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OPERATIONAL & FINANCIAL MATTERS

A1.	The Group reported a higher net reversal of vessel impairment loss of RM19.4 million, totaling RM42.4 million. This increase was due to stable vessel market values, driven by increased demand and PETRONAS' extension of Offshore Support Vessel ("OSV") service life from 15 years to 20 years (page 21 of Annual Report ("AR") 2023).	
A1.a	What were the criteria that PETRONAS considered when deciding to extend the service life of the offshore support vessel ("OSV") assets?	PETRONAS did not disclose the criteria that they considered in arriving into their decision. The extension is given on blanket basis to all PETRONAS' licensed offshore support vessel service providers. However, given the quality of vessels built and appropriate maintenance, vessels are able to safely operate for even up to 25 years.
A1.b	How will the extension contribute to the Group's short-term and long-term profitability?	The extension allows us to operate the vessels for additional 5 years and generate revenue for an extended period. This will contribute positively to profitability.
A1.c	What plans are in place to ensure the long-term viability and competitiveness of the extended vessel fleet?	The Group regards regular maintenance as a very important part of its service delivery activities. This will not only enable it to provide continued and reliable services, but enhances the service life of its vessels. The affected vessels (more than 15 years old) undergo a Condition Assessment Program ("CAP") survey every 3 years.
A2.	The Downstream Division primarily operates in USD, reducing its exposure to transactional exchange rate risk. For translation purposes, **income and expenditures were averaged, resulting in a RM2.4 million gain.** The Group opted not to hedge against translation exchange rate risk due to cost and complexity (page 21 of AR 2023).	
A2.a	Given the recent gain from foreign currency translation but the potential for ongoing currency volatility, how confident is the Group that the decision not to hedge translation risk is sustainable over the long-term and what measures are in place to address any adverse developments?	The question comes from the statement in the Management Discussion and Analysis (page 21 of the annual report) explaining the **process of translating the balance sheet and statement of profit or loss** of **subsidiaries whose financial statements are denominated in foreign currency** (USD in our case) as **at the year-end**. The RM2.4 million gain reported for the foreign currency **translation difference** for foreign operation **arose from** the **consolidation of subsidiaries financial statements that are denominated in USD**, and therefore, have to be translated to RM using the applicable exchange rates pursuant to the accounting standard, i.e., **assets and**

		liabilities (year-end rate), equity (historical rate), income and expenditures (average rate for the financial year), Hence, the translation gain or loss therefrom **does not involve any cash flow**. We have **engaged with banking professionals** who **advised that hedging translational risk is a complex exercise and cost much more than hedging foreign currency transactional risk** (risk of incurring foreign currency exchange loss arising from transactions), and accordingly is normally **undertaken by large corporations**. Hence, decision to hedge the translational risk for M&G ultimately will be dependent on the perceived risk and rewards by the Board. On the other hand, in relation to **foreign currency transactions** (income and expenditures), they are **translated using the spot exchange at the time the transaction takes place**, and any gain or loss are recorded as part of foreign currency gain/(loss) **disclosed in other income or other expenses**. The **Group has a natural hedge against the foreign currency transaction risk given that a substantial amount of the Downstream Division revenue their expenditures are in USD**. We will continue to monitor the situation and assess the risks going forward.
A2.b	Are there alternative strategies or instruments the Group could consider in mitigating translation risk without incurring significant costs or complexity?	Management will continue to engage with professionals in this field to assess any alternative strategies.
A3.	The Group's trade receivables credit impaired that were past due more than 90 days have increased significantly from RM1.3 million in FYE 2022 to RM2.7 million in FYE 2023 (page 138 of AR 2023).	
A3.a	What were the difficulties faced by the Group in the collection of the trade receivables that were past due more than 90 days as the outstanding amount increased significantly?	▪ Part of the **increase is due to increase in revenue**. ▪ Substantially relates to **an account that is facing severe financial difficulties,** of which **the balance has been fully impaired**.

<table>
<tr><td>A3.b</td><td>Who are the customers and who make up this category (past due 90 days) of the Group’s receivables on FYE 2023 and what are their profiles?</td><td>It would be inappropriate to divulge the individual company details.

However, of the total outstanding at 30 April 2023, RM34K has been collected and RM2.6 million has been impaired.</td></tr>
<tr><td>A3.c</td><td>To-date, how much of this overdue amount has been collected?</td><td>
<table>
<tr><th></th><th>26-Sep-23
RM'000</th><th>30-Apr-23
RM'000</th><th>30-Apr-22
RM'000</th></tr>
<tr><td>Credit impaired receivables:</td><td></td><td></td><td></td></tr>
<tr><td>- Upstream Division</td><td>2,241</td><td>2,241</td><td>87</td></tr>
<tr><td>- Downstream Division</td><td>427</td><td>431</td><td>1,168</td></tr>
<tr><td></td><td>2,668</td><td>2,672</td><td>1,255</td></tr>
</table>

In relation to the Upstream Division, we have collected RM25K from the balance due from 30 April 2022.

For the Downstream Division, we have recovered RM839K from these creditors todate.</td></tr>
<tr><td>A4.</td><td colspan="2">The carrying amounts of investments in subsidiaries in FYE 2022 and FYE 2023 of RM112.3 million and RM117.3 million are material and significant to the total assets of the Group on the company level (page 80 of AR 2023).</td></tr>
<tr><td>A4.a</td><td>What is the Group’s outlook for the performance and contribution of these subsidiary investments over the long-term?</td><td>The Board is positive on the long term prospects of both the Upstream and Downstream Division in line with the continued growth prospect of the country and the growing demand for crude oil, although at a slower rate as the world is transitioning to green energy sources.

Oil demand will be driven mainly by the continued increase in petrochemical feedstock requirements as well as air travel. International Energy Agency in its report in June 2023 predicted that global demand for oil is expected to increase to 105.7 million barrels per day in 2028, up by 6.5 million barrels per day from 2022 while McKinsey in February 2021 estimated global oil demand to increase by 38 million barrels per day in 2040 from the 2021 level, with the new oil production mostly from offshore and shale resources.

This bodes well for our Upstream Division which supports both oil production with the fleet of 60M anchor handling tug and supply vessels (“AHTS”) and straight supply vessels (“SSV”), and exploration and drilling activities with the fleet of 70M AHTS.

For the Downstream Division, one of the key factors is the growing regional trade volume which is expected to continue.</td></tr>
</table>

A4.b	Given the substantial nature of these investments, how does the Group prioritize capital allocation between subsidiary investments and other growth opportunities?	Although there are and will be many growth opportunities for both divisions, the Board is mindful of the Group financial resources/limitation. Currently, the contributions from the divisions are 75:25 in favor of the Upstream Division. In relation to the investment mix, the Group wishes to balance the contributions from the Upstream and Downstream Divisions in the future, and at the same time, strengthen our position as market leader for domestic coastal tankers. Key drivers for the Downstream / Tanker Division are: ▪ Malaysian continued economic recovery and growth, and ▪ Charter's steady and growing requirements.

CORPORATE GOVERNANCE MATTERS

A5.	The Group has deviated from Practice 1.3 of the Malaysian Code of Corporate Governance ("MCCG"), as the position of Chairman of the Board is being headed by the Executive Chairman, Tan Sri Mohammed Azlan bin Hashim (page 6 of Corporate Governance ("CG") Report 2023). Separation of the positions of the Chairman and CEO promotes accountability and facilitates the division of responsibilities between them. In this regard, no one individual can influence the board's discussions and decision-making (as per Guidance 1.3 of MCCG). What measures have been put in place to ensure the independence of the board in overseeing the management team especially since the Chairman who leads the board is also the CEO of the Company?	The Board is headed by the Executive Chairman, Tan Sri Mohd Azlan bin Hashim. Given Tan Sri Mohd Azlan's strong leadership, business acumen and wide experience, the Board continues to maintain this arrangement which it feels is in the best interest of the Company. The Company has opted to address the issue of adequate checks and balances. Decisions by the Board are only made after the issues have been deliberated at length by the Board, the majority of Members of which are Independent. Each Board member is given an opportunity to express their views. The Executive Chairman's role in the day-to-day operations of the Company is explained in the Board Charter. The Executive Chairman is tasked with providing leadership, high-level business judgment and wisdom, to meet immediate performance targets without neglecting longer-term growth opportunities of the Company. These include: a) Ensuring that the Company's strategies and corporate policies are effectively implemented; b) Ensuring that Board decisions are implemented and Board directions are responded to; c) Providing directions in the implementation of short and long-term business plans; d) Providing strong leadership; i.e. effectively communicating the vision, management philosophy and business strategy to the employees; e) Keeping the Board fully informed of all important aspects of the Company's operations and ensuring that sufficient information is distributed to Board members; and f) Ensuring the day-to-day business affairs of the Company is effectively managed by the various Heads of Department. The Executive Chairman is neither a member of the Audit Committee nor the Nomination & Remuneration Committee. He does not attend any of the Audit Committee meetings. These Committees provide a check and balance of matters that may involve the interest of the Executive Chairman. In addition, where matters relating to the Executive Chairman are being discussed during a Board meeting, the

		Executive Chairman will excuse himself from the meeting and the meeting will be chaired by the next most senior independent director at the meeting. The Executive Chairman is also subject to the Financial Authority Limits / Limits of Authority which sets pre-defined limits on his authority. Meanwhile, key investment and disposal decisions of the holding company, i.e. those with a value of RM500,000 or more, are only considered by the Board of Directors after a recommendation from the Risk Management Committee. Collectively, these safeguards ensure that no one individual can influence key decisions of the Company. Collectively, these safeguards ensure that no one individual can unduly influence key decisions of the Company.
A6.	The existing composition of the Board lacks diversity, with only one female Director, constituting just 11% of the total. This falls far below the recommended 30% target outlined in Practice 5.9 of the MCCG (page 30 of CG Report 2023). Given the current lack of diversity on the Board, are there ongoing initiatives to identify suitable female candidates for upcoming Director positions within the Group? If such efforts are in progress, when do you anticipate achieving this objective?	The Board recognises the recommendation of the Malaysian Code of Corporate Governance issued by the Securities Commission Malaysia to have at least 30% women Directors on the Board. The Board currently has one female member on its Board representing 11% of the Board. Although the Company has some ways to meet the gender diversity recommendations of the MCCG, in recent times, it has improved the skills diversity of its Board members, which should be of some importance as well. The current M&G Board is made up of individuals with diverse skillsets, ranging from an entrepreneur, an engineer, former accountants/bankers, former O&G industry exec and a lawyer. With the current set of directors providing guidance, it is hoped that M&G will make itself an attractive option for any prospective director candidates going forward. This is a process that will take some time, but M&G is confident that it will be able to improve its attractiveness to candidates. The Board will continue to review the composition of the Board on a regular basis.