



# A NEW DYNAMIC

Annual Report 2020



## What's Inside



# A New Dynamic

Reservoir Link Energy Bhd made its debut on the ACE Market of Bursa Malaysia Securities Berhad on 15 July 2020 and became the first Oil & Gas company listed after movement control order period. We are confident of all our efforts and robust growth strategy will enable us to sustain our positive thrust forward well into 2021 and beyond.

On that note, I wish to thank all our employees, management team, Board members, business partners, financiers, consultants and our shareholders for their continued support of our aspirations to become the preferred service provider in oil & gas and petrochemical industry focused on Malaysia with equitable presence in the international arena.

**DATO' WAN HASSAN BIN MOHD JAMIL**  
Chief Executive Officer / Managing Director

**RL (0219)**  
Stock name and code  
(ACE market)

**15 July 2020**  
Listing date

**RM0.30 - RM0.79**  
share price year range

**RM146,775**  
Market cap after listing  
(RM'000)

## What's Inside

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For more information:  
Scan the QR code to view our AR online

**www.reservoirlink.com**



## Corporate Profile



### Reservoir Link Energy Bhd is the provider of well services for Oil & Gas Operators that support upstream segments of the industry.

Started with Reservoir Link Sdn Bhd in 2008, we have accumulated numerous experiences in various fields of upstream oil and gas service providers and served many oil and gas operators, both local and international. Recognized as one of Malaysia's locally developed oil and gas service company, we are enroute for a vast diversification range of oil and gas services and products in this region.

Today at Reservoir Link Group, we actively provide services for well leak repair, perforation, well testing, wash and cement, wireline services, production enhancement, and other services comprise of supplying oilfield products, equipment and technical personnel, and providing construction and consultancy services.

#### SHARED VALUES



##### INTEGRITY

Work Ethics,  
Professionalism,  
Governance,  
Honesty



##### LEADERSHIP

Respect,  
Competency,  
Teamwork,  
Innovation



##### EXCELLENCE

Quality,  
Performance,  
Delivery,  
Efficiency,  
Trustworthy



##### SUSTAINABILITY

Profitability,  
Growth,  
Environment,  
Resources



#### VISION

To be the preferred service provider in oil & gas and petrochemical industry focussed in Malaysia with equitable presence in International.



#### MISSION

Our business was founded on principles of technological innovation, unparalleled customer service and providing high quality tools and services to enhance value and return for our customers.

Committed to a Strong Quality, Health, Safety & Environmental Program that protects our staff, assets, the environment and public from harm and damages. The commitment is extended to our customers and suppliers as guiding principles towards workers safety and our responsibilities to the industry.

## Corporate Profile

## PRODUCT AND SERVICES OVERVIEW

To date, we have completed **1,637** successful perforation runs covering a total perforation interval of **23,720 feet** (and counting), multiple contracts from local and overseas, ISO-certifications and awards for achievements and contributions.

We emerged as one of the driving force in the upstream oil & gas industry through years of perseverance. Once a foreign-dominated industry, we realize that in order to be competitive, we have to evolve our upstream capabilities beyond perforation solutions.

Merely adding new services and solutions is not enough. It needs to be well executed with accuracy and safety; two important elements in a highly complex industry.

### WELL CONSTRUCTION

- Well completion
- Standalone screen

### TESTING & MEASUREMENT

- Well testing

### WELL INTERVENTION

- Wireline services
- Well integrity

### WELL ABANDONMENT

- Perf, wash & cement services

### PRODUCTION ENHANCEMENT & FLOW ASSURANCE

- Well perforation services
- Chemically enhanced production & flow assurance
- Sand management
- Consultancy

### PRODUCTION SERVICES

- Modular water injection



## Corporate Information

### DIRECTORS

**Datuk Tai Hee**

(Non-Independent  
Non-Executive Chairman)

**Dato' Wan Hassan  
Bin Mohd Jamil**

(Chief Executive Officer/  
Managing Director)

**Thien Chiet Chai**

(Non-Independent Executive  
Director)

**Eric Lim Swee Khoon**

(Independent Non-Executive  
Director)

**Siti Zurina Binti Sabarudin**

(Independent Non-Executive  
Director)

**Elain Binti Lockman**

(Independent Non-Executive  
Director)

### AUDIT COMMITTEE

**Eric Lim Swee Khoon**

(Chairman)

**Datuk Tai Hee**
**Siti Zurina Binti Sabarudin**
**Elain Binti Lockman**

### REMUNERATION AND NOMINATION COMMITTEE

**Siti Zurina Binti Sabarudin**

(Chairman)

**Datuk Tai Hee**
**Eric Lim Swee Khoon**
**Elain Binti Lockman**

### RISK MANAGEMENT COMMITTEE

**Dato' Wan Hassan  
Bin Mohd Jamil**

(Chairman)

**Thien Chiet Chai**
**Eric Lim Swee Khoon**
**Siti Zurina Binti Sabarudin**

### COMPANY SECRETARIES

**Pauline Kon Suk Khim  
(MAICSA 7014905)**

CCM Practising Certificate  
202008001607

**Ho Khee Jeem  
(MIA 12422)**

CCM Practising Certificate  
201909002110

### AUDITORS

**Crowe Malaysia PLT**

2<sup>nd</sup> Floor, C378, Block C  
iCom Square  
Jalan Pending  
93450 Kuching  
Sarawak

Telephone No : (6082) 266 988

Facsimile No : (6082) 266 987

### SHARE REGISTRAR

**Boardroom Share Registrars  
Sdn Bhd**

11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

Telephone No : (603) 7890 4700

Facsimile No : (603) 7890 4670

### REGISTERED OFFICE

E289, 1<sup>st</sup> Floor, Block E  
iCom Square, Jalan Pending  
93450 Kuching  
Sarawak

Telephone No : (6082) 248 491

Facsimile No : (6082) 253 857

Mobile No : (6012) 513 1929

### HEAD OFFICE/ PRINCIPAL PLACE OF BUSINESS

E-33-01, Menara SUEZCAP 2  
KL Gateway  
No. 2, Jalan Kerinchi  
Gerbang Kerinchi Lestari  
59200 Wilayah Persekutuan  
Kuala Lumpur

Telephone No : (603) 2711 2128

Facsimile No : (603) 2711 2120

Email Address :  
investor.relation@reservoirlink.com

Website :  
<https://reservoirlink.com/>

### PRINCIPAL BANKERS

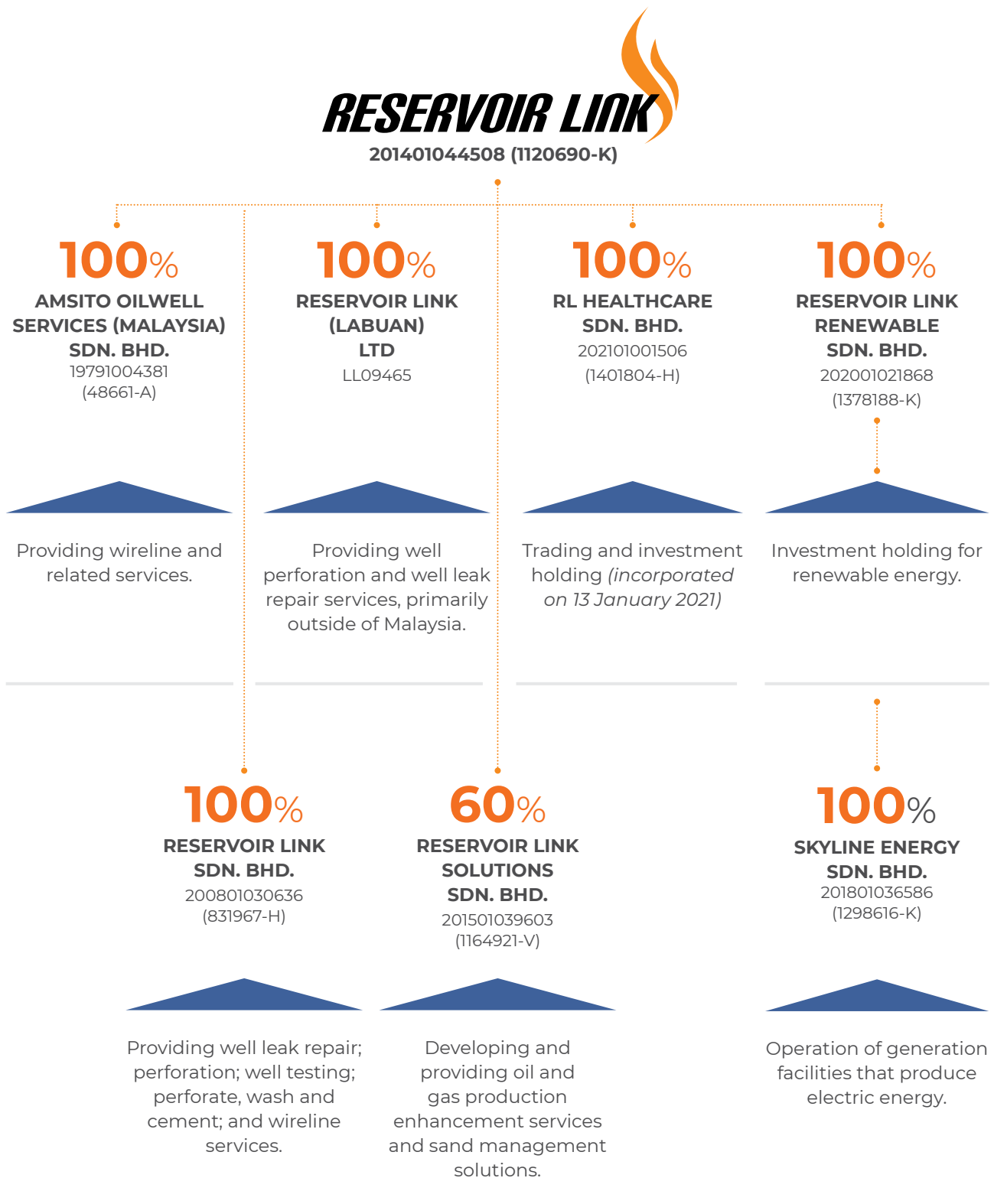
**Ambank (M) Berhad**
**CIMB Bank Berhad**
**Public Bank Berhad**
**United Overseas Bank  
(Malaysia) Bhd**

### STOCK EXCHANGE LISTING

**ACE Market of Bursa  
Malaysia Securities Berhad**

Stock Name : RL  
Stock Code : 0219  
Sector : Energy

## Corporate Structure





## Directors' Profile



### DATUK TAI HEE

**Non-Independent  
Non-Executive  
Chairman**

**Number of Board Meetings  
attended in 2020:**

● ● ● 3/3

**Committee:**

Member of Audit Committee and  
Remuneration and Nomination  
Committee

**Date of Appointment :**

31 May 2019

 **MALAYSIAN**

 **MALE**

 **57**

**Datuk Tai Hee** helms Pansar Berhad as its Managing Director which is listed on the Main Market of Bursa Securities. Over the years, he gained extensive experience and knowledge his corporate exposure helping spanning a wide ranging of industries and also his involvement in social & community works.

He obtained his Bachelor of Science (Honours) Information Systems Design from Kingston University London, United Kingdom in 1987.

Over the past decades, he has been active in trade delegations, missions and working visits to many countries representing Malaysia, Sarawak and Pansar group of companies in various industries. He is a member of

the Malaysia Japan Economic Association since 2012 and is currently its Vice President. Since 2016, he has also appointed to represent Malaysia as a board member in the East Asia Business Council.

He is a director for both Permodalan Saberkas Berhad and Pansar Berhad. Datuk Tai is the brother of Dato' James Tai Cheong and uncle of David Tai Wei who are the substantial shareholder of Reservoir Link. He has no family relationship with other Directors and/or major shareholders of Reservoir Link and does not have any conflict of interest with Reservoir Link. Further, he has not been convicted of any offences within the past five (5) years.



## Directors' Profile



## Dato' Wan Hassan Bin Mohd Jamil

### Chief Executive Officer/ Managing Director

#### Number of Board Meetings attended in 2020:

● ● ● 3/3

#### Committee:

Chairman of Risk Management  
Committee

#### Date of Appointment :

2 December 2014



MALAYSIAN



MALE



46

**Dato' Wan Hassan Bin Mohd Jamil** graduated with a Bachelor's Degree in Petroleum Engineering from the Universiti Teknologi Malaysia in 1997. Dato' Wan Hassan is also served as Industrial Panel Advisor at Universiti Malaysia Pahang.

He started his career as a Welltest Engineer with Schlumberger which formerly known as Geoservices Eastern (GEOEAST) in 1997. In 2010, he joined Reservoir Link Group as the CEO/MD and currently responsible for day to day business direction and lead the business development team in accordance with the

strategic directions set by the Board and ensuring corporate objectives are met with high standards.

He does not hold any directorship in any other public company. He has no family relationship with other Directors and/or major shareholders of Reservoir Link and does not have any conflict of interest with Reservoir Link. Further, he has not been convicted of any offences within the past five (5) years.

## Directors' Profile



## Thien Chiet Chai

### Non-Independent Executive Director

#### Number of Board Meetings attended in 2020:

● ● ● 3/3

#### Committee:

Member of  
Risk Management Committee

#### Date of Appointment :

2 December 2014



**MALAYSIAN**



**MALE**



**53**

**Thien Chiet Chai** obtained his Master in Business Administration from the University of the Sunshine Coast, Australia ("USC") in 2008.

Thien Chiet Chai is instrumental in developing and sustaining the business fundamental of client liaison and principal strategic partnership since 2008. He is responsible in aligning the Company's vision, mission and shared value. Has backgrounds in Testing and Perforation services with previous post as Country

Manager in Halliburton Energy Services are key aspects in running current responsibilities in Reservoir Link.

He does not hold any directorship in any other public company. He has no family relationship with other Directors and/or major shareholders of Reservoir Link and does not have any conflict of interest with Reservoir Link. Further, he has not been convicted of any offences within the past five (5) years.

## Directors' Profile



## Eric Lim Swee Khoon

### Independent Non-Executive Director

#### Number of Board Meetings attended in 2020:

● ● ● 3/3

#### Committee:

Chairman of Audit Committee and member of Remuneration and Nomination Committee, and Risk Management Committee

#### Date of Appointment :

31 May 2019

 **MALAYSIAN**

 **MALE**

 **50**

In 1992, **Eric Lim Swee Khoon** obtained his Bachelor's Degree in Accounting and Finance from the University of Western Australia. He is a member of CPA Australia since 1994 and Malaysian Institute of Accountants since 1997.

He started his career in PricewaterhouseCoopers ("PwC") in Sarawak in 1993 as an Audit Assistant and last post in PwC was Regional Manager for Sarawak in 2012. He continued with KTS Resources Sdn Bhd as Senior Manager and in 2015, he joined One Medicare Sdn Bhd. He currently holding the

post of Chief Financial Officer of One Medicare Sdn Bhd, responsible for overseeing the finance, administration and management information systems of the company.

He does not hold any directorship in any other public company. He has no family relationship with other Directors and/or major shareholders of Reservoir Link and does not have any conflict of interest with Reservoir Link. Further, he has not been convicted of any offences within the past five (5) years.

## Directors' Profile



## Siti Zurina Binti Sabarudin

### Independent Non-Executive Director

#### Number of Board Meetings attended in 2020:

● ● ● 3/3

#### Committee:

Chairman of Remuneration and Nomination Committee, Member of Audit Committee and Risk Management Committee

#### Date of Appointment :

31 May 2019

 MALAYSIAN

 FEMALE

 44

**Siti Zurina Binti Sabarudin** obtained her Bachelor of Laws from the International Islamic University of Malaysia in October 2000, and was admitted to the Malaysian Bar as an Advocate & Solicitor in 2002.

After having attached to tier one law firms in the course of her career, in 2016 Zurina set up her own boutique legal advisory firm, Messrs Rahana Zurina & Partners, which specialises in capital market, venture capital, investments and financial technology.

She does not hold any directorship in any other public company. She has no family relationship with other Directors and/or major shareholders of Reservoir Link and does not have any conflict of interest with Reservoir Link. Further, she has not been convicted of any offences within the past five (5) years.



## Directors' Profile



## Elain Binti Lockman

### Independent Non-Executive Director

#### Number of Board Meetings attended in 2020:

● ● ● 3/3

#### Committee:

Member of Audit Committee and Remuneration and Nomination Committee

#### Date of Appointment :

31 May 2019



**MALAYSIAN**



**FEMALE**



**52**

In 1991, **Elain Binti Lockman** obtained her Bachelor's Degree in Actuarial Science and subsequently, her Master of Science in Operational Research in 1992 from the London School of Economics and Political Science.

Elain began as a Petroleum Economist in the Exploration and Production Division, PETRONAS. She developed her career from thereafter throughout various companies and organizations. In May 2015, she co-founded Ata Plus Sdn Bhd, an equity crowdfunding platform regulated by and registered with the Securities Commission. She is

currently the Executive Director of Ata Plus Sdn Bhd. Elain currently serves as the President of the Registered Digital Markets Association Malaysia since April 2018.

Elain was appointed on the Board of Daya Materials Berhad as an Independent and Non-Executive Director on 17<sup>th</sup> December 2020. She has no family relationship with other Directors and/or major shareholders of Reservoir Link and does not have any conflict of interest with Reservoir Link. Further, she has not been convicted of any offences within the past five (5) years.

## Senior Management Team

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01

**MAD HAIMI BIN  
ABU HASSAN**

Executive Director

02

**ANWARUDIN BIN  
SAIDU MOHAMED**

Chief Technology Officer

03

**HO KHEE JEEM**

Chief Financial Officer

04

**ALPHONSUS CHIU  
CHING CHUEN**General Manager,  
Business Development  
and Operation

05

**MOKHTAR BIN  
HAJI ALI**General Manager, Contract  
and Corporate Services

## Senior Management Team

**MAD HAIMI BIN  
ABU HASSAN****Executive Director**

MALAYSIAN



MALE



44

**Mad Haimi Bin Abu Hassan** obtained his Bachelor's Degree in Electrical Engineering from the University of Malaya, Malaysia in 2000.

He started his career with Dimension Bid (M) Sdn Bhd in 2000 as a Field Engineer specialising in well intervention and perforation services solutions until 2002. Subsequently he joined Halliburton Energy Services (M) Sdn Bhd from 2002 until 2008 as an Associate Technical Professional and he left the company in March 2008 as a Service Leader. He was responsible for providing technical and operational support, and planning and executing perforation services for customers operating offshore of Peninsular Malaysia.

He joined Thimi Resources Sdn Bhd (formerly known as Reservoir Link Resources Sdn Bhd) in April 2008. Subsequently, he co-founded RLSB in September 2008 and held the position of Operations Director. He is responsible for planning and execution of the company's day to day operations in relations to well intervention and wireline services to client's projects while ensuring standards of operations being met at the same time. He also responsible in implementing and executing Company's Quality, Health, Safety and Environment policy.

He does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of Reservoir Link and does not have any conflict of interest with Reservoir Link. Further, he has not been convicted of any of any offences within the past five (5) years.

**HO KHEE JEEM****Chief Financial Officer**

MALAYSIAN



MALE



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**Ho Khee Jeem** obtained his Bachelor's Degree in Commerce from the University of Western Australia in 1991. He is a member of CPA Australia and the Malaysian Institute of Accountants.

He began his career as an Officer with Maybank Finance Bhd in 1991 and left in 1997 as a Branch Manager. He joined Well-Town Construction Development Sdn Bhd as a Finance Manager in 1997 until 2005, where his job functions included the overall supervision of the Finance and Human Resources Departments.

In 2005, he joined KACC Construction Sdn Bhd as the head of the company's Finance Department where he was responsible for the company's restructuring exercise and monitoring the company's litigation cases. He left the company in 2008 but continued to serve as a consultant in his personal capacity up to 2009 in charge of monitoring the company's ongoing litigation cases and the restructuring of two subsidiaries.

He joined OBYU Corporate Services Sdn Bhd (a company under the OBYU group of companies) in 2009 to head the company's Account and Finance Departments. In 2010, he was assigned additional responsibilities to oversee the Account and Finance Departments of O&G companies under the company, which included RLSB. He subsequently joined RLSB as our Financial Controller in 2010. He is responsible for our Finance Department, Human Resources & Administration Department, Corporate Services Department and Information Systems Department.

He does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of Reservoir Link and does not have any conflict of interest with Reservoir Link. Further, he has not been convicted of any of any offences within the past five (5) years.

## Senior Management Team

**ANWARUDIN BIN SAIDU MOHAMED****Chief Technology Officer**

In 2004, **Anwarudin Bin Saidu Mohamed** obtained his Bachelor's Degree in Mechanical Engineering from Petronas University of Technology and obtained his Masters in Petroleum Engineering from Imperial College London, United Kingdom ("Masters").

He commenced his career in Petronas till November 2004 as Cost and Contract Engineer. Thereafter, in December 2004, he joined Baker Hughes Inc., as a Fluids Coordinator. He left Baker Hughes Inc. in 2008 to obtain his masters as a full time post-graduate. He joined Deleum Oilfield Services Sdn Bhd in January 2010 as Sales Manager responsible for sales of oilfield products and services. In November 2011, he was promoted to the Senior Manager of Deleum Chemicals Sdn Bhd responsible for specialty chemicals and subsequently promoted as General Manager and head of business unit in relation to production enhancement and flow assurance. His last position was the General Manager of Deleum Berhad, overseeing corporate relations matters.

He joined the Group in July 2018 as Chief Technology Officer. He is also the Executive Director and shareholder of Reservoir Link Solutions Sdn Bhd.

He is currently the vice chair of the Society of Petroleum Engineers in Kuala Lumpur and sits as the Executive Committee of the Malaysia Oil and Gas Services Council (MOGSC).

He does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of Reservoir Link and does not have any conflict of interest with Reservoir Link. Further, he has not been convicted of any of any offences within the past five (5) years.

**ALPHONSUS CHIU CHING CHUEN****General Manager,  
Business Development and Operation**

**Alphonsus Chiu Ching Chuen** obtained his Diploma in Technology, Mechanical and Manufacturing Engineering from Tunku Abdul Rahman College in 1999.

In 2000, he began his career in the oil and gas industry as a Services Supervisor specialised in cementing and downhole cementing remedial tool for Dowell Schlumberger (Malaysia) Sdn. Bhd. Subsequently, in 2002, he joined Halliburton Energy Services Sdn Bhd as Assistant Service Operator for drill stim test tools and tubing conveyed perforating. During his 13 years of employment with Halliburton, he was involved in a number of pioneering jobs for the company and amongst them was the deployment of new ultra high pressure high temperature surface well test equipment, downhole tools, cementing remedial tools, completion equipment and the well bore clean well services division. He was Senior Account Representative before he left Halliburton in 2015. He joined Titus Technologies Sdn Bhd as Business Development Manager for well testing until May 2017.

In June 2017, he joined Reservoir Link as Senior Technical Advisor which was then promoted to Senior Manager, Business Development in the same year. He was promoted to his current position as General Manager, Business Development and Operation in December 2019.

He does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of Reservoir Link and does not have any conflict of interest with Reservoir Link. Further, he has not been convicted of any of any offences within the past five (5) years.



## Senior Management Team

**MOKHTAR BIN HAJI ALI**

**General Manager,  
Contract and Corporate Services**



MALAYSIAN



MALE



47

**Mokhtar Bin Haji Ali** obtained his Bachelor's Degree in Management majoring in finance from University of Science Malaysia, Pulau Pinang in 1998.

He began his career in oil and gas industry with MPE Lindung Sdn Bhd in 1999 as Project Executive for contract and trading division before joined Geowell Sdn Bhd in 2001 as a Technical Assistant. His last position with Geowell Sdn Bhd was as a Procurement & Contract Manager before left in 2011 and joined Amsito Oilwell Services (M) Sdn Bhd specialised in wireline services and intervention as General Manager for Procurement and Contract. In 2013, he continued his journey with Deleum Oilfield Services Sdn Bhd as a Senior Manager for Drilling and Production Services until he changed his portfolio in 2016 as Senior Manager for Contract & Corporate Resources. His last position with Deleum Oilfield Services Sdn Bhd was as a General Manager before he joined Reservoir Link in February 2020.

In Reservoir Link, he acts as General Manager for Contract & Corporate Services responsible for Contract Management, Human Resources, Admin, Procurement, ICT, legal and Corporate Services Department. With total of 21 years' experience in oil & gas industry and 19 years in related oilfield services company, his career span across project management, sales & marketing, contract & tender, costing & commercial, procurement and compliance & corporate governance.

He does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of Reservoir Link and does not have any conflict of interest with Reservoir Link. Further, he has not been convicted of any of any offences within the past five (5) years.



## Financial Highlights

### The Key Figures 2020

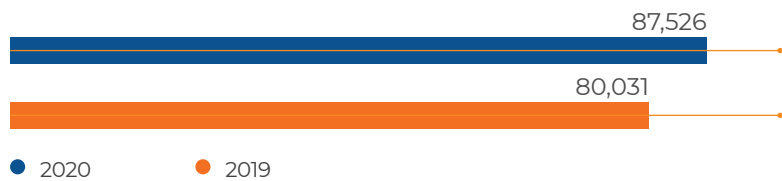


#### REVENUE (RM'000)

**RM87,526mil**

from RM80,031 in FYE2019

**9%**

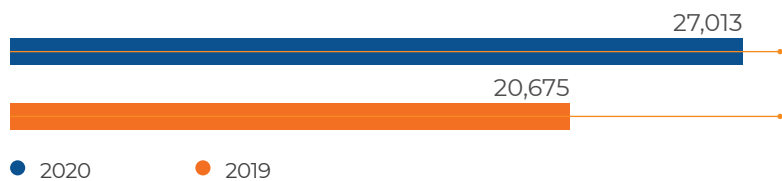


#### GROSS PROFIT (RM'000)

**RM27,013mil**

from RM20,675 in FYE2019

**31%**

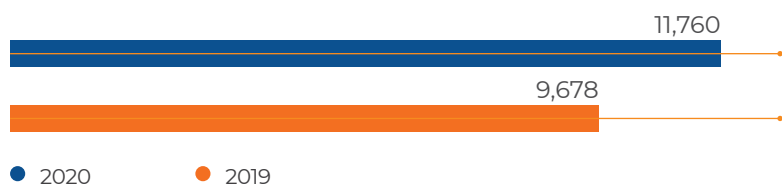


#### PATAMI (RM'000)

**RM11,760mil**

from RM9,678 in FYE2019

**21%**



#### PAT MARGIN (%)

**13%**

from 12% in FYE2019

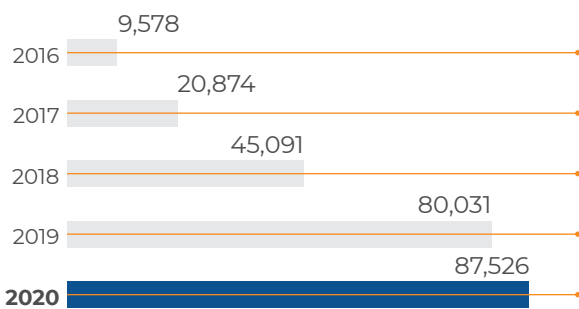
**1%**



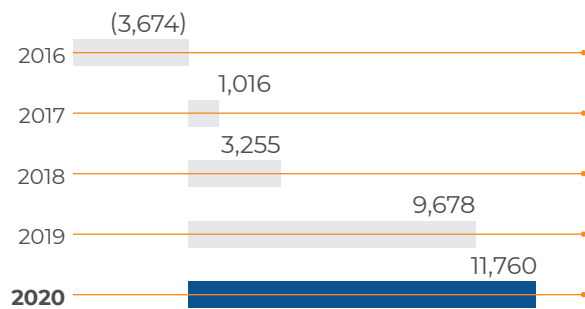
## Financial Highlights

## Five Years Financial Highlights

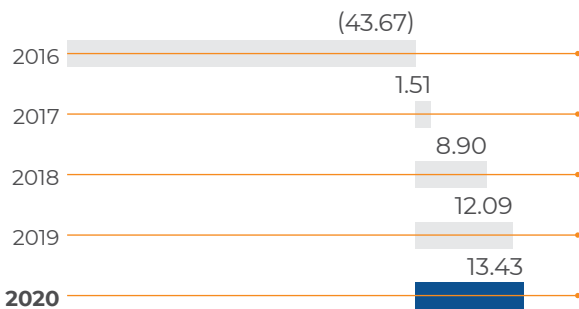
## REVENUE (RM'000)

RM**87,526**

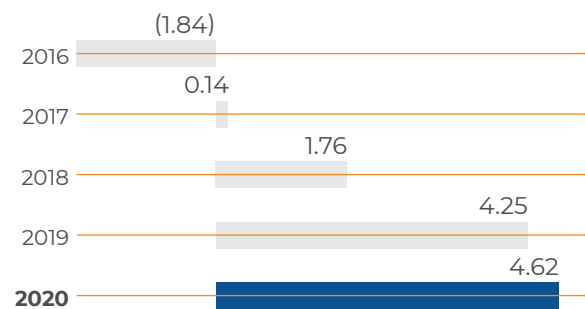
## PATAMI (RM'000)

RM**11,760**

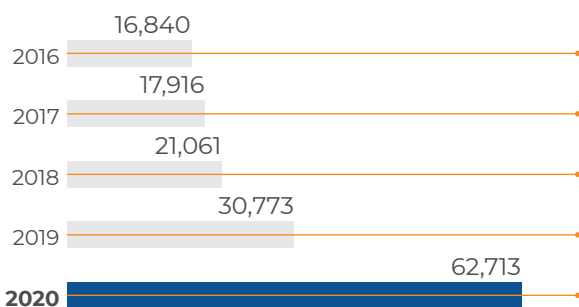
## PAT MARGIN (%)

**13.43%**

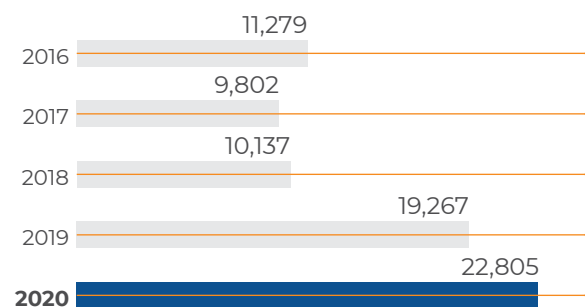
## EARNING PER SHARE (SEN)

**4.62**

## NET ASSET (RM'000)

RM**62,713**

## PROPERTY, PLANT AND EQUIPMENT (RM'000)

RM**22,805**

## Chairman's Statement

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Dear Shareholders,

**On behalf of the Board of Directors, we are pleased to present our inaugural Annual Report of Reservoir Link Energy Bhd (“RL” or the “Company”) and its subsidiary companies (the “RL Group” or “the Group”) for the financial year ended (“FYE”) 31 December 2020.**

**DATUK TAI HEE**  
Non Independent  
Non Executive Chairman





## Chairman's Statement



As we evaluate and gain momentum working together with our customers, we are also looking into new business opportunities, capitalising on our expertise to leverage on how we can help our communities and at the same time, explore new growth for the Group.

FYE2020 has been a momentous and challenging year for us.

Momentous as we were listed on the ACE market in July 2020 and also awarded new contracts during the same period.

Challenging as the COVID19 pandemic which started in December 2019 had spread in such an alarming speed to every part of the world where millions of lives were infected and delivered a global economic shock of enormous magnitude, leading to steep recessions in many countries and causing a collapse in global activities. This has jolted many companies and business including ours, upending

priorities and plans that had to be reshuffled as business leaders scrambled to navigate a rapidly changing environment.

### OUR PERFORMANCE

Despite the challenging operating environment especially in the oil and gas sector, our outlook remained positive overall due to the specialised well services work that we are focused on with our existing contracts secured.

Our core expertise lies in perforation services and well leak repair which contributed around RM60 million or 68% of our Group's revenue in the financial year ended FYE2020. Our well testing services contributed approximately RM6 million or 7% of FYE2020 Group's revenue. While our FYE2020 revenue came almost 69% of our FYE2020 Group's revenue was contributed from Malaysia, there are increasing potential demand for our services from international clients, Mauritania particularly.



Revenue from international

**31.1%**



Total product line and services under Management

**11** product line and services



Profit after tax margin

**13%**

## Chairman's Statement

The Board and management are proud of these results and we are committed to create and to enhance our value for our stakeholders maintaining financial and operational, including our commitment to build on that said strengths.

### OUTLOOK

The COVID19 pandemic continues to cause uncertainties to the global economic activities. As we progress on for the FYE2021 and as a consequence to the movement control restriction measures, the Group will continue to monitor the impact of the COVID19 pandemic and to undertake preventive and counter measures from time to time to face the challenges posed by this pandemic which may affect the progress of some of the contracts.

With the tough operating environment, the Group will continue to undertake and implement its business strategies cautiously to sustain its growth. The Group participates actively in tenders for O&G wells services called by the oil operators. Additionally, the Group is also constantly evaluating its operational efficiencies to optimise its cost while maintaining its service quality to its clients. The Group is mindful of the occupational risk posed by the pandemic; hence we undertake all the necessary steps and precautions to ensure the safety of each and everyone of our personnel.

Our team is committed to work diligently to deliver a satisfactory performance and positive returns for all our stakeholders.

### ACKNOWLEDGEMENT

I would like to extend my sincere appreciation to our stakeholders, including shareholders and partners, for their unwavering support over the past years and look towards the same for the coming years. Together, we shall overcome the current economic situation and challenges faced by the Group and look forward to greater collaboration in the future.

Last but not the least, I would also like to extend my heartfelt appreciation to my fellow members of the Board for their invaluable advice, guidance and support, and to the management team and employees, for their dedication, commitment and hard work towards the growth of the Group. I believe through dedication and synergy from everyone in the Group, we will be able to strive for greater achievements and accomplish with new milestones in the coming years.

Stay vigilant and stay safe,

**DATUK TAI HEE**  
Non Independent Non  
Executive Chairman





## Management Discussion and Analysis



The COVID19 outbreak was declared a pandemic by the World Health Organization (“WHO”) in March 2020. As the virus spread throughout the world, various measures to restrict the movement of people were implemented by governments to contain the virus. Such measures include closure of international borders and lockdowns of cities, states and in some cases even entire countries. **These movement restriction measures adversely impacted the world**

### **economy resulted in a sharp decline in global Gross Domestic Product (“GDP”).**

The Government of Malaysia also implemented various stages of Movement Control Order (“MCO”) since March 2020 to curb the spread of the COVID19. The restrictions on mobility weighed on economic activities resulting in the Malaysia’s economy contracted by 5.6% in 2020.

For 2021, the International Monetary Fund (“IMF”) projects the global economy to grow by 5.5%. Malaysia’s economy is also expected to recover in 2021 driven by recovery in global demand, turnaround in public and private sector expenditure amid

continued support from policy measures including PENJANA, KITA PRIHATIN, 2021 Budget and PERMAI. The rollout of the COVID19 vaccines from February 2021 onward is also expected to lift the economy sentiments.

### **Oil Prices**

Brent Crude oil prices were traded within a wide range during 2020. After averaging US\$64/b (per barrel) in January 2020, crude prices fell to an average of US\$ 23/b in April, the lowest monthly average price in real terms since February 1999. The low prices were the result of significant declines in oil consumption that caused a sharp rise in global oil inventories. Oil prices are expected to average US\$44 per barrel in 2021, an increase from

## Management Discussion and Analysis

an estimated US\$41 per barrel in 2020. Demand is expected to rise at a slower rate as tourism and travel continue to be held back by health concerns and the global economic activity is anticipated to return to pre-pandemic levels only in the year 2022. Supply restraint is expected to ease steadily. Energy prices overall, which also include natural gas and coal are expected to rebound sizably in 2021, following the large declines in 2020.

A resurgence of a second wave of the pandemic that results in more lockdowns and less consumption, and delays in vaccine development and distribution, could lead to lower energy prices than forecast<sup>1</sup>.

Although the crude oil price generally recovered towards the last quarter of 2020, the outlook of oil prices is still volatile amidst the rapid changes in the supply and demand of the market environment. As a consequence, oilfield operators globally continue to spend cautiously on new projects as well as optimizing their operating costs.

### BUSINESS OPERATIONS

Amid the COVID19, US trade war with China, depressed crude oil prices, and Malaysian economy, have caused the supply chain shifts and consequentially affects the Group's operations.

In Malaysia, the Government has implemented various stages of movement control order ("MCO") to contain the spread of the virus. Movement restriction measures such as mandatory quarantine and reduced capacity at work locations had adversely affected our operations. These measures resulted in delay and deferment to some of our works.

Our contract with Sarawak Shell Berhad for the provision of perforating, wash, and cement was also deferred to 2021.

Similarly in Mauritania, the Government of Mauritania closed its borders to travel in and out of the country effective from 17 March 2020 rendering crew change not possible to be carried out. Consequently, our client declared force majeure on our contract on 29 March 2020 followed by the suspension of the contract from 28 April 2020 until further notice. We had since re-mobilised our work crews to the country in December 2020 to continue with the works.

Despite the aforementioned events, we were able to achieve another strong financial performance with a revenue of RM87.5 million as well as record profit after tax and minority interest of RM11.8 million. Details of our financial performance are described in the financial performance review section in this Management Discussion and Analysis.

<sup>1</sup> World Bank, <https://www.worldbank.org/en/news/press-release/2020/10/22/impact-of-COVID19-on-commodity-markets-heaviest-on-energy-prices-lower-oil-demand-likely-to-persist-beyond-2021>.



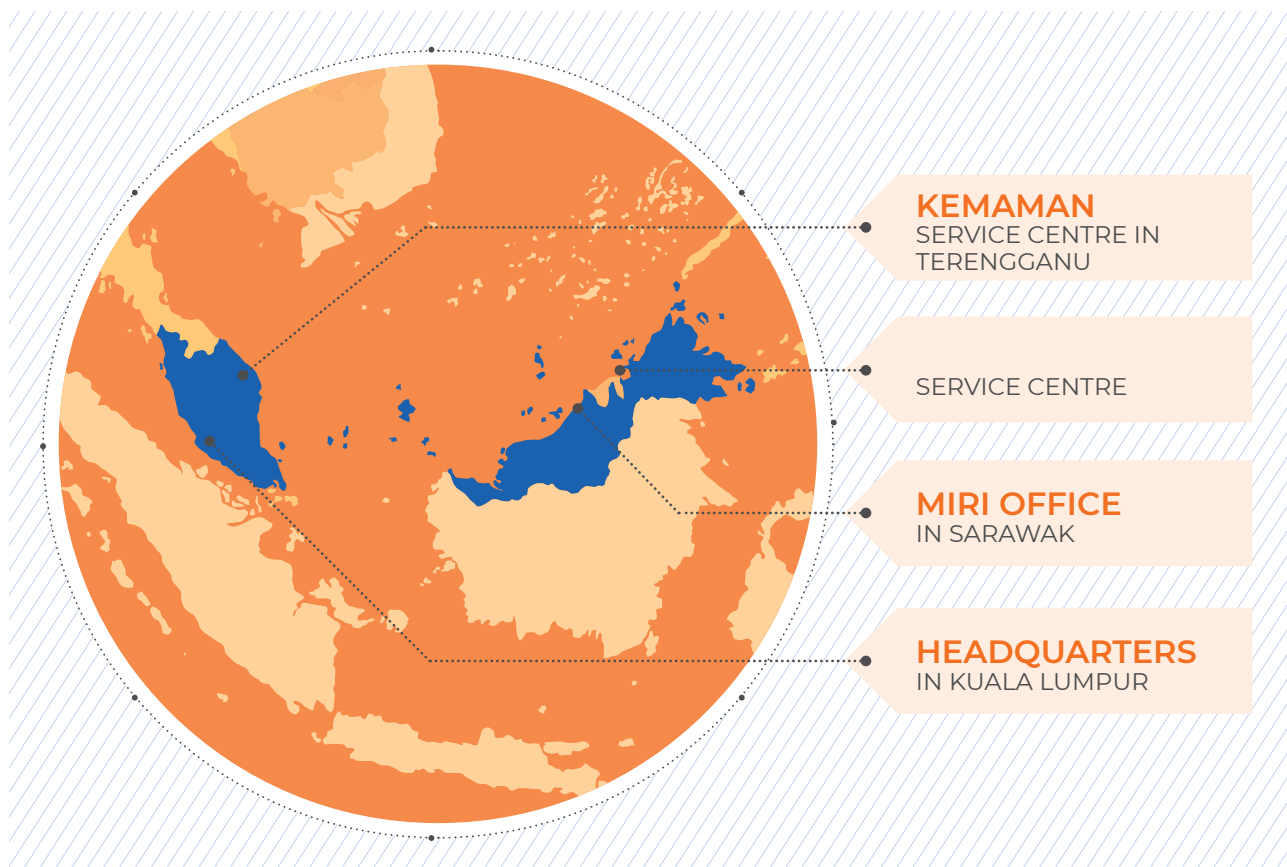


## Management Discussion and Analysis

### Our Operation

Our Group is principally involved in providing Oil & Gas well services, which include well perforation, leak repair, testing, wash and cement, wireline, and O&G production enhancement services.

To date, we have four (4) operational facilities in Kuala Lumpur as headquarters, Kemaman Service Centre in Terengganu, Miri Office in Sarawak, and Labuan Service Centre in Labuan.



### Objectives and Strategies

Our Group strives to be the preferred service provider in the oil & gas industry with a focus on Malaysia and equitable presence in the international arena. It is our objective to foster a mutually beneficial relationship with our stakeholders, at the same time, grow our business responsibly and in a sustainable manner.



## Mission

Our business was founded on principles of technological innovation, unparalleled customer service and providing high quality tools and services to enhance value and return for our customers.

Committed to a Strong Quality, Health, Safety & Environmental Program that protects our staff, assets, the environment and public from harm and damages. The commitment is extended to our customers and suppliers as guiding principles towards workers safety and our responsibilities to the industry.

## Management Discussion and Analysis

To achieve our objectives, we are guided by our principles and shared values:



### **I**NTegrity

Work Ethics,  
Professionalism,  
Governance, Honesty



### **L**EADERSHIP

Respect,  
Competency,  
Teamwork, Innovation



### **E**XCELLENCE

Quality, Performance,  
Delivery, Efficiency,  
Trustworthy



### **S**USTAINABILITY

Profitability,  
Growth, Environment,  
Resources

Our strategies focused on three main themes:

#### Expansion

- Expand our operation based on geographical and services offerings
- Diversify into new business opportunities and ventures

#### Innovation

- Enhance our technological capabilities
- Increase our skilled and experience people
- Develop new technologies and ideas

#### Collaboration

- Build strong partnerships with strategic partners
- Improve our business processes efficiency through sharing and connectivity with our suppliers

## FINANCIAL PERFORMANCE REVIEW

Overall, the revenue of the Group in FYE2020 was higher than FYE2019 despite the COVID19 pandemic and the Movement Control Order ("MCO") announced by the Government. The financial performance of the Group is as follows:

Financial Performance Review	FYE2020 (RM'000)	FYE2019 (RM'000)	Changes (%)
Revenue	87,526	80,031	9.4%
Gross Profit	27,013	20,675	30.7%
Profit Before Tax	16,424	11,283	45.6%
Profit After Tax and Non-Controlling Interest (PATAMI)	11,760	9,678	21.5%
Gross Profit Margin	31%	26%	-
Profit Before Tax Margin	19%	14%	-
PATAMI Margin	13%	12%	-

#### Note:

FYE2019 figures are extracted from Prospectus dated 25 June 2020

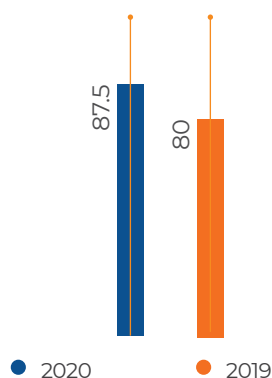
## Management Discussion and Analysis

## Revenue

The Group posted another a higher revenue of RM87.5 million in FYE2020, which represents an increase of 9.4% or RM7.5 million from FYE2019. Revenue from the well perforation services increased significantly by 52.9% or RM16.2 million from RM30.7 million to RM46.9 million, making it the biggest contributor to Group revenue for the first year, followed by wash and cement services at RM16.2 million.

Our largest market was Malaysia, representing almost 68.7% of our total revenue for FYE2020 and our second-largest market was Mauritania, representing 31.1%.

**REVENUE FOR FYE  
31 DECEMBER 2019- 2020**  
(RM' Million)

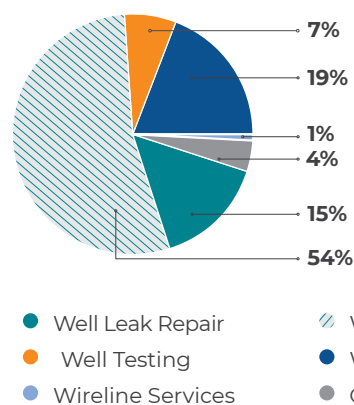


Our revenue segment by business activities is summarised in the table below.

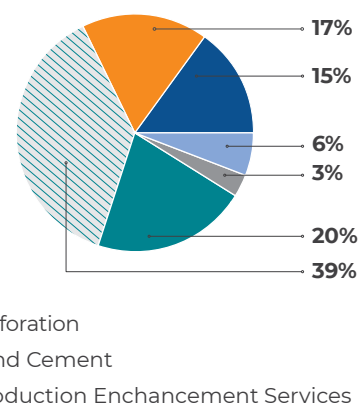
Financial Year Ended 31 December		
	FYE2020 (RM'000)	FYE2019 (RM'000)
<b>A. O&amp;G Well Services</b>		
Well Leak Repair	12,974	15,532
Well Perforation	46,945	30,693
Well Testing	6,286	13,794
Wash and Cement	16,198	12,262
Wireline Services	1,269	4,431
O&G Production Enhancement	3,490	2,411
<b>B. Other Services</b>		
	364	908
<b>TOTAL</b>	<b>87,526</b>	<b>80,031</b>

**Other Services** – other services were from manpower services and welding services with a combined revenue of RM0.4 million.

**REVENUE FOR FYE2020**



**REVENUE FOR FYE2019**

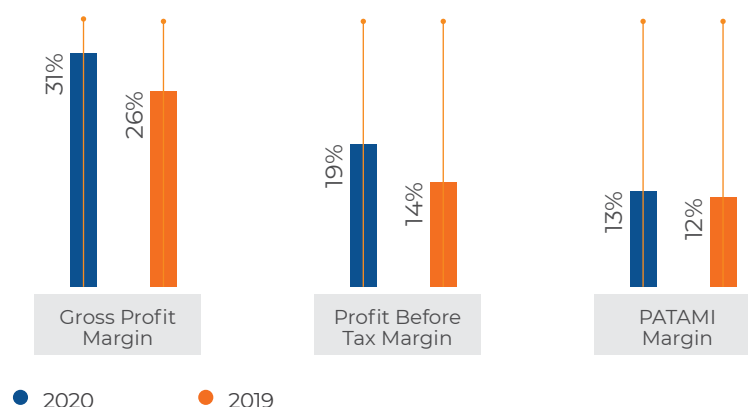


## Profit

Our gross profit (GP) in FYE2020 increased by RM6.3 million or 31% to RM27.0 million from RM20.7 million in FYE2019. Well perforation contributed 19.3 million or 71% of the GP in FYE2020. Additionally, our GP margin improved from 26% in FYE2019 to 31% in FYE2020.

Our profit before tax (PBT) and profit after tax and minority interest (PATAMI) for FYE2020

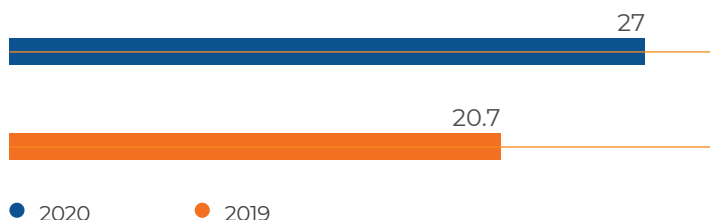
**PROFITABILITY MARGIN CHART**



## Management Discussion and Analysis

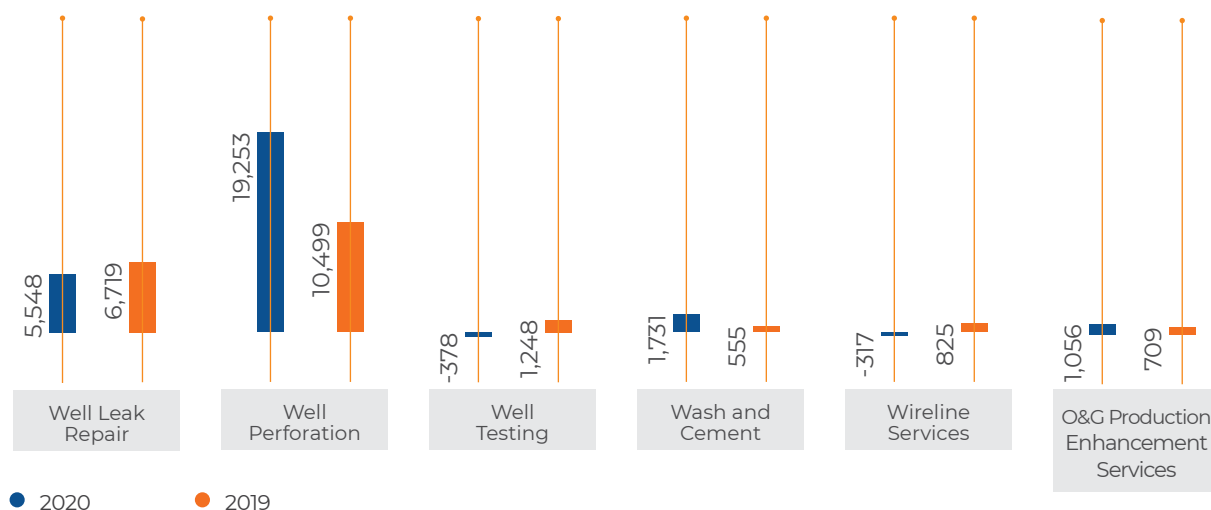
also rose in tandem with the improved performance in our revenue. Our PBT increased from RM11.3 million in FYE2019 to RM16.4 million in FYE2020 while the PATAMI rose to RM11.7 million from RM9.7 million in FYE2019 representing growth of 45.6% and 21.5% respectively.

### GROSS PROFIT FOR FYE 31 DECEMBER 2019 - 2020 (RM' Million)



Our gross profit by well services segment:

### O & G WELL SERVICES (RM' Million)



## Liquidity and Capital Resources

The Group's statement of financial position as at 31 December 2020, remains healthy with net cash of RM24 million after borrowings. The cash and cash equivalents were RM1.896 million and the short-term investment which can be easily converted to cash was RM27.244 million as at 31 December 2020.

### Reservoir Link's Key Financial Ratios

	Financial Year Ended 31 December	
	FYE2020	FYE2019
Average Trade Receivables Turnover Period	54 days	75 days
Average Trade Payables Turnover Period	33 days	54 days
Average Inventory Turnover Period for well Perforation Services and IOR Chemicals	151 days	143 days
Current Ratio	3.62 times	1.24 times
Gearing Ratio	0.12 times	0.37 times

## Management Discussion and Analysis

Our average turnover period for trade receivables for FYE2020 improved to 54 days from 75 days in FYE2019. Likewise, the average trade payables turnover period also reduced from 54 days in FYE2019 to 33 days in FYE2020.

The average inventory turnover period deteriorated slightly from 143 days in FYE2019 to 151 days in FYE2020 primarily as a result of the deferment of our perforating, wash, and cement contract in Mauritania. Additionally, there was also a delay in our perforating works in Malaysia due to the movement restrictions implemented by the authority to contain the spread of the COVID19 virus.

Our current ratio also improved from 1.24 times as at 31 December 2019 to 3.62 times as at 31 December 2020. This was attributed to a decrease in our current liabilities by RM24.99 million, or 63% whilst our current assets increased by only RM3.53 million or 7.2%.

### Utilisation of IPO Proceeds

Up until 31 December 2020, we had utilised RM13.6 million mainly for repayment of the facility term loan, listing expenses, purchase of lightweight well-testing equipment, and working capital purposes. The gross proceeds raised from the Public Issue of RM23.42 million and the status of the utilisation as at 31 December 2020 is appended in the table below:

No	Purpose	Proposed Utilisation	Actual Utilisation Up to 31 December 2020	Transfer	Balance Unutilised	Estimated Time Frame for Utilisation (from the date of Listing)
		(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
1	Repayment of bank borrowings	5,000	(5,000)	-	-	Within 6 months
2	Listing expenses	3,500	(3,205)	(295) <sup>(2)</sup>	-	Immediate
3	Capital expenditure	10,000	(1,402)	-	8,598	Within 24 months
4	Working capital	4,922	(4,032)	295 <sup>(2)</sup>	1,185	Within 12 months
		<b>23,422</b>	<b>(13,639)</b>	<b>-</b>	<b>9,783</b>	

#### Notes:

<sup>(1)</sup> The utilisation of proceeds as disclosed above should be read in conjunction with the prospectus dated 25 June 2020.

<sup>(2)</sup> The unutilised balance of RM295,000 allocated for listing-related expenses had been re-allocated to the working capital during the financial period as the actual listing-related expenses incurred are lower than the budgeted listing-related expenses.

### Dividend

On 23 November 2020, the Board of the Company declared an interim single-tier dividend of 0.75 sen per ordinary share amounting to RM2,137,500 in respect of the financial year ended 31 December 2020 which was paid on 23 December 2020.

Our Group presently does not have a fixed dividend policy. The Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits reported, excess of distributable reserves, and any funds not required to be retained for working capital of our business operation. Subject to the approval of shareholders in the Annual General Meeting, the Board may recommend quantum of final dividend payable to shareholders in its meeting.



## Management Discussion and Analysis

### RISK OVERVIEW

We recognise that risk management is important in governance of good practices. We identify our key risk areas and develop mitigation plans to address those key risk areas. The main key risks to our business are summarised below.

#### 1. Dependency on key customers

The Company is dependent on a key major customer, the PETRONAS Group. A loss of PETRONAS may have an adverse impact on our operating results as their contribution to our revenue are significant – almost 69% of our revenue for FYE2020. In addition, the Company faces competition from the industry players, both local and foreign, to secure well services contracts/orders from O&G operators. All Company's secured contracts with customers are either umbrella contracts or call-out contracts which do not assure future revenue as the contracts are not committed to guaranteeing any minimum quantity of works.

Recognising this fact, we develop a strong relationship with all customers in particular the PETRONAS Group which have been our customers for almost 7 years. We invested in our business processes ensuring that we provide the highest quality product and services to our customers. Our quality policy and certification provided confidence in our capability to serve our customers.

We also continue to engage with both local and global PSCs to identify any new potential

business opportunities and service requirements.

#### 2. Dependency on major suppliers

We are dependent on few major key suppliers for the supply of some of the products and services that we use in providing services to our customers. These products and services included the supply of sealant for use in well leak repair services, equipment leased for provision of well-testing equipment and specialised training for our employees to operate testing equipment, supply of explosive and hardware material for well perforation services.

We have contract agreements signed with these suppliers, there can be no assurance that these companies will continue to supply us with the products and services upon expiration of the agreements with us or extend or renew our agreements with them in the future. We continue engaging with our suppliers to ensure supply and services continuity and reviewing our supply chain to consider alternative options available to us.

#### 3. Licensing and regulatory requirements

Our key customer requires us to comply with the licensing requirements for the services that we provide. We are continuously being reviewed under the customer's terms and conditions, general guidelines and technical requirements which can change from time to time. We establish strong compliance function to review all the requirements and working with our Legal team to

ensure that we met with the stipulated requirements. In addition, regular and frequent engagements with the customers ensuring any changes are implemented accordingly.

We are also governed by strong regulatory requirement particularly in health, safety and environment ("HSE") aspects. HSE aspects are critical ensuring safe working environment to our staff, our suppliers and customers as well as any parties working in our area of operation. Strong safety culture is important to us and we invested in our people, tools and equipment and technology to manage HSE aspects. Further details are provided in our Sustainability Statement section on occupational safety and health.

In addition, we develop a strong quality culture ensuring that we meet and exceed our customers' expectation and to achieve our HSE objectives.

#### 4. Dependency on key personnel

The successful execution of our business strategies rely on the experience, knowledge, expertise and contribution from our executive directors who have been involved in the O&G industry for almost 30 years. The profiles of our executive directors are set out in pages 8 to 13 of this annual report.

We are dedicated to attracting talent and developing our employees by inculcating a lifelong learning mindset. Our employees are being upskilled and retrained to equip them with future-ready knowledge and skillsets. We

## Management Discussion and Analysis

are also investing in new technologies, partnering with our technology partners and suppliers to enable our employees to learn these new technologies and enhanced experience. To ensure continuity, we developed a tier organisation structure where the staff working under them can learn and develop, and in the future, can take over key executive directors' roles and responsibilities. This effort is part of our succession planning to safeguard the business continuity of the Group.

### 5. Fluctuation of foreign exchange, oil and gas prices

We are exposed to external market environment, namely the foreign currency, crude oil and gas prices. We bought our equipment mostly from global suppliers in United States Dollar (USD) and Great Britain Pound (GBP). We identified local distributors to all these equipment and expand to purchase in Ringgit Malaysia to reduce our exposure to FOREX volatility. As our customers are mostly based in Malaysia, our revenue is transacted in Ringgit Malaysia reducing our revenue exposure to FOREX risk.

Crude oil and gas prices impacting our business operation directly through our customers. The reduction in crude oil and gas prices could lead our customers reducing or even stop their activities, capital investments and/or operating expenditures, project modifications, delays and cancellations, and delays in payment of, or non-payment to amount owed to us. Such reduction, cancellation, and declining operation could reduce demand for the services provided by our Group and consequently, may have an adverse effect on our financial performance.

We are identifying potential business opportunities in line with our customers to mitigate this risk.

### RESPONSE TO COVID19

The World Health Organisation (WHO) had declared COVID19 as a pandemic on 11 March 2020.

Malaysia Government in response to the WHO announcement introduced several pre-emptive and control measures to control COVID19 infection through the implementation of the Mandatory

Control Order (MCO), Conditional MCO (CMCO), Recovery MCO (RMCO), Enhanced MCO (EMCO), and Targeted MCO (TMCO). These measure have been restricted the movement of people to reduce the spread of COVID19. Consequently, these restrictions had affected the Malaysia's economy, and the deteriorating global economy exacerbated additional uncertainties to the Group's business operation in the FYE2020.

The Group's O&G industry is classified as essential services and has been allowed to operate under a restricted working environment from the reduction in personnel working in our offices to implementing health and safety aspects to prevent the spread of COVID19 infection. These measures include installing temperature readings in all our offices, re-arranging our offices to ensure adequate physical distancing, and providing hand sanitisers and masks for our staff and visitors.

Other impacts of the COVID19 to our business include:

#### a. Contract and Work delay

Revenue and profit recognition for the on-going contract works were delayed. Multiple factors are responsible for the delay to revenue and profit recognition and is mainly due to the implementation of the MCO and RMCO. Various measures such as mandatory quarantine or isolation requirement and reduction in workforce capacity at work locations were carried out to contain the spread of the virus.

The Group's contract with Sarawak Shell Berhad ("SSB") for the provision of perforation, wash and cement is deferred to FYE2021. As such, the Group's

### QUALITY POLICY

- Deliver our services with excellent quality, on time and adhere to the following commitments:
- Satisfy customers' and stake holders' requirements and exceed their expectations.
- Consistently provides high products & services for the oil & gas industry that meet and exceed customer and regulatory requirements.
- Top management take lead for effectiveness continual improvement on Quality Management System.
- Build a group of dedicated and competent employees.

## Management Discussion and Analysis

performance for FYE2020 was affected by this deferment. However, the impact has been mitigated by SSB agreeing to pay the Group for the perforating guns amounting to RM8.0 million.

### b. Work Suspension

the Government of Mauritania closed its borders effective 17 March 2020. PC Mauritania 1 Pty Ltd (PCMPL) served the Group with force majeure declaration on 29 March 2020 and subsequent notice to suspend the contract to provide well perforate, wash and cement services to them effective 28 April 2020 until further notice. Although the expiry of the contract in October 2020 had adversely affected our business activities and financial performance in Mauritania in FYE2020, nonetheless we were able to recognise the deferred income accrued from the contract in Quarter 4 of FYE2020. Additionally, PCMPL has awarded a new contract, to us with an estimated value of USD11.5 million, on 28 November 2020, to continue with the remaining work which is expected to be completed in nine (9) months. Barring any unforeseen circumstances, we will be able to realise the revenue and profit thereof in FYE2021.

## GROUP BUSINESS OPERATIONS REVIEW

### Innovation

The Group is relentless in developing its capabilities. Working together with our supplier, we intend to enhance our operation through the acquisition of new well testing equipment to enable our people



to learn new technology and equipment.

We advocate strong quality culture. Throughout the years, we regularly met our quality objectives, demonstrated through the achievement of awards and certification. We achieved our ISO/TS 29001:2010 on the provision of O&G Well Intervention Equipment and Service Provider from DNV-GL in 2013 and has maintained the certification ever since.

We are also awarded with ISO9001:2015 on the same provision of O&G Well

Intervention Equipment and Service Provider from DNV-GL in the same year, 2013.

### Collaboration

We plan to work together with our technical partners to develop new technologies and increase the skills of our people. We plan to improve our business processes through the acquisition of new technologies and linking with our strategic partners – both our customers and suppliers to apply new innovative solutions relevant to O&G industry.



## Management Discussion and Analysis



We cultivate a working environment that encourages our employee to adopt our core values in every aspect of our working culture, tapping into their capabilities and providing opportunities for the career progression.

### FUTURE OUTLOOK

International Monetary Fund (IMF) stated in its January 2021 World Economic Outlook (WEO) that multiple vaccine approvals in December have raised hopes of an eventual end to the COVID19 pandemic. Despite the high and rising human toll of the pandemic, economic activity appears to be adapting to subdued contact-intensive activity over time.

However, surging infections in late 2020 (including from new variants of the virus), renewed lockdowns, logistical problems with vaccine distribution, and uncertainty about vaccination take-up are important counterpoints to the favourable news. Much remains to be done on the health and economic policy fronts to limit persistent damage from the severe contraction of 2020 and ensure a sustained recovery. There is also the question as to how the restriction measures will be needed to curb the virus transmission affect activity in the near term before vaccines begin delivering effective society-wide protection. Infections and restrictions will soften momentum in early 2021.

The softening in early 2021 is expected to give way to rising momentum in the second quarter based on the assumptions that vaccines and therapies become more readily available in advanced economies and some merging market economies in summer 2021 and

across most countries by the second half of 2022 thus allowing contact-intensive activity to strengthen. With growing vaccine availability, improved therapies, testing, and tracing, local transmission of the virus is expected to be brought to low levels everywhere by the end of 2022. The sizable fiscal support announced for 2021 in some countries, including most recently in the United States and Japan, together with the unlocking of Next Generation EU funds, will help lift economic activity among advanced economies with favourable spillovers to trading partners. Amid exceptional uncertainty, the global economy is projected to grow 5.5 percent in 2021 and 4.2 percent in 2022. The 2021 forecast is revised up 0.3 percentage point relative to the previous forecast, reflecting expectations of a vaccine-powered strengthening of activity later in the year and additional policy support in a few large economies. Reflecting the projected global recovery, oil prices are expected to rise in 2021 just over 20 percent from the low base for 2020 but will remain well below their average for 2019.

In Malaysia, various stages of movement restriction are reimposed by the authorities throughout the country to contain the resurgence and rising number of COVID19 cases. This may curtail the anticipated economic growth. In Europe, major economies from Germany, France, UK, Italy to Spain, re-introduced lockdowns and curfews to curb the spread of the COVID19 virus. Consequent to the movement restriction measures, there may be a further delay in some of the works in Malaysia and Mauritania. The Group is mindful of the health risk posed by the pandemic, hence, employees in

### Human Capital

The Group's business growth in a robust work culture that is being driven by our effort on the human capital development. Our initiatives on human development encompass the championing of diversity at the workplace, upskilling of competencies through various development programmes and trainings to enhance employee skills towards managing an efficient and sustainable talent pool.

## Management Discussion and Analysis



the CMCO areas are encouraged to work from home to minimize their exposure to the COVID19 virus to safeguard their safety.

The Group will continue to focus on its core business in serving O&G industry with specialised well services, to undertake and implement its business strategies cautiously to sustain its growth. The Group participates actively in tenders for oil and gas wells services called by the oil operators. Additionally, the Group is constantly evaluating its operational efficiencies to optimize its cost while maintaining its service quality to its clients.

Barring any unforeseen circumstances, the Group strives to achieve better performance and sustainable business growth in the coming years.

### Appreciation

FYE2020 witnessed the successful listing of RL on the ACE Market of Bursa Securities. Amidst the challenges posed by the COVID19, RL was also able to close FYE2020 with another year of remarkable performance with revenue and profits all at historical high. The Board and the Management would like to take this opportunity to express their gratitude to all RL employees for their collective hard work, commitment every step of the way to achieve these milestones.

As we enter FYE2021, we will face more challenges which we believe we can overcome together as a team. We will also make the most of opportunities that come before us as we work towards achieving greater success in the coming years.





# Sustainability Statement

This sustainability statement was prepared in accordance with Sustainability Reporting Guide ("SRG"), 2nd Edition issued by Bursa Malaysia Berhad as well as the Global Reporting Initiative ("GRI") Guidelines 4.0. Unless otherwise stated, this Sustainability Statement covers our sustainability performance of the operations of Reservoir Link Energy Bhd ("Reservoir Link" or "the Company") and its subsidiaries ("the Group", "we" or "our") in the financial year ended ("FYE") 31 December 2020.

## Reporting Scope and Coverage

Included within the scope of this report, are facilities and assets operated by Reservoir Link and its subsidiaries as well as the operating facilities at Headquarter Kuala Lumpur, Miri Office, Kemaman base, and Labuan base during the period from 1 January 2020 to 31 December 2020 ("FYE2020"). The information disclosed in this statement covers the following holding company and subsidiaries, all located in Malaysia;

- Reservoir Link Energy Bhd
- Reservoir Link Sdn Bhd
- Reservoir Link Solutions Sdn Bhd
- Amsito Oilwell Services (Malaysia) Sdn Bhd

## Sustainability Governance Structure

The BOD actively engaged and met to discuss a wide range of sustainability related topics and assessed sustainability matters. The Board also reviewed and monitored major sustainability issues of public concerns that may affect the Group.

Our SM sets the sustainability strategies and action plans and presented to the Board for approval. For the FYE2020, topics related to sustainability were included as one of the agenda items, discussed and approved by the Board.

Meanwhile, the OM executes and implement the strategies on the day-to-day basis and reports their operational activities through several means such as monthly reports, project status reports, safety and health reports and others.



### BOARD OF DIRECTORS ("BOD")



### SENIOR MANAGEMENT ("SM")



### OPERATIONAL MANAGEMENT ("OM")

## Sustainability Principles

Our principles of sustainability are made up within three pillars: economic, environmental and social.



### ECONOMIC

**DEFINITION** - Impacts on the economic conditions of stakeholders and on economic systems at local, national, and global levels.

- Resources Management
- Capital Improvement
- New Market Development
- Corporate Governance



### ENVIRONMENT

**DEFINITION** - Impact on living and non-living natural systems, including land, air, water and ecosystems.

- Health, Safety & Environment
- Recycle and New Energy
- Waste Management
- Operational Efficiency



### SOCIAL

**DEFINITION** - Impacts an organisation has on the social systems within which it operates.

- Training & Competency
- Social Responsibility
- Code of Business Conduct
- Human Right & Equality

## Sustainability Statement

### Stakeholder Engagement

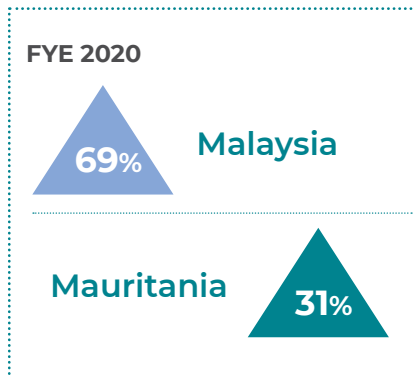
As a market leader in the well services segment of Oil & Gas industry, Reservoir Link is setting off on a journey to elevate our efforts in transparency, sustainability and the way we engage with our stakeholders. We are committed in providing regular updates on the progress of the respective areas with various stakeholders to enable them comprehend our business operation and seek their feedbacks and input on several matters relevant to them.

The table below describes in detailed on our stakeholders, relevant focused areas, our engagement approach, and frequency of engagement with the stakeholders.

Stakeholders	Area of Focus	Engagement approach	Frequency
<b>Shareholders/ Investors/ Bankers</b>	Business direction of the Group Key corporate developments Banking facilities	<ul style="list-style-type: none"> <li>Corporate announcements and media release on Bursa Securities, corporate website and mass media</li> <li>Annual General Meeting</li> <li>Quarterly and annual statements</li> <li>Annual review</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>Annually</li> <li>Quarterly/ annually</li> <li>Annually</li> </ul>
<b>Customers</b>	Service Quality Management Performance Customer satisfaction	<ul style="list-style-type: none"> <li>Direct engagement with customer</li> <li>Performance review and assessment</li> <li>Customer Evaluation Score / rating by customer</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>Monthly/ quarterly</li> <li>Annually</li> </ul>
<b>Suppliers, Subcontractors and Vendors</b>	Business direction Procurement	<ul style="list-style-type: none"> <li>Rental of equipment</li> <li>Capital expenditure</li> <li>Tenders / bids</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> </ul>
<b>Government regulators/ authorities</b>	Compliance to laws and regulations	<ul style="list-style-type: none"> <li>Meeting, participation in exhibitions, seminars, forum, technical workshop, site visits, case studies and sports activities</li> <li>Tenders / bids</li> <li>Annual review</li> </ul>	<ul style="list-style-type: none"> <li>As and when required</li> <li>On-going</li> <li>Annually</li> </ul>
<b>Employees</b>	Human capital development Safety and Health Governance Corporate developments	<ul style="list-style-type: none"> <li>Regular communications via email and social networking app i.e. WhatsApp Group chat</li> <li>Periodic management committee/ departmental meetings (top-down communication)</li> <li>Internal memo / notice</li> <li>Training and development</li> <li>Social and sport activities</li> <li>Voluntary participation in Corporate Social Responsibility ("CSR") programmes</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>Monthly</li> <li>As and when required</li> <li>On-going</li> <li>As and when required</li> </ul>
<b>Local communities</b>	Education and social assistance	<ul style="list-style-type: none"> <li>Engagement during dinner occasions, festive celebration and sports activities</li> <li>CSR activities</li> </ul>	<ul style="list-style-type: none"> <li>As and when required</li> <li>On-going</li> </ul>

## Sustainability Statement

## Summary of Overall Achievement



## A. ECONOMIC

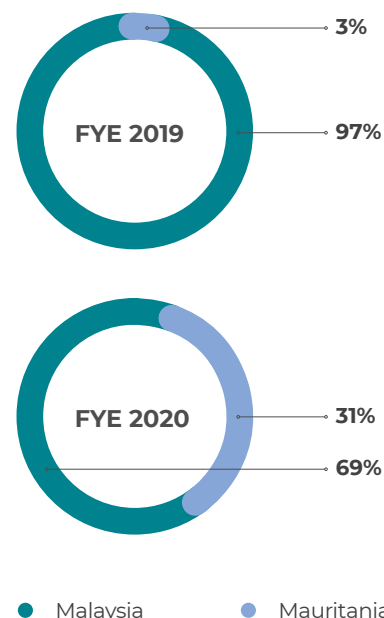
We are the provider of well services for oil & gas operators that supports upstream segments of the industry, operating in Malaysia and Mauritania with about 121 employees in year 2020.

Our business model emphasises on creating value for our shareholders through a close and strong presence along with the whole value chain. As an oil and gas company, contributes, directly and indirectly, to achieve the goals of GRI Standards, supporting the principles of economic, environmental and social sustainability.

## Resources Management

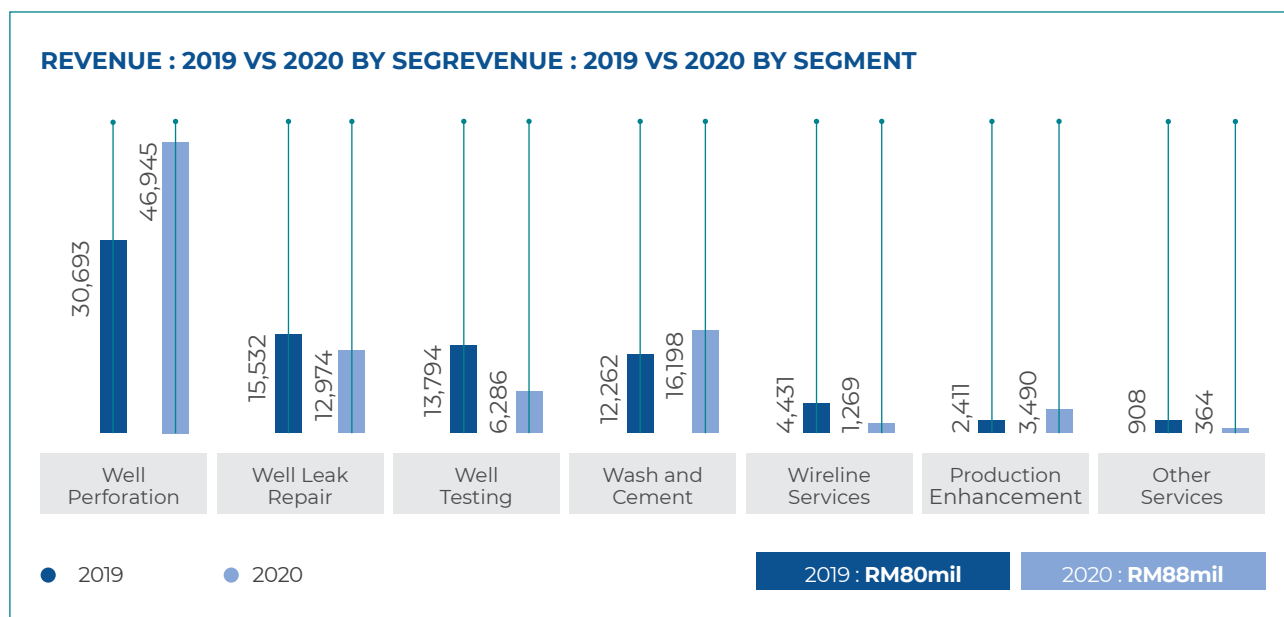
We are recognised in prioritising sustainability is the key to shape the future of the Group in oil and gas industry. Although we were faced with challenges in the oil and gas exploration industry and expect future exploration sustainability challenges, we viewed these as opportunities to better our operational functional capabilities. This doctrine allows us to penetrate into a wider market for well services, both locally and globally.

In Malaysia and Mauritania, we have extended our services for all of the upstream oil & gas industry segments, namely exploration, appraisal, development and production segments. In FYE2020, Malaysia contributed approximately 69% while Mauritania contributed 31% of the revenue.



In FYE2020, the existing secured call out contracts include well leak repair, perforation, testing, wash and cement, wireline services, production enhancement well services.

## Sustainability Statement



For details and analysis of our financial results, please refer to Management Discussion & Analysis in pages 26 to 29 of this Annual Report.

### Capital Improvement

Agile innovation and sustainability are complementary concepts. We continue to be innovative in order to foster business sustainability, improve our performance and create a breeding ground for opportunities. For that reason, Reservoir Link allocates part of its revenue to support institutions focused on research and development of innovation projects related to oil and gas. Several new initiatives were explored for improvement in productivity by leveraging on data analytic as well as research and development in new product line specifically in specialty chemical and production enhancement.

On 26 October 2020, a Memorandum of Understanding (MoU) was entered between University Technology of Malaysia (UTM) and Reservoir Link Solutions Sdn Bhd (RLSSB) to jointly carry out research and development

activities in development of specialty chemicals for flow assurance and well integrity. This strategic collaboration enhances the productivity of oil well, improve the throughput of follow conduits (i.e. pipelines, flowlines, tubing), as well as provides useful input for UTM in improving its curriculum that corresponds to the current needs of the industry.

Our initial plan to shift to a new laboratory in University of Malaya (UM) in FYE2019 had been delayed to the first quarter of FYE2021, due to the COVID19 pandemic. With the comprehensive laboratory facilities and equipment of UM, RLSSB will be able to perform the diagnosis on production enhancement chemical solutions in a more efficient manner in terms of equipment reliability, and optimizing manpower productivity due to reduction of travelling times. This move also improves the engagement with client by RLSSB as the location of the laboratory is easily accessible by client.

Another giant step to strengthen our market position, was the acquisition of one (1) set of well

testing equipment amounting to approximately RM 17.26 million. In FYE2020, we placed an order amounting to approximately 35% (RM 6 million) of the total cost of the well testing equipment. We expect the testing equipment to be fully functioning and commissioned by the 3<sup>rd</sup> quarter of FYE2021. By owning the well testing equipment, it will develop our business capabilities to better serve our customers instead of relying on our third party suppliers in supplying the well testing equipment, hence ensuring timely execution of services to our client.

### New Market Development

We realize that in order to be competitive, we have to evolve our upstream capabilities beyond perforation solutions thus challenging ourselves to explore new things in the future. This principle has led us to actively participate in tender exercises, to reach out in new markets and industries i.e. renewable energy whether in terms of solar panel, hydro, biogas, biomass and geothermal to ensure sustainability of the business



## Sustainability Statement

besides supporting Malaysia's commitment towards renewable energy (i.e. increase of 20% renewable energy output) in its generation mix by year 2025).

Further details of prospect and market outlook refer to Management's Discussion and Analysis section on pages 33 to 34 of the Annual Report.

## Corporate Governance

 ● Health, Safety and Environment	 ● Fair and Courteous Behaviour
 ● Use of Resources and Asset Protection	 ● Data Integrity and Records
 ● Confidential information	 ● Conflict of Interest
 ● Bribes and Corruption	 ● Gifts
 ● Entertainment	 ● Donations and Sponsorships
 ● Political Contribution	 ● Money Laundering and Anti-Terrorism
 ● Anti-Competition	 ● Law Compliance
 ● Sexual Harassment	 ● Insider Trading
 ● Public Disclosure	 ● Equal Opportunity
 ● Human Rights	

Reservoir Link is committed in doing the right thing, ethically, and in a trustworthy manner, upholding our regulatory obligations as an essential part of the business on which the society is built. Our culture has set standards for determining the difference between good or bad, right or wrong, fair or unfair in this business world. The rules and guidelines to supplement legislation governing how the Group intends to act as a trusted business partner were established, which includes:

- Anti-Bribery Management System
- Code of Business Conduct
- Employees' Handbook
- Risk Management Policy
- Term of Reference for Board Charter, Audit Committee, Risk Management Committee and Remuneration and Nomination Committee
- Health, safety, environment and security policy

**Code of Business Conduct**

We have established this Code of Business Conduct ("COBC") which applies to all directors and employees of the Group to promote a safe work environment, good business conduct and maintain a healthy corporate culture that engenders integrity, transparency and fairness.

**Anti-Bribery Management System**

We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. Pursuant to the section 17A under the Malaysian Anti-Corruption Commission ("MACC") Amendments Act

## Sustainability Statement

2018, an external consultant was engaged to assist in establishing its framework, principles and the expected standard of behaviours from our employees and external parties. Such structure certainly embeds a strong anti-bribery and anti-corruption culture across the group-wide. The Group's Anti-Bribery and Corruption Policy under the *Anti-Bribery Management System* was adopted on 19 May 2020 and is available on our corporate website at [www.reservoirlink.com](http://www.reservoirlink.com).

### Whistleblowing Policy

Our established Whistleblowing policy provides an avenue for all employees of the Group and business associates to report any genuine concerns or malpractices through the Company's provided channels as stipulated in the Whistleblowing Policy.

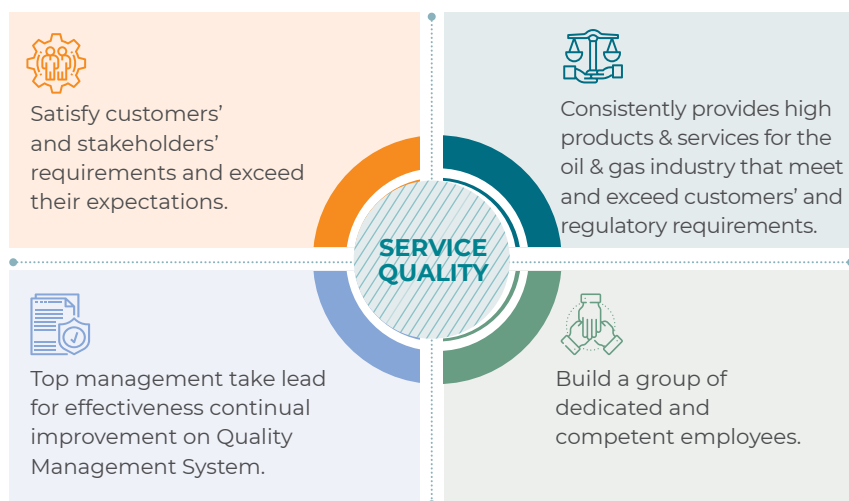
During the year, there were no instances or complaints that were reported (FYE2020: Nil) on any suspected corrupt or unethical behaviour. A more detailed explanation on our whistle-blowing policy is provided in page 62 of our Corporate Governance Overview Statement.

This Whistle Blowing Policy is available on our corporate website [www.reservoirlink.com](http://www.reservoirlink.com).

### Product and Service Quality

Meeting our customers' expectation is our main focus to ensure sustainability of our business while providing growth opportunities. We are steadfast in delivering our well intervention and well services that satisfy our customers' business needs, comply with their quality standards and all regulatory requirements.

The adoption of Reservoir Link's Quality Policy on 2 January 2019 encompasses the delivering of our services with excellent quality, on time and adhere to the following commitments:



Our systems and processes adopted in the provision of oil & gas well services operations are certified with International Organisation for Standardisation ("ISO") 9001:2015 and ISO/Technical Specification ("TS") 29001:2010, which standard includes all the ISO 9000 requirements and

additional requirements for the petroleum, petrochemical and natural gas industries. The ISO 9001:2015, provides an excellent risk-based management system framework which the oil and gas sector employs as a key enabling strategy for meeting the competitive challenges in a manner that realises opportunities and manages associated risks.

Complementing ISO 9001:2015 is the ISO/TS 29001:2010, a quality management system that provides requirements for the design, development, production, installation and service of products for the petroleum, petrochemical, and natural gas industries. This standard is designed to ensure that we meet all requirements of customers and stakeholders.

Our employees maintain and adhere to our quality and safety standards at worksite at all time by adopting the following approaches:

- Procedures, drawings, contingency plans, responsibility trees for all projects, are prepared in accordance with ISO/TS 29001:2010 standards.
- Instituted workplace safety procedures covering worksite procedures, handling explosives, machinery and equipment operations and workers' safety practices.
- Deployed valid offshore safety passport issued by Petronas. The offshore safety passport is a mandatory document for all Petronas employees and contractor to testify that they have undergone the mandatory basic offshore safety & emergency training and the mandatory offshore medical requirements. A total of 57 employees held valid offshore

## Sustainability Statement

safety passport issued.

- Employee are required to wear appropriate personal protective equipment while performing their tasks.

## B. ENVIRONMENT

We recognise a shared responsibility to protect our planet. Although our facilities and operations have a small ecological footprint, we actively take steps to reduce the environmental impact of our business through preservation, conservation, and waste reduction practices.

### Digital and Technology Thread

We have invested in future technology expected to improve our operational efficiencies and its sustainability by directly addressing the key needs of our customers in speed and innovation. Since year 2016, we implemented an in-house built system, LinX System, which allowed our employees to submit their leave, claims and travel application for approval. With this system, it reduces the paper consumption of Reservoir Link, conserves the environment as well as reduces the processing timing of the administrative documents.

In January 2020, we started to implement the SAP system, an integrated system that links the Procurement Department, Finance Department and Operation Department (i.e. stock and inventory management). In October 2020, we further enhanced the purchasing function by automating the purchase order module approval process that reduces the processing timing.

One of the ways Reservoir Link reduces its ecological footprint was through the installation of the sharepoint document link within

our internal corporate website through Microsoft Office 365 window. The Microsoft Office 365 features enable us to collaborate and communicate securely and efficiently across our offices and customers while ensuring carbon efficient.

### Cybersecurity

Reservoir Link's data and information at the operational and site offices, are protected with reliable, robust and up to date security system. We continue to enhance our systems by investing on firewall installation, anti-virus licenses and network penetration testing exercises for our existing IT infrastructure. In FYE2020, the senior management has approved our ICT Management System procedures, which rolled out in January 2021 to ensure effectiveness, consistency and efficiency in providing ICT support to the Group and instil good practices in preventing cyber-attacks.

### Waste Management

In FYE2020, there was minimal scheduled waste generated (0.07 metric tonnes) for SW306 – oil waste and SW429 – Sealmaker. The SW306 scheduled waste was generated from the maintenance and service activities for the slickline equipment, while the SW429 scheduled waste was due to expired sealant product.

Schedule Waste Management Procedure was established to ensure the scheduled waste is handled, stored, labelled and disposed in accordance with the legal requirements of the Environmental Quality (Schedule Wastes) Regulations 2005. The disposal of the scheduled waste was handled by the approved schedule waste disposal vendor i.e. Kualiti Alam Sdn Bhd.

## Compliance with law & regulation

Our Group's business operations are subject to the following key governing laws and regulations:

- Environmental Quality Act 1974;
- Explosive Act 1923;
- Explosive Rules 1923;
- Occupational Safety and Health Act 1994;
- Petroleum Development Act 1974; and
- Petroleum Regulation 1974.

In FYE2020, our Group has complied with all regulatory and environmental requirements which may materially affect our Group's operations and/or utilisations of assets. Specifically, in relation to the core services offered by the Group, where involvement of explosive materials for perforation services. Strict regulations and compliance are required for the import, handling, storing and usage of the explosive material. In the event of any non-compliance, the Group may face the termination of the license for explosion, hence, we may lose the contract with our client. Details of the practices for managing the explosive material are discussed in Occupational Safety and Health section. There are no environmental proceedings or investigations to which we are or might become a party to.

## C. SOCIAL

Reservoir Link's employees are our most valuable asset and we continuously explore for ways to improve our approach to attract and retain talents, nurturing their career development, and protecting their wellbeing at the workplace, which are important for us in securing our economic sustainability.

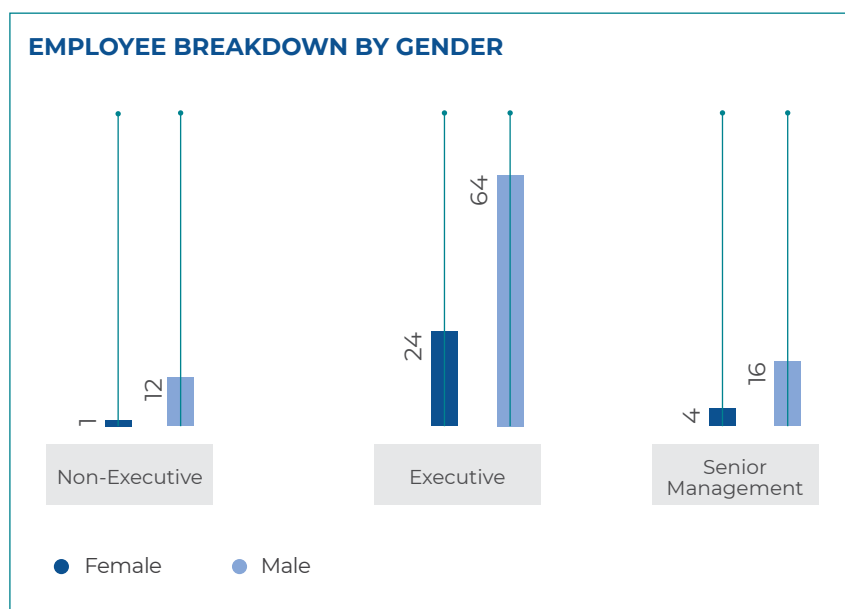
## Sustainability Statement

### Human Right & Equality

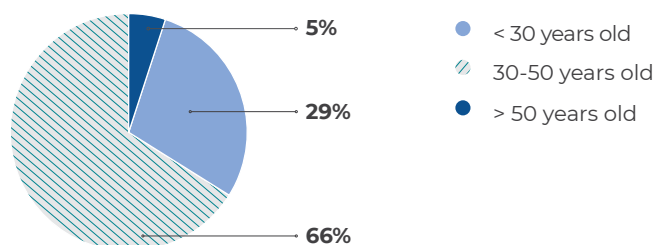
We have a diverse workforce on board, forming the valuable human capital that drives our business operations. We are dedicated in instilling a positive working environment and embrace diversity amongst our employees and committed in cultivating a culture of mutual respect where all employees feel comfortable at work.

We believe open communication (i.e. email, survey / feedback form, meeting and discussion session) with our employees would create synergy in Reservoir Link moving towards the sustainable business as well as create innovation on operational and process improvements.

### Gender Diversity



### Employee Breakdown by Age



Female constituted a relatively small portion of employees i.e. less than a quarter (24%) of the total employees in the Group. In FYE2020, Reservoir Link recorded a total workforce of 121, with the gender profile constituting of 76% men and 24% women. Although we made concerted efforts to

boost women's presence in the Group, the gender diversity remains a challenge to us due to minimal participation of women in oil & gas industry. We do not discriminate between gender and hire candidates who are capable and best fitted for the job.

### Age Diversity

We have a diversified employee age profile with majority 66% employees categorised between 30 – 50 years old; while 29% of employees are below 30 years old; and remaining 5% of employee aged above 50 years old. This employee profile by age indicates that Reservoir Link employees both experienced staff and the younger generation to provide them with a platform to start and grow their career with our Group.

In FYE2020, the employee turnover rate was recorded at 6% (7 resigned employees), mainly from voluntary resignation such as career enhancement and pursuing other job opportunities.





## Sustainability Statement

### Internship

We offer internship programmes that provide a great learning opportunity and platform for the younger workforce to build up their work experience. In FYE2020, the Group employed 4 interns and one of them even decided to continue with Reservoir Link after completion of his education. The interns were assigned to Operation and ICT Department, working hand in hand with our employees.

### Employees' Compensation Benefits & Welfare

In Reservoir Link, the remuneration packages offered are designed to attract and retain the needs of diverse talent, which includes:



#### LEAVES

- Annual leave
- Sick and hospitalisation leave
- Compassionate leave
- Marriage leave
- Maternity leave
- Paternity leave
- Examination leave



#### HEALTH & INSURANCE COVERAGE

- Group Health & Outpatient Plan
- Dental treatment
- Personal Accident Insurance
- Hospitalization and Surgical Insurance



#### BENEFITS

- Medical Benefits
- Maternity Subsidy
- Vehicle Benefit
- Club Membership Benefit
- Professional Membership
- Transfer/Relocation Benefits
- Mobile Phone allowance
- Daily Work site allowance

### Occupational Safety and Health

At Reservoir Link, we prioritise the health and safety of our employees both on and off the job, in key location such as Headquarter Kuala Lumpur, Miri Office, Kemaman base, and Labuan base. We continue to evaluate the safety risks, as we operate in the oil & gas industry, we

are committed to maintain high worksite safety standards. The Health, Safety and Environment ("HSE") management system has been established with the objective as follows:

- Protect and strive for improvement of the health, safety, and security.
- Minimize impact on the environment.

- Recognize and provide best practices.
- Set HSE performance through effective HSE management System.

We also developed supplementary policies with aims to address health and safety within our daily operations.



#### Drug & Alcohol Policy



#### Smoking Policy



#### Stop Work Policy



#### Harassment in workplace

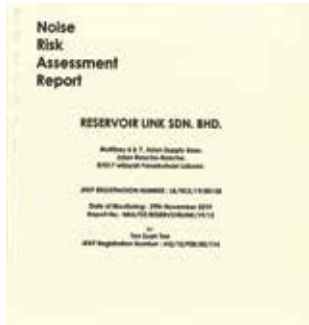
A Health, Safety and Environment ("HSE") Committee was established to provide effective and sound HSE management system at the workplace. The HSE committee that was revised on 24 August 2020, comprises of a Chairman, Vice Chairman, Secretary, employer representatives and employee representatives. Only one (1) HSE Committee meeting was conducted for year 2020 due to pandemic COVID19.

Nonetheless, we have three (3) quality and HSE personnel to oversee and ensure strict compliance by our employees personnel with prevailing health, safety and environment regulations, client's safety requirements (i.e. HSE policy,

## Sustainability Statement

management, procedures, implementation, performance monitoring and etc.), Occupational Health and Safety Management System standard ISO 45001:2018 as well as COVID19 Standard Operating guidelines issued by local authorities stationed at our sites in Headquarter Kuala Lumpur, Miri office, Kemaman base and Labuan base.

The HSE programme conducted to ensure strict compliance of existing regulations and procedures during the reporting year 2020 include:



**Noise Risk Assessment and Chemical Risk Assessment for base operation**



**Safe Handling of hazardous chemical training**



**Random Drug & Alcohol Test (UDAT) for offshore personnel**



**In-house training (risk identification, PPE & scheduled waste awareness training)**



**Continue to take a prevention action for COVID19**



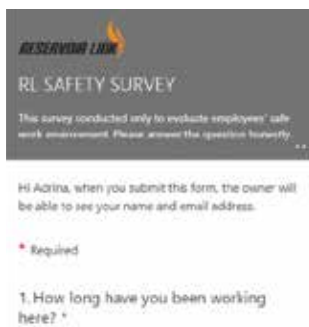
**Monthly Hazard Hunt**



**Management visit at base**



**Sharing on Safety and Health tips**



**Health and Safety Survey**



**Health Corner Program (monitor blood pressure, BMI, and glucose level)**



**Monthly sport welfare**



**Monthly HSE Incentive**

## Sustainability Statement

We also pay particular attention to the safe storage, transportation, handling and use of explosive materials, including the shaped charges, detonating cords, detonators, and other explosives that used to carry out well perforations. The safety measures adopt for explosive materials include:



**Competent person to handle detonating cords, detonators and other explosives**



**Designated certified explosive bunker to store explosive materials at Kemaman and Labuan. Supervision and security handled by an experienced and reputable suppliers (i.e. Asian Supply Base Sdn Bhd)**



**26 perforating services experts are trained and completed relevant training to carry out well perforations**



**Portable explosive magazines in used for transporting of explosive materials to worksites**

For this reporting period, starting from our first customer in 2009 and as at December 2020, we recorded 716,779 total manhours worked with zero Lost Time Injury (LTI).

## HSE Indicators for year 2020

## Total

Total Manhours worked	202,980
Miles Driven Cumulative	46,261
Lost Time injury	0
Property Damage	1
Motor Vehicle Accident	2
Near Miss	2
Unsafe Acts	677
Unsafe Conditions	2,624
Good Practice	1,933

### Planning and Responding to COVID19

In March 2020, we responded to the outbreak of COVID19, a new virus strain that became a deadly global pandemic. Our first priority during this crisis was the safety of our workforce and the communities where we operate in.

A COVID19 Crisis Committee was established on 16 April 2020 to manage, oversee and prevent the spread of COVID19 in the workplace. The Committee comprised of the CEO/MD, GM - Contract & Corporate Services, Crisis Lead by the Human Resource & Admin Manager, Crisis Manager, Crisis Team and Frontliners, with the functions as follows:

- To address any issues/ arising matters in regard to the COVID19 pandemic;
- To ensure preparedness for the Group's commencement of operation post-MCO;
- To establish, enhance, execute and enforce policies and procedures in relation to COVID19;
- To act as first responders to any COVID19 emergency situations;
- To communicate the Group's preventive/ control measures to all relevant stakeholders

(i.e. employees and external parties);

- To ensure the Group's smooth transition from the start of the MCO period until full scale operations

The team implemented a variety of health and safety measures in consultation with suppliers and partners based on the most current recommendations by government and public health agencies. It included enhanced cleaning procedures, health screenings, travel restrictions, extended work schedules at offshore platforms, and social distancing initiatives such as remote working and reducing the number of personnel on worksites wherever possible. To remain agile and adaptive to the requirement and guidelines introduced by the local authority i.e. Kementerian Kesihatan Malaysia and Petronas, Emergency Response plan flowchart are made available on Reservoir Link's online document library; the COVID19 Crisis Committee communicated via online Zoom meeting and the social networking app, WhatsApp group chat.

As for the offshore operation, we ensure full compliance to the client's and the local state government's requirement. Amongst others include self-



## Sustainability Statement

quarantine for a period of fourteen (14) days before departing to an offshore platform to perform work and upon returning onshore, to undergo COVID19 swab test before departing to an offshore platform, and daily temperature checks during offshore operation with medic onboard.

### Training and Development

Talent retention is our major priority that contributes towards raising the Group's value. We provide our employees the opportunity for developing their skill set and supporting their growth throughout their tenure at Reservoir Link.

We offered Educational Assistance Program with the aim to encourage eligible employees to acquire additional education or training on a voluntary basis to maintain or improve skills applicable to their current or anticipated job duties. All employees are eligible to apply and is subject to the Company's approval.

Due to the nature of our work, continuity of training is vital to provide knowledge on the necessary technical skills as well as to ensure the safety of our employees, thus allowing us to optimise our productivity. Adhering to the social distancing guidelines and requirement, some of our trainings programmes were conducted virtually throughout the MCO periods.

In FYE2020, we conducted a total of 1,352 training hours for 169 employees, recording a total of RM91,309 of training cost covering both technical and non-technical training programmes. The average training hours per employee is 11.4 hours. The type of training conducted during this reporting period are breakdown as follow:

Type of Training	Training Hours	Headcount
Functional and technical skills	1,264	158
Health and safety	0	0
Corporate Governance	88	11
Total	1,352	169

### Engagement with Community

We partner with organizations in the communities where we live and work to improve lives and society as a whole by engaging in activities such as community service, support for underprivilege, talented student, and businesses. We hope that our efforts carry long-lasting impacts and are able to help as many people as possible.

#### Corporate Social Responsibility 1<sup>st</sup> Quarter 2020

Our Corporate Social Responsibility Programmes

embody our undertaking of a better day a better life. With the main objective to enhance our branding image of Reservoir Link and create a platform for social interaction, we undertook a joint effort with other corporations to assist in "gotong-royong" programme for Pusat Aktiviti Persatuan Orang Kurang Upaya Fizikal Miri (Pokufm), Piasau Camp, Miri on 11 January 2020. This programme was Initiated by our client, Petronas Carigali situated in Miri.



## Sustainability Statement

### **Student Chapter Malaysia Oil and Gas Convention (“SMOGC”) 2020 Competition and Exhibition**

In supporting student affairs, Reservoir Link participated and acted as a Gold Sponsor (RM5,000) in SMOGC 2020 organised by Society of Petroleum Engineer (“SPE”) of 6 locals universities, that was held at UiTM Shah Alam, from 9-12 March 2020.

The convention theme, *“Embracing Digital Transformation, Thriving Towards Sustainability”*, aimed to develop, enhance and nurture innovative while creating awareness towards global environmental sustainability for undergraduates and diploma students from all around the world about the oil & gas industry as well to provide career opportunities for students who were keen to pursue this field in the future.



### **Dulang Classic Golf Tournament 2020**

We have a proud history of sponsoring for one (1) golf flight and one (1) lucky draw, to support the healthy living, organised by the Society of Petroleum Engineer (SPE) Terengganu, in Mahkota Gold & Country Club (MGCC) Kuantan, held on 3 October 2020, with the main objective to promote friendship in a sporting, and relaxing way.



### **SPE: Virtual Workshop: Monetising Marginal Resources: Winning in The New Norm**

Reservoir Link also acted as a Silver Sponsor (RM16,197) for a virtual workshop organised by SPE International. This workshop provides opportunities for all experts of the oil & gas industry to brainstorm and share the lessons learnt and value improvements through strategic collaborations, innovative strategies, improve development commercial viability, and execution efficiency to sustain the industry in this new norm after COVID19 pandemic.

Through participation in this virtual workshop, we believe it could enhance our corporate branding as well as improve our technical knowledge and innovation.



## Sustainability Statement

### Engagement with Employee

We embrace the importance of work-life balance and believe that health and happy employees are the keys to the Company's productivity. However, with the increase rise of the COVID19 spread in FYE2020, our sport events had been suspended for the time being.



• Hiking in Miri, January 2020



• Futsal in Kemaman, September 2020



Futsal in Petaling Jaya, October 2020

### Monsoon Season Support

Following days of heavy rains brought by the annual monsoon season, some of our colleagues and their families were affected by the flood during this pandemic period.

We organised an internal donation drive with the objective to elevate the hardship faced by these colleagues. Approximately RM3,000 was raised from this drive. On top of that, our colleague that were stationed in the Kemaman base also assisted in cleaning the houses of fellow employees after flood waters receded.



## Audit Committee Report

### 4.0 OUR CORPORATE GOVERNANCE STRUCTURE

#### 4.1 Audit Committee Report

##### OBJECTIVES

The principal objectives of Audit Committee are to assist the Board in discharging its duties and responsibilities in relation to corporate governance, internal control systems, management and financial reporting practices of the Company and to ensure proper disclosure to the shareholders of the Company.

##### MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee was formed by the Board of Directors on 7 February 2020 in line with the Bursa Malaysia Security Berhad's ("Bursa Malaysia") ACE Market Listing Requirements ("AMLR"). The composition of the Audit Committee are as follows:

AC Members	Designation	Directorship
Eric Lim Swee Khoon	Chairman	Independent Non-Executive Director
Datuk Tai Hee	Member	Non-Independent Non-Executive Chairman
Siti Zurina Binti Sabarudin	Member	Independent Non-Executive Director
Elain Binti Lockman	Member	Independent Non-Executive Director

The Company has complied with Rule 15.09 and 15.10 of the Bursa Malaysia's AMLR which required all the Audit Committee members to be Non-Executive Directors, with a majority of whom being Independent Directors.

Details of the members of the AC are contained in the Profile of Directors as set out in the pages 8 to 13 of this Annual Report.

##### MEETINGS AND ATTENDANCE

During the financial year, the Audit committee convened a total of two (2) meetings after it was officially listed on the ACE Market of Bursa Malaysia on 15 July 2020 and the details of attendance of each member of the Committee were as follows:

Name of Audit Committee Members	No. of meeting attended	Percentage
Eric Lim Swee Khoon (Chairman)	2 of 2	100%
Datuk Tai Hee	2 of 2	100%
Siti Zurina Binti Sabarudin	2 of 2	100%
Elain Binti Lockman	2 of 2	100%

The minutes of each Audit Committee meeting was recorded by the secretary and submitted at the next Audit Committee meeting for confirmation, and thereafter presented to the Board for notation.

##### TERM OF REFERENCE

The Audit Committee is guided by its Terms of Reference, which is available on the Company's website at [www.reservoirlink.com](http://www.reservoirlink.com). The Terms of Reference was approved by the Board on 7 February 2020, revised on 26 August 2020 and it shall be assessed, reviewed and updated where necessary.

## Audit Committee Report

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### SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2020, the works carried out by the Audit Committee are summarized as follows:

#### *Risk Management & Internal Control*

- Reviewed the functions related to Risk Management and recommended to be embedded in an independent Risk Management Committee, which should report directly to the Board.
- Reviewed and approved the TOR of Audit Committee aligned with the developments of AMLR and Malaysian Code on Corporate Governance.
- Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control report prior to submission to the Board for inclusion in the Annual Report.

#### *Financial Reporting*

- Reviewed the Group's unaudited quarterly financial statement including the announcement with management pertaining thereto prior to recommending to the Board's for approval and release to Bursa Malaysia.
- Reviewed the Group's audited financial statements for FYE2020 prior to recommending to the Board's for consideration and approval, to ensure that statements and disclosures presented is true and fair view of the Group's financial performance in accordance with the Malaysian Financial Reporting Standards as well as the applicable disclosure provisions of AMLR of Bursa Malaysia.
- Received and reviewed regular updates from management on the status and implication of major accounting policies and financial reporting standards of the Group. There were no new or revised MFRS in FYE2020 that had a material effect on the financial performance or position of the Group.

#### *External Auditors*

- Reviewed the external audit plan with the External Auditors, audit strategy and scope of works.
- Discussed and reviewed with the External Auditors on fraud consideration and the impact of the new MACC Act issued by the Malaysian Anti-Corruption Commission.
- Reviewed the competency, efficiency and independence of External Auditors prior to the recommendation to the Board for approval on the reappointment of the External Auditors and their audit fees of the Group.

#### *Internal Audit Function*

- Review the appointment of outsourced professional services firm as Internal Auditor of the Company.
- Reviewed the Internal Audit plans, and adequacy of coverage on the activities of the group
- Reviewed the internal audit reports presented by the Internal Auditor with respect to system and control weaknesses and management's responses and ensured that appropriate actions are taken on the recommendations raised by the Internal Auditors.
- Reviewed the provision of audit services by the Internal Auditor and evaluated their suitability and independence on their reappointment.

#### *Related Party Transactions*

- Reviewed the Related Party Transaction (RPT) Policy prior to submission to the Board for consideration and approval.
- Reviewed related party transactions that occurred within the Group to ensure that the transactions entered into were at arm's length basis every quarter.

#### *Other matters*

- Reviewed Corporate Disclosure Policy prior to submission for the Board's approval.

## Audit Committee Report

### AUDIT COMMITTEE PERFORMANCE REVIEW

For FYE2020, the performance and effectiveness of the Audit Committee was reviewed and assessed by the Board through its Remuneration and Nomination Committee. The Board was satisfied that the Audit Committee has effectively discharged its duties, functions and responsibilities in accordance with the Term of Reference.

### INTERNAL AUDIT FUNCTION

The Company recognized that internal auditing is an independent and objective assurance activity designed to add value and improve the operations of the Group. An outsourced independent professional service provider, Tricor Axcelasia Sdn. Bhd. (the succeeding Company of NGL Tricor Governance Sdn. Bhd.) was appointed to assist the Audit Committee and the Board in performing their duties by independently assessing the adequacy and effectiveness of the internal control system established by the Management.

The internal audit review was conducted in accordance with an approved risk-based internal audit plan and were guided by the International Professional Practice Framework.

The Engagement Director is Mr. Chang Ming Chew, who holds a Certified Internal Auditor (CIA) and Certification in Risk Management Assurance (CRMA); and is a professional member with the Institute of Internal Auditors of Malaysia (IIAM), the Association of Chartered Certified Accountants (ACCA), and the Malaysian Institute of Accountants (MIA).

The number of staff deployed by Tricor Axcelasia Sdn. Bhd. for the internal audit reviews is ranging from 3 to 4 staff per visit including the Engagement Director. The staff involved in the internal audit reviews holds professional qualifications and/or a university degree. Most of them are also the members of the Institute of Internal Auditors Malaysia. They are free from any relationships or conflicts of interest which could impair their objectivity and independence in conducting internal audit for the Group.

During the FYE2020, the scope of works of the Internal Auditors are primarily to independently review whether the procedures, systems and controls put in place by the Board and the management are present and functioning covering the following entity, key areas and objectives:

Entity Audited	Key Areas and objectives
Reservoir Link Sdn Bhd ("RLSB")	COVID19 Business Continuity Plan (i) Prioritise people safety and continuous engagement (ii) Reshape strategy for business continuity (iii) Communicate with relevant stakeholders (iv) Maximise the use of government support or incentives (v) Build resilience in preparation for the new normal

The internal audit assesses the preparedness of RLSB to continue its business activities during COVID19 pandemic in business operations including safety and health measures, and financial management.

The outcome of the audit reviews were discussed with Senior Management and the Internal Auditors closely monitored the implementation progress of audit recommendations to ensure all audit findings and control concerns have been addressed by the Management on a timely manner. Although certain internal control weaknesses were identified, none of the weaknesses has resulted in any material losses or contingencies that would require additional disclosure in this annual report. The Board through the Audit Committee received and reviewed the internal audit reports on 23 November 2020.

The cost incurred for the internal audit function for the financial year under review was RM16,437.

This report was approved by the Board of Directors on 22 March 2021.



# Corporate Governance Overview Statement

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## INTRODUCTION

The Board of Directors of Reservoir Link Energy Bhd (“**the Company**”) recognizes the importance to conduct good corporate governance and remains committed to ensure that the Company and its subsidiaries (“the Group”) practices a high standard of corporate governance in line with the Malaysian Code on Corporate Governance 2017 (“**MCCG 2017**”) in discharging their fiduciary duties and responsibilities to enhance long-term shareholders’ value whilst taking into account the interests of other stakeholders of the Company.

This Corporate Governance Overview Statement is made according to Rule 15.25 of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and Guidance Note 11 of AMLR.

The Board of Directors is pleased to provide the Company’s Corporate Governance Overview Statement, outlining the commitment of the Board to ethical behavior and transparency in business strategy, operations, and corporate culture in deriving the intended outcomes and this statement is to be read together with the Corporate Governance Report 2020 of the Company which is available on the Company’s website: [www.reservoirlink.com](http://www.reservoirlink.com).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

The Board of Directors (“Board”) is primarily responsible for reviewing the Group strategic plan, adequacy of the internal control and risk management systems in place, whilst overseeing the conduct and performance of the Group’s businesses and Management team in the pursuit of the long-term success of the Group and deliver sustainable value to its stakeholders.

The Board is guided by a Board Charter, that was approved on 7 February 2020. It is reviewed periodically to ensure it remains relevant and consistent with the prevailing regulations as well as in line with the listing requirement of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and the Malaysian Code of Corporate Governance (“MCCG”).

A copy of the Board Charter is published on the Company’s corporate website at [www.reservoirlink.com](http://www.reservoirlink.com).

To ensure the Board discharges its duties and responsibilities effectively, the Board has established three (3) Board Committees as follows:

- (a) Audit Committee (“AC”)
- (b) Remuneration and Nomination Committee (“RNC”)
- (c) Risk Management Committee (“RMC”)

The roles and responsibilities, which include the functions and the processes of the Committees are set out by the Committees’ Terms of Reference.

The Independent Non-Executive Directors in these Committees are responsible to provide independent advice, bringing impartiality and scrutiny to Board deliberations and decision-making.

The Board has empowered the responsibility to the Chairman for instilling good governance practices and leadership of the Board whilst the Chief Executive Officer (CEO) / Managing Director (MD) is the head of Management with overall responsibility for the day-to-day management of the business and implementation of the Board’s policies and decisions. The roles of the Chairman and the CEO / MD are separated and held by different individuals to ensure that there is a balance of power and authority.

The Board is supported by two (2) Company Secretaries, who are qualified and licensed to act as Company Secretary under the Companies Act 2016. The Company Secretaries comprised of one fellow member of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) and another

## Corporate Governance Overview Statement

is member of the Malaysian Institute of Accountants ("MIA"). All Board members have access to the advice and services of the Company Secretaries and independent professional advice.

The Company Secretaries manage all the Board and committee meetings logistics, attend and record minutes of the meetings. The notice and agenda were circulated to all Directors at least 7 days in advance, while the Board papers were circulated at least 3 days before the date of meetings.

During the financial year 2020, the Board had three (3) Board's meeting on 7 February 2020, 28 August 2020, and 23 November 2020.

All pertinent issues discussed and decisions made at the Board meetings were recorded by the Company Secretaries. The Chairman signed on the minutes upon confirmation by the Board and Board Committees at the next Board meeting.

The Board Committee and meeting attendance are outlined below for the financial year 2020:

Directors	Board Meeting	Audit Committee Meeting	Risk Management Committee	Remuneration and Nomination Committee Meeting
Datuk Tai Hee	3/3	2/2	-	-
Dato' Wan Hassan Bin Mohd Jamil	3/3	-	1/1	-
Thien Chiet Chai	3/3	-	1/1	-
Eric Lim Swee Khoon	3/3	2/2	1/1	-
Siti Zurina Binti Sabarudin	3/3	2/2	1/1	-
Elain Binti Lockman	3/3	2/2	-	-

The Board has put in place a Code of Business Conduct ("COBC") which applies to all directors and employees of the Group to promote a safe working environment, good business conduct, and maintain a healthy corporate culture that engenders integrity, transparency, and fairness.

With the new implementation of Section 17A of the Malaysia Anti-Corruption Commission Act 2009, the Group has formalised the Anti-Bribery and Corruption Policy ("ABC Policy") and Whistleblowing Policy on 28 May 2020 to ensure that the Group's business is conducted in a socially ethical manner and provides an avenue for stakeholders to report any genuine concerns relating to the Group's activities.

The Company embraces sustainability practices to create value for shareholders and position Reservoir Link Group to continuously improve its business performance. The commitment to sustainability, therefore, starts with the Board of Directors and senior management and is reinforced at all levels. The Reservoir Link's sustainability principles are made up of (3) three pillars: economic, environmental, and social.

Details on three pillars of the sustainability principles are discussed in the Sustainability Statement section on page 35 of this Annual Report.

The COBC, ABC Policy, Whistleblowing Policy, and Sustainability Statement are published on the corporate website at [www.reservoirlink.com](http://www.reservoirlink.com). The Board monitors these procedures to ensure that they meet the objectives of relevant legislations and remain effective for the Group. These policies will be reviewed periodically and may be amended as and when necessary to ensure their relevance and effectiveness.

## Corporate Governance Overview Statement

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### II. BOARD COMPOSITION

The Board comprises six (6) members, one (1) Non-Independent Non-Executive Chairman, one (1) CEO / MD, one (1) Non-Independent Executive Director, and three (3) Independent Non-Executive Directors. The Independent Directors composition is 50% of the Board, which met with the criteria of one-third (1/3) independent directorship as set out in the ACE Market Listing Requirements of Bursa Malaysia. In addition, the Board composition currently comprises two (2) female Independent Non-Executive Directors representing 33.33% of the Board, which met with the gender equality principles set out in the MCCG 2017.

The Directors have a wide range of experiences ranging from petroleum engineering, business administration, accounting and finance, legal and economist professional background. The Board recognizes a well-balanced board benefits the Group in contribute ideas and arrive at a decision that enhances the Group's performances.

With the assistance of the Remuneration and Nomination Committee ("RNC"), which is chaired by the Independent Non-Executive Director, Pn Siti Zurina Binti Sabarudin, the Board establishes a formal and transparent procedure on the appointment and assessment of Directors and the Board Committees.

The appointment of new Directors is considered and decided by the Board based on the recommendation of the RNC. The RNC shall consider the required mix of skills, experience, character, ability to dedicate sufficient time to fulfill his/her responsibilities as a member of the Board, other qualities, and core competencies which the new Director brings to the Board.

The RNC had carried out the following key activities: -

- reviewed the structure of the Board and the Board Committees;
- reviewed the tenure of Independent Non-Executive Director and their independence;
- evaluated the performance of the Board and Board Committees and the independence of Independent Directors; and
- evaluated and determined the training needs of the Directors.

The RNC is authorised to obtain any outside legal or other professional advice in identifying suitably qualified candidates for appointment of new directors including the advice of independent consultants, to obtain reliable and updated information about remuneration in the marketplace. The committee shall have full authority to commission any reports or surveys, which it deems necessary to help it fulfill its obligations.

Based on the evaluation results performed by RNC, the Board was satisfied with the performance of its Board and all Independent Non-Executive Directors have fulfilled the independence standards prescribed under the listing requirement of Bursa Malaysia.

In accordance to the Constitution of the Company, an election of directors shall take place each year. All directors shall retire from office once at least in each 3 years, but shall be eligible for re-election.

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities.

During the financial year ended 31 December 2020, the Directors have attended the following training programmes to ensure that they keep abreast of various issues faced in the challenging business environment within which the Group operates.

## Corporate Governance Overview Statement

Directors	Trainings attended	Date
Datuk Tai Hee	Corporate Liability Advisory Briefing (Section 17A of the Malaysia Anti-Corruption Commission Act 2009) Mandatory Accreditation Programme for Directors of Public Listed Companies	21 July 2020 7 April to 9 April 2020
Dato' Wan Hassan Bin Mohd Jamil	Corporate Liability Advisory Briefing (Section 17A of the Malaysia Anti-Corruption Commission Act 2009) Mandatory Accreditation Programme for Directors of Public Listed Companies	21 July 2020 30 March to 1 April 2020
Thien Chiet Chai	Corporate Liability Advisory Briefing (Section 17A of the Malaysia Anti-Corruption Commission Act 2009) Mandatory Accreditation Programme for Directors of Public Listed Companies	21 July 2020 13 January to 14 January 2020
Eric Lim Swee Khoon	Corporate Liability Advisory Briefing (Section 17A of the Malaysia Anti-Corruption Commission Act 2009) Mandatory Accreditation Programme for Directors of Public Listed Companies	21 July 2020 13 January to 14 January 2020
Siti Zurina Binti Sabarudin	Corporate Liability Advisory Briefing (Section 17A of the Malaysia Anti-Corruption Commission Act 2009) Mandatory Accreditation Programme for Directors of Public Listed Companies	21 July 2020 30 March to 1 April 2020
Elain Binti Lockman	Corporate Liability Advisory Briefing (Section 17A of the Malaysia Anti-Corruption Commission Act 2009) Mandatory Accreditation Programme for Directors of Public Listed Companies	21 July 2020 30 March to 1 April 2020

All Directors of the Company do not hold more than five (5) directorships under Rule 15.06 of the AMLR.

### III. REMUNERATION

The remuneration of Executive Directors is aligned to individuals' and corporate performance appropriate to their scale of responsibilities and performance. The RNC makes recommendations to the Board on all elements of their remuneration, terms of employment, reward structure, and other benefits which are subject to the approval of the Board.

It is stipulated in the Board Charter that the Board as a whole determines the remuneration of the Non-Executive Directors which is subject to the approval of the shareholders at the Annual General Meeting ("AGM"). Non-Executive Directors are paid a fee and meeting allowances for discharging their responsibilities and for the Board and Committee Meetings they attend.

The Directors' remuneration is determined at levels which enable the Company to attract and retain Directors with relevant caliber and skills to manage the operations and business of the Group effectively and competently.

On 15 March 2021, the RNC reviewed and recommended the remuneration package and directors' fee to the Board.



## Corporate Governance Overview Statement

A summary remuneration of the Directors for the financial year ended 31 December 2020 distinguishing between Executive and Non-Executive Directors in aggregate received/receivable from the Company and the Group, with categorisation into appropriate components are set out below:

	Directors Fee		Salary & Bonus		Meeting Allowance		Other Emoluments		Total	
	Company	Group	Company	Group	Company	Group	Company	Group	Company	Group
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
<b>EXECUTIVE DIRECTORS</b>										
Dato' Wan Hassan Bin Mohd Jamil	24	48	-	364	-	-	-	132	24	544
Thien Chiet Chai	24	48	-	364	-	-	-	132	24	544
<b>NON-EXECUTIVE DIRECTORS</b>										
Datuk Tai Hee	60	66	-	-	5	5	-	-	65	71
Eric Lim Swee Khoon	60	60	-	-	6	6	-	-	66	66
Siti Zurina Binti Sabarudin	48	48	-	-	5	5	-	-	53	53
Elain Binti Lockman	48	48	-	-	6	6	-	-	54	54
<b>TOTAL</b>	<b>264</b>	<b>318</b>	<b>-</b>	<b>728</b>	<b>22</b>	<b>22</b>	<b>-</b>	<b>264</b>	<b>286</b>	<b>1,332</b>

- The Company's directors' fees are subject to the shareholders' approval at the Annual General Meeting, as set out in the Notice of AGM.
- Meeting attendance allowance has been approved during previous Annual General Meeting held on 6 May 2020.

The top five (5) Key Senior Management personnel's remuneration received during the financial year ended 31 December 2020 is categorised within the band as follows;

Remuneration Band (RM)	Number of Key Senior Management
200,001 – 250,000	1
250,001 – 300,000	-
300,001 – 350,000	2
350,001 – 400,000	1
400,001 – 450,000	1

The Board is of the opinion that the disclosure of the Senior Management Personnel names and the remuneration component including salary and bonus, benefits in-kind and other emoluments would not be the best interest of the Group due to confidentiality.

## Corporate Governance Overview Statement

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. AUDIT COMMITTEE

The Audit Committee composition includes a Non-Independent Non-Executive Chairman and three (3) Independent Non-Executive Directors, as below:

- Mr. Eric Lim Swee Khoon (Chairman) – Independent Non-Executive
- Datuk Tai Hee – Non-Independent Non-Executive
- Ms. Siti Zurina Binti Sabarudin – Independent Non-Executive
- Ms. Elain Binti Lockman – Independent Non-Executive

The positions of Board Chairman and AC Chairman are different individuals and hence, allow the Board to objectively review the AC's findings and recommendations.

AC Chairman is a member of CPA Australia and the Malaysian Institute of Accountants. Accordingly, the Company complies with Rule 15.09 (1)(c)(i) of the ACE Market Listing Requirements of Bursa Malaysia.

Details of activities carried out by the AC in FYE2020 are disclosed on page 50 of this Annual Report.

#### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is assisted by the Audit Committee and Risk Management Committee in discharging its responsibility for maintaining a sound internal control and risk management systems within the group, including reviewing their adequacy and effectiveness, to protect shareholders' investments and the assets of the Group.

The Risk Management Committee has been tasked to review the on-going enterprise risk management process i.e. identify, evaluate and manage significant risks of the Group and report to Board on a yearly basis.

Meanwhile, an outsourced independent professional service provider was appointed to assist the Audit Committee and the Board in performing their duties by independently assessing the adequacy and effectiveness of the internal control system established by the Management.

The Statement on Risk Management and Internal Control set out on pages 59 to 63 of this Annual Report provides further details of risk management activities and internal audit functions within the Group.

## Corporate Governance Overview Statement

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

The Group is committed to ensuring effective and timely disclosure of corporate information to its stakeholders and established a Corporate Disclosure Policy on 23 November 2020. The policy outlines the approach towards the determination and dissemination of material information, to maintain the confidentiality of information, and disclosure to Bursa Malaysia. It also covers monitoring and responding to market rumors, leaks and inadvertent disclosures, and restrictions on insider trading.

#### **I. COMMUNICATION WITH STAKEHOLDERS**

The Company's corporate website [www.reservoirlink.com](http://www.reservoirlink.com) serves as one of the convenient ways for shareholders and stakeholders to gain access to corporate information, news, and events relating to the Group. Under the Investors section on the Company's corporate website, it provides relevant links to the Company's announcements including corporate information, corporate governance, financial information, stock information, investor centre & reports, and investor resources. It serves as a platform for timely information and accurate disclosure of all material information to the stakeholders of the Company.

In addition to the disclosures and announcements made to Bursa Malaysia i.e. quarterly financial reports, the Annual Report, and media releases, any inquiry regarding the Group may be directed to this email address [investor.relation@reservoirlink.com](mailto:investor.relation@reservoirlink.com).

The Company's AGM will also serve as the principal forum for dialogue and interaction among shareholders. Shareholders are welcomed to participate in the question & answer session.

Details on relevant focused areas, engagement approach, and frequency of engagement with the stakeholders are discussed in the Sustainability Statement section on page 36 of this Annual Report.

#### **II. CONDUCT OF GENERAL MEETING**

The Company's General Meetings remain the main channel of communication with the Company's shareholders. The Chairman and Chair of all Board Committees are fully aware of their responsibilities and would commit themselves to attend the AGM to respond to shareholders' questions that fall within their respective scope of responsibilities.

The AGM will be conducted on a virtual basis through live streaming. Notice for the upcoming AGM is to be provided 28 days in advance for the shareholders to make necessary arrangements to attend the general meetings and exercise their rights.

### **COMPLIANCE STATEMENT**

The Board believes that the Company has adopted the Principles and Recommendations of the MCCG 2017 in all material aspects, save as disclosed therein, for the financial year ended 31 December 2020.

This Corporate Governance Overview Statement was approved by the Board of Directors on 22 March 2021.

# Statement of Risk Management and Internal Control

## INTRODUCTION

The Board is pleased to present its Statement on Risk Management and Internal Control, which has been prepared pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and Practice 9.1 and 9.2 of the Malaysian Code on Corporate Governance 2017, as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"). This statement outlines the nature and scope of internal control and risk management of the Group during the financial year ended 31 December 2020.

The Board of Directors ("the Board") of Reservoir Link Energy Bhd ("RLEB") recognises the importance of adopting a systematic approach to review the risk and internal control processes of the company and its subsidiaries ("the Group") and is committed to maintaining a sound internal control and risk management system of the Group.

## BOARD'S RESPONSIBILITIES

The Board acknowledges its responsibility for maintaining a sound internal control and risk management systems within the group, including reviewing their adequacy and effectiveness, in order to protect shareholders' investments and the assets of the Group.

The Board is assisted by the Audit Committee and Risk Management Committee, both committees are empowered by respective Term of References; while the Board assumes its overall responsibility in setting the appropriate tone at the top, providing through leadership and championing good governance in ethical practices throughout the Company and hence delivers sustainable value to its stakeholders.

Due to inherent limitations in the internal control and risk management system, the Board recognises that such system is designed to manage the risk within the tolerance level of the Group. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

## RISK MANAGEMENT

The Group recognises that commitment to risk management contributes to sound management practice and good corporate governance as it improves decision making and enhances outcomes and accountability. We have also engaged external consultants during the financial year 2020 to develop our corporate risk management framework. The design of this framework is in line with the process outlined in the ISO31000:2018 principles and generic guidelines on risk management, outlines the risk governance and structure, risk policy, risk assessment process and integration of risk management into key activities and functions.

## ENTERPRISE-WIDE RISK MANAGEMENT ("ERM") Principles

ERM implementation for RLEB shall comply with the following principles:

- ERM creates and protects value
- ERM is an integral part of all RLEB's processes
- ERM is part of decision making
- ERM explicitly addresses uncertainty
- ERM is systematic, structured and timely
- ERM is based on the best available information
- ERM is tailored
- ERM takes human and cultural factors into account
- ERM is transparent and inclusive
- ERM is dynamic, iterative and responsive to change
- ERM facilitates continual improvement of the organisation

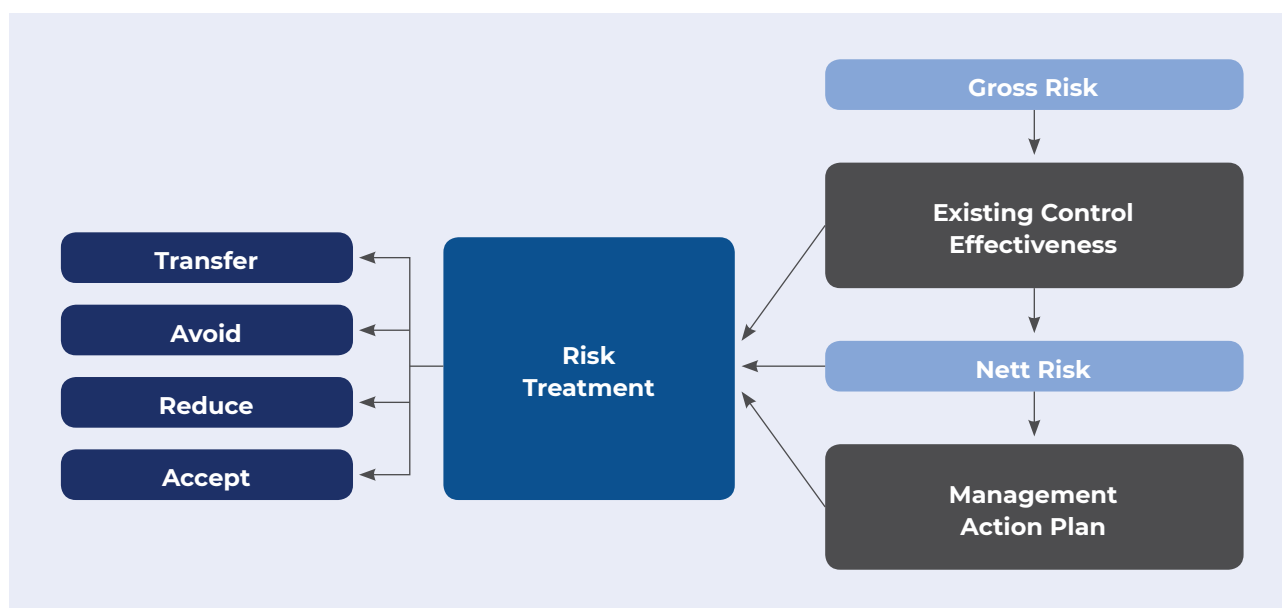


## Statement of Risk Management and Internal Control

Whilst the Board approves and oversees the Group's ERM framework, the Risk Management Committee ("RMC") has been tasked to review the implementation of risk management process, provide guidance to the Senior Management and monitor effectiveness of management's responses/ mitigation of key risks. A key risk register is compiled by the Senior Management and helps to facilitate the identification, assessment and on-going monitoring of risks significant to the RLEB, including actions taken to mitigate risks. The document is formally reviewed yearly but emerging risks are added as required; while mitigating actions and risk indicators are monitored regularly and updated on an on-going basis. The key risk register is discussed at all regular meetings of the Senior Management and reported on a yearly basis to the Board via the RMC.

There are seven steps to management of risks assessed in the risk register which consists of:

- i. Identifying the risks to achieving strategic and operational objectives;
- ii. Determining the owner of the risk;
- iii. Assessing the impact and likelihood of the risk before taking account of any existing controls to derive the gross risk;
- iv. Determining and identifying the existing controls in place;
- v. Determining the effectiveness of existing controls in managing the impact and likelihood of the risk;
- vi. Assessing the impact and likelihood of the risk after taking account of existing controls to derive the residual/ net risk; and
- vii. Determining additional control improvements/ management actions to further manage the risk.



In FYE2020, a risk assessment exercise was carried out and was facilitated by Tricor Axcelasia Sdn Bhd (the succeeding Company of NGL Tricor Governance Sdn Bhd). The risk assessment result was deliberated by RMC on 21 August 2020 prior to presentation to the Board for approval. The top 3 risks of RLEB identified and its mitigation actions are as summarised below.

- a. *Competition risk*, competition from the industry players (local and foreign) to secure well services contracts / order from oil & gas operators. To manage the risk, RLEB is tracking and monitoring the non-conformance reports, complaints on quality of deliverables / timeliness received from customer to uphold the superior quality of solutions deliver to customer.
- b. *Decline in crude oil price and natural gas price*, the Group has been expanding / diversifying its business into different segments to minimise the impact arising from the floating price of oil and natural gas which are influenced by a variety of factors (e.g. Organisation of the Petroleum Exporting Countries, supply and demand, natural disasters, etc.).

## Statement of Risk Management and Internal Control

- c. *Lack of competent/ skilled employees*, in mitigating the challenges in recruiting and employing the suitable employees to perform the assigned tasks, RLEB offers competitive remuneration package, strengthened recruitment process in place, provides training and conduct annual performance appraisal exercise.

The above-mentioned risk management practices of the Group serve as the on-going process used to identify, evaluate and manage significant risks of the Group from the year under review and up to the date of approval of this Statement. The Board shall continue to evaluate the Group's risk management process to ensure it remains relevant to the Group's requirements.

### INTERNAL AUDIT FUNCTION

An outsourced independent professional service provider, Tricor Axcelasia Sdn Bhd (the succeeding Company of NGL Tricor Governance Sdn Bhd) was engaged to assist the Audit Committee and the Board in performing their duties by independently assess the internal control system established by the Management, the adequacy and the effectiveness of the system. The internal audit staffs involved on the engagement are free from any relationships or conflicts of interest which could impair their objectivity and independence of the internal audit of the Group.

The internal audit review was conducted in accordance with an approved risk-based internal audit plan and were guided by the International Professional Practice Framework.

During the FYE2020, the scope of works of the Internal Auditors, who independently review whether the procedures, systems and controls put in place by the Board covered the Coronavirus Disease ("COVID19") Business Continuity Plan (includes safety and health measures, and financial management) area for Reservoir Link Sdn Bhd.

The outcome of the audit review was discussed with the Senior Management and the Internal Auditors closely monitored the implementation progress of audit recommendations to ensure all audit findings and control concerns have been addressed by the Management on a timely manner. Although certain internal control weaknesses were identified, none of the weaknesses has resulted in any material losses or contingencies that would require additional disclosure in this annual report. The Board through the Audit Committee received and reviewed the internal audit reports on 23 November 2020.

One (1) audit visit was performed for the financial year under review and the cost incurred for the internal audit function was RM16,437.

Further details of the internal audit function are outlined in the Audit Committee Report on page 51 of this Annual Report.

### OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The following sets out other key elements of the Group's risk management and internal control system for maintaining strong corporate governance:

- Organisation Structure and Authorisation Procedures

The Group has established a clear organisation structure with well-defined of reporting lines and authority assigned to provide a sound framework in facilitating decision making within the Group that is aligned to the business requirements.

## Statement of Risk Management and Internal Control

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- Management meetings

Management Committee meetings are held on a monthly basis with the Chief Executive Officer ("CEO")/Managing Director ("MD"), Executive Directors, Chief Financial Officer, Senior Management and/or Heads of Department in attendance to discuss and update on Health, Safety & Environment (HSE), business development and operations across the organisation, monthly financial results and any other matters.

- Group Policies and Procedures

The operations processes are documented and formalized in the form of internal policies, procedures, and guidelines to govern the Group's day-to-day operations while complying to the prevailing rules and regulations.

- ISO certification

The Group's operations are certified with ISO 9001:2015 (Quality Management System) and ISO/TS 29001:2010 (Quality Management System) to ensure the continuous provision of products and services that meet with customer and regulatory requirements in oil and gas industry. The Groups is also in compliance with ISO45001:2018 (Occupational Health and Safety Management System standard) in providing effective and sound health and safety management system at the workplace.

Organisation's system and process are reviewed periodically by ISO auditor to ensure compliance with the standards of certification.

- Code of Business Conduct

Code of Business Conduct ("COBC") is in place applies to all Directors and Employees of the Group to promote safe work environment, good business conduct and maintain a healthy corporate culture that engenders integrity, transparency and fairness.

- Whistleblowing Policy

The Group are committed to conduct the Group's business with the highest level of corporate ethics and embedded culture of transparency and accountability in day-to-day business operations. This policy is designed to facilitate employees and business associates to report any genuine concern or malpractices through the Company's provided channels.

### REVIEW THE STATEMENT BY EXTERNAL AUDITORS

The External Auditor has reviewed this Statement on Risk Management and Internal Control for the inclusion in the Annual Report of the Group for the FYE 31 December 2020, in compliance with the Rule 15.23 of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities"). Their review was conducted in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants ("MIA").

AAPG 3 does not require the External Auditors 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.

Based on the review by the External Auditor, nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

## Statement of Risk Management and Internal Control

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### CONCLUSION

The Board had received assurance from the CEO/MD and Chief Financial Officer on 22 March 2021 that the internal control and risk management system of the Group are operating adequately and effectively, in all materials aspects, based on the risk management framework adopted by the Company.

Based on the various controls and procedures in place, the work performed and the reports submitted by the internal and external auditors, the Board is of the view that the internal control and risk management system is satisfactory and has no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

The Board will continuously monitor, and when necessary, put in place appropriate action plans to enhance the Group's internal control and risk management system to meet the changing and challenging business environment.

This statement was approved by the Board of Directors on 22 March 2021.

## Additional Information

### UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

For details and analysis of our utilisation of proceeds from initial public offering, please refer to Management Discussion & Analysis in page 29 of this Annual Report.

### AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

Details of statutory audit and non-audit fees paid/payable to the external auditors for the FYE 31 December 2020 are set out as below;

	The Group	The Company
	RM	RM
Audit services	63,000	17,000
Non audit services	11,000	6,000
<b>Total</b>	<b>74,000</b>	<b>23,000</b>

### MATERIAL CONTRACTS OR LOANS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

During the FYE 31 December 2020, there were no material contracts or loan entered by the Company and its subsidiaries involving Directors and major shareholders interest.

### EMPLOYEE SHARE OPTION SCHEME ("ESOS")

During the FYE 31 December 2020, the Group did not establish any employee share option scheme.



# FINANCIAL STATEMENTS

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## Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	The Group	The Company
	RM	RM
Profit after taxation for the financial year	11,782,959	3,621,107
Attributable to:-		
Owners of the Company	11,759,895	3,621,107
Non-controlling interests	23,064	-
	11,782,959	3,621,107

### DIVIDENDS

Dividends paid or declared by the Company since 31 December 2019 are as follow:-

	RM
<b>Ordinary Share</b>	
<u>In respect of the financial year 31 December 2020</u>	
A first interim dividend of RM0.0075 per ordinary share, paid on 23 December 2020	2,137,500

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## Directors' Report

**ISSUES OF SHARES AND DEBENTURES**

During the financial year:-

(a) the Company increased its issued and paid-up share capital from RM100 to RM45,082,060 by way of:-

(i) Subdivision of existing shares

On 10 March 2020, the Company undertook a subdivision of 1 existing ordinary share each into 5 new ordinary shares which resulted increase from 200 ordinary shares to 1,000 shares; and

(ii) Acquisition of Reservoir Link Sdn. Bhd.

On 16 March 2020, the Company acquired the entire issued share capital in Reservoir Link Sdn. Bhd. for a purchase consideration of RM22,787,300 which was wholly satisfied by the issuance of 227,873,000 new ordinary shares of the Company at an issue price of RM0.10 per ordinary share;

(iii) Public Issue

The public issuance of 57,126,000 new ordinary shares at an issue price of RM0.41 per ordinary share pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM23,421,660.

The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

(b) there were no issues of debentures by the Company.

**OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

**BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## Directors' Report

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### CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 38 to the financial statements. At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

### CHANGE OF CIRCUMSTANCES

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

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature saved as disclosed in Note 40 to the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## Directors' Report

**DIRECTORS**

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Datuk Tai Hee  
Dato' Wan Hassan Bin Mohd Jamil  
Thien Chiet Chai  
Eric Lim Swee Khooon  
Siti Zurina Binti Sabarudin  
Elain Binti Lockman

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Mad Haimi Bin Abu Hassan  
Anwarudin Bin Saidu Mohamed  
Abg Abdul Rahim Bin Abg Drashid (Resigned on 1.2.2021)

**DIRECTORS' INTERESTS**

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

		Number of Ordinary Shares		
	At 1.1.2020	Bought	Sold	At 31.12.2020
<b>The Company</b>				
<i>Director Interests</i>				
Datuk Tai Hee	-	500,000	-	500,000
Dato' Wan Hassan Bin Mohd Jamil	100	71,156,505	56,348,000	14,808,605
Thien Chiet Chai	100	53,463,835	15,196,100	38,267,835
Eric Lim Swee Khooon	-	200,000	-	200,000
Siti Zurina Binti Sabarudin	-	800,000	611,600	188,400
Elain Binti Lockman	-	500,000	500,000	-

*Indirect Interests*

Datuk Tai Hee *	-	45,574,703	16,251,200	29,323,503
Dato' Wan Hassan Bin Mohd Jamil #	-	105,000,000	-	105,000,000

\* Deemed interested by virtue of his indirect substantial shareholding in Pansar Berhad.

# Deemed interested by virtue of his direct substantial shareholding in Reservoir Link Holdings Sdn. Bhd.



## Directors' Report

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By virtue of their shareholdings in the Company, Datuk Tai Hee and Dato' Wan Hassan Bin Mohd Jamil are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares, options over unissued shares or debentures of the Company or its related corporations during the financial year.

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 36(b) to the financial statement.

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

### **INDEMNIFICATION OF OFFICERS**

There was no amount of indemnity given or insurance effected during the financial year, or since the end of the financial year for the directors and officers of the Group and of the Company.

### **DIRECTORS' REMUNERATION**

The details of the directors' remuneration paid or payable to the directors of the Group and the Company during the financial year are disclosed in Note 35(a) to the financial statements.

### **INDEMNIFICATION OF AUDITORS**

To the extent permitted by law, the Group and the Company has agreed to indemnify its auditors, Crowe Malaysia PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Crowe Malaysia PLT during the financial year and up to the date of this report.

### **SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events during the financial year are disclosed in Note 40 to the financial statements.

### **SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The significant events occurring after the reporting period are disclosed in Note 41 to the financial statements.

## Directors' Report

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### AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 28 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 March 2021

**Dato' Wan Hassan Bin Mohd Jamil**

**Thien Chiet Chai**

## Statement by Directors

Pursuant To Section 251(2) of The Companies Act 2016

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We, Dato' Wan Hassan Bin Mohd Jamil and Thien Chiet Chai, being two of the directors of Reservoir Link Energy Bhd., state that, in the opinion of the directors, the financial statements set out on pages 79 to 151 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 of 31 December 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 15 March 2021

**Dato' Wan Hassan Bin Mohd Jamil**

**Thien Chiet Chai**

## Statutory Declaration

Pursuant To Section 251(1)(B) of The Companies Act 2016

I, Ho Khee Jeem, MIA Membership Number: 12422, being the officer primarily responsible for the financial management of Reservoir Link Energy Bhd., do solemnly and sincerely declare that the financial statements set out on pages 79 to 151 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Ho Khee Jeem, NRIC Number: 671101-13-5893  
at Kuching  
in the Sarawak  
on this 15 March 2021

**Ho Khee Jeem**

Before me

Phang Dah Nan  
Commissioner for Oaths  
No. Q 119

# Independent Auditors' Report

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Reservoir Link Energy Bhd., which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 79 to 151.

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 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

## Independent Auditors' Report

### Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Revenue Recognition</b> Refer to Note 25 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>For the financial year ended 31 December 2020, the Group recorded revenue of RM87,525,548 primarily derived from provision of well perforating services, well testing services, well leak repair services, wash and cement services, wireline services, supply of specialised oilfield chemicals, sand management solutions and manpower supply.</p> <p>The timing and quantity of revenue recognised for each type of revenue is dependent on the nature and the different contractual terms as set out in the agreements with the respective customers.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• We tested on occurrence and accuracy of revenue transactions to supporting evidence such as customer's contract, invoices and relevant supporting documents;</li> <li>• We assessed the effectiveness of internal controls by performing test of controls and walkthrough tests;</li> <li>• We checked billed invoices against documents certified by engineers and acknowledged by customers to support the work order performed by the Group;</li> <li>• We checked subsequent documentations to identify if there are any deferment in completion of contracts;</li> <li>• We reviewed all the accrued revenue recognised and assessed appropriateness of the accrued revenue by checking to subsequent billed invoices recognised; and</li> <li>• We assessed the completeness and accuracy of disclosures as required by MFRS 15.</li> </ul>



## Independent Auditors' Report

**Key Audit Matters (Cont'd)**

We have determined the matters described below to be the key audit matters to be communicated in our report. (Cont'd)

<b>Recoverability of Trade Receivables</b> Refer to Note 12 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>The trade receivables of the Group amounted to RM5.5 million, and it constituted 6.4% of the Group's total assets as at 31 December 2020.</p> <p>The Group recognises loss allowance for expected credit losses on trade receivables based on specific known facts or circumstances or the abilities of customers to pay.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of: <ul style="list-style-type: none"> <li>• the Group's control over the receivables collection process;</li> <li>• how the Group identifies and assesses the impairment of trade receivables; and</li> <li>• how the Group makes the accounting estimates for impairment.</li> </ul> </li> <li>• We reviewed ageing analysis of trade receivables and test the reliability thereof;</li> <li>• We reviewed subsequent collections for major receivables and overdue amounts;</li> <li>• We inquired management's action plans and evaluate implementation status to recover overdue amounts;</li> <li>• We reviewed the computation of recoverable amount and the expected credit loss on an individual basis; and</li> <li>• We evaluated the reasonableness and adequacy of the resulting loss allowance recognised</li> </ul>

## Independent Auditors' Report

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### 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 Directors for the Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

## Independent Auditors' Report

### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As a 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 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.

## Independent Auditors' Report

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### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We also provide the directors with a statement that when 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, action taken to eliminate threats or safeguards applied.

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

### OTHER MATTERS

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

#### **Crowe Malaysia PLT**

201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

#### **Hudson Chua Jain**

02538/05/2022 J  
Chartered Accountant

Kuching

15 March 2021

## Statements of Financial Position

As At 31 December 2020

		The Group		The Company	
		2020	2019	2020	2019
	NOTE	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	22,896,300	-
Property, plant and equipment	6	22,805,447	19,266,548	-	-
Investment properties	7	5,165,851	6,310,560	-	-
Right-of-use assets	8	722,175	-	-	-
Other receivable	9	153,647	171,791	-	-
Deferred tax assets	10	3,506,759	5,328,816	-	-
		32,353,879	31,077,715	22,896,300	-
CURRENT ASSETS					
Inventories	11	13,197,673	11,280,138	-	-
Trade receivables	12	5,456,807	20,376,023	-	-
Other receivables, deposits and prepayments	9	1,548,878	6,435,541	324,667	683,728
Amount owing by subsidiaries	13	-	-	278,532	-
Amount owing by a related company	14	-	1,483,213	-	-
Short-term investments	15	27,243,524	3,679,688	22,356,792	-
Fixed deposits with a licensed bank	16	3,413,830	3,582,010	-	-
Cash and bank balances		1,895,717	2,388,397	89,358	100
		52,756,429	49,225,010	23,049,349	683,828
TOTAL ASSETS		85,110,308	80,302,725	45,945,649	683,828

The annexed notes form an integral part of these financial statements.



# Statements of Financial Position

As At 31 December 2020

		The Group		The Company	
		2020	2019	2020	2019
	NOTE	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	45,082,060	7,008,100	45,082,060	100
Merger deficit	18	(15,779,300)	-	-	-
Foreign exchange translation reserve	19	886,493	887,069	-	-
Retained profits/(Accumulated losses)		32,578,113	22,955,718	485,828	(997,779)
		62,767,366	30,850,887	45,567,888	(997,679)
Non-controlling interests	5	(54,860)	(77,924)	-	-
TOTAL EQUITY		62,712,506	30,772,963	45,567,888	(997,679)
NON-CURRENT LIABILITIES					
Bank borrowings	20	7,005,580	9,693,072	-	-
Lease liabilities	21	380,577	-	-	-
Deferred tax liabilities	10	423,827	255,756	-	-
		7,809,984	9,948,828	-	-
CURRENT LIABILITIES					
Bank borrowings	20	788,209	1,822,482	-	-
Lease liabilities	21	360,614	-	-	-
Amount owing to a subsidiary	13	-	-	10,795	-
Amount owing to directors	22	-	54,976	-	-
Amount owing to a related company	14	-	1,483,213	-	1,483,213
Trade payables	23	1,614,815	9,404,291	-	-
Other payables and accruals	24	10,940,268	22,012,449	363,070	198,294
Provision for taxation		883,912	4,803,523	3,896	-
		14,587,818	39,580,934	377,761	1,681,507
TOTAL LIABILITIES		22,397,802	49,529,762	377,761	1,681,507
TOTAL EQUITY AND LIABILITIES		85,110,308	80,302,725	45,945,649	683,828

The annexed notes form an integral part of these financial statements.

## Statements of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 31 December 2020

	NOTE	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
REVENUE	25	87,525,548	80,031,020	5,333,328	-
COST OF SALES		(60,512,761)	(59,356,500)	-	-
GROSS PROFIT		27,012,787	20,674,520	5,333,328	-
OTHER INCOME		3,020,215	359,706	225,019	-
		30,033,002	21,034,226	5,558,347	-
ADMINISTRATIVE EXPENSES		(12,714,183)	(9,136,227)	(1,933,344)	(977,944)
FINANCE COSTS	26	(904,820)	(604,836)	-	-
NET IMPAIRMENT GAINS/ (LOSSES) ON FINANCIAL ASSETS	27	10,100	(10,100)	-	-
PROFIT/(LOSS) BEFORE TAXATION	28	16,424,099	11,283,063	3,625,003	(977,944)
INCOME TAX EXPENSE	29	(4,641,140)	(1,569,997)	(3,896)	-
PROFIT/(LOSS) AFTER TAXATION		11,782,959	9,713,066	3,621,107	(977,944)

The annexed notes form an integral part of these financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

For The Financial Year Ended 31 December 2020

	NOTE	The Group		The Company	
		2020	2019	2020	2019
		RM	RM	RM	RM
OTHER COMPREHENSIVE INCOME					
<u>Items that Will be Reclassified</u>					
<u>Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(576)	(723)	-	-
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR		11,782,383	9,712,343	3,621,107	(977,944)
<b>PROFIT/(LOSS) AFTER TAXATION</b>					
<b>ATTRIBUTABLE TO:-</b>					
Owners of the Company		11,759,895	9,678,202	3,621,107	(977,944)
Non-controlling interests		23,064	34,864	-	-
		11,782,959	9,713,066	-	-
<b>TOTAL COMPREHENSIVE INCOME/ (EXPENSES)/ ATTRIBUTABLE TO:-</b>					
Owners of the Company		11,759,319	9,677,479	3,621,107	(977,944)
Non-controlling interests		23,064	34,864	-	-
		11,782,383	9,712,343	3,621,107	(977,944)
<b>EARNINGS PER SHARE (SEN)</b>					
Basic	30	4.62	4.25		

The annexed notes form an integral part of these financial statements.

# Statements of Changes in Equity

For The Financial Year Ended 31 December 2020

	Non-Distributable		Distributable		Attributable to Owners of the Company		Non-Controlling Interests		Total Equity	
	Share Capital	Foreign Exchange Translation Reserve	Retained Profits							
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>The Group</b>										
Balance at 1.1.2019	7,008,100	887,792	13,277,516	21,173,408	(112,788)	21,060,620				
Profit after taxation for the financial year	-	-	9,678,202	9,678,202	34,864	9,713,066				
Other comprehensive expense for the financial year:										
- Foreign currency translation differences	-	(723)	-	(723)	-	(723)				
Total comprehensive (expense)/income for the financial year	-	(723)	9,678,202	9,677,479	34,864	9,712,343				
Balance at 31.12.2019	7,008,100	887,069	22,955,718	30,850,887	(77,924)	30,772,963				

The annexed notes form an integral part of these financial statements.

## Statements of Changes in Equity

For The Financial Year Ended 31 December 2020

	NOTE	Non-Distributable			Distributable		Attributable to Owners of the Company		Non-controlling Interests	Total Equity
		Share Capital	Merger Deficit	Foreign Exchange Translation Reserve	Retained Profits	RM	RM	RM		
		RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>The Group</b>										
Balance at 31.12.2019/1.1.2020		7,008,100	-	887,069	22,955,718	30,850,887	(77,924)	30,772,963		
Profit after taxation for the financial year		-	-	-	11,759,895	11,759,895	23,064	11,782,959		
Other comprehensive expense for the financial year:										
- Foreign currency translation differences		-	-	(576)	-	(576)	-	(576)		
Total comprehensive (expense)/ income for the financial year		-	-	(576)	11,759,895	11,759,319	23,064	11,782,383		
Balance carried forward		7,008,100	-	886,493	34,715,613	42,610,206	(54,860)	42,555,346		

The annexed notes form an integral part of these financial statements.



## Statements of Changes in Equity

For The Financial Year Ended 31 December 2020

	NOTE	Non-Distributable			Distributable			Attributable to Owners of the Company		Non-controlling Interests	Total Equity
		Share Capital	Merger Deficit	Foreign Exchange Translation Reserve	Retained Profits			RM	RM	RM	RM
Balance brought forward		7,008,100	-	886,493	34,715,613			42,610,206	(54,860)		42,555,346
Contributions by and distribution to owners of the Company:											
- Issuance of shares pursuant to acquisition of subsidiary		22,787,300	-	-	-			22,787,300	-		22,787,300
- Adjustment on acquisition of a subsidiary		(7,008,000)	(15,779,300)	-	-			(22,787,300)	-		(22,787,300)
- Issuance of shares pursuant to public issue		23,421,660	-	-	-			23,421,660	-		23,421,660
- Shares issuance expenses		(1,127,000)	-	-	-			(1,127,000)	-		(1,127,000)
- Dividends	32	-	-	-	(2,137,500)			(2,137,500)	-		(2,137,500)
Total transactions with owners		38,073,960	(15,779,300)	-	(2,137,500)			20,157,160	-		20,157,160
Balance at 31.12.2020		45,082,060	(15,779,300)	886,493	32,578,113			62,767,366	(54,860)		62,712,506

The annexed notes form an integral part of these financial statements.

## Statements of Changes in Equity

For The Financial Year Ended 31 December 2020

	NOTE	Share Capital RM	(Accumulated losses)/ Retained Profits RM	Total Equity RM
<b>The Company</b>				
Balance at 1.1.2019		100	(19,835)	(19,735)
Loss after taxation for the financial year		-	(977,944)	(977,944)
Balance at 31.12.2019/1.1.2020		100	(997,779)	(997,679)
Profit after taxation for the financial year		-	3,621,107	3,621,107
Contributions by and distribution to owners of the Company:				
- Issuance of shares pursuant to acquisition of a subsidiary		22,787,300	-	22,787,300
- Issuance of shares		23,421,660	-	23,421,660
- Shares issuance expenses		(1,127,000)	-	(1,127,000)
- Dividends	32	-	(2,137,500)	(2,137,500)
Total transactions with owners		45,081,960	(2,137,500)	42,944,460
Balance at 31.12.2020		45,082,060	485,828	45,567,888

The annexed notes form an integral part of these financial statements.

## Statements of Cash Flows

For The Financial Year Ended 31 December 2020

	NOTE	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation		16,424,099	11,283,063	3,625,003	(977,944)
Adjustments for:-					
Allowance for impairment losses on receivables		-	10,100	-	-
Bad debts written off		-	31,620	-	-
Depreciation of property, plant and equipment		2,559,806	1,510,618	-	-
Depreciation of investment properties		120,726	23,441	-	-
Depreciation of right-of-use assets		356,333	49,711	-	-
Fair value loss on short-term investments		15,570	-	-	-
Finance costs		904,820	604,836	-	-
Impairment losses on investments in subsidiaries		-	-	6	-
Property, plant and equipment written off		11,635	119,556	-	-
Reversal of amount waived by creditors		1,947,734	-	-	-
Unrealised loss on foreign exchange		60,230	87,594	-	-
Bad debts recovered		(1,947,734)	-	-	-
Dividend income		-	-	(5,333,328)	-
Loss/(Gain) on disposal of property, plant and equipment		45,340	(64,098)	-	-
Gain on disposal of investment property		(185,737)	-	-	-
Interest income		(510,103)	(100,560)	(225,019)	-
Reversal of allowance for impairment losses on receivables		(10,100)	-	-	-

The annexed notes form an integral part of these financial statements.

## Statements of Cash Flows

For The Financial Year Ended 31 December 2020

	NOTE	The Group		The Company	
		2020	2019	2020	2019
		RM	RM	RM	RM
Operating profit/(loss) before working capital changes		19,792,619	13,555,881	(1,933,338)	(977,944)
Increase in inventories		(1,917,535)	(5,899,543)	-	-
Decrease/(Increase) in trade and other receivables		19,847,943	(12,771,614)	359,061	(683,728)
(Decrease)/Increase in trade and other payables		(18,933,583)	22,070,871	164,776	196,293
Increase in amount owing by subsidiaries		-	-	(278,532)	-
Decrease in amount owing by a related company		-	45,034	-	-
Decrease in amount owing to directors		(54,976)	(437,524)	-	-
(Decrease)/Increase in amount owing to a related company		-	-	(1,483,213)	1,465,379
Increase in amount owing to a subsidiary		-	-	10,795	-
CASH FROM/(FOR) OPERATIONS		18,734,468	16,563,105	(3,160,451)	-
Interest paid		(904,820)	(604,836)	-	-
Income tax paid		(6,570,623)	(2,420,414)	-	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		11,259,025	13,537,855	(3,160,451)	-

The annexed notes form an integral part of these financial statements.

# Statements of Cash Flows

For The Financial Year Ended 31 December 2020

		The Group		The Company	
		2020	2019	2020	2019
	NOTE	RM	RM	RM	RM
CASH FLOWS FOR					
INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	31	(2,124)	-	(109,006)	-
Interest income received		510,103	100,560	225,019	-
Purchase of property, plant and equipment	33(a)	(6,400,744)	(17,103,236)	-	-
Proceeds from disposal of property, plant and equipment		245,064	74,103	-	-
Proceeds from disposal of an associate		-	3,060,151	-	-
Proceeds from disposal of investment property		1,209,720	-	-	-
Dividend received		-	-	5,333,328	-
Purchase of short-term investments		(23,579,406)	(3,679,688)	(22,356,792)	-
Decrease/(Increase) in pledged fixed deposits with a licensed bank		168,180	(694,512)	-	-
NET CASH FOR INVESTING ACTIVITIES		(27,849,207)	(18,242,622)	(16,907,451)	-
CASH FLOWS FROM					
FINANCING ACTIVITIES					
Proceeds from issuance of ordinary shares		23,421,660	-	23,421,660	-
Dividend paid		(2,137,500)	-	(2,137,500)	-
Drawdown of term loans	33(b)	2,923,597	8,435,495	-	-
Payment of share issuance expenses		(1,127,000)	-	(1,127,000)	-
Repayment of banker acceptance	33(b)	-	(279,000)	-	-
Repayment of lease liabilities	33(b)	(337,317)	(151,309)	-	-
Repayment of credit card facilities	33(b)	(777)	(24,475)	-	-
Repayment of term loans	33(b)	(6,644,585)	(1,491,135)	-	-
NET CASH FROM FINANCING ACTIVITIES		16,098,078	6,489,576	20,157,160	-

The annexed notes form an integral part of these financial statements.



## Statements of Cash Flows

For The Financial Year Ended 31 December 2020

		The Group		The Company	
		2020	2019	2020	2019
	NOTE	RM	RM	RM	RM
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(492,104)	1,784,809	89,258	-
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(576)	(5,364)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		2,388,397	608,952	100	100
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33(d)	1,895,717	2,388,397	89,358	100

The annexed notes form an integral part of these financial statements.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business are as follows:-

- Registered office : E289, 1<sup>st</sup> Floor, Block E,  
iCom Square, Jalan Pending,  
93450 Kuching, Sarawak.
- Principal place of business : E-33-01, Menara SUEZCAP 2,  
KL Gateway, No. 2 Jalan Kerinchi,  
Gerbang Kerinchi Lestari,  
59200 Kuala Lumpur, Wilayah Persekutuan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 15 March 2021.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 The financial statements of subsidiaries as disclosed in Note 5 have been consolidated using the merger method of accounting as disclosed in Note 4.2.

The implication of the merger method of accounting on the presentation of the consolidated financial statements is as follows:-

- (a) The consolidated statement of financial position for the current reporting period comprise the consolidation of:-
- (i) The financial position of the Group as at 31 December 2020; and
  - (ii) The financial position of the Company as at 31 December 2020.
- (b) The consolidated statement of financial position for the comparative period comprise the combined of:-
- (i) The financial position of the Group as at 31 December 2019; and
  - (ii) The financial position of the Company as at 31 December 2019.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

### 3. BASIS OF PREPARATION

- 3.1 The implication of the merger method of accounting on the presentation of the consolidated financial statements is as follows:- (Cont'd)
- (c) The consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the current reporting period comprise the consolidation of:-
    - (i) The financial results and cash flows of the Group for the financial year ended 31 December 2020; and
    - (ii) The financial results and cash flows of the Company for the financial year ended 31 December 2020.
  - (d) The consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the comparative period comprise the combined of:-
    - (i) The financial results and cash flows of the Group for the financial year ended 31 December 2019; and
    - (ii) The financial results and cash flows of the Company for the financial year ended 31 December 2019.
  - (e) The consolidated statement of changes in equity for the current reporting period comprise:-
    - (i) The statement of changes in equity of the Group for the financial year ended 31 December 2020; and
    - (ii) The equity transactions of the Company for the financial year ended 31 December 2020.
  - (f) The consolidated statement of changes in equity for the comparative period comprise the combined of:-
    - (i) The statement of changes in equity of the Group for the financial year ended 31 December 2019; and
    - (ii) The equity transactions of the Company for the financial year ended 31 December 2019.
- 3.2 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

#### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

### 3. BASIS OF PREPARATION (CONT'D)

- 3.3 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

#### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made 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 other than as disclosed below:-

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

##### *Key Sources of Estimation Uncertainty (Cont'd)*

Management believes that there are no key assumptions made 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 other than as disclosed below:- (Cont'd)

##### **(a) Depreciation of Property, Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### **(b) Impairment of Property, Plant and Equipment**

The Group determines whether an item of its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows.

##### **(c) Written down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

##### **(d) Impairment of Investment Properties**

The Group determines whether an item of its investment properties is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows.

##### **(e) Impairment of Right-of-use Assets**

The Group determines whether an item of its right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.



## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

###### *Key Sources of Estimation Uncertainty (Cont'd)*

Management believes that there are no key assumptions made 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 other than as disclosed below:- (Cont'd)

###### **(f) Impairment of Trade Receivables**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the COVID-19 pandemic) and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

###### **(g) Impairment of Non-Trade Receivables**

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking incorporating the impact of COVID-19 pandemic.

###### **(h) Deferred Tax Asset**

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses and unused capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unabsorbed tax losses and unused capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits.

###### **(i) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Company's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

##### **(a) Lease Terms**

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

In determining the incremental borrowing rate of the respective leases. The Group first determines 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.

#### 4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

##### **(a) Merger Accounting for Common Control Business Combinations**

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.2 BASIS OF CONSOLIDATION (CONT'D)

###### (a) Merger Accounting for Common Control Business Combinations (Cont'd)

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The merger deficit is adjusted against suitable reserves of the subsidiaries acquired to the extent that laws or statutes do not prohibit the use of such reserves. The results of the subsidiaries being merged are included for the full financial year.

###### (b) Acquisition method of accounting for non-Common Control Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

###### (c) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

###### (d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.2 BASIS OF CONSOLIDATION (CONT'D)

###### (f) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

##### 4.3 FUNCTIONAL AND FOREIGN CURRENCIES

###### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

###### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting year are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

The principal closing rates using in translation of foreign currency amount is stated as below:-

	2020	2019
United States Dollar	4.0170	4.0930
Pound Sterling	-	5.3772
Euro	-	4.5907

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

##### (a) Financial Assets

All recognised assets are measured subsequently in their entirety at either either amortised or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

##### *Debt Instruments*

##### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter year (where appropriate).



## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.4 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Financial Assets (Cont'd)

###### *Debt Instruments (Cont'd)*

##### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of Impairment, interest income and foreign exchange difference which are recognised directly in profit or loss, interest income is calculated using the effective interest rate method.

##### (iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instrument when and only when its business model for managing those assets change.

###### *Equity Instruments*

All equity investments are subsequent measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designed to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is establish unless the dividends clearly represent a recovery of part of the cost of the equity investments.

##### (b) Financial Liabilities

##### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.4 FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial Liabilities (CONT'D)

###### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments, (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

##### (c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

###### (i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

##### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

##### 4.6 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Building	2%
Equipment and tools	10% - 20%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	25% - 40%
Plant and machineries	20%
Portable cabin	10%
Portable workshop	10%
Renovation	10%
Signboard	20%
Wireline equipment	20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting year to ensure that the amounts, method and years of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

##### 4.7 INVESTMENT PROPERTIES

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

##### 4.8 LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.8 LEASES (CONT'D)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset 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 the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

#### 4.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the costs of completion and selling expenses.

#### 4.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity years of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.11 IMPAIRMENT

###### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investment in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognizes lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

###### (b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting year for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' net selling price and its value in use, which is measured by reference to discounted future cash flow 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 it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.



## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.12 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each reporting year and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

#### 4.13 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### 4.14 EMPLOYEE BENEFITS

##### (a) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

##### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

#### 4.15 INCOME TAXES

##### (a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting year and 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 recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.15 INCOME TAXES (CONT'D)

##### (b) Deferred Tax (Cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

##### 4.16 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

##### 4.17 FAIR VALUE MEASUREMENTS

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.18 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held. Weighted average number of ordinary shares outstanding comprises of effect on subdivision of ordinary shares, effect on merger accounting method where ordinary shares from the acquisitions are assumed to be issued from the beginning of the previous financial year on 1 January 2019 and effect of public issue.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

#### 4.19 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods and services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

##### (a) Rendering of Services

Revenue from providing product and services in relation to oil and gas services industry is recognised over time in the year in which the services are rendered. As a practical expedient, the Group recognises revenue to the extent of the expenses incurred that are recoverable.

##### (b) Sales of Goods

Revenue is recognised at a point in time when the goods have been delivered to the customer and upon its acceptance, and it is probable that the Company will collect the considerations to which it would be entitled to in exchange for the goods sold.

#### 4.20 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

##### (a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

##### (b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

##### (c) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

### 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020	2019
	RM	RM
Uquoted shares, at cost	22,896,306	-
Accumulated impairment losses	(6)	-
	22,896,300	-

The details of the subsidiaries are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020	2019	
		%	%	
<i>Subsidiaries of the Company</i>				
Reservoir Link Sdn. Bhd.	Malaysia	100	-	Providing well perforation, well testing, well leak repair, wash and cement services, wireline services and supply of specialised oilfield chemicals.
Amsito Oilwell Services (Malaysia) Sdn. Bhd. #	Malaysia	100	-	Providing wireline and related services
Reservoir Link (Labuan) Ltd. *	Malaysia	100	-	Providing well perforation and well leak repair services, primarily outside of Malaysia
Reservoir Link Solutions Sdn. Bhd.	Malaysia	60	-	Developing and providing oil and gas production enhancement services and sand management solutions
Reservoir Link Renewable Sdn. Bhd.	Malaysia	100	-	Investment holding
<i>Subsidiary of Reservoir Link Renewable Sdn. Bhd.</i>				
Skyline Energy Sdn. Bhd.	Malaysia	100	-	Providing electric energy generation facilities

\* The subsidiary was audited by a member firm of Crowe Global of which Crowe Malaysia PLT is a member.

# The auditors' report on the financial statements of the subsidiary includes a "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiary to continue as a going concern in view of its capital deficiency position as at the end of the current reporting period. The financial statements were prepared on a going concern basis as the Company has undertaken to provide continued financial support to the subsidiary.

(i) On 28 February 2020 and 13 March 2020, the Company had acquired 100% equity interests in Reservoir Link (Labuan) Ltd., and Amsito Oilwell Services (Malaysia) Sdn. Bhd. respectively. The details of the acquisition are disclosed in Note 31.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (ii) On 13 March 2020, the Company had acquired 60% equity interests in Reservoir Link Solutions Sdn. Bhd.. The detail of the acquisition is disclosed in Note 31.
- (iii) On 16 March 2020, the Company had acquired 100% equity interests in Reservoir Link Sdn. Bhd. for a total purchase consideration of RM22,787,300 which was satisfied entirely by the issuance of 227,873,000 new ordinary shares as disclosed in Note 17.
- (iv) On 4 August 2020, the Company incorporated wholly-owned subsidiary, Reservoir Link Renewable Sdn. Bhd. at a cash consideration of RM2.
- (v) On 18 August 2020, the Group has acquired 100% equity interests in Skyline Energy Sdn. Bhd.. The detail of the acquisition is disclosed in Note 31.
- (vi) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2020	2019	2020	2019
	%	%	RM	RM
Reservoir Link Solutions Sdn. Bhd	40	-	(54,860)	(77,924).

- (vii) The summarised financial information (before intra-group elimination) for the subsidiary that has non- controlling interests that are material to the Group is as follows:-

	Reservoir Link Solutions Sdn. Bhd.	
	2020	2019
	RM	RM
<u>At 31 December</u>		
Non-current assets	562,753	1,026,384
Current assets	393,378	957,066
Current liabilities	(1,093,281)	(2,178,260)
Net liabilities	(137,150)	(194,810)
<u>Financial Year Ended 31 December</u>		
Revenue	3,323,030	2,307,122
Profit for the financial year	57,660	87,161
Total comprehensive income	57,660	87,161
Total comprehensive income attributable to non-controlling interests	23,064	34,864
Net cash flows (for)/from operating activities	(192,166)	970,898
Net cash flows from/(for) investing activities	190,576	(962,887)
Net cash flows for financing activities	(16,568)	-

Notes to the Financial Statements  
For The Financial Year Ended 31 December 2020

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2020 RM	Additions RM	Disposals RM	Written Off RM	Reclassification RM	Depreciation Charges RM	At 31.12.2020 RM
<i>Carrying amount</i>							
Building	9,933,333	-	-	-	-	(200,000)	9,733,333
Equipment and tools	6,306,247	4,098,183	(230,303)	(11,635)	558,206	(1,575,863)	9,144,835
Furniture and fittings	284,836	18,232	(19,049)	-	-	(35,651)	248,368
Office equipment	460,346	235,751	(700)	-	270,932	(406,743)	559,586
Plant and machineries	1	-	-	-	-	-	1
Portable cabin	693,998	-	-	-	-	(129,252)	564,746
Portable workshop	43,950	-	-	-	-	(18,140)	25,810
Renovation	468,889	4,100	(40,352)	-	-	(55,381)	377,256
Signboard	4,563	650	-	-	-	(1,378)	3,835
Wireline equipment	216,735	619,365	-	-	-	(137,398)	698,702
Equipment work-in-progress	853,650	1,424,463	-	-	(829,138)	-	1,448,975
	19,266,548	6,400,744	(290,404)	(11,635)	-	(2,559,806)	22,805,447



# Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2019	Additions	Disposals	Written Off	Transfer to Investment Properties	Depreciation Charges	At 31.12.2019
	RM	RM	RM	RM	RM	RM	RM
<i>Carrying amount</i>							
Building	6,451,206	10,000,000	-	-	(6,334,001)	(183,872)	9,933,333
Equipment and tools	1,974,678	5,176,857	(10,005)	-	-	(835,283)	6,306,247
Furniture and fittings	167,876	148,369	-	-	-	(31,409)	284,836
Office equipment	314,983	347,089	-	-	-	(201,726)	460,346
Plant and machineries	1	-	-	-	-	-	1
Portable cabin	679,167	135,457	-	(1,031)	-	(119,595)	693,998
Portable workshop	62,090	-	-	-	-	(18,140)	43,950
Renovation	445,361	199,834	-	(118,525)	-	(57,781)	468,889
Signboard	3,635	1,980	-	-	-	(1,052)	4,563
Wireline equipment	38,495	240,000	-	-	-	(61,760)	216,735
Equipment work-in-progress	-	853,650	-	-	-	-	853,650
	10,137,492	17,103,236	(10,005)	(119,556)	(6,334,001)	(1,510,618)	19,266,548

Notes to the Financial Statements  
For The Financial Year Ended 31 December 2020

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
The Group	RM	RM	RM	RM
2020				
Building	10,000,000	(266,667)	-	9,733,333
Equipment and tools	15,654,795	(6,509,960)	-	9,144,835
Furniture and fittings	358,077	(109,709)	-	248,368
Motor vehicles	351,689	(351,689)	-	-
Office equipment	1,519,438	(959,852)	-	559,586
Plant and machineries	64,000	(63,999)	-	1
Portable cabin	1,292,519	(727,773)	-	564,746
Portable workshop	181,400	(155,590)	-	25,810
Renovation	533,149	(155,893)	-	377,256
Signboard	12,128	(8,293)	-	3,835
Wireline equipment	24,403,817	(21,320,758)	(2,384,357)	698,702
Equipment work-in-progress	1,448,975	-	-	1,448,975
	55,819,987	(30,630,183)	(2,384,357)	22,805,447

	At cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
The Group	RM	RM	RM	RM
2019				
Building	10,000,000	(66,667)	-	9,933,333
Equipment and tools	11,287,251	(4,981,004)	-	6,306,247
Furniture and fittings	410,549	(125,713)	-	284,836
Motor vehicles	655,251	(655,251)	-	-
Office equipment	1,032,274	(571,928)	-	460,346
Plant and machineries	64,000	(63,999)	-	1
Portable cabin	1,292,519	(598,521)	-	693,998
Portable workshop	181,400	(137,450)	-	43,950
Renovation	671,468	(202,579)	-	468,889
Signboard	11,478	(6,915)	-	4,563
Wireline equipment	23,784,452	(21,183,360)	(2,384,357)	216,735
Equipment work-in-progress	853,650	-	-	853,650
	50,244,292	(28,593,387)	(2,384,357)	19,266,548

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The building of the Group has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 20.

#### 7. INVESTMENT PROPERTIES

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Cost:-		
At 1 January	7,032,280	-
Transfer from property, plant and equipment	-	7,032,280
Disposals	(1,195,160)	-
At 31 December	5,837,120	7,032,280
Accumulated depreciation:-		
At 1 January	(721,720)	-
Transfer from property, plant and equipment	-	(698,279)
Depreciation during the financial year	(120,726)	(23,441)
Disposals	171,177	-
At 31 December	(671,269)	(721,720)
	5,165,851	6,310,560
Represented by:-		
Freehold commercial office building, at cost	5,165,851	6,310,560

- (a) The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 1 to 3 years (2019 – 1 year) and an option that is exercisable by the customers to extend their leases for an average of 3 (2019 – 6) years.

As at reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:-

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
Within 1 year	274,092	194,046
Between 1 and 2 years	240,138	-
	514,230	194,046

- (b) The building has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 20.

Notes to the Financial Statements  
For The Financial Year Ended 31 December 2020

**8. RIGHT-OF-USE ASSETS**

	At 1.1.2020	Additions	Depreciation charges	At 31.12.2020
The Group	RM	RM	RM	RM
Carrying amount				
Buildings	-	1,078,508	(356,333)	722,175

	At 1.1.2019	Depreciation charges	Transfer to property, plant and equipment (Note 6)	At 31.12.2019
The Group	RM	RM	RM	RM
Carrying amount				
Motor vehicles	49,711	(49,711)	-	-

	The Group 2020	2019
	RM	RM
Analysed by:-		
Cost	1,078,508	-
Accumulated depreciation	(356,333)	-
	722,175	-

The Group leases buildings of which the leasing activities are summarised below:-

- (i) Buildings      The Group has leased buildings between 2 years, with an option to renew the lease of 1 year after that date. Lease payments are contracts for buildings used in its operations with lease terms of 3 years

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

### 9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<u>Non-current assets</u>				
Third party	153,647	171,791	-	-
<u>Current assets</u>				
Third parties	104,311	53,229	-	-
Goods and services tax receivables	-	41,559	-	-
Deposits	979,330	602,112	-	-
Prepayments	465,237	5,738,641	324,667	683,728
	1,548,878	6,435,541	324,667	683,728
	1,702,525	6,607,332	324,667	683,728

Included in non-current and current other receivables was an amount owing from a third party amounting to RM171,791 (2019 – RM188,764) which is charged interest at 6.90% (2019 – 6.90%) per annum.

### 10. DEFERRED TAXATION

	Recognised in		At
	At	Profit or Loss	31.12.2020
	1.1.2020	(Note 29)	
The Group	RM	RM	RM
2020			
<u>Deferred Tax Liability</u>			
Property, plant and equipment	(255,756)	(168,071)	(423,827)
<u>Deferred Tax Assets</u>			
Property, plant and equipment	1,666	789	2,455
Deferred revenue	3,857,902	(1,693,732)	2,164,170
Unused tax losses	646,220	(73,536)	572,684
Unabsorbed capital allowances	822,981	(56,679)	766,302
Others	47	1,101	1,148
	5,328,816	(1,822,057)	3,506,759
	5,073,060	(1,990,128)	3,082,932

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 10. DEFERRED TAXATION (CONT'D)

The Group	At 1.1.2019 RM	Recognised in Profit or Loss (Note 29) RM	At 31.12.2019 RM
2019			
<i>Deferred Tax Liability</i>			
Property, plant and equipment	(11,185)	(244,571)	(255,756)
<i>Deferred Tax Assets</i>			
Property, plant and equipment	-	1,666	1,666
Deferred revenue	-	3,857,902	3,857,902
Unabsorbed tax losses	-	646,220	646,220
Unused capital allowances	-	822,981	822,981
Others	-	47	47
	-	5,328,816	5,328,816
	(11,185)	5,084,245	5,073,060

The recognition of the deferred tax assets is dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The evidence used to support this recognition is the management budget approved by the directors, which shows that it is probable that the deferred tax assets would be realised in future years.

At the end of the reporting period, the Group has unabsorbed tax losses and unused capital allowances of approximately RM2,386,000 (2019 – RM2,693,000) and RM3,197,000 (2019 – RM3,429,000) respectively that are available for offset against future taxable profits of the subsidiaries in which the losses arose.

For the Malaysia entities, the unabsorbed tax losses are allowed to be utilised for 7 consecutive years of assessment while unused capital allowances are allowed to be carried forward indefinitely.



## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 11. INVENTORIES

	The Group	
	2020	2019
	RM	RM
At cost:-		
Perforating explosives	6,506,152	5,844,599
Perforating hardware	6,490,305	5,244,311
Oilfield chemicals	93,301	93,301
Raw materials - chemicals	107,915	97,927
	13,197,673	11,280,138
Recognised in profit or loss:-		
Inventories recognised as cost of sales	12,313,999	8,023,753

#### 12. TRADE RECEIVABLES

	The Group	
	2020	2019
	RM	RM
Third parties	2,643,358	12,341,802
Accrued trade receivables	2,813,449	8,044,321
	5,456,807	20,386,123
Allowance for impairment losses	-	(10,100)
	5,456,807	20,376,023
Allowance for impairment losses:-		
At 1 January	10,100	-
Addition during the financial year	-	10,100
Reversal during the financial year	(10,100)	-
At 31 December	-	10,100

The Group's normal trade credit term range from 30 to 75 (2019 – 30 to 70) days.

#### 13. AMOUNT OWING BY/(TO) SUBSIDIARIES

The amount owing by/(to) subsidiaries are non-trade in nature, unsecured, bear interest of 6.95% to 8.20% (2019 – 8.20% to 8.45%) per annum and are repayable on demand.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 14. AMOUNT OWING BY/(TO) A RELATED COMPANY

The amount owing by/(to) a related company is unsecured, interest-free and is repayable on demand.

#### 15. SHORT-TERM INVESTMENTS

	The Group			
	Carrying Amount	Market Value	Carrying Amount	Market Value
	2020	2020	2019	2019
	RM	RM	RM	RM
Fixed income unit trust funds, at fair value	27,243,524	27,243,524	3,679,688	3,679,688

	The Company	
	Carrying Amount	Market Value
	2020	2020
	RM	RM
Fixed income unit trust funds, at fair value	22,356,792	22,356,792

#### 16. FIXED DEPOSITS WITH A LICENSED BANK

- (a) The fixed deposits with a licensed bank of the Group that are denominated in Ringgit Malaysia at the end of the reporting period bore effective interest rates of 1.60% to 1.65% (2019 – 2.90%) per annum. The fixed deposits have maturity periods ranging from 1 month to 3 months (2019 – 1 month).
- (b) The fixed deposits with a licensed bank of the Group that are denominated in United States Dollar at the end of the reporting period bore effective interest rates of 0.20% (2019 – 0.40%) per annum. The fixed deposits have maturity period of 1 month (2019 – 1 month).
- (c) The fixed deposits with a licensed bank of the Group at the end of the reporting period was an amount of RM3,413,830 (2019 – RM3,582,010) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 20.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 17. SHARE CAPITAL

	The Group and The Company			
	2020	2019	2020	2019
	Number of Shares		RM	RM
<b>Issued and Fully Paid-Up</b>				
Ordinary Shares				
At 1 January	200	200	100	100
Subdivision of existing shares	800	-	-	-
Issuance of new shares for acquisition of a subsidiary	227,873,000	-	22,787,300	-
Issuance of new shares for cash	57,126,000	-	23,421,660	-
Shares issuance expenses	-	-	(1,127,000)	-
At 31 December	285,000,000	200	45,082,060	100

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) During the current financial year, the Company increased its issued and paid-up share capital from RM100 to RM45,082,060 by way of:-
- Subdivision of 1 existing ordinary share each into 5 new ordinary shares which resulted to increase from 200 ordinary shares to 1,000 shares;
  - Issuance of 227,873,000 new ordinary shares at RM0.10 each for a total purchase consideration of RM22,787,300 to acquire a subsidiary; and
  - Issuance of 57,126,000 new ordinary shares at an issue price of RM0.41 per ordinary shares pursuant to the initial public offering of the Company on the ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM23,421,660.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

#### 18. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of subsidiaries upon consolidation under the merger accounting principles.

#### 19. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currencies are different from the Group's presentation currency.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

### 20. BANK BORROWINGS

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<u>Current liabilities</u>		
Credit cards	34,243	35,020
Term loans	753,966	1,787,462
	788,209	1,822,482
<u>Non-current liability</u>		
Term loans	7,005,580	9,693,072
<u>Total borrowings</u>		
Credit cards	34,243	35,020
Term loans	7,759,546	11,480,534
	7,793,789	11,515,554

- (a) Term loans are secured by:-
- (i) joint and several guarantee by certain directors of the Group;
  - (ii) corporate guarantee provided by the Company;
  - (iii) legal charge over the commercial buildings of the Group as disclosed in Note 6 and Note 7; and
  - (iv) pledge of fixed deposits of the Group as disclosed in Note 16.
- (b) Credit cards bore interest rate of 18% (2019 – 18%) per annum.
- (c) The repayment terms of the term loans are as follows:-

Term loan 1 at BFR – 1.90% per annum	Repayable by 240 monthly instalments of RM3,444 until full settlement, effective from August 2013. The term loan has been fully settled on May 2020.
Term loan 2 at BFR – 2.30% per annum	Repayable by 240 monthly instalments of RM13,343 until full payment, effective from April 2015.
Term loan 3 at BLR + 1.25% per annum	Repayable by 60 monthly instalments of RM8,160 until full payment, effective from January 2018.
Term loan 4 at BLR + 1.00% per annum	Repayable by 60 monthly instalments of RM100,000 until full payment, effective from January 2018. The term loan has been fully settled on October 2020.
Term loan 5 at COF + 1.25% per annum	Repayable by 120 monthly instalments of RM63,230 until full payment, effective from October 2019.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

### 21. LEASE LIABILITIES

	The Group	
	2020	2019
	RM	RM
At 1 January	-	151,309
Additions	1,078,508	-
Interest expense recognised in profit or loss	49,333	4,822
Repayment of principal	(337,317)	(151,309)
Repayment of interest expense	(49,333)	(4,822)
At 31 December	741,191	-
Analysed by:-		
Current liabilities	360,614	-
Non-current liabilities	380,577	-
	741,191	-

### 22. AMOUNT OWING TO DIRECTORS

The amount owing to directors is unsecured, interest-free and is repayable on demand.

### 23. TRADE PAYABLES

The normal trade credit term granted to the Group is ranging from 30 to 60 (2019 – 30 to 60) days.

### 24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Other payables:-				
Third parties	289,487	885,416	40,070	196,344
Sales tax payable	554	54,077	-	-
	290,041	939,493	40,070	196,344
Prepaid services	9,052,400	19,855,603	-	-
Accruals	1,535,974	1,156,070	323,000	1,950
Deposits	61,853	61,283	-	-
	10,940,268	22,012,449	363,070	198,294

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 25. REVENUE

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Supply of oil and gas equipments and services	87,525,548	80,031,020	-	-
Dividend income	-	-	5,333,328	-
	87,525,548	80,031,020	5,333,328	-

#### 26. FINANCE COSTS

	The Group	
	2020	2019
	RM	RM
Banker acceptance interest	-	1,184
Bank overdrafts interest	6,610	62,352
Bank guarantee commission	173,599	37,955
Commitment fees	67,616	21,765
Imputed interest on other receivable under non-current assets	-	67,531
Invoice financing interest	4,831	-
Invoice financing commission	42,642	-
Lease liabilities interest	49,333	4,822
Letter of credit commission	50	32,445
Packing credit advances commission	-	1,000
Packing credit interest	-	11,125
Term loans interest	560,139	364,657
	904,820	604,836

#### 27. NET IMPAIRMENT (GAINS)/LOSSES ON FINANCIAL ASSETS

	The Group	
	2020	2019
	RM	RM
Impairment losses:		
- trade receivables (Note 12)	-	10,100
Reversal of impairment losses:		
- trade receivables (Note 12)	(10,100)	-
	(10,100)	10,100



## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

### 28. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- current year provision	76,105	37,673	22,000	1,500
- underprovision in the previous financial year	3,000	-	-	-
Bad debts written off	-	31,620	-	-
Depreciation:				
- property, plant and equipment	2,559,806	1,510,618	-	-
- investment properties	120,726	23,441	-	-
- right-of-use assets	356,333	49,711	-	-
Directors' fees	384,000	72,000	300,000	-
Directors' non-fee emoluments	1,710,589	1,703,494	22,000	-
Fair value loss on short-term investments	15,570	-	-	-
Impairment losses on investments in subsidiaries	-	-	6	-
Profit/(Loss) before taxation is arrived at after charging/(crediting):- (Cont'd)				
Lease expenses:				
- plant hire	1,385,360	1,849,430	-	-
- short-term leases	1,073,274	705,312	-	-
Loss on foreign exchange:				
- realised	44,380	201,322	-	-
- unrealised	60,230	87,594	-	-
Management fees	-	-	106,918	-
Property, plant and equipment written off	11,635	119,556	-	-
Reversal of amount waived by creditors	1,947,734	-	-	-
Staff costs (including other key management personnel as disclosed in Note 35):				
- Salaries, bonuses and allowances	10,514,267	9,125,245	-	-
- E.P.F contribution	1,245,055	1,091,958	-	-

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 28. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
- SOCSO contribution	87,004	71,152	-	-
- E.I.S contribution	9,884	8,072	-	-
- staff welfare	179,549	210,012	-	-
Bad debts recovered	(1,947,734)	-	-	-
Dividend income	-	-	(5,333,328)	-
Loss/(Gain) on disposal of property, plant and equipment	45,340	(64,098)	-	-
Gain on disposal of investment property	(185,737)	-	-	-
Interest income:				
- fixed deposits with licensed banks	(54,187)	(89,637)	-	-
- others	(455,916)	(10,923)	(225,019)	-
Lease income	(259,492)	(151,030)	-	-

#### 29. INCOME TAX EXPENSE

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Current tax expense:				
- for the financial year	2,675,988	6,664,523	3,896	-
- overprovision in the previous financial year	(24,976)	(10,281)	-	-
	2,651,012	6,654,242	3,896	-
Deferred taxation (Note 10):				
- for the financial year	2,003,274	(5,076,845)	-	-
- overprovision in the previous financial year	(13,146)	(7,400)	-	-
	1,990,128	(5,084,245)	-	-
	4,641,140	1,569,997	3,896	-

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

### 29. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit/(Loss) before taxation	16,424,099	11,283,063	3,625,003	(977,944)
Tax at the statutory tax rate of 24% (2019 - 24%)	3,941,784	2,707,935	870,001	(234,707)
Tax effects of:-				
Non-deductible expenses	2,075,494	1,070,930	318,246	234,707
Non-taxable income	(1,338,016)	(331,670)	(1,184,351)	-
Recognition of previously unrecognised tax losses and capital allowances	-	(1,452,213)	-	-
Utilisation of capital allowances and tax losses brought forward	-	(407,304)	-	-
Overprovision in the previous financial year:				
- income tax	(24,976)	(10,281)	-	-
- deferred tax	(13,146)	(7,400)	-	-
	4,641,140	1,569,997	3,896	-

### 30. EARNINGS PER SHARE

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
Profit attributable to owners of the Company (RM)	11,759,895	9,678,202
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January	227,873,200	200
Effect of subdivision of ordinary shares	800	-
Effect of acquisitions of subsidiary*	-	227,873,000
Effect of public issue	26,449,969	-
Weighted average number of ordinary shares at 31 December	254,323,969	227,873,200
Basic earnings per share (Sen)	4.62	4.25

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 30. EARNINGS PER SHARE (CONT'D)

- \* Ordinary shares arising from the acquisitions are assumed to be issued from the beginning of the previous financial year on 1 January 2019 as the acquisitions of subsidiary were accounted for under common control using the pooling interest method of consolidation.

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

#### 31. ACQUISITION OF SUBSIDIARIES

On 18 August 2020, the Group acquired 100% equity interests in Skyline Energy Sdn. Bhd..

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2020 RM
Cash and bank balances	3,006
Other deposits & prepayments	13,820
Other payables and accruals	(11,696)
Net identifiable assets acquired	5,130
Add: Goodwill on acquisition	-
Total purchase consideration, to be settled by cash	5,130
Less: Cash and cash equivalents of subsidiary acquired	(3,006)
Net cash outflow from the acquisition of a subsidiary	2,124

#### 31. ACQUISITION OF SUBSIDIARIES (CONT'D)

On 28 February 2020, the Company acquired 100% equity interests in Reservoir Link (Labuan) Ltd..

On 13 March 2020, the Company acquired 100% and 60% equity interests in Amsito Oilwell Services (Malaysia) Sdn. Bhd. and Reservoir Link Solutions Sdn. Bhd. respectively.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Company 2020 RM
Net cash outflow from the acquisition of subsidiaries	109,006

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 32. DIVIDENDS

	<b>The Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
First interim dividend of RM0.0075 per ordinary share in respect of the current financial year	2,137,500	-

#### 33. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property and equipment and the addition of right-of-use assets is as follows:-

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>Property, plant and equipment</b>		
Cost of property, plant and equipment purchased (Note 6)	6,400,744	17,103,236
<b>Right-of-use assets</b>		
Cost of right-of-use assets acquired (Note 8)	1,078,508	-
Less: Addition of new lease liabilities	(1,078,508)	-
	-	-

#### 33. CASH FLOW INFORMATION (CONT'D)

- (b) The reconciliations of liabilities arising from financing activities are as follows:-

<b>The Group</b>	<b>Term Loans</b>	<b>Lease Liabilities</b>	<b>Credit Cards Facilities</b>	<b>Total</b>
<b>2020</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 January	11,480,534	-	35,020	11,515,554
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	2,923,597	-	-	2,923,597
Repayment of principal	(6,644,585)	(337,317)	(777)	(6,982,679)
Repayment of interests	(560,139)	(49,333)	-	(609,472)
	(4,281,127)	(386,650)	(777)	(4,668,554)
<u>Non-cash Changes</u>				

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

The Group	Term Loans	Lease Liabilities	Credit Cards Facilities	Total
2020	RM	RM	RM	RM
Acquisition of new leases (Note 21 and 33(a))	-	1,078,508	-	1,078,508
Interest expense recognised in profit or loss (Note 26)	560,139	49,333	-	609,472
	560,139	1,127,841	-	1,687,980
At 31 December	7,759,546	741,191	34,243	8,534,980

The Group	Term Loans	Lease Liabilities	Banker Acceptance	Credit Cards Facilities	Total
2019	RM	RM	RM	RM	RM
At 1 January	4,536,174	151,309	279,000	59,495	5,025,978

#### Changes in Financing Cash Flows

Proceeds from drawdown	8,435,495	-	-	-	8,435,495
Repayment of principal	(1,491,135)	(151,309)	(279,000)	(24,475)	(1,945,919)
Repayment of interests	(364,657)	(4,822)	(1,184)	(11,125)	(381,788)
	6,579,703	(156,131)	(280,184)	(35,600)	6,107,788

#### Non-cash Changes

Interest expense recognised in profit or loss (Note 26)	364,657	4,822	1,184	11,125	381,788
At 31 December	11,480,534	-	-	35,020	11,515,554

- (c) The total cash outflows for leases as a lessee are as follows:-

	The Group	
	2020	2019
	RM	RM
Payment of short-term leases	2,458,634	2,554,742
Interest paid on lease liabilities	49,333	4,822
Payment of lease liabilities	337,317	151,309
	2,845,284	2,710,873



## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

### 33. CASH FLOW INFORMATION (CONT'D)

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Fixed deposits with licensed banks	3,413,830	3,582,010	-	-
Cash and bank balances	1,895,717	2,388,397	89,358	100
	5,309,547	5,970,407	89,358	100
Less: Fixed deposits pledged to a licensed bank (Note 16(c))	(3,413,830)	(3,582,010)	-	-
	1,895,717	2,388,397	89,358	100

### 34. CAPITAL COMMITMENTS

	The Group	
	2020	2019
	RM	RM
Purchase of property, plant and equipment	3,508,321	2,474,736

### 35. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<b>(a) Directors</b>				
<u>Directors of the Company</u>				
Short term employee benefits:				
- fees	360,000	48,000	300,000	-
- salaries, bonuses, and other benefits	913,000	922,500	22,000	-
Defined contribution benefits	100,276	103,906	-	-
	1,373,276	1,074,406	322,000	-

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 35. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Directors of the Subsidiaries				
Short term employee benefits:				
- fees	24,000	24,000	-	-
- salaries, bonuses, and other benefits	624,500	606,750	-	-
Defined contribution benefits	72,813	70,338	-	-
	721,313	701,088	-	-
Total directors' remuneration (Note 28)	2,094,589	1,775,494	322,000	-
<b>(b) Other Key Management Personnel</b>				
Short term employee benefits	854,378	606,661	-	-
Defined contribution benefits	92,293	73,947	-	-
Total compensation for other key management personnel (Note 28)	946,671	680,608	-	-

#### 36. RELATED PARTY DISCLOSURES

##### (a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationship with its directors, key management personnel and entities within the same group of companies.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 36. RELATED PARTY DISCLOSURES (CONT'D)

##### (b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Dividend income received from a subsidiary	-	-	(5,333,328)	-
Management fee paid or payable to a subsidiary	-	-	106,918	-
Short-term lease expenses paid to a related company	61,600	60,000	-	-

#### 37. OPERATING SEGMENTS

Disclosure of information about operating segments, products and services, the geographical area, and the major customers are made as required by MFRS 8 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

The Group has one major strategic operating segment – perforating services. All revenue and substantially all the expenses incurred are directly or indirectly attributable to this segment.

##### 37.1 GEOGRAPHICAL INFORMATION

	Revenue	
	2020	2019
	RM	RM
<b>The Group</b>		
Malaysia	60,128,882	77,264,213
Mauritania	27,228,152	2,766,807
Brunei	71,914	-
Singapore	96,600	-
	87,525,548	80,031,020

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 37. OPERATING SEGMENTS (CONT'D)

##### 37.2 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue

	Revenue	
	2020	2019
	RM	RM
Customer A	32,803,332	45,655,920
Customer B	27,228,152	6,479,485

#### 38. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group	
	2020	2019
	RM	RM
Secured:-		
Performance and other guarantees extended by subsidiaries to third parties	8,717,177	9,334,489

#### 39. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

##### 39.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

##### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR") and Pound Sterling ("GBP"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

### 39. FINANCIAL INSTRUMENTS (CONT'D)

#### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

##### *Foreign Currency Exposure*

<b>The Group</b>	<b>United States Dollar RM</b>	<b>Ringgit Malaysia RM</b>	<b>Total RM</b>
2020			
<u>Financial Assets</u>			
Trade receivables	1,003,043	4,453,764	5,456,807
Other receivables	85,537	172,421	257,958
Short-term investments	-	27,243,524	27,243,524
Fixed deposits with a licensed bank	829,451	2,584,379	3,413,830
Cash and bank balances	355,354	1,540,363	1,895,717
	2,273,385	35,994,451	38,267,836
<u>Financial Liabilities</u>			
Bank borrowings	-	7,793,789	7,793,789
Lease liabilities	-	741,191	741,191
Trade payables	384,347	1,230,468	1,614,815
Other payables	100,104	1,725,357	1,825,461
	484,451	11,490,805	11,975,256
Net financial assets	1,788,934	24,503,646	26,292,580
Less: Net financial assets denominated in the Group's functional currency	-	(24,530,490)	(24,530,490)
Currency Exposure	1,788,934	(26,844)	1,762,090

Notes to the Financial Statements  
For The Financial Year Ended 31 December 2020

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	United States Dollar		Pound Sterling		Euro		Ringgit Malaysia		Total	
	RM		RM		RM		RM		RM	
2019										
<u>Financial Assets</u>										
Trade receivables	2,952,214		-		-		17,423,809		20,376,023	
Other receivables	-		-		-		225,020		225,020	
Amount owing by a related company	-		-		-		1,483,213		1,483,213	
Short-term investments	3,679,688		-		-		-		3,679,688	
Fixed deposits with a licensed bank	1,111,670		-		-		2,470,340		3,582,010	
Cash and bank balances	1,001,705		-		-		1,386,692		2,388,397	
	8,745,277		-		-		22,989,074		31,734,351	

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2020

### 39. FINANCIAL INSTRUMENTS (CONT'D)

#### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### Foreign Currency Exposure (Cont'd)

The Group	United States Dollar	Pound Sterling	Euro	Ringgit Malaysia	Total
	RM	RM	RM	RM	RM
2019					
<u>Financial Liabilities</u>					
Bank borrowings	-	-	-	11,515,554	11,515,554
Amount owing to directors	-	-	-	54,976	54,976
Amount owing to a related company	-	-	-	1,483,213	1,483,213
Trade payables	3,710,584	18,713	57,225	5,617,769	9,404,291
Other payables and accruals	82,181	-	-	1,959,305	2,041,486
	3,792,765	18,713	57,225	20,630,817	24,499,520
Net financial assets/(liabilities)	4,952,512	(18,713)	(57,225)	2,358,257	7,234,831
Less: Net financial assets denominated in the Group's functional currency	-	-	-	(8,453,318)	(8,453,318)
Currency Exposure	4,952,512	(18,713)	(57,225)	(6,095,061)	(1,218,487)



## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### *Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>Effects On Profit/(Loss) After Taxation</b>		
USD/RM		
- strengthened by 10%	1,978,587	1,030,234
- weakened by 10%	(1,978,587)	(1,030,234)
GBP/RM		
- strengthened by 10%	-	(20,584)
- weakened by 10%	-	20,584
EURO/RM		
- strengthened by 10%	-	(62,903)
- weakened by 10%	-	62,903

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 20 to the financial statements

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 39. FINANCIAL INSTRUMENTS (CONT'D)

##### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (a) Market Risk (Cont'd)

###### (ii) Interest Rate Risk (Cont'd)

###### *Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>Effects On (Loss)/Profit After Taxation</b>		
Increase of 100 basic points	(60,896)	(49,999)
Decrease of 100 basic points	60,896	49,999

###### (iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

###### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

###### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 4 customers which constituted approximately 55% (2019 – 64%) of its trade receivables at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile for trade receivables at the end of the reporting period is as follows:-

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

##### (i) Credit Risk Concentration Profile (Cont'd)

	The Group	
	2020	2019
	RM	RM
Malaysia	4,453,764	17,423,809
United States	1,003,043	2,952,214
	5,456,807	20,376,023

##### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

##### (iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

#### *Trade Receivables*

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

The Group considers any receivables having significant balances for more than 365 days are deemed credit impaired.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 39. FINANCIAL INSTRUMENTS (CONT'D)

##### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### *Trade Receivables (Cont'd)*

During the current financial year, the Group has changed its risk management practices in response to the COVID-19 pandemic. The expected loss rates are based on the payment profiles of sales over a period of 12 months (2019 – 12 months) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

	Gross Amount	Individual Impairment	Collective Impairment	Carrying Amount
The Group	RM	RM	RM	RM
2020				
Current (not pass due)	4,365,932	-	-	4,365,932
1 to 30 days past due	279,314	-	-	279,314
31 to 60 days past due	302,348	-	-	302,348
61 to 90 days past due	41,366	-	-	41,366
More than 90 days but less than a year past due	467,847	-	-	467,847
	5,456,807	-	-	5,456,807
2019				
Current (not pass due)	12,600,402	-	-	12,600,402
1 to 30 days past due	4,939,661	-	-	4,939,661
31 to 60 days past due	1,845,763	-	-	1,845,763
61 to 90 days past due	981,137	-	-	981,137
More than 90 days but less than a year past due	9,060	-	-	9,060
Credit impaired	10,100	(10,100)	-	-
	20,386,123	(10,100)	-	20,376,023

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 39. FINANCIAL INSTRUMENTS (CONT'D)

##### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### *Other Receivables*

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

##### *Fixed Deposits with Licensed Banks, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

##### *Amount Owing By Subsidiaries*

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

No expected credit loss is recognised on these balances as it is negligible.

##### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 39. FINANCIAL INSTRUMENTS (CONT'D)

##### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

##### Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2020						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Bank	3.17% -					
borrowings	7.97%	7,793,789	7,994,825	729,727	3,018,304	4,246,794
Lease liabilities	5.40%	741,191	783,600	391,800	391,800	-
Trade payables	-	1,614,815	1,614,815	1,614,815	-	-
Other payables and accruals	-	1,825,461	1,825,461	1,825,461	-	-
		11,975,256	12,218,701	4,561,803	3,410,104	4,246,794

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

### 39. FINANCIAL INSTRUMENTS (CONT'D)

#### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

##### Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2019						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Bank	4.42% -					
borrowings	7.97%	11,515,554	13,841,621	1,058,118	7,170,156	5,613,347
Amount owing to directors	-	54,976	54,976	54,976	-	-
Amount owing to a related company	-	1,483,213	1,483,213	1,483,213	-	-
Trade payables	-	9,404,291	9,404,291	9,404,291	-	-
Other payables and accruals	-	2,041,486	2,041,486	2,041,486	-	-
		24,499,520	26,825,587	14,042,084	7,170,156	5,613,347



## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

### 39. FINANCIAL INSTRUMENTS (CONT'D)

#### 39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

###### *Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Weighted Average Effective Interest Rate	Carrying Amount	Undiscount Cash	Within 1 Year
The Company	%	RM	RM	RM
2020				
<u>Non-derivative</u>				
<u>Financial Liabilities</u>				
Amount owing to a subsidiary	6.95%	10,795	10,795	10,795
Other payables and accruals	-	363,070	363,070	363,070
		373,865	373,865	373,865

	Weighted Average Effective Interest Rate	Carrying Amount	Undiscount Cash	Within 1 Year
The Company	%	RM	RM	RM
2019				
<u>Non-derivative</u>				
<u>Financial Liabilities</u>				
Amount owing to a related company	-	1,483,213	492,500	492,500
Other payables and accruals	-	198,294	198,294	198,294
		1,681,507	690,794	690,794

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Bank borrowings	7,793,789	11,515,554	-	-
Lease liabilities	741,191	-	-	-
Amount owing to a subsidiary	-	-	10,795	-
Amount owing to directors	-	54,976	-	-
Amount owing to a related company	-	1,483,213	-	1,483,213
Trade payables	1,614,815	9,404,291	-	-
Other payables and accruals	1,825,461	2,041,486	363,070	198,294
	11,975,256	24,499,520	373,865	1,681,507
Less: Cash and bank balances	(1,895,717)	(2,388,397)	(89,358)	(100)
Net debt	10,079,539	22,111,123	284,507	1,681,407
Total equity	62,712,506	30,772,963	45,567,888	(997,679)
Debt-to-equity ratio	0.16	0.72	0.01	(1.69)

There was no change in the Group's approach to capital management during the financial year.

Notes to the Financial Statements  
For The Financial Year Ended 31 December 2020

**39. FINANCIAL INSTRUMENTS (CONT'D)**

39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>Financial Assets</b>		
<u>Fair Value Through Profit or Loss</u>		
Short-term investments	27,243,524	3,679,688
<u>Amortised Cost</u>		
Trade receivables	5,456,807	20,376,023
Other receivables	257,958	225,020
Amount owing by a related company	-	1,483,213
Fixed deposits with a licensed bank	3,413,830	3,582,010
Cash and bank balances	1,895,717	2,388,397
	11,024,312	28,054,663
<b>Financial Liabilities</b>		
<u>Amortised Cost</u>		
Bank borrowings	7,793,789	11,515,554
Lease liabilities	741,191	-
Amount owing to directors	-	54,976
Amount owing to a related company	-	1,483,213
Trade payables	1,614,815	9,404,291
Other payables and accruals	1,825,461	2,041,486
	11,975,256	24,499,520

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

### 39. FINANCIAL INSTRUMENTS (CONT'D)

#### 39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	<b>The Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>
<b>Financial Assets</b>		
<u>Fair Value Through Profit or Loss</u>		
Short-term investments	22,356,792	-
<u>Amortised Cost</u>		
Other receivables	-	683,728
Amount owing by subsidiaries	278,532	-
Cash and bank balances	89,358	100
	367,890	683,828
<b>Financial Liabilities</b>		
<u>Amortised Cost</u>		
Amount owing to a subsidiary	10,795	-
Amount owing to a related company	-	1,483,213
Other payables and accruals	363,070	198,294
	373,865	1,681,507

#### 39.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss by:				
- mandatorily required by MFRS 9	409,674	10,923	206,792	-
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	219,806	189,431	18,227	-

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 39. FINANCIAL INSTRUMENTS (CONT'D)

##### 39.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(1,018,997)	(842,939)	-	-

##### 39.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profit of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried At Fair Value		Fair Value of Financial Instruments Not Carried At Fair Value		Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 1	Level 2		
The Group	RM	RM	RM	RM	RM	RM
2020						
<u>Financial Asset</u>						
Short-term investments:						
- Fixed income unit trust funds	-	27,243,524	-	-	27,243,524	27,243,524
2019						
<u>Financial Asset</u>						
Short-term investments:						
- Fixed income unit trust funds	-	3,679,688	-	-	3,679,688	3,679,688
<b>The Company</b>						
2020						
<u>Financial Asset</u>						
Short-term investments:						
- Fixed income unit trust funds	-	22,356,792	-	-	22,356,792	22,356,792

## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

## 39. FINANCIAL INSTRUMENTS (CONT'D)

### 39.5 FAIR VALUE INFORMATION (CONT'D)

#### (a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair value of equity fund unit trusts is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into at the reporting date.
- (ii) There were no transfers between level 1 and level 2 during the financial year.

#### (b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the Group's bank borrowings that carrying floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On the 26 June 2019, the Company entered into a conditional sale and purchase agreement with Reservoir Link Sdn. Bhd. to acquire the following:
  - (i) To acquire 100% of the issued share capital of Amsito Oilwell Services (Malaysia) Sdn. Bhd. comprising 1,000,000 ordinary shares and 5,000,000 Cumulative Redeemable Non-Convertible Preference Shares for a cash consideration of RM2;
  - (ii) To acquire 100% of the issued share capital of Reservoir Link (Labuan) Ltd. comprising 100 ordinary shares for a cash consideration of RM109,000;
  - (iii) To acquire 60% of the issued share capital of Reservoir Link Solutions Sdn. Bhd. comprising 60,000 ordinary shares for a cash consideration of RM2.
  - (iv) To acquire the entire issued share capital of Reservoir Link Sdn. Bhd. comprising 888,888 ordinary shares for a purchase consideration of RM22,787,300 satisfied wholly by the issuance of 227,873,000 new shares.

The acquisition of Reservoir Link (Labuan) Ltd. was completed on 28 February 2020, Amsito Oilwell Services (Malaysia) Sdn. Bhd. and Reservoir Link Solutions Sdn. Bhd. were completed on 13 March 2020 and Reservoir Link Sdn. Bhd. was completed on 16 March 2020. Following the completion of the acquisition, these subsidiaries became subsidiaries of the Company.

- (b) On 15 July 2020, the Company successfully listed on the ACE Market of Bursa Malaysia Securities Berhad.

## Notes to the Financial Statements

For The Financial Year Ended 31 December 2020

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### 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (c) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed Movement Control Order ("MCO") and subsequently entered into various phases of the MCO until 31 December 2020 to curb the spread of the COVID-19 pandemic in Malaysia.

The Group's operations have been disrupted by a series of precautionary and control measures taken by the governments and private corporations of countries that it operates in response to the COVID-19 pandemic.

The resulting impact on the operations and measures taken by the various governments to contain the virus have affected economic activities in these countries. The currently known impacts of COVID-19 on the Group are:

- (i) temporary and intermittent disruption in supply chain due to border closures, travel restrictions and reduction in supplier operations level which resulted in delay for shipment of inventories and postponement of projects; and
- (ii) delay and/or suspension in execution of work orders due to border closures and travel restrictions.

Although the Group's operations have been disrupted, its financial performance and cash flows for the current reporting period had not been adversely impacted by the COVID-19 pandemic.

### 41. SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD

- (a) Subsequent to the reporting date, the Government of Malaysia has continued to enforce various forms of MCO throughout the country up to the date of this report. In addition, a state of emergency is being enforced until 1 August 2021 or earlier if the COVID-19 situation comes under control. Similarly, the countries that the Company operates in continue to enforce various forms of precautionary measures. As the outbreak is evolving, the full effect of COVID-19 pandemic is subject to uncertainty and could not be ascertained reliably at this juncture.
- (b) On the 13 January 2021, the Group incorporated one new subsidiary, RL Healthcare Sdn. Bhd. at a cash consideration of RM2.

The intended principal activity of the subsidiary is trading and investment holding activities.



## Notes to the Financial Statements

### For The Financial Year Ended 31 December 2020

#### 41. SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD (CONT'D)

- (c) On 4 February 2021, M&A Securities Sdn. Bhd. ("M&A Securities") on behalf of the Board of Directors of Reservoir Link Energy Bhd., announced that the Company intends to undertake the following proposals:
- (i) Proposed bonus issue of 71,250,000 warrants on the basis of 1 Warrant for every 4 existing ordinary shares in the Company held on an entitlement date to be determined later;
  - (ii) Proposed establishment of an Employees' Share Option Scheme ("ESOS") (involving up to 30% of the total number of issued shares of the Company (excluding treasury shares, if any)) at any point of time during the duration of the ESOS for eligible directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries).

On 4 February 2021, M&A Securities on behalf of the Board announced that the listing application in relation to the Proposals has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities").

On 3 March 2021, M&A Securities on behalf of the Board announced that Bursa Securities had via its letter approved the following:

- (i) Admission to the Official List and listing and quotation for 71,250,000 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants;
- (ii) Listing and quotation of up to 71,250,000 new Reservoir Link Energy Bhd. shares to be issued arising from the exercise of the Warrants; and
- (iii) Listing and quotation of such number of new RLEB shares, representing up to 30% of the Company's total number of issued Shares (excluding treasury shares, if any), to be issued pursuant to the Proposed ESOS.

#### 42. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	<b>As Restated RM</b>	<b>As Previously Reported RM</b>
<b>Consolidated Statement of Profit or Loss and Other Comprehensive</b>		
Income (Extract):-		
Administrative expenses	(9,136,227)	(9,146,327)
Net impairment losses on financial assets	(10,100)	-

## List of Properties

No.	Registered Owner/ Beneficial Owner	Title Identification/ Postal Address	Description/ Existing Use	Date of Certificate of Completion and Compliance	Express Conditions	Floor Area	Tenure	Encumbrances	Audited NBV as at 31.12.2020 (RM'000)
1.	RLSB	<b>Title:</b> Parcel No. E-33-A1, E-33-A4, E-33-A5, E-33-A8, E-33-B2, E-33-B3, E-33-B6 and E-33-B7, held under Master Title PN 51531, Lot 480578, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur (formerly known as H.S.(D) 118779, PT 9114, Mukim and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur).	<b>Description:</b> Eight (8) office units on the thirty third (33 <sup>rd</sup> ) floor of an office building.  <b>Existing Use:</b> Office.	30.11.2017	This land is to be used for trade buildings for the purpose of service apartments, offices and shopping complexes only.	(i) 1,200 sq ft for each Parcel No. E-33-A1, E-33-A4, E-33-A5 and E-33-A8.  (ii) 1,700 sq ft for each Parcel No. E-33-B2, E-33-B3, E-33-B6 and E-33-B7.	99 years expiring on 11 April 2111.	Charged to United Overseas Bank (Malaysia) Bhd	9,733
2.	RLSB	<b>Title:</b> No. Geran 70251, No. Lot 60493, No. Bangunan M2-A, No. Tingkat 30, No. Petak 419, Mukim Batu, Negeri Wilayah Persekutuan Kuala Lumpur.  <b>Postal Address:</b> Unit 29-1, Level 29, Menara 1 Mont Kiara, Kompleks 1 Mont Kiara, No. 1, Jalan Kiara, Mont Kiara, 50480 Wilayah Persekutuan, Kuala Lumpur.	<b>Description:</b> One (1) office unit on the twenty ninth (29 <sup>th</sup> ) floor of an office building.  <b>Existing use:</b> Office. RLSB (landlord) has rented out this office unit to Messrs Lee & Koh (tenant).	25.11.2010	This land is to be used for trade buildings, for the purpose of shopping complexes, office towers and service apartments with recreational facilities and parking lots only.	775 sq m	Freehold	Charged to Public Islamic Bank Berhad	5,166

## Analysis of Shareholdings

As at 22 March 2021

Issued share capital : RM 45,082,060 consisting of 285,000,000 ordinary shares  
 Class of shares : Ordinary Shares  
 Voting rights : One (1) vote per ordinary share

### Distribution of Shareholdings

Holdings	No. of Holders	%	No. of Shares	%
1 – 99 shares	2	0.074	100	0.000
100 – 1,000 shares	262	9.679	173,700	0.061
1,001 – 10,000 shares	1,253	46.287	7,501,800	2.632
10,001 – 100,000 shares	1,017	37.569	34,756,900	12.195
100,001 – 14,249,999 shares (*)	170	6.280	92,878,997	32.589
14,250,000 AND ABOVE (**)	3	0.111	149,688,503	52.522
Total	2,707	100	285,000,000	100.00

\* LESS THAN 5% OF ISSUED SHARES

\*\* 5% AND ABOVE OF ISSUED SHARES

### Thirty Largest Shareholders (Based on Record of Depositors)

No.	Account Holders	Shareholdings	% of Issued Capital
1.	Reservoir Link Holdings Sdn Bhd	105,000,000	36.842
2.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Pansar Berhad	29,323,503	10.289
3.	Thien Chiet Chai	15,365,000	5.391
4.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yi-Lai Marketing Sdn Bhd	8,984,100	3.152
5.	Ho Khee Jeem	6,400,000	2.246
6.	Wan Hassan Bin Mohd Jamil	5,944,000	2.086
7.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Thien Chiet Chai	4,500,000	1.579
8.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wan Hassan Bin Mohd Jamil	4,500,000	1.579
9.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Thien Chiet Chai (MY2529)	3,130,000	1.098
10.	Thien Chiet Chai	2,283,235	0.801
11.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Kok Weng (MY2166)	2,000,000	0.702
12.	Kenanga Nominees (Tempatan) Sdn Bhd - Rakuten Trade Sdn Bhd for Khor Chong Yak	2,000,000	0.702
13.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Thien Chiet Chai	2,000,000	0.702
14.	Mad Haimi Bin Abu Hassan	1,941,000	0.681
15.	Richard Wee Liang Huat @ Richard Wee Liang Chiat	1,677,891	0.589

## Analysis of Shareholdings

As at 22 March 2021

## Thirty Largest Shareholders (Based on Record of Depositors)

No.	Account Holders	Shareholdings	% of Issued Capital
16.	Kan Yoon Keong	1,659,900	0.582
17.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Heng Sue Khe (E-BPT/ EDU)	1,300,000	0.456
18.	Sim Kheng Boon	1,252,131	0.439
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ser Toh Chon Chien (7006951)	1,119,000	0.393
20.	Khew Sze Wei	1,074,600	0.377
21.	M & A Nominee (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Chyi Boon (PNG)	1,000,000	0.351
22.	HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities PLC	935,500	0.328
23.	Law Ah Thien	900,000	0.316
24.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Rohayah Binti Annuar	900,000	0.316
25.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Law Wei Liang (CEB)	800,000	0.281
26.	Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Tien Sang (TAN0839C)	700,000	0.246
27.	Yeo Lay Hoon	700,000	0.246
28.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chin Kean Ping	675,400	0.237
29.	Mad Haimi Bin Abu Hassan	675,335	0.237
30.	Chee Keat Hoe	639,400	0.224
<b>Total</b>		<b>209,379,995</b>	<b>73.467</b>

## Substantial Shareholders (Based on Register of Substantial Shareholders)

		No. of Ordinary Shares % of Issued Capital		% of Issued Capital	
		Direct	Indirect		
1.	Reservoir Link Holdings Sdn Bhd	105,000,000	-	-	-
2.	Dato' Wan Hassan Bin Mohd Jamil	10,608,605	105,000,000 <sup>(a)</sup>	36.84	36.84
3.	Mad Haimi Bin Abu Hassan	2,626,335	105,000,000 <sup>(a)</sup>	36.84	36.84
4.	Thien Chiet Chai	27,278,235	-	-	-
5.	Pansar Berhad	29,323,503	-	-	-
6.	Pan Sarawak Holdings Sdn Bhd	-	29,323,503 <sup>(b)</sup>	10.29	10.29
7.	Tai Sing Chii & Sons Sdn Bhd	-	29,323,503 <sup>(b)</sup>	10.29	10.29

## Analysis of Shareholdings

As at 22 March 2021

		<b>No. of Ordinary Shares % of Issued Capital</b>	<b>% of Issued Capital</b>
	<b>Direct</b>	<b>Indirect</b>	
8. Inplaced Capital Sdn Bhd	-	29,323,503 <sup>(b)</sup>	10.29
9. Puan Sri Datin Sri Ling Lah Kiong	-	29,323,503 <sup>(b)</sup>	10.29
10. Dato' James Tai Cheong @ Tai Chong	-	29,323,503 <sup>(b)</sup>	10.29
11. Datuk Tai Hee	500,000	29,323,503 <sup>(b)</sup>	10.29
12. David Tai Wei	-	29,323,503 <sup>(b)</sup>	10.29

Notes:

(a) Deemed interested by virtue of his substantial shareholding in Reservoir Link Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

(b) Deemed interested by virtue of its/his/her indirect substantial shareholding in Pansar Berhad.

### Directors' Interest In Shares (Based on Register of Directors' Shareholdings)

		No. of Ordinary Shares % of Issued Capital		% of Issued Capital	
		Direct		Indirect	
1.	Dato' Wan Hassan Bin Mohd Jamil	10,608,605	3.722	105,000,000(i)	36.84
2.	Datuk Tai Hee	500,000	0.175	29,323,503 (ii)	10.29
3.	Elain Binti Lockman	-	-	-	-
4.	Eric Lim Swee Khoon	200,000	0.07	-	-
5.	Siti Zurina Binti Sabarudin	138,400	0.048	-	-
6.	Thien Chiet Chai	27,278,235	9.571	-	-

Notes:

(i) Deemed interested by virtue of his substantial shareholding in Reservoir Link Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

(ii) Deemed interested by virtue of his indirect substantial shareholding in Pansar Berhad.

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth (6<sup>th</sup>) Annual General Meeting of Reservoir Link Energy Bhd ("RLEB" or "the Company") will be conducted entirely on a fully virtual basis through live streaming and online remote voting from the broadcast venue at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on 10 May 2021 at 10.00 a.m., to transact the following business:

### AGENDA

#### ORDINARY BUSINESS

- |    |   |  |
|----|---|--|
| 1. | To lay before the meeting the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.                        | <b>Please refer to explanatory note (A)</b>            |
| 2. | To approve the payment of Directors' fees in respect of the financial year ended 31 December 2020.  | <b>Ordinary Resolution 1</b>                           |
| 3. | To approve the payment of Directors' Meeting attendance allowance and any other benefits from the date of the passing of this Ordinary Resolution until the next Annual General Meeting.                        | <b>Ordinary Resolution 2</b>                           |
| 4. | To re-elect the following Directors who retire pursuant to Clause 91 of the Company's Constitution, and being eligible offer themselves for re-election.<br>a) Mr Thien Chiet Chai<br>b) Ms Elain Binti Lockman | <b>Ordinary Resolution 3<br/>Ordinary Resolution 4</b> |
| 5. | To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.   | <b>Ordinary Resolution 5</b>                           |

#### SPECIAL BUSINESS

To consider and, if thought fit, pass the following Ordinary Resolutions:

- |    |  |                              |
|----|--|------------------------------|
| 6. | Authority to Issue and Allot shares  | <b>Ordinary Resolution 6</b> |
|    | <p>"THAT pursuant to Section 76 of the Companies Act, 2016 and subject always to the Company's Constitution and approvals of the relevant authorities, the Directors be hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the issued share capital of the Company for the time being AND THAT the Directors be hereby empowered to obtain approval for the listing and quotation of the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."</p> |                              |
| 7. | To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016 and the Constitution of the Company.   |                              |

BY ORDER OF THE BOARD

PAULINE KON SUK KHIM (SSM Practicing Certificate No. 202008001607) (MAICSA 7014905)

HO KHEE JEEM (SSM Practicing Certificate No. 201908002110) (MIA 12422)

Company Secretaries

Date : 9 April 2020

## Notice of Annual General Meeting

Notes: -

- (i) As part of the safety measures to curb the spread of the Coronavirus outbreak, the Company will conduct the Annual General Meeting entirely on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities. Please read these Notes carefully and follow the Procedures in the Administrative Guide for the meeting in order to participate remotely.
- (ii) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders/proxies/corporate representative from the public should be physically present at the broadcast venue on the day of Annual General Meeting. Therefore, members are strongly advised to participate and vote remotely at this meeting through the RPEV facilities provided.
- (iii) In respect of deposited securities, only members whose names appear on the Record of Depositors on 3 May 2021 (Annual General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and/or vote on his (her) behalf.
- (iv) A member [other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991] entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote on his (her) behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.
- (v) Where a member appoints two (2) proxies, the appointment shall be invalid unless he (she) specifies the proportions of his (her) shareholdings to be represented by each proxy.
- (vi) Where a member of the Company is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- (vii) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it is entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an Authorised Nominee appoints two (2) proxies to attend and vote at the Annual General Meeting, the proportion of shareholdings to be represented by each proxy must be specified in the proxy form, failing which, the appointment shall be invalid.
- (viii) The proxy form shall be in writing, executed by or on behalf of the appointer or his (her) attorney duly authorised in writing or, if the appointer is a corporation, either be executed under its common seal or by its duly authorised attorney or officer.
- (ix) The proxy form and the power of attorney or other authority, if any, under which it is signed or a duly notarised copy of that power or authority must be deposited to the Company's Share Registrar office at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the Annual General Meeting or adjourned Annual General Meeting.
- (x) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Securities, all the resolutions set out in the Notice of the Annual General Meeting will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.



## Notice of Annual General Meeting

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### **Personal Data Privacy:**

*By submitting proxy form(s) appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting 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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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.*

### EXPLANATORY NOTES:

#### **(A) Audited Financial Statements**

The Audited Financial Statements are laid before the shareholders for discussion only as they do not require shareholders' approval pursuant to Section 340(1) of the Companies Act, 2016. Hence, this matter will not be put for voting.

#### **(B) Ordinary Resolution 2 - Payment of Meeting Allowance and any other benefits to Directors**

Section 230(1) of the Companies Act, 2016 requires the benefits payable to Directors of the Company to be approved at a general meeting. Shareholders' approval for the payment of Directors' meeting attendance allowance and any other benefits of RM1,000 per meeting attendance is sought.

#### **(C) Ordinary Resolution 6 – Authority to Issue and Allot shares**

This Ordinary Resolution, if passed, is a renewal of the general mandate to empower the Directors of the Company from the date of this Annual General Meeting, authority to issue and allot Ordinary Shares in the Company up to an aggregate of ten per cent (10%) of the issued share capital of the Company for the time being, for such purposes as the Directors consider in their absolute discretion to be in the best interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting. With this authority, the Company will be able to raise capital from the equity market in a shorter period of time and the cost to be incurred will also be lower as the need to convene an extraordinary general meeting will be dispensed with.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last General Meeting held on 24 June 2020 and which will lapse at the conclusion of the forthcoming Annual General Meeting.

The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

### Statement accompanying Notice of Annual General Meeting

There is no person seeking election as Director of the Company at this Annual General Meeting.

## Administrative Guide for Sixth Annual General Meeting (“6<sup>th</sup>AGM”)

Meeting Platform	: <a href="https://web.lumiagm.com/">https://web.lumiagm.com/</a>
Day and Date	: Monday, 10 May 2021
Time	: 10.00 a.m.
Broadcast Venue	: 12 <sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan
Mode of Communication	: 1. Type text in the meeting platform. The Messaging window facility will be opened concurrently with the Virtual Meeting Portal, i.e., one (1) hour before the 6 <sup>th</sup> AGM. 2. Email questions in advance to Investor Relations at <a href="mailto:investor.relation@reservoirlink.com">investor.relation@reservoirlink.com</a> in relation to the agenda items for 6 <sup>th</sup> AGM, commencing from 9 April 2021 and in any event no later than Wednesday, 5 May 2021.

Dear shareholders,

As a precautionary measure amid the COVID19 outbreak, the Company's 6<sup>th</sup> AGM will be conducted entirely on a fully virtual basis through the above Meeting Platform, as the safety of our members, Directors, staff and other stakeholders who will attend the 6<sup>th</sup> AGM is of paramount importance to us.

In line with the Malaysian Code on Corporate Governance Practice 12.3, by conducting a virtual meeting, this would facilitate greater shareholder participation as it facilitates electronic voting and remote shareholders' participation.

With the Remote Participation and Electronic Voting (“**RPEV**”) facilities, you may exercise your right as a member of the Company to participate remotely (including pose questions to the Board of Directors and/or Management of the Company) and vote via electronic voting at the virtual 6<sup>th</sup> AGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the virtual 6<sup>th</sup> AGM.

Kindly ensure that you are connected to the internet at all times in order to participate and vote when our virtual 6<sup>th</sup> AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. The quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

### Broadcast Venue

The venue of the Meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue.

Shareholders/proxies/corporate representatives **WILL NOT BE ALLOWED to be physically present** nor will they be admitted at the Broadcast Venue on the day of the 6<sup>th</sup> AGM.

### No Door Gift

There will be NO door gift for members/proxies/corporate representatives who participate at the 6<sup>th</sup> AGM.

### Entitlement to Participate in the Virtual Annual General Meeting

In respect of deposited securities, only members whose names appear on the **General Meeting Record of Depositors as at 5 May 2021** shall be eligible to participate and vote at the virtual 6<sup>th</sup> AGM or appoint proxy(ies)/corporate representatives to participate and vote on his/her/their behalf.

## Administrative Guide for Sixth Annual General Meeting (“6<sup>th</sup>AGM”)

### Lodgement of Proxy Form

1. Shareholders are encouraged to go online, participate, and vote at the 6<sup>th</sup> AGM using RPEV facilities. Shareholders who are unable to join the 6<sup>th</sup> AGM are encouraged to appoint the Chairman of the Meeting or their proxy to vote on their behalf.
2. If you wish to attend the 6<sup>th</sup> AGM yourself, please do not submit any Proxy Form. You will not be allowed to attend the 6<sup>th</sup> AGM together with a proxy appointed by you.
3. The Proxy Form can be deposited with the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. at **Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** or by electronic means through the Share Registrar's website, Boardroom Smart Investor Online Portal, not later than 48 hours before the 6<sup>th</sup> AGM (i.e., **latest by Saturday, 8 May 2021 at 10.00 a.m.**) which is free and available to all individual shareholders. For further information, kindly refer to the “Electronic Lodgement of Form of Proxy” below:

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

**[Note: If you have already signed up with Boardroom Smart Investor Online Portal, you are not required to register again. You may proceed to Step 2 on e-Proxy Lodgement.]**

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

#### Step 2 e-Proxy Lodgement


- (a) Access website <https://boardroomlimited.my>.
- (b) Login with your User ID and Password given above.
- (c) Go to “**E-PROXY LODGEMENT**” and browse the Meeting List for “**RESERVOIR LINK ENERGY BHD SIXTH (6<sup>th</sup>) VIRTUAL ANNUAL GENERAL MEETING**” and click “**APPLY**”.
- (d) Read the terms & conditions and confirm the Declaration.
- (e) Enter your CDS Account Number and indicate the number of securities.
- (f) Appoint your proxy(ies) or the Chairman of the 6<sup>th</sup> AGM and enter the required particulars for your proxy(ies).
- (g) Indicate your voting instructions – FOR or AGAINST or ABSTAIN, otherwise your proxy(ies) will decide your votes.
- (h) Review and confirm your proxy(ies) appointment.
- (i) Click submit.
- (j) Download or print the e-Proxy form acknowledgement.

## Administrative Guide for Sixth Annual General Meeting ("6<sup>th</sup>AGM")

### Revocation of Proxy

If you have submitted your Proxy Form prior to the 6<sup>th</sup> AGM and subsequently decide to appoint another person or wish to participate in the 6<sup>th</sup> AGM by yourself, please write to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) to revoke the earlier appointed proxy(ies) at least 48 hours before the 6<sup>th</sup> AGM. On revocation, your proxy(ies) will not be allowed to participate in the 6<sup>th</sup> AGM. In such an event, you should advise your proxy(ies) accordingly.

### Polling Voting (For Virtual Annual General Meeting)

1. The voting will be conducted by the poll in accordance with Rule 8.31A(1) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Boardroom Share Registrars Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting (e-Voting) and Sky Corporate Services Sdn Bhd as Scrutineers to verify the poll results.
2. During the 6<sup>th</sup> AGM, the Chairman will invite the Poll Administrator to brief on the e-Voting housekeeping rules.
3. For the purposes of the 6<sup>th</sup> AGM, the remote participation and e-Voting will be carried out via the following voting devices:
  - (a) Personal smart mobile phones;
  - (b) Tablets; or
  - (c) Laptops.
4. There are two (2) methods for members and proxies who wish to use their personal voting device to vote as follows:
  - (a) Launch Lumi Apps by scanning the QR Code provided in the email notification; or
  - (b) Using website URL <https://web.lumiagm.com>.
5. During the 6<sup>th</sup> AGM, the Chairman will invite the Poll Administrator to give a briefing on the e-Voting housekeeping rules. The voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of poll.
6. 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. The Scrutineers will verify the poll result reports upon closing of the poll voting session by the Chairman. Scrutineers will pass the poll results to the Chairman thereafter and the Chairman will declare whether the resolution put to vote was successfully carried or not.

### Remote Participation and Electronic Voting ("RPEV")

1. Please note that the RPEV facilities are available to:
  - (i) Individual member;
  - (ii) Corporate shareholder;
  - (iii) Authorised Nominee; and
  - (iv) Exempt Authorised Nominee

## Administrative Guide for Sixth Annual General Meeting ("6<sup>th</sup>AGM")

2. If you choose to participate in the 6<sup>th</sup> AGM, you will be able to view a live webcast of the 6<sup>th</sup> AGM proceedings, pose questions to the Board, and submit your votes in real-time whilst the meeting is in progress.
3. Kindly follow the steps below on how to request for login ID and password.

### Step 1 – Register Online with Boardroom Smart Investor Online Portal (for first-time registration only)

**[Note: If you have already signed up with Boardroom Smart Investor Online Portal, you are not required to register again. You may proceed to Step 2. Submit a request for Remote Participation user ID and password.]**

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

### Step 2 – Submit Request for Remote Participation User ID and Password

**[Note: The registration for remote access will be opened on 17 March 2021.]**

#### Individual Members

- Login to <https://boardroomlimited.my> using your user ID and password above.
- Select "**VIRTUAL MEETING**" from the main menu and select the correct Corporate Event "**RESERVOIR LINK ENERGY BHD SIXTH (6<sup>th</sup>) VIRTUAL ANNUAL GENERAL MEETING**".
- Read and agree to the terms & conditions.
- Enter your CDS Account and thereafter submit your request.

#### Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee

- Write to [bsr.helpdesk@boardroomlimited.com](mailto: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 the Corporate Representative's MyKad (Front and Back) or Passport in JPEG or PNG format as well as his/her email address.
- (a) You will receive a notification from the Boardroom that your request has been received and is being verified.
  - (b) Upon system verification against the **General Meeting Record of Depositors as at 5 May 2021**, you will receive an email from the Boardroom either approving or rejecting your registration for remote participation.
  - (c) You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
  - (d) Please note that the closing time to submit your request is by Saturday, 8 May 2021 at 10.00 a.m. (48 hours before the 6<sup>th</sup> AGM).

## Administrative Guide for Sixth Annual General Meeting ("6<sup>th</sup>AGM")

### Step 3 – Login to Virtual Meeting Portal

**[Please note that the quality of the connectivity to Virtual Meeting Portal for live webcast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]**



- (a) The Virtual Meeting Portal will be open for login starting one (1) hour before the commencement of the 6<sup>th</sup> AGM at **9.00 a.m. on 10 May 2021**.
- (b) Follow the steps given to you in the email along with your remote access user ID and password to login to the Virtual Meeting portal. (Refer to Step 2(c) above).
- (c) The steps will also guide you on how to view the live webcast, ask questions and vote.
- (d) The live webcast will end and the Messaging window will be disabled upon announcement by the Chairman on the closure of the 6<sup>th</sup> AGM.

### Live Webcast, Question and Voting at the Virtual Annual General Meeting

The Login User Guide for participation, posing questions and voting at the 6<sup>th</sup> AGM, will be emailed to you together with your remote access user ID and password once your registration has been approved.

The Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by shareholders which are related to the resolution to be tabled at the 6<sup>th</sup> AGM.

**[Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition. All questions and messages will be presented with the full name and identity of the participant raising the question.]**

- (i) If you would like to view the live webcast, select the broadcast icon. 
- (ii) If you would like to ask a question during the 6<sup>th</sup> AGM, select the messaging icon. 
- (iii) Type your message within the chatbox, once completed click the send button.

Shareholders may proceed to cast votes on the proposed resolution to be tabled at the 6<sup>th</sup> AGM, after the Chairman has opened the poll voting session on the resolution. Shareholders are reminded to cast their votes before the poll is closed.

No recording or photography of the 6<sup>th</sup> AGM proceedings is allowed without the prior written permission of the Company.

### Enquiry

Please email to the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) or **call the helpdesk number at 03-7890 4700** if you have queries pertaining to the RPEV, prior to the 6<sup>th</sup> AGM.

## Administrative Guide for Sixth Annual General Meeting ("6<sup>th</sup>AGM")

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### PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 6<sup>th</sup> 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 6<sup>th</sup> AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 6<sup>th</sup> 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.





**RESERVOIR LINK ENERGY BHD**  
(Registration No. 201401044508 (1120690-K))  
(Incorporated in Malaysia)

No. of shares held	CDS Account no.
Telephone no.	Email address

#### FORM OF PROXY

\*I/We \_\_\_\_\_ NRIC/Passport no./Registration no. \_\_\_\_\_

of \_\_\_\_\_

being a \*member/members of RESERVOIR LINK ENERGY BHD, hereby appoint:

(1) Name of proxy : \_\_\_\_\_ NRIC/ Passport no. : \_\_\_\_\_

Address : \_\_\_\_\_

Email address : \_\_\_\_\_ Telephone no. : \_\_\_\_\_

(2) Name of proxy : \_\_\_\_\_ NRIC/ Passport no. : \_\_\_\_\_

Address : \_\_\_\_\_

Email address : \_\_\_\_\_ Telephone no. : \_\_\_\_\_

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the 6<sup>th</sup> Annual General Meeting of the Company will be conducted entirely on a fully virtual basis through live streaming from the broadcast venue at 12<sup>th</sup> Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Khim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Monday, 10 May 2021 at 10.00 a.m. and at any adjournment thereof in respect of my/our shareholding in the manner indicated below:

Please indicate with a "x" in the spaces provided whether you wish your votes to be cast for or against the resolution. In the absence of specific instructions, your proxy will vote or abstain as he/she thinks fit.

No.	Ordinary Resolution	For	Against
1.	To approve the payment of Directors' Fees		
2.	To approve the payment of Meeting Attendance Allowances and other benefits to the Directors		
3.	To re-elect Mr Thien Chiet Chai		
4.	To re-elect Ms Elain Binti Lockman		
5.	To re-appoint Messrs Crowe Malaysia PLT as Auditors for the ensuing year		
	<b>Special Business</b>		
6.	Authority to issue and allot shares		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
Signature/Seal

*\* Strike out whichever is not applicable*

**For appointment of two proxies, percentage of shareholdings to be represented by the proxies:**

	No. of shares	Percentage (%)
Proxy 1		
Proxy 2		
<b>Total</b>		<b>100</b>

Fold this flap for sealing

Notes: -

- (i) As part of the safety measures to curb the spread of the Coronavirus outbreak, the Company will conduct the Annual General Meeting entirely on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities. Please read these Notes carefully and follow the Procedures in the Administrative Guide for the meeting in order to participate remotely.
- (ii) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders/proxies/corporate representative from the public should be physically present at the broadcast venue on the day of Annual General Meeting. Therefore, members are strongly advised to participate and vote remotely at this meeting through the RPEV facilities provided.
- (iii) In respect of deposited securities, only members whose names appear on the Record of Depositors on 3 May 2021 (Annual General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend, speak and/or vote on his (her) behalf.
- (iv) A member [other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991] entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote on his (her) behalf. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, participate, speak and vote at the meeting of the Company shall have the same rights as the members to speak at the meeting.
- (v) Where a member appoints two (2) proxies, the appointment shall be invalid unless he (she) specifies the proportions of his (her) shareholdings to be represented by each proxy.

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AFFIX  
STAMP

**THE SHARE REGISTRAR OF**

**RESERVOIR LINK ENERGY BHD**

(Registration No. 201401044508 (1120690-K))  
(Incorporated in Malaysia)

11<sup>th</sup> Floor, Menara Symphony  
No.5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

1<sup>st</sup> fold here

- (vi) Where a member of the Company is an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- (vii) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it is entitled to appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where an Authorised Nominee appoints two (2) proxies to attend and vote at the Annual General Meeting, the proportion of shareholdings to be represented by each proxy must be specified in the proxy form, failing which, the appointment shall be invalid.
- (viii) The proxy form shall be in writing, executed by or on behalf of the appointer or his (her) attorney duly authorised in writing or, if the appointer is a corporation, either be executed under its common seal or by its duly authorised attorney or officer.
- (ix) The proxy form and the power of attorney or other authority, if any, under which it is signed or a duly notarised copy of that power or authority must be deposited to the Company's Share Registrar office at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the Annual General Meeting or adjourned Annual General Meeting.
- (x) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Securities, all the resolutions set out in the Notice of the Annual General Meeting will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.





**[www.reservoirlink.com](http://www.reservoirlink.com)**

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