

Charting the Course
**Towards
Sustainability**

ANNUAL REPORT 2021



CHARTING THE COURSE **TOWARDS SUSTAINABILITY**

Reservoir Link emerged as one of the driving force in the upstream oil & gas industry through years of perseverance.

As a forerunner in the renewable energy industry, we want to create a better and greener future where clean energy is accessible to many. Since our humble beginnings, we have been advocating for solar energy adoption and shaping a sustainable community.

Pioneering the path to a greener Malaysia, we deliver value investments while preserving the world for the upcoming generations.



For more information:
Scan the QR code to view our AR online
www.reservoirlink.com

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



▶ **15 July 2020**
Listing date



▶ **RM0.430 - RM0.825**
share price year range 2021



▶ **RM156,840**
Market cap on
31 December 2021 (RM'000)





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CORPORATE PROFILE

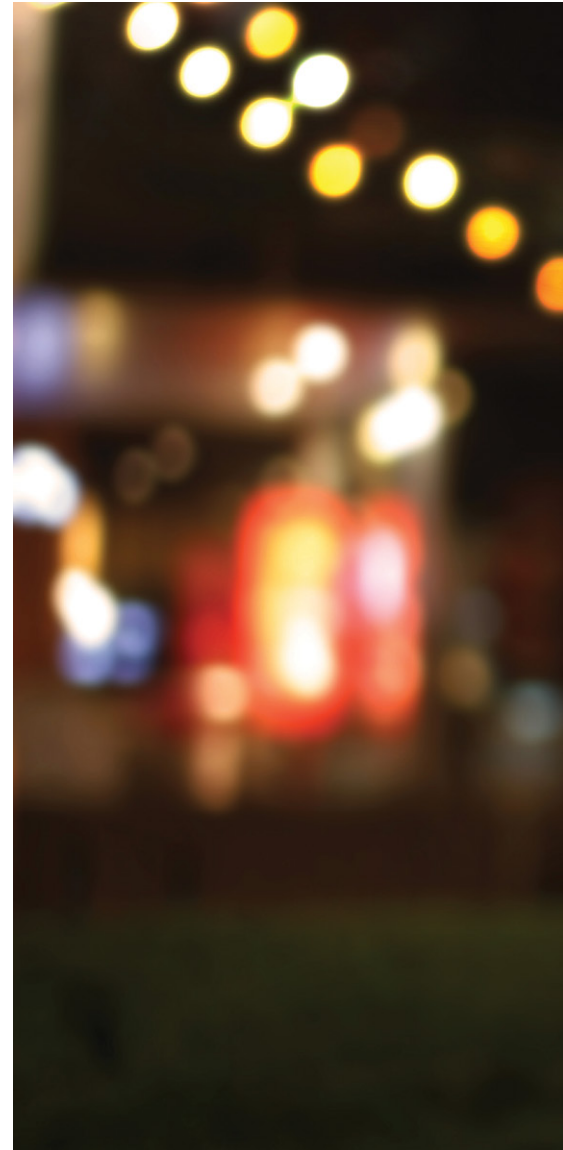
THE GROUP FOCUSES ON TECHNOLOGICAL INNOVATION, UNPARALLELED CUSTOMER SERVICE AND PROVIDING HIGH QUALITY SOLUTIONS TO ENHANCE VALUE AND RETURN FOR OUR CUSTOMERS.

Reservoir Link Energy Bhd is the provider of well services for Oil and Gas Operators that supports upstream segments of the industry. Established in 2008 as Reservoir Link Engineering Sdn Bhd, we achieved rapid growth in portfolio that covers all stages of wells suitably to be functional, perforate the well to allow well to produce hydrocarbon, wash and cement services as part of plugging and abandonment services to seal the well when it reaches the end of its useful life. Our well services encompass the aspects of exploration, appraisal, development and production segments of the Oil and Gas industry.

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 comprises of supplying oilfield products, equipment, and technical personnel.

As part of the Group's effort towards net zero carbon emissions by 2050 and in line with the demand for a cleaner, safer and efficient future environment, the Group has taken a step towards Solar Energy and other renewable energy in its portfolio. This transition certainly aims to benefit all communities involved in reducing carbon emissions, create opportunities to unleash innovation and develop new market. The Group's Healthcare division was set up to assist the Malaysian Government in distribution and importation of medical devices in considering the alarming COVID-19 pandemic situation in Malaysia.



VISION

To build sustainable enterprise throughout the energy sector as integrated service provider in oil & gas and renewable energy focussed in Malaysia with equitable International presence.



MISSION

We focus on technological innovation, unparalleled customer service and providing high quality solutions to enhance value and return for our customers.

Committed in achieving sustainability goals that meet the growing energy needs in a safe, environmentally responsible, social sensitive and profitable way.



SHARED VALUES



INTEGRITY

Work Ethics,
Professionalism,
Governance,
Honesty



LEADERSHIP

Respect,
Competency,
Teamwork,
Innovation



EXCELLENCE

Quality,
Performance,
Delivery,
Efficiency,
Trustworthy



SUSTAINABILITY

Profitability,
Growth,
Environment,
Resources

CORPORATE
PROFILE

KEY MILESTONE

2008	2009	2013	2014	2015
<ul style="list-style-type: none">▶ Incorporation of Reservoir Link Engineering Sdn Bhd and later change to Reservoir Link Sdn Bhd (RLSB) in 2012.	<ul style="list-style-type: none">▶ RLSB obtained Petronas licence.▶ Secured our first project in Vietnam.▶ Secured a total number of 3 contracts.	<ul style="list-style-type: none">▶ Incorporated Reservoir Link (Labuan) Ltd to provide well perforation and well leak repair services, primarily outside Malaysia.	<ul style="list-style-type: none">▶ Reservoir Link Energy Bhd was incorporated as an investment holding company.	<ul style="list-style-type: none">▶ Acquired Amsito Oilwell Services (Malaysia) Sdn Bhd, a provider of wireline services.

PRODUCT AND SERVICES OVERVIEW
OIL & GAS

WE ARE MAINLY PROVIDERS OF OIL & GAS WELL SERVICES THAT SUPPORT OPERATORS IN THE UPSTREAM SECTOR OF THE OIL & GAS INDUSTRY.

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 must 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.

The Group involved in providing Oil & Gas well services focusing on perforation of wells to initiate oil and gas flow during the exploration, appraisal and development stage, enhancing the output during the production stage, and sealing process during well end-of-life stage when the well reaches its useful life or is no longer economical to continue production.

The track records prove that our services and capabilities match such requirements. 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.



CORPORATE PROFILE

2017	2018	2019	2020	2021
<ul style="list-style-type: none"> Secured our first job in Mauritania. Secured a total number of 6 contracts. 	<ul style="list-style-type: none"> Reservoir Link Solutions Sdn Bhd ("RL Solutions") obtained Petronas licence and commenced its operations. 	<ul style="list-style-type: none"> Began providing sand management solutions services. Began supplying IOR chemicals. 	<ul style="list-style-type: none"> Listed on the ACE Market of Bursa Malaysia Securities Berhad on 15 July 2020. Secured a total number of 10 umbrella and 16 callout contracts. 	<ul style="list-style-type: none"> Acquisition of 51% stake in Founder Energy Sdn Bhd. Proposed transfer listing from ACE Market to Main Market of Bursa Malaysia. Began solar rooftop investment at commercial and industrial facilities.

OIL & GAS SEGMENTS

Production Enhancement & Flow Assurance

- Well Perforating
- Chemically Enhance Production & Flow Assurance
- Sand Management
- Consultancy

Well Abandonment

- Perf, Wash & Cement
- Facilities & Decommissioning
- Subsea Wellhead Cutting & Removal (Explosive & Non-Explosive)
- Conductor Removal
- Well Suspension Plug

Production Services

- Modular Water Injection
- Subsea Hydrate Remedial
- Wellhead Desander
- Pig Trap System

Well Intervention

- Wireline Services
- Well Integrity
- Modular Light Weight Pumping
- Wellhead Maintenance
- Flowline Valve Sealant
- Well Leak Diagnostic & Repair

Testing & Measurement

- Well Testing
- Metering Calibration
- Early Production System
- Tracer/Marker's Technology for Production Logging & Allocation

Well Construction

- Well Completion
- Standalone Screen
- Fishing Equipment
- Managed Pressure Drilling
- Artificial Lift

New Technology Product & Services

- R&D Collaboration with Universities for New Technology Development
- Geochemical & CCUS Expert Advisory Solutions
- Slim Retrievable Downhole Heater for Wells



**CORPORATE
PROFILE**

RENEWABLE ENERGY

**EXPLORING PROFITABLE GROWTH
OPTIONS IN LOW-CARBON BUSINESS:
VENTURES INTO RENEWABLE ENERGY
SPACE.**

Founder Energy is one of the leading industry players in the supply and installation of solar system and other engineering works involving civil, structural, mechanical and electrical engineering nationwide. Established in 2021, Founder Energy formerly operated as Solar Bina Engineering. Through a merger and acquisition exercise, the company is now a subsidiary of Reservoir Link Group. Our expertise lies in implementing solar photovoltaic projects for residential, industrial, commercial, and large scale solar.

Our wholly owned subsidiary, Reservoir Link Renewable Sdn Bhd is Registered Solar PV Investor (RPVI) as an investor under SEDA for Net Energy Metering and SELCO, including zero CAPEX scheme with private PPA.

We also evolved our upstream capabilities to reach out to other new markets whether in hydropower, biogas, biomass and geothermal to ensure sustainability of the business.

RENEWABLE ENERGY SEGMENTS

- ▶ Solar Energy Engineering
- ▶ Solar PV Mounting Structural System
- ▶ Solar Energy Construction & Installation
- ▶ Solar Rooftop Installation
- ▶ Hydropower
- ▶ Biomass Plant
- ▶ Geothermal

OTHERS

OTHERS SEGMENTS

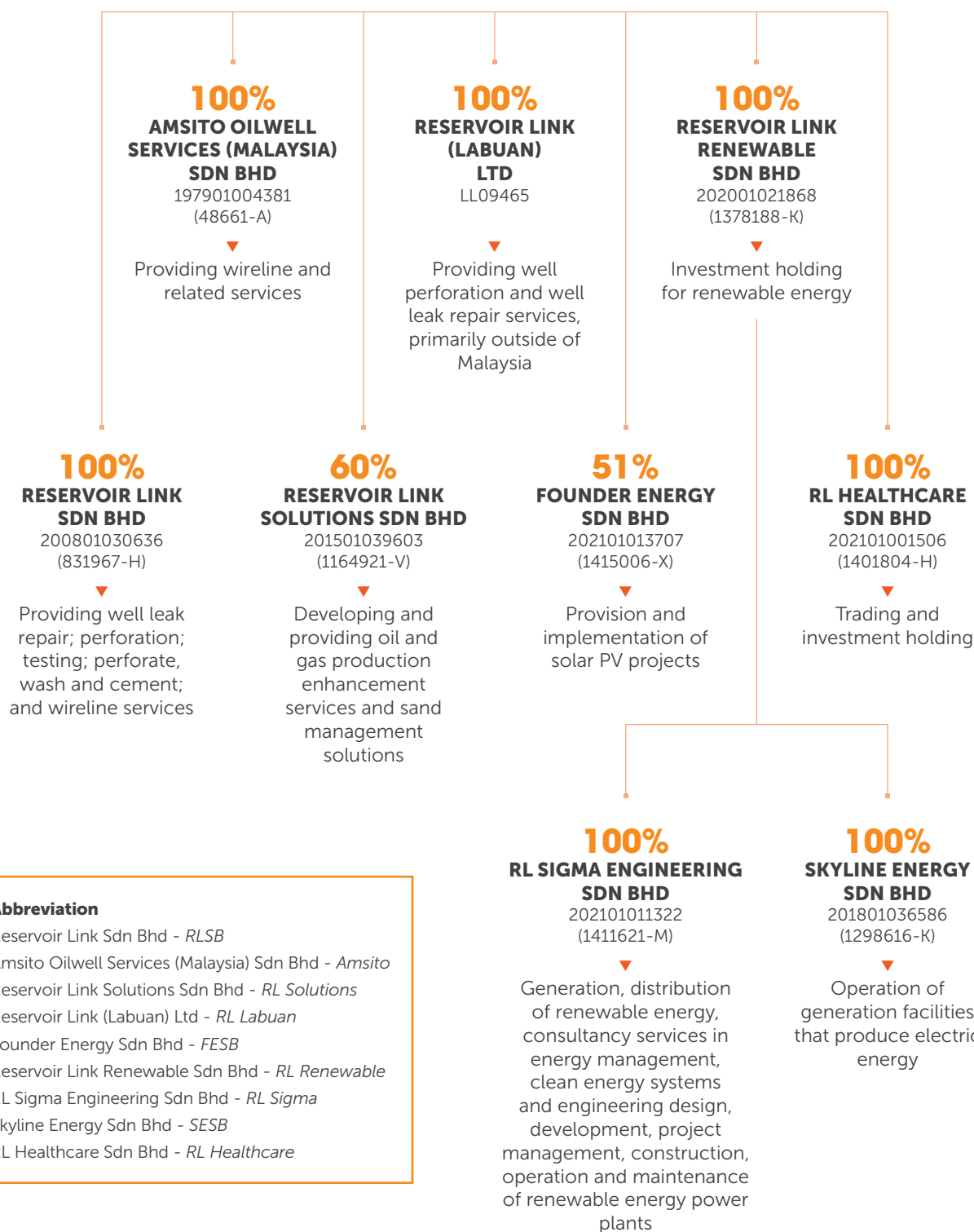
- ▶ Healthcare - Medical Devices Supply & Distribution
- ▶ G7 Construction Company



CORPORATE STRUCTURE



201401044508 (1120690-K)



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)

Siti Zurina Binti Sabarudin

Elain Binti Lockman

REMUNERATION AND NOMINATION COMMITTEE

Siti Zurina Binti Sabarudin

(Chairman)

Eric Lim Swee Khoon

Elain Binti Lockman

RISK MANAGEMENT COMMITTEE

Thien Chiet Chai

(Chairman)

Eric Lim Swee Khoon

Siti Zurina Binti Sabarudin

COMPANY SECRETARY

Pauline Kon Suk Khim

(MAICSA 7014905)

CCM Practising Certificate
202008001607

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

REGISTERED OFFICE

E289, 1st Floor, Block E
iCom Square, Jalan Pending
93450 Kuching
Sarawak

Telephone No : (6082) 248 491
Facsimile No : (6082) 253 857

CORPORATE INFORMATION



AUDITORS

Crowe Malaysia PLT

2nd 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

11th 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

PRINCIPAL BANKERS

AmBank (M) Berhad

Ambank Islamic Berhad

Public Islamic Berhad

Public Bank Berhad

United Overseas Bank (M) Berhad

CIMB Islamic Bank Berhad

CIMB Bank Berhad

Aminvestment Bank Berhad

Affin Hwang Asset Management Berhad

SPONSOR

M & A Securities Sdn Bhd

(197301001503 (15017-H))

Level 11, No. 45-47

The Boulevard Offices

Mid Valley City

Lingkar Syed Putra

59200 Wilayah Persekutuan

Kuala Lumpur

Telephone No : (603) 2284 2911

STOCK EXCHANGE LISTING

ACE Market of

Bursa Malaysia Securities Berhad

Stock Name : RL & RL-WA

Stock Code : 0219 & 0219WA

Sector : Energy

DIRECTORS' PROFILE

DATUK TAI HEE

Non-Independent Non-Executive Chairman

Malaysian

Male

58

Number of Board Meetings attended in 2021:

5/5

Committee:

None

Date of Appointment:

31 May 2019



Datuk Tai Hee is the Group's Non-Independent Non-Executive Chairman. He obtained his Bachelor of Science (Honours) in Computer Information Systems Design from Kingston University London, United Kingdom in 1987. He joined Pansar Computer Services Sdn Bhd (a company in Pan Sarawak group of companies) in 1988 as a Division Manager of the Computer Services Division.

He held various positions from a Division Manager to the Executive Director of the Computer Services Division before being promoted to Group Executive Director in Pan Sarawak group of companies in 1996. He was subsequently promoted to the position as its Group Managing Director in 2011. He has been the Managing Director of Pansar since 2010, which is listed on the Main Market of Bursa Securities and he sits on the board of private companies. He gained extensive experience via his exposure helping the Pan Sarawak's diversified group of companies spanning wide ranging industries such as the building and

construction industry, hospitality and travel, information technology, insurance agency, manufacturing of building materials, marine and industrial engineering, mechanical, electrical and civil engineering, retail mall management, shipping and timber processing, environmental waste management and oil palm plantations.

Over the past decades, he has been active in trade delegations, missions and working visits to many countries representing Malaysia, Sarawak and Pan Sarawak group of companies in various industries. He is a member of the Malaysia Japan Economic Association since 2012 and represents Malaysia as a board member in the East Asia Business Council Malaysia since 2016. He was a member of the Employers Panel of the Industrial Court representing employers from 2007 until 2012 and presently a member of Malaysia Crime Prevention Foundation Sarawak since 2007, Sarawak Tourism Board since 2012 and Sarawak Taekwondo Federation since 1997.

He served as Chairman of Sarawak United National Youth Organisation (Saberkas) Sibu District from 2003

to 2011 and Vice President of State wide Saberkas from 2006 to 2012. He is the Vice Chairman of Special Olympics Sarawak since 2004 as well as its Chairman in Sibu since 2000.

For his contributions to Sarawak and Malaysia, he was decorated with Ahli Bintang Sarawak (ABS) in 2001, Panglima Bintang Sarawak (PBS) in 2006, Johan Bintang Kenyalang (JBK) by the Governor of Sarawak in 2012 and in 2016, he was conferred the federal award of Panglima Jasa Negara (PJN) which carries the title Datuk by the Yang Di Pertuan Agong.

He currently serves as a director of Permodalan Saberks Berhad and as the Managing Director of Pansar Berhad, a company listed on the Main Market of Bursa Securities. 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 other than traffic offences.

DIRECTORS' PROFILE

DATO' WAN HASSAN BIN MOHD JAMIL

Chief Executive Officer/
Managing Director

Malaysian	Male	47
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**Number of Board Meetings
attended in 2021:**

5/5

Committee:

None

Date of Appointment:

2 December 2014



Dato' Wan Hassan Bin Mohd Jamil

is the Group's Chief Executive Officer/ Managing Director. In 1997, he obtained his Bachelor's Degree in Petroleum Engineering from the University of Technology Malaysia.

In the same year, he began his career in the O&G industry in Geoeast (M) Sdn Bhd as a Welltest Engineer. He left the company to join Dimension Bid (M) Sdn Bhd ("Dimension Bid") in 1998 as a Field Engineer that kicked-off the Data Acquisition Services Department, where he rose to the position of Data Acquisition Services Manager. His experience during his tenure with Dimension Bid included bottomhole pressure survey, pressure transient analysis, production logging, multifinger caliper logging and slickline services.

He left Dimension Bid in 2003 to join Geowell Sdn Bhd as a Technical Manager, leading the company's technical division in providing slickline and data acquisition technical services where his last position was as an Operations Director.

In 2010, he joined RLSB as an Executive Officer. He assumed his current position as Chief Executive Officer in 2012, where he is responsible for leading and managing the Group in accordance with the strategic direction and vision developed by the Board.

He is also an Adjunct Professor in University of Malaysia Pahang in Mechanical Petroleum from February 2019 till January 2020.

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 other than traffic offences.

DIRECTORS' PROFILE

THIEN CHIET CHAI

Non-Independent Executive Director

Malaysian	Male	54
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Number of Board Meetings attended in 2021:
5/5

Committee:
Chairman of Risk Management Committee

Date of Appointment:
2 December 2014



Thien Chiet Chai is the Group's Non-Independent Executive Director. He started his career with Halliburton Energy Services (M) Sdn Bhd ("Halliburton") in 1989 as a trainee for cementing services. During his employment with Halliburton, he pursued part time studies to obtain his Diploma in Business and Management from SEGi College, Malaysia ("SEGi") in 2006. He continued his part time studies in SEGi whereby SEGi provides distance study in collaboration with the University of the Sunshine Coast, Australia ("USC") and he obtained his Master in Business Administration from the USC in 2008.

He left Halliburton in 2007 as its Country Manager South East Asia, responsible for testing tools and services, perforation services, maintaining customer contact and developing and implementing local products and services.

In 2007, he ventured into his own business by setting up Thimi Resources Sdn Bhd (formerly known as Reservoir Link Resources Sdn Bhd) ("Thimi Resources") which was involved in the trading of industrial products and contractor work. With his exposure and experience in the upstream of the O&G industry, he ceased the operations of Thimi Resources in 2008 and joined RLSB as Executive Director. He is responsible for developing and implementing growth strategies and establishing the Group's vision, mission and value. He is also in charge of maintaining the relationships with the customers and principals.

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 other than traffic offences.

DIRECTORS' PROFILE

ERIC LIM SWEE KHOON

Independent Non-Executive Director

Malaysian | Male | 51

Number of Board Meetings attended in 2021:

5/5

Committee:

Chairman of Audit Committee

Member of Remuneration and Nomination Committee

Member of Risk Management Committee

Date of Appointment:

31 May 2019

Eric Lim Swee Khoon is the Group's Independent Non-Executive Director. In 1993, he graduated with a Bachelor of Commerce (Accounting and Finance) from the University of Western Australia. He was admitted as an Associate and Certified Practising Accountant of the Australian Society of Certified Practising Accountants in 1994 and 1996 respectively. He was also admitted as a member of the Malaysian Institute of Accountants since 1997.

He started his career in Price Waterhouse (the predecessor firm of PricewaterhouseCoopers), in Sarawak in 1993 as an Audit Assistant in the Audit and Business Assurance Services Department and was subsequently promoted to an Audit Senior in 1995. He continued in this role until December 1997. From January 1998, he was assigned to work in the Financial Advisory Services division.



In 1999, he was officially transferred to PricewaterhouseCoopers Advisory Services Sdn Bhd ("PwC") under the service line of Corporate Finance and Recovery Department and was redesignated as a Consultant. He was promoted to Senior Consultant in 2002 and thereafter, to Associate Director in 2005. In addition to his role as Associate Director in the advisory division, he was also given the role of Office Manager (equivalent to Regional Manager) in charge of PwC regional office in Sarawak. During his tenure in PwC until 2012, Eric's areas of specialisation apart from statutory and special audits, are in the field of financial due diligence, insolvency, forensic and litigation support.

From 2013 until 2015, he was with KTS Resources Sdn Bhd ("KTS") as its Senior Manager, responsible for reviewing the standard operating procedures and enhancing the internal controls and operational efficiencies for the oil palm plantations, as well as providing litigation support for on-going legal cases. He was also in charge of overseeing the implementation of Goods and Services Tax for the whole of KTS group of companies, covering its activities in timber and

oil palm plantation, manufacturing, media and property development in Sarawak.

In April 2015, he left KTS to join One Medicare Sdn Bhd and is currently its Chief Financial Officer, 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 other than traffic offences.

DIRECTORS' PROFILE

SITI ZURINA BINTI SABARUDIN

Independent Non-Executive Director

Malaysian | Female | 45

Number of Board Meetings attended in 2021:
5/5

Committee:

Chairman of Remuneration and Nomination Committee

Member of Audit Committee

Member of Risk Management Committee

Date of Appointment:
31 May 2019

Siti Zurina Binti Sabarudin is the Group's Independent Non-Executive Director. In October 2000, she obtained her Bachelor of Laws from the International Islamic University of Malaysia. In January 2001, she began her career as a law lecturer at Kemayan Advance Tertiary College (ATC), Kuala Lumpur.

In December 2001, she underwent her pupillage at Messrs Azmi & Associates before being admitted as an Advocate & Solicitor of the High Court of Malaya on 13 December 2002. She continued to practice at Messrs Azmi & Associates until February 2003. In March 2003, she joined Puncak Niaga Sdn Bhd (a subsidiary of Puncak Niaga Holdings Berhad) as a legal executive, advising the operations division on matters pertaining to maintenance related services for water treatment plants. She was also involved in negotiating the concession for the operations and management of all water treatment plants in Kuala Lumpur, Selangor and Putrajaya, as well as the supply and distribution of water



to consumers in the aforementioned states.

She joined Messrs Foong & Partners in June 2005 as their Legal Associate and was involved in initial public offering exercises and corporate commercial matters. In June 2006, she joined SapuraCrest Petroleum Berhad (a company listed on the Main Market of Bursa Securities) as their Legal Executive, advising on matters pertaining to tenders and operational contracts, and managing contractual disputes.

From July 2007 till October 2010, she was employed in Messrs Deol & Gill as Legal Associate, where she attended to capital market assignments including setting up of venture capital funds, delisting exercises of public listed companies and venture capital investments. From November 2010 till February 2012, she was employed in Messrs Abu Talib Shahrom as their Senior Associate and was subsequently promoted as a Partner in March 2012.

In August 2012, she joined Messrs Zul Rafique & Partners as a Partner. Subsequently, in December 2012, she joined Messrs Azmi & Associates as its Partner, notably advising on initial public offerings and take-over

matters, as well as venture capital/private equity investments.

In October 2016, she founded her own legal firm, Law Office of Zurina & Noreeta, specialising in venture capital funds, investments and fintech advisory. Whilst she was still a partner at the firm, the firm changed its name to Messrs Zurina in 2017.

In August 2019, she ceased legal practice to focus on her business that she co-founded, AFS Assist Sdn Bhd (formerly known as Aidforstartup Ventures Sdn Bhd), which connects and provides companies access to service providers such as company secretarial, accounting, taxation and legal services including venture capital firms.

In March 2020, she resumed legal practice and is currently a partner at Messrs Rahana Zurina & Partners (previously known as Messrs Zurina).

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 other than traffic offences.

DIRECTORS' PROFILE

ELAIN BINTI LOCKMAN

Independent Non-Executive Director

Malaysian | Female | 53

Number of Board Meetings attended in 2021:

5/5

Committee:

Member of Audit Committee

Member of Remuneration and Nomination Committee

Date of Appointment:

31 May 2019

Elain Binti Lockman is the Group's Independent Non-Executive Director. In 1991, she obtained a Bachelor of Science (in the field of study of Actuarial Science) and subsequently, a Master of Science in Operational Research in 1992 from The London School of Economics and Political Science.

She started her career with Petronas from 1993 till 1995 as its Petroleum Economist in the Exploration and Production Division, responsible for developing feasibility models for various oil and gas production sharing contracts as well as analysing the impact on petroleum tax on revenue and profitability. In 1995 till 1996, she was promoted as a Business Analyst where she was responsible for reviewing Petronas Carigali's selected local and international businesses and operations, strategies and planning for improvement in operational and business processes, human resource development and new business development.

From 1997 until 2015, she was employed by various organisations in senior management positions, namely Senior Manager, Business Development and International Affairs in Multimedia Development



Corporation Sdn Bhd (February 1997 to August 2001), Director of e-Business Strategy in Global B2B2C.com Sdn Bhd (September 2001 to May 2012), Knowledge Management Consultant in iPerintis Sdn Bhd (July 2002 to October 2003), Vice President of the Managing Director/ Chief Executive Officer's Office in Malaysia Debt Ventures Berhad (November 2003 to February 2005), Chief Operating Officer in Gyro Venture Partners Sdn Bhd (March 2005 to March 2006), a Partner in E&E Good Works (May 2011 to December 2012), Director of Special Projects in MSC Management Services Sdn Bhd (May 2012 to October 2014) and Head of Business Development, Sales and Marketing in The Ai Group Sdn Bhd (February 2015 to June 2015). Her exposure provided her with diverse experiences from developing sales and marketing strategies, establishing start-up companies, project management, strategy development to business consulting in the areas of joint ventures, mergers and acquisitions, corporate communications strategies and planning, among others.

Between 2006 and 2011, she was engaged on retainer basis with the following companies:

a) from June 2006 to June 2011 - The Media Shoppe Bhd (a company listed on the ACE Market of Bursa Securities) (as Director of Business Development) responsible for business development;

b) from January 2007 to December 2008 - Digi Telecommunications Sdn Bhd (as Enterprise Business Senior Consultant) responsible for enterprise business marketing for new products and services;

c) from January 2009 to December 2010 - Packet One Networks (Malaysia) Sdn Bhd (as Associate Director for Business Development and Special Projects) responsible for developing concepts and strategies for the underserved communities; and

d) from November 2010 to October 2011 - Green Science Sdn Bhd (as Director) responsible for developing the carbon management business.

In May 2015, she co-founded Ata Plus Sdn Bhd, an equity crowdfunding platform regulated by and registered with the SC. She is currently the Executive Director of Ata Plus Sdn Bhd.

She was appointed on the Board of Daya Materials Berhad (a company listed on the Main Market of Bursa Securities) as an Independent and Non-Executive Director on 17 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 other than traffic offences.

SENIOR MANAGEMENT TEAM

BONG LEONG SUNG
Chief Financial Officer



MAD HAIMI BIN ABU HASSAN
Executive Director (RLSB)



ANWARUDIN BIN SAIDU MOHAMED
Chief Technology Officer / Executive Director
(RL Solutions)



LEE SENG CHI
Chief Executive Officer (FESB)



ALPHONSUS CHIU CHING CHUEN
General Manager, Operations and Business
Development



MOKHTAR BIN HAJI ALI
General Manager, Corporate Services



SENIOR MANAGEMENT TEAM

BONG LEONG SUNG

Chief Financial Officer

Malaysian	Male	47
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Bong Leong Sung is the Group's Chief Financial Officer and was appointed to the position in April 2021.

In July 1999, he obtained a degree in Bachelor of Accounting from University of Malaya in Kuala Lumpur. He was admitted as a member of the Malaysian Institute of Accounts and the Malaysian Institute of Certified Public Accountants in July 2002 and October 2002 respectively.

After his graduation, he commenced his career in Arthur Andersen (which later merged with Ernst & Young) as Associate where he was responsible for audit assurance engagement of public listed companies and performed financial due diligence for corporate proposals. He left Ernst & Young as a Senior Associate in April 2003. In May 2003, he joined Alliance Financial Group as Deputy Manager where he was responsible for structuring corporate deals, drafting business write-ups, prospectuses and circulars to shareholders. He left Alliance Financial Group in December 2006.

In January 2007, he joined Uzma Berhad ("Uzma") (a company listed on Main Market of Bursa Securities) as a Corporate Consultant where he was responsible for re-organising the group structure to enhance reporting and taxation efficiency, paving the way for its IPO listing. In 2009, he was promoted to Chief Financial Officer of Uzma where he was responsible for the full spectrum of the finance functions of the company. In 2015, he was assigned to MMSVS Group Holding Co Ltd (a wholly-owned subsidiary of Uzma in Thailand), as its Chief Executive Officer, where he was responsible for overseeing the hydraulic workout unit operation and developing strategies for the expansion of the business. In 2018, he was redesignated as the Group Chief Financial Officer of Uzma where he was responsible for the full spectrum of the finance functions of the company. He left Uzma in November 2019.

In January 2021, he joined the Group as Financial Advisor and subsequently in April 2021, he assumed his current position as Chief Financial Officer, where he is now responsible for overseeing the finance department, as well as corporate services department.

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 other than traffic offences.

MAD HAIMI BIN ABU HASSAN

Executive Director (RLSB)

Malaysian	Male	44
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Mad Haimi Bin Abu Hassan is an Executive Director of RLSB.

In 2000, he obtained his Bachelor's Degree in Engineering (Electrical) from the University of Malaya, Malaysia.

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

Subsequently, he co-founded RLSB in September 2008 and held the position of Technical Manager where he was responsible for planning and executing perforation services and related equipment and providing well intervention and wireline services to customers. He is also in charge of implementing and executing our health, safety and environment policy.

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 other than traffic offences.

SENIOR MANAGEMENT TEAM

ANWARUDIN BIN SAIDU MOHAMED

Chief Technology Officer / Executive Director (RL Solutions)

Malaysian	Male	41
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Anwarudin Bin Saidu Mohamed is the Group's Chief Technology Officer and the Executive Director and substantial shareholder of RL Solutions.

In May 2004, he obtained his Bachelor's Degree in Mechanical Engineering from Petronas University of Technology in Perak and subsequently in November 2009, he obtained a Master of Science in Petroleum Engineering from Imperial College London, United Kingdom.

After his graduation, he commenced his career in Petronas until November 2004 as the Cost and Contract Engineer where he was responsible for scope preparation, budget and cost estimate, pre-tendering and post award activities. Thereafter, in December 2004 he joined Baker Hughes Inc., having both technical and management roles in relation to fluids engineering as a Fluids Coordinator. He left Baker Hughes Inc. in September 2008 for his full time post graduate studies. Upon completing his post graduate studies in November 2009, he joined Deleum Oilfield Services Sdn Bhd in January 2010 as its Sales Manager where he was responsible for the sales of oilfield products and services. In November 2011, he was promoted to the position of Senior Manager of Deleum Chemicals Sdn Bhd, where he was responsible for business related to speciality chemicals. From January 2013 till September 2017, he held the position of General Manager of Deleum Chemicals Sdn Bhd, as the head of business unit responsible for overall profitability of the company and executing growth strategies in relation to production enhancement and flow assurance product lines and services. From October 2017 till June 2018, he was the General Manager of Deleum Berhad (a company listed on the Main Market of Bursa Securities), overseeing corporate and corporate relations matters.

In July 2018, he joined the Group as Chief Technology Officer of the Group where he is responsible for the head of business unit offering solutions to flow assurance, IOR, enhanced oil recovery, well stimulations and sand management.

He is currently the Chairperson Elect of the Society of Petroleum Engineers in Kuala Lumpur and sits in the Executive Committee of the Malaysia Oil and Gas Service Council.

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 other than traffic offences.

LEE SENG CHI

Chief Executive Officer (FESB)

Malaysian	Male	38
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Lee Seng Chi is the Chief Executive Officer of FESB.

In 2006, he graduated from Multimedia University, Malaysia with a Bachelor of Engineering (Honours) Electronics majoring in Telecommunications.

He began his career in 2006 with Texas Instruments Malaysia Sdn Bhd as a Product Test Engineer, where he was responsible for semiconductor chip product design & testing. In 2008, he was promoted to Senior Engineer. In 2010, he left the company and joined Micron (M) Sdn Bhd as Senior Sales & Marketing Engineer where he was assigned to its branch office in Philippines and was responsible for the Philippines market. He was promoted to Operation Manager in 2012, and was responsible for the company's diversification into the solar industry for both Philippines and Malaysia.

In 2015, he left the company and founded Solar Bina Engineering Sdn Bhd, a company that is involved in the supply of solar mounting system and provision of services for the installation of solar mounting system.

In 2021, he incorporated FESB, a company that undertakes solar RE projects in Malaysia. Following the acquisition of 51% of its share capital by RLEB, FESB became a subsidiary of RLEB and Lee Seng Chi joined the Group as the Chief Executive Officer of FESB.

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 other than traffic offences.

SENIOR MANAGEMENT TEAM

ALPHONSUS CHIU CHING CHUEN

General Manager, Operations and Business Development

Malaysian	Male	45
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Alphonsus Chiu Ching Chuen is the Group's General Manager, Operations and Business Development.

In May 1999, he obtained his Diploma in Technology, (Mechanical and Manufacturing Engineering) from Tunku Abdul Rahman College.

In April 2000, he began his career in the oil and gas industry as a Service Supervisor specialising in cementing and downhole cementing remedial tool for Dowell Schlumberger (Malaysia) Sdn Bhd. Subsequently, in April 2002, he joined Halliburton as its Assistant Service Operator for drill stem 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 the Senior Account Representative before he left Halliburton in September 2015.

In September 2015, he joined Titus Technologies Sdn Bhd as its Business Development Manager for well testing until May 2017.

In June 2017, he joined RLSB as Senior Technical Advisor for well testing and tubing conveyed perforation and was promoted to his current position as the General Manager, Operations and Business Development the same year in September 2017.

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 other than traffic offences.

MOKHTAR BIN HAJI ALI

General Manager, Corporate Services

Malaysian	Male	47
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Mokhtar Bin Haji Ali is the Group's General Manager, Corporate Services and was appointed on February 2020.

In July 1998, he obtained his Bachelor's Degree in Management from University of Science Malaysia, Pulau Pinang.

In February 1999, he began his career in oil and gas industry with MPE Lindung Sdn Bhd as Technical Service Representative in the Sales and Technical Services Department, where he was responsible for assisting the company in completing contracts and orders for the company's Contracts and Trading division, before joining Gissco Sdn Bhd in April 2001 as a Contract / Project Executive to carry out contractual work and procurement related to the company's business. Later in February 2003, he was transferred to Geowell Sdn Bhd, an associate company of Gissco Sdn Bhd as a Technical Assistant, where he was responsible for handling all technical matters of the company's business upon request. In July 2009, he was promoted to the position of Procurement & Contracts Manager, where he was responsible for preparing technical and commercial proposals for company's tenders, Invitation to Bid (ITB) and handling inquiries from clients. In August 2011, he joined Amsito as a Contract and Procurement Manager, where he was responsible for leading the purchasing and procurement of goods and services, as well as executing capital expenditures and operating expenses for equipment, facilities and services.

In August 2013, he left Amsito as a General Manager for Procurement & Contracts and continued his journey with Deleum Oilfield Services Sdn Bhd in September 2013 as a Senior Manager for Production & Drilling, where he was responsible for seeking and penetrating domestic and regional sales market. In April 2018, he was redesignated to Senior Manager for Contract and Corporate Resources, where he was responsible for reviewing and monitoring preparation on all tenders and contracts and involved in corporate resources related to Oilfield Segment. In July 2019, he was promoted to General Manager for Corporate Resources and he left Deleum Oilfield Services Sdn Bhd in January 2020.

In February 2020, he joined the Group as Senior Manager for Contract & Corporate Services, responsible for contract management, human resources, administration, procurement, information communication technology, legal and corporate services department. In August 2020, he was redesignated as General Manager, Corporate Services, a position that he currently holds today.

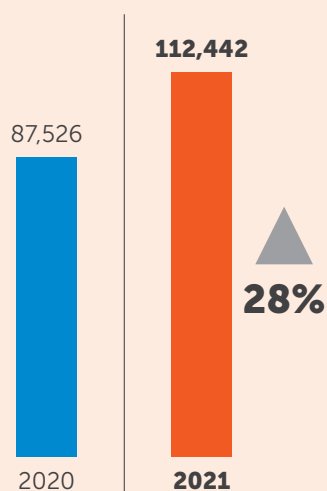
He does not hold any directorship in any other public company. He has no family relationship with other Directors and/or major shareholders of Reservoir Link and does not have any conflict of interest with Reservoir Link. Further, he has not been convicted of any offences within the past five (5) years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

FINANCIAL HIGHLIGHTS

THE KEY FIGURES 2021

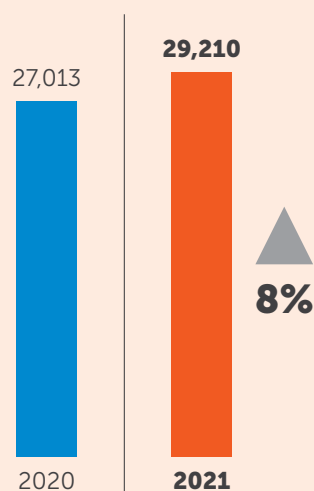
REVENUE (RM'000)

► **RM112,442**
from RM87,526 in FYE2020



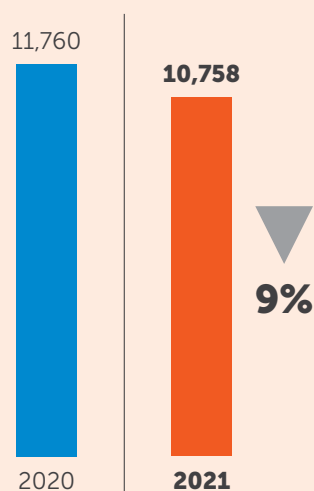
GROSS PROFIT (RM'000)

► **RM29,210**
from RM27,013 in FYE2020



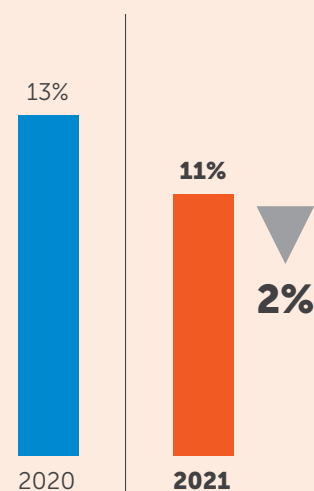
PATAMI (RM'000)

► **RM10,758**
from RM11,760 in FYE2020



PAT MARGIN (%)

► **11%**
from 13% in FYE2020

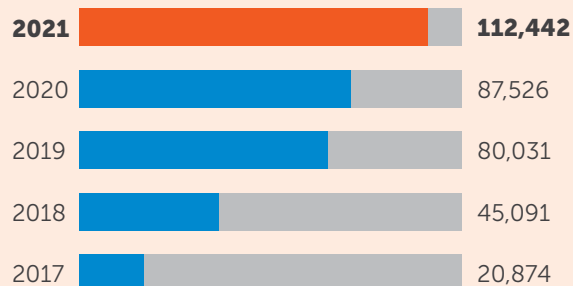


FINANCIAL HIGHLIGHTS

FIVE YEARS FINANCIAL HIGHLIGHTS

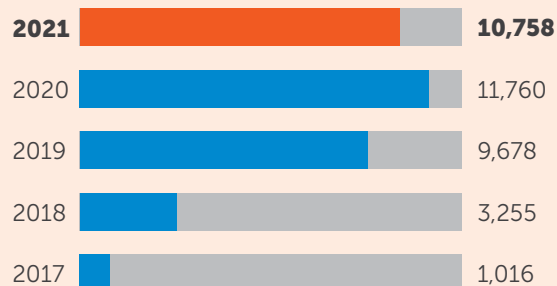
REVENUE (RM'000)

► RM112,442



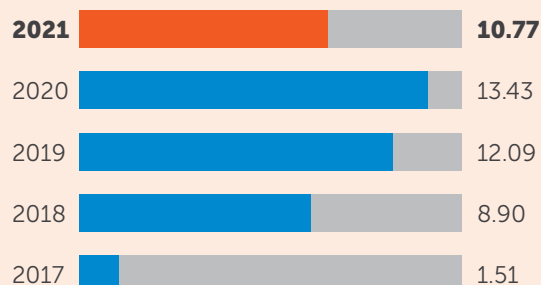
PATAMI (RM'000)

► RM10,758



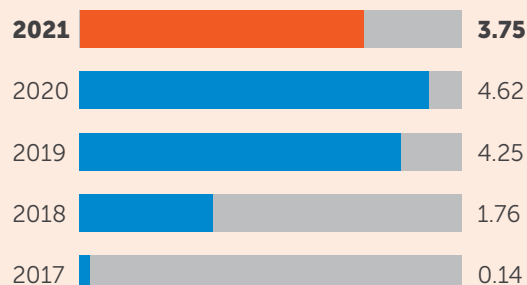
PAT MARGIN (%)

► 10.77%



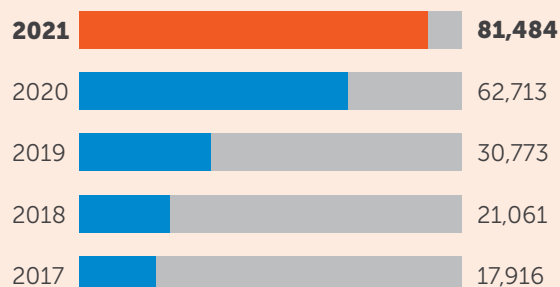
EARNING PER SHARE (CENTS)

► 3.75 CENTS



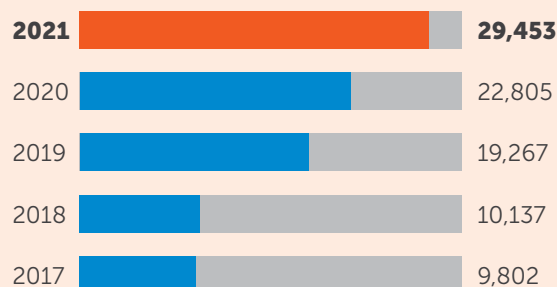
NET ASSET (RM'000)

► RM81,484



PROPERTY, PLANT AND EQUIPMENT (RM'000)

► RM29,453



CHAIRMAN'S STATEMENT



DATUK TAI HEE
Non-Independent
Non-Executive Chairman

Dear Shareholders,

FY2021 has been a challenging but interesting year for us at Reservoir Link Energy Bhd ("**Reservoir Link**" or "**the Group**"). From a macro perspective, there have been many global challenges that we have had to navigate, including a volatile global economy.

Although these macro-economic conditions affected the Group's performance, measures we had previously taken served to pre-empt them and cushion their impact. These included diversification of geographical, expansion of customer base and rejuvenation of our brands and products.

Nonetheless, 2021 was a positive year for Reservoir Link as we grew our business activities, venturing into renewable energy and successfully secured 2 contracts¹ for the engineering, construction, installation, testing and commissioning of the development of large scale solar photovoltaic panel – large solar farm.

Challenging Year

A challenging year, as the year 2021 has jolted many companies and business models, disrupted priorities and plans as business leaders struggled to navigate a rapidly changing environment. The COVID-19 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 leading to steep recessions in many countries and causing a collapse in global activity. Various mitigation measures such as lockdowns, closure of borders, schools and non-essential businesses, and travel restrictions were imposed by most countries to curb the spread of the COVID-19 pandemic and ease the strain on health care systems. Such mitigation measures had sharply curbed consumption and investment, restricted labour supply and production as well as disrupted financial and commodity markets, global trade, supply chains, travel, and tourism.

¹ Bursa Malaysia announcement Q4 2021 and Q1 2022 – Solar Bina and Founder Energy

CHAIRMAN'S STATEMENT

For many companies, this included transition to the “new normal”, shifting to a full-time remote staff, determining how best to support employees’ wellbeing, managing a hybrid workforce, and now addressing our operations around restrictions from the several movement controls orders. We believe 2022 will be about stability and getting back to normal; however, the year 2021 was full of major transitions. While there has been a lot of focus on the increase in the number of employees working remotely at least part of the time going forward, we are transitioning our workforce and processes to cater for the new working environment.

Malaysian Economy

The Malaysian economy registered a growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%), as economic activities resumed with the easing of containment measures. The rebound in economic activity was aided by recovery in the labour market as well as continued policy support. In addition, strong external demand amid the continued upcycle in global technology provided a further lift to growth. On the supply side, all economic sectors recorded improvements in growth, led by the services and manufacturing sectors. On the expenditure side, growth was driven mainly by the improvement in household spending and trade activity. On a quarter-on-quarter seasonally adjusted basis, the economy registered an increase of 6.6% (3Q 2021: -3.6%). With the turnaround in growth in the fourth quarter, the economy grew by 3.1% for 2021, and the unemployment rate declined to 4.6%.

Our Performance

The Group’s revenue rose 28% to RM112.4 million in FY2021, with growth registered was mainly driven by renewable energy business segments. Our FY2021 profit before tax improved marginally by 4% from RM16.4 million to RM17 million mainly due to our strict monitoring of our costs and expenditures.

In FY2021, our net tangible assets per share grew by 8% to RM0.27 per share. This is in line with our investment in renewable energy sector contributing to almost 22% of our revenue. Our gearing ratio improved by 25% to 0.09 times as compared to 0.12 times in FY2020. With a stable balance sheet and healthy gearing, we believe we are well positioned to explore the opportunities of securing suitable projects, to further expand our operation, both locally and in the region.

Future Outlook

The Group continues to actively participate in tenders for oil & gas and renewable energy projects. The Group business is synergised with Petronas and other major oil operators, considering our specialised focus of services in wells services and maintenance.

The world has now embraced environmental, social and governance agenda vigorously and with a purpose to protect the world. Numerous calls from many stakeholders, adverse events related climate change and pressures based on the 26th UN Climate Change Conference of the Parties (COP26),



Revenue rose
28%
to RM112.4 million
in FY2021



Profit before tax improved
marginally by
4%
to RM17 million
in FY2021

CHAIRMAN'S STATEMENT

resulting many parties intensified the call for action and focus for governments and industries to start being transparent and report on the progress of their efforts to protect the environment, carbon emissions reduction initiatives and pledged targets.

With that proposition, we believe gas and renewable energy will play a bigger role in meeting global energy needs. As highlighted in the recent Petronas Outlook 2022-2024, gas is more resilient than oil as growing share of electric vehicles (EVs), rising demand for sustainable fuels and increasing efficiency of the transport sector would erode the consumption of oil. While gas is cleaner than oil, challenges come in the form of methane leakages from operations and pipeline targeted by policymakers, following more stringent emission goals set at COP26².

On the economic front, the 12th Malaysia Plan (RMK-12) comes at an opportune time as the nation recovers from the COVID-19 pandemic. This strategic long-term plan for Malaysia is expected to set a strategic direction for Malaysia's development for the period of 2021 to 2025. The plan aims to address current issues with strategic directions to achieve a sustainable economy focusing on rejuvenating economic growth; ensuring prosperity is distributed more fairly and equitably; and maintaining environmental sustainability.



The plan highlights include an objective of achieving a "Prosperous, Inclusive and Sustainable Malaysia". The third focus of RMK-12 accelerates Malaysia's progress towards a low-carbon nation, safeguarding natural endowments, and increasing resilience against climate change. The green growth will be strengthened by a robust enabling environment and supported by a mindset change as well as behavioural shift³.

The Central Bank of Malaysia or Bank Negara Malaysia ("BNM") issued an economy outlook report in February 2022. BNM Outlook emphasised on energy sustainability which is to be enhanced by ensuring adequate supply of energy resources and related infrastructure; while renewable energy as an alternative energy source will be augmented to complement energy efficiency measures.

In line with this objective of moving towards a low-carbon nation to address the energy trilemma, Malaysian companies and business sectors need to relook their business model and mindset shift as energy transition is accelerating players to fast-track and step-up their efforts.

With this in mind, we have reviewed our business focus, revamping our business model and re-purposed business policies, processes, and procedures, ensuring that we remain relevant and agile in responding to market imperatives. Our involvement in the renewable energy sector is just one of the examples to these initiatives.

Acknowledgement

On behalf of the Board of Directors of Reservoir Link, I would like to extend my sincere appreciation to all shareholders, our valued customers, suppliers, contractors, financiers, business partners, no-governmental organisations, and the relevant authorities whom we have been dealing with for their support to the Group over the years.

To our management and staff, thank you for your commitment and drive for excellence. Together, I am confident that we will move to our next level of growth. I look forward to sharing many good moments with you as we continue to break new grounds and extend our reach regionally and globally.

DATUK TAI HEE

**Non-Independent Non-Executive
Chairman**

² Petronas Outlook 2022-2024

³ BANK Negara Malaysia, Economic Outlook <https://www.bnm.gov.my/-/4q-gdp-2021>

MANAGEMENT DISCUSSION AND ANALYSIS



Compared to the forecast in July 2021, IMF anticipated the global growth to achieve 5.9% a revised down version marginally and unchanged at 4.9% for 2022.

OVERVIEW OF FINANCIAL YEAR ENDED 31 DECEMBER 2021

Global Challenges

Global economy has never been this volatile. In year 2021, we have seen the pandemic effects reeling on people, wrecking economies and disrupting corporate plans. The International Monetary Fund (IMF) through its report, World Economic Outlook¹, projected global economic recovery will continue but has weakened, hobbled by the mutation of the COVID-19 virus. Initially, from Delta variant and quickly superseded by the Omicron variant, high number of deaths toll are holding back return to normal in most economies.

The pandemic effect has started to wane off from aggressive and increase vaccination efforts in most countries. Compared to the forecast in July 2021, IMF anticipated the global growth to achieve 5.9% a revised down version marginally and unchanged at 4.9% for 2022. The downgrade also reflects more difficult near-term prospects, partly due to supply disruptions. To some extent, offsetting these changes, prospects for commodity exporters are raised due to rising commodity prices.

Supply disruptions pose another challenge. These supply shortages, alongside the release of pent-up demand and the rebound in commodity prices resulted in consumer price inflation in many emerging market and developing economies, burdening poor households.

Changing weather patterns and climate change are also key immediate global priority, an urgent priority to slow the rise in global temperatures and contain the growing adverse health and economic effects of climate change.

The pandemic and climate change threaten to exacerbate the economic differences between world's economies. In response to these global challenges and volatility, Reservoir Link Energy Bhd ("Reservoir Link" or "the Group") adopted several measures ranging from diversification, cost containment and business improvement processes. There efforts may take time to see its benefits fully, the Group, nevertheless, has been resilient and adjusted to these challenges.

¹ International Monetary Fund, World Economic Outlook – Recovery During a Pandemic October 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Malaysian Economy

Bank Negara Malaysia (“BNM”) highlighted in its briefing on Malaysia’s economic outlook that Malaysian economy is expected to expand between 5.5% and 6.5% this year, underpinned by continued expansion in global demand and higher private-sector expenditure. Malaysia is well positioned to gain as global growth and trade to bounce back — as observed in 2021.

A strong external demand for electrical and electronics (E&E) products and commodities, particularly from the country’s key trade partners including China, the US and the regional economies, would contribute to further expansion

of the export-oriented sectors. In general, a broad-based improvement in overall income, employment conditions and consumer sentiments would provide a lift to household spending. In addition, continuation of major investment projects in key economic sectors, such as in Oil & Gas, E&E manufacturing and digital investments, would lift growth further.

Nevertheless, risks to the outlook for 2022 remain, arising from a weaker-than-expected global growth, worsening supply chain disruptions, and the emergence of severe and vaccine-resistant COVID-19 variants of concern. Headline inflation is likely to remain moderate in 2022 as the base effect from fuel inflation

dissipates, while core inflation is expected to be modest with upward pressure contained by continued slack in the economy and labour market. Overall, the inflation outlook continues to be subject to global commodity price developments and risks from prolonged supply-related disruptions².

Oil Prices

The oil prices have been volatile as a result from unexpected events for the past 8 months. United States Energy Information Administration (“EIA”) forecast that crude oil prices will fall from 2021 levels. In the fourth quarter of 2021, the price of Brent crude oil, the international pricing benchmark, averaged \$79 per barrel (“/b”). EIA forecast that the price of Brent will average \$75/b in 2022 and \$68/b in 2023.

The declining prices are driven by a shift from global petroleum inventory declines during 2021 to inventory increases in 2022 and 2023. Global petroleum inventories decline when consumption is greater than production and increase when production is greater than consumption.

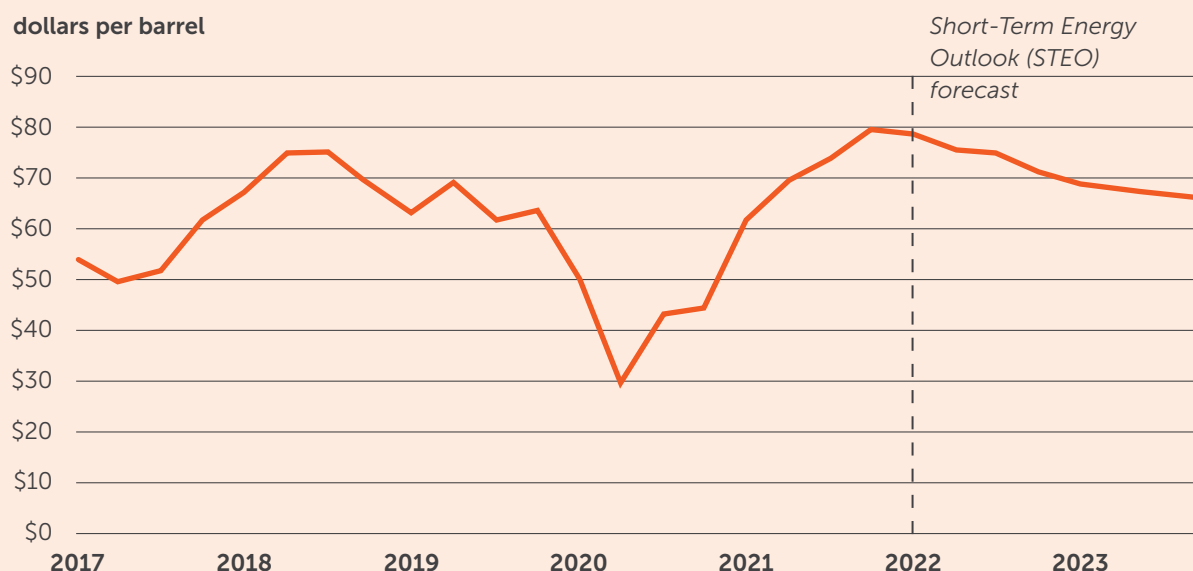
In 2021, withdrawals from global petroleum inventories averaged 1.4 million barrels per day (“b/d”) and contributed to higher crude oil prices. These inventory draws resulted from petroleum consumption returning faster than petroleum production after the COVID-19 pandemic began in 2020. In 2022, EIA expects that petroleum production will increase and consumption growth will slow, leading to increases in petroleum inventories globally.



² Malaysia's economy to grow up to 6.5% in 2022 – by Bank Negara Malaysia, The Edge Daily, <https://www.theedgemarkets.com/article/malaysias-economy-grow-65-2022-%E2%80%94-bnm>

MANAGEMENT DISCUSSION AND ANALYSIS

Quarterly Brent crude oil spot price (2017-2023)



Source: U.S. Energy Information Administration. Short-Term Energy Outlook, January 2021

However, within hours of Russia beginning its long-feared military operation against Ukraine on 24 February, global crude oil prices soared to above \$100 per barrel ("bbl"), their highest level since 2014.

The international benchmark Brent hit \$90 per barrel in late January due to escalating tension between Russia and Ukraine and overall tightness in the market. Analysts at that time projected oil prices would head towards \$100, and when the invasion started, it rattled the oil market and increased uncertainties about supply.

We expect the oil prices will remain volatile for the next 12 months and several measures were undertaken by management to address consequences of volatility. Our diversification is one of the strategic imperatives by the Group, also in response to our main customer – PETRONAS diversification in similar sector. We continue to review any potential investment and expansion opportunities considering that challenges remain.

OUR BUSINESS OPERATION

Our Services

Reservoir Link is principally involved in providing Oil & Gas well services, which include well perforation, well leak repair, well testing, wash and cement, wireline and O&G production enhancement services. The well services that we provide cover every stage of an O&G well's lifecycle, from initial well exploration and completion to its plugging and abandonment. Our services comprise into few segments as below;

- Production Enhancement & Flow Assurance
- Well Abandonment
- Production Services
- Well Intervention
- Testing and Measurement
- Well Construction
- New Technology Product & Services



The Group has taken a step towards Solar Energy and others renewable energy in its portfolio. Reservoir Link Renewable Sdn. Bhd., a wholly-owned subsidiary of the Group, had on 29 March 2021 incorporated a 100% owned subsidiary company in Malaysia with the name RL Sigma Engineering Sdn. Bhd. intended to engage in the business of renewable energy and related services.

MANAGEMENT DISCUSSION AND ANALYSIS

On 25 August 2021, the acquisition of 51% equity interest in Founder Energy Sdn Bhd ("Founder Energy") was completed on even date. As such Founder Energy has become a subsidiary company of the Group with their expertise lies in implementing solar photovoltaic projects covers engineering, construction, installation and commissioning for residential, industrial, commercial and large scale solar.

The Group had also on 13 January 2021 incorporated a 100% owned subsidiary company in Malaysia with the name RL Healthcare Sdn. Bhd. to assist the Malaysian Government in distribution and importation of medical devices in considering the alarming COVID-19 pandemic situation in Malaysia.

Operation

The Group have seven (7) operational facilities. Our headquarters is located in Menara Suezcap, Kuala Lumpur. We have service centres at two (2) of the main marine supply bases that support the offshore O&G industry in Malaysia, namely the Kemaman Supply Base in Terengganu and the Asian Supply Base in Labuan. We also have an office in Miri, Sarawak, laboratory at Universiti Malaya and office and service centre for Founder Energy in Klang, Selangor.



Objectives and Strategies

Our Group strives to build sustainable enterprise throughout the energy sector as integrated service provider in oil & gas and renewable energy focussed in Malaysia with equitable International presence. It is our objectives to foster a mutually beneficial relationship with our stakeholders, at the same time, grow our business responsibly and in a sustainable manner.

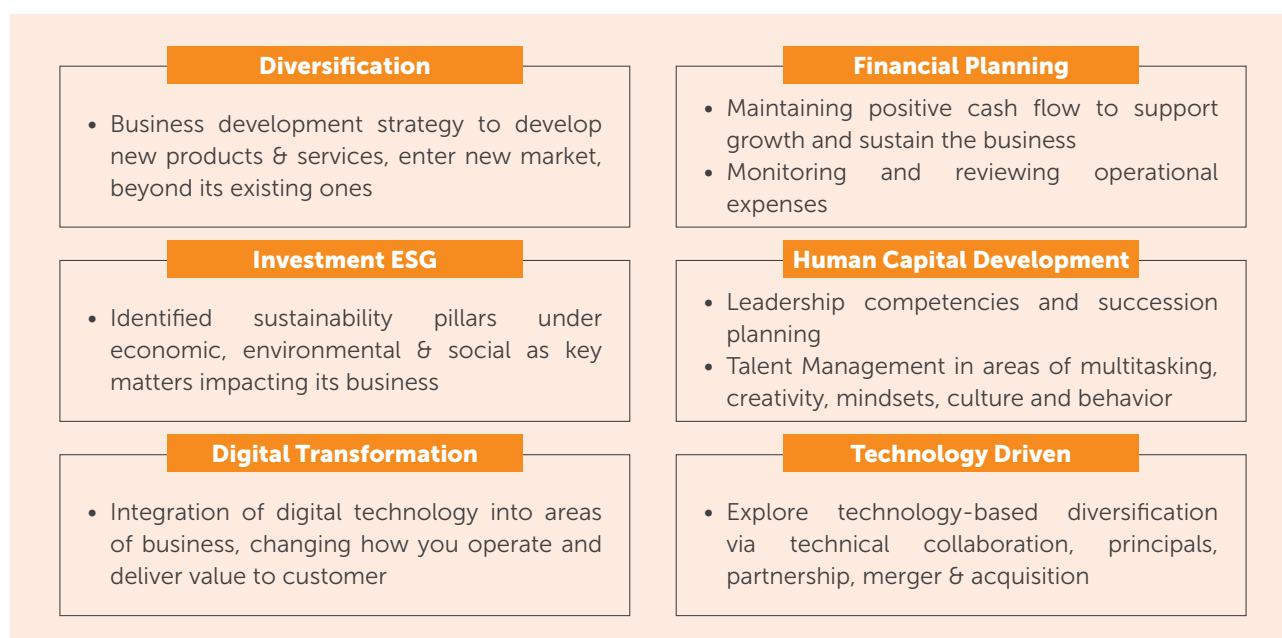
We focus on technological innovation, unparalleled customer service and providing high quality solutions to enhance value and return for our customer. Committed in achieving sustainability goals that meet the growing energy needs in a safe, environmentally responsible, social sensitive and profitable way.

MANAGEMENT DISCUSSION AND ANALYSIS

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



Our key focus area strategies focused on six main themes:



FINANCIAL PERFORMANCE REVIEW

Overall, the revenue of the Group in FY2021 was higher than FY2020 despite the COVID-19 pandemic, Movement Control Order ("MCO") announced by the Government and supply chain constraints.

The financial performance for the Group is summarised as follows:

Financial Performance Review	FY2021 RM'000	FY2020 RM'000	FY2019 RM'000
Revenue	112,442	87,526	80,031
Gross Profit	29,210	27,013	20,674
Profit Before Tax	17,030	16,424	11,283
Profit After Tax and Non-controlling	12,111	11,783	9,713
Gross Profit Margin	26%	31%	26%
Profit Before Tax Margin	15%	19%	14%
Net Profit Margin	11%	13%	12%

MANAGEMENT DISCUSSION AND ANALYSIS

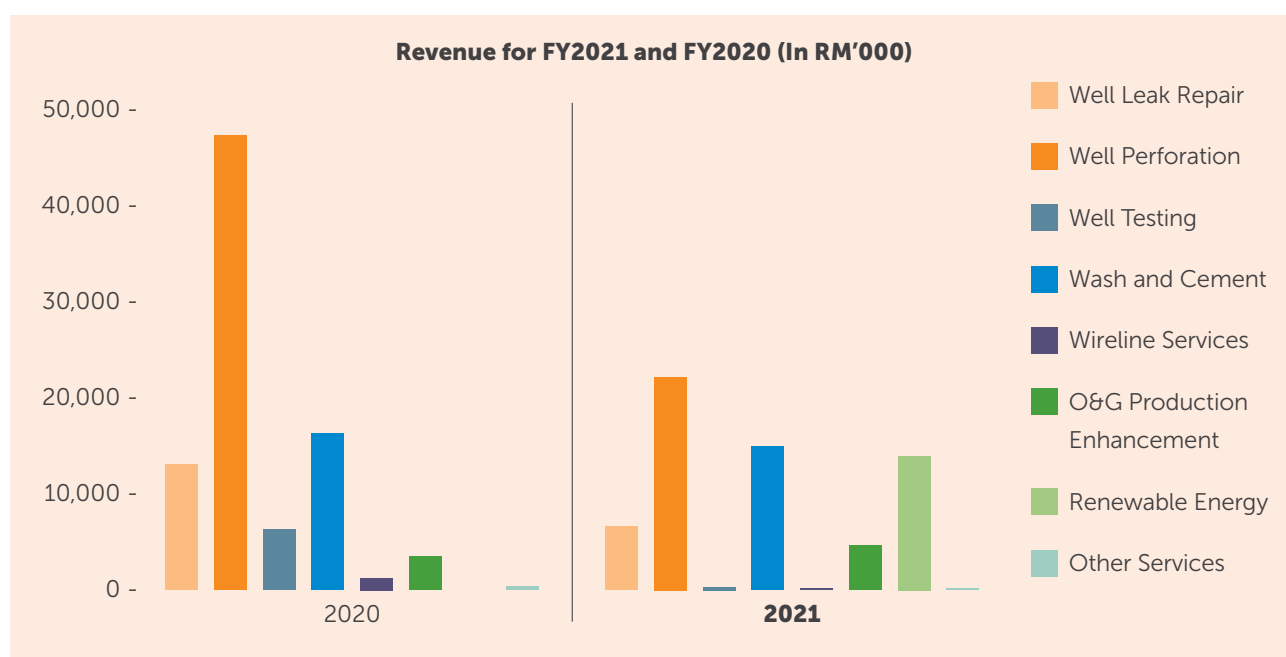
Revenue

For the FY2021, the Group recorded revenue of RM112.4 million. The Group revenue increased by RM25 million or 28% from RM87.5 million recorded in FY2020. The increase in revenue was mainly due to revenue contribution from a new business sector, renewable energy sector by Founder Energy.

The revenue segmented by business activities is summarised in the table below.

	Financial Year Ended 31 December	
	FY2021 RM'000	FY2020 RM'000
A. O&G Well Services	87,278	87,161
Well Leak Repair	11,823	12,973
Well Perforation	39,621	46,945
Well Testing	617	6,286
Wash and Cement	26,699	16,198
Wireline Services	249	1,269
O&G Production Enhancement	8,269	3,490
Renewable Energy	24,904	N/A
B. Other Services	260	365
Total	112,442	87,526

Other Services – other services were from healthcare products and others with a combined revenue of RM0.259 million.



Our largest market was Malaysia, representing almost 53% of our total revenue for FY2021 with the second largest market was Mauritania 46%.

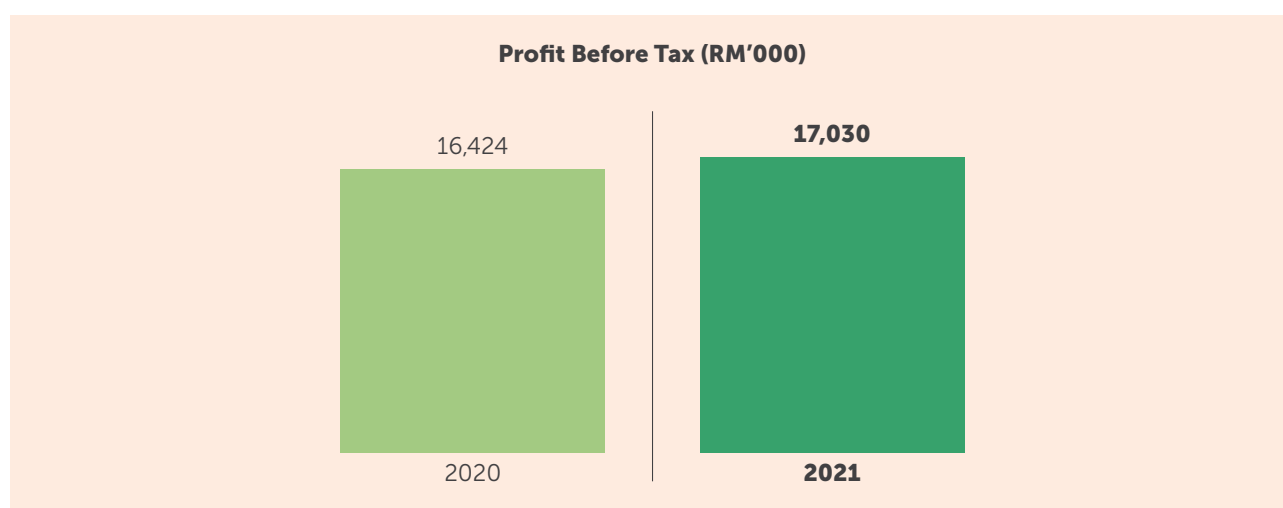
MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit

In FY2021, the Group recorded a gross profit of RM29.21 million, an increase of 8% from FY2020. Our gross profit decreased for oil & gas segment subdued from various MCOs and impact in slowdown of operation by major oil operators. However, this was offset by our new business segment, renewable energy.

Profit Before Taxation

The Group profit before taxation (PBT) rose marginally by RM606,000 from RM16.42 million in the FY2020. The PBT increase was in tandem with the increase in revenue. However, the increase in PBT was offset by the one-off amortisation of intangible assets of RM1.56 million.



Net Cash Flow Position

The Group's statement of cash flow as at 31 December 2021, remains healthy with a net cash and cash equivalent of RM13.491 million.

	Financial Year Ended 31 December		
	FY2021 RM'000	FY2020 RM'000	FY2019 RM'000
Net cash from operating activities	9,162	11,259	13,538
Net cash from/(for) investing activities	5,087	(27,849)	(18,243)
Net cash (for)/from financing activities	(2,654)	16,098	6,489
Net increase/(decrease) in cash and cash equivalent	11,595	(492)	1,784
Effects of foreign exchange translation	-	-	(5)
Opening balance of cash and cash equivalent	1,896	2,388	609
Cash and cash equivalent at end of the financial year	13,491	1,896	2,388

MANAGEMENT DISCUSSION AND ANALYSIS

Net Cash from Operating Activities

Our Group recorded net cash from operating activities of RM9.162 million for FY2021 where cash receipts were mainly from customers and generated from new business sector, renewable energy. These were offsets by payment to suppliers, and employees, interest and tax, operating, expenses, payments to directors and other payments.

Cash receipts from 3 major customers amounted to RM67 million, of which the major cash receipts were from well perforation, well leak repair, well testing, wash and cement services and renewable energy.

The 3 major customers included the following:

Name of Customers	RM'000
PC Mauritania 1 Pty Ltd	43m
Exxonmobil Exploration and Production Malaysia Inc.	6m
Solar Bina Engineering Sdn Bhd	18m

For FYE 31 December 2021, cash paid amounted to RM15.615 million was mainly incurred on suppliers of wash and cement services.

Net Cash Used in Investing Activities

Our net cash used in investing activities for FYE 31 December 2021, amounted to RM5.087 million, was mainly attributed to acquisition of a subsidiary, purchase of property, plant and equipment and partly offset by a disposal of short-term investments.

Net Cash for Financing Activities

Net cash for financing activities for FYE 31 December 2021, amounted to RM2.654 million. Cash payments used for financing for FYE 31 December 2021, were mainly from dividend paid and repayment of borrowings totalling RM2.23 million.

Financial Ratios

	Financial Year Ended 31 December		
	FY2021	FY2020	FY2019
Current Ratio	3.88 times	3.62 times	1.24 times
Gearing Ratio	0.09 times	0.12 times	0.37 times

Our current ratio as at 31 December 2021 was 3.88 times which was slightly higher compared to 3.62 times as at 31 December 2020. Our current liabilities decreased by RM1.1 million, or 7.9% whilst our current assets marginally decreased by RM611,000 or 1.2%. This was mainly due to overall asset and profit recognised from new business segment.

Our gearing ratio increase slightly to 0.09 times in FYE2021 to as compared to 0.12 times in FY2020 due to repayment of term loan.

MANAGEMENT DISCUSSION AND ANALYSIS

Utilisation of Proceeds Raised from the Public Issue

The gross proceeds raised from the Public Issue of RM23.42 million are intended to be utilised in the following manner:

No.	Purpose	Proposed Utilisation RM'000	Actual Utilisation up to 31 December 2021 RM'000	Transfer RM'000	Balance Unutilised RM'000	Estimated Timeframe for Utilisation (from the date of Listing)
1	Repayment of bank borrowings	5,000	(5,000)	-	-	Within 6 months
2	Estimated listing expenses	3,500	(3,205)	(295) ⁽²⁾	-	Immediate
3	Capital expenditure	10,000	(6,203)	-	3,797	Within 24 months
4	Working capital	4,922	(5,217)	295 ⁽²⁾	-	Within 12 months
		23,422	(19,625)	-	3,797	

Notes:

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

⁽²⁾ The unutilised balance of RM295,000 allocated for listing-related expenses had been re-allocated to the working capital during the 3-month financial period ended 31 March 2021 as the actual listing-related expenses incurred are lower than the budgeted listing-related expenses.

Dividend Policy

Our Group does not have any formal dividend policy. Our Group's ability to distribute dividends or make other distributions to our shareholders are subject to various factors, such as from profits reported, excess of distributable reserves and funds not required to be retained for working capital of our business operation.

Any declaration of interim dividends and recommendation of final dividends are at the discretion of our Board and any final dividend proposed is subject to our shareholders' approval.

The Board intends to adopt a stable and sustainable dividend policy to allow our shareholders to share in the profits of our Group while maintaining an optimal capital structure to ensure sufficient funds are available for our future growth.

MANAGEMENT DISCUSSION AND ANALYSIS

RISK OVERVIEW

We recognise that risk management is key internal controls governing our operation. We identify our key risks areas and develop mitigation plans to address those key risk areas. Top key risks to our business are summarised below.

1. Over-Reliance On Key Customer

A loss of major client may have an adverse impact on our operating results as their contribution to our revenue are significant. The Group plans to explore new potential energy related business opportunities beyond the oil and gas industry to diversify our customer base.

2. Epidemic / Pandemic Risk

COVID-19 pandemic has and will continue to affect business operations. The Group maintains implementation of safety procedures to prevent the virus from spreading. Due to the outbreak of COVID-19, the Government implemented the Movement Control Order ("MCO") and subsequent phases of recovery in the National Recovery Plan ("NRP") as part of the efforts to curb the spread in the country.

The Group complied with all the relevant COVID-19 related requirements by the government and standard operating procedures, including those on screening and vaccinations in relation to the permitted workforce capacities.

3. Ability To Secure & Extend Contract

There is a concern on the ability to secure new contract and extend existing contracts, which may affect the utilisation rate and cash flow liquidity of the Group. In order to mitigate this issue, the Group focuses on enhancement of services, improved quality of goods and services to the highest standard while maintaining competitive price.

4. Project Delay

There is a concern whereby the project is not being able to commence or to be completed within the planned timeline, which may lead to declining order book value thus reducing the Group's profitability. However, Liquidated Ascertain Damages will not be incurred for any services that is delayed due to unforeseen circumstances.

The Group will maintain a two-way communication channel with the client and any delay will be acknowledged in shortest order. If required, the project schedule will be rearranged according to the new timeline.



MANAGEMENT DISCUSSION AND ANALYSIS

RESPONSE TO COVID-19

Continuing from the FY2019, Malaysia Government introduced several control measures to control COVID-19 infection through Conditional MCO (CMCO), Recovery MCO (RMCO), Enhanced MCO (EMCO) and Targeted MCO (TMCO). These MCO reduced the spread of COVID-19, consequently, these restrictions took its toll on Malaysia economy, and with deteriorating global economy, exacerbated additional uncertainties to the Group's business operation in the FY2021.

Recognising the health risk posed by the COVID-19 pandemic, the Group has taken various measures to minimise its employees' exposure to the COVID-19 by implementing several measures such as encouraging employees to work from home, ensure social distancing, wearing face mask at workplace as well as in public places and practicing self-hygiene at all time. Besides, the Group continues its effort to constantly evaluate its operational efficiencies and proactively taking pre-emptive and counter measures to manage its cost while maintaining its service quality to its clients.

The Group was generally able to continue executing its work orders to fulfil its contract obligations despite the periods of closures and workforce capacity restrictions as mentioned above, albeit at a slower pace due to movement restrictions and the additional operating procedures arising from the MCO. This is because the Group's businesses are classified as essential services, and its staff are already stationed on site. The slowdown in the fulfilment of orders/contracts also did not cause any major disruptions to customers.

The Group's suppliers are mainly foreign entities, who have continued to supply to the Group subject to their respective restrictions in their country. Although the Group's supplies faced some delay due to movement restrictions, the Group had continued to receive them without major disruption throughout the MCO periods and NRP phases. As such, there was no major supply chain impact to the Group.

Despite the slowdown in execution of work orders caused by movement restrictions, the Group's revenue was not significantly impacted over the FYE 2020 and FYE 2021, where the Group recorded increases in revenue of 9% and 28% respectively.

GROUP BUSINESS OPERATION AND STRATEGIES

Proposed Transfer To Main Board

On 15 July 2020, Reservoir Link was successfully listed on the ACE Market of Bursa Malaysia Securities Berhad. The IPO raised total proceeds of RM23.42 million for the Company from the Public Issue of 97.69m new shares at an issue price of RM0.25 per share.

Pursuant to the Securities Commission ("SC") Equity Guidelines, a corporation which is listed on the ACE Market of Bursa Securities may seek a transfer listing to the Main Market of Bursa Securities if it meets the profit requirements of an aggregate profit after tax ("PAT") of at least RM20.0 million for the past 3 to 5 full financial years prior to submission to the SC with a PAT of at least RM6.0 million for the most recent financial year.

The Group has satisfied the above profit requirements as the Group's aggregate PAT attributable to owners of the Company for the past 3 financial years ended 31 December ("FYE") 2018 to 2020 after adjusting for non-recurring items and not in the ordinary course of the Group's business is RM23.0 million with PAT attributable to owners of the Company of RM10.8 million for FYE 2020, being the most recent financial year.

Based on this and meeting other requirements for transfer to Main Board, Reservoir Link has applied to be transferred to the Main Board and announced its intention on 28 September 2021.

The Proposed Transfer is expected to enhance Reservoir Link's prestige and reputation and will accord the Group with greater recognition and acceptance amongst investors, in particular, institutional investors. In addition, the Proposed Transfer will also promote the Group's corporate image leading to greater recognition and confidence to clients, sub-contractors, business partners, bankers, employees and shareholders.

Reservoir Link was listed at market capitalisation of RM116.9 million. As at LPD, the market capitalisation of the Company is approximately RM178.6 million, reflecting investors' confidence and acceptance in the Group's business and operational model. As such, the Board considers the Proposed Transfer to be timely and beneficial to the Group's future growth and its ability to raise funds for further expansion. Nevertheless, the Proposed Transfer will not result in any change in the Group's existing core business and operational model.

MANAGEMENT DISCUSSION AND ANALYSIS

Innovation

The Group working together with supplier acquired new well testing equipment to enable our people learn new technology and equipment. This new equipment has demonstrated our people capabilities and enhance our expertise, enabling us to expand our offerings to others PACs operators.

Throughout the years, we constantly maintained 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.

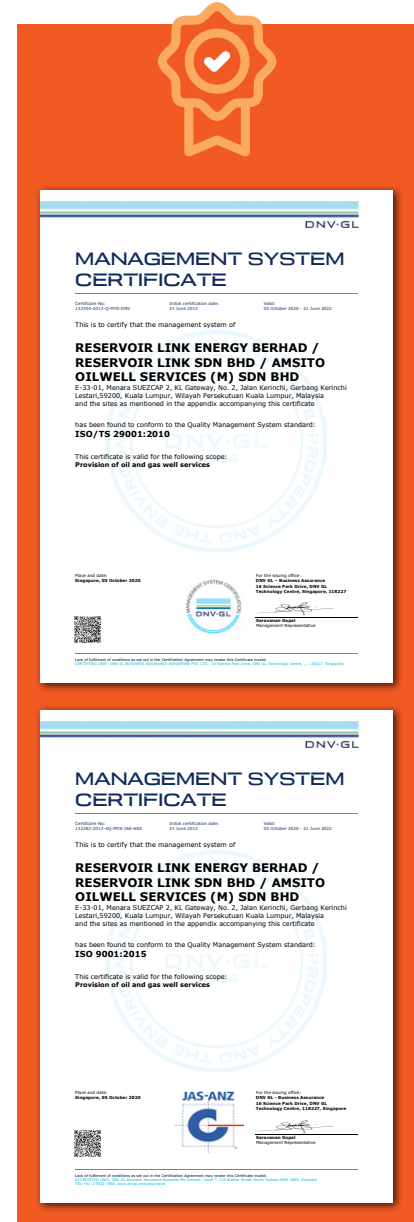
We are also awarded with ISO 9001:2015 on the same provision of O&G Well Intervention Equipment and Service Provider from DNV-GL in the same year, 2013.

We have also invested in new green energy, offering solar farms to enable electricity generated sold to Tenaga Nasional Berhad, in line with the national aspiration of increasing renewable energy as part of new Malaysia energy mix.

Collaboration

The Group work together with our technical partners in developing new technologies and increase the skills of our people. We have improved our business processes through acquisition of new technologies and linking with our strategic partners – both our customers and suppliers to apply new innovative solution relevant for O&G industry.

We have also entered into a research agreement with Universiti Teknologi Malaysia ("UTM") in relation to the research of development of suitable chemical formulation in respect of well integrity and flow assurance ("Research"). The arrangement with UTM is aimed to develop suitable chemical formulation in respect of well integrity and flow assurance technologies that will improve upstream production operations and cost efficiencies. The Research is expected to enable the Group subsidiaries, RL Solutions Sdn Bhd to own in-house technologies which may be commercialised in both domestic and international markets in the future.



FUTURE OUTLOOK 2021

Outlook

The COVID-19 pandemic continues to cause unprecedented impact and uncertainties to the global economic activities. Economic fallout and increasing inflation faced by major economies like Germany, France, UK, Italy, Spain, continue to disrupt corporate plans and business activities. Further, with the recent war breakout in Ukraine impacting major oil majors, may result in disruption and delay in some of the works in Malaysia and Mauritania.

MANAGEMENT DISCUSSION AND ANALYSIS



Despite the economic slowdown and war breakout, the Group managed to secure new contracts since the listing of the Company on the ACE Market of Bursa Securities as follows:

- (i) As announced on 13 October 2020, the Group received from PTTEP HK Offshore Limited, PTTEP Sabah Oil Limited and PTTEP Sarawak Oil Limited, a letter of award for the Provision of Downhole Mechanical Heating Equipment and Services for Production Operation with contract duration of two (2) years effective from 28 August 2020 and will expire on 27 August 2022;
- (ii) As announced on 12 April 2021, the Group received a letter of award from PETRONAS Carigali Sdn Bhd for the provision of well leak repair equipment and service for a period of 3 years from 22 March 2021 to 22 March 2024;
- (iii) As announced on 14 April 2021, the Group was appointed by PETRONAS as an umbrella contractor for the provision of completion of new technology equipment and services for a period of five (5) years until 10 December 2025 unless terminated in accordance with the terms of the appointment;
- (iv) As announced on 26 August 2021, the Group received a letter of award from Roc Oil (Sarawak) Sdn. Bhd. for the contract in relation to provision of perforation services for D35, D21 and J4 drilling and production phase (2021-2022);
- (v) As announced on 7 September 2021, the Group received a purchase order from Solar Bina Engineering Sdn Bhd for subcontracting works of installation, testing and communication of PV modules, inverter, DC cables and associated works for proposed development of Large Scale Solar Photovoltaic project of 100 MWac at Lot PT 14020, kg Jambu Bongkok, Marang, Terengganu; and
- (vi) As announced on 28 September 2021, the Group received a letter of award from Sarawak Shell Berhad/Sabah Shell Petroleum Company Limited as:
 - a) primary contractor for provision of slickline equipment and services for well completion activities – rig assisted; and
 - b) back up contractor for provision of slickline equipment and services for well intervention non-rig assisted.

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

The outlook moving forward is likely to remain cautiously optimistic. The Group will enhance integration across our core activities by leveraging on our financial strengths and resources to create opportunities for growth in the future. We will continue to work closely with our stakeholders to deliver more comprehensive customer-centric solutions, especially in the well services initiatives. Our revitalised strategy, organisational and operational structure, all have been designed to see us through the industry downturn and we will continue to be guided by our core values as well as our commitment to upholding integrity and ensuring good compliance.

At the same time, we will stay focused on managing our costs and working capital as well as conserving our free cash to maintain our competitiveness whilst we set our sights on long-term sustainability.

SUSTAINABILITY STATEMENT

Our Approach

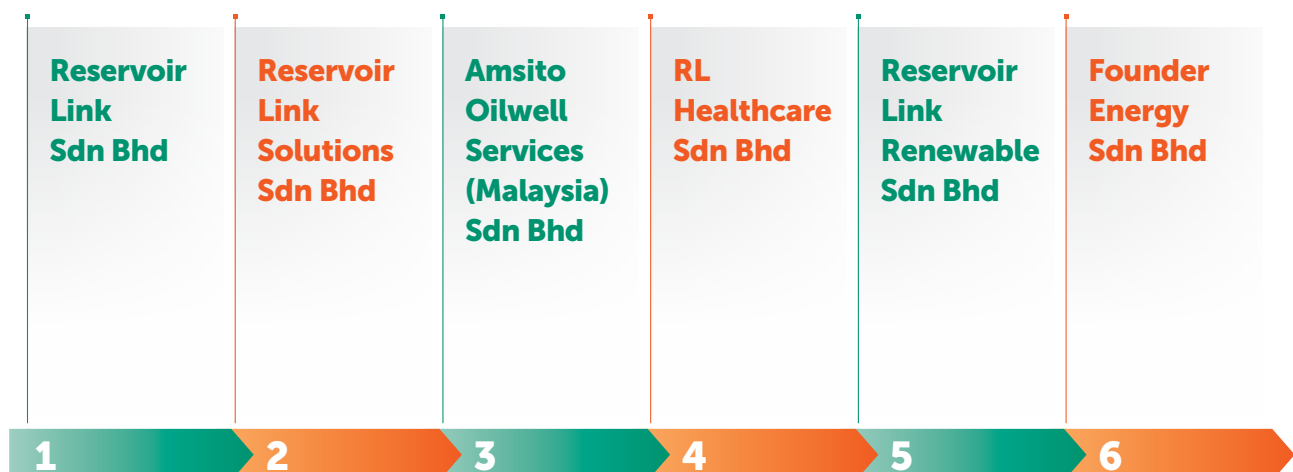
Sustainability is no longer a theory or topic of discussion. Government, societies, financial institutions are moving from discussing and planning to action and accountability. Our Group is committed to contribute to the creation of a better world and greater corporate value align with our philosophy of **"To Build Sustainable Enterprise throughout the Energy Sector as Integrated Service Provider in Oil & Gas and Renewable Energy focussed in Malaysia with Equitable International Presence."** In brief, Sustainability at RLEB is about making responsible business decisions that create value while protecting the environment and contributing to the good of society.

Reporting Framework

Our Sustainability report is an update to the previous financial year's Statement and has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards and the Bursa Malaysia Sustainability Reporting Guide, which serve as the foundation for the Statement reporting framework. We adopted the best practices outlined in the Malaysian Code of Corporate Governance, as updated in April 2021 ("MCCG 2021").

Reporting Scope

Our statement provides information on Reservoir Link Energy Bhd ("RLEB" or "the Company") as well as its subsidiaries ("the Group", "we" or "our") as listed below and covers the period from 1 January to 31 December 2021.



SUSTAINABILITY STATEMENT

Materiality

We strive to address the material sustainability issues that are most important to our company and its stakeholders, as well as the challenges ahead. The board reviews and approves it on an annual basis. The material sustainability issues identified are in line with the GRI standards for sustainability reporting.

This year we intended to further strengthen our material sustainability issues. We used insights from previous assessments to categorise potential new topics or improvements areas on our existing topics, which we then validated through in-depth discussions with experts and stakeholders from across

the organisation. As a result of this ongoing exercise, we gain a better understanding of the impact we have on these topics and acknowledge our sustainability topics has yet to be segregated into a short-medium and long-term strategies as encouraged in Bursa Malaysia Sustainability Reporting Guide.

The Group is committed to include priorities, targets on our material sustainability issues and consideration on climate-change related risk and opportunities. Through 2021, we will continue to expand on our reporting on key performance indicators and measures for our material

sustainability issues. The baseline will be established using data for 2020 and 2021.

Further, as part of updated MCCG 2021, listed companies are encouraged to include Board's Key Performance Indicator ("KPI") for sustainability as part of performance assessment. We are pleased to announce that we have established our Board's KPI in accordance with MCCG's requirements, and the progress and performance of the Board in meeting sustainability targets will be disclosed in the next financial year end report.

ECONOMIC



Economic Presence and Sustainability Profitability

KPI: Revenue from contracts, Renewable Energy Business and Healthcare segment

Anti-Corruption

KPI: Zero cases on bribery and corruption Awareness sessions annually

ENVIRONMENT



Environmental Compliance

KPI: Zero penalties/ fines by authorities Certification and awards

Waste Management

KPI: Roll out waste recycling initiatives / awareness on recyclable waste

3R's of Sustainability

KPI: Awareness initiatives to employees (reduce, reuse, recycle)

SOCIAL



Occupational Health and Safety

KPI: Zero lost time accidents
Zero fatalities

Training and Development

KPI: Number of training hours / average training hours per employees

Diversity and Equal Opportunities

KPI: Percentage of staff gender diversity – male to female

Engagement with Local Communities







KPI: Percentage contribution to local communities (total expenditure)

SUSTAINABILITY STATEMENT

Sustainability Contact

We welcome feedback on our sustainability issues and reporting at investor.relation@reservoirlink.com.

2021 Sustainability Highlights

<p>Achieved</p> <p> 9 Umbrella Contracts</p> <p>14 Call Out Contracts </p>	<p>Recorded</p> <p>924,367 man-hours,</p> <p>ZERO  accidents since 2009</p>	<p>Established</p> <p>New Healthcare  Segment to assist government to fight against COVID-19</p>
<p>Achieved</p> <p>ZERO  bribery and corruption case reported</p>	<p>Contributed</p> <p>RM64K  to our communities</p>	<p>Generated</p> <p>25%  Renewable Energy business to the revenue of our Group</p>

Sustainability Governance

A strong governance structure ensures timely and direct execution of programmes that drive the achievement of our set goals for the year 2021. The Group’s business affairs are overseen by RLEB’s board of directors. The board’s primary responsibilities include providing leadership on RLEB’s overall strategy, which takes into account our material sustainability matters. The Senior Management is responsible of developing coordinating and implementing of our sustainability strategy to ensure that it is embedded throughout the organisation. Within their functions, Senior Management ensures cross-functional alignment, transparent end-to-end management, and the execution of agreed-upon sustainability goals by operational management in their operational activities.



SUSTAINABILITY STATEMENT

Sustainability Policy

On August 25, 2021, RLEB established a Sustainability Policy to reaffirm the Group's strategic importance of sustainability in order to build a sustainable enterprise that helps meet the country's growing energy needs in a safe, environmentally responsible, socially sensitive and profitable way.

The Policy aims to achieve the following objectives:

1. Endeavour to integrate the principles of sustainability into the Group's strategies, policies and procedures; and
2. Fostering a sustainability culture within the Group and the community by developing a comprehensive set of sustainable practices within the Economic, Environment, and Social ("EES") principles.

For sustainability efforts, the Group will set a long-term and short-term goals. The goals must be accompanied by metrics for tracking, measuring and reporting.

Stakeholder Engagement

Engaging openly with stakeholders and developing methods to improve transparency and disclosure have been our approach. Our stakeholders are individuals or organisations who influence or are influenced by our operations, such as our employees, investors, customers, suppliers and government.

To meet our stakeholders' specific information needs, the Group maintains a dedicated investor relations section on our company website. The table below provides an overview of our stakeholders and key areas raised:

Stakeholder group	Engagement and communication platforms	Areas raised include
Shareholders / Investors / Board of Directors	Annual general meetings, financial and Bursa Malaysia announcements company activities, investor relation email contact, company website, news release.	<ul style="list-style-type: none"> • Growth in company performance and value creation.
Customers	Surveys, operational and commercial meetings, corporate events, company website.	<ul style="list-style-type: none"> • Products and services reliability. • New product and service development and innovation.
Supplier, Subcontractors and Vendors	Meetings, site visits, presentations and negotiations.	<ul style="list-style-type: none"> • Long-term viability of the company. • Safety and regulatory compliance.
Local Authorities / Regulators / Government Agencies	Seminars, meetings, forum, conferences, site visits, tenders.	<ul style="list-style-type: none"> • Governance and regulatory compliance. • Ethical business practices. • Health and Safety.
Employees	Workshops, seminar and training sessions, townhall session, employee appraisal sessions, social events and activities, newsletter, intranet.	<ul style="list-style-type: none"> • Benefits design. • Talent engagement. • Health and safety.
Local Communities	Participation and collaboration in community projects, company website, community activities.	<ul style="list-style-type: none"> • Community needs. • Social and environmental impact.

SUSTAINABILITY STATEMENT

Our Progress

ECONOMIC



Economic Presence and Sustainable Profitability

RLEB saw great challenges and also many achievements in 2021, one of it being able to maintain and secure 9 umbrella contracts and 14 call out contracts, which include well perforation, well leak repair, well testing, perforation, wash and cement, well intervention and production enhancement services.

TCP South Sudan

Our Group has established an agreement with local partner, Specialist Services Co. Ltd in July 2021. RLEB has received a tender invitation for the Provision of Tubing Conveyed Perforation ("TCP") Equipment and Services which is due for submission in March 2022. The Group plans to secure more contracts in the upcoming years, particularly for well testing, TCP and potential plug and abandonment work.

New Renewable Energy Business

In September 2021, our Group diversified our business to increase our Group's revenue and earnings base by taking a step into renewable energy business through acquisition of 51% of Founder Energy Sdn. Bhd. ("FESB") which undertakes projects for supply and installation of solar renewable and other engineering works. We expect to have a positive impact on the profit generation of upstream other than Oil and Gas, such as Renewable Energy.



SUSTAINABILITY STATEMENT

RLEB initiated the following opportunities:



Solar Energy Engineering

Our solar energy engineering is tailored with customised design based on the project feasibility study conducted in order to select the best solution for our customers. This extends to all range of electrical engineering contracting works, solar structural design and mechanical solar related to contracting works.



Solar PV Mounting Structural System

Our mounting system is designed to support various types of solar panel design, installation methods, structural buildings and know-how for residential and commercial project development. Our principal's aluminium profile manufacturing plant produces multiple products with a capacity of approximately up to 100MW per month to ensure timely delivery and meet the industry needs.



Solar Energy Construction & Installation

Our main construction works for utility-scale solar, commercial, industrial, and residential solar installation carried out by our experienced project management team will also perform testing and commissioning for quality assurance.



Solar Rooftop Installation

Our solar rooftop mounting structure is suitable for the solar installation of different roof types, including tile roof and metal deck roof. Our variety of mounting structures includes Ground Mounted and a wide range of Solar Tracking System, fitting different types of terrains as needed.



Healthcare

The Group had established a new Healthcare segment as part of our initiatives to assist the Government in combatting the COVID-19 pandemic. Under our wholly owned subsidiary, Reservoir Link Healthcare Sdn. Bhd. ("RLH"), RL Healthcare had establishment license for Authorised Representative, Distributor & Importer from the Medical Device Authority Malaysia (MDA) and Good Distribution Practice of Medical Device (GDPMD) from KIWA International Certifications (M) Sdn Bhd to license and authorise us as a healthcare company representative and supply medical devices.

SUSTAINABILITY
STATEMENT

We have also registered our medical devices such as the Low Dead Volume (“LDV”) syringes and SARS-CoV-2 Antigen COVID-19 Self-Test Kit under the MDA. Our LDV syringes are tested, approved and certified by SIRIM QAS International Sdn. Bhd. (“SIRIM”) based on ISO 7886-1:2017. In November 2021, RLH has also obtained the license and registration from Petroliaam Nasional Berhad (“PETRONAS”) to supply our medical products to exploration and oil and gas companies in Malaysia.

Lastly, despite the extreme volatility caused by COVID-19, RLEB has maintained a consistent level of operating cashflows by expanding presence in renewable energy industry. Moving forward, we plan to further strengthen our competitiveness in renewable energy business sectors by continuously identifying project related to solar installation, which will serve as the foundation for long-term sustainable growth.

Establishment of Responsible Business Practices

The RLEB Board of Directors is collectively responsible for the company’s long-term viability by building trust and confidence among our stakeholders. We have well-defined corporate governance structures, practices, and processes in place, as well as detailed roles and responsibilities, to facilitate the effective execution of both our internal processes and business needs.

 Health and Safety	 Environment	 Gifts
 Internal Controls	 Human Rights	 Sexual Harassment
 Integrity	 Regulatory Compliance	 Confidential Information

Our frameworks and policies:

- A. Code of Business Conduct / Employees’ Handbook
- B. Anti-Bribery and Corruption Policy/ Anti-Bribery Management System
- C. Whistleblowing Policy
- D. Health, Safety, Environment and Security Policy
- E. Risk Management Policy
- F. Terms of Reference for Board Charter, Audit Committee, Risk Management Committee and Remuneration and Nomination Committee

In FY2021, we have achieved a slight improvement in our customer satisfaction survey with an annual average rating of 4.17 of 5.00 (FY2020: 4.12).



SUSTAINABILITY STATEMENT

Risk Management Policy

Daily decisions are made that have an impact on people, customers, suppliers as well as the environment and communities in which we operate. Some of these decisions have an immediate impact on stakeholders and the environment, while others have a long-term impact. RLEB believes that overall effects are positive but is aware of the challenges the company may encounter as service provider in the oil and gas industry. Hence, the Group has established mitigation plans to address those key risks to our business. More information on it is available under the Statement on Risk Management and Internal Control in pages 067 to 071 in Annual Report 2021.

COVID-19 Response Measures

The COVID-19 emergency response was formed by the Group to protect the safety and health of employees in the workplace. As a result, a Crisis Response Committee was set up, and the Committee designed and implemented a comprehensive emergency response plan for each risk level at all business sites.

In addition, we have ensured that all employees and visitors strictly adhere to the established protocols at all times while on the office premises. Before entering RL facilities, all employees and visitors were checked for body temperature, the use of a face mask on and compulsory daily check-in on MySejahtera.

Such efforts enabled us to maintain minimum number of COVID-19 confirmed cases Seventeen (17) within the Group FY2021. All of its infected staff have since recovered and there was no material impact to the operations arising from these COVID-19 cases.

ENVIRONMENT



Climate Change Response

Our Group is committed to helping the world make the transition and we are looking into energy-harvesting opportunities. Moving forward, RLEB will identify climate-related risks and their potential business impacts. In financial year 2021, we are proactively addressing the impacts of climate change by supporting global and national initiatives aimed at driving change in our industry. Our venture into renewable energy like solar energy not only means that we are committed to reshaping the energy markets, but it also signifies our support towards global reduction of the emission of greenhouse gases ("GHG"). Although there is still a long way to go, RLEB remains unrelenting and will continue with our commitment to help our planet.

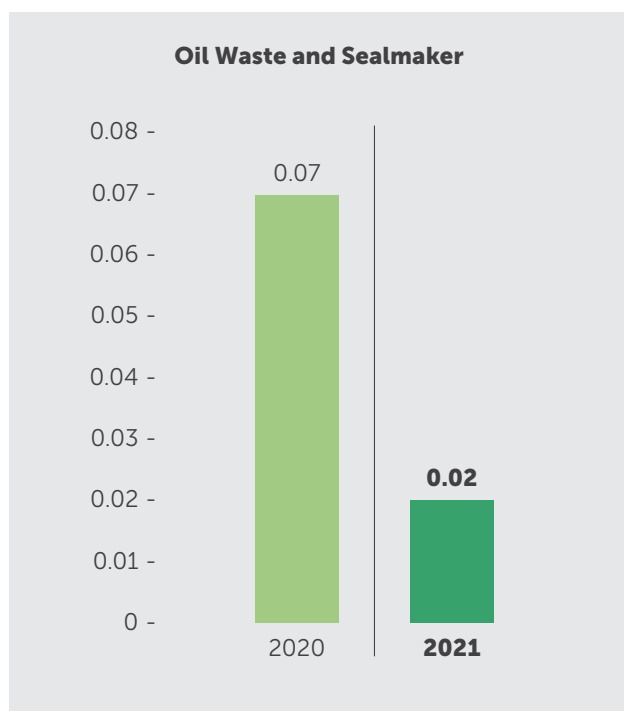
SUSTAINABILITY STATEMENT

Environmental Compliance

We have guided our operations to meet the highest environmental compliance standards. In FY2021, we had zero non-compliance and fines imposed on environment.

Waste Management

Scheduled waste is defined as any matter prescribed whether to be in a solid, semi-solid or liquid form, or in the form of gas or vapour which is emitted, discharged or deposited in the environment in such volume, composition or manner as to cause pollution. The Group aims to roll out waste recycling initiatives by the following year and to create awareness on the recyclable waste at workplace.



In FY2021, there were minimal scheduled waste generated (0.02 metric tonnes) for SW306 oil waste and SW429 sealmaker. In FY2021, we received zero reports of scheduled waste incidents or fines from the local authorities (FY2020: Nil).

3Rs of Sustainability

As we embrace the concept of “Reduce, Reuse and Recycle” we will continuously explore new methods and initiatives to protect and preserve natural resources enabling our environment to regenerate and conserve for the future generation.

In 2021, we have set a target to be committed to conduct awareness on annual basis to increase awareness on reduction, recycling and reuse amongst employees. The Group is midst of planning stage to establish a framework to be developed across operating facilities.

Cost and Process Savings Initiatives

In the financial year end 2021, we have successfully enhanced our current purchasing process, selection and evaluation of vendors in accordance to latest requirement accordance to the current SAP system for RLSB and plan to standardise for overall Group gradually. Part of initiative for the Group to reduce paper usage, we created E-forms for seven items (1) Declaration of Interest System, (2) Fixed Asset Request System, (3) Offshore Allowance Claim System, (4) Staff Requisition System, (5) Training Requisition System, (6) Expenses Claim Form, and (7) Pre-Purchase Requisition System. Our processing time has reduced 3 days average to 1 day average before and after the SAP system. Similarly, on tenders and proposal to customer, all submission were done via email and system online submission due to COVID-19 pandemic thus further reduced the paper usage and saving cost.



SUSTAINABILITY STATEMENT

SOCIAL



Having a competent, highly motivated and performance driven workforce is critical to our Group's success. Our people are important to ensuring that our company remains relevant by delivering on our transformation strategy and goals.



Employees Engagement

Our leadership communicate with employees through various channels. In December 2021, we conducted our very first annual town hall session with the purpose of sharing the Group's achievements for the year to date as well as our future plans for the years to come, including in EES and digital transformation.

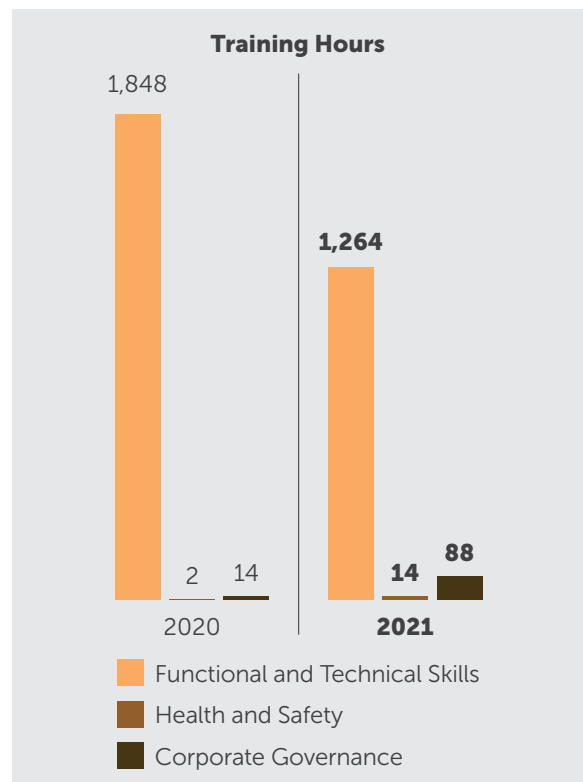
We adopt a holistic approach to workplace wellness, encompassing employee's physical, social well-being. Our Group has a dedicated budget for activities that encourage team bonding amongst employees.

Despite the fact that we were unable to carry out the majority of our activities in 2021. We still had employee-led committees that organised recreational activities, such as a badminton and futsal session for our employees in order to promote healthier lifestyle.

Training and Development

We are committed in providing our employees with the skills and knowledge they need to reach their potential while remaining relevant in an ever-changing operating environment. We guide the developmental progress of our employees by providing relevant trainings, designed for all employment levels, from management to executive and non-executive.

In FY2021, we achieved a total of 1,864 training hours (FY2020: 1,352 training hours) with a total cost of RM 48,723 (FY2020: RM91,309) of training programmes for our employees comprising both soft skills, mandatory operations courses and other training related to corporate liability, sustaining awareness and health and safety matters. The average training hours per employee for FY2021 is 13 hours (FY2019: 11.4 hours). The type of trainings conducted during the year were:



SUSTAINABILITY STATEMENT

Compensation and Benefits

We have a competitive remuneration and reward system in place that is based on the key principles of fairness. Our salary levels are reviewed as and when required and compared to local market. All employees are evaluated based on business and individual performance, which is measured against previously agreed-upon targets with their superiors. Our compensation and benefits for our full time and permanent employees are as below:



Leaves

- Annual
- Sick & Hospitalisation
- Compassionate
- Marriage
- Paternity
- Examination



Allowances

- Mobile Phone
- Work Site



Medical

- Medical Benefits
- Maternity Subsidy



Insurance

- Group Health & Outpatient Plan
- Dental Treatment
- Personal Accident
- Hospitalisation & Surgical



Others

- Vehicle Benefit
- Club Membership Benefit
- Professional Membership
- Transfer / Relocation Benefits

Diversity and Equal Opportunity

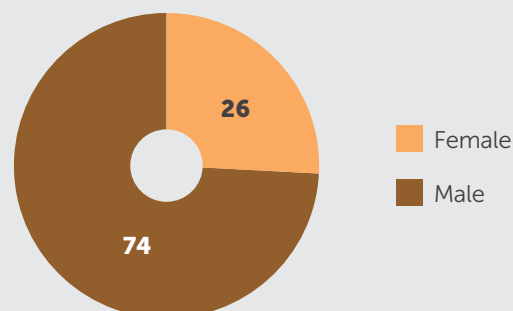
We trust that a diverse group in all aspects – race, religion, sexual orientation, age, ethnicity will make a comprehensive and continuous growing culture. We trust in upholding equivalent opportunities for all and practice zero tolerance to bear any kind of working environment discrimination as this would empower our organization to develop and grow swiftly.

At RLEB, we hire from our local pool of talent as we believe it enhances job opportunities for the talented locals and they are best fitted for the job since they understand the needs of the Malaysian market.

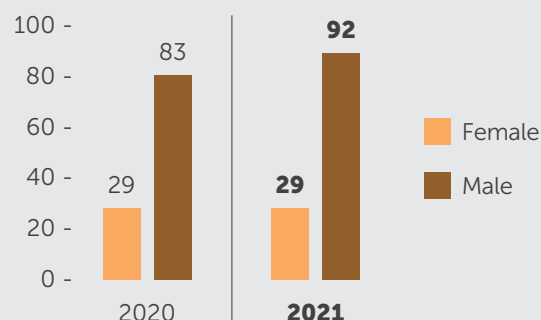
Our total workforce strength of 112 in FY2021 (FY2020:121), comprising of Male:74% and Female:26% respectively and comprises of diverse people with different background, experience and skillsets as well as gender, age groups, ethnicities, cultures and geographies who come together to generate transformative ideas, deliver sustained environmental, economic and social impact for ourselves and our communities at large.

We comply with MCCG practices of diversity ratio of 30% female at board level, however we continue to face challenges to achieve within company level as result of women's low participation in the oil and gas industry, but RLEB is committed to achieving it in three years.

Employee Gender Composition

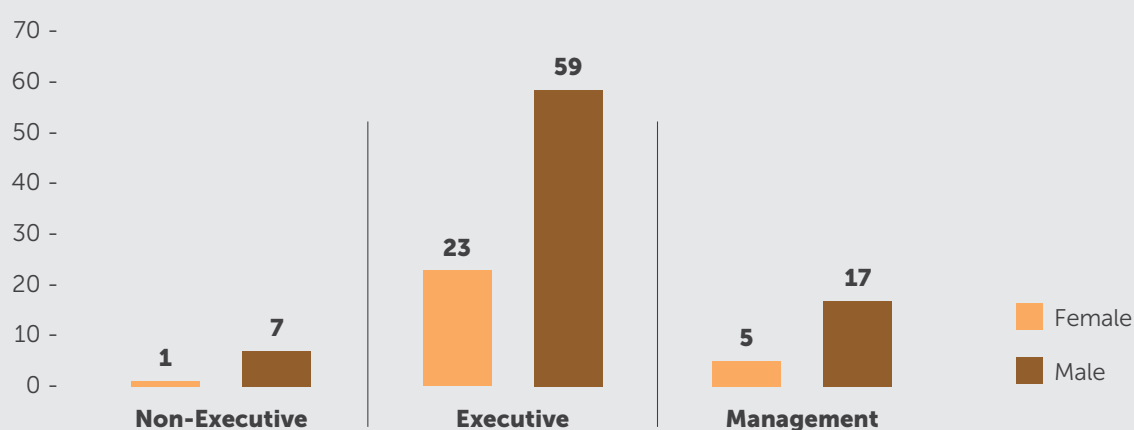


Total Workforce by Gender

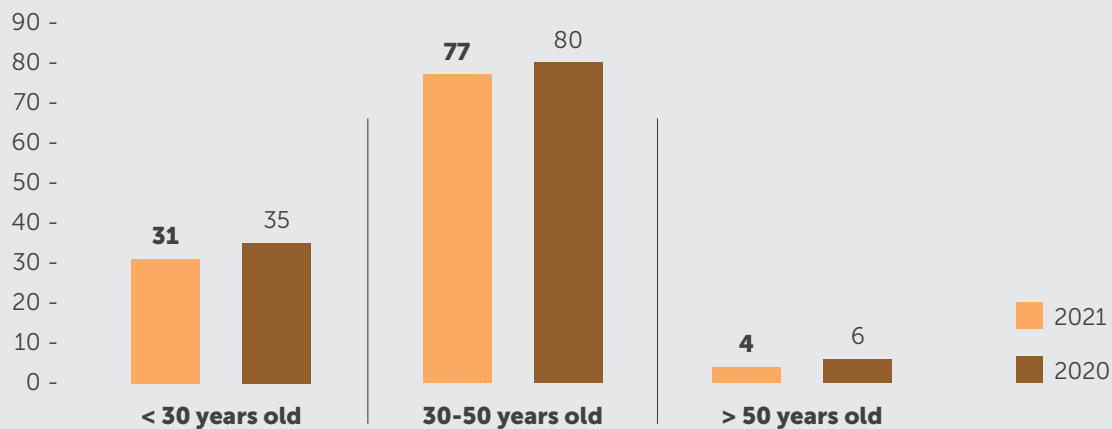


SUSTAINABILITY STATEMENT

Employee Breakdown by Gender FY2021



Employee Breakdown by Age



Talent Attraction and Retention

In FY2021, we hired a total of 7 employees (FY2020: 21 new hires). Employee turnover rate is less than 10% in FY2021: 12 resigned (FY2020: 7 resigned employees).

FY2021	Management	Executive	Non-Executive	Total
New Hired	1	5	1	7
Resigned	1	11	-	12

FY2020	Management	Executive	Non-Executive	Total
New Hired	1	15	5	21
Resigned	-	7	-	7

SUSTAINABILITY STATEMENT

Internship Programmes

As part of our effort in giving back to society, we established an internship programme. We invite students from local universities and colleges to join our internship programme as a stepping stone to kick off their career, exposure to diversify working environment, knowledge sharing, work ethics, experience in field, development of soft skills and opportunity to pursue career with us.

This programme has yet to reach its full potential. As for the FY2021 the Group employed one (1) intern out of 12 interns at executive level (FY2020: employed 1, out of 4 intern) and was allocated to Reservoir Link Solutions Sdn. Bhd. ("RLSSB").

Occupational Safety and Health

"SAFETY IS THE PRIORITY, QUALITY IS THE STANDARD", is our new safety slogan parallel in pursuing the company's Quality and HSE excellence, integrity, respect, and success.

- 1) Safe Personnel
- 2) Safe Equipment
- 3) Safe Environment
- 4) Safe Operation

We have been certified under the ISO 9001:2015 (Quality Management System), ISO/TS 29001:2010 (Quality Management System), and ISO 45001:2018 (Occupational Health and Safety Management System) in our pursuit of better Quality and Health, Safety & Environment excellence. This is to ensure that our equipment, personnel, and operating processes are in good control and that our employees are working in a safe environment.



Our objective is simply ZERO HARM. Safety and health are part of the key priorities of the Group. We envisage to provide safe working environment for our employees and encourage responsibility towards safety and health at all levels of employees. We were able to provide a vital undercurrent of stability in 2021, during a period of unprecedented uncertainty and economic distress caused by the COVID-19 pandemic. The COVID-19 pandemic has spread at an alarming rate, infecting millions and bringing economic activity to a halt as countries imposed strict movement restrictions to halt the virus's spread. Despite this, we were able to meet our client's requirements while also maintaining good HSE performance to protect our people. Furthermore, we were able to maintain our performance without any lost time accidents, as we did in FY2020.

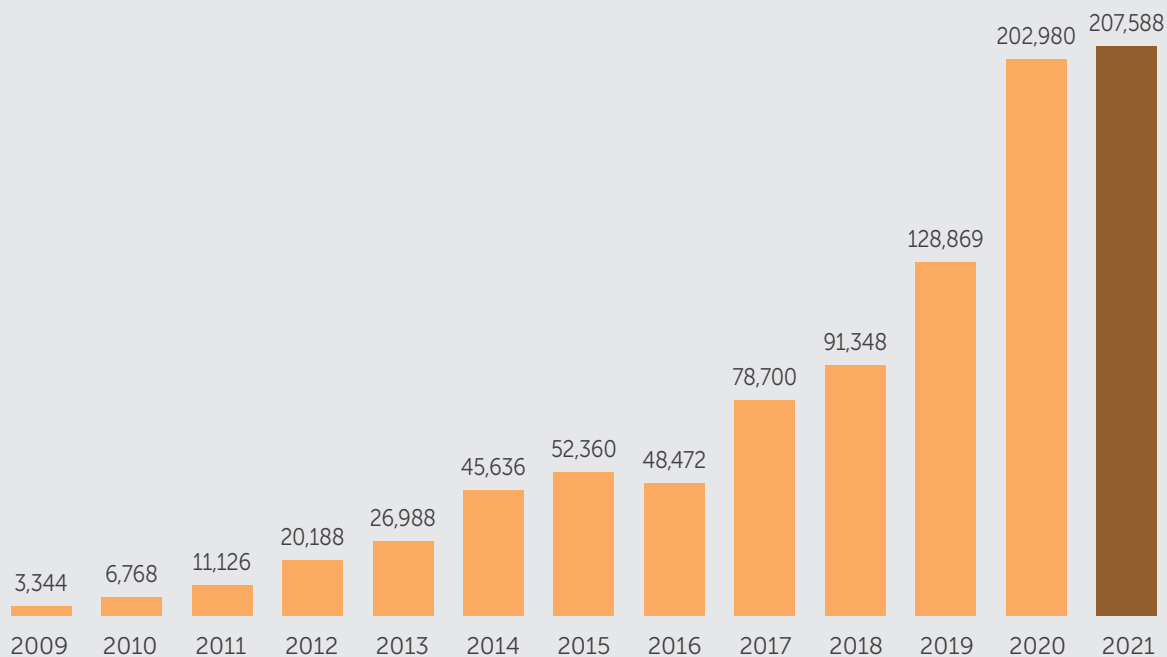
In FY2021, we have achieved a total of 207,588 man-hours (FY2020: 202,980) with zero Loss Time Injury ("LTI"), accumulating at 924,367 LTI-free man-hours and 4,716 days LTI Free days as at FY2021 since 2009 (FY2020: 716,779). We are heading in the right direction, and we will continue to persevere.

4 quarterly meetings were conducted in FY2021 by our HSE Committee to facilitate the management of occupational safety and health related matters raised. The matters discussed during the meetings include, among others, the HSE performance, COVID-19 procedures and current updates, and emergency preparedness and risk management plan.



SUSTAINABILITY STATEMENT

Total Man-hours



Description	Total
Total Man-hours Worked	207,588
Number of Lost Workdays	0
Miles Driven Cumulative	28,647
Fatality	0
Permanent Disability	0
Lost Time Injury	0
Restricted Work Case	0
Medical Treatment Case	0
First Aid Case	1
Property Damage	0
Spill >5 barrels (bbls)	0
Occupational Illness	0
Motor Vehicle Accident	1
Near Miss	0
Major Fire	0
LTIF	0
TRCF	0
FAR	0
Unsafe Act	390
Unsafe Conditions	1,149
Good Practice	2,038

Zero Tolerance for Harassment

RLEB is committed and strongly supports a policy that allows employees to work in an environment free from harassment either from employees or any external party. We view any harassment as a serious misconduct that undermines the integrity and respect of the working relationship of employees in the workplace and regarded as a serious violation of the company's rules and regulations. Any harassment will be dealt with in accordance with the Company's Code of Business Conduct, Human Right Policy, Sexual Harassment Policy and others human resource procedures and any applicable labour and appropriate regulation.

In FY2021, no cases of harassment had been reported (FY2020: Nil).



SUSTAINABILITY STATEMENT

Engagement with Local Communities

In 2021, the COVID-19 pandemic yet brought challenges as many of our activities were out on hold. But we also found new ways collaborating with our health care systems, providing donations of medical equipment during the phases of pandemic, more so when supplies were short. A donation of total RM69,450 was contributed with the purpose of:

1



Funding medical equipment such as portable oxygen machine to Sibul Hospital

In our effort to support the initiative by Sarawak Heart Foundation, RLEB has contributed one set of portable oxygen concentrator worth RM35,000 to Sibul Hospital in June 2021, with hopes that it will be beneficial in helping COVID-19 patients.

2



Donation in cash for the purchase of medical equipment to Hospital Selayang & Hospital Kuala Lumpur

In FY2021, we have made cash donations to the Little Yellow Flower Foundation ("LYFF") in their effort of fundraising for the need of medical equipment due to the increasing needs from patients as COVID-19 cases rose.



SUSTAINABILITY
STATEMENT

3



Social community event – Hari Raya Eid al-Adha

We have also celebrated Hari Raya Eid al-Adha with our employees who were stationed in Mauritania, where we also donated a few goats for the purpose of Qurban.

4



Renovation sponsorship to General Hospital, Radiotherapy and Oncology department

We have also made contribution for the renovation sponsorship for the Radiotherapy Unit Clinic of Radiation and Oncology Service at Sarawak General Hospital in Kuching, Sarawak. The renovation works include the replacement of the clinic windows and installation of air curtains at several of the entrances available at the clinic area.

AUDIT COMMITTEE REPORT

OBJECTIVES

The principal objectives of the 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 (resigned as AC member on 19 November 2021)	Member	Non-Independent Non-Executive Director
Siti Zurina Binti Sabarudin	Member	Independent Non-Executive Director
Elain Binti Lockman	Member	Independent Non-Executive Director

In compliance with Practice 1.4 of the Malaysian Code of Corporate Governance, Datuk Tai Hee, the Chairman of the Board, has ceased his role as one of the members of the Audit Committee on 19 November 2021.

The Company has complied with Rules 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 on pages 010 to 015 of this Annual Report.

MEETINGS AND ATTENDANCE

During the financial year, the Audit Committee convened a total of five (5) 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 the meeting attended	Percentage
Eric Lim Swee Khoon (Chairman)	5 of 5	100%
Datuk Tai Hee	5 of 5	100%
Siti Zurina Binti Sabarudin	5 of 5	100%
Elain Binti Lockman	5 of 5	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 ("TOR"), which is available on the Company's website at www.reservoirlink.com. The Terms of Reference was approved by the Board on 7 February 2020, revised on 26 August 2020 subsequently reviewed and amended on 23 March 2022 and it shall be assessed, reviewed, and updated where necessary.

AUDIT COMMITTEE REPORT

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2021, 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 for approval and release to Bursa Malaysia.
- Reviewed the Group's audited financial statements for FYE2021 prior to recommending to the Board for consideration and approval, to ensure that statements and disclosures presented gives a 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 and Companies Act 2016.
- 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 FYE2021 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.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE PERFORMANCE REVIEW

For FYE2021, the performance and effectiveness of the Audit Committee were 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 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 establishment of an effective system of internal controls is the primary responsibility of the Board and Management which includes the on-going monitoring of its effectiveness and continuous improvement in responding to risks.

The internal audits were conducted in accordance with an approved risk-based internal audit plan and was guided by the International Professional Practice Framework issued by the Institute of Internal Auditors, Inc.

The Engagement Director is Mr Chang Ming Chew, who holds a Certified Information Systems Auditor ("CISA"), Certified Internal Auditor ("CIA") and Certification in Risk Management Assurance ("CRMA"); and is a professional member of 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 three (3) to four (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 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 audits for the Group.

During the FYE2021, 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, scopes, key areas, and objectives:

Entity Audited	Scopes, Key Areas and Objectives
Reservoir Link Energy Bhd ("RLEB")	<p>Cycle 1 Year 2021 - Information Technology General Control – Manage Security</p> <p>The scope of work is limited to the assessment of internal controls used to manage the key risks associated with the operating processes listed below;</p> <ul style="list-style-type: none"> i. Ransomware – protection of information security against malware or ransomware attacks. ii. Hacking – secured network perimeter and connectivity of RLEB's information technology against hacking activities. iii. Information leakage – management of endpoint security and user awareness to prevent information leakage. iv. Social engineering – management of sensitivity documents and output devices from social engineering attacks and management of user access to ensure least access privilege and restriction of information. v. Insider Threat – monitoring of security related events to prevent unauthorised access from internal network.

AUDIT COMMITTEE REPORT

Entity Audited	Scopes, Key Areas and Objectives
Reservoir Link Sdn Bhd ("RLSB")	<p>Cycle 2 Year 2021 – Development of Sales and Marketing Strategy</p> <p>The scope of work is limited to the assessment of internal controls used to manage the key risks associated with the operating processes listed below;</p> <p>Development of Sales and Marketing Strategy</p> <ol style="list-style-type: none"> i. Losing of business opportunity. ii. Sales underperformance due to inadequate service knowledge. <ul style="list-style-type: none"> • Current strategy developed for sales and marketing, execution & monitoring and review of the execution plan. • Assessment of staff competency. <p>Sales Confirmation Procedures</p> <ol style="list-style-type: none"> i. Invalid or unauthorized prices or discounts to be recorded onto the sales invoice. ii. Exposure to bad debt to cash problem. <ul style="list-style-type: none"> • Whole workflow from receiving enquiry until closing of sales. • Ageing assessment. • Change order procedure.

The outcome of the internal audits were discussed with Senior Management and the Internal Auditors follows-up with the implementation progress of audit recommendations made to ensure all audit findings and control concerns have been addressed by the Management in 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 28 May 2021 and 19 Nov 2021.

The cost incurred for the internal audit function for the financial year under review was RM31,800.

This report was approved by the Board of Directors on 23 March 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors of Reservoir Link Energy Bhd ("**the Company**") is committed in ensuring the Company and its subsidiaries ("**the Group**") practices high standard of corporate governance in discharging their duties and responsibilities to enhance long-term shareholders' value whilst taking into account the best interests of the stakeholders of the Company.

This Corporate Governance Overview Statement is made pursuant 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 is mindful of the need to embrace the best practices and guidance set up in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021"). The Board is in the midst of integrating sustainability consideration in its strategy and operations of the Group.

The Board of Directors ("Board") is pleased to provide the Company's Corporate Governance Overview Statement, outlining the commitment of the Board to ethical behaviour and transparency in business strategy, operations and corporate culture in deriving the intended outcomes. This statement is to be read together with the Corporate Governance Report 2021 of the Company which is available on the Company's website <https://reservoirlink.com>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Board Responsibility

The Board is primarily responsible in 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 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 which was approved on 7 February 2020 and subsequently reviewed and amended on 23 March 2022 to ensure that it remains relevant and consistent with the prevailing regulations as well as in line with the Listing Requirement of Bursa Malaysia and MCCG 2021.

A copy of the Board Charter is published on the Company's corporate website at <https://reservoirlink.com>.

Board Committees

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")

Hereafter refer to as ("Committees")

The roles and responsibilities, which include the functions and the processes of the respective committees are set out by the Committees' Terms of Reference. The Independent Non-Executive Directors in these Committees are responsible in providing independent advice, bringing impartiality and scrutiny to Board deliberations and decision-making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Leadership

The Chairman of the Board has been entrusted the responsibility of instilling good governance practices and leadership in the Board whilst the Chief Executive Officer (CEO) / Managing Director (MD) is the head of management with overall responsibility on 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.

In line with the recommendation of MCCG 2021, the Chairman of the Board has ceased his role as a member of Audit Committee and Remuneration and Nomination Committee on 19 November 2021.

Board Administration

The Board is supported by a Company Secretary, who is qualified to act as Company Secretary under the Companies Act 2016. The Company Secretary is a Chartered Secretary/Chartered Governance Professional who is a fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). All Board Members have access to the advice and services of the Company Secretary.

Board & Committee Meetings

The Company Secretary manages 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 seven (7) days in advance, while the Board papers were circulated at least three (3) days before the date of the meetings. All pertinent issues discussed and decisions made at the Board Meetings were recorded by the Company Secretary. The Chairman signed on the minutes upon confirmation by the Board and Board Committees at the next Board Meeting.

During the financial year 2021, the Board had five (5) Board Meetings on 23 February 2021, 22 March 2021, 28 May 2021, 25 August 2021, and 19 November 2021. The Board Committee and meeting attendance are outlined below for the financial year 2021:

Directors	Board Meeting	Audit Committee Meeting	Risk Management Committee Meeting	Remuneration and Nomination Committee Meeting
Datuk Tai Hee	5/5	5/5	-	1/1
Dato' Wan Hassan Bin Mohd Jamil	5/5	-	1/1	-
Thien Chiet Chai	5/5	-	1/1	-
Eric Lim Swee Khoon	5/5	5/5	1/1	1/1
Siti Zurina Binti Sabarudin	5/5	5/5	1/1	1/1
Elain Binti Lockman	5/5	5/5	-	1/1

Good Business Conduct

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

With the new implementation of Section 17A of the Malaysia Anti-Corruption Commission Act 2009, the Group formalized 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 COBC, ABC Policy and the Whistleblowing Policy are published on the corporate website at <https://reservoirlink.com>. The Board monitors these procedures/policies 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.

Sustainability Management

The Board together with the Management acknowledge their responsibility of promoting sustainability while creating value to shareholders. The commitment to sustainability 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 three (3) pillars: economic, environmental, and social.

Details on of the three (3) pillars of the sustainability principles are discussed in the Sustainability Statement section on page 039 of this Annual Report.

II. BOARD COMPOSITION

Board Composition and Diversity

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 which met with the criteria of one-third (1/3) independent directorship as set out in the ACE Market Listing Requirements of Bursa Malaysia and that half of the Board comprises of Independent Directors which is in line with Practice 5.2 of the MCCG 2021.

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 criteria set out in the MCCG 2021.

The six (6) Directors of the Company are from a wide range of experiences and background ranging from petroleum engineering, business administration, accounting/finance, legal and economist professional. The Board is of the view that its composition is adequate in terms of size, skills and experience and diversity of age that will benefit the Group in contributing ideas and arriving at a decision that enhances the Group's performances.

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

Remuneration and Nomination Committee

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 has 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 fulfil his/her responsibilities as a member of the Board, and the core competencies which the new Director can bring to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year, the RNC had carried out the following key activities:

- reviewed the appointment of new Chief Financial Officer of the Company;
- reviewed the required size, mix of skills, experiences and other qualities of the Board Members;
- evaluated the effectiveness of the Board and the Committees of the Board;
- reviewed the terms of office and performance of the Audit Committee;
- reviewed the re-election of Directors due for retirement by rotation;
- reviewed the remuneration package of Senior Management of the Group;
- reviewed the remuneration package of the Executive Directors;
- reviewed and recommended the Remuneration Policy for Directors and Senior Management prior to Board's approval;
- reviewed the Directors' Fees for the financial year ended 31 Dec 2020;
- recommended the other benefits payable to Directors for the financial year ending 31 Dec 2021; and
- recommended the training or workshop for the Directors.

The RNC is authorized 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 has full authority to commission any reports or surveys, that it deems necessary to help it fulfil its obligations.

Based on the evaluation results performed by RNC and the Board on 23 March 2022, the Board was satisfied with the performance of each individual Director and its Board Committees. All Independent Non-Executive Directors have fulfilled the independence standards prescribed under the listing requirement of Bursa Malaysia.

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

Directors' Training

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia. During the financial year ended 31 December 2021, 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

The following are the training attended by the Directors during the financial year ended 31 December 2021:

DIRECTORS	COURSE	DATE
Datuk Tai Hee	Seminar On "Cyber Security: How to Mitigate the Impact of Cyber Crime On Your Business"	15 Nov 2021
Dato' Wan Hassan Bin Mohd Jamil	Environment, Social and Governance (ESG) : What Matters	22 June 2021
	In-house Corporate Training Program on Corporate Liability	3 Sept 2021
Mr. Thien Chiet Chai	Environment, Social and Governance (ESG) : What Matters	22 June 2021
	In-house Corporate Training Program on Corporate Liability	3 Sept 2021
Mr. Eric Lim Swee Khoo	Virtual MIA International Accountants Conference 2021	8-10 June 2021
	In-house Corporate Training Program on Corporate Liability	22 June 2021
Ms. Siti Zurina Binti Sabarudin	Fraud Risk Management - workshop for Directors of listed companies	8 Dec 2021
Ms. Elain Binti Lockman	In-house Corporate Training Program on Corporate Liability	3 Sept 2021
	Corporate Governance and Corporate Liabilities	10 May 2021

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 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 that enable the Company to attract and retain Directors with relevant calibre and skills to manage the operations and business of the Group effectively and competently.

On 18 March 2022, 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 2021 distinguishing between Executive and Non-Executive Directors in aggregate received/receivable from the Company and the Group, with categorization into appropriate components are set out below:

	Directors Fee		Salary & Bonus		Meeting Allowance		Other Emoluments		Total	
	Company (RM'000)	Group (RM'000)	Company (RM'000)	Group (RM'000)	Company (RM'000)	Group (RM'000)	Company (RM'000)	Group (RM'000)	Company (RM'000)	Group (RM'000)
Executive Directors										
Dato' Wan Hassan Bin Mohd Jamil	24	48	459	459	-	-	140	140	623	647
Thien Chiet Chai	24	48	459	459	-	-	140	140	623	647
Non-Executive Directors										
Datuk Tai Hee	60	60	-	-	11	11	-	-	71	71
Eric Lim Swee Khoo	60	60	-	-	12	12	-	-	72	72
Siti Zurina Binti Sabarudin	48	48	-	-	11	11	-	-	59	59
Elain Binti Lockman	48	48	-	-	12	12	-	-	60	60
TOTAL	264	312	918	918	46	46	280	280	1,508	1,556

- The Company's directors' fees are subject to the shareholders' approval at the AGM, as set out in the Notice of AGM.
- Meeting attendance allowance has been approved during the previous AGM held on 10 May 2021.

The Key Senior Management personnel's remuneration received during the financial year ended 31 December 2021 is categorized within the band as follows:

Remuneration Band (RM)	Number of Key Senior Management
100,001 – 150,000	1
150,001 – 200,000	1
300,001 – 350,000	1
350,001 – 400,000	2
400,001 – 450,000	2

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 be unfavourable to the Group due to the intense competition, scarcity for talents and to safeguard its Senior Management retention efforts.

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 (resigned as member on 19 November 2021)
- 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.

The 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 FYE2021 are disclosed on page 056 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 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 ongoing 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 067 to 071 of this Annual Report provides further details of risk management activities and internal audit functions within the Group.

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 rumours, leaks and inadvertent disclosures and restrictions on insider trading.

I. COMMUNICATION WITH STAKEHOLDERS

The Company's corporate website <https://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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

The Company's AGM will also serve as the principal forum for dialogue and interaction among shareholders. Shareholders are welcome 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 041 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 all General Meetings 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 AGM and exercise their rights.

COMPLIANCE STATEMENT

The Board believes that the Company has adopted the Principles and Recommendations of the MCCG 2021 in all material aspects, save as disclosed therein, for the financial year ended 31 December 2021.

This Corporate Governance Overview Statement was approved by the Board of Directors on 23 March 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Reservoir Link Energy Bhd ("Reservoir Link" or "the Group") is pleased to present its Statement on Risk Management and Internal Control ("SORMIC"), 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 10.1 and 10.2 of the Malaysian Code on Corporate Governance 2021, 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 2021.

BOARD'S RESPONSIBILITIES

The Board of Directors ("the Board") of Reservoir Link recognises its overall responsibility in maintaining an effective and sound risk management and internal control system. The said system, which include the establishment of risk management framework, processes and structures, is continually reviewed by the Board to ensure its adequacy and effectiveness in safeguarding the shareholders' investments and the assets of the Group.

The Audit Committee and Risk Management Committee have been entrusted with the task of assisting the Board in discharging its fiduciary duties in relation to the management of principal risks and internal controls.

Given the 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 rather than eliminating the risk of failures. These systems can only provide reasonable but not absolute assurance against any material misstatement, financial losses or fraud.

RISK MANAGEMENT FRAMEWORK

Risk management is fundamental to good management practice and a significant aspect of excellent corporate governance. Effective management of risk is essential towards the achievement of the Group's strategic and operational objectives and goals. The design of this framework is in line with the process outlined in the ISO 31000:2018 principles and generic guidelines on risk management, which helps the Group to increase the likelihood of achieving objectives, improve the identification of opportunities and threats and effectively allocate and use resources for risk treatment.

ENTERPRISE-WIDE RISK MANAGEMENT ("ERM")

The following risk governance structure depicts the communication flow at RLEB for risk management policies, procedures and key principles on an on-going basis:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Senior Management prepares the Risk Management Report ("RMR") that serves to provide regular update to the Risk Management Committee ("RMC") on risks which may have potential negative impact on the Group's performance, including the mitigating actions as well as key indicators measuring the extent of the risks. The RMC reviews the RMR and provides feedback and input on the RMR and monitors the mitigating actions and risk indicators on an on-going basis.

The Senior Management also maintains a risk register containing the strategic and operational risks of the business, including financial and compliance risks. The document is formally reviewed annually while emerging risks are added as and when required. The key risk register is discussed at all regular meetings of the Senior Management and reported on an annual basis to the Board via the RMC.

The following are the seven steps to management of risks assessed in the risk register:



The Group regularly reviews and monitors the implementation and effectiveness of the risk management process, including the development of an appropriate risk management culture across the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In FY2021, a risk assessment exercise was carried out and was facilitated by Tricor Axcelasia Sdn Bhd ("Tricor Axcelasia"). The risk assessment result was deliberated by RMC on 23 August 2021 prior to presentation to the Board for approval. The top four (4) risks of the Group identified and its mitigation actions are as summarised below:

- a. *Over-reliance on key customers.* A loss of major client may have an adverse impact on our operating results as their contribution to our revenue are significant. RLEB plans to explore new potential energy related business opportunities beyond the oil and gas industry to diversify our customer base.
- b. *Epidemic / Pandemic risk.* COVID-19 pandemic has and will continue to affect business operations. The Group maintains implementation of safety procedures to prevent the virus from spreading.
- c. *Ability to secure & extend contract.* There is a concern on the ability to secure new contract and extend existing contracts, which may affect the utilisation rate and cash flow liquidity of the company. In order to mitigate this issue, the Group focuses on enhancement of services, improved quality of work and improved services to the highest standard while maintaining competitive price.
- d. *Project delay.* There is a concern whereby the project is not being able to commence or to be completed within the planned timeline, which may lead to declining order book value, thus reducing the Company's profitability; however, Liquidated Ascertain Damages will not be incurred for any services that is delayed due to unforeseen circumstances. The Group will maintain a two-way communication channel with the client and any delay will be acknowledged in shortest order. If required, the project schedule will be rearranged according to the new timeline.

The above-mentioned risk management practices of the Group serve as an 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

The Group has outsourced its internal audit function to an independent internal audit service provider, Tricor Axcelasia to manage and conduct an independent assessment on the adequacy, effectiveness and integrity of the Group's risk management and internal control systems. All personnel deployed by Tricor Axcelasia 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 during the course of their work.

In carrying out its activities, the internal audit function had unrestricted access to the relevant records, personnel and physical properties of the Group. The internal audit review was conducted and concluded in accordance with an approved risk-based internal audit plan and in compliance with the International Professional Practice Framework.

The results and findings of the audit reviews were discussed with the respective process custodians. Based on the internal audit reviews conducted, the Board is of the opinion that none of the identified control weaknesses that could result any material losses and adversely affect the Group that would require separate disclosure in the Annual Report. The Board through the Audit Committee received and reviewed the internal audit reports on 28 May 2021 and 19 Nov 2021.

Two (2) audit cycles were performed in the financial year under review and the cost incurred for the internal audit function was approximately RM30,000 excluding Sales and Service Tax and out-of-pocket expenses.

Further details of the internal audit function are outlined in the Audit Committee Report on page 057 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 comprehensive organisational structure with a clearly defined limits of authority, delegation of responsibility and reporting lines to ensure effective and efficient governance in decision-making. The board committees that have been established as of to-date are the Audit Committee, Remuneration and Nomination Committee and Risk Management Committee.

- Management Meetings

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

- Group Policies and Procedures

Internal policies, procedures, and guidelines are maintained and reviewed on a periodic basis to serve as the daily operational guide to compliance with the relevant laws and regulations as well as internal control.

- ISO Certification

The Group is committed to providing products and services that satisfy the requirements of our customers while maintaining excellent quality, compliance to the relevant oil and gas rules and regulations and ensured health and safety of our workers. In congruence with that effort, the Group's operations are certified with ISO 9001:2015 (Quality Management System) and ISO/TS 29001:2010 (Quality Management System) and ISO 45001:2018 (Occupational Health and Safety Management System standard).

- Integrity and Ethical Conduct

The Board recognises the importance of setting the "tone from the top" being key to a healthy organisation. The Code of Business Conduct ("COBC") and Anti-Bribery Management System ("ABMS") adopted by the Board accentuates the key ethics to be emulated by all Directors, Management, employees and business associates of the Group to foster a corporate culture which propagates ethical business conduct throughout the whole Group.

- Whistleblowing Policy

The Whistleblowing Policy was established to provide an avenue for the disclosure of any improper conduct within the Group in a secure and confidential environment. The policy provides a clear guideline on the oversight and responsibilities of the whistleblowing process, the reporting process and protection of whistleblowers.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities"), the external auditors have reviewed the Statement on Risk Management and Internal Control in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants ("MIA").

The external auditors have reported to the Board that nothing has come to their attention that has caused them to believe that this statement has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

CONCLUSION

The Board is of the opinion that the internal control and risk management system for the financial year under review and up to the date of this Statement is satisfactorily adequate and effective. There were no material internal control failures, deficiencies or weaknesses that have resulted in material losses or contingencies during the financial year under review.

However, the Board is mindful towards the need for continuous monitoring of the systems and when necessary, the Board will put in place appropriate measures to further strengthen the Group's internal control and risk management system to meet the changing and challenging business environment.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 23 March 2022.

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 and Analysis in page 033 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 2021 are set out as below;

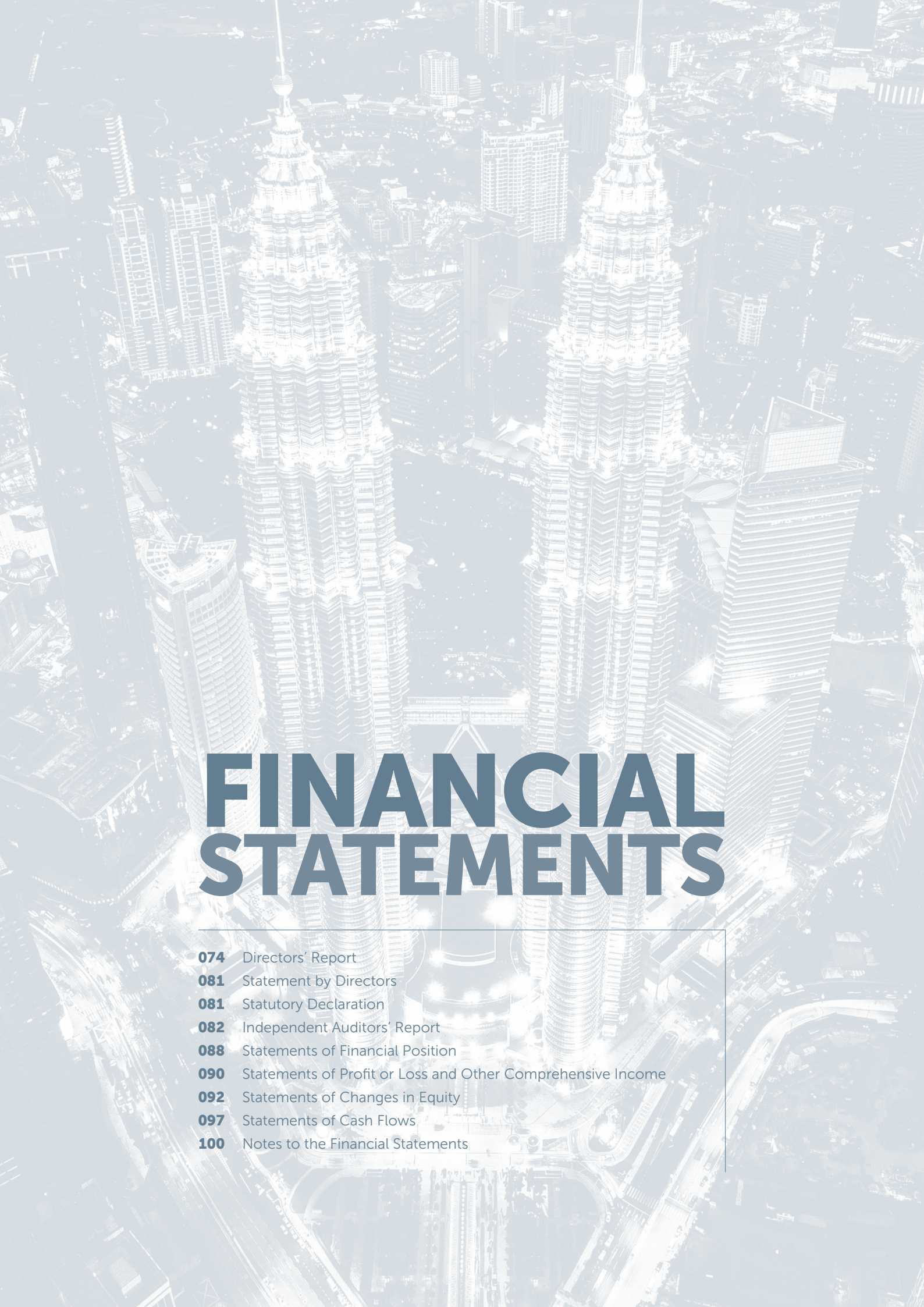
	The Group RM	The Company RM
Audit services	80,830	12,000
Non audit services	12,500	12,500
Total	93,330	24,500

MATERIAL CONTRACTS OR LOANS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

During the FYE 31 December 2021, there were no material contracts or loan entered by the Company and its subsidiaries involving Directors and major shareholder's interest.

EMPLOYEE SHARE OPTION SCHEME ("ESOS")

During the FYE 31 December 2021, the Group did not issue 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 2021.

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 RM	The Company RM
Profit after taxation for the financial year	12,111,128	1,035,020
Attributable to:-		
Owners of the Company	10,758,208	1,035,020
Non-controlling interests	1,352,920	-
	12,111,128	1,035,020

DIVIDENDS

Dividends paid or declared by the Company since 31 December 2020 are as follow:-

	RM
Ordinary Share	
<u>In respect of the financial year 31 December 2021</u>	
A first interim dividend of RM0.0050 per ordinary share, paid on 15 October 2021	1,452,225

The directors do not recommend the payment of any further dividends for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM45,082,060 to RM47,967,910 by way of:-
 - (i) Issuance of 5,445,000 new ordinary shares for a consideration otherwise than cash of RM2,885,850 for partial payment of acquisition of 51% equity interest in Founder Energy Sdn. Bhd.;

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.

DIRECTORS' REPORT

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.

WARRANTS

Pursuant to a Deed Poll dated 12 April 2021 ("Deed Poll"), the Company issued 71,250,000 free Warrants to the entitled shareholders of the Company pursuant to the Bonus Issue of Warrants on the basis of one warrant for every four existing shares held.

The salient features of the Warrants as stated in the Deed Poll are as follows:

- (a) The warrants were issued in registered form and constituted by the Deed Poll;
- (b) Each Warrant entitles the registered holder to subscribe for one ordinary share at an exercise price of RM0.63 per ordinary share;
- (c) The warrants may be exercised at any time within the period commencing from the date of issue of the warrants;
- (d) The exercise period is approximately 5 years from the date of issue;
- (e) Any Warrants which have not then been exercised will lapse and every Warrant not exercised by then will cease to be valid for any purpose;
- (f) The New Shares to be issued arising from the exercise of the Exercise Rights represented by the Warrants, shall upon allotment and issuance rank equally in all respects with the then existing RLEB Shares, save and except that the New Shares will not be entitled to any dividend, right, allotment and/or any other forms of distribution where the entitlement date of such dividend, right, allotment and/or any other forms of distribution precedes the relevant date of allotment and issuance of the New Shares; and
- (g) Where a resolution has been passed by the Company for a members' voluntary winding-up or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with one or more companies then;
 - (i) for the purpose of such a winding-up, compromise or arrangement (other than consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the Warrant holders or some persons designated by them for such purposes by special resolution, are to be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the Warrants holders; and
 - (ii) in any other case, every Warrant holder shall be entitled at any time within 6 weeks after the passing of such resolution or 6 weeks after the granting of the court order approving the compromise or arrangement, by irrevocable surrender of his Warrants together with payment of the relevant Exercise Price monies, to elect to be treated as if he had immediately prior to the commencement of such winding-up, compromise or arrangement, exercised the Exercise Rights represented by such Warrants, to the extent specified in the exercise notice and be entitled to receive out of the assets of the Company (which would be available in liquidation) if he had on such date been a holder of the Company Shares, to which he would have become entitled pursuant to such exercise; and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all Exercise Rights shall lapse and cease to be valid for any purpose.

The number of unexercised Warrants at the end of the reporting period is 71,249,995.

DIRECTORS' REPORT

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 adequate allowance had been made for impairment losses on receivables.

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 additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

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 40 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.

**DIRECTORS'
REPORT****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.

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

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 Khoo
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
Lee Seng Chi
Abg Abdul Rahim Bin Abg Drashid (Resigned on 1.2.2021)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			At 31.12.2021
	At 1.1.2021	Bought	Sold	
The Company				
<i>Direct Interests</i>				
Datuk Tai Hee	500,000	-	-	500,000
Dato' Wan Hassan Bin Mohd Jamil	14,808,605	-	(4,400,000)	10,408,605
Thien Chiet Chai	38,267,835	100,000	(22,012,800)	16,355,035
Eric Lim Swee Khoon	200,000	-	(20,000)	180,000
Siti Zurina Binti Sabarudin	188,400	-	(50,000)	138,400
Elain Binti Lockman	-	-	-	-
<i>Indirect Interests</i>				
Datuk Tai Hee *	29,323,503	-	-	29,323,503
Dato' Wan Hassan Bin Mohd Jamil #	105,000,000	-	(14,800,000)	90,200,000
Thien Chiet Chai #	105,000,000	-	(14,800,000)	90,200,000

* 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

DIRECTORS' INTERESTS (CONT'D)

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 Warrants			
	At 1.1.2021	Bonus issue	Sold	At 31.12.2021
The Company				
<i>Direct Interests</i>				
Datuk Tai Hee	-	125,000	-	125,000
Dato' Wan Hassan Bin Mohd Jamil	-	2,637,151	(693,100)	1,944,051
Thien Chiet Chai	-	4,930,258	(1,978,200)	2,952,058
Eric Lim Swee Khoon	-	50,000	-	50,000
Siti Zurina Binti Sabarudin	-	34,600	-	34,600
Elain Binti Lockman	-	-	-	-
<i>Indirect Interests</i>				
Datuk Tai Hee *	-	7,330,875	-	7,330,875
Dato' Wan Hassan Bin Mohd Jamil #	-	32,086,600	(25,291,500)	6,795,100
Thien Chiet Chai #	-	32,086,600	(25,291,500)	6,795,100

* 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.

By virtue of their shareholdings in the Company, Datuk Tai Hee, Dato' Wan Hassan Bin Mohd Jamil and Thien Chiet Chai 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.

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 38(b) to the financial statements.

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.

DIRECTORS' REPORT

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 37(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 AND SUBSEQUENT EVENT

The significant events during the financial year and subsequent event are disclosed in Note 42 to the financial statements.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 30 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 March 2022.

Dato' Wan Hassan Bin Mohd Jamil

Thien Chiet Chai

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

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 088 to 169 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 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 23 March 2022.

Dato' Wan Hassan Bin Mohd Jamil

Thien Chiet Chai

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Bong Leong Sung, MIA Membership Number: 19682, 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 088 to 169 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
Bong Leong Sung, NRIC Number: 740506-05-5265
at Petaling Jaya
in the State of Selangor Darul Ehsan
on this 23 March 2022

Bong Leong Sung

Before me

Vasanthi a/p Ramadass
Commissioner for Oaths
No. B 467

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RESERVOIR LINK ENERGY BHD.

(INCORPORATED IN MALAYSIA)

REGISTRATION NO: 201401044508 (1120690-K)

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 2021 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 088 to 169.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, 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

**TO THE MEMBERS OF RESERVOIR LINK ENERGY BHD.
(INCORPORATED IN MALAYSIA)**

REGISTRATION NO: 201401044508 (1120690-K)

Key Audit Matters (Cont'd)

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

Revenue Recognition Refer to Note 26 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>For the financial year ended 31 December 2021, the Group recorded revenue of RM112,441,900 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, manpower supply and renewable energy services.</p> <p>The timing and quantum 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"> • We tested on occurrence and accuracy of revenue transactions to supporting evidence such as customer's contract, invoices and relevant supporting documents; • We assessed the effectiveness of internal controls by performing test of controls and walkthrough tests; • We checked billed invoices against documents to support the work order performed by the Group; • We checked subsequent documentations to identify if there are any deferment in completion of contracts; • We reviewed the accrued revenue recognised and assessed appropriateness of the accrued revenue by checking to subsequent billed invoices; and • We assessed the completeness and appropriateness of disclosures in accordance with MFRS 15.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RESERVOIR LINK ENERGY BHD.

(INCORPORATED IN MALAYSIA)

REGISTRATION NO: 201401044508 (1120690-K)

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)

Recoverability of Trade Receivables Refer to Note 13 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The trade receivables of the Group amounted to RM13,846,670, and it constituted 13.5% of the Group's total assets as at 31 December 2021.</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"> • We obtained an understanding of: <ul style="list-style-type: none"> - the Group's control over the receivables collection process; - how the Group identifies and assesses the impairment of trade receivables; and - how the Group makes the accounting estimates for impairment. • We reviewed ageing analysis of trade receivables and test the reliability thereof; • We reviewed subsequent collections for major receivables and overdue amounts; • We inquired management's action plans and evaluate implementation status to recover overdue amounts; • We reviewed the computation of recoverable amount and the expected credit loss on an individual basis; and • We evaluated the reasonableness and adequacy of the resulting loss allowance recognised.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RESERVOIR LINK ENERGY BHD.
(INCORPORATED IN MALAYSIA)

REGISTRATION NO: 201401044508 (1120690-K)

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

TO THE MEMBERS OF RESERVOIR LINK ENERGY BHD.

(INCORPORATED IN MALAYSIA)

REGISTRATION NO: 201401044508 (1120690-K)

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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RESERVOIR LINK ENERGY BHD.
(INCORPORATED IN MALAYSIA)

REGISTRATION NO: 201401044508 (1120690-K)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary 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

Chin Su Su

03436/05/2023 J
Chartered Accountant

Kuching

23 March 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		The Group		The Company	
	NOTE	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	39,267,347	22,896,300
Property, plant and equipment	6	29,453,299	22,805,447	73,559	-
Investment properties	7	5,049,109	5,165,851	-	-
Right-of-use assets	8	663,374	722,175	185,309	-
Other receivable	9	134,251	153,647	-	-
Deferred tax assets	10	1,191,535	3,506,759	-	-
Goodwill	11	13,972,961	-	-	-
		50,464,529	32,353,879	39,526,215	22,896,300
CURRENT ASSETS					
Inventories	12	7,634,379	13,197,673	-	-
Trade receivables	13	13,846,670	5,456,807	-	-
Other receivables, deposits and prepayments	9	1,827,609	1,548,878	1,211,213	324,667
Amount owing by subsidiaries	14	-	-	6,822,122	278,532
Amount owing by a related company	15	3,261,520	-	-	-
Contract assets	16	2,790,049	-	-	-
Short-term investments	17	5,030,700	27,243,524	4,721,213	22,356,792
Fixed deposits with a licensed bank	18	3,630,315	3,413,830	-	-
Cash and bank balances		13,491,130	1,895,717	532,202	89,358
Tax recoverable		633,053	-	-	-
		52,145,425	52,756,429	13,286,750	23,049,349
TOTAL ASSETS		102,609,954	85,110,308	52,812,965	45,945,649

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		The Group		The Company	
	NOTE	2021 RM	2020 RM	2021 RM	2020 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	47,967,910	45,082,060	47,967,910	45,082,060
Merger deficit	20	(15,779,300)	(15,779,300)	-	-
Foreign exchange translation reserve	20	886,076	886,493	-	-
Contingent consideration	21	3,910,119	-	3,910,119	-
Retained profits		41,884,096	32,578,113	68,623	485,828
		78,868,901	62,767,366	51,946,652	45,567,888
Non-controlling interests	5	2,614,675	(54,860)	-	-
TOTAL EQUITY		81,483,576	62,712,506	51,946,652	45,567,888
NON-CURRENT LIABILITIES					
Bank borrowings	22	6,185,844	7,005,580	-	-
Lease liabilities	23	228,234	380,577	-	-
Deferred tax liabilities	10	1,275,995	423,827	-	-
		7,690,073	7,809,984	-	-
CURRENT LIABILITIES					
Bank borrowings	22	842,112	788,209	-	-
Lease liabilities	23	460,135	360,614	190,300	-
Amount owing to a subsidiary	14	-	-	-	10,795
Trade payables	24	9,564,148	1,614,815	-	-
Other payables and accruals	25	2,022,369	10,940,268	593,177	363,070
Provision for taxation		547,541	883,912	82,836	3,896
		13,436,305	14,587,818	866,313	377,761
TOTAL LIABILITIES		21,126,378	22,397,802	866,313	377,761
TOTAL EQUITY AND LIABILITIES		102,609,954	85,110,308	52,812,965	45,945,649

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 2021

	NOTE	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
REVENUE	26	112,441,900	87,525,548	6,577,619	5,333,328
COST OF SALES		(83,231,775)	(60,512,761)	-	-
GROSS PROFIT		29,210,125	27,012,787	6,577,619	5,333,328
OTHER INCOME	27	1,160,351	3,020,215	556,722	225,019
		30,370,476	30,033,002	7,134,341	5,558,347
ADMINISTRATIVE EXPENSES		(12,915,618)	(12,714,183)	(5,762,687)	(1,933,344)
FINANCE COSTS	28	(424,433)	(904,820)	(15,594)	-
NET IMPAIRMENT GAINS/(LOSSES) ON FINANCIAL ASSETS	29	-	10,100	(95,700)	-
PROFIT BEFORE TAXATION	30	17,030,425	16,424,099	1,260,360	3,625,003
INCOME TAX EXPENSE	31	(4,919,297)	(4,641,140)	(225,340)	(3,896)
PROFIT AFTER TAXATION		12,111,128	11,782,959	1,035,020	3,621,107
OTHER COMPREHENSIVE INCOME					
<u>Items that Will be Reclassified</u>					
<u>Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(417)	(576)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		12,110,711	11,782,383	1,035,020	3,621,107

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 2021

		The Group		The Company	
	NOTE	2021 RM	2020 RM	2021 RM	2020 RM
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		10,758,208	11,759,895	1,035,020	3,621,107
Non-controlling interests		1,352,920	23,064	-	-
		12,111,128	11,782,959	1,035,020	3,621,107
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:-					
Owners of the Company		10,757,791	11,759,319	1,035,020	3,621,107
Non-controlling interests		1,352,920	23,064	-	-
		12,110,711	11,782,383	1,035,020	3,621,107
EARNINGS PER SHARE (SEN)					
Basic	32	3.75	4.62		
Diluted	32	N/A	N/A		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	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
The Group									
Balance at 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									
- 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 2021

	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
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 a 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	34	-	-	-	(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 2021

NOTE	Share Capital RM	Merger Deficit RM	Non-Distributable		Distributable		Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
			Foreign Exchange Translation Reserve RM	Contingent Consideration RM	Retained Profits RM				
The Group									
Balance at 31.12.2020/1.1.2021	45,082,060	(15,779,300)	886,493	-	32,578,113	62,767,366	(54,860)	62,712,506	
Profit after taxation for the financial year	-	-	-	-	10,758,208	10,758,208	1,352,920	12,111,128	
Other comprehensive expense for the financial year:									
- Foreign currency translation differences	-	-	(417)	-	-	(417)	-	(417)	
Total comprehensive (expense)/income for the financial year	-	-	(417)	-	10,758,208	10,757,791	1,352,920	12,110,711	
Balance carried forward	45,082,060	(15,779,300)	886,076	-	43,336,321	73,525,157	1,298,060	74,823,217	

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

NOTE	Non-Distributable			Distributable		Attributable to Owners of the Company RM	Non- controlling Interests RM	Total Equity RM
	Share Capital RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Contingent Consideration RM	Retained Profits RM			
Balance brought forward	45,082,060	(15,779,300)	886,076	-	43,336,321	73,525,157	1,298,060	74,823,217
Contributions by and distribution to owners of the Company:								
- Issuance of ordinary shares	2,885,850	-	-	-	-	2,885,850	-	2,885,850
- Acquisition of a subsidiary	-	-	-	3,910,119	-	3,910,119	1,236,615	5,146,734
- Changes in a subsidiary's interests that do not result in a loss of control	-	-	-	-	-	-	80,000	80,000
- Dividends	-	-	-	-	(1,452,225)	(1,452,225)	-	(1,452,225)
34								
Total transactions with owners	2,885,850	-	-	3,910,119	(1,452,225)	5,343,744	1,316,615	6,660,359
Balance at 31.12.2021	47,967,910	(15,779,300)	886,076	3,910,119	41,884,096	78,868,901	2,614,675	81,483,576

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	NOTE	Share Capital RM	Retained Profits RM	Contingent Consideration RM	Total Equity RM
The Company					
Balance at 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	34	-	(2,137,500)	-	(2,137,500)
Total transactions with owners		45,081,960	(2,137,500)	-	42,944,460
Balance at 31.12.2020/1.1.2021		45,082,060	485,828	-	45,567,888
Profit after taxation for the financial year		-	1,035,020	-	1,035,020
Contributions by and distribution to owners of the Company:					
- Issuance of shares pursuant to acquisition of a subsidiary		2,885,850	-	-	2,885,850
- Acquisition of a subsidiary		-	-	3,910,119	3,910,119
- Dividends	34	-	(1,452,225)	-	(1,452,225)
Total transactions with owners		2,885,850	(1,452,225)	3,910,119	5,343,744
Balance at 31.12.2021		47,967,910	68,623	3,910,119	51,946,652

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	NOTE	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		17,030,425	16,424,099	1,260,360	3,625,003
Adjustments for: -					
Amortisation of intangible asset		1,564,427	-	-	-
Depreciation of property, plant and equipment		2,962,658	2,559,806	39,609	-
Depreciation of investment properties		116,742	120,726	-	-
Depreciation of right-of-use assets		441,446	356,333	185,309	-
Fair value (gain)/loss on short-term investments		(356,586)	15,570	-	-
Finance costs		424,433	904,820	15,594	-
Impairment losses on investments in subsidiaries		-	-	109,000	6
Impairment losses on amount owing by subsidiaries		-	-	95,700	-
Property, plant and equipment written off		156,875	11,635	6,007	-
Reversal of amount waived by creditors		-	1,947,734	-	-
Unrealised loss on foreign exchange		84,839	60,230	-	-
Bad debts recovered		-	(1,947,734)	-	-
Dividend income		-	-	(3,555,552)	(5,333,328)
Loss on disposal of property, plant and equipment		6,488	45,340	-	-
Gain on disposal of investment property		-	(185,737)	-	-
Interest income		(422,683)	(510,103)	(552,016)	(225,019)
Reversal of allowance for impairment losses on receivables		-	(10,100)	-	-
Unrealised gain on foreign exchange		(49,253)	-	237	-
Operating profit/(loss) before working capital changes		21,959,811	19,792,619	(2,395,752)	(1,933,338)
BALANCE CARRIED FORWARD		21,959,811	19,792,619	(2,395,752)	(1,933,338)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	NOTE	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
BALANCE BROUGHT FORWARD		21,959,811	19,792,619	(2,395,752)	(1,933,338)
Decrease/(Increase) in inventories		23,619,988	(1,917,535)	-	-
(Increase)/Decrease in trade and other receivables		(9,535,750)	19,847,943	(886,546)	359,061
(Decrease)/Increase in trade and other payables		(17,308,696)	(18,933,583)	230,107	164,776
Increase in contract assets		(2,790,049)	-	-	-
Increase in amount owing by subsidiaries		-	-	(6,639,527)	(278,532)
Decrease in amount owing to directors		-	(54,976)	-	-
Decrease in amount owing to a related company		(3,261,520)	-	-	(1,483,213)
(Decrease)/Increase in amount owing to a subsidiary		-	-	(10,795)	10,795
CASH FROM/(FOR) OPERATIONS		12,683,784	18,734,468	(9,702,513)	(3,160,451)
Interest paid		(424,433)	(904,820)	(15,594)	-
Income tax paid		(3,096,791)	(6,570,623)	(146,400)	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES		9,162,560	11,259,025	(9,864,507)	(3,160,451)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	33	(8,464,080)	(2,124)	(8,464,080)	(109,006)
Additional investment in existing subsidiaries		-	-	(1,219,996)	-
Incorporation of new subsidiaries		-	-	(2)	-
Increase in non-controlling interest		80,000	-	-	-
Interest income received		422,683	510,103	552,016	225,019
Purchase of property, plant and equipment	35(a)	9,382,353	(6,400,744)	(119,175)	-
Proceeds from disposal of property, plant and equipment		77,620	245,064	-	-
Proceeds from disposal of investment property		-	1,209,720	-	-
Dividend received		-	-	3,555,552	5,333,328
Purchase of short-term investments		(3,510,000)	(23,579,406)	-	(22,356,792)
Proceeds from disposal of short-term investments		26,079,410	-	17,635,579	-
(Increase)/Decrease in pledged fixed deposits with a licensed bank		(216,485)	168,180	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		5,086,795	(27,849,207)	11,939,894	(16,907,451)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	NOTE	The Group		The Company	
		2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Proceeds from issuance of ordinary shares		-	23,421,660	-	23,421,660
Dividend paid		(1,452,225)	(2,137,500)	(1,452,225)	(2,137,500)
Drawdown of term loans	35(b)	-	2,923,597	-	-
Payment of share issuance expenses		-	(1,127,000)	-	(1,127,000)
Repayment of lease liabilities	35(b)	(435,467)	(337,317)	(180,318)	-
Net increase/(decrease) in credit card facility	35(b)	11,581	(777)	-	-
Repayment of term loans	35(b)	(777,414)	(6,644,585)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(2,653,525)	16,098,078	(1,632,543)	20,157,160
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		11,595,830	(492,104)	442,844	89,258
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		(417)	(576)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,895,717	2,388,397	89,358	100
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	35(d)	13,491,130	1,895,717	532,202	89,358

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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, 1st 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 23 March 2022.

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 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 16: Covid-19-Related Rent Concessions

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

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 2021

3. BASIS OF PREPARATION (CONT'D)

- 3.2 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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
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 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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:-

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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)

(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.

(f) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables of the same types of contracts. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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)

(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) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 11 to the financial statements.

(i) 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.

(j) 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.

(k) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 33 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 Combinatons

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 2021

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 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(e) 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 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

4.4 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(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:-

	2021 RM	2020 RM
United States Dollar	4.1650	4.0170
Great British Pounds	5.6309	-
Chinese Renminbi	0.6547	-

4.5 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 amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

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).

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments (Cont'd)

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(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.

4.6 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.

4.7 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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.

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.

4.8 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 INVESTMENT PROPERTIES (CONT'D)

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.

4.9 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 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.

4.11 CONTRACT ASSETS

A contract asset is recognised when the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

4.12 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.

4.13 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 IMPAIRMENT (CONT'D)

(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.

4.14 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.

4.15 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.

4.16 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 EMPLOYEE BENEFITS (CONT'D)

(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.

4.17 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.

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.

4.18 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 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.

4.20 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.

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.

4.21 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(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.

4.22 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) Rendering of Management Services

Revenue from providing management services is recognised over time in the period in which the services are rendered.

(d) Rental Income

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2021 RM	2020 RM
Uquoted shares, at cost	39,376,353	22,896,306
Less: Accumulated impairment losses	(109,006)	(6)
	39,267,347	22,896,300

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2021 %	2020 %	
Subsidiaries of the Company				
Reservoir Link Sdn. Bhd.	Malaysia	100	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	100	Providing wireline and related services
Reservoir Link (Labuan) Ltd. * ^	Labuan, Malaysia	100	100	Dormant
Reservoir Link Solutions Sdn. Bhd.	Malaysia	60	60	Developing and providing oil and gas production enhancement services and sand management solutions
Reservoir Link Renewable Sdn. Bhd.	Malaysia	100	100	Investment holding
RL Healthcare Sdn. Bhd.	Malaysia	100	-	Providing wholesale and import of pharmaceutical goods
Founder Energy Sdn.Bhd.	Malaysia	51	-	Providing renewable energy activities and related business
Subsidiaries of Reservoir Link Renewable Sdn. Bhd.				
Skyline Energy Sdn. Bhd. ^	Malaysia	100	100	Dormant
RL Sigma Engineering Sdn. Bhd. ^	Malaysia	100	-	Dormant

* 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 13 January 2021, the Group incorporated a wholly-owned subsidiary, RL Healthcare Sdn. Bhd. at a cash consideration of RM2.
- (ii) On 29 March 2021, the Group incorporated a wholly-owned subsidiary, RL Sigma Engineering Sdn. Bhd. at a cash consideration of RM2.
- (iii) On 10 May 2021, the Group subscribed for additional 120,000 ordinary shares in Reservoir Link Solutions Sdn. Bhd. at an issue price of RM1 each for a total cash consideration of RM120,000. There is no change in the Group's effective ownership as results of the additional shares purchased.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (iv) On 24 August 2021, the Group subscribed for additional 999,998 ordinary shares in Reservoir Link Renewable Sdn. Bhd. at an issue price of RM1 each for a total cash consideration of RM999,998. There is no change in the Group's effective ownership as results of the additional shares purchased.
- (v) On 25 August 2021, the Group acquired 51% equity interests in Founder Energy Sdn. Bhd.. The detail of the acquisition is disclosed in Note 33.
- (vi) On 9 September 2021, the Group subscribed for additional 99,998 ordinary shares in RL Healthcare Sdn. Bhd. at an issue price of RM1 each for a total cash consideration of RM99,998. There is no change in the Group's effective ownership as results of the additional shares purchased.
- (vii) The non-controlling interests at the end of the reporting period comprise the following:-

	Equity Interest		The Group	
	2021 %	2020 %	2021 RM	2020 RM
Reservoir Link Solutions Sdn. Bhd.	40	40	876,245	(54,860)
Founder Energy Sdn. Bhd.	49	-	1,738,430	-
			2,614,675	(54,860)

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

	Reservoir Link Solutions Sdn. Bhd.	
	2021 RM	2020 RM
<u>At 31 December</u>		
Non-current assets	1,788,156	562,753
Current assets	4,876,931	393,378
Non-current liabilities	(116,694)	-
Current liabilities	(4,357,781)	(1,093,281)
Net assets/(liabilities)	2,190,612	(137,150)
<u>Financial Year Ended 31 December</u>		
Revenue	8,225,832	3,323,030
Profit for the financial year	2,127,762	57,660
Total comprehensive income	2,127,762	57,660
Total comprehensive income attributable to non-controlling interests	851,105	23,064
Net cash flows from/(for) operating activities	1,387,553	(192,166)
Net cash flows (for)/from investing activities	(1,349,600)	190,576
Net cash flows from/(for) financing activities	111,656	(16,568)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(viii) 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:- (Cont'd)

	Founder Energy Sdn. Bhd. 2021 RM
<u>At 31 December</u>	
Non-current assets	730,741
Current assets	8,447,010
Non-current liabilities	(221,955)
Current liabilities	(5,407,979)
Net assets	3,547,817
<u>Financial Year Ended 31 December</u>	
Revenue	25,152,295
Profit for the financial year	1,024,113
Total comprehensive income	1,024,113
Total comprehensive income attributable to non-controlling interests	501,815
Net cash flows from operating activities	578,845
Net cash flows for investing activities	(543,908)
Net cash flows from financing activities	1,254,862

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2021 RM	Acquisition of a subsidiary RM	Additions RM	Disposals RM	Written off RM	Depreciation charges RM	At 31.12.2021 RM
<i>Carrying amount</i>							
Building	9,733,333	-	-	-	-	(200,000)	9,533,333
Equipment and tools	9,144,835	411,055	5,482,486	-	(120,621)	(2,027,356)	12,890,399
Furniture and fittings	248,368	-	16,226	(12,976)	-	(32,265)	219,353
Motor vehicles	-	10,305	-	-	-	(408)	9,897
Office equipment	559,586	47,780	334,736	(71,132)	(6,254)	(369,529)	495,187
Plant and machineries	1	-	-	-	-	-	1
Portable cabin	564,746	-	-	-	(30,000)	(82,691)	452,055
Portable workshop	25,810	-	-	-	-	(18,140)	7,670
Renovation	377,256	-	11,696	-	-	(54,388)	334,564
Signboard	3,835	-	-	-	-	(1,316)	2,519
Wireline equipment	698,702	-	31,282	-	-	(176,565)	553,419
Equipment work-in-progress	1,448,975	-	3,505,927	-	-	-	4,954,902
	22,805,447	469,140	9,382,353	(84,108)	(156,875)	(2,962,658)	29,453,299

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

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 2021

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

The Group	At cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
2021				
Building	10,000,000	(466,667)	-	9,533,333
Equipment and tools	21,335,726	(8,445,327)	-	12,890,399
Furniture and fittings	356,608	(137,255)	-	219,353
Motor vehicles	362,486	(352,589)	-	9,897
Office equipment	1,702,560	(1,207,373)	-	495,187
Plant and machineries	64,000	(63,999)	-	1
Portable cabin	1,252,519	(800,464)	-	452,055
Portable workshop	181,400	(173,730)	-	7,670
Renovation	544,845	(210,281)	-	334,564
Signboard	12,128	(9,609)	-	2,519
Wireline equipment	24,435,099	(21,497,323)	(2,384,357)	553,419
Equipment work-in-progress	4,954,902	-	-	4,954,902
	65,202,273	(33,364,617)	(2,384,357)	29,453,299

The Group	At cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

The Company	At 1.1.2021 RM	Additions RM	Written off RM	Depreciation charges RM	At 31.12.2021 RM
Carrying amount					
Office equipment	-	119,175	(6,007)	(39,609)	73,559

The Company	At cost RM	Accumulated depreciation RM	Carrying amount RM
2021			
Office equipment	112,961	(39,402)	73,559

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 22.

7. INVESTMENT PROPERTIES

	The Group	
	2021 RM	2020 RM
Cost:-		
At 1 January	5,837,120	7,020,645
Transfer from property, plant and equipment	-	11,635
Disposals	-	(1,195,160)
At 31 December	5,837,120	5,837,120
Accumulated depreciation:-		
At 1 January	(671,269)	(721,720)
Depreciation during the financial year	(116,742)	(120,726)
Disposals	-	171,177
At 31 December	(788,011)	(671,269)
	5,049,109	5,165,851
Represented by:-		
Freehold commercial office building, at cost	5,049,109	5,165,851
Fair value	5,836,264	5,489,056

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. INVESTMENT PROPERTIES (CONT'D)

- (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 (2020 – 1 to 3 years) and with an option that is exercisable by the customers to extend their leases for an average of 3 (2020 – 3) years.

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

	The Group	
	2021 RM	2020 RM
Within 1 year	274,092	274,092
Between 1 and 2 years	80,046	240,138
	354,138	514,230

- (b) The building has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 22.
- (c) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are estimated by management based on market values of comparable properties, instead of a valuation by an independent professional valuer. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

8. RIGHT-OF-USE ASSETS

The Group	At 1.1.2021 RM	Additions RM	Depreciation charges RM	At 31.12.2021 RM
Carrying amount				
Buildings	722,175	283,145	(408,279)	597,041
Laboratory	-	99,500	(33,167)	66,333
	722,175	382,645	(441,446)	663,374

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. RIGHT-OF-USE ASSETS (CONT'D)

The Company	At 1.1.2021 RM	Additions RM	Depreciation charges RM	At 31.12.2021 RM
Carrying amount				
Office buildings	-	370,618	(185,309)	185,309

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Analysed by:-				
Cost	1,104,820	1,078,508	370,618	-
Accumulated depreciation	(441,446)	(356,333)	(185,309)	-
	663,374	722,175	185,309	-

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

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

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Non-current assets</u>				
Third party	134,251	153,647	-	-
<u>Current assets</u>				
Third parties	56,889	104,311	-	-
Deposits	208,665	979,330	-	-
Dividend receivable	-	-	888,888	-
Prepayments	1,562,055	465,237	322,325	324,667
	1,827,609	1,548,878	1,211,213	324,667
	1,961,860	1,702,525	1,211,213	324,667

Included in non-current and current other receivables was an amount owing from a third party amounting to RM158,339 (2020 – RM171,791) which is charged interest at 6.90% (2020 – 6.90%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10. DEFERRED TAXATION

The Group	At 1.1.2021 RM	Recognised in Profit or Loss (Note 31) RM	Acquisition of a subsidiary (Note 31) RM	At 31.12.2021 RM
2021				
<i>Deferred Tax Liability</i>				
Property, plant and equipment	(423,827)	(852,168)	-	(1,275,995)
Others	-	375,462	(375,462)	-
	(423,827)	(476,706)	(375,462)	(1,275,995)
<i>Deferred Tax Assets</i>				
Property, plant and equipment	2,455	-	-	2,455
Deferred revenue	2,164,170	(2,164,170)	-	-
Unabsorbed tax losses	572,684	(84,180)	-	488,504
Unused capital allowances	766,302	(65,740)	-	700,562
Others	1,148	(1,134)	-	14
	3,506,759	(2,315,224)	-	1,191,535
	3,082,932	(2,791,930)	(375,462)	(84,460)

The Group	At 1.1.2020 RM	Recognised in Profit or Loss (Note 31) RM	At 31.12.2020 RM
2020			
<i>Deferred Tax Liability</i>			
Property, plant and equipment		(255,756)	(168,071)
			(423,827)
<i>Deferred Tax Assets</i>			
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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

10. DEFERRED TAXATION (CONT'D)

At the end of the reporting period, the Group has unabsorbed tax losses and unused capital allowances of approximately RM2,386,000 (2020 – RM2,386,000) and RM2,919,000 (2020 – RM3,197,000) 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 10 consecutive years of assessment while unused capital allowances are allowed to be carried forward indefinitely.

11. GOODWILL

The Group	At 1.1.2021 RM	Acquisition of a subsidiary RM	At 31.12.2021 RM
Carrying Amount			
Goodwill	-	13,972,961	13,972,961

The Group	At cost RM	Accumulated impairment RM	Carrying amount RM
31.12.2021			
Goodwill	13,972,961	-	13,972,961

The carrying amount of the provisional goodwill arose from the acquisition of Founder Energy Sdn. Bhd. ("FESB"). It was arrived on a provisional basis as the Group had not finalised the purchase price allocation process. On completion of the purchase price allocation process (within 12 months from the date of acquisition), any changes in the fair value of identifiable assets and liabilities, as compared to the provisional value will be adjusted on a retrospective basis. The subsidiary is a cash-generating unit (CGU).

The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from cash generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

- (i) Budgeted gross margin Average gross margin of 12%
- (ii) Growth factor Based on the projection of forecasted revenue determined in accordance with conditions of Share Sales Agreement
- (iii) Discount rate (pre-tax) 8%

The Group believes that any reasonable possible change in the above key assumptions applied is not likely to materially cause the recoverable amount to be lower than its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. INVENTORIES

	The Group	
	2021 RM	2020 RM
At cost:-		
Oilfield chemicals	93,301	93,301
Perforating explosives	3,465,177	6,506,152
Perforating hardware	3,327,939	6,490,305
Pharmaceutical goods	2,776	-
Raw materials - chemicals	120,400	107,915
Trading goods	624,786	-
	7,634,379	13,197,673
Recognised in profit or loss:-		
Inventories recognised as cost of sales	25,881,047	12,313,999

13. TRADE RECEIVABLES

	The Group	
	2021 RM	2020 RM
Third parties	8,866,457	2,643,358
Accrued trade receivables	4,980,213	2,813,449
	13,846,670	5,456,807
Less: Allowance for impairment losses	-	-
	13,846,670	5,456,807
Allowance for impairment losses:-		
At 1 January	-	10,100
Reversal during the financial year	-	(10,100)
At 31 December	-	-

The Group's normal trade credit term range from 30 to 75 (2020 – 30 to 75) days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. AMOUNT OWING BY/(TO) SUBSIDIARIES

	The Company	
	2021 RM	2020 RM
Amount owing by/(to) subsidiaries		
Non-trade balances	6,917,822	267,737
Allowance for impairment losses	(95,700)	-
	6,822,122	267,737
Allowance for impairment losses:-		
At 1 January	-	-
Addition during the financial year	95,700	-
At 31 December	95,700	-

The amount owing by subsidiaries are non-trade in nature, unsecured, bear interest of Nil (2020 – Nil) per annum and are repayable on demand.

The amount owing to subsidiaries are non-trade in nature which interests is charged at 1.5% above BLR (2020 – 1.5% above BLR) per annum and is repayable on demand.

15. AMOUNT OWING BY A RELATED COMPANY

The amount owing by a related company is trade in nature, unsecured, interest-free and is to be settled in cash. The related company is a Company in which one of the directors of its subsidiary company has significant controlling interest.

16. CONTRACT ASSETS

	2021 RM	2020 RM
Contract assets		
Contract assets relating to contracts	2,790,049	-

- (a) The contract assets primarily relate to the Group's right to consideration for work completed on contracts but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billings in the manner as established in the contracts with customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. CONTRACT ASSETS (CONT'D)

- (b) The changes to contract assets balances during the financial year are summarized below:-

	2021 RM	2020 RM
Contract assets		
Revenue recognised in profit or loss during the financial year	3,638,566	-
Billings to customers during the financial year (transferred to trade receivables)	(848,517)	-
At 31 December	2,790,049	-
Represented by:-		
Contract assets	2,790,049	-

- (c) The following table summarises contract price allocated to unsatisfied performance obligations resulting from contracts with customers:-

	2021 RM	2020 RM
Contracts with remaining contract periods	7,668,778	-

17. SHORT-TERM INVESTMENTS

	The Group			
	Carrying amount 2021 RM	Market value 2021 RM	Carrying amount 2020 RM	Market value 2020 RM
Fixed income unit trust funds, at fair value	5,030,700	5,030,700	27,243,524	27,243,524

	The Company			
	Carrying amount 2021 RM	Market value 2021 RM	Carrying amount 2020 RM	Market value 2020 RM
Fixed income unit trust funds, at fair value	4,721,213	4,721,213	22,356,792	22,356,792

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. 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% (2020 – 1.60% to 1.65%) per annum. The fixed deposits have maturity periods ranging from 1 month to 3 months (2020 – 1 month to 3 months).
- (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 0.15% to 0.20% (2020 – 0.20%) per annum. The fixed deposits have maturity period of 1 month (2020 – 1 month).
- (c) The fixed deposits with a licensed bank of the Group at the end of the reporting period was an amount of RM3,630,315 (2020 – RM3,413,830) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 22.

19. SHARE CAPITAL

	The Group and The Company			
	2021 Number of Shares	2020	2021 RM	2020 RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	285,000,000	200	45,082,060	100
Subdivision of existing shares	-	800	-	-
Issuance of new shares for acquisition of a subsidiary	5,445,000	227,873,000	2,885,850	22,787,300
Issuance of new shares for cash	-	57,126,000	-	23,421,660
Shares issuance expenses	-	-	-	(1,127,000)
At 31 December	290,445,000	285,000,000	47,967,910	45,082,060

- (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 RM45,082,060 to RM47,967,910 by way of:-
- (i) Issuance of 5,445,000 new ordinary shares at RM0.53 each for a total purchase consideration of RM2,885,850 to acquire a subsidiary; and

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. MERGER DEFICIT AND FOREIGN EXCHANGE TRANSLATION RESERVE

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.

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.

21. CONTINGENT CONSIDERATION

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Contingent consideration	3,910,119	-	3,910,119	-

Contingent consideration

On 11 June 2021, Reservoir Link Energy Bhd. ("the Company") entered into a Share Sale Agreement ("SSA") to acquire 51.0% equity interest in Founder Energy Sdn. Bhd. ("FESB") from Lee Seng Chi ("the Vendor") for a purchase consideration of RM21,169,080 which is to be satisfied by a combination of cash amounting to RM8,464,080 and issuance of 18,150,000 new ordinary shares of the Company at an issue price of RM0.70 per share to the Vendor. As of 31 December 2021, 5,445,000 new ordinary shares have been issued to the Vendor on 25 August 2021.

The issuance of remaining 12,705,000 ordinary shares is contingent on FESB meeting a minimum profit-after tax ("PAT") of RM13,836,000 over 2 years from the acquisition date ("Profit Guarantee Period"). If FESB is not able to achieve the minimum PAT over the profit guarantee period, any shortfall shall be reimbursed in cash by the vendor.

Notwithstanding the Profit Guarantee, the Group has provided for a contingent consideration of ordinary shares to be issued to the Vendor. The valuation of the contingent consideration is measured at RM0.53 per share concurrent with the Group's market share price discounted to its present value at 13.5% discount rate.

Upon the completion of the purchase price allocation process, any changes in the value of the contingent consideration as compared to the provisional value will be adjusted on retrospective basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22. BANK BORROWINGS

	The Group	
	2021 RM	2020 RM
<u>Current liabilities</u>		
Credit cards	45,824	34,243
Term loans	796,288	753,966
	842,112	788,209
<u>Non-current liability</u>		
Term loans	6,185,844	7,005,580
<u>Total borrowings</u>		
Credit cards	45,824	34,243
Term loans	6,982,132	7,759,546
	7,027,956	7,793,789

- (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;
 - (iv) pledge of fixed deposits of the Group as disclosed in Note 18;
 - (v) Assignment over contract proceeds of Reservoir Link Sdn. Bhd.; and
 - (vi) Guaranteed by the Government of Malaysia under Services Sector Guarantee Scheme ("SSGS").
- (b) Credit cards bore interest rate of 18% (2020 – 18%) per annum.
- (c) The repayment terms of the term loans are as follows:-

Term loan 1 at BFR – 2.30% per annum	Repayable by 240 monthly instalments of RM13,343 until full payment, effective from April 2015.
Term loan 2 at BLR + 1.25% per annum	Repayable by 60 monthly instalments of RM8,160 until full payment, effective from January 2018.
Term loan 3 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 2021

23. LEASE LIABILITIES

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	741,191	-	-	-
Additions	382,645	1,078,508	370,618	-
Interest expense recognised in profit or loss	43,317	49,333	15,594	-
Repayment of principal	(435,467)	(337,317)	(180,318)	-
Repayment of interest expense	(43,317)	(49,333)	(15,594)	-
At 31 December	688,369	741,191	190,300	-
Analysed by:-				
Current liabilities	460,135	360,614	190,300	-
Non-current liabilities	228,234	380,577	-	-
	688,369	741,191	190,300	-

24. TRADE PAYABLES

The Group's dealing with supplier is either on cash or credit terms. The suppliers that deal with the Group on credit terms generally grant credit terms of 30 to 60 days. Other credit terms may be negotiated with suppliers on a case-by-case basis.

25. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables:-				
Third parties	330,602	289,487	43,533	40,070
Sales tax payable	53	554	-	-
	330,655	290,041	43,533	40,070
Accruals	1,629,861	1,535,974	549,644	323,000
Deposits	61,853	61,853	-	-
Prepaid services	-	9,052,400	-	-
	2,022,369	10,940,268	593,177	363,070

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26. REVENUE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Supply of renewable energy and related activities	24,904,036	-	-	-
Supply of oil and gas equipments and other services	87,537,864	87,525,548	-	-
Dividend income	-	-	3,555,552	5,333,328
Management fee income	-	-	3,022,067	-
	112,441,900	87,525,548	6,577,619	5,333,328

27. OTHER INCOME

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Bad debts recovered	-	1,947,734	-	-
Fixed deposits with licensed banks	38,117	54,187	-	-
Gain on foreign exchange:				
- realised	342,174	101	-	-
- unrealised	49,253	555	237	-
Gain on disposal of investment property	-	185,737	-	-
Interest income	384,566	455,916	552,016	225,019
Other income	82,822	116,493	4,469	-
Rental income	263,419	259,492	-	-
	1,160,351	3,020,215	556,722	225,019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28. FINANCE COSTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Bank guarantee commission	92,749	173,599	-	-
Bank overdrafts interest	69	6,610	-	-
Commitment fees	48,921	67,616	-	-
Invoice financing interest	-	4,831	-	-
Invoice financing commission	-	42,642	-	-
Lease liabilities interest	43,317	49,333	15,594	-
Letter of credit commission	-	50	-	-
Term loans interest	239,377	560,139	-	-
	424,433	904,820	15,594	-

29. NET IMPAIRMENT GAINS/(LOSSES) ON FINANCIAL ASSETS

	The Group	
	2021 RM	2020 RM
Reversal of impairment losses:		
- trade receivables (Note 13)	-	(10,100)

	The Company	
	2021 RM	2020 RM
Impairment losses:		
- Amount owing by subsidiaries (Note 14)	95,700	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. PROFIT BEFORE TAXATION

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before taxation is arrived at after charging:-				
Amorisation of intangible asset	1,564,427	-	-	-
Auditors' remuneration:				
- current year provision	93,330	76,105	24,500	22,000
- underprovision in the previous financial year	-	3,000	-	-
Depreciation:				
- property, plant and equipment	2,962,658	2,559,806	39,609	-
- investment properties	116,742	120,726	-	-
- right-of-use assets	441,446	356,333	185,309	-
Directors' fees	204,000	384,000	180,000	300,000
Directors' non-fee emoluments	2,163,062	1,710,589	1,241,159	22,000
Fair value loss on short-term investments	-	15,570	-	-
Impairment losses on investments in subsidiaries	-	-	109,000	6
Impairment losses on amount owing by subsidiaries	-	-	95,700	-
Lease expenses:				
- plant hire	801,207	1,385,360	-	-
- short-term leases	719,061	1,073,274	-	-
Loss on foreign exchange:				
- realised	25,271	44,380	-	-
- unrealised	84,839	60,230	-	-
Management fees	-	-	-	106,918
Property, plant and equipment written off	156,875	11,635	6,007	-
Reversal of amount waived by creditors	-	1,947,734	-	-
Staff costs (including other key management personnel as disclosed in Note 37):				
- salaries, bonuses and allowances	12,099,635	10,514,267	1,815,846	-
- E.P.F. contribution	1,453,284	1,245,055	215,764	-
- SOCSO contribution	93,028	87,004	14,029	-
- E.I.S. contribution	10,571	9,884	1,605	-
- staff welfare	25,490	179,549	543	-
Loss on disposal of property, plant and equipment	6,488	45,340	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31. INCOME TAX EXPENSE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax expense:				
- for the financial year	2,292,759	2,675,988	225,337	3,896
- (over)/underprovision in the previous financial year	(165,392)	(24,976)	3	-
	2,127,367	2,651,012	225,340	3,896
Deferred taxation (Note 10):				
- for the financial year	2,634,223	2,003,274	-	-
- under/(over)provision in the previous financial year	157,707	(13,146)	-	-
	2,791,930	1,990,128	-	-
	4,919,297	4,641,140	225,340	3,896

A reconciliation of income tax expense applicable to the profit 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:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before taxation	17,030,425	16,424,099	1,260,360	3,625,003
Tax at the statutory tax rate of 24% (2020 - 24%)	4,087,302	3,941,784	302,486	870,001
Tax effects of:-				
Non-deductible expenses	2,229,650	2,075,494	248,424	318,246
Non-taxable income	(667,309)	(1,338,016)	(325,573)	(1,184,351)
Tax relief	(722,661)	-	-	-
(Over)/underprovision in the previous financial year:				
- income tax	(165,392)	(24,976)	3	-
- deferred tax	157,707	(13,146)	-	-
	4,919,297	4,641,140	225,340	3,896

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the profit and share data used in the computation of basic earning per share for financial year ended 31 December 2021:-

	The Group	
	2021	2020
Profit attributable to owners of the Company (RM)	10,758,208	11,759,895
Weighted average number of ordinary shares at 31 December	286,924,397	254,323,969
Basic earning per ordinary share (sen)	3.75	4.62

The diluted earning per share are not shown as the effect of the warrants on the basic earning per share is anti-dilutive.

33. ACQUISITION OF A SUBSIDIARY

On 25 August 2021, the Group acquired 51% equity interests in Founder 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	
	2021 RM	2020 RM
Plant and equipment	469,140	-
Other debtors	206,865	-
Cash and bank balances	-	3,006
Stocks	18,056,694	-
Other deposits and prepayments	48,779	13,820
Intangible asset	1,564,427	-
Deferred tax liability	(375,462)	-
Trade payables	(15,066,100)	-
Other payables and accruals	(265,640)	(11,696)
Amount owing by a director	(2,115,000)	-
Net identifiable assets acquired	2,523,703	5,130
Add: Goodwill on acquisition	13,972,961	-
Less: Non-controlling interests	(1,236,615)	-
Total purchase consideration	15,260,049	5,130
Less: Contingent consideration	(3,910,119)	-
Less: Ordinary shares issued at RM0.53 per share	(2,885,850)	-
Less: Cash and cash equivalents of subsidiary acquired	-	(3,006)
Net cash outflow from the acquisition of a subsidiary	8,464,080	2,124

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. ACQUISITION OF A SUBSIDIARY (CONT'D)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:- (Cont'd)

	The Company	
	2021 RM	2020 RM
Net cash outflow from the acquisition of subsidiaries	8,464,080	109,006

34. DIVIDENDS

	The Company	
	2021 RM	2020 RM
First interim dividend of RM0.0050 per ordinary share in respect of the current financial year	1,452,225	-
First interim dividend of RM0.0075 per ordinary share in respect of the previous financial year	-	2,137,500
	1,452,225	2,137,500

35. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	The Group	
	2021 RM	2020 RM
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 6)	9,382,353	6,400,744
Right-of-use assets		
Cost of right-of-use assets acquired (Note 8)	382,645	1,078,508
Less: Addition of new lease liabilities	(382,645)	(1,078,508)
	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group 2021	Term Loans RM	Lease Liabilities RM	Credit Cards Facilities RM	Total RM
At 1 January	7,759,546	741,191	34,243	8,534,980
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	-	382,645	-	382,645
Repayment of principal	(777,414)	(435,467)	(20,775)	(1,233,656)
Repayment of interests	(239,377)	(43,317)	-	(282,694)
Utilisation of credit card facility	-	-	32,356	32,356
	(1,016,791)	(96,139)	11,581	(1,101,349)
<u>Non-cash Changes</u>				
Interest expense recognised in profit or loss (Note 28)	239,377	43,317	-	282,694
	239,377	43,317	-	282,694
At 31 December	6,982,132	688,369	45,824	7,716,325

The Group 2020	Invoice Financing RM	Term Loans RM	Lease Liabilities RM	Credit Cards Facilities RM	Total RM
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	(4,832)	(560,139)	(49,333)	-	(614,304)
	(4,832)	(4,281,127)	(386,650)	(777)	(4,673,386)
<u>Non-cash Changes</u>					
Acquisition of new leases (Note 23 and 35(a))	-	-	1,078,508	-	1,078,508
Interest expense recognised in profit or loss (Note 28)	4,832	560,139	49,333	-	614,304
	4,832	560,139	1,127,841	-	1,692,812
At 31 December	-	7,759,546	741,191	34,243	8,534,980

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35. CASH FLOW INFORMATION (CONT'D)

- (b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

The Company 2021	Lease Liabilities RM	Total RM
At 1 January	-	-
<u>Changes in Financing Cash Flows</u>		
Proceeds from drawdown	370,618	370,618
Repayment of principal	(180,318)	(180,318)
Repayment of interests	(15,594)	(15,594)
	174,706	174,706
<u>Non-cash Changes</u>		
Interest expense recognised in profit or loss (Note 28)	15,594	15,594
	15,594	15,594
At 31 December	190,300	190,300

- (c) The total cash outflows for leases as a lessee are as follows:-

	The Group 2021 RM	2020 RM
Payment of short-term leases	1,520,268	2,458,634
Interest paid on lease liabilities	43,317	49,333
Payment of lease liabilities	435,467	337,317
	1,999,052	2,845,284

- (d) The cash and cash equivalents comprise the following:-

	The Group 2021 RM	2020 RM	The Company 2021 RM	2020 RM
Fixed deposits with licensed banks	3,630,315	3,413,830	-	-
Cash and bank balances	13,491,130	1,895,717	532,202	89,358
	17,121,445	5,309,547	532,202	89,358
Less: Fixed deposits pledged to a licensed bank (Note 18(c))	(3,630,315)	(3,413,830)	-	-
	13,491,130	1,895,717	532,202	89,358

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. CAPITAL COMMITMENTS

	The Group	
	2021 RM	2020 RM
Purchase of property, plant and equipment	5,517,619	3,508,321

37. 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	
	2021 RM	2020 RM	2021 RM	2020 RM
(a) Directors				
<u>Directors of the Company</u>				
Short term employee benefits:				
- fees	180,000	360,000	180,000	300,000
- salaries, bonuses, and other benefits	1,122,800	913,000	1,122,800	22,000
Defined contribution benefits	118,359	100,276	118,359	-
	1,421,159	1,373,276	1,421,159	322,000
<u>Directors of the Subsidiaries</u>				
Short term employee benefits:				
- fees	24,000	24,000	-	-
- salaries, bonuses, and other benefits	824,310	624,500	-	-
Defined contribution benefits	97,593	72,813	-	-
	945,903	721,313	-	-
Total directors' remuneration (Note 30)	2,367,062	2,094,589	1,421,159	322,000
(b) Other Key Management Personnel				
Short term employee benefits	1,160,312	854,378	-	-
Defined contribution benefits	136,479	92,293	-	-
Total compensation for other key management personnel (Note 30)	1,296,791	946,671	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

38. 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.

(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	
	2021 RM	2020 RM	2021 RM	2020 RM
Dividend income received from a subsidiary	-	-	(3,555,552)	(5,333,328)
Management fee received or receivable from a subsidiary	-	-	(3,022,067)	-
Management fee paid or payable to a subsidiary	-	-	-	106,918
Short-term lease expenses paid to a related company	69,600	61,600	-	-
Short-term lease expenses paid to a subsidiary	-	-	195,912	-

39. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a yearly basis. For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective.

The Group is organised into 2 main reportable segments as follows:-

- (i) Oil and gas segment; and
- (ii) Renewable energy segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS

	Oil and gas related and other activities RM	Renewable energy and related activities RM	Consolidation adjustments RM	The Group RM
2021				
Revenue				
External revenue	96,339,148	25,152,295	(9,049,543)	112,441,900
Consolidated revenue				112,441,900
2021				
Results				
Segment profit	19,778,079	2,978,554	(5,301,775)	17,454,858
Finance costs	(678,092)	(5,862)	259,521	(424,433)
Consolidated profit before taxation				17,030,425
<u>Other information</u>				
Amorisation of intangible asset	-	1,564,427	-	1,564,427
Depreciation:				
- property, plant and equipment	2,939,218	45,824	(22,384)	2,962,658
- investment properties	116,742	-	-	116,742
- right-of-use assets	693,240	47,191	(298,985)	441,446
Loss on foreign exchange:				
- realised	25,271	-	-	25,271
- unrealised	84,839	-	-	84,839
Property, plant and equipment written off	153,578	3,297	-	156,875
Loss on disposal of property, plant and equipment	6,488	-	-	6,488

**NOTES TO THE
FINANCIAL STATEMENTS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

	Oil and gas related and other activities RM	Renewable energy and related activities RM	Consolidation adjustments RM	The Group RM
2021				
Assets				
Segment assets	127,724,132	9,177,751	(34,291,929)	102,609,954
Consolidated total assets				102,609,954
Liabilities				
Segment liabilities	29,595,083	5,629,934	(14,098,639)	21,126,378
Consolidated total liabilities				21,126,378
Other Segment Items				
Additions to non-current assets other than financial instruments:				
- property, plant and equipment	9,379,091	3,262	-	9,382,353
- right-of-use assets	346,691	35,954	-	382,645

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

	Oil and gas related and other activities RM	Consolidation adjustments RM	The Group RM
2020			
Revenue			
External revenue	97,682,157	(10,156,609)	87,525,548
Consolidated revenue			87,525,548
Results			
Segment profit	22,905,467	(5,576,548)	17,328,919
Finance costs	(1,034,920)	130,100	(904,820)
Consolidated profit before taxation			16,424,099
<u>Other information</u>			
Depreciation:			
- property, plant and equipment	2,559,806	-	2,559,806
- investment properties	120,726	-	120,726
- right-of-use assets	418,761	(62,428)	356,333
Fair value loss on short-term investments	15,570	-	15,570
Loss on foreign exchange:			
- realised	44,380	-	44,380
- unrealised	60,230	-	60,230
Property, plant and equipment written off	11,635	-	11,635
Reversal of amount waived by creditors	1,947,734	-	1,947,734
Loss on disposal of property, plant and equipment	45,340	-	45,340

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

39. OPERATING SEGMENTS (CONT'D)

39.1 BUSINESS SEGMENTS (CONT'D)

	Oil and gas related and other activities RM	Consolidation adjustments RM	The Group RM
2020			
Assets			
Segment assets	109,234,556	(24,124,248)	85,110,308
Consolidated total assets			85,110,308
Liabilities			
Segment liabilities	28,830,897	(6,433,095)	22,397,802
Consolidated total liabilities			22,397,802
Other Segment Items			
Additions to non-current assets other than financial instruments:			
- property, plant and equipment	6,400,744	-	6,400,744
- right-of-use assets	1,078,508	-	1,078,508

39.2 GEOGRAPHICAL INFORMATION

	Revenue	
The Group	2021 RM	2020 RM
Malaysia	59,180,106	60,128,882
Mauritania	52,283,243	27,228,152
Brunei	978,551	71,914
Singapore	-	96,600
	112,441,900	87,525,548

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

39. OPERATING SEGMENTS (CONT'D)

39.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue

	Revenue	
	2021 RM	2020 RM
Customer A	60,669,560	32,803,332
Customer B	22,886,535	27,228,152

40. 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	
	2021 RM	2020 RM
Secured:-		
Performance and other guarantees extended by subsidiaries to third parties	2,901,811	8,717,177

	The Company	
	2021 RM	2020 RM
Secured:-		
Corporate guarantee granted to subsidiaries of the Group	1,065,508	-

41. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 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"), Great British Pounds ("GBP") and Chinese Renminbi ("RMB"). 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.

Foreign Currency Exposure

The Group	United States Dollar RM	Great British Pounds RM	Chinese RMB RM	Ringgit Malaysia RM	Total RM
2021					
Financial Assets					
Trade receivables	4,598,535	-	-	9,248,135	13,846,670
Other receivables	-	-	-	191,140	191,140
Amount owing by a related company	-	-	-	3,261,520	3,261,520
Short-term investments	-	-	-	5,030,700	5,030,700
Fixed deposits with a licensed bank	954,159	-	-	2,676,156	3,630,315
Cash and bank balances	8,658,676	-	-	4,832,454	13,491,130
	14,211,370	-	-	25,240,105	39,451,475

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 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 RM	Great British Pounds RM	Chinese RMB RM	Ringgit Malaysia RM	Total RM
2021					
<u>Financial Liabilities</u>					
Bank borrowings	-	-	-	7,027,956	7,027,956
Lease liabilities	-	-	-	688,369	688,369
Trade payables	3,809,316	33,659	180,327	5,540,846	9,564,148
Other payables and accruals	8,330	-	-	2,014,039	2,022,369
	3,817,646	33,659	180,327	15,271,210	19,302,842
Net financial assets/(liabilities)	10,393,724	(33,659)	(180,327)	9,968,895	20,148,633
Less: Net financial assets denominated in the Group's functional currency	-	-	-	(9,968,895)	(9,968,895)
Currency Exposure	10,393,724	(33,659)	(180,327)	-	10,179,738

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 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 RM	Ringgit Malaysia RM	Total RM
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 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Company	Ringgit Malaysia RM	Total RM
2021		
<u>Financial Assets</u>		
Other receivables	888,888	888,888
Amount owing by subsidiaries	6,822,122	6,822,122
Cash and bank balances	532,202	532,202
Short-term investments	4,721,213	4,721,213
	12,964,425	12,964,425
<u>Financial Liabilities</u>		
Lease liabilities	190,300	190,300
Other payables and accruals	593,177	593,177
	783,477	783,477
Net financial assets	12,180,948	12,180,948
Less: Net financial assets denominated in the Group's functional currency	(12,180,948)	(12,180,948)
Currency exposure	-	-

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Company	Ringgit Malaysia RM	Total RM
2020		
<u>Financial Assets</u>		
Amount owing by subsidiaries	278,532	278,532
Short-term investments	22,356,792	22,356,792
Cash and bank balances	89,358	89,358
	22,724,682	22,724,682
<u>Financial Liabilities</u>		
Amount owing to a subsidiary	10,795	10,795
Other payables	363,070	363,070
	373,865	373,865
Net financial assets	22,350,817	22,350,817
Less: Net financial assets denominated in the Group's functional currency	(22,350,817)	(22,350,817)
Currency Exposure	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 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:-

	The Group	
	2021 RM	2020 RM
Effects On Profit After Taxation		
USD/RM		
- strengthened by 10%	1,040,680	1,978,587
- weakened by 10%	(1,040,680)	(1,978,587)
GBP/RM		
- strengthened by 10%	(3,212)	-
- weakened by 10%	3,212	-
RMB/RM		
- strengthened by 10%	(18,940)	-
- weakened by 10%	18,940	-

(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 defined in 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 22 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have a material impact on the profit after taxation and other comprehensive income of the Company and hence, no sensitivity analysis is presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have a material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(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 2 customers which constituted approximately 25% (2020 – 55%) 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:-

	The Group	
	2021 RM	2020 RM
Malaysia	10,738,240	4,453,764
United States	3,108,430	1,003,043
	13,846,670	5,456,807

(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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(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.

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 (2020 – 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2021				
Current (not past due)	7,736,686	-	-	7,736,686
1 to 30 days past due	4,312,666	-	-	4,312,666
31 to 60 days past due	1,388,895	-	-	1,388,895
61 to 90 days past due	408,423	-	-	408,423
Trade receivables	13,846,670	-	-	13,846,670
Contract assets	2,790,049	-	-	2,790,049
	16,636,719	-	-	16,636,719
2020				
Current (not past 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

The movements in the loss allowances in respect of trade receivables are disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 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 Owed 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 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 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
2021						
Non-derivative Financial Liabilities						
Bank borrowings	3.17% - 7.97%	7,027,956	7,478,936	758,406	3,029,259	3,691,271
Lease liabilities	5.40%	688,369	733,339	668,350	64,989	-
Trade payables	-	9,564,148	9,564,148	9,564,148	-	-
Other payables and accruals	-	1,960,463	1,960,463	1,960,463	-	-
		19,240,936	19,736,886	12,951,367	3,094,248	3,691,271

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 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
2020						
<u>Non-derivative Financial Liabilities</u>						
Bank borrowings	3.17% - 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 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 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 Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2021				
<u>Non-derivative Financial Liabilities</u>				
Lease liabilities	5.40%	190,300	195,912	195,912
Other payables and accruals	-	593,177	593,177	593,177
		783,477	789,089	789,089

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2020				
<u>Non-derivative Financial Liabilities</u>				
Amount owing to a subsidiary	6.95%	10,795	11,545	11,545
Other payables and accruals	-	363,070	363,070	363,070
		373,865	374,615	374,615

41.2 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.2 CAPITAL RISK MANAGEMENT (CONT'D)

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Bank borrowings	7,027,956	7,793,789	-	-
Lease liabilities	688,369	741,191	190,300	-
Amount owing to a subsidiary	-	-	-	10,795
Trade payables	9,564,148	1,614,815	-	-
Other payables and accruals	1,960,463	1,825,461	593,177	363,070
	19,240,936	11,975,256	783,477	373,865
Less: Cash and bank balances	(13,491,130)	(1,895,717)	(532,202)	(89,358)
Net debt	5,749,806	10,079,539	251,275	284,507
Total equity	81,483,576	62,712,506	51,946,652	45,567,888
Debt-to-equity ratio	0.07	0.16	0.005	0.01

There was no change in the Group's approach to capital management during the financial year.

41.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group	
	2021 RM	2020 RM
Financial Assets		
<u>Fair Value Through Profit or Loss</u>		
Short-term investments	5,030,700	27,243,524
<u>Amortised Cost</u>		
Trade receivables	13,846,670	5,456,807
Other receivables	191,140	257,958
Amount owing by a related company	3,261,520	-
Fixed deposits with a licensed bank	3,630,315	3,413,830
Cash and bank balances	13,491,130	1,895,717
	34,420,775	11,024,312

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group	
	2021 RM	2020 RM
Financial Liabilities		
<u>Amortised Cost</u>		
Bank borrowings	7,027,956	7,793,789
Lease liabilities	688,369	741,191
Trade payables	9,564,148	1,614,815
Other payables and accruals	2,022,369	10,940,268
	19,302,842	21,090,063
	The Company	
	2021 RM	2020 RM
Financial Assets		
<u>Fair Value Through Profit or Loss</u>		
Short-term investments	4,721,213	22,356,792
<u>Amortised Cost</u>		
Amount owing by subsidiaries	6,822,122	278,532
Cash and bank balances	532,202	89,358
	7,354,324	367,890
Financial Liabilities		
<u>Amortised Cost</u>		
Lease liabilities	190,300	-
Amount owing to a subsidiary	-	10,795
Other payables and accruals	593,177	363,070
	783,477	373,865

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss by:				
- mandatorily required by MFRS 9	356,586	409,674	-	206,792
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	393,744	219,806	552,016	18,227
Financial Liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(431,080)	(1,018,997)	-	-

41.5 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.5 FAIR VALUE INFORMATION (CONT'D)

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:-

The Group	Fair Value of Financial Instruments Carried At Fair Value		Fair Value of Financial Instruments Not Carried At Fair Value		Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 1 RM	Level 2 RM		
2021						
<u>Financial Asset</u>						
Short-term investments:						
- Fixed income unit trust funds	-	5,030,700	-	-	5,030,700	5,030,700
2020						
<u>Financial Asset</u>						
Short-term investments:						
- Fixed income unit trust funds	-	27,243,524	-	-	27,243,524	27,243,524

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. FINANCIAL INSTRUMENTS (CONT'D)

41.5 FAIR VALUE INFORMATION (CONT'D)

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:- (Cont'd)

The Company	Fair Value of Financial Instruments Carried At Fair Value		Fair Value of Financial Instruments Not Carried At Fair Value		Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 1 RM	Level 2 RM		
2021						
<u>Financial Asset</u>						
Short-term investments:						
- Fixed income unit trust funds	-	4,721,213	-	-	4,721,213	4,721,213
2020						
<u>Financial Asset</u>						
Short-term investments:						
- Fixed income unit trust funds	-	22,356,792	-	-	22,356,792	22,356,792

(a) Fair Value of Financial Instruments Carried at Fair Value

- The fair value of equity fund unit trusts is determined by reference to statements provided by the financial institutions, with which the investments were entered into at the reporting date.
- 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:-

- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENT

- (i) On 4 February 2021, the Group announced the following proposals:
- (a) Proposed Bonus Issue of 71,250,000 Warrants on the basis of 1 warrant for every 4 existing ordinary shares of the Company held; and
 - (b) Proposed establishment of an employees' share option scheme ("ESOS") involving up to 30% of the total number of issued shares of the Company at any point of time during the duration of the ESOS for eligible directors and employees of the Company and its subsidiaries.

On 6 May 2021, 71,249,995 warrants are issued pursuant to the Bonus issue of Warrants and are admitted to the Official List of the Exchange. On the same day, the listing and quotation of the Warrants on the Ace Market has been successfully completed.

On 25 August 2021, the Group declared an interim dividend of 0.5 sen per ordinary share for the financial year ended 31 December 2021.

On 28 September 2021, the Group has further announced the following proposals:

- (a) Proposed transfer of the listing of and quotation for the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad; and
- (b) Proposed amendment to the Constitution of the Company and the By-Laws of its ESOS to facilitate the implementation of the Proposed Transfer.

The above proposals have been duly passed by the shareholders at an Extraordinary Meeting of Members held on 19 November 2021.

- (ii) On 11 March 2020, the World Health Organisation ("WHO") declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO 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 in response to the emergency of the COVID-19 pandemic.

The resulting impact of the virus on the operations and measures taken by the various governments to contain the virus have affected economic activities. The currently known impacts of COVID-19 on the Group are:

- (a) temporary disruption in supply chain due to border closure, travel restriction and reduction in supplier operation level has resulted in delay for shipment of inventories and postponement of projects; and
- (b) delay in execution of work orders due to border closures and travel restrictions;

As the COVID-19 pandemic continues to be fluid and rapidly evolving, the Group does not consider it practicable to provide a quantitative estimate of the potential impact of these economic condition despite disruptions to its operations have been disrupted. However, the Group will continue to monitor the development of Government or regulatory intervention which could have unexpected impact and implement measures to mitigate the impact of the COVID-19 pandemic to the Group's businesses, including prudent management of its cash flows on the operating, investing and financing activities.

LIST OF PROPERTIES

Registered Owner/ Beneficial No. 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 31.12.2021 (RM'000)
1.	RLSB	<p>Title: 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).</p> <p>Postal Address: E-33-01, E-33-02, E-33-03, E-33-3A, E-33-05, E-33-06, E-33-07 and E-33-08, Menara SUEZCAP 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur.</p>	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- 3 3 - A 4, E-33-A5 and E-33-A8. (ii) 1,700 sq ft for each Parcel No. E-33-B2, E - 3 3 - B 3, 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	<p>Title: No. Geran 70251, No. Lot 60493, No. Bangunan M2-A, No. Tingkat 30, No. Petak 419, Mukim Batu, Negeri Wilayah Persekutuan Kuala Lumpur.</p> <p>Postal Address: Unit 29-1, Level 29, Menara 1 Mont Kiara, Kompleks 1 Mont Kiara, No. 1, Jalan Kiara, Mont Kiara, 50480 Wilayah Persekutuan, Kuala Lumpur.</p>	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 16 MARCH 2022

Issued share capital : 290,445,000 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	3	0.066	191	0.000
100 – 1,000 shares	377	8.355	238,200	0.082
1,001 – 10,000 shares	2,207	48.914	13,089,500	4.507
10,001 – 100,000 shares	1,668	36.968	55,916,500	19.252
100,001 – 14,522,249 shares (*)	254	5.629	144,677,106	49.812
14,522,250 AND ABOVE (**)	3	0.066	76,523,503	26.347
Total	4,512	100.00	290,445,000	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.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Pansar Berhad	29,323,503	10.096
2.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Reservoir Link Holdings Sdn Bhd	28,000,000	9.640
3.	Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Reservoir Link Holdings Sdn Bhd	19,200,000	6.611
4.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Dato Ong Choo Meng	10,000,000	3.443
5.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yi-Lai Marketing Sdn Bhd	6,667,100	2.295
6.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt An for UOB Kay Hian PTE LTD (A/C Clients)	6,250,000	2.152
7.	Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Thien Chiet Chai	6,000,000	2.066
8.	Lee Seng Chi	5,745,000	1.978
9.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Thien Chiet Chai	4,500,000	1.549
10.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wan Hassan Bin Mohd Jamil	4,500,000	1.549
11.	Ho Khee Jeem	4,000,000	1.377
12.	Wan Hassan Bin Mohd Jamil	3,848,605	1.325
13.	Lim Chee Lip	3,800,000	1.308
14.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Thien Chiet Chai (MY2529)	3,130,000	1.078

ANALYSIS OF SHAREHOLDINGS

AS AT 16 MARCH 2022

No.	Account Holders	Shareholdings	% of Issued Capital
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Bu Yaw Seng (MY3086)	3,086,000	1.063
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wan Hassan Bin Mohd Jamil (7001990)	2,000,000	0.689
17.	AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account – Ambank (M) Berhad for Dato' Ong Choo Meng	2,000,000	0.689
18.	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Thien Chiet Chai	2,000,000	0.689
19.	Tagonfly Sdn Bhd	2,000,000	0.689
20.	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Affin Hwang Equity Fund (930090)	1,972,800	0.679
21.	Amanahraya Trustees Berhad - Affin Hwang Aiiman Quantum Fund	1,946,200	0.670
22.	Mad Haimi Bin Abu Hassan	1,766,335	0.608
23.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lee Wing Cheong	1,600,000	0.551
24.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Gan Chee Peng (Connaught-CL)	1,500,000	0.516
25.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Heng Sue Khe (E-BPT/EDU)	1,362,000	0.469
26.	Lu Chun Keit	1,300,000	0.448
27.	Alvin Wong Yu Chuan	1,270,000	0.437
28.	Sim Kheng Boon	1,252,131	0.431
29.	Lim Khuan Eng	1,250,000	0.430
30.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Choon Soo (E-BBB)	1,100,000	0.379
Total		162,369,674	55.904

ANALYSIS OF SHAREHOLDINGS

AS AT 16 MARCH 2022

Substantial Shareholders (Based on Register of Substantial Shareholders)

	Direct	No. of Ordinary Shares % of Issued Capital	Indirect	% of Issued Capital
1. Reservoir Link Holdings Sdn Bhd	78,200,000	26.92	-	-
2. Dato' Wan Hassan Bin Mohd Jamil	10,408,605	3.58	78,200,000 ^(a)	26.92
3. Mad Haimi Bin Abu Hassan	2,626,335	0.90	78,200,000 ^(a)	26.92
4. Thien Chiet Chai	16,355,035	5.63	78,200,000 ^(a)	26.92
5. Pansar Berhad	29,323,503	10.10	-	-
6. Pan Sarawak Holdings Sdn Bhd	-	-	29,323,503 ^(b)	10.10
7. Tai Sing Chii & Sons Sdn Bhd	-	-	29,323,503 ^(b)	10.10
8. Implaced Capital Sdn Bhd	-	-	29,323,503 ^(b)	10.10
9. Puan Sri Datin Sri Ling Lah Kiong	-	-	29,323,503 ^(b)	10.10
10. Dato' James Tai Cheong @ Tai Chong	-	-	29,323,503 ^(b)	10.10
11. Datuk Tai Hee	500,000	0.17	29,333,503 ^(c)	10.10
12. David Tai Wei	-	-	29,323,503 ^(b)	10.10

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.

^(c) Deemed interested by virtue of his indirect substantial shareholding in Pansar Berhad and his spouse's shareholding.

Directors' Interest In Shares (Based on Register of Directors' Shareholdings)

	Direct	No. of Ordinary Shares % of Issued Capital	Indirect	% of Issued Capital
1. Dato' Wan Hassan Bin Mohd Jamil	10,408,605	3.58	78,200,000 ⁽ⁱ⁾	26.92
2. Datuk Tai Hee	500,000	0.17	29,333,503 ⁽ⁱⁱ⁾	10.10
3. Elain Binti Lockman	-	-	-	-
4. Eric Lim Swee Khoo	180,000	0.06	-	-
5. Siti Zurina Binti Sabarudin	38,400	0.01	-	-
6. Thien Chiet Chai	16,355,035	5.63	78,200,000 ⁽ⁱ⁾	26.92

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 and his spouse's shareholding.

ANALYSIS OF WARRANT HOLDINGS

AS AT 16 MARCH 2022

Total number of warrants issued : 71,249,995
Total number of outstanding warrants : 71,249,995

Distribution of Warrant Holdings

Holdings	No. of Holders	%	No. of Warrants	%
1 – 99 shares	369	17.107	17,177	0.024
100 – 1,000 shares	438	20.306	218,741	0.307
1,001 – 10,000 shares	773	35.837	3,180,425	4.464
10,001 – 100,000 shares	471	21.836	16,108,528	22.608
100,001 – 3,562,499 (*)	104	4.822	37,599,149	52.771
3,562,500 AND ABOVE (**)	2	0.093	14,125,975	19.826
Total	2,157	100	71,249,995	100

* LESS THAN 5% OF ISSUED WARRANTS

** 5% AND ABOVE OF ISSUED WARRANTS

Thirty Largest Warrant Holders (Based on Record of Depositors)

No.	Account Holders	Warrant Holdings	Percentage (%)
1.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Pansar Berhad	7,330,875	10.289
2.	Affin Hwang Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Reservoir Link Holdings Sdn Bhd	6,795,100	9.537
3.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yi-Lai Industry Berhad	3,460,000	4.856
4.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Thien Chiet Chai	3,321,358	4.662
5.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Heng Sue Khe (E-BPT/EDU)	2,259,000	3.171
6.	Ter Leong Swe	1,595,000	2.239
7.	Wan Hassan Bin Mohd Jamil	1,162,151	1.631
8.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Reservoir Link Holdings Sdn Bhd (MY4334)	1,071,000	1.503
9.	Kuan Min Huey	1,000,000	1.404
10.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Wan Hassan Bin Mohd Jamil	781,900	1.097
11.	Tiong Hung Ping	767,500	1.077
12.	Chia Boon Haw	700,000	0.982
13.	Mad Haimi Bin Abu Hassan	654,083	0.918
14.	Stanley Ng Swee Chin	620,000	0.870
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chuah Men Sin (MF00053)	504,000	0.707

ANALYSIS OF WARRANT HOLDINGS

AS AT 16 MARCH 2022

No. Account Holders	Warrant Holdings	Percentage (%)
16. Kok Sow Poon	500,000	0.702
17. CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Thien Chiet Chai (MY2529)	482,500	0.677
18. Yak Meng Hock	480,300	0.674
19. Yong Kok Hoe	450,000	0.632
20. Dexter Chin Win Zhing	410,000	0.575
21. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Tan Bee Yin	399,700	0.561
22. RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Loh Chee Haw	390,250	0.548
23. Chong Yeh Mei	367,900	0.516
24. Ong Teck Loong	361,000	0.507
25. Lim Yong Shi	350,000	0.491
26. Ng Hong Ming	350,000	0.491
27. Eng Sui Wah	330,300	0.464
28. Mohammad Faizal Fais Bin Zahri	328,900	0.462
29. Lyu, Qiaoqing	324,500	0.455
30. Sim Kheng Boon	313,032	0.439
Total	37,860,349	53.137

ANALYSIS OF WARRANT HOLDINGS

AS AT 16 MARCH 2022

Substantial Shareholders (Based on Register of Substantial Shareholders)

		No. of Warrants Percentage (%)		Percentage (%)
	Direct		Indirect	
1. Reservoir Link Holdings Sdn Bhd	7,866,100	11.04	-	-
2. Dato' Wan Hassan Bin Mohd Jamil	1,959,051	2.75	7,866,100 ^(a)	11.04
3. Mad Haimi Bin Abu Hassan	656,583	0.92	7,866,100 ^(a)	11.04
4. Thien Chiet Chai	3,803,858	5.34	7,866,100 ^(a)	11.04
5. Pansar Berhad	7,330,875	10.29	-	-
6. Pan Sarawak Holdings Sdn Bhd	-	-	7,330,875 ^(b)	10.29
7. Tai Sing Chii & Sons Sdn Bhd	-	-	7,330,875 ^(b)	10.29
8. Implaced Capital Sdn Bhd	-	-	7,330,875 ^(b)	10.29
9. Puan Sri Datin Sri Ling Lah Kiong	-	-	7,330,875 ^(b)	10.29
10. Dato' James Tai Cheong @ Tai Chong	-	-	7,330,875 ^(b)	10.29
11. Datuk Tai Hee	125,000	0.18	7,333,375 ^(c)	10.29
12. David Tai Wei	-	-	7,330,875 ^(b)	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.

^(c) Deemed interested by virtue of his indirect substantial shareholding in Pansar Berhad and his spouse's shareholding.

Directors' Interest In Warrants (Based on Register of Directors' Warrant Holdings)

		No. of Warrants Percentage (%)		Percentage (%)
	Direct		Indirect	
1. Dato' Wan Hassan Bin Mohd Jamil	1,959,051	2.75	7,866,100 ⁽ⁱ⁾	11.04
2. Datuk Tai Hee	125,000	0.18	7,333,375 ⁽ⁱⁱ⁾	10.29
3. Elain Binti Lockman	-	-	-	-
4. Eric Lim Swee Khoo	50,000	0.07	-	-
5. Siti Zurina Binti Sabarudin	34,600	0.05	-	-
6. Thien Chiet Chai	3,803,858	5.34	7,866,100 ⁽ⁱ⁾	11.04

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 and his spouse's shareholding.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh (7th) Annual General Meeting ("AGM") 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 via online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657) on 12 May 2022 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 2021 together with the Reports of the Directors and Auditors thereon. | Please refer to explanatory note (A) |
| 2. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2021. | Ordinary Resolution 1 |
| 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 AGM. | Ordinary Resolution 2 |
| 4. To re-elect Ms Siti Zurina Binti Sabarudin who retires pursuant to Clause 91 of the Company's Constitution and being eligible offers herself for re-election. | Ordinary Resolution 3 |
| 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. | Ordinary Resolution 4 |

SPECIAL BUSINESS

To consider and, if thought fit, pass the following Resolutions:

- | | |
|---|------------------------------|
| 6. Authority to Issue Shares Pursuant to Sections 75 And 76 of the Companies Act 2016 ("Act") | Ordinary Resolution 5 |
|---|------------------------------|

"THAT subject always to the Act, the Constitution of the Company and the approvals of Bursa Malaysia Securities Berhad ("Bursa Securities") and the relevant regulatory authorities where such approval is necessary and the passing of the Special Resolution 1 as contained herein in respect of the alteration of the Constitution of the Company, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue shares of the Company at any time until the conclusion of the next Annual General Meeting ("AGM") or any adjournment thereof 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 to be issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at the time of issue. AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

NOTICE OF ANNUAL GENERAL MEETING

7. Proposed Authority to Purchase its Own Shares by the Company ("Proposed Share Buy-Back")

Ordinary Resolution 6

"THAT subject always to the Companies Act, 2016, the Company's Constitution, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and any other relevant regulatory authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares through Bursa Malaysia and to do all acts and to take all such steps as they may deem necessary, to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time, subject further to the following: -

- (i) the aggregate number of shares to be purchased shall not exceed ten per cent (10%) of the issued share capital of the Company provided that the Company continues to maintain a shareholding spread that complies with the requirements of the listing requirements after the share purchase;
- (ii) the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the retained profits of the Company for the time being;
- (iii) the Directors of the Company may decide in their discretion to retain the shares purchased as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends; and
- (iv) the authority conferred by this resolution shall commence immediately and shall continue to be in force until the conclusion of the next AGM of the Company following the passing of this Ordinary Resolution unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting."

8. Proposed Amendment to the Constitution of the Company ("Proposed Amendment")

Special Resolution 1

"THAT the Proposed Amendment to the Constitution of the Company as set out in Part B of the Circular to Shareholders dated 13 April 2022 be and is hereby approved and adopted; AND THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give effect to the Proposed Amendment with full power to assent to any conditions, modifications and/or amendments as may be required by the relevant authorities."

9. 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
(CCM Practicing Certificate No. 202008001607)
(MAICSA 7014905)
Company Secretary

Date: 13 April 2022

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 AGM entirely on a fully virtual basis through live streaming and online remote voting at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657). **Please read these Notes carefully and follow the Procedures in the Administrative Guide for the meeting to participate remotely.**
- (ii) The Securities Commission Malaysia had on 16 July 2021, revised the Guidance Note and Frequently Asked Questions ("FAQ") on the conduct of General Meetings for Listed Issuers which was originally issued on 18 April 2020 ("the Revised Guidance Note and FAQ") to require all meeting participants of a fully virtual general meeting including the Chairperson of the meeting, board members, senior management and shareholders to participate in the meeting online. According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.
- (iii) In respect of deposited securities, only members whose names appear on the Record of Depositors on **5 May 2022** (AGM 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 who 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 security 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 AGM, 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 notarized copy of that power or authority must be deposited to the Company's Share Registrar office on Ground Floor or 11th 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. Please follow the procedures as stipulated in the Administrative Guide for the meeting in order to register, participate and vote virtually. Any notice of termination of a person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the AGM or adjourned AGM.

NOTICE OF ANNUAL GENERAL MEETING

- (x) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia, all the resolutions set out in the Notice of the AGM 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.

Personal Data Privacy:

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

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

The payment of Directors' meeting attendance allowance and any other benefits will be as follows:

- a) Board of Directors meeting allowance of RM1,000 per meeting; and
- b) Board Committee meeting allowance of RM1,000 per meeting.

(C) Ordinary Resolution 3 – Re-election of Director

In accordance with Clause 91 of the Company's Constitution, Mr Eric Lim Swee Khoo and Ms Siti Zurina Binti Sabarudin due to retire as the Directors of the Company in this AGM. Both are eligible for re-election.

Mr Eric Lim Swee Khoo has informed the Company that he does not wish to seek for re-election hence will retire at the close of the 7th AGM.

Ms Siti Zurina Binti Sabarudin has offered herself for re-election. The profile of Ms Siti Zurina Binti Sabarudin is set out in the Annual Report 2021 under the Board of Directors' Profiles section.

The Board supported the reappointment of the Ms Siti Zurina Binti Sabarudin as she is the Independent Non-Executive Director of the Company and has been providing independent advice, bringing impartiality and scrutiny to Board deliberations and decision-making. The Board also wish to thank Mr Eric Lim Swee Khoo's contribution to the Company during his tenure as the Independent Director of the Company.

NOTICE OF ANNUAL GENERAL MEETING

(D) Ordinary Resolution 5 – Authority to Issue and Allot Shares

According to Bursa Malaysia's letter dated 23 December 2021, one of the extended enhanced general mandates to listed corporations is the increased general mandate of 20% for the new issue of securities by way of private placement which will be valid up to 31 December 2022. However, the Company's Constitution has restricted the mandate to 10% of the total number of issued shares that it could issue and therefore this extended enhanced general mandate will not be available to the Company unless the Constitution is amended by amending Clause 15.

Subject to the passing of Special Resolution 1 on the amendment of the Constitution, the proposed Ordinary Resolution 5, if passed, will empower the Directors from the conclusion of this AGM, to allot and issue up to a maximum of 20% of the total number of issued shares of the Company at the time of issue without the need to convene a general meeting and for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue any new share after the general mandate is sought, the Company will make an announcement in respect thereof.

The proposed Ordinary Resolution 5 is a renewal of the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Act. The Company had, at the 6th AGM held on 10 May 2021, obtained its shareholders' approval for the general mandate for issuance of 10% of the total number of issued shares of the Company (excluding treasury shares) pursuant to Sections 75 and 76 of the Act. As at the date of this notice, the Company did not issue any share pursuant to the said mandate.

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.

(E) Ordinary Resolution 6 – Proposed Share Buy-Back

This Ordinary Resolution, if passed will empower the Directors of the Company from the date of this AGM, the authority to purchase up to ten per cent (10%) of the total issued share capital of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next AGM of the Company.

Please refer to the Circular to Shareholders dated 13 April 2022 for further details.

(F) Special Resolution 1 – Proposed Amendment

The Proposed Amendment to the existing Constitution of the Company is to amend part of Clause 15 of the Constitution in respect of the general mandate to issue securities so that the Company could issue securities at any limit as allowed or authorised by Bursa Malaysia or any other authorities from time to time.

The Board is of the opinion that the Proposed Amendment if approved, will be in the best interest of the Company as well as its shareholders as it gives the Company the flexibility to raise funds and/or issue new shares as part or full payment consideration for any viable and feasible acquisition quickly and in a more cost-effective manner.

The Statement accompanying the Notice of AGM

There is no person seeking election as Director of the Company at this AGM.

ADMINISTRATIVE GUIDE FOR SEVENTH ANNUAL GENERAL MEETING (“7TH AGM ”)

Date	Thursday, 12 May 2022 or any adjournment there of
Time	10:00 a.m.
Meeting Platform	https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC-D6A357657)
Mode of Communication	<ol style="list-style-type: none"> 1. Pose questions to the Board via real time submission of typed texts at Meeting Platform during live streaming of the 7th AGM 2. Alternatively, you may submit your questions to investor.relation@reservoirlink.com by Tuesday, 10 May 2022 at 10:00 a.m. (48 hours before the commencement of the 7th AGM) and the Board will endeavour to respond to the questions submitted during the AGM 3. Submit questions by logging into the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com prior to the 7th AGM

1. Mode of Meeting

The 7th AGM of the Company will be held virtually through live streaming and online remote voting via Remote Participation and Electronic Voting (“RPEV”) facility which is available on Boardroom Share Registrars Sdn Bhd (“**Boardroom**”)’s website at <https://meeting.boardroomlimited.my>. With the online meeting platform, shareholders may exercise their rights as a member to participate (including to pose questions to the Board and/or Management of the Company) and vote at the 7th AGM, safely from their home.

The Securities Commission Malaysia had on 16 July 2021, revised the Guidance Note and Frequently Asked Questions (“FAQs”) on the conduct of General Meetings for Listed Issuers which was originally issued on 18 April 2020 (the “Guidance Note”), to allow general meetings during Phase 2 of National Recovery Plan to be conducted virtually.

Pursuant to the Guidance Note, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia. In addition, the FAQs issued by the Companies Commission of Malaysia on 8 June 2021, provides that an online meeting platform shall be deemed to be in Malaysia if the registered domain name is registered with MYNIC Berhad.

This is also in line with Practices 12.1 and 13.3 of the Malaysian Code of Corporate Governance where boards are encouraged to have effective, transparent, and regular communication with shareholders, including leveraging technology to promote shareholder participation. encourages companies to continue leveraging technology to conduct their general meetings during Emergency Movement Control Order period and respective phases under the National Recovery Plan, where safe distancing requirements remain. Ensuring the safety of the Company’s shareholders, employees and other stakeholders remain the Company’s top priority.

The Board of Directors will keep the arrangements for the 7th AGM under review and may make further changes to allow certain physical key personnel attendance only if the Malaysian Government’s restrictions and Guidance Note permit this at the time of the 7th AGM.

ADMINISTRATIVE GUIDE FOR SEVENTH ANNUAL GENERAL MEETING ("7TH AGM ")

2. Gift Policy

No door gifts, food, and beverage will be distributed since the 7th AGM will be conducted fully virtual.

3. Shareholders Entitled to Participate and Vote

Only shareholders whose names appear in the Record of Depositors and Register of Members as of **5 May 2022** shall be eligible to participate and vote at the 7th AGM or appoint a proxy to participate and vote on his or her behalf.

4. Lodgement of Proxy Form

If you are unable to attend the 7th AGM through our meeting platform, you are encouraged to appoint a proxy or the Chairman of the meeting as your proxy and indicate the voting instructions in the proxy form in accordance with the notes and instructions printed therein.

Please ensure that the original proxy form is deposited at the office of our Administration and Polling Agent, Boardroom at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting, i.e., latest by **Tuesday, 10 May 2022 at 10:00 a.m.**

Alternatively, an e-proxy form may be lodged online **through the Boardroom Smart Investor Online platform** at <https://investor.boardroomlimited.com> which is free and available to all individual shareholders, not less than forty-eight (48) hours before the appointed time for holding the meeting, i.e. latest by **Tuesday, 10 May 2022 at 10:00 a.m.**, in accordance with the steps below:

Step 1 - Register Online with Boardroom Smart Investor Portal (for first time registration only)

(Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 on e-Proxy Lodgement)

- a. Open an internet browser. Latest version of **Chrome, Firefox, Safari, Edge or Opera** is recommended. Go to Boardroom Smart Investor Portal website @ <https://investor.boardroomlimited.com>.
- b. Click **Register** to sign up for a BSIP account.
- c. Complete registration with all required information. Upload and attached your MyKad front and back image. Click **Register**.
- d. You will receive an e-mail from BSIP Online for e-mail address verification. Click on **Verify E-mail Address** from the e-mail received to proceed with the registration.
- e. Once your email address is verified, you will be re-directed to BSIP Online for verification of mobile number. Click on **Request OTP Code** and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click **Enter** to complete the process.
- f. Once your mobile number is verified, registration of your new BSIP account will be pending for final verification.
- g. An e-mail will be sent to you to inform the approval of your BSIP account within one (1) business day. Subsequently, you can login at <https://investor.boardroomlimited.com> with the e-mail address and password filled up by you during registration to proceed.

ADMINISTRATIVE GUIDE FOR SEVENTH ANNUAL GENERAL MEETING ("7TH AGM ")

Step 2 - e-Proxy Lodgement

- a. Open an internet browser. The latest version of **Chrome, Firefox, Safari, Edge or Opera** is recommended.
- b. Go to BSIP website @ <https://investor.boardroomlimited.com>.
- c. Login with your registered email address and password. *[Note: If you do not have an account with BSIP, please sign-up/register with Boardroom Smart Investor Portal for free - refer to Item *Step 1* for a guide.]*
- d. Select and click on **Corporate Meeting**.
- e. Go to **"RESERVOIR LINK ENERGY BHD – SEVEN (7th) VIRTUAL ANNUAL GENERAL MEETING"** and click **Enter**.
- f. Go to **PROXY** and click on **Submit eProxy Form**.
- g. Read and agree to the Terms & Conditions.
- h. Enter your CDS Account Number and insert the number of securities.
- i. Appoint the Chairman of the meeting or your proxy(ies) and enter the required particulars for your proxy(ies).
- j. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your votes during the meeting.
- k. Review and confirm your proxy(ies) appointment.
- l. Click submit; and
- m. Download or print the e-Proxy Form acknowledgment.

*Note: Closing for proxy form submission is at **10:00 a.m. of 10 May 2022** (48 hours before the AGM)*

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at Boardroom or email the soft copy to bsr.helpdesk@boardroomlimited.com not later than **Tuesday, 10 May 2022 at 10:00 a.m.** A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

If you wish to participate in the meeting yourself, please do not submit any proxy form for the meeting. You will not be allowed to participate in the meeting together with a proxy appointed by you.

If you have submitted your proxy form prior to the meeting and subsequently decide to participate in the meeting yourself, please write to bsr.helpdesk@boardroomlimited.com to revoke the appointment of your proxy(ies) at least forty-eight (48) hours before the 7th AGM. On revocation, your proxy(ies) would not be allowed to participate in the meeting. In such an event, you should advise your proxy(ies) accordingly.

Please note that the Company shall deem that shareholders have no objection to use the provision in the Proxy Form which has designated the Chairman of the meeting as the authorised person to vote on behalf of shareholders until further instructions are received. The appointed Poll Administrator of the 7th AGM shall be notified of such arrangement accordingly.

5. Corporate Shareholders

Corporate shareholders who require their corporate representative to participate and vote at the AGM must deposit their certificate of appointment of a corporate representative to Boardroom not later than 10:00 a.m. on 10 May 2022.

ADMINISTRATIVE GUIDE FOR SEVENTH ANNUAL GENERAL MEETING ("7TH AGM ")

6. Voting Procedure

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all ordinary resolutions set out in the Notice of the 7th AGM will be put to vote by way of poll.

During the 7th AGM, the Chairman will invite the poll administrator to brief 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 the poll. Kindly refer to voting procedures under RPEV for guidance on how to vote remotely at <https://investor.boardroomlimited.com>.

For the purpose of this 7th AGM, e-Voting will be carried out using personal smart mobile phones, tablets, personal computers or laptops. The Scrutineers will verify the poll result reports upon closing of the poll session by the Chairman. Thereafter, the Chairman will announce and declare whether the resolutions put to vote were successfully carried out or not.

7. Remote Participation and Electronic Voting ("RPEV")

All shareholders including (i) individual shareholders; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees shall use the RPEV facility to participate and vote remotely at the 7th AGM. You will be able to view a live webcast of the meeting, ask questions and submit your votes in real-time whilst the meeting is in progress.




Kindly follow the steps below on how to request for login ID and password and usage of the RPEV facility:-

Procedure		Action
Prior to AGM Date		
1.	Register Online with Boardroom Smart Investor Portal (for first time registration only)	<p><i>(Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register. You may proceed to Step 2)</i></p> <p>(a) Open an internet browser. Latest version of Chrome, Firefox, Safari, Edge, or Opera is recommended.</p> <p>(b) Go to Boardroom Smart Investor Portal website at https://investor.boardroomlimited.com.</p> <p>(c) Click Register to sign up for a BSIP account.</p> <p>(d) Complete registration with all required information. Upload and attached your MyKad front and back image. Click Register.</p> <p>(e) You will receive an e-mail from BSIP Online for e-mail address verification. Click on Verify E-mail Address from the e-mail received to proceed with the registration.</p> <p>(f) Once your email address is verified, you will be re-directed to BSIP Online for verification of your mobile number. Click on Request OTP Code and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click Enter to complete the process.</p> <p>(g) Once your mobile number is verified, registration of your new BSIP account will be pending for final verification.</p> <p>(h) An e-mail will be sent to you to inform the approval of your BSIP account within one (1) business day. Subsequently, you can login at https://investor.boardroomlimited.com with the e-mail address and password filled up by you during registration to proceed.</p>

ADMINISTRATIVE GUIDE FOR SEVENTH ANNUAL GENERAL MEETING ("7TH AGM ")

Procedure	Action
2. Submit a request for Remote Participation User ID and Password	<p>(Note: Registration for RPEV will open from 13 April 2022. You are required to register to ascertain your eligibility to participate in the 7th AGM by using RPEV). Shareholders are encouraged to register at least 48 hours before the commencement of the meeting to avoid any delay in the registration.</p> <p>Individual Members</p> <ol style="list-style-type: none"> Open an internet browser. Latest version of Chrome, Firefox, Safari, Edge or Opera is recommended. Go to Boardroom Smart Investor Portal website at https://investor.boardroomlimited.com. Login with your registered email address and password. [Note: If you do not have an account with BSIP, please sign-up/register with Boardroom Smart Investor Portal for free - refer to Item Step 1 for guide.] Select and click on Corporate Meeting. Go to "RESERVOIR LINK ENERGY BHD – SEVEN (7th) VIRTUAL ANNUAL GENERAL MEETING" and click Enter. Go to VIRTUAL and click on Register for RPEV. Read and agree to the Terms & Conditions. Enter your CDS Account Number and click Submit to complete your request. You will receive a notification that your RPV registration has been received and is being verified. Upon system verification against the AGM's Record of Depositors as of 5 May 2022, you will receive an email from Boardroom either approving or rejecting your registration for the remote participation. If approved, RPV credential will be provided in your email. Please note that one (1) user ID and password can only log on to one (1) device at a time. If rejected, a rejection note will be provided in your email. <p><i>Note: Closing for submission of request is at 10:00 a.m. on 10 May 2022 (48 hours before the AGM)</i></p> <p>Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee</p> <ol style="list-style-type: none"> Write to bsr.helpdesk@boardroomlimited.com by providing the name of the 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 or proxy holder's MyKad/ Identification Card (front and back) or Passport as well as his/her email address. You will receive notification from Boardroom that your request has been received. Upon system verification of your registration against the General Meeting ROD as of 5 May 2022, you will receive your remote access User ID and Password along with the email from Boardroom if your registration is approved. Please note that one (1) user ID and password can only log on to one (1) device at a time. Please note that the closing date and time to submit your request is by Tuesday, 10 May 2022 at 10:00 a.m.

ADMINISTRATIVE GUIDE FOR SEVENTH ANNUAL GENERAL MEETING ("7TH AGM ")

Procedure		Action
On the day of the AGM		
3.	Login to Meeting Platform	<p>(a) The Meeting Platform will be open for login one (1) hour before the commencement of the 7th AGM.</p> <p>(b) The Meeting Platform can be accessed via one of the following:</p> <ul style="list-style-type: none"> • Scan the QR Code provided in the user login guide; • Navigate to the website at https://meeting.boardroomlimited.my. <p>(c) Enter the Meeting ID No. and sign in with the user ID and password provided to you via the email notification in Step 2.</p>
4.	Participation	<p><i>(Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition)</i></p> <p>(a) If you would like to view the live webcast, select the broadcast icon. </p> <p>(b) If you would like to ask a question during the 7th AGM, select the messaging icon. </p> <p>(c) Type your message within the chat box and click the send button once completed.</p> <p>Please note that the quality of the connectivity to the Meeting Platform for the live webcast, as well as for remote voting is highly dependent on the bandwidth and stability of the internet connection available at the location of the remote users. Kindly ensure that you are connected to the internet at all times in order to participate and vote when the virtual 7th AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained.</p>
5.	Voting	<p>(a) Once the meeting is open for voting, the polling icon  will appear with the resolutions and your voting choices.</p> <p>(b) To vote, simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received.</p> <p>(c) To change your vote, simply select another voting direction.</p> <p>(d) If you wish to cancel your vote, please press "Cancel".</p>
6.	End of Participation	<p>(a) Upon the announcement by the Chairman on the closure of the 7th AGM, the live webcast will end.</p> <p>(b) You can now log out from the Meeting Platform.</p>

8. No Recording or Photography

No recording or photography of the live streaming of the 7th AGM proceedings is allowed without the prior written permission of the Company.

ADMINISTRATIVE GUIDE FOR SEVENTH ANNUAL GENERAL MEETING ("7TH AGM ")

9. Submission of Questions

We welcome questions and views from shareholders on the 7th AGM resolutions and Annual Report 2021 to be raised at the 7th AGM. You can email your question(s) to investor.relation@reservoirlink.com or submit through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> prior to the meeting by **Tuesday, 10 May 2022 at 10:00 a.m.** and we will endeavour to provide responses to the queries during the 7th AGM session. However, if not all answers could be provided during the meeting, the responses will be provided in the Company's website.

10. Enquiry

Should you require any assistance on the RPEV facility, kindly contact Boardroom Share Registrars Sdn Bhd during office hours from Monday to Friday (8.30 a.m. to 5.30 p.m.) except on public holidays, details as follows:-

Address	Boardroom Share Registrars Sdn Bhd 11 th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan
General Line	+603 7890 4700 (Helpdesk)
Fax Number	+603 7890 4670
Email	bsr.helpdesk@boardroomlimited.com

**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 7th Annual General Meeting ("AGM") of the Company will be conducted entirely on a fully virtual basis through live streaming and online remote voting via online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657) on Thursday, 12 May 2022 at 10:00 a.m. and any adjournment thereof in respect of my/our shareholding in the manner indicated below:

Please indicate with an "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.

Resolution No.	Ordinary Business	For	Against
Ordinary Resolution 1	To approve the payment of Directors' fees		
Ordinary Resolution 2	To approve the payment of meeting attendance allowance and other benefits to the Directors		
Ordinary Resolution 3	To re-elect Ms Siti Zurina Binti Sabarudin		
Ordinary Resolution 4	To re-appoint Messrs Crowe Malaysia PLT as Auditors for the ensuing year		
	Special Business		
Ordinary Resolution 5	Authority to issue and allot shares		
Ordinary Resolution 6	Authority to purchase its own shares by the Company		
Special Resolution 1	Amendment to the Constitution of the Company		

Dated this..... day of2022

Signature/Seal

* Strike out whichever is not applicable

For the appointment of two proxies, the percentage of shareholdings to be represented by the proxies:		
	No. of shares	Percentage (%)
Proxy 1		
Proxy 2		
Total		100

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Notes: -

- (i) As part of the safety measures to curb the spread of the Coronavirus outbreak, the Company will conduct the AGM entirely on a fully virtual basis through live streaming and online remote voting at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC – D6A357657). **Please read these Notes carefully and follow the Procedures in the Administrative Guide for the meeting to participate remotely.**
- (ii) The Securities Commission Malaysia had on 16 July 2021, revised the Guidance Note and Frequently Asked Questions ("FAQ") on the conduct of General Meetings for Listed Issuers which was originally issued on 18 April 2020 ("the Revised Guidance Note and FAQ") to require all meeting participants of a fully virtual general meeting including the Chairperson of the meeting, board members, senior management, and shareholders to participate in the meeting online. According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.
- (iii) In respect of deposited securities, only members whose names appear on the Record of Depositors on **5 May 2022** (AGM 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

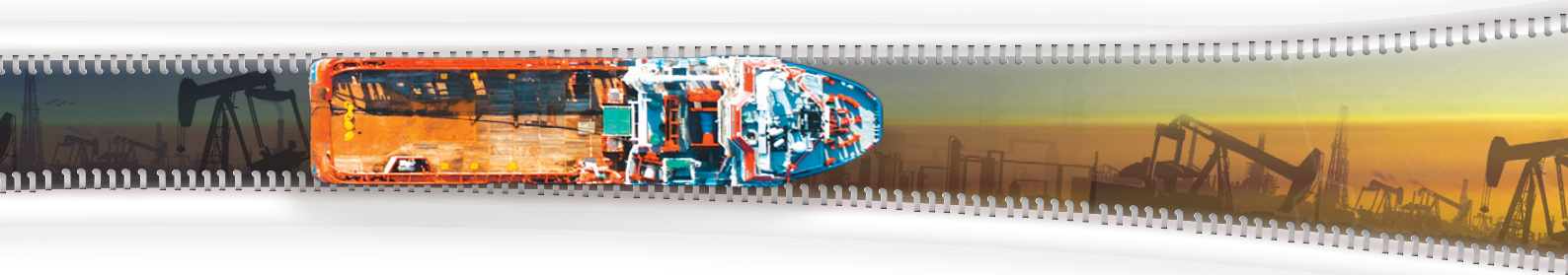
(Registration No. 201401044508 (1120690-K))

(Incorporated in Malaysia)

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

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- (vi) Where a member of the Company is an Exempt Authorised Nominee who 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 security 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 AGM, 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 notarized copy of that power or authority must be deposited to the Company's Share Registrar office on Ground Floor or 11th 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. **Please follow the procedures as stipulated in the Administrative Guide for the meeting in order to register, participate and vote virtually.** Any notice of termination of a person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the AGM or adjourned AGM.
- (x) Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia, all the resolutions set out in the Notice of the AGM 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

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

Tel : +603 2711 2128 | **Fax :** +603 2711 2120 | **Email :** investor.relation@reservoirlink.com