

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF RESERVOIR LINK ENERGY BHD (“RESERVOIR LINK” OR “COMPANY”) DATED 25 JUNE 2020 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's (“Bursa Securities”) website at www.bursamalaysia.com (“Website”).

Availability and Location of Paper/ Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/ printed copy of the Prospectus directly from the Company, Kenanga Investment Bank Berhad (“Kenanga IB”) or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, Kenanga IB and Reservoir Link take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

Close of Application

Applications will be accepted from 10.00 a.m. on 25 June 2020 and will close at 5.00 p.m. on 1 July 2020. In the event there is any change to the timetable, the Company will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind and shall not at any time be relied upon as such.

P R O S P E C T U S

THIS PROSPECTUS IS DATED 25 JUNE 2020



RESERVOIR LINK ENERGY BHD

Registration No. 201401044508 (1120690-K)

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

PUBLIC ISSUE OF 57,126,000 NEW ORDINARY SHARES IN RESERVOIR LINK ENERGY BHD ("RESERVOIR LINK") COMPRISING:

- 14,250,000 NEW ORDINARY SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 4,000,000 NEW ORDINARY SHARES AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF RESERVOIR LINK AND ITS SUBSIDIARIES; AND
- 38,876,000 NEW ORDINARY SHARES AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

OFFER FOR SALE OF 31,000,000 ORDINARY SHARES IN RESERVOIR LINK COMPRISING:

- 2,500,000 ORDINARY SHARES AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- 28,500,000 ORDINARY SHARES AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;

AT AN ISSUE/OFFER PRICE OF RM0.41 PER SHARE PAYABLE IN FULL UPON APPLICATION IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD.

Principal Adviser, Sponsor, Sole Underwriter
and Placement Agent

kenanga

KENANGA INVESTMENT BANK BERHAD

(Registration Number: 197301002193 (15678-H))

(A Participating Organisation of Bursa Malaysia Securities Berhad)

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX (6) MONTHS FROM THE DATE OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" ON PAGE 37.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS AN EXEMPT TRANSACTION UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 AND IS THEREFORE NOT SUBJECT TO THE APPROVAL OF THE SECURITIES COMMISSION MALAYSIA ("SC").

THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

RESERVOIR LINK

RESERVOIR LINK ENERGY BHD

P R O S P E C T U S



www.reservoirlink.com

RESPONSIBILITY STATEMENTS

The Directors and Promoters (as defined in this Prospectus) of Reservoir Link Energy Bhd ("**Reservoir Link**" or the "**Company**") and the Offerors (as defined in this Prospectus) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Kenanga Investment Bank Berhad ("**Kenanga IB**"), being the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Offering.

STATEMENTS OF DISCLAIMER

Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for our Listing (as defined in this Prospectus). Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO (as defined in this Prospectus), our Company or our Shares.

Bursa Securities is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

This Prospectus, together with the Application Form (as defined in this Prospectus), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

Investor should note that they may seek recourse under Sections 248, 249 and 357 of the Capital Market and Services Act 2007 ("**CMSA**") for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to the Company.

Shares listed on Bursa Securities are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in Section 236 of the CMSA, is responsible.

This Prospectus is prepared and published solely in connection with our IPO under the laws of Malaysia. Our Shares are issued/ offered in Malaysia solely based on the contents of this Prospectus. Our Company, our Promoters, the Offerors and the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith. It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and/or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall be illegal, unenforceable, avoidable or void in any such country and jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the electronic Prospectus and this Prospectus registered by the SC are the same.

You are advised that the internet is not a fully secured medium and that your Internet Share Application (as defined in this Prospectus) may be subject to risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined in this Prospectus). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an electronic Prospectus, you should immediately request from us, the Principal Adviser or the Issuing House (as defined in this Prospectus), a paper/ printed copy of this Prospectus. In the event of any discrepancies arising between the contents of the electronic Prospectus and the contents of the paper/ printed copy of this Prospectus for any reason whatsoever, the contents of the paper/ printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with the SC, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer systems or loss of data resulting from the downloading of any such data, information, files or other material.

Where an electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institution is only liable in respect of the integrity of the contents of an electronic Prospectus, to the extent of the contents of the electronic Prospectus situated on the web server of the Internet Participating Financial Institution which may be viewed via web browser or other relevant software. The Internet Participating Financial Institution is not responsible for the integrity of the contents of an electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institution and subsequently communicated or disseminated in any manner to you or other parties; and
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an electronic Prospectus, the accuracy and reliability of an electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium.

The Internet Participating Financial Institution is not liable (whether in tort or contract or otherwise) for any loss, damage or cost you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

An indicative timetable for our IPO is set out below:

Events	Date
Opening of application for our IPO	25 June 2020
Closing of application for our IPO	1 July 2020
Balloting of applications	3 July 2020
Allotment of Shares to successful applicants	13 July 2020
Listing on the ACE Market of Bursa Securities	15 July 2020

In the event there is any change to the timetable, we will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Words importing the singular include the plural and vice versa. Words importing a gender include any gender. References to persons include a corporation. Any reference to words such as “we”, “us”, “our” and “ourselves” in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to “Reservoir Link” and “our Company” in this Prospectus are to Reservoir Link Energy Bhd, references to the “Reservoir Link Group” or “our Group” are to our Company and our subsidiaries taken as a whole. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as at the date of this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Any reference in this Prospectus, the Application Form, Electronic Share Application or Internet Share Application to any legislation, statute or statutory provision shall be a reference to the statute or legislation of Malaysia and includes any statutory modification, amendment or re-enactment thereof, unless otherwise indicated.

All reference to dates and times are references to dates and times in Malaysia unless otherwise stated. All references to the “LPD” in this Prospectus are to 31 May 2020, which is the latest practicable date prior to the registration of this Prospectus with the SC.

This Prospectus includes statistical data provided by us and various third parties. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where there is no source stated, it can be assumed that the information originates from us or is extracted from the Industry Overview prepared by Vital Factor Consulting Sdn Bhd which is included in Section 7 of this Prospectus. Vital Factor Consulting Sdn Bhd has been appointed to provide an independent industry review. In compiling its data for the review, Vital Factor Consulting Sdn Bhd had relied on its research methodology, industry sources, published materials, its own private databases and direct contacts within the industry.

Certain numbers presented in this Prospectus have been rounded off to the nearest thousand or two (2) decimal places, where applicable and hence may not be exact. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

If there are any discrepancies or inconsistencies between the English and Malay versions of this document, the English version shall prevail. Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated. The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Company for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast”, or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our future overall business development and operations;
- (ii) our financial performance and financing plans including earnings, cash flow and liquidity;
- (iii) potential growth opportunities;
- (iv) our business strategies, trends and competitive position and the effect of such competition;
- (v) the plans and objectives of our Company for future operations; and
- (vi) the general industry environment, including the demand and supply for our products and services.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors including, without limitations:

- (i) the economic, political and investment environment in Malaysia and globally; and
- (ii) government policy, legislation or regulation.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 on “Risk Factors” and Section 12 on “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent material change or development affecting matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of the Public Issue Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

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DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined or the context requires otherwise:

ACE Market	:	ACE Market of Bursa Securities
Acquisition of 60% RL Solutions	:	The acquisition by Reservoir Link of 60% of the issued share capital of RL Solutions comprising 60,000 ordinary shares for a cash consideration of RM2
Acquisition of Amsito	:	The acquisition by Reservoir Link of the entire issued share capital of Amsito comprising 1,000,000 ordinary shares and 5,000,000 CRNCPS for a cash consideration of RM2
Acquisition of RL Labuan	:	The acquisition by Reservoir Link of the entire issued share capital of RL Labuan comprising 100 ordinary shares for a cash consideration of RM109,000
Acquisition of RLSB	:	The acquisition by Reservoir Link of the entire issued share capital of RLSB comprising 888,888 ordinary shares for a purchase consideration of RM22,787,300 satisfied wholly by the issuance of 227,873,000 new Shares
Acquisitions	:	The Acquisition of Amsito, Acquisition of RL Labuan, Acquisition of 60% RL Solutions and Acquisition of RLSB
Act	:	Companies Act 2016, including amendments from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent, a person appointed by Bursa Depository under the Rules
ADA Code	:	ADA (Broker) Code
Admission	:	Admission of our Shares to the Official List of the ACE Market
AGS International	:	AGS International, LLC, a limited liability company organised under the laws of the State of Washington, United State of America
Amsito	:	Amsito Oilwell Services (Malaysia) Sdn Bhd (Registration No. 197901004381 (48661-A)), a wholly-owned subsidiary of Reservoir Link
Application	:	Application for our IPO Shares by way of Application Form, the Electronic Share Application or the Internet Share Application
Application Form(s)	:	The printed application form for the application of our IPO Shares
Archer Malaysia	:	Archer Well Company (M) Sdn Bhd (Registration No. 201001038427 (922351-H))
ATM	:	Automated Teller Machine
Board	:	Board of Directors of Reservoir Link
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))

DEFINITIONS *(Cont'd)*

Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account(s)	:	An account established by Bursa Depository for the recording of deposits of securities and for dealings in such securities by the Depositor
Central Depositories Act or SICDA	:	Securities Industry (Central Depositories) Act 1991
CMCO	:	Conditional movement control order
CMSA	:	Capital Markets and Services Act 2007, including amendments from time to time and any re-enactment thereof
COVID-19	:	Coronavirus disease 2019
CRNCPS	:	Cumulative Redeemable Non-Convertible Preference Shares
Crowe Malaysia	:	Crowe Malaysia PLT 201906000005 (LLP0018817-LCA) & AF1018, the Reservoir Link Group's Auditors and Reporting Accountants
Depositor	:	A holder of a CDS Account
Director(s)	:	Director(s) of our Company and shall have the meaning given in Section 2 of the CMSA
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet and/or an electronic storage medium, including but not limited to CD-ROMs
Electronic Application Share	:	Application for our IPO Shares through a Participating Financial Institution's ATM
EPS	:	Earnings per Share
FYE	:	Financial year ended/ ending 31 December, as the case may be
GBP	:	British pound sterling
GL	:	Gross loss
Government	:	Government of Malaysia
GP	:	Gross profit
IMR Report	:	"Independent Industry Assessment of the Provision of Hydrocarbon Well Services Industry in Malaysia", as set out in Section 7, prepared by Vital Factor Consulting

DEFINITIONS *(Cont'd)*

Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Applications, which is set out in Section 15
Internet Share Application	:	Application for our IPO Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering comprising the Public Issue and Offer for Sale collectively
IPO Price	:	RM0.41 per IPO Share, being the price payable by investors under the Public Issue and Offer for Sale
IPO Share(s)	:	The Public Issue Shares and Offer Shares collectively
Issuing House	:	Malaysian Issuing House Sdn Bhd (Registration No. 199301003608 (258315-X))
Kenanga IB or Principal Adviser or Sponsor or Sole Underwriter or Placement Agent	:	Kenanga Investment Bank Berhad (Registration No. 197301002193 (15678-H)), our principal adviser, sponsor, sole underwriter and placement agent
LAT	:	Loss after taxation
LBT	:	Loss before taxation
Listing	:	Listing of and quotation of our entire enlarged share capital on the ACE Market of Bursa Securities
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
Listing Scheme	:	The Subdivision, Acquisitions, Transfer, IPO and Listing collectively
LPD	:	31 May 2020, being the latest practicable date prior to the registration of this Prospectus with the SC
LPS	:	Loss per Share
Malaysian Public	:	Malaysian citizens, companies, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	:	A day on which Bursa Securities is open for trading in securities
MCO	:	Movement control order
MD&A	:	Management discussion and analysis
MFRS	:	Malaysian Financial Reporting Standards, as issued by the Malaysian Accounting Standards Board
MITI	:	Ministry of International Trade and Industry
MPERS	:	Malaysian Private Entities Reporting Standard
MyIPO	:	Intellectual Property Corporation of Malaysia

DEFINITIONS (Cont'd)

NA	:	Net assets
NBV	:	Net book value
NTA	:	Net tangible assets
Offer for Sale	:	The invitation by the Offerors to selected investors to purchase the Offer Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Offer Shares	:	The 31,000,000 Shares, which are the subject of the Offer for Sale
Offerors or Shareholders Selling	:	Collectively, Dato' Wan Hassan Bin Mohd Jamil, Mad Haimi Bin Abu Hassan, Thien Chiet Chai and Pansar. Their respective Offer Shares are as follows:

Offerors	No. of Offer Shares	% of Enlarged Share Capital
Dato' Wan Hassan Bin Mohd Jamil	3,848,000	1.35
Mad Haimi Bin Abu Hassan	1,256,000	0.44
Thien Chiet Chai	9,945,000	3.49
Pansar	15,951,000	5.60
Total	31,000,000	10.88

Official List	:	A list specifying all securities which have been admitted for listing and which have not been removed from the ACE Market
OPEC	:	Organisation of the Petroleum Exporting Countries
Pansar	:	Pansar Berhad (Registration No. 197401002551 (18904-M)), a company listed on the Main Market of Bursa Securities
Participating Financial Institution(s)	:	The participating financial institution(s) for the Electronic Share Application, which is set out in Section 15
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price earnings multiple
Petronas	:	Petroleum Nasional Berhad (Registration No. 197401002911 (20076-K))
Petronas Carigali	:	Petronas Carigali Sdn Bhd (Registration No. 197801002266 (39275-U))
Petrotechnical	:	Petrotechnical Inspection (M) Sdn Bhd (Registration No. 198101006518 (72632-K))

DEFINITIONS (Cont'd)

Pink Form Shares	:	The total of 4,000,000 Public Issue Shares of our Company representing 1.40% of the enlarged issued share capital of our Company at the IPO Price to be issued to the eligible Directors, employees and business associates of our Group
Placement Shares	:	69,876,000 IPO Shares made available by way of private placement allocated in the following manner: <ul style="list-style-type: none"> • 41,376,000 Shares to selected investors; and • 28,500,000 Shares to Bumiputera investors approved by MITI
Promoters	:	RL Holdings, Dato' Wan Hassan Bin Mohd Jamil, Mad Haimi Bin Abu Hassan and Thien Chiet Chai, collectively
Prospectus	:	This prospectus dated 25 June 2020
Public Issue	:	The invitation by our Company to the public to subscribe for the Public Issue Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of the Prospectus
Public Issue Shares	:	The 57,126,000 new Shares, which are the subject of the Public Issue
R&D	:	Research and development
Record of Depositors	:	A record provided by Bursa Depository to Reservoir Link under Chapter 34 of the Rules
RMCO	:	Recovery MCO
Reservoir Link Group or the Group	:	Reservoir Link and its subsidiaries, collectively
Reservoir Link or Company	:	Reservoir Link Energy Bhd (Registration No. 201401044508 (1120690-K))
RL Holdings	:	Reservoir Link Holdings Sdn Bhd (Registration No. 201901019323 (1328652-U))
RL Labuan	:	Reservoir Link (Labuan) Ltd (Registration No. LL09465), a wholly-owned subsidiary of Reservoir Link
RL Solutions	:	Reservoir Link Solutions Sdn Bhd (Registration No. 201501039603 (1164921-V)), a 60% owned subsidiary of Reservoir Link
RLSB	:	Reservoir Link Sdn Bhd (Registration No. 200801030636 (831967-H)), a wholly-owned subsidiary of Reservoir Link
RM or sen	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
Roc Oil Sarawak	:	Roc Oil (Sarawak) Sdn Bhd (Registration No. 201301044747 (1074570-K))
Rules	:	Rules of Bursa Depository
SC	:	Securities Commission Malaysia

DEFINITIONS *(Cont'd)*

Share Registrar	:	Boardroom Share Registrars Sdn Bhd (Registration No. 199601006647 (378993-D))
Share(s)	:	Ordinary share(s) in our Company
sq ft	:	Square feet
sq m	:	Square metres
Subdivision	:	Subdivision of one (1) Share into five (5) new Shares on the basis of five (5) new Shares for every one (1) existing Share each in the Company as set out in Section 5.5.1 (a) of this Prospectus
Subsidiaries	:	Amsito, RLSB, RL Labuan and RL Solutions, collectively
SWEC	:	Standardised Work and Equipment Categories
Transfer	:	The transfer of 105,000,000 Shares in Reservoir Link by Dato' Wan Hassan Bin Mohd Jamil, Mad Haimi Bin Abu Hassan and Thien Chiet Chai to RL Holdings after the Subdivision and Acquisitions as set out in Section 5.5.1 (c) of this Prospectus
Underwriting Agreement	:	The underwriting agreement dated 9 June 2020 entered into between our Company and Kenanga IB pursuant to our Listing
USA	:	United States of America
USD	:	United States Dollars, the lawful currency of the United States of America
Vendors of RLSB	:	Dato' Wan Hassan Bin Mohd Jamil, Mad Haimi Bin Abu Hassan, Thien Chiet Chai, Pansar and Dato' Richard Wee Liang Huat @ Richard Wee Liang Chiat collectively
Vital Factor Consulting or IMR	:	Vital Factor Consulting Sdn Bhd (Registration No. 199301012059 (266797-T)), our independent business and market research consultants

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GLOSSARY OF TECHNICAL TERMS

The following technical abbreviations in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Abandoned well	: A well that is no longer in use and which has been cleaned and sealed with cement plugs
Appraisal well	: A well drilled into a discovered O&G reservoir during the appraisal stage to gather data, determine the quantity of recoverable O&G that it may contain and delineate its geographic extent
Bottomhole	: The deepest part of an O&G well
Cased hole	: The portion of a well where casing has been installed
Casing	: Casing refers to pipes that are lowered into wells and cemented into place. The functions that they perform include preventing the wellbore from collapsing, protecting groundwater formations, isolating formations with different pressures and providing a means of maintaining control over fluids and pressure in the well
Casing conveyed perforation	: Well perforation conveyance system where the perforating gun is attached to the outside of the casing string and deployed during its initial running. The casing and perforating gun assembly are cemented in place and the perforating gun is then fired
Cement plug	: Solid plug made of hardened cement that forms a seal between the different sections of a plugged and abandoned well
Cementing	: In cementing, cement slurry is deposited at specific location in a well, where it subsequently hardens to create a physical seal between the wellbore and surrounding formation
Coiled tubing	: Well perforation conveyance system where the perforating gun is attached to a flexible tube which is run into the wellbore
Completion	: The process by which a well is brought to its final classification, such as an exploration well, appraisal well, production well and injector well
Control line	: A hydraulic line that is used to control downhole equipment in a well
Crude oil	: Crude oil is the portion of petroleum that exists in the liquid phase in underground reservoirs and remains in the liquid phase at surface pressure and temperature
Development	: The stage of O&G operations concerned with bringing O&G reservoirs into production. This includes, among others, drilling production wells to connect the O&G reservoirs to the surface
Down hole	: Down hole refers to a location that is within the wellbore and underground
Downstream	: Downstream refers to the O&G industry segments involved in refining and processing crude oil and natural gas and distributing the resulting products
Drilling	: The physical process of creating a well

GLOSSARY OF TECHNICAL TERMS (Cont'd)

Drilling rig	:	Surface structure housing equipment and machinery to drill and complete wells. Drilling rigs may be located on land (“ onshore ”) or in the ocean (“ offshore ”)
Electric wireline	:	Slickline system where the wireline tool is connected to the surface by a steel cable and communications cable, which may be an electrical and/or fibre optic cable
Exploration and appraisal	:	The initial stages of O&G operations that are concerned with locating and characterising O&G reservoirs. Exploration activities include drilling wells to confirm the presence of O&G reservoirs. Appraisal activities include drilling appraisal wells to gather data, determine the quantity of recoverable O&G that a reservoir may contain and delineate its geographic extent
Exploration well	:	A well drilled during the exploration stage to determine if O&G are present in the area of interest and to gather data if O&G are found
Field	:	A field refers to an area consisting of an O&G reservoir or multiple O&G reservoirs all grouped on, or related to, the same individual geological structural features
Formation	:	A body of distinctive rock that is mostly of one (1) type or a combination of similar types. For example an O&G formation consists of rock that contains crude oil and/or natural gas that can be extracted
HSE	:	Health, safety and environment
Injector well	:	A well that is designed to inject liquid, gas or steam into an O&G reservoir to increase or sustain O&G production
IOR	:	Improved oil recovery refers to the practice of promoting additional crude oil and/or natural gas production from a reservoir
LTI	:	Lost time injury
Natural gas	:	A naturally occurring mixture of O&G gasses. Methane is the chief constituent of most natural gas
“O&G” or “oil and gas”	:	Oil and gas refers to hydrocarbons, which are mainly composed of hydrogen and carbon
Open hole	:	Open hole refers to the uncased portions of the well, where drilled rock is in contact with fluid
Packer	:	In a production well, packer is used to provide a seal between the outside of the production tubing and the inside of the casing or wellbore wall
Perforation	:	The process of creating holes in the well casing and channels in the surrounding formation, which are known as perforation tunnels. This creates the physical connection that allows O&G to flow into the wellbore and up to the surface

GLOSSARY OF TECHNICAL TERMS *(Cont'd)*

Perforation, wash and cement	:	One of the processes in well plug and abandonment. The steps include performing perforations at specified plug locations; washing to remove debris; and cementing to install the cement plugs and heavy mud to complete the seal
Petroleum	:	Petroleum is a mixture of a naturally occurring O&G compounds found in underground reservoirs. Petroleum may be in gaseous, liquid or solid states
Production facility	:	An O&G production facility designed to extract and process crude oil and/or natural gas from underground O&G reservoir to a condition that is suitable for transportation (through tankers, pipelines or other means) to a processing facility or refinery. Production facilities can be onshore or offshore
Production well	:	A well that is used to extract O&G from the ground in the form of crude oil or natural gas, or a combination of both from an O&G reservoir
PSC	:	Production Sharing Contract, a contractual agreement between a company, referred to as PSC contractor or operator and the host Government for the discovery and production of O&G. In the context of this Prospectus, it also includes Project Development Management.
Reserve	:	O&G reserves are defined as those quantities of O&G that are anticipated to be commercially recoverable from a known reservoir
Reservoir	:	A naturally occurring underground rock formation that contains O&G in the form of crude oil or natural gas, or a combination of both
Shaped charge	:	An explosive device that is designed so that the energy from its detonation is directed in a specific and focused manner
Slickline	:	Wireline system where the wireline tool is connected to the surface only by a steel cable
Tubing conveyed perforation	:	Well perforation conveyance system where the perforating gun is conveyed into the wellbore by tubing, drill pipe or coiled tubing
Upstream	:	Upstream refers to the exploration, appraisal, development and production segments of the O&G industry
Well	:	A man-made shaft created for the purpose of identifying, assessing or producing O&G from underground reservoirs
Well intervention	:	Well intervention refers to services that are carried out on an O&G well, for example to alter its physical state, collect data or manage production. It can be carried out during or at the end of the well's productive life
Well plug and abandonment	:	The process of safely sealing an O&G well that is no longer in use. Among others, the steps include removing above ground and underground equipment and performing perforation, wash and cement
Wellbore	:	A drilled hole that forms the well, including the open hole and cased portions of the well. It is the inside cavity of the well through which O&G and other fluids flow

GLOSSARY OF TECHNICAL TERMS *(Cont'd)*

Wellhead : The component at the surface of an O&G well that caps the well and contains its pressure, as well as provides access for tools. In an offshore environment, a wellhead that is located on a production platform is known as a "surface wellhead", while a wellhead that is located beneath the water is known as a "subsea wellhead"

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1. CORPORATE DIRECTORY**DIRECTORS**

Name and Designation	Address	Nationality
Datuk Tai Hee Non-Independent Non-Executive Chairman	No. 8, Drive 15 Brooke Drive 96000 Sibu Sarawak	Malaysian
Dato' Wan Hassan Bin Mohd Jamil Chief Executive Officer/ Managing Director	No. 2, Jalan Puchong Utama 7E, Taman Puchong Utama 47100 Selangor Darul Ehsan	Malaysian
Thien Chiet Chai Non-Independent Executive Director	Unit 63, Casaman No. 2, Changkat Intisari Desa Parkcity 52200 Wilayah Persekutuan Kuala Lumpur	Malaysian
Eric Lim Swee Khoon Independent Non-Executive Director	No. 37, Lorong Lapangan Terbang No. 1, Jalan Lapangan Terbang 93350 Kuching Sarawak	Malaysian
Siti Zurina Binti Sabarudin Independent Non-Executive Director	No. 43, Jalan Nova U5/76 Taman Subang Bestari Seksyen U5 40150 Shah Alam Selangor Darul Ehsan	Malaysian
Elain Binti Lockman Independent Non-Executive Director	Unit C-4-4, 202 Desa Cahaya Jalan Ampang 50450 Wilayah Persekutuan Kuala Lumpur	Malaysian

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1. CORPORATE DIRECTORY (Cont'd)

AUDIT COMMITTEE

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

REMUNERATION AND NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Dato' Wan Hassan Bin Mohd Jamil	Chairman	Chief Executive Officer/ Managing Director
Thien Chiet Chai	Member	Non-Independent Executive Director
Eric Lim Swee Khoon	Member	Independent Non-Executive Director
Siti Zurina Binti Sabarudin	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : Pauline Kon Suk Khim (MAICSA 7014905)
CCM Practising Certificate 202008001607
*(Chartered Governance Professional/ Chartered Secretary,
Fellow Member of the Malaysian Institute of Chartered
Secretaries & Administrators)*
- 2nd Floor, Lot 144
Jalan Petanak
93100 Kuching
Sarawak
- Telephone No.: (6082) 248 491
Facsimile No.: (6082) 253 857
- Ho Khee Jeem (MIA 12422)
CCM Practising Certificate 201908002110
(Chartered Accountant, Malaysian Institute of Accountants)
- 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** : 2nd Floor, Lot 144
Jalan Petanak
93100 Kuching
Sarawak
- Telephone No. : (6082) 248 491
Facsimile No. : (6082) 253 857
- HEAD OFFICE/ PRINCIPAL
PLACE OF BUSINESS** : E-33-01, Menara SUEZCAP 2
KL Gateway
No. 2, Jalan Kerinchi
Gerbang Kerinchi Lestari
59200 Wilayah Persekutuan
Kuala Lumpur
- Telephone No. : (603) 2711 2128
Facsimile No. : (603) 2711 2120
Email Address : investor.relation@reservoirlink.com
Website : [https:// reservoirlink.com](https://reservoirlink.com)
- PRINCIPAL SPONSOR,
UNDERWRITER
PLACEMENT AGENT** **ADVISER,
SOLE
AND** : Kenanga Investment Bank Berhad
Level 17, Kenanga Tower
No. 237, Jalan Tun Razak
50400 Wilayah Persekutuan
Kuala Lumpur
- Telephone No. : (603) 2172 2888
Facsimile No. : (603) 2172 2999

1. CORPORATE DIRECTORY (Cont'd)

LEGAL SOLICITORS **ADVISERS/** : Messrs. Lee Choon Wan & Co.
Advocates and Solicitors
No. 12, Lorong Dungun
Damansara Heights
50490 Wilayah Persekutuan
Kuala Lumpur

Telephone No. : (603) 2093 0078
Facsimile No. : (603) 2094 1750

AUDITORS AND REPORTING ACCOUNTANTS : Crowe Malaysia PLT
2nd Floor, C378, Block C
iCom Square
Jalan Pending
93450 Kuching
Sarawak

Telephone No. : (6082) 552 688
Facsimile No. : (6082) 552 688

Partner : Hudson Chua Jain

Approval No. : 02538/ 05/ 2022 J

Professional : Chartered Accountant (Malaysia),
Qualification CPA (Australia)
Chartered Accountant (CAANZ)

ISSUING HOUSE : Malaysian Issuing House 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

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

1. CORPORATE DIRECTORY (Cont'd)

INDEPENDENT AND MARKET CONSULTANTS **BUSINESS RESEARCH** : Vital Factor Consulting Sdn Bhd
V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan

Telephone No. : (603) 7931 3188
Facsimile No. : (603) 7931 2188

Person-in-charge : Wooi Tan

Qualification : Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia, Bachelor of Science from The University of New South Wales, Australia and a Fellow of the Australian Marketing Institute and Institute of Managers and Leaders, Australia (formerly known as the Australian Institute of Management)

LISTING SOUGHT : ACE Market of Bursa Securities

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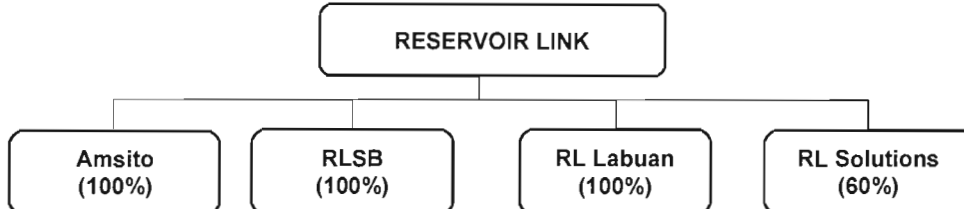
2. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our shares.

2.1 OVERVIEW

We were incorporated in Malaysia under the Companies Act 1965 on 2 December 2014 as a public limited company under the name of Reservoir Link Energy Bhd. Our Company is also deemed registered under the Act.

An illustration of our Group structure is as follows:



The principal activities of our subsidiaries are as follows:

Company	Principal Activities
Amsito	Providing wireline and related services.
RLSB	Providing well leak repair; perforation; testing; perforate, wash and cement; and wireline services.
RL Labuan	Providing well perforation and well leak repair services, primarily outside of Malaysia.
RL Solutions	Developing and providing oil and gas production enhancement services and sand management solutions.

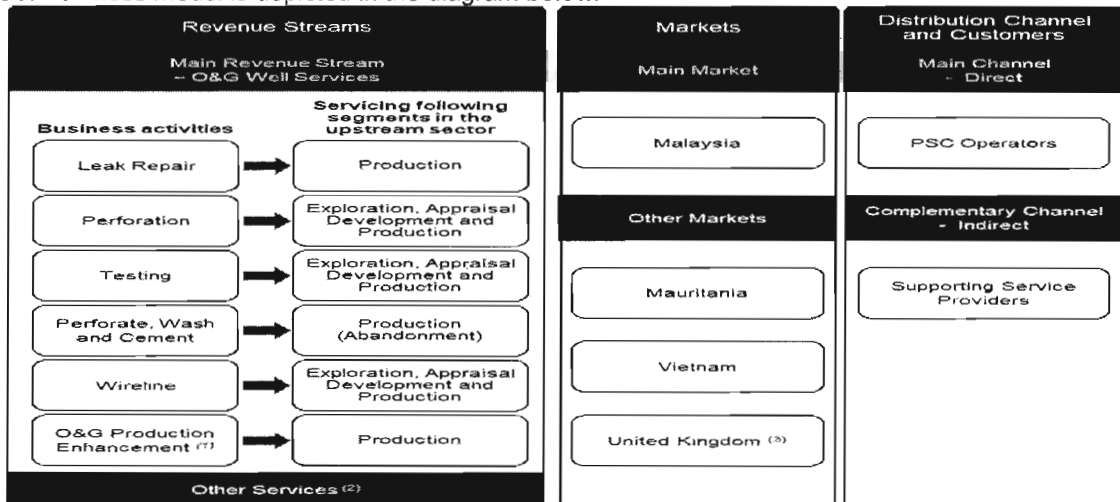
Further details of our subsidiaries are set out in Section 5.4 of this Prospectus.

2.2 SUMMARY OF OUR BUSINESS

Our Group commenced in 2008 with the incorporation of RLSB. We are mainly providers of O&G well services that support operators in the upstream sector of the O&G industry.

Business Model

Our business model is depicted in the diagram below:



PSC = Production Sharing Contract, O&G = Oil and Gas.

Notes:

(1) Comprising the supply of IOR chemicals and provision of sand management solutions.

(2) Supply of technical personnel and oilfield equipment; and Provision of construction and consultancy services.

(3) We supplied oilfield equipment to a customer in the United Kingdom during FYE 2016, and delivered the said oilfield equipment to that country. This was a one-off transaction.

2. PROSPECTUS SUMMARY *(Cont'd)*

Our main revenue stream is in providing O&G well services, which include well perforation, leak repair, testing, wash and cement, wireline and O&G production enhancement services. Other services include supplying technical personnel, oilfield equipment and providing construction and consultancy services.

2.2.1 Business Activities

Our well services business comprises the following activities:

(i) **Well Leak Repair**

Well leak repair services involve using a repair chemical to seal leaks in wells. Leaks can lead to fluids such as crude oil, natural gas, hydraulic fluid and other materials passing through joints in the tubing, isolation packer, underground safety valves and production trees. Such leaks can result in a loss of production, reduction in hydrocarbon reservoir pressure and environmental damage.

(ii) **Well Perforation**

Our well perforation services involve using shaped charges to create holes in the well casing and tunnels in the surrounding formation of the reservoir. These perforation tunnels allow the O&G to flow into the wellbore.

(iii) **Well Testing**

Our well testing services involve collecting data, such as pressure and temperature, flow rates and fluid samples, which are used to predict the characteristics of wells and O&G reservoirs. We conduct well testing services to support customers in the exploration, appraisal, development and production segments of the O&G industry.

(iv) **Well Perforate, Wash and Cement**

We provide well perforate, wash and cement services that are part of well abandonment. We perform well perforation, while our partner Archer Malaysia undertakes the wash and cement portion. Archer Malaysia provides specialised expertise and wash tools to clean the areas behind the perforated casing and accurately place the cement plugs. Our revenue for the perforation portion of perforate, wash and cement projects is captured under the "well perforation" segment.

(v) **Wireline**

We carry out wireline services, which involve sending wireline tools down wells to carry out well intervention and collect data. We perform slickline services where the wireline tool is connected to the surface by a steel cable and electric wireline services where the wireline tool is connected to the surface by steel and electric cables.

(vi) **O&G Production Enhancement**

We provide O&G production enhancement services that are intended to increase the rate and/or total amount of crude O&G production from a reservoir. We currently supply IOR chemicals and provide sand management solutions.

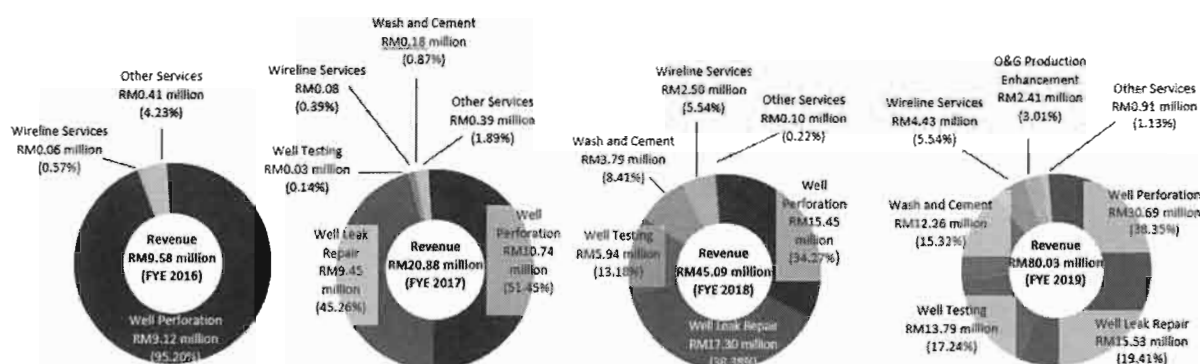
We also provide other services including supplying technical personnel and oilfield equipment, and providing construction and consultancy services.

Further details on our business activities are set out in Section 6.3.2 of this Prospectus.

2. PROSPECTUS SUMMARY (Cont'd)

2.2.2 Revenue Segmentation

Our revenue segmentation by business activities for the FYE 2016 to FYE 2019 are summarised in the following diagrams:



Further details on our revenue segmentation by business activities are set out in Section 6.3.5 of this Prospectus.

2.2.3 Markets

Our largest market was Malaysia, which represented more than 88.0% of our total revenue for the FYE 2016, FYE 2017, FYE 2018 and FYE 2019. For the FYE 2019, our second largest market was Mauritania.

Further details on our markets are set out in Section 6.3.3 of this Prospectus.

2.2.4 Customers and Distribution Channels

Our main customers are PSC operators, while others are supporting service providers to the O&G industry. We mainly adopt a direct distribution channel, where we market and sell directly to PSC operators. We also use the indirect distribution channel where we market and sell our services to supporting service providers to the O&G industry, who would use us as subcontractors for their projects with PSC operators. In addition to our in-house sales and marketing team, we have appointed an agent in Indonesia to represent our Group in that market for the provision of well perforation and well leak repair services.

Further details on our customers and distribution channels are set out in Section 6.3.4 of this Prospectus.

2.2.5 Operational Facilities

As at the LPD, we have four (4) operational facilities at the following locations:



Further details on our operational facilities are set out in Section 6.1 of this Prospectus.

2. PROSPECTUS SUMMARY *(Cont'd)*

2.3 IMPACT OF COVID-19 AND LOW CRUDE OIL PRICE ENVIRONMENT

2.3.1 COVID-19

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020.

To contain the spread of COVID-19 within Malaysia, the Government implemented movement restrictions commencing from 18 March 2020 through MCO, CMCO and RMCO. The RMCO is from 10 June 2020 till 31 August 2020. The RMCO provides further relaxation of economic, social and travel restrictions but not international travels. The Government may implement some form of movement control in the future if the spread of COVID-19 continues, increases or recurs after restrictive measures are relaxed.

As we are service providers in the O&G industry, our operations in Malaysia are classified as one (1) of the essential services and we are allowed to carry out our normal business operations subject to implementing measures to prevent and minimise the spread of COVID-19. The adverse effects of measures to contain the spread of COVID-19 on our operations in Malaysia, amongst others, are summarised as below:

- (i) As at the LPD, two (2) of our contracts have experienced or are expected to experience some delays. The expected delays in implementing and completing the work orders under these contracts will result in a corresponding deferment in recognising revenue and profit that we expect from these work orders. As a result, the revenue from these two (2) contracts may be affected by at least one (1) month in the FYE 2020 and consequently, affects our financial performance for the FYE 2020;
- (ii) We have experienced some delays in receiving perforating materials from some of our suppliers.
- (iii) In response to COVID-19, the Government of Mauritania closed its borders to travel into and out of the country effective from 17 March 2020. PC Mauritania 1 Pty Ltd served our Group with notice to suspend our contract to provide well perforate, wash and cement services to them from 28 April 2020 until further notice. This suspension of our call out contract will adversely affect our business activities and financial performance in Mauritania.

As part of this suspension, PC Mauritania 1 Pty Ltd agreed to pay us the following:

- (a) Non-refundable one-time upfront payment of USD2.27 million (equivalent to approximately RM9.86 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD). As of the LPD, we have received net upfront payment of USD2.09 million after deducting withholding tax of USD0.18 million; and
- (b) A non-refundable sum of USD10,000 per month (equivalent to approximately RM43,455 per month based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD) as rental payment for facilities that we are renting in Mauritania for the duration of the suspension period.

Revenue and profit recognition will be deferred until PC Mauritania 1 Pty Ltd lifts its suspension of the contract and we can resume our work, which will not occur until the Government of Mauritania allows our personnel to travel into and out of the country. As at the LPD, we do not have any indication as to when travel restrictions will be lifted.

2.3.2 Low Crude Oil Price Environment

In early 2020, Brent crude oil price declined and became volatile. The average Brent crude oil price dipped to USD23.34 per barrel for April 2020, the lowest average price in the past ten (10) years. The fall in crude oil price was mainly due to the COVID-19 and the initial failure by major crude oil producers to reduce production. However, during the weekend of 12 April 2020, OPEC and allies including Russia have agreed to reduce crude oil production. The average Brent crude oil price for May 2020 was USD31.02 per barrel.

As at the LPD, we have not experienced any cancellation or suspension of subsisting work orders in Malaysia. However, we will be affected if we do not get any work orders from call out contracts or we do not receive any invitation to bid under umbrella contracts. In the event that we receive invitations to submit bids under our umbrella contracts, we may be subjected to competitive pricing.

A prolonged low crude oil price environment will have a negative impact on our business and financial performances, especially if PSC operators reduce their operating and capital expenditure in response. However, we expect PSC operators to carry out maintenance on their production wells and PSC operators are required to plug and abandon wells that are no longer in use. For the FYE 2017, FYE 2018, FYE 2019 and up to the LPD, all our well service contracts are for production wells or for the plug and abandonment of wells.

The decrease in crude oil prices did not have a material adverse effect on our operations in Mauritania as the suspension of our call out contract was in response to COVID-19.

Please refer to Section 6.23 of this Prospectus for further details of the impact of COVID-19 and low crude oil price environment on our business, financial performance and profitability.

2. PROSPECTUS SUMMARY (Cont'd)

2.4 SUMMARY OF RISK FACTORS

Our business is subject to a number of risk factors, many of which are outside our control. Before investing in our Shares, you should carefully consider, along with the other matters set out in this Prospectus, the risk factors (which may not be exhaustive) set out in Section 4 of this Prospectus.

The following are some of the key risks faced by us in our business operations:

- (i) We are dependent on two (2) major customers

We are dependent on Roc Oil Sarawak and the Petronas group of companies (comprising Petronas Carigali, PC Mauritania 1 Pty Ltd and KLCC Urusharta Sdn Bhd) which accounted for a significant proportion of our revenue during the FYE 2016 to FYE 2019. The loss of any of these customers may have an adverse effect on our operating results. Further, there can be no assurance that these major customers will continue to grant us future contracts upon the expiration of our respective contracts with them.

- (ii) We are dependent on three (3) major suppliers

We are dependent on AGS International for the supply of repair chemicals used in our well leak repair services; Petrotechnical for the supply of well testing equipment and personnel; and Archer Malaysia for the provision of equipment, expertise and services used in well perforate, wash and cement services, namely wash and cement tools that are used in cleaning the wellbore and installing cement plugs. There is a risk that the performance of our Group may be adversely affected if the supply of these products and services are interrupted and/or we are unable to source for alternative suppliers in a timely manner.

- (iii) All of our existing contracts with our customers do not provide assurance of future revenue

As at the LPD, all of our customers' contracts are either umbrella contracts (ten (10) contracts) or call out contracts (sixteen (16) contracts) which are not long term contracts and do not provide any assurance of future revenue. Our umbrella contracts do not provide any assurance of future revenue as there is no guarantee that the customer will issue requests for jobs or will engage us from among other pre-qualified service providers to carry out any job. Our call out contracts also do not provide any assurance of future revenue as there is no guarantee that the customer will issue any work orders to us during the contract period.

- (iv) We are required to comply with Petronas licencing and SWEC requirements

The O&G industry is subject to Petronas licencing and registration requirements, including meeting Petronas' SWEC requirements. Our failure to comply with the requirements of our Petronas licence and SWEC may disrupt our operations and could have a material adverse effect on our business operations and financial performance.

- (v) We are required to comply with HSE laws and regulations that govern the O&G industry

The O&G industry is subject to various HSE laws and regulations. Our failure to comply with any or all applicable HSE laws and regulations, or a change in any or all such regulations, may disrupt our operations and could have material adverse effect on our business operations.

- (vi) We may be adversely affected by changes in Petronas' policies

A change in Petronas' policy with regards to regulating the oil and gas industry in Malaysia may come about through the liberalisation of the oil and gas industry by, among others, removing licencing requirements for the provision of supporting products and services, loosening licencing requirements such that it becomes easier to obtain a licence and allowing foreign suppliers to operate in Malaysia without having to operate with a local partner and reducing other restrictions on their operations.

- (vii) Our business, financial performance and profitability are and may continue to be affected by COVID-19

COVID-19 has spread around the world with the World Health Organisation declaring it a pandemic on 11 March 2020. COVID-19 has reduced economic and social activities, which has reduced demand for crude oil and natural gas. This reduction in demand, coupled with expected increase in supply of crude oil from some countries (as described in Section 4.2.1 of this Prospectus), have contributed towards a reduction in the price of crude oil. If price of crude oil is sustained at a low level, there is a risk that our financial performance will be negatively affected.

2. PROSPECTUS SUMMARY *(Cont'd)*

To reduce the spread of COVID-19 within Malaysia, the Government has implemented measures to restrict the movement of people, economic and other activities, including MCO, CMCO and RMCO. As at the LPD, the RMCO is scheduled to end on 31 August 2020. There is a risk that the Government may implement increased restrictions in movement and economic and social activities in the future if the spread of COVID-19 continues or increases. While operators within the oil and gas industry are considered part of essential services and thus exempted from the MCO/ CMCO/ RMCO in Malaysia, we may still face difficulties obtaining goods and services as well as movement of personnel which has disrupted some of the jobs that we have within and outside of Malaysia.

On 29 March 2020, PC Mauritania 1 Pty Ltd has issued a notice to suspend our call out contract to provide well perforate, wash and cement services to them in Mauritania from 28 April 2020 until further notice. This suspension of our call out contract adversely affected our business and financial performance in Mauritania. There is also a risk that PC Mauritania 1 Pty Ltd may make a further declaration of force majeure to terminate the said call out contract. The measures taken to control the spread of COVID-19 in Malaysia and Mauritania have resulted in disruptions that have adversely affected our business, financial performance and profitability.

Please refer to Section 6.23 of this Prospectus for further details of the effect of COVID-19 on our business, financial performance and profitability.

- (viii) We depend on our Executive Directors, key management and technical personnel for our continued success

Our continuing operations and the successful execution of our business strategy will depend on the experience, expertise and contributions of our Executive Directors, key management and technical personnel, and may be adversely affected if we lose their services or fail to employ a suitable replacement in a timely manner.

- (ix) We are exposed to foreign currency exchange gains or losses

Some of our revenue and purchases are denominated in foreign currencies. We are exposed to foreign currency exchange gains or losses from timing differences between our billings, receipt of payments and conversion or translation of revenue and purchases denominated in USD into RM.

Further details on the risk factors are set out in Section 4 of this Prospectus.

2.5 COMPETITIVE STRENGTHS

Our competitive strengths are as follows:

- (i) **We Specialise in Providing Well Services**

Since carrying out our first job in 2009, we have specialised in providing well services. We have carried out well services in Malaysia, Vietnam and Mauritania.

Our portfolio of services allows us to meet the requirements for a range of wells and applications, and address a wide market, both in Malaysia and other countries

- (ii) **We Have An Established Track Record Providing Well Services**

Since we served our first customer in 2009, we have accumulated a track record of approximately eleven (11) years as providers of well perforation, three (3) years in well leak repair, testing, perforate, wash and cement, wireline services and one (1) year in providing O&G production enhancement services. Our customers include PSC operators and providers of supporting services to the O&G industry in Malaysia and operators involved in producing O&G in Vietnam and Mauritania. We have established business relationships with our customers during this time, which has provided us with a platform to address future business opportunities with them.

- (iii) **We Are A Petronas Licensed Company, Which Allows Us to Participate in the Malaysian O&G Industry**

It is mandatory to obtain a licence from Petronas to participate in the O&G industry in Malaysia. As at the LPD, we are licensed for a total of eighty four (84) SWEC, which provide us with opportunities to sustain and grow our business.

2. PROSPECTUS SUMMARY (Cont'd)**(iv) Our Services Cover All Stages of An O&G Well's Lifecycle**

Our well services cover every stage of an O&G well's lifecycle. We provide well perforation, testing and wireline services for the start-up stage; well perforation, testing, leak repair, wireline and O&G production enhancement services for the production stage; and well perforate, wash and cement services for the end-of-life stage. Our ability to provide services that cover all well lifecycle stages helps to sustain demand for our well services.

(v) We Have An Experienced Management Team to Expand and Develop Our Business

We are guided by an experienced management team, as summarised in the following table:

Name	Position	Approximate O&G Industry Experience
Thien Chiet Chai	Non-Independent Executive Director	31 years
Dato' Wan Hassan Bin Mohd Jamil	Chief Executive Officer/ Managing Director	24 years
Mad Haimi Bin Abu Hassan	Operations Director	19 years

We believe our experienced management team will help develop our business and provide the platform for future growth.

Further details on our competitive strengths are set out in Section 6.4 of this Prospectus.

2.6 FUTURE PLANS AND BUSINESS STRATEGIES

We will continue to leverage from our core competency as providers of O&G well services and implement the following strategy to further develop our business operations and strengthen our market position:

Purchase Well Testing Equipment

We currently provide our well testing services in collaboration with Petrotechnical. We intend to purchase well testing equipment to reduce reliance on Petrotechnical to develop and enhance our business capabilities. Owning our own well testing equipment will improve our position as a full service provider for well testing services.

Further details on our business strategies are set out in Section 6.22 of this Prospectus.

2.7 DIRECTORS AND KEY MANAGEMENT OF OUR GROUP

Our Directors and key management are as follows:

Name	Designation
<u>Directors</u>	
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 Khoo	Independent Non-Executive Director
Siti Zurina Binti Sabarudin	Independent Non-Executive Director
Elain Binti Lockman	Independent Non-Executive Director

Name	Designation
<u>Key Management</u>	
Mad Haimi Bin Abu Hassan	Operations Director
Ho Khee Jeem	Financial Controller
Anwarudin Bin Saidu Mohamed	Chief Technology Officer
Alphonsus Chiu Ching Chuen	Senior Manager, Business Development

Please refer to Section 8 of this Prospectus for further details of our Directors and key management.

2. PROSPECTUS SUMMARY (Cont'd)

2.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS OF OUR GROUP

The following table sets out the shareholdings of our Promoters and substantial shareholders before and after our IPO:

Name	Country of Incorporation/ Nationality	^(a) No. of Shares Held Before the IPO				^(b) No. of Shares Held After the IPO			
		Direct	%	Indirect	%	Direct	%	Indirect	%
<u>Promoters and Substantial Shareholders</u>									
RL Holdings	Malaysia	105,000,000	46.08	-	-	105,000,000	36.84	-	-
Dato' Wan Hassan Bin Mohd Jamil	Malaysian	18,596,605	8.16	^(c) 105,000,000	46.08	14,748,605	5.18	^(c) 105,000,000	36.84
Mad Haimi Bin Abu Hassan	Malaysian	6,072,335	2.66	^(c) 105,000,000	46.08	4,816,335	1.69	^(c) 105,000,000	36.84
Thien Chiet Chai	Malaysian	48,072,835	21.10	-	-	38,127,835	13.38	-	-
<u>Substantial Shareholders</u>									
Pansar	Malaysia	45,574,703	20.00	-	-	29,623,703	10.39	-	-
Pan Sarawak Holdings Sdn Bhd	Malaysia	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39
Tai Sing Chii & Sons Sdn Bhd	Malaysia	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39
Inplaced Capital Sdn Bhd	Malaysia	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39
Puan Sri Datin Sri Ling Lah Kiong	Malaysian	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39
Dato' James Tai Cheong @ Tai Chiong	Malaysian	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39
Datuk Tai Hee	Malaysian	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39
David Tai Wei	Malaysian	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39

Notes:

- (a) Based on the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.
- (b) Based on the enlarged issued share capital of 285,000,000 Shares after the Public Issue.
- (c) Deemed interested by virtue of his substantial shareholding in RL Holdings pursuant to Section 8 of the Act.
- (d) Deemed interested by virtue of its/ his/ her indirect substantial shareholding in Pansar.

Please refer to Section 8.1 of this Prospectus for further details of our Promoters and substantial shareholders.

2. PROSPECTUS SUMMARY (Cont'd)**2.9 FINANCIAL HIGHLIGHT****Historical Statements of Profit or Loss and Other Comprehensive Income**

The following table sets out the financial highlights based on the audited combined statements of profit or loss and other comprehensive income of our Group for the past four (4) FYE 2016 to FYE 2019:

	←----- Audited -----→			
	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
Revenue	9,578	20,874	45,091	80,031
GL/ GP	(348)	4,918	10,932	20,674
LBT/ PBT ⁽¹⁾	(4,114)	594	5,157	11,283
LAT/ PAT attributable to:				
Owners of the Company	(3,674)	1,016	3,255	9,678
- From continuing operations ⁽¹⁾	(4,183)	316	4,011	9,678
- From discontinued operations	509	700	(756)	-
Non-controlling interests	(172)	-	(153)	35
	(3,846)	1,016	3,102	9,713
Number of Shares in issue ('000) ⁽²⁾	227,874	227,874	227,874	227,874
GP margin (%)	(3.63)	23.56	24.24	25.83
PBT margin (%)	(42.95)	2.85	11.44	14.10
LAT/ PAT margin (%)				
- Continuing operations ⁽³⁾	(43.67)	1.51	8.90	12.09
- Discontinued operations ⁽⁴⁾	5.31	3.35	(1.68)	-
Gross LPS/ EPS (sen) ⁽⁵⁾	(1.81)	0.26	2.26	4.95
Net LPS/ EPS (sen)				
- Continuing operations ⁽⁶⁾	(1.84)	0.14	1.76	4.25
- Discontinued operations ⁽⁷⁾	0.22	0.31	(0.33)	-
Diluted net LPS/ EPS (sen)				
- Continuing operations ⁽⁸⁾	(1.47)	0.11	1.41	3.40
- Discontinued operations ⁽⁹⁾	0.18	0.25	(0.27)	-

Notes:

- (1) Our losses recorded for the FYE 2016 were mainly attributed to Amsito. The revenue generated by Amsito was insufficient to support its direct operational expenses mainly comprised depreciation of wireline equipment, direct labour costs and rental of equipment during the FYE 2016. In addition, our overall Group revenue for the FYE 2016 was adversely affected by the decline in global crude oil prices during the year, which resulted in lower O&G industry activities in the upstream sector.
- (2) Based on the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.
- (3) The LAT/ PAT margin from continuing operations is calculated based on LAT/ PAT attributable to the owners of our Company from continuing operations divided by the revenue.
- (4) The LAT/ PAT margin from discontinued operations is calculated based on LAT/ PAT attributable to the owners of our Company from discontinued operations divided by the revenue.
- (5) The gross EPS is calculated based on PBT of our Company divided by the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.
- (6) The net LPS/ EPS from continuing operations is calculated based on LAT/ PAT attributable to the owners of our Company from continuing operations divided by the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.
- (7) The net LPS/ EPS from discontinued operations is calculated based on LAT/ PAT attributable to the owners of our Company from discontinued operations divided by the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.
- (8) The diluted net LPS/ EPS from continuing operations is calculated based on LAT/ PAT attributable to the owners of our Company from continuing operations divided by the enlarged issued share capital of 285,000,000 Shares after the Public Issue.
- (9) The diluted net LPS/ EPS from discontinued operations is calculated based on LAT/ PAT attributable to the owners of our Company from discontinued operations divided by the enlarged issued share capital of 285,000,000 Shares after the Public Issue.

Please refer to Section 12.2 of this Prospectus for further details.

2. PROSPECTUS SUMMARY *(Cont'd)*

2.10 PARTICULARS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and the principal details of our IPO Shares are as follows:

Number of new Shares to be issued under the Public Issue:	57,126,000
Number of existing Shares to be offered under the Offer for Sale:	31,000,000
Enlarged number of Shares upon Listing:	285,000,000
IPO Price:	RM0.41
Market capitalisation upon Listing (based on the IPO Price and enlarged number of Shares upon Listing)	RM116,850,000

Please refer to Section 3.3 of this Prospectus for further details of our IPO.

Our Promoters' entire shareholdings after IPO will be held under moratorium for six (6) months from the date of admission. Thereafter, our Promoters' shareholdings amounting to 45.0% of our enlarged issued share capital will remain under moratorium for another six (6) months. Our Promoters may sell, transfer or assign up to a maximum of one-third per year (on a straight line basis) of their Shares held under moratorium upon expiry of the second 6-month period.

Further details on the moratorium on the sale of our Shares are set out in Section 9.2 of this Prospectus.

2.11 UTILISATION OF PROCEEDS

We expect to use the gross proceeds from the Public Issue of RM23,421,660 in the following manner:

	Description of Utilisation	Estimated Timeframe for Utilisation Upon Listing	⁽¹⁾ Amount (RM'000)	Percentage (%)
(i)	Purchase of well testing equipment	Within 24 months	10,000	42.70
(ii)	Working capital	Within 12 months	4,922	21.01
(iii)	Repayment of bank borrowings	Within 6 months	5,000	21.35
(iv)	Estimated listing expenses ⁽²⁾	Immediate	3,500	14.94
	Total Public Issue Proceeds		23,422	100.00

Notes:

(1) *The proceeds will be placed in interest bearing deposits with licensed financial institutions until eventual utilisation.*

(2) *If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.*

Further details on the utilisation of proceeds are set out in Section 3.7 of this Prospectus.

2.12 DIVIDEND POLICY

It is our policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserve for the future growth of our Group.

Notwithstanding the above, our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business.

Further details on our dividend policy are disclosed in Section 12.10 of this Prospectus.

3. DETAILS OF OUR IPO

3.1 OPENING AND CLOSING APPLICATIONS

Application for our IPO Shares under the IPO will open at 10:00 a.m. on 25 June 2020 and will remain open until 5:00 p.m. on 1 July 2020.

3.2 INDICATIVE TIMETABLE

An indicative timetable for our IPO is set out below:

Event	Date
Opening of application for our IPO	10.00 a.m., 25 June 2020
Closing of application for our IPO	5.00 p.m., 1 July 2020
Balloting of applications	3 July 2020
Allotment of IPO Shares to successful applicants	13 July 2020
Listing on the ACE Market	15 July 2020

In the event there is any change to the timetable, we will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

3.3 PARTICULARS OF OUR IPO

The Public Issue of 57,126,000 new Shares and Offer for Sale of 31,000,000 Shares are issued/ offered at the IPO Price payable in full on Application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:

3.3.1 Public Issue

The Public Issue of 57,126,000 Shares at the IPO Price representing approximately 20.04% of our enlarged issued share capital will be made available for Application in the following manner:

(i) Malaysian Public (via Balloting)

14,250,000 Public Issue Shares representing 5.0% of our enlarged issued share capital, to be allocated via balloting will be made available for Application by the Malaysian Public, of which at least 50% shall be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

(ii) Eligible Directors, Employees and Business Associates of Our Group

4,000,000 Public Issue Shares representing 1.40% of our enlarged issued share capital, will be made available for Application by the eligible Directors, employees and business associates of our Group.

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3. DETAILS OF OUR IPO (Cont'd)

The Pink Form Shares will be allocated to eligible Directors and employees of our Group based on the following criteria as approved by our Board:

- (a) the eligible employee must be a full time and confirmed employee of our Group;
- (b) the eligible employee must be on our Group's payroll;
- (c) seniority and position;
- (d) length of service;
- (e) past performance and respective contribution made to our Group; and
- (f) the eligible employee must be at least eighteen (18) years of age.

The Pink Form Shares to be allocated to the business associates of our Group will take into consideration their contribution to the success of our Group. Their allocations are based on, among others, their level of contributions to our Group and length of their respective relationships. The persons who have contributed to the success of our Group include among others, suppliers and customers.

The Directors of our Company are entitled for the Pink Form Shares as follows:

Name of Directors	Designation	No. of Shares
Datuk Tai Hee	Non-Independent Non-Executive Chairman	500,000
Eric Lim Swee Khoon	Independent Non-Executive Director	500,000
Siti Zurina Binti Sabarudin	Independent Non-Executive Director	500,000
Elain Binti Lockman	Independent Non-Executive Director	500,000
		2,000,000

Please refer to Section 8.3.1 of this Prospectus for the allocation of the Pink Form Shares to the key management of the Group.

Details of the Pink Form Shares allocation to our eligible Directors, employees and business associates of our Group are as follows:

	Number of Persons	Pink Form Shares Allocation
Directors	4	2,000,000
Employees and business associates	Up to 100	2,000,000
		4,000,000

3. DETAILS OF OUR IPO (Cont'd)

Save for the allocation made available for Application as disclosed Section 3.3.1(ii), it is not known to our Company as to whether any of the Directors or member of the key senior management have the intention to subscribe for the IPO Shares allocated under Section 3.3.1(i) for the Malaysian Public. Our Company is also not aware as to whether there is any person intending to subscribe for more than 5.0% of the IPO Shares allocated under the Section 3.3.1(i) for the Malaysian Public.

(iii) Private Placement

38,876,000 Public Issue Shares representing approximately 13.64% of our enlarged issued share capital will be made available by way of private placement to selected investors.

3.3.2 Offer for Sale

Concurrent with the Public Issue, the Offerors will offer for sale 31,000,000 Shares at the IPO Price representing approximately 10.88% of our enlarged issued share capital and will be made available in the following manner:

(i) Private Placement

2,500,000 Offer Shares representing approximately 0.88% of our enlarged issued share capital will be made available by way of private placement to selected investors.

(ii) Bumiputera Investors (via Private Placement)

28,500,000 Offer Shares representing 10.0% of our enlarged issued share capital will be made available by way of private placement to Bumiputera investors approved by MITI.

Details of the Offerors are set out below:

No.	Name	Address	Position/ Relationship With Our Group Within the Past Four (4) Years	Shareholdings Before IPO ⁽¹⁾		Offer for Sale			Shareholdings After IPO ⁽²⁾	
				No. of Shares	%	No. of Shares	% Before IPO ⁽¹⁾	% After IPO ⁽²⁾	No. of Shares	%
1.	Dato' Wan Hassan Bin Mohd Jamil	No. 2, Jalan Puchong Utama 7E, Taman Puchong Utama 47100 Selangor Darul Ehsan	Promoter, substantial shareholder and Director	18,596,605	8.16	3,848,000	1.69	1.35	14,748,605	5.18
2.	Mad Haimi Bin Abu Hassan	No. 7, Jalan Setia Perdana, U13/ 29H Bandar Setia Alam, 40170 Shah Alam, Selangor Darul Ehsan	Promoter, substantial shareholder and key management	6,072,335	2.66	1,256,000	0.55	0.44	4,816,335	1.69

3. DETAILS OF OUR IPO (Cont'd)

No.	Name	Address	Position/ Relationship With Our Group Within the Past Four (4) Years	Shareholdings Before IPO ⁽¹⁾		Offer for Sale			Shareholdings After IPO ⁽²⁾	
				No. of Shares	%	No. of Shares	% Before IPO ⁽¹⁾	% After IPO ⁽²⁾	No. of Shares	%
3.	Thien Chiet Chai	Unit 63, Casaman No. 2, Changkat Intisari Desa Park City 52200 Wilayah Persekutuan Kuala Lumpur	Promoter, substantial shareholder and Director	48,072,835	21.10	9,945,000	4.36	3.49	38,127,835	13.38
4.	Pansar	4th Floor, Wisma Pansar 23 - 27, Jalan Bengkel 96000 Sibu Sarawak	Substantial shareholder	45,574,703	20.00	15,951,000	7.00	5.60	29,623,703	10.39
Total				118,316,478	51.92	31,000,000	13.60	10.88	87,316,478	30.64

Notes:

(1) Based on the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.

(2) Based on the enlarged issued share capital of 285,000,000 Shares after the Public Issue.

3.3.3 Underwriting Arrangement and Allocation of the IPO Shares

In summary, the IPO Shares will be allocated in the following manner:

	Public Issue		Offer for Sale		Total	
	No. of Shares ('000)	% of Enlarged Share Capital	No. of Shares ('000)	% of Enlarged Share Capital	No. of Shares ('000)	% of Enlarged Share Capital
Malaysian Public (via balloting)	14,250	5.00	-	-	14,250	5.00
Eligible Directors, employees and business associates of our Group	4,000	1.40	-	-	4,000	1.40
Private placement to selected investors	38,876	13.64	2,500	0.88	41,376	14.52
Bumiputera investors (via private placement)	-	-	28,500	10.00	28,500	10.00
Total	57,126	20.04	31,000	10.88	88,126	30.92

The 14,250,000 Public Issue Shares made available for Application by the Malaysian Public and the 4,000,000 Pink Form Shares made available to the eligible Directors, employees and business associates of our Group under Sections 3.3.1(i) and 3.3.1(ii) respectively are fully underwritten by our Sole Underwriter.

All the 41,376,000 IPO Shares made available to selected investors by way of private placement under Sections 3.3.1(iii) and 3.3.2(i) are not underwritten. Irrevocable undertakings have been obtained from selected investors to subscribe for the IPO Shares available under the private placement.

3. DETAILS OF OUR IPO (Cont'd)

The 28,500,000 Offer Shares made available for Application by Bumiputera investors approved by MITI under Section 3.3.2(ii) of this Prospectus are not underwritten as these Offer Shares have been allocated for MITI's approved Bumiputera investors whereby irrevocable undertakings from the Bumiputera investors have been or will be obtained.

In the event of an under-subscription of the 28,500,000 Offer Shares made available for Application by Bumiputera investors approved by MITI under Section 3.3.2(ii) of this Prospectus, the unsubscribed Offer Shares shall be made available to selected institutional investors via private placement. Subsequently, any of the Offer Shares that are not taken up shall be made available for Application by the Bumiputera public as part of the balloting process. Any further Offer Shares which are not taken up by the Bumiputera public will be made available for Application by the Malaysian Public and/or private placement to selected investors.

Any unsubscribed Pink Form Shares will be re-offered to our Group's other Directors, employees and/or business associates before being re-allocated to the Malaysian Public and/or selected investors via the private placement. Any unsubscribed Public Issue Shares by the Malaysian Public will be made available for Application by way of private placement to selected investors.

The allocation of our IPO Shares shall be on a fair and equitable manner and shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares.

There is no minimum subscription amount to be raised from the IPO. All the IPO Shares are either subscribed by the selected investors, pursuant to their irrevocable undertakings or fully underwritten by our Sole Underwriter. The number of IPO Shares offered under the Public Issue will not be increased via any over-allotment or "greenshoe" option.

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3. DETAILS OF OUR IPO (Cont'd)

3.3.4 Share Capital

As at the LPD, the issued share capital for our Company is RM22,787,400 comprising 227,874,000 Shares.

Upon the allotment and issue of the Public Issue Shares pursuant to our IPO, our enlarged issued share capital of our Company will be RM45,061,324 comprising 285,000,000 Shares as follows:

	Number of Shares	Share Capital (RM)
Existing issued share capital	227,874,000	22,787,400
New Shares to be issued pursuant to the Public Issue	57,126,000	23,421,660
Estimated listing expenses directly attributable to the Public Issue	-	(1,147,736)
Enlarged issued share capital upon Listing	285,000,000	45,061,324
Offer for Sale	31,000,000	12,710,000
IPO PRICE PER SHARE (RM)		0.41
PROFORMA CONSOLIDATED NA		
Proforma consolidated NA as at 31 December 2019 (based on the enlarged issued share capital of 285,000,000 Shares after the Public Issue and utilisation of proceeds) (RM'000)		50,695
Proforma consolidated NA per Share (based on the enlarged issued share capital of 285,000,000 Shares) (RM)		0.18
MARKET CAPITALISATION OF OUR COMPANY (based on the IPO Price and enlarged issued share capital after the Public Issue) (RM'000)		116,850

Our market capitalisation upon Listing, based on the IPO Price and our enlarged issued share capital of 285,000,000 Shares will be RM116,850,000. The IPO Price is payable in full upon Application, subject to the terms and conditions of this Prospectus. The board lot size for our enlarged issued share capital upon Listing will be standardised at 100 units per board lot.

3.3.5 Classes of Shares and Ranking

As at the date of this Prospectus and upon completion of our IPO, we have only one (1) class of share in our Company, namely ordinary shares.

Our Public Issue Shares upon allotment and issuance will rank equally in all respects with our then existing Shares including voting rights and will be entitled to all dividends, rights and distributions that may be declared after its date of allotment and issuance.

Subject to any special rights attached to any shares which we may issue in the future, our shareholders shall, in proportion to the amount paid on the shares held by them, be entitled to share in the profits paid out by us as dividends or other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution, after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

3. DETAILS OF OUR IPO (Cont'd)

Each shareholder shall be entitled to be present and to vote at our general meeting in person or by proxy or by attorney or by duly authorised representative. Each person shall be entitled to appoint more than one (1) proxy to attend and vote at our general meeting. At any general meeting convened by our Company, a resolution put to the vote of the meeting shall be decided by poll. On a poll, every such person present shall have one (1) vote for every one (1) Share he holds.

3.4 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES

Our IPO Price of RM0.41 per IPO Share was determined and agreed upon by us, the Offerors and our Principal Adviser, Sponsor, Sole Underwriter and Placement Agent after taking into consideration the following factors:

- (i) our pro forma consolidated NA per Share of RM0.18 as at 31 December 2019 based on our enlarged share capital of 285,000,000 Shares, after the IPO and subsequent to the utilisation of proceeds from our Public Issue as set out in Section 3.7 of this Prospectus;
- (ii) based on our historical audited combined statements of profit or loss and other comprehensive income of our Group for the FYE 2019, we recorded a PAT attributable to the owners of the Company from continuing operations of RM9.68 million representing:
 - (a) net EPS of 4.25 sen (based on the existing issued share capital of 227,874,000 Shares as at the LPD) resulting in net PE Multiple of 9.65 times; and
 - (b) net EPS of 3.40 sen (based on our enlarged share capital of 285,000,000 Shares upon Listing) resulting in net PE Multiple of 12.06 times;
- (iii) our competitive strengths as described in Section 6.4 of this Prospectus;
- (iv) our business strategies as described in Section 6.22 of this Prospectus; and
- (v) industry overview as set out in Section 7 of this Prospectus respectively.

Prospective investors should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. Prospective investors should form your own views on the valuation of our IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares. You are also reminded to consider carefully the risk factors as set out in Section 4 of this Prospectus.

3.5 EXPECTED MARKET CAPITALISATION UPON LISTING

Based on the IPO Price of RM0.41, the total market capitalisation of our Company upon Listing shall be RM116,850,000.

3.6 DILUTION

Dilution is the amount by which the IPO Price to be paid by the applicants for our Shares under the IPO exceeds our proforma NA per Share immediately after the implementation of the Listing Scheme. The proforma NA per Share as at 31 December 2019 based on the issued share capital of 227,874,000 Shares before the IPO is approximately RM30.77 million or RM0.14 per Share.

3. DETAILS OF OUR IPO (Cont'd)

Pursuant to the Public Issue of 57,126,000 new Shares at the IPO Price and after adjusting for the effects of the utilisation of proceeds, the proforma NA of our Group as at 31 December 2019 will increase to approximately RM50.69 million or RM0.18 per Share based on the enlarged issued capital of 285,000,000 Shares after the IPO. This represents an immediate increase in adjusted NA of RM0.04 per Share to our existing shareholders and an immediate dilution in NA of RM0.23 per Share to our new investors. The following table illustrates such dilution on a per Share basis:

	RM
IPO Price	0.41
Proforma NA per Share as at 31 December 2019 (after the Subdivision, Acquisitions and Transfer)	0.14
Increase in proforma NA per Share after adjusting for the Public Issue and utilisation of proceeds	0.04
Proforma NA per Share after the IPO	0.18
Dilution in NA per Share to new investors	0.23
Dilution in NA per Share to new investors as a percentage of the IPO Price	56.10%

Save as disclosed below, there has been no acquisition of any of our Shares by our Promoters, substantial shareholders, Directors or key management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares since our incorporation up to the LPD.

	No. of Shares Before Our IPO	No. of Issue Shares ⁽¹⁾	Total Consideration (RM)	Average Cost Per Share (RM)
<u>Promoter and Substantial Shareholder</u>				
RL Holdings ⁽²⁾	105,000,000	-	10,500,000	0.10
<u>Promoters, Substantial Shareholders and Directors</u>				
Dato' Wan Hassan Bin Mohd Jamil ⁽³⁾	18,596,605	-	1,859,661	0.10
Thien Chiet Chai ⁽³⁾	48,072,835	-	4,807,284	0.10
<u>Promoter, Substantial Shareholder and Key Management</u>				
Mad Haimi Bin Abu Hassan ⁽³⁾	6,072,335	-	607,234	0.10
<u>Substantial Shareholder</u>				
Pansar ⁽⁴⁾	45,574,703	-	4,557,470	0.10
<u>Directors</u>				
Datuk Tai Hee	-	500,000	205,000	0.41
Eric Lim Swee Khoon	-	500,000	205,000	0.41
Siti Zurina Binti Sabarudin	-	500,000	205,000	0.41
Elain Binti Lockman	-	500,000	205,000	0.41

3. DETAILS OF OUR IPO (Cont'd)

	No. of Shares Before Our IPO	No. of Issue Shares ⁽¹⁾	Total Consideration (RM)	Average Cost Per Share (RM)
<u>Key Management</u>				
Ho Khee Jeem	-	100,000	41,000	0.41
Anwarudin Bin Saidu Mohamed	-	250,000	102,500	0.41
Alphonsus Chiu Ching Chuen	-	100,000	41,000	0.41
<u>New Investors</u>				
Public Issue	-	57,126,000	23,421,660	0.41
Offer for Sale	-	31,000,000	12,710,000	0.41

Notes:

- (1) Assuming all the Pink Form Shares are fully subscribed.
- (2) Pursuant to the Transfer.
- (3) Pursuant to the Acquisition of RLSB and Transfer.
- (4) Pursuant to the Acquisition of RLSB.

3.7 UTILISATION OF PROCEEDS

We expect to use the gross proceeds from the Public Issue of RM23,421,660 in the following manner:

	Description of Utilisation	Estimated Timeframe for Utilisation Upon Listing	⁽¹⁾ Amount (RM'000)	Percentage (%)
(i)	Purchase of well testing equipment	Within 24 months	10,000	42.70
(ii)	Working capital	Within 12 months	4,922	21.01
(iii)	Repayment of bank borrowings	Within 6 months	5,000	21.35
(iv)	Estimated listing expenses ⁽²⁾	Immediate	3,500	14.94
	Total Public Issue Proceeds		23,422	100.00

Notes:

- (1) The proceeds will be placed in interest bearing deposits with licensed financial institutions until eventual utilisation.
- (2) If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

3. DETAILS OF OUR IPO (Cont'd)

(i) Purchase of Well Testing Equipment

We have allocated Public Issue proceeds of RM10.0 million to finance the purchase well testing equipment. As at the LPD, the expected cost of the well testing equipment, the amount that we have spent so far and our proposed source of financing for the remaining amount are summarised in the following table:

Purchase of Well Testing Equipment	Estimated Value (RM'000)	Percentage of Total Estimated Cost (%)
Total spent as at the LPD	5,945	34.45
Total remaining amount	11,314	65.55
Total estimated cost	17,259	100.00
Financed by:		
Public Issue	10,000	57.94
Bank borrowings [#]	6,000	34.76
Internally generated funds	1,259	7.30
	17,259	100.00

Note:

[#] Please refer to Section 3.7(iii) of this Prospectus for the details of bank borrowings.

As at the LPD, we estimate that one (1) set of well testing equipment will cost approximately RM17.26 million. The status of the planned purchase of the well testing equipment as at the LPD is as follows:

- (i) we have ordered and paid a total of RM5.71 million for the portable cabin, dataport, flow line pipes, surge tank, choke manifold with data header, safety systems, instrumentation, data acquisition and process control systems, pumps and other equipment which have been delivered to our Group;
- (ii) we have paid deposit of RM0.24 million for an order placed for air compressors, safety systems and other equipment for a total of RM1.54 million. We expect to take delivery of these equipment by June 2020; and
- (iii) we have not yet placed orders for the remaining equipment with total estimated cost of RM10.01 million comprising burner system, pumps, three-phase horizontal test separator, safety systems, sand filter system, instrumentation, data acquisition and process control systems, and other equipment including baskets, electric centrifuges, and sandbox.

We plan to utilise the proceeds from the Public Issue to purchase well testing equipment for item (iii) above within twenty four (24) months upon our Listing.

In the event that the Public Issue proceeds are not sufficient to cover the cost for the purchase of the well testing equipment, we intend to use our internally generated funds to finance the remaining amount.

3. DETAILS OF OUR IPO (Cont'd)

We currently provide well testing services based on a Sub-Contract Agreement dated 25 October 2017 between RLSB and Petrotechnical for an umbrella contract awarded by Petronas which was obtained via a joint bid by RLSB and Petrotechnical ("**Petrotechnical Agreement**"). We will work together with Petrotechnical on the portion relating to the well testing services, whereby Petrotechnical will provide the equipment, the personnel to operate the equipment and training to our personnel. Our personnel will also take part in the well testing operations and at the same time receive training on operating the well testing equipment from the Petrotechnical. Although our Group has experienced personnel and expertise for some well testing services, we are unable to cover the entire scope of work. As such, our personnel are provided training on operating Petrotechnical's well testing equipment as well as providing the services as part of our agreement with Petrotechnical. Although we undertake the well testing services together with Petrotechnical, we are responsible for the preparation and submission of documentation including contract negotiations with the customer. Our personnel will be in charge of performing process engineering on well testing equipment setup and providing offshore lab cabin and dataport for data acquisition including actively involved in managing and liaising with customers in the execution including daily operational meeting with client relating to the well testing services.

Pursuant to the Petrotechnical Agreement, we pay Petrotechnical for the well testing equipment and personnel supplied by Petrotechnical for the performance of well testing services based on the prices and rates as stipulated in the Petrotechnical Agreement ("**Petrotechnical Revenue**") after deducting a fixed percentage as our commission which is calculated on the amount of the Petrotechnical Revenue. In carrying out the well testing services together with Petrotechnical, we also supply our personnel and/or well testing equipment (we started to have our own well testing equipment towards the end of the FYE 2018). Hence, we are entitled to the portion of the revenue that we charge our customer based on the prices and rates stipulated in the customer's work order (which is the same as per the Petrotechnical Agreement) for the well testing services in relation to the personnel and/or well testing equipment supplied by us.

As part of our business strategy we plan to purchase our own well testing equipment so that we can provide this service as a full service provider. By investing in our own well test equipment, we will be able to independently tender for well testing services jobs and we will not be relying heavily on Petrotechnical to provide the well test equipment hence ensuring timely execution of the service to our clients. This, in turn, is likely to result in an increase in the profit margin from this business segment and enhance the profitability of our Group.

Our Group believes that the purchase of the well testing equipment will not adversely affect our relationship with Petrotechnical, as this purchase is part of the terms of the Petrotechnical Agreement. It was agreed in the Petrotechnical Agreement that our Group, being a local company in Malaysia will be developed to gradually replace the role of Petrotechnical in performing well testing services over the next five (5) years from the date of the Petrotechnical Agreement in terms of investment for both personnel and equipment ("**Malaysianisation Plan**"). The Malaysianisation Plan involves, among others, an agreement by our Group to purchase a full set of well testing equipment and our investment in well testing equipment will increase annually within the five (5) years period.

3. DETAILS OF OUR IPO (Cont'd)

We can rent well testing equipment from other O&G service providers. For example, during March 2019, we provided well testing services on a sub-contract basis using well testing equipment rented from another service provider. We can also engage external consultants to work with our in-house personnel to operate the rented well testing equipment. In addition, the Petrotechnical Agreement only applies to the Group's umbrella contract with Petronas Carigali to provide well testing services as disclosed in item no. (1) in Section 6.3.6 (i) of this Prospectus. The Petrotechnical Agreement does not apply to the Group's other seven (7) umbrella contracts as at the LPD to provide well testing services as disclosed in items no. (3), (4), (6), (7), (8), (9) and (10) in Section 6.3.6 (i) of this Prospectus.

The purchase of the well testing equipment will increase our capacity to carry out concurrent well testing service jobs. For example, as at the LPD, we were carrying out one (1) well testing services job using well testing equipment from Petrotechnical. If our Group owned a set of well testing equipment, we could carry out one (1) additional well testing service job concurrently.

Further, the financial impact of this utilisation of proceeds is that by investing in our own well test equipment, we will be able to independently tender for well testing services jobs and we will not be relying heavily on Petrotechnical to provide the well test equipment hence ensuring timely execution of the service to our customers. This, in turn, is likely to result in an increase in the profit margin from this business segment and enhance the profitability of our Group.

(ii) Working Capital

The Public Issue earmarked for working capital of approximately RM4.92 million will be used to finance and support our Group's day-to-day operations. The proceeds will be utilised to fund our growth and increase in operational capacity as we expect our operational expenses to increase in tandem with the expected growth in our revenue.

The breakdown of the Public Issue proceeds earmarked for working capital is as follows:

Working Capital Requirement	RM'000
Purchase of perforating consumables and spares and consumables for well testing equipment as well as payment for freight and transportation services and subcontract works.	3,700
Purchase of raw materials for the production of IOR chemicals	1,000
Other working capital*	222
	4,922

Note:

* *Other working capital includes, but is not limited to, defrayment of operational expenses such as payment of payroll expenses, utility expenses and the purchase of other consumables including personal protective equipment, hand tools and cleaning chemicals.*

3. DETAILS OF OUR IPO (Cont'd)

Our working capital requirement will increase in tandem of our full involvement as a full service provider for the well testing activities in conjunction with our purchase of well testing equipment as disclosed in Section 3.7(i) of this Prospectus. As such, the enhancement in working capital will allow us to be less reliant on external funding to finance our business activities. The Group also expects to secure more perforation work orders from our end-of-life perforate, wash and cement contracts and productive perforation contracts in Malaysia. The additional working capital will help to finance these jobs. The Group also expects to secure more orders for the supply of IOR chemicals in Malaysia which can be partly financed by the additional working capital. The financial impact of this utilisation of proceeds is that it is expected to contribute to the profitability of our Group by helping to ensure that our jobs are executed and delivered accordingly.

(iii) Repayment of Bank Borrowings

We have allocated Public Issue amounting to RM5.0 million representing 21.35% of the proceeds from Public Issue to repay the bank borrowings that we have drawdown and plan to drawdown further to partially finance the purchase of well testing equipment.

Our Group has a term loan facility of RM6.0 million granted by AmBank (M) Bhd to finance the purchase of well testing equipment ("**Term Loan**"). As at the LPD, we have drawdown RM4.74 million and we plan to drawdown the balance of the said Term Loan to part finance certain portion of the estimated cost of the well testing equipment that we plan to purchase as part of our business strategy amounting to a total of approximately RM17.26 million as disclosed in Section 3.7(i) of this Prospectus. We intend to use RM5.0 million of our Public Issue proceeds to repay these bank borrowings within six (6) months of receiving the said Public Issue proceeds.

In the event that the allocated Public Issue proceeds of RM5.0 million is not sufficient to repay all of the said bank borrowings outstanding at that time, the remaining portion will be paid off progressively using our internally generated funds.

The effective annual interest rate for the Term Loan is base lending rate (BLR) + 1.0% per annum for a tenure of sixty (60) months to be matured on 1 September 2024. Based on the interest rate as at the LPD of 6.70% (the BLR as at the LPD is 5.70%) per annum, we expect to have interest savings of approximately RM0.34 million per annum.

The financial impact of this utilisation of proceeds is that it will lower our Group's interest cost, resulting in a positive impact on our Group's profitability.

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3. DETAILS OF OUR IPO (Cont'd)**(iv) Estimated Listing Expenses**

Our listing expenses are estimated to be RM3.50 million, details of which are as follows:

Estimated Listing Expenses ⁽¹⁾	Estimated Value (RM'000)	Percentage of Total Estimated Value (%)
Professional fees ⁽²⁾	1,800	51.43
Brokerage, underwriting and placement fees	1,100	31.43
Regulatory fees	70	2.00
Printing, advertising and other miscellaneous expenses relating to the Listing	530	15.14
Total	3,500	100.00

Notes:

- (1) *If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.*
- (2) *Includes fees for the Principal Adviser, Reporting Accountants, Solicitors and Independent Business and Market Research Consultants and other professional advisers as well as the Issuing House.*

We will bear all expenses and fees incidental to our listing, which include professional fees, brokerage, underwriting and placement fees, regulatory fees, printing, advertising and other miscellaneous fees, the aggregate of which is estimated to be RM3.50 million. Any difference arising from the utilisation as set out above will be adjusted accordingly with our working capital requirements.

The Offer for Sale is expected to raise gross proceeds of approximately RM12.71 million. The entire proceeds of the Offer for Sale shall accrue entirely to the Offerors and no part of the proceeds will be received by our Company. The Offerors shall bear all expenses such as placement, management and miscellaneous fees relating to the Offer Shares estimated to be approximately RM0.38 million.

3.8 UNDERWRITING, COMMISSION, BROKERAGE AND PLACEMENT FEES**3.8.1 Underwriting Commission**

Our Sole Underwriter has agreed to underwrite 18,250,000 Public Issue Shares made available for application by the Malaysian Public and the Pink Form Shares made available to the eligible Directors, employees and business associates of our Group as set out in Section 3.3.1 (i) and 3.3.1 (ii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of 2.50% of the total value of the underwritten Shares based on the IPO Price.

3. DETAILS OF OUR IPO (Cont'd)

3.8.2 Brokerage Fee

We will pay brokerage at the rate of 1.0% on the IPO Price in respect of all successful applications that bear the stamp of either Kenanga IB, the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

3.8.3 Placement Fee

Our Placement Agent has agreed to place out 69,876,000 IPO Shares to be issued and/or offered to selected investors. We are obliged to pay our Placement Agent a placement fee at the rate of between 1.0% to 2.25% of the value of Shares placed out to selected investors at the IPO Price.

3.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We had on 9 June 2020 entered into the Underwriting Agreement with the Sole Underwriter, whereby, the Sole Underwriter has agreed to underwrite 18,250,000 Public Issue Shares ("**Underwritten Shares**") as set out in Sections 3.8.1 and 14.6 (xix) of this Prospectus, upon the terms and conditions as set out in the Underwriting Agreement.

The following are the salient terms contained in the Underwriting Agreement.

3.9.1 Agreement to Underwrite

- (a) In consideration of the payment by Reservoir Link of the underwriting commission, the Sole Underwriter, hereby relying upon each of the representations, warranties and undertakings by Reservoir Link set out in Clause 3 (referring to "*Representations, Warranties and Undertakings*") of the Underwriting Agreement and subject to the fulfilment of the conditions under Section 3.9.1 (c) of this Prospectus, at the request of Reservoir Link, agrees to underwrite the Underwritten Shares as set out in the Second Column of the First Schedule (referring to "*Number of Underwritten Shares/ Percentage of Underwritten Shares*") of the Underwriting Agreement upon the terms and conditions contained in the Underwriting Agreement.
- (b) The Sole Underwriter shall not be responsible for any failure by Reservoir Link to meet its obligations hereunder nor shall such failure relieve Reservoir Link of its obligations hereunder and nothing in the Underwriting Agreement shall be construed as constituting or evidencing a partnership between the Sole Underwriter and Reservoir Link ("**Parties**").
- (c) The obligations of the Sole Underwriter under the Underwriting Agreement are conditional upon:
 - (i) the Underwriting Agreement having been duly executed by Reservoir Link and the Sole Underwriter;

3. DETAILS OF OUR IPO *(Cont'd)*

- (ii) there having been on or prior to the last date and time for receipt of Application and payment for the Public Issue Shares in accordance with the Prospectus and the Application Form ("**Closing Date**"), neither any material adverse change nor any development reasonably likely to result in any material adverse change, in the condition (financial or otherwise) of Reservoir Link and any company within the Reservoir Link Group, which is material in the context of the Listing and Public Issue from that set forth in the Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the reasonable opinion of the Sole Underwriter, which makes any of the representations and warranties contained in the Underwriting Agreement untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in the Underwriting Agreement;
- (iii) the delivery to the Sole Underwriter:
 - (aa) prior to the date of the registration of the Prospectus, a copy certified as a true copy by an authorised officer of Reservoir Link of all the resolutions of the Directors and the shareholders in general meeting approving the Underwriting Agreement, the Prospectus, the Public Issue and authorising the execution of the Underwriting Agreement and the issuance of the Prospectus; and
 - (bb) a certificate, in the form or substantially in the form contained in the second schedule of the Underwriting Agreement, dated the date of the Prospectus signed by duly authorised officers of Reservoir Link stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Section 3.9.1 (b) of this Prospectus;
- (iv) the Prospectus being in the form and substance satisfactory to the Sole Underwriter;
- (v) the delivery to the Sole Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from the Directors of Reservoir Link as the Sole Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of Reservoir Link and the companies within the Reservoir Link Group;
- (vi) the Sole Underwriter having been satisfied that sufficient arrangements have been made by Reservoir Link to ensure payment of the expenses referred to in the Underwriting Agreement;
- (vii) the Listing and Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;
- (viii) Reservoir Link having complied and that the Listing and Public Issue is in compliance with the policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments and/or supplements thereto;
- (ix) Reservoir Link having fully complied with all the conditions which are required to be complied with prior to the issuance of the Prospectus or the Closing Date imposed by the SC and Bursa Securities in respect of the Listing and Public Issue;

3. DETAILS OF OUR IPO (Cont'd)

- (x) the acceptance for registration by the SC of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the Listing and the lodgement of the Prospectus with the CCM on or before its release;
 - (xi) Bursa Securities has agreed and approved in principle on or prior to the Closing Date to the admission to the Official List of Bursa Securities and the listing of and quotation for the entire enlarged issued and paid-up share capital of Reservoir Link on the ACE Market of Bursa Securities, and if such approvals shall be conditional, all conditions thereto being in terms acceptable to the Sole Underwriter on or prior to the Closing Date being reasonably satisfied and such approval not being withdrawn, revoked, suspended, terminated or lapsed and that such listing and quotation shall be granted two (2) clear Market Days after the submission to Bursa Securities of the relevant documents including the receipt of confirmation from Bursa Depository confirming that the securities accounts of all successful applicants have been duly credited and the Issuing House has confirmed that the notices of allotment have been despatched to entitled holders;
 - (xii) the approval of the directors of Reservoir Link via a resolution for the appointment of the Sole Underwriter;
 - (xiii) the Prospectus having been issued within forty-five (45) days of the date hereof or within such extended period as may be determined by the Sole Underwriter;
 - (xiv) the issue of the Public Issue Shares having been approved by Bursa Securities and any other relevant authorities and the shareholders of Reservoir Link in a general meeting and such authorisation has not been withdrawn, revoked, suspended, terminated or lapsed; and
 - (xv) all necessary approvals and authorisations required in relation to the Listing and Public Issue Shares including but not limited to governmental approvals having been obtained and are in full force and effect.
- (d) If any of the conditions set out in Section 3.9.1 (c) of this Prospectus is not satisfied by the Closing Date, the Sole Underwriter shall thereupon be entitled to terminate the Underwriting Agreement and in that event, except for the liability of Reservoir Link for the payment of costs and expenses as provided in the Underwriting Agreement incurred prior to the termination and any claims pursuant to the Underwriting Agreement, there shall be no further claims by the Sole Underwriter against Reservoir Link, and the Parties shall be released and discharged from their respective obligations hereunder provided that the Sole Underwriter may at its discretion and with respect to its obligations, waive compliance with any of the provisions of Section 3.9.1 (c) of this Prospectus. Thereafter, the Underwriting Agreement shall be terminated and be of no further force and effect and none of the Parties shall have a claim against the other, save and except in respect of any antecedent breaches. The Sole Underwriter reserves the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Sole Underwriter's rights under the Underwriting Agreement.

3.9.2 Termination/ Lapse of the Underwriting Agreement

- (a) Notwithstanding anything herein contained, the Sole Underwriter may by notice in writing to Reservoir Link given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:

3. DETAILS OF OUR IPO (Cont'd)

- (i) there is any breach by Reservoir Link of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Sole Underwriter within such number of days (which shall be reasonable) as stipulated by the Sole Underwriter to Reservoir Link in writing or as stipulated in the notice informing Reservoir Link of such breach or by the Closing Date, whichever is earlier; or
- (ii) there is withholding of information which is required to be disclosed by or to the Sole Underwriter, pursuant to the Underwriting Agreement, and if capable of remedy, is not remedied within such number of days (which shall be reasonable) as stipulated by the Sole Underwriter to Reservoir Link in writing or as stipulated in the notice informing Reservoir Link of such breach which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Reservoir Link Group, the success of the Listing, or the distribution or sale of the Public Issue Shares; or
- (iii) there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of Reservoir Link or the Reservoir Link Group; or
- (iv) there shall have occurred, happened or come into effect any of the following circumstances:
 - (aa) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing;
 - (bb) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Sole Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);
 - (cc) war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war or commotion, hijacking, terrorism;
 - (dd) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power;
 - (ee) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, epidemics or other acts of God;
 - (ff) any government requisition or other occurrence of any nature whatsoever which is reasonably likely to have a material adverse effect or materially affect the success of the Listing;
 - (gg) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading for three (3) consecutive Market Days or more; and/or

3. DETAILS OF OUR IPO *(Cont'd)*

(hh) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the ACE Market of Bursa Securities due to exceptional financial circumstances or otherwise,

which, (in the opinion of the Sole Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of the Reservoir Link Group, the success of the Listing and/or Public Issue, or the distribution or sale of the Public Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

(v) there is failure on the part of Reservoir Link to perform any of its obligations herein contained which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of the Sole Underwriter within such number of days as stipulated by the Sole Underwriter to Reservoir Link in writing or as stipulated in the notice informing Reservoir Link of such breach or by the Closing Date, whichever is earlier; or

(vi) the approval of Bursa Securities for the Listing is revoked, or withdrawn, or subject to the conditions not acceptable to the Sole Underwriter.

(b) In the event of termination pursuant to Section 3.9.2 (a) of this Prospectus hereof, the respective Parties hereto shall, save and except for any antecedent breach, be released and discharged from their obligations hereunder whereupon the Underwriting Agreement shall be of no further force or effect save for the following:

(i) the liability of Reservoir Link for the payment of costs and expenses as provided in the Underwriting Agreement incurred prior to or in connection with such termination shall remain;

(ii) the liability of Reservoir Link for the payment of the Underwriting Commission as provided in the Underwriting Agreement hereof shall be as follows;

(aa) 50% of the Underwriting Commission in the event the termination of the Underwriting Agreement is not due to or arising from the fault of Reservoir Link and/or any company within the Reservoir Link Group or matters which were not within Reservoir Link's control; or

(bb) Underwriting Commission in full in the event the Underwriting Agreement is terminated due to or arising from the fault of Reservoir Link or any company within the Reservoir Link Group, or matters within Reservoir Link's control; and

(cc) Reservoir Link shall return any moneys paid without interest thereon to the Sole Underwriter within three (3) Market Days of the receipt of such notice of termination from the Sole Underwriter,

provided that the Sole Underwriter may at its discretion waive compliance with or modify any of the provisions of Section 3.9.2 (b) of this Prospectus without prejudice to its powers, rights and remedies under the Underwriting Agreement.

3. DETAILS OF OUR IPO (Cont'd)

- (c) In the event that the Underwriting Agreement is terminated pursuant to Section 3.9.2 (a) (iv) of this Prospectus, the Sole Underwriter and Reservoir Link may confer with a view to defer the Listing and Public Issue by amending its terms, or the terms of the Underwriting Agreement and may enter into a new underwriting agreement accordingly, but neither the Sole Underwriter nor Reservoir Link shall be under any obligation to enter into a fresh agreement.
- (d) Reservoir Link shall further refund to the Sole Underwriter the subscription monies, if any, paid by the Sole Underwriter for the subscription of the Underwritten Shares pursuant to the Underwriting Agreement not later than seven (7) days after Reservoir Link's receipt of the termination notice from the Sole Underwriter, failing which the Sole Underwriter shall be entitled to charge interest at the rate of eight per centum (8%) per annum on the amount outstanding to be calculated on a daily basis until the date of full payment of the amount outstanding.

3.9.3 Force Majeure

- (a) Notwithstanding anything herein contained, it will be an event of force majeure if the Sole Underwriter is unable to perform its obligations stipulated herein resulting from any event or series of events beyond the reasonable control of the Sole Underwriter, including without limitation where any one of the following occurs:
 - (i) any new law, regulation, directive, policy or ruling or any material change in any law, regulation, directive, policy or ruling in any jurisdiction or any change in the interpretation or application thereof by any court or other competent authority which would prohibit or impede the obligations of the Sole Underwriter or any event or series of events beyond the reasonable control of the Sole Underwriter or which seriously affects or will seriously affect the business of Reservoir Link and/or the companies within the Reservoir Link Group;
 - (ii) any act or acts of God, national disorder, armed conflict or serious threat of the same, hostilities, embargo, detention, revolution, riot, looting or other labour disputes, any unavailability of transportation or severe economic dislocation, natural catastrophe, earthquake, typhoon, outbreak of war, outbreak of disease, acts of terrorism or the declaration of a state of national emergency;
 - (iii) any material adverse change or development involving a prospective change in national or international monetary, financial, political or economic conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia or overseas) or currency exchange rates or the occurrence of any combination of any of the foregoing which adversely affects or could have been reasonably expected to affect:
 - (aa) the business of Reservoir Link and/or the Reservoir Link Group; or
 - (bb) the success of the Listing and Public Issue;

3. DETAILS OF OUR IPO *(Cont'd)*

- (iv) the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (aa) on or after the date of the Underwriting Agreement; and
 - (bb) prior to the Closing Date,
 - lower than 85% of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for three (3) consecutive Market Days; and/or
 - (v) the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities for three (3) consecutive Market Days.
- (b) In the event of a force majeure pursuant to Section 3.9.3 (a) of this Prospectus, the Sole Underwriter may, subject to prior consultation with Reservoir Link, at any time prior to or on the Closing Date:
- (i) terminate the Underwriting Agreement by giving notice to Reservoir Link in the manner set out in the Underwriting Agreement; or
 - (ii) request for the Closing Date to be extended to such reasonable date as the Sole Underwriter may decide.
- (c) Upon delivery of the notice of termination pursuant to Section 3.9.3 (b) (i) of this Prospectus, the Underwriting Agreement will terminate where after each Party's rights and obligations will cease and none of the Parties will have any claim against each other save and except such claims in respect of the costs and expenses of the Sole Underwriter and Underwriting Commission as set out in the Underwriting Agreement.

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4. RISK FACTORS

You should carefully consider the risk factors (which may not be exhaustive) listed below, in addition to the other information in this Prospectus. Additional risks, whether known or unknown, may in the future have a material adverse effect on us or our Shares.

If you are in any doubt as to the information contained in this section, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers.

4.1 RISKS RELATING TO OUR BUSINESS OPERATIONS

4.1.1 We Are Dependent on Two (2) Major Customers

We are dependent on Roc Oil Sarawak and the Petronas group of companies (comprising Petronas Carigali, PC Mauritania 1 Pty Ltd and KLCC Urusharta Sdn Bhd) which accounted for a significant proportion of our revenue during the FYE 2016 to FYE 2019. Their respective revenue contributions are summarised in the following table:

Customer	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Petronas group*	3,919	40.92	11,721	56.15	20,297	45.01	48,448	60.54
Roc Oil Sarawak	3,123	32.61	3,061	14.66	8,038	17.83	3,960	4.95
Total Group Revenue	9,578		20,874		45,091		80,031	

Note:

* The Petronas group comprised Petronas Carigali (which was our customer during FYE 2016, FYE 2017, FYE 2018 and FYE 2019), PC Mauritania 1 Pty Ltd (which was our customer during FYE 2017, FYE 2018 and FYE 2019) and KLCC Urusharta Sdn Bhd (which was our customer during FYE 2018 and FYE 2019).

The loss of any of these customers may have an adverse effect on our operating results as their contributions to our Group's revenue are significant. Additional information on our major customers may be found in Section 6.14 of this Prospectus.

Under the umbrella contracts that have been awarded to us, the customer has pre-qualified us (along with one (1) or more other service providers) to provide specified services for the duration of the contract. During the contract duration period, the customer may issue a request for a job to provide services under the umbrella contract. We will then submit a tender for the job and compete with the other pre-qualified supporting service providers to secure the job. However, there is no guarantee that the customer will issue requests for jobs under the umbrella contract during the contract duration period and there is no guarantee that the customer will engage us from among the other pre-qualified service providers to carry out the job.

Under the call out contracts that we have, the customer has engaged us to provide specified services during the contract duration period as and when they are required. Should there be a need for these services during the contract duration period, the customer will issue a work order to us and we have to provide these services within the timeframe defined under the call out contract. However, there is no guarantee that the customers will issue work orders to us during the contract duration period as we are only called to provide the services as and when they are required by the customers.

4. RISK FACTORS (Cont'd)

These contracts are summarised in the following table:

Customer	Contracted Well Services	Type of Contract	Contract Date	Contract Duration
Petronas Carigali	Well leak repair	Call out	February 2017	Three (3) years from contract date, extended for one (1) additional year
	Well testing, tubing conveyed perforation	Umbrella	April 2017	Five (5) years from contract date
	Perforate, wash and cement services	Umbrella	October 2017	Three (3) years from contract date with an option to extend for one (1) additional year
	Perforation, leak repair, wireline	Umbrella	February 2018 ⁽¹⁾	Two (2) years from contract date and extended for two (2) additional years
	Well perforation	Call out	November 2019	Three (3) years from contract date
PC Mauritania 1 Pty Ltd	Perforate, wash and cement	Call out	November 2018 ⁽²⁾	One (1) year from commencement date, which was from October 2019 ⁽³⁾
Roc Oil Sarawak	Perforation	Call out	August 2018	Two (2) years from contract date with an option to extend for one (1) additional year
	Perforate, wash and cement	Call out	November 2018	One (1) year from contract date, extended for one (1) additional year

Notes:

- (1) The date when the contract was awarded. However, as at the LPD, our Group has not secured any work orders from this contract.
- (2) The date when the contract was awarded.
- (3) On 29 March 2020, PC Mauritania 1 Pty Ltd made a declaration of force majeure on this contract, citing the closure of Mauritania's borders by the Mauritanian Government in response to COVID-19. Subsequently, on 25 April 2020 PC Mauritania 1 Pty Ltd served our Group with notice to suspend the contract from 28 April 2020 until further notice. As part of this suspension, PC Mauritania 1 Pty Ltd agreed to pay us the following:
- (a) non-refundable one-time upfront payment of USD2.27 million (equivalent to approximately RM9.86 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD, being equivalent to 40.0% of the remaining value of one (1) of the subsisting work order issued under this contract). As at the LPD, we have received net upfront payment of USD2.09 million (equivalent to approximately RM9.08 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD) from PC Mauritania 1 Pty Ltd comprising the upfront payment of USD2.27 million after deducting withholding tax of USD0.18 million; and

4. RISK FACTORS (Cont'd)

- (b) *a non-refundable sum of USD10,000 per month (equivalent to approximately RM43,455 per month based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD) as rental payment for a warehouse and explosive bunker that we are renting in Mauritania to implement this contract, for the duration of the suspension period.*

As the contracts listed above are umbrella or call out contracts, there can be no assurance that the respective companies will engage us for the jobs under these contracts and as a result there can be no assurance that we will recognise revenue from these contracts in the future.

In addition, we have established business relationships with these customers. As at the LPD, the Petronas group of companies and Roc Oil Sarawak have been our customers for seven (7) years and five (5) years respectively.

Notwithstanding the above contracts and business relationships, there can be no assurance that these major customers would not terminate their subsisting contracts or extend or renew our contracts in the future upon their expiration. Further, there can be no assurance that these major customers will continue to grant us future contracts upon the expiration of our respective contracts with them.

4.1.2 We Are Dependent on Three (3) Major Suppliers

We are dependent on three (3) of our suppliers, namely AGS International, Petrotechnical and Archer Malaysia for the supply of some of the products and services that we use in providing services to our customers. The value of the purchases during the FYE 2016 to FYE 2019 are summarised in the following table:

Supplier	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
AGS International	-	-	5,161	56.30	6,128	26.35	4,941	11.08
Petrotechnical	-	-	19	0.21	5,018	21.58	9,599	21.54
Archer Malaysia	-	-	173	1.89	3,608	15.52	10,989	24.65
Total Group Purchases	1,727		9,167		23,254		44,572	

We are dependent on AGS International for the supply of repair chemicals that we use to carry out well leak repair services as disclosed in Section 6.15 (i) of this Prospectus. As at the LPD, we have not purchased similar well leak repair chemicals from any other supplier.

We are dependent on Petrotechnical for the provision of well testing equipment used for well testing, the personnel to operate the equipment and to provide training to our personnel as disclosed in Sections 3.7 (i), 6.15 (ii) and 6.6.3 of this Prospectus.

We bid for well testing jobs together with Petrotechnical. When preparing for a joint-bid with Petrotechnical for Petronas' contract, each of us will fill in our respective scope of work as required in the bidding document. We will then submit the bid where we will identify Petrotechnical as our sub-contractor as well as their scope of work.

However, prior to submitting a bid, we will discuss with Petrotechnical to ascertain if they are interested in a joint-bid. In the event that Petrotechnical does not agree to participate in the joint-bid, we may look for alternative sub-contractor. In this situation, we will jointly bid with the alternative sub-contractor for Petronas' contract.

4. RISK FACTORS *(Cont'd)*

In the event that our joint-bid with Petrotechnical is successful and subsequently Petrotechnical is unable to supply the well testing equipment as per the Petronas contract, we will be in breach of Petronas contract which specifies using Petrotechnical as a sub-contractor. Under this circumstance, we may propose to Petronas with an alternative sub-contractor to replace Petrotechnical. Petronas may or may not agree to our proposal for the alternative sub-contractor.

We are dependent on Archer Malaysia for the provision of equipment, expertise and services used in well perforate, wash and cement services, namely wash and cement tools that are used in cleaning the wellbore and installing cement plugs as disclosed in Section 6.15 (iii) of this Prospectus.

We bid for well perforate, wash and cement services in collaboration with Archer Malaysia. When preparing for a joint-bid with Archer Malaysia for Petronas Carigali's contract, each of us will fill in our respective scope of work as required in the bidding document. We will then submit the bid where we will identify Archer Malaysia as our sub-contractor as well as their scope of work.

However, prior to submitting a bid, we will discuss with Archer Malaysia to ascertain if they are interested in a joint-bid. In the event that Archer Malaysia does not agree to participate in the joint-bid, we may look for alternative sub-contractor. In this situation, we will jointly bid with the alternative sub-contractor for Petronas Carigali's contract.

In the event that our joint-bid with Archer Malaysia is successful and subsequently Archer Malaysia is unable to fulfil its obligations, as per the Petronas Carigali contract, we will be in breach of Petronas Carigali contract which specifies using Archer Malaysia as a sub-contractor. Under this circumstance, we may propose to Petronas Carigali with an alternative sub-contractor to replace Archer Malaysia. Petronas Carigali may or may not agree.

There has been no occurrence of a major supplier stopping the supply of its products or services to our Group.

Notwithstanding our agreements with AGS International, Petrotechnical and Archer Malaysia, there can be no assurance that these companies will continue to supply us with the products and services upon the expiration of our respective agreements with them or that they would not terminate their subsisting agreements with us or extend or renew our agreements with them in the future upon their expiration. There is a risk that the performance of our Group may be adversely affected if the supply of these products and services are interrupted and/or we are unable to source for alternative suppliers in a timely manner.

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4. RISK FACTORS *(Cont'd)*

4.1.3 All of Our Existing Contracts with Our Customers Do Not Provide Assurance of Future Revenue

As at the LPD, our customers' contracts are either in the form of umbrella contracts (ten (10) contracts) or call out contracts (sixteen (16) contracts) which are not long term contracts and do not provide any assurance of future revenue. The duration of our umbrella and call out contracts range from one (1) to five (5) years. Certain contracts have an option to renew for one (1) additional year. The contract duration specified in the umbrella/ call out contracts is the duration period whereby the customer may issue a request for a job/ work order. A work order can be a single or multiple jobs and in general, the timeframe from the implementation until the completion of one (1) job under the work order by us independently ranges from one (1) week to one (1) month.

Our umbrella contracts do not provide any assurance of future revenue as there is no guarantee that the customer will issue request for jobs during the contract duration period. Further, there is no guarantee that the tender that we submit will be successful against the other pre-qualified service providers.

Our call out contracts also do not provide any assurance of future revenue as the services are only provided as and when they are required by the customer and there is no guarantee that the customer will issue any work orders to us during the contract duration period.

In the context of Malaysia oil and gas industry, while we may have subsisting umbrella and/or call out contracts, there is a risk that our Petronas' licence or SWEC may not be renewed, revoked, suspended or blacklisted. Under this circumstance, we will not be able to secure new work order from our subsisting umbrella and/or call out contract.

4.1.4 We Are Required to Comply with Petronas Licencing and SWEC Requirements

The O&G industry is subject to Petronas licencing and registration requirements, including meeting Petronas' SWEC requirements.

We must have a valid Petronas licence and meet SWEC requirements for the services that we provide to our customers in Malaysia. Even though we have obtained the required Petronas licence and have been approved for a number of SWEC, we are subject to continuous review under the Petronas' conditions, general guidelines and minimum technical requirements which are subject to change from time to time. Please refer to Section 6.18 of this Prospectus for details of our Petronas licence and SWEC that we require for our operations.

We face the risk that our Petronas licence may not be renewed, revoked, suspended or blacklisted if we fail to fulfil any conditions or general guidelines set by Petronas or we fail to meet our SWEC requirements. If we do not have a valid Petronas licence, we will not be able to bid for new contracts from any PSC operators in Malaysia, which will adversely affect our business operations and financial performance.

Some of the conditions/ guidelines/ requirements as stated in the Petronas' conditions, general guidelines and SWEC requirements relevant to our business which may cause our Petronas' licence not to be renewed, revoked, suspended or blacklisted are as follows:

- Commercial/ financial conditions, such as if our Group is found to be in the process of liquidation, winding-up or dissolution and having negative shareholders' fund.

4. RISK FACTORS *(Cont'd)*

- Operational conditions, such as failure to execute the award job until completion; failure to perform a contractual obligation or any other obligation under the law to partners, principals, agents, sub-contractors and oil and gas services, and equipment providers; sub-contract work to another contractor without written permission from Petronas; and reject any contract or tender awarded.
- SWEC requirements, such as failure to meet "Minimum Technical Requirements" including the following, among others:
 - availability of key personnel and their minimum qualifications and years of relevant experience;
 - availability of relevant facilities and equipment;
 - company's minimum number of years of experience;
 - relevant quality and standard accreditations; and
 - certification/ licences by external bodies, such as Royal Malaysian Police for storage and transportation of explosives, and Atomic Energy Licensing Board.

Our failure to comply with the requirements of our Petronas licence and SWEC may cause Petronas to take action against our Group, such as the non-renewal of a Petronas licence, which may disrupt our operations and could have a material adverse effect on our business operations and financial performance.

Within our Group, there was only one (1) incidence whereby there was a non-compliance with the applicable Petronas conditions where a Petronas licence was not renewed, namely Amsito's Petronas licence. Amsito's Petronas licence was not renewed upon its expiry on 7 October 2018 as it had negative shareholder's funds as at that date, which was in non-compliance with the applicable Petronas conditions. This did not affect our Group's operations as RLSB was able to take over the wireline services provided by Amsito as Amsito had novated its contracts to RLSB and RLSB has the relevant SWEC to undertake the work. There have been no other incidences of non-compliance that may cause our Petronas licence not to be renewed, revoked, suspended or blacklisted.

Further, we have incurred and expect to continue to incur operating costs to comply with our Petronas licence and to meet our SWEC requirements. These operating costs amounted to approximately RM0.21 million for FYE 2016, RM0.07 million for FYE 2017, RM0.19 million for FYE 2018 and RM0.20 million for FYE 2019.

While we constantly ensure that we meet Petronas' requirements, there can be no assurance that we will be able to maintain or renew our Petronas licence, continue to be qualified for our existing SWEC and qualify for new SWEC.

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4. RISK FACTORS (Cont'd)

4.1.5 We Are Required to Comply with HSE Laws and Regulations that Govern the O&G Industry

The O&G industry is subject to various HSE laws and regulations.

HSE laws and regulations address, among others, occupational safety and health of employees when they perform their jobs and the effect that performing those jobs may have on the environment. Failure to comply with any relevant laws and regulations, as well as injuries or other harm caused by such failure, may result in financial penalties, administrative or legal proceedings against us including the termination or suspension of our business activities.

Our failure to comply with any or all applicable HSE laws and regulations or a change in any or all such regulations, may disrupt our operations and could have a material adverse effect on our business operations. There have been no incidences of non-compliance of applicable HSE laws and regulations by our Group.

Further, we have incurred and expect to continue to incur operating costs to comply with HSE laws and regulations. These operating costs amounted to RM0.01 million for FYE 2016, RM0.04 million for FYE 2017, RM0.05 million for FYE 2018 and RM0.11 million for FYE 2019.

There can be no assurance that we will continue to remain in compliance with applicable HSE laws and regulations as we carry out our business. In addition, there can be no assurance that we will not be involved in future litigations or proceedings relating to regulatory matters, of which the cost could be material.

4.1.6 We May Be Adversely Affected by Changes in Petronas' Policies

A fundamental change in Petronas' policy with regards to regulating the oil and gas industry in Malaysia may come about through the liberalisation of the oil and gas industry. Petronas may liberalise the oil and gas industry in Malaysia by, among others:

- (a) removing licencing requirements for the provision of supporting products and services;
- (b) loosening licencing requirements such that it becomes easier to obtain a licence; and
- (c) allowing foreign suppliers to operate in Malaysia without having to operate with a local partner and reducing other restrictions on their operations.

Currently, operators that meet the Petronas licencing and registration requirements compete with other operators based on commercial, technical and other factors. Any change in Petronas' policy will apply to all oil and gas service, and equipment providers. However, there can be no assurance that any changes in Petronas' policies will not materially increase the level of competition in the industry and that we will be able to successfully adapt to any changes in policy.

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4. RISK FACTORS *(Cont'd)*

4.1.7 Our Business, Financial Performance and Profitability Are and May Continue to be Affected by COVID-19

COVID-19 was first detected in late 2019 and has since spread around the world with the World Health Organisation declaring the disease a pandemic on 11 March 2020. COVID-19 has resulted in, among others, a reduction in economic activities due to restrictions on travel, social, business and other activities as well as movement restrictions implemented by some governments to reduce the spread of the disease. The reduction in economic and social activities has resulted in, among others, a reduction in demand for crude oil and natural gas.

The reduction in demand for crude oil and natural gas, coupled with expected increase in supply of crude oil from some countries (as described in Section 4.2.1 of this Prospectus), have contributed towards a reduction in the price of crude oil. If COVID-19 continues to have a negative impact on the price of crude oil and results in it being sustained at a low level, our financial performance will be negatively affected.

To reduce the spread of COVID-19 within Malaysia, the Government implemented a MCO between 18 March 2020 and 3 May 2020. The MCO included, among others, closure of all government operations and private businesses except for essential goods and services, and restrictions on domestic and international travels. The Government subsequently implemented CMCO from 4 May 2020 to 9 June 2020 with the relaxation of certain MCO restrictions, including permitting most economic sectors to reopen, so long as specified guidelines and standard operating procedures are followed and large gatherings are avoided. On 7 June 2020, the Government announced the termination of CMCO on 9 June 2020 and commencement of a RMCO from 10 June 2020 till 31 August 2020. The RMCO provides further relaxation of economic, social and travel restrictions but not international travels. There is a risk that the Government may implement increased restrictions in movement and economic and social activities in the future if the spread of COVID-19 continues or increases.

While operators within the oil and gas industry are considered part of essential services and thus exempted from the MCO/ CMCO/ RMCO in Malaysia, we still face difficulties in obtaining goods and services as well as movement of personnel which has disrupted some of the jobs that we have within and outside of Malaysia. We have experienced some delays in receiving perforating materials from some of our suppliers due to the reduction in international flights and the temporary suspension of work at a facility in China where some of these products are manufactured.

For movements within Malaysia, our personnel face difficulties in getting flights between Peninsular Malaysia and East Malaysia to carry out work on offshore platforms located in East Malaysia waters. In addition, our personnel will need to be quarantined for fourteen (14) days on land before travelling to and after returning from offshore platforms. This has caused delays in the execution of our works in Malaysia as a result of the COVID-19 pandemic. As at the LPD, two (2) of our contracts have experienced or are expected to experience some delays, namely a call out contract to provide well perforation services to Petronas Carigali (estimated delay of two (2) months), and a call out contract to provide well leak repair services to Petronas Carigali (estimated delay of one (1) month). As a result, the revenue from these two (2) contracts may be affected by at least 1 month in FYE 2020 and consequently, affects our financial performance for the FYE 2020. Please refer to Section 6.23.1 (i) of this Prospectus for further details. However, with the announcement of the RMCO, travels within Malaysia has been relaxed but not international travels.

Other countries, such as Mauritania, China and USA, have also implemented measures to restrict the movement of people including within their countries and closing their borders.

On 29 March 2020, PC Mauritania 1 Pty Ltd made a declaration of force majeure on our call out contract to provide well perforate, wash and cement services to them in Mauritania, citing the closure of Mauritania's borders by the Mauritanian Government effective from 17 March 2020 in response to COVID-19, which affected our ability to change crews and consequently carry out our operations in that country. PC Mauritania 1 Pty Ltd subsequently issued a notice on 25 April 2020 to suspend the contract from 28 April 2020 until further notice. This suspension of our call out contract adversely affected our business and financial performance in Mauritania. There is also a risk that PC Mauritania 1 Pty Ltd may make a further declaration of force majeure to terminate the said call out contract.

4. RISK FACTORS (Cont'd)

As at the LPD, we have two (2) subsisting work orders to provide services issued under our call out contract from PC Mauritania 1 Pty Ltd with total value of USD8.69 million (equivalent to approximately RM37.76 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD). As at the LPD, the suspension involved the balance of approximately 80% of the work to be done for both the two (2) subsisting work orders as approximately 20% of the work have been completed. We have stopped work on these work orders following the suspension. Revenue recognition will be deferred until the suspension is lifted and we can resume work.

Under the suspension, PC Mauritania 1 Pty Ltd will pay us non-refundable one-time upfront payment of USD2.27 million (equivalent to approximately RM9.86 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD and representing 40.0% of the remaining value of one (1) of the subsisting work order issued under this contract) and non-refundable sum of USD10,000 per month (equivalent to approximately RM43,455 per month based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD) as rental payment for a warehouse and explosive bunker that we are renting in Mauritania for the duration of the suspension period. We do not have to refund these payments to PC Mauritania 1 Pty Ltd even if the contract is terminated or cancelled. As at the LPD, we have received net upfront payment of USD2.09 million (equivalent to approximately RM9.08 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD) from PC Mauritania 1 Pty Ltd comprising the upfront payment of USD2.27 million after deducting withholding tax of USD0.18 million. Please refer to Section 6.23.1 (ii) of this Prospectus for further details.

The measures taken to control the spread of COVID-19 in Malaysia and Mauritania have resulted in disruptions that have adversely affected our business and financial performance. The extent of the adverse effects will depend on, among others, the following:

- The duration of the RMCO and any future recurrence of restrictions in Malaysia;
- When the Government of Mauritania will open its international borders and consequently, when PC Mauritania 1 Pty Ltd will lift the suspension of our contract with them; and
- The extent to which the implementation of our work orders in hand are delayed.

Our profitability may be affected by the suspension and delay of our work orders due to the measures to control the spread of COVID-19 in Malaysia and Mauritania described above. The recognition of profits will be deferred until such time we can resume work on these work orders and consequently recognise the revenues. Consequently, we anticipate that our financial performance for the FYE 2020 may be affected.

Please refer to Section 6.23 of this Prospectus for further details of the effect of COVID-19 on our business, financial performance and profitability.

4.1.8 We Depend on Our Executive Directors, Key Management and Technical Personnel for Our Continued Success

Our continuing operations and the successful execution of our business strategy will depend on the experience, expertise and contributions of our Executive Directors, namely Dato' Wan Hassan Bin Mohd Jamil and Thien Chiet Chai, and key management and technical personnel, namely Mad Haimi Bin Abu Hassan and Anwarudin Bin Saidu Mohamed. Our business performance and the execution of our business strategy may be adversely affected if we lose their services and we are unable to employ a suitable replacement in a timely manner for any of our Executive Directors and/or key management and technical personnel named above, due to the roles that they play in our Group's business as follows:

- Dato' Wan Hassan Bin Mohd Jamil is our Chief Executive Officer/ Managing Director. He is responsible for leading and managing our Group in accordance with the strategic direction and vision developed by our Board;

4. RISK FACTORS (Cont'd)

- Thien Chiet Chai is our Non-Independent Executive Director. He is instrumental in developing our Group's business. He is responsible for developing and implementing growth strategies and establishing our Group's vision, mission and value. He is in charge of maintaining our relationships with our customers and principals;
- Mad Haimi Bin Abu Hassan is our Operations Director. He is 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; and
- Anwarudin Bin Saidu Mohamed is our Chief Technology Officer. He is responsible to head the business unit offering solutions to flow assurance, IOR, enhanced oil recovery, well stimulations and sand management solutions.

The profiles of our Directors and key management are respectively set out in Sections 8.1.2 and 8.3.2 of this Prospectus.

4.1.9 We Are Exposed to Foreign Currency Exchange Gains or Losses

Some of our revenue and purchases are denominated in foreign currencies, including in relation to our business operations in foreign countries. For the FYE 2016 to FYE 2019, the breakdown of our revenue transacted in RM and USD was as follows:

Currency	FYE 2016		FYE 2017		FYE2018		FYE2019	
	Revenue (RM'000)	%	Revenue (RM'000)	%	Revenue (RM'000)	%	Revenue (RM'000)	%
RM	5,564	58.09	12,988	62.22	24,222	53.72	68,333	85.38
USD	4,014	41.91	7,886	37.78	20,869	46.28	11,698	14.62
Total	9,578	100.00	20,874	100.00	45,091	100.00	80,031	100.00

For the FYE 2016 to FYE 2019 the breakdown of our purchases transacted in RM, USD and GBP was as follows:

Currency	FYE 2016		FYE 2017		FYE2018		FYE2019	
	Purchases (RM'000)	%	Purchases (RM'000)	%	Purchases (RM'000)	%	Purchases (RM'000)	%
RM	33	1.91	482	5.26	11,187	48.11	28,701	64.39
USD	1,611	93.28	8,522	92.96	11,933	51.31	15,778	35.40
GBP	83	4.81	163	1.78	134	0.58	93	0.21
Total	1,727	100.00	9,167	100.00	23,254	100.00	44,572	100.00

Foreign currencies constitute a material part of our revenue and purchases for the FYE 2016 to FYE 2019. This was because for the FYE 2016, FYE 2017, FYE 2018 and FYE 2019, 41.91%, 37.78%, 46.28% and 14.62% of our revenue respectively was transacted in a foreign currency (namely the USD), and 98.09%, 94.74%, 51.89% and 35.61% of our purchases respectively were transacted in foreign currencies (namely the USD and GBP).

We are exposed to foreign currency exchange gains or losses from timing differences between our billings, receipt of payments and conversion or translation of revenue and purchases denominated in USD into RM. Fluctuation in the exchange rate between the RM and other currencies, including the USD, may have a material effect on our reported income and expenses, as they are required to be stated in RM in our combined financial statements.

4. RISK FACTORS *(Cont'd)*

4.2 RISK RELATING TO THE INDUSTRY IN WHICH OUR GROUP OPERATES

4.2.1 We May be Adversely Affected by A Sustained Fall in the Market Price of Crude Oil and Natural Gas

Crude oil and natural gas are internationally traded commodities whose prices are subject to fluctuation. Global economic conditions and outlook, geopolitical factors, unexpected supply disruptions, increase and reduction in demand, and other factors may influence the market price of these commodities.

In early 2020, the Brent crude oil price became volatile and recorded average prices of USD63.60, USD55.00 and USD32.98 per barrel in January, February and March respectively. Furthermore, the average Brent crude oil price dipped to USD23.34 per barrel for April 2020, the lowest average price in the past ten (10) years. The main reasons for this decline were as follows:

- During a meeting in early-March 2020, the OPEC and key non-OPEC producers including Russia, failed to extend their collective restriction on crude oil production beyond April 2020, which had helped to support crude oil prices. Instead, Saudi Arabia, Russia and some other countries signalled that they would increase output, which is expected to increase the global supply of crude oil.

Although OPEC and key non-OPEC producers have subsequently agreed to reduce crude oil production in mid-April 2020, the announced cuts were regarded as not sufficient to balance the decline in demand. It did not immediately result in a material increase in crude oil prices;

- Expected decrease in demand for crude oil and natural gas as economic activities and transportation are reduced due to the international and domestic travel restrictions, business slowdown and other measures taken by major economies including the USA, China, Japan, South Korea and European Union member states in an effort to control the COVID-19 pandemic;
- Trade war between the USA and China, which contributed to a slowdown in economic activity in China and some other countries resulting in reduced demand for energy including crude oil and natural gas; and
- However, during the weekend of 12 April 2020, OPEC and allies including Russia agreed to reduce crude oil production. The average Brent crude oil price for May 2020 was USD31.02 per barrel.

The expectation that crude oil demand would fall coupled with the expectation that supply would not be fully adjusted accordingly resulted in the steep decline in crude oil prices.

The level of oil and gas industry activity including operating expenses and capital expenditure are, to some degree, affected by fluctuations in the market price of crude oil and natural gas. For example, the level of activity tends to increase when prices are sustained at a high level, as producers tend to increase exploration and development activities to identify new reservoirs and bring them into production and they have more financial resources to do so. This increase in activity generally results in increases in operating expenses and capital expenditure by operators.

4. RISK FACTORS *(Cont'd)*

Oil and gas industry activity tends to decline when prices are sustained at a low level as producers may temporarily scale down development and production activities, and plug and abandon wells that are no longer commercially valuable. Exploration activity may still continue, although at a reduced level. This generally results in a decrease in capital expenditure as operators reduce investment in exploration and development activities. Operating expenses are also reduced, although usually to a lesser extent as operators seek to maintain existing production wells to sustain production.

There is a risk that sustained low price of hydrocarbons will negatively affect oil and gas industry activities, leading to lower demand for oil and gas supporting services including well services. This may adversely affect our financial performance in the event that our work is delayed. Such delays could lead to, among others, deferment in recognising revenue and profit until after such time as the affected work resumes.

Please refer to Sections 6.23.1 (ii) and 6.23.2 (ii) of this Prospectus for further details of the effect of sustained low crude oil prices on the Group.

4.2.2 We May Be Adversely Affected If Petronas and/or Other PSC Operators Reduce Their Capital Investment and/or Operating Expenditure

There is a risk that Petronas and/or other PSC operators may reduce their spending on capital investment and/or operating expenditure due to, among others, pandemic such as COVID-19 and sustained low crude oil price environment. As a result, Petronas and/or other PSC operators may reduce their activities in, among others, oil and gas industry exploration, development and production activity, and delay, suspend and/or terminate some of their projects.

In May 2020, Petronas announced that it planned to reduce its capital expenditure by 21% and operating expenditure by 12% compared to what it had previously budgeted for 2020. While these reductions would affect its operations in Malaysia and other countries, Petronas will strive as far as practically possible, to minimise the impact on its capital expenditure program in Malaysia. *(Source: Petronas)*

Such a reduction in spending could reduce demand for the services provided by our Group and consequently may have an adverse effect on our financial performance.

4.2.3 We Are Subject to Risks Related to Political, Economic, Regulatory and Medical Developments

Adverse developments in political, economic and regulatory conditions, and medical developments in Malaysia, Mauritania and Vietnam where our services are rendered could adversely affect the business prospects of our Group. In addition, adverse developments in political and economic conditions, and medical developments that occur in other countries or that occur on a global scale could also adversely affect the business prospects of our Group. These negative developments include, among others, changes in political leadership, outbreak of war or civil disturbances, pandemic such as the COVID-19 outbreak, changes in economic conditions, interest rates, method of taxation, fiscal and monetary policies of the Government such as foreign exchange control regulations, inflation, deflation, methods of taxation and tax policy (including customs, excise, duties and tariffs), unemployment trends and other matters that may influence business confidence and spending. The occurrence of one or more of these negative developments could reduce O&G industry capital investments and operational expenditures, which could reduce demand for the services provided by our Group and could adversely affect our financial performance.

4. RISK FACTORS (Cont'd)

Any slowdown in the global or local economy may also have an adverse impact on the demand for our services, which will in turn affect our Group's business and financial performance. We cannot assure you that any adverse political, economic and regulatory changes which have not impacted our business in the past, will not materially affect our business in the future.

4.2.4 We Operate in A Competitive Industry and Our Financial Performance May be Adversely Affected if We Are Unable to Compete

We compete with other service providers in securing well services contracts from O&G operators in Malaysia.

In Malaysia, oil and gas industry supporting services contracts, including contracts for well services, are typically awarded on a competitive tender basis. Our ability to secure contracts is dependent on, among other factors, our ability to meet technical requirements, service quality and responsiveness, pricing, ability to provide total solutions, safety record, technical capabilities and track record. Failure to secure new contracts moving forward may have an adverse effect on our financial performance.

Although we have successfully entered into contracts in the past, there can be no assurance that we will be able to remain competitive and/or continue to secure contracts in the future.

4.2.5 Our Business May be Affected if Crude Oil and Natural Gas Reservoirs in Malaysia Become Depleted

All crude oil and natural gas reservoirs are non-renewable, as it is not possible to regenerate them within a reasonable timeframe once they have been extracted. As such, all crude oil and natural gas reservoirs, including those in Malaysia, will eventually be depleted. Depletion of these reservoirs is likely to have a negative impact on production activity, which will in turn affect the demand for oil and gas supporting services, including crude oil and natural gas well services.

Petronas has implemented various measures and initiatives to increase Malaysia's crude oil and natural gas reserves, with new discoveries contributing to the hydrocarbon reserves in the country. In addition, current reserve estimates generally do not take into account factors such as the existence of crude oil and natural gas that have not been discovered, developments that can increase the amount of crude oil and natural gas that can be extracted from existing reserves and technological advances that enable production from previously inaccessible reserves.

However, there can be no assurance that oil and gas industry operators in Malaysia will continue to discover recoverable reserves quickly enough to replace reserves that are produced. There is no assurance that technological and other advances can materially increase the amount of crude oil and natural gas that can be extracted from reserves and enable production from inaccessible reserves.

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4. RISK FACTORS *(Cont'd)*

4.3 RISK RELATING TO INVESTMENT IN OUR SHARES

4.3.1 No Prior Market for Our Shares

Prior to our IPO, there has been no prior public market for our Shares. Hence, we cannot assure you that an active market for our Shares will develop, or if developed, we can sustain such a market.

We cannot assure you that a liquid market may develop for our Shares, shareholders are able to sell our Shares or at the price at which shareholders would be able to sell our Shares. Our share price could be lower than the IPO Price depending on many factors, including prevailing economic and financial conditions in Malaysia. We cannot assure you that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon or subsequent to our Listing.

The market price of our Shares may be volatile and fluctuate due to various factors, some of which are beyond our control. These include amongst others, changes in economic, political and regulatory conditions, stock market sentiments. Any changes in the market may have a material and adverse effect on the holders of our Shares.

4.3.2 There May be A Potential Delay to or Cancellation of Our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:

- (i) Our Sole Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;
- (ii) The revocation of approvals from the relevant authorities and/or parties for our Listing and/or admission for whatever reason; or
- (iii) We are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25.0% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

Where prior to the issuance and allotment of our IPO Shares:

- (a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the Applications shall be deemed to be withdrawn and cancelled and our Company shall repay all monies paid in respect of the Applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (b) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all Applications for our IPO Shares will be refunded free of interest.

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4. RISK FACTORS *(Cont'd)*

Where subsequent to the issuance and allotment of our IPO Shares:

- (i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (ii) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:
 - (aa) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
 - (bb) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from the Directors.

Nonetheless, our Board will endeavour to ensure compliance with the various requirements for our successful Listing.

4.3.3 Share Price Volatility and Trading

Economic, political conditions and growth potential of the various sectors of the economy contribute to the volatility of trading volumes on Bursa Securities and this adds risks to the volatility of the market price of our Shares. The market price of our Shares may fluctuate due to, amongst others, the following factors, some of which are beyond our control:

- (i) variations in the liquidity of the market for our Shares;
- (ii) success or failure of our management team in implementing business and growth strategies;
- (iii) changes in securities analysts' recommendations, perceptions or estimates of our Group's financial performance;
- (iv) changes in conditions affecting the industry, the general economic conditions, stock market sentiments or other events or factors; or
- (v) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed on Bursa Securities.

Further, many of the risks described elsewhere in this Prospectus could adversely affect the market prices of our Shares. Accordingly, we cannot assure you that our Shares will not trade at a price lower than the IPO price.

Over the past few years, the Malaysian, regional and global equity have experienced significant price and volume volatility that have affected the share price of many companies.

4. RISK FACTORS *(Cont'd)*

Share prices of many companies have experienced wide fluctuation that are unrelated to their operating performance. Although we are committed to ensure the sound management of our business, we cannot assure you that our Share price will not be subject to volatility due to market sentiments.

4.3.4 The Interest of Our Promoters Who Control Our Group May Not be Aligned With the Interest of Our Shareholders

As disclosed in Section 8.1.1, our Promoters will collectively hold in aggregate 57.09% of our enlarged share capital upon Listing. As a result, they will be able to control the business direction and management of our Group. This includes the election of Directors, the timing and payment of dividends as well as having voting control over our Group. As such, our Promoters will likely influence the outcome of certain matters requiring the vote of our shareholders except where they are required to abstain from voting either by law and/or by the relevant guidelines or regulations. We cannot assure you that the interests of our Promoters will be aligned with those of our other shareholders.

4.3.5 Uncertainty of Forward-looking Statements

Certain statements in this Prospectus are based on historical data that may not be reflective of future results. Other statements are forward-looking in nature and are subject to uncertainties and contingencies. Although we believe that the expectations reflected in such forward looking statements are reasonable, we cannot assure you that that such expectation can materialise in future.

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5. INFORMATION ON OUR GROUP

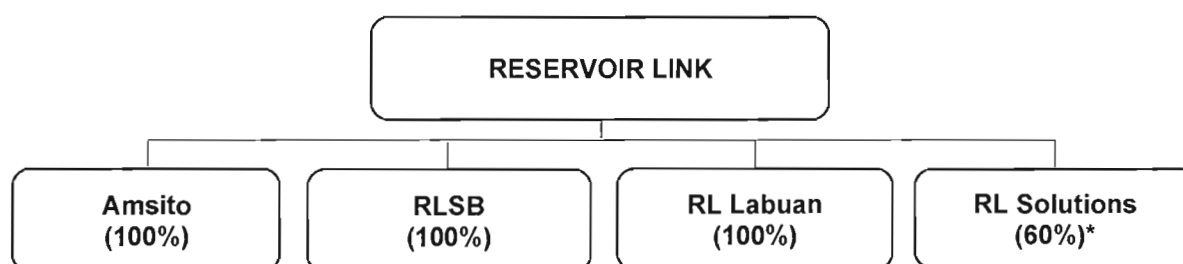
5.1 OUR COMPANY

We were incorporated in Malaysia under the Companies Act 1965 on 2 December 2014 as a public company under the name of Reservoir Link Energy Bhd. Our Company is also deemed registered under the Act.

Our principal activity is investment holding while the principal activities of our subsidiaries are disclosed in Section 5.2 of this Prospectus.

5.2 OUR GROUP

An illustration of our Group structure is as follows:



Note:

- * The remaining 40% equity interest in RL Solutions is held by our key management, Anwarudin Bin Saidu Mohamed. Anwarudin Bin Saidu Mohamed has the requisite background and expertise in the development of the IOR chemicals and he is a shareholder in RL Solutions for his commitment to develop the IOR chemical. Please refer to Section 5.4.1 (iv) (e) of this Prospectus for further details.

The principal activities of our subsidiaries are as follows:

Company	Principal Activities
Amsito	Providing wireline and related services.
RLSB	Providing well leak repair; perforation; testing; perforate, wash and cement; and wireline services.
RL Labuan	Providing well perforation and well leak repair services, primarily outside of Malaysia.
RL Solutions	Developing and providing oil and gas production enhancement services and sand management solutions.

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5. INFORMATION ON OUR GROUP (Cont'd)**5.3 SHARE CAPITAL**

Our issued share capital as at the LPD is RM100 comprising 200 Shares.

Details of the changes in the issued share capital of Reservoir Link since its incorporation up to the LPD are as follows:

Date of Allotment/ Subdivision	No. of Shares Allotted	Consideration	Cumulative Issued Share Capital (RM)	Cumulative No. of Shares
02.12.2014	200	Cash	100	200
10.03.2020	800	Subdivision	100	1,000
16.03.2020	227,873,000	Shares issued as consideration for the Acquisition of RLSB	22,787,300	227,874,000

Upon completion of the Public Issue, our Company's issued share capital will increase to RM42,776,284 comprising 285,000,000 Shares.

None of Reservoir Link's shares as tabulated above were issued at a discount, on special terms or on instalment payment terms.

As at the LPD, Reservoir Link does not have any warrant, option or convertible securities in issue or any uncalled capital.

5.4 DETAILS OF OUR SUBSIDIARIES

As at the LPD, our Company has four (4) subsidiaries, as follows:

Company	Registration Number	Date/ Place of Incorporation	Date of Commencement of Business	Issued Share Capital	Effective Equity Interest (%)	Principal Activities
Amsito	197901004381 (48661-A)	30.06.1979/ Malaysia	1979*	RM6,000,000	100	Providing wireline and related services.
RLSB	200801030636 (831967-H)	08.09.2008/ Malaysia	November 2008	RM7,008,000	100	Providing well leak repair; perforation; testing; perforate, wash and cement; and wireline services.
RL Labuan	LL09465	07.02.2013/ Labuan	June 2013	USD100	100	Providing well perforation and well leak repair services, primarily outside of Malaysia.
RL Solutions	201501039603 (1164921-V)	05.11.2015/ Malaysia	July 2018	RM100,000	60	Developing and providing oil and gas production enhancement services and sand management solutions.

Note:

* Amsito was acquired by our Group in 2015.

5. INFORMATION ON OUR GROUP *(Cont'd)*

5.4.1 Our Subsidiaries

(i) Amsito

(a) Background and History

Amsito was incorporated in Malaysia under the Companies Act 1965 as a private company on 30 June 1979, under its present name.

(b) Principal Place of Business

Amsito's principal place of business is at our Group's headquarters located at E-33-01, Menara SUEZCAP 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Wilayah Persekutuan, Kuala Lumpur.

(c) Principal Activities and Products/ Services

The principal activities of Amsito are providing wireline and related services. In addition, Amsito plans to offer its equipment for rental.

As disclosed in Section 4.1.4 of this Prospectus, Amsito's Petronas licence was not renewed upon its expiry on 7 October 2018 as it had negative shareholder's funds as at that date, which was in non-compliance with the applicable Petronas conditions. As such, we plan for Amsito to re-apply for a Petronas licence and approval for SWEC that are related to providing wireline services ("**Wireline SWEC**") after Amsito's shareholders' funds are positive. The granting of the licence and approval for the Wireline SWEC is subject to the discretion of Petronas.

Prior to our re-application for the Wireline SWEC, we will:

- (i) ensure that RLSB complete any subsisting work orders that were issued under umbrella contracts or call out contracts to provide wireline services; and
- (ii) seek the respective customers' prior approval to allow for the novation of the umbrella contracts or call out contracts, if any at that point in time, in favour of Amsito.

If Amsito receives the Petronas licence and approval for the Wireline SWEC for wireline services, we intend to leverage on Amsito's past track record of providing wireline services to submit bids for new wireline services contracts. In the event that Amsito secures wireline services contracts, Amsito will utilise its wireline equipment to provide these services.

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5. INFORMATION ON OUR GROUP (Cont'd)**(d) Share Capital**

As at the LPD, the issued share capital of Amsito is RM6,000,000 comprising 1,000,000 ordinary shares and 5,000,000 CRNCPS.

The changes in Amsito's issued share capital since incorporation are as follows:

Date of Allotment	No. of Shares Allotted	Cash Consideration (RM)	Cumulative Number of Shares	Cumulative Share Capital (RM)
Ordinary				
30.06.1979	2	2	2	2
11.11.1980	99,998	99,998	100,000	100,000
26.01.2002	400,000	400,000	500,000	500,000
29.10.2003	500,000	⁽¹⁾ 500,000	1,000,000	1,000,000
CRNCPS				
12.05.2011 ⁽²⁾	5,000,000	5,000,000	5,000,000	5,000,000

Notes:

- (1) Otherwise than cash (bonus issue).
- (2) On 12 May 2011, Amsito issued 5,000,000 Cumulative Redeemable Convertible Preference Shares ("CRCPs"). On 30 December 2019, the said CRCPs was converted to CRNCPS.

The salient terms of the CRNCPS of Amsito which are being held by Reservoir Link are as follow:

Dividend	4% per annum on a cumulative basis. The dividend shall be declared subject to the solvency position of Amsito.
Voting	No right to receive notice of or attend or to vote at any general meeting.
Rank	Rank in priority over all shares, ordinary or otherwise from time to time and for the time being.
Transfer	May only be transferred in accordance with the Constitution.
Redemption	Amsito shall be entitled to redeem the CRNCPS at any time by giving at least one (1) months' notice in writing.

None of Amsito's shares as tabulated above were issued at a discount, on special terms or instalment payment terms.

As at the LPD, Amsito does not have any warrant, option or convertible securities in issue or any uncalled capital.

5. INFORMATION ON OUR GROUP (Cont'd)**(e) Shareholder**

Amsito is our wholly-owned subsidiary.

(f) Subsidiary or Associated Company

As at the LPD, Amsito does not have any subsidiary or associated company.

(ii) RLSB**(a) Background and History**

RLSB was incorporated in Malaysia under the Companies Act 1965 as a private company on 8 September 2008 under the name of Reservoir Link Engineering Sdn Bhd. On 15 June 2012, it changed its name to RLSB.

RLSB commenced operations in November 2008.

(b) Principal Place of Business

RLSB's principal place of business is at our Group's headquarters located at E-33-01, Menara SUEZCAP 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Wilayah Persekutuan, Kuala Lumpur. RLSB has two (2) service centres at Kemaman, Terengganu and Labuan, and an office in Miri, Sarawak.

(c) Principal Activities and Products/ Services

The principal activities of RLSB are providing well leak repair; perforation; testing; perforate, wash and cement; and wireline services.

(d) Share Capital

As at the LPD, the issued share capital of RLSB is RM7,008,000 comprising 888,888 ordinary shares.

The changes in RLSB's issued share capital since incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Cash Consideration (RM)	Cumulative Number of Shares	Cumulative Share Capital (RM)
08.09.2008	100	100	100	100
12.12.2008	199,900	199,900	200,000	200,000
19.10.2009	300,000	300,000	500,000	500,000
30.12.2010	300,000	300,000	800,000	800,000
23.09.2014	88,888	6,208,000	888,888	7,008,000

5. INFORMATION ON OUR GROUP *(Cont'd)*

None of RLSB's shares as tabulated above were issued at a discount, on special terms or instalment payment terms.

As at the LPD, RLSB does not have any warrant, option or convertible securities in issue or any uncalled capital.

(e) Shareholder

RLSB is our wholly-owned subsidiary.

(f) Subsidiary or Associated Company

As at the LPD, RLSB does not have any subsidiary or associated company.

(iii) RL Labuan**(a) Background and History**

RL Labuan was incorporated in Malaysia under the Labuan Companies Act 1990 as a private company on 7 February 2013 under its present name.

RL Labuan commenced operations on June 2013.

(b) Principal Place of Business

RL Labuan's principal place of business is at our Group's headquarters located at E-33-01, Menara SUEZCAP 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Wilayah Persekutuan, Kuala Lumpur.

(c) Principal Activities and Products/ Services

The principal activities of RL Labuan are providing well perforation and well leak repair services, primarily outside of Malaysia.

(d) Share Capital

As at the LPD, the issued share capital of RL Labuan is USD100 comprising 100 ordinary shares.

The changes in RL Labuan's issued share capital since incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Cash Consideration (USD)	Cumulative Number of Shares	Cumulative Share Capital (USD)
07.03.2013	100	100	100	100

None of RL Labuan's shares as tabulated above were issued at a discount, on special terms or instalment payment terms.

As at the LPD, RL Labuan does not have any warrant, option or convertible securities in issue or any uncalled capital.

5. INFORMATION ON OUR GROUP (Cont'd)

(e) Shareholder

RL Labuan is our wholly-owned subsidiary.

(f) Subsidiary or Associated Company

As at the LPD, RL Labuan does not have any subsidiary or associated company.

(iv) RL Solutions

(a) Background and History

RL Solutions was incorporated in Malaysia under the Companies Act 1965 as a private company on 5 November 2015 under the name of Petrowel Sdn Bhd. On 25 April 2018, it changed its name to Reservoir Link Solutions Sdn Bhd.

RL Solutions commenced operations on July 2018.

(b) Principal Place of Business

RL Solutions' principal place of business is at our Group's headquarters located at E-33-01, Menara SUEZCAP 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Wilayah Persekutuan, Kuala Lumpur.

(c) Principal Activities and Products/ Services

The principal activities of RL Solutions are developing and providing oil and gas production enhancement services and sand management solutions.

(d) Share Capital

As at the LPD, the issued share capital of RL Solutions is RM100,000 comprising 100,000 ordinary shares.

The changes in RL Solutions' issued share capital since incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Cash Consideration (RM)	Cumulative Number of Shares	Cumulative Share Capital (RM)
05.11.2015	100	100	100	100
08.08.2018	99,900	99,900	100,000	100,000

None of RL Solutions' shares as tabulated above were issued at a discount, on special terms or instalment payment terms.

As at the LPD, RL Solutions does not have any warrant, option or convertible securities in issue or any uncalled capital.

5. INFORMATION ON OUR GROUP (Cont'd)**(e) Shareholder**

RL Solutions is our 60% owned subsidiary.

The shareholders of RL Solutions are as follows:

Shareholder	Direct		Indirect	
	No. of Ordinary Shares	(%)	No. of Ordinary Shares	(%)
Reservoir Link	60,000	60.00	-	-
Anwarudin Bin Saidu Mohamed*	40,000	40.00	-	-

Note:

* Please refer to Section 8.3.2 (ii) of this Prospectus for the profile of Anwarudin Bin Saidu Mohamed.

RL Solutions was acquired by RLSB on 8 August 2018 from its then shareholders, Dato' Wan Hassan Bin Mohd Jamil of 60 ordinary shares (60%) and Thien Chiet Chai of 40 ordinary shares (40%). On the same date, i.e. 8 August 2018, the issued share capital of RL Solutions was increased from 100 ordinary shares to 100,000 ordinary shares with RLSB subscribing for 59,900 ordinary shares and Anwarudin Bin Saidu Mohamed subscribing for 40,000 ordinary shares.

As disclosed in Section 6.6.6 of this Prospectus, our Group provides two (2) types of O&G production enhancement services, namely supplying IOR chemicals and providing sand management solutions. For the supply of IOR chemicals, Anwarudin Bin Saidu Mohamed has the requisite background and expertise in the development of the IOR chemicals. On the other hand, our Group has the core competencies in the O&G services relating to the usage and supply of IOR chemicals. In addition, our Group will be able to provide working capital for the development and supply of IOR chemicals.

Anwarudin Bin Saidu Mohamed became a shareholder in RL Solutions with 40% equity in August 2018 for his commitment to develop the IOR chemical. We have entered into a Shareholders' Agreement dated 21 February 2019 between RLSB, Anwarudin Bin Saidu Mohamed and RL Solutions in relation to the terms and conditions between RLSB and Anwarudin on their respective shareholdings, namely, 60% held by RLSB and 40% held by Anwarudin Bin Saidu Mohamed in RL Solutions and for the purpose of regulating their relationship with each other and certain aspects of the affairs and their dealings with and in RL Solutions as disclosed in Section 14.6 (vi) of this Prospectus ("**Shareholders' Agreement**"). Subsequently, on 26 February 2020, Reservoir Link, RLSB, Anwarudin Bin Saidu Mohamed and RL Solutions has entered into a Deed of Adherence to supplement the Shareholders' Agreement as Reservoir Link will be the shareholder of RL Solutions in place of RLSB pursuant to the Acquisition of 60% RL Solutions whereby Reservoir Link agrees to be bound by the terms, conditions and provisions of the Shareholders' Agreement as disclosed in Section 14.6 (xviii) of this Prospectus.

5. INFORMATION ON OUR GROUP *(Cont'd)*

(f) **Subsidiary or Associated Company**

As at the LPD, RL Solutions does not have any subsidiary or associated company.

5.5 LISTING SCHEME

5.5.1 Details of the Listing Scheme

In conjunction with and as an integral part of our listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities, our Company undertook a Listing Scheme which involved the following which are inter-conditional among each other:

(a) **Subdivision**

Our Company undertook a subdivision of one (1) existing ordinary share each in Reservoir Link into five (5) new Shares.

The Subdivision resulted in the ordinary shares of our Company to increase from 200 ordinary shares to 1,000 Shares. The issued share capital of our Company remains as RM100.

The Subdivision was completed on 10 March 2020.

(b) **Acquisitions**

(i) **Acquisition of Amsito**

Our Company had entered into a conditional sale and purchase agreement dated 26 June 2019 with RLSB to acquire 100.0% of the issued share capital of Amsito comprising 1,000,000 ordinary shares and 5,000,000 Cumulative Redeemable Convertible Preference Shares ("**CRCPS**") for a cash consideration of RM2. The purchase consideration of Amsito was based on the audited net tangible loss of Amsito as at 31 December 2018 of RM1,462,709 and was satisfied via internally generated funds. Further, on 30 December 2019, our Company had entered into a supplemental agreement with RLSB in relation to the variation of shares of Amsito, namely the acquisition of Amsito's 5,000,000 CRCPS to be changed to the acquisition of 5,000,000 CRNCPS, together with all of its existing rights and obligations.

The Acquisition of Amsito was completed on 13 March 2020.

(ii) **Acquisition of RL Labuan**

Our Company had entered into a conditional sale and purchase agreement dated 26 June 2019 with RLSB to acquire 100.0% of the issued share capital of RL Labuan comprising 100 ordinary shares for a cash consideration of RM109,000. The purchase consideration of RL Labuan was based on the audited NTA of RL Labuan as at 31 December 2018 of USD26,151 (equivalent to approximately RM108,225.91 based on the exchange rate of USD1=RM4.1385 as at 31 December 2018) and was satisfied via internally generated funds.

The Acquisition of RL Labuan was completed on 28 February 2020.

5. INFORMATION ON OUR GROUP (Cont'd)**(iii) Acquisition of 60% RL Solutions**

Our Company had entered into a conditional sale and purchase agreement dated 26 June 2019 with RLSB to acquire 60% of the issued share capital of RL Solutions comprising 60,000 ordinary shares for a cash consideration of RM2. The purchase consideration of RL Solutions was based on the audited net tangible loss of RL Solutions as at 31 December 2018 of RM281,971 and was satisfied via internally generated funds.

The Acquisition of RL Solutions was completed on 13 March 2020.

(iv) Acquisition of RLSB

Our Company had entered into a conditional sale and purchase agreement dated 26 June 2019 with the Vendors of RLSB to acquire the entire issued share capital of RLSB comprising 888,888 ordinary shares for a purchase consideration of RM22,787,300, satisfied wholly by the issuance of 227,873,000 new Shares. The purchase consideration of RLSB was based on the adjusted audited NTA of RLSB as at 31 December 2018 of RM22,787,392, after adjusting for the gain on disposal of an associate company, namely Amsito Worldwide (BVI) Ltd, as set out below:

	RM
Audited NTA of RLSB as at 31 December 2018	21,727,241
Gain on disposal of an associate company, Amsito Worldwide (BVI) Ltd on 15 May 2019	1,060,151
Adjusted audited NTA of RLSB as at 31 December 2018	22,787,392

The shareholdings of the Vendors of RLSB in our Company pursuant to the Acquisition of RLSB are as follows:

Shareholders	No. of Ordinary Shares Held in RLSB	Equity Interest %	Purchase Consideration RM	No. of Reservoir Link Shares Issued
Dato' Wan Hassan Bin Mohd Jamil	277,332	31.20	7,109,610	71,096,105
Mad Haimi Bin Abu Hassan	208,000	23.40	5,332,234	53,322,335
Thien Chiet Chai	208,000	23.40	5,332,234	53,322,335
Pansar	177,778	20.00	4,557,470	45,574,703
Dato' Richard Wee Liang Huat @ Richard Wee Liang Chiat	17,778	2.00	455,752	4,557,522
Total	888,888	100.00	22,787,300	227,873,000

The Acquisition of RLSB was completed on 16 March 2020.

The Acquisition of RLSB resulted in our issued share capital being increased from 1,000 Shares to 227,874,000 Shares.

The new Shares issued pursuant to the Acquisition of RLSB ranked pari passu in all respect with our existing Shares, except that the new Shares will not be entitled to any dividends, rights, allotment or other distributions declared, made or paid prior to the date of allotment and issuance of the said Shares.

5. INFORMATION ON OUR GROUP (Cont'd)**(c) Transfer**

Following the Subdivision and Acquisitions, the following shareholders transferred certain portion of their respective Reservoir Link Shares to RL Holdings, an investment holding company:

Shareholders	After the Subdivision and Acquisitions		Transfer		After the Subdivision, Acquisitions and Transfer	
	No. of Reservoir Link Shares	#%	No. of Reservoir Link Shares	#%	No. of Reservoir Link Shares	#%
Dato' Wan Hassan Bin Mohd Jamil	71,096,605	31.20	(52,500,000)	(23.04)	18,596,605	8.16
Mad Haimi Bin Abu Hassan	53,322,335	23.40	(47,250,000)	(20.74)	6,072,335	2.66
Thien Chiet Chai	53,322,835	23.40	(5,250,000)	(2.30)	48,072,835	21.10
RL Holdings	-	-	105,000,000	46.08	105,000,000	46.08
Total	177,741,775	78.00	-	-	177,741,775	78.00

Note:

Based on the issued share capital of 227,874,000 Shares after the Subdivision and Acquisitions.

The Transfer was completed 27 March 2020.

Further details of RL Holdings are disclosed in Section 8.1.2 (i) of this Prospectus.

(d) IPO

Subsequently, we will undertake an IPO, the details of which are set out in Section 3.3 of this Prospectus.

(e) Listing of and Quotation for Our Shares

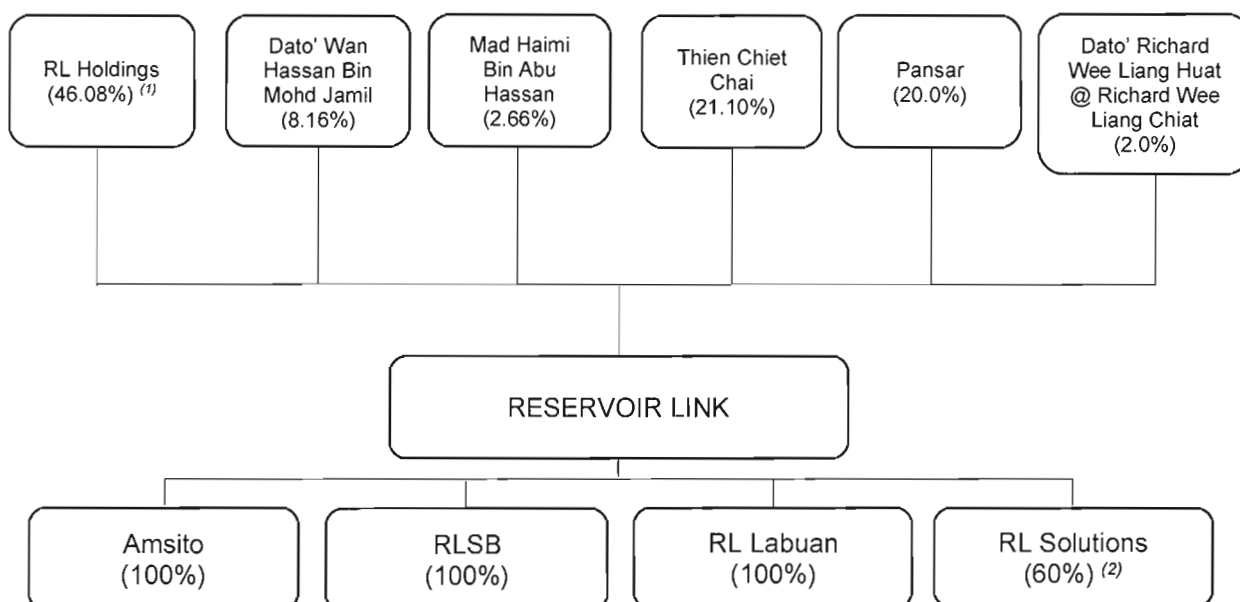
Upon completion of the abovementioned IPO, we will seek the admission of our Shares into the Official List and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.5.2 Our Group Structure Before and After the IPO

Our Group structure as at the LPD is as follows:



Notes:

(1) The shareholders of RL Holdings with their respective shareholdings in RL Holdings are as follows:

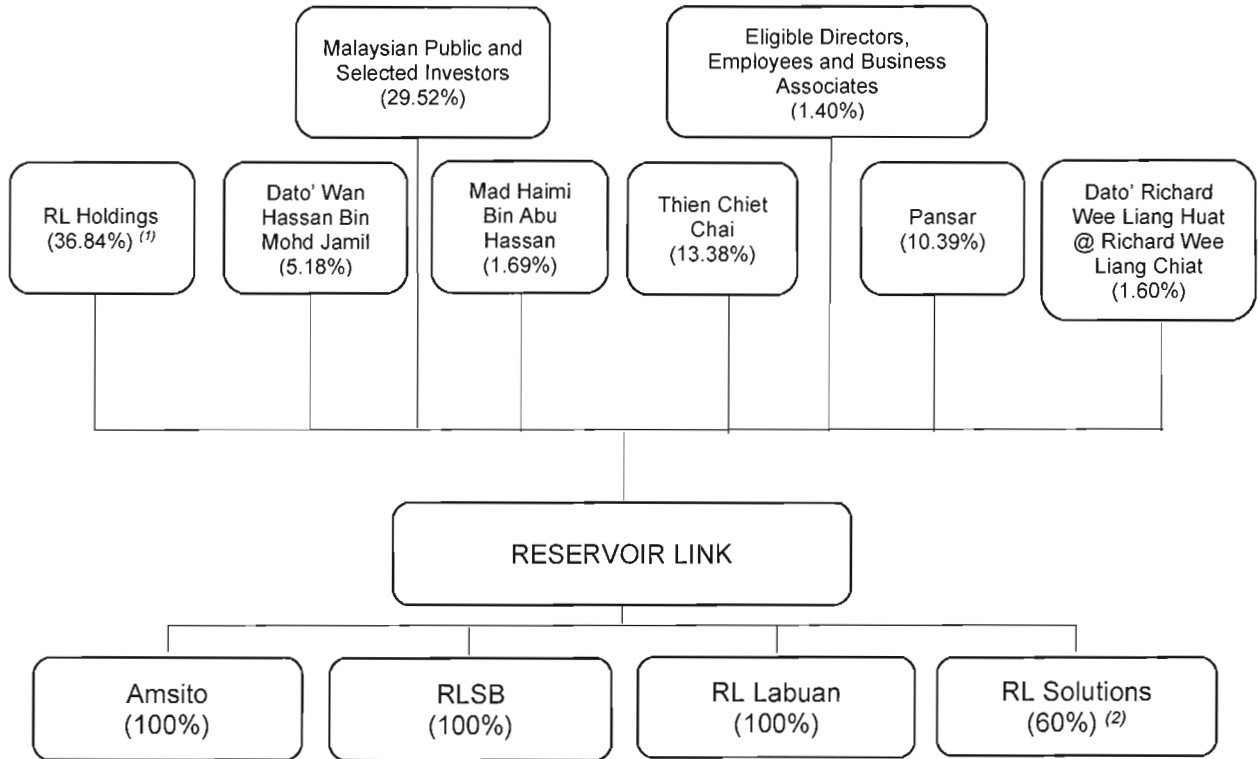
Shareholders of RL Holdings	No. of Ordinary Shares	%
Dato' Wan Hassan Bin Mohd Jamil	500	50
Mad Haimi Bin Abu Hassan	450	45
Thien Chiet Chai	50	5
Total	1,000	100

(2) The remaining 40% equity interest in RL Solutions is held by our key management, Anwarudin Bin Saidu Mohamed.

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5. INFORMATION ON OUR GROUP (Cont'd)

Our Group structure after the IPO is as follows:



Notes:

(1) The shareholders of RL Holdings with their respective shareholdings in RL Holdings are as follows:

Shareholders of RL Holdings	No. of Ordinary Shares	%
Dato' Wan Hassan Bin Mohd Jamil	500	50
Mad Haimi Bin Abu Hassan	450	45
Thien Chiet Chai	50	5
Total	1,000	100

(2) The remaining 40% equity interest in RL Solutions is held by our key management, Anwarudin Bin Saidu Mohamed.

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6. BUSINESS OVERVIEW

6.1 HISTORY

Our Group commenced in 2008 with the incorporation of RLSB. Our Group was founded in September 2008 by Mad Haimi Bin Abu Hassan (our Operations Director) and another founder who was a majority shareholder (at that time) who is no longer involved in our Group as a shareholder, director or employee. Thien Chiet Chai (our Non-Independent Executive Director) joined RLSB in November 2008 as our Executive Director.

In December 2008, Mad Haimi Bin Abu Hassan and the other founder mentioned above sold all of their equity interest in RLSB to Shorefield Offshore Services Sdn Bhd, an investment holding company, which was a company under the OBYU group of companies. Between December 2008 to December 2010, RLSB was a wholly-owned company of Shorefield Offshore Services Sdn Bhd. Subsequently on 5 April 2017, Shorefield Offshore Services Sdn Bhd changed its name to Shorefield Communications Sdn Bhd.

Dato' Wan Hassan Bin Mohd Jamil (our Chief Executive Officer/ Managing Director) joined RLSB in September 2010 as our Chief Executive Officer. In December 2010, he became a shareholder when he acquired and subscribed for a 25.0% equity interest in RLSB and was appointed as the Managing Director. In the same year, Mad Haimi Bin Abu Hassan and Thien Chiet Chai became shareholders of RLSB when they acquired and subscribed for a 14.0% and 16.0% equity interest in RLSB respectively in December 2010.

Shorefield Offshore Services Sdn Bhd eventually sold all of its equity interest in RLSB to our existing shareholders, namely Dato' Wan Hassan Bin Mohd Jamil (40.0%), Mad Haimi Bin Abu Hassan (30.0%) and Thien Chiet Chai (30.0%) in May 2012.

In September 2014, Pansar Berhad acquired a 11.1% equity interest in RLSB and subsequently subscribed for additional shares in the same month to eventually hold 20.0% equity interest in RLSB.

We are providers of O&G well services that support operators in the upstream segment of the O&G industry. We provide the following well services:

- Well leak repair services that involve conducting tests to determine if a well has a leak, identifying the location and nature of the leak, and then sealing that leak;
- Well perforation services using a range of perforating gun systems to carry out our services, including hollow carrier guns and through-tubing guns, and used a variety of conveyance methods including slickline, electric wireline, coiled tubing and tubing conveyed perforation. We have also used both conventional and reactive shaped charges in our perforating services;
- Well testing services to collect data that are used to create models to predict the characteristics of wells and O&G reservoirs, and to calibrate fluid flow meters;
- Well perforate, wash and cement services are one of the steps involved in well plugging and abandonment, which involves sealing a well that is no longer in use. We carry out the perforations, while Archer Malaysia performs the wash and cement;
- Wireline services are performed by sending wireline downhole tools down the wells to recover wellbore equipment such as plugs, gaslift valves, downhole pressure gauges as well as performing well intervention and collection of data. Wireline services can also be used to adjust sliding side door located downhole for zone change, as well as repair tubing leak or damage; and

6. BUSINESS OVERVIEW (Cont'd)

- O&G production enhancement services are intended to increase the rate and/or total amount of crude O&G production from a reservoir. We currently provide two (2) types of O&G production enhancement services, namely supplying IOR chemicals and providing sand management solutions.

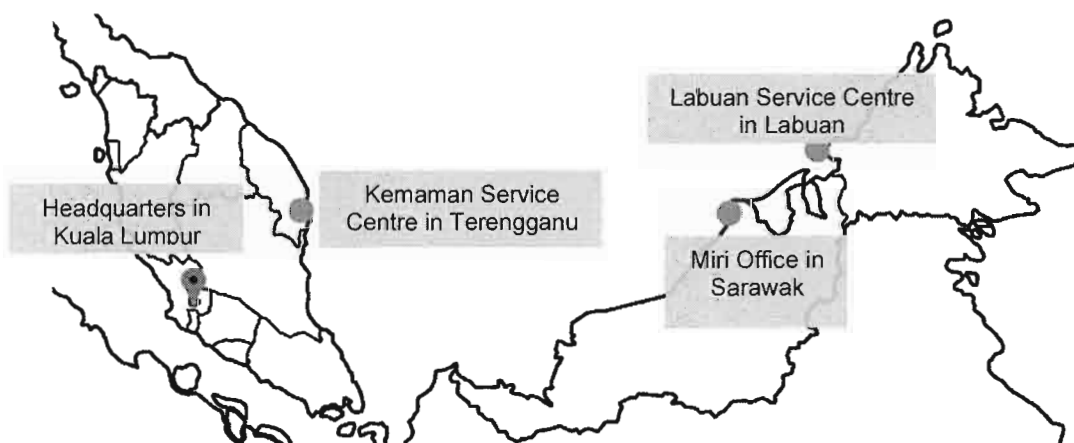
Our well services are used in all stages of a well's life, including first perforation as part of the completion process to initiate production, O&G production enhancement services during production and up to perforate, wash and cement services as part of plugging and abandonment services to seal the well when it reaches the end of its useful life. Our well services are used in the exploration, appraisal, development and production segments of the O&G industry. O&G well services collectively accounted for majority of our total revenue for the FYE 2016 to FYE 2019 as detailed in Sections 6.3.2 and 6.3.5 of this Prospectus.

We also provide other services comprising supplying oilfield equipment and technical personnel, and providing construction and consultancy services. These other services accounted for the balance of our total revenue for the FYE 2016 to FYE 2019.

We secured our first overseas project in 2009, which was to provide perforation services in Vietnam. Since then, we have also provided our services in Mauritania and supplied oilfield equipment to the United Kingdom. Our business, however, is currently focused in Malaysia, which accounted for 92.05%, 88.86%, 90.07% and 96.54% of our total revenue for the FYE 2016, FYE 2017, FYE 2018 and FYE 2019 respectively.

As at the LPD, we have four (4) operational facilities. Our headquarters is located in Menara SuezCap 2, KL Gateway, 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. The main function of the Kemaman Supply Base in Terengganu is to support offshore O&G industry activities that take place in the waters offshore Peninsular Malaysia. The Kemaman Supply Base comprises approximately 180 hectares of developed area, with an additional 60 hectares of land bank for future expansion. As for the Asian Supply Base in Labuan, the main function is to support offshore O&G industry activities that take place in the waters offshore Sabah and Sarawak. The Asian Supply Base comprises approximately 140 hectares of developed area. We also have an office in Miri, Sarawak. The locations of our operational facilities are depicted in the following map.

Our Operational Facilities



6. BUSINESS OVERVIEW (Cont'd)

Our Leased Service Centre at the Kemaman Supply Base, Terengganu



Our Leased Service Centre at the Asian Supply Base, Labuan



6. BUSINESS OVERVIEW (Cont'd)

The key events in our Group's history and the development of our business are set out in the following table:

Year	Event
2008	<ul style="list-style-type: none"> Our Group was founded with the incorporation of Reservoir Link Engineering Sdn Bhd in Malaysia on 8 September 2008. The company changed its name to RLSB on 15 June 2012. RLSB commenced operations in 2008.
2009	<ul style="list-style-type: none"> RLSB obtained its Petronas licence in June 2009. We secured our first customer, Haliburton Energy Services (M) Sdn Bhd, for the supply of shaped charges used for well perforation. We secured our first start-up and production stage perforation services contract in 2009 when we were engaged by Geowell Sdn Bhd to provide the service at the Tinggi field offshore Terengganu, Malaysia. <p>We secured our first project outside of Malaysia from Petroleum Well Logging Ltd to provide start-up and production stage perforation services at offshore O&G fields in Vietnam.</p>
2013	<ul style="list-style-type: none"> We incorporated RL Labuan in Labuan on 7 February 2013.
2014	<ul style="list-style-type: none"> Reservoir Link was incorporated in Malaysia on 2 December 2014 as an investment holding company.
2015	<ul style="list-style-type: none"> We acquired Amsito, a provider of wireline services, which marked our entry into that business segment.
2016	<ul style="list-style-type: none"> We secured our first well leak repair service contract in October 2016, which was from Petronas Carigali to provide the service in Malaysia.
2017	<ul style="list-style-type: none"> In September 2017 we secured our first job in Mauritania, from PC Mauritania 1 Pty Ltd for well leak repair services at the Chiguetti and Banda fields in Mauritania, prior to their scheduled plug and abandonment. We secured our first well perforate, wash and cement contract in September 2017, which was from Roc Oil Sarawak to provide the service in Malaysia. During the same year we also secured contracts from Petronas Carigali to provide the same service. We secured our first contract to provide well testing services in April 2017, which was from Petronas Carigali to provide the service in Malaysia. We also secured a contract to provide well testing services from JX Nippon Oil & Gas Exploration (Malaysia) Ltd during the same year. Amsito secured a contract from JX Nippon Oil & Gas Exploration (Malaysia) Ltd to provide wireline services to support their well testing project. This was the first contract that Amsito secured independently since it joined our Group. In October 2017 we entered into a distributorship agreement with Archer Malaysia, where we were appointed as their distribution agent in Malaysia for wash tools used as part of well perforate, wash and cement services. We also entered into sales representation agreements with AGS International for the supply of the repair chemicals that we use for our well leak repair services.

6. BUSINESS OVERVIEW (Cont'd)

Year	Event
2018	<ul style="list-style-type: none"> RL Solutions obtained its Petronas licence in November 2018. In February 2018 we secured a contract from Petronas Carigali to provide wireline services in relation to Risk Transfer Incentive Contract (RTIC) for idle well reactivation and production enhancement services. <p>Petrowel Sdn Bhd changed its name to RL Solutions on 25 April 2018 and was acquired by RLSB from its then shareholders, Dato' Wan Hassan Bin Mohd Jamil and Thien Chiet Chai on 8 August 2018. RL Solutions commenced business operations in 2018 developing O&G production enhancement services and sand management solutions.</p>
2019	<ul style="list-style-type: none"> We began to provide sand management solutions to our customer. We began to supply IOR chemicals (a part of our O&G production enhancement services) to our customers.

6.2 CUSTOMER TESTIMONIALS AND AWARDS

From 2014 up to the LPD, we have obtained the following customer testimonials and awards:

Year	Awarding Party	Customer Testimonials and Awards
2014	Petronas Carigali (Kemaman Operations)	"HSE Tabulation Awards" for remarkable contribution towards the 1 million man-hours without LTI 2014.
2014	Petronas Carigali	"Outstanding HSE performance" for outstanding HSE performance and contribution towards achieving 1 million man-hours without LTI.
2015	Petronas Carigali (Sabah Operations)	"HSE Tabulation Awards" for outstanding performance and lasting contribution towards achieving 2.5 million man-hours without LTI in May 2014.
2016	Petronas Carigali	"HSE Achievement" for contributing towards 8 million man-hours without LTI between April 2009 and December 2016.
2016	Petronas Carigali (Sabah Operations)	"HSE Tabulation Awards" for outstanding performance and lasting contribution towards achieving 3.0 million man-hours without LTI.
2016	Petronas Carigali (Kemaman Operations)	"HSE Tabulation Awards" in appreciation for contributing to achieving 2 million man-hours without LTI for PSS well intervention ⁽¹⁾ and services for Peninsular Malaysia Assets for 2016.
2016	Petronas Carigali (Sarawak Operations)	"HSE Tabulation Awards" in appreciation for contributing to achieving 8 million man-hours without LTI for 2016.
2017	Petronas Carigali (Sarawak Operations)	"Focused Recognition" for successfully executing additional well perforation services with zero LTI at the D18 and Bokor fields, which significantly contributed to SK Oil production in 2016.

6. BUSINESS OVERVIEW (Cont'd)

Year	Awarding Party	Customer Testimonials and Awards
2017	Petronas Carigali (Sabah Operations)	"Focused Recognition" for successfully completing well perforation services for the EW-B202, EW-110, EW-111 and EW-202 wells at the Erb West field.
2018	Petronas Carigali (Sabah Operations)	"Focused Recognition" for: <ul style="list-style-type: none"> - efficiently conducting Gr-CCL operations for the Erb West and TMBG fields; - successfully executing tubing cut job for the EW-123 L1 and EW-123 L2 wells at the Erb West field; and - successfully contributing towards 3.5 million man-hours without LTI since March 2006
2019	EnQuest Petroleum Production Malaysia Ltd	"HSE Tabulation Awards" in recognition of valuable contribution towards achieving zero LTI between 2014 and 2018.
2019	Petronas Carigali (Peninsular Malaysia Assets)	"Focused Recognition" for: <ul style="list-style-type: none"> - successfully curing Sepat A2 and A3 wells for tubing hanger rectification after minor incident using well leak repair chemicals; - diligently submitting UAUC(2) from 1 to 7 May 2019 with best quality UAUC(2) submission. All UAUC(2) submitted had high impact in helping ensure HSE at the work place; - diligently and continuously reporting UAUC(2) at AnDP-E well and highlighting hazards through HSE online system. - successfully completing well perforation services for new discovered zone on the NL-A3ST2 well within two (2) days without HSE and non-productive time issues. This helped to change well status from "idle" to "active"; - successfully completing 10,728 manhours of well testing services at AnDP-B, C, D and E wells with zero incidents. Successfully delivered well testing results for production activity and metring study; and - successfully completing technically challenging water shut-off and additional well perforation services at Resak A6L well in a safe manner. RLSB team demonstrated extensive collaboration and planning contributing to gas production gain that exceeded customer's target.

6. BUSINESS OVERVIEW (Cont'd)

Year	Awarding Party	Customer Testimonials and Awards
2019	Petronas Carigali (Sarawak Operations)	<p>"Focused Recognition" for:</p> <ul style="list-style-type: none"> - successfully executing additional well perforation services with good HSE performance and zero LTI at Temana Field, which significantly contributed to oil production and idle well reactivation; - the joint effort in executing well preparation campaign for four (4) wells prior to rig entry for well plugging and abandonment with zero LTI and HSE incidents, and in a timely manner; - successfully executing additional well perforation services between end-2019 and early-2019 with good HSE performance and zero LTI at the Temana Field, which was completed efficiently and contributed towards increasing oil production in 2019; - working closely in resolving an issue at BO-112L well, which has been closed-in since July 2019; and - achieving excellent performance in production enhancement through well perforation services for Sarawak Operations during the first through third quarters of 2019 resulting in immediate gain in hydrocarbon production with zero LTI and good HSE performance.
2019	Petronas Carigali (Sabah Operations)	"Focused Recognition" for showing great commitment in safely delivering well integrity, data acquisition and production enhancement jobs in 2018 beyond the target for 2018. Contributed towards achieving Sabah Operations' well integrity and production enhancement target of 3.9 million safe manhours.
2020	Petronas Carigali (Sarawak Operations)	"Focused Recognition" for excellent contribution in supporting Sarawak Operations' well intervention activities for 2019, which contributed towards Petronas Carigali's overall performance.
2020	Petronas Carigali (Peninsular Malaysia Assets)	"Focused Recognition" for supporting well intervention and integrity activities in realising Peninsular Malaysia Assets' targets for 2019.

Notes:

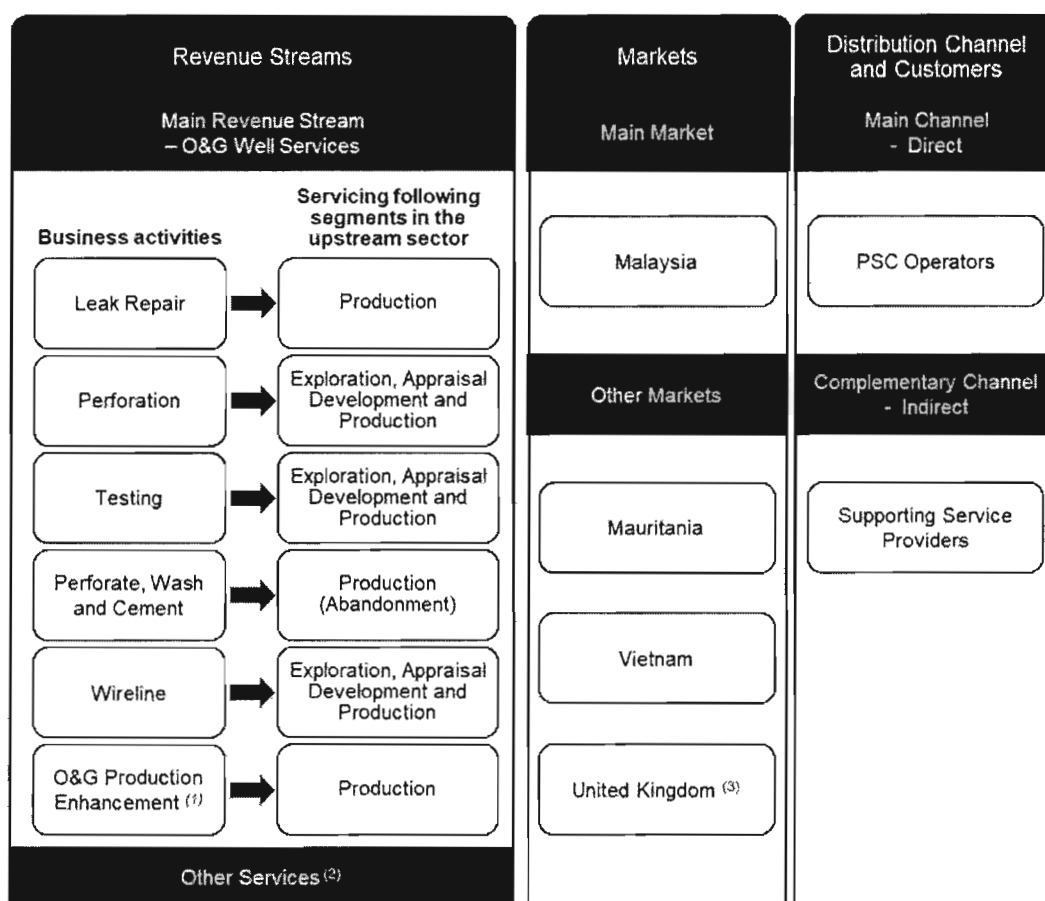
- (1) "PSS" well intervention refers to Peninsular Malaysia sub-surface well intervention. The services rendered were well perforation services.
- (2) "UAUC" refers to unsafe act unsafe condition, which are unsafe acts by personnel or unsafe workplace conditions that can cause accidents.

6. BUSINESS OVERVIEW (Cont'd)

6.3 OUR BUSINESS

6.3.1 Our Business Model

Our business model is depicted in the diagram below:



PSC = Production Sharing Contract, O&G = Oil and Gas.

Notes:

(1) Comprising the supply of IOR chemicals and provision of sand management solutions.

(2) Supply of technical personnel and oilfield equipment; and Provision of construction and consultancy services

(3) We supplied oilfield equipment to a customer in the United Kingdom during FYE 2016, and delivered the said oilfield equipment to that country. This was a one-off transaction.

6.3.2 Revenue Streams

Our main revenue stream is in providing O&G well services, which accounted for 95.77%, 98.11% 99.78% and 98.87% of our total revenue for FYE 2016, FYE 2017, FYE 2018 and FYE 2019 respectively. They include well leak repair, perforation, well testing, wash and cement, wireline and O&G production enhancement services.

Other services include supplying technical personnel, oilfield equipment and providing construction and consultancy services, which accounted for 4.23%, 1.89%, 0.22% and 1.13% of our revenue for the FYE 2016, FYE 2017, FYE 2018 and FYE 2019 respectively.

6. BUSINESS OVERVIEW (Cont'd)

Our well services business comprises the following activities:

(i) Well Leak Repair

Well leak repair services involve using a repair chemical to seal leaks that are detected in wells. Leaks can lead to fluids such as crude oil, natural gas, hydraulic fluid and other materials passing through joints in the tubing, isolation packer, underground safety valves and production trees. Such leaks can result in a loss of production, reduction in hydrocarbon reservoir pressure and environmental damage.

(ii) Well Perforation

Our well perforation services involve using shaped charges to create holes in the well casing and tunnels in the surrounding formation of the reservoir. These perforation tunnels are the physical connection between the well and formation that allow the O&G to flow into the wellbore.

Well perforation services are carried out during the early and production stages of an O&G well's lifecycle to initiate and support the extraction of O&G from the formation and during the end-of-life stage as part of the well plug and abandonment process.

The perforation service projects that we carry out usually include:

- (a) shaped charge performance modelling;
- (b) supplying the shaped charges, perforating guns and related equipment;
- (c) assembling the perforating gun; and
- (d) supplying and supervising the personnel undertaking the perforation work.

The perforation design, such as the location and number of perforation tunnels to create, are normally provided by our customers.

(iii) Well Testing

Our well testing services involve collecting data, such as pressure and temperature measurements, flow rates and fluid samples, which are used to predict the characteristics of wells and O&G reservoirs. We conduct well testing services to support customers in the exploration, appraisal, development and production segments of the O&G industry.

(iv) Well Perforate, Wash and Cement

We provide well perforate, wash and cement services that are part of the well plug and abandonment process. While we perform the well perforations, the wash and cement steps are carried out in collaboration with an external party, Archer Malaysia. Archer Malaysia provides the specialised expertise and wash tools that are used to clean the areas behind the perforated casing and accurately place the cement plugs.

Our revenue for the perforation portion of perforate, wash and cement projects is captured under the "well perforation" segment.

6. BUSINESS OVERVIEW *(Cont'd)*

(v) Wireline

We carry out wireline services, which involve sending wireline tools down wells to carry out well intervention and collect data. We perform slickline services where the wireline tool is connected to the surface by a steel cable.

(vi) O&G Production Enhancement

We provide O&G production enhancement services that are intended to increase the rate and/or total amount of crude O&G production from a reservoir. We currently supply IOR chemicals and provide sand management solutions.

We have entered into the following types of contracts with some of our customers to provide well services:

- Umbrella contracts to provide well perforation (for well perforation services under well perforate, wash and cement services), well testing and perforate, wash and cement services; and
- Call out contracts to provide well leak repair, perforation (for well perforation services only), perforate, wash and cement, wireline and O&G production enhancement services.

Based on these contracts, our customers will issue work orders for us to perform the respective well services.

In addition, some customers that do not have umbrella or call out contracts for well leak repair, perforation, well testing, perforate, wash and cement, and wireline services will also issue purchase orders to us to provide these services. We currently provide O&G production enhancement services, namely IOR chemicals and sand management solutions based on purchase orders issued by customers.

Well leak repair, perforation and perforate, wash and cement jobs normally take between five (5) and ten (10) days to complete. We will generate revenue once the customer confirms that we have completed the services that they have engaged us to perform, following which we will issue an invoice to the customer.

Well testing services jobs normally take between twenty one (21) and thirty (30) days to complete and wireline services job normally take between fifteen (15) and twenty eight (28) days to complete. We perform these services and generate revenue based on services rendered. The revenue for some of our well testing and wireline services jobs are recognised on a monthly accrual basis and subsequently invoiced in later months.

Providing IOR chemicals normally takes between five (5) to seven (7) days for wells or one (1) to two (2) weeks for pipelines. The sand management solutions that we currently provide involve providing maintenance services and providing desanders on a turnkey basis. Providing these maintenance services normally takes between one (1) and two (2) weeks. With respect to providing desanders on a turnkey basis, the design, engineering and fabrication of the equipment would normally take between six (6) to nine (9) months, with an additional one (1) month for installation at the site and one (1) week for commissioning.

We also provide other services in addition to well services. They include supplying technical personnel and oilfield equipment, and providing construction and consultancy services.

6. BUSINESS OVERVIEW (Cont'd)

6.3.3 Markets

Our largest market was Malaysia, which represented more than 88.0% of our total revenue for the FYE 2016, FYE 2017, FYE 2018 and FYE 2019. For the FYE 2019, our second largest market was Mauritania.

6.3.4 Customers and Distribution Channel

Our main customers are PSC operators. For FYE 2016, FYE 2017, FYE 2018 and FYE 2019, revenue from PSC operators amounted to 73.52%, 91.49%, 84.94% and 76.57% of our total revenue respectively.

Other customers mainly comprise other providers of supporting services to the O&G industry.

We mainly adopt a direct distribution channel, where we market and sell directly to PSC operators, who are operators that have a contractual agreement with the host Government for the exploration and production of O&G. We also use the indirect distribution channel where we market and sell our services to supporting service providers to the O&G industry, who would use us as subcontractors for their projects with PSC operators. Supporting service providers provide a range of services, such as well services to support PSC operators. Refer to Section 6.10 of this Prospectus for additional information.

In addition to our in-house sales and marketing team, in March 2018, we appointed an agent in Indonesia to represent our Group in that market for the provision of well perforation and well leak repair services. We are interested in entering the Indonesia market to provide these services and have engaged the agent to gather market information and where possible help us secure jobs in Indonesia.

6.3.5 Revenue Segmentation by Business Activities

Revenue Contribution	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Well Services	9,173	95.77	20,480	98.11	44,990	99.78	79,123	98.87
Well leak repair	-	-	9,447	45.26	17,303	38.38	15,532	19.41
Well perforation	9,118	95.20	10,741	51.45	15,453	34.27	30,693	38.35
Well testing ⁽¹⁾	-	-	29	0.14	5,944	13.18	13,794	17.24
Wash and cement ⁽²⁾	-	-	181	0.87	3,793	8.41	12,262	15.32
Wireline	55	0.57	82	0.39	2,497	5.54	4,431	5.54
O&G production enhancement	-	-	-	-	-	-	2,411	3.01
Other Services ⁽³⁾	405	4.23	394	1.89	101	0.22	908	1.13
TOTAL	9,578	100.00	20,874	100.00	45,091	100.00	80,031	100.00

Notes:

- (1) We currently provide well testing services together with Petrotechnical. Our arrangement with and payment to Petrotechnical in carrying out the well testing services are in accordance with the Petrotechnical Agreement as disclosed in Section 3.7 (i) of the Prospectus. Also, in carrying out the well testing services together with Petrotechnical, we are entitled to the portion of the revenue that we charge our customer in relation to the personnel and/or well testing equipment supplied by us, the details of which is as disclosed in Section 3.7 (i) of the Prospectus.

6. BUSINESS OVERVIEW (Cont'd)

- (2) *End-of-life stage well perforation is normally performed prior to wash and cement, which is part of well plug and seal process. We currently provide well perforate, wash and cement within a single agreement with Archer Malaysia. For the purpose of presenting our revenue segmentation by business activity, the revenue from well perforate, wash and cement services is split into two parts, namely the end-of-life stage well perforation performed by us and wash and cement performed by Archer Malaysia.*
- (3) *Other services comprise supplying technical personnel and oilfield equipment, and providing construction and consultancy services.*

Provision of well services are our main business activity with the largest contribution to our total revenue for the FYE 2016 to FYE 2018. Although well perforation services accounted for almost all of our revenue for FYE 2016, we have progressively diversified our business from FYE 2017 onwards. Well leak repair, well testing and wash and cement services contributed a significant portion of our revenue for the FYE 2017, FYE 2018 and FYE 2019. We also started to earn revenue from a new service, O&G production enhancement in FYE 2019.

Please refer to Section 12 of this Prospectus for further details on our Group's financial information.

6.3.6 Our Contracts in Hand

Our secured customer contracts in hand as at the LPD consist of umbrella contracts and call out contracts.

(i) Our Umbrella Contracts in Hand

Under an umbrella contract, the customer has pre-qualified us (along with one (1) or more other supporting service providers) to provide specified services for the duration of the contract. During the contract duration period, the customer may issue a request for a job to provide services under the umbrella contract. We will then submit a tender for the job and compete with the other pre-qualified supporting service providers to secure the job.

As at the LPD, the secured umbrella contracts in hand that we are currently implementing or which are pending implementation for well services are as follows:

No.	Customer Name	Well Provided Services	Contract Start	Contract Duration	Status as at the LPD
1.	Petronas Carigali	Well testing, perforation	April 2017	5 years	Implementing
2.	Petronas Carigali	Well perforate, wash and cement	October 2017	3 years + 1 year optional renewal	Implementing
3.	JX Nippon Oil & Gas Exploration (M) Ltd	Well testing, perforation	November 2017	5 years	Pending implementation
4.	Petrofac (Malaysia-PM304) Ltd	Well testing, perforation	November 2017	5 years	Pending implementation
5.	Petronas Carigali	Well perforation, leak repair, wireline	February 2018	2 years + extended for 2 additional years	Pending implementation
6.	EnQuest Petroleum Production Malaysia Ltd	Well testing, perforation	June 2018	5 years	Pending implementation
7.	Sea Hibiscus Sdn Bhd	Well testing, perforation	November 2018	5 years	Pending implementation

6. BUSINESS OVERVIEW (Cont'd)

No.	Customer Name	Well Services Provided	Contract Start	Contract Duration	Status as at the LPD
8.	Sapura Exploration And Production (PM) Ltd. Sapura Exploration & Production (Sarawak) Ltd	Well testing, perforation	April 2019	5 years	Pending implementation
9.	Vestigo Petroleum Sdn Bhd	Well testing, perforation	June 2019	2 years 10 months	Pending implementation
10.	PTTEP HK Offshore Ltd, Malaysia Branch	Well testing, perforation	September 2019	5 years	Pending implementation

Notes:

The umbrella contracts that the Group are "implementing" as at the LPD refer to those that the Group has secured at least one (1) work order from the contract start up to the LPD.

The umbrella contracts that are "pending implementation" as at the LPD refer to those that the Group has not yet secured any work orders from the contract start up to the LPD.

Our umbrella contracts do not provide any assurance of future revenue for the following reasons:

- there is no guarantee that the customer will issue requests for jobs under the umbrella contract during the contract duration period; and
- there is no guarantee that the customer will engage us from among the other pre-qualified service providers to carry out the job.

(ii) Our Call Out Contracts in Hand

Under a call out contract, the customer has engaged us to provide specified services during the contract duration period, as and when they are required. The call out contract will stipulate the rates that we can charge for these specified services. Should there be a need for these services during the contract duration period, the customer will issue a work order to us and we have to provide these services within the timeframe defined under the call out contract.

As at the LPD, the secured call out contracts in hand that we are currently carrying out or which are pending implementation for well services are as follows:

No.	Customer Name	Well Services Provided	Contract Date	Contract Duration	Status as at the LPD
1.	Petronas Carigali	Well leak repair	February 2017	3 years from contract date + extended for 1 additional year	Implementing
2.	ExxonMobil Exploration & Production Malaysia Inc	Well leak repair	May 2017	3 years from contract date + extended for 2 additional years	Implementing
3.	Oceancare Corp. Sdn Bhd	Well leak repair	June 2017	3 years from contract date + 1 year optional renewal ⁽¹⁾	Implementing
4.	JX Nippon Oil & Gas Exploration (M) Ltd	Wireline	November 2017	2 years from contract date + extended for 1 additional year	Implementing
5.	Repsol Oil & Gas Malaysia Ltd	Well leak repair	May 2018	2 years from contract date + extended for 1 additional year	Implementing

6. BUSINESS OVERVIEW (Cont'd)

No.	Customer Name	Well Services Provided	Contract Date	Contract Duration	Status as at the LPD
6.	PTTEP Sabah Oil Limited (formerly known as Murphy Oil Corp. Malaysia)	Well leak repair and O&G production enhancement	May 2018	3 years from contract date + 1 year optional renewal	Implementing
7.	ROC Oil Sarawak	Well perforation	August 2018	2 years from contract date + 1 year optional renewal	Implementing
8.	ROC Oil Sarawak	Well perforate, wash and cement	November 2018	1 year from contract date + extended for 1 additional year	Implementing
9.	PC Mauritania 1 Pty Ltd	Well perforate, wash and cement	November 2018 ⁽¹⁾	1 year from commencement date ⁽²⁾	Suspended ⁽³⁾
10.	Japan Vietnam Petroleum Company Ltd	Well leak repair	April 2020	1 year from contract date + 1 year optional renewal	Implementing
11.	Enquest Petroleum Production Malaysia Ltd	Well perforation	September 2019	4 years from contract date + 1 year option renewal	Implementing
12.	Petronas Carigali	Well perforation	November 2019	3 years from contract date	Implementing
13.	Sarawak Shell Berhad	Well perforate, wash and cement	November 2019	11 months from contract date + 1 year optional renewal	Implementing
14.	Vestigo Petroleum Sdn Bhd ⁽⁴⁾	Well perforation	February 2020	Valid from February 2020 until September 2023	Implementing
15.	Vestigo Petroleum Sdn Bhd ⁽⁴⁾	Wireline	February 2020	4 months from contract date ⁽⁵⁾	Implementing
16.	Repsol Oil & Gas Malaysia Ltd	Well perforation	June 2020	2 years from contract date + 1 year optional renewal	Implementing

Notes:

- (1) *The contract was effective from 1 June 2017, hence the contract has expired on 31 May 2020. The extension on the contract between our Group and Oceancare Corp. Sdn Bhd is dependent on the extension of the contract between Oceancare Corp. Sdn Bhd with Sarawak Shell Berhad. As at the LPD, our Group has yet to receive any official notification from Oceancare Corp. Sdn Bhd on the status of the extension.*
- (2) *Indicates contract award date. The commencement date was October 2019.*
- (3) *On 29 March 2020, PC Mauritania 1 Pty Ltd made a declaration of force majeure on this contract, citing the closure of Mauritania's borders by the Mauritanian Government in response to COVID-19. Subsequently, on 25 April 2020 PC Mauritania 1 Pty Ltd served our Group with notice to suspend the contract from 28 April 2020 until further notice. As part of this suspension, PC Mauritania 1 Pty Ltd agreed to pay us the following:*
- (a) *non-refundable one-time upfront payment of USD2.27 million (equivalent to approximately RM9.86 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD, being equivalent to 40.0% of the remaining value of one (1) of the subsisting work order issued under this contract). As at the LPD, we have received net upfront payment of USD2.09 million (equivalent to approximately RM9.08 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD) from PC Mauritania 1 Pty Ltd comprising the upfront payment of USD2.27 million after deducting withholding tax of USD0.18 million; and*

6. BUSINESS OVERVIEW (Cont'd)

(b) a non-refundable sum of USD10,000 per month (equivalent to approximately RM43,455 per month based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD) as rental payment for a warehouse and explosive bunker that we are renting in Mauritania to implement this contract, for the duration of the suspension period.

(4) Vestigo Petroleum Sdn Bhd is a subsidiary of Petronas Carigali.

(5) The contract will expire on 27 June 2020.

The call out contracts that the Group are "implementing" as at the LPD refer to those that the Group has secured at least one (1) work order from the contract start up to the LPD.

The call out contracts that are "pending implementation" as at the LPD refer to those that the Group has not yet secured any work orders from the contract start up to the LPD.

Our call out contracts do not provide any assurance of future revenue as we are only called to provide the services as and when they are required by the customers and there is no guarantee that the customers will issue work orders to us during the contract duration period.

(iii) Fixed Contracts

As at the LPD, we do not have any fixed contracts. Under a fixed contract, the customer engages us to provide them with specified products and/or services during the contract duration period, for which we will be paid a specified sum or fee based on the products and/or services provided.

(iv) Revenue Segmentation by Type of Contract

Our revenue segmentation by type of contract is summarised in the following table:

Types of Contract	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Umbrella and call out	7,042	73.52	19,098	91.49	38,034	84.35	61,480	76.82
Non-umbrella and non-call out	2,536	26.48	1,776	8.51	7,057	15.65	18,551	23.18
TOTAL	9,578	100.00	20,874	100.00	45,091	100.00	80,031	100.00

6.3.7 Our Warranties to Our Contracts

All contracts or order received or fulfilled by RLSB, Amsito, RL Labuan and RL Solutions contain warranties. The warranties are mainly standard in nature and relate to the following:

- (i) that the work shall be performed by suitably qualified personnel and shall be free from defects and deficiencies;
- (ii) that any goods to be supplied shall be new, unused, comply with specifications and fit and suitable for their purpose; and
- (iii) that the warranty period shall be twelve (12) months from installation or eighteen (18) months from delivery as the case may be for the goods or products that are supplied as part of the services.

6. BUSINESS OVERVIEW (Cont'd)

In relation to item (iii) above, such standard contracts prepared by our customers include warranties for both goods and works that shall be performed (“**Works**”). The warranty period for goods does not apply to us as there are no goods or products that are being supplied pursuant to the well services contracts or orders fulfilled by us. Only the warranties stated in the standard contracts or orders in relation to Works apply to us. However, the nature of our services is such that upon certification of the services or Works being carried out by us being obtained from the customers, our services or Works pursuant the contracts or orders are deemed complete.

The remedies for breach are generally rectification of defective works at the cost and expense of RLSB, Amsito, RL Labuan and/or RL Solutions.

There are two (2) sub-contracts; one (1) with Archer Malaysia (as disclosed in Section 6.17 (iv) of this Prospectus) and the other, with Petrotechnical (as disclosed in Sections 3.7 (i) and 6.17 (ii) of this Prospectus). Both have 'back to back' arrangements by way of reference to the relevant main contract and incorporating the terms thereof into the sub-contract and a covenant by the relevant sub-contractor to observe and perform the terms in the main contract.

There has been no occurrence of warranty claims made by our customers:

- (i) to our Group since the commencement of our business;
- (ii) for Amsito since we acquired Amsito on 2 December 2015; and
- (iii) for RL Solutions since the commencement of its O&G production enhancement services in January 2019.

6.4 COMPETITIVE STRENGTHS

Our competitive strengths are important in sustaining our business and providing our Group with future growth opportunities.

6.4.1 We Specialise in Providing Well Services

We specialise in providing well services and carried out our first job in 2009 for Geowell Sdn Bhd at the Tinggi field offshore Terengganu, Malaysia. We have carried out well services in Malaysia, Vietnam and Mauritania. We have also carried out well services for all of the upstream O&G industry segments, namely the exploration, appraisal, development and production segments.

We provide the following well services:

- Well leak repair services that involve conducting tests to determine if a well has a leak, identifying the location and nature of the leak, and then sealing that leak;
- Well perforation services using a range of perforating gun systems to carry out our services, including hollow carrier guns and through-tubing guns, and used a variety of conveyance methods including slickline, electric wireline, coiled tubing and tubing conveyed perforation. We have also used both conventional and reactive shaped charges in our perforating services;
- Well testing services to collect data that are used to create models to predict the characteristics of wells and O&G reservoirs, and to calibrate fluid flow meters;

6. BUSINESS OVERVIEW *(Cont'd)*

- Well perforate, wash and cement services are one (1) of the steps involved in well plugging and abandonment, which involves sealing a well that is no longer in use. We carry out the perforations, while Archer Malaysia performs the wash and cement;
- Wireline services are performed by sending wireline downhole tools down the wells to recover wellbore equipment such as plugs, gaslift valves, downhole pressure gauges as well as performing well intervention and collection of data. Wireline services can also be used to adjust sliding side door located downhole for zone change, as well as repair tubing leak or damage; and
- O&G production enhancement services, comprising supplying IOR chemicals and providing sand management solutions.

Our portfolio of services allows us to meet the requirements for a diverse range of wells and applications. This allows us to address a wider market for well services, both in Malaysia and other countries.

6.4.2 We Have An Established Track Record Providing Well Services

Since we served our first customer in 2009, we have accumulated a track record of approximately eleven (11) years as providers of well perforation since 2009, three (3) years in well leak repair, well testing, perforate, wash and cement, and wireline services since 2017, and one (1) year in O&G production enhancement services since 2019. Our customers include:

- (i) PSC operators in Malaysia such as Petronas Carigali, ExxonMobil Exploration and Production Malaysia Inc, HESS Exploration & Production Malaysia B.V., Repsol Malaysia Ltd, Roc Oil Sarawak and JX Nippon Oil & Gas Exploration (Malaysia) Ltd;
- (ii) providers of supporting services to the O&G industry in Malaysia such as Dimension Bid (M) Sdn Bhd, Deleum Oilfield Services Sdn Bhd and Haliburton Energy Services (M) Sdn Bhd; and
- (iii) operators that produce O&G in other countries such as Petrovietnam Domestic Exploration Production Operating Company Ltd, Petrovietnam Exploration Production Corporation Ltd and Japan Vietnam Petroleum Company Ltd in Vietnam and PC Mauritania 1 Pty Ltd in Mauritania.

We have established business relationships with our customers during this time, which has provided us with a platform to address future business opportunities with them. The awards and recognitions that we have received also form part of our track record. Please refer to Section 6.2 for additional information relating to the customer awards and testimonials that we have received.

Our track record serves as a reference to our ability to provide a range of well services, which helps us to win new customers and expand our existing customer base.

6. BUSINESS OVERVIEW *(Cont'd)*

6.4.3 We Are A Petronas Licensed Company, Which Allows Us to Participate in the Malaysian O&G Industry

It is mandatory to obtain a licence or registration from Petronas to participate in the O&G industry in Malaysia. This constitutes a barrier to entry into the O&G industry in Malaysia for prospective new entrants. The Petronas licence must be for the appropriate type of services and products, and must be kept valid. In this respect we have obtained the necessary licence from Petronas, which allows us to provide our services to operators in the O&G industry in Malaysia, including PSC operators and other providers of supporting services in the industry. As at the LPD, we are licensed for a total of eighty four (84) SWEC, which provides us with opportunities to sustain and grow our business.

As at the LPD, the areas covered by our SWEC include the following:

- Chemicals, including for well leak repair and IOR;
- Civil maintenance services;
- Consultancy services;
- Manpower supply, including of technical personnel;
- Marine transportation services;
- Mechanical filters, such as desanders;
- Offshore facilities construction, including minor fabrication and decommissioning;
- Onshore fabrication;
- Pipeline and associated services;
- Production drilling, workover and associated services, including well leak repair, perforation, well testing, wireline and perforation, wash and cement services; and
- Underwater services.

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6. BUSINESS OVERVIEW (Cont'd)

During FYE 2016, FYE 2017, FYE 2018 and FYE 2019, our Group generated revenue from business activities covered by the SWEC listed in the following table:

SWEC	Description of Service
SP2120000	Production/ Drilling/ Workover Associated Services-Well Abandonment
SP2200000	Production/ Drilling/ Workover Associated Services-Well Testing Equipment & Services
SP2220100	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Tubing conveyed perforation
SP2220200	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Coiled Tubing Well Perforating Services
SP2220300	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Slickline Well Perforating Services
SP2220400	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Through Tubing Well Perforation Services
SP2220500	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Electricline Well Perforating Services
SP2220600	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Well Tubing Puncher Services
SP2270000	Production/ Drilling/ Workover Associated Services-Slickline Equipment and Services (Reclassified from SP2270100;SP2270201;SP2270202;SP2270203 and/or SP2270204)
SP2340000	Production/ Drilling/ Workover Associated Services-Well Leak Repair Services
PM1081000	Mechanical – Filter Elements and Accessories - Desander

6.4.4 Our Services Cover All Stages of An O&G Well's Lifecycle

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. This is summarised in the following table:

O&G Well Lifecycle Stage	Our Services
Start-up	<ul style="list-style-type: none"> • Well perforation • Well testing • Wireline
Production	<ul style="list-style-type: none"> • Well perforation • Well testing • Well leak repair • Wireline • O&G production enhancement
End-of-life	<ul style="list-style-type: none"> • Well perforate, wash and cement

Our ability to provide services that cover all stages of a well's lifecycle helps to sustain demand for our well services, as they are required throughout the life of the well and when they are eventually shut down.

6. BUSINESS OVERVIEW (Cont'd)

6.4.5 We Have An Experienced Management Team to Expand and Develop Our Business

We are guided by an experienced management team. The most experienced member of our management team is our Non-Independent Executive Director, Thien Chiet Chai, who has approximately thirty one (31) years of experience in providing well and other services in the O&G industry. Our Chief Executive Officer/ Managing Director, Dato' Wan Hassan Bin Mohd Jamil, has approximately twenty four (24) years of experience in the O&G industry, while Mad Haimi Bin Abu Hassan, our Operations Director, has approximately nineteen (19) years of experience.

We believe our experienced management team will help develop our business and provide the platform for future growth.

Some of our staff at our leased service centre at the Kemaman Supply Base, Terengganu.



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6. BUSINESS OVERVIEW (Cont'd)**6.5 EMPLOYEES**

All our employees are Malaysian and the total numbers of employees of our Group as at 31 December 2019 is as follows:

Category of Employees	Number of Employees
	As at 31 December 2019
Directors	4
Executive Management	1
Accounting and Finance	6
Human Resource and Administration	6
Contract Management	3
Business Development	8
Operation	
Well perforations services	30
Operation support	12
Well leak repair services	12
Wireline services	5
Well testing services	10
Sand management solutions	3
Chemicals	4
Driver	3
Total	107

As at 31 December 2019, all of our Directors, executive management, accounting and finance, human resource and administration, contract management, business development and drivers are based at our headquarters in Kuala Lumpur. Our Group has two (2) contractual employees as at 31 December 2019.

With respect to our operations employees, as at the LPD, fifteen (15) persons are based at our headquarters in Kuala Lumpur, thirty two (32) persons are based at our Kemaman service centre, thirty two (32) persons are based at our Labuan service centre, eight (8) persons are based at our Miri office and two (2) persons based at their respective residences.

As at the LPD, our Group does not have any foreign workers.

As at the LPD, none of our employees belong to any union nor are they parties to any collective agreements and we have not experienced any strikes or other disruptions due to labour disputes.

We regard our employees as vital to our continued growth and we aim to provide continuous training (external training and in-house training) and education to every employee in the areas of soft skills, technical knowledge and regulatory updates, and on job competencies in order to develop their functional skills related to their respective job scope.

6. BUSINESS OVERVIEW *(Cont'd)***6.6 OUR PRODUCTS AND SERVICES**

We currently provide a range of O&G well services to support the exploration, appraisal, development and production segments of the upstream O&G industry. The well services that we provide include leak repair, perforation, testing, perforate, wash and cement, wireline services and O&G production enhancement services. These well services cover all stages of an O&G well's lifecycle, namely the start-up, production and end-of-life stages.

6.6.1 Well Leak Repair Services

Our well leak repair services involve conducting tests to determine if a well has a leak, identifying the location and nature of the leak, and then sealing that leak.

The first step is to carry out tests to determine if a leak is present in well components such as surface wellheads, control lines, packers and casing. If a leak is detected, we will perform further tests to locate and determine the nature of the leak. Leaks are detrimental to O&G industry operators as they result in loss of production and consequently revenue and reduced O&G reservoir's pressure over time. They can also result in environmental damage if the leaked materials contaminate the sea or land surface.

Well leaks are commonly caused by the following:

- (i) corrosion in the wellhead, casing, tubing, control line, safety valves and other well components;
- (ii) mechanical wear and tear of well components;
- (iii) well pressure fluctuations; and
- (iv) damage caused by well stimulation, which are the usual causes of deeper leaks.

We repair leaks by pumping a repair chemical into the well that fills in any holes and cracks that may be present in the wellhead, control lines and packer. The repair chemical that has filled the holes and cracks will harden when it is exposed to pressure to form a strong and flexible seal that plugs the holes and cracks, thereby restoring the integrity of the component. Any excess repair chemical remains in liquid form and is removed without hardening. The repair chemical that we use can withstand high pressure and temperature, form a seal with a range of surfaces including metal and plastic and is corrosion resistant.

We have entered into sales representation agreement with AGS International for the supply of repair chemicals the details of which are disclosed in Section 6.15(i) of this Prospectus. AGS International is based in the USA and is currently the agent in Asia for repair chemicals from Sealmaker International Ltd. Sealmaker International Ltd is based in the USA and is a developer and manufacturer of a range of chemicals for the O&G industry, including repair chemicals to fix leaks in O&G wells.

The material equipment that we use to provide well leak repair services is listed in the following table:

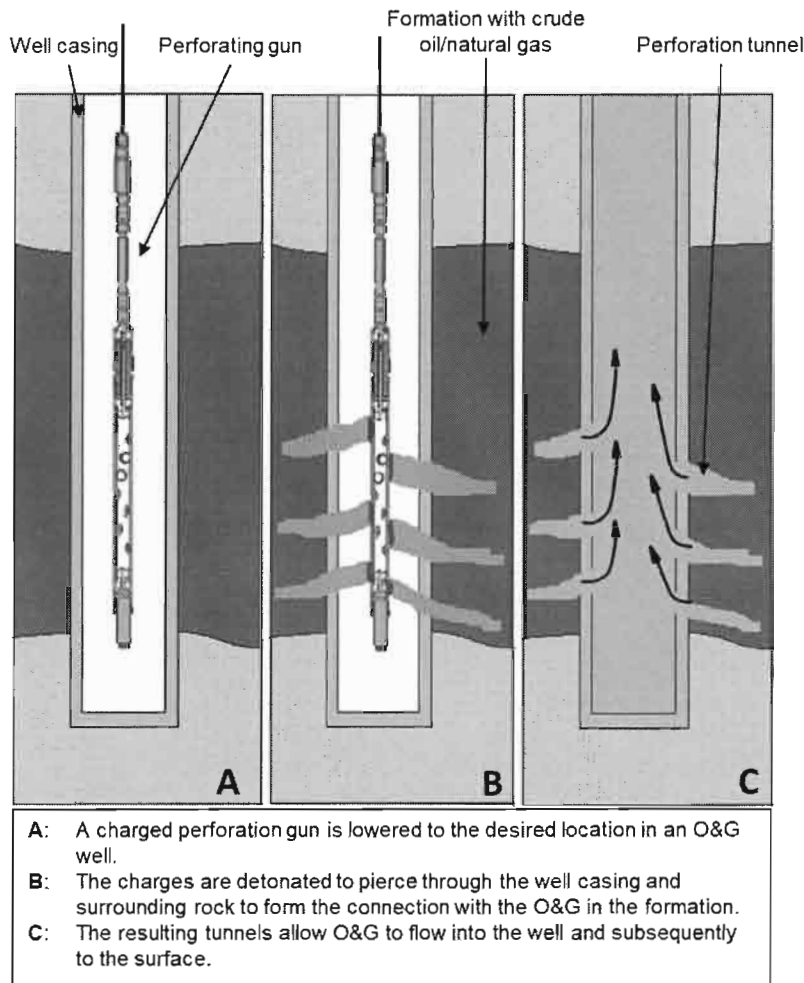
Equipment	Status
ASL60 Autoclave Pump	Owned by our Group
ASL35 Autoclave Pump	Owned by our Group
AHL33 Autoclave Pump	Owned by our Group
Wilden Pump H800	Owned by our Group

6. BUSINESS OVERVIEW (Cont'd)

6.6.2 Well Perforation Services

(i) Description of Services

The well perforation services that we provide involve creating holes at specific points of the well casing and the surrounding formation in an O&G reservoir. These holes, known as perforation tunnels, are the physical connection between the well and the formation.



These services can be grouped into two (2) categories based on when they are performed during a well's lifecycle:

- (a) **Start-up and production stage** perforation services that we provide fall under the exploration and appraisal, development and production segments of the O&G industry. Perforations performed during the exploration and appraisal phase are generally performed to complete exploration wells to allow measurements to be taken or to collect samples. Development and production segment perforations are generally carried out to complete production and injector wells. The objectives are summarised in the following table:

6. BUSINESS OVERVIEW (Cont'd)

Oil and Gas Industry Segment	Objectives
Exploration and appraisal	<ul style="list-style-type: none"> To allow fluids that are present in the surrounding formation, including crude oil, natural gas and other materials, to flow into the wellbore. These fluids can then be analysed by sensors placed in the wellbore, or collected and returned to the surface for testing and analysis.
Development	<ul style="list-style-type: none"> In production wells, perforations allow O&G to flow from the formation into the wellbore and then up to the surface resulting in O&G production. In injector wells, the perforations allow fluids such as water, chemical solutions, gas and steam to be pumped into the formation to stimulate O&G production.
Production	<ul style="list-style-type: none"> For production and injectors wells that are drilled and complete, and currently produce O&G through a production facility.

- (b) We perform **end-of-life stage** perforation as part of the well perforate, wash and cement services that we provide in collaboration with Archer Malaysia. As part of this collaboration we are responsible for the perforation portion of the service, while Archer Malaysia is responsible for wash and cement. Additional information on the overall perforate, wash and cement service is provided in Section 6.6.4 of this Prospectus.

The perforation service projects that we are engaged in usually involve the following scopes of work:

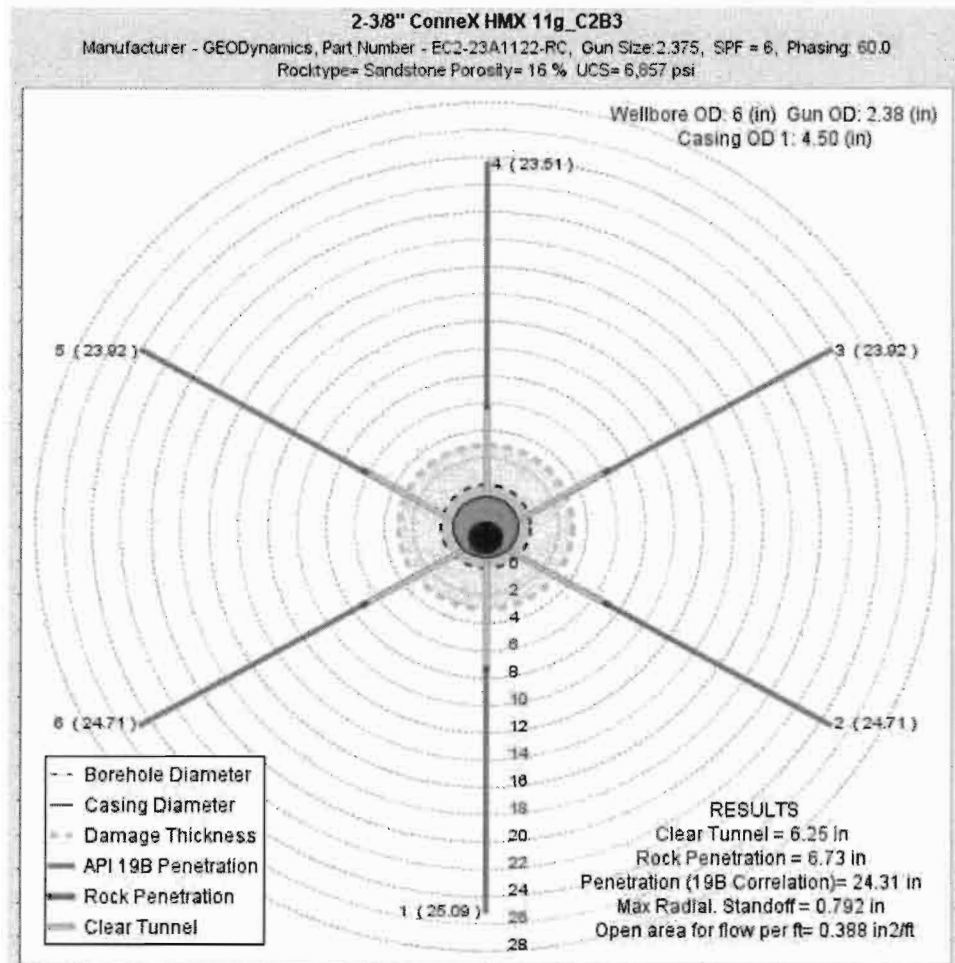
- (aa) **shaped charge performance modelling** involves running computer simulations to predict the results that would be obtained from using different shaped charges and shot densities, based on the conditions found in the perforation zone. The results obtained are measured in terms of casing penetration size and the diameter and depth of the perforation tunnel created. The conditions that can materially affect perforation results include the diameter and thickness of the well casing; types and composition of fluids such as crude oil, natural gas and water present and the type of formation. Carrying out charge performance modelling allows us to determine the most suitable type of shaped charges to use.

The shaped charge performance modelling results in the creation of a diagram that provides a visual representation of the results obtained, including the distribution and depth of the perforation tunnels formed. An top-down view of one of our (1) shaped charge performance modelling results is depicted in the following diagram.

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6. BUSINESS OVERVIEW (Cont'd)

Example of our Shaped Charge Performance Modelling Result (Top-down view)



- (bb) we are responsible for **supplying the firing heads, perforating guns, shaped charges, components and related equipment** used in our perforation service projects. We purchase guns, shaped charges and other components from our suppliers, including GEODynamics Inc., DynaEnergetics, Hunting Titan, Core Laboratories Malaysia and Probe Tech.
- (cc) **perforating gun assembly** is carried out by our qualified personnel who perform their work according to industry safety regulations. Our personnel will install the secondary explosives including shaped charges, detonating cord and booster on the perforating gun. For guns conveyed by slickline, we also programme the smart firing head with the pre-determined conditions and motion signal that must be fulfilled before any detonating sequence can be initiated. The final installation of the primary explosive detonation system, comprising the detonator on the firing head, is only carried out at the worksite shortly before the gun assembly is sent down into the well and the gun assembly is only armed after it is in the wellbore; and

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6. BUSINESS OVERVIEW (Cont'd)

- (dd) we **supply and supervise the personnel** who are involved in carrying out the perforation service works onsite. The team typically includes supervisors, perforating service experts, wireline operators and other skilled workers. The personnel that we deploy onsite are either staff employed by us or qualified contract workers that we engage on a project basis, managing personnel and performing the perforation work. Normally we deploy an average of three (3) staff for each job. As and when required we will engage contract workers. For FYE 2018 and FYE 2019, we only engaged two (2) contract workers respectively. From 1 January 2020 up to the LPD we engaged two (2) contract workers.

The installation of explosive components, including the shaped charges and detonation system, on the perforating gun is carried out by perforating services experts. They are also responsible for initiating the command to detonate the gun assembly, either by using the electronic firing panel, sending the pre-determined motion signal to the smart firing head, or applying hydraulic pressure to the wellbore, depending on the method. All of our perforating service experts are trained in-house. They are required to attend and pass an annual "refresher" explosive safety course that is conducted by our Group.

(ii) Description of Perforating Gun

Well perforation is performed with a tool called a "perforating gun". This tool generally consists of the perforating gun itself, shaped charges and sensors as described below:

(a) Perforating Guns

Some of Our Perforating Guns



A perforating gun is a metal casing on which other components are attached. Guns are available in several lengths, including one (1) foot, two (2) feet, four (4) feet, seven (7) feet, eleven (11) feet and fifteen (15) feet.

The type of perforating gun that we use to provide our well perforation services is the hollow carrier gun, where the shaped charges and other components are positioned and sealed within a steel tube. They are typically used when downhole conditions are unsuitable for exposed guns, or when debris creation has to be minimised. Hollow carrier guns can be conveyed by wireline, electric wireline, tubing or through tubing.

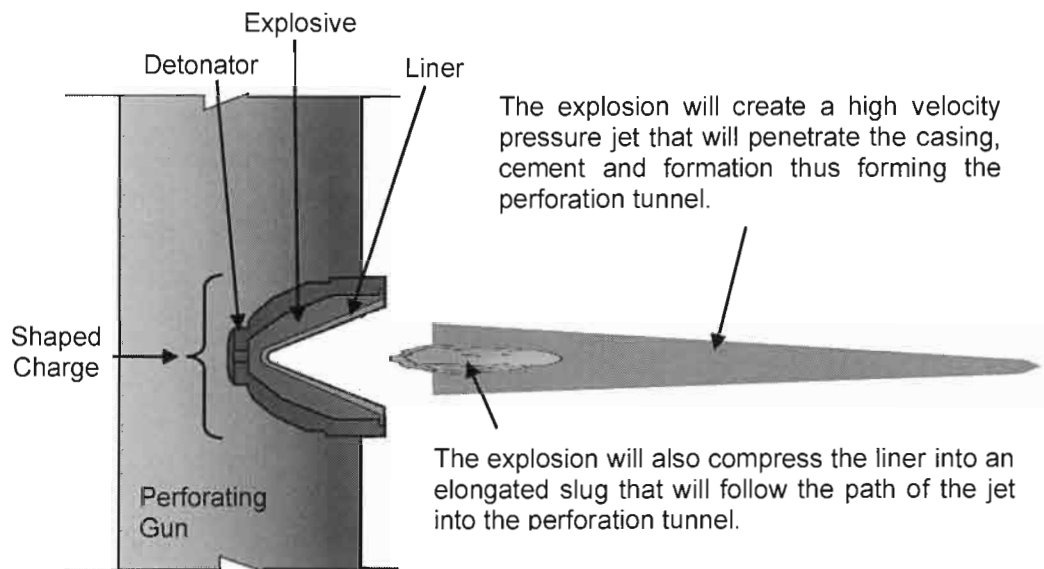
We only use expendable perforating guns that can only be used once.

6. BUSINESS OVERVIEW (Cont'd)

Perforating guns that are designed to operate in active production wells are known as “through-tubing guns”. They are designed to be small enough to fit through the restricted clearance of production tubing and then operate effectively within the wider diameter of the wellbore below the production tubing. They are used to perforate new sections of well casing to bring new sections of the formation into production.

(b) Shaped Charges

How a Shaped Charge Creates a Perforating Tunnel



Shaped charges are explosive devices that are designed so that the energy from its detonation is directed in a specific and focused manner. The focused nature of the explosion enables shaped charges to achieve the following objectives:

- perforate the well casing and achieve maximum formation penetration to create the best possible perforation tunnel for the flow of O&G in production wells, or injected materials in injector wells; and
- minimise damage to the surrounding well casing.

Two (2) types of shaped charges are currently used in well perforation services, namely conventional and reactive shaped charges. We use both conventional and reactive shaped charges in our perforation service projects, depending on our customers' requirements.

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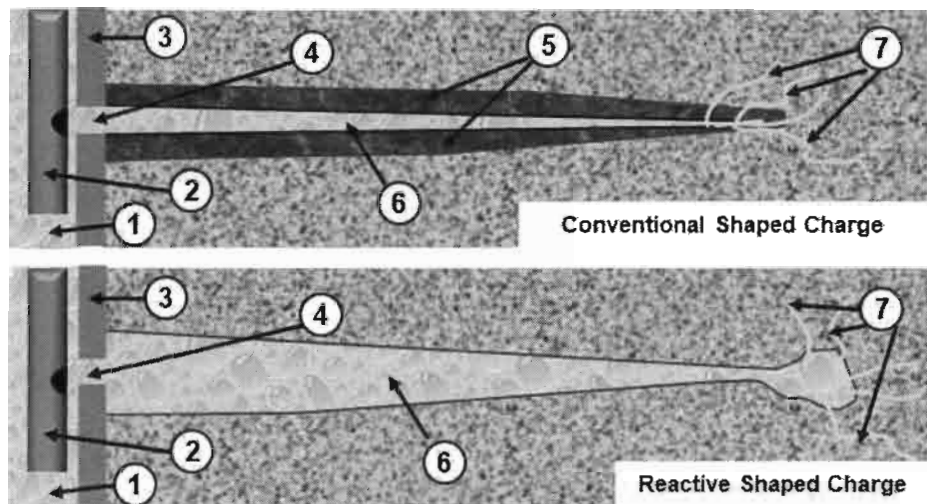
6. BUSINESS OVERVIEW (Cont'd)

With a **conventional shaped charge**, the soft metal liner is made from an inert metal. Conventional shaped charges generally function in the following way:

- the command to detonate initiates causes explosive charge to detonate;
- the shape of the outer case or liner focuses the energy from the explosion into a narrow jet of high pressure energy that punctures the casing, cement and formation, thus creating the perforation tunnel;
- at the same time, the explosion compresses the soft metal liner into a dense slug that travels along the perforated tunnel created by the initial jet of high pressure energy; and
- the slug and compacted debris are deposited along the tunnel. Additional work may be required to clear the liner material and debris from the perforation tunnel to improve flow.

A **reactive shaped charge** is similar in design and construction to a conventional shaped charge, except that the soft metal liner is composed of reactive metals. They also function in a similar manner, except that the liner metal that is deposited along the tunnel spontaneously reacts to generate heat and pressure within and around the tunnel. This heat and pressure breaks up the compacted debris and expels it into the well, thereby cleaning the perforation tunnel in the process.

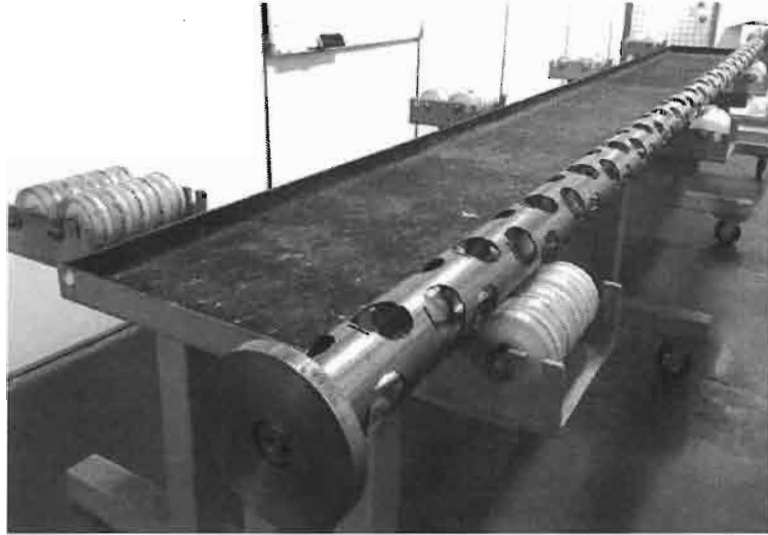
The differences in the types of perforation tunnels normally created with conventional and reactive shaped charges are illustrated in the following diagrams.



1. Wellbore 2. Perforation gun 3. Well casing and cement 4. Perforation through casing and cement 5. Compacted debris caused by the slug travelling into the formation 6. Tunnel created by the slug 7. Crude oil/natural gas from the formation seeping into the tunnel

6. BUSINESS OVERVIEW (Cont'd)

One of Our Perforating Guns Being Prepared for Use



- (c) **Sensors:** Sensors are used to measure downhole parameters such as pressure, temperature and casing collar locator.

(iii) Conveyance Systems

The conveyance system is the means by which the gun is physically connected to the surface and controlled. The type of detonation method used is influenced by the conveyance system used. The main types of conveyance systems are:

- (a) **Slickline:** The perforating gun is connected to the surface through a steel cable. This is the simplest and least costly method conveyance system. It is generally only used when a small number of perforating guns are needed to complete the well perforation project. Gun assembly detonation is automatically initiated by an attached firing head, with minimal operator intervention when pre-determined downhole conditions are met.
- (b) **Electric wireline:** The steel cable carries an electrical and/or fibre optic cable to control the perforating gun and supply it with power. This is the primary conveyance system used in wells where a high degree of accuracy is required in placing the perforation, for example in formations where the O&G-bearing rock zone is relatively small. Gun assembly detonation may be initiated by operators using a control panel on the surface.
- (c) **Coiled tubing:** The perforating gun is attached to a flexible tube which is run into the wellbore. The perforating gun may be connected to the surface by an electric and/or fibre optic line within the tube. The rigidity and strength of the tube makes this the preferred conveyance system in highly deviated wells, horizontal wells and when multiple perforating guns are used.

6. BUSINESS OVERVIEW *(Cont'd)*

- (d) **Tubing conveyed perforation:** The perforating guns are conveyed in the wellbore by tubing, drill pipe or integrated with well completion tubing. Tubing conveyed perforation is used in highly deviated or horizontal wells, to carry large guns and/or to perforate long intervals at the same time.

We currently provide perforation services using the slickline, electric wireline, coiled tubing and tubing conveyed perforating methods, depending on our customer's requirements. We currently use the services of external suppliers selected and engaged by our customers to convey our guns into wells when we provide our perforating services.

(iv) Detonation Methods

In general, perforating guns are detonated by a command initiated by an operator on the surface.

Perforating guns that are conveyed by slickline are equipped with a separate tool known as a "smart firing head" which is used to detonate the gun assembly without requiring electrical signals sent from the surface. The smart firing head has sensors to measure downhole conditions pressure, temperature, depth and movement, and a programmable electronic memory tool. The operator will programme the smart firing head to detonate the gun assembly only when all of the specified physical conditions are fulfilled and a specific sequence of motion signals is received.

Tubing conveyed perforating guns are usually detonated by using hydraulic pressure firing heads. When the gun assembly is at the desired location, the operator on the surface will increase the hydraulic pressure in the wellbore above the threshold level, which will cause the hydraulic pressure firing head's firing pins to shear off and the gun assembly to detonate.

Perforating guns that are conveyed by electric wireline may also be detonated by an operator from the surface. The electrical firing head is equipped with a gamma ray or casing collar locator tool and is connected to a firing panel on the surface by the electrical wire. The firing panel provides the operator with readings of physical measurements collected by sensors on the perforating gun. The operator monitors the progress of the perforating gun as it is lowered into the well and sends the electrical signal to initiate the detonation of the gun assembly when they determine that the perforating gun is at the desired depth and location.

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6. BUSINESS OVERVIEW (Cont'd)**(v) Equipment Used**

The material equipment that we use to provide well leak repair services is listed in the following table:

Equipment	Status
Primary explosive magazine (BSEN)	Owned by our Group
Secondary explosive magazine (BSEN)	Owned by our Group
Secondary explosive magazine (DNV)	Owned by our Group
20 feet open top basket (DNV)	Owned by our Group
12 feet multipurpose toolbox (BSEN)	Owned by our Group
Low power electronic firing head (inclusive of mechanical safety switch)	Owned by our Group
Electronic detonator tester	Owned by our Group
Explosive storage magazine	Owned by our Group
Memory correlation tool	Owned by our Group
Memory cement bond log tool (CBL)	Owned by our Group
Gamma gun Geiger	Owned by our Group
Portable flowmeter	Owned by our Group
Firing control panel	Owned by our Group
Shot detection tool	Owned by our Group
Spartek Line Management System	Owned by our Group

6.6.3 Well Testing Services

We provide well testing services to collect data that are used to create models to predict the characteristics of wells and O&G reservoirs. The data collected, including pressure and temperature measurements, flow rates and fluid samples, are important in understanding and predicting an O&G reservoirs' behaviour and production potential. Well testing is also performed to calibrate fluid flow meters.

Well testing involves a range of tests and measurements to gather data, including:

- (a) measuring the flow rate of fluids in the well;
- (b) measuring the quantity of fluids that are produced from a well to the surface during a specific period of time;
- (c) measuring how pressure within a well changes after the flow of fluids out of the well has been shut off (known as "**shut in pressure measurement**");
- (d) collecting fluid samples from within the well and at the surface; and

6. BUSINESS OVERVIEW (Cont'd)

- (e) comparing the composition of fluid samples collected within the well and the composition of fluids collected at the surface.

These tests and measurements are conducted at multiple points of the well to gather the data and samples used to estimate the size of an O&G reservoir.

The data gathered through well testing allow O&G operators to conduct analysis to predict well and O&G reservoir characteristics, including:

- (a) the types of crude oil, natural gas and other materials that a well will produce;
- (b) the relative proportion crude oil, natural gas and other materials that are produced from the well;
- (c) the rate at which the well will produce these fluids;
- (d) the quantity of O&G such as crude oil and natural gas that are present in a reservoir;
- (e) the physical delineation of the reservoir, including its potential boundaries; and
- (f) the future behaviour of the well.

These well characteristics are important factors in designing well completions, developing field producing strategies and designing production facilities.

In addition, well testing is also performed to calibrate fluid flow meters at a production facility. Knowing the relative proportion of crude oil and natural gas in a sample collected at the surface enables operators to calculate the quantity of these materials that are present in fluids produced during a specific period of time.

The data that we collect are used by our customers to conduct their own analysis, deliberate on their own decisions and fulfil their own objectives. Well testing is conducted during the exploration and appraisal, development and production segments. The data collected and objectives change with each segment, as summarised in the following table:

Oil and Gas Industry Segment	Data Collected and Objectives
Exploration and appraisal	<ul style="list-style-type: none"> • Collect downhole fluid sample to confirm that O&G are present. • Determine the composition of fluids, including crude oil, natural gas and other materials present. • Determine the characteristics of the fluids that are present, which are used to determine the type of process equipment that must be installed to extract, treat and transport the produced O&G from the well to the refinery. • Estimate the quantity of recoverable O&G in a reservoir. • Delineate O&G reservoir's physical boundaries. • Ascertain permeability of the surrounding formations. • Determine other physical characteristics, such as pressure, temperature and potential production rates. • Assess the well and O&G reservoir's production potential and commercial viability.

6. BUSINESS OVERVIEW (Cont'd)

Oil and Gas Industry Segment	Data Collected and Objectives
Development	<ul style="list-style-type: none"> • Evaluate pressure and flow rates. • Ascertain compartmentalisation within the O&G reservoir, namely how pockets of crude oil and natural gas are distributed and connected to one another. • Clean up the wellbore to remove perforation debris, sand and other materials before production equipment are installed. This is done to prevent these materials from damaging the production equipment. • Assess the effectiveness of the completion work done, including perforations.
Production	<ul style="list-style-type: none"> • Find the cause of any unexpected changes in production and determine if they are due to the nature of the O&G reservoir, or due to the well's completion. • Calibrate flow meters. • Evaluate the effectiveness of any subsequent completion work done during the production phase.

We currently provide our well testing services based on an agreement with Petrotechnical. Under our agreement, Petrotechnical is responsible for providing the equipment used for well testing, the personnel to operate the equipment and training to our personnel. We will provide personnel to take part in operations and receive training on operating the equipment from Petrotechnical.

We bid for well testing jobs together with Petrotechnical. When preparing for a joint-bid with Petrotechnical for Petronas' contract, each of us will fill in our respective scope of work as required in the bidding document. We will then submit the bid where we will identify Petrotechnical as our sub-contractor as well as their scope of work.

However, prior to submitting a bid, we will discuss with Petrotechnical to ascertain if they are interested in a joint-bid. In the event that Petrotechnical does not agree to participate in the joint-bid, we may look for alternative sub-contractor. In this situation, we will jointly bid with the alternative sub-contractor for Petronas' contract.

In the event that our joint-bid with Petrotechnical is successful and subsequently Petrotechnical is unable to supply the well testing equipment as per the Petronas contract, we will be in breach of Petronas contract which specifies using Petrotechnical as a sub-contractor. Under this circumstance, we may propose to Petronas with an alternative sub-contractor to replace Petrotechnical. Petronas may or may not agree to our proposal for the alternative sub-contractor.

As part of our business strategy we intend to purchase our own well testing equipment and provide the full package of well testing services to our customers. Please refer to Section 6.22 of this Prospectus for additional information.

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6. BUSINESS OVERVIEW (Cont'd)

The material equipment that we use to provide well testing services is listed in the following table:

Equipment	Status
8' x 8' A60 rated DNV 2.1-1, Zone 2 office lab cabin	Owned by our Group
DAQ System	Owned by our Group
Flow line pipes	Provided by Petrotechnical
Surge tank	Provided by Petrotechnical
Choke manifold with data header	Provided by Petrotechnical
Burner system	Provided by Petrotechnical
Pumps	Provided by Petrotechnical
Three-phase horizontal test separator	Provided by Petrotechnical
Safety systems	Provided by Petrotechnical
Sand filter system	Provided by Petrotechnical
Instrumentation, data acquisition and process control systems	Provided by Petrotechnical
Other equipment^	Provided by Petrotechnical

Note:

^ Other equipment includes baskets, well test crossovers, O&G diverters, electric and hand driven centrifuges, and sandbox.

6.6.4 Wash and Cement Services

Wash and cement services are a part of the perforate, wash and cement services that we currently provide.

We are currently engaged by our customers to provide O&G well perforate, wash and cement services, which is one (1) of the steps involved in well plugging and abandonment. Well plugging and abandonment involves sealing a well that is no longer in use. For example, production and injection wells may be sealed for the following reasons:

- (i) their O&G reservoirs have been depleted;
- (ii) production from the well is no longer considered to be commercially viable; and
- (iii) the PSC operator's lease has ended.

Operators in the O&G industry are required to properly plug and abandon wells that are no longer in use. This is to prevent environmental contamination resulting from fluids moving from one (1) rock formation to another, such as from O&G reservoir into formations that contain ground water or from the O&G reservoir up to the land or sea.

6. BUSINESS OVERVIEW (Cont'd)

Well plug and abandonment involves removing above ground and underground equipment and performing perforation, wash and cementing. The above ground equipment that are removed include wellheads, manifolds and surface risers, while underground equipment includes casing, production tubing, pumps, valves, sensors and other tools that may be present underground. We are currently not involved in removing above ground and underground equipment.

Perforate, wash and cement refers to installing the cement plugs and heavy mud at specific locations along the well. The locations involved include:

- (a) along every section of the wellbore has been perforated (the perforation intervals);
- (b) one (1) or more plugs installed around the middle of the well; and
- (c) one (1) final plug installed close to the surface.

Perforate, wash and cement involves the following steps:

- (aa) **Perforation:** The specified plug locations are perforated, including at existing perforation intervals;
- (bb) **Washing:** The cement behind the casing locations are then thoroughly washed; and
- (cc) **Cementing:** Cement slurry is pumped into the plug location and the cement slurry hardens into a solid plug. Displacement fluid is then pumped into the location to complete the seal.

We provide the perforate, wash and cement service in collaboration with Archer Malaysia. The perforate, wash and cement service that we provide in collaboration with Archer Malaysia have the ability to perform the well perforation, clean-up and install the cement plug in a single trip, which can result in time savings.

Our roles as part of the collaboration are as follows:

- (1) we are responsible for performing the end-of-life perforation; and
- (2) Archer Malaysia provides the wash tools that are used to wash the area behind the perforated casing and accurately install the cement plug, and the personnel to operate the wash tools. The wash tool is attached to the drill pipes that carry the perforating gun and the wash tool and perforating gun are run into the well at the same time or separately. After the perforating gun has been fired to create the perforation tunnels at the plug location, Archer Malaysia will operate the wash tool is to thoroughly wash the cement behind the casing locations to remove rock, cement and other debris from the plug location. After the washing has been completed, Archer Malaysia will operate the wash tool to pump the cement slurry followed by displacement fluid to place the plug in its location. The cement slurry will set and harden to form a solid plug that creates the seal.

We bid for well perforate, wash and cement services in collaboration with Archer Malaysia. When preparing for a joint-bid with Archer Malaysia for Petronas Carigali's contract, each of us will fill in our respective scope of work as required in the bidding document. We will then submit the bid where we will identify Archer Malaysia as our sub-contractor as well as their scope of work.

However, prior to submitting a bid, we will discuss with Archer Malaysia to ascertain if they are interested in a joint-bid. In the event that Archer Malaysia does not agree to participate in the joint-bid, we may look for alternative sub-contractor. In this situation, we will jointly bid with the alternative sub-contractor for Petronas Carigali's contract.

6. BUSINESS OVERVIEW (Cont'd)

In the event that our joint-bid with Archer Malaysia is successful and subsequently Archer Malaysia is unable to fulfil its obligations, as per the Petronas Carigali contract, we will be in breach of Petronas Carigali contract which specifies using Archer Malaysia as a sub-contractor. Under this circumstance, we may propose to Petronas Carigali with an alternative sub-contractor to replace Archer Malaysia. Petronas Carigali may or may not agree.

We have been appointed by Archer Malaysia as its distribution agent in Malaysia for wash tool services carried out as part of well abandonment services as detailed in Section 6.15 (iii) of this Prospectus.

The material equipment that is used to provide wash and cement services is listed in the following table:

Equipment	Status
Wash tools	Provided by Archer Malaysia

6.6.5 Wireline Services

Wireline services are performed by sending wireline downhole tools down the wells to recover wellbore equipment such as plugs, gaslift valves, downhole pressure gauges as well as performing well intervention and collection of data. Wireline services can also be used to adjust sliding side door located downhole for zone change, as well as repair tubing leak or damage.

With **slickline**, the tool is connected to the surface by a cable introduced into a well that lowers and raises downhole tools to the appropriate depth. The operator at the surface monitors wireline's tension via a weight indicator gauge and depth with a depth counter. To perform memory cased logging operation via wireline, instructions are programmed in the tool and the tool performs its task when the programmed conditions are achieved (such as reaching a certain depth, or when a specific pressure or temperature range is detected). For data collection, the tool will store the data that it collects in its memory and the data is retrieved when the tool is recovered and brought to the surface.

With **electric wireline** an electrical cable is used to lower and raise the tools, and transmit data about the conditions of the wellbore. The electrical cable supplies the wireline tool with electric power and facilitates real time two (2) way communication between the operator and the wireline tool.

The types of data that we collect using wireline services include:

- (i) downhole pressure and temperature;
- (ii) gamma ray casing collar locator (GRCCCL);

Some of Our Smart Firing Heads Tools



6. BUSINESS OVERVIEW (Cont'd)

- (iii) reservoir production data; and
- (iv) tubing integrity.

Our Gamma Ray Wireline Tools



We currently use the following types of wireline and slickline downhole tools to provide our services:

Wireline & Slickline Tool	Functions
Memory cased hole logging tool	A tool equipped with multiple sensors to measure and collect data on various parameters in the wellbore. The tool is installed down hole where it collects data over a period of time. The data is stored electronically on the tool and data retrieved when the tool is recovered.
Gamma ray casing collar locator (GRCCCL)	A tool used to locate casing collars within wells and is used for depth correction and leakage detection.
Sliding sleeve manipulator	A tool equipped with mechanical devices used to open and close bottom hole sleeves and are used to initiate, regulate or stop flow of O&G from a well.
Bottom hole pressure and temperature measurement tool	A tool equipped with pressure and temperature sensors and data storage devices used to measure and record downhole pressure and temperature.
Paraffin cutter	A tool equipped with devices to cut and physical remove deposits of solid organic matter that accumulates in a wellbore.

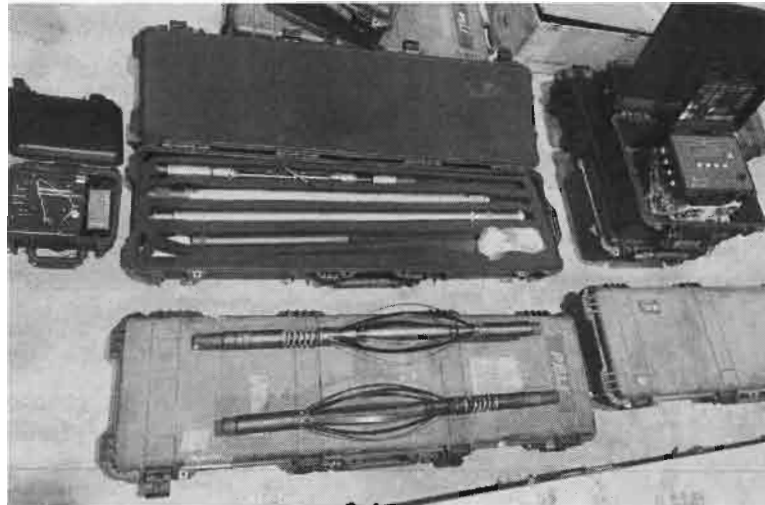
6. BUSINESS OVERVIEW (Cont'd)

We also provide tubing cutting services, which involves lowering a wireline tool known as a radial cutting torch ("RCT") into a well to cut downhole metal tubing. The RCT is packed with specially formulated flammable material, which is ignited when the RCT reaches the desired location to produce hot plasma. The hot plasma is directed out of the tool via a series of nozzles to melt and cut the surrounding metal tubing. The cut metal tubing can then be freed, recovered or pushed further down the well. We engage a sub-contractor to provide wireline services for tubing cutting, as we do not have the expertise, equipment and technology to provide this service.

As at the LPD, we own and operate the following types of major wireline equipment:

Major Equipment	Units
Wireline package, including wireline unit with power pack, pressure control equipment and downhole tools of various sizes.	2 sets

Some of Our Memory Cased Hole Logging Tools



6.6.6 O&G Production Enhancement Services

O&G production enhancement services are intended to increase the rate of crude O&G production from a reservoir and/or to increase the total amount of crude O&G that is extracted from a reservoir over the course of its productive life. We currently provide two (2) types of O&G production enhancement services, namely supplying IOR chemicals and providing sand management solutions.

(i) Supplying IOR Chemicals

IOR refers to the practice of promoting additional hydrocarbon production from a reservoir. IOR methods that are currently in use include, among others, water injection, gas injection and chemical injection.

6. BUSINESS OVERVIEW (Cont'd)

We have developed a range of specialised chemicals for use in IOR. RL Solutions' in-house IOR chemicals make use of solvents, alkaline, surfactants, acid blends and other composite fluids to remediate problems faced by wells. These IOR chemicals are designed to improve crude oil recovery by methods such as removing deposits from near wellbore and tubing, changing formation characteristics to promote better conditions for crude oil flow, removing blockage in conduits such as tubing and/or reducing water production from the reservoir. These methods act together to improve the producibility of hydrocarbons and reduce the production of unwanted fluids and solids, such as water, sand and other fine particles.

Compatible IOR chemicals can be mixed together to form a blend. We customise the blend based on the specific properties and issues to be addressed at the reservoir and wells.

We have completed development of the IOR chemicals and have engaged a third-party toll blender to mix the IOR chemicals for us based on our specifications. We began to supply IOR chemicals to PSC and other service providers during FYE 2019.

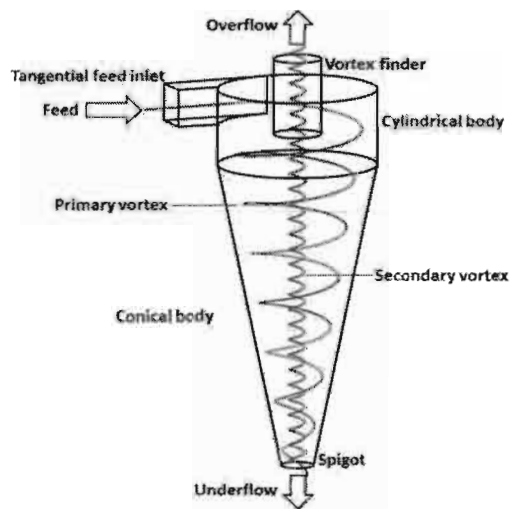
(ii) Sand Management Solutions

The products that are initially produced from a production well consists of a mixture of crude O&G, water, sand and other liquids and solids. Sand management refers to the process of removing sand and other solids from this mixture. The sand management solutions that we provide include providing equipment such as desanders, chemicals and maintenance services for desanders.

We use desanders as part of the sand management solutions that we provide. A desander is a device that physically separates sand and other solid materials from the stream of crude O&G, water and other liquids, and gasses from a production well. Desanders are typically installed at a production facility such as on an offshore platform. The produced mixture is pumped into the desander, within which it moves as a spiralling vortex. Heavier and denser material such as sand and other solid particles will be driven downwards, separated from the other materials and exit the desander through the opening at the bottom (known as the underflow). Crude O&G and lighter and finer solid materials will be driven upwards (the secondary vortex) and exit the desander through the vortex finder opening at the top (known as the overflow). The crude O&G with lighter and finer solid material is then fed through a desilter, which removes the remaining light and fine solid materials.

Production well characteristics such as the composition, thickness and flow rate of produced materials, well pressure and the type of sand and solid materials produced can influence desander performance. As a result, we need to study the characteristics of our customer's production wells in order to customise the desander design and optimise the sand management solution that we provide to them.

Illustration of How a Desander Works



6. BUSINESS OVERVIEW *(Cont'd)*

Our desanders are packaged together with other equipment on a skid that is easy to transport and install on-site. The desander is designed by our Group and fabricated by a third-party fabricator based on our design.

Other aspects of the sand management solutions that we offer to our customers include providing chemicals as part of the overall sand management solution to enable finer sand to be removed by the desander. These chemicals function by increasing the tendency for sand particles to clump together. We also provide maintenance services for wellhead desanders that are installed at production facilities.

We began to provide sand management solutions to another service provider during FYE 2019.

6.6.7 Other Products and Services

In addition to well services, we also supply other services to our customers, although these do not constitute a major contribution to our revenue. Revenue from other products and services accounted for 4.23%, 1.89%, 0.22% and 1.13% of our total revenue for the FYE 2016, FYE 2017, FYE 2018 and FYE 2019 respectively. We provide these other products and services based on an ad hoc basis and moving forward we do not plan to focus on these other products and services.

(i) Supplying Technical Personnel

Supplying technical personnel involves providing our customers with the services of O&G industry personnel as and when they are requested by the customer. We are responsible for identifying candidates who possess the experience and academic, technical and other qualifications that are stipulated by our customer. We provided this service in FYE 2017 and FYE 2019, whereby the technical personnel involved were contract workers.

(ii) Supplying Oilfield Equipment

We were involved in supplying oilfield equipment comprising a power generating unit at the request of one (1) of our customers during FYE 2016 as a one-off arrangement.

(iii) Construction and Consultancy Services

During FYE 2016, FYE 2018 and FYE 2019, we were engaged by our customers to provide construction and consultancy services as separate services.

6.7 CAPACITY AND UTILISATION

In general, the measurement of capacity and utilisation is not applicable to our well service businesses as they are service-based business activity. Furthermore, these services are usually carried out at our customers' facilities such as offshore production platforms and as a result, our capacity to provide these services does not depend on our own facilities.

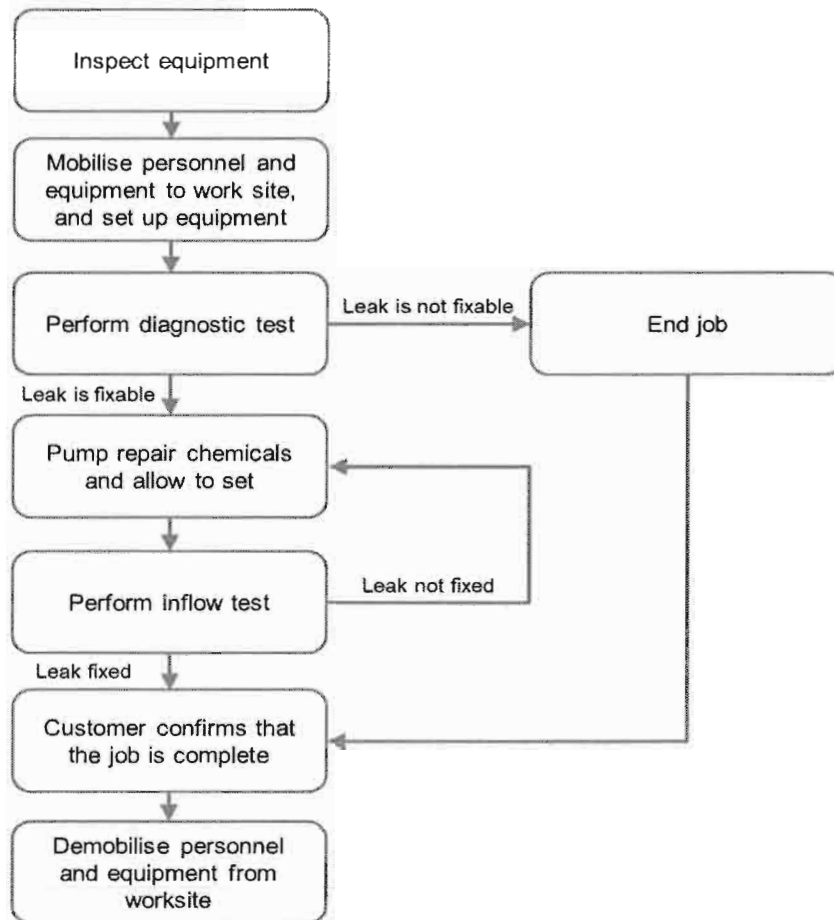
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6. BUSINESS OVERVIEW (Cont'd)

6.8 BUSINESS PROCESS

6.8.1 Well Leak Repair

The following diagram depicts our general process flow for well leak repair services:



The equipment that will be used in the well leak repair job is first inspected to ensure that they are in good working condition and any damaged equipment is repaired or replaced. Equipment used for well leak repair includes pumps, digital pressure gauges, hoses, valves and fittings, and hand tools. We also check that sufficient quantities of repair chemicals have been prepared and mobilised for the job. When all the equipment and repair chemicals are ready, the personnel and equipment are mobilised to the worksite.

The pumps, digital pressure gauges, hoses and other equipment are then connected together. A diagnostic test is carried out using pump and pressure measurement equipment connected to the well component to be tested, such as the surface wellhead, control line, packer or casing. The pump is used to pressurise the component for a specific period of time and the pressure and other required information is recorded with the measuring equipment. Variations such as changes in pressure and the rate of decrease over time are noted and analysed by the Engineer to determine if the leak is fixable or not fixable. If we determine that the leak is not fixable, our role ends and the customer may have to consider other options to resolve the problem.

6. BUSINESS OVERVIEW *(Cont'd)*

If the leak is fixable, the information gathered is used to calculate the volume of repair chemicals needed to seal the leak. The required volume of repair chemicals is prepared and pumped into the well component to be fixed. The component is pressurised for a specific period of time to allow the repair chemical to set and seal the leak. The component is then flushed to remove excess repair chemicals. Once this is completed, we will conduct an inflow test on the component (by reducing its pressure so that it is lower than the formation pressure) to determine if the leak has been fixed. If the leak is not fixed, more repair chemicals are pumped into the component, pressurised and allowed to set, and flushed. This process may be repeated until the leak is fixed.

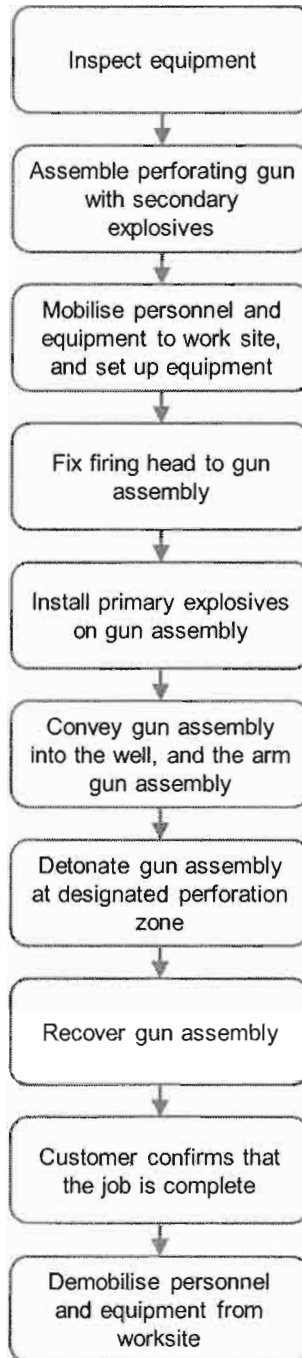
The customer will then confirm that the leak repair services job has been completed and provide a completion certificate. We will disconnect our equipment and demobilise our personnel and equipment from the worksite.

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6. BUSINESS OVERVIEW (Cont'd)

6.8.2 Perforation

The following diagram depicts our general process flow for well perforation services:



The equipment that will be used for the well perforation job is inspected to ensure that they are in good working condition. The equipment used include firing heads, perforating guns, sensors, shaped charges, detonating cord, detonators and firing panels. Any damaged equipment is repaired or replaced.

6. BUSINESS OVERVIEW *(Cont'd)*

Gun assembly is carried out by our perforating services experts according to industry safety regulations. The first step of gun assembly is to install the secondary explosives, including shaped charges, detonation cord and booster, on the perforating gun.

The crew and equipment are then mobilised to the worksite.

Perforating guns that are conveyed by slickline are installed with a smart firing head or pressure actuated firing head, depending on the detonation method used:

- (i) if a smart firing head is used, our personnel will program the device with the pre-determined physical conditions and motion signal that must be fulfilled before any detonating sequence can be initiated; and
- (ii) if a pressure activated firing head is used, it is prepared with the appropriate firing pin set-up for the detonation pressure threshold selected.

Perforating guns conveyed by electric wireline are installed with firing heads that are equipped with sensors to measure physical parameters such as pressure, temperature and depth. The firing head is connected to a firing panel on the surface and information collected by the sensors are displayed on the firing panel's electric logging unit display.

Shortly before the perforating gun assembly is sent into the well, our perforating services experts will carry out the final installation of the primary explosive detonation system, comprising the firing head detonator. The detonating system is then armed and the perforating gun assembly is then conveyed into the well by slickline, electric wireline, coiled tubing and tubing conveyed.

Our perforating services experts on the surface will monitor the progress of the gun assembly as it travels in the well. The command to detonate the gun assembly is initiated by our perforating services experts when it has reached the designated perforation zone:

- (a) if a smart firing head is used, our perforating services experts will initiate the specific sequence of motion signals that will initiate the detonator and fire the gun assembly;
- (b) if a pressure activated firing head is used, the wellbore pressure is increased to above the selected detonation pressure threshold. This will cause the firing pins to shear off and initiate the detonator and fire the gun assembly; and
- (c) if electric wireline is used, our perforating services experts will unlock the safety lock system and two perforating services experts will simultaneously compress the two (2) buttons of the dual button firing system to initiate the detonator and fire the gun assembly.

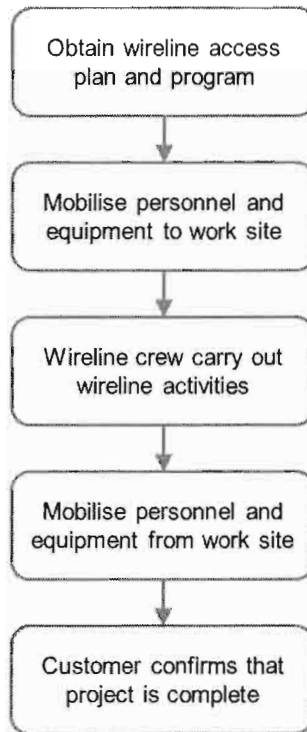
After the gun assembly has been detonated, it is recovered from the well inspected to confirm that all of the shaped charges installed on the gun have been fired. The customer will confirm that the perforation services have been completed and provide a completion certificate. Thereafter, we will pack up our equipment and demobilise our personnel and equipment from the worksite.

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6. BUSINESS OVERVIEW *(Cont'd)*

6.8.3 Wireline Services

The following diagram depicts our general process flow for providing wireline services:



The first step is to obtain the wireline access plan and program from the customer. We will then mobilise our personnel and equipment to the worksite. The worksite is where the well is located, such as an onshore or offshore drilling rig or production platform. The wireline crew executes the required wireline activities at the worksite, which will depend on our scope of work and the customer's requirements.

At the end of the job, the customer will confirm that the services have been provided and completed, and provide a completion certificate. We will pack up our equipment and demobilise our personnel and equipment from the worksite once the wireline job is completed.

6.9 QUALITY AND SAFETY MANAGEMENT PROGRAMME

6.9.1 Quality Management System

The quality of the service that we provide to our customers is important to us and we adhere to stringent quality standards. Our Group's quality management system has received independent certification to the ISO 9001:2015 and ISO/ TS 29001:2010 standards. ISO/ TS 29001:2010 is the quality management standard that was developed for organisations in the O&G industry and it provides additional requirements to the ISO 9001:2015 standard that are specific to the O&G industries. Our certifications provide assurance to our customers that our quality management system complies with the stipulated standards, including those that are specific to the O&G industry's requirements.

6. BUSINESS OVERVIEW (Cont'd)

Our quality management system certifications are summarised in the following table:

Company	Standard	Scope	Issuing Body	Validity Period
RLSB*	ISO 9001:2015	"Provision of Oil & Gas Well Intervention Equipment & Services Provider"	DNV Business Assurance	GL 21 June 2019 to 21 June 2022
RLSB*	ISO/ TS 29001:2010	"Provision of Oil & Gas Wells Intervention Equipment & Services Provider"	DNV Business Assurance	GL 21 June 2019 to 21 June 2022

Note:

* The certification includes RLSB's headquarter, Kemaman service centre and warehouse and Labuan service centre and warehouse.

6.9.2 Safety Management

As we operate in the O&G industry, we are committed to maintaining high worksite safety standards. Starting from when we served our first customer in 2009 and as at the LPD, we have recorded 577,763 man-hours of operations without LTI, which is a testament to our commitment to ensure safe working conditions. In addition, we have received customer testimonials and awards recognising our achievement in providing services without LTI. Please refer to Section 6.2 for further details on these customer testimonials and awards.

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

- (i) only personnel who have completed the relevant training are permitted to handle shaped charges, detonators and detonating cords and other explosives;
- (ii) only perforating services experts who have completed the relevant training, including our annual in-house refresher course, are allowed to handle explosives, install explosive components on perforating guns and initiating the command to detonate the shaped charges in manually detonated perforating guns. As at the LPD, twenty six (26) of our employees were perforating services experts;
- (iii) all explosive materials at our Kemaman service centre and Labuan service centre are stored in explosives bunkers at their respective locations when not in use; and
- (iv) portable explosive magazines are used at all times to transport explosive materials from our Kemaman service centre and Labuan service centre to our worksites.

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6. BUSINESS OVERVIEW (Cont'd)

Our Leased Explosive Bunker at Kemaman Supply Base



Two (2) of Our Portable Explosive Magazines



6. BUSINESS OVERVIEW *(Cont'd)*

6.9.3 Approach Towards Quality and Safety Standards

We adopt the following approaches to ensure that our personnel maintain and adhere to our quality and safety standards at the worksite at all times:

- (i) the design of services, which document the procedures, drawings, contingency plans responsibility trees for all of our projects, are prepared in accordance to our ISO/ TS 29001:2010 documentation;
- (ii) we have instituted workplace safety procedures covering worksite procedures, handling explosives, machinery and equipment operations and workers' safety practices;
- (iii) only personnel who hold valid offshore safety passport issued by Petronas are deployed to offshore worksites. As at the LPD, a total of fifty seven (57) of our employees held valid offshore safety passport issued by Petronas;
- (iv) all personnel are required to wear the personal protective equipment ("PPE") that is appropriate to performing their tasks while they are at their respective worksites;
- (v) the work performed by our personnel at the worksite are recorded in the daily job log;
- (vi) when required, our team of professionals comprising supervisors and safety officers are on hand to implement our quality and safety standards and procedures. Our safety officers are not required to be at some of the work sites that have their own safety officer, such as at offshore platforms. For the work sites that do not have their own safety officer, we will deploy our safety officer to implement our quality and safety standards, and procedures; and
- (vii) all of the materials that are provided by external suppliers must meet our quality control standards before they are used in our projects. Incoming materials are inspected using the incoming, storage and outgoing material and equipment procedures in our ISO/TS 29001:2010 documentation. The inspection includes visual inspection on all incoming packages and materials to check that they are free of visible damage; and a complete quantity count on all incoming materials (with the exception of loose parts and components) to check that the quantity and types of items received by us corresponds with the quantity and type stipulated in the delivery order, invoice or packing list.

As at LPD, we have three (3) quality and HSE personnel who are involved in managing the quality and safety of our O&G well services.

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6. BUSINESS OVERVIEW *(Cont'd)*

Our Staff Lowering a Wireline Tool into a Well

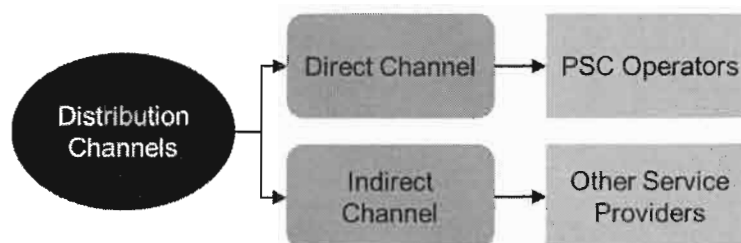


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6. BUSINESS OVERVIEW (Cont'd)

6.10 MODE OF MARKETING, DISTRIBUTION AND SALES

We adopt both direct and indirect distribution channels for our sales and marketing activities.



PSC = Petroleum Sharing Contract.

We adopt a direct distribution channel strategy where we market and sell our services directly to PSC operators. They are mainly involved in carrying out exploration, appraisal, development and production of O&G resources. Our direct distribution channel strategy allows us to explain the technical benefits of our services directly to users, which places us in the best position to secure contracts to sustain and grow our business.

We also adopt an indirect distribution channel strategy where we market and sell our services to supporting services providers to the O&G industry, who use us to service PSC operators. In this situation, our customers are the supporting services providers who engage us as subcontractor for their projects.

As at the LPD, we have seven (7) sales and marketing personnel who are all based at our headquarters in Kuala Lumpur.

We have one (1) agent to represent us to market our services in Indonesia. This agent, who has represented us since March 2018, enables prospective customers in Indonesia to learn about our services without our Group having to be in Indonesia during the most part of the sale and marketing stage. As at the LPD, we have not secured any contracts or purchase orders through this agent in Indonesia. Additional information relating to our agent is summarised in the following table:

Agent	Products and Services Covered	Geographic Coverage
PT Wiyar Reka Utama	Well leak repair services.	Indonesia

We participate in local and overseas exhibitions and conventions to market and promote our services. The exhibitions and conventions that we have participated since 2015 include:

Company	Event	Location	Year
RLSB	2016 Offshore Technology Conference Asia	Kuala Lumpur, Malaysia	2015
RLSB	Society of Petroleum Engineers Reservoir Management & Surveillance Summit 2017	Kota Kinabalu, Malaysia	2017
RLSB	42 nd Indonesian Petroleum Association Convention and Exhibition 2018	Jakarta, Indonesia	2018
RLSB	2018 Society of Petroleum Engineers Asia Pacific Oil & Gas Conference and Exhibition	Brisbane, Australia	2018
RL Solutions	4th Malaysian Oil & Gas Services Exhibition & Conference (MOGSEC 2018)	Kuala Lumpur, Malaysia	2018

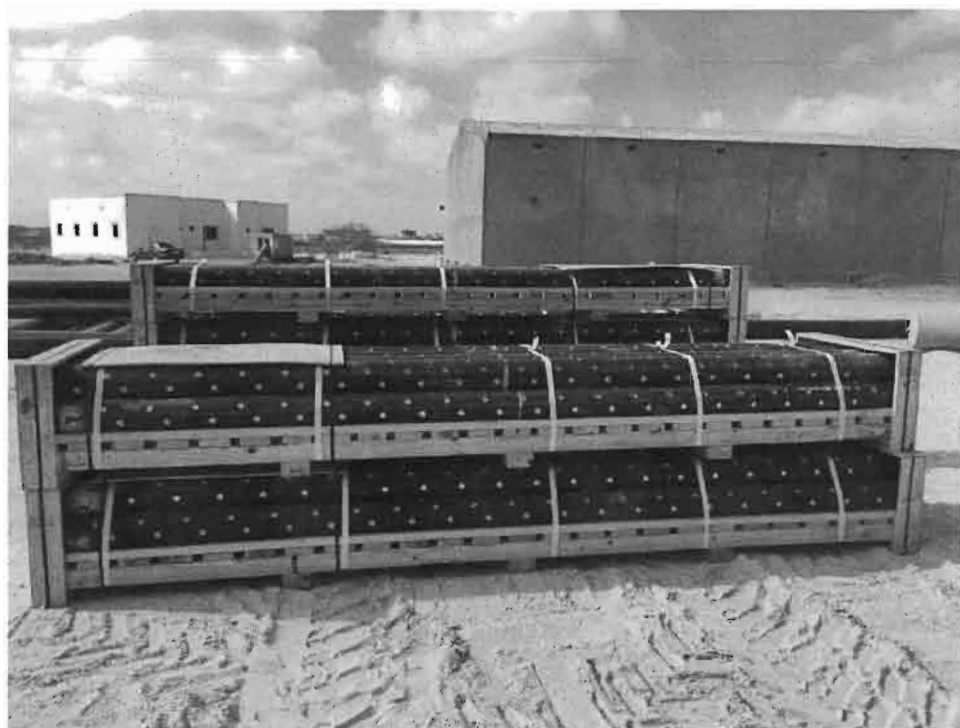
6. BUSINESS OVERVIEW *(Cont'd)*

Company	Event	Location	Year
RLSB	Sabah Oil & Gas Conference Exhibition (7th SOGCE 2019)	Kota Kinabalu, Malaysia	2019
RLSB	Improved Oil Recovery Forum 2019 (IOREX Forum 2019)	Langkawi, Malaysia	2019
RLSB	Abu Dhabi International Petroleum Exhibition & Conference 2019	Abu Dhabi, United Arab Emirates	2019

Our Explosives Magazines Used to Transport Explosive Materials in Mauritania



Some of Our Perforating Guns in Mauritania



6. BUSINESS OVERVIEW *(Cont'd)*

6.11 SEASONALITY

Our Group's business is not subject to any seasonal trends.

6.12 INTERRUPTION TO OUR BUSINESS IN THE PAST TWELVE (12) MONTHS

Save as disclosed in Sections 4.1.7 and 6.23 of this Prospectus in relation to the implementation of the movement restrictions via a MCO/ CMCO in Malaysia and the closure of Mauritania borders, we have not experienced any interruption to our business that had a significant effect on our operations in the past twelve (12) months preceding the LPD.

6.13 PRINCIPAL MARKETS FOR PRODUCTS AND SERVICES

The principal market for our products is Malaysia. The breakdown of our revenue by our principal markets for the FYE 2016 to FYE 2019 is as follows:

Revenue Breakdown by Geographical Markets #								
	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	8,817	92.05	18,549	88.86	40,615	90.07	77,264	96.54
Foreign Countries	761	7.95	2,325	11.14	4,476	9.93	2,767	3.46
Mauritania	-	-	2,325	11.14	4,002	8.88	2,767	3.46
Vietnam	375	3.92	-	-	474	1.05	-	-
United Kingdom	386	4.03	-	-	-	-	-	-
Total	9,578	100.00	20,874	100.00	45,091	100.00	80,031	100.00

Note:

Revenue is allocated to the respective geographical markets based on where we provide products and services.

Malaysia is currently our main market having accounted for more than 88.0% of our total revenue for FYE 2016 to FYE 2019. Our foreign markets during the FYE 2016 to FYE 2019 comprised Mauritania, Vietnam and United Kingdom, as illustrated in the following map:

The Geographical Markets Where We Provided Products and Services



6. BUSINESS OVERVIEW (Cont'd)**6.14 MAJOR CUSTOMERS**

Our top five (5) customers for the FYE 2016 to FYE 2019 are as follows:

FYE 2016

Customer Name	Country	Services Supplied	Length of Relationship ⁽¹⁾ (No. of Years)	FYE 2016	
				Revenue RM'000	% of Total Revenue
Petronas Carigali ⁽²⁾	Malaysia	Well perforation	4	3,919	40.92
Roc Oil Sarawak ⁽³⁾	Malaysia	Well perforation	2	3,123	32.61
Dimension Bid (M) Sdn Bhd ⁽⁴⁾	Malaysia	Well perforation	6	626	6.53
Uzma Engineering Sdn Bhd ⁽⁵⁾	Malaysia	Well perforation	2	604	6.30
Setegap Ventures Petroleum Sdn Bhd ⁽⁶⁾	Malaysia	Well perforation	1	472	4.93
Total of Top 5 Customers				8,744	91.29

Notes:

- (1) Length of relationship as at the FYE 2016.
- (2) The company's principal activities are exploration, development and production of O&G.
- (3) The company's principal activities are exploration, development and production of O&G.
- (4) The company's principal activities are providing wireline and well perforation services.
- (5) The company's principal activities are geoscience and reservoir engineering, drilling, project and operations services and other specialised services within the O&G industry.
- (6) The company's principal activities are oil and gas engineering, construction and consultancy services; carriers, transportation and distribution of petroleum; property investment.

FYE 2017

Customer Name	Country	Services Supplied	Length of Relationship ⁽¹⁾ (No. of Years)	FYE 2017	
				Revenue RM'000	% of Total Revenue
Petronas group of companies ⁽²⁾	Malaysia and Australia	Well perforation, leak repair and testing	5	11,721	56.15
Roc Oil Sarawak ⁽³⁾	Malaysia	Well perforation and perforate, wash and cement	3	3,061	14.67
ExxonMobil Exploration and Production Malaysia Inc ⁽³⁾	Malaysia	Well leak repair	1	2,136	10.23
REPSOL Oil & Gas Malaysia Ltd ⁽³⁾	Malaysia	Well perforation	7	1,698	8.14
Setegap Ventures Petroleum Sdn Bhd ⁽⁴⁾	Malaysia	Well perforation and leak repair	2	775	3.71
Total of Top 5 Customers				19,391	92.90

Notes:

- (1) Length of relationship as at FYE 2017.

6. BUSINESS OVERVIEW (Cont'd)

- (2) *The Petronas group of companies comprised Petronas Carigali and PC Mauritania 1 Pty Ltd. The principal activities of Petronas Carigali are exploration, development and production of O&G and of PC Mauritania 1 Pty Ltd are exploration, development and production O&G.*
- (3) *The company's principal activities are exploration, development and production of O&G.*
- (4) *The company's principal activities are oil and gas engineering, construction and consultancy services; carriers, transportation and distribution of petroleum; property investment.*

FYE 2018

Customer Name	Country	Services Supplied	Length of Relationship ⁽¹⁾ (No. of Years)	FYE 2018	
				Revenue RM'000	% of Total Revenue
Petronas group of companies ⁽²⁾	Malaysia and Australia	Well perforation, leak repair and testing	6	20,297	45.01
Roc Oil Sarawak ⁽³⁾	Malaysia	Well perforation and perforate, wash and cement	4	8,038	17.83
ExxonMobil Exploration and Production Malaysia Inc ⁽³⁾	Malaysia	Well leak repair	2	6,332	14.04
Geowell Sdn Bhd ⁽⁴⁾	Malaysia	Well perforation	10	2,799	6.21
REPSOL Oil & Gas Malaysia Ltd ⁽³⁾	Malaysia	Well perforation	8	2,347	5.20
Total of Top 5 Customers				39,813	88.29

Notes:

- (1) *Length of relationship as at the FYE 2018.*
- (2) *The Petronas group of companies comprised Petronas Carigali and PC Mauritania 1 Pty Ltd and KLCC Urusharta Sdn Bhd. The principal activities of Petronas Carigali are exploration, development and production of O&G, of PC Mauritania 1 Pty Ltd are exploration, development and production of O&G, and of KLCC Urusharta Sdn Bhd are building and facilities management.*
- (3) *The company's principal activities are exploration, development and production of O&G.*
- (4) *The company's principal activities are providing wireline and well completion services.*

FYE 2019

Customer Name	Country	Services Supplied	Length of Relationship ⁽¹⁾ (No. of Years)	FYE 2019	
				Revenue RM'000	% of Total Revenue
Petronas group of companies ⁽²⁾	Malaysia and Australia	Well perforation, leak repair and testing	7	48,448	60.54
Archer Malaysia ⁽³⁾	Malaysia	Well perforation	2	6,479	8.09
ExxonMobil Exploration and Production Malaysia Inc ⁽⁴⁾	Malaysia	Well leak repair	3	4,978	6.22
Dowell Schlumberger (M) Sdn Bhd ⁽⁵⁾	Malaysia	Well testing	1	4,609	5.76
Roc Oil Sarawak ⁽⁴⁾	Malaysia	Well perforation and perforate, wash and cement	5	3,960	4.95
Total of Top 5 Customers				68,474	85.56

6. BUSINESS OVERVIEW (Cont'd)

Notes:

- (1) *Length of relationship as at the FYE 2019.*
- (2) *The Petronas group of companies comprised Petronas Carigali, PC Mauritania 1 Pty Ltd and KLCC Urusharta Sdn Bhd. The principal activities of Petronas Carigali are exploration, development and production of O&G; PC Mauritania 1 Pty Ltd are exploration, development and production of O&G; and KLCC Urusharta Sdn Bhd are building and facilities management.*
- (3) *The company's principal activities are carrying out well service operations.*
- (4) *The company's principal activities are exploration, development and production of O&G.*
- (5) *The company's principal activities are providing services to the O&G industry.*

(i) Dependence on Customers

We are dependent on Petronas group of companies and Roc Oil Sarawak as customers due to their respective contributions to our revenue during the FYE 2016 to FYE 2019.

The Petronas group of companies was one (1) of our top five (5) customers for FYE 2016, FYE 2017, FYE 2018 and FYE 2019. Petronas Carigali is a PSC operator in the upstream segment of the O&G industry in Malaysia and is involved in exploration and appraisal, development and production. It is a subsidiary of Petronas, which is entrusted with developing and adding value to all O&G resources in Malaysia. As a result, Petronas and its subsidiaries are principal operators in the Malaysian O&G industry and are significant customers of our Group and other providers of supporting services in Malaysia. Petronas Carigali has been our customer for eight (8) years as at the LPD, which indicates that we have a stable business relationship with them. PC Mauritania 1 Pty Ltd is a subsidiary of Petronas that is incorporated in Australia which is involved in the upstream segment of the O&G industry in Mauritania. KLCC Urusharta Sdn Bhd is involved in providing property management services. Vestigo Petroleum Sdn Bhd is a subsidiary of Petronas Carigali that focuses on producing O&G from small and marginal fields. Petronas Carigali, PC Mauritania 1 Pty Ltd and KLCC Urusharta Sdn Bhd have been our customers during FYE 2016, FYE 2017, FYE 2018 and FYE 2019. While Vestigo Petroleum Sdn Bhd was not a customer during the said financial years, we have secured one (1) umbrella contract and two (2) call out contracts from Vestigo Petroleum Sdn Bhd and we are implementing these contracts as at the LPD.

We have expanded the range of services that we provide to Petronas Carigali during the FYE 2016 to FYE 2019. We only provide perforation services to Petronas Carigali during the FYE 2016. We subsequently began to provide well leak repair and well testing services from FYE 2017 and added wash and cement services from FYE 2018. These services collectively accounted for 51.44% of our revenue from Petronas Carigali for the FYE 2017, 80.26% for the FYE 2018 and 81.49% for the FYE 2019.

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6. BUSINESS OVERVIEW (Cont'd)

As at the LPD, we have umbrella and call out contracts to provide well services to Petronas Carigali, PC Mauritania 1 Pty Ltd and Vestigo Petroleum Sdn Bhd. These contracts are summarised in the following table:

No.	Well Services Provided	Contract Date	Contract Duration	Status as at the LPD	Type of Contract
<u>Petronas Carigali</u>					
1.	Well leak repair	February 2017	Three (3) years from contract date, extended for one (1) additional year	Implementing	Call out
2.	Well testing, tubing conveyed perforation	April 2017	Five (5) years from contract date	Implementing	Umbrella
3.	Well perforate, wash and cement	October 2017	Three (3) years from contract date with an option to extend for one (1) additional year	Implementing	Umbrella
4.	Perforation, leak repair, wireline	February 2018 ⁽¹⁾	Two (2) years from contract date, extended for an additional two (2) years	Pending implementation	Umbrella
5.	Well perforation	November 2019	Three (3) years from contract date	Implementing	Call out
<u>PC Mauritania 1 Pty Ltd</u>					
1.	Well perforate, wash and cement	November 2018	One (1) year upon commencement which was from October 2019	Suspended ⁽²⁾	Call out
<u>Vestigo Petroleum Sdn Bhd</u>					
1.	Well testing, perforation	June 2019	Two (2) years ten (10) months from June 2019	Pending Implementation	Umbrella
2.	Well perforation	February 2020	Valid from February 2020 until September 2023	Implementing	Call out
3.	Wireline	February 2020	Four (4) months from contract date	Implementing	Call out

Notes:

- (1) The date when the contract was awarded as implementation has yet to commence as at the LPD.
- (2) On 29 March 2020, PC Mauritania 1 Pty Ltd made a declaration of force majeure on this contract, citing the closure of Mauritania's borders by the Mauritanian Government in response to COVID-19. Subsequently, on 25 April 2020 PC Mauritania 1 Pty Ltd served our Group with notice to suspend the contract from 28 April 2020 until further notice. As part of this suspension PC Mauritania 1 Pty Ltd agreed to pay us the following:
- (a) non-refundable one-time upfront payment of USD2.27 million (equivalent to approximately RM9.86 million based on the exchange rate of RM4.3455 to USD1.0000 as at LPD, being equivalent to 40.0% of the remaining value of one (1) of the subsisting work order issued under this contract). As at the LPD, we have received net upfront payment of USD2.09 million (equivalent to approximately RM9.08 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD) from PC Mauritania 1 Pty Ltd comprising the upfront payment of USD2.27 million after deducting withholding tax of USD0.18 million; and

6. BUSINESS OVERVIEW (Cont'd)

- (b) a non-refundable sum of USD10,000 per month (equivalent to approximately RM43,455 per month based on the exchange rate of RM4.3455 to USD1.0000 as at LPD) as rental payment for a warehouse and explosive bunker that we are renting in Mauritania to implement this contract for the duration of the suspension period.

However, as our contracts with Petronas Carigali, PC Mauritania 1 Pty Ltd and Vestigo Petroleum Sdn Bhd are umbrella contracts or call out contracts, there can be no assurance that the respective companies will engage us for jobs under these contracts and as a result there can be no assurance that we will recognise revenue from these contracts in the future.

The Petronas group of companies are not related parties to our Group.

Roc Oil Sarawak was one (1) of our top five (5) customers for FYE 2016, FYE 2017, FYE 2018 and FYE 2019. Roc Oil Sarawak is a subsidiary of Roc Oil Company Limited, which is based in Australia. Petronas Carigali has appointed Roc Oil Sarawak as the PSC operator and project development manager for specified oil fields offshore of Sarawak. They are responsible for subsurface management, well engineering, new facilities projects and redevelopment project execution. During the FYE 2016 to FYE 2019, we provided well perforation and well perforate, wash and cement services to Roc Oil Sarawak.

As at the LPD, we have the following contracts with Roc Oil Sarawak to provide well services, which are summarised in the following table:

Well Services Provided	Contract Date	Contract Duration	Status as at the LPD	Type of Contract
Perforation	August 2018	Two (2) years from contract date with an option to extend for one (1) additional year	Implementing	Call out
Perforate, wash and cement	November 2018	One (1) year from contract date, extended for one (1) additional year	Implementing	Call out

As they are call out contracts, there can be no assurance that the respective companies will engage us for jobs under these contracts and as a result there can be no assurance that we will recognise revenue from these contracts in the future.

During the FYE 2016 to FYE 2019, we have expanded the range of services that we provide to Roc Oil Sarawak. While we only provide perforation services to Roc Oil Sarawak during the FYE 2016, we began to provide wash and cement services from FYE 2017. This service accounted for 5.90% of our revenue from Roc Oil Sarawak for the FYE 2017, 26.69% for the FYE 2018 and 61.24% for the FYE 2019.

Roc Oil Sarawak is not a related party to our Group.

We plan to continue to meet the HSE, service quality and other requirements of the Petronas group of companies, Roc Oil Sarawak and all of our other customers in order to ensure that they will continue to be our customers in the future. In addition, during the FYE 2019, we commenced O&G production enhancement services, namely, IOR chemicals and sand management solutions, and as such, we can provide these services to our existing customers and also secure new customers.

6. BUSINESS OVERVIEW (Cont'd)**(ii) Number of Customers**

Our Group served a total of nine (9) customers during FYE 2016, thirteen (13) customers during FYE 2017, twenty three (23) customers during FYE 2018 and eighteen (18) customers during FYE 2019.

6.15 MAJOR SUPPLIERS

Our top five (5) suppliers for the FYE 2016 to FYE 2019 are as follows:

FYE 2016

Supplier Name	Country	Products and Services Purchased	Length of Relationship ⁽¹⁾ (No. of Years)	FYE 2016	
				Purchases RM'000	% of Total Purchase
GEODynamics Inc. ⁽²⁾	USA	Shaped charges and hardware	8	843	48.81
PT Hazelindo Pratama ⁽³⁾	Indonesia	Spare parts	5	347	20.09
Hunting Titan Ltd ⁽⁴⁾	USA	Shaped charges and hardware	8	116	6.72
Sentergy Ltd ⁽⁵⁾	United Kingdom	Hardware	7	55	3.18
Probe Tech. Serv. Inc. ⁽⁵⁾	USA	Hardware	6	49	2.84
Total of Top 5 Purchases				1,410	81.64

Notes:

- (1) Length of relationship as of FYE 2016.
- (2) The company's principal activities are developing and manufacturing perforating, downhole completion, intervention and wireline conveyed solutions.
- (3) The company is a manufacturer of surface equipment for the O&G industry.
- (4) The company is a manufacturer of perforating systems, wireline selective firing systems, cased hole logging instruments, nuclear detectors, energetics (i.e. explosives) and associated wireline hardware and accessories.
- (5) The company's principal activities are developing and manufacturing wireline tools.

FYE 2017

Supplier Name	Country	Products and Services Purchased	Length of Relationship ⁽¹⁾ (No. of Years)	FYE 2017	
				Purchases RM'000	% of Total Purchase
AGS International ⁽²⁾	USA	Well leak repair chemicals	1	5,161	56.30
GEODynamics group ⁽³⁾	USA and United Kingdom	Shaped charges and hardware, perforating guns	9	2,899	31.62
Hunting Titan Ltd ⁽⁴⁾	USA	Shaped charges and hardware	9	315	3.44
Pungut Bin Luntar ⁽⁴⁾	Malaysia	Drilling supervisor	1	286	3.12
Core Laboratories Malaysia Sdn Bhd	Malaysia	Shaped charges and hardware	7	211	2.30
Total of Top 5 Purchases				8,872	96.78

6. BUSINESS OVERVIEW (Cont'd)*Notes:*

- (1) *Length of relationship up to FYE 2017.*
- (2) *The company's principal activities are supplying chemicals.*
- (3) *The GEODynamics group of companies comprise GEODynamics Inc. of the USA and GEODynamics (UK) Ltd of the United Kingdom. Their principal activities are developing and manufacturing perforating, downhole completion, intervention and wireline conveyed solutions.*
- (4) *The company is a manufacturer of perforating systems, wireline selective firing systems, cased hole logging instruments, nuclear detectors, energetics (i.e. explosives) and associated wireline hardware and accessories.*
- (5) *A drilling supervisor whom we engaged as a private contractor.*
- (6) *The company is a provider of O&G reservoir optimisation solutions.*

FYE 2018

Supplier Name	Country	Products and Services Purchased	Length of Relationship ⁽¹⁾ (No. of Years)	FYE 2018	
				Purchases RM'000	% of Total Purchase
AGS International ⁽²⁾	USA	Well leak repair chemicals	2	6,128	26.35
Petrotechnical ⁽³⁾	Malaysia	Well testing equipment and services	2	5,018	21.58
Archer Malaysia ⁽⁴⁾	Malaysia	Well wash and cement equipment and services	1	3,608	15.52
GEODynamics group ⁽⁴⁾	USA, United Kingdom	Shaped charges and hardware, perforating guns	10	3,567	15.34
Daya Maxflo Sdn Bhd ⁽⁶⁾	Malaysia	Radial cutting torch services	1	1,500	6.45
Total of Top 5 Purchases				19,821	85.24

Notes:

- (1) *Length of relationship up to FYE 2018.*
- (2) *The company's principal activities are supplying chemicals.*
- (3) *The company's principal activities are providing inspection of petroleum products, non-destructive testing, industrial inspections, supply of general inspectors, volumetric calibrations and other quantity and quality control services.*
- (4) *The company's principal activities are carrying out well service operations.*
- (5) *The GEODynamics group of companies comprise GEODynamics Inc of the USA and GEODynamics (UK) Ltd of the United Kingdom. Their principal activities are developing and manufacturing perforating, downhole completion, intervention and wireline conveyed solutions.*
- (6) *The company's principal activities providing products and services for exploration, drilling and well intervention, production enhancement and production technologies specifically for offshore and onshore O&G, refining, chemical and petro-chemical industries.*

6. BUSINESS OVERVIEW (Cont'd)**FYE 2019**

Supplier Name	Country	Products and Services Purchased	Length of Relationship ⁽¹⁾ (No. of Years)	FYE 2019	
				Purchases RM'000	% of Total Purchase
Archer Malaysia ⁽²⁾	Malaysia	Well wash and cement equipment and services	2	10,989	24.65
Petrotechnical ⁽³⁾	Malaysia	Well testing equipment and services	3	9,599	21.54
Hunting Titan Ltd ⁽⁴⁾	USA	Shaped charges and hardware	11	7,074	15.87
AGS International ⁽⁵⁾	USA	Well leak repair chemicals	3	4,941	11.08
GEODynamics group ⁽⁶⁾	USA, United Kingdom	Shaped charges and hardware, perforating guns	11	2,178	4.89
Total of Top 5 Purchases				34,781	78.03

Notes:

- (1) Length of relationship up to FYE 2019.
- (2) The company's principal activities are carrying out well service operations.
- (3) The company's principal activities are providing inspection of petroleum products, non-destructive testing, industrial inspections, supply of general inspectors, volumetric calibrations and other quantity and quality control services.
- (4) The company is a manufacturer of perforating systems, wireline selective firing systems, cased hole logging instruments, nuclear detectors, energetics (i.e. explosives) and associated wireline hardware and accessories.
- (5) The company's principal activities are supplying chemicals.
- (6) The GEODynamics group of companies comprise GEODynamics Inc of the USA and GEODynamics (UK) Ltd of the United Kingdom. Their principal activities are developing and manufacturing perforating, downhole completion, intervention and wireline conveyed solutions.

Dependency on Suppliers**(i) AGS International**

We are dependent on AGS International for the supply of repair chemicals that we use to carry out well leak repair services. AGS International is based in the USA and is currently the agent in Asia for repair chemicals from Sealmaker International Ltd. Sealmaker International Limited is based in the USA and is a developer and manufacturer of a range of chemicals for the O&G industry, including repair chemicals to fix leaks in O&G wells.

As at the LPD, AGS International is our only supplier of repair chemicals. We have entered into a sales representation agreement with AGS International for them to supply us with these repair chemicals for the Malaysia market, initially valid from February 2017 to February 2019, which has been extended for another two (2) years and will now valid through to February 2021. The said agreement (as detailed in Section 6.17 (i) of this Prospectus) will provide some assurance that AGS International will continue to supply repair chemicals to us.

6. BUSINESS OVERVIEW (Cont'd)

We only use AGS International's chemicals in our provision of well leak repair services. We do not jointly bid with AGS International for contracts. As such, in the event that AGS International stops supplying us with well leak repair chemicals, we can purchase similar well leak repair chemicals from other suppliers under similar terms and conditions, or alternative well leak repair chemicals from other suppliers under differing terms and conditions.

(ii) Petrotechnical

We are dependent on Petrotechnical for the provision of well testing equipment used for well testing, the personnel to operate the equipment and to provide training to our personnel as disclosed in Sections 3.7 (i) and 6.6.3 of this Prospectus.

We bid for well testing jobs together with Petrotechnical. When preparing for a joint-bid with Petrotechnical for Petronas' contract, each of us will fill in our respective scope of work as required in the bidding document. We will then submit the bid where we will identify Petrotechnical as our sub-contractor as well as their scope of work.

However, prior to submitting a bid, we will discuss with Petrotechnical to ascertain if they are interested in a joint-bid. In the event that Petrotechnical does not agree to participate in the joint-bid, we may look for alternative sub-contractor. In this situation, we will jointly bid with the alternative sub-contractor for Petronas' contract.

In the event that our joint-bid with Petrotechnical is successful and subsequently Petrotechnical is unable to supply the well testing equipment as per the Petronas contract, we will be in breach of Petronas contract which specifies using Petrotechnical as a sub-contractor. Under this circumstance, we may propose to Petronas with an alternative sub-contractor to replace Petrotechnical. Petronas may or may not agree to our proposal for the alternative sub-contractor.

We can rent well testing equipment from other O&G service providers. For example, during March 2019, we provided well testing services on a sub-contract basis using well testing equipment rented from another service provider. We can also engage external consultants to work with our in-house personnel to operate the rented well testing equipment. In addition, the Petrotechnical Agreement (as disclosed in Section 3.7(i) of this Prospectus) only applies to our Group's umbrella contract with Petronas Carigali to provide well testing services as disclosed in item no. (1) in Section 6.3.6 (i) of this Prospectus. The Petrotechnical Agreement does not apply to our Group's other seven (7) umbrella contracts as at the LPD to provide well testing services as disclosed in items no. (3), (4), (6), (7), (8), (9) and (10) in Section 6.3.6 (i) of this Prospectus.

(iii) Archer Malaysia

We are dependent on Archer Malaysia for the provision of equipment, expertise and services used in well perforate, wash and cement services, namely the cement wash tool that are used in cleaning the cement behind casing and placement of new cement plugs.

Archer Malaysia is a subsidiary of Archer Limited. Archer Limited is a provider of supporting services to the O&G industry with one (1) of its office located in the United Kingdom and is listed on the Oslo Stock Exchange, Norway.

6. BUSINESS OVERVIEW *(Cont'd)*

We provide well perforate, wash and cement services in collaboration with Archer Malaysia and we have been appointed as their distribution agent in Malaysia for their Oil Tools Services Division carried out as part of well perforate, wash and cement services. Our appointment provides some assurance that they will continue to provide such services to us. We also have a sub-contract agreement with Archer Malaysia for Petronas Carigali's perforate, wash and cement umbrella contract. The distributorship agreement is detailed in Section 6.17 (iii) of this Prospectus, whereas the sub-contract agreement is detailed in Section 6.17 (iv) of this Prospectus.

We bid for well perforate, wash and cement services in collaboration with Archer Malaysia. When preparing for a joint-bid with Archer Malaysia for Petronas' contract, each of us will fill in our respective scope of work as required in the bidding document. We will then submit the bid where we will identify Archer Malaysia as our sub-contractor as well as their scope of work.

However, prior to submitting a bid, we will discuss with Archer Malaysia to ascertain if they are interested in a joint-bid. In the event that Archer Malaysia does not agree to participate in the joint-bid, we may look for alternative sub-contractor. In this situation, we will jointly bid with the alternative sub-contractor for Petronas' contract.

In the event that our joint-bid with Archer Malaysia is successful and subsequently Archer Malaysia is unable to fulfil its obligations, as per the Petronas contract, we will be in breach of Petronas contract which specifies using Archer Malaysia as a sub-contractor. Under this circumstance, we may propose to Petronas with an alternative sub-contractor to replace Archer Malaysia. Petronas may or may not agree.

Save for AGS International, Petrotechnical and Archer Malaysia described above, we are not dependent on any of the other individual suppliers listed in the table above. Please refer to Section 4.1.2 of this Prospectus on the risk relating to our dependency on our major suppliers.

With respect to shaped charges and hardware, and perforating guns for well perforating services, these products are available from a range of suppliers and we can engage alternative suppliers should the need arise. During FYE 2016 to FYE 2019, we engaged between four (4) to six (6) different suppliers of these perforating consumables. The other types of products and services that we use, such as spare parts, hardware, drilling services and radial cutting torch services, can be sourced from other suppliers.

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6. BUSINESS OVERVIEW (Cont'd)**6.16 TYPES, SOURCES AND AVAILABILITY OF INPUT MATERIALS AND SERVICES**

The following are the major types of input materials and services that we purchased for our business operations for the FYE 2016, FYE 2017, FYE 2018 and FYE 2019:

Purchases of Input Materials and Services for FYE 2016

	Value of Purchases (RM'000)	Proportion of Total Purchases (%)	Sources of Supply	
			Malaysia (%)	Import (%)
MATERIALS	1,522	88.13	1.31	98.69
Shaped charges and hardware	1,175	68.04	1.70	98.30
Others	347	20.09	-	100.00
SUB-CONTRACTED AND OTHER SERVICES	205	11.87	100.00	-
Well perforating equipment and services	189	10.94	100.00	-
Construction services	16	0.93	100.00	-
TOTAL	1,727	100.00	13.03	86.97

Purchases of Input Materials and Services for FYE 2017

	Value of Purchases (RM'000)	Proportion of Total Purchases (%)	Sources of Supply	
			Malaysia (%)	Import (%)
MATERIALS	8,689	94.79	2.49	97.51
Repair chemicals	5,161	56.30	-	100.00
Shaped charges and hardware	3,528	38.49	6.12	93.88
SUB-CONTRACTED AND OTHER SERVICES	478	5.21	100.00	-
Well perforating equipment and services	286	3.12	100.00	-
Well wash and cement services	173	1.89	100.00	-
Well testing equipment and services	19	0.20	100.00	-
TOTAL	9,167	100.00	7.56	92.44

Purchases of Input Materials and Services for FYE 2018

	Value of Purchases (RM'000)	Proportion of Total Purchases (%)	Sources of Supply	
			Malaysia (%)	Import (%)
MATERIALS	12,267	52.75	6.23	93.77
Repair chemicals	6,128	26.35	-	100.00
Shaped charges and hardware	6,139	26.40	12.45	87.55
SUB-CONTRACTED AND OTHER SERVICES	10,987	47.25	98.52	1.48
Well testing equipment and services	5,018	21.58	100.00	-
Well wash and cement services	3,608	15.52	100.00	-
Well perforating equipment and services	-	-	-	-
Wireline services	2,277	9.79	92.85	7.15
Construction services	84	0.36	100.00	-
TOTAL	23,254	100.00	49.83	50.17

6. BUSINESS OVERVIEW (Cont'd)**Purchases of Input Materials and Services for FYE 2019**

	Value of Purchases (RM'000)	Proportion of Total Purchases (%)	Sources of Supply	
			Malaysia (%)	Import (%)
MATERIALS	18,283	41.02	7.92	92.08
Repair chemicals	4,941	11.09	-	100.00
Shaped charges and hardware	12,825	28.77	7.96	92.04
IOR chemicals	517	1.16	82.75	17.25
SUB-CONTRACTED AND OTHER SERVICES	26,289	58.98	95.31	4.69
Well testing equipment and services	9,599	21.54	100.00	-
Well wash and cement services	13,065	29.31	90.57	9.43
Well perforating equipment and services	-	-	-	-
Wireline services	2,763	6.20	100.00	-
Technical personnel	768	1.72	100.00	-
Sand management services	73	0.16	100.00	-
Construction services	21	0.05	100.00	-
TOTAL	44,572	100.00	59.47	40.53

The input materials that we purchased during FYE 2016, FYE 2017, FYE 2018 and FYE 2019 are not commodity based and as such they are not subject to price volatility.

6.17 DEPENDENCY ON CONTRACTS, AGREEMENTS, DOCUMENTS OR OTHER ARRANGEMENTS

As at the LPD, save for the licenses disclosed in Section 6.18 of this Prospectus and the commercial agreements with the suppliers which we have set out below, our Group is not materially dependent on any contracts, arrangements or any matters that could affect our business or profitability.

(i) Sales Representation Agreement Dated 23 February 2017 between AGS International and RLSB

Products/ services	: The evaluation, leak repair and pressure maintenance with pressure activated liquids that turn to a solid or semi-solid within the repair site, as provided by Sealmaker International Ltd ("AGS Products")
Territory	: Malaysia
Restrictions	: (a) RLSB shall sell AGS Products only as they relate to a specific industry; and (b) RLSB shall not sell other products and services that compete in any way or form with AGS Products
Duration	: From 23 February 2017 till 22 February 2019 ("Term"). The Term may be extended upon mutual agreement of the parties for a period of two (2) additional years and shall renew automatically for an additional two (2) years if a notice of termination has not been received by AGS International from RLSB ninety (90) days prior to the end of the Term or by RLSB from AGS International ninety (90) days prior to the end of the Term, unless otherwise indicated

6. BUSINESS OVERVIEW (Cont'd)

Extension of Duration : The Term was extended from 22 February 2019 till 22 February 2021 by a letter dated 2 May 2019 from AGS International to RLSB.

Termination :

- (a) Termination by RLSB: RLSB may terminate the Agreement at the end of the Term but the notice of termination must be received by AGS International at least ninety (90) days before the date of expiration of the Agreement or any extension;
- (b) Termination by AGS International: AGS International may terminate the Agreement immediately at the end of the Term or any extension thereof by providing written notice to RLSB if RLSB:
 - (i) becomes insolvent, bankrupt or any proceeding by or against RLSB as a debtor is commenced or there is a substantial change in ownership or control of RLSB's business, whether voluntary or by operation of law; or
 - (ii) is incapable of satisfying the financial and performance requirements set forth by Petronas Carigali to be a qualified bidder for contracts;
 - (iii) violates the criminal provisions of applicable laws or resolutions within Malaysia;
 - (iv) fails to disclose past financial or performance issues that impacted its ability to qualify for contracts in Malaysia;
 - (v) knowingly misleads AGS International in regards to its business activities in Malaysia whereby AGS International or its contractor(s) are adversely impacted; and
 - (vi) brings legal action against AGS International or its contractor(s) prior to or during the Term.
- (c) Other Termination by AGS International: AGS International may terminate the Agreement at the end of the Term or any extension thereof by providing ninety (90) days written notice of termination to RLSB if RLSB:
 - (i) fails to comply with any of the terms of the Agreement;
 - (ii) fails to achieve Annual Sales Goals (defined in the last paragraph below);
 - (iii) fails to provide sufficient staffing (accounting, sales, field or management personnel) to satisfactorily develop work, complete projects and/or invoice and collect fees for projects.
- (d) Upon termination of the Agreement, RLSB shall immediately return to AGS International all sales materials, product exemplars, client lists, AGS International's sales and marketing book, data sheets, samples, models, technical documents, drawings, blue prints and other written materials ("Sales Materials") provided by AGS International to RLSB. AGS International reserves the right to withhold any and all commissions until the return of all of the Sales Materials and AGS Products reasonably requested by AGS International at the time of termination.
- (e) Termination of the Agreement shall not relieve either party of the obligation to pay to the other any amounts payable at the time of termination or which were earned during the Term and payable in the future except as set forth in the above paragraph.

6. BUSINESS OVERVIEW (Cont'd)

(f) Upon termination of the Agreement for whatever reason, AGS International's sole liability to RLSB, whether by claim or right in Court or otherwise, shall be to pay previously earned but unpaid commission, except as set forth in this paragraph. In no event shall AGS International be liable for consequential or punitive damages of any kind for:

- (i) lost profits, real, anticipatory or otherwise;
- (ii) lost goodwill, creation of clients, damage to reputation; or
- (iii) advertising, sales or employee's costs.

AGS International and RLSB shall review the minimum sales goals ("**Annual Sales Goals**") quarterly and yearly and shall adjust the same accordingly to AGS International's then current corporate sales and marketing plan for Malaysia. Failure to achieve these Annual Sales Goals may result in adjustments in Malaysia, including but not limited to reducing the territory size, increasing the number of representatives working within Malaysia or terminating the Agreement.

Assignment : RLSB may not assign or transfer any or all of the Agreement to a third party (person, individuals or company) without the express written consent of AGS International.

Status as at the LPD : Subsisting

(ii) **Sub-Contract Agreement Dated 25 October 2017 between RLSB and Petrotechnical ("Sub-Contract")**

Products/ Services : Petronas had entered into an umbrella contract with RLSB dated 24 October 2017 for the provision of well testing and tubing conveyed perforations for petroleum arrangement contractors. A portion of the contract works in relation to well testing was subcontracted out by RLSB to Petrotechnical ("**Services**").

Territory : Malaysia

Duration : 25 October 2017 till 5 April 2022

Exclusivity : RLSB appointed Petrotechnical as its sole and exclusive contractor to perform the Services and Petrotechnical accepted such appointment and agreed to perform the Services solely and exclusively for RLSB in accordance with the terms and conditions of this Sub-Contract.

Termination : (a) RLSB shall have the right to terminate this Sub-Contract for any reason, at any time on giving prior notice in writing to Petrotechnical.

(b) If Petrotechnical:

- (i) fails to proceed with the Services with due diligence; or
- (ii) fails to execute the Services or to perform its other material obligations in accordance with this Sub-Contract; or
- (iii) becomes bankrupt or enters a deed of arrangement with its creditors or goes into liquidation (other than a voluntary liquidation for the purposes of reconstruction) or has a receiver appointed of all or part of its undertaking;

then in such event and without prejudice to any other rights or remedies, RLSB may under this Sub-Contract or at law, by written notice to Petrotechnical, terminate this Sub-Contract.

6. BUSINESS OVERVIEW (Cont'd)

	<p>(c) Termination of this Sub-Contract howsoever caused shall not prejudice the rights or obligations of either parties which have accrued prior to termination.</p> <p>(d) Upon termination or expiry of this Sub-Contract, RLSB must pay to Petrotechnical all amounts owing in respect of the Services that have been completed but not billed as at the date of the termination or expiry, provided that the Services have been performed.</p> <p>(e) RLSB may in lieu of notice of termination take part of the Services out of the hands of Petrotechnical and may by itself or by others execute, complete and maintain such part and in such event, RLSB may recover all reasonable costs of so doing from Petrotechnical or deduct the costs from monies otherwise due to Petrotechnical, however always subject to the limitations of liability in this Sub-Contract.</p>
Assignment	: Petrotechnical shall not assign the whole or any part of this Sub-Contract nor shall Petrotechnical sublet the whole or any part of the Services without getting prior written consent from RLSB and where required, Petronas Carigali.
Malaysianisation Plan	<p>(a) RLSB and Petrotechnical agreed to develop a local company that has the right culture towards its service delivery whilst not overreaching in terms of spending for a local company. As such, the progress will be gradual in terms of investment for both personnel and equipment for RLSB.</p> <p>(b) The amount of expenditure on the asset and personnel will ultimately be depended on the amount of Services awarded, as the expenditure and revenue will need to be consistent to ensure that the venture is profitable.</p> <p>(c) For the purposes of the Malaysianisation plan, Petrotechnical has agreed to provide training for RLSB's personnel in Malaysia and any other location operating by Petrotechnical.</p> <p>(d) In view that RLSB will gradually replace the role of Petrotechnical in performing the Services over the next five (5) years from 25 October 2017, the parties have mutually agreed that the payment for the Services shall be payable to RLSB in consideration and in proportion of the Services performed and replaced by RLSB.</p>
Status as at	: Subsisting the LPD

(iii) Distributorship Agreement Dated 31 October 2017 between Archer Malaysia and RLSB

Products/ services	: Oiltools stronghold products and associated services related to plug and abandonment
Territory	: Malaysia
Duration	: From 31 October 2017 till 1 November 2018 ("Term") and will thereafter renew for one (1) or more consecutive year extension(s) unless otherwise terminated by other party in writing.
Extension of Duration	: The Term was extended via the following letters from Archer Malaysia to RLSB. <ul style="list-style-type: none"> (a) till 30 October 2020 by a letter dated 15 January 2020; and (b) till 30 October 2021 by a letter dated 15 June 2020.
Termination	: The Agreement will be eligible for termination under any one (1) or more of the following circumstances: <ul style="list-style-type: none"> (a) by Archer Malaysia upon discovery by Archer Malaysia that RLSB has breached compliance with applicable laws or upon RLSB's engagement in any conduct prejudicial to the promotion, sale or marketing of products/ services by RLSB;

6. BUSINESS OVERVIEW (Cont'd)

(b) by either party upon failure of the other party to remedy its breach of any material term or condition of the Agreement within thirty (30) days of receipt of written notice from the other party requiring such material breach to be remedied and having failed to satisfactorily remedy such breach or at any time provided that the terminating party provides the other party with not less than thirty (30) days prior written notice;

(c) by other party upon the other party's entry into liquidation either compulsory or voluntary, except for the purpose of reconstruction or amalgamation; upon appointment of a receiver and/or manager with respect to the whole or any part of the other party's assets; upon assignment by the other party for the benefit of or composition with its creditors generally; upon the threat of any of the preceding events listed in this subparagraph by the other party; or upon entry of any judgment against the other party or any similar occurrence in any jurisdiction which effects the terminating party.

Upon termination of the Agreement, RLSB undertakes as follows:

(aa) to return to Archer Malaysia all samples and publicity, promotional and advertising material used in the promotion and sale of products/ services, all originals and copies of all documents and information in any form (other than correspondences between Archer Malaysia and RLSB) containing or covering in any way any part of the intellectual properties (if any), registered/ held under Archer Malaysia;

(bb) to cease carrying on promotion and sale of products/ services; and

(cc) to cease all use of the trade names and trademarks of Archer Malaysia.

Neither the expiration nor termination of the Agreement shall release any party from the obligations to pay sums then owing to the other and from the obligation to perform any other duty or to discharge any other liability that had been incurred prior to the date of expiration or termination.

A termination of the Agreement will not prejudice RLSB's right to receive shipment of the Products if ordered by RLSB and accepted by Archer Malaysia prior to the date of such termination and to continue to sell the Products to customers in Malaysia and where RLSB has committed to sell the Products to a customer without having secured backup orders from Archer Malaysia, then in such case, Archer Malaysia and RLSB agree to work together in good faith and acting reasonably with the purpose of reaching a mutually acceptable arrangement in order to ensure that RLSB's commitment is fulfilled.

Neither party shall by reason of the expiration or termination of the Agreement be liable to the other party for any other compensation, reimbursement or damages of any kind on account of loss of prospective profits on anticipated sales or on account of expenditures, investments, leases or other commitments related to the business or goodwill of either party.

Assignment : Neither party may assign, transfer or subcontract any part of the Agreement without the prior written approval of the other, such consent not to be unreasonably withheld.

Status as at : Subsisting
the LPD

6. BUSINESS OVERVIEW (Cont'd)**(iv) Subcontract Dated 1 October 2018 between RLSB and Archer Malaysia**

Products/ services	<p>: Petronas Carigali had entered into an umbrella contract with RLSB dated 7 March 2018 ("Main Contract") for the provision of annulus wash and cementing assurance (perforate, wash and cement services as disclosed in item no. 2 of the table in Section 6.3.6 (i) of this Prospectus). A portion (approximately 50%) of the contract works was subcontracted out by RLSB to Archer Malaysia ("Services").</p> <p>This job was obtained via a joint bid by RLSB and Archer Malaysia. It was explicitly understood that Archer Malaysia would perform the Services and Petronas Carigali had awarded the Main Contract on that basis.</p>
Duration	<p>: For the duration of the Main Contract. Currently, the duration of the Main Contract is from 1 October 2018 till 24 October 2020 subject to further extensions by Petronas Carigali for the Main Contract.</p>
Exclusivity	<p>: RLSB appointed Archer Malaysia as its sole and exclusive subcontractor to perform the Services and Archer Malaysia accepted such appointment and agreed to perform the Services solely and exclusively for RLSB in accordance with the terms and conditions of the Subcontract. Neither Archer Malaysia nor anyone employed by Archer Malaysia shall be deemed for any purpose to be an employee, agent, partner, servant and/or representative of RLSB or Petronas Carigali.</p>
Termination:	<p>(a) RLSB shall have the right to terminate the Subcontract for any reason, at any time, by giving thirty (30) days written notice in writing to Archer Malaysia. Termination of the Subcontract howsoever caused shall not prejudice the rights or obligations of either parties which have accrued prior to termination. Upon termination or expiry of the Subcontract, Archer Malaysia shall be entitled to recover from RLSB all monies due for that part of the Services satisfactorily completed prior to such termination but not billed as at the date of termination or expiry (provided that such Services provided have been performed in accordance with applicable performance standards and otherwise in accordance with the terms of the Subcontract, plus reasonable costs actually incurred or committed by Archer Malaysia (such as costs which are not cancellable or recoverable or for specially engineered equipment), except that where such termination is due to termination by Petronas Carigali under the Main Contract, such entitlement shall apply only to the extent that such payments are recoverable from Petronas Carigali.</p> <p>(b) If Archer Malaysia:</p> <ul style="list-style-type: none"> (i) fails to proceed with the Services with due diligence; or (ii) fails in any material respect to execute the Services or to perform its other material obligations in accordance with the Subcontract; or (iii) fails to remove defective materials and/or make good defective Services; or (iv) becomes insolvent, or makes an assignment on behalf of creditors, or is the debtor named in bankruptcy, receivership, or like proceedings (voluntary or involuntary); <p>then in such event and without prejudice to any other rights or remedies, RLSB may have under the Subcontract or at law, RLSB may by thirty (30) days written notice to Archer Malaysia immediately terminate the Subcontract. In such event, RLSB may withhold any amounts then due to Archer Malaysia for the Services completed prior to such termination until final completion of such Services by RLSB, or others and RLSB may use such sums to offset any increased costs incurred by RLSB on completing such Services or losses incurred by RLSB as a result of any of the events described above.</p>

6. BUSINESS OVERVIEW (Cont'd)

- (c) RLSB may in lieu of notice of termination under Item (i), take part of the Services out of the hands of Archer Malaysia and may by itself or by others execute, complete and maintain such part and in such event, RLSB may recover all reasonable costs of so doing from Archer Malaysia or deduct the costs from monies otherwise due to Archer Malaysia, however always subject to the limitations of liability contained in the Main Contract.

Assignment : (a) Where under the Main Contract, RLSB is obliged to assign the benefits and/or obligations of any subcontract entered into by RLSB in connection with the terms of the Main Contract (including the Subcontract) in certain stated circumstances and it relates to the Services that has been given to Archer Malaysia, Archer Malaysia shall as required in writing by RLSB, agree to co-operate fully with RLSB and Petronas Carigali in the execution of such assignment.

- (b) Archer Malaysia shall not assign the whole or any part of the Subcontract nor shall Archer Malaysia sublet the whole or part of the Services without the prior written consent of RLSB and where required by the Main Contract, of Petronas Carigali, such consent(s) not to be unreasonably withheld.

RLSB shall have the right to assign the Subcontract to any affiliate of RLSB and shall notify Archer Malaysia of such assignment in writing.

Status as at : Subsisting
the LPD

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6. BUSINESS OVERVIEW (Cont'd)

6.18 APPROVALS, MAJOR LICENCES, PERMITS AND REGISTRATIONS

As at the LPD, we hold the following major licences, permits and registrations for our business operations:

No.	Licence Holder	Issuer/ Authority	Date of Issuance	Date of Expiry	Type of Licence/ Permit/ Registration	Salient Conditions	Status of Compliance
1.	RLSB ^{(a)/(b)} _(c)	Petronas	28.08.2018	27.08.2021	Licence to supply product/ service to exploration and oil/ gas companies in Malaysia	<p>(i) RLSB is required to register, obtain a licence, permit or authorisation from the relevant authorities to carry out the services or supply of product or material used in the company's operation and activities. ^(a)</p> <p>(ii) This licence is not transferable to any company/ other party.</p> <p>(iii) This licence will be revoked if RLSB is found to be in the process of liquidation, winding-up or dissolution.</p> <p>(iv) RLSB shall inform Petronas on any changes related to RLSB's position such as equity ownership, board of directors and management staff within fourteen (14) days. Failure to do so can result in the revocation of this licence.</p> <p>(v) RLSB should take immediate action to adhere to the special conditions imposed as stated in the appendix of the Petronas licence certificate and to inform Petronas on the progress of this action.</p> <p>(vi) RLSB is not allowed to take another company as principal, agent, sub-contractor or otherwise to provide any service or supply of any facility, fittings or equipment on its behalf without prior written consent from Petronas.</p> <p>(vii) This licence is only valid for services and supply of products as stated in the appendix of the Petronas licence certificate.</p>	Complied
2.	RLSB ^(a)	Royal Malaysia Police	09.06.2020	08.07.2020	Licence to import/ export or remove explosives from KLIA, Sepang/ LTSAAS, Subang/ Pelabuhan, Kelang/ Tanjung Kupang/ Bukit Kayu Hitam/ Pelabuhan Johor/ Bentong/ Kota Kinabalu to USA / Germany/ Vietnam/ Thailand/ Singapore/ Labuan/ Netherland/ Indonesia/ Myanmar/ United Kingdom/ China	RLSB shall give at least six (6)-hour-notice to the licensing officer before landing or removal takes place.	Complied

6. BUSINESS OVERVIEW (Cont'd)

No.	Licence Holder	Issuer/ Authority	Date of Issuance	Date of Expiry	Type of Licence/ Permit/ Registration	Salient Conditions	Status of Compliance
3.	RLSB ^(a)	Royal Malaysia Police	09.06.2020	08.07.2020	Licence to import/export or remove explosives from USA/ Germany/ Vietnam/ Thailand/ Singapore/ Labuan/ Netherland/ Indonesia/ Myanmar/ United Kingdom/ China to KLIA, Sepang/ LTSAAS, Subang/ Pelabuhan, Kelang/ Tanjung Kupang/ Bukit Kayu Hitam/ Pelabuhan Johor/ Tok Bali	RLSB shall give at least six (6)-hour-notice to the licensing officer before landing or removal takes place.	Complied
4.	RLSB ^(a)	Royal Malaysia Police	09.06.2020	08.07.2020	Licence to import/export or remove explosives from KLIA, Sepang/ LTSAAS, Subang/ Pelabuhan, Kelang/ Tanjung Kupang/ Bukit Kayu Hitam/ Pelabuhan Johor/ Tok Bali to Kemaman Supply Base, Kemaman	RLSB shall give at least six (6)-hour-notice to the licensing officer before landing or removal takes place.	Complied
5.	RLSB ^(a)	Royal Malaysia Police	09.06.2020	08.07.2020	Licence to import/export or remove explosives from Kemaman Supply Base, Kemaman to KLIA, Sepang/ LTSAAS, Subang/ Pelabuhan, Kelang/ Tanjung Kupang/ Bukit Kayu Hitam/ Pelabuhan Johor/ Tok Bali	RLSB shall give at least six (6)-hour-notice to the licensing officer before landing or removal takes place.	Complied
6.	RLSB	Dewan Bandaraya Kuala Lumpur	07.12.2019	06.12.2020	Premise licence for E-33-A1, E-33-B2, E-33-B3, E-33-A4, E-33-A5, E-33-B6, Menara Suezcap 2, KL Gateway, No 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur.	<p>(i) RLSB shall carry out licenced activities and comply with the stipulated conditions of the licence.</p> <p>(ii) RLSB shall obtain planning approval and building plan approval.</p> <p>(iii) RLSB shall register its business and submit a copy each of its financial statement and current annual statement to the Companies Commission of Malaysia.</p> <p>(iv) RLSB shall meet the safety criteria stipulated by the Fire and Rescue Department of Malaysia.</p> <p>(v) RLSB shall not conduct illegal activities.</p>	Complied

6. BUSINESS OVERVIEW (Cont'd)

No.	Licence Holder	Issuer/ Authority	Date of Issuance	Date of Expiry	Type of Licence/ Permit/ Registration	Salient Conditions	Status of Compliance
						<p>(vi) RLSB shall comply with the hygiene requirements stipulated by the Health and Environment Department of Dewan Bandaraya Kuala Lumpur.</p> <p>(vii) RLSB shall ensure that the activities carried out do not cause disturbances.</p>	
7.	RLSB	Majlis Perbandaran Kemaman	02.01.2020	31.12.2020	Business and signboard licence for Warehouse 32, Door 16, Phase 2, Kemaman Supply Base, Teluk Kalong, 24000 Kemaman, Terengganu	<p>(i) RLSB shall comply with the conditions stipulated by Kemaman Municipal Council, from time to time.</p> <p>(ii) RLSB is to notify Majlis Perbandaran Kemaman, should its business ceased operations.</p>	Complied
8.	RLSB (Dato' Wan Hassan Bin Mohd Jamil)	Atomic Energy Licensing Board	07.03.2020	06.03.2022	Licence to purchase, own, possess, transport, export, handle, use, import and store one (1) unit of Americium-241	<p>(i) Dato' Wan Hassan Bin Mohd Jamil is the person responsible for the licence.</p> <p>(ii) This licence is not transferable to any party.</p> <p>(iii) RLSB shall prepare a copy of the licence close to the radiation equipment so that it can be checked easily at any time.</p> <p>(iv) Application for renewal of the licence shall be made not less than fourteen (14) days and no more than thirty (30) days via online system (e-Lesen) before the expiry date of the licence.</p> <p>(v) RLSB shall update any change of the name of the company which does not involve the change of the registration number of the company via online system (e-Lesen).</p> <p>(vi) RLSB shall update any addition of the address of the company via online system (e-Lesen).</p> <p>(vii) RLSB shall ensure that the Radiation Protection Officer or Supervisor participates in the scheduled inspection.</p> <p>(viii) RLSB shall comply with all directions issued by Atomic Energy Licensing Board from time to time.</p>	Complied
9.	Dato' Wan Hassan Bin Mohd Jamil ^(f)	Royal Malaysia Police	22.12.2019	31.12.2020	Licence to store explosives at Lot 3020, Fasa 2, Kemaman Supply Base, Mukim Telok Kalong, Kemaman, Terengganu Darul Iman	<p>(i) Dato' Wan Hassan Bin Mohd Jamil shall erect a magazine to store explosives at the specified site, namely, Lot 3020, Kemaman Supply Base, Mukim Telok Kalong, Daerah Kemaman, Negeri Terengganu.</p>	Complied

6. BUSINESS OVERVIEW (Cont'd)

No.	Licence Holder	Issuer/ Authority	Date of Issuance	Date of Expiry	Type of Licence/ Permit/ Registration	Salient Conditions	Status of Compliance
						<p>(ii) Dato' Wan Hassan Bin Mohd Jamil shall comply with the conditions stipulated by the Technical Department of Terengganu, the land regulations of Terengganu and the National Land Code.</p> <p>(iii) The type and quantity of explosives to be stored are as follows: Shape charge – 1600 kilogrammes; Detronator – 3000 radius; and Detonating cord – 9000 meters.</p> <p>(iv) Dato' Wan Hassan Bin Mohd Jamil shall comply with the laws pursuant to Explosives Act 1957 and the Explosive Rules 1923.</p> <p>(v) Dato' Wan Hassan Bin Mohd Jamil shall submit the name of the blaster contractor and the workers in relation to the rock breaking works to the chief district police.</p> <p>(vi) Dato' Wan Hassan Bin Mohd Jamil shall submit the complete list of the employees of RLSB with their full names, identity card numbers, age, nationality, address, type of employment to the chief of district police on a monthly basis. Dato' Wan Hassan Bin Mohd Jamil would be required to inform and obtain the consent of the chief of district police before the employment of an employee.</p> <p>(vii) The explosives must not be unloaded from its magazine without the consent from the chief of district police. Any unloading of the explosives from the magazine to the quarry must be escorted by security personnel.</p> <p>(viii) All of the original keys of the padlock to access the gate and door into the magazine must be kept in the nearest police station to the magazine. The original keys can only be retrieved upon consent by the chief of district police. The duplicate keys are to be kept by the chief of district police in his/her safe deposit box.</p> <p>(ix) Detonators are to be kept separately from all other explosives.</p> <p>(x) The application to renew this licence must be done a month before the expiry of the same.</p>	

6. BUSINESS OVERVIEW (Cont'd)

No.	Licence Holder	Issuer/ Authority	Date of Issuance	Date of Expiry	Type of Licence/ Permit/ Registration	Salient Conditions	Status of Compliance
						<p>(xi) This licence expires on 31 December, every year. The application form on the renewal of this licence is to be obtained from the District Police Headquarters the latest by October, every year.</p> <p>(xii) Explosives are not allowed to be taken in and taken out from the magazine, until this licence has been renewed.</p>	
10.	RL Solutions	Dewan Bandaraya Kuala Lumpur	07.12.2019	06.12.2020	Premise licence for E-33-B7, Menara Suezcap 2, KL Gateway, No 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur.	<p>(i) RL Solutions shall carry out licenced activities and comply with the stipulated conditions of the licence.</p> <p>(ii) RL Solutions shall obtain planning approval and building plan approval.</p> <p>(iii) RL Solutions shall register its business and submit a copy each of its financial statement and current annual statement to the Companies Commission of Malaysia.</p> <p>(iv) RL Solutions shall meet the safety criteria stipulated by the Fire and Rescue Department of Malaysia.</p> <p>(v) RL Solutions shall not conduct illegal activities.</p> <p>(vi) RL Solutions shall comply with the hygiene requirements stipulated by the Health and Environment Department of Dewan Bandaraya Kuala Lumpur.</p> <p>(vii) RL Solutions shall ensure that the activities carried out do not cause disturbances.</p>	Complied
11.	RL Solutions (c) (g)	Petronas	29.11.2018	28.11.2021	Licence to supply product/ service to exploration and oil/ gas companies in Malaysia	<p>(i) RL Solutions is required to register, obtain a licence, permit or authorisation from the relevant authorities to carry out the services or supply of product or material used in the company's operation and activities.^(g)</p> <p>(ii) This licence is not transferable to any company/ other party.</p> <p>(iii) This licence will be revoked if RL Solutions is found to be in the process of liquidation, winding-up or dissolution.</p> <p>(iv) RL Solutions should take immediate action to adhere to the special conditions imposed as stated in the appendix of the Petronas licence certificate and to inform Petronas on the progress of this action.</p>	Complied

6. BUSINESS OVERVIEW (Cont'd)

No.	Licence Holder	Issuer/ Authority	Date of Issuance	Date of Expiry	Type of Licence/ Permit/ Registration	Salient Conditions	Status of Compliance
						<p>(v) RL Solutions shall inform Petronas on any changes related to the company's position such as equity ownership, board of directors and management staff within fourteen (14) days. Failure to do so can result in the revocation of this licence.</p> <p>(vi) RL Solutions is not allowed to take another company as principal, agent, sub-contractor or otherwise to provide any service or supply of any facility, fittings or equipment on its behalf without prior written consent from Petronas.</p> <p>(vii) This licence is only valid for services and supply of products as stated in the appendix of the Petronas licence certificate.</p>	
12.	Amsito	Dewan Bandaraya Kuala Lumpur	07.12.2019	06.12.2020	Premise licence for E-33-A8, Menara Suezcap 2, KL Gateway, No 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur.	<p>(i) Amsito shall carry out licenced activities and comply with the stipulated conditions of the licence.</p> <p>(ii) Amsito shall obtain planning approval and building plan approval.</p> <p>(iii) Amsito shall register its business and submit a copy each of its financial statement and current annual statement to the Companies Commission of Malaysia.</p> <p>(iv) Amsito shall meet the safety criteria stipulated by the Fire and Rescue Department of Malaysia.</p> <p>(v) Amsito shall not conduct illegal activities.</p> <p>(vi) Amsito shall comply with the hygiene requirements stipulated by the Health and Environment Department of Dewan Bandaraya Kuala Lumpur.</p> <p>(vii) Amsito shall ensure that the activities carried out do not cause disturbances.</p>	Complied
13.	Amsito	Majlis Perbandaran Kemaman	02.01.2020	31.12.2020	Business and signboard licence for Warehouse 32, Door 16, Phase 2, Kemaman Supply Base, Teluk Kalong, 24007 Cukai Terengganu	<p>(i) Amsito shall comply with the conditions stipulated by Kemaman Municipal Council, from time to time.</p> <p>(ii) Amsito is to notify Majlis Perbandaran Kemaman, should its business ceased operations.</p>	Complied

6. BUSINESS OVERVIEW (Cont'd)

Notes:

(a) The categories of products and services authorised by the licence are as follows:

No.	SWEC	Description of Service	Minimum Bumiputera Requirements (%)	Status of Compliance
1.	PD1050100	Drilling Equipment And Materials-Auxiliary Cementing And Casing Accessories-Float Equipment And Accessories. (Reclassified from PD1050000- Drilling Equip & Mat- Cementing/ Casing Acc)	*51	Complied
2.	SC3010601	Consultancy Services-Project Management-Decommissioning of Facilities/ Project-Onshore Pipeline Facilities	30	Complied
3.	SM2010100	Manpower Supply-Labour Supply	*51	Complied
4.	SM2010300	Manpower Supply-General Manpower for Office Serv	*51	Complied
5.	SM2020100	Manpower Supply-Technician	*51	Complied
6.	SM2020200	Manpower Supply-Skilled Manpower-Electrical (Reclassified From SM2020700 – Chargeman)	*51	Complied
7.	SM2020300	Manpower Supply-Telecon	*51	Complied
8.	SM2020400	Manpower Supply -Coded Welders	*51	Complied
9.	SM2020500	Manpower Supply-Radio, Telex, Switchboard Operators	*51	Complied
10.	SM2020600	Manpower Supply-Machinist	*51	Complied
11.	SM2020800	Manpower Supply-Offshore Crane Operator	*51	Complied
12.	SM2020900	Manpower Supply- Instrument	*51	Complied
13.	SM2021000	Manpower Supply-Skilled Manpower-Welding Inspector	*51	Complied
14.	SM2021100	Manpower Supply-Skilled Manpower-Painting Inspector	*51	Complied
15.	SM2021200	Manpower Supply-Skilled Manpower-Drilling Completion and Workover Support Staff	*51	Complied
16.	SM2030100	Manpower Supply-HSE Specialist	*51	Complied
17.	SM2030200	Manpower Supply-Const Technical Personnel	*51	Complied
18.	SM2030300	Manpower Supply-Material, Corrosion & Inspection Specialist	*51	Complied
19.	SM2030400	Manpower Supply - Specialist Manpower – Specialist Mechanical/ Piping	30	Complied
20.	SM2030500	Manpower Supply - Specialist Electrical	30	Complied
21.	SM2030600	Manpower Supply - Specialist Instrumentation	30	Complied
22.	SM2030700	Manpower Supply - Specialist Civil & Structural	*51	Complied
23.	SM2030800	Manpower Supply - Specialist Process	*51	Complied
24.	SM2030900	Manpower Supply - Specialist Pipeline	*51	Complied
25.	SM2031300	Manpower Supply - Specialist Manpower-Drilling Completion and Workover Specialist	*51	Complied
26.	SM2031500	Manpower Supply- Specialist Manpower - Subsea Specialist	*51	Complied
27.	SO2010400	Offshore Facilities Const-Decomm of Offshore Facilities	30	Complied

6. BUSINESS OVERVIEW (Cont'd)

No.	SWEC	Description of Service	Minimum Bumiputera Requirements (%)	Status of Compliance
28.	SC3010300	Consultancy Serv-Drilling	30	Complied
29.	SC3060900	Consultancy Services -Upstream Consultancy Services - Specialized Drilling And Completion Consultancy (Reclassified From SC3060105, Consultancy Serv-Drilling Consultancy)	30	Complied
30.	SO2020206	Offshore Facilities Const-Minor Onshore Fabrication-Structural	*51	Complied
31.	SO2020300	Onshore Fabrication - Commissioning of Specialist Electrical, Hvac & Instrumentation System	30	Complied
32.	SO2020400	Onshore Fabrication - Dry Tree Unit (Dtu)	30	Complied
33.	SP2010101	Production/ Drilling/ Workover Associated Services-Drilling Rigs-Offshore Rig-Jackup Rig Services	*51	Complied
34.	SP2030400	Production/ Drilling/ Workover Associated Services-Dedicated Workover Services-Coiled Tubing Unit & Services	30	Complied
35.	SP2040000	Production/ Drilling/ Workover Associated Services-Tubular Handling Equipment & Running Services	*51	Complied
36.	SP2080000	Production/ Drilling/ Workover Associated Services-Drilling/ Completion Fluid & Services	*51	Complied
37.	SP2120000	Production/ Drilling/ Workover Associated Services-Well Abandonment	30	Complied
38.	SP2130000	Production/ Drilling/ Workover Associated Services-Directional Drilling, Gyro While Drilling, Measurement While Drilling and Logging While Drilling (Reclassified From Sp2140000-Measurement While Drilling & Serv and Sp2150000-Logging While Drilling & Serv)	*51	Complied
39.	SP2170100	Production/ Drilling/ Workover Associated Services-Electric Logging & Services-Open Hole (Rig Assisted)	*51	Complied
40.	SP2170200	Production/ Drilling/ Workover Associated Services-Electric Logging & Services-Cased Hole (Rig Assisted and/or Non-Rig Assisted)	*51	Complied
41.	SP2200000	Production/ Drilling/ Workover Associated Services-Well Testing Equipment & Services	*51	Complied
42.	SP2210000	Drilling Serv-Liner Hanger Equip & Serv	30	Complied
43.	SP2220100	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Tubing Conveyed Perforation	*51	Complied
44.	SP2220200	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Coiled Tubing Well Perforating Services	*51	Complied
45.	SP2220300	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Slickline Well Perforating Services	*51	Complied
46.	SP2220400	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Through Tubing Well Perforation Services	*51	Complied

6. BUSINESS OVERVIEW (Cont'd)

No.	SWEC	Description of Service	Minimum Bumiputera Requirements (%)	Status of Compliance
47.	SP2220500	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Electricline Well Perforating Services	*51	Complied
48.	SP2220600	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Well Tubing Puncher Services	*51	Complied
49.	SP2230100	Production/ Drilling/ Workover Associated Services-Specialized Sand Control Equipment & Services-Stand Alone Screen Equipment & Services	*51	Complied
50.	SP2240000	Drilling Serv-Well Completion Equip & Serv	30	Complied
51.	SP2270000	Production/ Drilling/ Workover Associated Services-Slickline Equipment and Services –Slickline Equipment and Services (Reclassified From Sp2270100;Sp2270201;Sp2270202;Sp2270203 and/or Sp2270204)	*51	Complied
52.	SP2280100	Production/ Drilling/ Workover Associated Services-Artificial Lift Services-Electrical Submersible Pump (Esp)	30	Complied
53.	SP2280200	Production/ Drilling/ Workover Associated Services-Artificial Lift Services-Gas Lift	30	Complied
54.	SP2310600	Production/ Drilling/ Workover Associated Services-Specialised Drilling/ Workover Services-Smart/ Intelligent Well System (Reclassified From Sp2310602,Drilling Serv-Flow Ctr)	30	Complied
55.	SP2311100	Production/ Drilling/ Workover Associated Services-Specialised Drilling/ Workover Services-Well Bore Cleanup Equipment and Services	*51	Complied
56.	SP2340000	Production/ Drilling/ Workover Associated Services-Well Leak Repair Services	30	Complied
57.	SU1050000	Underwater Serv-Underwater Inspection/ Diving Serv	*51	Complied
58.	SP2010105	Production/ Drilling/ Workover Associated Services-Drilling Rigs-Offshore Rig-Semi-Submersible (Reclassified from SP2010106,Drilling Serv-Deepwater Oilfield Rig Serv)	*51	Complied
59.	SP2050000	Production/Drilling/Workover Associated Services-Oilfield Fishing Equipment & Services	*51	Complied
60.	SP2370000	Production/ Drilling/ Workover Associated Services -Rig Inspection Services	*51	Complied

Note:

- * As at the LPD, RLSB is required to have a minimum of 51% Bumiputera requirement at equity, board of directors, management and employees levels. Upon listing of Reservoir Link, RLSB will only require a minimum of 35% Bumiputera equity for its shareholders. The other requirements as to the board of directors, management and employees shall continue to apply to RLSB.

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6. BUSINESS OVERVIEW (Cont'd)

(b) We have generated revenues for the FYE 2016 to FYE 2019 from the following eleven (11) SWEC. The details of the said SWEC are as follows:

No.	SWEC	Description of Service	Minimum Bumiputera Requirements (%)	Status of Compliance
1.	SP2120000	Production/ Drilling/ Workover Associated Services-Well Abandonment	30	Complied
2.	SP2200000	Production/ Drilling/ Workover Associated Services-Well Testing Equipment & Services	*51	Complied
3.	SP2220100	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Tubing Conveyed Perforation	*51	Complied
4.	SP2220200	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Coiled Tubing Well Perforating Services	*51	Complied
5.	SP2220300	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Slickline Well Perforating Services	*51	Complied
6.	SP2220400	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Through Tubing Well Perforation Services	*51	Complied
7.	SP2220500	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Electricline Well Perforating Services	*51	Complied
8.	SP2220600	Production/ Drilling/ Workover Associated Services-Well Perforation Equipment & Services-Well Tubing Puncher Services	*51	Complied
9.	SP2270000	Production/ Drilling/ Workover Associated Services-Slickline Equipment and Services (Reclassified from SP2270100;SP2270201;SP2270202;SP2270203 and/or SP2270204)	*51	Complied
10.	SP2340000	Production/ Drilling/ Workover Associated Services-Well Leak Repair Services	30	Complied
11.	PM1081000	Mechanical – Filter Elements and Accessories - Desander	*51	Complied

Note:

* As at the LPD, RLSB is required to have a minimum of 51% Bumiputera requirement at equity, board of directors, management and employees levels. Upon listing of Reservoir Link, RLSB will only require a minimum of 35% Bumiputera equity for its shareholders. The other requirements as to the board of directors, management and employees shall continue to apply to RLSB.

(c) The General Guidelines (v8.0) as at 1 December 2018 on Petronas Licence and Registration Applications issued by Petronas are applicable to the licence-holders. The guidelines, amongst others, are as follows:

- (i) The licence-holder shall have minimum paid-up capital of RM100,000 (for licence) or RM10,000 (for registration). The paid-up capital is in the form of ordinary shares.
- (ii) The licence-holder shall have positive shareholders' fund.
- (iii) The licence-holder shall meet minimum Bumiputera requirement at four (4) levels, for the applied SWEC, which are equity, board of directors, management and employees. The SWEC's minimum Bumiputera requirements range from 100%, 51% and 30%. There are also SWECs with no requirement on Bumiputera participation. Flexibility is given to "Sdn Bhd" company which is owned at least 51% by a "Berhad" company listed on Bursa Securities to hold a minimum of 35% Bumiputera equity when it applies for SWECs with minimum 51% Bumiputera requirement.

6. BUSINESS OVERVIEW (Cont'd)

- (iv) *The licence-holder shall submit the application to renew or register this licence within three (3) months before the expiry date of the licence/ registration. Delay in renewing the licence/ registration will affect the licence-holder's chances in participating in tender.*
- (v) *The licence-holder shall submit an application to change its existing principal to other principal if there is any such change.*
- (vi) *The licence-holder is required to update its profile and its relevant documents via Update Company's Profile ("UCP") application when there is a change in:*
 - (a) *the licence-holder's name*
 - (b) *shareholders' equity*
 - (c) *board of directors*
 - (d) *management*
 - (e) *number of employees*
 - (f) *Minimum Technical Requirements compliance to SWEC requirements*
 - (g) *shareholders' fund (if The licence-holder's shareholders' fund becomes negative during licence/ registration period)*

The update must be done within fourteen (14) days from the date of such change. Failure to do so may result in consequence management of the licence/ registration.

- (vii) *The licence-holder is also required to update the bank details via UCP, as and when required. The bank account must be verified by the respective bank.*
- (d) *This refers to the licences, permits that a licence-holder must obtain and maintain in order to carry out the specific jobs. In the case of the Group, the licences set out in items 2 to 11 in the table above are the ones required by the Group to carry out the jobs. These include, among others, licence to import/ export or remove explosives, premise licence, business and signboard licence, licence to purchase, own, possess, transport, export, handle, use, import and store one (1) unit of Americium-241 and licence to store explosives.*
- (e) *The licences to import/ export or remove explosives are subject to monthly renewal. The licences cover shape charge, detonator and detonating cord.*
- (f) *The Explosives Act 1957 requires a licence to be obtained for the storage of explosives at premises. While the explosives stored at Lot 3020, Fasa 2, Kemaman Supply Base, Mukim Telok Kalong, Kemaman, Terengganu Darul Iman are owned and used by RLSB, the licence is issued to Dato' Wan Hassan Bin Mohd Jamil as it is the practice of the issuing authority to issue the licence to individuals so that they can hold the individuals accountable for the storage of the explosives. Dato' Wan Hassan Bin Mohd Jamil is responsible for the compliance of the conditions of the licence through RLSB.*
- (g) *The categories of products and services authorised by the licence are as follows:*

No.	SWEC	Description of Service	Minimum Bumiputera Requirements (%)	Status of Compliance
1.	PC1010100	Chemicals-Acidizing Chemicals-Hydrochloric Acid	*51	Complied
2.	PC1010200	Chemicals-Acidizing Chemicals-Hydrofluoric Acid	*51	Complied
3.	PC1010300	Chemicals-Acidizing Chemicals-Formic Acid	*51	Complied
4.	PC1010400	Chemicals-Acidizing Chemicals-Acetic Acid	*51	Complied
5.	PC1090100	Chemical-Common Chemicals-Commodity Chemicals	*51	Complied
6.	PM1081000	Mechanical-Filters Elements and Accessories-Desander	*51	Complied
7.	SC3020400	Consultancy Serv-Civil & Structural Engineering Consultancy	*51	Complied
8.	SC3030200	Consultancy Serv-Environment Consultancy	*51	Complied
9.	SC3060104	Consultancy Serv-Production Technology Consultancy	30	Complied
10.	SM3030303	Marine Transportation Serv-Chemical Cleaning	*51	Complied
11.	SM3031800	Marine Transportation Serv-Tank Cleaning Equip	*51	Complied

6. BUSINESS OVERVIEW (Cont'd)

No.	SWEC	Description of Service	Minimum Bumiputera Requirements (%)	Status of Compliance
12.	SM3032101	Marine Transportation Serv-Tube	*51	Complied
13.	SM3032102	Marine Transportation Serv-Plate	*51	Complied
14.	SM3040100	Marine Transportation Serv-Cleaning and Disposal Services (Sm3040101, Sm3040102, Sm3040103, Sm3040104 & Sm3040300 Reclass to Sm3040100)	*51	Complied
15.	SP1040105	Pipeline & Associated Serv-Pipeline Maintenance-Pipeline Cleaning, Inspection & Repair-Pipeline Inspection & Repair-Offshore Pipeline Inspection & Repair	30	Complied
16.	SP2110000	Production/ Drilling/ Workover Associated Services-Well Killing and Pumping Services	30	Complied
17.	SP2350000	Production/ Drilling/ Workover Associated Services-Well Stimulation/ Enhancement Services	*51	Complied
18.	SC3100400	Consultancy Services – Laboratory Services – Laboratory Consultancy Services	30	Complied
19.	SG1010200	Geological Services – Sample Analysis – Routine Fluid Sample Analysis (SC3040600 & SG1020000 reclass SG1010200)	30	Complied
20.	SG1040000	Geological Services – Geological Fieldwork	30	Complied
21.	SG1050100	Geological Services – Sample/Data Preservation, Handlinh & Transp-Rock Sample	30	Complied
22.	SG1050200	Geological Services – Sample/Data Preservation, Handlinh & Transp-Rock Sample	30	Complied
23.	SP2311000	Production/ Drilling/ Workover Associated Services-Specialised Drilling/Workover Services – Downhole Conveying Device	30	Complied
24.	PE1090100	Electrical – Electrical Heating System – Heat Tracing System	*51	Complied

Note:

- * As at the LPD, RL Solutions is required to have a minimum of 51% Bumiputera requirement at equity, board of directors, management and employees levels. Upon listing of Reservoir Link, RL Solutions will only require a minimum of 35% Bumiputera equity for its shareholders. The other requirements as to the board of directors, management and employees shall continue to apply to RL Solutions.


With regards the storage of explosives by RLSB in Labuan, the licence pertaining thereto was issued by the Royal Malaysia Police to an individual, namely, Dato' Harris Haji Annuar Tan, who is the chief executive officer of Asian Supply Base Sdn Bhd ("**ASB**"). As per the Tenancy Agreement dated 26 July 2017 between ASB and RLSB, RLSB is currently renting bunker facilities, warehouses and workshops from ASB. Further details of the Tenancy Agreement are set out in Section 14.6 (ii) of this Prospectus.

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6. BUSINESS OVERVIEW (Cont'd)

6.19 PATENTS, TRADEMARKS, BRAND NAMES AND TECHNICAL ASSISTANCE AGREEMENTS

As at the LPD, trademarks of our Group are as set out below:

No.	Trademark/Description	Applicant Name/ Application No./ Legal Status	Class No.	Description of Class	Approving Authority	Date of Application	Date of Registration	Date Gazetted	Date of Issuance of Certificate	Date of Expiry
1.		RLSB/ 2019027077/ Pending registration ⁽¹⁾	42	Solutions which comprises of products and services to be applied for hydrocarbon, exploration, well-bore construction, extraction and production for enhancement of oil and gas productions related to oil and gas reservoir; all included in Class 42.	MyIPO	25.07.2019	Pending	Pending	Pending	Pending
2.	Smart-SWEEP/ This trademark is in relation to the reservoir fluid diverter to improve the sweep efficiency of water injection program.	Anwarudin Bin Saidu Mohamed/ 2018000508/ Registered	1	Chemicals for use in oil and gas industry; chemical compositions for use in well maintenance and reservoir management; chemical preparation and formulation for use in treating of wells; all included in Class 1	MyIPO	16.01.2018	16.01.2018	06.09.2018	27.11.2018	16.01.2028
3.	iMWIS/ This trademark is in relation to the modular water injection system with chemical de-aeration.	Anwarudin Bin Saidu Mohamed/ 2018000507/ Registered	1	Chemical products used in oil and gas industry; chemical composition for use in well maintenance; chemical preparation and mixing in water for use of water injection into well; all included in Class 1	MyIPO	16.01.2018	16.01.2018	31.01.2019	08.04.2019	16.01.2028
4.	ATC175/ This trademark is in relation to the specialty chemical used for wellbore damage and paraffin blockage remediation.	Anwarudin Bin Saidu Mohamed/ 2018003411/ Registered	1	Chemical formulation used in oil and gas industry; chemical composition to treat oilwell and other flow conduits impaired by organic deposition; chemical preparation and formulation for use in treatment of well and hydrocarbon flow conduits; all included in Class 1	MyIPO	26.03.2018	26.03.2018	06.09.2018	27.11.2018	26.03.2028

6. BUSINESS OVERVIEW (Cont'd)

No.	Trademark/Description	Applicant Name/ Application No./ Legal Status	Class No.	Description of Class	Approving Authority	Date of Application	Date of Registration	Date Gazetted	Date of Issuance of Certificate	Date of Expiry
5.	SCALE-FREEZE/ This trademark is in relation to the specialty chemical used for scale inhibition near the wellbore.	Anwarudin Bin Saidu Mohamed/ 2017007411/ Pending appeal ⁽²⁾	1	Chemicals; all included in class 1	MyIPO	17.07.2017	Pending	Pending	Pending	Pending
6.	FLO- EASE/ This trademark is in relation to the specialty chemical used for well stimulation/ production enhancement	Anwarudin Bin Saidu Mohamed/ 2017008918/ Pending appeal ⁽²⁾	1	Chemicals; all included in Class 1	MyIPO	17.08.2017	Pending	Pending	Pending	Pending
7.	FLO-SAFE/ This trademark is in relation to the specialty chemical used to remove inorganic scale for well and pipeline.	Anwarudin Bin Saidu Mohamed/ 2018003409/ Pending appeal ⁽²⁾	1	Chemicals used in oil and gas industry; chemical compositions for use in treatment of pipelines, petrochemical plants and well conduit; chemical preparation and formulation for use in flow assurance of oil and gas asset; all included in class 1	MyIPO	26.03.2018	Pending	Pending	Pending	Pending
8.	Hydro-EXPELL/ This trademark is in relation to the specialty chemical for water cut reduction/ relative permeability modifier.	Anwarudin Bin Saidu Mohamed/ 2018003410/ Pending appeal ⁽²⁾	1	Chemicals used in oil and gas industry; chemical composition for use to treat oilwell with high water production and injector with poor sweep efficiency; chemical preparation and formulation for use in treatment of wells for water shut-off or profile modification; all included in class 1	MyIPO	26.03.2018	Pending	Pending	Pending	Pending
9.	QUICK-FLO/ This trademark is in relation to the specialty chemical used to separate sludge, rag, muck and emulsion.	Anwarudin Bin Saidu Mohamed/ 2018003408/ Pending appeal ⁽²⁾	1	Chemicals used in oil and gas industry; chemical compositions for use in treatment of sludge at pipelines, petrochemical plants, floating production storage and offloading tanks, vessels; chemical preparation and formulation for use in treatment of hydrocarbon based sludge and waste management; all included in class 1	MyIPO	26.03.2018	Pending	Pending	Pending	Pending

6. BUSINESS OVERVIEW (Cont'd)

No.	Trademark/Description	Applicant Name/ Application No./ Legal Status	Class No.	Description of Class	Approving Authority	Date of Application	Date of Registration	Date Gazetted	Date of Issuance of Certificate	Date of Expiry
10.	SandPRO/ This trademark is in relation to the chemically enhanced multiphase hydrocyclone desander.	RL Solutions/ 2018017347/ Pending appeal ⁽²⁾	7	Desanding hydrocyclone; all included in Class 7.	MyIPO	14.12.2018	Pending	Pending	Pending	Pending

Notes:

- (1) *As at the LPD, the application for the registration of the trademark is still under substantive examination by MyIPO.*
- (2) *The appeal was sought in order to allow for the usage of common words for the registration this trademark.*

The trademarks as tabulated in items (2) to (4) in the table above are registered in the name of Anwarudin Bin Saidu Mohamed whilst for items (5) to (9), the applications have been filed but pending registration under the name of Anwarudin Bin Saidu Mohamed, our key management and the Executive Director of RL Solutions.

The applications of trademarks were filed by Anwarudin Bin Saidu Mohamed between July 2017 to March 2018 prior to him joining RL Solutions in July 2018 and the Shareholders' Agreement dated 21 February 2019 between RLSB, Anwarudin Bin Saidu Mohamed and RL Solutions.

Subsequently, RL Solutions acquired the trademarks from Anwarudin Bin Saidu Mohamed pursuant to the Deed of Assignment dated 31 May 2019 between Anwarudin Bin Saidu Mohamed and RL Solutions whereby Anwarudin Bin Saidu Mohamed has assigned and transferred all rights, title and interest in the trademarks set out in items (2) to (9) in the table above to RL Solutions. On 24 June 2019, RL Solutions had filed for the Deed of Assignment with MyIPO for the trademarks to be registered in its name.

Please refer to Section 14.6 (x) of this Prospectus for further details on the Deed of Assignment.

As at the LPD, the trademarks are used by RL Solutions for its marketing brochures.

In addition, as at the LPD, we do not have any patents and/or copyrights.

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Registration No.: 201401044508 (1120690-K)

6. BUSINESS OVERVIEW (Cont'd)

6.20 MATERIAL PROPERTY, PLANT, MACHINERY AND EQUIPMENT

6.20.1 Properties

As at the LPD, we own the following properties:

No.	Registered Owner/ Beneficial Owner	Title Identification/ Postal Address	Description/ Existing Use	Date Certificate Completion and Compliance	Express Conditions	Floor Area	Tenure	Encumbrances	Audited NBV as at 31.12.2019 (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>	<p>Description: Eight (8) office units on the thirty third (33rd) floor of an office building.</p> <p>Existing Use: Office.</p>	30.11.2017	This land is to be used for trade buildings for the purpose of service apartments, offices and shopping complexes only.	<p>(i) 1,200 sq ft for each Parcel No. E-33-A1, E-33-A4, E-33-A5 and E-33-A8.</p> <p>(ii) 1,700 sq ft for each Parcel No. E-33-B2, E-33-B3, E-33-B6 and E-33-B7.</p>	99 years expiring on 11 April 2111.	Charged to United Overseas Bank (Malaysia) Bhd	9,933

6. BUSINESS OVERVIEW (Cont'd)

No.	Registered Owner/ Beneficial Owner	Title Identification/ Postal Address	Description/ Existing Use	Date Certificate Completion and Compliance	Express Conditions	Floor Area	Tenure	Encumbrances	Audited NBV as at 31.12.2019 (RM'000)
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>	<p>Description: One (1) office unit on the twenty ninth (29th) floor of an office building</p> <p>Existing use: RLSB Office. (landlord) has rented out this office unit to Messrs Lee & Koh (tenant). Details of the tenancy agreement have been disclosed in Section 14.6(i) of this Prospectus.</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	5,283
Total									15,216

The above properties owned by our Group are not in breach of any land use conditions and/or are in compliance with the relevant statutory requirements, land rules and/or building regulations/ by-laws.

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6. BUSINESS OVERVIEW (Cont'd)

6.20.2 Rented Properties

As at the LPD, we rented the following properties:

No.	Landlord	Tenant	Postal Address	Description/ Existing Use	Floor Area	Tenure	Rental Per Annum (RM)
1.	Asian Supply Base Sdn Bhd	RLSB	Postal Address: Multi Bay No. 6 & 7, ASB Main Base, Ranca-Ranca Industrial Estate, Labuan 87017 Federal Territory	Description: Two (2) Explosive Bunker Facilities Lot CL 20535775, Mukim Kampung Merinding, Wilayah Persekutuan Labuan Two (2) Workshops and One (1) Overhead Crane Multi Bay No. 6 & 7, ASB Main Base, Ranca-Ranca Industrial Estate, 87017 Labuan Federal Territory. Existing Use: Explosive bunker facilities, workshops and overhead crane.	Two (2) Explosive Bunker Facilities: 6.25 sq m and 3.12 sq m Two (2) Workshops: 1,005 sq m each	26 January 2020 to 25 January 2021	439,800
2.	Pangkalan Bekalan Kemaman Sdn Bhd ("PBK")	RLSB	Postal Address: Letter Box 39, Admin. Building A, Warehouse 32, Door 16, Phase II, Kemaman Supply Base, Kawasan Perindustrian Teluk Kalong, 24007 Teluk Kalong, Kemaman, Terengganu Darul Iman.	Description: One (1) Warehouse Warehouse 32, Door 16, Phase II, Kemaman Supply Base, Kawasan Perindustrian Teluk Kalong, 24007 Teluk Kalong, Kemaman, Terengganu Darul Iman. One (1) Explosive Store Lot No. EX20309, Phase II, Kemaman Supply Base, Kawasan Perindustrian Teluk Kalong, 24007 Teluk Kalong, Kemaman, Terengganu Darul Iman. One (1) Open Yard OY20155, Phase II, Kemaman Supply Base, Kawasan Perindustrian Teluk Kalong, 24007 Teluk Kalong, Terengganu Darul Iman.	Warehouse: 372 sq m Explosive Store: 41 sq m Open Yard: 530 sq m	01.04.2020 to 31.03.2022	133,207.20
Total							573,007.20

6. BUSINESS OVERVIEW (Cont'd)

Note:

PBK has via its letters dated 27 February 2020 and 2 June 2020 agreed to extend the duration of the tenancy from 1 April 2020 till 31 March 2022. However, the new tenancy agreement in relation to the extension is currently pending stamping. Please refer to Section 14.6 (iii) of this Prospectus for further details.

The above properties rented by our Group are not in breach of any land use conditions and/or are in compliance with the relevant statutory requirements, land rules and/or building regulations/ by-laws.

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6. BUSINESS OVERVIEW (Cont'd)**6.20.3 Material Plant and Equipment**

As at 31 December 2019, our Group's material equipment is as follows:

No.	Equipment	Description	No. of Units	Purchase Price (RM'000)	Audited NBV as at 31.12.2019 (RM'000)
1	Primary explosive magazine (BSEN) ⁽¹⁾	Well perforation services projects	6	46	-
2	Secondary explosive magazine (BSEN) ⁽²⁾	Well perforation services projects	7	67	-
3	Secondary explosive magazine (DNV)	Well perforation services projects	17	399	251
4	20 feet open top basket (DNV)	Well perforation services projects	5	111	61
5	12 feet multipurpose toolbox (BSEN) ⁽³⁾	Well perforation services projects	2	52	-
6	Low power electronic firing head (inclusive of mechanical safety switch)	Well perforation services projects	16	1,445	658
7	Electronic detonator tester ⁽⁴⁾	Well perforation services projects	8	54	-
8	Explosive storage magazine ⁽⁵⁾	Well perforation services projects	2	12	-
9	Memory correlation tool	Well perforation services projects	7	1,034	212
10	Memory cement bond log tool (CBL) ⁽⁶⁾	Well perforation services projects	2	836	-
11	Gamma gun Geiger	Well perforation services projects	2	38	16
12	Portable flowmeter ⁽⁷⁾	Well perforation services projects	1	73	-
13	Firing control panel	Well perforation services projects	4	124	7
14	Shot detection tool	Well perforation services projects	1	15	6
15	Spartek line management system	Well perforation services projects	7	158	36
16	8' x 8' A60 rated DNV 2.1-1, Zone 2 office lab cabin	Well testing services projects	1	532	461
17	DAQ system	Well testing services projects	1	209	183
18	ASL60 autoclave pump	Well leak repair services project	6	629	338
19	ASL35 autoclave pump	Well leak repair services project	2	297	149
20	AHL33 autoclave pump	Well leak repair services project	2	410	191
21	Wilden pump H800	Well leak repair services project	1	32	13
22	Wireline unit ⁽⁸⁾	Wireline services project	2	2,352	-
23	20 feet open top basket	Light weight well testing project	2	85	84

6. BUSINESS OVERVIEW (Cont'd)

No.	Equipment	Description	No. of Units	Purchase Price (RM'000)	Audited NBV as at 31.12.2019 (RM'000)
24	14 feet open top basket	light weight well testing project	2	84	83
25	12 feet open top basket	light weight well testing project	4	121	119
26	Dual compartment surge tank (SSV299)	light weight well testing project	1	1,095	1,068
27	Flow line pipes with connections	light weight well testing project	1 set (568 pipes)	1,345	1,312
28	Portable dead weight tester de wit Model: 35270-5	light weight well testing project	1	52	51
29	BR5000 series chemical injection pump	light weight well testing project	2	61	58
Total				11,768	5,357

Notes:

- (1) *There is no limit to the useful life of a primary explosive magazine (BSEN), as long as it is properly maintained and passes its annual inspection. As at the LPD, six (6) units of this equipment are in use by the Group.*
- (2) *There is no limit to the useful life of a secondary explosive magazine (BSEN), as long as it is properly maintained and passes its annual inspection. As at the LPD, seven (7) units of this equipment are in use by the Group.*
- (3) *There is no limit to the useful life of a twelve (12) feet multipurpose toolbox (BSEN), as long as it is properly maintained. As at the LPD, eight (2) units of this equipment are in use by the Group.*
- (4) *There is no limit to the useful life of an electronic detonator tester, as long as it is properly maintained and passes its annual inspection. As at the LPD, eight (8) units of this equipment are in use by the Group.*
- (5) *There is no limit to the useful life of an explosive storage magazine, as long as it is properly maintained. As at the LPD, two (2) units of this equipment are in use by the Group.*
- (6) *There is no limit to the useful life of a memory cement bond log tool (CBL), as long as it is properly maintained. As at the LPD, two (2) units of this equipment are in use by the Group.*
- (7) *There is no limit to the useful life of a portable flowmeter, as long as it is properly maintained and passes its annual calibration. As at the LPD, one (1) unit of this equipment is not in use by the Group.*
- (8) *There is no limit to the useful life of a wireline unit, as long as it is properly maintained. As at the LPD, one (1) unit of the wireline unit in use by the Group.*

As at 31 December 2019, the total purchase price and NBV of our Group's material equipment are approximately RM11.77 million and RM5.36 million respectively.

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6. BUSINESS OVERVIEW *(Cont'd)*

As at the LPD, all of the material equipment listed in the table above is in use by the Group with the exception of the following:

- (a) One (1) unit of portable flowmeter is functional but not in use;
- (b) One (1) unit of wireline unit is functional but not in use; and
- (c) One (1) set of dual compartment surge tank (SSV299) is functional but not in use.

6.20.4 Material Plans to Construct, Expand or Improve Facilities

As at the LPD, save as disclosed in Sections 3.7 and 6.22 of this Prospectus, we have no immediate plans to construct, expand or improve any of our existing facilities.

6.21 GOVERNING LAWS AND REGULATIONS INCLUDING ENVIRONMENTAL CONCERNS

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

- (i) Environmental Quality Act 1974;
- (ii) Explosives Act 1957;
- (iii) Explosive Rules 1923;
- (iv) Occupational Safety and Health Act 1994;
- (v) Petroleum Development Act 1974; and
- (vi) Petroleum Regulation 1974.

As at the LPD, our Group has complied with all regulatory and environmental requirements which may materially affect our Group's operations and/or utilisation of assets. In addition, there are no environmental proceedings or investigations to which we are or might become a party to.

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6. BUSINESS OVERVIEW *(Cont'd)*

6.22 OUR BUSINESS STRATEGIES

We will continue to leverage from our core competency as providers of O&G well services and implement the following strategy to further develop our business operations and strengthen our market position:

Enhancement of Our Capability to Provide Well Testing Services

We currently provide our well testing services in collaboration with Petrotechnical, whereby Petrotechnical is responsible for providing the equipment and personnel used in well testing, and training our personnel. We will provide personnel to take part in operations and receive training on operating the equipment from Petrotechnical.

As part of our business strategy we intend to purchase one (1) set of well testing equipment to provide well testing services using our in-house equipment and resources, which will develop our business capabilities and enhance our ability to serve our customers as we will not be relying on Petrotechnical to provide the well testing equipment, hence ensuring timely execution of the service to Petronas. This is also likely to result in an increase in the profit margin from this business segment and enhance the profitability of our Group. Owning our own well testing equipment will also improve our position as a full service provider for well testing services and allow us to independently tender for well testing services jobs.

As per our agreement with Petrotechnical, we intend to continue to work together with Petrotechnical in providing well testing services after we purchase the one (1) set of well testing equipment. We plan to engage Petrotechnical to provide well testing equipment and/or personnel in the event that we secure well testing services contracts or purchase orders that we are unable to fulfil.

As at the LPD, our Group has experienced personnel and expertise for some well testing services scope of work, but we do not have experienced personnel and expertise to cover the entire scope of well testing work. As part of our agreement with Petrotechnical, our personnel are being provided training on operating well testing equipment and providing the well testing service. We can also engage external contractors to perform well testing services, as and when they are required.

The well testing equipment comprises the following:

- (a) sand filter system, to remove sand and other solid particles from the fluid that is extracted from the well;
- (b) pumps, which are used to pressurise and circulate the fluids within the well testing equipment and chemical injection pump, which is used to pump chemicals into the well during testing;
- (c) three-phase horizontal test separator, which is a pressure vessel that is designed to separate the fluid that is extracted from the well into its constituent parts, such as crude oil, natural gas, water and other materials. The test separator is also equipped with sensors to measure parameters such as the flow rate of crude oil, natural gas and other materials;
- (d) surge tanks, which is a vessel to store crude oil after separation. It is also used to measure the flow rate of crude oil;

6. BUSINESS OVERVIEW *(Cont'd)*

- (e) safety systems, comprising surface safety valves, check valves and emergency shutdown systems that are designed to shut the flow of fluids from the well in the event of an emergency, or at the instruction of the operator;
- (f) burners system, which is used to burn off the crude oil and natural gas produced during testing;
- (g) instrumentation, data acquisition and process control system, which take measurements and collect, and allow the operator to control the equipment;
- (h) dataport, which is a wireless digital pressure and temperature gauge system for data acquisition;
- (i) choke manifold with data header, where the choke manifold is a device used to reduce the pressure from the wellhead and the data header is a connection to the choke manifold to provide access to the flow stream for pressure gauge, sampling, injection and other ports;
- (j) flow lines pipes, which is the pipe that connects the wellhead to the well testing equipment;
- (k) portable cabin to house personnel, data acquisition systems and equipment; and
- (l) other equipment, including baskets, well test crossovers, O&G diverters, electric and hand driven centrifuges, and sandbox.

As at the LPD, we estimate that one (1) set of well testing equipment will cost approximately RM17.26 million as disclosed in Section 3.7 (i) of this Prospectus. The status of the planned purchase of the well testing equipment as at the LPD is as follows:

- (i) we have ordered and paid a total of RM5.71 million for the portable cabin, dataport, flow line pipes, surge tank, choke manifold with data header, safety systems, instrumentation, data acquisition and process control systems, pumps and other equipment which have been delivered to our Group;
- (ii) we have paid deposit of RM0.24 million for an order placed for air compressors, safety systems and other equipment for a total of RM1.54 million. We expect to take delivery of these equipment by June 2020; and
- (i) we have not yet placed orders for the remaining equipment.

As at the LPD, the total cost of the well testing equipment that we have yet to order is estimated at RM10.01 million. We plan to utilise a combination of internal generated fund of RM0.01 million and the proceeds from our Public Issue of RM10.0 million to finance this remaining amount of the well testing equipment that we have yet to order, the details of which are set out in Section 12.6.6 of this Prospectus.

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6. BUSINESS OVERVIEW (Cont'd)

Details of the estimated cost of the well testing equipment and the source of funding are summarised in the following table:

	Total Estimated Cost (RM'000)	Total Spent as at LPD (RM'000)	Source of Funds		
			Internally Generated Funds (RM'000)	Bank Borrowings (RM'000)	Public Issue (RM'000)
<u>Purchased and Delivered as of LPD</u>					
Portable cabin	534	534	80	454	-
Dataport	544	544	173	371	-
Flow line pipes	1,325	1,325	198	1,127	-
Surge tank	1,088	1,088	159	929	-
Choke manifold with data header	420	420	64	356	-
Safety systems	313	313	82	231	-
Instrumentation, data acquisition and process control systems	204	204	30	174	-
Pumps	655	655	90	565	-
Other equipment	623	623	94	529	-
Sub-total	5,706	5,706	970	4,736	-
<u>Order Placed as of LPD</u>					
Air compressors	1,488	224	224	1,264	-
Safety systems	24	7	24	-	-
Other equipment	28	8	28	-	-
Sub-total	1,540	239	276	1,264	-
<u>Order Not Placed as of LPD</u>					
Burner system	2,251	-	-	-	2,251
Pumps	2,905	-	-	-	2,905
Three-phase horizontal test separator	1,608	-	-	-	1,608
Safety systems	86	-	-	-	86
Sand filter system	1,082	-	-	-	1,082
Instrumentation, data acquisition and process control systems	1,984	-	-	-	1,984
Other equipment #	97	-	13	-	84
Sub-total	10,013	-	13	-	10,000
TOTAL	17,259	5,945	1,259	6,000	10,000

6. BUSINESS OVERVIEW *(Cont'd)*

Note:

Other equipment includes baskets, electric centrifuges and sandbox.

As at the LPD, COVID-19 has not had an adverse effect on our ability to execute our business strategy as our respective suppliers have not notified us of any delays in the delivery of the well testing equipment that we have ordered and paid for, and that we have ordered and not paid for, as disclosed above. In addition, COVID-19 has not materially delayed our planned timing for ordering the well testing equipment that we have yet to place order.

6.23 MATERIAL EVENTS AFTER THE DATE OF OUR MOST RECENT AUDITED COMBINED FINANCIAL STATEMENTS

Our most recent audited combined financial statements are for the FYE 2019. Material events subsequent to 31 December 2019 are as follows:

- (i) The World Health Organisation declared COVID-19 a pandemic on 11 March 2020; and
- (ii) In 2019, the average price of Brent crude oil declined to USD64.03 per barrel, compared to USD71.07 per barrel in 2018. In early 2020, Brent crude oil price became volatile and recorded average price of USD63.60, USD55.00 and USD32.98 per barrel in January, February and March respectively. Furthermore, the average Brent crude oil price dipped to USD23.34 per barrel for April 2020, the lowest average price in the past ten (10) years. The fall in crude oil price was mainly due to the COVID-19 pandemic which is expected to lead to slower global economic growth and by Russia's initial refusal to support OPEC's proposal to curtail production resulting in Saudi Arabia and some other Middle Eastern countries ramping up production output. However, during the weekend of 12 April 2020, OPEC and allies including Russia have agreed to reduce crude oil production. The average Brent crude oil price for May 2020 was USD31.02 per barrel.

(Source: IMR)

Set out below is further information on the effects of COVID-19 and the decline in the price of crude oil on our operations in Malaysia and Mauritania, which are the two (2) countries where we have business operations as at the LPD.

6.23.1 Malaysia**(i) COVID-19**

To contain the spread of COVID-19 within the country, the Government of Malaysia implemented movement restrictions via a MCO under the Prevention and Control of Infection Diseases Act 1998 and the Police Act 1967, effective from 18 March 2020 to 3 May 2020. A CMCO was then implemented from 4 May 2020 till 9 June 2020 with the relaxation of some MCO measures including allowing most economic sectors to reopen, provided specified guidelines and standard operating procedures are followed and large gatherings avoided. On 7 June 2020, the Government announced the termination of CMCO on 9 June 2020 and commencement of a RMCO from 10 June 2020 till 31 August 2020. The RMCO provides further relaxation of economic, social and travel restrictions but not international travels. The Government may implement some form of movement control in the future if the spread of COVID-19 continues, increases or recurs after restrictive measures are relaxed.

6. BUSINESS OVERVIEW (Cont'd)

As we are service providers in the O&G industry, our operations in Malaysia are classified as one (1) of the essential services under the MCO and CMCO, and we are allowed to carry out our business operations as per normal subject to implementation of standard operating procedures and observing prudent guidelines to prevent and minimise the spread of COVID-19.

The adverse effects of the MCO and CMCO on our operations in Malaysia include the following:

- During the MCO and CMCO periods, personnel at our operational facilities in Malaysia, including our head office in Kuala Lumpur, Kemaman Service Centre in Terengganu, Labuan Service Centre and Miri Office in Sarawak worked from home, whenever possible.
- Our personnel who perform work on offshore platforms are required to self-quarantine for a period of fourteen (14) days upon returning onshore. Similarly, our personnel are required to self-quarantine for a period of fourteen (14) days before they are allowed to depart to an offshore platform to perform work there. These requirements to self-quarantine have caused delays in personnel deployment to offshore platform worksites and have disrupted our business operations.
- During the MCO and CMCO periods, airlines have reduced the number of flights between destinations in Peninsular Malaysia and Sarawak, Sabah and Labuan (collectively "**East Malaysia**"), which has caused some delays in our personnel travelling between Peninsular Malaysia and East Malaysia. These delays have resulted in disruptions in our business operations. However, with the announcement of the RMCO, travels within Malaysia has been relaxed but not international travels.
- As at the LPD, two (2) of our contracts have experienced or are expected to experience some delays. If these delays push back the implementation and completion of work orders under these contracts beyond the end of FYE 2020, it would have an effect on the revenue and profit recognised during the FYE 2020. The affected contracts are as follows:

Contract	Estimated Delay	Main Reasons for Delay	Financial Implications
Petronas Carigali well perforation call out contract	2 months	<ul style="list-style-type: none"> • This delay is only for our operations in East Malaysia. • Personnel required to self-quarantine for fourteen (14) days before deploying to offshore platform and upon return from offshore platforms. • Reduction in flights between Peninsular Malaysia and East Malaysia. 	<ul style="list-style-type: none"> • Revenue recognition will be delayed. • Logistics costs are higher.
Petronas Carigali well leak repair call out contract	1 month	<ul style="list-style-type: none"> • The delay is only for our operations in East Malaysia. • Personnel required to self-quarantine for fourteen (14) days before deploying to offshore platform and upon return from offshore platform. • Reduction in flights between Peninsular Malaysia and East Malaysia. 	<ul style="list-style-type: none"> • Revenue recognition will be delayed. • Logistics costs are higher.

6. BUSINESS OVERVIEW *(Cont'd)*

These expected delays in implementing and completing the work orders under these contracts will result in a corresponding deferment in recognising revenue and profit that we expect from these work orders. As a result, the revenue from these two (2) contracts may be affected by at least one (1) month in the FYE 2020 and consequently, affects our financial performance for the FYE 2020.

- We have experienced some delays in receiving perforating materials from some of our suppliers due to the reduction in international flights, and the temporary suspension of work at a facility in China where some of these products are manufactured.

We have taken the following measures in Malaysia to comply with the standard operating procedures (“SOP”) during the MCO and CMCO periods:

- We have submitted a declaration to the MITI affirming our commitment to comply with the SOP;
- All employees and visitors must submit a health screening declaration form with information on, among others, their contact information, body temperature and recent travel history before they are allowed to enter our operational facilities;
- Contactless thermometers and hand sanitiser are provided at the entrance of each operational facility;
- Persons with body temperature exceeding 37.5 Celsius are not allowed to enter our operational facilities;
- All employees and visitors must wear face masks and practice social distancing while at our operational facilities;
- We have provided our employees with face masks, hand sanitiser and sanitising wipes;
- We have made changes to our working practices including encouraging working from home, allowing flexible working hours for employees who have to work at operational facilities, encouraging virtual meetings and rearranging working spaces to avoid close contact;
- Non-essential meetings and training sessions have been cancelled;
- All employees have been informed of the special working arrangements to counter COVID-19 via internal memo; and
- Our operational facilities are cleaned and sanitised regularly.

(ii) Low Crude Oil Price Environment

As at the LPD, we have not experienced any cancellation or suspension of subsisting work orders in Malaysia. However, we will be affected by low crude oil prices if we do not get any work orders from our call out contracts or we do not receive any invitation to bid under our umbrella contracts. In the event that we receive invitations to submit bids under our umbrella contracts, we may be subjected to competitive pricing that either results in us not winning jobs or if we do win jobs they may be at reduced margins.

6. BUSINESS OVERVIEW (Cont'd)

A prolonged low crude oil price environment will have a negative impact on our business and financial performances, especially if PSC operators reduce their operating and capital expenditure in response. However, in such an environment, our business is likely to be supported by the following factors:

- We expect PSC operators to carry out maintenance on their production wells to ensure flow assurance rather than drilling and completing new wells. This is expected to sustain demand for our well leak repair, perforation, testing, wireline and O&G production enhancement services.
- PSC operators are required to plug and abandon wells that are no longer in use. This will support our end-of-life well perforation and wash and cement services.
- For the FYE 2017, FYE 2018, FYE 2019 and up to the LPD, all our well service contracts are for production wells or for the plug and abandonment of wells. As low crude oil and gas prices affects the exploration and development sectors of the upstream oil and gas industry more, we are less affected.

As at the LPD, none of the subsisting umbrella contracts, call out contracts or work orders in Malaysia have been delayed, suspended, cancelled or terminated due to COVID-19 or the decrease in crude oil prices.

Nevertheless, there is no assurance that a prolonged COVID-19 pandemic and its effects, and prolonged low crude oil price environment will not adversely affect our operations and financial performance in Malaysia.

6.23.2 Mauritania

(i) COVID-19

In response to COVID-19, the Government of Mauritania closed its borders to travel into and out of the country effective from 17 March 2020. With this border closure, we are not able to rotate our personnel into and out of the country to carry out perforate, wash and cement services for PC Mauritania 1 Pty Ltd. On 29 March 2020, PC Mauritania 1 Pty Ltd made a declaration of force majeure on our call out contract to provide well perforate, wash and cement services for them in Mauritania, citing the border closure as the reason.

On 25 April 2020, PC Mauritania 1 Pty Ltd served our Group with notice to suspend the contract from 28 April 2020 until further notice. This suspension of our call out contract will adversely affect our business activities and financial performance in Mauritania. As at the LPD, we have two (2) subsisting work orders to provide services issued under the call out contract from PC Mauritania 1 Pty Ltd with total value of USD8.69 million (equivalent to approximately RM37.76 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD). As at the LPD, the suspension involved the balance of approximately 80% of the work to be done for both the two (2) subsisting work orders as approximately 20% of the work have been completed.

As part of this suspension, PC Mauritania 1 Pty Ltd agreed to pay us the following:

- Non-refundable one-time upfront payment of USD2.27 million (equivalent to approximately RM9.86 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD, being equivalent to 40.0% of the remaining value of one (1) of the subsisting work order issued under this contract). As at the LPD, we have received net upfront payment of USD2.09 million (equivalent to approximately RM9.08 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD) from PC Mauritania 1 Pty Ltd comprising the upfront payment of USD2.27 million after deducting withholding tax of USD0.18 million ("**Mauritania Upfront Payment**"); and

6. BUSINESS OVERVIEW (Cont'd)

- A non-refundable sum of USD10,000 per month (equivalent to approximately RM43,455 per month based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD) as rental payment for a warehouse and explosive bunker that we are renting in Mauritania to implement the contracts for the duration of the suspension period ("**Mauritania Monthly Rental Payments**").

We do not have to refund the Mauritania Upfront Payment or Mauritania Monthly Rental Payments to PC Mauritania 1 Pty Ltd even if the contract is terminated or cancelled.

Revenue and profit recognition will be deferred until PC Mauritania 1 Pty Ltd lifts its suspension of the contract and we can resume our work, which will not occur until the Government of Mauritania allows our personnel to travel into and out of the country. As at the LPD, we do not have any indication as to when travel restrictions will be lifted.

However, we expect the adverse effects of the suspension to be mitigated by the following factors:

- As at 31 December 2019, we had received the mobilisation fees of RM19.85 million which is to be recognised as revenue progressively against work done. As at the LPD, we have recognised RM3.51 million as revenue and the balance of RM16.35 million will be recognised progressively against the remaining work, which we expect to resume after PC Mauritania 1 Pty Ltd lifts its suspension of the contract;
- As at the LPD, we had received Mauritania Upfront Payment;
- We anticipate to receive the Mauritania Monthly Rental Payments during the suspension period;
- The Mauritania Upfront Payment that we have received and the Mauritania Monthly Rental Payments that we anticipate to receive are non-refundable even if the call out contract is cancelled or terminated;
- We do not expect PC Mauritania 1 Pty Ltd to cancel or terminate the call out contract as they are required to plug and abandon the wells by the Government of Mauritania; and
- Save for the rental of the warehouse and explosives bunker in Mauritania, we are not incurring any other material operational costs in Mauritania. Furthermore, the Mauritania Monthly Rental Payments we received from PC Mauritania 1 Pty Ltd are sufficient to cover all the rental expenses for these premises.

(ii) Low Crude Oil Price Environment

The decrease in crude oil prices did not have a material adverse effect on our operations in Mauritania as the suspension of our call out contract was in response to COVID-19.

7. INDUSTRY OVERVIEW



3 June 2020

The Board of Directors
Reservoir Link Energy Berhad
Unit 29-5, Menara 1MK
No.1, Jalan Kiara
Mont Kiara 50480
Kuala Lumpur, Malaysia

Dear Sirs and Madam

Independent Assessment of the Provision of Hydrocarbon Well Services Industry in Malaysia

We are an independent business consulting and market research company in Malaysia. We commenced our business in 1993 and, among others, our services include development of business plans incorporating financial assessments, information memorandums, commercial due diligence, feasibility and financial viability studies, and market and industry studies. We have been involved in corporate exercises since 1996, including initial public offerings and reverse takeovers for public listed companies on Bursa Malaysia Securities Berhad (Bursa Securities), acting as the independent business and market research consultants.

We have been engaged to provide an independent industry assessment on the above subject for inclusion into the prospectus of Reservoir Link Energy Berhad in relation to its proposed listing on the ACE Market of Bursa Securities. We have prepared this report in an independent and objective manner and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Our report includes assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information, primary market research, and after careful analysis of data and information, the industry is subjected to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Yours sincerely

Wooi Tan
Managing Director

Wooi Tan has a degree in Bachelor of Science from The University of New South Wales, Australia and a degree in Master of Business Administration from The New South Wales Institute of Technology (now known as University of Technology, Sydney), Australia. He is a Fellow of the Australian Marketing Institute and Institute of Managers and Leaders (formerly known as Australian Institute of Management). He has more than 20 years of experience in business consulting and market research, as well as corporate finance for initial public offering exercises for companies seeking listing on Bursa Securities.

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7. INDUSTRY OVERVIEW (Cont'd)



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INDEPENDENT ASSESSMENT OF THE PROVISION OF HYDROCARBON WELL SERVICES INDUSTRY IN MALAYSIA

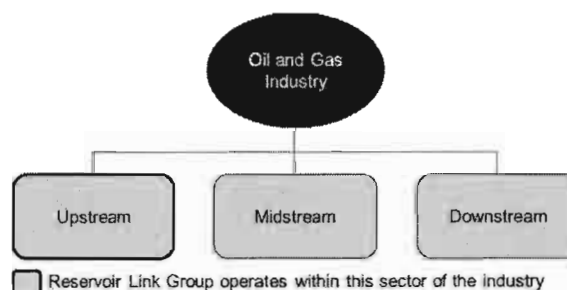
1. INTRODUCTION

- Reservoir Link Energy Berhad and its subsidiaries (Reservoir Link Group) is a supporting service provider for the upstream sector of the oil and gas (O&G) industry. It specialises in hydrocarbon well services, including well leak repair, well perforation, well testing, well perforate, wash and cement services (as part of well abandonment), wireline, and O&G production enhancement. For the financial years ended 31 December (FYE) 2016, FYE 2017 FYE 2018 and FYE 2019, at least 88% of its revenue were derived from Malaysia.
- As such, this report is on the upstream sector of the O&G industry focusing on well services in Malaysia. In this report the term hydrocarbon refers to oil and/or gas, and wells refer to oil and/or gas wells.

2. INDUSTRY OVERVIEW

2.1 Industry Structure

- The O&G industry is concerned with discovering and producing crude oil and natural gas from underground reservoirs, and processing them into products such as petrol, diesel, kerosene, liquefied natural gas (LNG) and liquefied petroleum gas (LPG) for various applications including petrochemicals like plastics and fertilisers. The O&G industry can be categorised into upstream, midstream and downstream sectors.



- The **upstream** sector is also referred to as the exploration and production of crude oil and natural gas, and encompasses activities related to identifying and producing crude oil and natural gas.
- The **midstream** sector encompasses facilities and processes that are related to transporting extracted O&G from production sites to refinery, processing and storage facilities through pipelines, and land and sea transportation.
- The **downstream** sector involves the refining of crude oil, processing of raw natural gas, manufacturing of petroleum and petrochemical products, and marketing and retailing of petroleum products to end users.
- Although Malaysia's active hydrocarbon fields are predominantly located offshore, Petronas Carigali Sdn Bhd and its partners announced in January 2013 that they had discovered crude oil and natural gas at an onshore well drilled approximately 20 kilometres from Miri, Sarawak. This was the first onshore hydrocarbon discovery in Malaysia since 1989. (Source: Petronas Carigali Sdn Bhd)

2.2 Upstream Sector

- The upstream sector of the O&G industry can be further segmented into four sub-sectors namely the exploration, appraisal, development and production sub-sectors.

Exploration

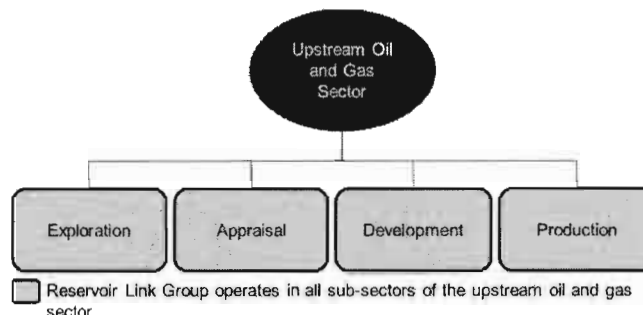
- Exploration refers to the searching of potential underground crude oil and natural gas fields either on land or under water by geological and geophysical surveys.

7. INDUSTRY OVERVIEW (Cont'd)



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- Geoscientists are trained to identify signs that may indicate the presence of hydrocarbon reservoirs and are responsible for determining the optimum place to drill. Examination of the shape of different underground layers of rock will be conducted using technologies such as aerial photography, satellite pictures and equipment that measure variations in the earth's gravity and magnetic fields.



- The underwater reservoir of O&G can be detected using seismic technology. Geoscientists record and analyse sound waves produced by an explosion or sound generator to form a picture of the subterranean rocks.
- During the exploration stage, a well would be drilled and perforated in areas thought to contain hydrocarbons. However, the survey carried out by geoscientists is subject to uncertainties and not all wells result in the discovery of hydrocarbons. Well drilling and perforation are typically done by rig contractors and other service providers.
- Reservoir Link Group provides well perforation and testing services for the exploration sub-sector of the upstream O&G Industry.

Appraisal

- The appraisal phase follows the initial discovery of a hydrocarbon reservoir. It is concerned with determining, among others, the technical viability of hydrocarbon extraction, and the economic viability of the size of the reservoir and cost of extraction.
- Commonly appraisal will require multiple wells to be drilled and subsequently perforated.
- Reservoir Link Group provides well perforation and testing services for the appraisal sub-sector of the upstream O&G Industry.

Development

- Once it is decided to extract hydrocarbon from an appraised reservoir, development activities are carried out to facilitate extraction. Development includes drilling and completing production wells, and design and construction of oil extraction systems, pipelines, storage and offloading facilities.
- With offshore O&G field developments, it is common to have a cluster of wells where the extracted hydrocarbons are then channelled to a central permanent or mobile production platform.
- Reservoir Link Group provides well perforation and testing services as part of well completion for the development sub-sector of the upstream O&G Industry.

Production

- This stage involves extracting and initial processing of the extracted hydrocarbons at the O&G fields by separating crude oil and natural gas from non-saleable components such as water, other gasses and solid residuals. The O&G are then transported to be stored, refined or for further processing.
- Wells are the key means of channelling O&G in the ground to the surface. As such, in the production phase, well services are crucial to ensure the continuous flow of O&G. Such well services include well leak repair, well testing, wireline and O&G production enhancement services. New perforations are sometimes also made to producing wells, for example when output rates decline or to access new O&G bearing formations along

7. INDUSTRY OVERVIEW (Cont'd)



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the well. The production sector also includes well abandonment, whereby the well is sealed at the end of its productive life.

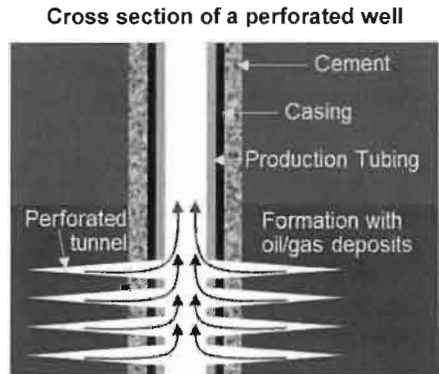
- Reservoir Link Group provides well leak repair, well perforation, well testing, perforate wash and cement (as part of well abandonment), and wireline services for the production sector of the upstream O&G Industry.

3. WELL SERVICES

- All O&G resources are trapped underground and require wells to be constructed to extract them to the surface. Reservoir Link Group provides well services in all the upstream sub-sectors of the O&G industry.

Well Construction

- The part of the ground that contains hydrocarbons is referred to as a reservoir or deposit. Crude oil and natural gas are trapped among porous or fractured rocks referred to as formation. Wells are drilled to reach these formations and connect them to the surface to produce crude oil and natural gas.
- A well is a shaft drilled to provide access to the identified crude oil and/or natural gas reserve. To prevent the walls of the wells from collapsing, they are "cased" by installing metal casings and cement at specific locations along the well. Finally, a production tubing is placed inside the casing to provide a pathway for the crude oil and natural gas to travel to the surface.
- Reservoir Link Group is not involved in well construction.



Well Perforation

- Well perforation is the process of creating a path through the well casing, production tubing and rock (known as the "perforation tunnel") to enable



crude oil and natural gas to flow from the formation into the well. The underground formation's internal pressure will then normally push the crude oil and natural gas to the surface. Well perforation is a critical factor that affects the productivity and efficiency of a well.

- Perforation is achieved by detonating shaped explosive charges at specific points along the well. Shaped charges are designed so that the energy from their detonation is focused into forming a dense slug, and propelling that slug at high speed to puncture the production tubing, well casing, cement and rock. This creates the perforation tunnel for O&G to flow from the formation into the well tubing, and subsequently to the surface.
- The shaped charges are installed in a tool known as a perforating gun. A number of conveyance systems are used to lower the perforating gun into the well, including slickline, tubing conveyed perforation, electric wireline and casing conveyed perforation:
 - **Slickline perforation:** The perforating gun is connected to the surface solely through a steel cable, and cannot be monitored or controlled from the surface. The shaped charges are usually detonated automatically by a memory tool without operator intervention. The memory tool is programmed with conditions, such as pressure and wire length, that must be fulfilled before shaped charge detonation can be initiated.

7. INDUSTRY OVERVIEW (Cont'd)



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- **Tubing conveyed perforation:** The perforating guns are conveyed into the well by tubing, drill pipe or coiled tubing. This system is used in highly deviated wells such as horizontal wells, when large perforating guns are used, and to perforate long intervals at the same time.
 - **Electric wireline perforation:** The perforating gun is also connected to an electrical and sometimes fibre optic cable, which provides it with power and a means of communicating with the surface. The operator can monitor the progress and position of the perforating gun as it is lowered into the well, and detonate the shaped charges when it is at the desired location.
 - **Casing conveyed perforation:** The perforating gun is attached to the outside of the casing string and deployed when the casing string is lowered into position. The casing and perforating gun assembly are cemented into place, and the perforating gun is then fired.
- The shaped charges are detonated when the perforating gun reaches the desired location in the well. The command to detonate may be initiated by a memory tool or manually by a command initiated by an operator on the surface.
 - Well perforation is undertaken in all phases of the upstream O&G industry including exploration, appraisal, development and production. It is also required in well abandonment.
 - Reservoir Link Group provides slickline, electric wireline, coiled tubing conveyed and tubing conveyed perforation services.

Lowering/raising slickline and wireline perforation tools



Well Leak Repair

- Production wells are subject to leakages, particularly as a result of day-to-day operations. Wellbore leakage can be categorised into two distinct parts of the wellbore namely the shallow leakage and deep leakage. Poor cementing practices are the general cause of shallow leakage, while deeper leakages are normally due to stimulation and well perforation.
- Well leakage can result in lost revenue and environmental harm, and as a result, operators will seek to repair well leaks as and when they occur. Well leak repair methods include using repair chemicals, cementing, well workover and replacing well packer. Well leak repair is commonly undertaken during the production phase of the upstream O&G industry.
- Reservoir Link Group provides well leak repair services.

Well Testing

- Well testing primarily involves acquiring data from the well to broaden the understanding and knowledge of its hydrocarbon reservoir's characteristics and properties. The goal of well testing includes identifying the capacity of reservoir to produce hydrocarbons. Well testing may be performed during the exploration and appraisal, development, and production sub-sectors.
- Well testing involves a range of tests and measurements to gather data at multiple points of the well to build a comprehensive model of the well and its surrounding hydrocarbon reservoir. Some of the common tests and measurements include:
 - Measuring changes in physical parameters such as pressure and temperature that result from inducing a change in the well's fluid flow rate;
 - Collecting fluid samples from within the well and at the surface; and
 - Comparing the composition of fluid samples collected at the surface and within the well.

7. INDUSTRY OVERVIEW (Cont'd)



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- Analysing well testing data allows operators to predict well and hydrocarbon reservoir characteristics, such as the type and quantity of crude oil, natural gas and other materials that the well will produce; production rate and how long it can be sustained; the physical delineation of a reservoir, including its potential boundaries; and the well's behaviour in the future.
- Reservoir Link Group provides well testing services.

Well Abandonment

- Once a production site is no longer commercially viable, it goes through a decommissioning process to restore the site to a safe and stable environmental condition. Decommissioning comprises two main activities as follows:
 - Well abandonment, which is the permanent closure of once producing wells;
 - Upstream facilities decommissioning, which is to permanently make safe all facilities such as well head platform, central production platform, subsea tree and others.
- Well abandonment involves sealing the well when it has reached the end of its productive life. This may occur when production from the well is no longer commercially viable, the well's reservoir is depleted, or when the production sharing contract has expired.
- Well abandonment involves removing equipment that is above ground, such as wellheads, manifolds and surface risers; and providing underground services. Underground services comprise wellbore clean-up and plugging:
 - **Wellbore clean-up** involves preparing the section of wellbore for the installation of the cement plug. This involves removing any existing downhole equipment such as pipes, pumps, valves, sensors and other tools that may be present; perforating the casing and thoroughly washing the areas behind the perforated casing; and removing any debris that may be obstructing the wellbore.
 - **Well plugging** involves installing cement plugs and heavy mud at specific locations along the well. This generally includes sections where the wellbore has been perforated; at one or more points around the middle of the well; and one final plug closer to the surface.
- Reservoir Link Group provides well abandonment services comprising perforation, wash and cement. These services are part of well bore clean-up and well plugging.

Wireline

- Wireline services involve using a cable to lower and raise equipment in a well. This is to undertake measurements or obtain information about the well and the formation surrounding the well, as well as to recover pipes and equipment. While the wireline cable is used to hold the equipment, it also allows transmission of data from the equipment back to computers in monitoring station located at the surface. An example of a measuring device is a sonic log which sends our sound waves into the formation and records the time it takes sound to travel through a formation and reflected back, which would provide important information about the formation. Such information is then relayed via the wireline to a computer on the surface.
- There are two types of cables used in wireline services, namely electric wireline and slickline. Electric wireline uses an electric and communications cable to power the equipment and to facilitate data communications between the equipment inside the well and an operator. A slickline is similar to an electric wireline cable except it does not provide power or facilitate data communications.
- Reservoir Link Group provides wireline services using electric wireline and slickline cables.

7. INDUSTRY OVERVIEW (Cont'd)



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O&G Production Enhancement

- O&G production enhancement services serve to increase the rate and/or quantity of O&G produced from a reservoir. Reservoir Link Group supplies improved oil recovery (IOR) chemicals and sand management solutions under this service.

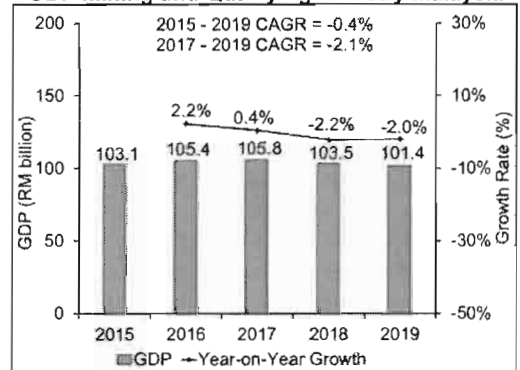
4. OIL AND GAS INDUSTRY PERFORMANCE

- Service providers to the O&G industry are dependent on the industry's performance. In particular, growth in production and increase in capital investments in exploration and development will benefit service providers focusing on the upstream sector of the O&G industry.

4.1 GDP of Mining and Quarrying Industry

- The O&G industry, which is a component within the larger mining and quarrying industry of Malaysia. Crude oil and condensates, and natural gas are the main contributors of the mining and quarrying industry.
- Between 2015 and 2019 GDP of mining and quarrying industry declined at an annual average rate of 0.4%, from RM103.1 billion in 2015 to RM101.4 billion in 2019. Between 2017 and 2019, GDP of the mining and quarrying industry contracted at an average annual rate of 2.1%. The industry represented 7.1% of Malaysia's total GDP in 2019. The line graph provides an indication of the year-on-year growth of the GDP of the mining and quarrying industry.

GDP Mining and Quarrying Industry Malaysia



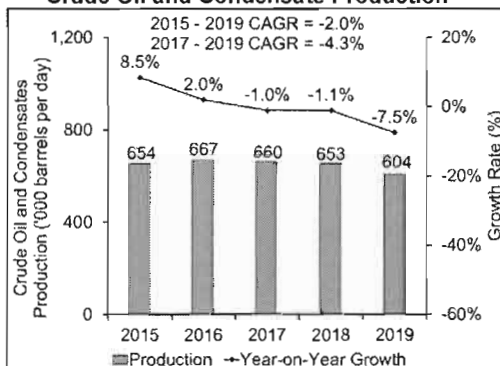
Source: Department of Statistics

- In 2019, GDP of the industry declined at a rate of 2.0%, likely due to a decline in crude oil production as operations in several fields such as Dulang (Peninsular Malaysia), Gumusut-Kakap (Sabah) and Baronia (Sarawak) were affected by planned and unplanned maintenance shutdown. (Source: Bank Negara Malaysia)
- In first quarter (Q1) 2020, GDP of the mining and quarrying sector was recorded at RM25.3 billion, a decline of 1.9% as compared the RM25.8 billion in Q1 2019.

4.2 Crude Oil and Condensates, and Natural Gas

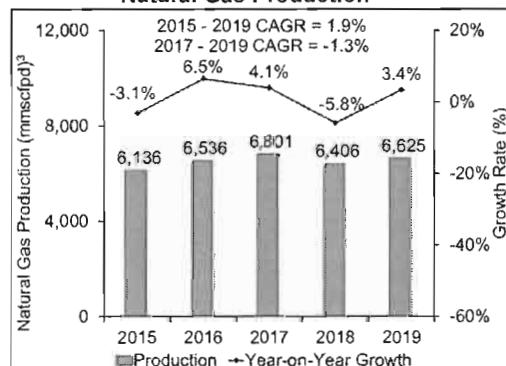
- As Reservoir Link Group provides well services for the production of crude oil and natural gas, the following section discusses the performance of the upstream O&G industry. Growth in production will provide business opportunities to service providers in the upstream sector including well services.

Crude Oil and Condensate Production



Source: Bank Negara Malaysia

Natural Gas Production



Source: Bank Negara Malaysia

7. INDUSTRY OVERVIEW (Cont'd)

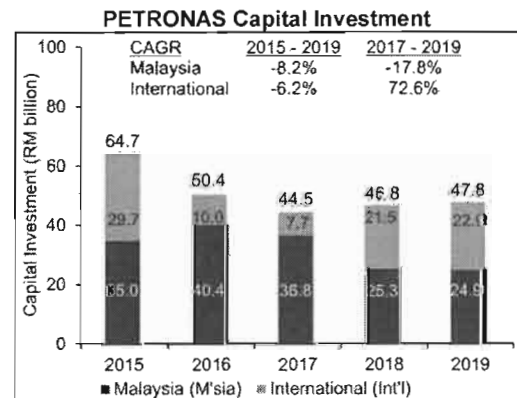


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- The production of crude oil and condensates in Malaysia declined at an average annual rate of 2.0% from 654,000 barrels in 2015 to 604,000 barrels in 2019. Between 2017 and 2019, production declined at an average annual rate of 4.3%, after experiencing a compound average growth rate (CAGR) of 0.5% between 2015 and 2017. The line graph provides an indication of the year-on-year change of the production of crude oil and condensates. In 2019 production continued to decline by 7.5%, from 653,000 barrels in 2018, due to production constraints and Petroliaam Nasional Berhad (PETRONAS) extension of voluntary crude oil supply adjustments (Source: Bank Negara Malaysia).
- Natural gas production in Malaysia grew at a CAGR of 1.9% from 6,136 mmscfpd³ in 2015 to 6,625 mmscfpd³ in 2019. However, between 2017 and 2019, natural gas production fell by an average annual rate of 1.3%, after increasing by a CAGR of 5.3% between 2015 and 2017. The line graph provides an indication of the year-on-year change of the production of natural gas. Natural gas production in 2019 increased by 3.4% due to recovery in production from the previous unplanned maintenance shutdowns and pipeline repairs. (Source: Bank Negara Malaysia).

4.3 PETRONAS Capital Investment in Malaysia

- PETRONAS is the main player in the O&G industry in Malaysia. As such, its allocation of funds will have a direct impact on the O&G industry.
- Capital investment, especially for the upstream sector of the O&G industry will benefit service providers of well services.
- PETRONAS' capital investment in Malaysia declined at an average annual rate of 8.2% between 2015 and 2019, to RM24.9 billion in 2019. In 2016, PETRONAS' total capital investments fell by 22.1% mainly attributed to the fall in global crude oil and natural gas prices starting from mid-2014 to early 2016, before recovering slightly but still far from its high in June 2014. Nevertheless, in 2016, PETRONAS' capital investment in Malaysia grew by 15.4%. Between 2017 and 2019, PETRONAS' capital investment in Malaysia fell by an average annual rate of 17.8%. In 2019, total capital invested in Malaysia continued to decline by 1.6% from RM25.3 billion in 2018 to RM24.9 billion in 2019, reflecting the lower level of activity in the industry. (Source: PETRONAS)



Source: PETRONAS

- In 2018 PETRONAS made capital investments in the downstream sector in Malaysia totalling RM14.2 billion, mainly to support the Pengerang Integrated Complex (PIC) project in Johor. PETRONAS made capital investments to the upstream sector in Malaysia totalling RM8.3 billion in 2018, mainly to support the Baronia Enhanced Oil Recovery Project, Balingian and Samarang Asam Paya fields. (Source: PETRONAS)

The drop in PETRONAS' capital investment in 2019 in Malaysia may be largely attributed to the drop in capital investment for PIC as the project was completed by end of 2019. In May 2020 Petronas announced that it planned to reduce its capital expenditure by 21% and operating expenditure by 12% compared to what it had previously budgeted for 2020. While these reductions would affect its operations in Malaysia and other countries, Petronas will strive as far as practically possible, to minimise the impact on its capital expenditure programme in Malaysia (Source: PETRONAS).

5. GLOBAL CRUDE OIL AND NATURAL GAS PRICES

- The performance of the hydrocarbon well services industry in Malaysia is dependent on crude oil and LNG prices. Therefore, this section will focus on the monthly fluctuations of crude oil and LNG prices from January 2013 to May 2020. The upstream sector of the O&G industry is susceptible to crude oil and natural gas prices. A sustained low crude oil and natural gas prices would discourage exploration for new fields or make production of marginal and low yielding fields commercially uneconomical. Any drop in upstream activities will affect its service providers.

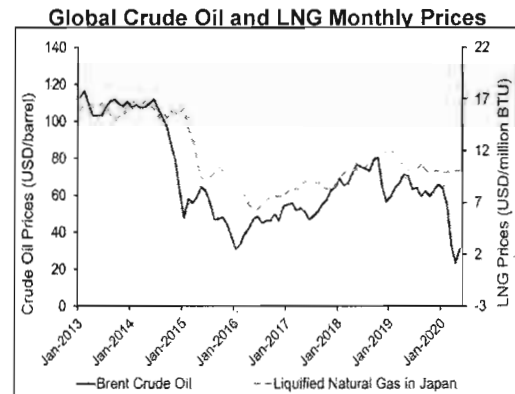
7. INDUSTRY OVERVIEW (Cont'd)



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There was a severe decline in both crude oil and LNG prices between mid-2014 and early 2016 due to imbalances in supply and demand during this period. The average monthly Brent crude oil price, a global benchmark, fell by 72.5% from a high of USD111.87 per barrel in June 2014 to USD30.80 per barrel in January 2016. Meanwhile, the average monthly price of LNG in Japan, the world's largest importer of LNG, declined by 62.7% from USD16.79 per million British Thermal Unit (BTU) in April 2014 to USD6.27 per million BTU in May 2016 (Source: World Bank).

- In response to the global supply glut, the Organization of the Petroleum Exporting Countries (OPEC) had an agreement with key non-OPEC producers to limit crude oil production. Supply was further curtailed by geopolitical factors in some oil producing countries. These reductions in supply, coupled with increased demand for petroleum products resulted in a general increase in crude oil prices starting from early 2016. The average price of LNG also recovered, beginning from May 2016 (Source: PETRONAS). In 2018, the annual average price of Brent crude oil recovered to reach USD71.07 per barrel, a 61.4% increase from USD44.05 per barrel in 2016. Meanwhile, annual average LNG price also recovered to reach USD10.67 per million BTU, a 44.7% increase from USD7.37 per million BTU in 2016.
- However, in 2019, the average price of Brent crude oil declined to USD64.03 per barrel, compared to USD71.07 per barrel in 2018. In early 2020, Brent crude oil price became volatile and recorded average price of USD63.60, USD55.00 and USD32.98 per barrel in January, February and March respectively. Furthermore, the average Brent crude oil price dipped to USD23.34 per barrel for April 2020, the lowest average price in the past 10 years. The fall in crude oil price was mainly due to the coronavirus ("COVID-19") pandemic which is expected to lead to slower global economic growth, and by Russia's initial refusal to support OPEC's proposal to curtail production resulting in Saudi Arabia and some other Middle Eastern countries ramping up production output. However, during the weekend of 12 April 2020, OPEC and allies including Russia agreed to reduce crude oil production. The average Brent crude oil price for May 2020 was USD31.02 per barrel.



Source: World Bank

6. COMPETITIVE ANALYSIS

6.1 Oil and Gas Industry Licence and Registration

- The upstream sector of the O&G industry in Malaysia is mainly governed by the Petroleum Development Act and Petroleum Regulations 1974. According to this Act, PETRONAS was granted the full ownership and exclusive rights to O&G resources found in Malaysia, and the power to regulate the O&G industry.
- A company that wishes to supply goods or services to the O&G industry is required to have a valid licence or registration authorised by PETRONAS, which must be in the relevant Standardised Work and Equipment Categories (SWEC) code. SWEC codes are defined by PETRONAS to provide detailed product and service categorisation for the O&G industry. Companies must fulfil both General and Minimum Technical Requirements (MTR) to obtain a SWEC code. Some of the primary SWEC code product categories include chemicals, drilling equipment and materials, and mechanical and electrical equipment, while primary SWEC code service categories include civil maintenance services, manpower supply, and production, drilling, and workover services. Reservoir Link Group has a valid PETRONAS licence and relevant SWEC codes to provide well services in the upstream O&G sector in Malaysia.

7. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING
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6.2 Operators in the Industry

The following table is a list of the main competitors to Reservoir Link Group in the provision of hydrocarbon well services in Malaysia (listed in alphabetical order).

Company	Hydrocarbon Well Services					Other Business Activities	FYE ⁽¹⁾	Revenue ^(2,3) (RM'000)	Net Profit ^(2,3) (RM'000)
	WP	WLR	WT	PWC*	WL				
Baker Atlas (M) S/B ⁽⁴⁾	√	√			√	-	Dec-18	17,981	-7,240
Baker Oil Tools (M) S/B ⁽⁴⁾				√		a	Dec-18	91,122	3,556
Deleum Oilfield Services S/B ⁽⁵⁾	√			√	√	b	Dec-18	123,411	11,137
Dialog Systems S/B ⁽⁶⁾			√			c	Jun-19	118,062	1,663
Expro Oilfield Services S/B ⁽⁷⁾	√		√	√	√	d	Dec-18	78,238	3,467
Halliburton Energy Services (M) S/B ⁽⁸⁾	√		√		√	e	Dec-18	584,751	-75,695
Reservoir Link Group	√	√	√	√	√	-	Dec-19	80,031	9,713
Schlumberger WTA (Malaysia) S/B ⁽⁹⁾	√		√		√	f	Dec-18	575,279	-10,710
Uzma Engineering S/B ⁽¹⁰⁾	√		√	√	√	g	Jun-19	249,179	438
Weatherford (Malaysia) S/B ⁽¹¹⁾	√		√	√	√	h	Dec-18	117,903	-5,735

WP = Well perforation; WLR = Well leak repair; WT = Well testing; PWC = Well perforate, wash and cement; WL = Wireline; FYE = Financial year ended; S/B = Sdn Bhd; * Includes other methods of well abandonment.

(1) Latest available financial information.

(2) Revenue and net profit are derived from hydrocarbon well services as well as from other business activities.

(3) Audited figures from the annual reports of public listed companies, company financial statements from the Companies Commission of Malaysia, and Reservoir Link Group.

(4) Baker Atlas (M) Sdn Bhd and Baker Oil Tools (M) Sdn Bhd are subsidiaries/associates of Baker Hughes Co (a General Electric Company), listed on New York Stock Exchange.

(5) A subsidiary of Deleum Berhad, a public listed company on Bursa Securities.

(6) A subsidiary of Dialog Group Berhad, a public listed company on Bursa Securities.

(7) A subsidiary/associate of Expro Group Holdings International Limited.

(8) A subsidiary/associate of Halliburton Company listed on New York Stock Exchange.

(9) A subsidiary/associate of Schlumberger Limited listed on New York Stock Exchange.

(10) A subsidiary of Uzma Berhad, a public listed company on Bursa Securities.

(11) A subsidiary/associate of Weatherford International Plc listed on New York Stock Exchange.

Other Business Activities:

(a) Supply and rental of oilfield equipment, and provision of related services.

(b) Equipment and services; integrated wellhead maintenance services; oilfield chemicals; drilling equipment and services; and other oilfield related products and services.

(c) Marketing of speciality chemicals, catalysts and absorbents, petroleum additives, drilling base oil, and specialty equipment; and provision of specialist technical services.

(d) Provision of products and services to measure, improve, control and process flow of O&G; and well completion.

(e) Provision of equipment and technical services to the energy industry.

(f) Provision of services for reservoir characterisation; and drilling, well completion and production services.

(g) Geoscience and reservoir engineering; drilling; project and operations services; and other specialised services.

(h) Trading of oilfield equipment, and provision of oilfield technical services.

- Secondary market research such as published documents, websites and industry directories were used to compile the information for the above list.

6.3 Barriers to Entry

- Barriers to entry into the well services industry are medium mainly supported by the following:
 - The possession of PETRONAS licences or registrations is a fundamental requirement for direct entry to the industry. Some of the requirements are difficult to comply and they include the following:
 - foreign companies must form a joint-venture with a Malaysian partner or appoint a Malaysian company as agent, where the Malaysian entity must apply for PETRONAS licence or registration;

7. INDUSTRY OVERVIEW (Cont'd)



VITAL FACTOR CONSULTING
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- companies wishing to undertake work in one or more of PETRONAS' SWEC, must meet Bumiputra requirements cover equity, board of directors, management and employees. SWEC minimum Bumiputra requirements range from 100%, 51%, 35%, 30% and 0%.
- SWEC requirements also include "Minimum Technical Requirements" such as:
 - availability of key personnel, and their minimum qualifications and years of experience;
 - availability of facilities, warehouses and equipment (where relevant);
 - company's minimum number of years of experience;
 - quality and standard accreditations (where relevant);
 - certification/licences by external bodies, such as Royal Malaysian Police for storage and transportation of explosives, and Atomic energy Licensing Board.
- In addition, an operator must have a paid-up capital in the form of ordinary shares of not less than RM100,000 to be eligible to apply for a licence or RM10,000 for registration with PETRONAS.
- Access to technologies and specialised equipment together with the availability of skilled and technical personnel to perform well services also form a barrier to entry for new entrants. An example is the proprietary technology, "Perforate, Wash & Cement®" (PWC) by Hydrawell Intervention AS used for well abandonment. To provide PWC services, the provider will need access to the technology, specialised equipment and technical personnel either directly from the technology owner or its licensees or representatives.

7. MARKET SIZE AND OUTLOOK

Upstream Developments

- Reservoir Link Group operates in the upstream sector of the O&G industry. The signing of petroleum sharing contracts (PSC) marks the first step in upstream exploration, appraisal, development and production of O&G resources. The number of PSC that PETRONAS signed in Malaysia were one in 2016, six in 2017, and five in 2018. These PSC will provide business sustainability and growth opportunities to service providers to the upstream O&G industry. As PSC are responsible for initiating upstream O&G activities, the increase in the number of PSC will create opportunities and demand for product and service providers to the upstream O&G industry.
- In 2018, nine exploration discoveries were made in Malaysia. In the same year, PETRONAS achieved first hydrocarbon for 27 projects of which eight were greenfields, and 19 were brownfields in Malaysia and internationally. Achieving first hydrocarbon is the first step in development and production including well construction, if their appraisals are positive for extraction.
- As at November 2019, there were 37 greenfield and 96 brownfield upstream development projects. In 2019, PETRONAS increased their capital investment for Malaysia and foreign countries to RM47.8 billion compared to RM46.8 billion in 2018, representing 2.1% growth. Of the RM47.8 billion capital investment in 2019, RM22.9 billion was for international while RM24.9 billion was for Malaysia.

O&G Wells

- As at October 2019, there were 2,191 active wells and 1,744 inactive wells, of which 38 wells were decommissioned in Malaysia. The estimated number of wells to be decommissioned and thus requiring well abandonment services in Malaysia are as follows: 2020 = 30 wells; 2021 = 54 wells; and 2022 = 22 wells. (Source: PETRONAS)

COVID-19

- The Coronavirus disease 2019 (COVID-19) was declared a pandemic by the World Health Organisation on 11 March 2020. Efforts to control the disease included restrictions in domestic and international movement of people and goods, and caused reduction in economic and social activities in many countries. The effect also reduced demand in crude oil contributing to a fall in its prices. All these have affected business activities, including those in the O&G industry.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

8.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

8.1.1 Promoters and Substantial Shareholders' Shareholdings

The following table sets forth the shareholdings of our Promoters and substantial shareholders before and after our IPO:

Name	Country of Incorporation/ Nationality	^(a) No. of Shares Held Before the IPO				^(b) No. of Shares Held After the IPO			
		Direct	%	Indirect	%	Direct	%	Indirect	%
<u>Promoters and Substantial Shareholders</u>									
RL Holdings	Malaysia	105,000,000	46.08	-	-	105,000,000	36.84	-	-
Dato' Wan Hassan Bin Mohd Jamil	Malaysian	18,596,605	8.16	^(c) 105,000,000	46.08	14,748,605	5.18	^(c) 105,000,000	36.84
Mad Haimi Bin Abu Hassan	Malaysian	6,072,335	2.66	^(c) 105,000,000	46.08	4,816,335	1.69	^(c) 105,000,000	36.84
Thien Chiet Chai	Malaysian	48,072,835	21.10	-	-	38,127,835	13.38	-	-
<u>Substantial Shareholders</u>									
Pansar	Malaysia	45,574,703	20.00	-	-	29,623,703	10.39	-	-
Pan Sarawak Holdings Sdn Bhd	Malaysia	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39
Tai Sing Chii & Sons Sdn Bhd	Malaysia	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39
Inplaced Capital Sdn Bhd	Malaysia	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39
Puan Sri Datin Sri Ling Lah Kiong	Malaysian	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39
Dato' James Cheong @ Tai Chiong	Malaysian	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39
Datuk Tai Hee	Malaysian	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39
David Tai Wei	Malaysian	-	-	^(d) 45,574,703	20.00	-	-	^(d) 29,623,703	10.39

Notes:

- (a) Based on the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.
- (b) Based on the enlarged issued share capital of 285,000,000 Shares after the Public Issue.
- (c) Deemed interested by virtue of his substantial shareholding in RL Holdings pursuant to Section 8 of the Act.
- (d) Deemed interested by virtue of its/ his/ her indirect substantial shareholding in Pansar.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

Save for our above Promoters and/or substantial shareholders, we are not aware of any other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, our Promoters and/or substantial shareholders have the same voting rights as the other shareholders of our Company and there is no arrangement between Reservoir Link and its shareholders with any third parties, the arrangement of which may, at a subsequent date, result in the change in control of Reservoir Link.

8.1.2 Profiles of Promoters and Substantial Shareholders

The profiles of our Promoters and substantial shareholders, RL Holdings, Dato' Wan Hassan Bin Mohd Jamil, Mad Haimi Bin Abu Hassan and Thien Chiet Chai are as set out below:

(i) RL Holdings

(a) Background and History

RL Holdings was incorporated in Malaysia under the Act as a private company on 30 May 2019 under its present name.

The principal activity of RL Holdings is investment holdings. As at the LPD, RL Holdings is a substantial shareholder of Reservoir Link.

(b) Share Capital

As at the LPD, the issued share capital of RL Holdings is RM1,000 comprising 1,000 ordinary shares.

(c) Directors and Shareholders

As at the LPD, the Directors and shareholders of RL Holdings are as follows:

Name	Nationality	Direct		Indirect	
		No of Ordinary Shares	%	No of Ordinary Shares	%
<u>Directors and Substantial Shareholders</u>					
Dato' Wan Hassan Bin Mohd Jamil	Malaysian	500	50.0	-	-
Mad Haimi Bin Abu Hassan	Malaysian	450	45.0	-	-
Thien Chiet Chai	Malaysian	50	5.0	-	-

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(ii) Dato' Wan Hassan Bin Mohd Jamil

Dato' Wan Hassan Bin Mohd Jamil, aged 45, is our 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 to join Dimension Bid (M) Sdn Bhd ("**Dimension Bid**") in 1998 as a Field Service Engineer that kicked-off the Data Acquisition Services Department where he rose 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 the Chief Executive Officer. He is responsible for leading and managing our Group in accordance with the strategic direction and vision developed by our Board. He is also an Adjunct Professor in University of Malaysia Pahang in Mechanical Petroleum from February 2019 till January 2020.

He was appointed to our Board on 2 December 2014. He is the Chairman of our Risk Management Committee.

He sits on the board of several private companies in Malaysia as disclosed in Section 8.2.3(b) of this Prospectus.

(iii) Mad Haimi Bin Abu Hassan

Mad Haimi Bin Abu Hassan, aged 43, is our Operations Director. He obtained his Bachelor's Degree in Electrical Engineering from the University of Malaya, Malaysia in 2000. He started his career with Dimension Bid (M) Sdn Bhd in 2000 as a Field Engineer specialising in well intervention and perforation service solutions, and was with the company until 2002. Subsequently, he joined Halliburton Energy Services (M) Sdn Bhd from 2002 to 2008 as an Associate Technical Professional and his last position when he left the company in March 2008 was as a Service Leader. He was responsible for providing technical and operational support, and planning and executing perforation services for customers operating offshore of Peninsular Malaysia.

He joined Thimi Resources Sdn Bhd (*formerly known as Reservoir Link Resources Sdn Bhd*) in April 2008. Subsequently, he co-founded RLSB in September 2008 and held the position of Operations Director.

He is responsible for planning and 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 sits on the board of a private company in Malaysia as disclosed in Section 8.4(c) of this Prospectus.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

(iv) Thien Chiet Chai

Thien Chiet Chai, aged 53, is our 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 is 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 our Executive Director. He is instrumental in developing our Group's business. He is responsible for developing and implementing growth strategies and establishing our Group's vision, mission and value. He is in charge of maintaining our relationships with our customers and principals.

He was appointed to our Board on 2 December 2014. He is a member of our Risk Management Committee.

He sits on the board of several private companies in Malaysia as disclosed in Section 8.2.3(c) of this Prospectus.

8.1.3 Profiles of Substantial Shareholders

The profiles of our substantial shareholders are as set out below based on the following:

- (i) Pansar, being our substantial shareholder;
- (ii) Pan Sarawak Holdings Sdn Bhd, being the substantial shareholder of Pansar;
- (iii) Tai Sing Chii & Sons Sdn Bhd, Inplaced Capital Sdn Bhd, Puan Sri Datin Sri Ling Lah Kiong, Dato' James Tai Cheong @ Tai Chiong and David Tai Wei being the substantial shareholder of Pan Sarawak Holdings Sdn Bhd; and
- (iv) Datuk Tai Hee, who is also our Non-Independent Non-Executive Chairman as disclosed in Section 8.2.2(i) of this Prospectus.

(i) Pansar

(a) Background and History

Pansar, an investment holding company is listed on the Main Market of Bursa Securities. Its subsidiaries are principally involved in the sale and distribution of building materials and construction equipment, marine and industrial products, agro-engineering equipment and supplies, electrical products and office automation supplies, and installation of air- conditioning and ventilation, plumbing and fire protection systems.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

Pansar was incorporated in Malaysia under the Companies Act 1965 as a private company on 8 August 1974 under the name of P.D.L (Asia) Sdn Bhd. It changed its name to PDL-Wylex Sdn Bhd on 26 February 1981 and converted into a public limited company under the name of PDL-Wylex Bhd on 4 March 1991. It subsequently changed its name to PWE Industries Bhd ("PWE") on 13 May 1991 and was listed on the then Second Board of the Kuala Lumpur Stock Exchange on 3 January 1992. PWE was an investment holding company and its subsidiary was principally involved in timber trading.

On 21 October 2010, pursuant to a restructuring exercise, it acquired 100% interests in Pansar Company Sdn Bhd and Pansar Engineering Services Sdn Bhd, and changed its core activities to current operations. It assumed its current name on 22 October 2010.

As at the LPD, Pansar is a substantial shareholder of Reservoir Link.

(b) Share Capital

As at the LPD, the issued share capital of Pansar is RM151,956,000 comprising 462,000,000 ordinary shares.

In addition, as at the LPD, Pansar has 231,000,000 warrants issued at the exercise price of RM0.63 and expiring on 6 June 2023.

(c) Directors and Substantial Shareholders

(aa) Based on the Register of Directors and substantial shareholder of Pansar as at the LPD, the Directors and substantial shareholders of Pansar are as follows:

Name	Nationality	Direct		Indirect	
		No of Ordinary Shares	%	No of Ordinary Shares	%
<u>Directors and Substantial Shareholders</u>					
Dato' James Tai Cheong @ Tai Chiong	Malaysian	-	-	^(a) 302,007,253	65.37
Datuk Tai Hee	Malaysian	-	-	^(b) 301,768,303	65.32
<u>Directors</u>					
Ting Ing Horh @ Ting Ing Ho	Malaysian	-	-	-	-
Ling Lee Chuon @ James Ling Chung	Malaysian	-	-	^(c) 1,904,550	0.41
Fong Yoo Kaw @ Fong Yee Kow	Malaysian	-	-	-	-
Azman Bin Bujang	Malaysian	-	-	-	-

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Nationality	Direct		Indirect	
		No of Ordinary Shares	%	No of Ordinary Shares	%
<u>Substantial Shareholders</u>					
Pan Sarawak Holdings Sdn Bhd	Malaysia	301,500,003	65.26	-	-
Tai Sing Chii & Sons Sdn Bhd	Malaysia	-	-	^(d) 301,500,003	65.26
Inplaced Capital Sdn Bhd	Malaysia	-	-	^(d) 301,500,003	65.26
Puan Sri Datin Sri Ling Lah Kiong	Malaysian	-	-	^(e) 301,500,003	65.26
David Tai Wei	Malaysian	-	-	^(f) 301,500,003	65.26

Notes:

- (a) Deemed interested by virtue of his substantial interests in Tai Sing Chii & Sons Sdn Bhd and Inplaced Capital Sdn Bhd pursuant to Section 8 of the Act and his spouse's and children's shareholdings in the company.
- (b) Deemed interested by virtue of his substantial interests in Tai Sing Chii & Sons Sdn Bhd and Inplaced Capital Sdn Bhd pursuant to Section 8 of the Act and his spouse's shareholdings in the company.
- (c) Deemed interested by virtue of his spouse and children's shareholdings in the company.
- (d) Deemed interested by virtue of its substantial interests in Pan Sarawak Holdings Sdn Bhd pursuant to Section 8 of the Act.
- (e) Deemed interested by virtue of her substantial interests in Tai Sing Chii & Sons Sdn Bhd pursuant to Section 8 of the Act.
- (f) Deemed interested by virtue of his substantial shareholdings in Tai Sing Chii & Sons Sdn Bhd and Inplaced Capital Sdn Bhd pursuant to Section 8 of the Act.
- (bb) As at the LPD, the Directors' warrant holdings in Pansar are as follows:

Name	Nationality	Direct		Indirect	
		No. of Warrants	%	No. of Warrants	%
<u>Directors</u>					
Dato' James Tai Cheong @ Tai Chiong	Malaysian	-	-	^(a) 150,962,013	65.35
Datuk Tai Hee	Malaysian	-	-	^(b) 150,870,013	65.31
Ting Ing Horh @ Ting Ing Ho	Malaysian	-	-	-	-
Ling Lee Chuon @ James Ling Chung	Malaysian	-	-	^(c) 947,700	0.41
Fong Yoo Kaw @ Fong Yee Kow	Malaysian	-	-	-	-
Azman Bin Bujang	Malaysian	-	-	-	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Notes:

- (a) Deemed interested by virtue of his substantial interests in Tai Sing Chii & Sons Sdn Bhd and Inplaced Capital Sdn Bhd pursuant to Section 8 of the Act and his spouse's and children's shareholdings in the company.
- (b) Deemed interested by virtue of his substantial interests in Tai Sing Chii & Sons Sdn Bhd and Inplaced Capital Sdn Bhd pursuant to Section 8 of the Act and his spouse's shareholdings in the company.
- (c) Deemed interested by virtue of his spouse and children's shareholdings in the company.

(ii) Pan Sarawak Holdings Sdn Bhd

(a) Background and History

Pan Sarawak Holdings Sdn Bhd was incorporated in Malaysia under the Companies Act 1965 as a private company on 26 October 1972 under its present name.

The principal activity of Pan Sarawak Holdings Sdn Bhd is investment holdings and provision of management services.

(b) Share Capital

As at the LPD, the issued share capital of Pan Sarawak Holdings Sdn Bhd is RM27,637,500 comprising 27,637,500 ordinary shares.

(c) Directors and Shareholders

As at the LPD, the Directors and shareholders of Pan Sarawak Holdings Sdn Bhd are as follows:

Name	Nationality	Direct		Indirect	
		No of Ordinary Shares	%	No of Ordinary Shares	%
<u>Directors</u>					
Dato' James Tai Cheong @ Tai Chiong	Malaysian	-	-	#16,696,152	60.41
Datuk Tai Hee	Malaysian	-	-	#16,696,152	60.41
Ting Ing Horh @ Ting Ing Ho	Malaysian	-	-	-	-
Ling Lee Chuon @ James Ling Chung	Malaysian	-	-	-	-
Tina Lina @ Ding Lina	Malaysian	-	-	-	-
Ting Ing Hung (<i>Alternate Director to Ting Ing Horh @ Ting Ing Ho</i>)	Malaysian	-	-	-	-
<u>Substantial Shareholders</u>					
Tai Sing Chii & Sons Sdn Bhd	Malaysia	9,103,927	32.94	-	-
Inplaced Capital Sdn Bhd	Malaysia	7,592,225	27.47	-	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

Note:

Deemed interested by virtue of his substantial interests in Tai Sing Chii & Sons Sdn Bhd and Inplaced Capital Sdn Bhd pursuant to Section 8 of the Act.

(iii) Tai Sing Chii & Sons Sdn Bhd

(a) Background and History

Tai Sing Chii & Sons Sdn Bhd was incorporated in Malaysia under the Companies Act 1965 as a private company on 23 August 1969 under the name of Wok Chiong Sendirian Berhad. On 5 December 1974, it changed and assumed its present name.

The principal activity of Tai Sing Chii & Sons Sdn Bhd is investment in corporate securities and real properties.

(b) Share Capital

As at the LPD, the issued share capital of Tai Sing Chii & Sons Sdn Bhd is RM3,000,000 comprising 3,000,000 ordinary shares.

(c) Directors and Shareholders

As at the LPD, the Directors and shareholders of Tai Sing Chii & Sons Sdn Bhd are as follows:

Name	Nationality	Direct		Indirect	
		No of Ordinary Shares	%	No of Ordinary Shares	%
<i>Directors and Substantial Shareholders</i>					
Puan Sri Datin Sri Ling Lah Kiong	Malaysian	680,000	22.67	-	-
Dato' James Tai Cheong @ Tai Chiong	Malaysian	773,333	25.78	-	-
Datuk Tai Hee	Malaysian	773,333	25.78	-	-
David Tai Wei	Malaysian	617,334	20.58	-	-

(iv) Inplaced Capital Sdn Bhd

(a) Background and History

Inplaced Capital Sdn Bhd was incorporated in Malaysia under the Companies Act 1965 as a private company on 21 October 1999 under its present name.

The principal activity of Inplaced Capital Sdn Bhd is investment in corporate securities.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(b) Share Capital

As at the LPD, the issued share capital of Inplaced Capital Sdn Bhd is RM2,100,000 comprising 2,100,000 ordinary shares.

(c) Directors and Shareholders

As at the LPD, the Directors and shareholders of Inplaced Capital Sdn Bhd are as follows:

Name	Nationality	Direct		Indirect	
		No of Ordinary Shares	%	No of Ordinary Shares	%
<u>Directors and Substantial Shareholders</u>					
Dato' James Tai Cheong @ Tai Chiong	Malaysian	700,000	33.33	-	-
Datuk Tai Hee	Malaysian	700,000	33.33	-	-
David Tai Wei	Malaysian	700,000	33.33	-	-
<u>Directors</u>					
Puan Sri Datin Sri Ling Lah Kiong	Malaysian	-	-	-	-

(v) Puan Sri Datin Sri Ling Lah Kiong

Puan Sri Datin Sri Ling Lah Kiong, aged 87, is our substantial shareholder by virtue of her being an indirect substantial shareholder of Pansar. She is a Director of Tai Sing Chii and Sons Sdn Bhd. She obtained her school leaving certificate from Methodist Secondary School and worked as a teacher in Sekolah Jenis Kebangsaan Kwong Hua. She retired from teaching in 1967.

She sits on the board of several private companies in Malaysia.

(vi) Dato' James Tai Cheong @ Tai Chiong

Dato' James Tai Cheong @ Tai Chiong aged 64, is our substantial shareholder by virtue of him being an indirect substantial shareholder of Pansar. He is a Non-Independent Non-Executive Chairman of Pansar. He obtained the Bachelor of Business Administration from the University of Canterbury, Christchurch, New Zealand in 1978. He started his career with Pansar Company Sdn Bhd in 1979 as a Planning and Co-ordinator Manager and was with the company until 1981. Subsequently, he pursued his own business interest outside of Pansar Holdings Sdn Bhd, venturing into timber and shipping sectors. He had also further diversified his business interests into the construction industry, oil palm plantation and restaurant businesses.

In 2004, he re-joined Pansar Company Sdn Bhd as a director, bringing along his twenty (20) years span of experience in business development and management.

He also sits on the board of several private companies in Malaysia.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

(vii) David Tai Wei

David Tai Wei aged 36, is our substantial shareholder by virtue of him being an indirect substantial shareholder of Pansar. He is qualified in Jurisprudence (Law) from the University of Oxford, United Kingdom in 2006. He started his career with the Government of Singapore Investment Corporation in 2007, specializing in private equity investments in Australia and India. He left the company as an Assistant Vice President in 2013. He was involved in religious missionary activities for two (2) years prior to joining Pansar Company Sdn Bhd in 2015 as the Corporate Strategy Head. In 2018, he was promoted to General Manager - Business Divisions. He is responsible for the overall commercial direction and new business development for the company.

He sits on the board of several private companies in Malaysia as well as outside Malaysia.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.1.4 Changes in Shareholdings of Our Promoters and Substantial Shareholders for the Past Three (3) Years

The changes in the shareholdings of our Promoters and/or substantial shareholders in our Company since our incorporation are as follows:

Name	As at 2 December 2014 (Date of Incorporation)		After the Subdivision		(e) After the Acquisitions		(e) After the Transfer		(e) After the IPO			
	Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %		
Promoters and Substantial Shareholders												
RL Holdings	-	-	-	-	-	-	105,000,000	46.08	-	105,000,000	36.84	-
Dato' Wan Hassan Bin Mohd Jamil	100	50	71,096,605	31.20	-	-	18,596,605	8.16	(e) 105,000,000	14,748,605	5.18	(e) 105,000,000
Mad Haimi Bin Abu Hassan	-	-	53,322,335	23.40	-	-	6,072,335	2.66	(e) 105,000,000	4,816,335	1.69	(e) 105,000,000
Thien Chiet Chai	100	50	53,322,835	23.40	-	-	48,072,835	21.10	-	38,127,835	13.38	-
Substantial Shareholders												
Pansar	-	-	45,574,703	20.00	-	-	45,574,703	20.00	-	29,623,703	10.39	-
Pan Sarawak Holdings Sdn Bhd	-	-	-	-	(e) 45,574,703	20.00	-	-	(e) 45,574,703	-	-	(e) 29,623,703
Tai Sing Chii & Sons Sdn Bhd	-	-	-	-	(e) 45,574,703	20.00	-	-	(e) 45,574,703	-	-	(e) 29,623,703
Inplaced Capital Sdn Bhd	-	-	-	-	(e) 45,574,703	20.00	-	-	(e) 45,574,703	-	-	(e) 29,623,703
Puan Sri Datin Sri Ling Lah Kiong	-	-	-	-	(e) 45,574,703	20.00	-	-	(e) 45,574,703	-	-	(e) 29,623,703
Dato' James Tai Cheong @ Tai Chiong	-	-	-	-	(e) 45,574,703	20.00	-	-	(e) 45,574,703	-	-	(e) 29,623,703
Datuk Tai Hee	-	-	-	-	(e) 45,574,703	20.00	-	-	(e) 45,574,703	-	-	(e) 29,623,703
David Tai Wei	-	-	-	-	(e) 45,574,703	20.00	-	-	(e) 45,574,703	-	-	(e) 29,623,703

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Notes:

- (a) *Based on the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.*
- (b) *Based on the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.*
- (c) *Based on the enlarged issued share capital of 285,000,000 Shares after the Public Issue.*
- (d) *Deemed interested by virtue of his substantial shareholding in RL Holdings pursuant to Section 8 of the Act.*
- (e) *Deemed interested by virtue of its/ his/ her indirect substantial shareholding in Pansar.*

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.1.5 Remuneration and Benefits of Our Promoters and Substantial Shareholders

Save for the issuance of our Shares as consideration for the Acquisition of RLSB (as disclosed in Section 5.5.1 (b)(iv) of this Prospectus) and the aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group in all capacities to our Group (as disclosed in Section 8.2.4 of this Prospectus), there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the two (2) years preceding the date of this Prospectus.

8.2 DIRECTORS

8.2.1 Directors' Shareholdings

The following table sets out the direct and indirect shareholdings of our Directors before and after our IPO, assuming full subscription of the Pink Form Shares reserved for our eligible Directors:

Name	Designation	^(a) No. of Shares Held Before the IPO				^(b) No. of Shares Held After the IPO			
		Direct	%	Indirect	%	Direct	%	Indirect	%
Datuk Tai Hee	Non-Independent Non-Executive Chairman	-	-	^(c) 45,574,703	20.00	^(d) 500,000	0.18	^(c) 29,623,703	10.39
Dato' Wan Hassan Bin Mohd Jamil	Chief Executive Officer/ Managing Director	18,596,605	8.16	^(e) 105,000,000	46.08	14,748,605	5.18	^(e) 105,000,000	36.84
Thien Chiet Chai	Non-Independent Executive Director	48,072,835	21.10	-	-	38,127,835	13.38	-	-
Eric Lim Swee Khoon	Independent Non-Executive Director	-	-	-	-	^(d) 500,000	0.18	-	-
Siti Zurina Binti Sabarudin	Independent Non-Executive Director	-	-	-	-	^(d) 500,000	0.18	-	-
Elain Lockman	Independent Non-Executive Director	-	-	-	-	^(d) 500,000	0.18	-	-

Notes:

- (a) Based on the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.
- (b) Based on the enlarged issued share capital of 285,000,000 Shares after the Public Issue.
- (c) Deemed interested by virtue of his indirect substantial shareholding in Pansar.
- (d) Includes their entitlements for the Pink Form Shares and based on the enlarged issued and paid-up share capital of 285,000,000 Shares after the Public Issue.
- (e) Deemed interested by virtue of his substantial shareholding in RL Holdings pursuant to Section 8 of the Act.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

8.2.2 Profiles of Our Directors

The profiles of our Directors, Dato' Wan Hassan Bin Mohd Jamil and Thien Chiet Chai who are also our Promoters are disclosed in Section 8.1.2 of this Prospectus.

The profiles of our other Directors are as follows:

(i) **Datuk Tai Hee**

Datuk Tai Hee, aged 56, is our Non-Independent Non-Executive Chairman. He obtained his Bachelor of Science (Honours) Information Systems Design from Kingston University London, United Kingdom in 1987. He joined Pansar Computer Services Sdn Bhd (a company in Pan Sarawak Holdings Sdn Bhd ("**Pan Sarawak**") group of companies) in 1987 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 as disclosed in Section 8.2.3 (a) of this Prospectus. 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 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) Sibul 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 Sibul 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.

On 31 May 2019, he joined us as our Non-Independent Non-Executive Chairman. He is a member of our Audit Committee and Remuneration and Nomination Committee. He is the corporate representative of our substantial shareholder, Pansar.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(ii) Eric Lim Swee Khoon

Eric Lim Swee Khoon, aged 49, is our Independent Non-Executive Director. In 1992, he obtained his Bachelor's Degree in Accounting and Finance from the University of Western Australia. He is a member of CPA Australia since 1994 and Malaysian Institute of Accountants since 1997.

He started his career in PricewaterhouseCoopers ("**PwC**") in Sarawak in 1993 as an Audit Assistant 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 PwC's Financial Advisory Services division. In 1999, he was officially transferred to PricewaterhouseCoopers Advisory Services Sdn Bhd 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 to 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 area 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 procedure and enhancing the internal controls and operational efficiencies for the oil palm plantations, provision of litigation support for on-going legal cases and also to oversee the implementation of Good and Services Tax for the whole of KTS group of companies covering its timber and oil palm plantation, manufacturing, media and property development in Sarawak.

In the same year in 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.

Presently, he sits on the board of several private companies in Malaysia as disclosed in Section 8.2.3(d) of this Prospectus.

On 31 May 2019, he joined us as our Independent Non-Executive Director. He is the Chairman of our Audit Committee and a member of our Remuneration and Nomination Committee, and Risk Management Committee.

(iii) Siti Zurina Binti Sabarudin

Siti Zurina Binti Sabarudin, aged 44, is our 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.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

In March 2003, she was a legal executive in Puncak Niaga Sdn Bhd, a subsidiary of Puncak Niaga Holdings Berhad, advising the operations division on matters pertaining to maintenance related services for water treatment plants and was involved in the negotiation of the concession for the operation, management of all water treatment plants in Kuala Lumpur, Selangor and Putrajaya and 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 as their Legal Executive, advising on matters pertaining to tenders and operational contracts, and managing contractual disputes.

From June 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 its Partner.

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 and venture capital/ private equity investments.

In October 2016, she founded her own legal firm, Messrs Zurina, specialising in venture capital funds, investments and fintech advisory.

Presently, she sits on the board of several private companies in Malaysia as disclosed in Section 8.2.3(e) of this Prospectus.

On 31 May 2019, she joined us as our Independent Non-Executive Director. She is the Chairman of our Remuneration and Nomination Committee, a member of our Audit Committee and Risk Management Committee.

On 16 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.

On 1 June 2020, she resumed legal practice as a partner at Messrs Rahana Zurina & Partners.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

(iv) Elain Binti Lockman

Elain Binti Lockman, aged 52, is our Independent Non-Executive Director. In 1991, she obtained her Bachelor's Degree in Actuarial Science and subsequently, her Master of Science in Operational Research in 1992 from the London School of Economics and Political Science.

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 (February 1997 to August 2001), Director, e-Business Strategy in GlobalB2B2C.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:

- (i) from June 2006 to June 2011 - The Media Shoppe Berhad (as Director of Business Development) responsible for business development;
- (ii) 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;
- (iii) from January 2009 to December 2010 - Packet One Network (Malaysia) Sdn Bhd (as Associate Director for Business Development and Special Projects) responsible for developing concepts and strategies for the underserved communities; and
- (iv) 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.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Since April 2018 until present, she is President of the Registered Digital Markets Association Malaysia ("RDMAM"). The aims and objectives of the RDMAM are amongst others, to promote crowdfunding as a viable means of innovative financial solutions for funding businesses and to engage with regulators, stakeholders and policy makers to create and influence the crowdfunding industry in Malaysia.

Presently, she sits on the board of several private companies in Malaysia as disclosed in Section 8.2.3(f) of this Prospectus.

On 31 May 2019, she joined us as our Independent Non-Executive Director. She is a member of our Audit Committee and Remuneration and Nomination Committee.

8.2.3 Principal Directorships and Principal Business Activities of Our Directors Outside Our Group for the Past Five (5) Years

The following table sets out the principal directorships of our Directors as at the LPD and those which were held within the past five (5) years up to the LPD, as well as their involvement in principal business activities outside our Group:

(a) Datuk Tai Hee

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
1.	Empire Wood Sdn Bhd	Non-Executive Director/ Shareholder	Business of investment in corporation securities and real properties	33.3	Not applicable
2.	Inplaced Capital Sdn Bhd	Non-Executive Director/ Shareholder	Investment in corporate securities	33.3	Not applicable
3.	Paneco Projects Sdn Bhd	Non-Executive Director/ Shareholder	Waste management	25	Not applicable
4.	Tai Sing Chii & Sons Sdn Bhd	Non-Executive Director/ Shareholder	Investment in corporate securities and real properties	25.8	Not applicable
5.	Permodalan Saberkas Berhad	Non-Executive Director/ Shareholder	Investment holding	1.96	Nil
6.	Atas Harvest Sdn Bhd	Non-Executive Director/ Shareholder	Dormant	50	Not applicable
7.	Jelita Kuasa Sdn Bhd	Non-Executive Director/ Shareholder	Dormant (Dissolved)	50	Not applicable
8.	Pansar Berhad	Executive Director	Investment holding	Not applicable	^(a) 65.29

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
9.	Pansar Company Sdn Bhd	Executive Director	Sales and distribution of building materials, marine and industrial products, wood-engineering equipment and supplies, electrical products and office automation and supplies and installation of air conditioning and ventilation, plumbing and fire protection systems	Not applicable	^(a) 100
10.	Pansar Engineering Services Sdn Bhd	Executive Director	General trading and installation of air-conditioning and ventilation, plumbing and fire protection systems	Not applicable	^(a) 100
11.	Pansar Heavy Equipment Sdn Bhd	Executive Director	Selling and distribution of construction equipment	Not applicable	^(a) 100
12.	Advance Geotechnical Engineering Sdn Bhd	Non-Executive Director	Specialised civil engineering works	Not applicable	^(a) 90
13.	Arah Indah Sdn Bhd	Non-Executive Director	Forwarding of freight activities of consultants other than architecture engineering and management consultants other management consultancy activities	Not applicable	^(b) 40
14.	Benlong Realty Sdn Bhd	Non-Executive Director	Investment holding	Not applicable	^(a) 100
15.	CMP Development Sdn Bhd	Non-Executive Director	Investment holding	Not applicable	^(a) 6
16.	Dunia Forest Products Sdn Bhd	Non-Executive Director	Business of investment holding	Not applicable	^(c) 85
17.	Empire Plantation Sdn Bhd	Non-Executive Director	Business of cultivation of oil palm	Not applicable	^(a) 81.85
18.	EQO Asia Sdn Bhd	Non-Executive Director	Construction and building material and general trading	Not applicable	^(a) 100
19.	Jerneh Services (M) Sdn Bhd	Non-Executive Director	General insurance agency	Not applicable	^(a) 100
20.	Julang Emas Sdn Bhd	Non-Executive Director	Shipping agency	Not applicable	^(a) 49
21.	Kapital Investment Pte Ltd	Non-Executive Director	Investment holding	Not applicable	^(a) 100
22.	Karisma Plantation Sdn Bhd	Non-Executive Director	Cultivation of oil palms and canteen sales	Not applicable	^(a) 100
23.	Lagi Estate Sdn Bhd	Non-Executive Director	Investment in real properties and investment holdings	Not applicable	^(d) 14.50
24.	Mabcon (Malaysia) Sdn Bhd	Non-Executive Director	Business of investment in corporate securities	Not applicable	Not applicable
25.	Misar Sdn Bhd	Non-Executive Director	Provision of shipping services	Not applicable	^(a) 49

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
26.	NS Bluescope Lysaght (Sarawak) Sdn Bhd	Non-Executive Director	Manufacturing, trading and installation of roofing material, wall claddings and other related products	Not applicable	^(a) 51
27.	Pan Asia Steel Sdn Bhd	Non-Executive Director	Production steel product	Not applicable	^(a) 100
28.	Pan Sarawak Agencies Sdn Bhd	Non-Executive Director	Investment holding	Not applicable	^(a) 70
29.	Pan Sarawak Holdings Sdn Bhd	Non-Executive Director	Investment holding and provision of management services	Not applicable	^(a) 60.41
30.	Pansar Company Sdn Bhd (Brunei)	Non-Executive Director	Shipping agency and trading	Not applicable	^(a) 60
31.	Pansar Eqo Technology Sdn Bhd	Non-Executive Director	Catering business	Not applicable	^(a) 100
32.	Pansar Management Services Sdn Bhd	Non-Executive Director	Provision of management services	Not applicable	^(a) 100
33.	Pansar Services Sdn Bhd	Non-Executive Director	Investment holding	Not applicable	^(a) 60
34.	Pansar Singapore Pte Ltd	Non-Executive Director	Engaged in the business of sale and distribution of water pump and home pressure system	Not applicable	^(a) 100
35.	Pantulu Sdn Bhd	Non-Executive Director	Shipping agency	Not applicable	^(a) 49
36.	Parkcity The Spring (Bintulu) Sdn Bhd	Non-Executive Director	Property development and property holding	Not applicable	^(a) 40
37.	PE Development (Penang) Sdn Bhd	Non-Executive Director	Property development and investment holding	Not applicable	^(a) 100
38.	PE Holdings Sdn Bhd	Non-Executive Director	Investment holding	Not applicable	^(a) 52.82
39.	PE Hospitality (Penang) Sdn Bhd	Non-Executive Director	Investment holding	Not applicable	^(a) 100
40.	PE Land (Penang) Sdn Bhd	Non-Executive Director	Property management and investment	Not applicable	^(a) 57
41.	PE Land Sdn Bhd	Non-Executive Director	Property management and investment	Not applicable	^(a) 100
42.	Perbena Emas Sdn Bhd	Non-Executive Director	Business, construction and property development	Not applicable	^(a) 100
43.	Perridot Systems Sdn Bhd	Non-Executive Director	Provision of consulting services and systems development	Not applicable	^(a) 100
44.	Perrisys Education Sdn Bhd	Non-Executive Director	Educational and related service	Not applicable	^(a) 100
45.	Perritech Sdn Bhd	Non-Executive Director	General trading, water proofing and roofing works	Not applicable	^(a) 100
46.	Prosperity of TY Sdn Bhd	Non-Executive Director	Investment holding	Not applicable	Not applicable

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
47.	Richplex Sdn Bhd	Non-Executive Director	Investment holding	Not applicable	^(a) 35.7
48.	Sarawak Fertilizer Sdn Bhd	Non-Executive Independent Director	Operation of fertiliser granulation plant, sale of fertilisers and whole selling	Not applicable	Not applicable
49.	Sin Hua Travel Service Sendirian Berhad	Non-Executive Director	Business of travel agency services	Not applicable	<5%
50.	Tai Foundation	Non-Executive Director	Established with a view to receiving and administrating funds for educational and charitable purposes	Not applicable	Not applicable
51.	Tanahmas (Sarawak) Sdn Bhd	Non-Executive Director	Business of operation of hotel	Not applicable	^(a) 12.73
52.	Tebor Sdn Bhd	Non-Executive Alternate Director	Business of operation of hotel	Not applicable	^(b) 20
53.	The Spring Management Services (Bintulu) Sdn Bhd	Non-Executive Director	Operation of shopping mall	Not applicable	^(b) 60
54.	The Spring Management Services Sdn Bhd	Non-Executive Director	Operation of shopping mall	Not applicable	^(a) 100
55.	Unique Classic Homes Sdn Bhd	Non-Executive Director	Housing development and investment holding	Not applicable	^(m) 87.5
56.	Unique Wood Holdings Sdn Bhd	Non-Executive Director	Business of investment holding and provision of management services	Not applicable	⁽ⁿ⁾ 21
57.	Unique Wood Sendirian Berhad	Non-Executive Director	Business of sawmilling and sales of sawn timber, briquette and farm produce	Not applicable	^(a) 100
58.	Eco-Timber Industries Sdn Bhd	Non-Executive Director	Dormant (In the process of winding up)	Not applicable	Not applicable
59.	Eti Activated Charcoal Sdn Bhd	Non-Executive Director	Dormant (Dissolved)	Not applicable	^(m) 100
60.	Kayu Emas Sdn Bhd	Non-Executive Director	Dormant	Not applicable	^(b) 29.41
61.	Marvel Wish Sdn Bhd	Non-Executive Director	Dormant	Not applicable	^(a) 100
62.	Pansar Ecotech Sdn Bhd	Non-Executive Director	Dormant	Not applicable	^(a) 100
63.	Pansar Power Systems Sdn Bhd	Non-Executive Director	Dormant	Not applicable	^(a) 100
64.	Sri Biawak Sawmill Sdn Bhd	Non-Executive Director	Dormant (Dissolved)	Not applicable	Not applicable

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
65.	FTC Marine (Malaysia) Sdn Bhd	Non-Executive Director	Wound up	Not applicable	Not applicable
66.	Kedurong Sdn Bhd	Non-Executive Director	Wound up	Not applicable	Not applicable
67.	Lagi Sdn Bhd	Non-Executive Alternate Director	Wound up	Not applicable	Not applicable
68.	Millenwood Sdn Bhd	Non-Executive Director	Wound up	Not applicable	Not applicable
69.	Panmar Sdn Bhd	Non-Executive Director	Wound up	Not applicable	Not applicable
70.	Rajang Timber Products Sdn Bhd	Non-Executive Director	Wound up	Not applicable	Not applicable
71.	Yanmar (Malaysia) Sdn Bhd	Non-Executive Director	Wound up	Not applicable	Not applicable
72.	Sinar Rakyat Sdn Bhd	Shareholder	Conveyance of goods and timber by river	2.3	Not applicable
73.	Sun Tzun Corporation Sdn Bhd	Shareholder	Wound up	Not applicable	Not applicable
74.	Le Ark Cafe & Gallery Sdn Bhd	Shareholder (Resigned as Director on 11.08.2015)	Sales of food and beverages	50	Not applicable
75.	Manna Cafe-Gallery Sdn Bhd	Shareholder (Resigned as Director on 11.08.2015)	Wound up	Not applicable	Not applicable
76.	Sibu Heritage Centre Sdn Bhd	Shareholder (Resigned as Director on 21.04.2017)	Provision of management services	50	Not applicable
77.	Sarawak Convention Bureau	Non-Executive Director (Resigned as Director on 14.01.2019)	Non-profit destination marketing organisation for the purpose of professionally marketing Sarawak	Not applicable	Not applicable
78.	Optima Line Sdn Bhd	Non-Executive Director (Resigned as Director on 26.09.2019)	Contractor for specialised building projects	Not applicable	^(a) 70
79.	Intra Malaysia Agencies Sdn Bhd	Non-Executive Director (Resigned as Director on 14.05.2020)	Trading	Not applicable	^(a) 100

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Notes:

- (a) Deemed interested by virtue of his indirect substantial interests in PE Holdings Sdn Bhd pursuant to Section 8 of the Act.
- (b) Deemed Interested by virtue of his indirect substantial interest in Pansar Eqo Technology Sdn Bhd pursuant to Section 8 of the Act.
- (c) Deemed interested by virtue of his direct interests in Empire Wood Sdn Bhd and indirect interests in Melati Wood Industries Sdn Bhd pursuant to Section 8 of the Act.
- (d) Deemed Interested by virtue of his direct substantial interest in Empire Wood Sdn Bhd and indirect substantial interest in Tai Sing Chii & Sons S/B & Dunia Forest Products S/B pursuant to Section 8 of the Act.
- (e) Deemed Interested by virtue of his indirect substantial interest in Pan Sarawak Holdings Sdn Bhd pursuant to Section 8 of the Act
- (f) Deemed interested by virtue of his indirect substantial interests in Tai Sing Chii & Sons Sdn Bhd pursuant to Section 8 of the Act.
- (g) Deemed interested by virtue of his direct interests in Tai Sing Chii & Sons Sdn Bhd & Inplaced Capital Sdn Bhd pursuant to Section 8 of the Act.
- (h) Deemed interested by virtue of his indirect substantial interests in Pansar pursuant to Section 8 of the Act.
- (i) Deemed interested by virtue of his indirect substantial interests in Benlong Realty Sdn Bhd pursuant to Section 8 of the Act.
- (j) Deemed interested by virtue of his indirect substantial interests in PE Land Sdn Bhd pursuant to Section 8 of the Act.
- (k) Deemed interested by virtue of his indirect substantial interests in Pan Sarawak Agencies Sdn Bhd and Pansar Services Sdn Bhd pursuant to Section 8 of the Act.
- (l) Deemed interested by virtue of his substantial interests in The Spring Management Services Sdn Bhd pursuant to Section 8 of the Act.
- (m) Deemed interested by virtue of his indirect substantial interests in Unique Wood Holdings Sdn Bhd and Empire Wood Sdn Bhd pursuant to Section 8 of the Act.
- (n) Deemed interested by virtue of his direct interests in Empire Wood Sdn Bhd pursuant to Section 8 of the Act.
- (o) Deemed interested by virtue of his indirect substantial interests in Unique Wood Holdings Sdn Bhd pursuant to Section 8 of the Act.

(b) Dato' Wan Hassan Bin Mohd Jamil

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
1.	WHHT Holdings Sdn Bhd	Non-Executive Director/ Shareholder	Investment holding	25	Not applicable
2.	Reservoir Professionals Sdn Bhd	Non-Executive Director	Business of supply of manpower and human resources management (Dissolved)	Not applicable	Not applicable

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
3.	Iksep Maju Sdn Bhd	Director (Resigned on 01.11.2014)	To carry on the business as general trading, to carry on any other business and arrangements with any government	Not applicable	Not applicable
4.	Roke Eurasia Sdn Bhd	Director (Resigned on 17.11.2014)	To provide sub-surface evaluation services for geotechnical, mining, oil and gas markets	Not applicable	Not applicable
5.	Globalfresh Venture Sdn Bhd	Director (Resigned on 23.12.2014)	Providing the oil and gas industry with wide range of oilfield services	Not applicable	Not applicable

(c) Thien Chiet Chai

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
1.	Thimi Resources Sdn Bhd (formerly known as Reservoir Link Resources Sdn Bhd) #	Non-Executive Director/ Shareholder	Trading of industrial products and contractor works. Non operational	30	Not applicable
2.	WHHT Holdings Sdn Bhd	Non-Executive Director/ Shareholder	Investment holding	25	Not applicable
3.	Reservoir Link Resources (M) Sdn Bhd	Non-Executive Director/ Shareholder	Dormant (Dissolved)	30	Not applicable
4.	Zacker Holding Sdn Bhd	Non-Executive Director/ Shareholder	Activities of holdings companies, real estate activities with own or leased property, export and import of variety of goods without any particular specialisation (Dissolved)	60	Not applicable
5.	Reservoir Professionals Sdn Bhd	Non-Executive Director	Business of supply of manpower and human resources management (Dissolved)	Not applicable	Not applicable
6.	Linx Solutions Sdn Bhd	Director (Resigned on 29.12.2017)	1. Computer software development 2. Consultancy services related to information technology	Not applicable	Not applicable

Note:

The change of name was effective on 28 August 2019.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(d) Eric Lim Swee Khoon

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
1.	Peak Value Sdn Bhd	Executive Director/ Shareholder	Investment	50	Not applicable
2.	Fruitful Solutions Sdn Bhd	Shareholder	Dormant (previously trading in fertilizer) (Dissolved)	10	Not applicable
3.	Sarawak Heart Foundation	Executive Director	To receive, administer and manage fund from donations and gifts to be used for the relief of pain and suffering due to cardiac diseases and to provide financial and other assistance to heart patients	Not applicable	Not applicable

(e) Siti Zurina Binti Sabarudin

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
1.	Zenio Capital Sdn Bhd	Executive Director	Assets/ portfolio management, trusts, funds and similar financial entities	Not applicable	^(a) 21.43
2.	AFS Assist Sdn Bhd (formerly known as Aidforstartup Ventures Sdn Bhd) ^(b)	Non-Executive Director/ Shareholder	Management consultant and general trading	95	Not applicable
3.	Kaspen Bintang Sdn Bhd	Shareholder	Other management consultancy activities, other business support service activities, wholesale of a variety of goods without any particular specialisation (In the process of winding up)	50	Not applicable
4.	Fast Hi Way Consultation Sdn Bhd	Shareholder (Resigned as Director on 24.12.2015)	Other management consultancy activities, any other professional, scientific and technical activities, provision of human resources for client businesses (in the process of being struck off)	50	Not applicable
5.	Ethis Kapital Sdn Bhd	Shareholder (Resigned as Director on 21.12.2016)	Peer to peer crowd funding	2.8	Not applicable
6.	En Med (M) Sdn Bhd	Shareholder (Resigned as Director on 16.06.2017)	Supplying and manufacturing of laboratory equipment, medical equipment and facility, pharmaceutical and chemical	30	Not applicable

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
7.	Inseyab Consulting and Information Solutions Sdn Bhd	Shareholder (Resigned as Director on 08.12.2017)	Other information technology service activities, data processing activities, computer programming activities	100	Not applicable
8.	Edukat Sdn Bhd	Shareholder (Resigned as Director on 27.06.2018)	Educational support services for provision of non-instructional services, administrative educational services, wholesale of a variety of goods without any particular specialisation	0.16	Not applicable
9.	Widuri Capital Management Sdn Bhd	Shareholder (Resigned as Director on 17.12.2018)	Other management consultancy activities, investment advisory services, activities of holding companies	21.43	Not applicable
10.	Emaz Capital Management Sdn Bhd	Shareholder (Resigned as Director on 29.08.2019)	Other management consultancy activities, investment advisory services, activities of holding companies	50	Not applicable
11.	Ethis Ventures Sdn Bhd	Director (Resigned as Director on 21.08.2017)	Information technology based, online platform which offers investments to interested investors by utilising technologies related to internet, investment holding company, business consultants and services	Not applicable	Not applicable
12.	Wahed Technologies Sdn Bhd	Director (Resigned as Director on 17.05.2018)	Activities of holding companies, other management consultancy activities, investment advisory services	Not applicable	Not applicable
13.	WC RE Management Sdn Bhd	Director (Resigned as Director on 05.09.2018)	Assets/ portfolio management	Not applicable	Not applicable
14.	WC One Capital Sdn Bhd	Director (Resigned as Director on 13.09.2018)	Activities of households as employers of domestic personnel, undifferentiated services producing activities of private households for own use and other service activities	Not applicable	Not applicable
15.	Eureeca Sea Sdn Bhd	Director (Resigned as Director on 24.04.2019)	Equity crowd funding platform	Not applicable	Not applicable

Notes:

- (a) Deemed interested by virtue of her indirect interests in Momentum Manager Sdn Bhd and Widuri Capital Management Sdn Bhd pursuant to Section 8 of the Act.
- (b) The change of name was effective on 20 August 2019.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(f) Elain Binti Lockman

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
1.	ATA Plus Sdn Bhd	Executive Director/ Shareholder	ICT and financial technology business and other web applications, other financial services activities except insurance/Takaful and pension funding, administrative education services	27.03	Not applicable
2.	One Big Idea Sdn Bhd	Executive Director/ Shareholder	Interior design and consultancy services (Dissolved)	68	Not applicable
3.	Oil & Vinegar Sdn Bhd	Non-Executive Director/ Shareholder	Dormant (Dissolved)	50	Not applicable
4.	Dash Dot Sdn Bhd	Shareholder	Dissolved	5	Not applicable
5.	Medan Digital Sdn Bhd	Non-Executive Director	Dormant	Not applicable	Not applicable
6.	Cymera Sdn Bhd	Non-Executive Director	Branding and marketing consultant (Dissolved)	Not applicable	Not applicable
7.	Ostel Sdn Bhd	Non-Executive Director <i>(Resigned as Director on 23.10.2015)</i>	Providing data processing and other related information technology services (Dissolved)	Not applicable	Not applicable
8.	Karamia Sdn Bhd	Shareholder <i>(Resigned as Director on 28.01.2019)</i>	Business of a boutique, fashion design house, tailors and supply for all kind of apparel accessories	15	Not applicable
9.	Landas Aero Sdn Bhd	Director <i>(Resigned as Director on 01.02.2015)</i>	To carry on the business of printing and carbon services, to assist the project owner to have carbon credits to the project area, to commercially exploiting for profit the generation and sale of carbon credits	Not applicable	Not applicable
10.	Landas Marine Sdn Bhd	Director <i>(Resigned as Director on 01.02.2015)</i>	Activities of holding companies	Not applicable	Not applicable
11.	Landas Ventures Sdn Bhd	Director <i>(Resigned as Director on 01.02.2015)</i>	Oil and gas extraction service activities provided on a fee or contract basis	Not applicable	Not applicable
12.	Impact Surge Sdn Bhd	Director <i>(Resigned as Director on 01.02.2015)</i>	Other management consultancy activities	Not applicable	Not applicable

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
13.	Synergy Search Sdn Bhd	Director (Resigned as Director on 01.02.2015)	Oil and gas extraction service activities provided on a fee or contract basis	Not applicable	Not applicable
14.	Innovative Upstream Technologies Sdn Bhd	Director (Resigned as Director on 18.05.2015)	Involved in investment holding, provision of business development and engineering services to oil and gas industry	Not applicable	Not applicable
15.	Innovative Oilfield Solutions Sdn Bhd	Director (Resigned as Director on 01.02.2015)	Oil & gas ICT and manpower consultancy company	Not applicable	Not applicable
16.	Sharaka Sdn Bhd	Director (Resigned as Director on 27.06.2016)	Dormant	Not applicable	Not applicable
17.	Western Union Payments (Malaysia) Sdn Bhd	Non-Executive Director (Resigned as Director on 03.12.2019)	To act as payment institution to conduct money service business	Not applicable	Not applicable

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

8.2.4 Directors' Remuneration and Material Benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Directors for services rendered to our Group for the FYE 2019 and FYE 2020 are as follows:

(a) FYE 2019

	Salaries RM'000	Fees RM'000	Bonus RM'000	# Other Emoluments RM'000	Allowance RM'000	Benefits -in-kind RM'000	Total RM'000
Datuk Tai Hee	-	-	-	-	-	-	-
Dato' Wan Hassan Bin Mohd Jamil	332	24	32	50	82	-	520
Thien Chiet Chai	332	24	32	50	82	-	520
Eric Lim Swee Khoon	-	-	-	-	-	-	-
Siti Zurina Binti Sabarudin	-	-	-	-	-	-	-
Elain Binti Lockman	-	-	-	-	-	-	-

Note:

These comprise contribution to Employees Provident Fund and Social Security Organisation.

(b) Proposed for FYE 2020

	Salaries RM'000	Fees RM'000	Bonus RM'000	(i) Other Emoluments RM'000	Allowance RM'000	Benefits -in-kind RM'000	Total RM'000
Datuk Tai Hee	-	(ii) 76	-	-	-	-	76
Dato' Wan Hassan Bin Mohd Jamil	360	48	32	56	82	-	578
Thien Chiet Chai	360	48	32	56	82	-	578
Eric Lim Swee Khoon	-	(ii) 76	-	-	-	-	76
Siti Zurina Binti Sabarudin	-	(ii) 76	-	-	-	-	76
Elain Binti Lockman	-	(ii) 76	-	-	-	-	76

Notes:

(i) These comprise contribution to Employees Provident Fund and Social Security Organisation.

(ii) Being Director's fees from the date they were appointed to our Board.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

8.2.5 Board Practice

8.2.5.1 Directors' Term of Office

The date of expiry of the current term of office for each of our Directors and the period that each of them has served in that office is as follows:

Directors	Designation	Date of Appointment	Date of Expiration of the Current Term of Office	No. of Years in Office Up to the LPD
Datuk Tai Hee	Non-Independent Non-Executive Chairman	31.05.2019	At the 8th annual general meeting to be held in year 2023	One (1) year
Dato' Wan Hassan Bin Mohd Jamil	Chief Executive Officer/Managing Director	02.12.2014	At the 8th annual general meeting to be held in year 2023	Five (5) years
Thien Chiet Chai	Non-Independent Executive Director	02.12.2014	At the 6th annual general meeting to be held in year 2021	Five (5) years
Eric Lim Swee Khoon	Independent Non-Executive Director	31.05.2019	At the 7th annual general meeting to be held in year 2022	One (1) year
Siti Zurina Binti Sabarudin	Independent Non-Executive Director	31.05.2019	At the 7th annual general meeting to be held in year 2022	One (1) year
Elain Binti Lockman	Independent Non-Executive Director	31.05.2019	At the 6th annual general meeting to be held in year 2021	One (1) year

Pursuant to Clause 91 of our Constitution, at the first annual general meeting of the Company, all the Directors shall retire from office and at the annual general meeting in every subsequent year, one-third (1/3) of the other Directors for the time being who are subject to retirement by rotation or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. The retiring Director shall retain office until the close of meeting at which he retires. An election of Director shall take place each year.

Pursuant to Clause 90 of our Constitution, without prejudice to the power of the Company in general meeting pursuant to any of the provisions of our Constitution to appoint any person to be Director, the Board may appoint any person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with our Constitution. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

8.2.5.2 Audit Committee

The Audit Committee was constituted on 31 May 2019 by our Board with the function of assisting our Board in fulfilling its oversight responsibilities. The current members are:

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

Our Audit Committee assists our Board in its oversight responsibilities with regard to our financial reporting process, internal controls, risk management and governance.

The key duties and responsibilities of our Audit Committee are as follows:

- (i) recommend the external auditors for appointment, to consider the adequacy of experience, resources, audit fee and any issue regarding appointment or re-appointment of external auditors;
- (ii) review and discuss with the external auditors, audit plan, its scope and nature before the audit commences and report the same to our Board;
- (iii) review internal audit findings and the management's responses or action plans, including the status of the previous audit recommendations;
- (iv) review with the external auditors, their audit report and evaluation of accounting policies and systems of internal controls and risk management and report the same to our Board;
- (v) assess the suitability and independence of external auditors, including to obtain confirmation from external auditors that they are and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
- (vi) review quarterly reports on consolidated financial results and annual financial statements prior to reporting to our Board;
- (vii) review and report to our Board on the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- (viii) review and report to our Board on the internal audit plan and the results of the internal audit process and, where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
- (ix) ensure the internal audit function is independent of the work it audits and to require the head of internal audits to report directly to the Audit Committee;

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

- (x) review the adequacy and effectiveness of risk management and internal control systems deployed by our key management to address those risks and recommend corrective measures undertaken to remedy failures and/or weaknesses;
- (xi) review any related party transactions, including recurrent related party transactions and conflict of interest situations that may arise within our Group, including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to our Board; and
- (xii) consider and examine such other matters as defined by our Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time.

The Audit Committee may seek advice from independent parties and other professionals in discharging their duties.

8.2.5.3 Remuneration and Nomination Committee

Our Remuneration and Nomination Committee was constituted by our Board on 31 May 2019. The current members are:

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

The role of our Remuneration and Nomination Committee is to assist our Board in undertaking reviews of the remuneration for our Directors and our Group's senior management personnel in the interest of attracting, retaining and motivating them.

The key functions of our Remuneration and Nomination are as follows:

- (i) to function independently of management and strives for good corporate governance by ensuring that the process is carried out in an objective, transparent, thorough and fair manner.
- (ii) to assists the Board to establish a formal and transparent procedure on the appointment and assessment of Directors and the Board Committees.
- (iii) to review the character, experience, integrity, commitment, competency, qualifications and track record of any proposed new nominees for the appointment to the Board.
- (iv) to review the mix and balance of skills, knowledge and experience in composition of the Board between Executive, Non-Executive and Independent Directors by identifying skills needed and those individuals whom might best to provide them.
- (v) to facilitate appropriateness, transparency and accountability to shareholders on the issue of Directors' remuneration, thus preventing payout of substantial remuneration packages without regard to the performance of the individual and the Company/ Group.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

- (vi) to set the policy framework and for making recommendations for approval by the Board with respect to matters relating to the remuneration of Directors and senior management. The level of remuneration of which should reflect the Directors' and senior management's merit, qualification and competencies and comparable with market statistics.

The key duties and responsibilities of our Remuneration and Nomination Committee are amongst others, the following:

- (a) to identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise.
- (b) to review the required mix of skills, experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.
- (c) to establish a mechanism for formal assessment of:
- the Board's effectiveness as a whole;
 - the contribution by each Director to the effectiveness of the Board; and
 - the contribution of the Board's various committees.

Hence, recommend to the Board specific adjustments in the remuneration and/or reward payments, if any, reflecting their contributions for the year.

- (d) to oversee the appointment, management succession planning and performance evaluation of the Directors and recommending to the Board their removal if they are ineffective, errant and negligent in discharging their responsibilities.
- (e) to ensure that all Directors undergo appropriate induction programs and receive continuous training.
- (f) to make recommendations to the Board on the necessary changes based on the reviews and assessments to the adequacy and relevance of the key duties and responsibilities of the Board and senior management personnel annually as well as policies governing remuneration and promotion of key management of our Group from time to time.

8.2.5.4 Risk Management Committee

Our Risk Management Committee was constituted by our Board on 31 May 2019. The current members are:

Name	Designation	Directorship
Dato' Wan Hassan Bin Mohd Jamil	Chairman	Chief Executive Officer/ Managing Director
Thien Chiet Chai	Member	Non-Independent Executive Director
Eric Lim Swee Khoo	Member	Independent Non-Executive Director
Siti Zurina Binti Sabarudin	Member	Independent Non-Executive Director

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

Our Risk Management Committee assists our Board in fulfilling its oversight responsibilities with regard to the risk appetite of our Group as well as the risk management and compliance framework and the governance structure that supports it.

The key duties and responsibilities of our Risk Management Committee are as follows:

- (i) review and recommend risk management framework, strategies, policies and risk tolerance/ appetite for the Audit Committee for recommendation to the Board for approval;
- (ii) review the adequacy of our Group's risk management framework and assess the resources and knowledge of our key management and employees involved in the risk management process;
- (iii) ensure adequate infrastructure, resources and systems are in place for an effective risk management framework;
- (iv) review and further monitor principal risks that may affect our Group directly or indirectly that, if deemed necessary, recommend additional course of action to mitigate such risks;
- (v) communicate and monitor our risk assessment results to our Board;
- (vi) review the risk management reports on risk exposure, risk portfolio composition and activities;
- (vii) discuss the problems and reservations arising from their reviews and any matter the external auditors and internal auditors may wish to discuss; and
- (viii) monitor key business risks to safeguard shareholders' investments and our Group's assets.

8.3 KEY MANAGEMENT

8.3.1 Key Management's Shareholdings in Our Company

The following table sets out the direct and indirect shareholdings of each of our key management before and after our IPO, assuming full subscription of Pink Form Shares reserved for our eligible employees:

Name	Designation	^(a) No. of Shares Held Before the IPO				^(b) No. of Shares Held After the IPO			
		Direct	%	Indirect	%	Direct	%	Indirect	%
Mad Haimi Bin Abu Hassan	Operations Director	6,072,335	2.66	^(c) 105,000,000	46.08	4,816,335	1.69	^(c) 105,000,000	36.84
Ho Khee Jeem	Financial Controller	-	-	-	-	^(d) 100,000	0.04	-	-
Anwarudin Bin Saidu Mohamed	Chief Technology Officer	-	-	-	-	^(d) 250,000	0.09	-	-
Alphonsus Chiu Ching Chuen	Senior Manager, Business Development	-	-	-	-	^(d) 100,000	0.04	-	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

Notes:

- (a) *Based on the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.*
- (b) *Based on the enlarged issued share capital of 285,000,000 Shares after the Public Issue.*
- (c) *Deemed interested by virtue of his substantial shareholding in RL Holdings pursuant to Section 8 of the Act.*
- (d) *Includes their entitlements for the Pink Form Shares and based on the enlarged issued and paid-up share capital of 285,000,000 Shares after the Public Issue.*

8.3.2 Profiles of Key Management

The profile of our key management, Mad Haimi Bin Abu Hassan who is also our Promoter is disclosed in Section 8.1.2 of this Prospectus.

The profiles of our key management are set out below:

(i) Ho Khee Jeem

Ho Khee Jeem, aged 53, is our Financial Controller. In 1991, he obtained his Bachelor's Degree in Commerce from the University of Western Australia. He is a member of CPA Australia and the Malaysian Institute of Accountants since 1997.

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

In 2005, he joined KACC Construction Sdn Bhd as the head of the company's Finance Department where he was responsible for the company's restructuring exercise and monitoring the company's litigation cases. He left the company in 2008 but continued to serve as a consultant in his personal capacity up to 2009 in charge of monitoring the company's ongoing litigation cases and the restructuring of two (2) subsidiaries.

He joined OBYU Corporate Services Sdn Bhd (a company under the OBYU group of companies ("**OBYU Group**")) in 2009 to head the company's Accounts and Finance Department. In 2010, he was assigned additional responsibilities to oversee the Account and Finance Departments of O&G companies under the company, which included RLSB (RLSB was a wholly-owned company of Shorefield Offshore Services Sdn Bhd, a company under the OBYU Group from December 2008 to December 2010). He subsequently joined RLSB as our Financial Controller in 2010. He is responsible for our Finance Department, Human Resources & Administration Department, Corporate Services Department and Information Systems Department.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(ii) Anwarudin Bin Saidu Mohamed

Anwarudin Bin Saidu Mohamed, aged 40, is our Chief Technology Officer and the Executive Director and substantial shareholder of RL Solutions. In 2004, he obtained his Bachelor's Degree in Mechanical Engineering from Petronas University of Technology in Perak Darul Ridzuan and subsequently in 2009, he obtained his Masters in Petroleum Engineering from Imperial College London, United Kingdom ("**Masters**").

After his graduation in May 2004, he commenced his career in Petronas till November 2004 as the Cost and Contract Engineer. Thereafter, in December 2004 till 2008, he joined Baker Hughes Inc., having both technical and management roles in relation to fluids engineering with his last position as a Fluids Coordinator. He left Baker Hughes Inc. in 2008 for his full time post graduate studies to obtain his Masters. Upon completing his Masters in November 2009, he joined Deleum Oilfield Services Sdn Bhd in January 2010 as its Sales Manager responsible for the sales of oilfield products and services. In November 2011, he was promoted as the Senior Manager of Deleum Chemicals Sdn Bhd responsible for business related to speciality chemicals. From January 2013 till September 2017, he was promoted as the 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, overseeing corporate and corporate relations matters.

In July 2018, he joined us as our Chief Technology Officer, 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 vice chair of the Society of Petroleum Engineers in Kuala Lumpur and sits in the Executive Committee of the Malaysia Oil and Gas Service Council.

He has published various Society of Petroleum Engineers papers covering mainly oilfield chemistry and its applications in respect of chemically enhanced production and best practices in remediation of formation damage and flow assurance.

(iii) Alphonsus Chiu Ching Chuen

Alphonsus Chiu Ching Chuen, aged 43, is our Senior Manager, Business Development. In 1999, he obtained his Diploma in Technology, Mechanical and Manufacturing Engineering from Tunku Abdul Rahman College. In 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 2002, he joined Halliburton Energy Services Sdn Bhd ("**Halliburton**") as its Assistant Service Operator for drill stem test tools and tubing conveyed perforating. During his thirteen (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 2015.

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

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

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

8.3.3 Key Managements' Remuneration and Material Benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our key management for services rendered to our Group for the FYE 2019 and FYE 2020 are as follows:

(a) FYE 2019

	Salaries RM'000	Fees RM'000	Bonus RM'000	# Other Emoluments RM'000	Allowance RM'000	Benefits -in-kind RM'000	Total RM'000
Mad Haimi Bin Abu Hassan	254	24	25	39	76	-	418
Ho Khee Jeem	242	-	22	35	16	17	332
Anwarudin Bin Saidu Mohamed	240	-	-	30	-	-	270
Alphonsus Chiu Ching Chuen	275	-	22	37	7	-	341

Note:

These comprise contribution to Employees Provident Fund and Social Security Organisation.

(b) Proposed for FYE 2020

	Salaries RM'000	Fees RM'000	Bonus RM'000	# Other Emoluments RM'000	Allowance RM'000	Benefits -in-kind RM'000	Total RM'000
Mad Haimi Bin Abu Hassan	264	24	25	40	76	-	429
Ho Khee Jeem	252	-	22	36	16	17	343
Anwarudin Bin Saidu Mohamed	240	-	20	32	-	-	292
Alphonsus Chiu Ching Chuen	300	-	25	40	7	-	372

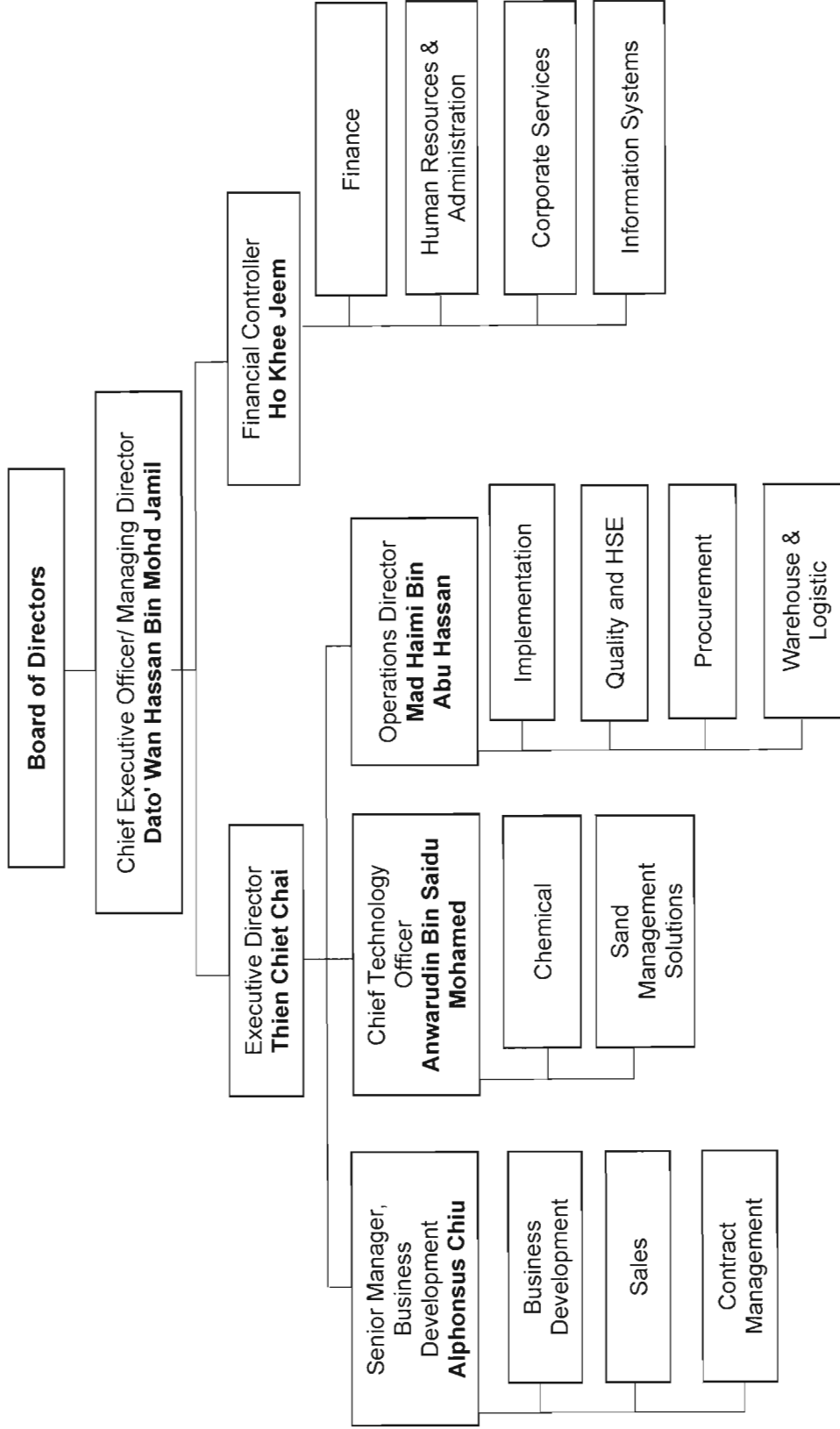
Note:

These comprise contribution to Employees Provident Fund and Social Security Organisation.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

8.3.4 Management Reporting Structure

The management reporting structure of our Group is as follows:



8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

8.4 INVOLVEMENT OF EXECUTIVE DIRECTORS AND KEY MANAGEMENT IN OTHER BUSINESSES OR CORPORATIONS

As at the LPD, save as disclosed below, none of our Executive Directors and key management is involved in the operations of other businesses or corporations.

(a) Dato' Wan Hassan Bin Mohd Jamil

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
1.	WHHT Holdings Sdn Bhd	Non-Executive Director/ Shareholder	Investment holding	25	Not applicable

Dato' Wan Hassan Bin Mohd Jamil's involvement in the above business and/or corporation does not have any impact on his duties in our Group as the company is an investment holding company.

As such, he spends his time fully in the operations and affairs of our Group.

(b) Thien Chiet Chai

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
1.	Thimi Resources Sdn Bhd <i>(formerly known as Reservoir Link Resources Sdn Bhd)</i> #	Non-Executive Director/ Shareholder	Trading of industrial products and contractor works. Non operational	30	Not applicable
2.	WHHT Holdings Sdn Bhd	Non-Executive Director/ Shareholder	Investment holding	25	Not applicable
3.	Reservoir Link Resources (M) Sdn Bhd	Non-Executive Director/ Shareholder	Dormant (Dissolved)	30	Not applicable

Note:

The change of name was effective on 28 August 2019.

Thien Chiet Chai's involvement in the above businesses and/or corporations does not have any impact on his duties in our Group as the companies are either investment holding company, not in operations or dormant.

As such, he spends his time fully in the operations and affairs of our Group.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

(c) Mad Haimi Bin Abu Hassan

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
1.	WHHT Holdings Sdn Bhd	Executive Director/ Shareholder	Investment holding	25	Not applicable
2.	Thimi Resources Sdn Bhd (formerly known as Reservoir Link Resources Sdn Bhd) #	Shareholder	Trading of industrial products and contractor works. Non operational	30	Not applicable

Note:

The change of name was effective on 28 August 2019.

Mad Haimi Bin Abu Hassan's involvement in the above businesses and/or corporations does not have any impact on his duties in our Group as the companies are either investment holding company or not in operations.

As such, he spends his time fully in the operations and affairs of our Group.

(d) Ho Khee Jeem

No.	Company	Position	Principal Business Activities	Equity Interest Held (%)	
				Direct	Indirect
1.	WHHT Holdings Sdn Bhd	Executive Director/ Shareholder	Investment holding	25	Not applicable
2.	Aquapure Genesis Sdn Bhd	Non-Executive Director/ Shareholder	Dormant (Dissolved)	50	Not applicable
3.	Inskills International Sdn Bhd	Non-Executive Director/ Shareholder	Dormant	50	Not applicable
4.	Thimi Resources Sdn Bhd (formerly known as Reservoir Link Resources Sdn Bhd) #	Director/ Shareholder	Trading of industrial products and contractor works. Non operational	10	Not applicable
5.	Thye Loy Enterprise Sdn Bhd	Shareholder	Licensed pawnbrokering	3.51	Not applicable
6.	Ho Clan Enterprise Bhd	Shareholder	Retail sale of automotive fuel in specialized store	1 share (immaterial)	Not applicable
7.	Linx Solutions Sdn Bhd	Director (Resigned as Director on 29.12.2017)	1. Computer software development 2. Consultancy services related to information technology	Not applicable	Not applicable

Note:

The change of name was effective on 28 August 2019.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

Ho Khee Jeem's involvement in the above businesses and/or corporations does not have any impact on his duties in our Group as the companies are either investment holding company, not in operations or dormant.

In addition, Ho Khee Jeem's involvements in Thye Loy Enterprise Sdn Bhd and Ho Clan Enterprise Bhd is as a minority shareholder and he is not involved in the management and day-to-day operations of the said companies.

As such, he spends his time fully in the operations and affairs of our Group and thus, does not affects his performance in our Group.

(e) Anwarudin Bin Saidu Mohamed

No.	Company	Position	Principal Activities	Business	Equity Interest Held (%)	
					Direct	Indirect
1.	ABF Catalyst Sdn Bhd	Non-Executive Director/ Shareholder	Manufacture of chemical products# (Non-operational)		33	Not applicable

Note:

The intended business of the company is trading of industrial catalyst products which is non-competitive with the business of the Group.

Anwarudin Bin Saidu Mohamed's involvement in the above business and/or corporation does not have any impact on his duties in our Group as the company is not in operation.

As such, he spends his time fully in the operations and affairs of our Group.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

8.5 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT

None of our Promoters, Directors and key management is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) in the last ten (10) years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a director or member key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last ten (10) years, charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last ten (10) years, any judgment was entered against him, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last ten (10) years, he was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) being the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) being the subject of any current investigation or disciplinary proceeding, or in the last ten (10) years has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; or
- (viii) has an unsatisfied judgment against him.

8.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there is no other family relationship and/or association between any of our Directors, Promoters, substantial shareholders and/or key management as at the LPD:

- (i) Datuk Tai Hee, who is our Non-Independent Non-Executive Chairman is the brother of Dato' James Tai Cheong @ Tai Chiong and uncle of David Tai Wei;
- (ii) Puan Sri Datin Sri Ling Lah Kiong is the mother of Datuk Tai Hee and Dato' James Tai Cheong @ Tai Chiong, and grandmother of David Tai Wei; and
- (iii) Dato' James Tai Cheong @ Tai Chiong is the uncle of David Tai Wei.

8.7 SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements entered into or to be entered into by our Directors or any member of our key management with our Group.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT *(Cont'd)*

8.8 SUCCESSION PLAN

Our future success also depends on our ability to attract and retain skilled personnel. Our strategies to retain our key management and attract new personnel include, amongst others, succession planning and promotion opportunities, attractive remuneration packages and training activities.

Our succession plan consists of:

- (i) selection and recruitment: identifying key competencies and requirements for managerial and key senior positions for succession planning; and identifying potential successor's readiness to facilitate skills transfer so as to ensure smooth running and continuity of the operations of our Group;
- (ii) attractive remuneration packages and employee benefits;
- (iii) career planning and development: our senior management trains the lower and middle management staff to gradually assume more responsibilities; and
- (iv) continuous training and education: our middle management actively participate in discussions and decision-making in various operations of our Group. Such active participation will ensure better understanding of our operations and enable the personnel to equip themselves with the necessary knowledge and skills to succeed in senior management roles.

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9. APPROVALS AND CONDITIONS**9.1 APPROVALS AND CONDITIONS****9.1.1 Bursa Securities**

Bursa Securities had, vide its letter dated 2 December 2019, approved:

- (i) the admission of our Company to the Official List of the ACE Market of Bursa Securities; and
- (ii) the listing of and quotation for our entire enlarged share capital on the ACE Market of Bursa Securities.

The approval from Bursa Securities is subject to the following conditions:

Conditions Imposed by Bursa Securities	Status of Compliance
1. Submission of the following information with respect to the moratorium on the shareholdings of the promoter to Bursa Depository: <ol style="list-style-type: none"> (a) Name of shareholders; (b) Number of Shares; and (c) Date of expiry of the moratorium for each block of Shares; 	To be complied prior to the Listing
2. Approvals from other relevant authorities have been obtained from implementation of the Listing proposal;	Complied
3. Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements;	To be complied prior to the Listing
4. Furnish Bursa Securities a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued share capital of Reservoir Link on the first day of listing;	To be complied upon Listing
5. Any director of the Company who has not attended the Mandatory Accreditation Programme must do so prior to listing of the Company;	Complied
6. In relation to the public offering to be undertaken by Reservoir Link, please announce at least two (2) market days prior to the listing date, the result of the offering including the following: <ol style="list-style-type: none"> (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/ allocation; (iii) A table showing the distribution for placement tranche, as per the format attached in Appendix I of the approval letter of Bursa Securities; (iv) Disclosure of placees who become substantial shareholders of Reservoir Link arising from the public offering, if any. Kenanga IB to ensure that the overall distribution of the Company's securities is properly carried out to mitigate any disorderly trading in the secondary market; and	To be complied prior to Listing
7. Reservoir Link/ Kenanga IB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Reservoir Link to the Official List of the ACE Market.	To be complied upon Listing

9. APPROVALS AND CONDITIONS (Cont'd)

Further to the above, Bursa Securities had vide its letter dated 10 June 2020 approved the application for extension of time of six (6) months up to 1 December 2020 for our Company to complete the Listing. There were no changes made to the conditions imposed by Bursa Securities in the abovementioned letter.

9.1.2 SC

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 11 February 2020, approved the resultant equity structure under the equity requirement for public listed companies pursuant to our Listing subject to the following condition:

Conditions Imposed By SC	Status of Compliance
Reservoir Link allocating Shares equivalent to at least 12.50% of its enlarged issued share capital at the point of Listing to Bumiputera investors. This includes the Shares offered under the balloted public offer portion, of which at least 50% are to be offered to Bumiputera public investors.	To be complied upon Listing

The effects of the Listing on the equity structure of our Company are as follows:

Category of Shareholders	As at 31 May 2019		After Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera				
Dato' Wan Hassan Bin Mohd Jamil	100	50.00	14,748,605	5.18
Mad Haimi bin Abu Hassan	-	-	4,816,335	1.69
RL Holdings	-	-	105,000,000	36.84
Others	-	-	⁽¹⁾ 35,625,000	12.50
Total Bumiputera	100	50.00	160,189,940	56.20
Non-Bumiputera	100	50.00	124,810,060	43.80
Malaysians	200	100.00	285,000,000	100.00
Foreigners	-	-	-	-
Total	200	100.00	285,000,000	100.00

Note:

- (1) Based on the assumption that the Shares allocated to Bumiputera investors shall be fully subscribed as follow:

Category	No. of Shares
Public Issue:	
- Bumiputera public investors via balloting	7,125,000
Offer for Sale:	
- Private placement to Bumiputera investors approved by MITI	28,500,000
Total	35,625,000

9. APPROVALS AND CONDITIONS (Cont'd)

9.1.3 MITI

MITI had, vide its letter dated 26 November 2019:

- (i) agreed to take note and has no objection to our Listing;
- (ii) taken note that 28,500,000 Shares are special shares that are subject to the MITI's approval and our Listing complies with the 12.50% Bumiputera public spread comprising 35,625,000 Shares (12.50% of our enlarged share capital); and
- (iii) recognised the existing shareholders of Reservoir Link, namely Dato' Wan Hassan Bin Mohd Jamil and Mad Haimi Bin Abu Hassan as Bumiputera shareholders with shareholdings of 124,564,940 Shares (43.71% of our enlarged share capital).

9.2 MORATORIUM ON OUR SHARES

In compliance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Promoters for a period of six (6) months from the date of our admission to the Official List ("**Moratorium Period**"), as follows:

- (a) the moratorium applies to the Promoters' entire shareholdings for a period of six (6) months from the date of admission to the ACE Market of Bursa Securities ("**First 6-Month Moratorium**");
- (b) upon the expiry of the First 6-Month Moratorium, the Promoters' aggregate shareholdings amounting to at least 45.0% of our enlarged issued ordinary share capital remain under moratorium for a further period of six (6) months ("**Second 6-Month Moratorium**"); and
- (c) Upon the expiry of the Second 6-Month Moratorium, the Promoters' may sell, transfer or assign up to a maximum of one third (1/3) per annum (on a straight line basis) of the Shares held under moratorium.

Our Promoters have provided written undertakings that they will not sell, transfer or assign any part of their interest in the Shares during the moratorium period.

The shareholders of RL Holdings, namely Dato' Wan Hassan Bin Mohd Jamil, Mad Haimi Bin Abu Hassan and Thien Chiet Chai, have furnished a letter of undertaking to Bursa Securities that they will not sell, transfer or assign any part of their shareholdings in RL Holdings during the moratorium period.

The moratorium shall be imposed according to the following:

Name of Shareholder	Moratorium Shares During the First 6-Month Moratorium		Moratorium Shares During the Second 6-Month Moratorium	
	No. of Shares	% of Enlarged Issued Share Capital#	No. of Shares	% of Enlarged Issued Share Capital#
RL Holdings	105,000,000	36.84	105,000,000	36.84
Dato' Wan Hassan Bin Mohd Jamil	14,748,605	5.18	5,944,000	2.09
Mad Haimi Bin Abu Hassan	4,816,335	1.69	1,941,000	0.68
Thien Chiet Chai	38,127,835	13.38	15,365,000	5.39
Total	162,692,775	57.09	128,250,000	45.00

Note:

Based on the enlarged issued share capital of 285,000,000 Shares after the Public Issue.

10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

10.1.1 Under the Listing Requirements, a “**related party transaction**” is a transaction entered into by a listed issuer or its subsidiaries that involves the interest, direct or indirect, of a related party. A “**related party**” of a listed issuer (not being a special purpose acquisition company) is:

- (a) a director, having the meaning given in subsection 2(1) of the CMAA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or
- (b) a major shareholder and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiaries or holding company and has or had an interest or interests in one (1) or more voting shares in a corporation and the nominal amount of that share on the aggregate of the nominal amounts of those shares is:
 - (aa) 10.0% or more of the aggregate of the nominal amounts of all the voting shares in the corporation;
 - (bb) 5.0% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (c) a person connected with such director or major shareholder.

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10. RELATED PARTY TRANSACTIONS (Cont'd)

10.1.2 Our Group's Related Party Transactions

Save as disclosed below, our Group has not entered into nor proposes to enter into any related party transactions for the FYE 2016 to FYE 2019 and the subsequent financial period immediately preceding the LPD:

No.	Transacting Parties	Interested Promoter/ Substantial Shareholder/ Director	Interest in Our Group	Nature of Interest in Related Party	Nature of Transaction	Transaction Value (RM'000)				
						FYE 2016	FYE 2017	FYE 2018	FYE 2019	LPD
1.	WHHT Holdings Sdn Bhd and RLSB	Dato' Hassan Mohd Jamil Thien Chai Mad Haimi Bin Abu Hassan Ho Khee Jeem	Promoter, substantial shareholder and Director Promoter, substantial shareholder and Director Promoter, substantial shareholder and key management Key management	Director and substantial shareholder Director and substantial shareholder Director and substantial shareholder Director and substantial shareholder	Rental expenses to our Group relating to the renting of an office located at D-2-13A, Miri Times Square, Marina Parkcity, 98000 Miri, Sarawak from WHHT Holdings Sdn Bhd (landlord) to RLSB (tenant). Please refer to Section 14.6 (iv) of this Prospectus for further details.	-	-	6	36	15
								Represents 0.10% of our Group's administrative expenses for the FYE 2018	Represents 0.39% of our Group's administrative expenses for the FYE 2019	Represents 0.39% (Note #) of our Group's administrative expenses for the FYE 2019

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Interested Promoter/ Substantial Shareholder/ Director	Interest in Our Group	Nature of Interest in Related Party	Nature of Transaction	Transaction Value (RM'000)					
						FYE 2016	FYE 2017	FYE 2018	FYE 2019	LPD	
2.	WHHT Holdings Sdn Bhd and RLSB	Dato' Hassan Mohd Jamil Thien Chai	Promoter, substantial shareholder and Director Promoter, substantial shareholder and Director	Director and substantial shareholder Director and substantial shareholder	Rental expenses to our Group relating to the renting of an apartment as staff accommodation located at C-1-01, Miri Times Square, Marina Parkcity, 98000 Miri, Sarawak from WHHT Holdings Sdn Bhd (landlord) to RLSB (tenant). Please refer to Section 14.6 (v) of this Prospectus for further details.	-	-	4	24	10	Represents 0.07% of our Group's administrative expenses for the FYE 2018 Represents 0.26% of our Group's administrative expenses for the FYE 2019 Represents 0.26% (Note #) of our Group's administrative expenses for the FYE 2019
3.	RLSB, Anwarudin Bin Saidu Mohamed and RL Solutions	Anwarudin Bin Saidu Mohamed	Key management, Director and substantial shareholder of RL Solutions	Director and substantial shareholder	Shareholders' Agreement entered into between RLSB, Anwarudin Bin Saidu Mohamed and RL Solutions in relation to their respective shareholdings and for the purpose of regulating their relationship with each other and certain aspects of the affairs and their dealings with and in RL Solutions. Please refer to Section 14.6 (vi) of this Prospectus for further details.	-	-	-	-	-	Not applicable

10. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting Parties	Interested Promoter/Substantial Shareholder/Director	Interest in Our Group	Nature of Interest in Related Party	Nature of Transaction	Transaction Value (RM'000)				LPD
						FYE 2016	FYE 2017	FYE 2018	FYE 2019	
4.	RL Solutions and Anwarudin Bin Saidu Mohamed	Anwarudin Bin Saidu Mohamed	Key management, Director and substantial shareholder of RL Solutions	Director and substantial shareholder	Deed of Assignment entered into between RL Solutions and Anwarudin Bin Saidu Mohamed in relation to the trademarks as set out in Section 6.19 of this Prospectus. Please refer to Sections 6.19 and 14.6 (x) of this Prospectus for further details.	-	-	-	12	Not applicable
5.	RLSB and Vendors of RLSB	Dato' Hassan Mohd Jamil Mad Haimi Bin Abu Hassan Thien Chai Pansar	Promoter, substantial shareholder and Director Promoter, substantial shareholder and key management Promoter, substantial shareholder and Director Substantial shareholder	Director and substantial shareholder Director and substantial shareholder Director and substantial shareholder Substantial shareholder	Acquisition of RLSB. Please refer to Sections 5.5.1 (b) (iv) and 14.6 (xiv) of this Prospectus for further details.	-	-	-	-	22,787 Represents 28.38% (Note #) of the Group's total assets as at 31 December 2019

Note:

Based on the latest available audited financial statements for the FYE 2019 and prorated to five (5) months.

Our Directors confirm that all the related party transactions outlined above between the Group and the Directors and/or substantial shareholders of the Company and/or persons connected to them were transacted on an arm's length basis and on normal commercial terms which are not unfavourable to our Group and are not detrimental to our minority shareholders.

10. RELATED PARTY TRANSACTIONS *(Cont'd)*

10.2 TRANSACTIONS ENTERED INTO THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

Our Directors have confirmed there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we or any of our subsidiaries was a party in respect of the past four (4) FYE 2016 to FYE 2019 and the subsequent financial period up to the LPD.

10.3 LOANS AND FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF RELATED PARTIES

Our Directors have confirmed that there are no outstanding loans (including guarantees of any kind) made by us or any of our subsidiaries to or for the benefit of our related parties in respect of the past four (4) FYE 2016 to FYE 2019 and the subsequent financial period up to the LPD.

However, our Promoters and substantial shareholders, namely Dato' Wan Hassan Bin Mohd Jamil (Chief Executive Officer/ Managing Director), Mad Haimi Bin Abu Hassan (Operations Director) and Thien Chiet Chai (Non-Independent Executive Director) who are the Directors of RLSB have given joint and several guarantees for the banking facilities granted by the banks/ financial institutions to RLSB. Nevertheless, the banks/ financial institutions had agreed to waive the joint and several guarantees by our Promoters and substantial shareholders and to be replaced by corporate guarantee from Reservoir Link upon successful Listing of Reservoir Link.

10.4 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

Upon Listing, our Board, through our Audit Committee, will ensure that any related party transactions (inclusive of recurrent related party transactions) are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to third parties dealing at arm's length and are not to the detriment of our Group.

Our Audit Committee will supervise the terms of related party transactions and our Directors will report related party transactions, if any, annually in our Company's annual report. In the event there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Director(s) shall disclose his interest to our Board, of the details of the nature and extent of his interest, including all matters in relation to the proposed related-party transactions that he is aware or should reasonably be aware of, which is not in our best interests. The interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related-party transactions.

In the event there are any proposed related party transactions that require the prior approval of shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transactions, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Such interested Directors and/or major shareholders will also undertake that he shall ensure that the persons connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

11. CONFLICT OF INTEREST

11.1 INTERESTS IN SIMILAR BUSINESS OR CONFLICT OF INTEREST

As at the LPD, none of our Directors and/or substantial shareholder have any interest, direct or indirect in any businesses or corporations that:

- (i) carry on a similar trade as that of our Group; or
- (ii) are customers or suppliers of our Group; and

their interests in other businesses and corporations as set out in Section 8.2.3 of this Prospectus would not give rise to a situation of conflict of interest with our Group.

11.2 MONITORING AND OVERSIGHT OF CONFLICT OF INTEREST

Upon Listing, our Board, our Audit Committee and Risk Management Committee will supervise any conflict of interest or potential conflict of interest situations and all Directors, substantial shareholders and key management will disclose such conflict of interest situations, if any, to our Audit Committee and Risk Management Committee for resolution as and when they arise.

In order to mitigate any possible conflict of interest situation, our Directors, substantial shareholders and key management will declare to our Board, our Audit Committee and Risk Management Committee of their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Audit Committee and Risk Management Committee will then evaluate if such involvement by our Directors, substantial shareholders and key management gives rise to a potential conflict of interest situation with our Group's business. When a determination has been made that there is a conflict of interest of a Directors, substantial shareholder and/or key management, our Audit Committee and Risk Management Committee will:

- (i) immediately inform our Board of the conflict of interest situation; and
- (ii) make recommendations to our Board to direct the conflicted Director, substantial shareholder and/or key management to:
 - (a) withdraw from all his/her executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director and/or substantial shareholder is an Executive Director). After his withdrawal, he/she will remain in the said executive position to perform his/her executive role in matters that will not give rise to conflict of interest situation; and
 - (b) abstain from all Board deliberation and involvements in matters where he/she has a conflict of interest situation. The conflicted Director shall also be abstain from any Board discussions relating to the recommendation of our Audit Committee and Risk Management Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director may however, be present at our meeting for the purposes of answering any questions. The conflicted Director shall also abstain from voting in respect of his/her direct/indirect shareholdings in our Company, if any, on the resolutions pertaining to the said transactions to be tabled at the general meeting to be convened.

11. CONFLICT OF INTEREST (Cont'd)

In circumstances where a Director is determined to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his fiduciary duties and responsibilities to our Group, our Nomination Committee may determine that a resignation of the conflicted Director from our Board is appropriate and necessary.

- (iii) to identify the persons connected to the conflicted Director, substantial shareholder and/or key management (if any) and review any business dealings with such persons to establish whether a conflict of interest situation arises. Thereafter, the conflicted Director, substantial shareholder and/or key management shall undertake to ensure that persons connected to him/her shall abstain from voting in respect of their direct/indirect shareholdings in our Company, if any, on the resolutions pertaining to the said transactions to be tabled at the general meeting to be convened. The Audit and Risk Management Committee shall also continue to monitor such business dealings to ensure that they are conducted on arms' length basis and based on terms that are fair to our Group.

In relation to (ii) above, the conflicted Director shall abstain from any Board discussion relating to the recommendation of our Audit Committee and Risk Management Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director, may however at the request of the Chairman of the Board, be present at the Board meeting for the purposes of answering any questions.

11.3 DECLARATIONS BY EXPERTS

11.3.1 Declaration by Kenanga IB

Kenanga IB confirms that there is no existing or potential conflict of interest in relation to its capacity as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent in respect of our IPO.

11.3.2 Declaration by Lee Choon Wan & Co.

Lee Choon Wan & Co. confirms that there is no existing or potential conflict of interest in its capacity as the Legal Adviser/ Solicitors in respect of our IPO.

11.3.3 Declaration by Crowe Malaysia PLT

Crowe Malaysia PLT confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants in respect of our IPO.

11.3.4 Declaration by Vital Factor

Vital Factor confirms that there is no existing or potential conflict of interest in its capacity as the Independent Business and Market Research Consultant in respect of our IPO.

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12. FINANCIAL INFORMATION

12.1 REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION, STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF CASH FLOWS



Date: 10 JUN 2020

The Board of Directors
Reservoir Link Energy Bhd
2nd Floor, Lot 144,
Jalan Petanak,
93100 Kuching, Sarawak

Crowe Malaysia PLT
(LLP0018817-LCA & AF 1018)
Chartered Accountants
2nd Floor, C378, Block C
icom Square, Jalan Pending
93450 Kuching, Sarawak
Malaysia
Tel +6 082 266988 / 082 552688
Fax +6 082 266987
Email info.kch2@crowe.my
www.crowe.my

Dear Sirs/Madam,

RESERVOIR LINK ENERGY BHD ("RESERVOIR LINK") REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION, PRO FORMA COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AND PRO FORMA COMBINED STATEMENTS OF CASH FLOWS

We have completed our assurance engagement to report on the compilation of Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows of Reservoir Link and its subsidiaries (hereinafter referred to as "the Group") as at 31 December 2019 and the related notes (as set out in the Pro Forma Combined Financial Information which we have stamped for the purpose of identification) prepared by the Board of Directors for inclusion in the Prospectus in connection with the listing of and quotation for the entire issued share capital of Reservoir Link on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing").

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma financial information are set out in Notes 3 and 4 of the pro forma information and in accordance with the *Prospectus Guidelines* issued by the Securities Commission Malaysia.

The Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows have been compiled by the Board of Directors of Reservoir Link to illustrate the effects of the events or transactions set out in Notes thereon to the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows had these been implemented and completed on 31 December 2019 on the Group's financial position and the Group's financial performance and cash flows for the financial year ended on that date.

As part of this process, information about the Group's financial position, financial performance and cash flows have been extracted by the Board of Directors of Reservoir Link from the Group's audited combined financial statements of the Group for the financial position as at 31 December 2019 and the Group's financial performance and cash flows for the financial year ended on that date.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Group is solely responsible for compiling the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows on the basis as set out in Notes thereon to the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows and in accordance with the requirements of the *Prospectus Guidelines*.

Crowe Malaysia PLT (LLP0018817-LCA & AF 1018) was registered on 2 January 2019 and with effect from that date, Crowe Malaysia (AF 1018) which was formerly known as Crowe Horwath (AF 1018), a conventional partnership was converted to a limited liability partnership. Page 1 of 20

Crowe Malaysia PLT is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Crowe Malaysia PLT and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Crowe Malaysia PLT.
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12. FINANCIAL INFORMATION (Cont'd)



REPORTING ACCOUNTANT'S INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standard Board for Accountants, which is founded on fundamentals principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The Firm applies International Standard on Quality Control 1 (ISQC 1), Quality Control for Firms that Performs Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows have been compiled, in all material respects, by the Board of Directors on the basis as set out in Notes thereon of the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. The standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of Reservoir Link has compiled, in all material respects, the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows on the basis set out in Notes thereon to the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial position used in compiling the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows.

The purpose of Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows included in the Prospectus are solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

12. FINANCIAL INFORMATION (Cont'd)



REPORTING ACCOUNTANT'S RESPONSIBILITY (CONT'D)

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows have been compiled, in all material respects, on the basis as set out in Notes thereon of the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows and in accordance with the requirements of the Prospectus Guidelines involves performing procedures to assess whether the applicable criteria on the basis used by the Board of Directors in the compilation of the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows of the Group have been compiled, in all material respects, on the basis as set out in Notes thereon of the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows and in accordance with the requirements of the Prospectus Guidelines.


12. FINANCIAL INFORMATION (Cont'd)




OTHER MATTERS

Our reports on the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows have been prepared for inclusion in the Prospectus in connection with the Listing. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully



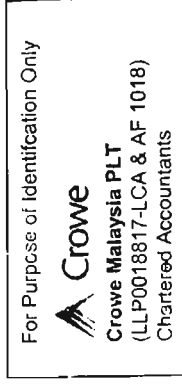
Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants



Hudson Chua Jain
02538/05/2022 J
Chartered Accountant

Kuching

12. FINANCIAL INFORMATION (Cont'd)

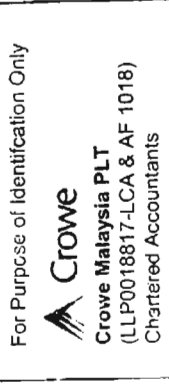


RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Audited as at 31 December 2019 RM	Internal Restructuring RM		Public Issue and Offer for Sale RM		Pro Forma II After Pro Forma I and Public Issue RM		Pro Forma III After Pro Forma II and Utilisation of Proceeds RM	
		Internal Restructuring RM	After Internal Restructuring RM	Public Issue and Offer for Sale RM	After Pro Forma I and Public Issue RM	Utilisation of Proceeds RM	After Pro Forma III Utilisation of Proceeds RM		
ASSETS									
NON-CURRENT ASSETS									
Property, plant and equipment	-	19,266,548	19,266,548			19,266,548		29,266,548	
Investment properties	-	6,310,560	6,310,560			6,310,560		6,310,560	
Other receivables	-	171,791	171,791			171,791		171,791	
Deferred tax asset	-	5,328,816	5,328,816			5,328,816		5,328,816	
			31,077,715			31,077,715		41,077,715	
CURRENT ASSETS									
Inventories	-	11,280,138	11,280,138			11,280,138		11,280,138	
Trade receivables	-	20,376,023	20,376,023			20,376,023		20,376,023	
Other receivables, deposits and prepayments	683,728	5,751,813	6,435,541			6,435,541		6,435,541	
Short-term investments	-	3,679,688	3,679,688			3,679,688		3,679,688	
Fixed deposits with licensed banks	-	3,582,010	3,582,010			3,582,010		3,582,010	
Cash and bank balances	100	2,388,297	2,388,397	23,421,660		25,810,057	(18,500,000)	7,310,057	
	683,828		47,741,797			71,163,457		52,663,457	
TOTAL ASSETS	683,828		78,819,512			102,241,172		93,741,172	

12. FINANCIAL INFORMATION (Cont'd)



RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONT'D)

	Audited as at 31 December 2019	Internal Restructuring		After Internal Restructuring		Public Issue and Offer for Sale		Pro Forma II After Pro Forma I and Public Issue		Pro Forma III After Pro Forma II and Utilisation of Proceeds	
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES											
EQUITY											
Share capital	100	22,787,300	22,787,400	23,421,660	46,209,060	(1,147,736)	45,061,324				
Foreign exchange translation reserve	-	887,069	887,069		887,069		887,069				
Merger Deficit (Accumulated losses)/	-	(15,779,300)	(15,779,300)		(15,779,300)		(15,779,300)				
Retained profits	(997,779)	23,953,497	22,955,718		22,955,718		20,603,454				
Non- controlling interests	-	(77,924)	(77,924)		(77,924)		(77,924)				
TOTAL EQUITY	(997,679)		30,772,963		54,194,623		50,694,623				
NON-CURRENT LIABILITIES											
Bank borrowings	-	9,693,072	9,693,072		9,693,072		4,693,072				
Deferred tax liabilities	-	255,756	255,756		255,756		255,756				
	-		9,948,828		9,948,828		4,948,828				

Registration No.: 201401044508 (1120690-K)

12. FINANCIAL INFORMATION (Cont'd)

RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONT'D)



	Audited as at 31 December 2019 RM	Pro Forma I		Pro Forma II		Pro Forma III	
		Internal Restructuring RM	After Internal Restructuring RM	Public Issue and Offer for Sale RM	After Pro Forma I and Public Issue RM	Utilisation of Proceeds RM	After Pro Forma II and Utilisation of Proceeds RM
CURRENT LIABILITIES							
Bank borrowings	-	1,822,482	1,822,482		1,822,482		1,822,482
Amount owing to directors	-	54,976	54,976		54,976		54,976
Amount owing to related parties	1,483,213	(1,483,213)	-		-		-
Trade payables	-	9,404,291	9,404,291		9,404,291		9,404,291
Other payables and accruals	198,294	21,814,155	22,012,449		22,012,449		22,012,449
Provision for taxation	-	4,803,523	4,803,523		4,803,523		4,803,523
TOTAL LIABILITIES	1,681,507		38,097,721		38,097,721		38,097,721
TOTAL EQUITY AND LIABILITIES	683,828		78,819,512		102,241,172		93,741,172

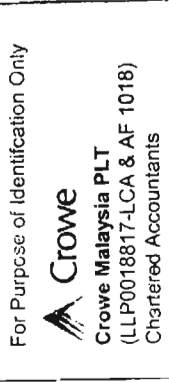
Number of ordinary shares in issue 200
 NA (RM) (997,679)
 NA per share (RM) (4,988.40)

227,874,000
 30,772,963
 0.14

285,000,000
 54,194,623
 0.19

285,000,000
 50,694,623
 0.18

12. FINANCIAL INFORMATION (Cont'd)

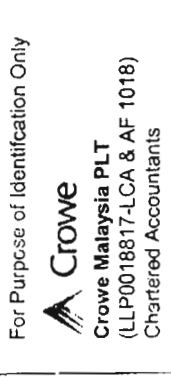


RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Audited Year ended 31 December 2019	Internal Restructuring		Pro Forma I After Internal Restructuring		Public Issue and Offer for Sale		Pro Forma II After Pro Forma I and Public Issue		Pro Forma III After Pro Forma II and Utilisation of Proceeds	
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue	-	80,031,020	80,031,020	80,031,020				80,031,020		80,031,020	
Cost of sales	-	(59,356,500)	(59,356,500)	(59,356,500)				(59,356,500)		(59,356,500)	
Gross profit	-		20,674,520	20,674,520				20,674,520		20,674,520	
Other income	-	359,706	359,706	359,706				359,706		359,706	
Administrative expenses	(977,944)	(8,168,383)	(9,146,327)	(9,146,327)				(9,146,327)	(2,352,264)	(11,498,591)	
(Loss)/Profit from operation	(977,944)	(604,836)	11,887,899	11,887,899				11,887,899		9,535,635	
Finance costs	-		(604,836)	(604,836)				(604,836)		(604,836)	
(Loss)/Profit before taxation	(977,944)	(1,569,997)	11,283,063	11,283,063				11,283,063		8,930,799	
Income tax expense	-		(1,569,997)	(1,569,997)				(1,569,997)		(1,569,997)	
(Loss)/Profit after taxation for the financial year	(977,944)		9,713,066	9,713,066				9,713,066		7,360,802	
Items that may be reclassified subsequently to profit or loss	-	(723)	(723)	(723)				(723)		(723)	
Foreign exchange translation difference	-										
Total comprehensive (expense)/ income for the financial year	(977,944)		9,712,343	9,712,343				9,712,343		7,360,079	

12. FINANCIAL INFORMATION (Cont'd)



RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Audited Year ended 31 December 2019	Internal Restructuring		Pro Forma I After Internal Restructuring		Public Issue and Offer for Sale	Pro Forma II After Pro Forma I and Public Issue		Pro Forma III After Pro Forma II and Utilisation of Proceeds	
		RM	RM	RM	RM		RM	RM	RM	RM
(Loss)/Profit after taxation attributable to:-										
Owners of the Company	(977,944)		9,678,202	9,678,202			9,678,202		7,325,938	
Non-controlling Interests	-		34,864	34,864			34,864		34,864	
	(977,944)		9,713,066	9,713,066			9,713,066		7,360,802	
Total comprehensive (expense)/ income attributable to:-										
Owners of the Company	(977,944)		9,677,479	9,677,479			9,677,479		7,325,215	
Non-controlling Interests	-		34,864	34,864			34,864		34,864	
	(977,944)		9,712,343	9,712,343			9,712,343		7,360,079	

(Loss)/Earnings per share (RM) (4,889.72)
Number of ordinary shares in issue 200

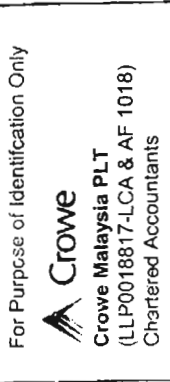
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12. FINANCIAL INFORMATION (Cont'd)

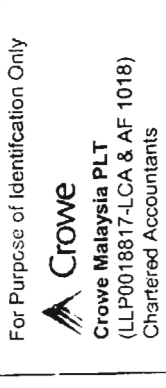
RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019



	Audited Year ended 31 December 2019	Internal Restructuring		Pro Forma I After Internal Restructuring		Public Issue and Offer for Sale	Pro Forma II After Pro Forma I and Public Issue		Utilisation of Proceeds		Pro Forma III After Pro Forma II and Utilisation of Proceeds	
		RM	RM	RM	RM		RM	RM	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES												
(Loss)/Profit before taxation	(977,944)	12,261,007	11,283,063				11,283,063		(2,352,264)		8,930,799	
Adjustments for:-												
Allowances for impairment losses on receivables	-	10,100	10,100				10,100				10,100	
Bad debts written off	-	31,620	31,620				31,620				31,620	
Depreciation of property, plant and equipment	-	1,510,618	1,510,618				1,510,618				1,510,618	
Depreciation of investment properties	-	23,441	23,441				23,441				23,441	
Depreciation of right-of-use assets	-	49,711	49,711				49,711				49,711	
Interest expenses	-	604,836	604,836				604,836				604,836	
Property, plant and equipment written off	-	119,556	119,556				119,556				119,556	
Loss on unrealised gain on foreign exchange	-	87,816	87,816				87,816				87,816	
Gain on unrealised gain on foreign exchange	-	(222)	(222)				(222)				(222)	
Gain on disposal of property, plant and equipment	-	(64,098)	(64,098)				(64,098)				(64,098)	
Interest income	-	(100,560)	(100,560)				(100,560)				(100,560)	
Operating (loss)/profit before working capital changes	(977,944)		13,555,881				13,555,881				11,203,617	
Increase in inventories	-	(5,899,543)	(5,899,543)				(5,899,543)				(5,899,543)	
Increase in trade and other receivables	(683,728)	(12,087,886)	(12,771,614)				(12,771,614)				(12,771,614)	
Increase in trade and other payables	196,293	21,874,578	22,070,871				22,070,871				22,070,871	
Decrease in amount owing by related parties	1,465,379	(1,420,345)	(437,524)				45,034				45,034	
Decrease in amount owing to directors	-	(437,524)	(437,524)				(437,524)				(437,524)	
CASH FROM OPERATIONS BROUGHT FORWARD	-		16,563,105				16,563,105				14,210,841	

12. FINANCIAL INFORMATION (Cont'd)

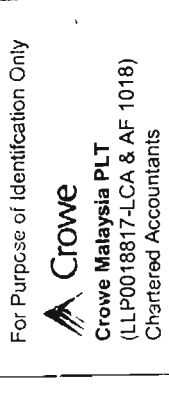


RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Audited Year ended 31 December 2019	Pro Forma I		Public Issue and Offer for Sale	Pro Forma II		Pro Forma III	
		Internal Restructuring	After Internal Restructuring		After Pro Forma I and Public Issue	Utilisation of Proceeds	After Pro Forma II and Utilisation of Proceeds	RM
CASH FROM OPERATIONS CARRIED FORWARD								
Interest paid	-	(604,836)	16,563,105 (604,836)		16,563,105 (604,836)		14,210,841 (604,836)	
Tax paid	-	(2,420,414)	(2,420,414)		(2,420,414)		(2,420,414)	
NET CASH FROM OPERATING ACTIVITIES	-		13,537,855		13,537,855		11,185,591	
CASH FLOWS FOR INVESTING ACTIVITIES								
Interest income received	-	100,560	100,560		100,560		100,560	
Purchase of property, plant and equipment	-	(17,103,236)	(17,103,236)		(17,103,236)		(27,103,236)	
Proceeds from disposal of property, plant and equipment	-	74,103	74,103		74,103		74,103	
Purchase of short-term investments	-	(3,679,688)	(3,679,688)		(3,679,688)		(3,679,688)	
Proceeds from disposal of an associate	-	3,060,151	3,060,151		3,060,151		3,060,151	
Increase in pledged fixed deposits with licensed banks	-	(694,512)	(694,512)		(694,512)		(694,512)	
NET CASH FOR INVESTING ACTIVITIES	-		(18,242,622)		(18,242,622)		(28,242,622)	
							(10,000,000)	

12. FINANCIAL INFORMATION (Cont'd)



RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES

PRO FORMA COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Audited Year ended 31 December 2019	Internal restructuring		Pro Forma I After Internal Restructuring		Public Issue and Offer for Sale		Pro Forma II After Pro Forma I and Public Issue		Utilisation of Proceeds		Pro Forma III After Pro Forma II and Utilisation of Proceeds	
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES													
Drawdown of term loans	-	8,435,495	8,435,495	-	-	23,421,660	23,421,660	8,435,495	8,435,495	(1,147,736)	(1,147,736)	22,273,924	22,273,924
Proceeds from issuance of shares	-	-	-	(24,475)	(24,475)	-	-	23,421,660	23,421,660	(24,475)	(24,475)	22,273,924	22,273,924
Repayment of credit cards facility	-	(24,475)	(24,475)	(279,000)	(279,000)	-	-	(24,475)	(24,475)	(279,000)	(279,000)	(279,000)	(279,000)
Repayment of banker acceptance	-	(279,000)	(279,000)	(151,309)	(151,309)	-	-	(279,000)	(279,000)	(151,309)	(151,309)	(151,309)	(151,309)
Repayment of lease liabilities	-	(151,309)	(151,309)	(1,491,135)	(1,491,135)	-	-	(151,309)	(151,309)	(1,491,135)	(1,491,135)	(1,491,135)	(1,491,135)
Repayment of term loans	-	(1,491,135)	(1,491,135)	(1,491,135)	(1,491,135)	-	-	(1,491,135)	(1,491,135)	(5,000,000)	(5,000,000)	(6,491,135)	(6,491,135)
NET CASH FROM FINANCING ACTIVITIES	-	6,489,576	6,489,576	-	-	29,911,236	29,911,236	23,763,500	23,763,500	-	-	6,706,469	6,706,469
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	1,784,809	1,784,809	(5,364)	(5,364)	608,952	608,952	608,952	608,952	(5,364)	(5,364)	608,952	608,952
EFFECT OF FOREIGN EXCHANGE TRANSLATION	-	(5,364)	(5,364)	-	-	-	-	-	-	-	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	100	608,852	608,852	608,952	608,952	608,952	608,952	608,952	608,952	608,952	608,952	608,952	608,952
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	100	2,388,397	2,388,397	2,388,397	2,388,397	2,388,397	2,388,397	2,388,397	2,388,397	2,388,397	2,388,397	2,388,397	2,388,397

12. FINANCIAL INFORMATION (Cont'd)

For Purpose of Identification Only

 **Crowe**
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(LLP0018817-LCA & AF 1018)
Chartered Accountants

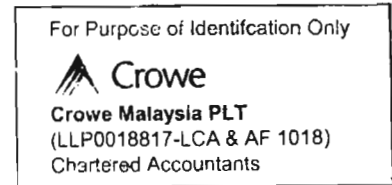
**RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA COMBINED FINANCIAL INFORMATION**

1. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

Amsito	:	Amsito Oilwell Services (Malaysia) Sdn Bhd [Company No. 197901004381 (48661-A)], a subsidiary of Reservoir Link
Bursa Securities	:	Bursa Malaysia Securities Berhad [Company No. 200301033577 (635998-W)]
Director(s)	:	Director(s) of the Company and shall have the meaning given in Section 2 of the CMSA
FYE	:	Financial year ended/ ending, as the case may be
Reservoir Link or Company	:	Reservoir Link Energy Bhd [Company No. 201401044508 (1120690-K)]
Share(s)	:	Ordinary Share(s) in Reservoir Link
IPO	:	Initial public offering comprising the Public Issue and Offer for Sale collectively
IPO Price	:	RM0.41 per IPO Share, being the price payable by investors under the Public Issue and Offer for Sale
IPO Share(s)	:	The Public Issue Shares and Offer Shares collectively
Listing	:	Listing of and quotation for the entire enlarged share capital on the ACE Market of Bursa Securities
Malaysian Public	:	Malaysian Citizens and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
NA	:	Net assets
Public Issue	:	Public issue of 14,250,000 Public Issue Shares for application by the Malaysian Public via balloting, 4,000,000 Public Issue Shares for application by Eligible Parties and 38,876,000 Public Issue Shares for application by selected investors via private placement, at the IPO Price, subject to the terms and conditions of this Prospectus
RM and sen	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
Reservoir Link Group or the Group	:	Reservoir Link and its subsidiaries, collectively

12. FINANCIAL INFORMATION (Cont'd)



**RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA COMBINED FINANCIAL INFORMATION**

1. ABBREVIATION (CONT'D)

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:- (Cont'd)

RL Labuan	:	Reservoir Link (Labuan) Ltd (Company No. LL09465), a wholly-owned subsidiary of Reservoir Link
RL Solutions	:	Reservoir Link Solutions Sdn Bhd [Company No. 201501039603 (1164921-V)], a 60% owned subsidiary of Reservoir Link
RLSB	:	Reservoir Link Sdn Bhd [Company No. 200801030636 (831967-H)], a wholly-owned subsidiary of Reservoir Link

2. INTRODUCTION

The Pro Forma Combined Financial Information consists of the Pro Forma Combined Statements of Financial Position as at 31 December 2019 and the Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows of the Group for the financial year ended 31 December 2019 together with the notes thereon, for which the Board of Directors are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the initial public offering of ordinary shares in the Company and the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

The Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows together with the notes thereon have been prepared based on the assumption that the transactions as set out in Note 3 were effected on 31 December 2019.

In addition, the Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows together with the notes thereon have been prepared based on the assumption that the transactions as set out in Note 3 and Note 4 were effected on 31 December 2019 and as such, there is no disclosure of discontinued operation.

12. FINANCIAL INFORMATION (Cont'd)

For Purpose of Identification Only

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**RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA COMBINED FINANCIAL INFORMATION**

3. PRO FORMA GROUP AND BASIS OF PREPARATION

3.1 Basis of Preparation

The Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows of the Group have been prepared based on the audited combined financial statements of the Group as at 31 December 2019 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of the audited financial statements and accounting policies of the Group.

The Pro Forma Combined Statements of Financial Position, Pro Forma Combined Statements of Profit or Loss and Other Comprehensive Income and Pro Forma Combined Statements of Cash Flows had been prepared solely for illustrative purposes only to show the effects of the transactions as disclosed in Note 4 on the audited combined Financial Statements of the Group as at 31 December 2019 has the transactions been effected on 31 December 2019, and should be read in conjunction with the notes in this Section. Such information, because of its hypothetical nature, does not give a true picture of the actual effects of the transactions or event on the financial information presented had the transaction or event occurred on 31 December 2019. Further, such information does not purport to predict the Group's future financial position, financial performance and cash flows

3.2 The Listing Scheme

In conjunction with, and as an integral part of the Listing, comprising the following:-

3.2.1 Pre-IPO Exercise ("Internal Restructuring Exercise")

(a) Subdivision

The Company undertook a subdivision of one (1) existing ordinary share each in Reservoir Link into five (5) new ordinary shares.

The Subdivision resulted in the ordinary shares of Reservoir Link to increase from 200 ordinary shares to 1,000 Shares. The issued share capital of the Company remains at RM100.

(b) Acquisitions

(i) Acquisition of Amsito

Reservoir Link had entered into a conditional sale and purchase agreement dated 26th June 2019 with RLSB to acquire 100.0% of the issued share capital of Amsito comprising 1,000,000 ordinary shares and 5,000,000 Cumulative Redeemable Non-Convertible Preference Share for a cash consideration of RM2. The purchase consideration of Amsito was based on the audited net tangible loss of Amsito as at 31 December 2018 of RM1,462,709 and was satisfied via internally generated funds.

12. **FINANCIAL INFORMATION** (Cont'd)

For Purpose of Identification Only



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**RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA COMBINED FINANCIAL INFORMATION**

3. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

3.2 The Listing Scheme (Cont'd)

In conjunction with, and as an integral part of the Listing, comprising the following:-
(Cont'd)

3.2.1 Pre-IPO Exercise ("Internal Restructuring Exercise") (Cont'd)

(b) Acquisitions (Cont'd)

(ii) Acquisition of RL Labuan

Reservoir Link had entered into a conditional sale and purchase agreement dated 26th June 2019 with RLSB to acquire 100.0% of the issued share capital of RL Labuan comprising 100 ordinary shares for a cash consideration of RM109,000. The purchase consideration of RL Labuan was based on the audited net tangible asset of RL Labuan as at 31 December 2018 of USD26,151 (equivalent to approximately RM108,226 based on the exchange rate of USD1=RM4.135 as at 31 December 2018) and was satisfied via internally generated funds.

(iii) Acquisition of 60% of RL Solutions

Reservoir Link had entered into a conditional sale and purchase agreement dated 26th June 2019 with RLSB to acquire 60.0% of the issued share capital of RL Solutions comprising 60,000 ordinary shares for a cash consideration of RM2. The purchase consideration of RL Solutions was based on the audited net tangible loss of RL Solutions as at 31 December 2018 of RM281,971 and was satisfied via internally generated funds.

(iv) Acquisition of RLSB

Reservoir Link had entered into a conditional sale and purchase agreement dated 26th June 2019 with the Vendors of RLSB to acquire the entire issued share capital of RLSB comprising 888,888 ordinary shares for a purchase consideration of RM22,787,300, satisfied wholly by the issuance of 227,873,000 new ordinary shares. The purchase consideration of RLSB was based on the adjusted audited net tangible assets of RLSB as at 31 December 2018 of RM22,787,392, after adjusting for the gain on disposal of an associate company, namely Amsito Worldwide (BVI) Ltd.

12. **FINANCIAL INFORMATION** (Cont'd)

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**RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA COMBINED FINANCIAL INFORMATION**

3. PRO FORMA GROUP AND BASIS OF PREPARATION (CONT'D)

3.2 The Listing Scheme (Cont'd)

In conjunction with, and as an integral part of the Listing, comprising the following:-
(Cont'd)

3.2.2 IPO

The Proposed IPO entails the initial public offering of 57,126,000 new shares, comprises the following transactions:

(a) Public Issue

The Public Issue of 57,126,000 new Reservoir Link Shares at the IPO Price, payable in full on application, upon such terms and conditions as set out in the Prospectus, will be allocated and allotted in the following manner:-

- (a) 14,250,000 Public Issue Shares made available for application by the Malaysian Public;
- (b) 4,000,000 Public Issue Shares made available for application by the eligible Directors, employees and business associates of the Group; and
- (c) 38,876,000 Public Issue Shares made available by way of private placement to selected investors.

(b) Offer for Sale

The Offer for Sale of 31,000,000 Offer Shares at the IPO Price, payable in full application, upon such terms and conditions as set out in the Prospectus, made available in the following manner:

(i) Private Placement

2,500,000 Offer Shares representing approximately 0.88% of the enlarged issued share capital will be made available by way of private placement to selected investors.

(ii) Bumiputera Investors (via Placement)

28,500,000 Offer Shares representing 10.0% of the enlarged issued share capital will be made available by way of private placement to Bumiputera investors approved by MITI.

12. **FINANCIAL INFORMATION** (Cont'd)

For Purpose of Identification Only



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Chartered Accountants

**RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA COMBINED FINANCIAL INFORMATION**

4. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED FINANCIAL INFORMATION

4.1 Pro Forma I

Pro Forma I incorporates the effects of internal restructuring exercise as set out in section 3.2.1.

Upon completion of the Internal Restructuring Exercise, Amsito, RL Labuan, RL Solutions and RLSB are subsidiaries of Reservoir Link.

4.2 Pro Forma II

Pro Forma II incorporates the effects of the Public Issue as set out in Section 3.2.2(a) and Section 3.2.2(b).

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12. FINANCIAL INFORMATION (Cont'd)

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 Chartered Accountants

RESERVOIR LINK ENERGY BHD AND ITS SUBSIDIARIES
NOTES TO THE PRO FORMA COMBINED FINANCIAL INFORMATION

4. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED FINANCIAL INFORMATION (CONT'D)

4.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma I and Pro Forma II and the utilisation of proceeds from the Public Issue as follows:-

	RM	% of proposed utilisation	Estimated time frame for utilisation (from the listing date)
Repayment of bank borrowings:			
- Borrowings to purchase well testing equipment			
- Current liability	1,399,774	5.98	Within 6 months
- Non-current liability	3,600,226	15.37	Within 6 months
	5,000,000	21.35	
Estimated listing expenses:*			
- written off against share capital	1,147,736	4.90	Immediate
- expensed off to profit or loss	2,352,264	10.04	Immediate
	3,500,000	14.94	
Capital expenditure:			
- Purchase of well testing equipment	10,000,000	42.70	Within 24 months
	10,000,000	42.70	
Working capital:			
- Purchase of perforating consumables	3,700,000	15.79	Within 12 months
- Purchase of raw materials for the production of improved oil recovery chemicals	1,000,000	4.27	Within 12 months
- Others	221,660	0.95	Within 12 months
	4,921,660	21.01	
Total	23,421,660	100.00	

* - The estimated listing expenses of RM1,147,736 is to be written off against the share capital under the Companies Act 2016, Malaysia and the remaining estimated listing expenses of RM2,352,264 will be expensed off to profit or loss and this represents a one-off expenditure in conjunction with the IPO.

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12. FINANCIAL INFORMATION (Cont'd)

RESERVOIR LINK ENERGY BHD

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Reservoir Link in accordance with a resolution dated **01 JUN 2020**

On behalf of the Board of Directors,



Dato' Wan Hassan Bin Mohd Jamil



Thien Chiet Chai

12. FINANCIAL INFORMATION (Cont'd)**12.2 HISTORICAL FINANCIAL INFORMATION**

The combined statements of profit or loss and other comprehensive income and combined statements of financial position of our Group for the FYE 2016 to FYE 2019 have been prepared based on the following companies:

- (a) the audited accounts of Reservoir Link and RL Solutions have been prepared based on MPERS for the FYE 2016 and MFRS for the FYE 2017, FYE 2018 and FYE 2019; and
- (b) the audited accounts of Amsito, RLSB and RL Labuan have been prepared based on MFRS for the FYE 2016 to FYE 2019.

The audited accounts of Reservoir Link and RL Solutions which have been prepared based on MPERS for the FYE 2016 have been re-assessed based on MFRS, but were not re-audited in accordance with MFRS as there is no impact since Reservoir Link was dormant and RL Solutions was not in operation in FYE 2016 respectively.

The following table sets out a summary of the combined statements of profit or loss and other comprehensive income and combined statements of financial position of our Group for the FYE 2016 to FYE 2019. The financial statements should be read in conjunction with the Accountants' Report as set out in Section 13.

(a) Combined Statements of Profit or Loss and Other Comprehensive Income of Our Group

	<----- Audited ----->			
	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
CONTINUING OPERATIONS				
Revenue	9,578	20,874	45,091	80,031
Cost of sales	(9,926)	(15,956)	(34,159)	(59,357)
GL/ GP	(348)	4,918	10,932	20,674
Other Income	1,100	3,473	678	360
	752	8,391	11,610	21,034
Administrative expenses	(4,273)	(7,284)	(6,044)	(9,146)
	(3,521)	1,107	5,566	11,888
Finance costs	(593)	(513)	(409)	(605)
LBT/ PBT ⁽¹⁾	(4,114)	594	5,157	11,283
Income tax expense	(241)	(278)	(1,299)	(1,570)
LAT/ PAT from continuing operations ⁽¹⁾	(4,355)	316	3,858	9,713
DISCONTINUING OPERATIONS				
Profit/(loss) for the financial years from discontinued operation, net of tax	509	700	(756)	-
LAT/ PAT	(3,846)	1,016	3,102	9,713
Other comprehensive (expenses)/ income				
Items that may be reclassified subsequently to profit or loss				
Foreign exchange translation differences	(27)	(30)	2	(1)
Total comprehensive (expenses)/ income	(3,873)	986	3,104	9,712
LAT/ PAT attributable to:				
Owners of the Company	(3,674)	1,016	3,255	9,678
- From continuing operations	(4,183)	316	4,011	9,678
- From discontinued operations	509	700	(756)	-
Non-controlling interests	(172)	-	(153)	35
	(3,846)	1,016	3,102	9,713
Total comprehensive (expenses)/ income attributable to				
Owners of the Company	(3,701)	986	3,257	9,677
- From continuing operations	(4,210)	286	4,013	9,677
- From discontinued operations	509	700	(756)	-
Non-controlling interests	(172)	-	(153)	35
	(3,873)	986	3,104	9,712

12. FINANCIAL INFORMATION (Cont'd)

	<----- Audited ----->			
	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
Depreciation and amortisation (RM'000)	3,185	3,185	1,470	1,584
Number of Shares in issue ('000) ⁽²⁾	227,874	227,874	227,874	227,874
Enlarged share capital	285,000	285,000	285,000	285,000
GP margin (%)	(3.63)	23.56	24.24	25.83
PBT margin (%)	(42.95)	2.85	11.44	14.10
LAT/ PAT margin (%)				
- Continuing operations ⁽³⁾	(43.67)	1.51	8.90	12.09
- Discontinued operations ⁽⁴⁾	5.31	3.35	(1.68)	-
Gross LPS/ EPS (sen) ⁽⁵⁾	(1.81)	0.26	2.26	4.95
Net LPS/ EPS (sen)				
- Continuing operations ⁽⁶⁾	(1.84)	0.14	1.76	4.25
- Discontinued operations ⁽⁷⁾	0.22	0.31	(0.33)	-
Diluted net LPS/ EPS (sen)				
- Continuing operations ⁽⁸⁾	(1.47)	0.11	1.41	3.40
- Discontinued operations ⁽⁹⁾	0.18	0.25	(0.27)	-

Notes:

- (1) Our losses recorded for the FYE 2016 were mainly attributed to Amsito. The revenue generated by Amsito was insufficient to support its direct operational expenses mainly comprised depreciation of wireline equipment, direct labour costs and rental of equipment during the FYE 2016. In addition, our overall Group revenue for the FYE 2016 was adversely affected by the decline in global crude oil prices during the year, which resulted in lower O&G industry activities in the upstream sector.
- (2) Based on the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.
- (3) The LAT/ PAT margin from continuing operations is calculated based on LAT/ PAT attributable to the owners of our Company from continuing operations divided by the revenue.
- (4) The LAT/ PAT margin from discontinued operations is calculated based on LAT/ PAT attributable to the owners of our Company from discontinued operations divided by the revenue.
- (5) The gross EPS is calculated based on PBT of our Company divided by the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.
- (6) The net LPS/ EPS from continuing operations is calculated based on LAT/ PAT attributable to the owners of our Company from continuing operations divided by the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.
- (7) The net LPS/ EPS from discontinued operations is calculated based on LAT/ PAT attributable to the owners of our Company from discontinued operations divided by the issued share capital of 227,874,000 Shares after the Subdivision, Acquisitions and Transfer.
- (8) The diluted net LPS/ EPS from continuing operations is calculated based on LAT/ PAT attributable to the owners of our Company from continuing operations divided by the enlarged issued share capital of 285,000,000 Shares after the Public Issue.
- (9) The diluted net LPS/ EPS from discontinued operations is calculated based on LAT/ PAT attributable to the owners of our Company from discontinued operations divided by the enlarged issued share capital of 285,000,000 Shares after the Public Issue.

12. FINANCIAL INFORMATION (Cont'd)**(b) Combined Statement of Financial Position of Our Group**

	<----- Audited ----->			
	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
ASSETS				
Non-current asset				
Property, plant and equipment	11,279	9,802	10,137	19,266
Investment properties	-	-	-	6,311
Right-of-use assets	285	167	50	-
Other receivables	-	-	-	172
Deferred tax assets	-	-	-	5,329
	11,564	9,969	10,187	31,078
Current assets				
Inventories	2,573	3,444	5,381	11,280
Trade receivables	4,793	7,368	12,498	20,376
Other receivables, deposits and prepayments	900	1,536	1,845	6,436
Amount owing by related companies	9	14	63	1,483
Tax recoverable	338	-	-	-
Short-term investments	-	-	-	3,680
Fixed deposits with licensed banks	1,789	2,712	2,887	3,582
Cash and bank balances	2,448	411	1,723	2,388
	12,850	15,485	24,397	49,225
Assets of disposal group classified as held for sale	3,293	3,823	3,060	-
	16,143	19,308	27,457	49,225
Total assets	27,707	29,277	37,644	80,303
Equity and Liabilities				
Equity				
Share capital	7,008	7,008	7,008	7,008
Foreign exchange translation reserve	916	886	888	887
Retained profits	9,006	10,022	13,278	22,956
	16,930	17,916	21,174	30,851
Non-controlling interests	(90)	-	(113)	(78)
Total equity	16,840	17,916	21,061	30,773
Non-current liabilities				
Bank borrowings	4,601	3,622	3,600	9,693
Lease liabilities	265	159	86	-
Deferred tax liabilities	30	30	11	256
	4,896	3,811	3,697	9,949
Current liabilities				
Bank borrowings	1,430	2,567	2,388	1,823
Lease liabilities	94	99	65	-
Amount owing to directors	-	515	492	55
Trade payables	3,335	2,616	8,198	9,404
Other payables and accruals	558	1,616	1,155	22,012
Amount owing to related companies	5	9	18	1,483
Provision for taxation	-	114	570	4,804
Dividend payable	515	-	-	-
	5,937	7,536	12,886	39,581
Liabilities of disposal group classified as held for sale	34	14	-	-
	5,971	7,550	12,886	39,581
Total liabilities	10,867	11,361	16,583	49,530
Total equity and liabilities	27,707	29,277	37,644	80,303
Number of Shares in issue ('000)	227,874	227,874	227,874	227,874
Net assets (RM'000)	16,840	17,916	21,061	30,773
Net assets per share (RM)	0.07	0.08	0.09	0.14

12. FINANCIAL INFORMATION (Cont'd)**12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following MD&A of our Group's financial condition and results of operations should be read in conjunction with our combined financial statements and its accompanying notes presented in Section 12.2 of this Prospectus and the Accountant's Report presented in Section 13 of this Prospectus.

12.3.1 Overview of Business Operations

We are primarily involved in providing O&G well services, comprising leak repair, perforation, testing, wash and cement, wireline and O&G production enhancement services. These services support operators in the upstream segment of the oil and gas industry, including exploration, appraisal, development and production. The services that we provide are applied to all stages of a well's life. For example, we perform start-up and production stage perforation services to initiate oil and gas production, O&G production enhancement services during oil and gas production, and we also provide perforate, wash and cement services as part of the well plug and seal process to abandon the well when it reaches the end of its useful life.

We also provide other services for our customers, including supplying technical personnel, oilfield equipment and construction and consultancy services, which constitute a small proportion of our business.

Please refer to Section 6.6 of this Prospectus for further information about our products and services.

12.3.2 Our Revenue Performance

Our main revenue streams are from providing O&G well services, namely leak repair, perforation, testing, wash and cement, wireline and O&G production enhancement services. Our other revenue stream is supplying technical personnel, oilfield equipment and providing construction services.

The following is the breakdown of number of customers served based on contracts and purchase orders by the business activities during the FYE 2016 to FYE 2019:

Service	FYE 2016			FYE 2017			FYE 2018			FYE 2019		
	(a)	(b)	Revenue (RM'000)	(a)	(b)	Revenue (RM'000)	(a)	(b)	Revenue (RM'000)	(a)	(b)	Revenue (RM'000)
Well leak repair	-	-	-	4	1	9,447	5	3	17,303	4	-	15,532
Well perforation	3	3	9,118	3	5	10,741	6	9	15,453	5	3	30,693
Well testing	-	-	-	1	1	29	1	1	5,944	1	1	13,794
Wash and cement	-	-	-	1	-	181	2	-	3,793	3	-	12,262
Wireline services	-	1	55	-	1	82	2	2	2,497	1	3	4,431
O&G production enhancement	-	-	-	-	-	-	-	-	-	1	3	2,411
Other services	-	2	405	-	1	394	-	1	101	1	1	908
Total	3	6	9,578	9	9	20,874	16	16	45,091	16	11	80,031

Notes:

(a) Number of customers served based on contracts.

(b) Number of customers served based on purchased orders.

12. FINANCIAL INFORMATION *(Cont'd)*

In general, O&G industry activity was higher during FYE 2017 and FYE 2018 compared to their respective previous year, as global crude oil and natural gas prices recovered from the severe decline in prices between mid-2014 and early 2016. This contributed towards the overall growth in the number of customers that we served based on contracts and purchase orders during FYE 2017 and FYE 2018, and the introduction of new well services in FYE 2017 and FYE 2018.

The new well services included well leak repair services, as PSC operators sought to reduce loss of production through leakage. We commenced provision of well leak repair services in FYE 2017 with five (5) customers and increased to eight (8) customers in FYE 2018. During the FYE 2019, we introduced O&G production enhancement services comprising supplying IOR chemicals to three (3) customers and providing sand management solutions to one (1) customer. These services are intended to increase the rate of crude O&G production from a reservoir and/or to increase the total amount of crude O&G that is extracted from a reservoir over the course of its productive life.

Well perforate, wash and cement is a well plugging and abandonment method that was introduced in Malaysia relatively recently. Its adoption by Petronas Carigali and Roc Oil Sarawak resulted in us securing well perforate, wash and cement contracts from them. For FYE 2017, we secured our first contract from one (1) customer, for FYE 2018, we had two (2) customers and for FYE 2019, we had three (3) customers for well perforate, wash and cement.

We started to generate revenue from O&G production enhancement solutions in FYE 2019, when we supplied IOR chemicals to three (3) customers and provided sand management solutions to one (1) customer.

In terms of duration, well leak repair, perforation and perforate, wash and cement jobs normally take between five (5) and ten (10) days to complete, well testing services jobs normally take between twenty-one (21) and thirty (30) days, and wireline services job normally take between fifteen (15) and twenty-eight (28) days. Provision of IOR chemicals normally takes between five (5) to seven (7) days for wells or one (1) to two (2) weeks for pipelines. Sand management solutions involve providing a desander on a turnkey basis, whereby the design, engineering and fabrication of the equipment would normally take between six (6) to nine (9) months, with an additional one (1) month for installation at the site and one (1) week for commissioning.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Revenue from providing O&G well services and other services is recognised over time in the period in which the services are rendered. We recognise revenue to the extent of the expenses incurred that are recoverable. Please refer to the Accountant's Report as set out in Section 13 of this Prospectus.

The services provided by RLSB, Amsito and RL Solutions to our customers in Malaysia are priced in RM and USD and revenue is received in RM. The services provided by RLSB and RL Labuan to customers outside of Malaysia are mainly priced in USD and revenue received in USD. Purchases made by RLSB, Amsito and RL Labuan from suppliers in Malaysia are mainly priced in RM, while purchases made from suppliers in foreign countries are mainly priced in USD. For the FYE 2016 to FYE 2019, our revenue and purchases transacted in RM and USD are as follows:

- For the FYE 2016, revenue transacted in RM and USD accounted for 58.09% and 41.91% respectively, while purchases transacted in RM and USD accounted for 1.91% and 93.28% respectively.

12. FINANCIAL INFORMATION (Cont'd)

- For the FYE 2017, revenue transacted in RM and USD accounted for 62.22% and 37.78% respectively, while purchases transacted in RM and USD accounted for 5.26% and 92.96% respectively.
- For the FYE 2018, revenue transacted in RM and USD accounted for 53.72% and 46.28% respectively, while purchases transacted in RM and USD accounted for 48.11% and 51.31% respectively.
- For the FYE 2019, revenue transacted in RM and USD accounted for 85.38% and 14.62% respectively, while purchases transacted in RM and USD accounted for 64.39% and 35.40% respectively.

During the FYE 2016 to FYE 2019, a small proportion of our purchases were priced in GBP.

Our combined financial statements are presented in RM, which is our Group's functional and presentation currency. 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 periods 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. Please refer to the Accountant's Report as set out in Section 13 of this Prospectus.

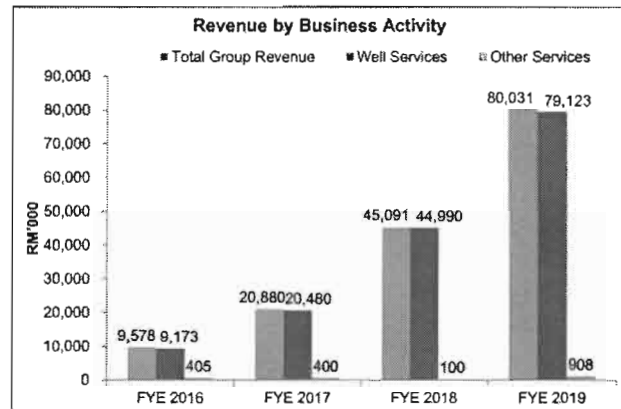
Our revenue from providing O&G well services was RM44.99 million for FYE 2018, accounting for 99.78% of our total revenue. During FYE 2018 our revenue from well leak repair was RM17.30 million (38.38% of total revenue), well perforation was RM15.45 million (34.27% of total revenue), well testing was RM5.94 million (13.18% of total revenue), wash and cement was RM3.79 million (8.41% of total revenue) and wireline services was RM2.50 million (5.54% of total revenue). For the FYE 2018 our revenue from other services was RM0.10 million accounting for 0.22% of our Group's total revenue.

For the FYE 2019, our revenue from providing O&G well services was RM79.12 million, accounting for 98.87% of our total revenue. Our revenue from well perforation was RM30.69 million (38.35% of total revenue), well leak repair for FYE 2019 was RM15.53 million (19.41% of total revenue), well testing was RM13.79 million (17.24% of total revenue), wash and cement was RM12.26 million (15.32% of total revenue), wireline services was RM4.43 million (5.54% of total revenue). We started to generate revenue from O&G production enhancement services during FYE 2019, which was RM2.41 million representing 3.01% of our Group's total revenue. Our revenue from other services was RM0.91 million for FYE 2019, accounting for 1.13% of our Group's total revenue.

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12. FINANCIAL INFORMATION (Cont'd)

Our total revenue increased at a CAGR of 102.92% between the FYE 2016 and FYE 2019, from RM9.58 million to RM80.03 million respectively. Our revenue growth during FYE 2017 and FYE 2018 was mainly driven by the introduction of new well services. The new well service that contributed materially to revenue growth during FYE 2017 was well leak repair, with revenue of RM9.45 million (45.26% of total revenue) during the year. During FYE 2018 well testing and wash and cement



services started to contribute significantly to revenue growth, with revenue of RM5.94 million and RM3.79 million respectively during the year. In addition, we began to provide end-of-life stage perforation services during FYE 2018, which contributed revenue of RM4.49 million. For FYE 2019 revenue growth was mainly driven by continuing growth in revenue from well perforation, wash and cement, and well testing services, which respectively contributed increases in revenue of RM15.24 million, RM8.47 million and RM7.85 million respectively during the year. The provision of O&G production enhancement services, a new service during FYE 2019, contributed revenue of RM2.41 million. Refer to Section 12.3.3 of this Prospectus for the analysis on revenue by business activities and services.

Based on where our products and services are provided, our largest market for FYE 2019 was Malaysia, with revenue of RM77.26 million representing 96.54% of our Group's total revenue. This was followed by our second largest market, Mauritania, with revenue of RM2.77 million representing 3.46% of our Group's total revenue for FYE 2019. Refer to Section 12.3.4 of this Prospectus for analysis on revenue by geographic markets.

Our financial results for the past three (3) financial years are analysed based on these segments in the following sections:

- (i) business activities and services;
- (ii) geographical markets; and
- (iii) subsidiary companies.

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12. FINANCIAL INFORMATION (Cont'd)**12.3.3 Revenue Segmented by Business Activities and Services**

The following table summarises the breakdown of our total revenue by business activities and services.

Revenue	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
O&G Well Services	9,173	95.77	20,480	98.11	44,990	99.78	79,123	98.87
Well leak repair	-	-	9,447	45.26	17,303	38.38	15,532	19.41
Well perforation	9,118	95.20	10,741	51.45	15,453	34.27	30,693	38.35
Well testing	-	-	29	0.14	5,944	13.18	13,794	17.24
Wash and cement ⁽¹⁾	-	-	181	0.87	3,793	8.41	12,262	15.32
Wireline services	55	0.57	82	0.39	2,497	5.54	4,431	5.54
O&G production enhancement	-	-	-	-	-	-	2,411	3.01
Other Services ⁽²⁾	405	4.23	394	1.89	101	0.22	908	1.13
Total	9,578	100.00	20,874	100.00	45,091	100.00	80,031	100.00

Notes:

- (1) *End-of-life stage well perforation is normally performed prior to wash and cement, which is part of well plug and seal process. We currently provide well perforate, wash and cement within a single agreement with Archer Malaysia. For the purpose of presenting our revenue segmentation by business activity, the revenue from well perforate, wash and cement services is split into two (2) parts, namely the end-of-life stage well perforation performed by us and wash and cement performed by Archer Malaysia.*
- (2) *Other services comprise supplying technical personnel and oilfield equipment and providing construction and consultancy services.*
- (i) FYE 2017 Compared to FYE 2016**

Our total revenue increased by RM11.30 million or 117.94% to RM20.87 million for FYE 2017. This was mainly driven by well leak repair services, a new service we undertook during FYE 2017. We also undertook two (2) other new O&G well services, namely well testing and wash and cement. However, their contribution towards revenue growth for FYE 2017 were relatively small.

(a) O&G Well Services

For FYE 2017 our revenue from providing well services increased by RM11.31 million or 123.26% to RM20.48 million. The growth was mainly contributed by the following:

Well Leak Repair

The increase in our O&G well services in FYE 2017 was mainly contributed by a new service, well leak repair, contributing to revenue of RM9.45 million. (RM9.36 million from PSC operators and RM0.09 million from service providers). Our first contract for this service was a call out contract from Petronas Carigali in October 2016 to provide well leak repair in Malaysia. We commenced work on this contract in FYE 2017 and recognised revenue of RM4.81 million from it, which represented 50.92% and 23.04% of revenue derived from well leak repair and our Group's total revenue respectively.

12. FINANCIAL INFORMATION (Cont'd)

We also secured well leak repair services projects from the other customers and commenced work on them during FYE 2017. These included:

- (i) PC Mauritania 1 Pty Ltd for work done in Mauritania under a call out contract, with revenue of RM2.33 million, which represented 24.66% and 11.16% of revenue derived from well leak repair and our Group's total revenue respectively;
- (ii) a PSC operator which operates offshore Peninsular Malaysia, with revenue of RM2.14 million, which represented 22.65% and 10.25% of revenue derived from well leak repair and our Group's total revenue respectively; and
- (iii) two (2) other customers in Malaysia, one (1) of which was a PSC operator and the other a service provider, with combined revenue of RM0.17 million, which represented 1.80% and 0.81% of revenue derived from well leak repair and our Group's total revenue respectively.

Well Perforation

Well perforation was our main revenue contributor for FYE 2016 and FYE 2017. During these two (2) years we carried out start-up and production stage perforations.

For FYE 2017, revenue from well perforation increased by RM1.62 million or 17.80% to RM10.74 million (RM9.14 million from PSC operators and RM1.60 million from service providers). This was mainly contributed by commencement of start-up and production stage well perforation services for three (3) new customers in FYE 2017 amounting to RM2.49 million, namely a PSC operator offshore Peninsular Malaysia and Sabah and two (2) separate O&G service providers in Malaysia. This was partially offset by decline in revenue for FYE 2017 from an O&G service provider in Malaysia of RM0.61 million and from Roc Oil Sarawak for perforation services offshore Sarawak as part of our call out contract with them, whereby revenue declined by RM0.24 million.

Wash and Cement

Wash and cement services during FYE 2017 were performed as part of our perforate, wash and cement services call out contract for Roc Oil Sarawak in Malaysia. Revenue from this service was RM0.18 million for the year.

Well Testing

Well testing services was the third new service that we started to provide during FYE 2017, with revenue of RM0.03 million. During FYE 2017 we carried out preparatory work ahead of full-scale project implementation during FYE 2018 for an umbrella contract with Petronas Carigali (RM0.02 million) and providing technical personnel to O&G service provider (RM0.01 million).

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12. FINANCIAL INFORMATION (Cont'd)**Wireline Services**

Revenue from wireline services increased by RM0.03 million or 49.09% to RM0.08 million for FYE 2017. We secured one (1) wireline services project from an O&G service provider in Malaysia in FYE 2017, which was larger in value compared to the one (1) project that we secured from a different O&G service provider in Malaysia in FYE 2016.

(b) Other Services

Revenue from other services declined by approximately RM0.01 million or 2.72% to RM0.39 million for the FYE 2017. During FYE 2016, we supplied oilfield equipment to a customer in the United Kingdom and provided construction services to a customer in Malaysia, while in FYE 2017 we supplied technical personnel to two (2) customers in Malaysia.

(ii) FYE 2018 Compared to FYE 2017

Our total revenue for FYE 2018 increased by RM24.22 million or 116.02% to RM45.09 million. This was mainly due to increases in revenue from O&G well service.

(a) O&G Well Services

O&G well services revenue increased by RM24.51 million or 119.68% to RM44.99 million for FYE 2018. This growth was mainly driven by existing services such as well leak repair, testing, perforation, wash and cement and wireline services.

Well Leak Repair

Our revenue from well leak repair services increased by RM7.86 million or 83.16% to RM17.30 million for FYE 2018. This was mainly contributed by the following:

- (i) increased in revenue by RM4.79 million or 69.0% to RM11.74 million from two (2) existing contracts with PSC operators in Malaysia. One (1) of these customers was Petronas Carigali and we entered into a call out contract for well leak repair services with them;
- (ii) increased in revenue by RM1.68 million from an existing call out contract with a PC Mauritania 1 Pty Ltd in Mauritania; and
- (iii) we also secured four (4) new customers in Malaysia with combined revenue contribution of RM1.13 million and one (1) new customer in Vietnam with revenue of RM0.43 million.

The increases were partially offset by the completion of work with two (2) customers during FYE 2018, which had previously contributed combined revenue of RM0.17 million during FYE 2017.

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12. FINANCIAL INFORMATION (Cont'd)

Well Perforation

During FYE 2018, we carried out start-up and production stage and end-of-life stage perforations. Our revenue from well perforation services increased by RM4.71 million or 43.87% to RM15.45 million for FYE 2018. The increase in revenue was mainly contributed by the following:

- (i) end-of-life stage perforation services (as part of perforate, wash and cement services) that we commenced for five (5) customers in FYE 2018, with combined revenue of RM4.49 million;
- (ii) we also secured two (2) new customers for start-up and production stage perforation services where we commenced work during FYE 2018. One (1) new customer was an O&G service provider (revenue of RM2.80 million) and the other was a PSC operator in Malaysia (revenue of RM0.30 million); and
- (iii) an increase in perforation services revenue by RM1.85 million from Roc Oil Sarawak in Malaysia where we have a call out contract to provide this service.

These increases were partially offset by the following:

- (i) decline in revenue of RM2.57 million from Petronas Carigali where we have a call out contract to provide well perforation services in FYE 2018;
- (ii) decline in revenue of RM1.36 million from one (1) existing PSC operator customer in Malaysia in FYE 2018; and
- (iii) decline in revenue from two (2) other O&G service providers totalling RM0.70 million for FYE 2018.

Wash and Cement

For FYE 2018 our revenue from wash and cement increased by RM3.61 million or 1,995.58% to RM3.79 million. This was contributed by two (2) customers in Malaysia, namely our call out contract with Roc Oil Sarawak for services in offshore Sarawak for RM2.15 million and an umbrella contract with Petronas Carigali for RM1.65 million.

Well Testing

The increase in our revenue from well testing services for FYE 2018 was due to the full-scale implementation of a project that we initiated during FYE 2017. This was mainly from Petronas Carigali in relation to our umbrella contract with them, where revenue increased by RM5.92 million for FYE 2018.

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12. FINANCIAL INFORMATION (Cont'd)**Wireline Services**

Our revenue for wireline services increased by RM2.42 million or 2,945.12% to RM2.50 million for FYE 2018. The increase in revenue was mainly from a wireline services project for tubing cutting that we undertook for a PSC operator customer in Malaysia, with revenue of RM2.01 million for FYE 2018. In addition, we secured work orders for wireline services from three (3) service providers in FYE 2018 with combined revenue of RM0.49 million, whereas in FYE 2017 we secured only one (1) work order from a service provider with revenue of RM0.08 million.

(b) Other Services

Revenue from other services decreased by RM0.29 million or 74.37% to RM0.10 million for the FYE 2018 as we only provided consultancy services related to a waterproofing study in FYE 2018 for a facility management company. We engaged a sub-contractor to carry out the study as it was not our core business

(iii) FYE 2019 Compared to FYE 2018

Our total revenue for FYE 2019 increased by RM34.94 million or 77.49% to RM80.03 million. This was mainly due to increases in revenue from O&G well services.

(a) O&G Well Services

O&G well services revenue for FYE 2019 increased by RM34.13 million or 75.87% to RM79.12 million. This growth was mainly driven by existing services such as well perforation, testing, wash and cement and wireline services. We also began to earn revenue from O&G production enhancement in FYE 2019, which was a new service. These more than offset a decline in revenue from well leak repair services.

Well Leak Repair

Our revenue from well leak repair services for FYE 2019 declined by RM1.77 million or 10.24% to RM15.53 million. This was mainly contributed by the following:

- (i) the completion of our call out contract with PC Mauritania 1 Pty Ltd in Mauritania during FYE 2018 as we did not provide this service for them during FYE 2019. This contract contributed to the revenue of RM4.0 million for FYE 2018;
- (ii) the decrease in revenue from an existing call out contract with a PSC operator in Malaysia, which amounted to a decrease of RM1.35 million for FYE 2019; and
- (iii) we did not generate revenue from a PSC operator in Vietnam in 2018, which had previously contributed revenue of RM0.43 million for FYE 2018.

The abovementioned declines were partially offset by an increase in revenue from our call out contract with Petronas Carigali, which amounted to RM4.56 million for FYE 2019.

12. FINANCIAL INFORMATION (Cont'd)

Well Perforation

We carried out start-up and production stage and end-of-life stage perforations during FYE 2019. Our revenue from well perforation services increased by RM15.24 million or 98.62% to RM30.69 million, which was mainly attributed to the following:

- (i) Increase in revenue from end-of-life stage perforation services (as part of perforate, wash and cement services) by RM12.97 million or 288.83%. This was mainly attributed to the following:
 - (a) increase in revenue from end-of-life stage perforations for an umbrella contract with Petronas Carigali in Malaysia, which amounted to RM7.43 million for FYE 2019;
 - (b) increase in revenue from this service provided to a service provider in Malaysia, which increased by RM5.0 million;
 - (c) we began to carry out this service for PC Mauritania 1 Pty Ltd in Mauritania during FYE 2019, as part of our call out contract with them. Revenue from the well perforation services portion amounted to RM2.22 million for FYE 2019; and
 - (d) decrease in revenue from three (3) existing customers of end-of-life stage well perforation services in Malaysia comprising one (1) PSC operator and two (2) service providers, which amounted to RM1.69 million for FYE 2019.
- (ii) revenue from start-up and production stage perforation services increased by RM2.27 million or 20.71%. This was mainly attributed to the following:
 - (a) increase in revenue from start-up and production stage perforations from our call out contract with Petronas Carigali in Malaysia, which amounted to RM6.46 million for FYE 2019;
 - (b) increase in revenue from this service to three (3) existing customers in Malaysia, comprising two (2) PSC operators and one (1) service provider, which collectively amounted to RM1.67 million for FYE 2019; and
 - (c) decrease in revenue from two (2) existing customers of start-up and production stage well perforation services in Malaysia comprising one (1) PSC operator and one (1) service provider, which amounted to a total of RM5.68 million.

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12. FINANCIAL INFORMATION (Cont'd)

Wash and Cement

For FYE 2019 our revenue from wash and cement increased by RM8.47 million or 223.28% to RM12.26 million. This was mainly contributed by our call out contract with Petronas Carigali in Malaysia, which increased by RM7.76 million. We also commenced providing wash and cement services for PC Mauritania 1 in Mauritania during FYE 2019 with revenue of RM0.54 million. In addition, revenue from our call out contract with Roc Oil Sarawak increased by RM0.17 million.

Well Testing

Our revenue from well testing for FYE 2019 increased by RM7.85 million or 132.07% to RM13.79 million. This was mainly due to the commencement of our well testing services for a service provider in Malaysia based on purchase order with revenue of RM4.61 million for FYE 2019. In addition, revenue from our umbrella contract with Petronas Carigali in Malaysia increased by RM3.25 million during FYE 2019.

Wireline Services

Our revenue for wireline services increased by RM1.93 million or 77.45% to RM4.43 million for FYE 2019. The increase in revenue was mainly due to more work orders secured from an existing service provider customer in Malaysia with revenue increase of RM3.19 million for FYE 2019. In addition, there was an increase in revenue of RM0.36 million from an existing PSC operator customer in Malaysia and revenue contribution of RM0.30 million from a new service provider customer for this service in Malaysia. This was partially offset by the completion of the wireline services project for tubing cutting that we undertook for a PSC operator customer in Malaysia during FYE 2018, which contributed revenue of RM2.01 million during that year.

O&G Production Enhancement Services

We began to recognise revenue from the provision of O&G production enhancement services during FYE 2019 with revenue of RM2.41 million. We supplied IOR chemicals to two (2) PSC operators and one (1) service provider in Malaysia with total revenue from these customers of RM1.67 million and provided sand management solutions to one (1) service provider with revenue of RM0.74 million.

(b) Other Services

Revenue from other services for the FYE 2019 increased by RM0.81 million or 799.01% to RM0.91 million. During FYE 2019 we supplied technical personnel to one (1) customer in Malaysia. We also continued to provide consultancy services related to a waterproofing study for a facility management company and we engaged a sub-contractor to carry out the study as it was not our core business.

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12. FINANCIAL INFORMATION (Cont'd)**12.3.4 Revenue Segmented by Geographic Markets**

The table below presents the breakdown of our total revenue by geographic markets:

Revenue	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	8,817	92.05	18,549	88.86	40,615	90.07	77,264	96.54
Foreign Countries	761	7.95	2,325	11.14	4,476	9.93	2,767	3.46
Mauritania	-	-	# 2,325	11.14	# 4,002	8.88	2,767	3.46
Vietnam	375	3.92	-	-	474	1.05	-	-
United Kingdom	386	4.03	-	-	-	-	-	-
Total	9,578	100.00	20,874	100.00	45,091	100.00	80,031	100.00

Note:

Revenue is allocated to the respective geographical market based on where we provide products and services.

(i) FYE 2017 Compared to FYE 2016

Our revenue from customers in Malaysia increased by RM9.73 million or 110.38% to RM18.55 million for FYE 2017. The growth was mainly contributed by the following:

- (a) introduction of well leak repair services in Malaysia during FYE 2017, which contributed revenue of RM7.12 million;
- (b) we also started to provide wash and cement and well testing services to customers in Malaysia during FYE 2017, which contributed revenue of RM0.18 million and RM0.03 million respectively; and
- (c) our revenue from existing services in Malaysia increased during FYE 2017, whereby perforation services increased by RM2.0 million, other services increased by RM0.40 million and wireline services increased by RM0.03 million.

Refer to Section 12.3.3 (i) of this Prospectus for further revenue analysis by business activities and services for FYE 2017.

For the FYE 2017 revenue from customers in other countries increased by RM1.56 million or 205.52% to RM2.33 million. This was from revenue from a customer incorporated in Australia, which was for the provision of well leak repair services in Mauritania with revenue of RM2.33 million for FYE 2017. This was partially offset by declines in revenue from Vietnam and the United Kingdom, which did not contribute revenue during FYE 2017. In FYE 2016 revenue from Vietnam was from the provision of well perforation services, while revenue from a customer incorporated in the United Kingdom was for the supply of oilfield equipment.

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12. FINANCIAL INFORMATION (Cont'd)

(ii) FYE 2018 Compared to FYE 2017

Our revenue from customers in Malaysia for the FYE 2018 increased by RM22.07 million or 118.96% to RM40.62 million. The growth was attributed to increased revenue contribution from existing services, namely well testing (revenue increased by RM5.92 million), leak repair (increased by RM5.75 million), perforation (increased by RM4.77 million) and wireline services (increased by RM2.42 million). In addition, revenue from wash and cement services increased by RM4.49 million for FYE 2018. This was partially offset by a decline in revenue from other products and services to customers in Malaysia of RM0.30 million for FYE 2018. Please refer to Section 12.3.3 (ii) of this Prospectus for further details on revenue analysis by business activities and services for FYE 2018.

Revenue from customers in other countries increased by RM2.15 million or 92.52% to RM4.48 million for FYE 2018. The increase in revenue was mainly due to Mauritania, where revenue from a customer incorporated in that country increased by RM1.68 million or 72.13% to RM4.0 million from well leak repair services carried out in Mauritania. In addition, we provided well leak repair and perforation services to two (2) customers in Vietnam during FYE 2018 with combined revenue of RM0.47 million.

(iii) FYE 2019 Compared to FYE 2018

For FYE 2019, revenue from customers in Malaysia increased by RM36.65 million or 90.24% to RM77.26 million. The growth was mainly contributed by increased revenue from existing well services, namely well perforation (whereby revenue from end-of-life stage perforation increased by RM10.75 million and from start-up and production stage perforation increased by RM2.32 million), wash and cement (increased by RM7.93 million), well testing (increased by RM7.85 million), well leak repair (increased by RM2.66 million) and wireline services (increased by RM1.93 million). A new well service that started to generate revenue during FYE 2019, O&G production enhancement services, contributed revenue of RM2.41 million. In addition, revenue from other services in Malaysia increased by RM0.81 million for FYE 2019. Please refer to Section 12.3.3 (iii) of this Prospectus for further details on revenue analysis by business activities and services for FYE 2019.

Revenue from customers in other countries decreased by RM1.71 million for FYE 2019. This was mainly due to Mauritania where revenue declined by RM1.24 million, as a fall in revenue from well leak repair (declined by RM4.0 million) was partially offset by increases in revenue from end-of-life phase perforation (increased by RM2.22 million) and wash and cement (increased by RM0.54 million). We did not serve any customers in Vietnam during FYE 2019 for which we have earned revenue of RM0.47 million from customers in that country during FYE 2018.

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12. FINANCIAL INFORMATION (Cont'd)**12.3.5 Revenue Segmented by Subsidiary Companies**

Our total revenue segmented by subsidiary company is presented in the following table:

Revenue	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Reservoir Link ^(a)	-	-	-	-	-	-	-	-
RLSB	8,763	91.49	20,874	100.00	44,131	97.87	75,085	93.82
RL Labuan	760	7.94	-	-	474	1.05	-	-
Amsito	55	0.57	-	-	486	1.08	3,572	4.46
RL Solutions ^(b)	^(c)	^(c)	^(c)	^(c)	-	-	1,374	1.72
Total	9,578	100.00	20,874	100.00	45,091	100.00	80,031	100.00

Notes:

- (a) Reservoir Link was dormant during FYE 2016, FYE 2017, FYE 2018 and FYE 2019.
- (b) RL Solutions was not one (1) of our subsidiaries during FYE 2016 and FYE 2017. RL Solutions became a subsidiary of our Group in August 2018.
- (c) Not applicable.

RLSB was our main operating subsidiary, accounting for more than 91.0% of our revenue for FYE 2016, FYE 2017 FYE 2018 and FYE 2019. The company's year-on-year revenue growth rates were 138.21%, 111.42% and 70.14% for FYE 2017, FYE 2018 and FYE 2019 respectively. The growth of RLSB's revenue for FYE 2017 was mainly from well leak repair services, a new service introduced during the year. For FYE 2018 revenue growth was contributed mainly by existing O&G well services (well perforation and leak repair services), as well as well testing and wash and cement services. RLSB's revenue growth for FYE 2019 was from increases in revenue from well perforation, wash and cement, well testing and other services, which offset a decline in revenue from well leak repair services.

RL Labuan is our subsidiary incorporated in Labuan and mainly involved in providing well perforation and leak repair services, primarily outside of Malaysia. The company did not provide services to external customers during FYE 2017 and FYE 2019. As for FYE 2016, the revenue of RM0.76 million included RM0.39 million for the supply of oilfield equipment to a customer in the United Kingdom and RM0.38 million for the provision of well perforation services to a customer in Vietnam. For FYE 2018, the company had two (2) customers in Vietnam to provide well leak repair and perforation services with revenue of RM0.43 million and RM0.05 million respectively.

Amsito is our subsidiary in Malaysia mainly involved in providing wireline and related services. In FYE 2016, the company's revenue of approximately RM55,000 was from wireline services to a service provider customer in Malaysia. In FYE 2018, Amsito secured work orders for wireline services from three (3) service provider customers that collectively contributed revenue of RM0.49 million. Our Group's wireline services revenue for FYE 2017 was contributed by RLSB and not Amsito, which did not provide services to external customers during FYE 2017 and all of its business during the year was with other companies within our Group. While Amsito had secured one (1) wireline services contract during FYE 2017, Amsito did not receive any work orders in relation to that contract during that year. Amsito received its first work order from this contract during FYE 2018. For FYE 2019, Amsito's revenue increased by RM3.09 million or 634.98% to RM3.57 million. This was mainly due to more work orders secured from an existing service provider customer in Malaysia during FYE 2019.

12. FINANCIAL INFORMATION (Cont'd)

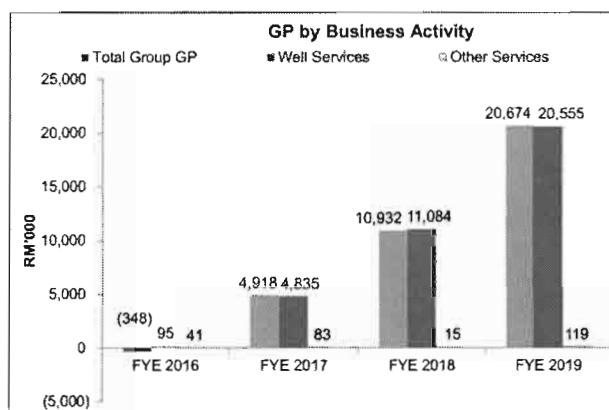
RL Solutions became our subsidiary in August 2018 and the company is involved in developing and providing oil and gas production enhancement services and sand management solutions. We did not derive revenue for these services during the FYE 2016 to FYE 2018. For FYE 2019, RL Solutions had revenue of RM1.37 million from the supply of IOR chemicals, which are a part of O&G production enhancement services.

Please refer to Section 12.3.3 of this Prospectus for further details on revenue analysis by business activities and services.

12.3.6 Our GP Performance

Overall, our GP improved from a GL of RM0.35 million for FYE 2016 to GP of RM20.67 million for FYE 2019. This was mainly driven by GP from new services started during FYE 2017 and FYE 2018 and an improvement in GP from our wireline services, including positive GP for this business activity for FYE 2019.

Our GP improvement largely came from well leak repair services that we started to provide during FYE 2017 which contributed GP of RM3.64 million or 73.93% of total Group GP for FYE 2017 and RM6.65 million or 60.80% of total group GP for FYE 2018. For FYE 2019 our GP from well perforation services increased by RM6.44 million or 158.91%, while wireline services improved from GL of approximately RM8,000 to GP of RM0.83 million. Refer to Section 12.3.7 (i), (ii) and (iii) of this Prospectus for further details on GP analysis by business activities and services from year to year.



12.3.7 GP and GP Margin Segmented by Business Activities and Services

The breakdown of our GP by business activities and services is provided in the following table:

GP	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
O&G Well Services	95	(a)	4,835	98.31	11,084	101.39	20,555	99.42
Well leak repair	-	-	3,636	73.93	6,647	60.80	6,719	32.50
Well perforation	2,701	(a)	3,622	73.65	4,055	37.09	10,499	50.78
Well testing ^(b)	-	-	(25)	(0.51)	205	1.88	1,248	6.04
Wash and cement ^(c)	-	-	8	0.16	185	1.69	555	2.68
Wireline services	(2,606)	(a)	(2,406)	(48.92)	(8)	(0.07)	825	3.99
O&G production enhancement	-	-	-	-	-	-	709	3.43
Other Services ^(d)	41	(a)	83	1.69	15	0.14	119	0.58
Others ^(e)	(484)	(a)	-	-	(167)	(1.53)	-	-
Total	(348)	(a)	4,918	100.00	10,932	100.00	20,674	100.00

12. FINANCIAL INFORMATION (Cont'd)*Notes:*

- (a) *Not calculatable, as our total GP for FYE 2016 was negative.*
- (b) *We currently provide well testing services together with Petrotechnical. Our arrangement with and payment to Petrotechnical in carrying out the well testing services are in accordance with the Petrotechnical Agreement as disclosed in Section 3.7 (i) of the Prospectus. Also, in carrying out the well testing services together with Petrotechnical, we are entitled to the portion of the revenue that we charge our customer in relation to the personnel and/or well testing equipment supplied by us, the details of which is as disclosed in Section 3.7 (i) of the Prospectus.*
- (c) *We currently provide well perforate, wash and cement services in collaboration with Archer Malaysia. The revenue from this business activity is split into two (2) parts, namely the end-of-life stage perforation services performed by us and wash and cement services performed by Archer Malaysia. We pay Archer Malaysia for the performance of its services based on the prices and rates in the sub-contract agreement after deducting a fixed percentage of the wash and cement services revenue as our commission.*
- (d) *Other services comprise supplying oilfield equipment (FYE 2016), providing construction services (FYE 2016), supplying technical personnel (FYE 2017), providing consultancy services for waterproofing study (FYE 2018) and supplying technical personnel and providing consultancy services for waterproofing study (FYE 2019).*
- (e) *Others were expenses incurred that were not directly attributable to providing O&G well services and other services. These expenses include rental of equipment that was not used in operations (FYE 2016) and setting up a desander skid as part of developing sand management solutions (FYE 2018).*

The GP margins of our business activities are provided in the following table:

GP Margin	FYE 2016	FYE 2017	FYE 2018	FYE 2019
O&G Well Services	1.04	23.61	24.64	25.98
Well leak repair	-	38.49	38.42	43.26
Well perforation	29.62	33.72	26.24	34.21
Well testing	-	(86.21)	3.45	9.05
Wash and cement ^(a)	-	4.42	4.88	4.53
Wireline services	(4,738.18)	(2,934.15)	(0.32)	18.62
O&G production enhancement	(d)	(d)	(d)	29.41
Other Services ^(b)	10.12	21.07	14.85	13.11
Other Costs ^(c)	(d)	(d)	(d)	(d)
Group GP margin	(3.63)	23.56	24.24	25.83

Notes:

- (a) *We currently provide well perforate, wash and cement services in collaboration with Archer Malaysia. The revenue from this business activity is split into two (2) parts, namely the end-of-life stage perforation services performed by us and wash and cement services performed by Archer Malaysia.*
- (b) *Other services comprise supplying oilfield equipment (FYE 2016) and providing construction services (FYE 2016), supplying technical personnel (FYE 2017), providing consultancy services for waterproofing study (FYE 2018) and supplying technical personnel and providing consultancy services for waterproofing study (FYE 2019).*

12. FINANCIAL INFORMATION (Cont'd)

- (c) *Others were expenses incurred that were not directly attributable to providing O&G well services and other services. These expenses include rental of equipment that was not used in operations (FYE 2016) and setting up a desander skid as part of developing sand management solutions (FYE 2018).*
- (d) *Not applicable.*
- (e) *For the FYE 2018, our GP margin for start-up and production stage perforations was 32.99%, whereas our GP margin for end-of-life stage perforations was 9.76%. This was mainly because the end-of-life stage perforations that we carried out during FYE 2018 incurred higher freight, transportation and handling costs compared to start-up and production stage perforations; and different types of conveyance methods and firing heads in providing end-of-life perforations compared to start-up and production stage perforations. Please refer to Section 12.3.7 (ii) (a) of this Prospectus for additional information.*

(i) **FYE 2017 Compared to FYE 2016**

Our GP improved from a GL of RM0.35 million in FYE 2016 to RM4.92 million in FYE 2017, which resulted in our GP margin improving from GL margin of 3.63% to positive GP margin of 23.56% in FYE 2017. The improvement in GP and GP margin was mainly contributed by well leak repair services that we started to provide in FYE 2017.

(a) **O&G Well Services**

In FYE 2017, our GP from O&G well services improved to RM4.84 million compared to GP of approximately RM95,000 in FYE 2016. Our GP margin improved to 23.61% in FYE 2017 compared to GP margin of 1.04% in FYE 2016. The improvement in GP and GP margin was mainly contributed by the following:

- **Well leak repair:** This was a new service which contributed GP of RM3.64 million and had GP margin of 38.49% in FYE 2017.
- **Well perforation:** Our GP from well perforation services increased by RM0.92 million or 34.10% to RM3.62 million. Our GP margin improved from 29.62% in FYE 2016 to 33.72% in FYE 2017.

The increase in GP was mainly contributed by GP of RM0.71 million from the commencement perforation services for three (3) new customers (a PSC operator offshore Peninsular Malaysia and Sabah and two (2) separate O&G service providers in Malaysia). GP from one (1) existing PSC operator customer for services offshore Sarawak increased by RM0.08 million. In addition, we had a GL of RM0.16 million from a customer in Vietnam for FYE 2016, which did not recur during FYE 2017.

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12. FINANCIAL INFORMATION (Cont'd)

The improvement in GP margin for well perforation was mainly due to improvement in our direct operational cost where our cost of sales as a percentage of revenue decreased by 4.10% from 70.38% in FYE 2016 to 66.28% in FYE 2017. The improvement was contributed by reduction of direct labour cost for our well perforation operations, where direct labour cost as a percentage of revenue declined from 17.87% in FYE 2016 to 15.47% in FYE 2017. Our direct labour costs were mainly in relation to our Group's engineering personnel. For FYE 2016, the direct labour costs were allocated entirely to well perforation services as our engineering personnel were allocated to this business activity during FYE 2016. During FYE 2016, we had an excess of engineering personnel. Although revenue for FYE 2016 was less than FYE 2015, we did not carry out a corresponding reduction in the number of engineering personnel. For FYE 2017, these excess engineering personnel were allocated to providing well leak repair services, in addition to well perforation services. As such, direct labour costs for engineering personnel were apportioned to both business activities, which resulted in this reduction in direct labour costs attributed to well perforation services in FYE 2017.

- **Wash and Cement Services:** For FYE 2017, our GP from wash and cement services was approximately RM8,000 and GP margin was 4.42%. Wash and cement services are part of the well perforate, wash and cement services that we provide in collaboration with Archer Malaysia. The work and revenue from such projects are split into two (2) parts, namely the end-of-life stage well perforations performed by us and wash and cement performed by Archer Malaysia. We paid Archer Malaysia for the performance of its wash and cement services based on the prices and rates in the sub-contract agreement after deducting a fixed percentage of the wash and cement services revenue as our commission.

These improvements in our GP and GP margin was partially offset by GL recorded for our wireline and well testing services as follows:

- **Wireline services:** Our wireline services recorded a GL of RM2.61 million in FYE 2016 and RM2.41 million in FYE 2017. For the FYE 2016, we secured one (1) wireline services project from an O&G service provider with revenue of approximately RM55,000. However, the cost of sales for FYE 2016 was RM2.66 million, which was mainly attributed to depreciation of equipment of RM1.97 million and direct labour cost of RM0.34 million. The equipment that was depreciated mainly comprised Amsito's wireline equipment. At the time we acquired Amsito, Amsito was a Petronas licence holder but did not have any active contracts in hand to provide wireline or other services.

Amsito had continuously tried to bid for other wireline services projects after it became our subsidiary but was not successful. The wireline services that our Group provided in FYE 2017 were undertaken by RLSB and not Amsito. Subsequently, Amsito managed to secure one (1) wireline services contract from a different O&G service provider during the FYE 2017. However, Amsito did not receive any work orders in relation to this contract during FYE 2017. Our cost of sales for FYE 2017 was RM2.49 million, which mainly comprised depreciation of equipment of RM2.0 million and direct labour cost of RM0.32 million.

12. FINANCIAL INFORMATION (Cont'd)

- **Well testing:** Our well testing services recorded a GL of RM0.03 million for FYE 2017. During FYE 2017, we carried out preparatory work for this service and revenue from this work was not sufficient to cover the direct operational cost incurred. The main cost of sales incurred in FYE 2017 comprised direct labour cost of RM0.02 million and sub-contractor wages of RM0.02 million.

(b) Other Services

Our GP from other services increased by approximately RM42,000 or 102.44% to approximately RM83,000 for FYE 2017. GP margin also improved from 10.12% for FYE 2016 to 21.07% for FYE 2017. GP for FYE 2016 comprised GP of approximately RM38,000 from supplying oilfield equipment to a customer in the United Kingdom and GP of approximately RM3,000 from providing construction services to a customer in Malaysia. For FYE 2017 our GP was mainly contributed by the supply of technical personnel where our revenue from this service exceeded the cost of sales, which mainly comprised sub-contracted wages of RM0.29 million.

(c) Others

For FYE 2016, other direct cost of sales that were not directly attributable to providing O&G well services and other services amounted to RM0.48 million which were incurred in relation to the costs of wireline equipment that we rented to fulfil the technical requirements for a tender. However, we did not secure any contracts or purchase orders from this tender and as a result the wireline equipment was ultimately not used in our operations.

We did not incur such other direct costs of sales during FYE 2017.

(ii) FYE 2018 Compared to FYE 2017

Our GP improved further in FYE 2018 by RM6.01 million or 122.29% to RM10.93 million and our GP margin also improved from 23.56% for FYE 2017 to 24.24% for FYE 2018. The improvement in GP and GP margin was mainly due to increased GP from well leak repair services and reduction in GL from wireline services.

(a) O&G Well Services

Our GP from O&G well services increased by RM6.25 million or 129.25% to RM11.08 million for FYE 2018 and GP margin improved from 23.61% for FYE 2017 to 24.64% for FYE 2018. The improvement in GP and GP margin was mainly contributed by the following:

- GP from the **well leak repair services** increased by RM3.01 million or 82.81% to RM6.65 million, while GP margin was largely unchanged at 38.42% in FYE 2018 compared to 38.49% in FYE 2017. The increase in GP was contributed by the following:
 - increased GP from two (2) existing PSC operator customers in Malaysia, which amounted to RM1.31 million;
 - increase GP of RM1.43 million from an existing PSC operator customer for work in Mauritania; and

12. FINANCIAL INFORMATION (Cont'd)

- four (4) new customers in Malaysia, with total GP contribution of RM0.30 million and one (1) new customer in Vietnam with GP contribution of RM0.10 million.

However, this was offset by decline in GP of RM0.13 million from one (1) PSC customer and one (1) service provider customer in Malaysia.

Repair chemicals and consumables were the largest cost of sales for well leak repair services representing 48.98% and 57.51% of cost of sales for FYE 2017 and FYE 2018 respectively. Although the cost of sales of repair chemicals and consumables as a percentage of revenue was higher for FYE 2018 compared to FYE 2017, this was almost entirely offset by a decrease in the cost of sales of other products and services as a percentage of revenue, resulting in GP margin remaining largely unchanged. This is summarised in the following table:

Cost of Sales as a Percentage of Revenue	FYE 2017 (%)	FYE 2018 (%)
Repair chemicals and consumables	30.13	35.42
Other products and services	31.39	26.15

- **Well perforation:** GP from well perforation services increased by RM0.43 million or 11.95% to RM4.06 million for FYE 2018. However, GP margin decreased from 33.72% in FYE 2017 to 26.24% in FYE 2018. The increase in GP was partly contributed from one (1) O&G service provider customer (GP contribution of RM1.26 million) and one (1) PSC customer (GP contribution of RM0.13 million) and the commencement of five (5) end-of-life perforation jobs during FYE 2018 with GP contribution of RM0.48 million. In addition, there was an increase in GP contribution of RM0.48 million from an existing PSC customer and of RM0.25 million from an existing service provider customer. However, these were partially offset by decline in GP contribution in FYE 2018 from two (2) existing PSC operator customers of RM1.20 million and RM0.43 million respectively and from two (2) existing service provider customers of RM0.35 million and RM0.13 million respectively. In addition, we incurred GL of approximately RM31,000 for FYE 2018 from cost of sales for preparatory work incurred prior to commencing an end-of-life perforation project for a PSC operator customer for services in Mauritania.

The decrease in GP margin for well perforation services in FYE 2018 was mainly due to the following:

- During FYE 2018, we carried out start-up and production stage perforations and end-of-life stage perforations as part of the well perforate, wash and cement contracts. Our GP margin for start-up and production stage perforations in FYE 2018 was 32.99%, which was comparable to the margin for this business activity in FYE 2017 of 33.72%.

12. FINANCIAL INFORMATION (Cont'd)

However, our GP margin for end-of-life stage perforations was lower at 9.76% in FYE 2018. This was mainly due to higher freight, transportation and handling costs, which were equivalent to 27.33% of revenue for end-of-life stage perforations compared to 6.56% for start-up and production stage perforations. We mainly used air freight to transport the equipment and tools used in end-of-life perforation projects due to the short timeframe made available by customers of this service to complete such projects. Air freight is more expensive compared to sea freight, which is the mode of transport that we usually use for start-up and production stage perforation projects.

In addition, different conveyance methods are normally used to carry out end-of-life stage perforations compared to start-up and production stage perforations. We usually utilise the tubing conveyed perforation ("**TCP**") method for end-of-life stage perforations whereas we utilise slickline or electric wireline conveyance methods for start-up and production stage perforations. The TCP conveyance method is detonated using hydraulic pressure firing heads and thus, does not require the use of one (1) of our smart firing heads or electrical firing heads that are normally used for start-up and production stage perforations. The rates that we charge our customers for hydraulic pressure firing heads are lower compared to the rates that we charge for the use of our smart firing heads or electrical firing heads, which contributes towards lower GP margin for end-of-life stage perforations compared to start-up and production stage perforations.

- **Well testing:** Our GP from well testing services improved from a GL position in FYE 2017 to GP of RM0.21 million for FYE 2018 with GP margin of 3.45%. GP increased as we commenced full-scale project implementation during FYE 2018. We provided well testing services in collaboration with third-party service provider. Based on our agreement with them, the service provider is responsible for providing the equipment used for well testing and the personnel to operate the equipment training to our personnel. We will provide personnel to take part in operations and receive training on using the equipment from the service provider.

Pursuant to the Petrotechnical Agreement, we pay Petrotechnical for the well testing equipment and personnel supplied by Petrotechnical for the performance of well testing services based on the prices and rates as stipulated in the Petrotechnical Agreement ("**Petrotechnical Revenue**") after deducting a fixed percentage as our commission which is calculated on the amount of the Petrotechnical Revenue. In carrying out the well testing services together with Petrotechnical, we also supply our personnel and/or well testing equipment (we started to have our own well testing equipment towards the end of the FYE 2018). Hence, we are entitled to the portion of the revenue that we charge our customer based on the prices and rates stipulated in the customer's work order (which is the same as per the Petrotechnical Agreement) for the well testing services in relation to the personnel and/or well testing equipment supplied by us.

12. FINANCIAL INFORMATION (Cont'd)

Our cost of sales for well testing services in FYE 2018 mainly comprised sub-contractor fees of RM5.02 million and direct labour costs of RM0.31 million.

- **Wash and Cement Services:** Our GP from wash and cement services was RM0.19 million for FYE 2018 and GP margin was 4.88%. We paid Archer Malaysia for the performance of its wash and cement services based on the prices and rates in the sub-contract agreement after deducting a fixed percentage of the wash and cement services revenue as our commission.

Although there was GL from our wireline service, there was an improvement in the GP and GP margin from the service as follows:

- **Wireline services:** Our GL from wireline services in FYE 2018 was approximately RM8,000, which was an improvement compared to GL of RM2.41 million in FYE 2017. The improvement was mainly due to a decrease in depreciation of fixed assets, which decreased from RM2.0 million in FYE 2017 to RM0.16 million in FYE 2018 as most of our wireline equipment had become fully depreciated during FYE 2017. There was also a decrease in direct labour costs from RM0.32 million in FYE 2017 to RM0.01 million in FYE 2018 as some of our employees who were involved in performing wireline services in FYE 2017 were re-assigned to perform well perforation and leak repair services in FYE 2018 and their labour costs were categorised under these business activities. This was partially offset by equipment rental costs that amounted to RM0.36 million incurred in FYE 2018 while there was none in FYE 2017.

We also recorded GP of approximately RM96,000 from wireline services for tubing cutting for FYE 2018. We engaged a sub-contractor as we did not have the expertise and equipment to carry out the work and the sub-contractor costs for their services amounted to RM1.92 million for FYE 2018.

Following from the reduction in the GL from wireline services for FYE 2018 compared to FYE 2017 described above, the GL margin improved from -2,934.15% for FYE 2017 to -0.32% for FYE 2018.

(b) Other Services

Our GP from other services was approximately RM15,000 for FYE 2018 when we only provided consultancy services for a waterproofing study. We engaged a sub-contractor to carry out the study as it was not our core business and incurred sub-contractor costs of approximately RM85,000. Our GP margin for other services declined from 21.07% for FYE 2017 to 14.85% for FYE 2018.

(c) Others

Other direct cost of sales that were not directly attributable to providing O&G well services and other services for FYE 2018 amounted to RM0.17 million, which were incurred in relation to setting up a desander skid. The desander skid is part of a new sand management solutions service that we will provide to a service provider during FYE 2019 and we did not recognise any revenue from this service during FYE 2018.

12. FINANCIAL INFORMATION (Cont'd)**(iii) FYE 2019 Compared to FYE 2018**

For FYE 2019, our GP and GP margin improved as our GP increased by RM9.74 million or 89.11% to RM20.68 million and our GP margin improved from 24.24% for FYE 2018 to 25.83% for FYE 2019. The improvement in GP was mainly due to increased GP from well perforation and testing services and the improvement in wireline services from a GL in FYE 2018 to GP for FYE 2019. There was also positive GP contribution from O&G production enhancement services, which began to generate revenue during FYE 2019.

(a) O&G Well Services

For FYE 2019, our GP from well services increased by RM9.47 million or 85.45% to RM20.56 million and GP margin improved from 24.64% for FYE 2018 to 25.98% for FYE 2019. The improvement in GP and GP margin was mainly contributed by the following:

- GP from **well leak repair services** was largely unchanged as it grew by RM0.07 million or 1.08% from RM6.65 million in FYE 2018 to RM6.72 million in FYE 2019 while GP margin improved from 38.42% in FYE 2018 to 43.26% in FYE 2019. The largely unchanged GP was mainly contributed by the following:
 - our call out contract for well leak repair services from Petronas Carigali in Malaysia where GP increased by RM2.75 million for FYE 2019;
 - this was largely offset by the completion of our call out contract for this service from PC Mauritania 1 Pty Ltd during FYE 2018 as we did not provide this service for them during FYE 2019. The GP contribution from this contract was RM1.92 million for FYE 2018;
 - completion of well leak repair projects for two (2) other customers in Malaysia during FYE 2018 with combined GP contribution of RM0.13 million for FYE 2018; and
 - decrease in GP from two (2) other customers in Malaysia and one (1) other customer Vietnam with combined decrease in GP of RM0.75 million.

The improvement in our GP margin from well leak repair services was mainly contributed by Petronas Carigali whereby our GP from providing this service to them improved from 26.37% for FYE 2018 to 41.93% for FYE 2019. This improvement in GP margin was mainly contributed by an increase in the proportion of services (in the form of manpower and equipment use) in providing well leak repair services for FYE 2019 compared to FYE 2018 with a corresponding decline in the proportion of supplying well leak repair chemicals. The provision of services had higher GP margin compared to the supply of well leak repair chemicals.

12. FINANCIAL INFORMATION (Cont'd)

- **Well Perforation:** GP from well perforation services for FYE 2019 increased by RM6.44 million or 158.91% to RM10.50 million and GP margin improved from 26.24% in FYE 2018 to 34.21% for FYE 2019. The increase in GP was mainly from start-up and production stage perforations from our call out contract with Petronas Carigali in Malaysia (increase of RM3.75 million) and end-of-life stage perforations for an umbrella contract with Petronas Carigali in Malaysia (increase of RM3.04 million). In addition, there was contribution from the following:
 - increased GP amounting to RM0.84 million for FYE 2019 from providing end-of-life stage perforation services for a service provider in Malaysia;
 - GP amounting to RM0.79 million from providing end-of-life stage perforations to PC Mauritania 1 Pty Ltd in Mauritania during FYE 2019; and
 - increase in GP from providing start-up and production stage perforations to two (2) existing customers in Malaysia (comprising one (1) PSC operator and one (1) service provider), which together amounted to RM0.98 million.

These increases were partially offset by the following:

- GP from three (3) existing end-of-life stage perforation services customers in Malaysia, namely one (1) PSC operator and two (2) service providers decreased by a cumulative amount of RM0.75 million for FYE 2019; and
- decrease in GP amounting to a total of RM2.04 million from three (3) existing customers of start-up and production stage perforation services in Malaysia comprising two (2) PSC operators and one (1) service provider.

The following factors contributed towards the improvement in our GP margin for FYE 2019:

- The GP margin of our end-of-life stage perforations (as part of the well perforate, wash and cement contracts) improved, from 9.76% for FYE 2018 to 24.93% for FYE 2019. This was partially contributed by these services provided for PC Mauritania 1 Pty Ltd in Mauritania where the margin improved from GL margin of 35.05% for FYE 2018 to positive GP margin of 30.29%. This was partly due to costs of sales incurred for preparatory work during FYE 2018 (contributing towards the GL position during that year) followed by commencing work on the contract in FYE 2019; and
- The overall growth in revenue from well perforation services, which increased 98.62% (or RM15.24 million) whereas fixed-cost elements of the business activity's cost of sales (comprising depreciation, rental and short term lease expenses, repair and maintenance, and insurance) declined by approximately RM11,000 or 0.87% to RM1.24 million for FYE 2019.

12. FINANCIAL INFORMATION (Cont'd)

- **Well testing:** During FYE 2019, our GP from well testing services improved further with increase of RM1.04 million or 508.78% to RM1.25 million while GP margin improved from 3.45% for FYE 2018 to 9.05% for FYE 2019. During FYE 2019, we continued to provide well testing services in collaboration with Petrotechnical as described above.

The increase in GP for FYE 2019 was contributed by increased GP of RM0.64 million from a new service provider customer for this service in Malaysia and increase GP of RM0.40 million from our existing umbrella contract for this service with Petronas Carigali.

The improvement in our GP margin was mainly due to increase usage of our own personnel and some of our own well testing equipment, such as our portable cabin and dataport during FYE 2019 in line with our Malaysianisation Plan with Petrotechnical as set out in Section 3.7 (i) of this Prospectus.

- **Wash and Cement Services:** For FYE 2019, our GP from wash and cement services increased by RM0.37 million or 200.0% to RM0.56 million while our GP margin declined slightly from 4.88% for FYE 2018 to 4.53% for FYE 2019. We paid Archer Malaysia for the performance of its wash and cement services based on the prices and rates in the sub-contract agreement ("**Wash and Cement Services**") after deducting a fixed percentage of the wash and cement services revenue as our commission as described above. For FYE 2019, there was an increase in the mobilisation fees incurred due to more types/ specifications of tools being used for the work performed by Archer Malaysia and as such, we have been charged accordingly by Archer Malaysia resulting in the slight decrease in GP margin from 4.88% for FYE 2018 to 4.53% for FYE 2019. The mobilisation fees is not included as part of the Wash and Cement Services.
- **Wireline services:** We had positive GP for our wireline services for FYE 2019 compared to GL for the FYE 2016, FYE 2017 and FYE 2018. For FYE 2019, our GP from wireline services was RM0.83 million (compared to GL of approximately RM8,000 for FYE 2018) and GP margin was 18.62% (compared to GL margin of -0.32%). The positive GP was mainly contributed by the increase in work orders secured from an existing service provider customer in Malaysia (GP contribution of RM0.32 million), work orders received from a new service provider customer for wireline services in Malaysia (GP contribution of RM0.29 million) and from an existing PSC operator customer in Malaysia (GP contribution of RM0.21 million).
- **O&G production enhancement services:** Our GP from O&G production enhancement services for FYE 2019, which was a new service that we started to provide during FYE 2019 was RM0.71 million and GP margin was 29.41%. For FYE 2019, our GP and GP margin from supplying IOR chemicals was RM0.61 million and 36.46% respectively and from providing sand management solutions was approximately RM98,000 and 13.33% respectively.

(b) Other Services

For FYE 2019, our GP from other services increased by RM0.10 million to RM0.12 million while GP margin declined slightly from 14.85% for FYE 2018 to 13.11% for FYE 2019. Our GP from other services for FYE 2019 comprised GP from supplying technical personnel to one (1) customer in Malaysia (GP contribution of RM0.12 million) and from providing consultancy services for a waterproofing study (GP contribution of approximately RM4,000).

12. FINANCIAL INFORMATION (Cont'd)**(c) Others**

We did not incur other direct cost of sales that were not directly attributable to providing O&G well services and other services during FYE 2019.

12.3.8 GP and GP Margin Segmented by Geographic Market

The tables below present our GP by geographic markets:

GP ^(a)	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	(228)	<i>(b)</i>	4,433	90.14	8,946	81.83	19,958	96.54
Foreign Countries	(120)	<i>(b)</i>	485	9.86	1,986	18.17	716	3.46
Mauritania	-	-	485	9.86	1,884	17.24	779	3.76
Vietnam	(158)	<i>(b)</i>	-	-	102	0.93	(63)	(0.30)
United Kingdom	38	<i>(b)</i>	-	-	-	-	-	-
Total	(348)	<i>(b)</i>	4,918	100.00	10,932	100.00	20,674	100.00

Notes:

(a) GP contribution is allocated to the respective geographical markets based on where we provide products and services.

(b) Not calculable, as our total GP for FYE 2016 was negative.

The tables below present our GP margin by geographic markets:

GP Margin ^(a)	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Malaysia	(2.59)	23.90	22.03	25.83
Foreign Countries	(15.77)	20.86	44.37	25.88
Mauritania	<i>(b)</i>	20.86	47.08	28.15
Vietnam	(42.13)	<i>(b)</i>	21.52	<i>(c)</i>
United Kingdom	9.84	<i>(b)</i>	<i>(b)</i>	<i>(b)</i>
Group GP Margin	(3.63)	23.56	24.24	25.83

Notes:

(a) GP margin calculated based on revenue and GP contribution from each country, which is based on where we provide products and services.

(b) Not applicable, as we did not generate revenue and GP from this country during the respective financial year.

(c) Not applicable, as we did not generate revenue from this country during the financial year.

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12. FINANCIAL INFORMATION (Cont'd)

(i) FYE 2017 Compared to FYE 2016

The improvement in our total GP and GP margin in FYE 2017 was mainly contributed by our business in Malaysia.

Malaysia

GP from our customers in Malaysia improved from a GL of RM0.23 million in FYE 2016 to a GP of RM4.43 million in FYE 2017. This was mainly attributed to the provision of well leak repair services to customers in Malaysia where the service accounted for GP of RM3.15 million for FYE 2017. In addition, our GP from well perforation services to customers in Malaysia also increased by RM0.79 million. Our GP margin from Malaysia improved from a GL margin of 2.59% for FYE 2016 to a positive GP margin of 23.90% for FYE 2017. The improvement was mainly attributed to improvement in GP margin from our perforation services and well leak repair services.

Foreign Countries

Our GP from foreign countries also improved mainly due to GP contribution of RM0.49 million for FYE 2017 for well leak repair services carried out in Mauritania. Our GP from the United Kingdom for FYE 2016 was from supplying oilfield equipment to a customer in that country.

There was a GL recorded from Vietnam of RM0.16 million FYE 2016. This was for our well perforation services to customers in Vietnam.

Please refer to Section 12.3.7 (i) for further details on GP and GP margin by business activities and services.

(ii) FYE 2018 Compared to FYE 2017

Malaysia

During FYE 2018, the growth in our GP was contributed by customers in Malaysia, where GP increased by RM4.51 million or 101.80% to RM8.95 million. This was mainly contributed by well leak repair services with GP contribution increased by RM1.48 million for FYE 2018. In addition, our GP for wireline services improved from GL of RM2.41 million for FYE 2017 to GL of approximately RM8,000 for FYE 2018, a difference of RM2.40 million. However, our GP margin from customers in Malaysia declined slightly from 23.90% for FYE 2017 to 22.03% for FYE 2018, which was mainly due to the decline in GP margin from our perforation services.

Foreign Countries

GP from foreign countries also increased during FYE 2018. GP from Mauritania increased by RM1.40 million or 288.45% to RM1.88 million mainly from well leak repair services. GP margin from these services provided to a customer in Mauritania for well leak repair services also improved as only small quantities of repair chemicals and consumables were used in providing the service during FYE 2018 resulting in low cost of sales for this service. We had GP of RM0.10 million from two (2) customers in Vietnam for well leak repair and perforation services.

Please refer to Section 12.3.7 (ii) for further details on GP and GP margin by business activities and services.

12. FINANCIAL INFORMATION (Cont'd)

(iii) FYE 2019 Compared to FYE 2018**Malaysia**

The increase in our GP for FYE 2019 was mainly contributed by customers in Malaysia, where GP increased by RM11.01 million or 123.09% from RM8.95 million in FYE 2018 to RM19.96 million in FYE 2019. This was mainly contributed by well perforation services (where GP contribution increased by RM5.66 million) and well leak repair (where GP contribution increased by RM1.99 million). In addition, there was increase in GP from well testing of RM1.04 million, wash and cement of RM0.37 million, wireline services of RM0.83 million and other services of RM0.10 million. The provision of O&G performance enhancement services to customers in Malaysia contributed GP of RM0.71 million for FYE 2019. Our GP margin from customers in Malaysia improved from 22.03% for FYE 2018 to 25.83% for FYE 2019. This was mainly due to improvement in GP margin from providing well perforation and leak repair services to customers in Malaysia.

Foreign Countries

Our GP from foreign countries for FYE 2019 declined by RM1.27 million from RM1.99 million in FYE 2018 to RM0.72 million in FYE 2019 while GP margin declined from 44.37% for FYE 2018 to 25.88% for FYE 2019. GP from Mauritania for FYE 2019 declined by RM1.11 million or 58.65% from RM1.88 million in FYE 2018 to RM0.78 million in FYE 2019. This was mainly due to the completion of our call out contract with PC Mauritania 1 Pty Ltd for well leak repair services during FYE 2018, which contributed GP of RM1.92 million for FYE 2018. This was partially offset by the commencement of the end-of-life well perforation services from GL of approximately RM31,000 in FYE 2018 to GP of RM0.75 million in FYE 2019 and the GP from wash and cement services was approximately RM26,000 in FYE 2019. GP margin from Mauritania declined from 47.08% for FYE 2018 to 28.15% for FYE 2019 as the GP margin from providing end-of-life well perforation and wash and cement services are lower than for providing well leak repair services.

We had GL of approximately RM63,000 from Vietnam for FYE 2019. This was mainly due to charge out as cost of sales inventory that we had previously purchased in 2015 to carry out a work in Vietnam. However, this work was cancelled by our customer. In view that the said inventory was specifically designed to carry out this work and couldn't be used for other purposes, we decided to charge out the said inventory amounting to approximately RM109,000 as cost of sales during FYE 2019. This was partially offset by discount amounting to approximately RM46,000 that we had received from a supplier (AGS International) which was recognised in FYE 2019 for the supply of repair chemicals to a customer in Vietnam during the FYE 2018.

Please refer to Section 12.3.7 (iii) for further details on GP and GP margin by business activities and services.

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12. FINANCIAL INFORMATION (Cont'd)**12.3.9 GP and GP Margin Segmented by Subsidiaries**

Our GP by subsidiaries are provided in the following table:

GP	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Reservoir Link ^(a)	-	-	-	-	-	-	-	-
RLSB	2,863	^(c)	7,374	149.94	11,491	105.11	21,613	104.54
RL Labuan	(120)	^(c)	(28)	(0.57)	435	3.98	(109)	(0.53)
Amsito	(3,091)	^(c)	(2,428)	(49.37)	(827)	(7.56)	(503)	(2.43)
RL Solutions ^(b)	^(d)	^(d)	^(d)	^(d)	(167)	(1.53)	(327)	(1.58)
Total	(348)	^(c)	4,918	100.00	10,932	100.00	20,674	100.00

Our GP margin by subsidiaries is provided in the following table:

GP Margin	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Reservoir Link ^(a)	-	-	-	-
RLSB	32.67	35.33	26.04	28.78
RL Labuan	(15.79)	^(c)	91.77	^(c)
Amsito	(5,620.00)	^(c)	(170.16)	(14.08)
RL Solutions ^(b)	^(c)	^(c)	^(c)	(23.80)
Total	(3.63)	23.56	24.24	25.83

Notes:

- (a) Reservoir Link was dormant during FYE 2016, FYE 2017, FYE 2018 and FYE 2019.
- (b) RL Solutions was not one (1) of our subsidiaries during FYE 2016 and FYE 2017. The company became a subsidiary of our Group in August 2018.
- (c) Not applicable.
- (i) **FYE 2017 Compared to FYE 2016**

RLSB was the main contributor to our GP for FYE 2016 and FYE 2017. The company's GP increased by RM4.51 million or 157.56% to RM7.37 million for FYE 2017. This increase in GP was mainly from the provision of well leak repair services to customers in Malaysia, which was a new service contributing GP of RM3.64 million in FYE 2017.

Amsito had GL of RM3.09 million for FYE 2016 and RM2.43 million for FYE 2017, which was mainly attributed to revenue generated during these two (2) years being insufficient to support the direct operational costs incurred during these two (2) years. Some of the direct operational costs incurred included rental of equipment in FYE 2016 as well as depreciation on wireline equipment and direct labour cost incurred in FYE 2016 and FYE 2017.

Please refer to Section 12.3.7 (i) of this Prospectus for further details on GP and GP margin of our business activities and services.

12. FINANCIAL INFORMATION *(Cont'd)*

(ii) FYE 2018 Compared to FYE 2017

RLSB was also the main contributor to GP during FYE 2018. GP increased by RM4.12 million or 55.83% to RM11.49 million. The increase in GP was mainly from the provision of well leak repair services to customers in Malaysia and Mauritania. However, the company's GP margin declined from 35.33% for FYE 2017 to 26.04% for FYE 2018 mainly due to decline in GP margin from well perforation services as described Section 12.3.7 (ii) (a) of this Prospectus.

Amsito had a GL of RM2.43 million for FYE 2017 and RM0.83 million for FYE 2018 mainly due to reduction in depreciation costs from RM2.0 million in FYE 2017 to RM0.16 million in FYE 2018 as most of the company's wireline equipment became fully depreciated during FYE 2017.

(iii) FYE 2019 Compared to FYE 2018

RLSB continued to be the main contributor to our GP for FYE 2019 as GP increased by RM10.12 million or 88.09% to RM21.61 million. The increase in GP was contributed by the provision of well perforation and wash and cement services to customers in Malaysia and Mauritania, and well leak repair, testing and wireline services to customers in Malaysia. This was partially offset by decline in GP from providing well leak repair services to customers in Mauritania. Please refer to Section 12.3.7 (iii) (a) of this Prospectus for additional information.

Amsito had a GL of RM0.50 million for FYE 2019. During FYE 2019, Amsito had total revenue of RM6.21 million of which RM3.57 million was from provision of services to external customers. Revenue from providing services to other companies within our Group amounted to RM2.64 million for FYE 2019 and after eliminating this revenue as inter-company transactions, Amsito had GL of RM0.50 million.

RL Labuan had a GL of RM0.11 million for FYE 2019 mainly due to charge out to the cost of sales amounting to RM0.11 million for inventory that we had previously purchased in 2015 to carry out work in Vietnam. However, this work was cancelled by our customer and in view that the said inventory could not be used for other purposes, we decided to charge out the said inventory during FYE 2019.

RL Solutions had a GL of RM0.33 million for FYE 2019. RL Solutions had revenue of RM2.31 million for FYE 2019 of which RM1.37 million was from providing services to external customers and inter-company transactions of RM0.94 million from providing services to other companies within our Group. After eliminating the inter-company transactions of RM0.94 million, RL Solutions had GL of RM0.33 million for FYE 2019.

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12. FINANCIAL INFORMATION (Cont'd)**12.3.10 Cost of Sales**

The table below provides a breakdown of our cost of sales:

Cost of Sales	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sub-contracted services	-	-	173	1.08	10,987	32.16	26,289	44.29
Overhead expenses	2,990	30.12	3,263	20.45	7,719	22.60	12,798	21.56
Repair chemicals and consumables	-	-	2,846	17.84	6,128	17.94	4,941	8.33
Well perforation explosives and hardware	1,750	17.63	2,656	16.65	4,237	12.41	7,433	12.52
IOR chemicals	-	-	-	-	-	-	326	0.55
Labour and staff costs	2,534	25.53	4,188	26.25	3,994	11.69	6,512	10.97
Depreciation	2,652	26.72	2,830	17.73	1,094	3.20	1,058	1.78
Total	9,926	100.00	15,956	100.00	34,159	100.00	59,357	100.00

Cost of Sales	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
O&G Well Services	9,078	91.46	15,645	98.05	33,906	99.26	58,567	98.67
Well leak repair	-	-	5,811	36.42	10,656	31.20	8,813	14.85
Well perforation	6,417	64.65	7,119	44.62	11,398	33.37	20,193	34.01
Well testing	-	-	54	0.34	5,739	16.80	12,546	21.14
Wash and cement ^(a)	-	-	173	1.08	3,608	10.56	11,707	19.72
Wireline services	2,661	26.81	2,488	15.59	2,505	7.33	3,606	6.08
O&G production enhancement services	-	-	-	-	-	-	1,702	2.87
Other Services ^(b)	364	3.67	311	1.95	86	0.25	790	1.33
Others ^(c)	484	4.87	-	-	167	0.49	-	-
Total	9,926	100.00	15,956	100.00	34,159	100.00	59,357	100.00

Notes:

- (a) We currently provide well perforate, wash and cement services in collaboration with Archer Malaysia. The cost of sales for the wash and cement services were based on the sub-contract agreement with Archer Malaysia whereby we paid Archer Malaysia for the performance of its services based on the prices and rates in the sub-contract agreement after deducting a fixed percentage of the wash and cement services revenue as our commission.
- (b) Other services comprise supplying oilfield equipment (FYE 2016), providing construction services (FYE 2016), supplying technical personnel (FYE 2017), providing consultancy services for waterproofing study (FYE 2018) and supplying technical personnel and providing consultancy services for waterproofing study (FYE 2019).
- (c) Others were expenses incurred that were not directly attributable to providing O&G well services and other services. These expenses include rental of equipment that was not used in operations (FYE 2016) and setting up a desander skid as part of developing sand management solutions (FYE 2018).

12. FINANCIAL INFORMATION (Cont'd)

(i) Sub-contracted Services

While we use in-house resources to undertake well services, we also engage sub-contracted services under the following circumstances:

- we do not have the specialised technology, equipment or expertise required for some types of well services, such as well testing, wash and cement and tubing cutting using radial cutting torch; and
- we do not have sufficient in-house personnel, equipment and/or other resources available at a particular time to execute a project in accordance to schedule.

We also engage sub-contractors to carry out civil and structural works for construction services projects, provide consultancy services and technical personnel to customers as these are not our core business activities.

We did not engage any sub-contracted services during FYE 2016. During FYE 2017 we engaged Archer Malaysia to provide sub-contracted services in relation to the perforate, wash and cement services that we provided during the year, which amounted to RM0.17 million.

For FYE 2018, our cost of sales of sub-contracted services increased by RM10.81 million to RM10.99 million. We engaged sub-contractors to provide:

- well testing services which amounted to RM5.02 million because we do not have sufficient expertise, equipment and personnel;
- wash and cement which amounted to RM3.61 million because we do not have the expertise, equipment and technology;
- wireline services for tubing cutting which amounted to RM1.92 million as we do not have the expertise, equipment and technology, and equipment rental which amounted to RM0.36 million; and
- consultancy services to conduct a waterproofing study, which amounted to approximately RM85,000 because it is not one (1) of our core business activities.

Our cost of sales of sub-contracted services for FYE 2019 increased by RM15.30 million or 139.27% to RM26.29 million. We engaged:

- sub-contractors to provide well testing services which amounted to RM9.60 million as we did not have sufficient expertise, equipment and personnel;
- sub-contractors to provide wash and cement which amounted to RM11.71 million as we did not have the expertise, equipment and technology;
- sub-contractors to provide wireline services which amounted to RM2.76 million as we did not have the equipment required by one (1) of our customers;
- sub-contractors to provide well perforation services amounting to RM1.36 million as we required additional manpower to carry out some jobs;
- sub-contractors to provide sub-contracted services for sand management solutions of approximately RM73,000, which comprised installation services for the desander skid; and

12. FINANCIAL INFORMATION (Cont'd)

- technical personnel as sub-contractors to provide to a customer which amounted to RM0.77 million and engaged consultancy services to conduct a waterproofing study, which amounted to approximately RM21,000 because these are not our core business activities.

(ii) Overhead Expenses

Our overhead expenses include, among others, freight, transportation and handling charges; travel and accommodation; daily worksite allowances; property rental; equipment rental; small tools and accessories and insurance.

For FYE 2017, our overhead expenses increased by RM0.27 million or 9.13% mainly due to expenses related to carrying out well services at the respective worksites as business activity and revenue increased, which was mainly contributed by the well leak repair services, a new service that we started to provide in FYE 2017. These expenses included freight, transportation and handling charges; travel and accommodation; and daily worksite allowances, which increased by a total of RM0.74 million for FYE 2017. This increase was partially offset by a decline in equipment rental expenses, which declined by RM0.31 million for FYE 2017.

Overhead expenses for FYE 2018 increased by RM4.46 million or 136.56% to RM7.72 million. Expenses related to carrying out well services at the respective worksites continued to increase mainly contributed by our well leak repair and well perforation services. Our freight, transportation and handling charges; travel and accommodation; and daily worksite allowances costs increased by a total of RM2.46 million for FYE 2018. In addition, other costs associated with carrying out our projects, such as consumables; consultancy and technical fees; equipment rental; and repair and maintenance increased by a total of RM1.76 million for FYE 2018.

For FYE 2019, our overhead expenses increased by RM5.08 million or 65.80% to RM12.80 million. There was a continued increase in expenses related to carrying out well services at the respective worksites mainly contributed by end-of-life stage well perforation, testing and wash and cement services in line with increased revenue of these activities during the year. For FYE 2019, our freight, transportation and handling charges, travel and accommodation, and daily worksite allowances costs increased by a total of RM2.74 million. Our other costs associated with carrying out our projects, such as consumables, consultancy and technical fees, equipment rental and repair and maintenance increased by a total of RM1.49 million.

(iii) Repair Chemicals and Consumables

Repair chemicals and consumables are used to carry out well leak repairs. Our purchases of these materials amounted to RM2.85 million for FYE 2017, which was the year that we started to provide this service. For FYE 2018, cost of sales of repair chemicals and consumable increased by RM3.28 million or 115.32% reflecting the growth of this business activity as our revenue increased by 83.16% for FYE 2018.

Our cost of sales for repair chemicals and consumables declined by RM1.19 million or 19.37% for FYE 2019 reflecting the decline in revenue from well leak repair services of 10.24% for FYE 2019.

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12. FINANCIAL INFORMATION (Cont'd)

(iv) Well Perforation Explosives and Hardware

We purchased well perforation explosives and hardware to perform our well perforation services. Purchases of these items during FYE 2017 increased by 51.77%, which reflected the increase in well perforation services that we carried out during the year.

For the FYE 2018, our purchases of well perforation explosives and hardware increased by RM1.58 million or 59.53% to RM4.24 million while our revenue from well perforation services increased by 43.87% during the year.

Our cost of sales of well perforation explosives and hardware increased by RM3.20 million or 75.43% for FYE 2019 reflecting revenue growth of 98.62% for well perforation during FYE 2019.

(v) IOR Chemicals

IOR chemicals are supplied to customers as part of providing O&G production enhancement services. Our cost of sales of IOR chemicals amounted to RM0.33 million for FYE 2019 as we commenced the provision of IOR chemicals during the FYE 2019.

(vi) Labour and Staff Costs

Labour and staff costs include both direct labour costs that were related to our employees and sub-contractor wages that were paid to non-staff personnel (i.e. those who are not our employees) whom we engaged to carry out work on our projects under our supervision. The non-staff personnel that we engaged include individual technical personnel and personnel from providers of sub-contracted services. Our labour and staff costs increased by 65.27% for FYE 2017. This was mainly due to an increase in sub-contractor wages, which increased by RM0.85 million or 149.91% to RM1.42 million as we engaged non-staff personnel to carry out the well leak repair services, a new service that we started to provide in FYE 2017.

Our labour and staff costs for FYE 2018 declined by RM0.19 million from RM4.19 million for FYE 2017 to RM3.99 million for FYE 2018 mainly because we did not engage any non-staff personnel during the year as we engaged sub-contract service providers to carry out some of our O&G well services including well testing services, wash and cement and wireline services. This is reflected in the increase in the cost of sales of sub-contracted services in FYE 2018 as described in Section 12.3.10 (i) of this Prospectus. The decline in labour and staff costs was partially offset by an increase in our direct labour of RM1.22 million or 42.54%, which was mainly due to the increase in direct labour cost for well perforation and well leak repair services.

Our labour and staff costs for FYE 2019 increased by RM2.52 million or 63.04% to RM6.51 million. The increase was contributed by increase in staff costs for well perforation services of RM1.14 million or 48.72% in line with increased revenue from this service during FYE 2019, increase in staff costs for well testing services of RM0.50 million in line with the Malaysianisation plan for this service with Petrotechnical, increase in staff costs for wireline services of RM0.29 million and labour and staff costs of RM0.51 million for O&G production enhancement services, which commenced during FYE 2019. The increase in labour and staff costs was also contributed by the increase in the number of our employees from 76 as at 31 December 2018 to 107 as at 31 December 2019.

12. FINANCIAL INFORMATION (Cont'd)**(vii) Depreciation**

Depreciation increased by RM0.18 million or 6.71% to RM2.83 million for FYE 2017. For FYE 2018 depreciation declined by RM1.74 million to RM1.09 million. Depreciation of our wireline equipment amounted to RM1.97 million and RM2.0 million for FYE 2016 and FYE 2017 respectively.

For FYE 2018, depreciation costs declined to RM1.09 million mainly due to wireline equipment. Depreciation costs for wireline equipment declined by RM1.84 million to RM0.16 million as most of our wireline equipment became fully depreciated during FYE 2017. This was partially offset by increase in depreciation costs for well perforation equipment by RM0.02 million, well leak repair equipment by RM0.06 million and well testing equipment by RM0.02 million.

Depreciation costs for FYE 2019 was largely unchanged with a decline of approximately RM36,000 or 3.29% compared to FYE 2018.

12.3.11 Other Income

The table below provides a breakdown of our other income:

Other Income	FYE 2016		FYE 2017		FYE2018		FYE2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest and rental income	129	11.73	193	5.56	241	35.55	252	70.00
Amount waived by creditors	159	14.45	2,670	76.88	172	25.37	-	-
Gain on foreign exchange	254	23.09	105	3.02	151	22.27	(a)	-
Gain on disposal of property, plant and equipment	317	28.82	197	5.67	(a)	(a)	64	17.78
Others (b)	241	21.91	308	8.87	114	16.81	44	12.22
Total	1,100	100.00	3,473	100.00	678	100.00	360	100.00

Notes:

(a) An amount of less than RM1,000.

(b) Others include proceeds from disposal of furniture and fittings, bank guarantee costs, administrative fees and handling charges and fees earned for accounting services provided to associate company, Amsito Worldwide (BVI) Ltd.

(i) FYE 2017 Compared to FYE 2016

In FYE 2017, other income increased by RM2.37 million or 215.73%. This was mainly due to a creditor waiving its fees amounting to RM2.67 million. The reason for the creditor waiving its fees was as follows:

- The amount of RM2.67 million was an agency fee owed to the creditor. This agency fee arose from services rendered by the creditor for procuring well perforation contracts from two (2) customers, which we carried out in Vietnam as described in Section 12.3.12 (i) of this Prospectus. This agency fee was non-recurring in nature and was part of our cost of sales.

12. FINANCIAL INFORMATION (Cont'd)

The amounts owing from the two (2) customers were considered non-recoverable and we proposed to the creditor that it waived all claims against us provided that if we were able to collect any amounts from the two (2) customers, we would remit to the creditor the amounts collected less all costs incurred. This was agreed to by the creditor. On that basis, the amounts owing by the two (2) customers were written off and the amount to the creditor deemed waived.

In FYE 2016, RM0.16 million was written back as other income after a creditor who was a supplier of office equipment confirmed there was no outstanding amount due to them. The amount was in relation to rental and service charges incurred by Amsito, which were outstanding since FYE 2013 prior to our acquisition of Amsito in FYE 2015.

(ii) FYE 2018 Compared to FYE 2017

Other income for FYE 2018 declined by RM2.80 million or 80.48% to RM0.68 million. The decrease was mainly attributed to the one-off waiver amount of RM2.67 million pertaining to agency fees in FYE 2017 as described Section 12.3.11(i) of this Prospectus. In FYE 2018, a total of RM0.17 million relating to costs for products and services incurred by Amsito that had been outstanding for more than seven (7) years had been written back as any claim by the various creditors would have been time-barred. For FYE 2018, our other income mainly comprised interest and rental income, which amounted to RM0.24 million.

(iii) FYE 2019 Compared to FYE 2018

For FYE 2019, other income declined by RM0.32 million or 46.90% to RM0.36 million. The decrease was mainly attributed to write back of claims by various creditors of Amsito amounting to RM0.17 million, as described in Section 12.3.11(ii) of this Prospectus. Our other income for FYE 2019 mainly comprised interest and rental income of RM0.25 million, and gains on disposal of property, plant and equipment of approximately RM64,000 relating to compensation received from a customer for equipment lost in a wellbore during a job.

12.3.12 Administrative Expenses

The table below provides a breakdown of our administrative expenses:

Administrative Expenses	FYE 2016		FYE 2017		FYE2018		FYE2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Directors' remuneration	1,180	27.62	1,344	18.45	1,520	25.14	1,775	19.41
Staff costs	1,195	27.97	1,506	20.68	1,888	31.24	2,354	25.74
Depreciation	518	12.12	354	4.86	377	6.24	526	5.75
Legal, professional and licence fees	153	3.58	133	1.83	261	4.32	336	3.67
Rental and office expenses	400	9.36	390	5.35	251	4.15	269	2.94
Bad debts written off	13	0.30	2,670	36.66	198	3.28	32	0.35
Loss on foreign exchange	35	0.82	100	1.37	83	1.37	289	3.16
Listing expenses	-	-	-	-	-	-	1,179	12.89
Others^	779	18.23	787	10.80	1,466	24.26	2,386	26.09
Total	4,273	100.00	7,284	100.00	6,044	100.00	9,146	100.00

12. FINANCIAL INFORMATION (Cont'd)

Note:

^ Others include travelling and accommodation, entertainment, general expenses, gifts, motor vehicle expenses and repairs and maintenance.

(i) FYE 2017 Compared to FYE 2016

Our administrative expenses for FYE 2017 grew by RM3.01 million or 70.47% to RM7.28 million. The increase was mainly due to bad debts written off amounting to RM2.67 million in relation to two (2) customers of RL Labuan in Vietnam for perforation services. This amount had been outstanding since FYE 2015. On 29 December 2017, we noted that these trade receivables were likely to be uncollectible and thus we resolved to write them off. Based on our Group's findings, the two (2) customers did not have sufficient funds to pay the aforesaid outstanding amount to our Group. Further, our Group is no longer supplying these two (2) customers.

Following the write-off of the said bad debts, there was a corresponding one-off waiver amount of RM2.67 million pertaining to agency fees in FYE 2017 as described in Section 12.3.11 (i) of this Prospectus.

The increase was partially offset by the decrease in depreciation by RM0.16 million or 31.66% to RM0.35 million as we disposed four (4) motor vehicles during FYE 2016.

(ii) FYE 2018 Compared to FYE 2017

For FYE 2018, our administrative expenses declined by RM1.24 million or 17.02% to RM6.04 million. This was mainly due to a decrease in bad debts written off, which declined by RM2.47 million to RM0.20 million. This was partially offset by increases in other administrative expenses, staff costs and legal, professional and licence fees, which grew to support the increase in our business activities during the year. The increases in these costs included the following:

- other administrative expenses increased by RM0.68 million or 86.28% to RM1.47 million. This was contributed by the increases in general expenses by RM0.21 million, travelling and accommodation by RM0.18 million, entertainment by RM0.11 million, repair and maintenance by RM0.05 million, advertising and promotions by RM0.04 million, donations and gifts by RM0.03 million, and motor vehicle expenses by RM0.02 million;
- staff costs increased by RM0.38 million or 25.37% to RM1.89 million as reflected in the increase in number of employees from fifty-five (55) persons as at 31 December 2017 to seventy-six (76) persons as at 31 December 2018; and
- legal, professional and licence fees increased by RM0.13 million or 96.24% to RM0.26 million due to facilities agreement and stamping fees for term loan secured in FYE 2018.

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12. FINANCIAL INFORMATION (Cont'd)**(iii) FYE 2019 Compared to FYE 2018**

Our administrative expenses for FYE 2019 increased by RM3.10 million or 51.32% to RM9.15 million mainly from increases in other administrative expenses, staff costs and listing expenses incurred during the year. We incurred listing expenses of RM1.18 million during FYE 2019.

Our other administrative expenses increased by RM0.92 million or 62.76% to RM2.39 million mainly attributed to sundry expenses of RM0.80 million for:

- start-up and production stage well perforation services mainly for charges incurred in relation to settlement with a supplier for our administrative error in processing an invoice for payment;
- income tax penalty for under estimation of tax payable for the calculation of monthly installment payment during the quarterly submission due to the mobilisation fees received from PC Mauritania 1 Pty Ltd; and
- building maintenance charges and information and communications technology subscriptions.

Staff costs increased by RM0.47 million or 24.68% to RM2.35 million mainly due to an increase in staff salary and allowances of RM0.45 million for our Group as a whole, in support of the increase in our business activities. In addition, directors' remuneration increased by RM0.26 million as we appointed new directors during the year. These increases were partially offset by decrease in bad debts written off of RM0.17 million for FYE 2019.

12.3.13 Finance Costs

The table below provides a breakdown of our finance costs:

Finance Cost	FYE 2016		FYE 2017		FYE 2018		FYE 2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest on term loans	374	63.06	337	65.69	281	68.70	365	60.33
Interest on bank overdrafts	84	14.17	92	17.93	56	13.69	62	10.25
Letter of credit commission	-	-	-	-	-	-	32	5.29
Bank guarantee commission	88	14.84	58	11.31	48	11.74	38	6.28
Commitment fees	10	1.69	11	2.14	12	2.93	22	3.64
Lease liabilities interest	37	6.24	15	2.93	10	2.45	5	0.83
Banker acceptance	-	-	-	-	2	0.49	1	0.16
Other interest expenses*	-	-	-	-	-	-	80	13.22
Total	593	100.00	513	100.00	409	100.00	605	100.00

Note:

- * Other interest expenses include packing credit interest and packing credit advances commission in relation to trade financing, and other miscellaneous interest expenses.

During FYE 2016 to FYE 2019, our finance costs mainly consisted of interest on term loans.

Our finance costs for FYE 2017 declined by RM0.08 million or 13.49% mainly due to a decline in interest on term loans as term loans outstanding declined from RM5.45 million as at 31 December 2016 to RM4.51 million as at 31 December 2017.

12. FINANCIAL INFORMATION (Cont'd)

For FYE 2018, our finance costs declined by RM0.10 million or 20.27% to RM0.41 million mainly due to a decline in interest on term loans and bank overdrafts. Our interest expenses on term loans declined by 16.62% to RM0.28 million mainly due to the reduction in the term loans outstanding balance during the first half of the year from RM4.51 million as at 31 December 2017 to RM4.0 million as at 30 June 2018. We subsequently drew down two (2) new term loans during the second half of the year and our term loans outstanding increased to RM4.54 million as at 31 December 2018. In addition, there was an over-provision of interest on term loans amounting to approximately RM11,000 for FYE 2017. Interest expenses on bank overdrafts declined mainly due to the decline in bank overdrafts outstanding, which declined from RM1.68 million as at 31 December 2017 to RM1.11 million as at 31 December 2018.

For FYE 2019, our finance costs increased by RM0.20 million, or 47.92% to RM0.61 million mainly due to an increase in interest on term loans and other interest expenses. Interest on term loans increased by approximately RM84,000 mainly due to the increase in term loans outstanding balance from RM4.54 million as at 31 December 2018 to RM11.48 million as at 31 December 2019 mainly due to draw down to finance the purchase of our head office property during the year. Other interest expenses for FYE 2019 amounted to approximately RM80,000, comprising packing credit interest and packing credit advances commission, and other miscellaneous interest expenses. We also incurred letter of credit commission of approximately RM32,000 for FYE 2019 compared to none during FYE 2018.

Our average interest rates were 7.73% for FYE 2016, 6.89% for FYE 2017, 5.92% for FYE 2018 and 4.72% for FYE 2019. Average interest rates are calculated by dividing finance costs less bank guarantee commission, commitment fees and banker acceptance by total borrowings less banker acceptance.

12.3.14 PBT, PAT and Effective Tax Rate

The table below sets forth our PBT, PAT and effective tax rate for the FYE 2016, FYE 2017, FYE 2018 and FYE 2019:

	FYE 2016	FYE 2017	FYE2018	FYE2019
PBT (RM'000)	(4,114)	594	5,157	11,283
PBT margin (%)	(42.95)	2.85	11.44	14.10
Income tax expense (RM'000)	241	278	1,299	1,570
Effective tax rate (%)	#	46.80	25.19	13.91
Statutory tax rate (%)	24.00	24.00	24.00	24.00
PAT (RM'000)	(4,355)	316	3,858	9,713
PAT margin (%)	(45.47)	1.51	8.56	12.14

Note:

Not applicable, as we recorded LBT during FYE 2016.

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12. FINANCIAL INFORMATION (Cont'd)

The following table details our income tax expenses for the FYE 2016, FYE 2017, FYE 2018 and FYE 2019:

	FYE 2016 RM'000	FYE 2017 RM'000	FYE2018 RM'000	FYE2019 RM'000
Current tax expense				
For the financial year	-	275	1,297	6,664
(Over)/ Under- provision in the previous financial year	-	3	21	(10)
	-	278	1,318	6,654
Deferred taxation				
For the financial year	529	-	14	(5,077)
Overprovision in the previous financial year	(288)	-	(33)	(7)
	241	-	(19)	(5,084)
Total tax expense	241	278	1,299	1,570

(i) FYE 2017 Compared to FYE 2016

The increase in our PBT and PBT margin from a loss position to profitability for the FYE 2017 was in line with the increases in our GP and GP margin. This was contributed primarily by the introduction of new services during FYE 2017 particularly well leak repair services as well as a reduction in the GL of wireline services. Our PAT and PAT margin also improved for the FYE 2017.

Our effective tax rate for the FYE 2017 was higher compared to the statutory tax rate in Malaysia during that financial year. This was contributed by the following factors:

- The income tax expense was only incurred by the profitable entity, namely RLSB. As a result, our Group's effective tax rate was higher than the statutory rate due to the lower Group's PBT from the losses suffered by Amsito;
- The deferred tax assets amounting to RM0.50 million was not recognised with respect to unabsorbed tax losses and unutilised capital allowances for Amsito for the FYE 2017 as it was not probable that Amsito would be able to generate future chargeable income to utilise them; and
- RLSB incurred non-deductible expenses amounting to a total of approximately RM0.41 million for the FYE 2017 comprising unrealised loss on foreign exchange of RM0.10 million, entertainment expenses of RM0.07 million, donations of RM0.04 million, interest restrictions of RM0.11 million, medical expenses of RM0.05 million legal and professional fees of RM0.01 million, sundry expenses of RM0.01 million and others.

During FYE 2017 we paid withholding tax amounting to RM0.02 million in Malaysia in relation to specialised technical personnel for well leak services provided by AGS International to RLSB. As the agreement executed with AGS International does not specify the party responsible for the withholding tax, we decided to absorb the tax in order to comply with the Income Tax Act 1967.

12. FINANCIAL INFORMATION (Cont'd)**(ii) FYE 2018 Compared to FYE 2017**

In line with the increase in GP and improvement in GP margin for FYE 2018, our PBT and PBT margin and PAT and PAT margin also improved for FYE 2018. This was contributed by further increase in the profitability of well leak repair services and a further reduction in the GL of wireline services. In addition, there was also increased GP from well perforation, testing and wash and cement services.

For FYE 2018, our effective tax rate was higher compared to Malaysia's statutory tax rate for the financial year. This was mainly attributed to RM0.55 million of non-deductible expenses in FYE 2018 mainly due to depreciation of property, plant and equipment being higher than capital allowances claimed, bad debts written off and entertainment expenses.

We paid withholding tax amounting to approximately RM0.03 million in Malaysia for FYE 2018 in relation to specialised technical personnel for well leak services provided AGS International. As the agreement signed with the AGS International does not specify the party responsible for the withholding tax, we decided to absorb the tax in order to comply with the Income Tax Act 1967.

(iii) FYE 2019 Compared to FYE 2018

Our PBT and PBT margin, and PAT and PAT margin continued to improve for FYE 2019 following the increase in our GP and improvement in GP margin. This was contributed by improvement in the GP margins of well perforation and leak repair services, and the turnaround of wireline services from GL position for FYE 2018 to positive GP for FYE 2019.

Our effective tax rate for FYE 2019 was lower compared to Malaysia's statutory tax rate for the financial year. This was mainly due to recognition of previously unrecognised tax losses and capital allowances amounting to RM1.45 million for FYE 2019 for Amsito (as mentioned in Section 12.3.14 (i) of this Prospectus) and RL Solutions as both Amsito and RL Solutions generated revenue in FYE 2019 respectively. Further, our effective tax rate was lower contributed by the utilisation of capital allowances and tax losses brought forward of RM0.41 million (mainly contributed by Amsito and RL Solutions) as well as non-taxable income of RM0.33 million. These were partially offset by non-deductible expenses of RM1.07 million for FYE 2019.

We paid withholding tax amounting to RM273 for FYE 2019 in relation to rental of equipment used in providing well testing services from a supplier in Singapore. We agreed with the supplier to absorb the withholding tax as the amount was not material.

12.3.15 Status of Our Group's Taxation

As at the LPD, we do not have any outstanding amount due to the Inland Revenue Board ("IRB") or provision in relation to withholding tax.

The IRB had issued desk audit letter dated 10 May 2019 to RLSB requesting for documents relating to year of assessment ("YA") 2015 and YA 2016. Subsequently on 29 May 2020, IRB had further requested for additional documents relating to the same YA 2015 and YA 2016. As at the LPD, the IRB has not issued any query pertaining to the desk audit. Hence, we are unable to quantify the potential tax exposure of the tax audit, if any.

12. FINANCIAL INFORMATION *(Cont'd)*

12.4 SIGNIFICANT FACTORS AFFECTING OUR OPERATIONS AND FINANCIAL PERFORMANCE

Our business operations and financial conditions have been and will continue to be affected by internal and external factors including, but not limited to, the following:

(i) **Business Expansion and Growth**

Our financial results are, to a large extent, dependent on the growth and expansion of our business, particularly in Malaysia, our largest market based on our ability to secure new contracts and purchase orders.

(ii) **Sources of Funding**

Our business operation's working capital and capital expenditure requirements are funded by the following sources:

- Internally generated funds; and
- External financing in the form of term loans, overdraft and trade finance facilities from financial institutions and credit provided by our suppliers.

The availability of internally generated funds and external funding will provide sustainable working capital to develop and grow our business.

(iii) **Industry**

As we operate within the O&G industry, our financial performance is dependent on the conditions of the O&G industry, especially within the upstream segment where we undertake most of our business activities.

Some of the industry factors that affect our financial performance include the following:

- price of crude oil and natural gas, where sustained low prices may discourage upstream exploration, appraisal and development of O&G resources which may affect demand for our well services;
- supply and demand conditions, where a slowdown in production of O&G resources may result in reduced demand for our well services;
- capital and operational expenditure relating to exploration and production of O&G where lower expenditure may translate to less requirement for our well services or compelling us to reduce our prices; and
- government and related regulations, and policies pertaining to the O&G industry in the countries where we operate, which may prevent us from operating or restrict our ability to operate efficiently, cost effectively and profitably.

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12. FINANCIAL INFORMATION (Cont'd)**(iv) Inflation**

Our financial performance during the past four (4) financial years was not materially affected by inflation. This is mainly because our customer base comprised of oil and gas industry operators such as PSC and other service providers, as opposed to consumers. The areas that inflation may affect our financial performance include increases in our cost of labour, sub-contracted services and rental, and price of consumables, materials and equipment.

While we believe that we will be able to pass on any future increases in the price of materials, sub-contracted and other services, labour and other costs to our customers, there can be no assurance this will be the case and that our financial performance will not be materially affected by inflation in the future.

(v) Government and Trade Policies

Our business is subject to risks relating to government economic, fiscal and monetary policies, Petronas policies and regulations as well as to risks relating to trade policies such as changes in import tariffs and related duties on the materials that we purchase. Any unfavourable changes in these government, Petronas and trade policies may materially affect our operations in Malaysia and other countries. Further details are set out in Section 4.2.2 of this Prospectus.

(vi) Foreign Exchange Rate Fluctuation

Some of our revenue and purchases are denominated in foreign currencies, including in relation to our business operations in foreign countries. As a result, fluctuation in the exchange rate between the RM and other currencies may have a material effect on our reported income and expenses as they are required to be stated in RM in our combined financial statements.

The principal closing foreign exchange rates used in our Group's combined financial statements to translate amounts denominated in USD, GBP and Euro to RM are stated in the following table:

	FYE 2016	FYE 2017	FYE 2018	FYE 2019
Exchange rate relative to USD1.0000	4.4860	4.4075	4.1360	4.0930
Change in the value of RM relative to USD compared to previous FYE ^(a) (%)	-	(1.75)	(6.16)	(1.04)
Exchange rate relative to GBP1.0000	5.5122	5.4666	5.2672	5.3772
Change in the value of RM relative to GBP compared to previous FYE ^(a) (%)	-	(0.83)	(3.65)	2.09
Exchange rate relative to Euro 1.0000	-	-	-	4.5907
Change in the value of RM relative to Euro compared to previous FYE (%)	-	-	-	(b)

12. FINANCIAL INFORMATION (Cont'd)

Notes:

- (a) A positive change in value indicates that the value of the RM weakened (depreciated) relative to the USD or GBP, while a negative change in value indicates that the value of the RM strengthened (appreciated) relative to the USD or GBP.
- (b) Not applicable as there was no amount denominated in Euro during the previous financial year. Further, the transactions denominated in Euro during the FYE 2019 were not related to revenue or purchases. The transactions were in relation to the fabrication and installation of subframes for the explosive magazines.

The breakdown of our revenue and purchases transacted in RM and other currencies for FYE 2018 is summarised in the following table:

Currency	Revenue		Purchases	
	RM'000	%	RM'000	%
RM	24,222	53.72	11,187	48.11
USD	20,869	46.28	11,933	51.31
GBP	-	-	134	0.58
Total	45,091	100.00	23,254	100.00

For FYE 2018, our revenue transacted in foreign currencies were sufficient to pay for the purchases that were transacted in the corresponding foreign currency and as a result we had a "natural hedge" that provides some mitigation against the risk of foreign exchange rate fluctuation. Revenue transacted in USD of RM20.87 million for FYE 2018 exceeded purchases, which were RM11.93 million. Although we did not transact revenue in GBP, the value of purchases transacted in GBP only represented 0.30% of total revenue for FYE 2018.

The breakdown of our revenue and purchases transacted in RM and other currencies for FYE 2019 is summarised in the following table:

Currency	Revenue		Purchases	
	RM'000	%	RM'000	%
RM	68,333	85.38	28,701	64.39
USD	11,698	14.62	15,778	35.40
GBP	-	-	93	0.21
Euro	#	#	#	#
Total	80,031	100.00	44,572	100.00

Note:

- # The transactions denominated in Euro during the FYE 2019 were not related to revenue or purchases. The transactions were in relation to the fabrication and installation of subframes for the explosive magazines.

For FYE 2019, our purchases transacted in foreign currencies amounted to RM15.78 million in USD and approximately RM93,000 in GBP, which exceeded the revenue transacted in foreign currencies of RM11.70 million in USD. We had partial "natural hedge" with some mitigation against the risk of foreign exchange rate fluctuation. Furthermore, as described below our net losses on foreign currency exchange for FYE 2019 was not significant, being equivalent to less than 3.0% of our revenue and PBT for FYE 2019.

12. FINANCIAL INFORMATION (Cont'd)

Our gains and losses on foreign currency exchange between the FYE 2016 and FYE 2019 are summarised in the following table:

	FYE 2016	FYE 2017	FYE2018	FYE 2019
Gain on foreign currency exchange (RM'000)	254	105	151	^(a)
Loss on foreign currency exchange (RM'000)	(35)	(100)	(83)	(289)
Net gain or loss on foreign currency exchange (RM'000)	219	5	68	(289)
Revenue (RM'000)	9,578	20,874	45,091	80,031
Net gain or loss on foreign currency exchange as a percentage of revenue (%)	2.29	0.02	0.15	(0.36)
PBT (RM'000)	(4,114)	594	5,157	11,283
Net gain or loss on foreign currency exchange as a percentage of PBT (%)	^(b)	0.84	1.32	(2.56)

Notes:

(a) An amount less than RM1,000.

(b) Not applicable, as we had LBT for FYE 2016.

We had a net gain on foreign currency exchange for the FYE 2016, FYE 2017 and FYE 2018. Between the FYE 2016 and FYE 2018, our net gain on foreign currency exchange was not significant as they were equivalent to less than 3.0% of our revenue and PBT of the respective financial years. Although we recorded a net loss on foreign currency exchange for FYE 2019, our net loss was not significant as it was equivalent to less than 3.0% of our revenue and PBT for FYE 2019. As such, we were not materially affected by foreign currently exchange rate fluctuations during the FYE 2016 to FYE 2019.

While we have a foreign currency forward hedging contract, we have not utilised this contract as at the LPD.

12.5 LIQUIDITY AND CAPITAL RESOURCES**12.5.1 Working Capital**

Our business had been financed by a combination of internal and external sources of funds. Internal sources of funds comprise shareholders' equity and cash generated from our business operations while our external sources of funds mainly consist of banking facilities from financial institutions. These funds have mainly been used to finance our business operations and growth.

Based on our combined statement of financial position as at 31 December 2019, we had cash and cash equivalents of RM2.39 million and total borrowings of RM11.52 million. As at 31 December 2019, our gearing ratio was 0.37 times and current ratio was 1.24 times.

As at the LPD, we had credit facilities available amounting to RM38.00 million of which RM24.76 million were not yet utilised.

12. FINANCIAL INFORMATION (Cont'd)

Our Directors, having taking into consideration of the impact of COVID-19 and the fluctuation in the market price of crude oil and natural gas, are of the opinion that we will have adequate working capital to meet our present and foreseeable requirements for at a period of at least twelve (12) months from the date of this Prospectus after taking into consideration the following factors:

- (i) our cash and cash equivalents;
- (ii) profits and cash flows that we expect to generate from our business operations;
- (iii) our current ratio of more than one (1) times;
- (iv) borrowings that we can raise from the unutilised portion of our existing banking facilities and new banking facilities that may be granted to us;
- (v) we have received/ expect to receive from PC Mauritania 1 Pty Ltd the following as part of the suspension of two (2) of its subsisting work:
 - (a) we have received net upfront payment of USD2.09 million (equivalent to approximately RM9.08 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD) from PC Mauritania 1 Pty Ltd comprising non-refundable one-time upfront payment of USD2.27 million (equivalent to approximately RM9.86 million based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD) after deducting withholding tax of USD0.18 million; and
 - (b) we expect to receive a non-refundable sum of USD10,000 per month (equivalent to approximately RM43,455 per month based on the exchange rate of RM4.3455 to USD1.0000 as at the LPD) as rental payment for a warehouse and explosive bunker that we are renting in Mauritania to implement the contracts for the duration of the suspension period; and
- (vi) proceeds that we expect to raise from our Public Issue.

12.5.2 Cash Flow

The following is a summary of our cash flow statements for FYE 2016, FYE 2017, FYE 2018 and FYE 2019 based on our combined financial statements. The summary should be read in conjunction with the Accountant's Report as set out in Section 13 of this Prospectus.

	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
Net cash from/ (used in) operating activities	(3,300)	133	3,330	13,538
Net cash from/ (used in) investing activities	(3,725)	(2,221)	(1,782)	(18,243)
Net cash from/ (used in) financing activities	614	(1,049)	303	6,489
Net increase/ (decrease) in cash and cash equivalents	(6,411)	(3,137)	1,851	1,784
Effect of foreign currency exchange differences	(30)	(23)	25	(5)
Opening balance of cash and cash equivalents	8,334	1,893	(1,267)	609
Cash and cash equivalent at end of the financial year #	1,893	(1,267)	609	2,388

12. FINANCIAL INFORMATION (Cont'd)

Note:

The components of our cash and cash equivalents are set out below:

	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
Fixed deposits with licensed banks	1,789	2,712	2,887	3,582
Cash and bank balances	2,448	411	1,723	2,388
Bank overdrafts	(578)	(1,683)	(1,114)	-
	3,659	1,440	3,496	5,970
Less:				
Fixed deposits with licensed banks with maturity of more than 3 months	(1,789)	(2,712)	(2,887)	(3,582)
	1,870	(1,272)	609	2,388
Cash and cash equivalents classified under assets held for sale	23	5	-	-
Total	1,893	(1,267)	609	2,388

(i) FYE 2016**(a) Net cash from operating activities**

Our Group recorded net cash used for operating activities of RM3.30 million for FYE 2016. During the financial year cash receipts from customers, tax refund and other receipts were offset by cash paid to suppliers and employees, interest and tax payments and payments in relation to operating expenses.

For FYE 2016 our revenue was not sufficient to cover the costs of our operations, which was the main contributor to our negative cash flow from operating activities of RM3.30 million for the year.

Cash receipts from customers amounted to RM17.38 million for FYE 2016. Some of the major cash receipts were from the following types of customers:

- (1) A total of RM8.93 million cash receipts from our customers in Malaysia, which mainly comprised the following:
 - RM8.91 million from customers for well perforation services mainly comprising RM3.91 million from a PSC operator offshore Sarawak, RM3.73 million from the national PSC operator and a total of RM1.28 million from two (2) other customers in Malaysia; and
 - The remaining sum of approximately RM20,000 was from customers in Malaysia for other products and services.
- (2) A total of RM8.45 million cash receipts from customers in foreign countries mainly comprising RM8.25 million from three (3) major customers for well perforation services in Vietnam, RM0.19 million from a customer in United Kingdom for the supply of oilfield equipment and receipt of RM0.01 million from Vietnam for back charges of professional fees.

In addition, for FYE 2016 we received income tax refund of approximately RM5,000 and other receipts amounting to RM0.20 million mainly from refund of tender deposits and deposits for the renting of warehouse.

12. FINANCIAL INFORMATION (Cont'd)

For the FYE 2016, cash paid amounted to RM20.89 million were mainly for the following:

- (aa) payment to suppliers of RM11.61 million mainly comprising the following:
 - A total of RM4.79 million to three (3) suppliers of perforating explosives and hardware;
 - RM4.38 million of fees to an agent pertaining to services rendered for securing well perforation contracts from two (2) customers in Vietnam;
 - RM0.91 million for the purchase of perforation tools; and
 - RM0.51 million to two (2) suppliers for equipment rental and logistics services.
- (bb) payment to employees totalling RM4.83 million including salaries and allowances, employees' contributions, directors' remuneration and bonus; and
- (cc) Others include operating expenses payment of RM3.75 million for overhead such as utilities and operational expenses, interest payment of RM0.59 million and income tax payment of RM0.12 million.

(b) Net cash used in investing activities

Our net cash used in investing activities was RM3.72 million for FYE 2016. This was mainly attributed to the following:

- RM2.0 million was used for the acquisition of an equity interest of 40.0% in an associate, Amsito Worldwide (BVI) Ltd;
- RM1.79 million of net placement of fixed deposits pledged for bank guarantees; and
- RM0.39 million was used for the purchase of property, plant and equipment mainly for purchase of equipment and tools of RM0.19 million comprising two (2) spools of high-strength wireline cables and RM0.19 million for renovation and signboard mainly for the renovation of our warehouse in Labuan.

The net cash used in investing activities was partially offset by proceeds of RM0.50 million received from the disposal of property, plant and equipment, which comprised motor vehicles and furniture and fittings.

(c) Net cash from financing activities

For FYE 2016, our net cash from financing activities was RM0.61 million attributed to cash inflow of RM2.10 million from the drawdown on term loans, which was mainly used for the acquisition of the equity interest in Amsito Worldwide (BVI) Ltd as described above. This was partially offset by RM0.84 million used for the repayment of term loans and RM0.65 million for repayment of lease liabilities facilities for motor vehicles.

(ii) FYE 2017

(a) Net cash from operating activities

For FYE 2017, our Group recorded net cash from operating activities of RM0.13 million. Our cash receipts were from customers, tax refund and other receipts, which were offset by cash paid to suppliers and employees, interest and tax payments, and payments in relation to operating expenses.

12. FINANCIAL INFORMATION (Cont'd)

Cash receipts from customers amounted to RM17.08 million for the FYE 2017. Some of the major cash receipts were from the following types of customers:

- (1) A total of RM16.82 million cash receipts from our customers in Malaysia of which:
- RM8.60 million from the national PSC operator for the provision of perforation and well leak repair services and RM2.99 million from a PSC operator for perforation services offshore Sarawak;
 - RM1.62 million from a PSC operator for well leak repair services offshore Peninsular Malaysia;
 - RM0.96 million from a PSC operator for perforation services offshore Sarawak;
 - A total of RM1.96 million from five (5) other customers in Malaysia for well services; and
 - A total of RM0.69 million from other customers in Malaysia for other products and services.
- (2) A total of RM0.25 million cash receipts from two (2) customers in Vietnam, which were for perforation services.

In addition, for the FYE 2017, we received income tax refund amounting to RM0.25 million and other receipts amounting to RM0.45 million mainly from providing accounting services to our associate company (Amsito Worldwide (BVI) Ltd) and rental income.

For the FYE 2017, cash paid amounted to RM17.65 million were mainly from the following:

- (aa) payments to suppliers of RM6.88 million mainly to the following:
- RM3.01 million to four (4) suppliers for perforating explosives and hardware;
 - RM2.02 million to a supplier of products and services for well leak repair; and
 - RM0.59 million to three (3) suppliers for logistics, rental of space and load out, and equipment rental.
- (bb) payment to employees of RM5.89 million including salaries and allowances, employees' contributions, Directors' remuneration and bonus;
- (cc) interest paid amounting to RM0.51 million;
- (dd) tax paid amounting to RM0.08 million; and
- (ee) payment in relation to operating expenses of RM4.29 million for overhead such as utilities and operational expenses.

12. FINANCIAL INFORMATION (Cont'd)**(b) Net cash used in investing activities**

Our net cash used in investing activities amounted to RM2.22 million for the FYE 2017. This was mainly attributed to the following:

- RM1.59 million was used for purchase of property, plant and equipment, which mainly consisted of equipment and tools to provide well leak repair services, furniture, fittings and office equipment mainly for our head office in Kuala Lumpur, and renovation and signboard for our head office in Kuala Lumpur; and
- RM0.92 million of net placement of fixed deposits pledged for bank guarantees.

These payments were partially offset by proceeds from the disposal of property, plant and equipment amounting to RM0.20 million. The property, plant and equipment that we sold during FYE 2017 included perforating equipment and tools, and office equipment. We also received interest income of RM0.12 million for FYE 2017.

(c) Net cash used in financing activities

For the FYE 2017, our net cash used in financing activities totalled RM1.05 million, which was for repayment of term loans and other borrowings.

(iii) FYE 2018**(a) Net cash from operating activities**

Our Group recorded net cash from operating activities of RM3.33 million for FYE 2018 where cash receipts were from customers, tax refund and other receipts but were offset by payment to suppliers and employees, interest and tax, and operating expenses.

Cash receipts from customers amounted to RM40.98 million. Some of the major cash receipts were as follows:

- (1) A total of RM33.89 million cash receipts from our customers in Malaysia including:
 - RM12.05 million from the national PSC for well perforation, well leak repair, well testing and wash and cement services;
 - RM6.82 million from a PSC operator for perforation and wash and cement services offshore Sarawak;
 - RM6.14 million from a PSC operator for well leak repair services offshore Peninsular Malaysia;
 - RM3.36 million from a PSC operator for perforation services offshore Sarawak;
 - RM2.70 million from six (6) other customers in Malaysia for perforation services; and

12. FINANCIAL INFORMATION (Cont'd)

- RM2.84 million from other customers in Malaysia for other well services and other services.

- (2) A total of RM7.09 million cash receipts from our customers in other countries including RM6.29 million from a PSC operator for well leak repair services carried out in Mauritania, RM0.53 million from a customer in the United Kingdom for services performed in Malaysia and RM0.27 million from customers in Vietnam for well services.

We also received income tax refund of RM0.09 million and other receipts amounting to RM0.24 million during FYE 2018 mainly from providing accounting services to our associate company (Amsito Worldwide (BVI) Ltd) and rental income.

For the FYE 2018, cash paid amounted to RM37.98 million were mainly from the following:

- (aa) payment to suppliers of RM23.54 million mainly for the following:
- RM6.17 million to a supplier for repair chemicals;
 - RM4.92 million to three (3) suppliers for perforation explosives and hardware;
 - RM3.53 million to a supplier for well testing and perforation services;
 - RM1.76 million to our supplier for wash and cement services;
 - RM1.32 million to a supplier for service provided in relation to wireline services for tubing cutting; and
 - RM1.04 million to a provider of logistics services.
- (bb) payments to employees totalling RM8.08 million including salaries and allowances, employees' contributions, Directors' remuneration and bonus;
- (cc) interest paid amounting to RM0.41 million;
- (dd) income tax paid amounting to RM0.95 million; and
- (ee) payments in relation to operating expenses of RM5.0 million for overhead such as utilities and operational expenses.

(b) Net cash used in investing activities

For the FYE 2018, our net cash used in investing activities amounted to RM1.78 million. This was mainly attributed to the following:

- RM1.70 million was used for the purchase of property, plant and equipment, which mainly consisted of purchase of equipment to provide well leak repair and well testing, a portable cabin to support our well testing services, furniture, fittings and office equipment for our offices in Kuala Lumpur, and office in Labuan and Kemaman; and

12. FINANCIAL INFORMATION (Cont'd)

- RM0.18 million of net placement of fixed deposits pledged for bank guarantees.

This was partially offset by proceeds from interest income received, disposal of property, plant and equipment, and disposal of a subsidiary that totalled RM0.10 million for FYE 2018.

(c) Net cash from financing activities

Net cash from financing activities for FYE 2018 amounted to RM0.30 million. Proceeds from drawdown of terms loans of RM1.04 million for the purchase of well testing equipment and working capital, drawdown of bank acceptance of RM0.28 million for working capital, drawdown of corporate credit card facility of RM0.06 million and issuance of shares by a subsidiary to non-controlling interest of RM0.04 million were partially offset by repayments of term loans and other borrowings of RM1.12 million.

(iv) FYE 2019**(a) Net cash from operating activities**

Our Group recorded net cash from operating activities of RM13.54 million for FYE 2019 where cash receipts were mainly from customers. These were offset by payment to suppliers and employees, interest and tax, operating expenses, payments to directors and other payments.

Cash receipts from customers amounted to RM90.67 million. Some of the major cash receipts were as follows:

- (1) A total of RM70.14 million cash receipts from our customers in Malaysia including:
 - RM41.96 million from the national PSC for well perforation, leak repair, well testing and wash and cement services;
 - RM5.80 million from a PSC operator for well leak repair services offshore Peninsular Malaysia;
 - RM5.38 million from a service provider for providing well perforation services in Malaysia;
 - RM5.53 million from a PSC operator for perforation and wash and cement services offshore Sarawak;
 - RM3.05 million from a service provider for well testing services in Malaysia; and
 - RM8.42 million from other customers in Malaysia for other well services and other services.
- (2) A total of RM20.53 million cash receipts from a PSC operator for well perforation and wash and cement services carried out in Mauritania.

12. FINANCIAL INFORMATION (Cont'd)

For FYE 2019, we also received receipts from directors and related companies of approximately RM65,000 for payment of operating expenses and other receipts amounting to RM0.33 million mainly from rental income and refund of deposits.

For the FYE 2019, cash paid amounted to RM77.53 million was mainly from the following:

- (aa) payment to suppliers of RM50.95 million mainly for the following:
 - RM13.26 million to three (3) suppliers for perforation explosives and hardware;
 - RM10.43 million to a supplier of well testing and perforation services;
 - RM5.63 million to a supplier for repair chemicals;
 - RM9.23 million to our supplier for wash and cement services; and
 - RM3.69 million to a provider of logistics services.
- (bb) payments to employees totalling RM11.74 million including salaries and allowances, employees' contributions and Directors' remuneration and bonus;
- (cc) interest paid amounting to RM0.60 million;
- (dd) income tax paid amounting to RM2.42 million;
- (ee) payments in relation to operating expenses of RM11.13 million for overhead such as utilities and operational expenses; and
- (ff) payments to directors of RM0.43 million and other cash payments of RM0.20 million.

(b) Net cash used in investing activities

Our net cash used in investing activities for FYE 2019 amounted to RM18.24 million. This was mainly attributed to the following:

- RM17.10 million was used for the purchase of property, plant and equipment, which consisted of RM10.0 million for the purchase of our head office property, RM5.18 million for the purchase of equipment and tools, RM0.85 million for equipment work-in-progress and RM1.07 million for furniture, fittings and office equipment, portable cabin, renovation and signboard, and wireline equipment. Please refer to Section 12.6.5 (i) for additional information.
- Purchase of short term investments of RM3.68 million, which mainly comprised short-term placement of funds in a fixed income fund of a licensed bank in Malaysia; and
- RM0.69 million of net placement of fixed deposits pledged for bank guarantees.

12. FINANCIAL INFORMATION (Cont'd)

This was partially offset by proceeds from cash receipts from investments amounted to RM3.23 million for FYE 2019, which mainly comprised proceeds from the disposal of an associate, Amsito Worldwide (BVI) Ltd, for RM3.06 million and other cash receipts totalling RM0.17 million were from interest income received and sale of property, plant and equipment.

(c) Net cash from financing activities

Net cash from financing activities for FYE 2019 amounted to RM6.49 million. Cash received from financing for FYE 2019 amounted to RM8.44 million from the drawdown of terms loans comprising the following:

- RM6.0 million for the partial payment of our head office property; and
- Partial drawdown of a term loan amounting to RM2.44 million as payment for well testing equipment.

This was partially offset by repayments of loans and lease liabilities of RM1.64 million for FYE 2019 and repayment of other borrowings totalling RM0.30 million.

12.6 CAPITALISATION AND INDEBTEDNESS

Our Group's capitalisation and indebtedness as at the LPD and after taking into account the effects of our Public Issue and the utilisation of proceeds from our Public Issue are set out in the following table.

	(Unaudited) As at the LPD RM'000	Pro Forma After the Public Issue and Utilisation of Proceeds RM'000
Cash and cash equivalents	12,566	17,488
Indebtedness		
Secured		
- Short term	1,652	1,652
- Long term	10,977	5,977
Unsecured	-	-
Total indebtedness	12,629	7,629
Capitalisation		
Total equity attributable to owners of the Company	33,500	53,422
Non-controlling interest	81	81
Total equity	33,581	53,503
Total capitalisation and indebtedness	46,210	61,132
Gearing ratio (times) #	0.38	0.14

Note:

Gearing ratio is calculated based on total indebtedness divided by total equity.

12. FINANCIAL INFORMATION (Cont'd)**12.6.1 Borrowings**

As at 31 December 2019, our total outstanding borrowings was RM11.52 million, all of which were denominated in RM and interest bearing. The details of our borrowing are set out below:

	As at 31 December 2019		
	Payable Within 12 Months (RM'000)	Payable After 12 Months (RM'000)	Total (RM'000)
Term loans ⁽¹⁾	1,788	9,693	11,481
Bank overdrafts ⁽²⁾	-	-	-
Bank acceptance and credit cards ⁽³⁾	35	-	35
Lease liabilities ⁽⁴⁾	-	-	-
Total	1,823	9,693	11,516
Gearing ratio (times) ⁽⁵⁾			0.37

Notes:

- (1) Term loans were for financing purchase of head office property, working capital and purchase of well testing equipment.
- (2) Bank overdraft was for working capital purposes.
- (3) Bank acceptances and credit cards were for working capital purposes.
- (4) Lease liabilities was for the purchase of vehicles.
- (5) Gearing ratio is calculated by dividing total borrowings by total equity.

The details of the types of our borrowings as at the LPD are summarised below:

Type of Borrowing	Tenure	Effective Annual Interest Rates	Credit Limit (RM'000)	Balance Unutilised as at the LPD (RM'000)
Term loans	42 months to 240 months	BLR + 1.00% to BLR + 1.25%; BFR – 2.30% to BFR – 1.90% COF + 1.25%	14,500	1,264
Bank overdrafts		BLR + 0.50% to BLR + 1.50%; BFR – 0.50% to BFR + 0.50%	8,900	8,900
Corporate credit cards		18.00%	100	91
Invoice financing	Up to 180 days	COF + 1.25% to COF + 1.50%	4,000	4,000
Multi trade facilities ⁽¹⁾	Up to 120 days	BLR + 1.50% ⁽²⁾ ; Bank's discount rate + 1.50% ⁽³⁾	10,500	10,500
Total				24,755

12. FINANCIAL INFORMATION (Cont'd)

BLR = Base lending rate.

BFR = Base financing rate.

COF = Cost of fund.

Notes:

- (1) Our multi trade facilities comprise trust receipt, bank acceptance and packing credit.*
- (2) The effective annual interest rate for the trust receipt and packing credit is BLR + 1.50%.*
- (3) The effective annual interest rate for the bank acceptance is the bank's discount rate + 1.50%.*

There has been no default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of our Group throughout the past four (4) FYE 2016 to FYE 2019 and the subsequent financial period up to the LPD which our Directors are aware of.

In addition, as at the LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangements or bank borrowings which materially affected our financial position and results or business operations or investments by holders of our securities.

12.6.2 Treasury Policies and Objectives

We have been funding our operations through a combination of shareholder's equity, cash generated from our operations and external sources of funds. Our external sources of funds consisted of credit terms granted by our suppliers and borrowings from financial institutions. The normal credit terms granted to us by our suppliers range from the following:

- cash terms;
- thirty (30) days to seventy (70) days credit; and
- back to back payment, whereby we pay our supplier or sub-contractor only after we receive proceeds from the respective customers.

As at the LPD, our borrowings from financial institutions consisted of term loans, bank overdraft and corporate credit cards. The interest rates of our term loans and bank overdrafts are floating in nature, while the interest rate of our corporate credit cards is fixed in nature.

12.6.3 Financial Instruments for Hedging Purposes

Financial instruments, from an accounting perspective, may include trade receivables, other receivables and deposits, fixed deposits with licensed banks, cash and bank balances, trade payables, other payables and borrowings as shown on our combined statements of financial position. The aforesaid financial instruments are used in our Group's ordinary course of business.

Our Group also has a foreign currency forward hedging contract. As at the LPD, we have not utilised this contract.

12. FINANCIAL INFORMATION (Cont'd)**12.6.4 Contingent Liabilities**

As at the LPD, the composition of our Group's contingent liabilities is summarised in the following table:

	As at the LPD (RM'000)	As at the LPD (RM'000)
Bank guarantees for the following types of projects:		9,573
<i>Well perforation, wash and cement services projects</i> ⁽¹⁾	7,259	
<i>Well leak repair services project</i> ⁽¹⁾	553	
<i>Well perforation services projects</i> ⁽¹⁾	695	
<i>Well testing services projects</i> ⁽¹⁾	862	
<i>Wireline services project</i> ⁽¹⁾	8	
<i>Sand management solutions project</i> ⁽¹⁾	196	
Bank guarantee for credit facilities on rental facilities and services in Kemaman, Terengganu ⁽²⁾		70
Letters of credit – Purchase of well testing equipment ⁽³⁾		1,264
Total		10,907

Notes:

- (1) Bank guarantees in relation to performance guarantees required by our customers.
- (2) Bank guarantee as a security deposit for credit terms granted by our supplier.
- (3) Letter of credit to guarantee payment to suppliers of well testing equipment.

Save as disclosed above, as at the LPD, we do not have any other contingent liabilities that, upon becoming enforceable, will or may have a substantial effect on our financial results or position.

12.6.5 Capital Expenditure and Divestiture**(i) Capital Expenditure**

Our material investments for the past four (4) FYE 2016 to FYE 2019 and up to the LPD are as follows:

	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	As at LPD RM'000
Interest in associate	2,000	-	-	-	-
Head office property	-	-	-	10,000	-
Equipment and tools	189	1,210	809	5,177	1,353
Furniture, fittings and office equipment	17	200	340	495	147
Portable cabin	-	-	532	135	-
Renovation and signboard	181	184	20	202	1
Wireline equipment	-	-	-	240	381
Equipment work-in-progress	-	-	-	854	516
Software work-in-progress	-	-	-	-	24
Trademarks	-	-	-	-	-
Total	2,387	1,594	1,701	17,103	2,422

12. FINANCIAL INFORMATION (Cont'd)

(a) FYE 2016

For FYE 2016, our capital expenditure of RM2.39 million was mainly for the following:

- (aa) Purchase of a 40.0% equity interest in an associate company, Amsito Worldwide (BVI) Ltd;
- (bb) Purchase of equipment and tools amounting to RM0.19 million mainly for two (2) spools of high-strength wireline cables; and
- (cc) RM0.19 million on renovation and signboard mainly for the renovation of our warehouse in Labuan.

(b) FYE 2017

Our capital expenditure for FYE 2017 which totalled RM1.59 million was mainly for the following:

- (aa) Equipment and tools where our capital expenditure of RM1.21 million was mainly to purchase equipment to provide well leak repair services;
- (bb) Furniture, fittings and office equipment amounting to RM0.20 million, was mainly for our head office in Kuala Lumpur; and
- (cc) Renovation and signboard of RM0.18 million, which was for our head office in Kuala Lumpur.

(c) FYE 2018

For FYE 2018, our capital expenditure of RM1.70 million was mainly for the following:

- (aa) RM0.81 million on equipment and tools, which mainly comprised equipment for our well leak repair and well testing services;
- (bb) RM0.34 million on furniture, fittings and office equipment, which was for our head office in Kuala Lumpur and offices in Labuan and Kemaman; and
- (cc) RM0.53 million on a portable cabin, which was used as on-site office and laboratory space to support our well testing services for a PSC customer in Malaysia.

(d) FYE 2019

Our capital expenditure of RM17.10 million for FYE 2019 was mainly for the following:

- (aa) RM10.00 million for the purchase of our head office property;
- (bb) RM5.18 million on equipment and tools including well testing equipment, equipment and tools for our perforating services and desander;

12. FINANCIAL INFORMATION (Cont'd)

- (cc) RM0.50 million on furniture, fittings and office equipment, which was for our head office in Kuala Lumpur and offices in Labuan and Kemaman;
- (dd) RM0.14 million on portable cabins comprising one (1) unit used as an office by our personnel in Mauritania and two (2) units used offshore mainly to house well testing equipment;
- (ee) RM0.20 million on renovation and signboard mainly for the renovation of our new office in Miri;
- (ff) RM0.24 million on wireline equipment; and
- (gg) RM0.85 million on equipment work-in-progress, which was in relation to our well testing equipment that we had ordered amounting to RM0.58 million and accounting system software that we purchased amounting to RM0.27 million.

(e) 1 January 2020 up to the LPD

Between 1 January 2020 and the LPD, our capital expenditure of RM2.42 million was mainly for the following:

- (a) purchase of equipment and tools amounting to RM1.18 million mainly for the purchase of well testing equipment for our well testing services;
- (b) purchase of equipment and tools amounting to RM0.17 million mainly for the purchase of perforating equipment for our perforating services;
- (c) RM0.15 million on furniture, fittings and office equipment, which was for our head office in Kuala Lumpur and offices in Labuan and Kemaman;
- (d) Purchase of wireline equipment amounting to RM0.38 million for our wireline services;
- (e) RM0.09 million on equipment work in progress, which was in relation to our wireline equipment and offshore tool house for our wireline services;
- (f) RM0.43 million on equipment work in progress, which was in relation to our well testing equipment for our well testing services; and
- (g) RM0.02 million on software work in progress for our financial reporting system.

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12. FINANCIAL INFORMATION (Cont'd)**(ii) Capital Divestitures**

Our material divestitures for the past four (4) FYE 2016 to FYE 2019 and up to the LPD are summarised in the following table:

Net book value	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000	As at LPD RM'000
Commercial property	-	-	-	-	1,024
Equipment and tools	-	-	-	10	-
Furniture, fittings and office equipment	23	2	5	-	19
Motor vehicles	181	-	-	-	-
Renovation and signboard	-	-	-	-	40
Interest in an associate company	-	-	-	3,060	-
Total	204	2	5	3,070	1,083

(a) FYE 2016

Our main capital divestiture for FYE 2016 comprised furniture, fittings and office equipment, and motor vehicles, which amounted to a total of RM0.20 million.

(b) FYE 2017

Our capital divestitures for FYE 2017 amounted to approximately RM2,000 for furniture, fittings and office equipment.

(c) FYE 2018

Our capital divestiture for FYE 2018 amounted to approximately RM5,000 for furniture, fittings and office equipment.

(d) FYE 2019

Our capital divestiture for FYE 2019 was mainly related to the disposal of our entire 40.0% equity interest in an associate company, Amsito Worldwide (BVI) Ltd, which amounted to RM3.06 million. We also had capital divestiture of equipment and tools amounting to approximately RM10,000.

(e) 1 January 2020 up to the LPD

Between 1 January 2020 and the LPD, our capital divestitures mainly related to the sale of one (1) unit of commercial property together with existing renovation, fittings and furnishings located at Menara 1 Mont Kiara, which amounted to a total of RM1.08 million.

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12. FINANCIAL INFORMATION (Cont'd)**12.6.6 Material Capital Commitments**

Our Group's material capital commitments as at the LPD are summarised in the following table:

Capital Commitments	Capital Commitment RM'000	Source of Funds		
		Internal Generated Funds RM'000	Bank Borrowings RM'000	Public Issue RM'000
Approved and contracted for:				
Purchase of well testing equipment	1,540	276	1,264	-
Sub-total	1,540	276	1,264	-
Approved but not contracted for:				
Purchase of well testing equipment	10,013	13	-	10,000
Sub-total	10,013	13	-	10,000
Total	11,553	289	1,264	10,000

Please refer to Section 3.7 of this Prospectus for additional information on our utilisation of Public Issue proceeds and Section 6.22 of this Prospectus for additional information on our business strategy.

(i) Material Capital Commitments That Have Been Approved and Contracted For***Purchase of Well Testing Equipment***

As at the LPD, we have approved and contracted for the purchase of the following well testing equipment:

- (i) Air compressors;
- (ii) Safety systems which were check valves; and
- (iii) Other equipment, which was well test crossover.

We intend to use a combination of RM0.28 million of our internally generate funds and RM1.26 million of bank borrowings to fund the capital commitment to purchase the well testing equipment listed above, which amounted to a total of RM1.54 million.

These well testing equipment as mentioned above together with the well testing equipment that we have approved but not contracted for as described in Section 12.6.6(ii) of this Prospectus constitute our business strategy of purchasing our own well testing equipment described in Section 6.22 of this Prospectus.

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12. FINANCIAL INFORMATION (Cont'd)**(ii) Material Capital Commitments That Have Been Approved but Not Contracted For****(a) Purchase of Well Testing Equipment**

As at the LPD, we have approved and but not contracted for the purchase well testing equipment, including the following:

- (i) burner system;
- (ii) pumps;
- (iii) three-phase horizontal test separator;
- (iv) safety systems;
- (v) sand filter system;
- (vi) instrumentation, data acquisition and process control systems; and
- (vii) other equipment, including baskets, electric centrifuges and sandbox.

The total capital commitment to purchase the well testing equipment listed above that has been approved but not contracted for is estimated at RM10.01 million. We intend to use a combination of internally generated fund (RM0.01 million) and the proceeds from our Public Issue (RM10.0 million) to finance this sum.

12.6.7 Key Financial Ratios

The following table provides the key financial ratios based on our combined financial statements for the financial years indicated:

	FYE 2016 (days)	FYE 2017 (days)	FYE 2018 (days)	FYE 2019 (days)
Average trade receivables turnover period ⁽¹⁾	322	106	80	75
Average trade payables turnover period ⁽²⁾	274	68	58	54
Average inventory turnover period for well perforation services and IOR chemicals ⁽³⁾	153	154	141	143
Current ratio ⁽⁴⁾	2.70	2.56	2.13	1.24
Gearing ratio ⁽⁵⁾	0.38	0.36	0.29	0.37

Notes:

- (1) Based on dividing the average closing balance of trade receivables after deducting impairment for doubtful debt, amount written off and charged as expenses (net trade receivables) by the revenue of the respective financial years. Average closing balance of net trade receivables for a particular financial year is calculated by adding the value of that financial year's closing balance of net trade receivables with that of the previous financial year and dividing the total by two (2).
- (2) Based on dividing the average closing balance of trade payables by the cost of sales of the respective financial years. Average closing balance of trade payables for a particular financial year is calculated by adding the value of that financial year's closing balance of trade payables with that of the previous financial year and dividing the total by two (2).

12. FINANCIAL INFORMATION (Cont'd)

- (3) *Based on dividing the average closing balance of inventories for well perforating services and IOR chemicals by the cost of sales for well perforating services and IOR chemicals of the respective financial years. Average closing balance of inventories for a particular financial year is calculated by adding the value of that financial year's closing balance of inventories with that of the previous financial year and dividing the total by two (2).*

Our inventories comprised solely of perforating explosives and hardware for well perforation services during the FYE 2016, FYE 2017 and FYE 2018. Starting from FYE 2019, we began to hold inventory for IOR chemicals, which are part of our O&G production enhancement services.

- (4) *Based on current asset divided by current liabilities.*
- (5) *Based on total borrowings divided by total equity.*

(i) Trade Receivables

A summary of our trade receivables and average trade receivables turnover period for FYE 2016 to FYE 2019 is set out in the following table:

	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
Trade receivables	4,806	10,038	12,535	20,386
<i>Less:</i>				
Impairment for doubtful debts ⁽¹⁾	13	2,670	37	10
Net trade receivables	4,793	7,368	12,498	20,376
Revenue	9,578	20,874	45,091	80,031
Average trade receivables turnover period (days) ⁽²⁾	322	106	80	75

Notes:

- (1) *Impairment for doubtful debts includes amount written off and charged as expenses (if any).*
- (2) *Average trade receivables turnover period was computed based on net trade receivables, after deducting impairment for doubtful debts.*

We deal with our customers either on cash or credit terms. The normal credit terms that we grant our customers is thirty (30) days except that we have granted a credit term of seventy (70) days to a customer based on our relationship with the said customer. Other credit terms are assessed and approved on a case-by-case basis, taking into consideration factors such as our business relationship with the customer, their payment history and credit worthiness, and amount owing to us at the time.

12. FINANCIAL INFORMATION *(Cont'd)*

Our average receivables turnover period for FYE 2016 was three hundred twenty-two (322) days mainly attributed to RM3.32 million of trade receivables or 69.27% of those outstanding that were overdue by more than ninety-one (91) days mainly arising from:

- Total trade receivables outstanding of RM1.68 million from one (1) of the customers in Vietnam, which had been outstanding for between three hundred ninety-four (397) days and four hundred thirty-two (432) days as at 31 December 2016. We received payment of RM0.19 million from this customer in January 2017. The remaining trade receivables outstanding was deemed uncollectible and was written off in FYE 2017;
- Total trade receivables outstanding of RM1.43 million from the other customer in Vietnam, which had been outstanding for between four hundred eleven (411) days and four hundred eighty-six (486) days as at 31 December 2016. We received payment of RM0.11 million from this customer in January 2017. The remaining trade receivables outstanding were subsequently deemed uncollectible and were written off in FYE 2017; and
- Total trade receivables amounted to RM0.06 million have been collected in FYE 2017 and FYE 2018, while the remaining uncollectible balance of trade receivables amounted to RM0.15 million was subsequently written off in FYE 2019.

Our average receivables turnover period decreased to one hundred six (106) days for FYE 2017. The improvement was mainly attributed to subsequent collections of RM0.30 million from the two (2) customers in Vietnam for well perforation services mentioned above during FYE 2017, followed by the write-off of the remaining uncollectible trade receivables of RM2.67 million (as disclosed in Section 12.3.11(i) of this Prospectus). Our trade receivables turnover period for FYE 2017 was longer than our normal credit terms as RM3.30 million or 44.84% of our trade receivables was overdue. This was mainly attributed to the slow payment from some of our customers including overdue trade receivables of RM1.69 million from a PSC operator in Mauritania for well leak repair services and RM0.96 million from a PSC operator in Malaysia for perforation services. These overdue trade receivables from these two (2) customers had been fully collected in FYE 2018.

Our trade receivables turnover period improved from one hundred six (106) days for FYE 2017 to eighty (80) days for FYE 2018. This was mainly due to more timely issuance of invoices and collections from customers after we engaged two (2) additional staff who are responsible for processing documents related to invoices, issuing invoices, liaising with customers to approve invoices and following up on collections. Our Group's revenue is recognised on an accrual basis whereby revenue is recognised (and consequently entered as trade receivables) upon recognition of costs. However, we only issue the invoice upon confirmation by the customer, which is normally within thirty (30) days after the revenue is recognised. As a result, our trade receivables turnover period is usually longer than the thirty (30) days normal credit terms that we grant our customers. Our trade receivables turnover period further improved to seventy-five (75) days for FYE 2019.

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12. FINANCIAL INFORMATION (Cont'd)

The ageing analysis of our Group's trade receivables as at 31 December 2019 and subsequent collections as at the LPD is as follows:

	Not Past Due	Past Due					More than 121 days	Total
		1 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days			
Trade receivables (RM'000)	12,600	4,940	1,846	981	9	10	20,386	
Less:								
Impairment for doubtful debts (RM'000) ⁽¹⁾	-	-	-	-	-	⁽²⁾ 10	10	
Net trade receivables (RM'000)	12,600	4,940	1,846	981	9	-	20,376	
Proportion of total net trade receivables (%)	61.84	24.24	9.06	4.82	0.04	-	100.00	
Subsequent collections as at the LPD (RM'000)	11,942	4,639	1,756	981	7	-	19,325	
Net trade receivables after subsequent collections (RM'000)	⁽³⁾ 658	⁽³⁾ 301	⁽⁴⁾ 90	-	⁽³⁾ 2	-	1,051	

Notes:

- (1) Impairment for doubtful debts includes amount written off and charged as expenses (if any).
- (2) This amount was subsequently collected as at the LPD.
- (3) Relates to amount due from a service operator, namely Uzma Engineering Sdn Bhd. We had impaired RM0.66 million as at the LPD. The balance of RM0.30 million will be impaired when the respective invoices ageing are more than 121 days. We have also initiated legal proceeding to recover RM0.81 million which is disclosed in Section 14.5 of this Prospectus.
- (4) This amount was deducted by a customer from our invoice and paid to the Royal Malaysian Customs Department ("Customs") in relation to the custom duty on our chemical supplied to the said customer without our consent. The said customer had filed an application for refund to the Customs ("Customs Application") on our behalf. In the event the Customs rejects the Customs Application, this amount will be charge out accordingly. As at the LPD, there was no decision from the Customs.

As at 31 December 2019, RM12.60 million or 61.84% of our trade receivables outstanding amount fell within our credit period while RM7.78 million or 38.16% of our total trade receivables was overdue by between one (1) and one hundred twenty (120) days.

These overdue trade receivables outstanding mainly comprised outstanding amount of RM4.35 million from a PSC operator for well perforation, leak repair, testing and wash and cement services, RM1.13 million from a service provider for well perforation and wireline services, RM0.54 million from a PSC operator for wireline and other services, RM0.38 million from a PSC operator for well leak repair and RM0.37 million from a service provider for well perforation and wireline services.

As at the LPD, a total of RM19.33 million or 94.84% of the total net trade receivables outstanding as at 31 December 2019 have been subsequently collected. The remaining outstanding amount was RM1.05 million representing 5.16% of total net trade receivables outstanding as at 31 December 2019 of which RM0.66 million and RM0.30 million has been/ will be impaired, as disclosed in note (3) in Section 12.6.7 (i) of this Prospectus and the balance of RM0.09 million will either be recovered from a customer or charged out as disclosed in note (4) of Section 12.6.7 (i) of this Prospectus.

12. FINANCIAL INFORMATION (Cont'd)**(ii) Trade Payables**

A summary of our trade payables and average trade payables turnover period for FYE 2016 to FYE 2019 is set out in the following table:

	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
Trade payables	3,335	2,616	8,198	9,404
Cost of sales	9,926	15,956	34,159	59,357
Average trade payables turnover period (days)	274	68	58	54

Our dealings with our suppliers are either on cash or credit terms. The suppliers that deal with us on credit terms generally grant us terms of thirty (30) days. Other credit terms may be negotiated with our suppliers on a case-by-case basis, such as back-to-back payment.

Our average trade payable turnover days was two hundred seventy-four (274) days for FYE 2016. This was mainly attributed to agency fees of RM3.09 million owed to one (1) of our agent since 2015.

Our average trade payables turnover days improved from two hundred seventy-four (274) days for FYE 2016 to sixty-eight (68) days for FYE 2017. This was partly attributed to the waiver on agency fees of RM2.67 million as mentioned in Section 12.3.11(i) of this Prospectus, that was granted by one (1) of our agent in FYE 2017.

Our average trade payables turnover improved from sixty-eight (68) days for FYE 2017 to 58 days for FYE 2018. This was mainly attributed to faster payment made to our suppliers due to the improvement in our collections from customers as described in Section 12.6.7 (i) of this Prospectus. Our Group's costs are recognised on an accrual basis whereby they are recognised when they are incurred (and consequently entered as trade payables although we have not been billed by our suppliers) ("**Accrual Recognition**"). This is because we have arrangements with some of our sub-contractors that are on a back-to-back basis whereby the sub-contractors will only bill us after we have invoiced our customers and we pay the sub-contractors within seven (7) days of receiving payment from our customers. As we only issue invoice to our customer upon their confirmation, which is normally within thirty (30) days after the revenue is recognised (as described in Section 12.6.7 (i) of this Prospectus), our payments to these sub-contractors will exceed the normal credit terms granted by the suppliers based on the aging in our accounts from the date of our Accrual Recognition until our payments to the suppliers. Our average trade payables turnover days further improved to fifty-four (54) days for FYE 2019 as our collection of trade receivables from our customers continued to improve as described in Section 12.6.7 (i) of this Prospectus.

The ageing analysis of our Group's trade payables as at 31 December 2019 and subsequent payments as at the LPD is as follows:

	Not Past Due	Past Due				Total
		1-30 days	31-60 days	61-90 days	More Than 91 days	
Trade payables (RM'000)	7,422	1,396	-	53	533	9,404
Proportion of total net trade payables (%)	78.92	14.85	-	0.56	5.67	100.00
Subsequent payments as at the LPD (RM'000)*	7,422	1,396	-	53	533	9,404
Net trade payables after subsequent payments (RM'000)	-	-	-	-	-	-

12. FINANCIAL INFORMATION (Cont'd)

As at the LPD, we have settled all of the total net trade payables that had been outstanding as at 31 December 2019.

(iii) Inventory Turnover Relating to Well Perforation Services and IOR Chemicals

For the FYE 2016 to FYE 2019, we did not have any inventory for well testing, wash and cement, and wireline services. For well leak repair services, we did not hold repair chemicals and consumables in our inventory as the supplier provides them to us on a consignment basis as elaborated below.

Our inventory for well perforation services consists of the following types of goods:

- Explosives, which mainly comprises shaped charges that we use in our perforation service; and
- Hardware including perforating guns and other components that we use in our perforation service.

Starting from FYE 2019, we began to hold inventory for O&G production enhancement services comprising IOR chemicals.

Although repair chemicals and consumables accounted for 17.84%, 17.94% and 8.32% of our cost of sales for FYE 2017, FYE 2018 and FYE 2019 respectively, we do not hold these products as inventory because the supplier provides them to us on a consignment basis. The repair chemicals and consumables are stored at our warehouses in Labuan and Kemaman, Terengganu under the ownership of the supplier. We only purchase repair chemicals and consumables as and when they are required to perform well leak repair services and we only purchase the amount required for the work in hand.

Our average inventory turnover period relating to well perforation services and IOR chemicals for the FYE 2016 to FYE 2019 is summarised in the following table:

Inventory Turnover for Well Perforation and IOR Chemicals	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
Inventory for well perforation services and IOR chemicals	2,573	3,444	5,381	11,280
Consisting of:				
<i>Perforating explosives</i>	1,466	1,879	3,375	5,845
<i>Perforating hardware</i>	1,107	1,565	2,006	5,244
<i>IOR chemicals</i>	-	-	-	191
Cost of sales for well perforation services and IOR chemicals	6,417	7,119	11,398	21,288
Consisting of:				
<i>Perforating explosives services</i>	6,417	7,119	11,398	20,224
<i>IOR chemicals</i>	-	-	-	1,064
Average inventory turnover period for well perforation services and IOR chemicals (days)	153	154	141	143

(a) FYE 2017 vs 2016

Our perforating well services inventory increased by RM0.87 million or 33.85% from RM2.57 million in FYE 2016 to RM3.44 million in FYE 2017 due to the increase in both the perforating explosives by RM 0.41 million or 28.17% and perforating hardware by RM 0.46 million or 41.37% to cater for delivery in the following financial year.

12. FINANCIAL INFORMATION (Cont'd)

We registered marginal increase in our cost of sale for well perforation services by RM0.70 million or 10.94% from RM6.42 million in FYE 2016 to RM7.12 million in FYE 2017 although there was an increase in our perforating well services inventory as explained above. Consequently, our inventory turnover period for well perforation services for FYE 2017 was 154 days, which was close to FYE 2016 at 153 days.

(b) FYE 2018 vs 2017

Our perforating well services inventory increased by RM1.94 million or 56.24% from RM3.44 million in FYE 2017 to RM5.38 million in FYE 2018 due to the increase in both the perforating explosives by RM1.50 million or 79.62% and perforating hardware by RM 0.44 million or 28.18% to cater for delivery in the following financial year.

Our cost of sales for well perforation services recorded a higher increase by RM4.28 million or 60.11% from RM7.12 million in FYE 2017 to RM11.40 million in FYE 2018, which was contributed by higher freight, transportation and handling costs for carrying out end-of-life stage perforations as detailed in Section 12.3.7 (ii) (a) of this Prospectus. Consequently, our inventory turnover days for well perforation services improved from 154 days for FYE 2017 to 141 days for FYE 2018.

(c) FYE 2019 vs FYE 2018

Our perforating well services inventory increased by RM5.71 million or 106.08% from RM5.38 million in FYE 2018 to RM11.09 million in FYE 2019. Our inventory of perforating explosives increased by RM2.47 million or 73.19% to RM5.85 million and perforating hardware by RM3.24 million or 161.42% to RM5.24 million. This was due to the purchase of all of the perforating explosives and hardware that we plan to use to implement our well perforate, wash and cement contract with our PSC operator customer in Mauritania. We began to provide IOR chemicals during FYE 2019 and our inventory of IOR chemicals was RM0.19 million for that year.

Our cost of sales for well perforation services increased by RM8.83 million or 77.43% to RM20.22 million for FYE 2019. The increase in cost of sales was partly contributed by the increase in freight, transportation and handling, and travelling and accommodation costs for carrying out end-of-life stage perforations as detailed in Section 12.3.7 (iii) of this Prospectus. Consequential to our purchase of all of the perforating explosives and hardware for our work to be carried out in Mauritania as well as IOR chemicals as mentioned above, our inventory turnover days for well perforation services and IOR chemicals worsen slightly from 141 days for FYE 2018 to 143 days for FYE 2019. Our cost of sales for IOR chemicals for FYE 2019 was RM1.06 million.

(iv) Current Ratio

The table below provides a summary of our Group's current ratio:

	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
Current assets	16,143	19,308	27,457	49,225
Current liabilities	5,971	7,550	12,886	39,581
Current ratio (times) #	2.70	2.56	2.13	1.24

Note:

Current ratio is calculated based on dividing current assets by current liabilities.

12. FINANCIAL INFORMATION (Cont'd)

Our current ratio as at 31 December 2017 was 2.56 times which was lower compared to 2.70 times as at 31 December 2016. This was due to an increase in current liabilities of RM1.58 million or 26.44%, mainly due to the increase in borrowings of RM1.14 million or 79.51% (mainly due to an increase in bank overdraft).

As at 31 December 2018 our current ratio was 2.13 times, which was lower compared to 2.56 times in FYE 2017. This was mainly attributed to the increase in trade payables by RM5.58 million or equivalent to 213.38% as at 31 December 2018. This increase in trade payables was contributed by purchases that we made during the fourth quarter of FYE 2018, which were not due for payment as at 31 December 2018. The increase in trade payables was much greater than the increase in trade receivables of RM5.13 million or 69.63% as at 31 December 2018.

The increase in trade payables during the last quarter of FYE 2018 was due to the increased activities in the well leak repair segment and the additional two (2) new services, well testing as well as wash and cement. Our active collection effort has resulted in the percentage of increase in trade receivables recorded being lower (69.63%) than the trade payables (213.38%) despite the growth in trade receivables in FYE 2018 of RM12.50 million as compared to FYE 2017 of RM7.37 million.

Additionally, there was also an impairment on the value of asset held for sale, specifically Amsito Worldwide (BVI) Ltd for RM1.02 million which reduced the current assets of our Group as at 31 December 2018.

Our current ratio as at 31 December 2019 was 1.24 times, which was lower compared to 2.13 times as at 31 December 2018 as our current liabilities increased by RM26.69 million or 207.14% whereas our current assets increased by RM21.77 million or 79.28%. This was mainly due to an increase of RM20.86 million in other payables and accruals as at 31 December 2019 compared to 31 December 2018, out of which RM19.85 million was mobilisation fees received from PC Mauritania 1 Pty Ltd, which will be progressively recognised as revenue during FYE 2020 in accordance to work done. In addition, there was an increase in RM4.23 million in our provision for taxation, which was related to the mobilisation fees that we received as described above.

(v) Gearing Ratio

The table below provides a summary of our Group's gearing ratio:

	FYE 2016 RM'000	FYE 2017 RM'000	FYE 2018 RM'000	FYE 2019 RM'000
Total borrowings ⁽¹⁾	6,390	6,447	6,139	11,516
Total equity	16,840	17,916	21,061	30,773
Gearing ratio (times) ⁽²⁾	0.38	0.36	0.29	0.37

Notes:

(1) Total borrowings include bank borrowings such as term loans, bank overdrafts, bank acceptance and credit cards, and lease liabilities payables.

(2) Gearing ratio is based on dividing total borrowings by total equity.

Our borrowings mainly consist of term loans to finance the purchase of our office units, equipment and tools, trade financing to fund our working capital and lease liabilities to finance our motor vehicles.

12. FINANCIAL INFORMATION (Cont'd)

Our gearing ratio improved from 0.38 times in FYE 2016 to 0.36 times in FYE 2017 and continued to improve to 0.29 times in FYE 2018. This was mainly attributed to increase in our retained profits by 11.28% from RM9.01 million in FYE 2016 to RM10.02 million in FYE 2017 and continued to increase by 32.48% to RM13.28 million in FYE 2018.

Our gearing ratio increased from 0.29 times in FYE 2018 to 0.37 times in FYE 2019. Although our retained earnings continued to increase by RM9.68 million or 72.90% to RM22.96 million for FYE 2019, this was more than offset by the increase in borrowings. The increase in borrowings was mainly attributed to increase in terms loans of RM6.95 million during FYE 2019, which were mainly to finance the purchase of our head office property and well testing equipment. There was no amount outstanding recorded for bank overdrafts and lease liabilities for the FYE 2019 as compared to bank overdrafts of RM1.11 million and lease liabilities of RM0.15 million recorded as at 31 December 2018 and this has partly offset the increase in the borrowings. In addition, bank acceptance and credit cards outstanding as at 31 December 2019 was RM0.30 million lower compared to 31 December 2018.

12.6.8 Accounting Policies and Audit Qualification

We did not adopt any accounting policies that were peculiar to us during the FYE 2016, FYE 2017, FYE 2018 and FYE 2019 due to the nature of our business or the industry that we operate in. The Accountants' Report did not contain any audit qualification for the FYE 2016 to FYE 2019.

12.7 TREND ANALYSIS

In addition to other disclosures in the Prospectus, our operations are also affected by the following:

- (a) fluctuations in crude oil prices; and
- (b) pandemics including COVID-19.

As at the LPD, save as disclosed in this Prospectus, our operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section, Section 4 and Section 6 of this Prospectus;
- (ii) material commitment for capital expenditure, as set out in Section 12.6.6 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this section, Section 4 and Section 6 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group revenue and/or profits save for those that have been disclosed in this section, future plans and strategies as set out in Section 6.22 of this Prospectus and industry overview as set out in Section 7 of this Prospectus;

12. FINANCIAL INFORMATION (Cont'd)

- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 4 of this Prospectus; and
- (vi) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this section and in Section 4 of this Prospectus.

12.8 ORDER BOOK

As at the LPD, our Group does not have an order book, as all of our contracts are in the form of umbrella contracts or call out contracts that do not have fixed contract values.

12.9 SIGNIFICANT CHANGES

Save as disclosed in note 4.1 to the Proforma Combined Financial Information in Section 12.1 and Section 12.6.5 (ii) (e) of this Prospectus, no significant changes have occurred that may have a material effect on the financial position and results of our Group subsequent to 31 December 2019.

Disposal of investment properties

On 4 February 2020, RLSB had entered into a sale and purchase agreement to dispose off one (1) of its investment properties, i.e. a commercial office unit located at Menara 1 Mont Kiara, No.1, Jalan Kiara, Kuala Lumpur with carrying amount of RM1,027,966. As at the LPD, the disposal of the said investment property has been completed.

Further details of the abovementioned property are set out in Section 14.6 (xvii) of this Prospectus.

12.10 DIVIDEND POLICY

It is our policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserve for the future growth of our Group.

Notwithstanding the above, our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. As at the LPD, there is no dividend restriction being imposed on Reservoir Link.

Capital gains, dividend payments and profits from dealing in our Shares will not be subject to Malaysian taxation (not applicable to entities including companies with trading of shares as their principal business activity). No withholding tax is imposed on the above transactions. Potential investors are advised to consult their professional tax advisors if they are in any doubt as to the taxation implication of subscribing, holding or disposing of and dealing in our Shares.

13. ACCOUNTANTS' REPORT



Date: 10 JUN 2020

The Board of Directors
Reservoir Link Energy Bhd
2nd Floor, Lot 144,
Jalan Petanak,
93100 Kuching, Sarawak

Crowe Malaysia PLT

(LLP0018817-LCA & AF 1018)
Chartered Accountants

2nd Floor, C378, Block C
icom Square, Jalan Pending
93450 Kuching, Sarawak
Malaysia

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Dear Sirs/Madam,

REPORTING ACCOUNTANT'S OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANT'S REPORT OF RESERVOIR LINK ENERGY BHD ("RESERVOIR LINK")

OPINION

We have audited the financial information of Reservoir Link and its subsidiaries (collectively known as "the Group") which comprises the combined statements of financial position as at 31 December 2016, 2017, 2018, and 2019 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of financial years ended 31 December 2016, 2017, 2018, and 2019 and notes to the combined financial statements, including a summary of significant accounting policies as set out in pages 4 to 107.

The historical financial information has been prepared for inclusion in the prospectus of Reservoir Link in connection with the initial public offering and listing of and quotation for the entire enlarged share capital of Reservoir Link on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing").

In our opinion, the financial information gives a true and fair view of the financial position of the Group as at 31 December 2016, 2017, 2018 and 2019 and of their financial performance and their cash flows for each of the financial years ended 31 December 2016, 2017, 2018 and 2019 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

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 *Reporting Accountant's Responsibilities for the Audit of the Financial Information* section of our report.

INDEPENDENCE AND OTHER ETHICAL REQUIREMENT

We are independent of the Group 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' *Code of Ethics for Professional Accountants ("IESBA Code")*, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

13. ACCOUNTANTS' REPORT (Cont'd)



DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL INFORMATION

The Directors of the Group are responsible for the preparation of the financial information of the Group that gives a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Group, the Directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

REPORTING ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 information.

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

- Identify and assess the risks of material misstatement of the financial information of the Group, 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 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represents the underlying transactions and events in a manner that achieves fair presentation.

13. ACCOUNTANTS' REPORT (Cont'd)



REPORTING ACCOUNTANT'S RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

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

- 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.

OTHER MATTERS

The significant event occurred subsequent to the end of the financial year ended 31 December 2019 has been disclosed in Note 39 to this report.

RESTRICTION ON DISTRIBUTION AND USE

Our report has been prepared for inclusion in the prospectus of Reservoir Link in connection with the listing of and quotation for the entire issued share capital of Reservoir Link on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

A handwritten signature in black ink that reads "Crowe Malaysia".

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

A handwritten signature in black ink that reads "Hudson Chua Jain".

Hudson Chua Jain
02538/05/2022 J
Chartered Accountant

Kuching

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

COMBINED STATEMENTS OF FINANCIAL POSITION

	NOTE	2016 RM	2017 RM	2018 RM	2019 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	11,279,095	9,801,594	10,137,492	19,266,548
Investment properties	6	-	-	-	6,310,560
Right-of-use assets	7	285,098	167,404	49,711	-
Other receivables	8	-	-	-	171,791
Deferred tax assets	9	-	-	-	5,328,816
		11,564,193	9,968,998	10,187,203	31,077,715
CURRENT ASSETS					
Inventories	10	2,572,563	3,443,979	5,380,595	11,280,138
Trade receivables	11	4,792,682	7,368,171	12,497,873	20,376,023
Other receivables, deposits and prepayments	8	900,355	1,535,769	1,845,191	6,435,541
Amount owing by related parties	12	9,147	14,363	62,868	1,483,213
Tax recoverable		338,540	-	-	-
Short-term investments	13	-	-	-	3,679,688
Fixed deposits with licensed banks	14	1,789,271	2,711,551	2,887,498	3,582,010
Cash and bank balances		2,447,630	411,032	1,722,947	2,388,397
		12,850,188	15,484,865	24,396,972	49,225,010
Assets of disposal group classified as held for sale	15	3,292,787	3,822,911	3,060,151	-
		16,142,975	19,307,776	27,457,123	49,225,010
TOTAL ASSETS		27,707,168	29,276,774	37,644,326	80,302,725

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

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	NOTE	2016 RM	2017 RM	2018 RM	2019 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	7,008,100	7,008,100	7,008,100	7,008,100
Foreign exchange translation reserve	17	915,410	885,807	887,792	887,069
Retained profits		9,006,286	10,022,247	13,277,516	22,955,718
		16,929,796	17,916,154	21,173,408	30,850,887
Non-controlling interests		(89,825)	-	(112,788)	(77,924)
TOTAL EQUITY		16,839,971	17,916,154	21,060,620	30,772,963
NON-CURRENT LIABILITIES					
Bank borrowings	18	4,601,001	3,621,716	3,600,226	9,693,072
Lease liabilities	19	265,501	159,119	86,079	-
Deferred tax liabilities	9	29,915	29,915	11,185	255,756
		4,896,417	3,810,750	3,697,490	9,948,828

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

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	NOTE	2016 RM	2017 RM	2018 RM	2019 RM
CURRENT LIABILITIES					
Bank borrowings	18	1,430,181	2,566,689	2,388,438	1,822,482
Lease liabilities	19	93,453	98,929	65,230	-
Amount owing to directors	20	-	515,000	492,500	54,976
Trade payables		3,334,499	2,616,089	8,197,603	9,404,291
Other payables and accruals	21	558,233	1,615,686	1,154,916	22,012,449
Amount owing to related parties	12	5,458	9,299	17,834	1,483,213
Provision for taxation		-	114,357	569,695	4,803,523
Dividend payable		515,000	-	-	-
		5,936,824	7,536,049	12,886,216	39,580,934
Liabilities of disposal group classified as held for sale	15	33,956	13,821	-	-
TOTAL LIABILITIES		5,970,780	7,549,870	12,886,216	39,580,934
TOTAL EQUITY AND LIABILITIES		10,867,197	11,360,620	16,583,706	49,529,762
		27,707,168	29,276,774	37,644,326	80,302,725

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	2016 RM	2017 RM	2018 RM	2019 RM
CONTINUING OPERATIONS					
REVENUE	22	9,577,585	20,874,263	45,091,048	80,031,020
COST OF SALES	23	(9,925,885)	(15,956,223)	(34,158,685)	(59,356,500)
GROSS (LOSS)/PROFIT		(348,300)	4,918,040	10,932,363	20,674,520
OTHER INCOME	24	1,099,771	3,473,050	677,503	359,706
		751,471	8,391,090	11,609,866	21,034,226
ADMINISTRATIVE EXPENSES	25	(4,272,942)	(7,283,988)	(6,044,017)	(9,146,327)
(LOSS)/PROFIT FROM OPERATION		(3,521,471)	1,107,102	5,565,849	11,887,899
FINANCE COSTS	26	(592,738)	(513,463)	(408,807)	(604,836)
(LOSS)/PROFIT BEFORE TAXATION		(4,114,209)	593,639	5,157,042	11,283,063
INCOME TAX EXPENSE	27	(240,676)	(277,897)	(1,298,702)	(1,569,997)
(LOSS)/PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		(4,354,885)	315,742	3,858,340	9,713,066

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

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	NOTE	2016 RM	2017 RM	2018 RM	2019 RM
DISCONTINUED OPERATIONS					
PROFIT/(LOSS) FOR THE FINANCIAL YEARS FROM DISCONTINUED OPERATIONS, NET OF TAX	15	509,083	700,219	(755,859)	-
(LOSS)/PROFIT AFTER TAXATION		(3,845,802)	1,015,961	3,102,481	9,713,066
OTHER COMPREHENSIVE (EXPENSES)/INCOME <u>Items that will be reclassified subsequently to profit or loss.</u> Foreign currency translation differences		(26,997)	(29,603)	1,985	(723)
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(3,872,799)	986,358	3,104,466	9,712,343
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Group		(3,674,287)	1,015,961	3,255,269	9,678,202
- From continuing operations		(4,183,370)	315,742	4,011,128	9,678,202
- From discontinued operations		509,083	700,219	(755,859)	-
Non-controlling Interests		(171,515)	-	(152,788)	34,864
		(3,845,802)	1,015,961	3,102,481	9,713,066

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

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	NOTE	2016 RM	2017 RM	2018 RM	2019 RM
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Group		(3,701,284)	986,358	3,257,254	9,677,479
- From continuing operations		(4,210,367)	286,139	4,013,113	9,677,479
- From discontinued operations		509,083	700,219	(755,859)	-
Non-controlling Interests		(171,515)	-	(152,788)	34,864
		(3,872,799)	986,358	3,104,466	9,712,343
(LOSS)/EARNING PER SHARE (SEN)					
(Diluted)/Basic:					
- continuing operations	28	(4.71)	0.36	4.51	10.89
- discontinued operations	28	0.57	0.79	(0.85)	-

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

COMBINED STATEMENTS OF CHANGES IN EQUITY

	NOTE	Share Capital RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Non- Controlling Interests RM	Total Equity RM
Balance at 1.1.2016, previously reported		7,008,100	942,407	12,680,573	81,690	20,712,770
Initial application of MFRS 16	40	-	-	-	-	-
Balance at 1.1.2016 (restated)		7,008,100	942,407	12,680,573	81,690	20,712,770
Loss after taxation for the financial year		-	-	(3,674,287)	(171,515)	(3,845,802)
Other comprehensive loss for the financial year		-	(26,997)	-	-	(26,997)
- Foreign currency translation differences		-	(26,997)	-	-	(26,997)
Balance at 31.12.2016/1.1.2017		7,008,100	915,410	9,006,286	(89,825)	16,839,971
Profit after taxation for the financial year		-	-	1,015,961	-	1,015,961
Other comprehensive loss for the financial year		-	(29,603)	-	-	(29,603)
- Foreign currency translation differences		-	(29,603)	-	-	(29,603)
Total comprehensive income/(expenses) for the financial year		7,008,100	885,807	10,022,247	(89,825)	17,826,329

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

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Share Capital RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Non- Controlling Interests RM	Total Equity RM
Contributions by and distributions to owners of the Company:	-	-	-	(704)	(704)
Changes in a subsidiary ownership interests that result in 100% control	-	-	-	90,529	90,529
Disposal of a subsidiary	-	-	-	89,825	89,825
Total transactions with owners	7,008,100	885,807	10,022,247	-	17,916,154
Balance at 31.12.2017/1.1.2018	-	-	3,255,269	(152,788)	3,102,481
Profit/(Loss) after taxation for the financial year	-	-	-	40,000	40,000
Acquisition of a subsidiary	-	1,985	-	-	1,985
Other comprehensive income for the financial year	-	1,985	3,255,269	(112,788)	3,144,466
- Foreign currency translation differences	-	887,792	13,277,516	(112,788)	21,060,620
Total comprehensive income/(expenses) for the financial year	7,008,100	887,792	13,277,516	(112,788)	21,060,620
Balance at 31.12.2018/1.1.2019					

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

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Share Capital RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Non- Controlling Interests RM	Total Equity RM
Balance at 31.12.2018/1.1.2019	7,008,100	887,792	13,277,516	(112,788)	21,060,620
Profit after taxation for the financial year	-	-	9,678,202	34,864	9,713,066
Other comprehensive expenses for the financial year: - Foreign currency translation differences	-	(723)	-	-	(723)
Total comprehensive (expense)/income for the financial year	-	(723)	9,678,202	34,864	9,712,343
Balance at 31.12.2019	7,008,100	887,069	22,955,718	(77,924)	30,772,963

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

COMBINED STATEMENTS OF CASH FLOWS

	2016 RM	2017 RM	2018 RM	2019 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation:				
- Continuing operations	(4,114,209)	593,639	5,157,042	11,283,063
- Discontinued operations	515,604	696,990	(755,859)	-
Adjustments for:-				
Allowances for impairment losses on receivables	-	-	-	10,100
Bad debts written off	13,340	2,669,506	197,988	31,620
Depreciation of property, plant and equipment	2,950,240	3,067,307	1,352,782	1,510,618
Depreciation of investment properties	-	-	-	23,441
Depreciation of right-of-use assets	235,193	117,694	117,693	49,711
Amount waived by creditors	(159,081)	(2,669,506)	(172,428)	-
Interest expenses	592,138	513,463	408,807	604,836
Impairment losses on investment in associate	-	-	1,023,286	-
Loss on disposal of property, plant and equipment	23,252	-	691	-
Property, plant and equipment written off	44,464	1,603	7,409	119,556
Unrealised loss on foreign exchange	34,049	100,210	83,364	87,816
Unrealised gain on foreign exchange	(1,708)	(17,165)	(9,641)	(222)
Gain on disposal of property, plant and equipment	(317,028)	(197,112)	(354)	(64,098)
Gain on disposal of a subsidiary	-	(94,224)	(32,331)	-
Interest income	(60,480)	(116,535)	(90,380)	(100,560)
Winding up and deregistered of a subsidiary	-	-	(3,843)	-
Share of associate profit from discontinued operations	(1,076,089)	(739,921)	(267,427)	-
Operating (loss)/profit before working capital changes carried forward	(1,320,315)	3,925,949	7,016,799	13,555,881

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

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	2016 RM	2017 RM	2018 RM	2019 RM
Operating (loss)/profit before working capital changes brought forward				
Decrease/(Increase) in inventories	(1,320,315)	3,925,949	7,016,799	13,555,881
Decrease/(Increase) in trade and other receivables	228,306	(871,416)	(1,936,616)	(5,899,543)
(Decrease)/(Increase) in trade and other payables	7,965,026	(3,077,222)	(5,612,233)	(12,771,614)
(Increase)/Decrease in amount owing by related parties	(9,460,403)	(15,350)	5,195,437	22,070,871
Decrease/(Increase) in amount owing by a director	(402)	(1,375)	(39,970)	45,034
Decrease in amount owing to directors	190	-	(22,400)	-
(Increase)/Decrease in amount owing by a corporate shareholder	-	-	-	(437,524)
	(10,595)	513,703	-	-
CASH (FOR)/FROM OPERATIONS	(2,598,193)	474,289	4,601,017	16,563,105
Interest paid	(592,138)	(513,463)	(408,807)	(604,836)
Income tax paid	(115,045)	(78,292)	(950,634)	(2,420,414)
Income tax refunded	5,145	250,000	88,540	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(3,300,231)	132,534	3,330,116	13,537,855
CASH FLOWS FOR INVESTING ACTIVITIES				
Acquisition of non-controlling interests	-	(100)	-	-
Acquisition of an associate	(2,000,000)	-	-	-
Interest income received	60,480	116,535	90,380	100,560
Purchase of property, plant and equipment	(393,682)	(1,594,951)	(1,700,880)	(17,103,236)
Purchase of short-term investments	-	-	-	(3,679,688)
Purchase of intellectual property	(100,000)	-	-	-
Proceeds from disposal of property, plant and equipment	498,288	199,940	4,454	74,103
Proceeds from disposal of an associate	-	-	-	3,060,151
Disposal of subsidiaries, net of cash and cash equivalents disposed of	-	(20,040)	4	-
Increased in pledged fixed deposits with licensed banks	(1,789,271)	(922,280)	(175,949)	(694,512)
NET CASH FOR INVESTING ACTIVITIES	(3,724,185)	(2,220,896)	(1,781,991)	(18,242,622)

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

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	2016	2017	2018	2019
	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES				
Proceeds from issuance of shares by a subsidiary to non-controlling interests	-	-	40,000	-
Drawdown of term loans	2,100,000	-	1,040,908	8,435,495
Drawdown of credit cards facility	-	-	59,495	-
Drawdown of bankers acceptance	-	-	279,000	-
Repayment of credit cards facility	-	-	-	(24,475)
Repayment of banker acceptance	-	-	-	(279,000)
Repayment of lease liabilities	(647,439)	(100,906)	(106,739)	(151,309)
Repayment of term loans	(838,966)	(947,717)	(1,010,233)	(1,491,135)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	613,595	(1,048,623)	302,431	6,489,576
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,410,821)	(3,136,985)	1,850,556	1,784,809
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	(30,456)	(23,004)	25,491	(5,364)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	8,334,171	1,892,894	(1,267,095)	608,952
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	1,892,894	(1,267,095)	608,952	2,388,397

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13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 Introduction

This report has been prepared for inclusion in the prospectus of Reservoir Link in connection with the initial public offering and listing of and quotation of the entire enlarged issued share capital of Reservoir Link on Ace Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied upon for any other purposes.

1.2 Background

The Company was incorporated in Malaysia on 2 December 2014, as a public limited liability company and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : 2nd Floor, Lot 144,
Jalan Petanak,
93100 Kuching, Sarawak

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

Reservoir Link Energy Bhd. is a dormant company since incorporation.

2. RESTRUCTURING EXERCISE

During the incorporation, the issued share capital of Reservoir Link was RM100 comprising 200 ordinary shares. In conjunction with, and as an integral part of the Listing, Reservoir Link carried out an internal restructuring exercise prior to the Listing, which involved the following steps ("Internal Restructuring Exercise"):-

(a) Subdivision

Reservoir Link undertook a subdivision of one (1) existing ordinary share each into five (5) new ordinary shares.

The Subdivision resulted in the ordinary shares of the Reservoir Link to increase from 200 ordinary shares to 1,000 ordinary shares. The issued share capital of Company remains at RM100.

(b) Acquisition of Amsito Oilwell Malaysia Sdn. Bhd. ("Amsito").

Reservoir Link had entered into a conditional sale and purchase agreement dated 26th June 2019 with Reservoir Link Sdn. Bhd. ("RLSB") to acquire 100% of the issued share capital of Amsito comprising 1,000,000 ordinary shares and 5,000,000 Cumulative Redeemable Non-Convertible Preference Share for a cash consideration of RM2. The purchase consideration of Amsito was based on the audited net tangible loss of Amsito as at 31 December 2018 of RM1,462,709 and was satisfied via internally generated funds.

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

2. RESTRUCTURING EXERCISE (CONT'D)

During the incorporation, the issued share capital of Reservoir Link was RM100 comprising 200 ordinary shares. In conjunction with, and as an integral part of the Listing, Reservoir Link carried out an internal restructuring exercise prior to the Listing, which involved the following steps ("Internal Restructuring Exercise"):- (Cont'd)

(c) Acquisition of Reservoir Link (Labuan) Ltd. ("RL Labuan")

Reservoir Link had entered into a conditional sale and purchase agreement dated 26th June 2019 with RLSB to acquire 100.0% of the issued share capital of RL Labuan comprising 100 ordinary shares for a cash consideration of RM109,000. The purchase consideration of RL Labuan was based on the audited net tangible asset of RL Labuan as at 31 December 2018 of USD26,151 (equivalent to approximately RM108,226 based on the exchange rate of USD1=RM4.135 as at 31 December 2018) and was satisfied via internally generated funds.

(d) Acquisition of 60% of Reservoir Link Solutions Sdn. Bhd. ("RL Solutions")

Reservoir Link had entered into a conditional sale and purchase agreement dated 26th June 2019 with RLSB to acquire 60.0% of the issued share capital of RL Solutions comprising 60,000 ordinary shares for a cash consideration of RM2. The purchase consideration of RL Solutions was based on the audited net tangible loss of RL Solutions as at 31 December 2018 of RM281,971 and was satisfied via internally generated funds.

(e) Acquisition of Reservoir Link Sdn. Bhd. ("RLSB")

Reservoir Link had entered into a conditional sale and purchase agreement dated 26th June 2019 with the Vendors of RLSB to acquire the entire issued share capital of RLSB comprising 888,888 ordinary shares for a purchase consideration of RM22,787,300, satisfied wholly by the issuance of 227,873,000 new ordinary shares. The purchase consideration of RLSB was based on the adjusted audited net tangible assets of RLSB as at 31 December 2018 of RM22,787,392, after adjusting for the gain on disposal of an associate company, namely Amsito Worldwide (BVI) Ltd.

The Group will be formed pursuant to the completion of the above acquisition by Reservoir Link subsequent to the listing and quotation in the Ace Market of Bursa Malaysia Securities Berhad.

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**2. RESTRUCTURING EXERCISE (CONT'D)**

The subsidiaries of Reservoir Link upon completion are as follows:-

Name of company	Effective ownerships	Principal activities	Date of incorporation	Country of incorporation
1. Reservoir Link Sdn. Bhd.	100%	Providing well perforation, well testing, well leak repair, well perforate, wash and cement service and wireline services	08.09.2008	Malaysia
2. Reservoir Link (Labuan) Ltd.	100%	Providing well perforation, and well leak repair services, primarily outside of Malaysia.	07.02.2013	Malaysia
3. Reservoir Link Solutions Sdn Bhd. (formerly known as Petrowell Sdn. Bhd.)	60%	Developing and providing oil and gas production enhancement services and sand management solutions.	05.11.2015	Malaysia
4. Amsito Oilwell Services (Malaysia) Sdn. Bhd.	100%	Providing wireline and related services	30.06.1979	Malaysia

3. BASIS OF PREPARATION**Financial Year Ended 2016, 2017, 2018 and 2019**

The Group has not been established as at the end of the financial year ended ("FYE") 31 December 2016, 2017, 2018, and 2019 and hence, there are no consolidated financial statements of the Group for the FYE 31 December 2016, 2017, 2018, and 2019. The combined financial statements for the FYE 31 December 2016, 2017, 2018, and 2019 are prepared based on the financial statements of the Group.

The combined financial statements have been prepared pursuant to the listing exercise of Reservoir Link on the Ace Market of Bursa Malaysia Securities Berhad.

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**3. BASIS OF PREPARATION (CONT'D)**

The combined financial statements consists of the financial statements of the Company and the combining entities as follows:

Company	Relevant financial years/periods	Auditors
Reservoir Link Energy Bhd.	31 December 2016 31 December 2017 31 December 2018 31 December 2019	Crowe Horwath Crowe Horwath Crowe Malaysia PLT Crowe Malaysia PLT
<u>Subsidiaries of Reservoir Link</u>		
1. Reservoir Link Sdn. Bhd.	31 December 2016 31 December 2017 31 December 2018 31 December 2019	Crowe Horwath Crowe Horwath Crowe Malaysia PLT Crowe Malaysia PLT
2. Reservoir Link (Labuan) Ltd.	31 December 2016 31 December 2017 31 December 2018 31 December 2019	Crowe Horwath (Labuan) LLP Crowe Horwath (Labuan) LLP Crowe (Labuan) LLP Crowe (Labuan) LLP
3. Reservoir Link Solutions Sdn. Bhd. (formerly known as Petrowel Sdn. Bhd.)	1 st November 2015 to 31 December 2016 31 December 2017 31 December 2018 31 December 2019	Crowe Horwath Crowe Horwath Crowe Malaysia PLT Crowe Malaysia PLT
4. Amsito Oilwell Services (Malaysia) Sdn. Bhd.	31 December 2016 31 December 2017 31 December 2018 31 December 2019	Si Chay Beng & Co Si Chay Beng & Co Crowe Malaysia PLT Crowe Malaysia PLT
5. Reservoir Professional Sdn. Bhd. Δ	31 December 2016 31 December 2017	Crowe Horwath Crowe Horwath
6. Reservoir Link (International) Ltd *	31 December 2016 31 December 2017	Bal & Partners Bal & Partners
7. Linx Solutions Sdn. Bhd. *	31 December 2016	Crowe Horwath
<u>Associate of Reservoir Link Sdn. Bhd.</u>		
1. Amsito Worldwide (BVI) Ltd.#	31 December 2016 31 December 2017 31 December 2018	Si Chay Beng & Co Si Chay Beng & Co Si Chay Beng & Co

Δ strike off on 30th September 2018.

* disposal of Linx Solutions Sdn. Bhd. on 29th December 2017 and Reservoir Link (International) Ltd on 31st October 2018.

disposal of Amsito Worldwide (BVI) Ltd on 15th May 2019.

With effect from 2nd January 2019, Crowe Malaysia PLT was converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath.

The audited financial statements of all the companies within the Group for the relevant years/periods reported above were not subjected to any qualification or modification.

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION (CONT'D)

- 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)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

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 except as follows:-

MFRS 16 Leases

The Group has elected to early adopt MFRS 16 which will take effect on or after 1 January 2019, on 1 January 2016. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 40 to the financial statements

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method.

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

3. BASIS OF PREPARATION (CONT'D)

- 3.2. The Group has not applied in advance the following accounting standards and 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 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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.

Reservoir Link Solutions Sdn. Bhd. previously applied Malaysia Private Entities Reporting Standards during the financial year ended 31 December 2016. Reservoir Link Solutions Sdn. Bhd. adopted Malaysia Financial Reporting Standards and International Financial Reporting Standards for the first time during the financial year ended 31 December 2017.

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 amount of assets and liabilities within the next financial year other than as disclosed below:-

(a) Impairment of Trade Receivable and Non-Trade Receivables

The loss allowances for trade receivables and non-trade financial assets are based on assumptions about risk of default and expected loss rates. 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 as well as forward-looking estimates at the end of each reporting period.

(b) 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.

(c) Impairment of Property, Plant and Equipment

The Group determines whether 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. 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.

(d) Write 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.

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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 amount of assets and liabilities within the next financial year other than as disclosed below:- (Cont'd)

(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 Investment Properties

The Group determines whether 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. 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.

(g) Deferred Tax Assets

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.

(h) 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 period in which such determination is made.

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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 Group'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).

4.2 BASIS OF CONSOLIDATION

The combined 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.

Subsidiaries are combined 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 combined 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) 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.

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Merger Accounting for Common Control Business Combinations

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

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

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the new 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 merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(c) Non-controlling Interests

Non-controlling interests are presented within equity in the combined 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.

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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 on initial recognition for subsequent accounting under MFRS 9 (2017 and 2016 - MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

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

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period 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:

	2016	2017	2018	2019
United States Dollar	4.4860	4.4075	4.1360	4.0930
Pound Sterling	5.5122	5.4666	5.2672	5.3772
Euro	-	-	-	4.5907

13. ACCOUNTANTS' REPORT *(Cont'd)*

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

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

On the disposal of a foreign operations (i.e a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interest is derecognised but is not reclassified to profit or loss.

4.4 NON-CURRENT ASSETS OR DISPOSAL GROUPS HELD FOR SALE

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal group are measured at the lower of carrying amount and fair value less costs to sell.

Any impairment loss on the disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property that is measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

13. ACCOUNTANTS' REPORT *(Cont'd)*

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 NON-CURRENT ASSETS OR DISPOSAL GROUPS HELD FOR SALE (CONT'D)

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the combined statements of financial position.

4.5 DISCONTINUED OPERATIONS

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative combined statements of profit or loss and other comprehensive income is represented as if the operation has been discontinued from the start of the comparative period.

4.6 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the combined 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 a 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 – Revenue from Contracts with Customers at inception). 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments recognised in the combined 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 or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

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

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. 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 period (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 Group reclassifies debt instrument when and only when its business model for managing those assets change.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments

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

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

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

Accounting Policies Applied Until 31 December 2017

The Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening combined statement of financial position on 1 January 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated.

As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarized below:-

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.
- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 FINANCIAL INSTRUMENTS (CONT'D)

(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 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 premium or discounts), through the expected life of the financial liability, or, where appropriate, a shorter period.

(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.

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

(d) Derecognition

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

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition (Cont'd)

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.

4.7 INVESTMENTS

(a) Investment in Subsidiaries

Investment 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.

(b) Investment in Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies. Investments in an associate is stated at cost in the statement of financial position of the Company, and is 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.

The investment in an associate is accounted for in the combined financial statements using the equity method based on the financial statements of the associate. The Group's share of the post acquisition profits of the associate is included in the combined statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the combined statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.8 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.

4.9 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, plant and equipment are recognised in profit or loss as incurred.

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

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

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

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods 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.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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.

4.10 INVESTMENT PROPERTIES

Investment properties are properties which are right-of-use asset held 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 within 43 years to 45 years.

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

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

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

4.11 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 combined statements of financial position.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.11 LEASES (CONT'D)**

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

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

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

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

4.12 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis 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 less the estimated costs of completion and the estimated costs necessary to make the sale.

4.13 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 periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.14 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

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 combined statement of financial position.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period 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 immediately.

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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 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 period 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.

4.16 CONTINGENT LIABILITIES

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liability is also referred a present obligation that arises from past events but is not recognised because:

- (a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are 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 period 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 are 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 period 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, unused 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 unused 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.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 BORROWING COSTS

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

4.20 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.

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that 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. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

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. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:- (Cont'd)

- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

4.22 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Rendering of Services

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

(b) Interest Income

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

(c) Rental Income

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

4.23 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the combined 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 combined profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted, for the effects of all dilutive potential ordinary shares.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i). The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others),
- (ii). One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
- (iii). Both entities are joint ventures of the same third party,
- (iv). One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
- (v). The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity,
- (vi). The entity is controlled or jointly controlled by a person identified in above
- (vii). A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity),
- (viii). The entity, or any member of a company of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

5. PROPERTY, PLANT AND EQUIPMENT

	Building RM	Equipment and tools RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Plant and machineries RM	Portable cabin RM	Portable workshop RM	Renovation RM	Signboard RM	Wireline equipment RM	Total RM
Carrying amount at 1.1.2016	6,873,143	2,057,289	119,041	701,551	127,634	1	355,832	116,510	226,166	2,284	4,012,369	14,591,820
Initial application of MFRS 16	-	-	-	(701,551)	-	-	-	-	-	-	-	(701,551)
Carrying amount at 1.1.2016, restated	6,873,143	2,057,289	119,041	-	127,634	1	355,832	116,510	226,166	2,284	4,012,369	13,890,269
Additions	-	189,046	3,050	-	13,485	-	-	-	181,481	-	-	387,062
Disposals	-	-	(23,252)	-	-	-	-	-	-	-	-	(23,252)
Written off	-	(38,903)	-	-	(987)	-	-	-	(4,573)	-	-	(44,463)
Depreciation charges	(140,646)	(655,726)	(15,144)	-	(85,252)	-	(63,634)	(18,140)	(41,553)	(1,118)	(1,913,849)	(2,935,062)
Exchange differences	-	4,294	-	-	247	-	-	-	-	-	-	4,541
Carrying amount at 31.12.2016/ 1.1.2017	6,732,497	1,556,000	83,695	-	55,127	1	292,198	98,370	361,521	1,166	2,098,520	11,279,095
Additions	-	1,210,455	58,685	-	141,679	-	-	-	182,382	1,750	-	1,594,951
Disposals	-	(39)	(690)	-	(1,618)	-	-	-	-	-	-	(2,347)
Written off	-	-	-	-	(1,603)	-	-	-	-	-	-	(1,603)
Depreciation charges	(140,646)	(762,200)	(19,699)	-	(58,682)	-	(63,635)	(18,140)	(50,690)	(952)	(1,951,842)	(3,066,486)
Exchange differences	-	(3,986)	-	-	1,970	-	-	-	-	-	-	(2,016)
Carrying amount at 31.12.2017/ 1.1.2018	6,591,851	2,000,230	121,991	-	136,873	1	228,563	80,230	493,213	1,964	146,678	9,801,594

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)
Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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

	Building RM	Equipment and tools RM	Furniture and fittings RM	Office equipment RM	Plant and machineries RM	Portable cabin RM	Portable workshop RM	Renovation RM	Signboard RM	Wireline equipment RM	Total RM
Carrying amount at 31.12.2017/											
1.1.2018	6,591,851	2,000,230	121,991	136,873	1	228,563	80,230	493,213	1,964	146,678	9,801,594
Additions	-	809,150	76,437	263,322	-	531,971	-	17,800	2,200	-	1,700,880
Disposals	-	-	(801)	(3,990)	-	-	-	-	-	-	(4,791)
Written off	-	-	(6,057)	(1,352)	-	-	-	-	-	-	(7,409)
Depreciation charges	(140,645)	(834,702)	(23,694)	(79,870)	-	(81,367)	(18,140)	(65,652)	(529)	(108,183)	(1,352,782)
Carrying amount at 31.12.2018	6,451,206	1,974,678	167,876	314,983	1	679,167	62,090	445,361	3,635	38,495	10,137,492

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

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

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

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

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

	Buildings RM	Equipment and tools RM	Furniture and fittings RM	Office equipment RM	Plant and machineries RM	Portable cabin RM	Portable workshop RM	Renovation RM	Signboard RM	Wfreline equipment RM	Total RM
2016											
At cost	7,032,280	4,384,258	158,532	401,223	64,000	636,341	181,400	461,900	5,908	23,544,452	36,870,294
Accumulated depreciation	(299,783)	(2,828,258)	(74,837)	(346,096)	(63,999)	(344,143)	(83,030)	(100,379)	(4,742)	(19,061,575)	(23,206,842)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	(2,384,357)	(2,384,357)
Carrying amount	6,732,497	1,556,000	83,695	55,127	1	292,198	98,370	361,521	1,166	2,098,520	11,279,095
2017											
At cost	7,032,280	5,418,858	216,527	541,651	64,000	636,341	181,400	644,282	7,658	23,544,452	38,287,449
Accumulated depreciation	(440,429)	(3,418,628)	(94,536)	(404,778)	(63,999)	(407,778)	(101,170)	(151,069)	(5,694)	(21,013,417)	(26,101,498)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	(2,384,357)	(2,384,357)
Carrying amount	6,591,851	2,000,230	121,991	136,873	1	228,563	80,230	493,213	1,964	146,678	9,801,594

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

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

	Buildings RM	Equipment and tools RM	Furniture and fittings RM	Office equipment RM	Plant and machineries RM	Portable cabin RM	Portable workshop RM	Renovation RM	Signboard RM	Wireline equipment RM	Total RM
2018											
At cost	7,032,280	6,228,008	286,106	799,631	64,000	1,168,312	181,400	662,082	9,858	23,544,452	39,976,129
Accumulated depreciation	(581,074)	(4,253,330)	(118,230)	(484,648)	(63,999)	(489,145)	(119,310)	(216,721)	(6,223)	(21,121,600)	(27,454,280)
Accumulated impairment loss	-	-	-	-	-	-	-	-	-	(2,384,357)	(2,384,357)
Carrying amount	6,451,206	1,974,678	167,876	314,983	1	679,167	62,090	445,361	3,635	38,495	10,137,492

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

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

- (a) Included in the property, plant and equipment of the Group were the following fully depreciated assets which are still in use:-

	2016	2017	2018	2019
	RM	RM	RM	RM
Equipment and tools	975,528	1,602,729	3,898,442	3,299,046
Furniture and fittings	2,247	4,547	2,247	5,717
Motor vehicles	-	-	-	655,251
Office equipment	128,901	257,260	270,872	318,977
Plant and machineries	64,000	64,000	64,000	64,000
Signboard	450	5,380	5,380	5,020
Wireline equipment	4,160,422	7,135,899	20,108,623	23,502,252
	<u>5,331,548</u>	<u>9,069,815</u>	<u>24,349,564</u>	<u>27,850,263</u>

- (b) The building of the Group has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18:-

	2016	2017	2018	2019
	RM	RM	RM	RM
Building	6,732,497	6,591,851	6,451,206	9,933,333
	<u>6,732,497</u>	<u>6,591,851</u>	<u>6,451,206</u>	<u>9,933,333</u>

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

(Incorporated in Malaysia)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS**6. INVESTMENT PROPERTIES**

	2016 RM	2017 RM	2018 RM	2019 RM
Cost:-				
At 1 January	-	-	-	-
Transfer from property, plant and equipment	-	-	-	7,032,280
At 31 December	-	-	-	7,032,280
Accumulated depreciation:-				
At 1 January	-	-	-	-
Transfer from property, plant and equipment	-	-	-	(698,279)
Depreciation during the financial year	-	-	-	(23,441)
At 31 December	-	-	-	(721,720)
Carrying amount	-	-	-	6,310,560
Represented by:-				
Commercial office buildings	-	-	-	6,310,560

The buildings of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18.

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

7. RIGHT-OF-USE ASSETS

	1.1.2016						
	As previously reported	Initial application of MFRS 16	As Restated	Disposal	Depreciation charges	At 31.12.2016	
	RM	RM	RM	RM	RM	RM	
31.12.2016							
<i>Carrying amount</i>							
Motor vehicles	-	701,551	701,551	(181,260)	(235,193)	285,098	
				At 1.1.2017	Depreciation charges	At 31.12.2017	
				RM	RM	RM	
31.12.2017							
<i>Carrying amount</i>							
Motor vehicles				285,098	(117,694)	167,404	
				At 1.1.2018	Depreciation charges	At 31.12.2018	
				RM	RM	RM	
31.12.2018							
<i>Carrying amount</i>							
Motor vehicles				167,404	(117,693)	49,711	
				At 1.1.2019	Depreciation charges	At 31.12.2019	
				RM	RM	RM	
31.12.2019							
<i>Carrying amount</i>							
Motor vehicles				49,711	(49,711)	-	
				2016	2017	2018	2019
				RM	RM	RM	RM
Analysed by:-							
Cost				655,252	655,252	655,252	-
Accumulated depreciation				(370,154)	(487,848)	(605,541)	-
				285,098	167,404	49,711	-

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

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Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**7. RIGHT-OF-USE ASSETS (CONT'D)**

The Group has leased certain motor vehicles under hire purchase arrangements with lease terms ranging from Nil (2018 - 5 to 9; 2017 - 5 to 9; 2016 - 5 to 9) years. At the end of the lease term, the Group has the option to purchase the asset at an insignificant amount. The leases bear effective interest rates ranging from 4.58% to 6.47% (2018 - 4.58% to 6.47%; 2017 - 4.58% to 6.47%; 2016 - 4.58% to 6.47%) and are secured by the leased assets.

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2016 RM	2017 RM	2018 RM	2019 RM
<u>Non-current</u>				
Third parties	-	-	-	171,791
<u>Current</u>				
Third parties	181,428	682,277	286,296	53,229
Good and services tax receivables	-	-	41,559	41,559
Deposits	133,504	131,516	352,329	602,112
Prepayments	585,423	721,976	1,165,007	5,738,641
	900,355	1,535,769	1,845,191	6,435,541
	900,355	1,535,769	1,845,191	6,607,332

Included in non-current and current other receivables was an amount owing from a third party amounting to RM188,764 (2018 - Nil; 2017 - Nil; 2016 - Nil) which is charged interest at 6.90% (2018 - Nil, 2017 - Nil, 2016 - Nil) per annum.

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

9. DEFERRED TAXATION

	At 1.1.2016 RM	Recognised in Profit or Loss (Note 27) RM	At 31.12.2016 RM
2016			
<i>Deferred tax liability</i>			
Property, plant and equipment	210,761	(240,676)	(29,915)

	At 1.1.2017 RM	Recognised in Profit or Loss (Note 27) RM	At 31.12.2017 RM
2017			
<i>Deferred tax liability</i>			
Property, plant and equipment	(29,915)	-	(29,915)

	At 1.1.2018 RM	Recognised in Profit or Loss (Note 27) RM	At 31.12.2018 RM
2018			
<i>Deferred tax liability</i>			
Property, plant and equipment	(29,915)	18,730	(11,185)

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**9. DEFERRED TAXATION (CONT'D)**

	At 1.1.2019 RM	Recognised in Profit or Loss (Note 27) RM	At 31.12.2019 RM
2019			
<i>Deferred tax liability</i>			
Property, plant and equipment	(11,185)	(244,571)	(255,756)
<i>Deferred tax assets</i>			
Deferred revenue	-	3,857,902	3,857,902
Others	-	47	47
Property, plant and equipment	-	1,666	1,666
Unabsorbed tax losses	-	646,220	646,220
Unused capital allowances	-	822,981	822,981
	-	5,328,816	5,328,816
	(11,185)	5,084,245	5,073,060

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

At the end of the reporting period, a subsidiary of the Group has unabsorbed tax losses and unused capital allowances of approximately RM2,693,000 (2018 – RM2,386,000; 2017 – RM2,386,000; 2016 – RM2,206,000) and RM 3,429,000 (2018 – RM4,672,000; 2017 – RM4,764,435; 2016 – RM3,774,147) respectively that are available for offset against future taxable profits of the subsidiary in which the losses arose.

The unabsorbed tax losses are allowed to be carried forward for a maximum period of 7 consecutive years of assessment. The unused capital allowances do not expire under the current tax legislation in Malaysia and can be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS**10. INVENTORIES**

	2016 RM	2017 RM	2018 RM	2019 RM
At cost:-				
Perforating explosives	1,465,494	1,878,727	3,374,432	5,844,599
Perforating hardware	1,107,069	1,565,252	2,006,163	5,244,311
Finished goods	-	-	-	93,301
Raw materials	-	-	-	97,927
	2,572,563	3,443,979	5,380,595	11,280,138
Recognised in profit or loss:-				
Inventories recognised as cost of sales	1,390,638	2,655,702	4,202,132	8,023,753

11. TRADE RECEIVABLES

	2016 RM	2017 RM	2018 RM	2019 RM
Third parties	4,792,682	5,017,266	8,346,465	12,341,802
Accrued trade receivables	-	2,350,905	4,151,408	8,044,321
	4,792,682	7,368,171	12,497,873	20,386,123
Allowance for impairment losses	-	-	-	(10,100)
	4,792,682	7,368,171	12,497,873	20,376,023
Allowance for impairment losses:-				
At 1 January	-	-	-	-
Addition during the financial year	-	-	-	10,100
At 31 December	-	-	-	10,100

The Group's normal trade credit terms ranging from 30 to 70 days (2018 – 30 days; 2017 – 30 days; 2016 – 30 days). Other credit terms are assessed and approved on a case-by-case basis.

12. AMOUNT OWING BY/(TO) RELATED PARTIES

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

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

13. SHORT-TERM INVESTMENTS

	2016 RM	2017 RM	2018 RM	2019 RM
Unit trusts in Malaysia, at fair value	-	-	-	3,679,688

14. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was the following amount which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 18 is as follows:

	2016 RM	2017 RM	2018 RM	2019 RM
Fixed deposits pledged to licensed banks	1,789,271	2,711,551	2,887,498	3,582,010
Less: Fixed deposits with licensed banks with maturity more than 3 months	(320,302)	(331,353)	(341,790)	-
	1,468,969	2,380,198	2,545,708	3,582,010

The effective interest rate of fixed deposits with licensed banks that are denominated in Ringgit Malaysia at the end of the reporting period were as follows:-

	2016 %	2017 %	2018 %	2019 %
Effective interest rates per annum	3.15 - 3.45	3.15 - 3.45	2.95 - 3.35	2.90

The effective interest rate of fixed deposits with licensed banks that are denominated in United States Dollar at the end of the reporting period were as follows:-

	2016 %	2017 %	2018 %	2019 %
Effective interest rates per annum	-	-	-	0.40

The maturity periods of fixed deposits with licensed banks at the end of the reporting period were as follows:-

	2016 Days	2017 Days	2018 Days	2019 Days
Maturity periods	30 to 365	30 to 365	30 to 365	30

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

15. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

The carrying amount of the investment in associate and subsidiaries have been presented in the combined statements of financial position as "assets and liabilities of disposal group classified as held for sale" and their results are presented separately on the combined statements of profit or loss and other comprehensive income as "Profit/(Loss) after taxation from discontinued operations".

The carrying amount of the associate are as follows:-

	2016 RM	2017 RM	2018 RM	2019 RM
Unquoted shares, at cost	2,000,000	2,000,000	2,000,000	-
Share of post acquisition profits	1,076,089	1,816,010	2,083,437	-
Less: Accumulated impairment losses	-	-	(1,023,286)	-
	3,076,089	3,816,010	3,060,151	-

The details of the associate are as follows:-

Name of Associate	Country of Incorporation	Effective Equity Interest			Principal Activities
		2016 %	2017 %	2018 %	
Amsito Worldwide (BVI) Ltd. #	British Virgin Islands	40	40	40	Renting petroleum drilling equipment and provision of related engineering services.

- The associate was audited by a firm other than Crowe Malaysia PLT

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

15. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

The summarised financial information for associate that is held for sale are as follows:-

	Amsito Worldwide (BVI) Ltd.			
	2016 RM	2017 RM	2018 RM	2019 RM
<u>At 31 December</u>				
Non-current asset	4,348,881	5,014,160	4,029,519	-
Current assets	2,869,515	2,069,827	4,597,598	-
Current liabilities	(1,483,605)	(156,351)	(869,929)	-
	5,734,791	6,927,636	7,757,188	-
<u>Financial year ended 31 December</u>				
Revenue	1,246,274	905,206	1,348,905	-
Profit after taxation for the financial year	2,690,222	1,849,802	668,568	-
1 January	2,000,000	3,076,089	3,816,010	3,060,151
Share of profit/Total comprehensive income for the financial year	1,076,089	739,921	267,427	-
Impairment losses for investment in associate	-	-	(1,023,286)	-
Sales proceed during the financial year	-	-	-	(3,060,151)
	3,076,089	3,816,010	3,060,151	-

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

15. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

The summarised financial information for subsidiaries that are held for sale are as follows:-

	Reservoir Professional Sdn. Bhd.		
	2016 RM	2017 RM	2018 RM
At 31 December			2019 RM
Current assets	3,288	4,877	-
Current liabilities	(12,076)	(3,943)	-
	(8,788)	934	-
<u>Financial year ended 31 December</u>			
Revenue	-	6,000	-
Loss after taxation for the financial year	(225,990)	(6,099)	-
	Linx Solutions Sdn. Bhd.		
	2016 RM	2017 RM	2018 RM
At 31 December			2019 RM
Non-current asset	159,830	-	-
Current assets	51,337	-	-
Current liabilities	(11,046)	-	-
	200,121	-	-
<u>Financial year ended 31 December</u>			
Revenue	-	-	-
Loss after taxation for the financial year	(332,208)	-	-

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

15. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONT'D)

The summarised financial information for subsidiaries that are held for sale are as follows:- (Cont'd)

	Reservoir Link International Ltd.		
	2016 RM	2017 RM	2018 RM
At 31 December			2019 RM
Current assets	2,243	2,024	-
Current liabilities	(10,834)	(9,878)	-
	(8,591)	(7,854)	-
<hr/>			
Financial year ended 31 December			
Revenue	-	-	-
Loss after taxation for the financial year	(8,808)	(10,803)	-
<hr/>			
Total:			
Assets of disposal group classified as held for sale	3,292,787	3,822,911	3,060,151
Liabilities of disposal group classified as held for sale	33,956	13,821	-

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

16. SHARE CAPITAL

	2016 Number of Shares	2017 Number of Shares	2018 Number of Shares	2019 Number of Shares
Issued and Fully Paid-Up				
Ordinary Shares				
At 31 December	888,988	888,988	888,988	888,988

	2016 RM	2017 RM	2018 RM	2019 RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	888,988	7,008,100	7,008,100	7,008,100
Transfer from share premium account	6,119,112	-	-	-
At 31 December	7,008,100	7,008,100	7,008,100	7,008,100

17. FOREIGN EXCHANGE TRANSLATION RESERVE

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

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)
Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

18. BANK BORROWINGS

	2016 RM	2017 RM	2018 RM	2019 RM
Current liabilities:				
Credit cards	-	-	59,495	35,020
Banker acceptance	-	-	279,000	-
Bank overdrafts	577,966	1,682,906	1,113,995	-
Term loans	852,215	883,783	935,948	1,787,462
	1,430,181	2,566,689	2,388,438	1,822,482
Non-current liability:				
Term loans	4,601,001	3,621,716	3,600,226	9,693,072
Total borrowings:				
Credit cards	-	-	59,495	35,020
Banker acceptance	-	-	279,000	-
Bank overdrafts	577,966	1,682,906	1,113,995	-
Term loans	5,453,216	4,505,499	4,536,174	11,480,534
	6,031,182	6,188,405	5,988,664	11,515,554

- (a) Bank overdrafts are secured by:-
 (i) joint and several guarantee by directors of the Group, and
 (ii) pledged of fixed deposits as disclosed in Note 14.

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

18. BANK BORROWINGS (CONT'D)

(b) Bank overdrafts bore interest rates ranging from 6.15% to 8.20% (2018 - 6.40% to 8.45%; 2017 - 6.40% to 8.45%; 2016 - 6.40% to 8.45%) per annum.

(c) Term loans are secured by:-

- (i) joint and several guarantee by directors of the Group;
- (ii) legal charges over the building of the Group as disclosed in Note 5 and 6; and
- (iii) pledged of fixed deposits as disclosed in Note 14.

(d) The repayment terms of the term loans are as follows:-

Term loan 1 at BFR – 1.90% per annum	Repayable by 240 monthly instalments of RM3,444 until full settlement, effective from August 2013.
Term loan 2 at BFR + 3.50% per annum	Repayable by 84 monthly instalments of RM25,011 until full payment, effective from June 2014. The loan had been fully settled on the 2 nd October 2019.
Term loan 3 at BLR + 1.25% per annum	Repayable by 60 monthly instalments of RM6,081 until full settlement, effective from June 2014. The loan had been fully settled on the 26 th June 2019.
Term loan 4 at BFR – 2.30% per annum	Repayable by 240 monthly instalments of RM13,343 until full payment, effective from April 2015.
Term loan 5 at BLR + 1.00% per annum	Repayable by 42 monthly instalments of RM50,000 until full payment, effective from April 2016. The loan had been fully settled on the 1 st October 2019.
Term loan 6 at BLR + 1.25% per annum	Repayable by 60 monthly instalments of RM8,150 until full payment, effective from January 2018.
Term loan 7 at BLR + 1.00% per annum	Repayable by 60 monthly instalments of RM100,000 until full payment, effective from January 2018.
Term loan 8 at COF+ 1.25% per annum	Repayable by 120 monthly instalments of RM63,230 until full payment effective from October 2019

(e) Banker acceptance are secured by joint and several guarantee by directors of the Group and bore acceptance commission of bank base lending rate plus 1.50% per annum.

(f) Corporate credit cards bore interest rate of 18% (2018 – 18%) per annum.

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

19. LEASE LIABILITIES

	2016 RM	2017 RM	2018 RM	2019 RM
At 1 January		358,954	258,048	151,309
- As previously reported	-	-	-	-
- Initial application of MFRS 16	1,006,393	-	-	-
- As restated	1,006,393	358,954	258,048	151,309
Interest expense recognised in profit or loss	37,361	15,686	9,837	4,822
Repayment of principal	(647,439)	(100,906)	(106,739)	(151,309)
Repayment of interest expense	(37,361)	(15,686)	(9,837)	(4,822)
At 31 December	358,954	258,048	151,309	-

Analysed by:-

Current liabilities
Non-current liabilities

	93,453	98,929	65,230	-
	265,501	159,119	86,079	-
	358,954	258,048	151,309	-

(a) The lease liabilities of the Group are secured by the Group's motor vehicles under finance leases as disclosed in Note 7.

(b) The lease liabilities of the Group at the end of the relevant financial years bore effective interest rates as follows:-

	2016 %	2017 %	2018 %	2019 %
Effective interest rates per annum	3.85 - 6.47	3.85 - 6.47	4.58 - 6.47	4.58 - 6.47

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

20. AMOUNT OWING TO DIRECTORS

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

21. OTHER PAYABLES AND ACCRUALS

	2016 RM	2017 RM	2018 RM	2019 RM
Other payables:-				
Third parties	148,532	226,104	459,546	885,416
Goods and services tax payable	35,958	123,752	-	-
Sales tax payable	-	-	-	54,077
	184,490	349,856	459,546	939,493
Prepaid services	-	-	-	19,855,603
Accruals	373,743	1,232,478	662,016	1,156,070
Deposit	-	33,352	33,354	61,283
	558,233	1,615,686	1,154,916	22,012,449

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13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

22. REVENUE

Provision of well perforating services, well testing services, well leak repair services, wash and cement services, wireline services, supply of specialised oilfield chemicals, sand management solutions and manpower supply
Provision of petroleum drilling engineering services and sales of related equipment

	2016 RM	2017 RM	2018 RM	2019 RM
	9,522,789	20,874,263	45,091,048	80,031,020
	54,796	-	-	-
	9,577,585	20,874,263	45,091,048	80,031,020

23. COST OF SALES

Included in cost of sales are the following items:-

Depreciation of property, plant and equipment
Plant hire
Short-term lease expenses
Staff cost:
- salaries, bonuses and allowances
- E.P.F. contribution
- SOCSO contribution
- E.I.S. contribution
- staff welfare

	2016 RM	2017 RM	2018 RM	2019 RM
	2,652,230	2,830,400	1,093,802	1,057,894
	536,998	230,876	755,782	1,849,430
	224,407	273,454	407,657	619,927
	2,148,932	2,947,822	4,308,871	7,112,566
	255,649	343,419	527,271	853,293
	17,172	24,246	34,341	54,796
	-	-	3,911	6,201
	8,659	41,875	89,897	210,012

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)
Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

24. OTHER INCOME

	2016 RM	2017 RM	2018 RM	2019 RM
Waiver by creditors	159,081	2,669,506	172,428	-
Gain on disposal of property, plant and equipment	317,028	197,112	354	64,098
Gain on disposal of a subsidiary	-	94,224	32,331	-
Gain on foreign exchange:				
- realised	251,922	87,349	140,893	-
- unrealised	1,708	17,165	9,641	222
Interest income:				
- fixed deposits with licensed banks	20,080	62,252	89,011	89,637
- others	27,321	54,283	1,369	10,923
Other income	240,731	214,894	80,446	43,796
Rental income	81,900	76,265	151,030	151,030
	1,099,771	3,473,050	677,503	359,706

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

25. ADMINISTRATIVE EXPENSES

	2016 RM	2017 RM	2018 RM	2019 RM
Included in administrative expenses are the following items:				
Auditors' remuneration:				
- current year	23,043	26,351	34,467	37,673
- underprovision in the previous financial year	1,000	700	142	-
Allowance of impairment loss on receivables	-	-	-	10,100
Bad debts written off	13,340	2,669,506	197,988	31,620
Depreciation of property, plant and equipment	282,832	236,086	258,980	452,724
Depreciation of investment properties	-	-	-	23,441
Depreciation of right-of-use assets	235,193	117,694	117,693	49,711
Directors' remuneration:				
- directors' fees	72,000	72,000	72,000	72,000
- directors' non-fee emoluments	1,108,161	1,272,434	1,448,155	1,703,494
Loss on disposal of property, plant and equipment	23,252	-	691	-
Loss on foreign exchange:				
- realised	1,206	-	-	201,322
- unrealised	34,049	100,210	83,364	87,816
Property, plant and equipment written off	44,463	1,603	7,409	119,556
Short-term lease expenses	91,643	44,970	47,075	85,385
Staff costs:				
- salaries, bonuses and allowances	833,683	1,286,582	1,618,623	2,012,679
- E.P.F. contribution	102,387	147,703	189,193	238,665
- SOCSO contribution	7,866	10,770	12,377	16,356
- E.I.S contribution	-	-	1,416	1,871
- staff welfare	66,415	-	-	-

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**26. FINANCE COSTS**

	2016	2017	2018	2019
	RM	RM	RM	RM
Interest expenses:				
- banker acceptance	-	-	2,088	1,184
- bank overdrafts	84,341	91,718	55,777	62,352
- bank guarantee commission	88,000	58,192	47,922	37,955
- commitment fees	9,607	10,961	11,725	21,765
- lease liabilities	37,361	15,686	9,837	4,822
- letter credit commission	-	-	-	32,445
- packing credit advances commission	-	-	-	1,000
- packing credit	-	-	-	11,125
- term loans	373,429	336,906	281,458	364,657
- other interest expense	-	-	-	67,531
	592,738	513,463	408,807	604,836

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13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)
Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

27. INCOME TAX EXPENSE

	2016 RM	2017 RM	2018 RM	2019 RM
Current tax expense:				
- for the financial year	-	274,668	1,296,778	6,664,523
- under/(over)provision in previous financial year	-	3,229	20,654	(10,281)
	-	277,897	1,317,432	6,654,242
Deferred tax (Note 9):				
- for the financial year	528,596	-	14,111	(5,076,845)
- overprovision in previous financial year	(287,920)	-	(32,841)	(7,400)
	240,676	-	(18,730)	(5,084,245)
	240,676	277,897	1,298,702	1,569,997

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

27. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	2016 RM	2017 RM	2018 RM	2019 RM
(Loss)/Profit before taxation from continuing operations	(4,114,209)	593,639	5,157,042	11,283,063
Profit/(Loss) before taxation from discontinued operations	515,604	696,990	(755,859)	-
	(863,665)	309,751	1,056,284	2,707,935

Tax at the statutory rate of:

- 24% (2018 - 24%; 2017 - 24%; 2016 - 24%)

Tax effects of:-

Non-deductible expenses

Non-taxable income

Deferred tax assets not recognised during the financial year

Differential in tax rate

Utilisation of capital allowances and tax losses brought forward

Recognition of previously unrecognised tax losses and capital allowances

Share of results in associate from discontinued operations

(Over)/Underprovision in the previous financial year.

- income tax

- deferred tax

	240,676	277,897	1,298,702	1,569,997
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13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

28. (LOSS)/EARNINGS PER SHARE

CONTINUING OPERATIONS

(Loss)/Profit after taxation attributable to owners of the Company (RM)

Weighted average number of ordinary shares in issue

Basic (loss)/earnings per share attributable to equity holders of the Company (sen)

DISCONTINUED OPERATIONS

Profit/(Loss) after taxation attributable to owners of the Company (RM)

Weighted average number of ordinary shares in issue

Basic earnings/(loss) per share attributable to equity holders of the Company (sen)

	2016	2017	2018	2019
(Loss)/Profit after taxation attributable to owners of the Company (RM)	(4,183,370)	315,742	4,011,128	9,678,202
Weighted average number of ordinary shares in issue	888,988	888,988	888,988	888,988
Basic (loss)/earnings per share attributable to equity holders of the Company (sen)	(4.71)	0.36	4.51	10.89
Profit/(Loss) after taxation attributable to owners of the Company (RM)	509,083	700,219	(755,859)	-
Weighted average number of ordinary shares in issue	888,988	888,988	888,988	888,988
Basic earnings/(loss) per share attributable to equity holders of the Company (sen)	0.57	0.79	(0.85)	NA

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

28. (LOSS)/EARNINGS PER SHARE (CONT'D)

The Group has not issued any potentially dilutive ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

29. ACQUISITION OF SUBSIDIARIES

On 4th September 2017, the Group acquired an additional 10% equity interests in Reservoir Professional Sdn. Bhd. for RM100 in cash, increasing its ownership from 90% to 100%.

On 8th August 2018, the Group acquired Reservoir Link Solutions Sdn. Bhd. at a cash consideration of RM100 which is wholly owned by Reservoir Link Sdn. Bhd. On the 8th August 2018, Reservoir Link Sdn. Bhd. has increased its investment in Reservoir Link Solutions Sdn. Bhd. by allotment of additional 59,900 ordinary shares at RM1 each, representing 60% of equity interest for a total consideration of RM59,900.

	2018 RM
Purchase consideration	100
Less: Cash and cash equivalents of subsidiary acquired	(100)
Net cash outflow from the acquisition of a subsidiary	-

30. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	2016 RM	2017 RM	2018 RM	2019 RM
Cost of property, plant and equipment purchased				
- continuing operations	387,062	1,594,951	1,700,880	17,103,236
- discontinued operations	6,620	-	-	-
Cash disbursed for purchase of property, plant and equipment	393,682	1,594,951	1,700,880	17,103,236

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**31. DISPOSAL OF SUBSIDIARIES**

On 29th December 2017, the Group disposed of its entire equity interests in Linx Solutions Sdn. Bhd. for a total consideration of RM1.

On 31st October 2018, the Group disposed of its entire equity interests in Reservoir Link International Ltd for a total consideration of USD 1 (RM4.136).

	2017 RM	2018 RM
Property, plant and equipment	56,460	-
Intangible asset	100,000	-
Trade and other receivables	20,701	2,024
Cash and bank balances	20,041	-
Amount owing to holding company	-	(19,850)
Amount owing by a corporate shareholder	10,595	-
Amount owing to a related company	(24,000)	-
Amount owing to a subsidiary	(357,502)	-
Trade and other payables	(11,046)	(14,501)
Non-controlling interests	90,528	-
Carrying amount of net liabilities disposed of	(94,223)	(32,327)
Gain on disposal of subsidiaries	94,224	32,331
Consideration received, satisfied in cash	1	4
Less: Cash and bank balances of subsidiaries disposed of	20,041	-
Net cash (outflow)/inflow from the disposal of subsidiaries	(20,040)	4

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13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION

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

	2016	2017	2018	2019
	RM	RM	RM	RM
Fixed deposits with licensed banks	1,789,271	2,711,551	2,887,498	3,582,010
Cash and bank balances	2,447,630	411,032	1,722,947	2,388,397
Bank overdrafts	(577,966)	(1,682,906)	(1,113,995)	-
	3,658,935	1,439,677	3,496,450	5,970,407
Less: Fixed deposits pledged with licensed banks	(1,789,271)	(2,711,551)	(2,887,498)	(3,582,010)
	1,869,664	(1,271,874)	608,952	2,388,397
	23,230	4,779	-	-
Cash and cash equivalents classified under assets held for sale	1,892,894	(1,267,095)	608,952	2,388,397

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**32. CASH FLOW INFORMATION (CONT'D)**

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

	Term loans RM	Hire purchase RM	Lease liabilities RM	Total RM
2016				
At 1 January, as previously reported	4,192,182	1,006,393	-	5,198,575
Initial application of MFRS 16	-	(1,006,393)	1,006,393	-
At 1 January, as restated	4,192,182	-	1,006,393	5,198,575
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	2,100,000	-	-	2,100,000
Repayment of borrowing principal	(838,966)	-	(647,439)	(1,486,405)
Repayment of borrowing interests	(373,429)	-	(37,361)	(410,790)
	887,605	-	(684,800)	202,805
<u>Non-cash Changes</u>				
Interest expense recognised in profit or loss	373,429	-	37,361	410,790
At 31 December	5,453,216	-	358,954	5,812,170
2017				
At 1 January		5,453,216	358,954	5,812,170
<u>Changes in Financing Cash Flows</u>				
Repayment of borrowing principal		(947,717)	(100,906)	(1,048,623)
Repayment of borrowing interests		(336,906)	(15,686)	(352,592)
		(1,284,623)	(116,592)	(1,401,215)
<u>Non-cash Changes</u>				
Interest expense recognised in profit or loss		336,906	15,686	352,592
At 31 December		4,505,499	258,048	4,763,547

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**32. CASH FLOW INFORMATION (CONT'D)**

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

2018	Term loans RM	Lease liabilities RM	Banker acceptance RM	Credit cards facility RM	Total RM
At 1 January	4,505,499	258,048	-	-	4,763,547
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	1,040,908	-	279,000	59,495	1,379,403
Repayment of borrowing principal	(1,010,233)	(106,739)	-	-	(1,116,972)
Repayment of borrowing interests	(281,458)	(9,837)	(2,088)	-	(293,383)
	(250,783)	(116,576)	276,912	59,495	(30,952)
<u>Non-cash Charges</u>					
Interest expense recognised in profit or loss	281,458	9,837	2,088	-	293,383
At 31 December	4,536,174	151,309	279,000	59,495	5,025,978

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13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)
Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

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

	2019	Term loans RM	Lease liabilities RM	Banker acceptance RM	Credit cards facility RM	Total RM
At 1 January	4,536,174	151,309	279,000	59,495	5,025,978	
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	8,435,495	-	-	-	8,435,495	
Repayment of principal	(1,491,135)	(151,309)	(279,000)	(24,475)	(1,945,919)	
Repayment of interests	(364,657)	(4,822)	(1,184)	(11,125)	(381,788)	
<u>Non-cash Changes</u>						
Interest expense recognised in profit or loss	6,579,703	(156,131)	(280,184)	(35,600)	6,107,788	
At 31 December	364,657	4,822	1,184	11,125	381,788	
	11,480,534	-	-	35,020	11,515,554	

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

33. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group include executive directors and certain members of senior management of the Group.
The key management personnel compensation during the financial year are as follows:-

	2016 RM	2017 RM	2018 RM	2019 RM
(a) Directors				
Short term employee benefits:				
- fees	72,000	72,000	72,000	72,000
- salaries, bonuses and allowances	988,491	1,150,480	1,301,750	1,529,250
Defined contribution benefits:				
- E.P.F. contribution	118,445	119,520	143,250	170,550
- SOCSO contribution	1,225	2,434	2,831	3,315
- E.I.S. contribution	-	-	324	379
Total directors' remuneration (Note 25)	1,180,161	1,344,434	1,520,155	1,775,494
(b) Other Key Management Personnel				
Short term employee benefits:				
- salaries, bonuses and allowances	240,000	322,400	551,766	606,661
Defined contribution benefits:				
- E.P.F. contribution	28,800	38,448	65,500	72,099
- SOCSO contribution	742	1,087	1,726	1,658
- E.I.S. contribution	-	-	198	190
Total compensation for other key management personnel	269,542	361,935	619,190	680,608

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

34. RELATED PARTIES DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group 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 and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its associates 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 also carried out the following significant transactions with the related parties during the financial years:-

	2016	2017	2018	2019
	RM	RM	RM	RM
Transactions with subsidiaries, Reservoir Link Sdn. Bhd.				
Reservoir Link (Labuan) Ltd:-				
Purchase of property, plant and equipment	-	81,111	-	-
Dividend income	(2,515,500)	(440,000)	-	-
Sales	-	-	(437,918)	-
Amsito Oilwell Services (Malaysia) Sdn. Bhd.:-				
Subcontractor expenses	-	543,833	1,640,120	1,480,899
Revenue received	-	-	-	(32,853)
Management fee received	-	-	-	(264,646)

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

34. RELATED PARTIES DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances (Cont'd)

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year:- (Cont'd)

	2016 RM	2017 RM	2018 RM	2019 RM
Transactions with subsidiaries, Reservoir Link Sdn. Bhd. (Cont'd)				
Amsito Oilwell Services (Malaysia) Sdn. Bhd.:- (Cont'd)				
Equipment rental expenses	-	23,750	-	894,104
Accounting fee received	(120,000)	(66,000)	(66,000)	-
Rental income received	(90,000)	(66,000)	(60,000)	(48,000)
Interest income received	-	(172,439)	(178,781)	(129,678)
Purchases	-	-	-	265,093
Reservoir Link Solutions Sdn. Bhd.:-				
Consumables	-	-	(8,000)	295,484
Equipment rental expenses	-	-	-	245,628
Subcontractor expenses	-	-	-	384,369
Interest income received	-	-	(2,099)	(108,425)
Management fee received	-	-	-	(73,229)
Rental income received	-	-	-	(18,000)
Transactions with a related company				
WHHT Holdings Sdn. Bhd.:-				
Rental expenses	-	-	10,000	60,000

13. ACCOUNTANTS' REPORT *(Cont'd)*

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

35. CAPITAL COMMITMENTS

	2016 RM	2017 RM	2018 RM	2019 RM
Purchase of property, plant and equipment	-	-	167,813	2,474,736

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13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS**36. 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 minimize potential adverse effects on the Group's financial performance.

36.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk**(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR") and Pound Sterling ("GBP"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	United States Dollar RM	Pound Sterling RM	Ringgit Malaysia RM	Total RM
2016				
Financial Assets				
Trade receivables	3,284,319	-	1,508,363	4,792,682
Other receivables, deposits and prepayments	7,815	-	892,540	900,355
Cash and bank balances	2,371,793	-	75,837	2,447,630
	5,663,927	-	2,476,740	8,140,667
Financial Liability				
Trade payables	3,198,123	11,324	125,052	3,334,499
Currency Exposure	2,465,804	(11,324)	2,351,688	4,806,168

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS**36. FINANCIAL INSTRUMENTS (CONT'D)**

36.1. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

	United States Dollar RM	Pound Sterling RM	Ringgit Malaysia RM	Total RM
2017				
<u>Financial Assets</u>				
Trade receivables	4,616,587	-	2,751,584	7,368,171
Other receivables, deposits and prepayments	36,497	-	1,499,272	1,535,769
Cash and bank balances	109,601	-	301,431	411,032
	<u>4,762,685</u>	<u>-</u>	<u>4,552,287</u>	<u>9,314,972</u>
<u>Financial Liability</u>				
Trade payables	1,153,034	129,297	1,333,758	2,616,089
Currency Exposure	<u>3,609,651</u>	<u>(129,297)</u>	<u>3,218,529</u>	<u>6,698,883</u>

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS**36. FINANCIAL INSTRUMENTS (CONT'D)**

36.1. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

	United States Dollar RM	Pound Sterling RM	Ringgit Malaysia RM	Total RM
2018				
<u>Financial Assets</u>				
Trade receivables	2,304,327	-	10,193,546	12,497,873
Other receivables, deposits and prepayments	-	-	1,845,191	1,845,191
Cash and bank balances	230,032	-	1,492,915	1,722,947
	<u>2,534,359</u>	<u>-</u>	<u>13,531,652</u>	<u>16,066,011</u>
<u>Financial Liability</u>				
Trade payables	2,989,722	4,294	5,203,587	8,197,603
Currency Exposure	(455,363)	(4,294)	8,328,065	7,868,408

13. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

Foreign currency exposure (Cont'd)

2019

	United States Dollar RM	Pound Sterling RM	Euro RM	Ringgit Malaysia RM	Total RM
Financial Assets					
Trade receivables	2,952,214	-	-	17,423,809	20,376,023
Other receivables, deposits and prepayments	-	-	-	6,435,541	6,435,541
Cash and bank balances	1,001,705	-	-	1,386,592	2,388,297
Fixed deposits with licensed banks	1,111,670	-	-	2,470,340	3,582,010
Short-term investments	3,679,688	-	-	-	3,679,688
	8,745,277	-	-	27,716,282	36,461,559
Financial Liabilities					
Trade payables	3,710,584	18,713	57,225	5,617,769	9,404,291
Currency Exposure	5,034,693	(18,713)	(57,225)	22,098,513	27,057,268

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1. 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:-

	2016 RM	2017 RM	2018 RM	2019 RM
Effects On Profit/(Loss) After Taxation				
USD/RM				
- strengthen by 10%	983,115	371,374	366,565	(1,030,234)
- weakened by 10%	(983,115)	(371,374)	(366,565)	(1,030,234)
GBP/RM				
- strengthen by 10%	(1,120)	(12,931)	(4,724)	(20,584)
- weakened by 10%	1,120	12,931	4,724	20,584
EURO/RM				
- strengthen by 10%	-	-	-	(62,903)
- weakened by 10%	-	-	-	62,903

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(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 interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	2016 RM	2017 RM	2018 RM	2019 RM
Effects On (Loss)/Profit After Taxation				
Increase of 100 basic points	(53,354)	(21,570)	(31,842)	(49,999)
Decrease of 100 basic points	53,354	21,570	31,842	49,999

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1. 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 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 and quoted investments, the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 30 days, which are deemed to have higher credit risk, are monitored individually.

The Group's establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups or similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

13. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the trade receivables at the end of the reporting period are as follows:-

	2016	2017	2018	2019
	RM	RM	RM	RM
Number of	4	4	4	4
Major concentration of credit risk	93%	84%	91%	64%

(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 combined statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

13. ACCOUNTANTS' REPORT *(Cont'd)*

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1. 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 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 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. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having significant balances and more than 365 days overdue are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and 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.

13. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1. 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:-

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2019				
Current (not past due)	12,600,402	-	-	12,600,402
1 to 30 days past due	4,939,661	-	-	4,939,661
31 to 60 days past due	1,845,763	-	-	1,845,763
61 to 90 days past due	981,137	-	-	981,137
91 to 120 days past due	9,060	-	-	9,060
Credit impaired	10,100	(10,100)	-	-
	20,386,123	(10,100)	-	20,376,023
2018				
Current (not past due)	9,685,721	-	-	9,685,721
1 to 30 days past due	1,669,790	-	-	1,669,790
31 to 60 days past due	906,593	-	-	906,593
61 to 90 days past due	235,769	-	-	235,769
	12,497,873	-	-	12,497,873

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

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NOTES TO THE COMBINED FINANCIAL STATEMENTS**38. FINANCIAL INSTRUMENTS (CONT'D)****38.1. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)***Trade Receivables (Cont'd)*

In the last financial years, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2017				
Not past due	4,064,650	-	-	4,064,650
Past due:				
- less than 3 months	3,138,087	-	-	3,138,087
- 3 to 6 months	3,053	-	-	3,053
- over 6 months	162,381	-	-	162,381
	7,368,171	-	-	7,368,171

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2016				
Not past due	931,000	-	-	931,000
Past due:				
- less than 3 months	461,569	-	-	461,569
- 3 to 6 months	79,891	-	-	79,891
- over 6 months	3,320,222	-	-	3,320,222
	4,792,682	-	-	4,792,682

13. ACCOUNTANTS' REPORT (Cont'd)

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36. FINANCIAL INSTRUMENTS (CONT'D)

36.1. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables (Cont'd)

The movements in the loss allowances in respect of trade receivables are disclosed in Note 11.

These receivables are not secured by any collateral or credit enhancement.

The Group believes that no impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

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. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

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13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.1. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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.

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):-

	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
2016						
Non-derivative Financial Liabilities						
Bank borrowings	4.55% - 10.35%	6,031,182	7,507,258	1,715,442	3,178,220	2,613,596
Lease liabilities	4.58% - 6.47%	358,954	434,513	92,516	310,718	31,279
Amount owing to related parties	-	5,458	5,458	5,458	-	-
Trade payables	-	3,334,499	3,334,499	3,334,499	-	-
Other payables and accruals	-	558,233	558,233	558,233	-	-
Dividend payable	-	515,000	515,000	515,000	-	-
		10,803,326	12,354,961	6,221,148	3,488,938	2,644,875

13. ACCOUNTANTS' REPORT (Cont'd)

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36. FINANCIAL INSTRUMENTS (CONT'D)

36.1. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity analysis (Cont'd)

	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
2017						
<u>Non-derivative Financial Liabilities</u>						
Bank borrowings	5.00% - 10.40%	6,188,405	7,595,807	2,903,303	2,280,352	2,412,152
Lease liabilities	4.58% - 6.47%	258,048	275,091	116,592	158,499	-
Amount owing to directors	-	515,000	515,000	515,000	-	-
Amount owing to related parties	-	9,299	9,299	9,299	-	-
Trade payables	-	2,616,089	2,616,089	2,616,089	-	-
Other payables and accruals	-	1,615,686	1,615,686	1,615,686	-	-
		11,202,527	12,626,972	7,775,969	2,438,851	2,412,152

13. ACCOUNTANTS' REPORT (Cont'd)

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36. FINANCIAL INSTRUMENTS (CONT'D)

36.1. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity analysis (Cont'd)

	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
2018						
<u>Non-derivative Financial Liabilities</u>						
Bank borrowings	4.67% - 10.40%	5,988,664	6,624,295	2,631,733	1,781,854	2,210,708
Lease liabilities	4.58% - 6.47%	151,309	301,994	150,299	72,101	79,594
Amount owing to directors	-	492,500	492,500	492,500	-	-
Amount owing to related parties	-	17,834	17,834	17,834	-	-
Trade payables	-	8,197,603	7,595,948	7,595,948	-	-
Other payables and accruals	-	1,154,916	1,138,753	1,138,753	-	-
		16,002,826	16,171,324	12,027,067	1,853,955	2,290,302

13. ACCOUNTANTS' REPORT (Cont'd)

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36. FINANCIAL INSTRUMENTS (CONT'D)

36.1. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity analysis (Cont'd)

	2019	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
<u>Non-derivative Financial Liabilities</u>							
Bank borrowings	11,515,554	4.42% - 7.97%	11,515,554	13,841,621	1,058,118	7,170,156	5,613,347
Amount owing to directors	54,976	-	54,976	54,976	54,976	-	-
Amount owing to related parties	1,483,213	-	1,483,213	1,483,213	1,483,213	-	-
Trade payables	9,404,291	-	9,404,291	9,404,291	9,404,291	-	-
Other payables and accruals	22,012,449	-	22,012,449	22,012,449	22,012,449	-	-
	44,470,483		46,796,550	34,013,047	7,170,156	5,613,347	

13. ACCOUNTANTS' REPORT (Cont'd)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debts 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:-

	2016 RM	2017 RM	2018 RM	2019 RM
Bank borrowings	6,031,182	6,188,405	5,988,664	11,515,554
Lease liabilities	358,954	258,048	151,309	-
Amount owing to directors	-	515,000	492,500	54,976
Amount owing to related parties	5,458	9,299	17,834	1,483,213
Trade payables	3,334,499	2,616,089	8,197,603	9,404,291
Other payables and accruals	558,233	1,615,686	1,154,916	22,012,449
	10,288,326	11,202,527	16,002,826	44,470,483
Less: Fixed deposits with licensed banks	(1,789,271)	(2,711,551)	(2,887,498)	(3,582,010)
Less: Cash and bank balances	(2,447,630)	(411,032)	(1,722,947)	(2,388,397)
Net debt	6,051,425	8,079,944	11,392,381	38,500,076
Total equity	16,839,971	17,916,154	21,060,620	30,772,963
Debt-to-equity ratio	0.36	0.45	0.54	1.25

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.2. CAPITAL RISK MANAGEMENT (CONT'D)

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

36.3. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2016	2017
	RM	RM
Financial Assets		
<u>Loans and receivables financial assets</u>		
Trade receivables	4,792,682	7,368,171
Other receivables	656,482	682,277
Amount owing by related parties	9,147	14,363
Fixed deposits with licensed banks	1,789,271	2,711,551
Cash and bank balances	2,447,630	411,032
<u>Available for sale financial assets</u>		
Assets of disposal group classified as held for sale	3,292,787	3,822,911
	12,987,999	15,010,305
Financial Liabilities		
<u>Other financial liabilities</u>		
Trade payables	3,334,499	2,616,089
Other payables and accruals	558,233	1,582,334
Amount owing to related parties	5,458	9,299
Amount owing to directors	-	515,000
Bank borrowings	6,031,182	6,188,405
Lease liabilities	358,954	258,048
<u>Available for sale financial assets</u>		
Liabilities of disposal group classified as held for sale	33,956	13,821
	10,322,282	11,182,996

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.3. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2018 RM	2019 RM
Financial Assets		
<u>Mandatorily at fair value through profit or loss</u>		
Short-term investments	-	3,679,688
<u>Amortised cost</u>		
Trade receivables	12,497,873	20,376,023
Other receivables	286,296	225,020
Amount owing by related parties	62,868	1,483,213
Fixed deposits with licensed banks	2,887,498	3,582,010
Cash and bank balances	1,722,947	2,388,397
	<u>17,457,482</u>	<u>28,054,663</u>
Financial Liabilities		
<u>Amortised cost</u>		
Trade payables	8,197,603	9,404,291
Other payables and accruals	1,121,562	21,951,166
Amount owing to related parties	17,834	1,483,213
Amount owing to directors	492,500	54,976
Bank borrowings	5,988,664	11,515,554
Lease liabilities	151,309	-
	<u>15,969,472</u>	<u>44,409,200</u>

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**36. FINANCIAL INSTRUMENTS (CONT'D)****36.4. GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS**

	2016 RM	2017 RM	2018 RM	2019 RM
Financial Assets				
<u>Amortised cost</u>				
Net gains/(losses) recognised in profit or loss	73,622	(2,380,532)	(28,391)	189,431
Financial Liabilities				
<u>Amortised cost</u>				
Net (losses)/gains recognised in profit or loss	(433,657)	1,983,604	(417,259)	(842,939)

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 FAIR VALUE INFORMATION

The fair value of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value		Fair Value of Financial Instruments Not Carried at Fair Value		Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 1 RM	Level 2 RM		
2016						
<u>Financial liabilities</u>						
Bank borrowings	-	6,031,182	-	-	6,031,182	6,031,182
Lease liabilities	-	-	-	420,477	420,477	358,954
2017						
<u>Financial liability</u>						
Bank borrowings	-	6,667,391	-	-	6,667,391	6,188,406
Lease liabilities	-	-	-	255,424	255,424	258,048

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile 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)

	Fair Value of Financial Instruments Carried at Fair Value		Fair Value of Financial Instruments Not Carried at Fair Value		Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 1 RM	Level 2 RM		
2018						
<u>Financial liabilities</u>						
Bank borrowings	-	6,375,943	-	-	6,375,943	5,988,664
Lease liabilities	-	-	-	248,039	248,039	151,309
	3,679,688	-	-	-	3,679,688	3,679,688
2019						
<u>Financial asset</u>						
Short-term investments - unit trusts	-	-	-	-	-	-
	-	11,515,554	-	-	11,515,554	13,841,621

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONT'D)

36.5 FAIR VALUE INFORMATION (CONT'D)

The fair value of bank borrowings and lease liabilities are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	2016	2017	2018	2019
	%	%	%	%
Bank borrowings	4.55 - 10.35	5.00 - 10.40	4.67 - 10.40	4.42 - 7.97
Lease liabilities	4.58 - 6.47	4.58 - 6.47	4.58 - 6.47	4.58 - 6.47

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)
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NOTES TO THE COMBINED FINANCIAL STATEMENTS

37. OPERATING SEGMENTS

Disclosure of information about operating segments, products and services, the geographical area, and the major customers are made as required by MFRS 8 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

The Group has few major strategic operating segments comprises of – perforating services, well testing services, wash and cement services and well leak repair. Majority of the revenue and expenses incurred are directly or indirectly attributable to these segments.

37.1 GEOGRAPHICAL INFORMATION

	2016	2017	2018	2019
	RM	RM	RM	RM
Revenue				
Malaysia	8,817,280	18,549,263	40,113,463	77,264,213
Australia	-	2,325,000	4,001,120	2,766,807
United Kingdom	385,604	-	502,377	-
Vietnam	374,701	-	474,088	-
	9,577,585	20,874,263	45,091,048	80,031,020

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.

(Incorporated in Malaysia)

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

37. OPERATING SEGMENTS (CONT'D)

37.2 MAJOR CUSTOMERS

The following are major customers of the Group:-

Revenue	2016 RM	2017 RM	2018 RM	2019 RM
Customer A	3,919,217	11,720,839	20,296,643	45,655,920
Customer B	3,122,503	3,060,821	8,038,153	6,479,485
Customer C	625,725	2,136,400	6,331,523	4,978,106
Customer D	603,948	1,698,323	2,799,432	4,609,075
Customer E	472,091	775,273	2,346,850	3,959,663
	8,743,484	19,391,656	39,812,601	65,682,249

13. ACCOUNTANTS' REPORT *(Cont'd)*

RESERVOIR LINK ENERGY BHD.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

- (a) On the 15th May 2019, the Company disposed of its associate, Amsito Worldwide (BVI) Ltd. amounting USD750,211 (RM3,060,151).
- (b) On the 2nd December 2019, Reservoir Link Energy Berhad had obtained approval from Bursa Malaysia to list the Group on the Ace Market of Bursa Malaysia.

39. SUBSEQUENT EVENT OCCURRING AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

- (a) On the 4th February 2020, RLSB had entered into a sale and purchase agreement to dispose off one of its investment properties, commercial office buildings located at Menara 1MK, Komplex Mont Kiara, No.1, Jalan Kiara, Kuala Lumpur with carrying amount of RM1,027,966.
- (b) On the 26th June 2019, the Reservoir Link entered into a conditional sale and purchase agreement with RLSB to acquire issued share capital:-
 - (i) To acquire 100% of the issued share capital of Amsito comprising 1,000,000 ordinary shares and 5,000,000 Cumulative Redeemable Non-Convertible Preference Shares for a cash consideration of RM2;
 - (ii) To acquire 100% of the issued share capital of RL Labuan comprising 100 ordinary shares for a cash consideration of RM109,000;
 - (iii) To acquire 60% of the issued share capital of RL Solutions comprising 60,000 ordinary shares for a cash consideration of RM2;
 - (iv) To acquire the entire issued share capital of RLSB comprising 888,888 ordinary shares for a purchase consideration of RM22,787,300, satisfied wholly by the issuance of 227,873,000 new shares.

The acquisition of RL Labuan was completed on 28th February 2020, Amsito and RL Solutions were completed on 13rd March 2020 and RLSB was completed on 16th March 2020. Subsequently, RL Labuan, Amsito, RL Solutions and RLSB become subsidiaries of the Company.

- (c) On 29 March 2020, RLSB received a declaration of force majeure from PC Mauritania 1 Pty Ltd on perforation and wash for abandonment and decommissioning contract, citing the closure of Mauritania's borders by the Mauritanian Government in response to the outbreak of Coronavirus Disease 2019 ("COVID-19"). Subsequently, on 25 April 2020 PC Mauritania 1 Pty Ltd served RLSB with notice to suspend the contract from 28 April 2020 until further notice.

13. ACCOUNTANTS' REPORT (Cont'd)**RESERVOIR LINK ENERGY BHD.**

(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

NOTES TO THE COMBINED FINANCIAL STATEMENTS**40. INITIAL APPLICATION OF MFRS 16**

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 January 2016 (date of initial application).

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2016.

(a) Lessee Accounting

For leases that were classified as finance leases, the Group has recognised the carrying amount of the lease asset and lease liability immediately before 1 January 2016 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

There was no difference between the operating lease commitments disclosed in the last financial year (determined under MFRS 117) and the lease liabilities recognised at 1 January 2016.

The main impacts resulting from the adoption of MFRS 16 at 1 January 2016 are summarised below:-

Combined Statements of Financial Position

	NOTE	1 January 2016		
		As Previously Reported RM	MFRS 16 Adjustments RM	As Restated RM
Non-current assets				
Property, plant and equipment	5	14,591,820	(701,551)	13,890,269
Right-of-use assets	6	-	701,551	701,551
Non-current liabilities				
Hire purchase payables		786,999	(786,999)	-
Lease liabilities	19	-	786,999	786,999
Current liabilities				
Hire purchase payables		219,394	(219,394)	-
Lease liabilities	19	-	219,394	219,394
Equity				
Retained profits		12,680,573	-	12,680,573

13. ACCOUNTANTS' REPORT (Cont'd)

RESERVOIR LINK ENERGY BHD.


(Incorporated in Malaysia)

Company No: 201401044508 (1120690-K)

STATEMENT BY DIRECTORS

We, Dato' Wan Hassan Bin Mohd Jamil and Thien Chiet Chai, being two of the directors of Reservoir Link Energy Bhd., state in the opinion of the directors, the combined financial statements set out on pages 4 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines so as to give a true and fair view of the financial position of the Reservoir Link Energy Bhd. and its subsidiaries, as of 31 December 2016, 2017, 2018 and 2019 and of their financial performance and cash flows for the financial year ended 31 December 2016, 2017, 2018 and 2019 are drawn up in accordance with Malaysia Financial Reporting Standards, and International Standards and Prospectus Guidelines so as to give a true and fair view of the financial year ended on that of the Group and its subsidiaries.

Signed on behalf of the Board in accordance with a resolution of the directors dated **01 JUN 2020**



Dato' Wan Hassan Bin Mohd Jamil



Thien Chiet Chai

14. STATUTORY AND OTHER GENERAL INFORMATION

14.1 EXTRACTS OF OUR CONSTITUTION

The following provisions relating to the selected matters are reproduced from our Company's Constitution. Terms defined in our Constitution shall have the same meaning when used herein unless they are otherwise defined herein or the context otherwise requires.

(i) Transfer of Securities

The provisions in our Company's Constitution in respect of the arrangements for transfer of securities and restrictions on their free transferability are as follows:

Clause 11 Preference Shares

Clause 11.1 Subject to the Act, any preference Shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as Directors may think fit.

Clause 11.2 The redemption of the preference Shares shall not be taken as reducing the amount of Share capital of the Company.

Clause 11.3 The repayment of preference Share capital other than redeemable preference Shares or any alteration of preference shareholders' rights shall only be made pursuant to a special resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing obtained from the holders of seventy-five per centum (75%) of the preference capital concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

Clause 20 Share Buy-Back

Subject to and in accordance with the Applicable Laws, the Company may at any time and from time to time and on any terms it deems fit, with the sanction of an ordinary resolution, purchase its own Shares of any class, including any redeemable shares from any party(ies) whatsoever. Any Shares so purchased by the Company shall be dealt with in accordance with the Applicable Laws.

Clause 26 Calls

Subject to the Act, and the provisions of the Listing Requirements, the Board may, from time to time make calls upon the Members in respect of any moneys unpaid on their Shares or any class of their Shares and not payable on a date fixed by or in accordance with the terms of issue, and each Member shall (subject to the Company serving upon him at least fourteen (14) clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his Shares. A call may be revoked or postponed as the Board may decide. A person upon whom a call is made shall remain liable for all calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

Clause 37 Forfeited Shares become Property of the Company

Until cancelled in accordance with the requirements of the Act, a forfeited Share shall be deemed to be the property of the Company and may be sold, reallocated or otherwise disposed of either to the person who was, before forfeiture, the holder or to any other person upon such terms and in such manner as the Board shall decide. The Board may for the purposes of the disposal authorise some person to execute an instrument of transfer to the designated transferee. The Company may receive the consideration (if any) given for the Share on its disposal and if the Share is in registered form may register the transferee as the holder of the Share. At any time before a sale, re-allotment or disposition the forfeiture may be cancelled by the Board on such terms as the Board may decide.

Clause 42 Form of Transfer

The transfer of any Deposited Securities shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act, and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such Deposited Securities.

Clause 43 Right to Decline Registration of Partly Paid Shares

43.1 The Depository may, in its absolute discretion, refuse to register any transfer that does not comply with the Central Depositories Act and the Rules.

43.2 Subject to the Central Depositories Act and the Rules, there shall be no restriction on the transfer of fully paid Shares except where required by law.

43.3 Subject to the Applicable Laws and regulations, an instrument of transfer must be in respect of only one (1) class of Shares.

Clause 44 Indemnity against Wrongful Transfer

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of Share apparently made by sufficient parties, or registered by the Depository, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the Shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the Shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees, alone shall be entitled to be recognised as the holder of such Shares and the previous holder shall, so far as the Company is concerned be deemed to have transferred his whole title thereto.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Clause 47 Entry of Transmission in Register and Election of Person Entitled by Transmission

- 47.1 Any person becoming entitled to a Share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as may from time to time properly be required by the Depository and subject as hereinafter provided, elect either to be registered himself as holder of the Share or to have some person nominated by him registered as the transferee thereof, but the Depository shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by that Member before his death or bankruptcy.
- 47.2 Subject to the Rules, the Act, the Central Depositories Act and the Exchange Listing Requirements, a transfer of the Share may be carried out by the person becoming so entitled by execution of prescribed transfer form and lodgement of all documents required in accordance with the Rules and other Applicable Laws.
- 47.3 If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Depository a notice in writing signed by him stating that he so elects. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the Share. All the limitations, restrictions and provisions of the Rules relating to the rights to transfer and registration of transfer of Shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a notice or transfer signed by that Member.

(ii) Remuneration of Directors

The provisions in our Company's Constitution in respect of the remuneration of Directors are as follows:

Clause 103 Fees and Benefits for Directors

The fees of the Directors and any benefits payable to the Directors including any compensation for loss of employment of a Director or former director shall from time to time be determined by an ordinary resolution of the Company and shall be subjected to annual shareholder approval at a meeting of members and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree PROVIDED ALWAYS that:

- a) salaries payable to executive Director(s) may not include a commission on or percentage of turnover;
- b) salaries and other remuneration payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in meeting of members;

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- c) fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover; and
- d) any fee paid to an Alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Clause 104 Remuneration of Executive Director

The remuneration of a Director holding an executive office pursuant to this Constitution shall be fixed by the Directors and may be payable by way of salary or by any or all of those modes, or otherwise as may be thought expedient but shall not include (where such remuneration is paid by way of salary) a commission on or percentage of turnover, and it may be made a term of such appointment or appointments that the appointee or appointees shall receive a pension, gratuity or other benefits on their retirement.

(iii) Voting and Borrowing Powers of Directors

The provisions in our Company's Constitution in respect of the voting and borrowing powers of Directors are as follows:

Clause 106 Restriction on Voting

No Director shall vote in respect of any contract or arrangement or proposed contract or arrangement in which he is directly or indirectly interested (unless the interest is one (1) that need not be disclosed under Section 221 of the Act), and if he should do so his vote shall not be counted although notwithstanding his interest, he shall be counted only to make the quorum at the meeting of the Board.

Clause 107 Director May Hold Other Office under the Company

A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company, nor shall any contract or arrangement entered into by or on behalf of any company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office, or of the fiduciary relation thereby established provided always that Sections 221 and 228 and all other relevant provisions of the Act and this Constitution are complied with.

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14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Clause 110 Director's Interest in Corporation Promoted by Company

Subject to compliance with the Act, a Director of the Company may be or become a Director or other officer of or otherwise interested in any corporation promoted by the Company of which the Company may be interested as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of or from his interest in such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the Shares or other interest in any such other corporation held or owned by the Company exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them Directors or other officers of such corporation), and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

Clause 101 Rights of an Alternate Director

An Alternate Director shall (except as regards power to appoint an alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such meeting at which his appointor is not present. An Alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote.

Clause 123 Voting and Chairman's Casting Vote

Question arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the Chairman of the meeting shall have a second or casting vote PROVIDED ALWAYS that where two (2) Directors form a quorum, the Chairman of a meeting at which only such quorum is present or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

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14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

Clause 112 Directors' Powers to Borrow and Provide Financial Assistance

Subject to the Act, the Listing Requirements and the provisions of this Constitution, the Directors may exercise all powers of the Company to borrow or otherwise raise money, to lend or advance any money, to guarantee the payment, performance or discharge of any debt, liability or obligation of any third party, to indemnify or provide collateral for a debt and to mortgage, charge or hypothecate all or any of the property or business of the Company including any uncalled or called but unpaid capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(iv) Changes in Capital and Variation of Class Rights

The provisions in our Company's Constitution in respect of the changes in capital and variation of class rights are as follows:

Clause 8 Share Capital

Clause 8.1 The Shares issued by the Company shall constitute the Share capital of the Company. The Shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

Clause 8.2 The Company shall have the power to increase or reduce the capital, to consolidate or sub-divide the Shares into Shares of larger or smaller amounts and to issue all or part of the original or any additional capital as fully paid, or partly paid Shares, and with any special or preferential rights or privileges, or subject to any special terms or conditions and either with or without any special designation, and also from time to time to alter, modify, commute, abrogate or deal with any such rights, privileges, terms, conditions or designations in accordance with the provisions of this Constitution.

Clause 51 Consolidation, Sub-division and Cancellation

The Company may by special resolution:

- a) consolidate and divide all or any of its Share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the share from which the subdivided Share is derived;
- b) convert all or any of its paid-up Shares into stock and may reconvert that stock into paid-up Shares; or
- c) subdivide its Shares or any of them, whatever is in the sub-division, the proportion between the amount paid and the amount (if any) unpaid on each subdivided Share shall be the same as it was in the case of the Share from which the subdivided Share is derived.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Clause 52 Reduction of Capital

The Company may by special resolution reduce its Share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.

Clause 12 Class Rights May be Varied

If at any time the Share capital is divided into different classes of Shares, the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, either with a written consent representing not less than seventy-five per centum (75%) of the total voting rights of the shareholders in the class or a special resolution passed by shareholders in that class sanctioning the variation. To every such separate meeting the provisions of this Constitution relating to general meetings or the proceedings thereat shall *mutatis mutandis* apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy at least one-third (1/3) of the issued Shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those persons who are present shall be a quorum) and that the holders of Shares of the class shall, on a poll, have one (1) vote for every Share of the class held by them respectively.

Clause 13 Alteration of Rights by Issuance of New Shares

The rights conferred upon the holders of the existing Shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Clause 14 Creation of Further Preference Shares

The Company shall have the power to issue further preference Shares ranking equally with or in priority to the existing preference Shares. The special rights conferred upon the holders of the existing preference Shares shall not be deemed to be modified by the issue of further preference Shares unless otherwise expressly provided by the terms of issue of such preference Shares.

14.2 SHARE CAPITAL

- (i) No Shares will be allotted or issued on the basis of this Prospectus later than six (6) months after the date of the issue of this Prospectus.
- (ii) There is no founder, management or deferred shares in our Company. We have only one (1) class of shares in our Company, namely ordinary shares, all of which rank equally with one (1) another.

14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

- (iii) None of our Group's capital is under option, or agreed conditionally or unconditionally to be put under any option.
- (iv) Save as disclosed in Sections 3.3.4, 5.3, 5.4.1(i)(d), 5.4.1(ii)(d), 5.4.1(iii)(d) and 5.4.1(iv)(d) of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, for the past four (4) FYE 2016 to FYE 2019 and up to the LPD.
- (v) Other than 4,000,000 Public Issue Shares reserved for our eligible Directors, employees and business associates of our Group as disclosed in Section 3.3.1(ii):
 - (a) no person including Directors or employees of our Group has been or is entitled to be given or has exercised any option to subscribe for any shares or debentures, warrants, options, convertible securities or uncalled capital of our Company or our subsidiaries; and
 - (b) there is currently no other scheme involving our Directors and employees of our Group in the share capital of our Company or our subsidiaries.
- (vi) As at the date of this Prospectus, we do not have any convertible debt securities, options, warrants and uncalled capital.

14.3 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

Save as disclosed below which has been reproduced from our Constitution, there is no limitation on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares imposed by law or by the constituent documents of our Company:

Clause 26 Subject to the Act, and the provisions of the Listing Requirements, the Board may, from time to time make calls upon the Members in respect of any moneys unpaid on their Shares or any class of their Shares and not payable on a date fixed by or in accordance with the terms of issue, and each Member shall (subject to the Company serving upon him at least fourteen (14) clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his Shares. A call may be revoked or postponed as the Board may decide. A person upon whom a call is made shall remain liable for all calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

14.4 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his/her Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer the Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account of that Depositor.

A depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.5 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, save as disclosed below, neither our Company nor our subsidiaries are engaged in any governmental, legal, claims or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings, whether as plaintiff or defendant or as a third party which may have or have had, material or significant effects on our financial position or profitability in the twelve (12) months immediately preceding the date of this Prospectus.

(i) Shah Alam Sessions Court, Civil Suit No.: BA-B52NCvC-100-05/2020 between RLSB (as plaintiff) and Uzma Engineering Sdn Bhd ("Uzma") (as defendant)

On 24 April 2020, RLSB's solicitors, on behalf of RLSB, issued a letter of demand to Uzma to demand for the payment of the outstanding sum of RM741,602.60 as at 22 April 2020 for the perforation services rendered by RLSB to Uzma.

Following Uzma's failure to respond to the letter of demand, RLSB filed a writ and statement of claim against Uzma on 15 May 2020. The sealed writ and statement of claim was served on Uzma on 22 May 2020. On 1 June 2020, Uzma filed their memorandum of appearance. It follows that Uzma shall file their statement of defence on or before 19 June 2020. The matter is now fixed for case management vide e-review on 19 June 2020.

RLSB's solicitors are of the view that RLSB has a fair chance in this suit unless Uzma could show a meritorious defence for their default.

(ii) Shah Alam Magistrate Court, Civil Suit No.: BA-A72NCvC-627-05/2020 between Amsito (as plaintiff) and Uzma Engineering Sdn Bhd ("Uzma") (as defendant)

On 24 April 2020, Amsito's solicitors, on behalf of Amsito, issued a letter of demand to Uzma to demand for the payment of the outstanding sum of RM71,816.00 as at 16 April 2020 for the rental of equipment and tools related to slickline rendered by Amsito to Uzma.

Following Uzma's failure to respond to the letter of demand, Amsito filed a writ and statement of claim against Uzma on 15 May 2020. The writ was subsequently extracted and a case management has been fixed on 16 June 2020. The sealed writ and statement of claim was served on Uzma on 22 May 2020. On 1 June 2020, Uzma filed their memorandum of appearance. It follows that Uzma shall file their statement of defence on or before 19 June 2020.

Amsito's solicitors are of the view that Amsito has a fair chance in this suit, unless Uzma could show a meritorious defence for their default.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

14.6 MATERIAL CONTRACTS

The following are material contracts (including contracts not reduced into writing and contracts not being entered into in the ordinary course of business) entered into by our Group during the past four (4) FYE 2016 to FYE 2019 and up to the date of this Prospectus:

(i) Tenancy Agreement Dated 7 April 2017 between RLSB (Landlord) and Messrs Lee & Koh (Tenant)

Property : One (1) unit of office space at Parcel No. B-SE-29, Storey No. 29, Building Name ONE Mont Kiara b z-hub held under Geran No. 70251, Lot 60493 (formerly held under H.S.(D) 103401, PT 17741), Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan, Kuala Lumpur, bearing the postal address of Unit 29-1, Menara 1 Mont Kiara, No. 1, Jalan Kiara, 50480 Kuala Lumpur measuring 4,447 sq ft.

Monthly Rental : RM13,341.

Term : From 1 July 2017 till 30 June 2020, with an option to renew for a further three (3) years at the prevailing market rental to be mutually agreed upon between the parties.

Letter dated 11 March 2020 : The parties agreed to extend the duration of the tenancy for a further period of three (3) years commencing from 1 July 2020 till 30 June 2023, with an option to renew for a further three (3) years at the prevailing market rental to be mutually agreed upon between the parties.

Status as at the LPD : Subsisting

(ii) Tenancy Agreement Dated 26 July 2017 between Asian Supply Base Sdn Bhd ("ASB") (Landlord) and RLSB (Tenant)

Facilities : Two (2) explosive bunker facilities measuring 6.25 sq m and 3.12 sq m respectively located at Ranca-Ranca Industrial Estate in Labuan.

Monthly Rental : RM3,350 and RM1,800 respectively

Term : From 26 January 2017 till 25 January 2018 with an option to renew for a further period of one (1) year upon giving thirty (30) days prior written notice to ASB ("**Extension Period**").

Addendum dated 16 March 2018 : The parties agreed to extend the duration of the tenancy for a further period of one (1) year commencing from 26 January 2018 till 25 January 2019 with the same Extension Period.

Addendum dated 6 June 2018 : The parties agreed that the tenancy include the rental of one (1) warehouse space without fencing (known as "Warehouse No. 2") at the same location measuring 160 sq m with an agreed monthly rental of RM4,000 with effect from 1 May 2018.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Addendum dated 1 October 2018 : The parties agreed that the Tenancy include the rental of two (2) workshops (known as "Workshop Bay No. 6 and 7") at the same location with each measuring 1,005 sq m with an agreed monthly rental of RM13,750 each and one (1) overhead crane with an agreed monthly rental of RM2,500 with effect from 1 October 2018.

Addendum dated 25 January 2019 : The parties agreed to:

- extend the duration of the Tenancy for a further period of one (1) year commencing from 26 January 2019 till 25 January 2020 with the same Extension Period;
- include the map for Workshop Bay No. 6 and 7; and
- revised the monthly rental of Workshop Bay No. 6 and 7 to RM12,500 each.

Addendum dated 17 February 2020 : The parties agreed to extend the duration of the tenancy agreement for a further period of one (1) year commencing from 26 January 2020 till 25 January 2021 with the same Extension Period.

Status as at the LPD : Subsisting, however, RLSB is no longer renting Warehouse No. 2.

(iii) Tenancy Agreement Dated 4 June 2018 between Pangkalan Bekalan Kemaman Sdn Bhd ("PBK") (Landlord) and RLSB (Tenant)

Facilities : One (1) warehouse (known as Warehouse No. 32, Door No.16 - Phase II) measuring 372 sq m and one (1) explosive store (known as Lot No. EX20309 - Phase II) measuring 41 sq m, both located at Kemaman Supply Base, Kawasan Perindustrian Teluk Kalong, 24007 Teluk Kalong, Kemaman, Terengganu Darul Iman.

Monthly Rental : RM9,457.

Term : From 1 April 2018 till 31 March 2020 with an option to renew for a further term to be determined by PBK upon giving six (6) months' notice to PBK ("**Extension Period**").

Tenancy Agreement dated 13 December 2018 : The parties agreed to include the rental of one (1) open yard (OY20155 – Phase II) measuring 530 sq m for a period of two (2) years commencing from 1 July 2018 till 30 June 2020 with the same Extension Period and an agreed monthly rental of RM1,643.

Letter dated 27 February 2020 by PBK : The parties agreed to:

- extend the duration of the Tenancy; and
- execute a new tenancy agreement in relation to the said extension.

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

Letter dated 2 June 2020 by PBK : The extension of the duration of the Tenancy is for a further period of two (2) years commencing from 1 April 2020 till 31 March 2022 with an agreed monthly rental of RM11,100.60.

Status as at the LPD : Subsisting. The new tenancy agreement in relation to the extension is currently pending stamping.

(iv) Tenancy Agreement Dated 24 October 2018 between WHHT Holdings Sdn Bhd (Landlord) and RLSB (Tenant)

Property : One (1) office unit bearing the postal address at D-2-13A, Miri Times Square, Marina Parkcity, 98000 Miri, Sarawak measuring 108 sq m

Monthly Rental : RM3,000.

Term : Two (2) years commencing from 1 November 2018 till 31 October 2020 with an option to renew for a further one (1) year at the prevailing market rental but not more than 10% of the current monthly rental provided always that RLSB shall not be in breach of any covenants.

Status as at the LPD : Subsisting

(v) Tenancy Agreement Dated 24 October 2018 between WHHT Holdings Sdn Bhd (Landlord) and RLSB (Tenant)

Property : One (1) apartment unit bearing the postal address of Unit C-1-01, Miri Times Square, Marina Parkcity, 98000 Miri, Sarawak measuring 69 sq m

Monthly Rental : RM2,000.

Term : Two (2) years commencing from 1 November 2018 till 31 October 2020 with an option to renew for a further one (1) year at the then prevailing market rental to be mutually agreed upon.

Status as at the LPD : Subsisting

14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

(vi) Shareholders' Agreement Dated 21 February 2019 between RLSB, Anwarudin Bin Saidu Mohamed ("Anwarudin") and RL Solutions

Purpose : This relates to the terms and conditions between RLSB and Anwarudin on their respective shareholdings, namely, 60% held by RLSB and 40% held by Anwarudin in RL Solutions and for the purpose of regulating their relationship with each other and certain aspects of the affairs and their dealings with and in RL Solutions.

Status as at the LPD : Subsisting

(vii) Settlement Agreement Dated 22 February 2019 between Softworld Software Sdn Bhd ("SSSB") and RLSB

Purpose : This relates to the settlement of the outstanding sum due and owing by SSSB to RLSB amounting to RM316,295.53 ("**Outstanding Sum**").

Background : On 8 October 2015, Linx Solutions Sdn Bhd ("**Linx**") was incorporated with RLSB holding 51% shares and SSSB holding 49% shares. SSSB is not a related party to the Reservoir Link Group.

To finance the operations of Linx, RLSB provided shareholder's advances to Linx and there was a balance owing amounting to the Outstanding Sum. Subsequently, RLSB agreed to sell Linx to SSSB. The parties agreed that SSSB shall pay the amount owing by way of providing the Services (as defined below) to RLSB as per the mode of settlement below.

Mode of Settlement : By way of providing system maintenance services inclusive of data security support, travel system, leave system, claim system and any other system maintenance services as shall be determined by RLSB from time to time ("**Services**").

SSSB shall render the Services to RLSB amounting to the sum of RM2,500 per month commencing from 1 January 2018 until full and final settlement of the Outstanding Sum.

Status as at the LPD : Subsisting

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14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

(viii) Eight (8) Sale and Purchase Agreements Dated 31 May 2019 between Suez Domain Sdn Bhd (Vendor) and RLSB (Purchaser)

Purpose : One (1) unit each of office space at Parcel No., as tabulated in Column A, Type A1, Storey No. 33, Corporate Office Tower 2, Menara SUEZCAP, KL Gateway, 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), bearing the postal address as tabulated in Column B, Menara SUEZCAP 2, KL Gateway, No. 2, Jalan Kerinchi, Gerbang Kerinchi Lestari, 59200 Kuala Lumpur, as per the measurement tabulated in Column C

Purchase Consideration	Column A	Column B	Column C	Column D
	Parcel No.	Postal Address	Built-up Area (sq ft)	Purchase Consideration (RM'000)
	E-33-A1	E-33-01	1,200	(a) 1,034
	E-33-A4	E-33-3A	1,200	(a) 1,034
	E-33-A5	E-33-05	1,200	(a) 1,034
	E-33-A8	E-33-08	1,200	(a) 1,034
	E-33-B2	E-33-02	1,700	(b) 1,466
	E-33-B3	E-33-03	1,700	(b) 1,466
	E-33-B6	E-33-06	1,700	(b) 1,466
	E-33-B7	E-33-07	1,700	(b) 1,466

Notes:

(a) This amount is after the deduction of the rebate given by Suez Domain to RLSB, amounting to RM286,000.

(b) This amount is after the deduction of the rebate given by Suez Domain to RLSB, amounting to RM404,000.

Status as at the LPD : Completed.

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14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

(ix) Eight (8) Deeds of Mutual Covenant All Dated 31 May 2019 between Suez Domain Sdn Bhd ("Suez Domain" or "Vendor") and RLSB (Purchaser)

Purpose : For the maintenance, administration, management and use of the eight (8) office units to be acquired under the Sale and Purchase Agreements, all dated 31 May 2019 between Suez Domain and RLSB, as mentioned in Section 14.6 (viii) of this Prospectus ("**Sale and Purchase Agreements**") as well as the common property, facilities and services and the provision of common facilities and services by Suez Domain and/or the joint management body established under Section 17 of the Strata Management Act 2013 ("**SMA**") and/or the managing agent as per Section 86 of the SMA and/or the management corporation as per the Strata Titles Act 1985.

Status as at the LPD : Subsisting.

(x) Deed of Assignment Dated 31 May 2019 between Anwarudin Bin Saidu Mohamed and RL Solutions

Purpose : This relates to the assignment and transfer of all rights, title and interest of the trademarks, as set out in Section 6.19 of this Prospectus from Anwarudin Bin Saidu Mohamed to RL Solutions.

Anwarudin Bin Saidu Mohamed warrants to RL Solutions as follows, in respect of each of the trademarks:

- that he is the registered proprietor and/or beneficial owner of the trademarks and he has the exclusive rights to the trademarks;
- that all trademarks are valid and subsisting at the date of execution of this Deed of Assignment and renewal fees due in respect of all registered trademarks have been paid;
- that he is unaware of any infringement of the registration of any of them or of any reason why any registration may be capable of being expunged from the register for any reason whatsoever;
- that no license has been granted to any third party in relation to the use of the trademarks; and
- that there are no circumstances known to him arising out of this or any earlier assignment which may result in the use of the trademarks being liable to mislead the public.

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14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

Purchase Consideration : RM1,600 for the trademarks as set out in Section 6.19, item numbers (2), (3) and (4) of this Prospectus and RM1,350 for the trademarks as set out in Section 6.19, item numbers (5), (6), (7) (8) and (9) of this Prospectus.

Status as at the LPD : Subsisting.

To vest the trademarks in its name, RL Solutions has filed the Deed of Assignment with MyIPO to register for the change of name. The Deed of Assignment will be completed once MyIPO has registered the change of name of the respective trademarks.

(xi) Share Sale Agreement Dated 26 June 2019 between Reservoir Link (Purchaser) and RLSB (Vendor)

Purpose : This is in relation to the sale and purchase of the entire issued share capital of Amsito, comprising 1,000,000 ordinary shares and 5,000,000 CRCPS.

Purchase Consideration : RM2, to be satisfied via cash.

Status as at the LPD : Completed.

(xii) Share Sale Agreement Dated 26 June 2019 between Reservoir Link (Purchaser) and RLSB (Vendor)

Purpose : This is in relation to the sale and purchase of the entire issued share capital of RL Labuan comprising 100 ordinary shares.

Purchase Consideration : RM109,000, to be satisfied via cash.

Status as at the LPD : Completed.

(xiii) Share Sale Agreement Dated 26 June 2019 between Reservoir Link (Purchaser) and RLSB (Vendor)

Purpose : This is in relation to the sale and purchase of 60% of the issued share capital of RL Solutions comprising 60,000 ordinary shares.

Purchase Consideration : RM2, to be satisfied via cash.

Status as at the LPD : Completed.

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14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

(xiv) Share Sale Agreement Dated 26 June 2019 between Reservoir Link (Purchaser) and the Vendors of RLSB

Purpose : This is in relation to the sale and purchase of the entire issued share capital of RLSB comprising 888,888 ordinary shares.

Purchase Consideration : RM22,787,300, to be satisfied wholly by the issuance of 227,873,000 new Shares.

Status as at the LPD : Completed.

(xv) Tenancy Agreement Dated 16 December 2019 between RLSB (Landlord) and Mutiara Perlis Sdn Bhd (Tenant)

Property : One (1) unit of office space at Parcel No. B-SE-29, Storey No. 29, Building Name ONE Mont Kiara b z-hub held under Geran No. 70251, Lot 60493 (formerly held under H.S.(D) 103401, PT 17741), Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan, Kuala Lumpur bearing the postal address of Unit 29-1, Menara 1 Mont Kiara, No. 1, Jalan Kiara, 50480 Kuala Lumpur measuring 2,370 sq ft.

Monthly Rental : RM9,500.

Term : From 1 January 2020 till 31 December 2020.

Status as at the LPD : Subsisting

(xvi) Supplemental Agreement Dated 30 December 2019 between RLSB (Vendor) and Reservoir Link (Purchaser)

Purpose : This is in relation to the variation of shares of Amsito, namely, that Amsito's CRCPS be changed to Cumulative Redeemable Non-Convertible Preference Shares ("CRNCPS") together with all of its existing rights and obligations.

Status as at the LPD : Completed

(xvii) Sale and Purchase Agreement Dated 4 February 2020 between RLSB (Vendor) and Rehamed Healthcare Sdn Bhd (Purchaser)

Purpose : One (1) unit of freehold office unit held under Hakmilik Strata Geran 70251/M2-A/30/421, Lot 60493, No. Bangunan M2-A, No. Tingkat 30, No. Petak 421, Mukim Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, bearing postal address of No. 29-5, Menara 1 Mont Kiara, No. 1, Jalan Kiara, Mont Kiara, 50480 Kuala Lumpur measuring approximately 165 sq m.

Purchase Consideration : RM1,209,720

Status as at the LPD : Completed

14. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

(xviii) Deed of Adherence Dated 26 February 2020 between RLSB, Reservoir Link, Anwarudin Bin Saidu Mohamed ("Anwarudin") and RL Solutions

Purpose : This deed is supplemental to the Shareholders' Agreement dated 21 February 2019 made between RLSB, Anwarudin and RL Solutions ("**Shareholders' Agreement**"). The parties are entering into this deed by reason of Reservoir Link becoming a shareholder in place of RLSB. Reservoir Link agrees to be bound by the terms, conditions and provisions of the Shareholders' Agreement and agrees to execute this deed for the benefit of the parties. Anwarudin and RL Solutions covenant with Reservoir Link to continue to observe and perform their respective obligations under the Shareholders' Agreement.

Status as at the LPD : Subsisting

(xix) Underwriting Agreement Dated 9 June 2020 between Reservoir Link and Kenanga IB

Purpose : Underwriting agreement for the underwriting of 18,250,000 Public Issue Shares

Underwriting commission : 2.50% of the IPO Price multiplied by the number of Public Issue Shares

Status as at the LPD : Subsisting

14.7 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFITS

There are no governmental laws, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to our Group.

14.8 PUBLIC TAKE-OVERS

During the last financial year and the current financial year, there were no:

- (i) public take-over offers by third parties in respect of our Group's Shares; and
- (ii) public take-over offers by our Group in respect of other companies' securities.

14.9 LETTERS OF CONSENT

- (i) The written consent of the Principal Adviser, Sponsor, Sole Underwriter, Placement Agent, Company Secretaries, legal advisers/solicitors, Share Registrar and Issuing House for the inclusion in this Prospectus of their names and all references herein in the form and context in which such names appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Reporting Accountants and Auditors to the inclusion in this Prospectus of their names, Accountants' Report, Report on the Compilation of Pro Forma Combined Statements of Financial Position, Statement of Comprehensive Income and Statement of Cash Flows, and audit reports in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not subsequently been withdrawn.

14. STATUTORY AND OTHER GENERAL INFORMATION *(Cont'd)*

- (iii) The written consent of the Independent Business and Market Research Consultants for the inclusion in this Prospectus of its name, the IMR Report and all references herein in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iv) The written consent of Si Chay Beng & Co (being the auditors of Amsito for FYE 2016 and FYE 2017) for the inclusion in this Prospectus of its name and all references herein in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

14.10 RESPONSIBILITY STATEMENT

- (i) Our Directors, Promoters and the Offerors have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained herein. Having made all reasonable enquiries and that to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement herein false or misleading.
- (ii) Kenanga IB, being our Principal Adviser, Sponsor, Sole Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO.

14.11 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our Registered Office during the normal office hours for a period of six (6) months from the date of this Prospectus:

- (i) the Constitution of our Company;
- (ii) the commercial agreements as set out in Section 6.17 of this Prospectus;
- (iii) the IMR Report as set out in Section 7;
- (iv) the Reporting Accountants' Report on the Compilation of Pro Forma Combined Statements of Financial Position, Statement of Comprehensive Income and Statement of Cash Flows as set out in Section 12.1 of this Prospectus;
- (v) the Accountants' Report as set out in Section 13 of this Prospectus;
- (vi) the relevant cause papers in relation to the material litigation as set out in Section 14.5 of this Prospectus;
- (vii) the material contracts as referred to in Section 14.6 of this Prospectus;
- (viii) the letters of consent as referred to in Section 14.9 of this Prospectus; and
- (ix) The audited financial statements of our Company and our subsidiaries for the past four (4) FYE 2016 to FYE 2019.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT MALAYSIAN ISSUING HOUSE SDN BHD, FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 25 June 2020

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 1 July 2020

Applications for the IPO Shares will open and close at the dates stated above.

In the event there is any change to the dates stated above, we will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATIONS

15.2.1 Application for Our IPO Shares by the Malaysian Public and Our Eligible Directors, Employees and Business Associates of Our Group

Types of Application and Category of Investors	Application Method
Applications by eligible Directors, employees and business associates of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

15.2.2 Application by Selected Investors and Bumiputera Investors Approved by MITI via Private Placement

Types of Application	Application Method
Applications by: (a) Selected Investors (b) Bumiputera investors approved by the MITI	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions. MITI will contact the Bumiputera Investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE (1)** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST ONE HUNDRED (100) IPO SHARES OR MULTIPLES OF ONE HUNDRED (100) IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO TEN (10) YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfil all of the following:

- (i) you must be one (1) of the following:
 - (a) a Malaysian citizen who is at least eighteen (18) years old as at the date of the application for our IPO Shares with a Malaysian address; or

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (b) a corporation/ institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/ trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) you must not be a director or employee of Malaysian Issuing House Sdn Bhd, or an immediate family member of a director or employee of Malaysian Issuing House Sdn Bhd; and
 - (iii) you must submit Applications by using only one (1) of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15.3.3 Application by Eligible Directors, Employees and Business Associates of Our Group

The eligible Directors, employees and business associates (including any entities, wherever established) of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

Eligible Directors, employees and business associates of our Group may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Malaysian Issuing House Sdn Bhd, Kenanga IB, Participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.41 for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NUMBER 603**" and crossed "A/ C PAYEE ONLY" and endorsed on the reverse side with your name and address.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one (1) of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd (Registration No. 199301003608 (258345-X))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. BOX 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 1 July 2020.

We, together with Malaysian Issuing House Sdn Bhd, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to Malaysian Issuing House Sdn Bhd.

15.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, HSBC Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, RHB Bank Berhad and Standard Chartered Bank Malaysia Berhad (at selected branches only). A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

15.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND MALAYSIAN ISSUING HOUSE SDN BHD

Malaysian Issuing House Sdn Bhd on the authority of our Board reserves the right to:

- (i) reject Applications which:
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable);
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/ partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of Malaysian Issuing House Sdn Bhd, at anytime within fourteen (14) days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER/ UNDER SUBSCRIPTION

In the event of over-subscription, the Malaysian Issuing House Sdn Bhd, will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the issuing house to the SC, Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the issuing house's website (www.mih.com.my) within one (1) business day after the balloting event

Pursuant to the Listing Requirements we are required to have a minimum of 25% of our Company's issued share capital to be held by at least two hundred (200) public shareholders holding not less than one hundred (100) Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or eligible Directors, employees and business associates of our Group, subject to the underwriting arrangements and reallocation as set out in Section 3.3.3 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL/ PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/ partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

15.9.1 For Applications by Way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/ distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/ registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/ registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by Malaysian Issuing House Sdn Bhd, as per items (i) and (ii) above (as the case may be).

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

- (iv) Malaysian Issuing House Sdn Bhd, reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten (10) Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/ distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For Applications by Way of Electronic Share Application and Internet Share Application

- (i) Malaysian Issuing House Sdn Bhd, shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from Malaysian Issuing House Sdn Bhd.
- (ii) You may check your account on the 5th Market Day from the balloting date
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by Malaysian Issuing House Sdn Bhd, by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than ten (10) Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from Malaysian Issuing House Sdn Bhd.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) our IPO Shares allotted to you will be credited into your CDS account;
- (ii) a notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application;
- (iii) in accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/ offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository; and

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iv) in accordance with Section 29 of the SICDA, all dealings in our IPO Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of Application	Parties to Direct the Enquiries
Application Form	Malaysian Issuing House Sdn Bhd, Enquiry Services Telephone at telephone no. (603) 7890 4700.
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA during office hours at the telephone number as set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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