





ANNUAL REPORT 2022

65th ANNUAL GENERAL MEETING



Multi-Purpose Hall, Ground Floor, Sapura@Mines,
No. 7, Jalan Tasik, The Mines Resort City,
43300 Seri Kembangan, Selangor Darul Ehsan



Wednesday, 20 July 2022
10:00 a.m.

16

Management Discussion and Analysis

56

Corporate Governance

Overview Statement



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OVERVIEW



NOTICE OF SIXTY-FIFTH (65TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixty-Fifth (“65th”) Annual General Meeting (“AGM”) of the Company will be conducted **virtually** at the broadcast venue for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

Meeting Platform : <https://meeting.boardroomlimited.my>
(Domain Registration No. with MYNIC – D6A357657)

Broadcast Venue : Multi-Purpose Hall, Ground Floor, Sapura@Mines,
No. 7, Jalan Tasik, The Mines Resort City,
43300 Seri Kembangan, Selangor Darul Ehsan

Day and Date : Wednesday, 20 July 2022

Time : 10:00 a.m.

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company together with the Directors’ and Auditors’ reports for the financial year ended 31 January 2022. [Please refer to Note A]
2. To approve the payment of Directors’ fees of RM531,931.50 for the financial year ended 31 January 2022. **Ordinary Resolution 1**
[Please refer to Note B]
3. To approve the payment of Directors’ benefits payable up to an amount of RM67,500.00 from 21 July 2022 until the date of the next AGM of the Company. **Ordinary Resolution 2**
[Please refer to Note B]
4. To re-elect the following Directors who are retiring in accordance with Clause 116 of the Company’s Constitution and being eligible, have offered themselves for re-election:
 - (a) Tan Sri Dato’ Seri Shahril bin Shamsuddin; and
 - (b) Andrew Heng**Ordinary Resolution 3**
Ordinary Resolution 4
 Dato’ Muthanna bin Abdullah who retires in accordance with Clause 116 of the Company’s Constitution, has expressed his intention not to seek for re-election. Hence, he will retain office until the closed of the 65th AGM. [Please refer to Note C]
5. To re-appoint Ernst & Young PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**
[Please refer to Note D]

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions, with or without modifications:

6. **Authority for Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

“**That** subject to the Companies Act 2016 (“**the Act**”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and any other governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company at any time, at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being to be utilised until 31 December 2022 as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad’s letter dated 23 December 2021 to grant additional temporary relief measures to listed issuers and thereafter ten per centum (10%) of the total number of issued shares of the Company for the time being as stipulated under Paragraph 6.03(1) of the Bursa Securities Main Market Listing Requirements hereinafter referred to as the (“**General Mandate**”);

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

Ordinary Resolution 6
[Please refer to Note E]

7. **Proposed Amendments to the Constitution of the Company (“Proposed Amendment”)**

“That the proposed amendments to Clauses 91, 165 and 170 of the Company’s Constitution as annexed herewith as Appendix “A”, be and are hereby approved, with immediate effect.

AND that, the Directors of the Company be and are hereby authorised to assent to any conditions, variations, modifications and/or amendments as may be required by any relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Amendments, for and on behalf of the Company.”

Special Resolution
[Please refer to Note F]

8. To transact any other business of which due notice shall have been given in accordance with the Act and the Company’s Constitution.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC NO. 201908002648)

YAU JYE YEE (MAICSA 7059233) (SSM PC NO. 202008000733)

Company Secretaries

Selangor Darul Ehsan

31 May 2022

NOTICE OF SIXTY-FIFTH (65TH) ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESSES:

A. Audited Financial Statements

This Agenda item is meant for discussion only as under the provision of Section 340(1)(a) of the Companies Act 2016, formal approval by members is not required to be obtained. Hence, this Agenda item will not be put forward for voting.

B. Payment of Directors' Fees and Benefits Payable

Section 230(1) of the Act provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 65th AGM the Directors' fees for the period for the financial year ended 31 January 2022 under Ordinary Resolution 1.

Under Ordinary Resolution 2, the benefits payable to the Directors have been reviewed by the Board Nomination and Remuneration Committee ("BNRC") and the Board of Directors of the Company, which recognise that the benefits payable are in the best interest of the Company. The Directors' benefits comprised of meeting allowance only.

C. Re-election of Directors

Clause 116 of the Constitution of the Company states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Tan Sri Dato' Seri Shahril bin Shamsuddin and Mr. Andrew Heng ("Retiring Directors"), who retire in accordance with Article 116 of the Constitution and being eligible, have offered themselves for re-election.

In determining the eligibility of the Directors to stand for re-election at the forthcoming 65th AGM and in line with Practice 5.1 of the revised Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia on 28 April 2021, the BNRC has reviewed and assessed each of the Retiring Directors from the annual assessment and evaluation of the Board for the financial year ended 31 January 2022 as follows:

- (i) Directors' self-assessment and peer-to-peer performance evaluation;
- (ii) Evaluation on the effectiveness of the Board as a Whole and the Committees of the Board; and
- (iii) For Independent Non-Executive Directors ("INEDs") only, the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

The BNRC had recommended the re-election of Retiring Directors based on the following consideration:

- (i) satisfactory performance and have met Board's expectation in discharging their duties and responsibilities;
- (ii) met the criteria of character, experience, integrity, competence and time commitment in discharging their roles as directors of the Company;
- (iii) level of independence demonstrated by the independent director; and
- (iv) their ability to act in the best interest of the Company in decision-making.

The Board approved the BNRC's recommendation for the Retiring Directors pursuant to Clause 116 of the Constitution of the Company. All the Retiring Directors have consented to their re-election, and abstained from deliberation as well as decision on their own eligibility to stand for re-election at the relevant BNRC and Board meetings, where applicable.

The evaluation criteria adopted as well as the process of assessment by the Board have been duly elaborated in the Corporate Governance Overview Statement of the Annual Report 2022 of the Company.

Dato' Muthanna bin Abdullah, a Director who retires by rotation in accordance with Clause 116 of the Company's Constitution, had expressed his intention not to seek for re-election. Hence, he will retain office until the close of the 65th AGM of the Company.

D. Re-appointment of Auditors

The Board Audit and Risk Committee ("BARC") have assessed the suitability and independence of the External Auditors and recommended the re-appointment of Ernst & Young PLT as External Auditors of the Company for the financial year ending 31 January 2023. The Board has in turn reviewed the recommendation of the BARC and recommended the same to be tabled to the shareholders for approval at the forthcoming 65th AGM of the Company under Ordinary Resolution 5.

E. Authority for Directors to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 6 is intended to renew the authority granted to the Directors of the Company at the Sixty-Fourth AGM of the Company held on 14 July 2021 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed:

- (i) twenty percent (20%) of the total number of issued shares of the Company for the time being (for issuance and allotment until 31 December 2022 as empowered by Bursa Securities pursuant to Bursa Malaysia Berhad's letter dated 23 December 2021 to grant additional temporary relief measures to listed issuers) ("**20% General Mandate**"); and
- (ii) ten percent (10%) of the total number of issued shares of the Company for the time being (for issuance and allotment after 31 December 2022 as stipulated under Paragraph 6.03(1) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements) ("**10% General Mandate**").

Should the 20% General Mandate and/or 10% General Mandate be exercised, it will enable the Directors to take swift action in case of a need for corporate exercises or fund-raising activities or in the event business opportunities arise which involve the issuance of new shares and to avoid delay and cost in convening general meetings to approve such issuance of shares. The proceeds raised from the corporate exercises or fund-raising activities will be utilised for funding future investment projects, working capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company had been issued pursuant to the mandate granted to the Directors at the last AGM held on 14 July 2021 which will lapse at the conclusion of the forthcoming 65th AGM.

F. Proposed Amendments to the Constitution of the Company

The proposed Special Resolution is to streamline the Company's Constitution with the Main Market Listing Requirements of Bursa Securities, as well as to enhance administrative efficiency.

The Proposed Amendment shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to attend and vote and do vote in person or proxy at the 65th AGM.

NOTES:**MODE OF MEETING AND VENUE**

1. The 65th AGM of the Company will be conducted on a virtual basis through live streaming and online remote voting by shareholders and proxies via the Remote Participation and Voting ("**RPV**") Platform. To attend the 65th AGM remotely, all members will have to register for Remote Participation and Voting Facilities via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>

Please follow the steps and procedures provided in the Administrative Details for the 65th AGM of the Company, published on the Company's website at www.sapura-resources.com in order to register, participate and vote remotely via the RPV Platform.

The broadcast venue of the 65th AGM is the main venue which is strictly for the purpose of compliance with the Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the meeting and in accordance with Clause 77 of the Company's Constitution which allows a general meeting to be held at more than one (1) venue, using any technology or method that enables the members of the Company to participate and to exercise the members' right to speak and vote at the general meeting. Shareholders/proxy(ies) will not be allowed to attend the 65th AGM in person at the broadcast venue on the day of the 65th AGM of the Company.

2. According to the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions and its subsequent amendments on the Conduct of General Meetings for Listed Issuers, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

Shareholders WILL NOT BE ALLOWED to attend the AGM in person at the Meeting Venue on the day of the Meeting.

By utilising the RPV facilities, shareholders are to remotely participate, speak (by way of posing questions to the Board via real time submission of typed texts) and cast their votes at the 65th AGM.

NOTICE OF SIXTY-FIFTH (65TH) ANNUAL GENERAL MEETING

APPOINTMENT OF PROXY

1. In respect of deposited securities, only members whose names appear on the Record of Depositors as at 13 July 2022 (General Meeting Record of Depositors) shall be entitled to participate, speak and vote at this Meeting.
2. A member of the Company who is entitled to participate and vote at the Meeting, shall be entitled to appoint more than one (1) proxy to participate, speak and vote in his stead. Where a member appoints more than one (1) proxy in relation to a meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
3. A proxy may but need not to be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the Meeting shall have the same rights as the member to participate, speak and vote at the Meeting.

As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, the primary mode of communication by shareholders for the 65th AGM is via text messaging facilities provided under the RPV Platform. In the event of any technical glitch in the primary mode of communication, all other reasonable modes of communication are acceptable for the 65th AGM.

4. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. of 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Meeting, i.e., not later than 18 July 2022 at 10:00 a.m. or adjournment thereof.

Alternatively, the form of proxy can be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Online Portal at www.boardroomlimited.my to login and deposit your proxy form electronically not less than forty-eight (48) hours before the time appointed for holding the Meeting, i.e., not later than 18 July 2022 at 10:00 a.m. or adjournment thereof.

The lodging of the Proxy Form does not preclude any shareholder from participating and voting remotely at the Meeting should any shareholder subsequently wishes to do so, provided a Notice of Termination of Authority to act as Proxy is given to the Company and deposited at the office of Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time stipulated for holding the Meeting or any adjournment thereof.

All resolutions set out in the Notice of the Meeting are to be voted by poll voting as per paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities via the RPV Platform.

7. Corporate Representatives

As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the 65th AGM pursuant to Section 333 of the Companies Act 2016. For this purpose and pursuant to Section 333 (5) of the Companies Act 2016, the corporate member shall be provided a certificate under its common seal as prima facie evidence of the appointment of the corporate representative.

Personal data privacy:

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

Special Resolution

- Proposed Amendments to the Constitution of the Company

Appendix "A"

The Constitution of the Company is proposed to be amended in the following manner:

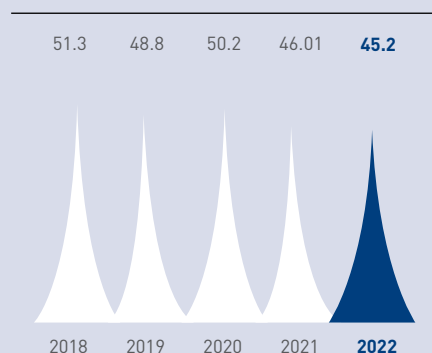
	Existing Clause	Proposed Amended Clause
Clause 91	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.	<p>(a) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid.</p> <p>(b) Subject to the Act and the Listing Requirements, the Directors or any agent of the Company so authorised by the Directors, may accept the appointment of proxy received by Electronic Communication on such terms and subject to such conditions as they consider fit. The appointment of proxy by Electronic Communication shall be in accordance with this Clause and shall not be subject to the requirements of Clause 89.</p> <p>(c) For the purposes of this Clause, the Directors may require such reasonable evidence they consider necessary to determine and verify:</p> <p style="padding-left: 20px;">(i) The identity of the Member and the proxy; and</p> <p style="padding-left: 20px;">(ii) Where the proxy is appointed by a person acting on behalf of the Member, the authority of that person to make the appointment.</p> <p>(d) Without prejudice to Clause 91, the appointment of a proxy by Electronic Communication must be received at the Electronic Address specified by the Company in any of the following source and shall be subject to any terms, conditions or limitations specified therein:</p> <p style="padding-left: 20px;">(i) Notice calling the meeting;</p> <p style="padding-left: 20px;">(ii) Instrument of proxy sent out by the Company in relation to the meeting; or</p> <p style="padding-left: 20px;">(iii) Website maintained by or on behalf of the Company.</p>

NOTICE OF SIXTY-FIFTH (65TH) ANNUAL GENERAL MEETING

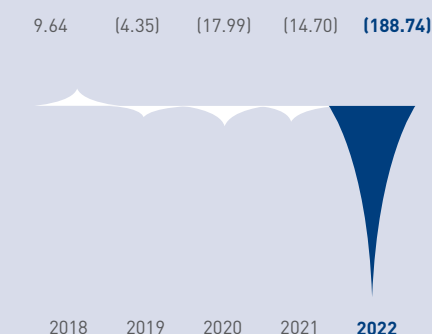
	Existing Clause	Proposed Amended Clause
Clause 91 (continued)		<p>(e) An appointment of proxy by Electronic Communication must be received at the Electronic Address specified by the Company pursuant to Clause 91(d) not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.</p> <p>(f) An appointment of proxy by Electronic Communication which is not made in accordance with this Clause shall be deemed invalid.</p>
Clause 165	A resolution in writing signed by all the Board committee members who may at the time being present in Malaysia and who are sufficient to form a quorum shall be as valid and effectual as if it had been passed at a meeting of the Board committee duly called and constituted.	<p>(a) A resolution in writing signed by all the Board committee members who may at the time being present in Malaysia and who are sufficient to form a quorum shall be as valid and effectual as if it had been passed at a meeting of the Board committee duly called and constituted.</p> <p>(b) The expressions “in writing” and “signed” include approval by legible confirmed transmission by facsimile or electronic mail or any technology purporting to include a signature and/or electronic or digital signature, including but not limited to signing with a platform such as DocuSign.</p>
Clause 170	A resolution in writing signed or approved in writing by all the Directors who may at the time being present in Malaysia and who are sufficient to form a quorum shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted PROVIDED ALWAYS that such a resolution must be signed by at least an Independent Director of the Company. All such resolutions shall be described as “Directors’ Resolution In Writing” or “Directors’ Circular Resolution” and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company’s minute book. Any such resolution may consist of several documents or counterparts in like form, each signed by one (1) or more Director or their alternates and may be accepted as sufficiently signed by a Director if transmitted to the Company by facsimile or other forms of Electronic Communications purporting to include a signature or the written approval of the Director.	A resolution in writing signed or approved in writing by all the Directors who may at the time being present in Malaysia and who are sufficient to form a quorum shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted PROVIDED ALWAYS that such a resolution must be signed by at least an Independent Director of the Company. All such resolutions shall be described as “Directors’ Resolution In Writing” or “Directors’ Circular Resolution” and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company’s minute book. Any such resolution may consist of several documents or counterparts in like form, each signed by one (1) or more Director or their alternates and may be accepted as sufficiently signed by a Director if transmitted to the Company by facsimile or other forms of Electronic Communications or technology purporting to include a signature and/or electronic or digital signature, including but not limited to signing with a platform such as DocuSign. the written approval of the Director.

FINANCIAL HIGHLIGHTS

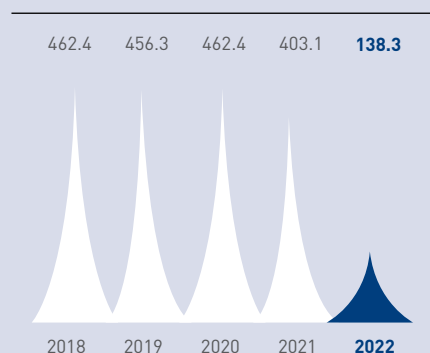
REVENUE (RM' Million)



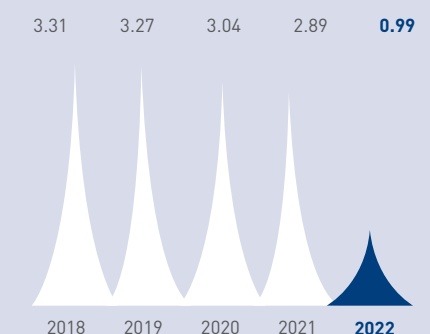
BASIC/DILUTED EARNINGS/(LOSS) PER SHARE (Sen)



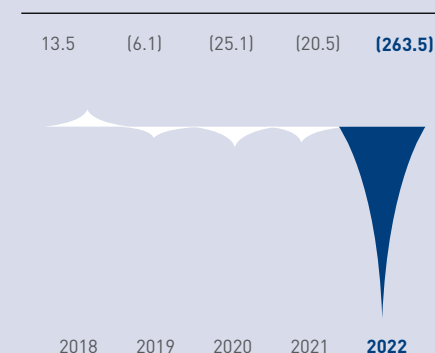
SHAREHOLDERS' FUNDS (RM' Million)



NET ASSETS PER SHARE (Sen)



PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RM' Million)



31 JANUARY						
		2018	2019	2019	2021	2022
Revenue	(RM'million)	51.3	48.8	50.2	46.01	45.2
Profit/(loss) attributable to equity holders of the Company	(RM'million)	13.5	(6.1)	(25.1)	(20.5)	(263.5)
Shareholders' funds	(RM'million)	462.4	456.3	424.4	403.1	138.3
Basic/diluted earnings/(loss) per share	(sen)	9.64	(4.35)	(17.99)	(14.70)	(188.74)
Net assets per share	(sen)	3.31	3.27	3.04	2.89	0.99

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Amar (Dr) Hamid Bin Bugo

Chairman/Independent
Non-Executive Director

Dato' Shahrman bin Shamsuddin

Managing Director

Tan Sri Dato' Seri Shahril bin Shamsuddin

Non-Independent
Non-Executive Director

Dato' Muthanna bin Abdullah

Non-Independent
Non-Executive Director

Ahmad Jauhari bin Yahya

Independent Non-Executive
Director

Andrew Heng

Independent Non-Executive
Director

BOARD AUDIT AND RISK COMMITTEE

Andrew Heng (Chairman)
Dato' Muthanna bin Abdullah
Ahmad Jauhari bin Yahya

BOARD NOMINATION AND REMUNERATION COMMITTEE

Ahmad Jauhari bin Yahya (Chairman)
Dato' Muthanna bin Abdullah
Andrew Heng

INVESTOR RELATIONS

Mail to: Sapura@Mines
No. 7 Jalan Tasik
The Mines Resort City
43300 Seri Kembangan
Selangor Darul Ehsan

WEBSITE

www.sapura-resources.com

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689)
SSM PC No. 201908002648

Yau Jye Yee
(MAICSA 7059233)
SSM PC No. 202008000733

PRINCIPAL SOLICITORS

Skrine & Co.
Lim Chee Wee Partnership

PRINCIPAL BANKER

Malayan Banking Berhad

REGISTERED OFFICE

Sapura@Mines
No. 7 Jalan Tasik
The Mines Resort City
43300 Seri Kembangan
Selangor Darul Ehsan
Tel : 603-8949 7000
Fax : 603-8949 7046

AUDITORS

Ernst & Young PLT
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 603-7495 8000
Fax : 603-2095 5332

INTERNAL AUDITORS

**KPMG Management &
Risk Consulting Sdn. Bhd.**
10th Floor, KPMG Tower
No. 8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7721 3388
Fax : 603-7721 3399

SHARE REGISTRAR

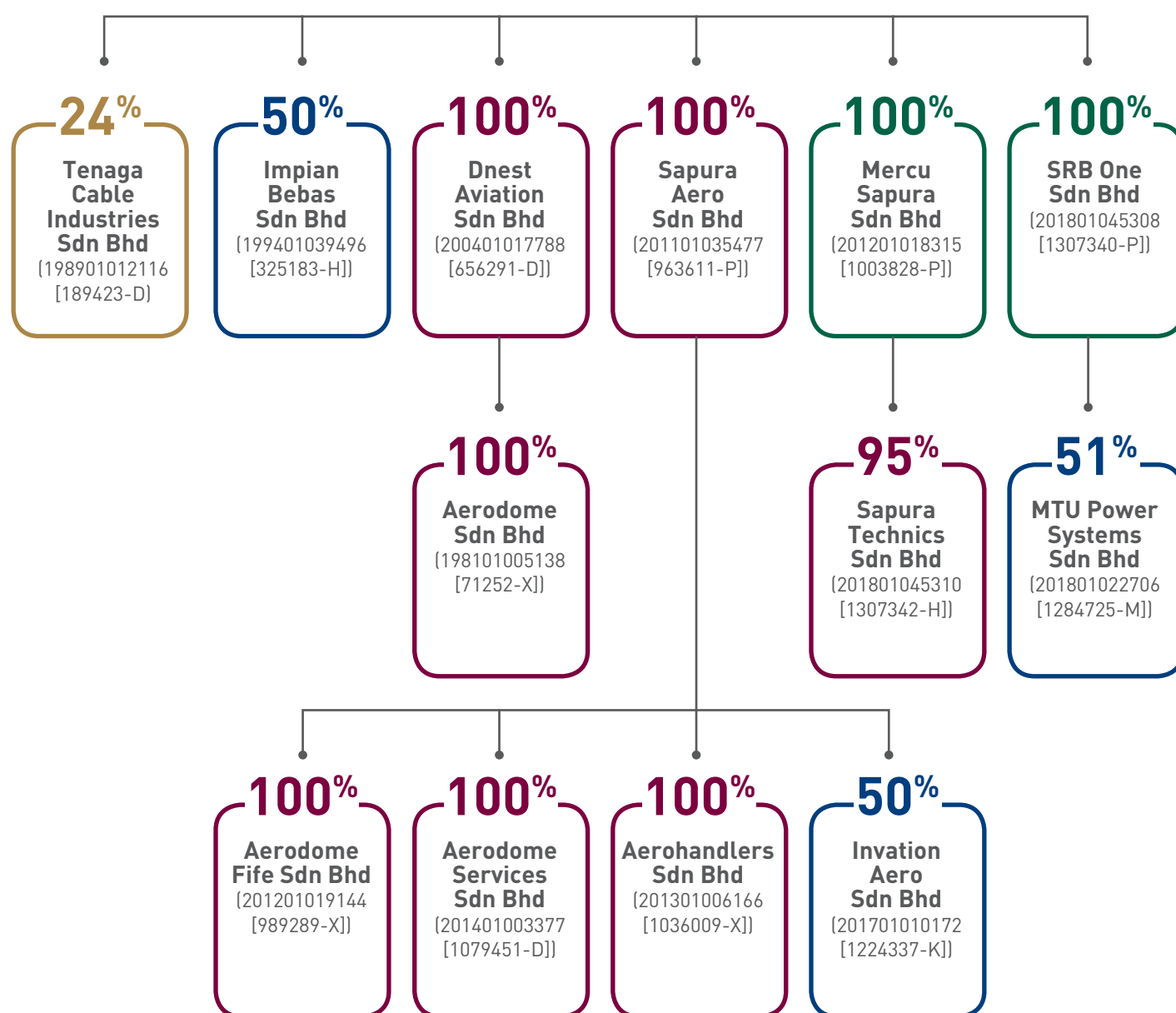
**Boardroom Share Registrars
Sdn. Bhd.**
11 th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 603-7890 4700
Fax : 603-7890 4670

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name : SAPRES
Stock Code : 4596

CORPORATE STRUCTURE

AS AT 29 APRIL 2022



■ Jointly Control Entity
 ■ Aviation
 ■ Associate
 ■ Others

SECTION 2

16 Management Discussion & Analysis (MD&A)





STRATEGIC REVIEW



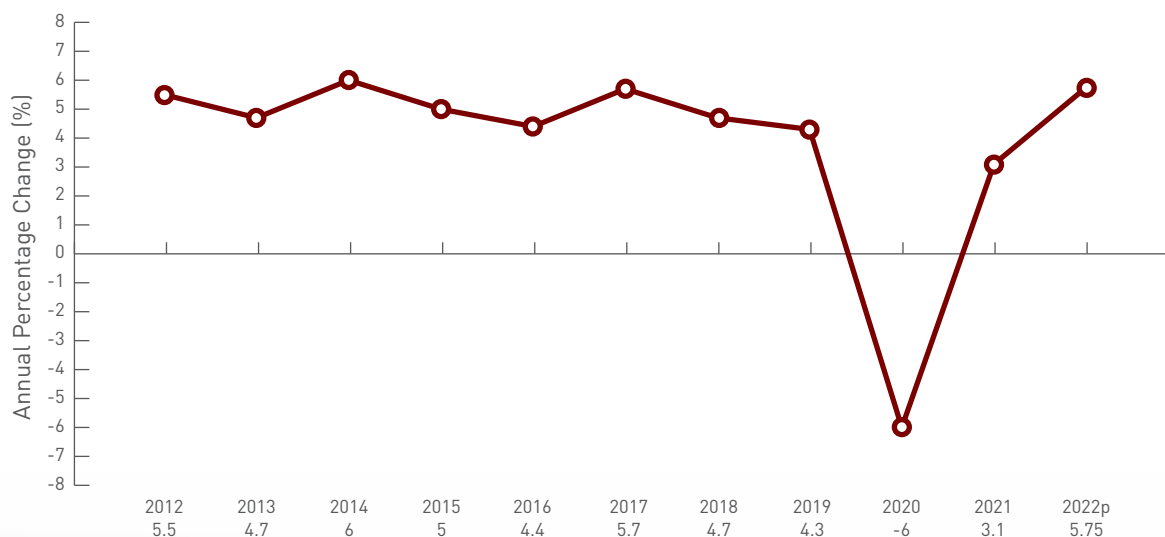
MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Against the backdrop of a rapidly evolving macroeconomic environment that is incrementally buoyed by post-pandemic recovery while being dragged by fresh market volatility, Sapura Resources Berhad (“SRB” or the “Company”) and its subsidiaries (collectively referred to as the “Group”), faced yet another testing financial year that challenged the Group’s operational resilience.

Looking from a broad perspective, the overall economic performance of Malaysia in 2021 was indicative of a recovery with a recorded annual growth of 3.1%¹. Year-on-year, the economy fared better when compared to the decline of -6% in 2020, bouncing back from the country’s worst economic performance since 1998². Moving forward, official Bank Negara Malaysia (“BNM”) charts growth of between 5.3% to 6.3% in 2022. BNM expects the domestic economy to be boosted by recovery momentum in 2022 as external demand continues to expand, containment measures are uplifted, international borders reopen and further improvements are seen in the labour market³. The International Monetary Fund (“IMF”) echoes this sentiment, projecting a 5.75% growth in Malaysia’s GDP for 2022 as depicted in Chart 1 below:

Chart 1: Real GDP Growth (Malaysia)



Abbreviation: p = Projected

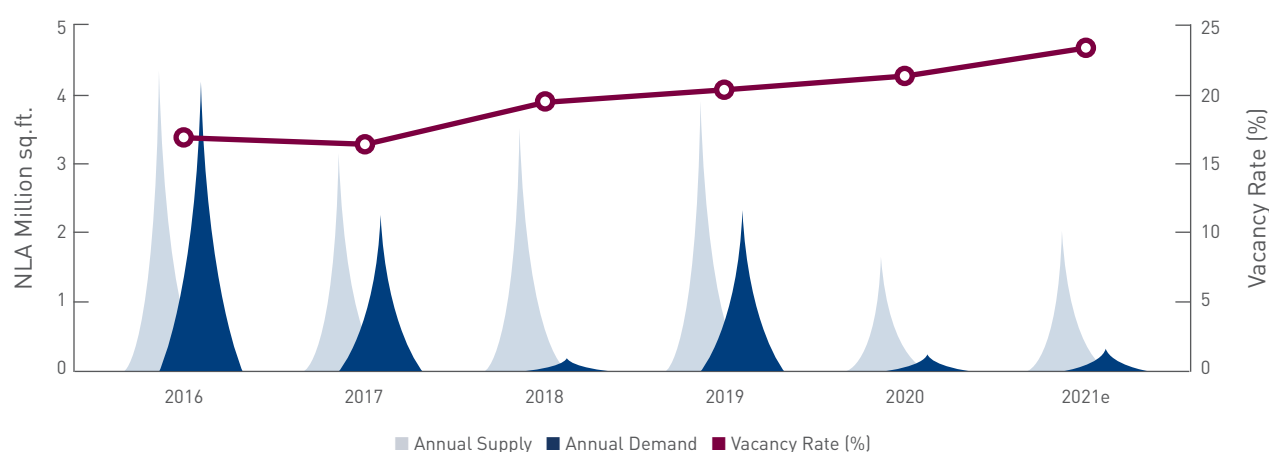
Source: International Monetary Fund 2021

¹ Malaysia GDP up 3.1% for 2021 after return to growth in Q4, Nikkei Asia

² Malaysia's GDP shrinks 5.6% in 2020, worst performance since 1998, The Straits Times

³ BNM sees 2022 GDP growth at 5.3% to 6.3%, a shade below official projection, The Edge Markets

Chart 2: Annual Changes in Supply and Demand in Klang Valley



Notwithstanding the above, BNM states that macroeconomic risks remain tilted to the downside given COVID-19 developments, slower-than-expected rollout of public infrastructure projects, persistent labour shortages, supply chain disruptions and higher inflation. BNM has also cautioned against complacency despite the transition to endemicity, referencing the recent occurrences of flooding locally and the outbreak of geopolitical conflicts abroad, highlighting how drastically operating environments can change⁴. The IMF has also called Malaysia's path to economic recovery "uneven" given sizeable economic slack and substantial medium-term pandemic-related risks. The IMF further explicates that coordinated and targeted structural reform is needed to help address long-standing structural challenges such as strengthening the social security net, limiting economic scarring and enhancing overall economic resilience⁵.

In exploring the macroeconomic environment further, the Socio-Economic Research Centre ("SERC") has taken the view that private consumption headwinds are weighing on growth. The SERC has also pointed out five major risks facing the Malaysian economy in 2022 namely, the COVID-19 contortions, US Federal Reserve policy headwinds, China's economic slowdown, price pressure and the winding down of domestic relief measures and associated policy changes⁶.

Delving into specific sectors of the economy, the property sector continued to bear the hefty impacts of the pandemic in 2021 with sharp drops in transactional activity following the surge in COVID-19 cases where the 5-digit mark of new cases per day was crossed for the first time since the start of the pandemic. However, property prices were back on an upward trend in Quarter 3, 2021,

indicating improvements in tandem with rising vaccination rates and reopening of commercial activities. Although many parties remain prudent due to the false hope of an economic rebound in 2021 which proved otherwise, 2022 appears far more promising as steadier measures are taken by the government towards spurring the economy, mainly by transitioning the country from the "pandemic" phase to an "endemic" phase⁷.

Despite such promise, controlling the rising vacancy rate continues to prove a challenge especially in greater cities and metropolitan areas like Klang Valley. As office spaces in Klang Valley remain a tenant's market, landlords are constantly working towards tenant retention through cost-cutting measures, asset enhancement, leasing strategies as well as incorporating wellness, health and safety measures towards buildings through the use of technology. 2021 witnessed further completions of office spaces with three recorded in Q1 2021, increasing the supply to 118.7 million square feet and vacancy rate to 23.3% (1.7% y-o-y)⁸.

⁴ BNM cautions that Malaysia not out of the woods despite transition to endemic phase, *The Edge Markets*

⁵ IMF Staff Completes 2022 Article IV Mission with Malaysia, *International Monetary Fund*

⁶ Malaysia's economy to grow faster this year at 5.2%, says think tank, *The Edge Markets*

⁷ PropertyGuru Malaysia Property Market Outlook 2022, *PropertyGuru*

⁸ Real Estate Market Outlook 2022, C H Williams Talhar & Wong Sdn Bhd (CBRE | WTW)

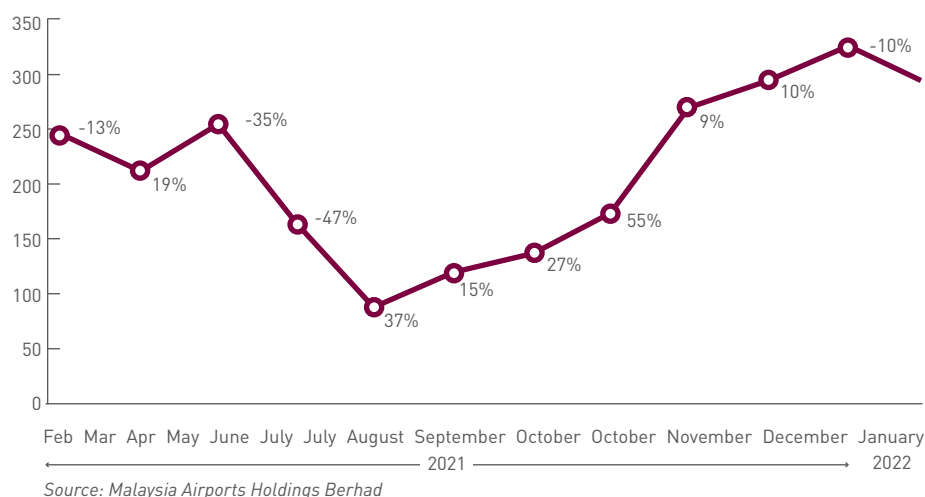
Management Discussion and Analysis

The uncertainty remains as to whether the market absorption rate will be able to keep up with the influx of new supply. Besides, the situation surrounding purpose-built office spaces in particular remains slightly trickier as many businesses that were forced to adapt to new work practices such as remote working and working from home (“WFH”) are now looking into new concepts of workplace design and structure that maintains their physical office spaces while complementing growing remote working arrangements⁹.

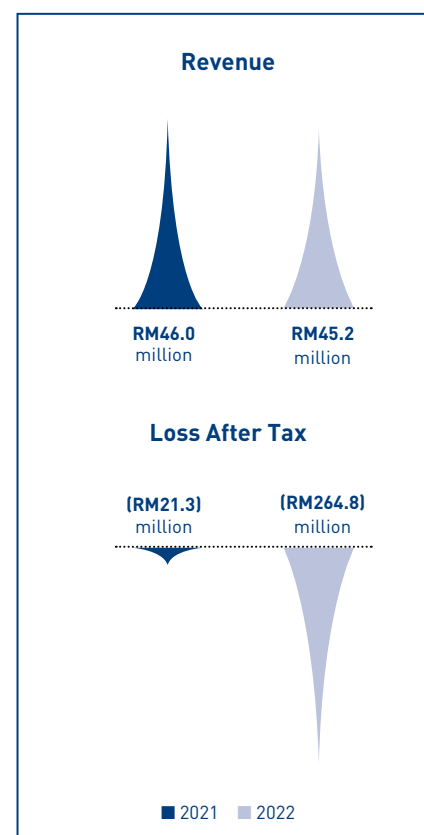
In 2022, the global aviation industry is projected to see a sharp reduction in losses as the multi-speed recovery from the pandemic gets under way. The IATA has projected that losses would narrow from USD\$51.8 billion in 2021 to USD\$11.6 billion in 2022, further adding that airlines are “past the deepest point of the crisis”¹⁰. The IATA also expects international travel demand to double in 2022 and reach roughly 44% of pre-pandemic levels, charting the industry’s staggered recovery to normalcy in the coming years.

On the local front, the Malaysian Aviation Commission (“MAVCOM”) is forecasting passenger traffic to balloon 525% year-on-year in 2022, up from 315% in the preceding year¹¹. Besides, based on Chart 4, private jet movements at Subang Airport is witnessing a climb towards the turn of the new year (barring a decrease in January 2022) after registering a sharp decline in private jet movements between February and June 2021 due to the mid-year resurgence in COVID-19 cases. Challenges remain within the corporate travel industry however, as the pandemic saw a behavioral shift towards videoconferencing as an alternative to face-to-face meetings. This trend remains a bane to the recovery of the sector with a sluggish long-term demand expected to weigh on profitability and growth¹².

Chart 4: Monthly Growth in Private Jet Movement at Subang Airport



As for the commercial maintenance, repair and overhaul (“MRO”) segment, the market continued to see a muted rebound given the fact that many aircrafts remain grounded and largely non-operational, leading to persistent low levels of demand for Commercial MRO services. In view of these prolonged challenges within the market, the Group has made an informed decision to exit the Commercial MRO segment so as to optimise resources and enhance strategic focus on other business segments.



FINANCIAL REVIEW

The revenue of the Group stood at RM45.2 million for the Financial Year Ended (“FYE”) 31 January 2022, reflecting a decrease of RM0.8 million or 1.7% as compared to the preceding year’s revenue of RM46.0 million. The overall decrease in revenue was mainly due to lower rental income from the property segment.

With regards to profit/loss, the Group posted a significantly wider loss of RM264.8 million in FYE 31 January 2022, as compared to the previous financial year where losses amounted to RM21.3 million. This widened loss of RM243.5 million year-on-year is mainly due to the impairment of the Master Lease Agreement (“MLA”) in relation to the Group’s joint venture agreement with KLCC (Holdings)

⁹ Property Market Review 2021/2022, Rahim & Co research

¹⁰ Airlines see sharply lower losses in 2022, recovery in sight, Reuters

¹¹ Air passenger traffic to grow by over 300% in 2022 – MAVCOM, The Malaysian Reserve

¹² Global Fleet & MRO Market Forecast 2022-2032, Oliver Wyman

Sdn Bhd (“**KLCCH**”) amounting to RM172.8 million (representing 65.3% of the total RM264.8 million loss) and recognition of depreciation and finance costs associated with the MLA pursuant to the application of Malaysian Financial Reporting Standards (“**MFRS**”) 16. The impairment was made in view of the challenging post-pandemic property market which the Group expects to have a prolonged impact on recovery for the segment. Moreover, one-off impairment arising from the exit of the Commercial MRO segment and a higher share of losses from joint venture companies further contributed to the losses incurred by the Group.

The Group recorded a net assets per share of RM0.99, a significant decrease of 65% as compared to the RM2.89 recorded in the preceding year. The net asset per share is determined based on the quotient of the net tangible asset attributable to the Group against the number of ordinary shares in issue of RM139.6 million. The financial health of the Group is supported by a total equity of RM138.3 million and readily available cash and bank balances of RM28.6 million.

As for earnings per share, the Group recorded a loss of RM1.89 per share for FYE 31 January 2022, which was lower by RM1.74 per share as compared to the immediate preceding period which recorded a loss of RM0.15 per share. Earnings per share is determined based on the profit attributable to the Group divided by the number of ordinary shares in issue. Based on the adoption of a long-term view and anchored on the vision of delivering sustainable returns over a period of time, the Group remains conservative on the declaration of dividends for FYE 31 January 2022 so as to free cash flow to meet its current and future capital requirements which continues to be adversely affected by an unpredictable economic environment, heavily influenced by the COVID-19

pandemic. Despite its exit from the Commercial MRO segment, the Property and Aviation segments are expected to continue contributing to the Group’s revenue. The Group shall also dedicate its efforts towards reviewing its overall investment portfolio with a view of optimising its resources to ensure the Group’s long-term sustainability.

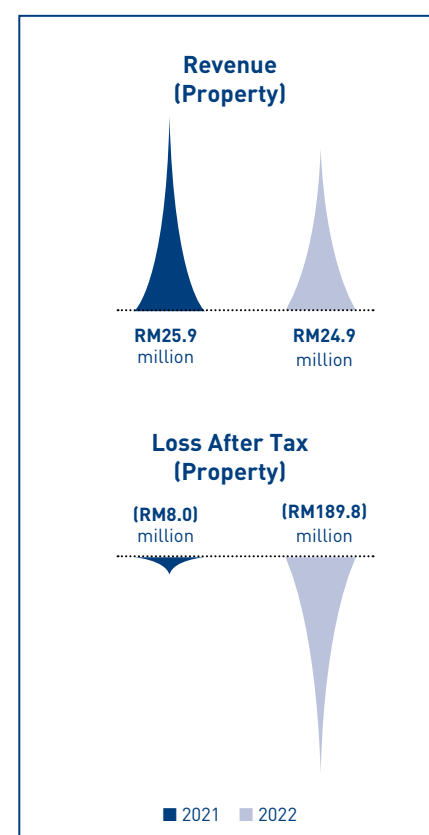
OPERATIONAL HIGHLIGHTS

Property Segment

The Group currently owns four investment properties under its portfolio as detailed below:

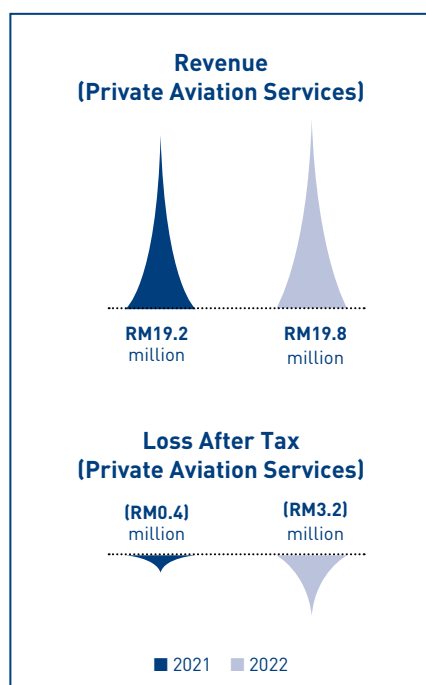
- ▶ A Master Lease Agreement (MLA) over office space in the 52-storey Permata Sapura with a Net Lettable Area (NLA) of approximately 449,000 square feet;
- ▶ 10-storey office building at Sapura@Mines with an NLA of approximately 260,000 square feet;
- ▶ Warehouses and offices with an NLA of approximately 165,000 square feet at Jalan Tandang; and
- ▶ Commercial showroom building with an NLA of 46,000 square feet at Jalan 219, Petaling Jaya.

FY2022 was another challenging year for the property industry, reflected by the further increase in the supply glut and higher vacancy rates. The Group’s operations under the Property segment performed slightly similar to the previous financial year but with a lower recorded revenue of RM24.9 million. The decrease in revenue mainly stemmed from lower rental income obtained for the year as compared to the previous financial year. As for loss after tax, FYE 31 January 2022 witnessed a substantial change from the previous financial year, registering a loss after tax of RM189.8 million. The main reason for this occurrence is due to the impairment of the right-of-use asset amounting to RM172.8 million.



Sapura@Mines remained as the main revenue contributor of this segment for FYE 31 January 2022. The downsizing exercise of an anchor tenant at Sapura@Mines has inevitably resulted in a reduction of the Group’s tenanted office space which subsequently impacted revenue. The Group is diversifying its Sapura@Mines tenant base by targeting small and medium-sized enterprises (SMEs) to fill up the vacated space by the anchor tenant.

Management Discussion and Analysis



Aviation Segment

The Group's aviation arm provides a suite of aviation services, with major operations encompassing ground handling, hangarage and aircraft management, along with other ancillary and engineering services.

The Business Aviation segment recorded a revenue of RM19.8 million for FYE 31 January 2022, representing a 3.1% increase as compared to the previous year of which revenue recorded was RM19.2 million, mainly due to higher aircraft management revenue during the financial year. The segment remains as the Group's second largest revenue stream, being only behind the Property segment.

In relation to profits, the segment recorded a loss after tax of RM3.2 million, representing an approximate RM2.8 million increase in losses as compared to the previous year which recorded a loss of RM0.4 million. The lower losses in previous year is the result of a one-off gain from lease modification.

Similar to the previous financial year, the segment performed fairly amidst major economic slowdowns in the sector which called for a multitude of cost-cutting measures to be implemented. Moving forward, the segment anticipates better results as the industry gears up to meet travel demands arising from the relaxation of local and international travel restrictions.

Investment Holding Segment

The Investment Holding segment comprises of equity investment and group-level corporate services and business development functions. During the financial year under review, initiatives were mainly taken on the cash flow management of investee companies such as addressing operational expenditure and revisiting financing facilities.

In terms of financial performance, no other revenue was generated apart from inter-company revenue for the financial year. Losses after tax also widened to RM46.1 million contributed mainly by share of losses from the Group's joint venture entities.

Commercial MRO Segment

The Commercial MRO segment undertakes maintenance, repair and overhaul for narrow-body aircrafts. During the financial year under review, the segment achieved a revenue of RM0.5 million, 50% lesser than the previous year's revenue of RM1.0 million. The segment registered a loss after tax of RM25.7 million, attributable to one-off impairment on assets pursuant to the decision to cease operations as consequence of the prolonged COVID-19 pandemic. To sustain the segment, Management had attempted to establish a strategic partnership with Turkish Airlines Technic Inc.. However, the proposed partnership did not materialise. Sustaining the Commercial MRO operations no longer proved beneficial to Group and henceforth, this segment will be discontinued.

TRENDS AND FORWARD-LOOKING PROSPECTS

Property segment

Main Market	Klang Valley	
Year	2021	2022
Purpose-built Office	↓	↓
Shop Office	→	→
Retail	→	→



Stagnant



Drop

Source: CBRE | WTW Research, 2022

Looking at the trends of three property market categories namely, purpose-built offices, shop offices and retail, the overall market outlook remains poised for stagnant growth or tilted towards the downside for 2022 as it was in 2021. Amongst the three markets, the shop office and retail markets are expected to experience stagnation during the year 2022, with the purpose-built office market expected to experience a prolonged drop as with the preceding year.

Looking ahead, the Klang Valley office sector is expected to continue posting subdued performance with a cumulative supply of 118.7 million square feet and rental revenue hovering around RM6.80 per square foot, and expected to decline further¹³. The sector also saw limited deal making due to tenants adopting a “wait-and-see” approach in view of the challenging business environment.

Many tenants of the office market are using the opportunity presented by market oversupply to negotiate for lower rentals thereby contributing to lower rental revenue for landlords industry-wide. As such, in order to maintain competitive advantage in an oversupplied market, landlords have

been called upon to devise unique strategic pivots including differentiated specifications and leasing terms to cater to individual customised needs of the growing diversity of tenants¹⁴.

For Sapura@Mines, the Group is widening its tenancy strategy to diversify its tenant base by positioning a platform of services targeting micro businesses and SMEs.

With regards to Permata Sapura, the Group is continuing a targeted marketing strategy to increase office space tenancies.

As the focus shifts to future prospects and with the lifting of movement restrictions, the Group is optimistic that the deepest part of pandemic-induced challenges has been weathered through and remains steadfast in returning this segment to profitability in the coming years.

Aviation Segment

There have been efforts to revitalise the aviation industry with the establishment of travel bubbles and vaccinated travel lanes¹⁵.

The transitioning to the endemic phase proved to be an assuring promise towards industry growth in 2022, coupled with the opening of the Malaysia borders to international travelers, resulting in positive forecasts for the coming months.

Although recovery of the industry appears more apparent for 2022, the Group is remaining cautious as expectations on growth may be slow and not significant. Indeed, the expectation is for the market to rebound in 2022 but for the return to pre-pandemic levels to be incremental over the course of the medium-term. The Subang Airport has however witnessed a steady increase in ground movements especially for the last three month for the year of 2021. Moreover, the country’s transition to endemicity and associated reopening of international borders is further cause for optimism. Being one of the main contributors in terms of revenue, the aviation industry remains an important segment to the Group where operations will be continued with resilience and with projection of a positive market outlook in the coming months.



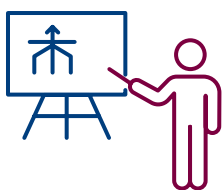
The Group is optimistic that the deepest part of pandemic-induced challenges has been weathered through and remains steadfast in returning the Property segment to profitability in the coming years.

¹³ Real Estate Market Outlook 2022, C H Williams Talhar & Wong Sdn Bhd (CBRE|WTW)

¹⁴ Real Estate Market Outlook 2022, C H Williams Talhar & Wong Sdn Bhd (CBRE|WTW)

¹⁵ Malaysian Aviation Industry Outlook December 2021, Malaysian Aviation Commission (MAVCOM)

Management Discussion and Analysis



The Group seeks to align its risk appetite with the overarching business strategies, whilst incorporating the risk processes within its business operations.

Commercial MRO Segment

Throughout FYE2022, the Commercial MRO segment was still in the period of gestation and therefore the Group was not able to comfortably rely on revenue streams from this segment. Revenue streams were further hampered due to the long drawn adverse impact of the COVID-19 pandemic on the segment despite the Group's attempts to explore partnerships as a means to sustain the segment. As such, the Group has made the decision to exit the Commercial MRO segment due to incurred losses and refocus the Group's resources on the other more mature-revenue generating segments. This move will not have an impact on the Group's aviation segment operations.

Investment Holding

The investment holding segment of the Group consists of jointly controlled entities, namely Impian Bebas Sdn Bhd ("**IBSB**") and MTU Power Systems Sdn Bhd ("**MPS**") and associate company Tenaga Cable Industries Sdn Bhd ("**TCI**").

Under the Group's joint entity IBSB, the commercial development known as Lot 91 KLCC (Permata Sapura) was completed during the financial year. It comprised a 52-storey office tower, three storey convention centre, a retail podium and a seven storey basement car park, totaling up to a gross floor area of 1.64 million sq ft. Whilst the joint entity's office segment is supported by the MLAs from the shareholders, the retail and convention segment are still facing the challenges of securing tenants & events, given the stagnated office space property market and the MICE industry continuing to be beleaguered by travel restrictions arising from the pandemic and social distancing measures taken¹⁶.

MPS is another joint entity of the Group, together with Rolls-Royce Solutions Asia Pte. Ltd. As an OEM Joint Venture Company ("**JVC**"), MPS is supported by MTU Friedrichshafen GmbH on an exclusive basis, whereby no other parties have been contracted to offer, supply and sell the genuine MTU parts, products and expert services for MTU products in Malaysia. However, being a new JVC, MPS is expected to be in gestation period for the next few years and thus, the Group will continue its efforts to stabilise financial conditions of the segment. Nonetheless, the Group will continue to explore further options and restructure the Group's commitments towards this segment.

¹⁶ Public Health and Online MICE Technology During the COVID-19 Pandemic: The Role of Health Beliefs and Technology Innovation 2021, *Frontiers in Public Health*

Key Risks and Mitigation

A pragmatic approach to risk management is firmly embedded in the heart of the Group's long-term growth strategy. The Group seeks to align its risk appetite with the overarching business strategies, whilst incorporating the risk processes within its business operations. Risk management is governed in a top down and bottom-up manner with the Board setting the business strategies and appetite to manage risk, whilst Management is responsible to manage the risks within the parameters of the business strategy, risk framework and financial appetite.

Amongst the key risks faced by the Group, stabilising financial conditions remain a strategic priority through targeted marketing and sales initiatives while maintaining consistent cost optimisation efforts to support the Group's ongoing financial commitments of funding the Permata Sapura project undertaken by IBSB. Specific efforts taken include the exit of the Group from the Commercial MRO segment. Business sustenance is another area of priority, resulting in the Group making significant measures to divest from unyielding segments and turn towards other opportunities that promises business growth in line with the economic environment.

Risks surrounding the delayed recovery in aviation services remain due to the pandemic but with hopeful signs of improvement with favorable policies in place to promote the turnaround of the aviation industry. Other more controllable areas such as compliance with regulations and statutory requirements for aviation operation will continue to be observed.

For a more in-depth view of the Group's risk management approach, it is encapsulated in the Statement of Risk Management and Internal Control on pages 72 to 79 of the Annual Report. The material economic, environment and social matters that impact the Group's business operations and stakeholders can be found on the Sustainability Statement on pages 38 to 53 of the Annual Report.

SECTION 3

- 26 Board of Directors
- 28 Board of Directors' Profile
- 34 Profiles of Senior Management





LEADERSHIP



BOARD OF DIRECTORS



**DATO' SHAHRIMAN
BIN SHAMSUDDIN**
Managing Director



**TAN SRI DATUK AMAR
(DR.) HAMID BIN BUGO**
Chairman/Independent
Non-Executive Director



**TAN SRI DATO' SERI
SHAHRIL BIN SHAMSUDDIN**
Non-Independent
Non-Executive Director



**DATO' MUTHANNA
BIN ABDULLAH**

Non-Independent
Non-Executive Director



**ENCIK AHMAD JAUHARI
BIN YAHYA**


Independent
Non-Executive Director



MR. ANDREW HENG

Independent
Non-Executive Director

BOARD OF DIRECTORS' PROFILE



**Tan Sri Datuk Amar
(Dr.) Hamid bin Bugo**

Chairman/Independent
Non-Executive Director

Number of Board
Meeting attended:

12/12

Age:

76

Gender:

Male

Nationality:

Malaysian

Date of Appointment to the Board:

25 August 2009

Length of service
(as at 29 April 2022):

12 years 8 months

Board Committees Membership(s):

Nil

Directorships in other public companies
and listed issuers:

- **Petroleum Sarawak Berhad**
Independent Non-Executive Chairman

Tan Sri Hamid was first appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 25 August 2009 and was re-designated as a Senior Independent Non-Executive Director on 26 March 2015. On 4 March 2016, Tan Sri Hamid was then re-designated as the Chairman/Senior Independent Non-Executive Director of the Company and within the same year, he was re-designated as the Chairman/Independent Non-Executive Director on 26 April 2016. On 17 September 2021, Tan Sri Hamid ceased as the Chairman of the Board Nomination and Remuneration Committee.


Tan Sri Hamid graduated from Canterbury University, New Zealand with a Bachelor and a Master of Art in Economics. He also holds a Postgraduate Diploma in Teaching (New Zealand) and a Postgraduate Certificate in Business Studies from Harvard Institute of Development Studies, United States of America. He was honoured with a PhD. (in Commerce) by Lincoln University, New Zealand.

His working experience includes Administration Manager, Malaysia LNG Sdn. Bhd. (a joint venture of Petronas, Shell and Mitsubishi); the first General Manager of Land Custody and Development Authority, Sarawak; Permanent Secretary, Ministry of Resources Planning, Sarawak; and State Secretary of Sarawak. He previously sat on the Boards of various companies and statutory bodies including Sime Darby Berhad Group, Malaysian Airline System Berhad, Malaysia LNG, Employees Provident Fund Board, Universiti Malaysia Sarawak and Universiti Putra Malaysia. He was a member of the MACC Advisory Council and a board member of Institute of Integrity Malaysia. He was also the first Managing Director of Sarawak Information Systems Sdn Bhd (SAINS).

Tan Sri Hamid was also the Founding Chairman of the Sarawak Biodiversity Centre. He was actively involved in the listing of Mulu National Park as a World Heritage Site. Tan Sri Hamid is a recipient of an Excellent Award from the American Association of Conservation Biology.

Tan Sri Hamid is also active in charitable associations and organisations in Malaysia. He is the Chairman of Yayasan Kemajuan Insan Sarawak and Chairman of the State Library of Sarawak and was an active member of the Lembaga Amanah Kebajikan Masjid Sarawak.

Tan Sri Hamid does not have any family relationship with the other Directors and/or major shareholders of the Company.



Dato' Shahrman bin Shamsuddin
Managing Director

Number of Board
Meeting attended:

12/12

Age:

53

Gender:

Male

Nationality:

Malaysian

Date of Appointment to the Board:

28 July 2005

Length of service
(as at 29 April 2022):

16 years 9 months

Board Committees Membership(s):

Nil

Directorships in other public companies
and listed issuers:

- **Sapura Industrial Berhad**
Executive Director
- **Sapura Energy Berhad**
*Non-Independent
Non-Executive Director*


Dato' Shahrman was appointed to the Board of Sapura Resources Berhad as a Non-Independent Non-Executive Director on 28 July 2005. On 1 March 2007, he was re-designated as the Managing Director of Sapura Resources Berhad.

Dato' Shahrman holds a Master of Science in Engineering Business Management from Warwick University, United Kingdom and a Bachelor of Science in Industrial Technology from Purdue University, United States of America.

Dato' Shahrman began his career with Sapura Group in 1991 and has held a number of key senior positions within the Group. As the Managing Director of Sapura Resources Berhad, he manages a diversified portfolio which includes property investment, private aviation services and commercial aviation, aviation MRO and engineering services in marine sector.

Dato' Shahrman is a major shareholder of the Company and is also the brother of Tan Sri Dato' Seri Shahril bin Shamsuddin, the Non-Independent Non-Executive Director and major shareholder of the Company.

Board of Directors' Profile



Tan Sri Dato' Seri Shahril bin Shamsuddin

Non-Independent
Non-Executive Director

Number of Board Meeting attended:

12/12

Age:

61

Gender:

Male

Nationality:

Malaysian

Date of Appointment to the Board:

19 February 1990Length of service
(as at 29 April 2022):**32 years 2 months**

Board Committees Membership(s):

NilDirectorships in other public companies
and listed issuers:

- **MIMOS Berhad**
Chairman
- **Perdana Leadership Foundation**
Board of Trustees

Tan Sri Shahril was appointed as Managing Director of Sapura Resources Berhad on 19 February 1990, and was re-designated as a Non-Independent Non-Executive Director of the Company on 1 March 2007.


He is the President and Group Chief Executive Officer of Sapura Group, who manages a diversified portfolio of businesses, namely oil and gas, industrial and manufacturing, property management, aviation, defence and security and rail. On 22 March 2021, he retired as the President and Group Chief Executive Officer of Sapura Energy Berhad and had on 30 April 2021 resigned as the Non-Independent Non-Executive Director of Sapura Energy Berhad.

He is a member of the Asian Executive Board of the Massachusetts Institute of Technology's ("MIT") Sloan School of Management and the Board of Governors of the Asia School of Business, a collaboration between MIT Sloan and Bank Negara Malaysia. He was appointed as Chairman of MIMOS Berhad on 18 May 2020 and he is also the Chairman of the Malaysia-Brazil Business Council. He was the recipient of the Legion d'Honneur by the Republic of France in 2007, Malaysia's Entrepreneur of the Year award by Ernst & Young in 2009 and the Man of the Year award by the Oil & Gas Year Malaysia in 2014. He was conferred an Honorary Doctorate in Technology Management by the Universiti Teknologi Malaysia ("UTM") in May 2013. He is also a member of the Board of Trustees of the UTM Endowment Fund and Perdana Leadership Foundation.

He was conferred the rank of Honorary Brigadier General of the Territorial Army by the Malaysian Armed Forces in 2014 and was honoured with the Order of Rio Branco by the Government of Brazil in 2019.

He holds a Master of Science in Management of Technology from MIT Sloan School of Management and a Bachelor of Science in Industrial Technology from California Polytechnic State University.

Tan Sri Shahril is a major shareholder of the Company and is also the brother of Dato' Shahril bin Shamsuddin, the Managing Director and major shareholder of the Company.



Dato' Muthanna bin Abdullah

Non-Independent
Non-Executive Director

Number of Board Meeting attended:

12/12

Age:

62

Gender:

Male

Nationality:

Malaysian

Date of Appointment to the Board:

18 December 2008

Length of service
(as at 29 April 2022):

13 years 4 months

Board Committees Membership(s):

- **Board Audit and Risk Committee**
Member
- **Board Nomination and Remuneration Committee**
Member

Directorships in other public companies and listed issuers:

- **MSM Malaysia Holdings Berhad**
Independent Non-Executive Director
- **IHH Healthcare Berhad**
Independent Non-Executive Director
- **Malaysian Life Reinsurance Group Berhad**
Independent Non-Executive Director
- **MSIG Insurance (Malaysia) Berhad**
Independent Non-Executive Director
- **Digital Nasional Berhad**
Independent Non-Executive Director


Dato' Muthanna was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 18 December 2008. He was then re-designated as a Non-Independent Non-Executive Director and a member of the Board Audit and Risk Committee of the Company on 14 July 2021.

Dato' Muthanna is a lawyer by profession and was previously the Partner of the law firm of Abdullah Chan & Co. He is currently a Consultant in Abdullah Chan & Co. He graduated from the University of Buckingham with Degree in Law in 1981 and was admitted as a Barrister-at-Law of the Middle Temple, London in 1982. He was admitted as an advocate and solicitor of the High Court of Malaya in 1983.

He is also a Director of MSM Malaysia Holdings Berhad, IHH Healthcare Berhad, Malaysian Life Reinsurance Group Berhad, MSIG Insurance (Malaysia) Berhad, Digital Nasional Berhad and a Trustee of Yayasan Siti Sapura and of The Habitat Foundation. He was appointed as Honorary Consul of the Republic of San Marino in Kuala Lumpur on 30 March 2017.

Dato' Muthanna does not have any family relationship with the other Directors and/or major shareholders of the Company.

Board of Directors' Profile



Encik Ahmad Jauhari bin Yahya
Independent Non-Executive Director

Number of Board Meeting attended:

12/12

Age:

68

Gender:

Male

Nationality:

Malaysian

Date of Appointment to the Board:

19 January 2016

Length of service

(as at 29 April 2022):

6 years 3 months

Board Committees Membership(s):

- **Board Audit and Risk Committee**
Member
- **Board Nomination and Remuneration Committee**
Chairman

Directorships in other public companies and listed issuers:

- **Taliworks Corporation Berhad**
Independent Non-Executive Director
- **Cenergi SEA Berhad**
Executive Director
- **Proton Holdings Berhad**
Non-Executive Director

Encik Ahmad Jauhari was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 19 January 2016. On 17 September 2021, he was re-designated to the Chairman of the Board Nomination and Remuneration Committee of the Company.

He holds a Bachelor of Science (Hons) Degree in Electrical and Electronics Engineering from University of Nottingham, United Kingdom.

He started his career with ESSO Malaysia Berhad in 1977 before joining The New Straits Times Press (M) Berhad in 1979 where he rose to the rank of Senior Group General Manager, Production and Circulation. He then joined Time Engineering Berhad as the Deputy Managing Director in 1992 and subsequently became Managing Director within the same year. He then served as the Managing Director of Malaysian Resources Corporation Berhad in 1993 before taking the role of Managing Director of Malakoff Berhad from 1994 till 2010.

After 2010, he became a Director at Malaysia Airport Holdings Berhad and the Chairman of Destination Resorts and Hotel Sdn. Bhd. prior to his appointment at Malaysia Airlines Berhad.


Encik Ahmad Jauhari was appointed as the Group Chief Executive Officer of Malaysia Airlines Berhad on 19 September 2011. He was a member of the Board Tender Committee and sat on the Boards of several subsidiaries within the Malaysia Airlines Berhad Group of Companies. He stepped down from the role of Group Chief Executive Officer of Malaysia Airlines Berhad on 30 April 2015 but remained on the Board as a Non-Executive Director until December 2015.

Encik Ahmad Jauhari has vast experience in managing organisations on the international front as he had served as the Director and Chairman of Executive Committee of Central Electricity Generating Company Limited (Jordan), a Director of Shuaibah Expansion Project Company Limited (Saudi Arabia) and a Director of Souk Tieta Independent Water Project (IWP) in Algeria.

Encik Ahmad Jauhari also has vast and diverse working experience in various industries which includes oil and gas, media publications, engineering, power generation, gas utilities, telecommunications and IT. He is also the founder member and the former President of Penjanabebas (Association of Independent Power Producer of Malaysia).

Encik Ahmad Jauhari is an Executive Director of Cenergi SEA Berhad, an Independent Non-Executive Director of Taliworks Corporation Berhad and Non-Executive Director of Proton Holdings Berhad. He is also the Chairman of Minconsult Sdn. Bhd.

Encik Ahmad Jauhari does not have any family relationship with the other Directors and/or major shareholders of the Company.



Mr. Andrew Heng
Independent Non-Executive Director

Number of Board Meeting attended:
12/12

Age:

47

Gender:

Male

Nationality:

Malaysian

Date of Appointment to the Board:

3 June 2019Length of service
(as at 29 April 2022):**2 years 10 months**

Board Committees Membership(s):

- **Board Audit and Risk Committee**
Chairman
- **Board Nomination and Remuneration Committee**
Member

Directorships in other public companies
and listed issuers:**Nil**

Andrew Heng was appointed to the Board of Sapura Resources Berhad as an Independent Non-Executive Director on 3 June 2019. On 17 September 2021, he was re-designated as the Chairman of the Board Audit and Risk Committee.

Andrew is a Chartered Accountant with the Malaysian Institute Accountants ("MIA"), a fellow member of CPA Australia, Chartered Accountant Australia New Zealand, a member of the Cambodian Institute of CPAs, a Chartered Valuer and Appraiser with the Institute of Valuers and Appraisers Singapore, a Certified Financial Planner with the Financial Planning Association of Malaysia and a Chartered Internal Auditor with The Institute of Internal Auditors Malaysia.

Andrew graduated from the University of Western Australia with a Bachelor of Commerce and Bachelor of Law in 1998 and Master of Business Administration from the University of Manchester. He was also called to the Malaysian Bar in 2000.

Andrew is a Group Managing Partner of Baker Tilly Malaysia and has more than 20 years of experience in corporate restructuring, transaction advisory and corporate recovery. He is the lead partner in Malaysia for Corporate Advisory and is experienced in Mergers and Acquisitions, Reverse Take Over and Initial Public Offerings of companies, including being Independent Valuer's/Expert Report's Role in valuation of companies and financial due diligence for application, for admission and listing on the Bursa Malaysia.

Andrew does not have any family relationship with the other Directors and/or major shareholders of the Company.

Additional Information on Board Of Directors

1. Conflict of Interests

None of the Directors of the Company has any conflict of interest with the Company other than those disclosed in the financial statements of the Company.

2. Convictions for Offences

None of the Directors of the Company has any conviction for offences within the past five (5) years other than traffic offences (if any) or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 January 2022.

PROFILES OF SENIOR MANAGEMENT

Ivan Oh Boon Wee

Chief Financial Officer (SM2)

Malaysian	Age 56	Male
Date of Appointment: 7 October 2020		
Length of Service: 1 year 6 months		

Ivan Oh Boon Wee is currently the Chief Financial Officer. His is responsible for overseeing the Group's Financial Management, Accounts and Reporting, Treasury, Taxation and Risk Management.

He has over thirty-six (36) years of total working experience with in-depth knowledge and capabilities in his areas of responsibilities whilst extensively familiar with listing requirements and corporate governance. He is also experienced in certain specialised functions such as tax planning & compliance including cross border transactions, corporate restructuring of distressed companies and corporate finance work including fund raising and mergers & acquisitions.

Previously, he was with Appspace (Malaysia) Sdn Bhd as a Business Controller, responsible for the overall finance and accounting functions of a group of companies across multiple countries i.e., Switzerland, UK, UAE, Malaysia and Australia. He also held positions as Vice President of Treasury at Asia Broadcast Satellite (HK) Ltd, CFO of Ho Hup Construction Company Berhad and financial and operational leadership roles in TIME dotCom Berhad. Ivan Oh Boon Wee started his career with PriceWaterhouseCoopers spanning over fourteen (14) years which included Assurance and Corporate Advisory services.

Ivan Oh Boon Wee is a Certified Public Accountant of Malaysia Institute of Accountants (MIA) as well as Malaysia Institute of Public Accountants (MICPA).

He has no directorships in other public companies and listed companies. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and have no convictions for any offences within the past five (5) years.

Syed Haroon bin Omar Alshatrie

Head of Property Division (SM1)

Malaysian	Age 46	Male
Date of Appointment: 1 February 2019		
Length of Service: 3 years and 2 months		

Syed Haroon bin Omar Alshatrie is the Head of Property Division. He is responsible for overseeing various portfolio which encompasses Strategy & Business Development, Marketing & Communication, Property Management, Cost, Contract & Procurement, Integrated Technology Services and Contract & Commercial.

Syed Haroon has more than fifteen (15) years of accumulated working experience in Malaysia from 2007-2022. He started his corporate career in Malaysia in 2007 with CIMB Group Berhad as a Corporate Client Manager for Middle East Office. Throughout his tenure in CIMB Group, he has been in the forefront in various strategic positions, which includes Retail Business Intelligence and Analytics. In 2010, he spearheaded the CIMB's Islamic, Retail Product Distribution department focussing on transformation of the entire CIMB Group Islamic retail distribution channels. He subsequently in 2013 undertook the role as the CIMB's Regional Islamic Retail Strategy portfolio.

In 2016, he joined Sapura Secured Technology Group as the Head, Mergers and Integration and Head of Corporate Development. The portfolios covered Sapura's Malaysia and Singapore businesses involving, Strategic Operations, Strategic Engagement and Business Transformation.

Syed Haroon holds a Bachelor of Laws (LLB)(Hons) from International Islamic University Malaysia in 2006.

He has no directorships in other public companies and listed companies. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and have no convictions for any offences within the past five (5) years.

Burhanudin Bin Noordin Ali

Chief Operating Officer, Aviation Business (SM2)

Malaysian	Age 45	Male
Date of Appointment: 15 May 2019		
Length of Service: 2 years 11 months		

Burhanudin Bin Noordin Ali is the Chief Operating Officer responsible for overseeing and managing all aspects of Sapura Resources Berhad's aviation businesses.

He has more than twenty-three (23) years of extensive work experience in the Aviation, Aerospace, and Defence Industry specializing in various portfolios relating to Business Management, Operations Management, Engineering Management, Program Management, and Design Engineering. Prior to joining Sapura Resources Berhad, he was the Senior Vice President, Aerospace and Defence at Contraves Advanced Devices Sdn Bhd where he was responsible for the setting up of the Aerospace and Defence business division, primarily engaged in avionics manufacturing businesses for the Airbus A400M and A380 aircrafts.

He previously (2009 to 2011) served as the Engineering Manager at Spirit Aerosystems Malaysia Sdn Bhd where he was entrusted to manage several aerostructures design and development projects in relation to the Airbus A350 wing and fuselage as well as the Airbus A320 Sharklet. His other experiences include engineering related positions in BW Offshore Asia Sdn Bhd and Composite Technology Research Malaysia Sdn Bhd, focusing on aircraft design and development projects such as the Nimrod Maritime Reconnaissance Aircraft MRA4, EAGLE Aerial Reconnaissance Vehicle (EAGLE ARV), Airbus A380, and Airbus A400M.

Burhanudin holds a Master of Business Administration (MBA) from University of Strathclyde, Glasgow, Scotland (2014). He also holds a Bachelor of Science in Mechanical Engineering from Purdue University, Indiana, USA (1998).

He has no directorships in other public companies and listed companies. He does not have any family relationship with any other director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and have no convictions for any offences within the past five (5) years.

Mai Eliza Binti Mior Mohamad Zubir

Head of Corporate Support (SM2)

Malaysian	Age 49	Female
Date of Appointment: 13 January 2014		
Length of Service: 8 years 3 months		

Mai Eliza Binti Mior Mohamad Zubir is the Head of Corporate Support. She is responsible for overseeing the Group Legal & Secretarial, Human Resources and Integrity.

She has an extensive track record spanning over twenty-one (21) years working experience as in-house legal counsel handling legal and company secretarial matters for corporations of which eight (8) years are with Sapura Resources Berhad. Previously, she held a senior management position with National Aerospace & Defence Industries Sdn Bhd (holding company of Airod Sdn Bhd) as Group General Manager for Legal and Corporate Services for thirteen (13) years.

Her experience also involves Aerospace and Defence Industry specializing in legal services for the whole NADI Group of Companies and also led the Human Resource and Administration department. In January 2014, she joined Sapura Resources Berhad as Head of Legal and Secretarial. Her main portfolio is mainly in the areas of legal affairs for the SRB Group of Companies, which includes legal advisory and opinion on diverse issues with the objective to maximize legal rights and minimise risks. She also performs the duty as the strategic legal advisor to the Senior Management and the Board and a key member of the senior management team in all corporate exercise and investment proposal.

Mai Eliza holds a Bachelor of Laws (LLB)(Hons) from University of Sheffield, United Kingdom (1996). She also holds a Certificate of Legal Practice from University Malaya (1997).

She has no directorships in other public companies and listed companies. She does not have any family relationship with any other director and/or major shareholder of the Company. She does not have any conflict of interest with the Company and have no convictions for any offences within the past five (5) years.

Additional Information on Senior Management

1. Conflict of Interests

None of the Senior Management of the Company has any conflict of interest with the Company.

2. Convictions for Offences

None of the Senior Management of the Company has any conviction for offences within the past five (5) years other than traffic offences (if any) or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 January 2022.





SUSTAINABILITY STATEMENT



SUSTAINABILITY STATEMENT

Introduction

Sustainability is an essential component of our framework and culture. Sapura Resources Berhad ("SRB" or "the Company") and its subsidiaries ("SRB Group", "the Group", "we" and "us") promote and encourage sustainability culture across our operations and practices. We are committed to responsible and ethical leadership, preserving the environment and to be socially responsible to our communities. As we move forward on our sustainability journey, we will continue to identify areas where we can make a difference.

The market environment has been challenging in FY2022 with the pandemic continued to mutate new variants, renewing government lockdowns and physical restriction. In addition, inflation¹ and trade wars between US and China² impacted the global economy impeded Malaysia's recovery efforts. These challenges have also slowed the Group's recovery efforts, affecting our business operation. Aircrafts were not sent for service or maintenance by our potential customers, thus resulting in no business for our Maintenance, Repair and Overhaul ("MRO") operation. For Property segment, we received the Certificate of Completion and Compliance ("CCC") for the Permata Sapura, but the rental units are yet to be taken up by potential tenants. With availability of newly completed commercial buildings and availability of existing buildings, companies are on the lookout for the best rates to relocate their offices, resulting in pricing pressure³.

Our road to recovery extends beyond controlling the pandemic, and financial sustainability is definitely an essential concern of the Group. Consequently, our sustainability efforts have yet to escalate into the objectives and targets we aspired. Clearly, our recovery is a journey that we undertake to ensure the sustainability of our business operation, strengthening our financial position and to expand our businesses with the Malaysia's border opening.

¹ Economic and Financial Developments in Malaysia in 3rd Quarter of 2021, Bank Negara Malaysia, <https://www.bnm.gov.my/-/3q-gdp-2021>

² Soaring China-US trade points to 'political chill, economic heat, the Star

³ 2021 Real Estate Outlook Malaysia – CBRE/WTW https://cbre-wtw.com.my/wp-content/uploads/2021/01/2021-Real-Estate-Market-Outlook_Malaysia-1.pdf

Reporting Framework

This report has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and with reference to Bursa Malaysia Sustainability Reporting Guide ("SRG"), which serve as the foundation for the Statement reporting framework. To ensure transparency and comparability, we have also aligned this statement with the Global Reporting Initiatives ("GRI") reporting standards.

Our United Nation's Sustainable Development Goals ("UNSDG"), were reviewed this year to better align our efforts and synchronised with business operation and market conditions. Physical restriction and lockdowns in the FY2022 resulted the Group to scale down its UNSDGs aligned efforts to five (5) UNSDGs areas.

Reporting Scope

The contents of this report included the sustainability performance of SRB Group's operations for the financial year from 1 February 2021 to 31 January 2022. Due to travel restrictions during the pandemic, airline operators grounded their aircrafts, consequently our aircraft MRO segment did not recover during the financial year. Hence, no business activities were undertaken by the MRO segment in the financial year. The Group ceased its MRO operation after attempts to revive it by entering into a Heads of Agreement (HoA) with Turkish Airlines Technic Inc. The proposed transaction did not materialise. Sapura Technics Sdn Bhd, SRB's MRO operation is excluded from this Statement.



Alignment with UNSDGs

The 2030 Agenda for Sustainability Development adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals which are an urgent call for action by all countries – developed and developing – in a global partnership⁴.

In FY2021, SRB Group mapped and aligned its sustainability activities to nine (9) UNSDGs. These mapping and alignment to UNSDGs have been reduced to five (5) UNSDGs mainly due to reduced activities related to sustainability. The following table describes our aspiration to each of the UNSDGs and reference to the sections on our sustainability activities mapped and linked to the UNSDGs.

SDGs	Description	Our Aspiration
 3 GOOD HEALTH AND WELL-BEING	SDG No 3 Ensure healthy lives and promote well-being for all at all ages.	We prioritise the health and safety of our employees by implementing Safety & Health policies. <i>See section on Occupational Safety and Health for our efforts in promoting healthy living and safe working environment.</i>
 4 QUALITY EDUCATION	SDG No 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	We offer our employees training covering functional, technical, soft skill and leadership skills. <i>See Development of Human Capital section.</i>
 8 DECENT WORK AND ECONOMIC GROWTH	SDG No 8 Promote inclusive and sustainable economic growth, employment and decent work for all.	We promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. <i>See section on Business Development and Strategic Partnership or Collaboration.</i>
 10 REDUCED INEQUALITIES	SDG No 10 Reduce inequality within and among countries.	We promote diversity and encourage opportunities and remuneration package set based on merit, skills and experience. <i>See section on Fair and Inclusive Workplace.</i>
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	SDG No 12 Ensure sustainable consumption and production patterns.	We want to use and utilise resources responsibly. Our initiatives include reducing and improving our water and energy consumption. <i>Refer to section on Water Management and Energy Management.</i>

⁴ Information on UNSDG at <https://sdgs.un.org/goals>

Sustainability Statement

Awards and Recognition

Our Sustainability Statement highlights our initiatives and investments that aim to contribute to our business practices with the goal of providing stakeholder value without compromising the environment, people, or the economy. The Group is constantly discovering new ways to build a better SRB, and below are the award and certificate received by our subsidiary and joint controlled entity.

AeroHandlers Sdn Bhd was awarded the International Business Aircraft Handling Achievement Award in 2021 in an event jointly organized by the Transport Ministry and EPL Exhibition Sdn Bhd.

Kuala Lumpur International Logistics & Transport Awards ("KILAT") were presented to companies that were recognized to have played a part in growing the industry. 43 award recipients were selected for the awards based on their outstanding achievements and contribution to the industry out of a total of more than 130 global nominations. The nominations were from categories namely transport (land and rail), logistics and warehousing, aviation, maritime, and women in the transport and logistics industry⁵.

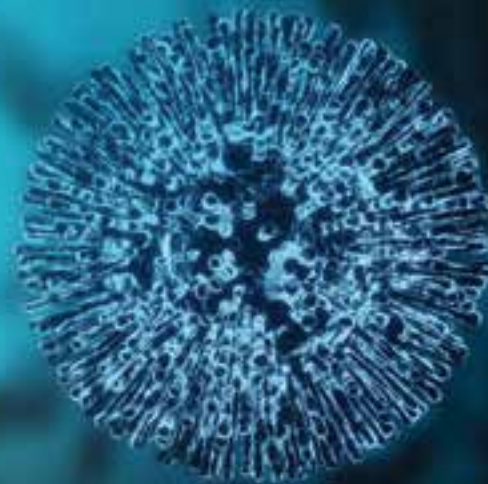
Sapura Resources Berhad, in a joint venture with KLCC (Holdings) Sdn Bhd ("KLCC") developed Permata Sapura Tower, a skyscraper in Kuala Lumpur City Centre ("KLCC"). Construction and Industry Development Board ("CIDB") conducted quality assessment using its QCLASSIC assessment methodology on Permata Sapura Tower for its Package 2: The Construction and completion of basement carpark, convention centre, podium, office tower and associated works in early 2021. QCLASSIC assessment is a method to evaluate the quality of workmanship and finishes of building projects against approved standards and the assessment is based on random sampling and statistical approach.

Based on the assessment, CIDB rated Permata Sapura Tower at 85%, and in recognition of its efforts for quality, CIDB Malaysia bestowed the QCLASSIC certificate for Permata Sapura Tower in February 2021.





SRB Responds to COVID-19

Businesses have had to adapt to the "new normal" of working conditions. Through the COVID-19 pandemic, SRB has taken proactive steps to protect its employee when engaging with customers. To address the impact of COVID-19, we will continue to adapt and evolve. SRB has taken critical steps in response to the COVID-19 pandemic to help keep employees and their families safe. We are operating as usual with 50% of our workforce in the office and the other half working from home, alternating on a weekly basis.



SRB Responds to COVID-19

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 Employees	 Communities/Customers
<ul style="list-style-type: none"> › Employee health assessment. › Virtual meetings as common practice. › Physical distancing and masks required to be worn. › Distributed to employees: <ul style="list-style-type: none"> – Total of 2,949, 3-ply Facemask and fabric type – Total of 819 Gloves – Total of 60 hand sanitiser – Total of 23 other PPE suit – Total of 144 Rapid test kit › Contamination Control Measures: <ul style="list-style-type: none"> – Located hand sanitizers at office premises. – Upon arrival at the office premises, employees must register using the MySejahtera app. – Body temperature, thermal camera has been installed at building's main entrance. – In-house cleaning services performed sanitization periodically at Sapura@Mines and once a week at Sapura Aero hangers, office space & meeting rooms. – Adhoc sanitization when COVID-19 cases were discovered in the facility. – Employees were given time off to get their vaccinations on working days. – Immediate quarantine for staff who were COVID-19 positive as well as those who were identified as close contacts. 	<ul style="list-style-type: none"> › Body temperature and thermal camera installed at Sapura@Mines building's main entrance. › Paid sanitisation services: <ul style="list-style-type: none"> – Sanitisation of aircraft upon arrival from international destinations. – Office areas upon request.

Sustainability Governance

The governance sustainability structure established in 2019 serves as a foundation for monitoring economic, environmental and social impacts, our sustainability efforts and protecting stakeholder interests.

Board of Directors ("BOD")

Review, approve and ensure integrity of sustainability reporting.

Managing Director ("MD")

Day-to-day management, accountable for the Group's achievements and report to the Board.

Group Management Committee ("GMC")

Monitoring and evaluating sustainability related matters.

The BOD has the ultimate responsibility and provides an oversight role for all sustainability related matters for the Group.

GMC plays an integral role and acts as the key custodian of sustainability matters and it discusses and addresses sustainability relating matters. GMC comprises of the MD, the Chief Financial Officer, the Head of Corporate Support and the Head of Business Units (Property, Aviation and Maintenance, Repair and Overhaul).

Sustainability Statement

Stakeholder Engagement

Our Group's success is built on the strong relationships we have with our stakeholders. It is critical to maintain open lines of communication to manage the expectation and interests of our stakeholder groups. We seek opportunities to interact with our stakeholders via various platforms and engage them in meaningful dialogue to address their concerns.

We continued to engage with similar key stakeholder groups that have significance influence this year, including the Shareholders, Management, Employees, Customers/Clients and Suppliers/Vendors/Contractor/Service Providers.

We used multi-channel engagement to communicate with our stakeholders as shown below:



Shareholders






Board of Directors



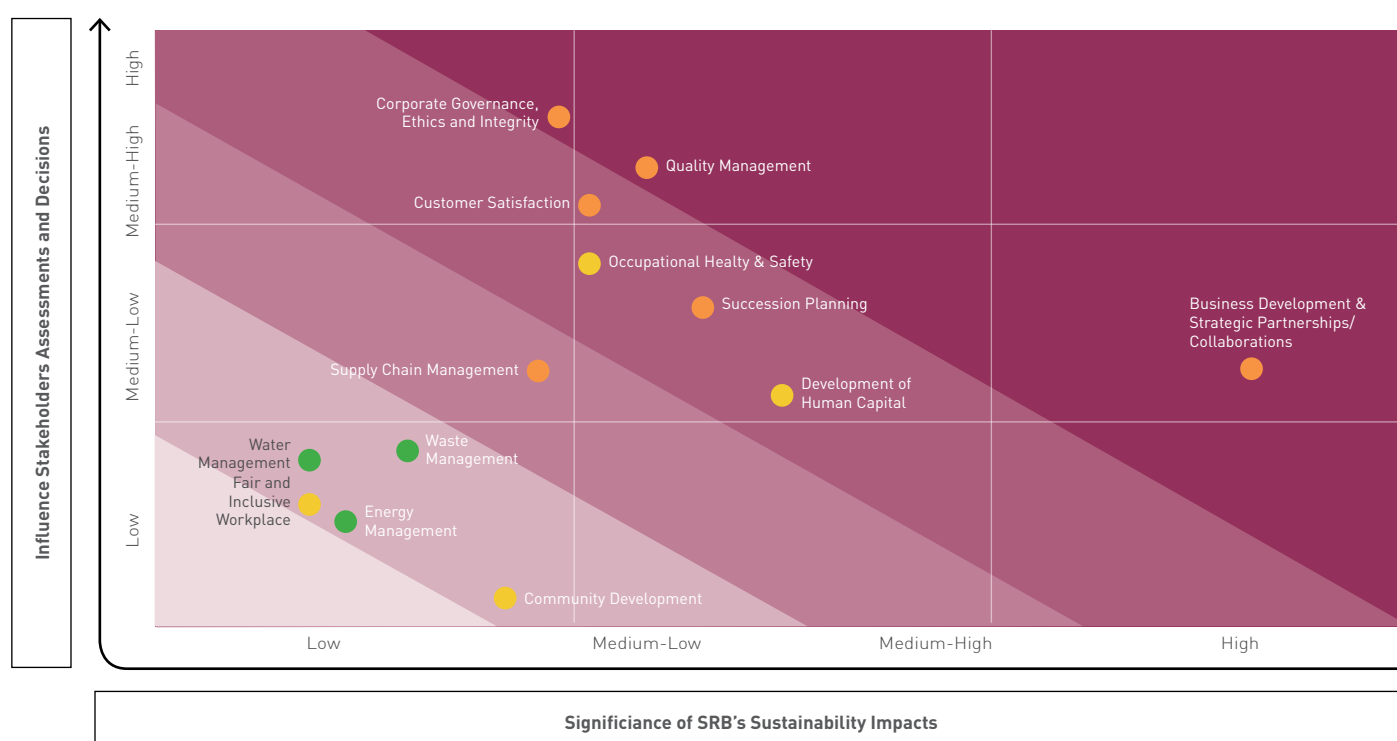
Employees

Customer/
ClientsSuppliers/
VendorsGovernment/
Regulatory Authorities

 Stakeholders	 How We Engage Stakeholders	 Matters Raised
Shareholders	<ul style="list-style-type: none"> Annual general meetings Corporate announcements in Bursa Malaysia's website Corporate websites 	<ul style="list-style-type: none"> Financial performance Long-term business strategy Board composition Announcement of key transactions
Board of Directors	<ul style="list-style-type: none"> Board's and board committees' meetings 	<ul style="list-style-type: none"> Strategic planning SRB Group's financial matters Operational updates and briefings
Employees	<ul style="list-style-type: none"> Trainings Day to day operations Meetings/Briefings 	<ul style="list-style-type: none"> Skills development Health and Safety Operational matters
Customers/ Clients	<ul style="list-style-type: none"> Corporate events/Exhibition Advertisement and marketing promotions Company website Meetings 	<ul style="list-style-type: none"> Improving customers experience Pricing New products and services
Suppliers/ Vendors	<ul style="list-style-type: none"> Meetings Site Visits Presentations Evaluations 	<ul style="list-style-type: none"> Pricing Delivery schedule Quality of product Performance of evaluation
Government/ Regulatory Authorities	<ul style="list-style-type: none"> Audits/Inspections Meetings and briefings Correspondences 	<ul style="list-style-type: none"> Regulatory compliance Health and Safety Tax matters Changes in regulations or listing rules Anti-Corruption

Our Material Sustainability Matters

We assess our economic, environmental, and social priorities in order to develop our sustainability strategy. Our most recent materiality assessment was completed in FY2021, from the recent management discussions held, included succession planning as additional material sustainability matter. Our Materiality Matrix is shown below:



Legend:

- Theme 1: Delivering Sustainability through Responsible Operations
- Theme 2: Improving Social Well-Being
- Theme 3: Driving Environmental Sustainability

Our material sustainability matters are segregated into 3 main themes:

- 】 Theme 1: Delivering Sustainability through Responsible Operations
- 】 Theme 2: Improving Social Well-Being
- 】 Theme 3: Driving Environmental Sustainability

The material sustainability matters are prioritised based on its significance and impact to SRB Group business operation and the influence of stakeholders to the Group. Based on both criteria, SRB prioritise its material sustainability matters into 3 categories as follows:

High Importance	Medium-High Importance	Medium-Low Importance
<ol style="list-style-type: none"> Business Development & Strategic Partnership/Collaboration Quality Management Customer Satisfaction Corporate Governance, Ethics and Integrity 	<ol style="list-style-type: none"> Occupational Safety & Health Development of Human Capital Succession planning Supply Chain Management 	<ol style="list-style-type: none"> Community Development Waste Management Energy Management Water Management Fair and Inclusive Workplace

Sustainability Statement



Our Progress

THEME 1: DELIVERING SUSTAINABILITY THROUGH RESPONSIBLE OPERATIONS

Business Development and Strategic Partnership or Collaboration

Our efforts in 2021 was to ensure continuity and sustainability of business operations. The focus was to retain the existing customers and to operate in an efficient manner to deliver the same standards and safety, which is acceptable by customers and authority.

Aviation Segment

Sapura's Aviation Segment has been impacted by measures implemented to control the COVID-19 pandemic, including international/interstate travel restrictions and Movement Control Orders ("MCO"). The Aviation Segment has been actively engaging foreign embassies in Malaysia to promote AeroHandlers as their preferred ground handlers in Sultan Abdul Aziz Shah ("SAAS") airport. In addition, the Aviation Segment was promoting its services at the Selangor Aviation Show event in November 2021.

Property Segment

In terms of the Property segment, the joint venture development, Permata Sapura, has been progressing in space rental take-up since receiving the Certificate of Completion and Compliance ("CCC").

Quality Management

Aviation Segment

Quality Policy

The Aviation segment has a Quality Policy that is reviewed and updated on an annual basis to reflect the Quality Culture & Management's Commitment. According to our Policy, we are committed to continuously promote Quality culture within the Aviation Segment and also to our customers by constantly reviewing and improving our service delivery. Best practises are implemented.

Safety Policy

We are committed to developing, implementing, maintaining and constantly improving strategies and processes to ensure that all of our aviation activities are carried out with an appropriate allocation of organisational human and financial resources with the goal of achieving the highest level of safety standards and performance whilst providing our services. All levels of management and all employees are responsible for ensuring that these standards are met.

Aligned with the above, we comply with all applicable legal, environmental, health and safety legislation and regulatory requirements and standards as shown below:

Quality Management System

Quality is an enabler and provides competitive advantage in Aviation industry. Our primary objective is to meet the level of service expected by our customers and compliance with rules and regulatory requirements. As Aviation Segment is very regulated, we are required to comply with international and local aviation policies and procedures, including those imposed by regulatory authority.



Customer Satisfaction

We value highly customer feedback as one of the means to identify improvement areas. Customer feedback allows us to measure our customer satisfaction and quality of the service delivery we provide to our customers.

Aviation Segment

In the Aviation Segment, we implemented the procedure for Contract and Customer Relationship Management (“CCRM”) while within the Ground Handling business, the standard operating procedure for Quality and Safety Survey Reporting (“QSSR”) was adopted.

Our responses to our customers feedbacks and comments include:

Hotline for Facilities and Customer Relationship Management @ AeroDome Sdn. Bhd.

Point-to-point communications that directly connects tenant for necessary and immediate assistance.

01

02

Notice boards with departmental information and Facility Team contact details @ AeroDome Sdn. Bhd.

Encourage the use of effective methods of displaying information and communicating with visitors and tenants.

Customer and Tenants Satisfaction Survey @ AeroDome Sdn. Bhd.

Feedback collected from customers/tenants to improve services and communication channels.

03

04

Quality and Safety Survey Report (“QSSR”) @ AeroHandlers Sdn. Bhd.

Customer satisfaction is monitored from the feedback received on Quality and Safety for our service delivery.

In FY2022, through QSSR, we obtained feedback from customers to improve our quality standards. All comments were analysed, and action taken to resolve all issues to address our customers concerns.

Property Segment

We adopt a direct engagement approach with our tenants on a regular basis to obtain feedback on the customer’s experience. However, due to the challenges posed by the pandemic, the Customer and Tenant Satisfaction survey has been postponed to 2022.

Sustainability Statement

Corporate Governance, Ethics and Integrity

In order to maintain the trust of our stakeholders, we uphold integrity, good governance, and ethical behaviour in all of our business practices. We are dedicated to providing high quality services to all of our customers. We pledge to conduct our operations with good governance, with integrity and with ethics.

**To uphold good corporate
governance, ethics and integrity,
we have the following:**

- › Board Charter
- › Terms of References for
Board Nomination &
Remuneration Committee
- › Terms of References for
Board Audit and Risk Committee
- › Code of Conduct and
Ethics for Directors
- › Board Remuneration Policy
- › Board Diversity Policy
- › Anti-Bribery and Corruption
Policy
- › Whistleblowing Policy

In FY2022, improvements have been to the Board Charter to strengthen our commitment on fighting corruption and bribery and the Board's commitment on sustainability as follows:

1. Ensure highest standard of ethical conduct, integrity and accountability in all business activities and operations and this includes adopting a zero tolerance policy towards any form of bribery and corruption;
2. Ensure the governance of sustainability in the Group which included setting the Group's sustainability strategies, business plans, priorities and targets; and
3. Ensure that sustainability to be considered when overseeing the planning, performance and long-term strategy of the Group.

Anti-Bribery and Corruption Policy ("ABC Policy")

The ABC Policy applies to all Directors, employees, and business partners, including contractors, subcontractors, consultants, agents, representatives, and service providers who do work on the Group's behalf. The Group is committed to a zero-tolerance policy for bribery and corruption and conducts regular awareness sessions. Employees were subjected to two sessions of awareness training in FY2022.

The Company has also put in place a Declaration Form on ABC Policy to be signed by all employees, customers and vendors.

Whistleblowing Policy

The objective of the Whistleblowing Policy is to enhance corporate governance in SRB Group where integrity and ethical conduct is maintained and improper conduct, illegal conduct and wrongdoing can be exposed. This Policy is mainly to encourage all Company's stakeholders including but not limited to the employees, vendors and customers to raise genuine concerns by reporting about suspected, attempted and actual improper conduct in the SRB Group in matters relating to corruption, bribery, compliance, governance, financial reporting, accounting controls, and other wrongdoings and malpractices. This Policy facilitates the reporting of such matters and also to protect the individuals making the report from detrimental action in accordance with the Whistleblower Protection Act 2010 (Act 711).

During the reporting year, we have made improvements to the Whistleblowing Policy where now reports can be made to Designated Persons through a whistleblowing channel and the Board Audit and Risk Committee has the overall responsibility of this Policy and shall oversee the implementation of this Policy. An integrity and Governance Unit ("IGU") has been formed and the Integrity Officer is tasked on the running and implementation of this Policy.

This Policy does not apply to grievances concerning an individual's terms of employment performance or personal grievances. Should it be determined during initial investigation that the matter disclosed does not fall within the scope of this Policy, such matter will be transferred to the relevant department for appropriate procedures and actions to be taken.

Any report must be made to any of the relevant Designated Person through the whistleblowing communication channels as set out in the table below:

Reporting Channel		
Alleged Wrongdoer	Designated Person	Email address
Chairman Board	Chairman BARC	ChairmanBARC@sapura.com.my
Director	Chairman BARC	ChairmanBARC@sapura.com.my
Chairman BARC	Chairman BOD	ChairmanBODSRB@sapura.com.my
MD & Senior Management	Chairman BARC	ChairmanBARC@sapura.com.my
Middle Management	IGO	SRBethicsline@sapura.com.my
Non-management	IGO	SRBethicsline@sapura.com.my

The whistleblower shall make the report of the improper conduct to the Designated Person in writing using the form ("the Whistleblower Reporting Form") appended in this Policy as Appendix A. The report must provide full details of the improper conduct and where possible supporting evidence.

For reports on improper conduct to be made by external parties, the report can be submitted in writing using the Whistleblowing Reporting Form and to be submitted via email to SRBethicsline@sapura.com.my.

We recorded 1 case reported by an ex-employee in the financial year. The case was investigated and resolved promptly.

Risk Management Policy

The Board of Directors evaluate significant risks to the Group on a regular basis, which includes significant changes to Group Risk Profile. As part of their duties, the Board and its standing committees meet with senior management on a regular basis to discuss strategic, operational, financial, and compliance risks.

The Statement of Risk Management and Internal Control provides details of risk oversight activities carried out by the Board's committee during the financial year end 2022.

Supply Chain Management

Our Cost, Contracts & Procurement Department ("CCP") at SRB is responsible for ensuring fair tender exercises and procurement activities that follow our Procurement Policies and Procedures. To support our initiative on integrity, 106 vendors have submitted the ABC Policy Declaration forms.

Suppliers Assessment

Our vendors are evaluated and monitored to ensure a fair evaluation process.

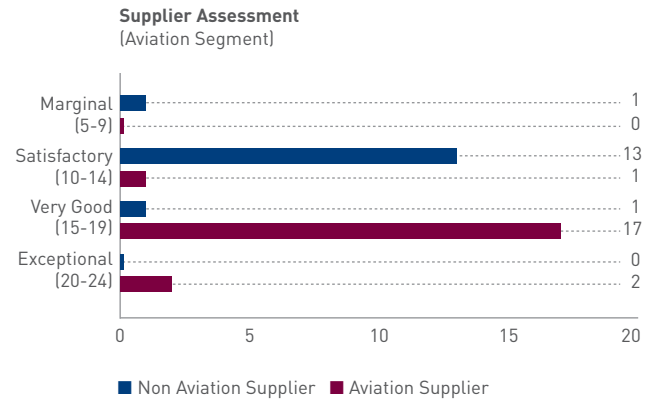
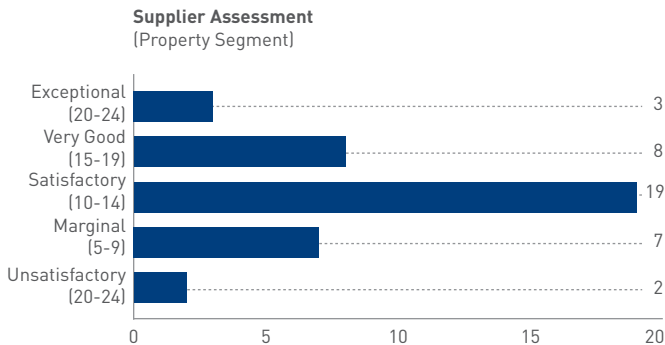
Property Segment

In FY2022, we evaluated 39 vendors via Vendor Performance Evaluation Forms ("VPEF") based on the criteria below:

- 】 Work Performed in compliance with contract terms
- 】 Staff Professionalism
- 】 Customer Service
- 】 Communication & Accessibility
- 】 Documentation records, receipts, invoices and computer generated received in a timely manner and in compliance with contract specifications.
- 】 Safety (Reporting incidents, completing safety talks with employees, compliance of hazard assessment/site safety plan/total recordable injury rate)

Sustainability Statement

The outcomes are shown below. Most were rated satisfactory, however two (2) vendors were rated unsatisfactory as they did not meet contractual requirements and recovery is not likely in a timely manner.



Aviation Segment

Our suppliers undergo evaluation and monitoring processes through quantitative and qualitative assessments. Areas evaluated for suppliers include:

- ▶ Work performed in compliance with contract terms;
- ▶ Staff Professionalism;
- ▶ Customer Service;
- ▶ Communication & Accessibility;
- ▶ Documentation records, invoices received in a timely manner; and
- ▶ Safety.

In FY2022, 20 Aviation suppliers and 15 Non-Aviation suppliers participated in the assessment. Nearly 85% of aviation suppliers were rated “very good,” and the majority of non-aviation suppliers were also rated “satisfactory.”

SRB will engage with suppliers who do not meet the requirements and determine what steps will be taken, whether to improve supplier performance, penalise, blacklist, or terminate their contracts.





THEME 2: IMPROVING SOCIAL WELL-BEING

Development of Human Capital

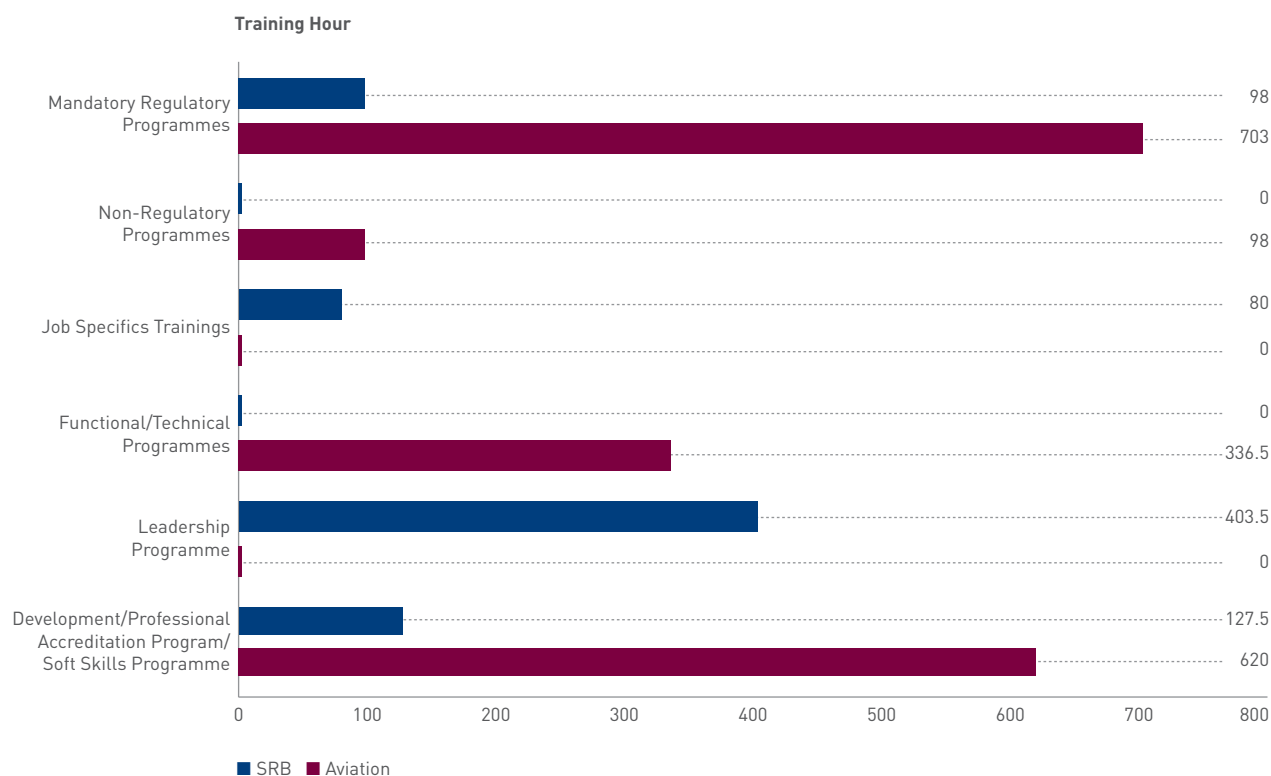
Succession Planning

SRB has established its succession planning framework in February 2021 with the objective to identify and develop potential successors for Senior Management and Key Critical Positions in order to ensure the business continuity and success of SRB Group. The succession planning framework enables the Group to identify suitable and qualified candidates from pool of motivated employees for higher roles and responsibilities, enabling clear career path for them and retain the Group's ability to retain top-performing or high talent employees.

Learning and Development

SRB is committed to expanding and establishing a diverse talent at every level. The Group has conducted various type of education and trainings programmes to the employees. We want our employees consider working at SRB as a lifelong undertaking to achieve their personal and professional goals. We recognise that by assisting our team develop and enhance their skills and personal development, we are laying the groundwork for a prosperous tomorrow. Employees have access to both the Company's internal and external learning curriculum.

For the FY2022, the Group has conducted a total of 2,466 training hours (2021: 2,444) analysed as follows:



Sustainability Statement

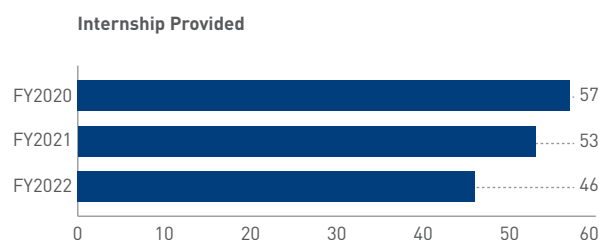
The type of training programmes we provided to our employees include both technical and non-technical trainings, which also cover regulatory trainings on relevant regulations to our industries. The regulatory and technical trainings for Aviation Segment focused on specialised areas ranging from ground support marshalling, potable water, refueling/derefueling and dishwashing procedures.

Regulatory Trainings	Technical Trainings	Non-Technical Trainings
Aviation: Trainings related to Aircraft mandatory requirement for Aviation employees <ul style="list-style-type: none"> Online Human Factor Refresher; Radio Telephony & Airfield Familiarization; Online Aircraft Safety Refresher HIRARC, Accident Prevention, Investigation & Reporting Safety Management System Awareness; Ground Handling Awareness; and Dangerous Good Regulation Cat 10 – Re-current 	At Group level: Trainings related to maintaining the ethics & integrity of business operations, safety and health, security management & compliance with regulatory requirements <ul style="list-style-type: none"> Anti-Bribery & Corruption Policy Code of Conduct Aviation: Trainings related to Aircraft mandatory requirement which includes theory and practical aspects for Aviation employees	At Group level: The trainings were focused on developing motivation of employees across various functions by improving their proficiency and by leveraging high-quality soft skills learning content in three (3) critical areas: <ul style="list-style-type: none"> Interpersonal skills, i.e., collaboration and teamwork Logic skills, i.e., critical thinking and decision making Communication skills, i.e., listening and speaking

A Training and Development Framework was developed together with the Succession Planning Framework to support our talent management program. Both frameworks are reviewed to ensure that they are current and meet with the skills and development environment for both Aviation and Non-Aviation segments.

Internship Programmes

We have also maintained our efforts to develop young talent participating in our internship programme. We provided 46 positions (2021: 53), with one intern joining our workforce upon completion of the internship programme.

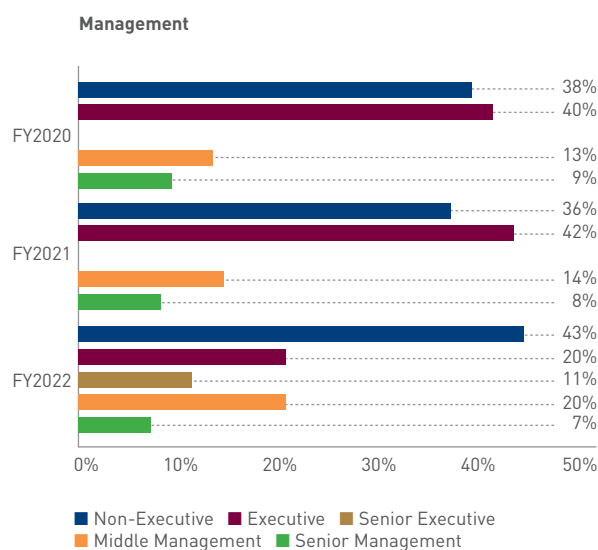


Fair and Inclusive Workplace

Diversity and Equal Opportunity

We are committed to creating an environment in which each employee has a voice and is inspired to excel. SRB promotes a diverse workforce as it brings diverse perspectives, skills and experiences, which will create value over its business activities.

Our employees are all Malaysians with the exception of one Singaporean in the Senior Management position.



Gender and Age

SRB strongly value's diversity, as our employee's demographic is a mix of gender and ages. We have increased our female employees to 28% of our workforce from 24% in FY2021. Both Over 50 and 30 – 50 age categories increased marginally with the below 30 age category reduced to 26% as compared to 33% in FY2021.

SRB continuously promotes and places the highest value on conducive and harmonious working environment based on mutual trust and respect by addressing employee's disciplinary occurrences according to the established policies and guidelines.

We had taken 14 disciplinary actions against 11 staff for various work-related misconduct such as absent without official leave, non-adherence to work procedures and SOP within stipulated timeframe and harassment to another co-worker. The outcome of the disciplinary proceedings ranges from Caution/ Warning letter to dismissal.

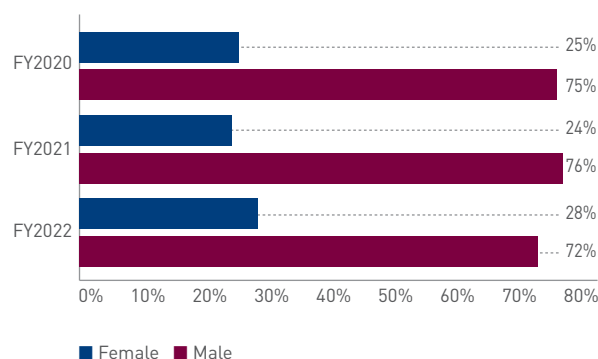
Talent Attraction and Retention

SRB is committed to attracting, and developing performing talent, as well as providing them assistance such as training and benefits to thrive them both personally and professionally.

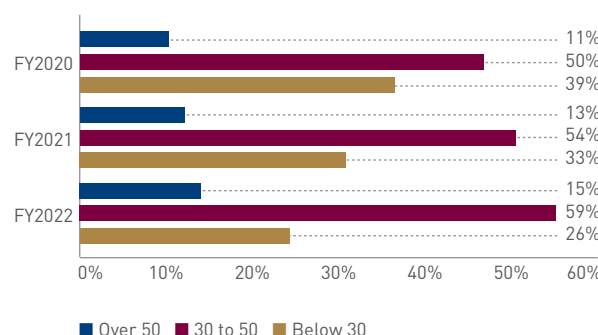
In FY2022, we hired a total of 38 new employees and a total of 43 employees resigned.

The Group provides a comprehensive total rewards package that includes competitive compensation, health care, support for work-life balance, career development resources and financial security programmes.

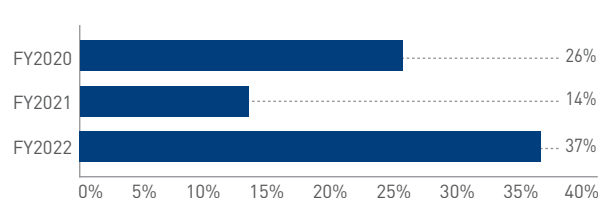
Gender



Age



Attrition Rate



Healthcare Benefits

- › Outpatient General/ Specialist Treatment
- › Inpatient Medical Benefits
- › Dental Benefit
- › Maternity Benefit
- › Periodic Medical Examination
- › Group Insurance Policy



Leave

- › Annual leave
- › Medical Leave
- › Prolonged Illness Leave
- › Maternity leave
- › Compassionate & Bereavement leave (Marriage, Death, Paternity)
- › Examination Leave
- › Hajj Leave
- › No Pay Leave
- › Replacement Leave



Allowances

- › Clothing allowance
- › Laundry reimbursement
- › Overnight allowance
- › Meal allowance
- › Car allowance
- › Petrol allowance
- › Office Parking Fees Subsidy
- › Mobile Phone Allowance
- › Professional Association Membership
- › Corporate Card
- › Transfer benefit
- › Retrenchment benefit
- › Staff Welfare benefits
- › Special Loan
- › Standby allowance
- › Shift allowance



Sustainability Statement

Occupational Safety and Health

We are committed to ensuring the safety of our employees by fostering positive safety culture, creating safe work environments, and strengthening our safety processes through continuous improvement, learning and innovation.

Aviation Segment

In the financial year ending 2022 we have held a total of 53 security and safety briefing sessions, as well as safety-related induction training programs, including refresher courses.

Compliance and Achieving Zero Injuries

Employee safety and health are the most essential factors in sustaining continuous growth and quality services. Strict compliance with safety standards is required in the entire process. SRB strictly complied with government regulations and through continuous improvement, we ensure our OSH management complies with the national Occupational Safety and Health Act of 1994. We published our Emergency Response Plan ("ERP") Manual in February 2021, and the Emergency Response Team consisting of 11 members, was updated in September 2021. The responsibilities of Emergency Response team are to execute activities involving planned exercises and provide a coordinated response during emergencies.

We had zero (0) accidents in the Aviation segment in FY2022. However, we had 10 incident cases and two (2) medical treatment cases recorded on COVID-19, and the Company immediately informed the staff involved that they were to quarantine in accordance with our COVID-19 SOPs.

Year	Aviation Segment			
	Dangerous Occurrence	Medical Treatment Case	Bodily Injury (Loss Time Injury)	Others
FYE2022	7	2	1	2

Note:

Medical treatment case was on COVID-19 issues.

Safety Action Group @ Safety Committee

The Aviation Segment formed a Safety Action Group ("SAG") with 10 members. They met 3 times between 1 February 2021 to 31 January 2022.

The SAG supervises and reviews:

- ▶ the operational effectiveness of the safety risk management processes,
- ▶ the appropriate resolution and mitigation of identified risks,
- ▶ the assessment of the safety impact of operational changes,
- ▶ the implementation of corrective action plans,
- ▶ the achievement of corrective action within agreed-upon timeframes,
- ▶ the effectiveness of safety recommendations and safety promotion, and
- ▶ the result of safety data analysis.

To derive Safety Management System ("SMS") activities and safety strategies at the operational level, the service provider may form safety action groups specific to functional units within the organisation. The Safety Action Group ("SAG") reports to and receives strategic direction from the Safety Review Board.

Community Development

This year, restrictions on movement and gathering were still imposed in Malaysia to prevent the spread of the COVID-19 disease. As a result, we were unable to carry out any community engagement activities.



THEME 3: DRIVING ENVIRONMENTAL SUSTAINABILITY

Waste Management

Our Group's waste management initiatives include promoting paperless communication. In addition, our disposal includes the implementation of internal controls to manage both hazardous and non-hazardous wastes.

We implemented structured guidelines to ensure appropriate waste management measures and we keep them up to date on a regular basis to improve efficiency and effectiveness. The Waste Management standard operating procedure guides our practises (Part 10). This focuses on the systematic management of hazardous and non-hazardous waste disposal and recycling procedures.

Furthermore, we strictly follow the Water Services Industry Act 2005 (655), the Environmental Quality Act 1974 (127), and the Environmental Quality (schedule waste) Regulation 2007 to ensure that our efforts are in accordance with current laws and regulations.

Water Management

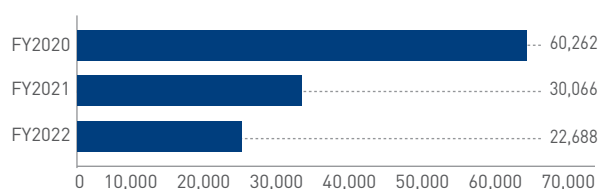
Our water management initiatives include the establishment of a systematic schedule to monitor and manage water consumption and leakages. We conduct daily inspections to detect and monitor leaks in the building's piping systems.

The declining trend in water consumption was due to initiatives taken by the Group, in addition to employees working from home during MCO, resulting in lower water consumption in comparison to FYE 2021 and FYE 2020.

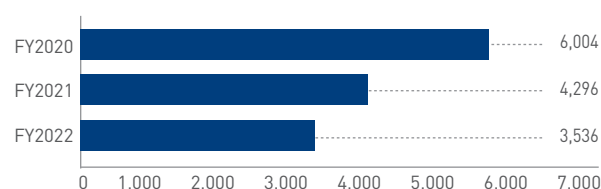
Energy Management

Employees working from home during MCO have resulted in lower electricity consumption trend in comparison to FYE 2021 and FYE 2020. This trend continues into FYE 2022.

Water Management Consumption
Total Water Consumption (m³)



Group Electricity Consumption
Total Electricity Consumption (mWh)



PREPARING FOR THE FUTURE

We aspire to be better in our sustainability journey and to become a reference point for our customers, standing out for our diversification and innovation. Technological development and continuous improvement are the goals that we set for ourselves, and we are determined to pursue them. We were able to manage period full of uncertainty caused by the pandemic and other challenges – thanks to the team spirit and cooperation of all our employees.

We will review our sustainability practices as new regulatory requirements on sustainability being introduced by the authorities. In addition, the impacts of climate change are already being felt throughout the world and the next decade is critical to limit its negative effects. Its effects are not only on environment, but it has impacted our business activities, as well as social and economic aspects to our communities.

SECTION 5

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CORPORATE GOVERNANCE



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**the Board**”) of Sapura Resources Berhad (“**SRB**” or “**the Company**”) is committed to ensuring that good corporate governance is practised throughout the Company and its subsidiaries (“**the Group**”) in discharging its responsibilities with integrity, transparency and professionalism to protect and enhance shareholders’ value and the financial position of the Group. The Board in discharging its responsibilities has always been vigilant of the fiduciary duties entrusted upon the Board.

The Board takes note of the updates on the Malaysian Code on Corporate Governance (“**MCCG**”) issued by the Securities Commission Malaysia with effect on 28 April 2021 (“**MCCG 2021**”). MCCG 2021 introduces new practices and additional guidance to strengthen the corporate governance culture of public listed companies.

The Board is pleased to present this Corporate Governance Overview Statement (“**Statement**”) to provide investors with an overview of the extent of compliance with three (3) Principles as set out in the MCCG under the stewardship of the Board for the financial year ended 31 January 2022 (“**FYE2022**”) and/or up to the date of this Statement. This Statement also serves as a compliance with Paragraph 15.25 of the Main Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). In addition, the details of the application of each Practice of the MCCG are disclosed in the Corporate Governance Report, which is available on the Company’s corporate website at www.sapura-resources.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board is primarily responsible for the proper stewardship of the Group. The Board provides overall strategic direction and effective control of the Group and has established clear functions reserved for the Board and those delegated to the Management.

The Board plays an important role in reviewing and guiding strategy and to approve any of the Management’s proposal on a strategic plan. The Board also sets the values and standards to be achieved by the Group and in doing so the Board ensures the protection and enhancement of shareholders’ value.

There are key matters which are reserved for the Board for its deliberation and decision to ensure the direction and control of the Group’s business are in its hands, while a capable and experienced Management team headed by the Managing Director (“**MD**”) is put in charge to oversee the day-to-day operations of the Group. The Board is guided by its Board Charter which outlines the duties, roles and responsibilities of the Board.

The Board understands the principal risks of all aspects of the business that the Group is operating in and recognised that business decisions require the consideration of risk. In order to achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are systems in place that effectively monitor and manage these risks with a view to the long-term viability of the Group.

The Board has delegated certain responsibilities to two (2) Board Committees, namely the Board Audit and Risk Committee (“**BARC**”) and the Board Nomination and Remuneration Committee (“**BNRC**”) to assist the Board in the deliberation of issues within their respective functions and terms of reference (“**TOR**”). These Board Committees, as entrusted by the Board, will discuss relevant issues and report to the Board with their recommendations. However, this does not absolve the Board’s ultimate responsibility of decision-making.

Apart from the above, the Management is also delegated with certain authority to enable them to effectively discharge their responsibilities, as set out in the Company’s Limits of Authority.

The Chairman and the Managing Director

The roles of the Chairman of the Board and the MD of the Group are held by separate individuals and each has a clear division of responsibilities to ensure that there is a balance of power and authority to promote accountability. The Chairman is responsible for ensuring Board effectiveness and conduct, leading the Board in the oversight of management, whilst the MD of the Company has overall responsibilities over the Company and the Group’s operating units, organisational effectiveness and implementation of Board policies and decisions on a day-to-day basis.

The Board is chaired by Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, an Independent Non-Executive Director who has a strong presence as the Chairman of the Company and is able to provide effective leadership, strategic direction and necessary governance to the Group.

Dato' Shahrizan bin Shamsuddin has been the MD of the Group since 1 March 2007. He is responsible for the stewardship of the Group's direction and the day-to-day management of the Group. The Board together with the MD develop the corporate objectives, which include performance targets and long-term goals of the business, to be met by the MD. The MD reports to the Board and is primarily responsible for running the business and implementing the policies and strategies adopted by the Board.

The Company has applied the recommendation of Practice 1.4 of the MCCG 2021 whereby the Chairman of the Board should not be a member of the Board Committee. Tan Sri Datuk Amar (Dr.) Hamid bin Bugo had ceased as the Chairman of BNRC on 17 September 2021.

Company Secretaries

The Board is supported by suitably qualified, experienced and competent Company Secretaries. The Company Secretaries advise the Board and Board Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Group. The Board members have unlimited access to the professional advice and services of the Company Secretaries. The Company Secretaries ensure that all Board and Board Committees' Meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register of the Company.

Access to information and advice

The Board has unrestricted access to all information within the Company, whether as a full Board or in their individual capacity, as supplied by the Management in a timely manner in order for the Board to discharge its responsibilities efficiently and effectively. The agenda for the Board meetings, together with the appropriate reports and information on the Company's business operations, and proposal papers for the Board's consideration are circulated to all the Directors prior to the Board meetings. Sufficient time have been provided to the Board to review the information provided, to make enquiries and to obtain further information and clarification, if necessary. During the meetings, the Management provides further detailed information and clarification on issues raised by Board members.

During the FYE2022, Senior Management as well as professional advisers were invited to attend the relevant Board and Board Committees' meetings to provide additional insights and professional views, advices and explanations on specific items on the meeting agenda.

The Board may also obtain independent professional advice at the Company's expense in furtherance of its duties. Whenever necessary, consultants and experts are invited to brief the Board on their areas of expertise or their reports.

Nevertheless, the Board members also have unlimited access to the advice of the Group's Head of Corporate Support which includes the legal services.

Board Charter

The Company has in place a Board Charter which governs how the Company conducts its affairs and serves as a source reference and primary induction literature, providing insights to existing and prospective board members to assist the Board in the performance of their fiduciary duties as Directors of the Company.

In discharging its duties, the Board is guided by its Board Charter which outlines the authority, responsibilities, membership and operation of the Board of the Company, adopting principles of good corporate governance and practice, in accordance with the applicable laws in Malaysia.

The Board endeavors to comply at all times with the principles and practices as set out in the Board Charter. The Board will review the Board Charter from time to time and make any necessary amendments to ensure it remains consistent with the Board's objectives, current law and practices.

In view of the recent amendments of the Listing Requirements of Bursa Securities and the updates in MCCG 2021, the Board Charter has been revised and updated by the Board on 26 November 2021.

The updated Board Charter is available on SRB's corporate website at www.sapura-resources.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Code of Conduct and Ethics

The Board has adopted a Code of Conduct and Ethics for Directors which provides guidance to all Directors as to the ethical conduct to be complied with, to uphold the principles of honesty and integrity, to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities. The Code of Conduct and Ethics for Directors is available on SRB's corporate website at www.sapura-resources.com.

The Board is committed in maintaining a corporate culture which engenders trustworthiness, acceptable values, spirit of social responsibility and accountability that permeate throughout the Group.

Whistleblowing Policy

The Board has adopted a Whistleblowing Policy to encourage all of the Company's stakeholders including but not limited to the employees, vendors and customers to raise genuine concerns about possible improprieties involving the Group in matters relating to financial reporting, accounting controls, compliance, improper conduct and other wrongdoings and malpractices on a confidential basis without fear of intimidation or reprisal.

The Whistleblowing Policy has been updated and revised and approved by the Board on 26 November 2021 and the revised Whistleblowing Policy is available on the Company's corporate website at www.sapura-resources.com.

Any employee of the Company may file a report to any of the designated person identified in the Whistleblowing Policy through the whistleblowing reporting channels using the Whistleblowing Reporting Form. For external parties, they may file a report to the email address: SRBethicsline@sapura.com.my.

Anti-Bribery and Corruption Policy ("ABC Policy")

A formal ABC Policy was established and adopted on 28 November 2019. The ABC Policy is applicable to the Group and all levels and all business/support units in the Group.

The purpose of the ABC Policy is:

- to set out the Company's responsibilities and responsibilities of all employees, officers and Directors of the Group to observe and uphold the Company's stance on zero-tolerance to bribery and corruption.
- to provide information and guidance on how the Company expects the employees and those working for them to conduct themselves.
- to provide guidance on how to recognise bribery and corruption and to set out the procedure on how to raise concerns on breaches of this policy.
- to ensure that the Group has adequate procedures in place to prevent and detect bribery and corruption.
- to protect the Group against the possible penalties and repercussions resulting from acts of bribery and corruption.

An Integrity and Governance Unit ("IGU") was formed and is primarily responsible for the implementation and administration of this ABC Policy. The IGU is headed by the Integrity & Governance Officer ("IG Officer"). The IGU has the responsibility for monitoring the use and effectiveness of the ABC Policy and dealing with any queries on its interpretation. The IGU reports directly to the BARC. Any reports on the breach of the ABC Policy can be made to the designated email address at SRBethicsline@sapura.com.my.

The ABC Policy is available on the Company's corporate website at www.sapura-resources.com.

II. Composition of the Board

As at the date of this Statement, the Board consists of six (6) members, which is made up of three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors and one (1) Executive Director. The Board's composition and its respective length of service are as set out below:

Name	Designation	Length of service (as at 29 April 2022)
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Chairman/Independent Non-Executive Director	12 years 8 months
Tan Sri Dato' Seri Shahril bin Shamsuddin	Non-Independent Non-Executive Director	32 years 2 months
Dato' Shahrman bin Shamsuddin	Managing Director	16 years 9 months
Dato' Muthanna bin Abdullah	Non-Independent Non-Executive Director	13 years 4 months
Encik Ahmad Jauhari bin Yahya	Independent Non-Executive Director	6 years 3 months
Andrew Heng	Independent Non-Executive Director	2 year 10 months

The Board comprises of 3 Independent Directors which represents 50% of the Board.

Re-election of Directors

Any Director appointed during the year is required under the Company's Constitution to retire and may seek for re-election by the shareholders at the following Annual General Meeting ("AGM") immediately after their appointment. The Company's Constitution also requires that one-third of the Directors including the MD to retire by rotation and to seek for re-election at each AGM and that each Director shall submit himself/herself for re-election at least once in every three (3) years.

The Directors who are subjected to re-election at the AGM had to be assessed by the BNRC whereupon their recommendation had been considered by the Board for recommendation to shareholders for approval at the upcoming AGM.

The Directors who are standing for re-election at the forthcoming 65th AGM of the Company are as set forth in the Notice of the AGM as contained in this Annual Report.

Tenure of Independent Director

Practice 5.3 of the MCCG 2021 states that the tenure of an independent director should not exceed a cumulative term of nine (9) years. However, an independent director may continue to serve the Board subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as independent after a cumulative term of nine (9) years, justifications from the Board and shareholders' approval through a two-tier voting process at a general meeting are required.

The Board subscribes to an open policy on the tenure of Independent Director whereby there should not be an arbitrary tenure imposed on the Independent Directors. The Board believes that the length of tenure of Independent Directors on the Board does not interfere with their objective and independent business judgement with a view to the best interest of the Company.

In view thereof, the Board shall provide justifications and seek shareholders' approval in the event it proposes to retain an independent director who has served the Board in that capacity for more than nine (9) years, upon the prior review and relevant recommendation from the BNRC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Nomination and Remuneration Committee ("BNRC")

The BNRC is currently chaired by Encik Ahmad Jauhari bin Yahya, an Independent Non-Executive Director.

The BNRC was established with a clearly defined TOR and comprised exclusively of three (3) Non-executive directors, majority of whom are independent.

The BNRC meets as and when required and at least once in every financial year. During the financial year under review, the BNRC met two (2) times for FYE2022 and the meeting attendances are as follows:

Members	Membership/Designation	No. of Meetings Attended	%
Encik Ahmad Jauhari bin Yahya (Re-designated on 17 September 2021)	Chairman Independent Non-Executive Director	2/2	100
Dato' Muthanna bin Abdullah	Member Non-Independent Non-Executive Director	2/2	100
Mr. Andrew Heng (Appointed on 17 September 2021)	Member Independent Non-Executive Director	Not Applicable	-
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo (Ceased as Chairman on 17 September 2021)	Chairman Independent Non-Executive Director	2/2	100

For FYE2022, the BNRC had undertaken the following activities:

- (1) Reviewed and recommended to the Board the proposed Directors' fees in respect of the financial year ended 31 January 2021;
- (2) Reviewed the proposed Directors' benefits payable for the period from 15 July 2021 until the next AGM of the Company and to recommend the same to the Board for recommendation to the shareholders for approval at the Sixty-Fourth AGM;
- (3) Reviewed and recommended the re-election of Directors to the Board for recommendation of the same to the shareholders for approval at the Sixty-Fourth AGM;
- (4) Reviewed and recommended the retention of the Independent Non-Executive Directors to the Board for recommendation of the same to the shareholders for approval at the Sixty-Fourth AGM;
- (5) Reviewed and assessed the effectiveness of the Board of Directors as a whole and contribution of the BARC and BNRC; contribution and performance of each individual Director of the Company; and each member of the BARC;
- (6) Assessed the independence of the Independent Directors;
- (7) Reviewed and recommended the revised TOR of the BNRC to the Board for approval and adoption;
- (8) Considered and recommended the appointment of Mr. Andrew Heng as a member of the BNRC; and
- (9) Reviewed the contract renewal and remuneration package of the Head of Property Business Division.

The TOR of the BNRC has been revised and updated by the Board on 26 November 2021 and is available on the Company's corporate website at www.sapura-resources.com.

Recruitment Process and Annual Board Evaluation

In pursuant to the latest amendments to the Main Market Listing Requirement, the Company has put in place a Fit and Proper Policy. In this policy, there is the selection criteria for the appointment of Directors.

Through Board Effectiveness Evaluation, the Directors are assessed annually and the findings are consolidated in a performance report which is analysed and tabled to the BNRC for review and endorsement by the Board.

All nominees and candidates to the Board are first considered by the BNRC taking into consideration the mix of skills, competencies, experience, integrity, time commitment and other qualities required to effectively discharge his or her role as a director. The BNRC will then endorse the nominees and candidates for approval by the Board.

The Board had conducted self-assessment and peer review and the results were tabled for the BNRC for review and discussion. The purpose of the annual board evaluation is to evaluate the Board in terms of their capability, character, integrity and commitment towards the Company and to recognise further improvements, if any, required for the effectiveness of each individual Director.

Based on the results of the evaluation conducted for FYE2022, the BNRC was satisfied with the performance of the individual members of the Board.

On the appointment of key management personnel, candidates are first considered by the BNRC where focus is on their skills set, competencies, experience, integrity and other qualities, prior to recommendation for approval by the Board.

Board Diversity

Women representation on the Board as well as in senior management will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's strategic objectives. The Board Diversity Policy is available at the Company's website at www.sapura-resources.com.

As of the date of this Report, the current diversity in gender, ethnicity and age of the Board and the Key Senior Management of the Company are as follows:

		Directors	Key Senior Management (excluding the MD)
Race/Ethnicity	Malay	5	3
	Chinese	1	1
	Indian	0	0
Age Group	41 to 50	1	3
	51 to 60	1	1
	60 to 70	3	0
	Above 70	1	0
Gender	Male	6	3
	Female	0	1

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company, and to use their best endeavours to attend meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the FYE2022, the Board had convened a total of twelve (12) Board of Directors' Meetings for the purposes of deliberating on the Group's quarterly financial results and discussing important matters which called for immediate attention and decision of the Board. During the Board of Directors' Meetings, the Board reviewed the operation and performance of the Group and other strategic issues that might affect the Group's business. Relevant Senior Management were invited to attend all of the Board of Directors' Meetings to provide the Board with their views and clarifications on issues raised by the Directors.

The BNRC has been tasked to review the attendance of Directors at Board and/or Board Committees' Meetings. Upon review, the BNRC noted the Board members have devoted sufficient time and effort to attend the Board and/or Board Committees' meetings for FYE 2022.

The attendance record of each Director at the Board Meetings held for the financial year under review is as follows:

Name of Directors	Designation	No. of Meetings Attended	%
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	Chairman/ Independent Non-Executive Director	12/12	100
Dato' Shahriman bin Shamsuddin	Managing Director	12/12	100
Tan Sri Dato' Seri Shahril bin Shamsuddin	Non-Independent Non-Executive Director ("NINED")	12/12	100
Dato' Muthanna bin Abdullah	NINED	12/12	100
Encik Ahmad Jauhari bin Yahya	Independent Non-Executive Director	12/12	100
Mr. Andrew Heng	Independent Non-Executive Director	12/12	100

The Board also met on an ad-hoc basis to deliberate urgent issues and matters that required expeditious Board direction or approval. There were eight (8) Special Board of Directors' Meetings held during the FYE2022 out of the total twelve (12) meetings held. In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approval were sought via circular resolutions which were supported with all the relevant information and explanations required to make an informed decision.

The Board is satisfied with the time and commitment rendered by the Directors to the Group. None of the Directors have more than five (5) directorships in listed issuers listed on Bursa Securities.

In order for the Group to remain competitive, the Board ensures that the Directors continuously enhance their skills and expand their knowledge to meet the challenges of the Board. The Board recognised that continuing education would be the way forward in ensuring its members are continually equipped with the necessary skills and knowledge to meet the challenges ahead.

As at the date of this Statement, the Board has participated in various continuing education or training programmes as indicated in the Corporate Governance Report.

Upon review, the Board concluded that the Directors' trainings for the FYE2022 were adequate. In recognising the need to keep abreast with the fast-changing business and regulatory environment, the Board has encouraged its members to attend at least one (1) continuing education programme, if possible.

III Remuneration

A Board Remuneration Policy was established to support the Group's business strategy that is long term and strategic in nature. The remuneration framework is designed based on the need to attract and retain Directors; to motivate Directors to achieve the Group's business objectives; and to align the interest of the Group with the long-term interest of the shareholders. The Board Remuneration Policy is available on the Company's corporate website at www.sapura-resources.com.

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, develop and retain its Directors.

BNRC is responsible for reviewing and making recommendations to the Board for approval, the framework and remuneration packages of the Non-Executive Directors in all forms, drawing from outside advice whenever necessary prior to making the relevant recommendations to the Board so that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Group successfully. In its review, the BNRC considers various factors including the Directors' fiduciary duties, time commitments and the Company's performance.

For FYE2022, the total Directors' fees payable to the Directors, of RM 531,931.50 have been recommended to the shareholders for approval at the forthcoming AGM of the Company. The breakdown of the remuneration of each individual Director for FYE2022 for the Company/Group is disclosed in the Corporate Governance Report.

Remuneration Committee

The Board is satisfied that the BNRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions. As such, it is not necessary to separate the nomination and remuneration functions into distinct nomination and remuneration committees.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Board Audit and Risk Committee ("BARC")

The Board is responsible for ensuring that the quarterly and annual audited financial statements of the Company present a balanced and clear view and assessment of the Company's financial position, performance and prospects and comply with the applicable financial reporting standards. The Board is assisted by the BARC in reviewing the Group's financial reporting process and accuracy of its financial results, and scrutinising information for disclosure to ensure compliance with the accounting standards, accuracy, adequacy and completeness in giving the true situation of the Group's performance.

The BARC assists the Board in reviewing the Group's financial reporting process and accuracy of its financial results, and scrutinising information for disclosure to ensure reliability and compliance with the applicable financial reporting standards. The BARC reviewed the unaudited quarterly financial reports and the year-end audited financial statements of the Company prior to recommendation of the same to the Board for approval and submission to Bursa Securities and/or the shareholders (where relevant).

The BARC is chaired by Mr. Andrew Heng, who is an Independent Non-Executive Director of the Company. As at the date of this Statement, the BARC consists of three (3) members, majority of whom are Independent Non-Executive Directors. The composition of the BARC is as follows:

Name	Position	Designation
Mr. Andrew Heng (Re-designated on 17 September 2021)	Chairman	Independent Non-Executive Director
Dato' Muthanna bin Abdullah (Re-designated on 14 July 2021)	Member	Non-Independent Non-Executive Director
Encik Ahmad Jauhari bin Yahya	Member	Independent Non-Executive Director

The TOR of the BARC has been revised and updated by the Board on 26 November 2021 and is available on the Company's corporate website at www.sapura-resources.com.

Practice 9.2 of the MCCG 2021 requires the BARC to have a policy that requires a former partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the BARC.

None of the members of the Board were former partners and notwithstanding that in order to uphold the utmost independence, the Board has no intention to appoint any former partner as a member of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Assessment of suitability and Independence of External Auditors

For the FYE2022, the BARC has assessed the suitability and independence of the External Auditors vide an annual assessment of the suitability and independence of the External Auditors of the Company.

In its assessment, the BARC considered, inter alia, the following factors:

For “**Suitability**” of the External Auditors:

- The External Auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with the approved professional auditing standards and the applicable regulatory and legal requirements;
- To the knowledge of the BARC, the External Auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants (“**MIA**”) which has not been reversed by the Disciplinary Board of MIA;
- The external audit firm has the geographical coverage required to audit the Group;
- The external audit firm advises the BARC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;
- The external audit firm consistently meets the deadlines set by the Company;
- The level of quality control procedures in the external audit firm, including the audit review procedures; and
- The external audit scope is adequate to cover the key financial and operational risks of the Group.

For “**Independence**” of the External Auditors:

- The engagement partner has not served for a continuous period of more than five (5) years with the Company;
- The BARC receives written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
- Tenure of the current Auditors.

Upon completion of the said assessment, the BARC was satisfied with Ernst & Young PLT’s technical competency and audit independence during the FYE2022.

Risk Management and Internal Control Framework

The Board is committed to determine the Group’s level of risk tolerance and to actively identify, assess and monitor key business risks to safeguard shareholders’ investments and the Group’s assets. The risk management and internal control function were assumed and overseen by the BARC with the assistance of the External Auditors and the outsourced Internal Auditors, who will report on the effectiveness and efficiency of the internal control processes and procedures periodically to the BARC to ensure that the system is viable and robust.

The Board adopted a Group’s Enterprise Risk Management Policy (“**ERM**”) on 25 June 2020 upon the recommendation by the BARC. The ERM shall be a core management competency that incorporates a well-structured systematic process to identify business risk and lessen their impact on the Group. This involves the following core elements:

- the identification of each business risk;
- the measurement of the identified business risk;
- the control or the way the risk is managed in line with the needs of the Group’s policies and strategies; and
- constant monitoring and communicating of risks associated with any activity, function or process in a way that will enable the Group to minimise losses and maximize opportunities.

The Company’s internal audit function is outsourced to KPMG Management and Risk Consulting Sdn. Bhd. (“**KPMG**”) and they are responsible to evaluate and improve the effectiveness of risk management, internal control and governance processes of the Group.

Details pertaining to the Group’s internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

Communication with Stakeholders

The Board ensures that all material information and corporate disclosures are discussed with the Management prior to dissemination to ensure compliance with Bursa Securities' Listing Requirements. In deciding on the necessary disclosures and announcements, the Board is also guided by Bursa Securities' corporate disclosure guides as published by Bursa Securities from time to time.

The Board is committed to achieve timely and high-quality disclosure in accordance with the spirit, intention and purpose of the applicable regulatory requirements.

The Board has adopted the following measures with regard to communication with the Company's stakeholders:

(i) Announcements to Bursa Securities

Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities. Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results in the dedicated website of Bursa Securities at www.bursamalaysia.com or the Company's corporate website at www.sapura-resources.com.

(ii) Corporate Website

A corporate website (www.sapura-resources.com) is maintained and the said website contains relevant information on the Group's activities, financial results, major strategic development and other matters affecting stakeholders' interests for the shareholders, potential investors, suppliers and the general public.

(iii) Annual Reports

The Company's Annual Reports to the shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year-end as well as the status of compliance with the applicable rules and regulations.

(iv) AGMs/General Meetings

The AGM/General Meetings which are used as the main forum of dialogue for shareholders to raise any issues pertaining to the Group.

(v) Investor Relations

Shareholders and other interested parties are welcome to contact the Company should they have any comments, questions or concerns, by writing in, via telephone or facsimile, details of which are as follows:

Address : Sapura@Mines
No. 7, Jalan Tasik, The Mines Resort City
43300 Seri Kembangan, Selangor Darul Ehsan Malaysia

Telephone No. : 603-8949 7000

Fax No. : 603-8949 7046

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Conduct of General Meetings

The AGM provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance. Both individuals and institutional shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Board is always available to meet members of the press after the AGM.

The Company adheres to its Board Charter where sufficient notice period is given to the shareholders in order for them to schedule their time to attend the Company's AGM. To carry on the good governance practice, the Notice of the Sixty-Fifth AGM will be issued at least 28 days before the AGM date.

Due to the COVID-19 pandemic and the enforcement of the Movement Control Order in Malaysia, the Company had leveraged on technology to facilitate remote participation of shareholders and electronic voting for the conduct of the poll on all the resolutions. The Company's Sixty-Fourth AGM was conducted fully virtual basis. It was streamed live and where eligible shareholders were able to log in to remotely participate in and vote at the meeting.

In line with paragraph 8.29A of the Listing Requirements of Bursa Securities on the requirement for poll voting for any resolution set out in the notice of general meetings, during the Sixty-Fourth AGM held last year, shareholders were briefed on the voting procedures and the results of the poll were verified by the independent scrutineer, Boardroom Corporate Services Sdn. Bhd. The poll voting was conducted via electronic means and the results of the poll were displayed on the screen. The results of all the resolutions proposed at the Sixty-Fourth AGM were subsequently announced to Bursa Securities on the same day.

KEY FOCUS AREAS AND FUTURE PRIORITIES

Looking ahead to the financial year ending 2023, the Board and its respective Board committees will:

- Focus on major strategic issues to ensure sustainability and growth with a considerable proportion of Board time is focused on strategic issues, including specific strategic plans and transactions, and the Company's broader long-term direction;
- Understand the risks associated with strategic decisions and operations, and the processes management has in place to identify, monitor, and manage risk.
- Continue to monitor succession planning for the Board and the senior leadership team, to ensure a healthy pipeline of talent is emerging for future Board and senior executive management;
- Focus on the corporate culture, emphasizing expectations that Management will foster within the Company a culture of ethical behavior, fair dealing, respect for diversity, equity, and inclusion as well as integrity.

CONCLUSION

The Board is satisfied that for the FYE2022, the Company complies substantially with the principles and practices of the MCCG.

This Statement, together with the Corporate Governance Report were approved by the Board on 27 April 2022.

BOARD AUDIT AND RISK COMMITTEE REPORT

The Board Audit and Risk Committee ("**BARC**") was established by the Board of Directors ("**the Board**") with the primary objective to assist the Board in fulfilling its fiduciary responsibilities relating to corporate governance, system of internal controls, risk management processes and management of financial reporting practices of the Group.

The BARC is pleased to present the BARC Report for the financial year ended 31 January 2022 ("**FYE2022**") in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the Malaysian Code on Corporate Governance ("**MCCG**").

COMPOSITION OF THE BARC

For the FYE2022, the BARC comprised of three (3) members, which consist of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director during the FYE2022.

Mr. Andrew Heng has been elected as the Chairman of the BARC from amongst the BARC members with effect from 17 September 2021.

The current composition of the BARC is as follows:

Name	Position	Designation
Mr. Andrew Heng (Re-designated on 17 September 2021)	Chairman	Independent Non-Executive Director
Encik Ahmad Jauhari bin Yahya	Member	Independent Non-Executive Director
Dato' Muthanna bin Abdullah (Re-designated on 14 July 2021)	Member	Non-Independent Non-Executive Director

NUMBER OF BARC MEETINGS AND DETAILS OF ATTENDANCE

For the FYE2022, the BARC held a total of eight (8) meetings. The details of the attendance of each BARC member are as follows:

BARC Members	Total no. of meetings attended	%
Mr. Andrew Heng	8/8	100
Encik Ahmad Jauhari bin Yahya	8/8	100
Dato' Muthanna bin Abdullah	7/8	88

BOARD AUDIT AND RISK COMMITTEE REPORT

SUMMARY OF WORK OF THE BARC

The BARC is governed by its terms of reference (“**TOR**”) on its discharge of authorities, duties and responsibilities.

During the FYE2022, the BARC had carried out the following activities which are in line with its responsibilities as set out in the TOR:

(1) Financial Reporting

- (a) Reviewed the unaudited quarterly financial reports and the audited year-end financial statements of the Group for FYE2022 before they were presented to the Board for approval and for release to Bursa Securities accordingly; and
- (b) In its review of the unaudited quarterly-financial reports and the audited year-end financial statements, discussed with Management and the external auditors on the:
 - changes in or implementation of accounting policies and practices;
 - any financial reporting developments in the Malaysian Financial Reporting Standards
 - significant adjustments arising from the audit;
 - significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
 - going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- (c) The dates where the BARC met during the FYE2022 to deliberate on financial reporting matters are as appended below:

Date of meetings	Financial Reporting Statements Reviewed
22 April 2021	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the fourth quarter ended 31 January 2021.
6 May 2021	Audited Financial Statements for the financial year ended 31 January 2021 (“ AFS ”).
22 June 2021	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the first quarter ended 30 April 2021.
23 September 2021	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the second quarter ended 31 July 2021.
24 November 2021	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the third quarter ended 31 October 2021.

(2) Audit Reports

- (a) Received and reviewed the internal and external audit reports together with Management’s responses in ensuring that appropriate and prompt remedial actions are taken by Management on major deficiencies in controls or procedures that have been identified including status of previous audit recommendations.
- (b) Discussed thoroughly and made enquiries on internal audit findings and Management’s relevant responses to resolve those findings.

(3) Matters relating to External Audit

- (a) Reviewed the terms of engagement and the Audit Planning Memorandum by the external auditors, Ernst & Young PLT (“EY”) covering the nature and scope of audit planned as well as the audit timeline for the financial year under review.
- (b) Reviewed the external auditors’ audit report and the significant audit findings underlying their report.
- (c) Reviewed key audit matters raised by EY from its annual audit and management letter including Management’s responses/actions taken on the resolution of such issues.
- (d) Reviewed the annual AFS of the Company and of the Group prior to submission of the same to the Board for approval.
- (e) Met with the external auditors without the presence of the Management on 6 May 2021 in order to provide the external auditors an avenue to unequivocally express any concerns they might have, including those relating to their ability to perform their work without any constraint or interference.
- (f) Evaluated the external auditors’ independence and objectivity, as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency and reviewed the reasonableness of the proposed audit fees charged against the size and complexity of the Group.
- (g) Reviewed the audit and non-audit fees payable to the external auditors for FYE2022 to ensure the level of non-audit services rendered by the external auditors would not impair their objectivity and independence as external auditors of the Company.
- (h) Assessed and reviewed and was satisfied with the performance and effectiveness of the external auditors and recommended to the Board on their re-appointment as the external auditors of the Company for the ensuing year at the Annual General Meeting.

(4) Matters relating to Internal Audit

- (a) Reviewed and considered the adequacy of scope, functions, resources of the outsourced internal auditors, KPMG Management & Risk Consulting Sdn. Bhd. (“KPMG”) and that it has the necessary authority to carry out its work.
- (b) Reviewed the Internal Audit Plan and subsequent updates on the Internal Audit Plan in respect of the changes made to the plan and timeline.
- (c) Reviewed the Internal Audit Report for each cycle consisting of audit findings and observations identified during the course of internal audit, prioritised areas for improvement as well as recommended corrective actions to be taken by Management as presented by KPMG.
- (d) Evaluated the adequacy and performance of KPMG for the FYE2022 as well as their capabilities and competency to serve the Group in terms of technical competencies and manpower resources.

(5) Risk Management and Internal Control

- (a) Formalised and adopted a Group Risk Management Policy and Framework to maintain a sound system of internal control.
- (b) Reviewed the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report for the FYE2022.
- (c) Received and reviewed quarterly reports from KPMG on the Group’s risk profile and the risk register for the FYE 2022 to ensure these were being managed effectively.

BOARD AUDIT AND RISK COMMITTEE REPORT

(6) Related Party Transactions

- (a) Reviewed the related party transactions entered into by the Company or the Group and to determine if such transactions were undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public.
- (b) Reviewed any conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of Management's integrity.
- (c) Reviewed the report on recurrent related party transactions of a revenue or trading nature entered into by the Group on a quarterly basis and to monitor the thresholds of the recurrent related party transactions to ensure compliance with the Listing Requirements of Bursa Securities.

(7) Annual Reporting

Reviewed and recommended the BARC Report and Statement on Risk Management and Internal Control to ensure compliance with relevant regulatory reporting requirements, prior to recommending to the Board for approval.

(8) Others

- (a) Conducted a self/peer evaluation and the review of the performance of BARC as a whole to evaluate and review the BARC's overall effectiveness in discharging its duties and responsibilities.
- (b) Reviewed the revised Whistleblowing Policy and recommended the same to the Board of Directors for approval and adoption.
- (c) Reviewed the amended Terms of Reference of the BARC and recommended the same to the Board of Directors for approval and adoption.
- (d) Reviewed the Related Party Transactions/Recurrent Related Party Transactions ("RRPT") Policy and recommended the same to the Board of Directors for approval and adoption.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The BARC in respect of the internal audit function, is supported by KPMG, the outsourced professional internal auditors in discharging its duties and responsibilities for the FYE2022.

The primary responsibility of the internal audit function is to assist the Board to oversee that Management has in place, a sound risk management, internal control and governance system and to provide independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes established by Management and/or the Board within the Group.

The Internal Audit Reports and Management's responses are first circulated to the Managing Director as well as to the relevant Heads of Department prior to tabling them at the BARC meetings.

During the FYE2022, the representatives of KPMG attended the BARC meetings to report to the BARC on a quarterly basis, at a minimum, on their observations and findings of the effectiveness of the governance, risk management and internal control processes within the Group.

The internal audit work carried out by KPMG for the financial year under review included the following:

- (a) Developed the Group Internal Audit Plan for FYE2022 and tabled to the BARC during the meeting for the BARC's approval on the proposed scope of work, timeline and fees.
- (b) Presented its Internal Audit Report for each cycle consisting of audit findings and observations identified during the course of internal audit, prioritised areas for improvement as well as corrective actions to be taken by Management in the quarterly BARC meetings.
- (c) Conducted internal audit works covering the key audited areas as follow:
 - Anti-bribery and corruption management
 - Fixed asset management and RRPT for SRB Group
- (d) Presented its follow-up audit report consisting of the recommendations raised in previous cycles of internal audit carried out by KPMG.

The total cost incurred in maintaining the internal audit function for the financial year ended 31 January 2022 was RM89,093 (2021: RM188,291/-).

BOARD'S CONCLUSION

The Board is satisfied that the BARC and its members have carried out their functions, duties and responsibilities in accordance with the TOR of the BARC and there were no material misstatements, frauds, violations and deficiencies in the systems of internal control not addressed by Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("**Board**") of Sapura Resources Berhad ("**SRB**" or the "**Company**") seeks to promote a risk-conscious culture and is highly committed to maintaining a sound internal control system and risk management framework in the Company and its subsidiaries (collectively referred to as the "**Group**"). To this end, the Board is pleased to present the following Statement on Risk Management and Internal Control (the "**Statement**"), which outlines the nature and scope of internal control and risk management of the Group for the financial year ended 31 January 2022.

This Statement is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad which calls for the annual report to include a "statement about the state of risk management and internal control of the listed issuer as a group" and Practice 10.2 of the Malaysian Code on Corporate Governance ("**MCCG**") which stipulates that "the board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework".

During the financial year under review, the Group had implemented various strategies to uphold effective risk management for its business. These include amongst others, targeted marketing efforts, exploring diversification opportunities, exploring fresh revenue streams and maintaining financial and operational discipline.

This Statement does not cover the Group's joint ventures and associate companies as the Board of SRB does not have full control and management over the respective companies. The Group's interests in the joint ventures and associate companies are served through representations on the boards of the respective companies and review of management accounts, and enquiries given that the Board is not vested with full governance control.

BOARD'S RESPONSIBILITY

The Board acknowledges the importance of maintaining a sound system of internal control and the proper identification and management of risks affecting the Group's operations in order to safeguard shareholders' investments and other stakeholders' interests. Accordingly, the Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy, integrity and operating effectiveness of the said system. Such a system covers financial, operational and compliance risks and the relevant controls designed to manage said risks. In view of the inherent limitations in any system of risk management and internal control processes, the system can only provide reasonable, but not absolute assurance, against material misstatements, financial losses, defalcations or fraud.

The Board Audit and Risk Committee ("**BARC**") has been entrusted with the responsibility of assisting the Board in the oversight of risk management and internal controls. This includes reviewing and regularly communicating to the Board on the key risks enveloping the Group, the impact and likelihood of such risks crystallising and Management's readiness to manage and mitigate the risks that arise. The BARC is supported by the outsourced internal audit function, KPMG Management & Risk Consulting Sdn Bhd ("**KPMG MRC**"), which regularly reports to the BARC on the design and operating effectiveness of the internal control, risk management and governance processes and procedures. Notwithstanding the delegated responsibilities, the Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management and internal control system.

MANAGEMENT'S RESPONSIBILITY

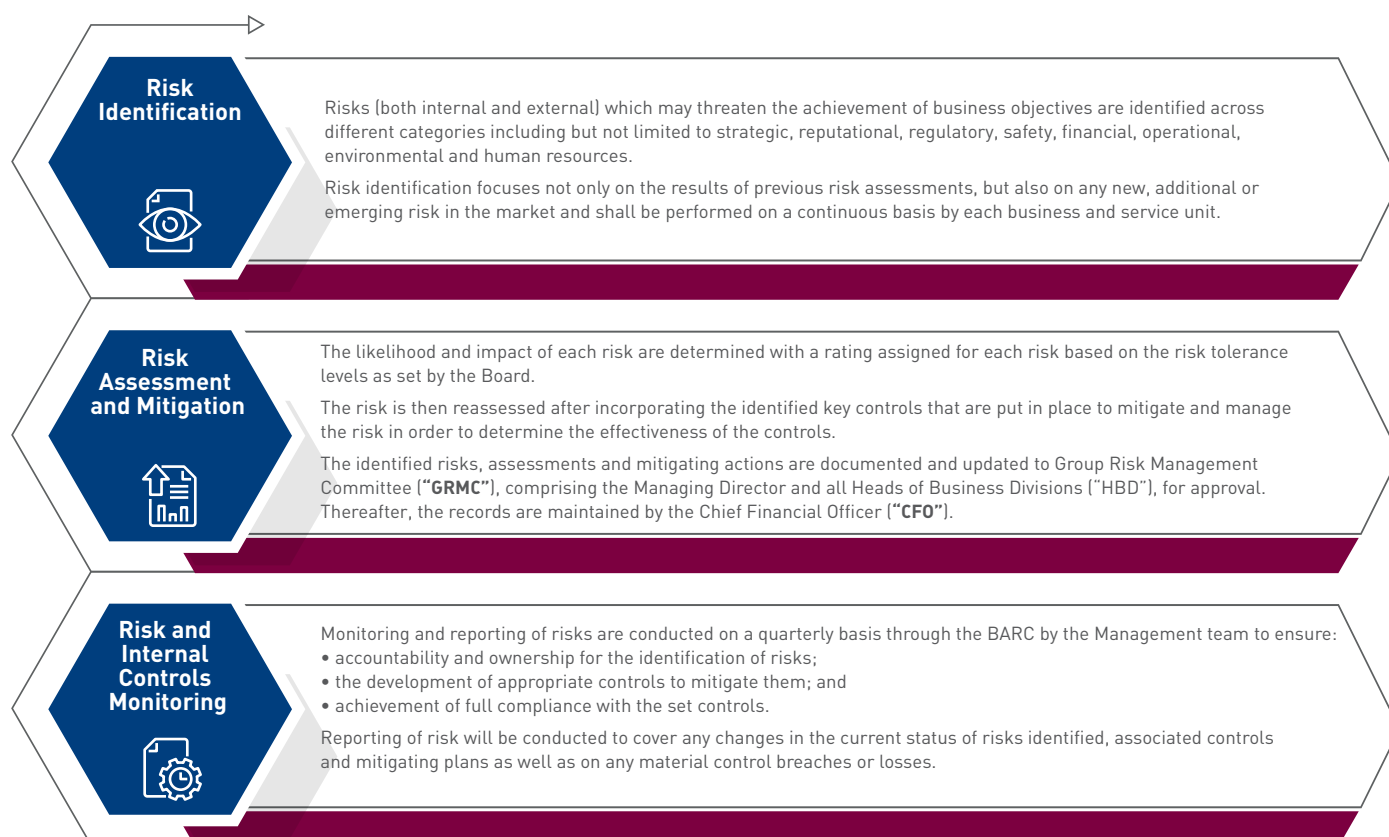
The Management team is responsible for the implementation of SRB's risk management policies and procedures and to ensure appropriate controls are in place to address identified risks within specific business and service units. In order to achieve this, the roles of the management team include identifying and evaluating risks faced within the Group's business units; designing adequate internal controls for the Group's business units; defining the job descriptions within the Management team and Risk Officer to incorporate the control and risk management action plans within their domain of responsibility; reporting to the BARC on any material control breaches or losses in an open and timely manner; and implementing suitable action plans towards ineffective controls identified by the internal audit function.

RISK MANAGEMENT

The Board firmly believes that risk management is critical to the Group's continued business sustainability and overall value accretion. This is exemplified by the unforeseen events brought about by the COVID-19 pandemic and geopolitical risks which accelerate market volatility. These events have forced the Group to heighten its risk management efforts as means to sustain its businesses in the midst of sustained global economic distress. The priority of the Group remains towards upholding the sustenance of each of its business units and unlocking value through marketing efforts, potential diversification and operational efficiencies. Given its unprecedented nature, the COVID-19 pandemic called for strategic pivots in the way the Group conducts business and existing work practices such as remote working options for staff and leveraging on technology to abide by social distancing measures to limit the spread of the virus, through virtual meetings.

The Group has instituted a Risk Management Policy and Framework ("**the Policy**") which sets out the overarching approach and requirements for managing risk. The Policy is designed to systematically identify, analyse, monitor and report key risks and the likelihood of risk occurrence as well as the magnitude of impact. The Policy is reviewed by the BARC on a periodic basis and approved by the Board to ensure it reflects the current objectives of the Group as well as the markets in which the Group operates in.

Management is accountable to the Board for the execution of risk management policies and in identifying the key risks including strategic, reputational, financial, operational, environmental and regulatory risks affecting the Group. In this regard, Management evaluates the nature and extent of those risks by putting in place mitigating action plans for effective monitoring and reporting to the Board. Quarterly results from the risk assessment taking into account any changes in the business processes and the market environment as well as the implementation status of corrective action plans on key risks are reported to the BARC, accordingly. Salient methodical steps of the risk management framework outlining the process to identify, assess, mitigate and monitor the key business risks of SRB are shown below and in the ensuing page:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL FRAMEWORK

The Board regularly reviews the evaluation on the adequacy and operating effectiveness of the Group's internal control framework. Salient elements of the Group's internal control framework are described below:

Organisation structure

The Group has in place an organisation structure with clearly demarcated lines of responsibilities and segregated reporting lines up to the Board and its Committees to ensure operational effectiveness and efficiency as well as independent stewardship, permeating through every facet of the Group's operations. The Board and its Committees are supported by the Group Management Committee who meets as needed throughout the year to hold discussions on operational matters.

Board Charter

A Board Charter ensures that the Board, acting on behalf of SRB is cognizant of its fiduciary duties and responsibilities as members of the Board and the varied legislations and regulations affecting their conduct. In addition, the Board Charter serves as a source of reference to the Board for matters relating to Board organisation and provides guidance to the Board members in performing their duties, roles and responsibilities as Directors of SRB.

In November 2021, the Board had made enhancements to the Board Charter by expanding the Board's responsibilities to include ensuring the highest standards of ethical conduct, integrity and accountability in all business activities and operations. Also, the governance of sustainability has also been included in the Board's responsibilities.

Board Diversity Policy

A Board Diversity Policy is established to consider aspects including but not limited to professional experience, skills and knowledge, gender, educational and cultural backgrounds, ethnicity and age in configuring the Board's composition. The recognition of cognitive diversity is premised on the need to avert 'groupthink' or 'blind spots' by leveraging on multifaceted perspectives, experience and expertise required to achieve effective stewardship and ensure that SRB's competitive advantage is preserved.

Board Remuneration policy

A Board Remuneration Policy is established to support the Group's business strategy that is both long term and strategic in nature. The remuneration framework of Directors is designed based on the need to attract and retain Directors; motivate Directors to achieve SRB's business objectives; and align the interests of the Group with the long-term interests of shareholders.

Board Committees

- **Board Audit and Risk Committee ("BARC")**

The primary function of the BARC is to assist the Board in discharging its fiduciary duties in respect of the corporate accounting and reporting practices of SRB, reviewing quarterly financial statements, interim financial announcements as well as year-end annual financial statements, internal and external audit reports, risk management and internal control, related party transactions, corporate governance and compliance, integrity, anti-bribery and corruption and other functions as the BARC considers appropriate or as authorised by the Board.

In November 2021, the Board had further enhanced the authority accorded to the BARC by adding the authority to appoint internal auditors and integrity officers and to report directly to BARC.

- **Board Nomination and Remuneration Committee ("BNRC")**

The BNRC, amongst others, reviews the composition of the Board and assists SRB in new appointments of Directors and Board Committees, evaluates the effectiveness of the Board, Board Committees and each individual Director, reviews the objectives and goals set for the Managing Director, determines the level and make-up of the Managing Director's remuneration, develops policies, practices and recommended proposals appropriate to facilitating the recruitment and retention of Directors and finally, ensures that members of the BNRC should have no conflicts of interest with the outcome of decisions made, having due regard to the interests of shareholders and the continuing financial and commercial health of the Group.

In November 2021, the Board had further enhanced the Terms of Reference that guides the BNRC by including various stipulations on its responsibilities, covering periodic refreshing of Board composition, succession planning throughout the Group's senior leadership structure and tenure of Directors, amongst others.

Subsidiaries Governance Framework (“SG Framework”)

The SG Framework, which is applicable across all subsidiaries of SRB as well as all levels and business/ support units in SRB, sets out the corporate governance standards and practices adopted by SRB to ensure compliance with Companies Act 2016, MMLR, MCCG and Guidelines on the Conduct of Directors of Listed Corporations and their Subsidiaries as released by Securities Commission Malaysia in July 2020 (as revised in April 2021).

The SG Framework defines the reporting structure of all Management Committees i.e. the Group Risk Management Committee (“GRMC”) and the Group Management Committee (“GMC”). The Group has restructured its sustainability oversight architecture by subsuming the Sustainability Steering Committee (“SSC”) under the GMC to provide for greater centralisation and coordination of oversight on sustainability matters. SRB adopts a centralised approach in managing its subsidiaries with Board-reserved matters explicitly codified within the SG Framework.

Limits of Authority (“LOA”)

Clearly defined limits of authority, responsibility and accountability have been established to govern the business and standard day-to-day operations, including matters requiring the Board, Board Committees, Managing Director, CFO, Heads of Business Divisions (“HBD”) and Heads of Department (“HoD”) approval. The LOA determines the approving authorities and authority limits for various transactions such as assets, procurement and contract, financial, human resource, legal and other matters. Major capital expenditure, acquisition and disposal of investment interests are approved by the Board before execution. The LOA aims to safeguard the SRB and its shareholders’ interests, in line with the Group’s internal control practices. During the year, the Group had revamped the LOA by consolidating all individual LOAs of the Group’s divisions and subsidiaries into a single, uniform LOA to promote coherence.

Annual budgeting

A strategic planning and budgeting process covering forecasts for each area of the Group’s business with detailed reviews at all levels of operations is conducted annually. The Board reviews and approves the annual budget prepared by Management.

Management reporting system

A Management reporting system is established and this calls for operations and management accounts to be prepared and reviewed periodically. The system also requires Management to conduct Business Performance Review meetings so as to monitor the Group’s financial performance and results. In addition, meetings are held at each individual business unit level to provide updates on any operational matters.

Code of Conduct and Ethics for Directors (“the Code”)

The Code is established to outline the fundamental guiding principles that are anchored on professional conduct. The Directors acknowledge that they must exercise judgment in applying the principles embodied in this Code to any particular situation. The Code provides guidance to the Directors to assist them in carrying out their duties and responsibilities in accordance with the standards of professional conduct expected by SRB. The Code incorporates adaptations from the “Code of Ethics for Company Directors” issued by Companies Commission of Malaysia and is available on SRB’s corporate website at Code of Conduct and Ethics for Directors.

Code of Conduct and Ethics for Employees

The Code of Conduct for employees lays out the duties and responsibilities of employees in the course of their employment with the Group. All employees must support the policies, procedures and practices of the Group; conduct themselves with propriety and decorum at all times to reflect the good standing of the Group; and honour confidentiality of all the information that they have acquired during and after employment with the Group. The Code of Conduct for employees forms as a guide which covers a wide range of areas including workforce values, business integrity and data privacy. The Code of Conduct for employees is part of SRB’s Employee Handbook.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Business Continuity Management Policy (“BCM Policy”)

The BCM Policy seeks to guide the Group on BCM by providing a framework around which the BCM capability is designed and built. The objective of BCM is to make the Group more resilient to potential threats and allow the operations of the Group to resume or continue under adverse or abnormal conditions within a reasonable and predetermined timeframe upon the occurrence of a disruption. Specifically, the BCM Policy seeks to enable the Group to continue, recover and resume critical business functions or operations within the agreed Recovery Time Objectives (RTO). The BCM methodology includes the following:



Anti-Bribery and Corruption Policy (“ABC Policy”)

Given the operationalisation of section 17A of the Malaysian Anti-Corruption Commission Act 2009 as effected vide the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Board undertook to exercise oversight on the establishment of adequate procedures to prevent the commission of corrupt acts by persons associated to the Group through the institution of the ABC Policy.

The ABC Policy covers areas pertaining to corruption and bribery; gifts, hospitality and entertainment; facilitation payments, kickbacks, sponsorships and charitable donations; political contributions; etc. The ABC Policy is premised on a supply-chain wide perspective covering dealings with third parties such as agents, suppliers and vendors, contractors, sub-contractors and distributors. Any breaches of the ABC Policy shall be treated as serious misconduct, leading to disciplinary actions taken against the offender.

The ABC Policy has been augmented with guideline covering gifts, hospitality and entertainment expenses. This Guideline was introduced to provide clarity to employees on seeking reimbursements pertaining to these expenses and provides for additional controls to prevent corruption and bribery.

In order to raise awareness on ethical conduct across the Group, training sessions are carried out on an annual basis. Induction programmes for new joiners covers the contents of the ABC Policy and the same is carried out for newly inducted vendors and contractors. Employees and third parties enlisted by the Group are required to sign the Anti-Bribery and Corruption Policy Declaration Form as a means to express conformance to the ABC Policy. The ABC Policy is made available on SRB’s corporate website at www.sapura-resources.com.

In addition, as required by paragraph 15.29(1)(c) of the MMLR of Bursa Malaysia Securities Berhad, corruption risk factors are also assessed on an annual basis as part of the Group’s management of risks on an enterprise level.

Whistleblowing Policy

The Board has put in place a Whistleblowing Policy that enables the stakeholders of the Group to escalate bona fide concerns regarding unethical, unlawful or undesirable conduct via a reporting channel within the Group in an objective manner without fear of retaliatory actions. Stakeholders of the Group may report any integrity/ethical misconducts through the reporting channels available including via email to SRBethicsline@sapura.com.my which will be directed to the Integrity and Governance Unit (“IGU”).

Following an internal audit conducted during the financial year ended 31 January 2022, the Group has revamped its Whistleblowing Policy to better manage its anti-bribery and corruption risks. These changes included the following salient enhancements:

- prescribing that the BARC has ultimately responsibility and oversight on whistleblowing policy and matters;
- assigning personnel who are individually and collectively independent to investigate the veracity of whistleblowing cases that are brought forth by any individual;
- disclosing the reporting channels available;
- establishing a whistleblowing reporting form within the Whistleblowing Policy.

The Whistleblowing Policy is available on SRB’s corporate website at Whistleblowing Policy.

Document Retention Policy

A Document Retention Policy was established to ensure complete and accurate records are maintained to support general operations and to meet contractual, legal or regulatory promulgations including the Personal Data Protection Act 2010. The Policy shall be reviewed by the BARC on a periodical basis to ensure it reflects the current objectives of SRB and shall be approved by the Board, when necessary.

Employee Grievance Policy

A Standard Operating Procedures for Employee Grievance was established to provide a platform in resolving internal disputes or complaints. Based on this policy, detailed procedures are set up to allow employees to discuss their grievances or concerns in confidence with their immediate superior or Head of Department prior to submitting a compliant procedure form for review by the Human Resources Department and third-level Manager. The policy enables the grievances and concerns to be addressed at the “get-go” stage.

Information Security Management System Policy (“ISMS Policy”)

In April 2021, the Group had in accordance with the requirements of ISO 27001:2013, established the ISMS Policy as a commitment to upholding the principles of confidentiality and integrity as well as ensuring the availability of all physical and electronic information assets throughout the Group. The ISMS is intended to be an enabling mechanism for information sharing, electronic operations and reducing information-related risks to acceptable levels.

The ISMS Policy covers a multitude of information security aspects including policies on hardware, passwords, emails, instant messaging, internet security and antivirus.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Enterprise Risk Management Policy

The Enterprise Risk Management (“ERM”) Policy was formed to promote creation and value protection within the Group. The policy lays out the Group’s main ERM practices, key elements and key attributes that supports the Group in appropriately identifying and managing risks. The Group’s ERM framework consists of the following seven (7) key elements which mirrors globally accepted risk management standards:



Insurance and security safeguards

The Group has in place insurance and security safeguards over their employees and major assets whereby adequate cover has been sought against any untoward event which is beyond the Group’s control and that could result in material losses. The insurance coverage is reviewed at specific intervals to ensure its adequacy.

INTERNAL AUDIT FUNCTION

The Board regularly reviews the evaluation on the adequacy and operating effectiveness of the Group’s internal control framework. SRB outsourced its internal audit function to KPMG MRC to assess the adequacy and integrity of the Group’s internal control systems. The internal audit function reports directly and provides assurance to the BARC through the execution of internal audit work based on a risk-based internal audit plan approved by the BARC before commencement of work. In carrying out its activities, the internal audit function has unrestricted access to the relevant records, personnel and physical properties of the Group. The internal audit work is carried out based on KPMG MRC’s Internal Audit Methodology (“KIAM”), which is closely aligned with the International Professional Practices Framework (“IPPF”) of the Institute of Internal Auditors (“IIA”), of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information that signifies a satisfactory conclusion of the internal audit work.

For the financial year ended 31 January 2022, the internal audit function assessed the adequacy and operating effectiveness of internal controls deployed by Management for the Group’s key operations and processes, and to make appropriate recommendations thereof. The following in-scope companies and key processes were covered by the internal audit function:

In-scope companies	Key processes
Sapura Resources Berhad and its relevant subsidiaries	Fixed asset management
	Related party transactions and Recurrent related party transactions
	Anti-bribery and corruption management

Following the completion of its work, the internal audit function reported directly to the BARC on improvement measures pertaining to internal controls, including a follow-up on the status of Management's implementation of recommendations raised in previous reports. The internal audit reports were submitted to the BARC, who reviewed the observations with Management, including Management's action plans to address the concerns raised by the internal audit function.

For more information on the Summary of work of the Internal Audit function, kindly refer to the BARC Report, as documented in pages 67 to 71 of this Annual Report.

Review by the external auditor

In accordance to paragraph 15.23 of the MMLR of Bursa Malaysia Securities Berhad, the external auditor, Ernst & Young PLT has reviewed this Statement for inclusion in this Annual Report of the Group for the financial year ended 31 January 2022.

The review of this Statement by the external auditor was performed in accordance with the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3"), issued by the Malaysian Institute of Accountants in February 2018.

The external auditor reported that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report of the Group was not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor was it factually inaccurate.

AAPG 3 does not require the external auditor to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The external auditor is also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remediate the problems.

Commentary on the adequacy and effectiveness of the Group's internal control and risk management system

For the financial year under review and up to the date of this Statement, the Board is of the view that the Group's risk management and internal control system is adequate and effective to safeguard the interests of stakeholders and the Group's assets, despite a challenging business and operating environment. There were no material weaknesses or deficiencies in the system of internal control and risk management that have directly resulted in any material loss to the Group.

The Managing Director and the CFO have also provided assurance to the Board that the Group's risk management and internal control system, in all material aspects, are operating adequately and effectively based on the risk management and internal control framework of the Group.

This Statement is made in accordance with the resolution of the Board dated 27 April 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

Pursuant to Paragraph 15.26(a) of the Main Market Listing
Requirements of Bursa Malaysia Securities Berhad

The Directors are responsible to ensure that the financial statements of the Group are drawn up in accordance with the applicable approved Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards issued by the International Accounting Standards Board, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible to ensure that the annual audited financial statements of the Group and of the Company are prepared with reasonable accuracy from the accounting records of the Group and of the Company so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 January 2022, and of the results of their operations and cash flows for the financial year then ended.

In preparing the audited financial statements, the Directors have:

- (a) Adopted applicable accounting policies and applied them consistently;
- (b) Made judgements and estimates that are reasonable and prudent;
- (c) Ensured the adoption of applicable approved accounting standards; and
- (d) Used the going-concern basis for the preparation of the financial statements.

The Directors are also responsible to ensure that proper accounting records are kept which disclose with reasonable accuracy of the financial position of the Group and Company and are kept in accordance with the Companies Act 2016.

The Directors have general responsibility to take such steps that are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Utilisation of Proceeds

There were no proceeds raised from any corporate proposals for the financial year ended 31 January 2022.

2. Audit and Non-Audit Fees

The details of the audit and non-audit fees paid/payable to the external auditors or a firm or corporation affiliated to the external auditors' firm for the financial year ended 31 January 2022 are as follows:

	Company (RM)	Group (RM)
Audit	90,000	261,000
Non-audit:		
Tax fees	28,000	99,800
Tax advisory services	3,090	3,090
Assurance related services	8,500	8,500
Fees paid/payable to other auditors		
Audit	30,000	30,000
Grand Total	159,590	402,390

3. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) involving the interests of Directors, chief executive and/or major shareholders, either still subsisting at the end of the financial year ended 31 January 2022 or entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The Company did not enter into nor seek mandate from its shareholder on any RRPT during the financial year ended 31 January 2022.

SECTION 6

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FINANCIAL STATEMENT



DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2022.

Principal activities

The principal activities of the Company are investment holding and property investment.

The principal activities of the subsidiaries and other information relating to the subsidiaries are described in Note 15 to the financial statements.

Holding company

The holding company is Sapura Holdings Sdn. Bhd., which is incorporated in Malaysia.

	Group RM'000	Company RM'000
Loss for the year	(264,768)	(260,065)
Loss attributable to:		
Owners of the parent	(263,485)	(260,065)
Non-controlling interest	(1,283)	-
	(264,768)	(260,065)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than as disclosed in the financial statements.

Dividends

The directors do not recommend the payment of any dividend in respect of the current financial year.

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Datuk Amar (Dr.) Hamid bin Bugo
 Tan Sri Dato' Seri Shahril bin Shamsuddin
 Dato' Shahrman bin Shamsuddin *
 Dato' Muthanna bin Abdullah
 Ahmad Jauhari bin Yahya
 Andrew Heng

** Directors of the Company and subsidiaries*

The names of the directors of the subsidiaries of the Company since the beginning of the financial year to the date of this report are disclosed in Note 15 to the financial statements

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements or other than benefits included in remuneration as director and/or employee of related corporations) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

The Company maintains a liability insurance for the directors and officers of the Group. The total amount of sum insured for the directors and officers of the Group for the financial year amounted to RM10,000,000.

The total amount of insurance premium effected for any director and officer of the Group during the financial year is RM15,800.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	At 1.2.2021	Number of shares		At 31.1.2022
		Acquired	Transfer	
Sapura Resources Berhad - the Company				
Ordinary Shares				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	-	-	83,250
Dato' Shahrman bin Shamsuddin	83,250	-	-	83,250
Indirect Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	72,372,772	-	-	72,372,772
Dato' Shahrman bin Shamsuddin	72,372,772	-	-	72,372,772
Sapura Holdings Sdn. Bhd. - holding company				
Ordinary Shares				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	30,147,187	-	-	30,147,187
Dato' Shahrman bin Shamsuddin	30,147,187	-	-	30,147,187
Indirect Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	11,165,626	-	-	11,165,626
Dato' Shahrman bin Shamsuddin	11,165,626	-	-	11,165,626

DIRECTORS' REPORT

Directors' interests (cont'd.)

	At 1.2.2021	Number of shares		At 31.1.2022
		Acquired	Transfer	
Preference Shares (Class "A")				
Direct Interest				
Tan Sri Dato' Seri Shahril bin Shamsuddin	10,000	-	-	10,000
Preference Shares (Class "B")				
Direct Interest				
Dato' Shahriman bin Shamsuddin	10,000	-	-	10,000

Tan Sri Dato' Seri Shahril bin Shamsuddin and Dato' Shahriman bin Shamsuddin by virtue of their interests in shares in the holding company are also deemed interested in shares of all the holding company's subsidiaries to the extent the holding company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provisioning of doubtful debts and satisfied themselves that there were no known bad debts to be written off and adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts, or the amount of the provision for doubtful debts inadequate to any substantial extent.
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any material contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Other statutory information (cont'd.)

- (f) In the opinion of the directors, save as disclosed in Note 2.1 to the financial statements:
- (i) no material contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.
- (g) As at 31 January 2022, the Group and the Company are in net current liabilities position of RM29.7 mil and RM14.3 mil respectively. The Company's strategic shareholder, on 20 May 2022, has agreed to take appropriate measures including where necessary, providing financial support to the Group and the Company over the next eighteen (18) months from 1 February 2022 to 31 July 2023 which includes the financial assistance of RM50 million which has been agreed.

Subsequent event

Details of subsequent event are disclosed in Note 40 to the financial statements.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office. Auditors' remuneration are disclosed in Note 6 to the financial statements.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 January 2022.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 May 2022.

Dato' Shahrizan bin Shamsuddin

Andrew Heng

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Dato' Shahrman bin Shamsuddin and Andrew Heng, being two of the directors of Sapura Resources Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 95 to 169 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2022 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 May 2022.

Dato' Shahrman bin Shamsuddin

Andrew Heng

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Ivan Oh Boon Wee, being the officer primarily responsible for the financial management of Sapura Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 95 to 169 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Ivan Oh Boon Wee at Kuala Lumpur
in the Federal Territory on 25 May 2022.

Ivan Oh Boon Wee
(MIA membership no.: 17911)

Before me,

INDEPENDENT AUDITORS' REPORT

to the members of Sapura Resources Berhad
(Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sapura Resources Berhad, which comprise the statements of financial position as at 31 January 2022 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 95 to 169.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statement.

(i) Impairment assessment of non-financial assets

MFRS 136 Impairment of Assets ("MFRS 136") requires an entity to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

The Group is required to perform impairment test of cash generating units ("CGU") whenever there is an indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount. Recoverable amount is higher of fair value less cost of disposal ("FVLCD") or value in use ("VIU").

Recoverable amounts based on FVLCD were obtained from independent valuers appointed by management. Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the CGU and discounting them at an appropriate rate. Such estimations are highly subjective.

INDEPENDENT AUDITORS' REPORT

to the members of Sapura Resources Berhad (Incorporated in Malaysia)

Key audit matters (cont'd.)

(i) Impairment assessment of non-financial assets (cont'd.)

(a) Impairment assessment of investment properties

As at 31 January 2022, the carrying amount of investment properties of the Group stood at RM415 million as disclosed in Note 12 to the financial statements.

During the financial year, property investment segment has incurred losses and the current uncertainties over economic recovery have adversely impacted the property market. These serve as indicators for impairment of investment properties.

(b) Impairment assessment of property, plant and equipment and right-of-use assets within aviation and maintenance, repair and overhaul ("Aviation and MRO") segments

As at 31 January 2022, the carrying amount of property, plant and equipment and right-of-use assets of the Group stood at RM28.8 million and RM11.2 million respectively as disclosed in Notes 11 and 13 to the financial statements.

In view of the depressed economic conditions, the Aviation and MRO segments of the Group continued to report losses in the current financial year, indicating that the carrying amounts of the property, plant and equipment and right-of-use assets of the segments may be impaired. In addition, the Group has decided to wind-down the MRO business during the financial year.

In determining the recoverable amount based on VIU, our procedures included amongst others, the following:

- We obtained an understanding of the relevant processes and internal controls over the estimation of recoverable amounts of the CGU;
- We assessed the robustness of management's budgeting process by comparing the actual results achieved against previously forecasted budgets;
- We evaluated the key assumptions used in determination of the VIU (such as growth rate, inflation rate, occupancy rates, rental rates, ground handling rates, transient and ancillary rates as well as the related expenses) by making comparisons to historical trends, contracts and available market information;
- We performed sensitivity analysis on the key assumptions to understand the impact that alternative assumptions would have had on the overall carrying amount;
- We assessed whether the discount rates used to determine the present value of the cash flows reflect the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset; and
- We also assessed and reviewed the disclosures in the financial statements.

In determining the recoverable amount based on FVLCD, our procedures included amongst others, the following:

- We considered the independence, competence, capabilities and objectivity of the independent valuer;
- We obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value of the properties and assessed whether such methodology is consistent with those used in the industry;
- As part of our evaluations of the fair values of the properties, we discussed the valuation with the independent valuer to obtain an understanding of the properties and related data used as input to the valuation model; and
- We tested the accuracy of data used as input to the valuation model by comparing them with available industry data.

*Key audit matters (cont'd.)**(ii) Impairment assessment of investment in a subsidiary, investment in a joint venture and amounts due from subsidiaries***(a) Impairment assessment of investment in a subsidiary**

As at 31 January 2022, the Company's investment in DNest Aviation Sdn. Bhd. amounted to approximately RM8.2 million, as disclosed in Note 15 to the financial statements. The continued losses and the depleting shareholders' funds reported by this subsidiary is viewed as indicators that the investment may be impaired.

In addressing the area of focus on impairment of investment in the subsidiary based on fair value, we performed amongst others, the following procedures:

- We obtained impairment assessment from the management where the recoverable amount was determined using fair value of the net assets;
- We considered the independence, competence, capabilities and objectivity of the independent valuer;
- As part of our evaluation of the fair value of the net assets, we discussed the valuation with the management and independent valuer to obtain an understanding of the assets and related data used as input to the valuation model;
- We obtained an understanding of the methodology adopted by the independent valuer in estimating the fair value of the assets and assessed whether such methodology is consistent with those used in the industry; and
- We assessed the adequacy of the disclosures made in the financial statements.

(b) Impairment assessment of investment in a joint venture

As at 31 January 2022, the Company's investment in Impian Bebas Sdn. Bhd. amounted to approximately RM181 million, as disclosed in Note 17 to the financial statements. The continued losses and the depleting shareholders' funds reported by this joint venture is viewed as indicators that the investment may be impaired.

In addressing the area of focus on impairment of investment in the joint venture based on fair value, we performed amongst others, the following procedures:

- We obtained impairment assessment from the management where the recoverable amount was determined using share of net assets at fair value;
- We assessed the methodology used by management to estimate the recoverable value of the investment;
- We compared the carrying value of the investment with the share of net assets at fair value of the joint venture;
- As part of our evaluation of the fair value of the net assets, we discussed the valuation with the management and independent valuer to obtain an understanding of the assets and related data used as input to the valuation model; and
- We assessed the adequacy of the disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT to the members of Sapura Resources Berhad (Incorporated in Malaysia)

Key audit matters (cont'd.)

(ii) Impairment assessment of investment in a subsidiary, investment in a joint venture and amounts due from subsidiaries

(c) Impairment assessment of amounts due from subsidiaries

As at 31 January 2022, the Company has recorded net amounts due from subsidiaries of approximately RM18.1 million, as disclosed in Note 18 to the financial statements. MFRS 9 Financial Instruments requires an entity to recognise a loss allowance for expected credit losses on financial assets that are measured at amortised cost, including amounts due from subsidiaries.

In addressing the area of focus on impairment of amounts due from subsidiaries, we performed amongst others, the following procedures:

- We obtained an understanding of the relevant processes and internal controls over the estimation of estimated future cash flows; and
- We evaluated the key assumptions applied in the determination of the amount and timing of receipts from the subsidiaries in light of the estimation of profits and the resulting cash flows to be derived from the operations.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

to the members of Sapura Resources Berhad
(Incorporated in Malaysia)

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT

202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
25 May 2022

Ismed Darwis Bin Bahatlar

No. 02921/04/2024 J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 January 2022

	Note	Group 2022 RM'000	2021 RM'000	Company 2022 RM'000	2021 RM'000
Revenue	4	45,171	46,001	28,155	28,946
Operating expenses		(72,080)	(63,259)	(87,731)	(31,377)
Impairment loss on non-current assets		(186,211)	-	(191,054)	(477)
Other income		2,698	4,074	1,489	1,905
Loss from operations		(210,422)	(13,184)	(249,141)	(1,003)
Finance costs	5	(13,770)	(1,817)	(13,075)	(82)
Share of result of an associate		112	1,003	-	-
Share of result of joint ventures		(44,732)	(6,136)	-	-
Loss before tax	6	(268,812)	(20,134)	(262,216)	(1,085)
Taxation	9	4,044	(1,180)	2,151	(1,038)
Loss after tax, representing total comprehensive loss for the year		(264,768)	(21,314)	(260,065)	(2,123)
Loss, representing total comprehensive loss attributable to:					
Owners of the parent		(263,485)	(20,525)	(260,065)	(2,123)
Non-controlling interest		(1,283)	(789)	-	-
		(264,768)	(21,314)	(260,065)	(2,123)
Loss per share attributable to the owners of the parent (sen)					
Basic/diluted	10	(188.74)	(14.70)		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2022

	Note	Group 2022 RM'000	2021 RM'000	Company 2022 RM'000	2021 RM'000
Assets					
Non-current assets					
Property, plant and equipment	11	28,774	48,697	4,813	7,496
Investment properties	12	415,028	120,891	415,028	120,891
Right-of-use assets	13	11,202	29,178	-	-
Intangible assets	14	-	-	-	-
Investment in subsidiaries	15	-	-	8,210	8,411
Investment in an associate	16	17,846	17,734	12,000	12,000
Investment in joint ventures	17	170,098	195,830	181,002	180,011
Trade and other receivables	18	3,911	-	20,847	55,009
		646,859	412,330	641,900	383,818
Current assets					
Trade and other receivables	18	8,439	6,853	6,374	6,811
Prepayments		1,874	738	29	100
Tax recoverable		2,173	1,108	1,212	252
Other current financial assets	19	20	50	20	50
Short term investment	20	12,943	67,522	12,943	67,522
Cash and bank balances	21	28,583	16,431	20,295	10,214
		54,032	92,702	40,873	84,949
Total assets		700,891	505,032	682,773	468,767

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Equity and liabilities					
Current liabilities					
Trade and other payables	22	45,543	48,456	30,162	40,470
Provisions	23	12,275	11,972	3,000	3,000
Loans and borrowings	24	12,120	2,523	12,070	2,432
Lease liabilities	26	13,753	5,392	9,900	-
		83,691	68,343	55,132	45,902
Net current (liabilities)/assets		(29,659)	24,359	(14,259)	39,047
Non-current liabilities					
Deferred tax liabilities	27	-	3,764	-	1,953
Loans and borrowings	24	121	175	-	-
Lease liabilities	26	478,772	29,675	466,794	-
		478,893	33,614	466,794	1,953
Total liabilities		562,584	101,957	521,926	47,855
Net assets		138,307	403,075	160,847	420,912
Equity					
Share capital	28	139,600	139,600	139,600	139,600
Other reserves	29	2,581	2,581	1,100	1,100
(Accumulated losses)/Retained profits	30	(1,702)	261,783	20,147	280,212
Equity attributable to owners of the parent		140,479	403,964	160,847	420,912
Non-controlling interest	15	(2,172)	(889)	-	-
Total Equity		138,307	403,075	160,847	420,912
Total equity and liabilities		700,891	505,032	682,773	468,767

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 January 2022

	←-----Attributable to owners of the parent-----→ ←---Distributable---→	Share capital (Note 28) RM'000	Non-Distributable Capital reserve (Note 29) RM'000	General reserve (Note 29) RM'000	(Accumulated losses)/ Retained profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group								
At 1 February 2021		139,600	1,481	1,100	261,783	403,964	[889]	403,075
Total comprehensive loss for the year		-	-	-	(263,485)	(263,485)	(1,283)	(264,768)
At 31 January 2022		139,600	1,481	1,100	(1,702)	140,479	(2,172)	138,307
At 1 February 2020		139,600	1,481	1,100	282,308	424,489	(100)	424,389
Total comprehensive loss for the year		-	-	-	(20,525)	(20,525)	(789)	(21,314)
At 31 January 2021		139,600	1,481	1,100	261,783	403,964	(889)	403,075

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 January 2022

	←---Attributable to owners of the parent---→			
	←-----Distributable-----→			
	Share capital (Note 28) RM'000	General reserve (Note 29) RM'000	Retained profits RM'000	Total equity RM'000
Company				
At 1 February 2021	139,600	1,100	280,212	(420,912)
Total comprehensive loss for the year	-	-	(260,065)	(260,065)
At 31 January 2022	139,600	1,100	20,147	(160,847)
At 1 February 2020	139,600	1,100	282,335	(423,035)
Total comprehensive loss for the year	-	-	(2,123)	(2,123)
At 31 January 2021	139,600	1,100	280,212	(420,912)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 January 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating activities				
Loss before tax	(268,812)	(20,134)	(262,216)	(1,085)
Adjustments for:				
Interest income from subsidiary	-	-	(19)	(86)
Profits distribution from short term investment	(723)	(1,406)	(723)	(1,406)
Interest income from short term deposits	(90)	(296)	(90)	(296)
Profits distribution from money market instrument	-	(2)	-	(2)
Interest income from redeemable cumulative preference shares ("RCPS")	-	-	(2,672)	(2,015)
Finance costs	385	86	373	77
Finance cost on lease liabilities	13,385	1,731	12,702	5
Unrealised foreign exchange gain	(14)	(33)	-	-
Unrealised fair value loss on held for trading investment securities	30	56	30	56
Unrealised foreign exchange loss/(gain) on provision	303	(75)	-	-
Gain on disposal of property, plant and equipment	-	(4)	-	-
Gain on lease modification	(1,092)	(2,048)	-	-
Gain on termination of lease	(26)	(10)	-	(10)
Depreciation of investment properties	16,477	5,784	16,477	5,784
Depreciation of property, plant and equipment	9,259	8,397	3,051	3,077
Depreciation of right-of-use assets	4,972	5,441	-	305
Reversal for impairment of:				
- trade receivables	(751)	(508)	(2)	-
- other receivables	(7)	-	(7)	-
Impairment loss on:				
- trade receivables	690	1,037	15	2
- other receivables	884	345	-	345
- amount due from subsidiaries	-	-	18,209	1,025
- redeemable cumulative preference shares	-	-	29,600	-
- investment in subsidiaries	-	-	201	477
- investment in joint ventures	-	-	18,009	-
- property, plant and equipment	12,943	-	-	-
- investment properties	172,844	-	172,844	-
- right-of-use assets	424	-	-	-
Share of result of an associate	(112)	(1,003)	-	-
Share of result of joint ventures	44,732	6,136	-	-
Operating profit before working capital changes	5,701	3,494	5,782	6,253
Trade and other receivables	(7,435)	4,371	(10,454)	(8,786)
Trade and other payables	(21,913)	2,234	(29,308)	375
Cash (used in)/generated from operations	(23,647)	10,099	(33,980)	(2,158)
Taxes paid	(785)	(1,092)	(762)	(1,577)
Net cash (used in)/generated from operating activities	(24,432)	9,007	(34,742)	(3,735)

STATEMENTS OF CASH FLOWS

For the year ended 31 January 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Investing activities				
Purchase of property, plant and equipment and investment properties	(12,138)	(12,124)	(10,227)	(1,711)
Net withdrawal from/(investment to) short term investment	55,302	(14,720)	55,302	(14,720)
Proceeds from disposal of property, plant and equipment	-	20	-	-
Interest income received from short term deposits	90	296	90	296
Profits distribution from money market instrument	-	2	-	2
Net cash generated from/(used in) investing activities	43,254	(26,526)	45,165	(16,133)
Financing activities				
Net (repayment)/withdrawal of hire-purchase	(95)	77	-	-
Net withdrawal/(repayments) of other short term borrowings	5,000	(2,700)	5,000	(2,700)
Repayment of lease liabilities	(15,828)	(6,892)	(9,607)	(319)
Interest paid	(385)	(86)	(373)	(77)
Net cash used in financing activities	(11,308)	(9,601)	(4,980)	(3,096)
Net increase/(decrease) in cash and cash equivalents	7,514	(27,120)	5,443	(22,964)
Cash and cash equivalents at the beginning of year	13,999	41,119	7,782	30,746
Cash and cash equivalents at end of year	21,513	13,999	13,225	7,782
Cash and cash equivalents				
Cash in hand and banks (Note 21)	18,583	16,431	10,295	10,214
Short-term deposits (Note 21)	10,000	-	10,000	-
Bank overdrafts (Note 24)	(7,070)	(2,432)	(7,070)	(2,432)
	21,513	13,999	13,225	7,782

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2022

1. Corporate information

Sapura Resources Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The registered office of the Company is located at Sapura @ Mines, No. 7, Jalan Tasik, The Mines Resort City, 43300, Seri Kembangan, Selangor Darul Ehsan.

The holding company is Sapura Holdings Sdn. Bhd., a company incorporated in Malaysia.

The principal activities of the Company are investment holding and property investment. The principal activities of the subsidiaries are disclosed in Note 15.

2. Summary of significant accounting policies

2.1 Basis of preparation of the financial statements

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

For the current financial year ended 31 January 2022, the Group and the Company incurred net loss of RM264.8mil (2021: RM21.3mil) and RM260.1mil (2021: RM2.1mil) respectively. As of that date, the Group's and the Company's current liabilities exceeded the current assets by RM29.7mil and RM14.3mil respectively.

As disclosed in Note 40, the Company's strategic shareholder, on 20 May 2022 has agreed to take appropriate measures including where necessary, providing financial support to the Group and the Company over the next eighteen (18) months from 1 February 2022 to 31 July 2023 which includes the financial assistance of RM50 million which has been agreed.

2.2 Changes in accounting policies and effects arising from adoption of new and revised MFRSs

On 1 February 2021, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2021.

Description	Effective for annual period beginning on or after
Amendments to MFRS 9 <i>Financial Instruments</i> , MFRS 139 <i>Financial Instruments: Recognition and Measurement</i> and MFRS 7 <i>Financial Instruments: Disclosures - (Interest Rate Benchmark Reform)</i>	1 January 2021
Amendments to MFRS 4 <i>Insurance Contracts (Interest Rate Benchmark Reform)</i>	1 January 2021
Amendments to MFRS 16 <i>Leases (Interest Rate Benchmark Reform - Phase 2)</i>	1 January 2021

The adoption of the above Amendments to MFRS and IC Interpretation did not have any significant financial impact to the Group and the Company.

2. Summary of significant accounting policies (cont'd.)

2.3 New and revised pronouncements yet in effect

The following pronouncements that have been issued by the Malaysian Accounting Standards Board will become effective in future financial reporting periods and have not been adopted by the Group and the Company in these financial statements:

Effective for annual periods beginning on or after 1 April 2021

Amendments to MFRS 16 *Leases (COVID-19 Related Rent Concessions beyond 30 June 2021)*

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 - 2020)*

Amendments to MFRS 9 *Financial Instruments (Annual Improvements to MFRS Standards 2018 - 2020)*

Amendments to MFRS 3 *Business Combinations (Reference to the Conceptual Framework Standards 2018 - 2020)*

Amendments to MFRS 116 *Property, Plant and Equipment (Property, Plant and Equipment - Proceeds before Intended Use)*

Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)*

Amendments to MFRS 141 *Agriculture (Annual Improvements to MFRS Standards 2018 - 2020)*

Amendments to Illustrative Examples accompanying MFRS 16 *Leases (Annual Improvements to MFRS Standards 2018 - 2020)*

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 *Insurance Contracts*

Amendments to MFRS 17 *Insurance Contracts*

Amendment to MFRS 17 *Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)*

Amendments to MFRS 101 *Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*

Amendments to MFRS 101 *Presentation of Financial Statements and MFRS Practice Statement 2 (Disclosure of Accounting Policies)*

Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)*

Amendments to MFRS 112 *Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)*

Effective for a date yet to be confirmed

Amendments to MFRS 10 *Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to MFRS 128 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements are not expected to have any material impacts to the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2022

2. Summary of significant accounting policies (cont'd.)

2.4 Subsidiary and Basis of Consolidation

(i) Subsidiary

Subsidiaries are entities controlled by the Company.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control when such rights are substantive. The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

(iii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the year ended 31 January of each year.

The financial statements of the subsidiary is prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Subsidiary is the entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls an entity.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the acquisition date. Acquisition costs incurred are expensed and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

2.5 Transactions with non-controlling interests

Non-controlling interest at the reporting period, being the portion of the net assets of the subsidiaries attributable to equity interest that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statements of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

2. Summary of significant accounting policies (cont'd.)

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

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2. Summary of significant accounting policies (cont'd.)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets, at the following annual rates:

Buildings	1.4% - 4.0%
Hangars	3% - 20%
Office equipment, furniture and fittings	12% - 33%
Motor vehicles	20%
Renovation	10% - 20%
Work-in-progress	Not depreciated until available for use

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Investment properties

Investment properties are properties that are held either to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including transaction costs.

Depreciation of leasehold land classified as investment properties is provided for on a straight-line basis to write off the cost of the asset to its residual value over the respective remaining lease periods of the leasehold land.

Depreciation of leasehold building classified as investment properties is provided for on a straight-line basis to write off the cost of the asset to its residual value over the shorter of its lease term period or 50 years.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2. Summary of significant accounting policies (cont'd.)

2.9 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2022

2. Summary of significant accounting policies (cont'd.)

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payment on behalf of the associate or joint venture.

2. Summary of significant accounting policies (cont'd.)

2.11 Investments in associates and joint ventures (cont'd.)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 9 *Financial Instruments* ("MFRS 9") to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

(a) Recognition and initial measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15 *Revenue from Contract with Customers* ("MFRS 15"), are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Group or the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2022

2. Summary of significant accounting policies (cont'd.)

2.12 Financial assets (cont'd.)

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- (i) Financial assets at amortised cost (debt instruments)
- (ii) Financial assets at fair value through OCI (debt instruments)
- (iii) Financial assets at fair value through profit or loss

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and Company's financial assets at amortised cost includes trade and other receivables and cash and cash equivalents.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments and short term investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2. Summary of significant accounting policies (cont'd.)

2.12 Financial assets (cont'd.)

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- (i) The rights to receive cash flows from the asset have expired; or
- (ii) The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - The Group and the Company have transferred substantially all the risks and rewards of the asset, or
 - The Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company would be required to repay.

2.13 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-month (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date.

The Group and the Company consider a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2022

2. Summary of significant accounting policies (cont'd.)

2.14 Cash and cash equivalents

Cash and cash equivalents consist of cash at banks, cash on hand and short-term highly liquid deposits with maturity of three months or less. For the purpose of cash flow statements, cash and cash equivalents include cash at banks, cash on hand and short term deposits with banks with an original maturity of three months or less, less restricted cash held in designated accounts on behalf of clients.

2.15 Provisions

Provisions are recognised when the Group and the Company have present obligations (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, provisions, loans and borrowings and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.16 Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

The measurement of financial liabilities depends on their classification, as described below: (cont'd.)

(b) Amortised cost (Loans and borrowings)

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2022

2. Summary of significant accounting policies (cont'd.)

2.19 Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

(ii) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.20 Leases

(a) Definition of a lease

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that contains a lease component and non-lease components, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand alone prices.

(b) Recognition and initial measurement

As lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective entities' incremental borrowing rate is used. Generally, the Group entities use their incremental borrowing rate as the discount rate.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options in determining the lease term.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use assets and lease liabilities are presented separately in the statement of financial position.

2. Summary of significant accounting policies (cont'd.)

2.20 Leases (cont'd.)

(b) Recognition and initial measurement (cont'd.)

As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Group and the Company are an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then it classifies the sub-lease as an operating lease.

(c) Subsequent measurement

As lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The useful lives of right-of-use assets are as follows:

Hangar spaces	1 - 10 years
Office and warehouse spaces	2 - 3 years
Equipment	2 years

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Group and the Company will reassess whether it is reasonably certain to exercise the extension option if there is a significant change in circumstances within its control.

When the lease liability is remeasured as described in the above paragraph, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When there is lease modification due to increase in the scope of lease by adding the right-to-use one or more underlying assets, the Group and the Company assess whether the lease modification shall be accounted for as a separate lease or similar to reassessment of lease liability. The Group and the Company account for lease modification as a separate lease when the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments.

When there is lease modification due to decrease in scope, the Group and the Company decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease. The corresponding gain or loss shall be recognised in profit or loss. Lease liabilities are remeasured for all other lease modifications with corresponding adjustments to the right-of-use asset.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2022

2. Summary of significant accounting policies (cont'd.)

2.20 Leases (cont'd.)

(c) Subsequent measurement

As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9 (Note 2.13).

2.21 Revenue from contracts with customers

MFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company recognise revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The sales are mainly on credit term of 30 days.

(a) Revenue from investment properties, other than rental income

Revenue from investment properties, other than rental income includes parking, utilities and maintenance services. The performance obligation is satisfied upon services being rendered to the customers.

(b) Grounds operations

The performance obligation is satisfied at a point of time when the services are rendered.

(c) Aircraft management

The performance obligation is satisfied at a point of time when the services are rendered.

(d) Management fees

The performance obligation is satisfied over time upon services being rendered to the customers.

2. Summary of significant accounting policies (cont'd.)

2.22 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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2. Summary of significant accounting policies (cont'd.)

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Fair value measurements

The Group and the Company measure non-financial assets such as investment properties, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2. Summary of significant accounting policies (cont'd.)

2.25 Fair value measurements (cont'd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group and the Company determine the policies and procedures for investment properties. External valuers are involved for valuation of significant assets, such as properties and available-for-sale financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.26 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

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

Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilute potential ordinary shares, which comprise convertible notes and share options granted to employees.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

(a) Significant judgements and assumptions in relation to leases

The Group and the Company assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Management consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Management first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

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3. Significant accounting judgements and estimates (cont'd.)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of property, plant and equipment, investment properties and right-of-use assets

The Group and the Company review the carrying amounts of the non-financial assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company shall estimate the recoverable amount of CGU or groups of CGU. The recoverable amount is measured at the higher of fair value less costs of disposal ("FVLCD") or value in use ("VIU").

Where assessment of the recoverable amount of CGU or groups of CGU is determined on the basis of FVLCD, the Group and the Company had amongst others, based the FVLCD on valuations by independent professional valuers. The valuation methods used in determining the valuations are the investment method, residual method and comparison method.

In estimating the recoverable amount using VIU, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

The estimation of the recoverable amounts involves significant judgement and estimations. While the Group and the Company believe that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts.

The accumulated impairment of property, plant and equipment, investment properties and right-of-use assets as at the reporting date is disclosed in Note 11, 12 and 13 respectively.

(b) Impairment of investment in subsidiaries and investment in joint ventures

The management determines whether the carrying amount of its investments are impaired at reporting date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation.

The carrying amounts of investment in subsidiaries and investment in joint ventures as at the reporting date are disclosed in Note 15 and 17 respectively.

(c) Impairment of trade and other receivables including amount due from subsidiaries

The Group and the Company use simplified approach to calculate expected credit losses ("ECL") for trade and other receivables including amount due from subsidiaries. The provision rates are based on various historical observed default rates.

The Group and the Company will consider and assess the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of receivables' actual default in the future. The information about the ECLs on the Group's and the Company's trade and other receivables are disclosed in Note 18.

4. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Type of goods or services				
Revenue from investment properties, other than rental income	2,263	2,411	2,243	2,411
Grounds operations	4,188	4,064	-	-
Aircraft management	7,010	6,041	-	-
Management fees	-	-	593	1,067
Total revenue from contracts with customers	13,461	12,516	2,836	3,478
Rental income from investment properties	22,647	23,453	22,647	23,453
Rental of hangar and offices	9,063	10,032	-	-
Interest income from redeemable cumulative preference shares	-	-	2,672	2,015
Total revenue from other sources	31,710	33,485	25,319	25,468
	45,171	46,001	28,155	28,946
Geographical markets				
Malaysia	13,076	12,052	2,836	3,478
Outside Malaysia	385	464	-	-
Total revenue from contracts with customers	13,461	12,516	2,836	3,478
Total revenue from other sources	31,710	33,485	25,319	25,468
	45,171	46,001	28,155	28,946
Timing of revenue recognition				
At a point of time	13,461	12,516	2,243	2,411
Over time	-	-	593	1,067
Total revenue from contracts with customers	13,461	12,516	2,836	3,478
Total revenue from other sources	31,710	33,485	25,319	25,468
	45,171	46,001	28,155	28,946

Information on the performance obligations are disclosed in Note 2.21.

There are no unfulfilled performance obligations as at year end.

5. Finance costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense on:				
Overdrafts	288	46	288	46
Revolving credits	85	31	85	31
Hire-purchase	12	9	-	-
Lease liabilities (Note 26)	13,385	1,731	12,702	5
	13,770	1,817	13,075	82

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6. Loss before tax

The following items have been included in arriving at loss before tax:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Employee benefits expense (Note 7)	20,142	23,886	13,159	13,363
Non-executive directors' remuneration				
- excluding benefits-in-kind (Note 8)	521	536	521	536
Direct operating expense arising from investment properties	3,763	3,766	3,763	3,766
Auditors' remuneration:				
- Statutory audit				
Auditor of the Group and the Company	261	231	90	82
Other auditors	30	30	30	30
- Other services				
Assurance related services	9	54	9	54
Depreciation of:				
- property, plant and equipment (Note 11)	9,259	8,397	3,051	3,077
- investment properties (Note 12)	16,477	5,784	16,477	5,784
- right-of-use assets (Note 13)	4,972	5,441	-	305
Impairment loss on:				
- property, plant and equipment (Note 11)	12,943	-	-	-
- investment properties (Note 12)	172,844	-	172,844	-
- right-of-use assets (Note 13)	424	-	-	-
- trade receivables (Note 18(a))	690	1,037	15	2
- other receivables (Note 18(b))	884	-	-	-
- investment in subsidiaries (Note 15)	-	-	201	477
- investment in joint venture (Note 17)	-	-	18,009	-
- amount due from subsidiaries (Note 18(b))	-	-	18,209	1,025
- redeemable cumulative preference shares (Note 18(b))	-	-	29,600	-
- amount due from a joint venture (Note 18(b))	-	345	-	345
Net unrealised foreign exchange gain	(14)	(33)	-	-
Net realised foreign exchange loss	40	53	-	-
Rental expenses of low value and short term leases (Note 26)				
- Premises and hangar	-	561	76	281
- Equipment	69	52	18	5
Corporate service fee payable to holding company	244	259	244	259
Unrealised fair value loss on held for trading investment securities	30	56	30	56
Unrealised foreign exchange loss/(gain) on provision (Note 23)	303	(75)	-	-
Reversal of allowances for impairment:				
- trade receivables (Note 18(a))	(751)	(508)	(2)	-
- other receivables (Note 18(b))	(7)	-	(7)	-
Interest income from subsidiary	-	-	(19)	(86)
Profits distribution from short term investment (Note 20)	(723)	(1,406)	(723)	(1,406)
Profits distribution from money market instruments	-	(2)	-	(2)
Interests income from short term deposits	(90)	(296)	(90)	(296)
Gain on disposal of property, plant and equipment	-	(4)	-	-
Gain on lease modification	(1,092)	(2,048)	-	-
Gain on termination of lease	(26)	(10)	-	(10)

7. Employee benefits expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages and salaries	16,145	18,721	10,609	10,517
Social security contributions	137	168	60	56
Contributions to defined contribution plan	1,971	2,298	1,210	1,193
Other benefits	1,889	2,699	1,280	1,597
	20,142	23,886	13,159	13,363

Wages and salaries of the Group and of the Company are after deducting Government assistance in the form of wage subsidy amounting to RM314,700 (2021: RM626,400) and RM Nil (2021: RM140,400) respectively.

Included in employee benefits expense of the Group and of the Company are executive director remuneration, excluding benefits-in-kind amounting to RM2,237,000 (2021: RM2,237,000) as disclosed in Note 8.

8. Directors' remuneration

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Company				
Executive:				
Fees	59	59	59	59
Salaries and other emoluments	2,178	2,178	2,178	2,178
Benefits-in-kind	7	7	7	7
	2,244	2,244	2,244	2,244
Non-Executive:				
Fees	473	501	473	501
Other emoluments	48	35	48	35
Benefits-in-kind	-	2	-	2
	521	538	521	538
	2,765	2,782	2,765	2,782
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	2,237	2,237	2,237	2,237
Total non-executive directors' remuneration	521	536	521	536
Total directors' remuneration	2,758	2,773	2,758	2,773

NOTES TO THE FINANCIAL STATEMENTS

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8. Directors' remuneration (cont'd.)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors 2022	2021
Executive:		
RM2,200,001 - RM2,250,000	1	1
Non-executive:		
Below RM100,000	4	4
RM100,001 - RM150,000	1	2

9. Taxation

Major components of income tax (credit)/expense

The major components of income tax (credit)/expense for the years ended 31 January 2022 and 2021 are:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	-	1,450	-	1,367
Overprovision in prior years	(280)	(155)	(198)	(164)
	(280)	1,295	(198)	1,203
Deferred tax (Note 27):				
Origination and reversal of temporary differences	(2,187)	60	(1,905)	172
Overprovision in prior years	(1,577)	(175)	(48)	(337)
	(3,764)	(115)	(1,953)	(165)
Income tax (credit)/expense	(4,044)	1,180	(2,151)	1,038

Domestic current income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

9. Taxation (cont'd.)

A reconciliation of income tax (credit)/expense applicable to loss before taxation at the statutory income tax rate to income tax (credit)/expense at the effective income tax rate of the Group and of the Company is as follows:

	2022 RM'000	2021 RM'000
Group		
Loss before tax	(268,812)	(20,134)
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	(64,515)	(4,832)
Income not subject to tax	(774)	(1,336)
Non-deductible expenses	49,268	3,393
Share of result of associates and joint ventures	10,709	1,232
Deferred tax assets not recognised during the year	3,127	3,053
Overprovision of income tax in prior years	(281)	(155)
Overprovision of deferred tax in prior years	(1,578)	(175)
Income tax (credit)/expense	(4,044)	1,180
Company		
Loss before tax	(262,216)	(1,085)
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	(62,932)	(260)
Income not subject to tax	(779)	(821)
Non-deductible expenses	61,804	2,620
Overprovision of income tax in prior years	(197)	(164)
Overprovision of deferred tax in prior years	(47)	(337)
Income tax (credit)/expense	(2,151)	1,038

10. Loss per share

(a) Basic:

Basic loss per share amounts are calculated by dividing loss for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the financial year.

	2022	2021
Loss attributable to owners of the parent (RM'000)	(263,485)	(20,525)
Weighted average number of ordinary shares in issue ('000)	139,600	139,600
Basic, loss per share (sen)	(188.7)	(14.7)

(b) Diluted:

The Group does not have any potential dilutive ordinary shares. Accordingly, the diluted loss per share equals the basic loss per share.

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11. PROPERTY, PLANT AND EQUIPMENT

Group	Hangars RM'000	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
At 31 January 2022					
Cost					
At 1 February 2021	50,416	59,984	2,454	4,042	116,896
Additions	282	1,844	108	45	2,279
Transfer	-	270	-	(270)	-
At 31 January 2022	50,698	62,098	2,562	3,817	119,175
Accumulated depreciation and impairment					
At 1 February 2021	25,290	38,859	1,803	2,247	68,199
Depreciation charge (Note 6)	2,284	6,764	211	-	9,259
Impairment loss charge (Note 6)	-	11,231	201	1,511	12,943
At 31 January 2022	27,574	56,854	2,215	3,758	90,401
Net carrying amount	23,124	5,244	347	59	28,774
At 31 January 2021					
Cost					
At 1 February 2020	40,325	51,741	1,962	11,913	105,941
Additions	-	8,408	492	2,220	11,120
Transfer	10,091	-	-	(10,091)	-
Disposals	-	(165)	-	-	(165)
At 31 January 2021	50,416	59,984	2,454	4,042	116,896
Accumulated depreciation and impairment					
At 1 February 2020	23,658	32,440	1,606	2,247	59,951
Depreciation charge (Note 6)	1,632	6,568	197	-	8,397
Disposals	-	(149)	-	-	(149)
At 31 January 2021	25,290	38,859	1,803	2,247	68,199
Net carrying amount	25,126	21,125	651	1,795	48,697

11. Property, plant and equipment (cont'd.)

Company	Office equipment, renovation, furniture and fittings RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
At 31 January 2022				
Cost				
At 1 February 2021	33,617	64	270	33,951
Additions	368	-	-	368
Transfer	270	-	(270)	
At 31 January 2022	34,255	64	-	34,319
Accumulated depreciation				
At 1 February 2021	26,391	64	-	26,455
Depreciation charge (Note 6)	3,051	-	-	3,051
At 31 January 2022	29,442	64	-	29,506
Net carrying amount	4,813	-	-	4,813
At 31 January 2021				
Cost				
At 1 February 2020	33,058	64	270	33,392
Additions	559	-	-	559
At 31 January 2021	33,617	64	270	33,951
Accumulated depreciation				
At 1 February 2020	23,314	64	-	23,378
Depreciation charge (Note 6)	3,077	-	-	3,077
At 31 January 2021	26,391	64	-	26,455
Net carrying amount	7,226	-	270	7,496

NOTES TO THE FINANCIAL STATEMENTS

31 January 2022

11. Property, plant and equipment (cont'd.)

- (a) During the financial year, the Group acquired property, plant and equipment ("PPE") at aggregate costs of RM2,279,000 (2021: RM11,120,000) of which RM Nil (2021: RM148,000) were acquired by means of hire purchase arrangements, and the Company acquired property, plant and equipment at aggregate costs of RM368,000 (2021: RM559,000).

The net carrying amounts of motor vehicles held under hire purchase arrangements of the Group is RM195,000 (2021: RM228,000).

- (b) Included in PPE of the Group and the Company are the following cost of fully depreciated assets which are still in use:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Office equipment, renovation, furniture and fittings	27,524	25,135	18,963	17,765
Motor vehicles	1,562	1,562	64	64

- (c) Impairment losses

Accumulated impairment losses is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Hangars	7,495	7,495	-	-
Work-in-progress	3,758	2,247	-	-
Motor vehicles	201	-	-	-
Office equipment, renovation, furniture and fittings	11,231	-	-	-
Right-of-use asset (Note 13)	424	-	-	-
	23,109	9,742	-	-

The continuous COVID-19 has impacted the Group's performance during the year, in particular the MRO segment which has been determined as one cash-generating unit. The Group made the decision to exit the MRO business under Sapura Technics Sdn. Bhd. ("STSB"), accordingly, the Group carried out impairment assessment of their property, plant and equipment and right-of-use assets ("said properties") for the MRO segment.

The Group's recoverable amounts of the said properties under MRO segment are approximately RM240,000 based on fair value less cost of disposal. Impairment loss of RM12,943,000 was recognised under PPE and RM424,000 under right-of-use asset during the year. The fair value measurement is categorised as Level 3 fair value as defined in Note 2.25.

12. Investment properties

	Leasehold land RM'000	Buildings and renovation RM'000	Total RM'000
Group/Company			
At 31 January 2022			
Cost			
At 1 February 2021	55,541	171,609	227,150
Additions	-	483,458	483,458
At 31 January 2022	55,541	655,067	710,608
Accumulated depreciation and impairment			
At 1 February 2021	21,861	84,398	106,259
Depreciation charge (Note 6)	532	15,945	16,477
Impairment loss (Note 6)	-	172,844	172,844
At 31 January 2022	22,393	273,187	295,580
Net carrying amount	33,148	381,880	415,028
Group/Company			
At 31 January 2021			
Cost			
At 1 February 2020	55,541	170,457	225,998
Additions	-	1,152	1,152
At 31 January 2021	55,541	171,609	227,150
Accumulated depreciation			
At 1 February 2020	21,329	79,146	100,475
Depreciation charge (Note 6)	532	5,252	5,784
At 31 January 2021	21,861	84,398	106,259
Net carrying amount	33,680	87,211	120,891

Addition during the year relates to the right-of-use of the Permata Sapura office building under the Master Lease Agreement with Impian Bebas Sdn Bhd which meets the definition of investment properties.

The investment properties were valued on 31 January 2022 by KGV International Property Consultants (M) Sdn. Bhd. and Rahim & Co. International Sdn. Bhd., independent professional valuers. The total market value of the investment properties is RM488,586,000 (2021: RM189,415,000) using the comparison and investment methods.

The continuous Covid-19 has impacted the Group performance during the year, particularly the investment properties segment. The Group and the Company have performed a review of the recoverable amount on the investment properties during the financial year using fair value less cost of disposal. Consequently, the Group and the Company have recognised an impairment loss on the investment properties amounting to RM172,844,000 during the financial year.

Fair value disclosed in the financial statements are categorised within the Level 3 fair value hierarchy which is described as inputs for the assets or liabilities that are based on unobservable market data.

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12. Investment properties (cont'd.)

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
			The estimated fair value would increase/(decrease) if:
Sapura @ Mines, No 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan. - land & building	Comparison method	(a) A 3-storey office building with 2-levels of basement car park located at Cyberjaya was transacted on 18 April 2018 for RM28,800,000.	- Transacted price were higher/(lower)
		(b) A 5 levels of office floor with 1-level sub- basement & 1 1/2 located at Cyberjaya was transacted on 12 November 2020 for RM45,000,000.	
		(c) A 5-storey office building located at Jalan Pantai Baru was transacted on 8 June 2018 for RM120,000,000.	
Sapura @ Mines, No 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan. - building	Investment method	(a) Rental of similar office buildings located within Klang Valley ranges from RM4.00 to RM7.00 per square feet.	- rental per square feet were higher/(lower)
		(b) Net yield from comparable buildings ranges from 5.40% to 5.97%.	- net yield were lower/(higher)
		(c) 30% allowance for void to account for vacancy period in between tenancies, rent - free period and risk of uncertainty.	- void rate were lower/(higher)

12. Investment properties (cont'd.)

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Lot 5, Jalan 219, Lebuhraya Persekutuan, 46100 Petaling Jaya, Selangor Darul Ehsan. - land & building	Comparison method	(a) A detached factory with three-storey office at Lot No PT 9A, Section 51A, Petaling Jaya, with a land area of approximately 65,338 square feet was transacted on 1 April 2021 for RM20,000,000.	The estimated fair value would increase/(decrease) if (cont'd.): - Transacted price were higher/(lower)
		(b) Two units of single-storey detached factories at Lot No 40, Section 51A, Petaling Jaya, with a land area of approximately 41,681 square feet was transacted on 11 March 2021 for RM15,000,000.	
		(c) A detached factory with three-storey office at Lot No. 409, Jalan 241, Petaling Jaya, with a land area of approximately 62,132 square feet was transacted on 22 December 2020 for RM15,000,000.	
		(d) A piece of vacant industrial land at Lot No. 38, Section 51A, Petaling Jaya, with a land area of approximately 65,367 square feet was transacted on 23 October 2019 for RM18,000,000.	

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12. Investment properties (cont'd.)

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
			The estimated fair value would increase/(decrease) if (cont'd.):
Lot No 10 and PT No 10A, Jalan Tandang Seksyen 28, 46050 Petaling Jaya, Selangor Darul Ehsan. - land & building	Comparison method	(a) A detached factory with three-storey office at Lot No PT 9A, Section 51A, Petaling Jaya, with a land area of approximately 65,338 square feet was transacted on 1 April 2021 for RM20,000,000.	- Transacted price were higher/(lower)
		(b) Two units of single-storey detached factories at Lot No 40, Section 51A, Petaling Jaya, with a land area of approximately 41,681 square feet was transacted on 11 March 2021 for RM15,000,000.	
		(c) A detached factory with three-storey office at Lot No. 409, Jalan 241, Petaling Jaya, with a land area of approximately 62,132 square feet was transacted on 22 December 2020 for RM15,000,000.	
		(d) A piece of vacant industrial land at Lot No. 38, Section 51A, Petaling Jaya, with a land area of approximately 65,367 square feet was transacted on 23 October 2019 for RM18,000,000.	
Permata Sapura Kuala Lumpur City Centre, Jalan Kia Peng, 50450 Kuala Lumpur. - 70% of office building through Master Lease Agreement	Investment method	(a) Rental of similar office buildings located within Kuala Lumpur City Centre ranges from RM6.30 to RM12.00 per square feet.	- rental per square feet were higher/(lower) - net yield were lower/(higher)
		(b) Net yield from comparable buildings ranges from 5.49% to 6.25%.	- void rate were lower/(higher)
		(c) 20%-50% allowance for void to account for vacancy period in between tenancies, rent-free period and risk of uncertainty.	

12. Investment properties (cont'd.)

Comparison method

Entails analysing recent transactions of similar properties in the vicinity or within similar localities for comparison purposes to derive the market value with adjustments made for differences in location, physical characteristics and time element to arrive at the market value.

Investment method

Entails the determination of the probable gross annual rental the property is capable of producing and deducting therefrom the outgoings to arrive at the annual net income. The annual income is capitalised using a rate of interest to arrive at the capital value of the property.

The fair value of the investment property is at its highest and current best use.

13. Right-of-use assets

The Group has lease contracts for various items of hangar, office, warehouse spaces and other equipment used in its operations. Leases of hangar, office and warehouse spaces generally have lease terms between 2 and 20 years, while other equipment generally have lease terms between 2 and 3 years.

The Group also has certain leases of office equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Hangar spaces RM'000	Office and warehouse spaces RM'000	Equipment RM'000	Total RM'000
Group				
At 31 January 2022				
Cost				
At 1 February 2021	56,519	251	679	57,449
Additions	5,735	-	-	5,735
Termination	(1,913)	(192)	-	(2,105)
Modification	(17,862)	-	-	(17,862)
At 31 January 2022	42,479	59	679	43,217
Accumulated depreciation and impairment				
At 1 February 2021	27,609	149	513	28,271
Depreciation charge (Note 6)	4,844	17	111	4,972
Termination	(1,545)	(107)	-	(1,652)
Impairment loss	424	-	-	424
At 31 January 2022	31,332	59	624	32,015
Net carrying amount	11,147	-	55	11,202

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13. Right-of-use assets (cont'd.)

	Hangar spaces RM'000	Office and warehouse spaces RM'000	Equipment RM'000	Total RM'000
Group				
At 31 January 2021				
Cost				
At 1 February 2020	48,448	1,168	679	50,295
Additions	15,224	-	-	15,224
Termination	-	(917)	-	(917)
Modification	(7,153)	-	-	(7,153)
At 31 January 2021	56,519	251	679	57,449
Accumulated depreciation				
At 1 February 2020	22,720	362	359	23,441
Depreciation charge (Note 6)	4,889	398	154	5,441
Termination	-	(611)	-	(611)
At 31 January 2021	27,609	149	513	28,271
Net carrying amount	28,910	102	166	29,178
			2022 Office spaces RM'000	2021 Office spaces RM'000
Company				
Cost				
At 1 February 2021/2020			-	917
Termination			-	(917)
At 31 January 2022/2021			-	-
Accumulated depreciation				
At 1 February 2021/2020			-	306
Depreciation charge (Note 6)			-	305
Termination			-	(611)
At 31 January 2022/2021			-	-
Net carrying amount			-	-

The nature of the impairment of right-of-use assets is disclosed in Note 11.

The Group has lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised.

13. Right-of-use assets (cont'd.)

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Group	
	2022	2021
	RM'000	RM'000
Extension option expected not to be exercised:		
Within five years	8,238	20,467
More than five years	9,588	21,817
Total	17,826	42,284

Operating lease commitments - as lessor

The Group has entered into commercial property leases on its investment properties and hangars. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 3 years. Most leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Future minimum lease receivables:				
Not later than 1 year	14,015	20,227	9,813	17,652
Later than 1 year and not later than 5 years	16,562	6,039	14,978	5,207
	30,577	26,266	24,791	22,859

14. Intangible assets - Goodwill

	2022	2021
	RM'000	RM'000
Group		
Cost		
At beginning/end of year	2,389	2,389
Accumulated impairment		
At beginning/end of year	2,389	2,389
Net carrying amount	-	-

The cost of goodwill, which has been allocated to the Group's CGUs identified according to the business segments is as follows:

	Group	
	2022	2021
	RM'000	RM'000
Premium automotive	2,389	2,389

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15. Investment in subsidiaries

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares in Malaysia, at cost	88,891	88,891
Less: Accumulated impairment losses	(80,681)	(80,480)
	8,210	8,411

Movement in accumulated impairment losses are as follows:

	Company	
	2022 RM'000	2021 RM'000
At the beginning of year	80,480	80,003
Charge for the year (Note 6)	201	477
At the end of year	80,681	80,480

As at 31 January 2022, certain subsidiaries have reported continuing operating losses and depleting shareholder's funds. These are indicators that the investment in these subsidiaries may be impaired. This resulted in impairment losses on its investment in subsidiaries of RM201,000 (2021: RM477,000) during the year based on fair value less costs to sell of the underlying net assets. The fair value measurement is categorised as Level 3 fair value as defined in Note 2.25.

Details of the subsidiaries, all of which are incorporated in Malaysia and audited by Ernst & Young PLT Malaysia, other than those indicated are as follows:

Name of subsidiaries	Name of Directors	Principal activities	Country of incorporation	Proportion of interest	
				2022 %	2021 %
Held by the Company					
SRB Ventures Sdn. Bhd.	Mai Eliza binti Mior Mohamad Zubir Syed Haroon bin Omar Alshatrie	Sale of food and beverages.	Malaysia	100	100
DNest Aviation Sdn. Bhd.	Mai Eliza binti Mior Mohamad Zubir Ainun Mardziah binti Hashim <i>(Resigned wef 16 August 2021)</i> Ivan Oh Boon Wee <i>(Appointed wef 16 August 2021)</i>	Investment holding.	Malaysia	100	100
Sapura Aero Sdn. Bhd.	Dato' Wan Shaharuddin bin Wan Mahmood Burhanudin bin Noordin Ali	Investment holding.	Malaysia	100	100
Mercu Sapura Sdn. Bhd.	Burhanudin bin Noordin Ali Wan Haslan bin Wan Hassan	Carry out property development transactions and investment holding.	Malaysia	100	100

15. Investment in subsidiaries (cont'd.)

Details of the subsidiaries, all of which are incorporated in Malaysia and audited by Ernst & Young PLT, other than those indicated are as follows (cont'd.):

Name of subsidiaries	Name of Directors	Principal activities	Country of incorporation	Proportion of interest	
				2022 %	2021 %
Held by the Company (cont'd.)					
Sapura Auto Sdn. Bhd.	Mai Eliza binti Mior Mohamad Zubir Ainun Mardziah binti Hashim <i>(Resigned wef 16 August 2021)</i> Ivan Oh Boon Wee <i>(Appointed wef 16 August 2021)</i>	Sale of vehicles, provision of aftersales services & repair, sale of spare parts & accessories & provision of motor-related services. The Company has ceased its operations with effect from 28 August 2010.	Malaysia	100	100
SRB One Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Dato' Wan Shahrudin bin Wan Mahmood	Investment holding.	Malaysia	100	100
Held by DNest Aviation Sdn. Bhd.					
AeroDome Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Dato' Wan Shahrudin bin Wan Mahmood	Hangarage and other aviation related services.	Malaysia	100	100
Held by Sapura Aero Sdn. Bhd.					
Aerohandlers Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Dato' Wan Shahrudin bin Wan Mahmood Burhanudin bin Noordin Ali	Carry out transactions of aviation related business activities.	Malaysia	100	100
Aerodome Services Sdn. Bhd.	Dato' Shahriman bin Shamsuddin Dato' Wan Shahrudin bin Wan Mahmood	Hangarage, ground handling and other aviation related business activities.	Malaysia	100	100
Aeromanager Sdn. Bhd.	Dato' Wan Shahrudin bin Wan Mahmood Burhanudin bin Noordin Ali	Provide chartering services and act as brokerage for aircraft. The Company has ceased its operations with effect from 1 June 2019.	Malaysia	100	100

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15. Investment in subsidiaries (cont'd.)

Details of the subsidiaries, all of which are incorporated in Malaysia and audited by Ernst & Young PLT, other than those indicated are as follows (cont'd.):

Name of subsidiaries	Name of Directors	Principal activities	Country of incorporation	Proportion of interest	
				2022 %	2021 %
Held by Sapura Aero Sdn. Bhd.					
Aerodome Fife Sdn. Bhd.	Dato' Shahrman bin Shamsuddin Burhanudin bin Noordin Ali	To design, fabricate and construct aircraft hangars, workshops and offices either inside hangar or as a lean including the installation of aerial or aeronautical facilities and to do all such the civil works, maintenance, servicing and repairs in relation there to and leasing out of hangar.	Malaysia	100	100
Held by Mercu Sapura Sdn. Bhd.					
Sapura Technics Sdn. Bhd.	Dato' Shahrman bin Shamsuddin Dato' Brig Gen (Rtd) Anim bin Harun Burhanudin bin Noordin Ali Wan Haslan bin Wan Hassan <i>(Resigned wef 2 September 2021)</i> Syed Haroon bin Omar Al-Shatrie <i>(Appointed wef 2 September 2021)</i>	Carry out the provision of maintenance, repair and overhaul (MRO) services for aircraft and the related services. The company will cease its operation effective 16 March 2022.	Malaysia	95	95

15. Investment in subsidiaries (cont'd.)**Non-controlling interests ("NCI")**

	2022 RM'000	2021 RM'000
Sapura Technics Sdn. Bhd.		
NCI percentage of ownership interest and voting	5%	5%
Carrying amount of NCI	(2,172)	(889)
Loss allocated to NCI	(1,283)	(789)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss:

	2022 RM'000	2021 RM'000
Revenue	509	1,021
Loss for the year, representing total comprehensive loss	(25,650)	(15,775)

Summarised statement of financial position:

	2022 RM'000	2021 RM'000
Non-current assets	240	36,240
Current assets	2,279	2,365
Non-current liabilities	(29,721)	(49,165)
Current liabilities	(16,603)	(7,220)
Net liabilities	(43,805)	(17,780)

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16. Investment in an associate

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares at cost	12,000	12,000	12,000	12,000
Share of post-acquisition reserves	5,846	5,734	-	-
	17,846	17,734	12,000	12,000

Details of the associate is as follows:

Name of subsidiaries	Country of incorporation	Principal activities	2022 %	2021 %
Held by the Company				
Tenaga Cable Industries Sdn. Bhd.*	Malaysia	Manufacture and distribution of power and general cables, aluminium rods, other electronic and electric wires, cables and related activities.	24	24

The Group exercises significant influence by virtue of its ability to participate in the financial and operating policy decisions of the associate by way of representation on their respective boards of directors.

* Company is audited by firms of auditors other than Ernst & Young PLT.

The following table illustrates the summarised financial information of the Group's investment in associate:

	2022 RM'000	2021 RM'000
Current assets	135,218	103,794
Non-current assets	53,859	60,779
Total assets	189,077	164,573
Current liabilities	113,505	89,364
Non-current liabilities	1,214	1,318
Total liabilities	114,719	90,682
Total net assets	74,358	73,891

Results:

Revenue	320,028	225,848
Profit for the year representing total comprehensive income for the year	466	4,179
Group's share of profit for the year	112	1,003
Reconciliation of net carrying amount		
Group's share of net assets	17,846	17,734

17. Investment in joint ventures

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares at cost:				
In Malaysia	190,719	161,119	180,011	150,411
Unpaid cash call	19,000	29,600	19,000	29,600
Share of post-acquisition reserves	(39,621)	5,111	-	-
Less: Accumulated impairment losses (Note 6)	-	-	(18,009)	-
	170,098	195,830	181,002	180,011

Unpaid cash call relates to amount owing to joint venture which eventually will be converted into share capital of the joint venture once payment is made. This is arising from the obligation under the Joint Venture Agreement ("JVA").

As at 31 January 2022, Impian Bebas Sdn. Bhd. has reported continuing operating losses and depleting shareholders' funds. These are indicators that the investment in joint ventures may be impaired. This resulted in impairment losses on its investment in joint ventures of RM18 million during the year based on share of fair value less costs to sell of the underlying net assets. The fair value measurement is categorised as Level 3 fair value as defined in Note 2.25.

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore, these entities are classified as joint ventures of the Group. Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	2022 %	2021 %
Held by Sapura Resources Berhad				
Impian Bebas Sdn. Bhd.	Malaysia	Property investment.	50	50
Held by Sapura Aero Sdn. Bhd.				
Invation Aero Sdn. Bhd.	Malaysia	Sale of rotary wing and fixed wing aircraft; supply and provision of maintenance, repair and overhaul services in relation to aircraft and helicopters; and provision of programs such as leasing of aircraft and helicopters.	50	50
Held by SRB One Sdn. Bhd.				
MTU Power Systems Sdn. Bhd.	Malaysia	Provision of engineering services, repair and maintenance of industrial machinery and equipment, wholesales of industrial machinery and equipment and supplies.	51	51

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17. Investment in joint ventures (cont'd.)

(a) Impian Bebas Sdn. Bhd.

Impian Bebas Sdn. Bhd. ("IBSB") is a joint venture company between the Company and KLCC (Holdings) Sdn. Bhd. ("KLCCCH") to construct an office tower together with a convention centre and a retail podium. The Company has the following commitments towards the joint venture company:

(i) **Shareholder's advances**

The Company is required to contribute as shareholder's advances in proportion of its equity stake in the joint venture company. Included in the carrying amount of investment in IBSB is an amount of unpaid cash calls of RM19,000,000.

(ii) **Master Lease Agreement ("MLA")**

Pursuant to the Company's joint venture agreement with KLCCCH, the Company has guaranteed and underwritten the lease of 70% of the net lettable area of the office tower for 15 years based on predetermined rates (the "MLA"). In addition, the Company has issued a Letter of Undertaking to IBSB's financiers to guarantee and underwrite the MLA and not to vary or amend any terms of the joint venture agreement which may in any way adversely affect the interests of the financiers.

The Company had initiated a negotiation together with its joint venture partner, KLCCCH, through IBSB, with all the financial institutions ("IBSB's lenders") to amend the terms of the MLA and to restructure the terms of the borrowings obtained by IBSB. On 30 June 2021, IBSB's Lenders have agreed, amongst others, to revise the predetermined rate of the MLA and deferred the 1st repayment of the principal amount to 29 January 2024.

Consequently, the Company has executed the revised MLA on 30 August 2021 with IBSB in accordance with the commitments of the joint venture agreement with KLCCCH.

(b) MTU Power Systems Sdn. Bhd.

MTU Power Systems Sdn. Bhd. ("MPS") is a joint venture company between the subsidiary of the Company, SRB One Sdn. Bhd. and Rolls-Royce Solutions Asia Pte. Ltd. (formerly known as MTU Asia Pte. Ltd.) to undertake the sale and service of "original equipment packaging solutions" in marine, rail, construction and industrial, mining, agriculture, oil and gas, and power generation market sectors in Malaysia and such other businesses as may be mutually agreed from time to time.

Pursuant to the Subscription and Joint Venture Agreement, the Group has the commitment to subscribe a total of 25,000,000 Class B shares at the total subscription of RM25,000,000. As at 31 January 2022, the Group had subscribed 10,208,164 Class B shares for a cash consideration of RM10,208,164.

17. Investment in joint ventures (cont'd.)

The Group regards IBSB and MPS as material joint ventures. The summarised financial information of the joint ventures, not adjusted for the proportion of the ownership interest held by the Group, is as follows:

	IBSB		MPS	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current assets	61,719	21,593	10,697	16,216
Non-current assets	1,437,827	1,483,536	9,420	7,428
Total assets	1,499,546	1,505,129	20,117	23,644
Current liabilities	127,532	182,780	15,193	14,696
Non-current liabilities	1,074,840	998,405	-	599
Total liabilities	1,202,372	1,181,185	15,193	15,295
Total net assets	297,174	323,944	4,924	8,349
Results:				
Revenue	31,830	-	34,320	11,705
Depreciation and amortisation	(23,696)	-	(3,151)	(2,036)
Loss for the year representing total comprehensive loss for the year	(85,970)	(4,142)	(3,425)	(7,970)
Group's share of loss for the year	(42,985)	(2,071)	(1,747)	(4,065)
Group's share of net assets:				
Cost of investment	194,303	164,703	10,208	10,208
Share of results	(45,716)	(2,731)	(7,697)	(5,950)
	148,587	161,972	2,511	4,258
Unpaid cash call	19,000	29,600	-	-
	167,587	191,572	2,511	4,258

Aggregate information of joint venture that is not individually material:

	2022 RM'000	2021 RM'000
Share of loss after tax, representing share of total comprehensive loss	-	-

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18. Trade and other receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current assets				
Other receivables				
Redeemable cumulative preference shares from a subsidiary	-	-	29,600	29,600
Amounts due from subsidiaries	-	-	16,936	25,409
Deposits	3,911	-	3,911	-
	3,911	-	50,447	55,009
Less: Impairment				
Redeemable cumulative preference shares from a subsidiary, representing total allowance for impairment	-	-	(29,600)	-
Other receivables, net	3911	-	20,847	55,009
Current assets				
Trade receivables				
Third parties	3,994	5,698	760	565
Accrued rental income	429	-	429	-
Amount due from related companies	4,025	470	4,025	470
Amount due from directors' related companies	265	54	-	-
	8,713	6,222	5,214	1,035
Less: Impairment				
Third parties, representing total allowance for impairment	(1,712)	(1,773)	(55)	(42)
Trade receivables, net	7,001	4,449	5,159	993

18. Trade and other receivables (cont'd.)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Other receivables				
Amounts due from:				
Subsidiaries	-	-	23,516	11,990
Joint venture companies	1,850	1,850	600	600
Related company	-	18	-	-
	1,850	1,868	24,116	12,590
Deposits	2,283	2,304	64	64
Sundry receivables	39	89	4,701	2,628
	4,172	4,261	28,881	15,282
Less: Impairment				
Amount due from subsidiaries	-	-	(22,379)	(8,857)
Amount due from a joint venture company	(1,850)	(1,850)	(600)	(600)
Deposits	(884)	-	-	-
Sundry receivables	-	(7)	(4,687)	(7)
Total allowance for impairment	(2,734)	(1,857)	(27,666)	(9,464)
Other receivables, net	1,438	2,404	1,215	5,818
Total current trade and other receivables	8,439	6,853	6,374	6,811
Total trade and other receivables	12,350	6,853	27,221	61,820
Add: Cash and bank balances (Note 21)	28,583	16,431	20,295	10,214
Total financial assets at amortised cost	40,933	23,284	47,516	72,034

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18. Trade and other receivables (cont'd.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables for the financial year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Neither past due nor impaired	1,585	2,031	429	247
1 to 30 days past due not impaired	2,557	1,194	2,064	187
31 to 60 days past due not impaired	411	399	316	0
61 to 90 days past due not impaired	1,398	160	1,368	0
More than 90 days past due not impaired	1,050	665	982	559
	5,416	2,418	4,730	746
Impaired	1,712	1,773	55	42
	8,713	6,222	5,214	1,035

Receivables that are impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Individually impaired:				
Trade receivables - nominal amounts	1,712	1,773	55	42
Less: Allowance for expected credit losses	(1,712)	(1,773)	(55)	(42)
Movement in allowance accounts:				
At the beginning of year	1,773	1,246	42	42
Charge for the year (Note 6)	690	1,037	15	2
Bad debts written off	-	(2)	-	(2)
Reversal of impairment losses (Note 6)	(751)	(508)	(2)	-
At the end of year	1,712	1,773	55	42

18. Trade and other receivables (cont'd.)

(b) Other receivables

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Individually impaired:				
Amount due from subsidiaries	-	-	22,379	8,857
Amount due from a joint venture company	1,850	1,850	600	600
Deposits	884	-	-	-
Other receivables - nominal value	-	7	4,687	7
Redeemable cumulative preference shares	-	-	29,600	-
Less: Impairment	(2,734)	(1,857)	(57,266)	(9,464)
	-	-	-	-
Movement in allowance accounts:				
At the beginning of year	1,857	1,512	9,464	8,094
Charge for the year (Note 6)	884	345	47,809	1,370
Reversal of impairment losses (Note 6)	(7)	-	(7)	-
At the end of year	2,734	1,857	57,266	9,464

(c) Related companies

Related companies refer to companies in the Sapura Holdings Sdn. Bhd. group of companies.

The amounts due from related companies are unsecured, non-interest bearing and are repayable upon demand.

(d) Directors' related companies

Directors' related companies refer to companies where directors has direct or indirect interest.

The amounts due from directors related companies are unsecured, non-interest bearing, are repayable upon demand and arose under normal course of business.

(e) Amount due from subsidiaries

Amounts due from subsidiaries arose under normal course of business.

The amounts are unsecured, non-interest bearing and are repayable upon demand, except for an amount of RM0.37 million (2021: RM0.75 million) which bears interest ranging from 2.80% to 3.27% (2021: 4.26% to 4.78%) per annum.

(f) Amount due from joint venture companies

Amounts due from joint venture companies arose under normal course of business.

The amounts are unsecured, non-interest bearing and are repayable upon demand.

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18. Trade and other receivables (cont'd.)

(g) Redeemable cumulative preference shares from a subsidiary

Redeemable cumulative preference shares ("RCPS") is subscribed by the Company to a subsidiary. The terms of the RCPS are as follows:

- (i) The holders of the RCPS are entitled to a fixed cumulative coupon at the rate of 9% per annum;
- (ii) The RCPS does not carry any right to vote at any general meeting of the Company;
- (iii) The RCPS are not convertible to ordinary shares of the Company; and
- (iv) The RCPS is liable to be redeemed at the fixed redemption dates.

(h) Credit risk

As at the reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 1 (2021:3) debtor representing 31% (2021: 40%) of the total net receivables.

19. Other current financial assets

	Group/Company	
	2022	2021
	RM'000	RM'000
Held for trading investments		
Quoted equity shares	20	50
Add: Short term investments (Note 20)	12,943	67,522
Total financial assets at fair value through profit or loss	12,963	67,572

20. Short term investment

	Group/Company	
	2022	2021
	RM'000	RM'000
Islamic money market instruments	12,943	67,522
Total short term investment	12,943	67,522

Short term investment represents investment in Islamic money market instruments.

Reconciliation of net movement of short term investment is as follows:

	Group/Company	
	2022	2021
	RM'000	RM'000
Balance as at 1 February	67,522	51,396
Net (withdrawal)/investment	(55,302)	14,720
Profits received during the year (Note 6)	723	1,406
Balance as at 31 January	12,943	67,522

21. Cash and bank balances

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash in hand and banks	18,583	16,431	10,295	10,214
Short-term deposits	10,000	-	10,000	-
Total cash and bank balances	28,583	16,431	20,295	10,214
Less: Bank overdraft	(7,070)	(2,432)	(7,070)	(2,432)
Cash and cash equivalents	21,513	13,999	13,225	7,782

Cash at banks earn interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates applicable to the short-term deposits with licensed banks of the Group and the Company is 1.85% per annum with a maturity of 90 days.

22. Trade and other payables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables				
Third parties	3,785	2,002	121	204
Other payables				
Amounts due to:				
Holding company	19	91	19	91
Related companies	245	341	212	212
Directors' related company	-	169	-	-
	264	601	231	303
Deposits	9,150	7,755	7,502	6,071
Accruals	4,426	5,339	2,622	3,434
Other payables	8,918	3,159	686	858
Cash call obligation to a joint venture company	19,000	29,600	19,000	29,600
	41,758	46,454	30,041	40,266
Total trade and other payables	45,543	48,456	30,162	40,470
Total trade and other payables	45,543	48,456	30,162	40,470
Add: Loans and borrowings (Note 24)	12,241	2,698	12,070	2,432
Add: Lease liabilities (Note 26)	492,525	35,067	476,694	-
Total loans and borrowings	550,309	86,221	518,926	42,902

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22. Trade and other payables (cont'd.)

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 (2021: 30 to 60) days terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 (2021: 90) days.

(c) Related companies

Related companies refer to companies in the Sapura Holdings Sdn. Bhd. group of companies.

The amounts due to related companies are unsecured, non-interest bearing and are repayable upon demand.

(d) Amount due to holding company

Amount due to holding company arose in normal course of business.

The amounts are unsecured, non-interest bearing and are repayable upon demand.

(e) Cash call obligation to a joint venture company

Cash calls due to a joint venture company represents an amount outstanding for cash call obligations to IBSB in accordance with the requirement of the Joint Venture Agreement between SRB and KLCCH.

23. Provisions

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Provisions				
At the beginning of year	11,972	12,047	3,000	3,000
Exchange difference (Note 6)	303	(75)	-	-
At the end of year	12,275	11,972	3,000	3,000

As part of the disposal of associates, SRB has provided indemnity to APIIT Sdn. Bhd. ("APIIT") and Ilmu Education Group Sdn. Bhd. ("ILMU") against any losses and damages incurred as a direct result of any ruling by the Sri Lanka Tax Authority for the appeal filed by APIIT Lanka on the payment of Value Added Tax for an amount up to RM3 million and for period of 6 years until 24th August, 2022.

The Group has also made a provision in relation to a claim from a previous customer, among others, claiming for compensation for the loss of market value of an aircraft due to the same event as mentioned within the preceding paragraph. Further information as disclosed in Note 39.

24. Loans and borrowings

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current				
Secured:				
Hire-purchase (Note 25)	50	91	-	-
Unsecured:				
Revolving credits	5,000	-	5,000	-
Bank overdrafts	7,070	2,432	7,070	2,432
	12,120	2,523	12,070	2,432
Non-current				
Secured:				
Hire-purchase (Note 25)	121	175	-	-
Total loans and borrowings				
Hire-purchase (Note 25)	171	266	-	-
Revolving credits	5,000	-	5,000	-
Bank overdrafts	7,070	2,432	7,070	2,432
	12,241	2,698	12,070	2,432

The remaining maturities of the loans and borrowings as at 31 January 2022 are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
On demand or within 1 year	12,120	2,523	12,070	2,432
More than 1 year and less than 2 years	48	54	-	-
More than 2 years and less than 5 years	73	121	-	-
	12,241	2,698	12,070	2,432

Hire-purchase obligations are secured by a charge over the leased assets (Note 11).

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31 January 2022

24. Loans and borrowings (cont'd.)

Reconciliation of net movement of loans and borrowings is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Balance as at 1 February 2021/2020	2,698	2,889	2,432	2,700
Withdrawal of revolving credits	5,000	-	5,000	-
Repayment of revolving credits	-	(2,700)	-	(2,700)
Net withdrawal/(repayment) of short term borrowings	5,000	(2,700)	5,000	(2,700)
Withdrawal of bank overdrafts	4,638	2,432	4,638	2,432
Withdrawal of hire-purchase	-	142	-	-
Repayment of hire-purchase	(95)	(65)	-	-
Net (repayment)/withdrawal of hire-purchase	(95)	77	-	-
Total changes from financing cash flows	9,543	(191)	9,638	(268)
Balance as at 31 January 2022/2021	12,241	2,698	12,070	2,432

25. Hire-purchase

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Minimum lease payments:				
Not later than 1 year	58	102	-	-
Later than 1 year but not later than 2 years	53	61	-	-
Later than 2 years but not later than 5 years	75	129	-	-
Total minimum lease payments	186	292	-	-
Less: Amounts representing finance charges	(15)	(26)	-	-
Present value of minimum lease payments	171	266	-	-
Present value of payments:				
Not later than 1 year	50	91	-	-
Later than 1 year but not later than 2 years	48	54	-	-
Later than 2 years but not later than 5 years	73	121	-	-
Present value of minimum lease payments	171	266	-	-
Less: Amount due within 12 months (Note 24)	(50)	(91)	-	-
Amount due after 12 months (Note 24)	121	175	-	-

The hire-purchase of the Group attracts interest rate varying between 1.88% to 3.5% (2021: 1.88% to 3.5%) per annum.

26. Lease liabilities

Group as a lessee

The Group has lease contracts for various items of hangar, office, warehouse spaces and other equipment used in its operations. Leases of hangar, office and warehouse spaces generally have lease terms between 2 and 20 years, while other equipment generally have lease terms between 2 and 3 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Details of the carrying amounts of right-of-use assets recognised and the movements during the year are disclosed in Note 13 to the financial statements.

The carrying amounts of lease liabilities recognised and the reconciliation of net movement of lease liabilities is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Secured:				
At 1 February	35,067	34,521	-	630
Additions	479,334	15,224	473,599	-
Finance cost (Note 5)	13,385	1,731	12,702	5
Payments	(15,828)	(6,892)	(9,607)	(319)
Termination	(479)	(316)	-	(316)
Modification	(18,954)	(9,201)	-	-
At 31 January	492,525	35,067	476,694	-
Current	13,753	5,392	9,900	-
Non-current	478,772	29,675	466,794	-
	492,525	35,067	476,694	-

During the current financial year, the Group had reassessed the lease terms of MRO segment, taking into consideration the winding down of the business as disclosed in Note 11.

The remaining maturities of the lease liabilities as at 31 January 2022 are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
On demand or within 1 year	13,753	5,392	9,900	-
More than 1 year and less than 2 years	14,311	2,893	10,722	-
More than 2 years and less than 5 years	51,664	8,228	49,097	-
More than 5 years	412,797	18,554	406,975	-
	492,525	35,067	476,694	-

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26. Lease liabilities (cont'd.)

Group as a lessee (cont'd.)

The following are the amounts recognised in profit or loss:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Depreciation on right-of-use assets	4,972	5,441	-	305
Finance cost on lease liabilities	13,385	1,731	12,702	5
Expense relating to short-term leases (Note 6)	-	561	76	281
Expense relating to leases of low-value assets (Note 6)	69	52	18	5
Gain on lease modification (Note 6)	(1,092)	(2,048)	-	-
Gain on termination of lease (Note 6)	(26)	(10)	-	(10)
Total amount recognised in profit or loss	17,308	5,727	12,796	586

Total cash outflows for leases comprising of payment of lease liabilities and interest paid in relation to lease liabilities, short term leases and low value leases for Group and Company amounting to RM15,897,000 and RM9,701,000 respectively.

27. Deferred tax liabilities

	Liabilities		Assets		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group						
Accelerated capital allowances	3,707	4,367	-	-	3,707	4,367
Tax losses and unabsorbed capital allowances	-	-	(1,737)	(380)	(1,737)	(380)
Provisions and lease liabilities	-	-	(1,909)	(210)	(1,909)	(210)
Trade receivables	-	-	(61)	(13)	(61)	(3)
Tax liabilities/(assets)	3,707	4,367	(3,707)	(603)	-	3,764
Set-off of tax	(3,707)	(603)	3,707	603	-	-
Net tax liabilities	-	3,764	-	-	-	3,764
Company						
Accelerated capital allowances	2,872	2,474	-	-	2,872	2,474
Tax losses and unabsorbed capital allowances	-	-	(1,049)	(380)	(1,049)	(380)
Provisions and lease liabilities	-	-	(1,808)	(128)	(1,808)	(128)
Trade receivables	-	-	(15)	(13)	(15)	(13)
Tax liabilities/(assets)	2,872	2,474	(2,872)	(521)	-	1,953
Set-off of tax	(2,872)	(521)	2,872	521	-	-
Net tax liabilities	-	1,953	-	-	-	1,953

27. Deferred tax liabilities (cont'd.)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At the beginning of year	3,764	3,879	1,953	2,118
Recognised in profit or loss (Note 9)	(3,764)	(115)	(1,953)	(165)
Deferred tax liabilities	-	3,764	-	1,953

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Tax losses and unabsorbed capital allowances RM'000	Provisions and lease liabilities RM'000	Trade receivables RM'000	Total RM'000
At 31 January 2020	(539)	(121)	(15)	(675)
Recognised in profit or loss	159	(89)	2	72
At 31 January 2021	(380)	(210)	(13)	(603)
Recognised in profit or loss	(1,357)	(1,699)	(48)	(3,104)
At 31 January 2022	(1,737)	(1,909)	(61)	(3,707)

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Total RM'000
At 31 January 2020	4,554	4,554
Recognised in profit or loss	(187)	(187)
At 31 January 2021	4,367	4,367
Recognised in profit or loss	(660)	(660)
At 31 January 2022	3,707	3,707

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27. Deferred tax liabilities (cont'd.)

Deferred tax assets of the Company:

	Tax losses and unabsorbed capital allowances RM'000	Provisions and lease liabilities RM'000	Trade receivables RM'000	Total RM'000
At 31 January 2020	(318)	(70)	(15)	(403)
Recognised in profit or loss	(62)	(58)	2	(118)
At 31 January 2021	(380)	(128)	(13)	(521)
Recognised in profit or loss	(669)	(1,680)	(2)	(2,351)
At 31 January 2022	(1,049)	(1,808)	(15)	(2,872)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000	Total RM'000
At 31 January 2020	2,521	2,521
Recognised in profit or loss	(47)	(47)
At 31 January 2021	2,474	2,474
Recognised in profit or loss	398	398
At 31 January 2022	2,872	2,872

Deferred tax assets have not been recognised in respect of the following items:

	Group 2022 RM'000	2021 RM'000
Unused tax losses	60,874	54,860
Unabsorbed capital allowances	6,631	2,106
Others	5,218	2,729
	72,723	59,695

The unabsorbed capital allowances of the Group are available for offsetting against future taxable profits of the respective entities within the Group and the Company, subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

In accordance with the provision of Malaysian Finance Act 2018 requirement, the unused tax losses are available for utilisation in the next ten years, with effect from year assessment 2019, for which, any excess at the end of the tenth year will be disregarded. Deferred tax assets have not been recognised in respect of the above items due to history of losses of the Group and the Company and it is not probable that future taxable profits will be available against which they may be utilised.

28. Share capital

	No. of Shares		Group/Company Amount	
	2022 Unit'000	2021 Unit'000	2022 RM'000	2021 RM'000
Issued and fully paid				
At beginning and end of the year	139,600	139,600	139,600	139,600

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

29. Other reserves

	Company	
	2022 RM'000	2021 RM'000
Group		
Capital reserve	1,481	1,481
General reserve	1,100	1,100
	2,581	2,581
Company		
General reserve	1,100	1,100

The nature and purpose of each category of reserve are as follows:

(a) Capital reserve

This reserve represents the Group's share of the share premium of the associate.

(b) General reserve

This reserve represents the Company's appropriation of profits in prior years.

30. Dividends

The directors do not recommend the payment of any dividend in respect of the current financial year.

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31. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(Income)/Expense				
Holding company				
Corporate service fee	244	259	244	259
Subsidiaries				
Rental expense	-	-	76	73
Electricity	-	-	14	14
Interest income	-	-	(19)	(86)
Joint venture				
Impian Bebas Sdn. Bhd.				
Lease payment including service charge	9,607	-	9,607	-
Related companies				
Sapura Energy Berhad				
Rental income	(15,700)	(17,153)	(15,700)	(17,153)
Revenue from investment properties, other than rental income	(1,898)	(1,884)	(1,898)	(1,884)
Sapura Technology Sdn. Bhd. and its subsidiaries				
Rental income	(318)	(318)	(318)	(318)
Revenue from investment properties, other than rental income	(25)	(25)	(25)	(25)
Sapura Secured Technologies Sdn. Bhd. and its subsidiaries				
Information technology outsourcing services	716	605	546	524
Rental income	(103)	-	(103)	-
Directors' related companies				
Rental of hangar and office	(3,584)	(3,605)	-	-
Ground handling and other aviation related services	(1,359)	(2,062)	-	-
Other related party				
Lease payment	245	707	-	-
Training expenses	-	210	-	-

32. Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director of the entity.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefit	4,806	5,197	4,168	4,827

33. Capital commitments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	810	4,590	260	2,998
Approved but not contracted for:				
Property, plant and equipment	9,167	4,450	5,226	225
Share of capital commitment in joint venture	65,326	71,400	65,326	71,400
	77,303	80,440	70,812	74,623

34. Contingent liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unsecured guarantees given to third parties in respect of utility facilities granted to the Company	540	540	540	540

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35. Fair value of financial instruments

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and current portion of loans and borrowings and lease liabilities are reasonable approximate of their fair values due to the relatively short term nature of these financial instruments.

The following table analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The different levels have been defined as follows:

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

The equity shares of the Group and the Company amounting to RM20,000 (2021: RM50,000) are measured as Level 1 hierarchy based on unadjusted quoted prices in active market for identical financial instrument.

The short term investment of the Group and the Company amounting to RM12,943,000 (2021: RM67,522,000) are measured as Level 2 hierarchy based on reference to fair value provided by the bank at the close of business on the reporting date.

Fair values below are categorised within the Level 2 fair value hierarchy which is based on indirectly observable market data (unobservable input).

		Group		Company	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities					
At 31 January 2022:					
Hire-purchase	25	171	176	-	-
Financial liabilities					
At 31 January 2021:					
Hire-purchase	25	266	273	-	-

The estimated fair value of the obligations under hire-purchase obligation would increase/(decrease) if the interest rate applied to the borrowings increase/(decrease).

36. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and market risk.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including short term investment and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the business segment of its trade receivables on an ongoing basis. As at the reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 1 (2021: 3) debtors representing 31% (2021: 40%) of the total net receivables.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 18. Investment in unit trust and investment securities that are neither past due nor impaired are entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

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36. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company have received letters from a strategic shareholder whom has expressed its willingness to take the appropriate measures including where necessary, providing financial assistance to the Group and the Company to meet their liabilities as and when they fall due.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	-----2022-----			
	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	45,543	-	-	45,543
Loans and borrowings	12,128	128	-	12,256
Lease liabilities	51,774	263,932	547,464	863,170
Total undiscounted financial liabilities	109,445	264,060	547,464	920,969
Company				
Financial liabilities:				
Trade and other payables	30,162	-	-	30,162
Loans and borrowings	12,070	-	-	12,070
Lease liabilities	47,678	254,730	542,322	844,730
Total undiscounted financial liabilities	89,910	254,730	542,322	886,962
	-----2021-----			
	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Group				
Financial liabilities:				
Trade and other payables	48,456	-	-	48,456
Loans and borrowings	2,534	190	-	2,724
Lease liabilities	6,595	17,288	20,657	44,540
Total undiscounted financial liabilities	57,585	17,478	20,657	95,720
Company				
Financial liabilities:				
Trade and other payables	40,470	-	-	40,470
Loans and borrowings	2,432	-	-	2,432
Total undiscounted financial liabilities	42,902	-	-	42,902

36. Financial risk management objectives and policies (cont'd.)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from provision of services that are denominated in a currency other than the respective functional currencies of the Group's entities operating, primarily RM. The foreign currency in which these transactions are denominated are mainly United States Dollar.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. As such, it is not exposed to any significant foreign currency risk.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments in Malaysia which are listed on the Bursa Malaysia and short term investment. Short term investment is investment in fund with a financial institution of which the fund is invested into a portfolio the financial institution's assets which have lower risk as compared to equity and commodity investment. These instruments are classified as held for trading financial assets. The Group does not have direct exposure to commodity price risk.

At the reporting date, the exposure to listed equity securities and investment in fund at fair value was RM20,000 (2021: RM50,000) and RM12,943,000 (2021: RM67,522,000) respectively. An increase or decrease of 10% on the market index of listed equity securities and investment in fund could have an impact of approximately RM2,000 (2021: RM5,000) and RM1,294,300 (2021: RM6,752,200) respectively on the profit or loss of the Group.

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 January 2022 and 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at an acceptable level. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent, less non-distributable reserves.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2022

37. Capital management (cont'd.)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loans and borrowings	24	12,241	2,698	12,070	2,432
Lease liabilities	26	492,525	35,067	476,694	-
Trade and other payables	22	45,543	48,456	30,162	40,470
Less: Cash and bank balances	21	(28,583)	(16,431)	(20,295)	(10,214)
Less: Short term investment	20	(12,943)	(67,522)	(12,943)	(67,522)
Net debt/(cash)		508,783	2,268	485,688	(34,834)
Equity attributable to the owners of the parent		140,479	403,964	160,847	420,912
Less: Non-distributable reserves	29	(1,481)	(1,481)	-	-
Total capital		138,998	402,483	160,847	420,912
Capital and net debt		647,781	404,751	646,535	420,912
Gearing ratio		79%	1%	75%	0%

38. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) Investment holding - equity investment, including group-level corporate services and business development functions.
- (ii) Property investment - rental of investment properties.
- (iii) Business Aviation - Provision of hangarage services, ground handling, aircraft management, engineering services and other aviation related services.
- (iv) MRO - provision of MRO services for commercial aircraft and the related services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

38. Segment information (cont'd.)

At 31 January 2022	Investment holdings RM'000	Property investment RM'000	Aviation RM'000	MRO RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue:							
External customers	-	24,908	19,754	509	-		45,171
Inter-segment	3,265	-	91	-	(3,356)	A	-
Total revenue	3,265	24,908	19,845	509	(3,356)	B	45,171
Results:							
Interest income from subsidiary	19	-	-	-	(19)		-
Profits distribution for short term investment	723	-	-	-	-		723
Interests income from short term deposits	90	-	-	-	-		90
Net fair value loss on held for trading investment securities	(30)	-	-	-	-		(30)
Depreciation of investment properties	-	(16,477)	-	-	-		(16,477)
Depreciation of property, plant and equipment	-	(3,051)	(2,712)	(3,496)	-		(9,259)
Depreciation of right-of-use assets	-	-	(2,716)	(2,256)	-		(4,972)
Share of results of an associate	112	-	-	-	-		112
Share of results of joint venture	(44,732)	-	-	-	-		(44,732)
Other non-cash (expenses)/income	-	(172,853)	(111)	(11,933)	-	C	(184,897)
Segment loss before tax	(23,620)	(191,919)	(5,118)	(25,650)	(22,505)		(268,812)
Assets:							
Investment in associates	17,846	-	-	-	-		17,846
Investment in joint venture	170,098	-	-	-	-		170,098
Additions to non-current assets	-	483,826	477	1,434	-	D	485,737
Segment assets	244,652	457,850	46,920	2,518	(51,049)	E	700,891
Segment liabilities	36,711	506,093	30,762	46,324	(57,306)	F	562,584

NOTES TO THE FINANCIAL STATEMENTS

31 January 2022

38. Segment information (cont'd.)

At 31 January 2021	Investment holdings RM'000	Property investment RM'000	Aviation RM'000	MRO eliminations RM'000	Adjustments and RM'000	Note	Per consolidated financial statements RM'000
Revenue:							
External customers	-	25,865	19,115	1,021	-		46,001
Inter-segment	3,082	-	86	-	(3,168)	A	-
Total revenue	3,082	25,865	19,201	1,021	(3,168)	B	46,001
Results:							
Interest income from subsidiary	86	-	-	-	(86)		-
Profits distribution for short term investment	1,408	-	-	-	-		1,408
Interests income from short term deposits	296	-	-	-	-		296
Net fair value loss on held for trading investment securities	(56)	-	-	-	-		(56)
Depreciation of investment properties	-	(5,784)	-	-	-		(5,784)
Depreciation of property, plant and equipment	(585)	(2,493)	(2,527)	(2,792)	-		(8,397)
Depreciation of right-of-use-assets	(306)	-	(2,397)	(2,738)	-		(5,441)
Share of results of an associate	1,003	-	-	-	-		1,003
Share of results of joint venture	(6,136)	-	-	-	-		(6,136)
Other non-cash (expenses)/income	(335)	(2)	1,666	(108)	-	C	1,221
Segment (loss)/profit before tax	(15,493)	9,231	(220)	(15,775)	2,123		(20,134)
Assets:							
Investment in associates	17,734	-	-	-	-		17,734
Investment in joint venture	195,830	-	-	-	-		195,830
Additions to non-current assets	331	1,380	746	9,815	-	D	12,272
Segment assets	309,709	178,771	45,315	38,606	(67,369)	E	505,032
Segment liabilities	52,352	16,252	36,809	56,762	(60,218)	F	101,957

38. Segment information (cont'd.)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Included in the property investment segment is one major customer contributing to RM17.6 million (2021: RM19.0 million) representing 39% (2021: 41%) of the total Group's revenue. Detailed information can be referred to Note 31.

C Other material non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	Note	2022 RM'000	2021 RM'000
Provision for claim	6	303	(75)
Impairment loss on trade receivables	6	690	1,037
Impairment loss on amount due from a joint venture company	6	-	345
Impairment loss on property, plant and equipment	6	12,943	-
Impairment loss on investment properties	6	172,844	-
Reversal of allowances for impairment of trade and other receivables	6	(751)	(508)
Unrealised foreign exchange gain	6	(14)	(33)
Gain on disposal of property, plant and equipment	6	-	(4)
Gain on termination and modification of leases	6	(1,118)	(2,058)
		184,897	(1,221)

D Additions to non-current assets consist of:

	2022 RM'000	2021 RM'000
Investment properties	483,458	1,152
Property, plant and equipment	2,279	11,120
	485,737	12,272

E The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2022 RM'000	2021 RM'000
Inter-segment assets	(51,049)	(67,369)

NOTES TO THE FINANCIAL STATEMENTS

31 January 2022

38. Segment information (cont'd.)

- F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2022 RM'000	2021 RM'000
Inter-segment liabilities	(57,306)	(60,218)

39. Material litigation

Aerodome Sdn. Bhd. ("Aerodome"), a 100%-owned subsidiary of DNest Aviation Sdn. Bhd. ("DNest"), which in turn is a wholly-owned subsidiary of Sapura Resources Berhad ("the Company") had on 9 January 2020 received a Writ of Summons dated 5 January 2020 together with a Statement of Claim dated 3 January 2020 filed by (1) TVPX ARS INC. (2) Best Perfection Holdings Limited and (3) Pan Asia Property Management Sdn. Bhd. ("Plaintiffs") through its solicitor Messrs. Song & Partners, acting on behalf of the Plaintiffs while the Defendants are (1) Aerodome Sdn. Bhd. and (2) Execujet MRO Services Sdn. Bhd. (formerly known as Execujet Malaysia Sdn. Bhd.).

The 2nd Plaintiff is claiming from Aerodome for the following:

- Compensation or damages or indemnity in the sum of USD2,010,000.00 for the loss of market value of the Aircraft due to the Aircraft Damage and resulting damage history;
- Interest at the rate of 5% per annum on the aforesaid sum from 2 November 2015 till the date of judgment;
- Costs;
- Interest at the rate of 5% per annum on the aforesaid sums from the date of judgment till full satisfaction; and
- Such further, ancillary or other relief as the Court may deem fit.

Details of the default or circumstances leading to the filing of the Writ and Statement of Claim against the Defendants

Aerodome has signed an Aircraft Management and Maintenance Agreement dated 6 July 2012 ("AMMA") with Pan Asia Property Management Sdn. Bhd. ("Pan-Asia"). Whilst the Aircraft was being defueled at the Aerodome Hangar by Execujet or its agent or contractor, the tail of the Aircraft tipped downwards and struck the raised concrete of the apron at Aerodome Hangar ("Incident"). Due to the incident, the Aircraft sustained damage to the aft lower fuselage in its access door area, including to, inter alia, its lower frame and skin at fuselage FS731, aft equipment bay door, LH EQPT bay door frame and RH EQPT bay door frame ("Aircraft Damage").

39. Material litigation (cont'd.)

The Plaintiffs claimed that Aerodome is in breach of the express and implied terms of the AMMA made between Pan-Asia and Aerodome, of which Aerodome failed to:

- (a) exercise due care and diligence in the performance of the services required by Aerodome;
- (b) take any or any reasonable care of the Aircraft;
- (c) obtain in advance the written approval of Pan-Asia for such party or parties to perform the checking or work including the defueling process ("the Work");
- (d) impose or implement any adequate method of work to ensure that the defueling process would be carried out without incident or damage to the Aircraft;
- (e) ensure that Execujet or any sub-contractor involved in the Work delivers their work and services in conformity with accepted standards and practices;
- (f) ensure that a proper, reasonable or appropriate guarantee, bond, insurance, warranty, indemnity or other form of protection be given in favour of Pan-Asia by Execujet or any subcontractor involved in the Work; and
- (g) supervise and direct Execujet and/or Execujet's contractor (if any) during the Work.

The Plaintiffs are claiming that as a result of the Aircraft Damage and the resulting damage history, the Aircraft had depreciated in its fair market value by approximately USD2,010,000.00 as at or about 28 April 2016 notwithstanding the repair works that had been carried out.

Both suits were being transferred to another Shah Alam High Court which will be presided by another judge. Therefore, all the trial dates and case management dates that were fixed previously were now vacated. On 22 April 2022, Aerodome had been informed by the Court that the hearing has been reschedule to 25 May 2022.

40. Subsequent event

The strategic shareholder on 20 May 2022 has agreed to take appropriate measures including where necessary, financial support to the Group and the Company over the next eighteen (18) months from 1 February 2022 to 31 July 2023 which includes the financial assistance of RM50 million which has been agreed.

41. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2022 were authorised for issue in accordance with a resolution of the directors on 25 May 2022.

PARTICULARS OF PROPERTIES

As at 31 January 2022

Address	Description/ Existing Use	Land Area (in square meter)	Lease Expiry Date	Approximate Age of Building (years)	Date of Acquisition/ (Revaluation)
Lot No. 10 Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse, office and store	49,927	20.06.2033	32 – 61	312/ 06.05.1988
P.T. No. 10A Jalan Tandang Seksyen 28 46050 Petaling Jaya Selangor Darul Ehsan	Warehouse, office and store	5,681	03.01.2057	45	2,526/ 06.05.1988
Lot 5, Jalan 219 Lebuhraya Persekutuan 46100 Petaling Jaya Selangor Darul Ehsan	Commercial Building	4,047	16.03.2068	40	1,840/ 13.09.1988
No. 7, Jalan Tasik The Mines Resort City 43300 Seri Kembangan Selangor Darul Ehsan	Office Building	22,379	20.03.2091	23	110,675/ 16.12.1999
Permata Sapura Kuala Lumpur City Centre Jalan Kia Peng 50450 Kuala Lumpur	Office Building	41,708	30.09.2036	1	299,686/ 01.10.2021

ANALYSIS OF SHAREHOLDINGS

as at 29 April 2022

Total Number of Issued Shares : 139,600,000 ordinary shares
 Class of Shares : Ordinary Shares
 Voting rights : One vote per ordinary share
 No. of shareholders : 5,393

Size of Shareholdings	No. of Shareholders	% of Shareholdings	No. of Shares	% of Shareholders
Less than 100	455	8.44	5,331	0.00
100 - 1,000	2,157	40.00	1,834,055	1.32
1,001 - 10,000	2,094	38.83	8,473,592	6.07
10,001 - 100,000	577	10.69	18,553,150	13.29
100,001 to less than 5%	109	2.02	40,879,600	29.28
5% and above of issued shares	1	0.02	69,854,272	50.04
Total	5,393	100.00	139,600,000	100.00

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest	%	Deemed Interest	%
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Dato' Shahrman bin Shamsuddin	83,250	0.06	72,372,772*	51.84
Tan Sri Datuk Amar (Dr.) Hamid bin Bugo	-	-	-	-
Dato' Muthanna bin Abdullah	-	-	-	-
Ahmad Jauhari bin Yahya	-	-	-	-
Andrew Heng	-	-	-	-

* Deemed interested by virtue of his direct and indirect interests in Sapura Holdings Sdn. Bhd. and its wholly-owned subsidiaries, namely Sapura Capital Sdn. Bhd. and Indera Permai Sdn. Bhd. (as the case may be) pursuant to Section 8 of the Companies Act 2016 ("the Act").

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest	%	Deemed Interest	%
Sapura Holdings Sdn. Bhd.	71,244,272	51.03	1,128,500 ⁽¹⁾	0.81
Tan Sri Dato' Seri Shahril bin Shamsuddin	83,250	0.06	72,372,772 ⁽²⁾	51.84
Dato' Shahrman bin Shamsuddin	83,250	0.06	72,372,772 ⁽²⁾	51.84
Brothers Capital Sdn. Bhd.	-	-	72,372,772 ⁽³⁾	51.84

⁽¹⁾ Deemed interested by virtue of the direct interests of Sapura Capital Sdn. Bhd. and Indera Permai Sdn. Bhd. in the Company pursuant to Section 8 of the Act.

⁽²⁾ Deemed interested by virtue of his direct and indirect interests in Sapura Holdings Sdn. Bhd. and its wholly-owned subsidiaries, namely Sapura Capital Sdn. Bhd. and Indera Permai Sdn. Bhd. (as the case may be) pursuant to Section 8 of the Act.

⁽³⁾ Deemed interested by virtue of its direct interest in Sapura Holdings Sdn. Bhd. pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS

as at 29 April 2022

THIRTY (30) LARGEST SHAREHOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of Shareholders	No. of Shares	%
1.	Sapura Holdings Sdn. Bhd.	69,854,272	50.04
2.	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd (SFS)	2,623,100	1.88
3.	Lim Boon Liat	2,571,500	1.84
4.	Choot Ewe Hin	2,034,500	1.46
5.	Ng Hoon Ho	1,526,200	1.09
6.	ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Sapura Holdings Sdn. Bhd. (1119019194)	1,390,000	1.00
7.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Sapura Capital Sdn. Bhd. (PB)	1,098,500	0.79
8.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tam Seng @ Tam Seng Sen (E-PTS)	1,095,000	0.78
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Parmjit Singh A/L Meva Singh (PB)	1,000,000	0.72
10.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Too Boon Siong	981,000	0.70
11.	Leong Hon Wah	870,700	0.62
12.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chow Soon Fong (E-MLB/JPP)	810,000	0.58
13.	Huang Phang Lye	801,900	0.57
14.	Yow Wang Yip	750,000	0.54
15.	Tan Seow Cheng	741,000	0.53
16.	Lam Pun Ying	727,100	0.52
17.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chow Soon Meng (E-MLB/JPP)	700,000	0.50
18.	Tan Yee Kong	686,000	0.49
19.	Lee Kim Seng	655,000	0.47
20.	Leong Chin Chye	500,000	0.36
21.	Tan Yee Seng	500,000	0.36
22.	Maybank Nominees (Tempatan) Sdn. Bhd. Chua Eng Ho Wa'a @ Chua Eng Wah	488,000	0.35
23.	Yong Siew Yoon	480,000	0.34
24.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	430,400	0.31
25.	Peh Sew Chong	430,000	0.31
26.	Life Enterprise Sdn. Bhd.	412,100	0.30
27.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chiaw Lik Chiat	400,000	0.29
28.	Yong Yee Mooi	400,000	0.29
29.	Chua Kok Yong	390,000	0.28
30.	Low Ah Soi @ Low Cheong Meng	390,000	0.28

ADMINISTRATIVE DETAILS

for Shareholders/Proxies attending the
Sixty-Fifth Annual General Meeting ("65th AGM")

DATE, TIME AND VENUE OF AGM

Date	: Wednesday, 20 July 2022
Time	: 10.00 a.m.
Broadcast Venue	: Multi-Purpose Hall, Ground Floor, Sapura@Mines, No. 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan
Meeting Platform	: https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC - D6A357657)

Mode of Communication:

- Shareholders may pose questions during live streaming using the messaging window facility to submit questions during the meeting. The messaging window facility will be opened one (1) hour before the AGM which is from 9:00 a.m. on Wednesday, 20 July 2022.
- Shareholders may submit questions in advance on the AGM resolutions and Annual Report 2022 commencing from 31 May 2022 and in any event no later than 10:00 a.m, 13 July 2022 via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com/> using the same user ID and password provided in Step 2 below, and select "SUBMIT QUESTION" to pose questions ("Pre-AGM Meeting Questions").

A. Virtual 65th AGM

In support of the Government of Malaysia's ongoing efforts to contain the spread of the Coronavirus and the Government's advice of social distancing and not having mass gatherings, the Company would like to leverage on technology advancement by **conducting the 65th AGM on a virtual basis through electronic live streaming and online remote voting.**

The only venue involved is the broadcast venue for the compliance with Section 327(2) of the Companies Act 2016 ("CA2016") that the Chairman shall be present at the main venue of the AGM. As the Company is allowed under Section 327(1) of CA 2016, to convene general meeting at more than one venue using any technology or method that enables the shareholders of the Company to participate and exercise their rights to speak and vote at the general meeting, **no shareholder and proxies** from the public should be physically present nor admitted at the broadcast venue on the day of the AGM of the Company.

You can view and download the digital version of the following documents from our Company's corporate website at <http://www.sapura-resources.com> or at Bursa Malaysia's official website at <https://www.bursamalaysia.com>

- Annual Report 2022 ("AR2022")
- Corporate Governance Report 2022

However, should you require a printed copy of the AR2022, you may submit your request by completing the Requisition Form and returning it to our Share Registrar, Boardroom Share Registrars Sdn. Bhd. ("Share Registrar" or "Boardroom"), by mail or fax. Alternatively, you may also make your request through telephone/email to our Share Registrar at the number/email address given below.

Should you require any assistance on the above, kindly contact our Share Registrar at +603-7890 4700 or bsr.helpdesk@boardroomlimited.com

ADMINISTRATIVE DETAILS

for Shareholders/Proxies attending the Sixty-Fifth Annual General Meeting (“65th AGM”)

B. Entitlement to Participate the AGM

In respect of deposited securities, only members whose names appear on the Record of Depositors on 13 July 2022 (General Meeting Record of Depositors) shall be eligible to participate the meeting or appoint proxy(ies) to participate on his/her behalf.

C. Remote Participation and Electronic Voting

Shareholders are encouraged to go online, participate, and vote at the Virtual AGM via remote participation. Please follow the steps listed in Note G below on how to request for login ID and password.

D. Form(s) of Proxy

If you are unable to attend the Virtual AGM, you are encouraged to appoint a proxy or the Chairman of the Meeting as your proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

Please ensure that the original form is deposited at our Share Registrar’s office not less than forty eight (48) hours before the time appointed for holding the meeting. Details of our Share Registrar’s office can be found in the enquiry section of this document.

Alternatively, you may deposit your proxy form(s) by electronic means through the smart investor portal at <https://investor.boardroomlimited.com/> by logging in and selecting “**E-PROXY LODGEMENT**”.

E. Revocation of Proxy

If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in the meeting yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy forty eight (48) hours before the meeting.

F. Voting Procedure



Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by poll. Poll administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

G. STEPS FOR REGISTRATION FOR REMOTE PARTICIAPTION AND ELECTRONIC VOTING

Procedure		Action
Before the day of the AGM		
1.	Register Online with Boardroom Smart Investor Portal	<p><i>[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2.]</i></p> <ol style="list-style-type: none"> Access website https://investor.boardroomlimited.com/ Click <<Login>> and click <<Register>> to sign up as a user. Complete registration and upload softcopy of MyKAD (front and back) or Passport. Please enter a valid email address. Your registration will be verified and approved within one business day and an email notification will be provided.
2.	Submit request for remote participation	<p>Registration for remote access will be opened on 31 May 2022 (Date of Notice of AGM). Please note that the closing time to submit your request is at 10am on 18 July 2022 (48 hours before the commencement of the AGM).</p> <p>Individual Members</p> <ol style="list-style-type: none"> Log in to https://investor.boardroomlimited.com/ Select "Hybrid/Virtual Meeting" from main menu and select the correct Corporate Event "SAPURA RESOURCES BERHAD SIXTY-FIFTH (65th) VIRTUAL ANNUAL GENERAL MEETING". Read and agree to the terms & condition and thereafter submit your request. Enter your CDS Account. <p>Corporate Shareholders</p> <ol style="list-style-type: none"> Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request. Please provide a copy of Corporate Representative's MyKad (Front and Back) or Passport as well as his/her email address. <p>Authorised Nominee and Exempt Authorised Nominee</p> <ol style="list-style-type: none"> Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Form of Proxy to submit the request. Please provide a copy of Corporate Representative's MyKad (Front and Back) or Passport as well as his/her email address.
3.	Email notification	<ol style="list-style-type: none"> You will receive notification(s) from Boardroom that your request(s) has been received and is/are being verified. Upon system verification against the General Meeting Record of Depositories as at 13 July 2022, you will receive an email from Boardroom either approving or rejecting your registration for remote participation together with your remote access user ID and password.

ADMINISTRATIVE DETAILS

for Shareholders/Proxies attending the Sixty-Fifth Annual General Meeting (“65th AGM”)

Procedure		Action
On the day of the AGM		
4.	Login to Meeting Platform	<p>Please note that the quality of the connectivity to the Meeting Platform for live webcast as well as for online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.</p> <ol style="list-style-type: none"> The Meeting Platform will be open for login one (1) hour before the commencement of the AGM at 9am on 20 July 2022. The Meeting Platform can be accessed via one of the following: Scan the QR Code provided in the email notification; Navigate to the website at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC - D6A357657) Insert the Meeting ID and sign in with the user ID and password provided to you via the email notification in Step 3.
5.	Participate	<p><i>[Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition. All question and messages will be presented with the full name and identity of the participant raising the question.]</i></p> <ol style="list-style-type: none"> If you would like to view the live webcast, select the broadcast icon.  If you would like to ask a question during the AGM, select the messaging icon.  Type your message within the chat box, once completed click the send button.
6.	Voting	<ol style="list-style-type: none"> Once voting has been opened, the polling icon will appear with the resolutions and your voting choices. To vote simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received. To change your vote, simply select another voting direction. If you wish to cancel your vote, please press “Cancel”.
7.	End of Participation	Upon the announcement by the Chairman on the closure of the AGM, the live webcast will end and the Messaging window will be disabled.

H. No Distribution Door Gifts

For the upcoming AGM, there will be no distribution of door gifts for Members/Proxies who participate in the AGM.

I. No Recording or Photography

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

J. Enquiry

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

Boardroom Share Registrars Sdn. Bhd.

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

General Line : 603-7890 4700

Fax Number : 603-7890 4670

Email : bsr.helpdesk@boardroomlimited.com

K. Personal Data Policy

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



Sapura Resources Berhad

[195701000235 (3136-D)]
(Incorporated in Malaysia)

FORM OF PROXY

Total number of Proxy(ies) appointed		
Proportion of holdings to be represented by each proxy	Proxy 1 _____ %	Proxy 2 _____ %
Total of number of ordinary shares held		
CDS Account No.		

We _____ (NRIC/Passport/Company No.) _____
(FULL NAME IN CAPITAL LETTERS)

of _____
(FULL ADDRESS & TEL NUMBER)

being a Member/Members of SAPURA RESOURCES BERHAD hereby appoint _____

_____ (NRIC/Passport/Company No.) _____
(FULL NAME IN CAPITAL LETTERS)

of _____
(FULL ADDRESS, EMAIL & TEL NUMBER)

and/or failing him/her, _____ (NRIC/Passport No.) _____
(FULL NAME IN CAPITAL LETTERS)

of _____
(FULL ADDRESS, EMAIL & TEL NUMBER)

or failing *him/her, the *Chairman of the Meeting, as *my/our proxy to vote for *me/us on *my/our behalf at the Sixty-Fifth Annual General Meeting ("65th AGM") of Sapura Resources Berhad to be conducted virtually at the broadcast venue at Multi-Purpose Hall, Ground Floor, Sapura@Mines, No. 7, Jalan Tasik, The Mines Resort City, 43300 Seri Kembangan, Selangor Darul Ehsan on Wednesday, 20 July 2022 at 10:00 a.m. or at any adjournment thereof and to vote as indicated below:

Resolution No.	Resolutions	For	Against
Ordinary Business:			
Ordinary Resolution 1	Payment of Directors' fees of RM531,931.50.		
Ordinary Resolution 2	Payment of Directors' benefits payable up to an amount of RM67,500.00		
Ordinary Resolution 3	Re-election of Tan Sri Dato' Seri Shahril bin Shamsuddin pursuant to Clause 116 of the Company's Constitution		
Ordinary Resolution 4	Re-election of Mr. Andrew Heng pursuant to Clause 116 of the Company's Constitution		
Ordinary Resolution 5	Re-appointment of Ernst & Young PLT as Auditors of the Company		
Special Business:			
Ordinary Resolution 6	Authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Special Resolution	Proposed Amendments to the Constitution of the Company		

Please indicate with an "X" in the space above how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain from voting at his/her discretion.

Signature / Common Seal of Shareholder

Dated this _____ day of _____ 2022

* Strike out whichever not applicable

Notes:

Mode of Meeting and Venue

- The 65th AGM of the Company will be conducted on a virtual basis through live streaming and online remote voting by shareholders and proxies via the Remote Participation and Voting ("RPV") Platform. To attend the 65th AGM remotely, all members will have to register for Remote Participation and Voting Facilities via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com/>.

Please follow the steps and procedures provided in the Administrative Notes for the 65th AGM of the Company, published on the Company's website at www.sapura-resources.com in order to register, participate and vote remotely via the RPV Platform.

The broadcast venue of the 65th AGM is the main venue which is strictly for the purpose of compliance with the Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the meeting and in accordance with Clause 77 of the Company's Constitution which allows a general meeting to be held at more than one (1) venue, using any technology or method that enables the members of the Company to participate and to exercise the members' right to speak and vote at the general meeting. Shareholders/proxies(ies) will not be allowed to attend the 65th AGM in person at the broadcast venue on the day of the 65th AGM of the Company.

- According to the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions and its subsequent amendments on the Conduct of General Meetings for Listed Issuers, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

Shareholders WILL NOT BE ALLOWED to attend the AGM in person at the Meeting Venue on the day of the Meeting.

By utilising the RPV facilities, shareholders are to remotely participate, speak (by way of posing questions to the Board via real time submission of typed texts) and cast their votes at the 65th AGM.

Appointment of Proxy

- In respect of deposited securities, only members whose names appear on the Record of Depositors as at 13 July 2022 (General Meeting Record of Depositors) shall be entitled to participate, speak and vote at this Meeting.
- A member of the Company who is entitled to participate and vote at the Meeting, shall be entitled to appoint more than one (1) proxy to participate, speak and vote in his stead. Where a member appoints more than one (1) proxy in relation to a meeting, the member shall specify the proportion of his/her shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
- A proxy may but need not to be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate and vote at the Meeting shall have the same rights as the member to participate, speak and vote at the Meeting.
- As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, the primary mode of communication by shareholders for the 65th AGM is via text messaging facilities provided under the RPV Platform. In the event of any technical glitch in the primary mode of communication, all other reasonable modes of communication are acceptable for the 65th AGM.
- The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owner's in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. of 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Meeting, i.e., not later than 18 July 2022 at 10:00 a.m. or adjournment thereof.

Alternatively, the form of proxy can be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Online Portal at www.boardroomlimited.com to login and deposit your proxy form electronically not less than forty-eight (48) hours before the time appointed for holding the Meeting, i.e., not later than 18 July 2022 at 10:00 a.m. or adjournment thereof.

The lodging of the Proxy Form does not preclude any shareholder from participating and voting remotely at the Meeting should any shareholder subsequently wishes to do so, provided a Notice of Termination of Authority to act as Proxy is given to the Company and deposited at the office of Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than twenty-four (24) hours before the time stipulated for holding the Meeting or any adjournment thereof.

All resolutions set out in the Notice of the Meeting are to be voted by poll voting as per paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities via the RPV Platform.

7. Corporate Representatives

As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the 65th AGM pursuant to Section 333 of the Companies Act 2016. For this purpose and pursuant to Section 333 (5) of the Companies Act 2016, the corporate member shall be provided a certificate under its common seal as prima facie evidence of the appointment of the corporate representative.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 May 2022.

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Sapura Resources Berhad 195701000235 [3136-D]
Proxy Form



The Share Registrar
Boardroom Share Registrars Sdn. Bhd.
[199601006647 [378993-D]]

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

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www.sapura-resources.com

Sapura Resources Berhad 195701000235 (3136-D)

Sapura@Mines

No. 7, Jalan Tasik

The Mines Resort City

43300 Seri Kembangan

Selangor Darul Ehsan

Tel: 603 8949 7000

Fax: 603 8949 7046