)	(38,222)	(4,191,601)
Twelve months to 31 January 2023 (Audited)									
At 1 February 2022	10,872,078	982,713	(11,587)	109,110	1,791,355	(13,658,696)	84,973	(6,987)	77,986
Total comprehensive income/(loss)	-	-	-	-	193,335	(3,157,680)	(2,964,345)	(19,645)	(2,983,990)
	10,872,078	982,713	(11,587)	109,110	1,984,690	(16,816,376)	(2,879,372)	(26,632)	(2,906,004)
Transaction with owners:									
Disposal of shares held under trust	-	-	11,587	-	-	(11,305)	282	-	282
Lapse of certain ESOS, representing total transaction with owners	-	-	-	-	(14,406)	14,406	-	-	-
At 31 January 2023	10,872,078	982,713	-	109,110	1,970,284	(16,813,275)	(2,879,090)	(26,632)	(2,905,722)

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 JANUARY 2024

THE FIGURES HAVE NOT BEEN AUDITED

V. UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	UNAUDITED Twelve months to 31/01/2024 RM'000	AUDITED Twelve months to 31/01/2023 RM'000
Cash flows from operating activities		
Loss before taxation	(412,842)	(3,103,557)
Adjustments	659,047	3,795,020
Cash generated before working capital changes	246,205	691,463
Changes in working capital	190,449	(519,748)
Cash generated from operations	436,654	171,715
Net taxes paid	(125,360)	(63,649)
Net cash generated from operating activities	311,294	108,066
Cash flows from investing activities		
Purchase of property, plant and equipment	(197,850)	(234,453)
Proceeds from disposal of property, plant and equipment	475	346,070
Repayment of advances from a joint venture	470,682	-
Dividend received from a joint venture	21,083	22,348
Other items	7,990	6,055
Net cash generated from investing activities	302,380	140,020
Cash flows from financing activities		
Finance costs paid	(40,876)	(89,596)
(Placement)/withdrawal of cash pledged (restricted)	(26,411)	123,142
Net repayment of borrowings	(15,505)	(17,730)
Net repayment of lease liabilities	(36,939)	(11,226)
Proceeds from disposal of shares held under trust	-	258
Net cash (used in)/generated from financing activities	(119,731)	4,848
Net increase in cash and cash equivalents	493,943	252,934
Effect of exchange rate translation	83,026	2,582
Cash and cash equivalents at beginning of year	697,730	442,214
Cash and cash equivalents at end of period	1,274,699	697,730
Add: Cash pledged with bank (restricted)	178,807	152,395
Cash and cash equivalents	1,453,506	850,125

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial statements for the period ended 31 January 2024 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB"). These condensed consolidated interim financial statements also comply with International Accounting Standards ("IAS") 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The unaudited condensed consolidated interim financial statements for the financial period ended 31 January 2024 should be read in conjunction with the audited financial statements for the financial year ended 31 January 2023.

On 1 February 2023, the Group has adopted the following revised MFRSs and Amendments to MFRS that have been issued by the Malaysian Accounting Standards Board ("MASB").

Effective for annual periods beginning on or after 1 January 2023:

Amendments to MFRS 101: Presentation of Financial Statements
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 112: Income Taxes

The adoption of the above standards and interpretations did not have a significant impact on the financial statements in the period of application.

2. Seasonality and cyclicity of operations

The Group's operations are not materially affected by any seasonal or cyclical factors except for severe weather conditions in the various regions that the Group operates.

3. Auditors' report on preceding annual financial statements

The auditors have expressed an unqualified opinion with material uncertainty relating to going concern in the Company's audited financial statements for the financial year ended 31 January 2023 in their report dated 26 May 2023. An extract of the opinion is as follows:

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

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

3. Auditors' report on preceding annual financial statements (cont'd.)

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

Our opinion is not qualified in respect of this matter."

4. Unusual items due to their nature, size and incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the current financial period, other than as disclosed in these condensed consolidated interim financial statements.

5. Changes in estimates

There were no changes in estimates that have a material effect in the current financial period, other than as disclosed in these condensed consolidated interim financial statements.

6. Debt and equity securities

Save for the below, there were no other issuance and repayment of debt securities, share buy-back or share cancellations during the period ended 31 January 2024:

- (a) During the financial period, the Company issued 2,396,862,035 new ordinary shares pursuant to the conversion of 2,396,862,035 Islamic Redeemable Convertible Preference Shares ("RCPS-i") at an issue price of RM0.41 per share.

7. Subsequent events

On 23 February 2024, Sapura Energy Mexicana Sociedad Anónima Promotora de Inversión de Capital Variable ("SEM"), a wholly owned subsidiary through Sapura Offshore Sdn Bhd and SapuraMex Pte Ltd, which are both ultimately wholly owned subsidiaries of the Company, was declared bankrupt by Second District Insolvency Court in Mexican Republic. With effect from 29 February 2024, a liquidator was appointed.

On 23 February 2024, Sapura Engineering & Construction (India) Pvt. Ltd ("SE&C") received an order of initiation of Corporate Insolvency Resolution Process from the National Company Law Tribunal. Subsequently SE&C filed an appeal against the order to the National Company Law Appellate Tribunal and was granted stay of the process on 7 March 2024. The appeal is now fixed for hearing on 29 April 2024.

On 7 March 2024, the High Court of Malaya granted the Company and certain of its wholly-owned subsidiaries an extension of the Restraining Order for a period of three months from 11 March 2024. The Orders granted by the Court will allow the Group to finalize the Proposed Schemes of Arrangement for the approval of its Creditors. The Group further received a letter, dated 11 March 2024 from Corporate Debt Restructuring Committee ("CDRC") that the standstill period with the MCF Financiers will be extended till 10 June 2024.

8. Changes in the composition of the Group

There was no significant change in the composition of the Group during the current financial period.

9. Contingent liabilities

- (a) The Group has provided corporate guarantees to financial institutions for credit facilities and granted performance bonds to joint ventures and associates amounting to RM529.5 million (31 January 2023: RM524.9 million).

9. Contingent liabilities (cont'd.)

- (b) On 31 January 2019, SapuraOMV Upstream Sdn. Bhd. ("SapuraOMV") (an associate company of the Group) entered into a facility agreement with OMV Exploration & Production GmbH ("OMV E&P") for the OMV financing amounting to USD350.0 million (RM1,431.2 million). As security for this, Sapura Upstream Assets Sdn. Bhd. (a subsidiary of the Group) has pledged shares of SapuraOMV with a value of USD175.0 million (RM715.6 million) in favour of OMV E&P.
- (c) On 17 November 2019, PETRONAS approved a 2-year extension for the Exploration Period for SB331 and SB332 Production Sharing Contracts to Sapura Energy Ventures Sdn. Bhd. ("SEV") subject to the fulfilment of certain minimum work commitments, failure to this there will be a sum payable to PETRONAS. On 29 December 2021, PETRONAS approved a further extension of 3 years allowing SEV to complete its commitments by 19 November 2024. SEV is currently in discussion with PETRONAS in relation to the terms and conditions stipulated in the extension.
- (d) On 3 June 2020, the Group announced a contract award to its subsidiary, Sapura Offshore Sdn. Bhd. ("SOSB"), for an Engineering, Procurement, Construction and Installation for the SBM Pipeline Rejuvenation Phase II Project ("Bukom project") for Shell Eastern Petroleum (Pte) Ltd. ("Shell"). The three-year contract valued at USD54 million was expected to complete in Q3 FY2023.

Since May 2023, SOSB entered into discussion with Shell relating to the latter's request for descoping of the contract. SOSB considered this project to have been terminated by Shell following the receipt of a letter of demand from Shell in September 2023, followed by a clarification meeting held on 5 October 2023. Both parties are actively engaged in discussion to settle the on-going disputes.

- (e) Other than as disclosed above and Note 14(b), (c), (d), (e) and (f), there are no other changes to contingent liabilities in the current quarter.

10. Capital commitments

Capital expenditure for property, plant and equipment approved and not provided for in these condensed consolidated interim financial statements as at 31 January 2024 is as follows:

Approved and contracted for:	31/01/2024
	RM'000
Group	<u>38,402</u>

11. Taxation

Taxation comprises of the following:

	Individual Quarter		Cumulative Quarter	
	Three months to 31/01/2024	Three months to 31/01/2023	Twelve months to 31/01/2024	Twelve months to 31/01/2023
	RM'000	RM'000	RM'000	RM'000
Current taxation:				
Malaysian taxation	(707)	11,642	25,919	34,188
Foreign taxation	15,657	17,134	70,221	78,477
Deferred taxation	3,127	(56,723)	9,718	(40,695)
	<u>18,077</u>	<u>(27,947)</u>	<u>105,858</u>	<u>71,970</u>

Domestic income tax is calculated at the Malaysian statutory corporate tax rate of 24% of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

12. Status of corporate proposals announced

There were no corporate proposals announced and not completed as at the date of this announcement.

13. Borrowings

(a) Included in the Group's borrowings are as follows:

	Short- term borrowings		Total
	USD denomination RM'000	RM denomination RM'000	RM RM'000
As at			
31 January 2024			
Unsecured			
Revolving credits	-	355,400	355,400
Term loans	2,457,635	858,467	3,316,102
Sukuk Programme	940,053	6,370,891	7,310,944
	<u>3,397,688</u>	<u>7,584,758</u>	<u>10,982,446</u>
As at			
31 January 2023			
Unsecured			
Revolving credits	-	357,208	357,208
Term loans	2,191,973	845,128	3,037,101
Sukuk Programme	841,546	6,380,079	7,221,625
	<u>3,033,519</u>	<u>7,582,415</u>	<u>10,615,934</u>

(b) Other information relating to borrowings:

- (i) In the previous financial year, Sapura TMC Sdn. Bhd. ("Sapura TMC") entered into a supplemental letter of offer for the utilisation of a revolving credit facility of RM300.0 million under the Maybank Islamic Facility (the "RCF"). The RCF was inter alia secured by a mortgage over a pipe-laying and crane vessel (the "S3000 Vessel") owned by Sapura 3000 Pte. Ltd. The S3000 Vessel was disposed on 11 August 2022, and the proceeds of the sale amounting to RM312.8 million was deposited with Maybank Islamic Berhad and as required under the terms of the RCF. The RCF was subsequently repaid on 1 December 2022.
- (ii) In the Financial Year ("FY") 2022, Sapura TMC had executed multi-currency financing facilities agreements (collectively, the "MCF Facilities") with the MCF Financiers consisting of:
 - (a) the senior multi-currency term facilities agreement dated 29 March 2021 between, inter alia, Sapura TMC as borrower, and the MCF Financiers named therein as conventional facility MCF Financiers; and/or
 - (b) the Multi-Currency Sukuk Programme of up to RM10.0 billion in nominal value based on the Shariah principle of murabahah (via a tawarruq arrangement), established under a programme agreement originally dated 20 August 2015 (as announced on 8 September 2015) between Sapura TMC as issuer, Maybank Investment Bank Berhad as lead arranger, and Maybank Investment Bank Berhad as facility agent, and as thereafter amended and supplemented.
- (iii) In March and June 2022, and subsequently in March and June 2023, Sapura TMC and the Obligors requested the MCF Financiers of the MCF Facilities to waive any event of default which may arise as a result of:
 - (a) failure by Sapura TMC and the Obligors to comply with certain financial covenants of the MCF Facilities;

13. Borrowings (cont'd.)

(b) Other information relating to borrowings (cont'd.):

- (b) granting of Restraining Order in relation to Sapura TMC and the Obligors, and the filing of any documents in connection with that Restraining Order; and
- (c) failure by Sapura TMC or any of the Obligor of the MCF Facilities to pay certain amounts due and payable under the MCF Facilities during the 90-day period commencing from 7 March 2022 and a further 6 months from 6 June 2022 to 10 December 2022.

In relation to (a) and (b) above, the majority of the MCF Financiers consented to these requests and agreed not to take any enforcement action in relation to any default which may arise as a result of:

- (aa) the failure by Sapura TMC and the Obligors to comply with certain financial covenants of the MCF Facilities; and
- (bb) the Restraining Orders in relation to Sapura TMC and the Obligors and the filing of any documents in connection with the Restraining Order.

On 12 December 2023, CDRC confirmed at least 75% of the MCF Financiers have provided their requisite approval-in-principle of the Proposed Restructuring Scheme ("PRS").

- (iv) On 1 September 2022, the Company received approval from the Corporate Debt Restructuring Committee ("CDRC") approving the Company's application for assistance to mediate in its debt restructuring negotiations with certain financial institutions who have provided multi-currency facilities to Sapura TMC.

The CDRC is a committee established under the purview of Bank Negara Malaysia for the purpose of providing a platform for corporate borrowers and their creditors to work out feasible debt resolutions without having to resort to legal proceedings. The Company and nine of its subsidiaries which are obligors under the MCF Facilities ("Admitted Group Companies"), were admitted to the CDRC regime with effect from 1 September 2022.

Following the CDRC's acceptance of the Company's application, CDRC has issued a letter addressed to the Company stating that:

- (a) the Lenders are expected to observe an informal standstill and withhold from any proceedings and the Company is expected to submit a proposal for a restructuring of its debts within 60 days from 1 September 2022; and
- (b) the Company and the Admitted Group Companies are required to adhere to and be bound by Bank Negara Malaysia CDRC Participant's Code of Conduct and any variations thereof as determined at the discretion of the CDRC from time to time.

The Company submitted a draft PRS to the CDRC on 29 September 2022 and has since been participating in CDRC meetings with the MCF Financiers to seek feedback on and to refine the terms of the PRS.

On 6 September 2023, the Company received a formal notification dated 5 September 2023 from the CDRC stating that the CDRC Committee extended the standstill period for the Company and its relevant subsidiaries under the CDRC regime, up to 10 March 2024. The MCF Financiers are to continue to observe the informal standstill and withhold all legal proceedings and/or any other recovery action initiated or intended against the Company and/or the Company's subsidiaries under the CDRC regime.

13. Borrowings (cont'd.)

- (v) On 26 October 2022, the Company completed the disposal of Sapura T-19, Sapura T-20 and Sapura Setia for a net disposal proceeds of USD8.1 million. The net disposal proceeds were deposited into a disposal proceeds account and were utilised to repay the multi-currency financing facilities, subject to the terms of the MCF Facilities.
- (c) As required under MFRS 101: Presentation of Financial Statements, in the event of a breach of loan covenants on or before the end of reporting date which gives lender the rights to demand for immediate repayment, an entity is required to classify a liability as current as it no longer has the unconditional right to defer its settlement for at least twelve months after that date.

Since the previous reporting date, the Group breached certain financial covenants pursuant to the MCF Facilities. As a result, the borrowings have been classified as current liabilities.

14. Material litigation

(a) Sarku Engineering Services Sdn. Bhd. vs Oil and Natural Gas Corporation Limited

On 20 February 2006, Sarku Engineering Services Sdn. Bhd. ("SESSB"), a wholly owned subsidiary of the Company entered into a contract with Oil and Natural Gas Corporation Limited ("ONGC") for the performance of works by SESSB to revamp 26 well platforms located in Mumbai High South field offshore site ("Contract").

On 21 September 2012, SESSB commenced arbitration proceedings by filing a Statement of Claim against ONGC in relation to disputes pursuant to the Contract for a sum of Indian Rupee ("INR")1,063,759,201 and USD123,819,632 (including interest, costs, losses and damages).

On 17 December 2012, ONGC filed their reply to the Statement of Claim. No counter claims have been filed by ONGC. Documents and witness statements have been filed.

Examination in chief took place in January 2014 whereby a revised list of documents was exchanged and recorded.

The cross examination of ONGC's witness was held from 22 to 24 December 2014 and 5 to 6 January 2015.

In January 2018 and February 2018, SESSB concluded its arguments on each of the claims filed before the tribunal. On 5 February 2018, submissions were made by SESSB's external counsel and thereafter SESSB's arguments were concluded.

ONGC's counsels submitted and concluded their arguments in defence on 6 February 2018 and on 2 to 4 May 2018.

The proceedings continued on 21, 22 and 23 November 2018 with submissions from SESSB's counsel. The tribunal heard ONGC's counsel's submissions on 12 and 13 February 2019. Final written submissions were submitted to the tribunal on 15 April 2019. ONGC presented its submissions on 31 July 2019.

On 30 November 2019, SESSB was awarded the sum of USD3,009,789 ("First Award") by the arbitral tribunal, comprising claims of work done valued at USD1,983,521 (subject to 4.368% withholding tax to be deducted by ONGC) and interests of USD1,026,267 (subject to income tax of 43.68%).

SESSB has instructed its lawyers to file an appeal against the above award.

SESSB has been advised by its lawyers that SESSB has reasonably strong grounds to appeal against the arbitral tribunal's decision. The following are the reasons provided by its lawyers as grounds of appeal against the arbitral tribunal's award:

- (i) The arbitral tribunal had failed to consider the record and detailed written and oral submissions on behalf of SESSB in arriving at its findings and they have made an error in rejecting most of SESSB's claims; and
- (ii) There were instances of procedural irregularities in favour of ONGC in the arbitration which may be grounds to a successful challenge of the award in the courts.

14. Material litigation (cont'd.)

(a) Sarku Engineering Services Sdn. Bhd. vs Oil and Natural Gas Corporation Limited (cont'd.)

ONGC filed an application to the arbitral tribunal disputing the computation of the award and seeking a correction of the amounts awarded in respect of the interest portion of the award.

The application by ONGC for correction of the errors in the award was allowed by the arbitral tribunal on 29 August 2020. The total amount payable by ONGC as per the Final Award is USD413,037 ("Final Award"). The difference between the First Award and the Final Award is in the sum of USD2,596,752. Parties will have 90 days from the date of the Final Award to file an appeal to the courts.

Our lawyers had accordingly filed an appeal on 8 December 2020 to challenge or set aside parts of the First Award and the Final Award which reject the claims of SESSB. The matter is now pending admission stage where it is to be listed for hearing upon filing of petition. To-date, in absence of a hearing date, our lawyers will write to the Courts to expedite the matter.

For the sums awarded to SESSB under the Final Award which are not being appealed against, a Letter of Demand ("LOD") was issued to ONGC on 7 May 2021 to demand for the payment of sum of INR19,693,815 and USD146,904. Our lawyers advised that the LOD will not affect SESSB's position in respect of its action to challenge or set aside the award. Considering the lack of response from ONGC on the LOD, our lawyers are weighing further options and possible enforcement actions.

The advice from our lawyers with regards to the hearing date for the appeal was that matters which require urgent/interim reliefs are usually taken up in normal course. Since no interim relief has been sought in the appeal, it is taking time for the petition to be listed.

We have instructed our lawyers to appoint a junior counsel to appear before the Bombay High Court to expedite the listing process of the appeal filed by SESSB.

With respect to the sums awarded under the Final Award, SESSB has been advised to file an Execution Petition in court and we are currently in the process of filing the Execution Petition.

(b) Petrofac (Malaysia) Limited vs Sapura Fabrication Sdn. Bhd.

On 18 March 2011, Sapura Fabrication Sdn. Bhd. ("SFSB"), a wholly-owned subsidiary of the Company entered into a contract with Petrofac (Malaysia) Limited ("PML") to provide works for the engineering, procurement and construction of well head platforms for the Cendor Phase 2 Development Project located in Block PM 304 in the Malaysian sector of the South China Sea ("Contract").

On 26 March 2018, SFSB received a commencement request from PML to formally initiate a claim in relation to disputes arising from the Contract by way of arbitration proceedings at the Asian International Arbitration Centre, for damages amounting to a sum of USD9,558,003 and RM16,785,227 vide its Re-amended Point of Claims. PML has alleged breach of riser height requirements and preservation obligations by SFSB. The claim by PML was made separately in two currencies as the claim is based on the rates and currencies prescribed in the Contract.

On 26 April 2018, SFSB responded to PML's claim and made a counter claim for a total amount of RM13,521,495.

14. Material litigation (cont'd.)

(b) Petrofac (Malaysia) Limited vs Sapura Fabrication Sdn. Bhd. (cont'd.)

The arbitrators have been appointed and parties had attended the first arbitration meeting on 21 July 2018. PML filed their Points of Claim on 21 September 2018 and SFSB filed its Defence and Counterclaim on 3 December 2018. Subsequently, PML submitted their Points of Reply and Defence to Counterclaim on 4 February 2019. PML requested to amend their Points of Claim and the same was filed on 8 March 2019. SFSB filed its rejoinder on 18 March 2019. The deadline for parties to exchange the bundle of documents was on 5 April 2019 and any request for discovery/disclosure was to be filed on 9 May 2019. The documents ordered to be produced by SFSB were produced on 12 September 2019. On the other hand, the documents ordered to be produced by PML were partially tendered on 23 September 2019. Witness Statements were filed on 15 November 2019 and the rebuttal witness statements were filed on 15 December 2019.

The hearing proceeded on 26, 27 and 28 April 2021 as scheduled with 2 of PML's witnesses giving evidence. The hearing continued on the following dates:

- (i) 31 April 2021;
- (ii) 3, 4, 5, 6, 7 & 10 May 2021;
- (iii) 20 to 24 September 2021;
- (iv) 27 September 2021 to 1 October 2021; and
- (v) 4 to 6 October 2021.

During the case management on 6 April 2021, the tribunal vacated the May 2021 dates as two of PML's witnesses were unable to attend the April and May 2021 hearing dates.

The hearing proceeded on the following dates as scheduled:

- (i) 20 to 24 September 2021;
- (ii) 27 September 2021 to 1 October 2021;
- (iii) 4, 6, 7 and 8 October 2021; and
- (iv) 13 November 2021.

The hearing dates scheduled in January and February 2022 were vacated and the tribunal fixed the following dates for continued hearing:

- (i) 25 to 29 April 2022;
- (ii) 17 to 20 May 2022;
- (iii) 8 to 12 August 2022; and
- (iv) 15 to 19 August 2022.

The matter was scheduled for case management on 22 April 2022 and the tribunal vacated the earlier fixed hearing dates due to the Restraining Order obtained in Originating Summons WA-24NCC-148-03/2022 which came into effect on 10 March 2022.

PML indicated that they are currently awaiting to receive the applicable notice from SFSB to allow them to proceed with the filing of Proof of Debt. Subject to the outcome of their Proof of Debt, PML will then consider whether or not to seek leave to proceed with the arbitration in accordance with the terms of the Restraining Order.

A case management conference was scheduled to be conducted on 11 August 2022 for the parties to update the tribunal vis-à-vis the status/outcome of the scheme and for the tribunal to chart the course of the arbitration moving forward.

SFSB was verifying the Proof of Debt submitted by PML.

The case management conference on 11 August 2022 was vacated as the Tribunal instructed the parties to provide a joint status report on the Proof of Debt by 11 November 2022.

14. Material litigation (cont'd.)

(b) Petrofac (Malaysia) Limited vs Sapura Fabrication Sdn. Bhd. (cont'd.)

On 11 November 2022, the tribunal directed the parties to provide a brief update to the tribunal on status of PML's Proof of Debt claims and a case management was scheduled on 18 January 2023.

During the case management on 18 January 2023, SFSB's solicitors informed the tribunal that a Notice of Admission of Proof of Debt was issued to PML on 16 January 2023 in response to PML's Proof of Debt Form. The tribunal was also made aware of the contents of the said Notice of Admission from SFSB. SFSB's solicitors further informed the tribunal that moving forward, SFSB will provide an Explanatory Statement in relation to the proposed Scheme of Arrangement to PML which sets out the payment terms and the date of the Court-Convened Meeting.

In light of the current Restraining Order that would expire on 10 March 2023, the tribunal had requested parties to provide the tribunal with a status update on the Scheme of Arrangement and Restraining Order by 20 March 2023.

During the Case Management on 20 March 2023, SFSB's solicitors updated the tribunal that SFSB had obtained a new Restraining Order dated 8 March 2023 and SFSB will provide further update to tribunal on the ongoing proof of debt exercise under the Scheme of Arrangement. On 6 June 2023, the Restraining Order was extended by the Court for a further period of nine months until 10 March 2024.

There is no further case management date fixed by the tribunal. The tribunal only directed parties to update on the status of the restructuring exercise under the Scheme of Arrangement.

SFSB informed its solicitors that on 7 March 2024, SEB and its 22 subsidiaries including Sapura Fabrication Sdn Bhd were granted fresh Convening and Restraining Orders for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Tribunal.

(c) Sapura Energy do Brasil Ltda. vs Centrais Elétricas de Sergipe S.A.

On 5 January 2020, Sapura Energy Berhad's subsidiary, Sapura Energy do Brasil Ltda. ("SE Brasil"), commenced arbitration proceedings against Centrais Elétricas de Sergipe S.A. ("CELSE") of Brazil. The arbitration is to resolve disputes arising out of an Engineering, Procurement, Construction and Installation Contract ("Contract") dated 20 November 2017.

SE Brasil had completed the works under the Contract in November 2019.

Due to unresolved disputes such as non-payment of milestone payments and non-payment of variation orders, SE Brasil commenced arbitration proceedings against CELSE at the International Court of Arbitration in Sao Paulo, Brazil, under the International Chamber of Commerce (ICC) Arbitration Rules. The Arbitration Tribunal comprises of 3 arbitrators. Chairman for the arbitration proceeding has been appointed.

- (i) SE Brasil filed their Statement of Claim for the sum of USD84,606,035 on 29 March 2021.
- (ii) CELSE filed Respondent's Statement of Claim for the sum of USD89,799,186 on 29 March 2021.
- (iii) SE Brasil filed Claimant's and Additional Party's Statement of Defence against Respondent's Statement of Claim on 28 May 2021.
- (iv) CELSE filed Respondent's Statement of Defence against Claimant's Statement of Claim on 28 May 2021.
- (v) SE Brasil filed Claimant's Reply on 28 June 2021.
- (vi) CELSE filed Respondent's Reply on 28 June 2021.
- (vii) SE Brasil filed Claimant's and Additional Party's Rejoinder on 28 July 2021.
- (viii) CELSE filed Respondent's Rejoinder on 28 July 2021.

Submissions on the issues to be determined by the Arbitration Tribunal, witness statements and request for additional evidence were submitted on 27 September 2021. Thereafter, a hearing for the presentation of the case shall take place.

On 30 September 2021, SE Brasil requested for leave to file expert rebuttal and this was granted on 10 November 2021. SE Brasil filed a rebuttal against the Technomar report on 10 December 2021.

14. Material litigation (cont'd.)

(c) Sapura Energy do Brasil Ltda. vs Centrais Elétricas de Sergipe S.A. (cont'd.)

The Arbitration Tribunal is now fully constituted following the ICC's confirmation of CELSE's third nominee. Evidentiary hearing was conducted on 26 January 2022.

- (i) 28 March 2022 - Parties submitted their application for document production by the counterparty in the form of a Redfern Schedule;
- (ii) 12 April 2022 – SE Brasil and Sapura Energy Berhad ("Sapura Energy") informed they did not object against the production of the documents requested by CELSE;
- (iii) 12 April 2022 – CELSE objected to the production of the documents requested by SE Brasil and Sapura Energy in their Answer to the Redfern Schedule;
- (iv) April 2022 – SE Brasil and Sapura Energy submitted their answer to the objections presented by CELSE to the production of the requested documents (Reply to the Redfern Schedule);
- (v) 27 April 2022 – CELSE submitted a motion to the Arbitration Tribunal requesting that SE Brasil and Sapura Energy produce the non-objected documents immediately;
- (vi) 28 April 2022 – SE Brasil and Sapura Energy presented a submission to the Arbitration Tribunal in response to CELSE's submission dated 27 April 2022;
- (vii) 3 May 2022 – The Arbitral Tribunal determined that SE Brasil and Sapura Energy provide the non-objected documents to CELSE by 10 May 2022;
- (viii) 10 May 2022 – SE Brasil and Sapura Energy produced the non-objected documents to CELSE.

CELSE's counter claim against SE Brasil for USD89,799,186 is for delay penalties, damages and/or expenses due to failure to perform the contract, breach of warranty and claim for warranty extension items which CELSE had or will have to perform correction on given SE Brasil's inaction.

Parties are waiting for the Arbitration Tribunal to rule on the latest production of the documents requested by SE Brasil and Sapura Energy and to decide on the next steps in evidence production.

The Arbitration Tribunal had also ruled on the latest production of the documents requested by SE Brasil and Sapura Energy and ordered CELSE to produce only a certain category of documents that the Arbitration Tribunal find relevant to the proceedings.

The Arbitration Tribunal also requested parties to file a joint submission on the technical issues that still require expert determination on 5 November 2022, which CELSE refused. As such, only SE Brasil and Sapura Energy filed the said submission on 4 November 2022.

On 7 November 2022, SE Brasil and Sapura Energy presented their proposal of a calendar for production of their additional documents. On the same date, CELSE also presented a submission requesting the Arbitration Tribunal to hold a hearing on the merits to allow the Parties to present their case prior to any expert determination.

Since the Parties were not able to reach an agreement regarding the procedural calendar for SE Brasil and Sapura Energy's production of additional documents, as well as on the calendar for the production of the expert determination, on 02 January 2023 the Arbitration Tribunal rendered the Procedural Order No. 19 ("PO 19"), deciding on those issues.

By means of PO 19, the Arbitration Tribunal:

- (i) granted SE Brasil and Sapura Energy the opportunity to produce additional evidence until 16 January 2023; and
- (ii) invited CELSE to comment on such evidence until 30 January 2023.

The Arbitration Tribunal held an Evidentiary Hearing in order to assess the evidence already produced by the Parties and also to determine whether it should appoint experts for additional expert determination. Therefore, the Parties were invited to present, by 30 January 2023, a joint submission with the points of agreement and disagreement regarding some issues related to the hearing.

14. Material litigation (cont'd.)

(c) Sapura Energy do Brasil Ltda. vs Centrais Elétricas de Sergipe S.A. (cont'd.)

On 16 January 2023, SE Brasil and Sapura Energy complied with PO 19 and submitted the settlement agreements entered into with the subcontractors, in order to prove the losses and financial damages SE Brasil faced as a result of CELSE's default of its payment obligations.

In turn, on 30 January 2023 CELSE presented its comments on SE Brasil and Sapura Energy's abovementioned submission and documents, whereby it requested the Arbitration Tribunal to deny the claims and documents produced, by alleging that it referred to new claims which was time-barred.

On 30 January 2023, the Parties presented a joint submission in response to PO 19, whereby both submitted partial agreement on the Evidentiary Hearing's agenda. The Arbitration Tribunal shall soon issue a new procedural order in order to establish the hearing dates.

The Arbitration Tribunal fixed the Evidentiary Hearing dates from 11 September 2023 until 22 September 2023.

A two-week Evidentiary Hearing took place from 11 September to 22 September 2023. After the hearing, the Arbitral Tribunal asked the Parties to present their requests for additional document production and additional evidence by 16 October 2023 and to reply to the counterparty's requests by 30 October 2023. These have been submitted accordingly, and the Arbitral Tribunal will then render its decision regarding the production of new evidence and documents submission, establishing the deadlines for the submission of permissible documents.

Following the submission of additional documents, the Arbitral Tribunal will issue another Procedural Order outlining the following:

- (i) A 75-day timeframe for the submission of the Parties' closing statements, which may include any requests for partial awards;
- (ii) A 45-day timeframe, following each party's submission, for responding to the opposing party's final statements; and
- (iii) 15 days for the Parties' submissions on costs, followed by an additional 15 days for comments on the opposing party's statement of costs.

As of 6 December 2023, no further Procedural Order have been issued by the Arbitral Tribunal as the Arbitral Tribunal has yet to decide regarding the production of new evidence and documents submission.

On 8 February 2024 the Arbitral Tribunal granted most of the Parties' requests for production of additional documents and evidence and determined that the Parties shall produce them by 1 March 2024.

The Parties were further invited to comment on the documents and evidence produced by its counterparty by 22 March 2024.

(d) Brunei Shell Petroleum Company Sdn. Bhd. vs Sapura Fabrication Sdn. Bhd.

On 30 August 2019, Sapura Fabrication Sdn. Bhd. ("SFSB") a wholly owned subsidiary of the Company entered into a contract with Brunei Shell Petroleum Company Sdn. Bhd. ("BSP") for engineering, procurement, construction and installation works related to the Salman project ("the Contract").

On 29 September 2023, BSP commenced an arbitration proceeding at the Singapore International Arbitration Centre ("SIAC") by filing a Notice of Arbitration ("NoA") against SFSB in relation to disputes pursuant to the Contract for the following reliefs:

- (i) A declaration that the BSP had validly terminated part of the Contract for cause;
- (ii) A declaration that SFSB had breached certain provisions of the Contract;
- (iii) Award of monetary relief to the extent necessary to fully compensate the Claimant for the damages suffered resulting from the breaches and termination event;
- (iv) An order for indemnification of the BSP for all costs, expenses, and fees in the arbitration; and
- (v) Pre- and post-award interest.

14. Material litigation (cont'd.)

(d) Brunei Shell Petroleum Company Sdn. Bhd. vs Sapura Fabrication Sdn. Bhd. (cont'd.)

On 16 October 2023, SFSB filed a Response to the NoA with the Registrar of the SIAC and served the same to BSP.

Parties have nominated their respective co-arbitrators for SIAC's approval. Currently parties are also in discussion on the nomination and appointment of the third and presiding arbitrator.

On 20 November 2023, SIAC has written to SFSB and SOSB that the arbitration proceedings for both matters (Salman & PRP-7) have been consolidated.

On 20 November 2023, Singapore High Court has recognized the Malaysian Convening and Restraining Order.

On 7 March 2024, SEB and its 22 subsidiaries including SFSB obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024.

On 7 March 2024, the following applications were filed in the Singapore Court:

- (i) Application to recognize the Malaysian Convening and Restraining Order dated 7 March 2023 - filed by SEB & SFSB
- (ii) Application to lift the Singapore Recognition Order dated 20 November 2023 - filed by SFSB

The matter is stayed until SFSB's discharge application to lift the Singapore Recognition Order dated 20 November 2023 is heard.

(e) Brunei Shell Petroleum Company Sdn. Bhd. vs Sapura Offshore Sdn. Bhd.

On 29 February 2020, Sapura Offshore Sdn. Bhd. ("SOSB") a wholly owned subsidiary of the Company entered into a contract with Brunei Shell Petroleum Company Sdn. Bhd. ("BSP") to fabricate transport, install and pre-commission the pipelines relating to the PRP-7 Pipeline Replacement Project ("the Contract").

On 29 September 2023, BSP commenced an arbitration proceeding at the Singapore International Arbitration Centre ("SIAC") by filing a Notice of Arbitration ("NoA") against SOSB in relation to disputes pursuant to the Contract for the following reliefs:

- (i) a declaration that SFSB had breached certain provisions of the Contract; and
- (ii) award of monetary relief to the extent necessary to fully compensate the Claimant for the damages suffered resulting from the breaches and termination event;
- (iii) an order for indemnification of the Claimant for all costs, expenses, and fees in the arbitration; and
- (iv) pre- and post-award interest.

On 16 October 2023, SOSB filed a Response to the NoA with the Registrar of the SIAC and served the same to BSP.

Parties have nominated their respective co-arbitrators for SIAC's approval. Currently parties are also in discussion on the nomination and appointment of the third and presiding arbitrator.

On 20 November 2023, SIAC has written to SFSB and SOSB that the arbitration proceedings for both matters (Salman & PRP-7) have been consolidated.

On 20 November 2023, Singapore High Court has recognized the Malaysian Convening and Restraining Order.

On 7 March 2024, SEB and its 22 subsidiaries including SOSB obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024.

14. Material litigation (cont'd.)

(e) Brunei Shell Petroleum Company Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. (cont'd.)

On 7 March 2024, the following applications were filed in the Singapore Court:

- (i) Application to recognize the Malaysian Convening and Restraining Order dated 7 March 2023 - filed by SEB & SFSB
- (ii) Application to lift the Singapore Recognition Order dated 20 November 2023 - filed by SFSB

The matter is stayed until SOSB's discharge application to lift the Singapore Recognition Order dated 20 November 2023 is heard.

(f) Yunneng Wind Power Co. Ltd. v Sapura Offshore Sdn. Bhd. and Sapura Energy Berhad

On 15 March 2019, Sapura Offshore Sdn. Bhd. ("SOSB"), a wholly-owned subsidiary of the Company entered into a contract with Yunneng Wind Power Co. Ltd ("Yunneng") for the provision of Transportation and Installation of Offshore Wind Turbine Substructures of which the scope of work include transportation and installation of substructures (foundations) for the offshore wind turbines at the Yunlin Offshore Wind Farm in Taiwan ("Contract"). The Contract was subsequently terminated by SOSB on 3 February 2022.

On 22 January 2024, SOSB and the Company was served with a request for arbitration dated 29 December 2023 which was filed by Yunneng at the the German Arbitration Institute (Deutsche Institution für Schiedsgerichtsbarkeit e.V.) ("DIS") (the "Request for Arbitration", or the "Request"). This Request for Arbitration was only brought to our attention after the end of business on 26 January 2024.

In brief, in the Request for Arbitration, the Claimant:

- (i) has claimed a provisional claim amount of EUR50,000,000 for certain alleged breaches of the Contract (but has reserved the right to further specify and expand its claims, and to claim damages for any damage incurred);
- (ii) has stated that that the Claimant filed the Request for Arbitration primarily to suspend the statute of limitations under German law in respect of the claims specified in the Request for Arbitration;
- (iii) has acknowledged its submission of a proof of debt with SEB and SOSB as at 31 December 2023 for purposes relating to the Proposed Schemes of Arrangement (as described and defined in our announcement dated 8 March 2023) proposed to be undertaken by SEB and SOSB under Section 366 of the Companies Act 2016; and
- (iv) has acknowledged that its claims in relation to the Contract would be determined through and be subject to the assessment procedure for the Proposed Schemes of Arrangement (as stipulated in the order of the High Court dated 10 March 2022 granted under Originating Summons No. WA-24NCC-148-03/2022 and the order of the High Court dated 8 March 2023 granted under Originating Summons No. WA-24NCC-121-03/2023).

SOSB and the Company are currently seeking legal advice from their external counsels on the strength and merits of the claims set out in the Request, as well as SOSB's and SEB's legal position in relation thereto. In addition, the proof of debt submitted by the Claimant in connection with the Proposed Schemes of Arrangement for SEB and SOSB is currently being assessed by the nominated chairman for the relevant court-convened meetings in accordance with the assessment procedure for such Proposed Schemes of Arrangement, as stipulated in the order of the High Court dated 10 March 2022 granted under Originating Summons No. WA-24NCC-148-03/2022 and the order of the High Court dated 8 March 2023 granted under Originating Summons No. WA-24NCC-121-03/2023.

SOSB and SEB has filed the Response to Yunneng's POD on 29 February 2024.

14. Material litigation (cont'd.)

(g) Winding up petitions

The following are the list and status of the Winding Petitions served to the Company or its subsidiaries. On 10 March 2022, in view of the Restraining Orders obtained by the Group, the case management and hearing of the Petitions against Sapura Offshore Sdn. Bhd., Sapura Fabrication Sdn. Bhd., Sapura Pinewell Sdn. Bhd., Sapura Subsea Services Sdn. Bhd. and Sapura Geosciences Sdn. Bhd. were vacated as the winding up proceedings has been stayed for three months.

By a court order dated 8 June 2022, the Restraining Orders were then extended for a further period of nine months until 10 March 2023. Sapura Energy and its 22 subsidiaries filed a fresh application under Sections 366 and 368 of the Companies Act 2016 and were granted a Restraining Order for the period of three months by the Court on 8 March 2023, and such Restraining Order is to take effect from 11 March 2023.

On 6 June 2023, the Restraining Orders were extended by the Court for a further period of nine months until 10 March 2024.

On 7 March 2024, SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd., Sapura Fabrication Sdn. Bhd., Sapura Pinewell Sdn. Bhd., Sapura Subsea Services Sdn. Bhd. and Sapura Geosciences Sdn. Bhd. obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays all the current proceedings before the Court.

(i) Hycotech Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. - Shah Alam High Court (BA-28NCC-638-12/2021)

- a) Winding up petition date - 17 December 2021
- b) Case management and hearing dates - 17 February 2022 and 9 March 2022

On 17 February 2022, Sapura Offshore Sdn. Bhd.'s solicitors informed the court that Sapura Offshore Sdn. Bhd. has entered into a settlement agreement with Hycotech Sdn. Bhd., and that full payment has been made to Hycotech Sdn. Bhd., subject to deductions on withholding tax.

Hycotech Sdn. Bhd. refused to withdraw the winding up petition as they claimed that they are entitled to receive the full outstanding sum including the withholding tax.

Following the dispute, on 1 March 2022 Sapura Offshore Sdn. Bhd. filed an application under Order 14A Rules of Court 2012 and to Strike Out the Petition.

On 9 March 2022, the Court fixed 22 April 2022 for the hearing of the Order 14A Rules of Court 2012 and Striking Out Application, and for the hearing of the Petition itself.

The hearing on 22 April 2022, was vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

14. Material litigation (cont'd.)

(g) Winding up petitions (cont'd.)

(ii) Perdana Nautika Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. - Kuala Lumpur High Court (WA-28NCC-920-12/2021)

- a) Winding up petition date - 20 December 2021
- b) Case management and hearing dates - 22 February 2022 and 26 April 2022

On 22 February 2022 Notices of Intention to Appear on Petition were filed by two creditors, namely:

- i. Tumpuan Megah Development Sdn. Bhd.; and
- ii. Vallianz Offshore Marine Pte Ltd.

The hearing on 27 April 2022 was vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 12 June 2023.
- d) During the Case Management on 12 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 12 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

(iii) Perdana Nautika Sdn. Bhd. vs Sapura Pinewell Sdn. Bhd. - Kuala Lumpur High Court (WA-28NCC-921-12/2021)

- a) Winding up petition date - 20 December 2021
- b) Case management and hearing dates - 23 February 2022 and 26 April 2022

On 23 February 2022 the solicitors for Perdana Nautika informed the Court that they were just instructed to advertise and gazette the Petition. Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that Sapura Pinewell Sdn. Bhd. will file an affidavit to oppose the Petition if they are required to do so.

The hearing on 26 April 2022 was vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 14 March 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Pinewell Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Pinewell Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 13 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Pinewell Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

14. Material litigation (cont'd.)

(g) Winding up petitions (cont'd.)

(iv) Hycotech Sdn. Bhd. vs Sapura Pinewell Sdn. Bhd. - Shah Alam High Court (BA-28NCC-639-12/2021)

- a) Winding up petition date - 20 December 2021
- b) Case management and hearing dates - 28 February 2022 and 9 March 2022

On 28 February 2022, Petitioner informed the Court that the Petitioner wishes to withdraw the petition during the hearing on 9 March 2022.

However, another creditor has appeared as a supporting creditor to the Petition during the Hearing on 9 March 2022, and the Court directed the supporting creditor to file its formal application to be substituted as the petitioner within 14 days.

- c) During the Case Management on 13 March 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Pinewell Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Pinewell Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Pinewell Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

(v) Fast Global Link Services vs Sapura Subsea Services Sdn. Bhd. - Shah Alam High Court (BA-28NCC-27-01/2022)

- a) Winding up petition date - 13 January 2022
- b) Case management and hearing dates - 14 February 2022 and 12 April 2022

On 14 February 2022, Sapura Subsea Services Sdn. Bhd. sought for a further case management date to be fixed on 15 March 2022 to determine whether Sapura Subsea Services Sdn. Bhd. will be contesting the winding-up petition or otherwise.

The case management date on 15 March 2022 and hearing date on 12 April 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Subsea Services Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Subsea Services Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Subsea Services Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Subsea Services Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Subsea Services Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

14. Material litigation (cont'd.)

(g) Winding up petitions (cont'd.)

(vi) Mectra Synergy (M) Sdn. Bhd. vs Sapura Subsea Services Sdn. Bhd. - Shah Alam High Court (BA-28NCC-31-01/2022)

- a) Winding up petition date - 25 January 2022
- b) Case management and hearing dates - 17 February 2022 and 20 April 2022

On 17 February 2022, Sapura Subsea Services Sdn. Bhd.'s solicitors sought further case management date to be fixed by the Court and the Court has fixed the next case management on 15 March 2022.

The case management date on 15 March 2022 and hearing date on 12 April 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Subsea Services Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Subsea Services Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Subsea Services Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Subsea Services Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Subsea Services Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

(vii) Equatorial Marine Fuel Management vs Sapura Offshore Sdn. Bhd - Shah Alam High Court (BA-28NCC-68-01/2022)

- a) Winding up petition date - 25 January 2022
- b) Case management and hearing dates - 28 February 2022 and 25 April 2022

On 28 February 2022, Petitioner informed the Court that a further date is required for compliance with winding up procedures.

Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that a further date is required to confirm whether the debt under the winding up petition may be disputed.

Hearing date on 25 April 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

14. Material litigation (cont'd.)

(g) Winding up petitions (cont'd.)

(viii) Dura International Sdn. Bhd. vs Sapura Fabrication Sdn. Bhd. - Shah Alam High Court (BA-28NCC-83-02/2022)

- a) Winding up petition date - 7 February 2022
- b) Case management and hearing dates - 10 March 2022 and 18 May 2022

The case management on 10 March 2022 and hearing date on 18 May 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During the Case Management on 13 March 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which will take effect from 11 March 2023. The Court fixed the next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

(ix) Astro Offshore Pte. Ltd. vs Sapura Fabrication Sdn. Bhd. - Shah Alam High Court (BA-28NCC-87-02/2022)

- a) Winding up petition date - 7 February 2022
- b) Case management and hearing dates - 14 March 2022 and 19 May 2022

The case management on 14 March 2022 and hearing date on 19 May 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During the Case Management on 13 March 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which will take effect from 11 March 2023. The Court fixed the next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

14. Material litigation (cont'd.)

(g) Winding up petitions (cont'd.)

(x) Public Crane Heavy Equipment Sdn. Bhd. vs Sapura Fabrication Sdn. Bhd. - Shah Alam High Court (BA-28NCC-92-02/2022)

- a) Winding up petition date - 9 February 2022
- b) Case management and hearing dates - 14 March 2022 and 19 May 2022
The case management on 14 March 2022 and hearing date on 19 May 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During the Case Management on 13 March 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which will take effect from 11 March 2023. The Court fixed the next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

(xi) MMA Offshore Malaysia Sdn. Bhd. vs Sapura Pinewell Sdn. Bhd. - Kuala Lumpur High Court (WA-28NCC-111-02/2022)

- a) Winding up petition date - 14 February 2022
- b) Case management and hearing dates - 15 March 2022 and 8 June 2022
The case management on 15 March 2022 and hearing date on 8 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During case management on 23 June 2022 Sapura Pinewell Sdn. Bhd. updated that the Restraining Order is extended for 9 months.
- d) During the Case Management on 14 March 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Pinewell Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.
- e) During the Case Management on 13 June 2023, Sapura Pinewell Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Pinewell Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 13 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Pinewell Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

14. Material litigation (cont'd.)

(g) Winding up petitions (cont'd.)

(xii) Icon Offshore Group Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. - Shah Alam High Court (BA-28NCC-119-02/2022)

- a) Winding up petition date - 25 February 2022
- b) Case management and hearing dates - 17 March 2022 and 24 May 2022
The case management on 17 March 2022 and hearing date on 24 May 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

(xiii) Posh Subsea Pte. Ltd. vs Sapura Fabrication Sdn. Bhd. - Shah Alam High Court (BA-28NCC-145-03/2022)

- a) Winding up petition date - 3 March 2022
- b) Case management and hearing dates - 6 April 2022 and 7 June 2022
The case management on 6 April 2022 and hearing date on 7 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) During the Case Management on 13 March 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Fabrication Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Fabrication Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Fabrication Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

14. Material litigation (cont'd.)

(g) Winding up petitions (cont'd.)

(xiv) Lincoln Energy Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. - Shah Alam High Court (BA-28NCC-146-03/2022)

- a) Winding up petition date - 4 March 2022
- b) Case management and hearing dates - 6 April 2022 and 7 June 2022

The case management on 6 April 2022 and hearing date on 7 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

(xv) Semco Salvage (V) Pte. Ltd. vs Sapura Offshore Sdn. Bhd. - Shah Alam High Court (BA28NCC-144-03/2022)

- a) Winding up petition date - 3 March 2022
- b) Case management and hearing dates - 6 April 2022 and 7 June 2022

The case management on 6 April 2022 and hearing date on 7 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.

- c) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.
- d) During the Case Management on 13 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- e) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

14. Material litigation (cont'd.)

(g) Winding up petitions (cont'd.)

(xvi) VKI Marketing Sdn. Bhd. vs Sapura Offshore Sdn. Bhd. - Shah Alam High Court (BA-28NCC-159-03/2022)

- a) Winding up petition date - 22 February 2022
- b) Case management and hearing dates - 11 April 2022 and 13 June 2022
The case management on 11 April 2022 and hearing on 13 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) Next case management was fixed on 29 June 2022.
- d) Due to the extension of the Restraining Order, the next Case Management was fixed on 13 March 2023.
- e) During the Case Management on 13 March 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained a fresh Restraining Order on 8 March 2023 which took effect from 11 March 2023. The Court fixed next Case Management on 13 June 2023.
- f) During the Case Management on 13 June 2023, Sapura Offshore Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Offshore Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- g) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Offshore Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

(xvii) Tumpuan Megah Development Sdn. Bhd. vs Sapura Geosciences Sdn. Bhd. - Shah Alam High Court (BA-28NCC-181-03/2022)

- a) Winding up petition date - 17 March 2022
- b) Case management and hearing dates - 14 April 2022 and 20 June 2022
The case on 14 April 2022 and hearing on 20 June 2022 were vacated as the Restraining Order was obtained on 10 March 2022.
- c) Next case management was fixed on 29 June 2022.
- d) Due to the extension of the Restraining Order, the next Case Management was fixed on 13 March 2023.
- e) During the Case Management on 13 March 2023, Sapura Geosciences Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Geosciences Sdn. Bhd. obtained a new Restraining Order on 8 March 2023 which will take effect from 11 March 2023. The Court fixed the next Case Management on 13 June 2023.
- f) During the Case Management on 13 June 2023, Sapura Geosciences Sdn. Bhd.'s solicitors informed the Court that SEB and its 22 subsidiaries including Sapura Geosciences Sdn. Bhd. obtained an extension to the Restraining Order until 10 March 2024. The Court fixed next Case Management on 14 March 2024.
- g) On 7 March 2024, SEB and its 22 subsidiaries including Sapura Geosciences Sdn Bhd obtained a fresh Convening and Restraining Order for a period of three (3) months, effective from 11 March 2024. This Order stays the current proceedings before the Court.

15. Review of Group Performance

15.1 Current quarter against the corresponding quarter of the preceding year

	Individual Quarter Three months to		Changes %
	31/01/2024 RM'000	31/01/2023 RM'000	
Revenue	1,058,800	1,217,186	(13.0)
Operating (loss)/profit	(151,711)	333,427	(>100.0)
Loss before taxation and impairment	(699,999)	(680,768)	(2.8)
Loss before taxation	(713,801)	(3,300,940)	78.4
Loss after taxation	(731,878)	(3,272,993)	77.6
Loss attributable to owners of the Parent	(728,439)	(3,257,204)	77.6

The Group's revenue of RM1,058.8 million in the current quarter, was a decrease of RM158.4 million compared to RM1,217.2 million in the corresponding quarter of the preceding year ("Q4 FY2023") due to a lower revenue recognised from the E&C as a result of lower project progress in current quarter and lower revenue from the Drilling business segment from completion of IRDC project in Q4 FY2023.

The loss before taxation and impairment of RM700.0 million in the current quarter is higher by RM19.2 million compared to RM680.8 million in Q4 FY2023 on the back of lower revenue, higher operating expenses and higher finance cost incurred, offset by lower depreciation, higher share of profit from joint venture and associate, as well as favourable foreign exchange gain from the appreciation of USD against RM.

In the current quarter, the Group has not made provision for impairment on goodwill on consolidation (Q4 FY2023: RM1,463.7 million) but has made provision for impairment on property, plant and equipment of RM13.8 million (Q4 FY2023: RM1,156.5 million).

The Group recorded a loss before taxation of RM713.8 million in the current quarter, lower by RM2,587.1 million compared to RM3,300.9 million in Q4 FY2023, corresponding to lower provision of impairment.

15.2 Current year against corresponding year

	Cumulative Quarters Twelve months to		Changes %
	31/01/2024 RM'000	31/01/2023 RM'000	
Revenue	4,257,616	4,551,254	(6.5)
Operating (loss)/profit	(23,489)	752,551	(>100.0)
Loss before taxation and impairment	(387,017)	(483,385)	19.9
Loss before taxation	(412,842)	(3,103,557)	86.7
Loss after taxation	(518,700)	(3,175,527)	83.7
Loss attributable to owners of the Parent	(508,658)	(3,157,680)	83.9

The Group's revenue has decreased by 6.5% or RM293.6 million which is lower than the corresponding year of RM4,551.3 million, as a result of a lower revenue posted by the E&C business segment as a result of lower project progress in current year and lower revenue from Drilling business segment from completion of IRDC project in corresponding year.

The Group recorded a loss before taxation and impairment of RM387.0 million, lower by RM96.4 million compared to a loss before taxation and impairment of RM483.4 million in the corresponding year despite a lower revenue, higher operating expenses and finance cost incurred mainly because of higher share of profits in associates and joint ventures as well as favourable foreign exchange gain from the appreciation of USD against RM during the current year.

15. Review of Group Performance (cont'd.)

15.2 Current year against corresponding year (cont'd.)

In the current year, the Group has not made provision for impairment on goodwill on consolidation (FY2023: RM1,463.7 million) but has made provision for impairment on property, plant and equipment of RM25.8 million (FY2023: RM1,156.5 million).

The Group's loss before taxation decreased by RM2,690.7 million or 86.7% to RM412.8 million in the current financial year, from RM3,103.6 million in the corresponding year as a result of lower provision for impairment.

15.3 Current quarter against immediate preceding quarter

	Individual Quarter Three months to		Changes %
	31/01/2024 RM'000	31/10/2023 RM'000	
Revenue	1,058,800	1,103,933	(4.1)
Operating (loss)	(151,711)	(59,676)	(>100.0)
(Loss)/profit before taxation and impairment	(699,999)	75,048	(>100.0)
(Loss)/profit before taxation	(713,801)	63,025	(>100.0)
(Loss)/profit after taxation	(731,878)	31,793	(>100.0)
(Loss)/profit attributable to owners of the Parent	(728,439)	30,888	(>100.0)

The Group's revenue of RM1,058.8 million was RM45.1 million or 4.1% lower than the immediate preceding quarter ("Q3 FY2024") of RM1,103.9 million, due to lower revenues from E&C segments, attributable to lower progress from on-going projects.

In the current quarter, the Group recorded a loss before taxation and impairment of RM700.0 million which is RM775.0 million lower than a profit before taxation and impairment of RM75.0 million, achieved in Q3 FY2024. The decrease was mainly contributed by the lower revenue, net foreign exchange loss and share of loss from associates and joint ventures in the current quarter.

With the provision for impairment on property, plant and equipment of RM13.8 million (Q3 FY2024: RM12.0 million), the Group recorded a loss before taxation of RM713.8 million in the current quarter, compared to a profit before taxation of RM63.0 million in Q3 FY2024.

16. Segment information

The Group organises its business activities into five major segments as follows:

- (i) Engineering and Construction ("E&C")
- (ii) Operations and Maintenance ("O&M")
- (iii) Drilling;
- (iv) Exploration and Production* ("E&P"); and
- (v) Corporate

	Three months to 31/01/2024	
	Revenue RM'000	Loss before tax RM'000
E&C	665,868	(225,836)
O&M	127,434	(30,049)
Drilling	293,881	(54,282)
E&P	-	(182,045)
	1,087,183	(492,212)
Corporate expenses and eliminations	(28,383)	(221,589)
Group revenue/loss before taxation	1,058,800	(713,801)

*includes share of profit after tax of associates

16. Segment information (cont'd.)

16.1 Current quarter against corresponding quarter of the preceding year

	Revenue			(Loss)/profit before tax		
	Three months to		Changes	Three months to		Changes
	31/01/2024	31/01/2023		31/01/2024	31/01/2023	
	RM'000	RM'000	%	RM'000	RM'000	%
Business segments:						
E&C	665,868	692,932	(3.9)	(225,836)	(880,512)	74.4
O&M	127,434	113,324	12.5	(30,049)	34,760	(>100.0)
Drilling	293,881	436,395	(32.7)	(54,282)	(1,654,806)	96.7
E&P	-	-	-	(182,045)	(333,338)	45.4
	<u>1,087,183</u>	<u>1,242,651</u>		<u>(492,212)</u>	<u>(2,833,896)</u>	
Corporate expenses and eliminations	<u>(28,383)</u>	<u>(25,465)</u>	(11.5)	<u>(221,589)</u>	<u>(467,044)</u>	52.6
Group revenue/ loss before taxation	<u>1,058,800</u>	<u>1,217,186</u>	(13.0)	<u>(713,801)</u>	<u>(3,300,940)</u>	78.4

Business segments:

Engineering and Construction

The segment recorded revenue of RM665.9 million in the current quarter, which is RM27.1 million or 3.9% lower than revenue of RM692.9 million in Q4 FY2023, due to lower project progress in the current quarter.

The segment's loss before taxation decreased by RM654.7 million to RM225.8 million compared to loss before taxation of RM880.5 million in Q4 FY2023, in line with improved project performance.

Operations and Maintenance

The segment recorded RM14.1 million or 12.5% higher revenue in the current quarter standing at RM127.4 million as compared to RM113.3 million in Q4 FY2023, mainly driven by inspection of repair and maintenance works.

In the current quarter, the segment turned to a loss before taxation of RM30.0 million as compared to profit before taxation of RM34.8 million in Q4 FY2023, mainly contributed by provision for impairment on property, plant and equipment, higher project costs incurred and lower project margins.

Drilling

The segment's revenue dropped by RM142.5 million or 32.7%, from RM436.4 million in Q4 FY2023 to RM293.9 million in the current quarter. The reduction in revenue is mainly due to completion of IRDC project in Q4 FY2023.

The segment recorded a loss before taxation of RM54.3 million in the current quarter which is lower by RM1,600.5 million or 96.7% as compared to loss before taxation of RM1,654.8 million in Q4 FY2023. This is due to provision for impairment on goodwill on consolidation and property, plant and equipment recorded in the corresponding quarter of RM1,558.6 million.

Exploration and Production

The segment recorded a loss before taxation of RM182.0 million, which was RM151.3 million lower than the loss before taxation of RM333.3 million in Q4 FY2023, mainly due to impairment recognised in Q4 FY2023.

16. Segment information (cont'd.)

16.2 Current year against corresponding year

	Revenue			(Loss)/profit before tax		
	Twelve months to			Twelve months to		
	31/01/2024	31/01/2023	Changes	31/01/2024	31/01/2023	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Business segments:						
E&C	2,647,945	2,819,958	(6.1)	(203,560)	(801,128)	74.6
O&M	580,345	519,357	11.7	(37,532)	140,105	(>100.0)
Drilling	1,236,331	1,374,104	(10.0)	(90,281)	(1,660,766)	94.6
E&P	-	-	-	(2,081)	(359,101)	99.4
	<u>4,464,621</u>	<u>4,713,419</u>		<u>(333,454)</u>	<u>(2,680,890)</u>	
Corporate expenses and eliminations	<u>(207,005)</u>	<u>(162,165)</u>	(27.7)	<u>(79,388)</u>	<u>(422,667)</u>	81.2
Group revenue/ profit before taxation	<u>4,257,616</u>	<u>4,551,254</u>	(6.5)	<u>(412,842)</u>	<u>(3,103,557)</u>	86.7

Business segments:

Engineering and Construction

The segment recorded revenue of RM2,647.9 million, 6.1% lower than the revenue of RM2,820.0 million in corresponding year, primarily due to lower progress of projects.

The segment recorded a loss before taxation of RM203.6 million, which was lower by RM597.6 million compared to loss before taxation of RM801.1 million in corresponding year, due to lower project cost incurred.

Operations and Maintenance

The segment recorded a revenue of RM580.3 million, which was 11.7% higher than the corresponding year, attributable to inspection of repair and maintenance works.

The segment turned to a loss before taxation of RM37.5 million as compared to profit before taxation of RM140.1 million in corresponding year, mainly contributed by provision for impairment on property, plant and equipment, higher project costs incurred and lower project margins.

Drilling

The segment's revenue for the current period of RM1,236.3 million was lower by 10.0% compared to the revenue of RM1,374.1 million in corresponding year mainly due to completion of IRDC project in Q4 FY2023.

The segment recorded a loss before taxation of RM90.3 million, which was RM1,570.5 million lower as compared to the loss before taxation of RM1,660.8 million in corresponding year, due to provision for impairment on goodwill on consolidation and property, plant and equipment recorded in the corresponding year of RM1,558.6 million.

Exploration and Production

The segment recorded a loss before taxation of RM2.1 million, which was RM357.0 million lower than the loss before taxation of RM359.1 million in the corresponding year, mainly attributed to impairment recognised in the corresponding year.

17. Additional disclosure information

17.1 Foreign exchange exposure and hedging policy

Foreign currency (a currency which is other than the functional currency of the Group entities) risk is the risk that the fair value or future cash flows of the Group's financial instrument will fluctuate because of the changes in foreign exchange rates.

The Group has transactional currency exposures arising mainly from revenue or costs and advances that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily RM and US Dollar ("USD"). The foreign currencies in which these transactions are denominated are mainly USD and RM.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the assets or investment is located or by borrowing in the currencies that match the future revenue stream to be generated from its investments. Where possible, the strategy is to match the payments for foreign currency payables against receivables denominated in the same foreign currency.

17.2 Trade and other receivables and contract assets

	As at 31/01/2024	As at 31/01/2023
	RM'000	RM'000
Non-current		
Trade receivables	65,315	37,066
Less: Provision for expected credit loss	<u>(10,360)</u>	<u>(10,360)</u>
	54,955	26,706
Other receivables	<u>677</u>	<u>200,655</u>
Total non-current trade and other receivables	<u>55,632</u>	<u>227,361</u>
Current		
Trade receivables	697,877	463,723
Less: Provision for expected credit loss	<u>(204,343)</u>	<u>(200,470)</u>
	493,534	263,253
Other receivables	824,425	792,335
Less: Provision for expected credit loss	<u>(272,603)</u>	<u>(272,603)</u>
	551,822	519,732
Total current trade and other receivables	<u>1,045,356</u>	<u>782,985</u>
Contract assets	<u>509,046</u>	<u>687,586</u>
Total trade and other receivables and contract assets	<u>1,610,034</u>	<u>1,697,932</u>

Trade receivables are non-interest bearing. The Group's normal trade credit term ranges from 30 to 90 days (31 January 2023: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. Overdue balances are reviewed regularly by the management. Trade receivables are recognised at original invoice amounts which represent their fair values on initial recognition.

18. (a) Commentary on prospects

Sapura Energy Berhad and its subsidiaries ("the Group") reported a net loss of RM728 million in Q4 FY2024. Free cashflows generated in FY2024 are approximately RM614 million.

The operating conditions for E&C and O&M segment have continued to be challenging. The lack of access to working capital and bank guarantee facilities remains operationally strenuous as the Group works towards its regularisation plan.

The Group's orderbook currently stands at RM5 billion. E&C and O&M segments are actively pursuing a number of prospects, focusing on transportation & installation as well as subsea inspection, repair & maintenance. The orderbook held by the Group's joint venture and associate entities currently stands at RM3 billion.

On 7 March 2024, the High Court of Malaya granted Sapura Energy Berhad and certain of its wholly-owned subsidiaries an extension of the Restraining Order for a period of three months from 11 March 2024. The Orders granted by the Court will allow the Group to finalize the Proposed Schemes of Arrangement for the approval of its Creditors. The Group further received a letter dated 11 March 2024 from CDRC that the standstill period with the MCF Financiers will be extended till 10 June 2024.

(b) Revenue or profit estimate, forecast, projection or internal targets

The Company has not provided any revenue or profit estimate, forecast, projection or internal targets in any previous announcement or public document.

19. Dividend

The Board of Directors does not recommend any payment of dividend for the current quarter under review.

20. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Three months to 31/01/2024	31/01/2023	Twelve months to 31/01/2024	31/01/2023
Basic/Diluted				
Loss attributable to owners of the Parent (RM'000)	(728,439)	(3,257,204)	(508,658)	(3,157,680)
Weighted average number of ordinary shares in issue excluding shares held under trust ('000)*:				
- Basic/Diluted	16,835,929	15,979,080	16,024,318	15,979,080
Earnings per share (sen)				
- Basic/Diluted	(4.33)	(20.38)	(3.17)	(19.76)

* Included in the calculation of weighted average number of ordinary shares for FY2024 is the conversion of matured RCPS-i of 2,396,862,035 units into ordinary shares as mentioned in Note 6(a).

By Order of the Board

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Seri Kembangan, Selangor Darul Ehsan
25 March 2024