

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR
IMMEDIATE ATTENTION**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional advisers immediately.

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RESERVOIR LINK ENERGY BHD

(Registration No. 201401044508
(1120690-K))(Incorporated in Malaysia)

CIRCULAR TO

SHAREHOLDERS

**PROPOSED AUTHORITY TO PURCHASE ITS OWN SHARES
BY THE COMPANY**

(“PROPOSED SHARE BUY-BACK”)

The resolutions in respect of the above will be tabled at the Extraordinary General Meeting (EGM) of the Company which will be conducted entirely on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657) voting via the online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657) on Tuesday, 3 December 2024 at 10.00 a.m.

The Form of Proxy must be lodged at the office of the Share Registrar of the Company, Boardroom Share Registrars Sdn Bhd on Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or by electronic means via Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com> not less than forty-eight (48) hours before the time set for holding the AGM or at any adjournment thereof. The lodging of the Form of Proxy does not preclude a member from attending and voting in person at the meeting of members, should the member subsequently wish to do so.

Last date and time for lodging the Form of Proxy: **Sunday, 1 December 2024 at 10.00 a.m.**

Date and time of Annual General Meeting: **Tuesday, 3 December 2024 at 10.00 a.m.**

This Circular is dated 30 October 2024

PART A

PROPOSED AUTHORITY TO PURCHASE ITS OWN SHARES (“PROPOSED SHARE BUY-BACK”)

1.	INTRODUCTION	1
2.	DETAILS OF THE PROPOSED SHARE BUY-BACK	1
2.1	Quantum and Funding	2
2.2	Status of Shares Purchased by the Company	2
2.3	Pricing	2
2.4	Potential Advantages and Disadvantages of the Proposed Share Buy-Back	3
2.5	Financial Effects of the Proposed Share Buy-Back	3
2.6	Directors’ and Substantial Shareholders’ Shareholdings	4
2.7	Public Shareholding Spread	5
2.8	Implications of the Malaysian Code on Take-Overs and Mergers, 2016 (“Code”)	6
2.9	Historical Share Price	6
2.10	Purchase and Re-sale Made in the Previous Twelve (12) Months	6
3.	RATIONALE FOR THE PROPOSED SHARE BUY-BACK	6
4.	APPROVAL REQUIRED	7
5.	DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS	7
6.	DIRECTORS’ RECOMMENDATION	7
7.	9TH ANNUAL GENERAL MEETING	7
8.	FURTHER INFORMATION	7
	APPENDIX I ADDITIONAL INFORMATION	8



RESERVOIR LINK ENERGY BHD
(Registration No. 201401044508 (1120690K))
(Incorporated in Malaysia)

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

30 October 2024

Board of Directors

Datuk Tai Hee (*Non-Independent Non-Executive Chairman*)
Dato' Wan Hassan Bin Mohd Jamil (*Group Chief Executive Officer / Managing Director*)
Thien Chiet Chai (*Non-Independent Executive Deputy Chairman*)
Dato' Ahmad Rizal Bin Abdul Rahman (*Independent Non-Executive Director*)
Siti Zurina binti Sabarudin (*Independent Non-Executive Director*)
Elain Binti Lockman (*Independent Non-Executive Director*)

TO THE SHAREHOLDERS OF RESERVOIR LINK ENERGY BHD ("RLEB" OR "COMPANY")

Dear Sir/Madam

PART A - PROPOSED AUTHORITY TO PURCHASE ITS OWN SHARES ("PROPOSED SHARE BUY-BACK")

1. INTRODUCTION

On 28 October 2024, the Company announced our intention to seek approval from our shareholders for the Proposed Share Buy-Back at the forthcoming Ninth (9th) Annual General Meeting ("9th AGM") of the Company which will be held on 3 December 2024.

The purpose of this Circular is to provide you with the relevant information on the Proposed Share Buy-Back and to seek your approval for the Ordinary Resolution pertaining to the authority to undertake the Proposed Share Buy-Back, which will be tabled at the forthcoming 9th AGM.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back is subject to compliance with the Companies Act 2016, Bursa Malaysia Listing Requirements and any prevailing laws and relevant regulations, rules and guidelines as may be issued by the relevant authorities at the time of purchases.

The approval from the shareholders for the Proposed Share Buy-Back shall be effective immediately upon the passing of the Ordinary Resolution for the Proposed Share Buy-Back at the forthcoming 9th AGM until:

- (a) the conclusion of the next AGM of the Company following the General Meeting at which such resolution was passed at which time it will lapse unless by Ordinary Resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders in General Meeting;
- whichever occurs first.

2.1 Quantum and Funding

Based on the total issued ordinary share capital of the Company as at 30 September 2024, the maximum number of RLEB shares that may be purchased by the Company is 33,485,800 ordinary shares, representing ten per cent (10%) of the issued ordinary share capital of the Company.

A fund not exceeding the Company's retained profits at the time of purchase will be allocated for the Proposed Share Buy-Back. The audited retained profits of the Company as at 30 June 2024 was RM40,681,461.

The actual number of shares to be purchased, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on the market conditions and sentiments of the stock market as well as the availability of financial resources of the Company and the availability of the retained profit reserve of the Company.

The Proposed Share Buy-Back will be funded from internally generated funds and/or borrowings of the Company. In the event that the Proposed Share Buy-Back is to be partly financed by external borrowings, the Company expects that it will be capable of repaying such borrowings and that such funding is not expected to have any material effect on the cash flows of the Company.

2.2 Status of Shares Purchased by the Company

The treasury shares so purchased or to be purchased pursuant to the Proposed Share Buy-Back shall not be entitled to any of the rights attached to the existing RLEB shares of the Company as to voting, dividends and participation in any other distribution or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number of shares or a class of shares in the Company for any purposes including, without limiting to the generality of this provisions of any law or requirements of the Constitution of the Company or the Listing Requirements on substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum and the result of a vote on a resolution at a meeting.

The Directors may deal with RLEB shares in the following manner:

- (a) cancel all or part of the RLEB shares so purchased; and/or
- (b) retain all or part of the RLEB shares so purchased as treasury shares for distribution as dividends to the shareholders and/or resale on the market of Bursa Malaysia and/or to be subsequently cancelled.

2.3 Pricing

In accordance with the Listing Requirements, the Company may only purchase its own shares on the market of Bursa Malaysia at a price that is not more than 15% above the weighted average market price for the shares for the past five (5) market days immediately before the purchase.

The Company may only resell treasury shares on the Bursa Malaysia or transfer treasury shares pursuant to Section 127(7) of the Companies Act 2016, at:

- (a) a price which is not less than the weighted average market price for the shares for the five (5) market days immediately before the resale or transfer; or
- (b) a discounted price of not more than 5% to the weighted average market price for the shares for the five (5) market days immediately before the resale or transfer provided that:
 - (i) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
 - (ii) the resale or transfer price is not less than the cost of purchase of the shares being resold or transferred.

2.4 Potential Advantages and Disadvantages of the Proposed Share Buy-Back

2.4.1 Potential Advantages

The Proposed Share Buy-Back, if exercised, is expected to potentially benefit the Company and its shareholders as follows:

- (a) The Company may be able to stabilize the supply and demand of its shares in the open market and hence support its fundamental values;
- (b) Where the RLEB shares are bought back and retained as treasury shares, these treasury shares can be distributed as dividends in future to reward shareholders; and
- (c) Where the RLEB shares are cancelled, the shareholders of the Company may enjoy an increase in the value of their investment in the Company due to the increase in the net EPS as a result of the reduction in the issued and paid-up share capital of the Company upon cancellation of the shares.

2.4.2 Potential Disadvantages

The potential disadvantages of the Proposed Share Buy-Back are as follows:

- (a) It may reduce the financial resources of the Company and result in the Company having to forego any good investment opportunities which may emerge in the future; and
- (b) It is expected to temporarily reduce the immediate financial resources of the Company.

Nevertheless, the Proposed Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be undertaken only after careful consideration of the financial resources of the Company and its resultant impact. The Board is mindful of the interest of the Company and its shareholders and will be prudent in respect of the above exercise.

2.5 Financial Effects of the Proposed Share Buy-Back

On the assumption that the Proposed Share Buy-Back is carried out in full, the effects of the Proposed Share Buy-Back on the share capital, net assets, working capital, earnings, and dividends of RLEB are set out below:

2.5.1 Share Capital

The Proposed Share Buy-Back will have no impact on the share capital if all the shares purchased by the Company are held as treasury shares. The impact on the share capital of the Company if the treasury shares are subsequently cancelled will be as follows:

Issued and Paid-up Share Capital	No. of Shares
Existing share capital before cancellation of treasury shares as at 30 September 2024	334,858,000
Less: Cancellation of treasury shares (Assumed maximum shares bought back and cancelled)	33,485,800
Resultant share capital after cancellation	301,372,200

2.5.2 Earnings

The Proposed Share Buy-Back would generally increase the consolidated Earnings Per Share (“EPS”) of the Company and/or the Group. However, the Proposed Share Buy-Back, if exercised, is not expected to have any material effect on the EPS of the Company and/or the Group

2.5.3 Net Assets

The effect of the Proposed Share Buy-Back on the Net Assets per Share of the Group is dependent on the number of RLEB shares that the Company buys back, the purchase price of RLEB shares at the time of purchase and the treatment of RLEB shares so purchased.

The Proposed Share Buy-Back is likely to reduce the Net Assets per Share of the Group if the purchase price exceeds the audited Net Assets per Share of the Group at the time of purchase and will increase the Net Assets per Share of the Group if the purchase price is less than the audited Net Assets per Share of the Group at the relevant point of time.

2.5.4 Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Group, the quantum of which depends on the number of RLEB shares so purchased and the purchase prices of RLEB shares. The extent of the reduction in cash flow of the Group will depend on the number of RLEB shares eventually purchased and the purchase price of the shares.

The working capital and cash flow of the Group will increase upon resale of the treasury shares, the quantum of which will depend on the actual selling prices of the treasury shares and the number of treasury shares resold.

2.5.5 Dividends

Assuming the Proposed Share Buy-Back is implemented in full, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of RLEB as a result of the reduction in the issued and paid-up share capital of the Company.

2.6 Directors’ and Substantial Shareholders’ Shareholdings

The Directors, major shareholders and Persons Connected with them have no direct or indirect interest in the Proposed Share Buy-Back. Their percentage shareholdings of directors and substantial shareholders will however increase as a consequence of the Proposed Share Buy-Back.

The effect of the Proposed Share Buy-Back on the shareholdings of the Directors and substantial shareholders of the Company, based on the Record of Depositors, as at 30 September 2024 below:

Substantial Shareholders and Directors	No. of Ordinary Shares Held							
	Before the Proposed Share Buy-Back				After The Proposed Share Buy-Back Assuming 10% of The Share Capital Is Bought Back and Cancelled			
	Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
Reservoir Link Holdings Sdn Bhd	65,210,000	19.47	-	-	65,210,000	21.64	-	-
Dato' Wan Hassan Bin Mohd Jamil	6,656,205	1.99	65,210,000*	19.47	6,656,205	2.21	65,210,000*	21.64
Mad Haimi Bin Abu Hassan	2,626,335	0.78	65,210,000*	19.47	2,626,335	0.87	65,210,000*	21.64
Thien Chiet Chai	18,190,035	5.43	65,210,000*	19.47	18,190,035	6.04	65,210,000*	21.64
Pansar Berhad	29,323,503	8.76	-	-	29,323,503	9.73	-	-
Pan Sarawak Holdings Sdn Bhd	-	-	29,323,503**	8.76	-	-	29,323,503**	9.73
Tai Sing Chii & Sons Sdn Bhd	-	-	29,323,503**	8.76	-	-	29,323,503**	9.73
Inplaced Capital Sdn Bhd	-	-	29,323,503**	8.76	-	-	29,323,503**	9.73
Puan Sri Datin Sri Ling Lah Kiong	-	-	29,323,503**	8.76	-	-	29,323,503**	9.73
Dato' James Tai Cheong @ Tai Chong	-	-	29,323,503**	8.76	-	-	29,323,503**	9.73
Datuk Tai Hee	500,000	0.15	29,333,503***	8.76	500,000	0.17	29,333,503***	9.73
David Tai Wei	-	-	29,323,503**	8.76	-	-	29,323,503**	9.73
Lee Seng Chi	17,450,000	5.21	-	-	17,450,000	5.79	-	-

Notes:

* Deemed interested by virtue of his substantial shareholding in Reservoir Link Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

** Deemed interested by virtue of its/his/her indirect substantial shareholding in Pansar Berhad.

*** Deemed interested by virtue of his indirect substantial shareholding in Pansar Berhad and hisspouse's shareholding.

2.7 Public Shareholding Spread

The public shareholding spread of RLEB as at 30 September 2024 was 58.21%. In implementing the Proposed Share Buy-Back, the Company will ensure that a minimum public shareholding spread of 25% is maintained.

2.8 Implications of the Malaysian Code on Take-Overs and Mergers, 2016 (“Code”)

The Proposed Share Buy-Back will not trigger any obligation to undertake a mandatory general offer under the Code.

2.9 Historical Share Price

The table sets out the monthly highest and lowest prices of RLEB shares as transacted on Bursa Malaysia for the preceding twelve (12) months:

2023	High (RM)	Low (RM)
October	0.335	0.315
November	0.330	0.310
December	0.320	0.315
2024		
January	0.310	0.270
February	0.300	0.280
March	0.325	0.275
April	0.335	0.310
May	0.345	0.285
June	0.320	0.305
July	0.365	0.300
August	0.300	0.265
September	0.295	0.275

The last transacted market share price on 30 September 2024 being the closing price of RLEB shares at the latest practicable date prior to printing of this Circular was RM0.29.

Source: Bloomberg (Equities Prices)

2.10 Purchase and Re-sale Made in the Previous Twelve (12) Months

RLEB did not purchase back any of its own shares in the preceding twelve (12) months up to 30 September 2024, being the latest practicable date prior to the printing of this Circular.

As at 30 September 2024, the Company does not hold any treasury shares and has not resold, transferred, cancelled and/or distributed any treasury shares as dividends in the preceding twelve (12) months.

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back, if implemented, is expected to benefit the Company and its shareholders as follows:-

- (a) the Company would expect to enhance the EPS of the Group (in the case where the Directors resolve to cancel the Purchased Shares and/or retain the Purchased Shares in treasury and the Treasury Shares are not subsequently resold) as the Purchased Shares are not taken into account when calculating the EPS of the Company. The increase in EPS, if any, arising from the Proposed Share Buy-Back may have a positive effect on the market price of the Shares. Therefore, long term investors are expected to enjoy a corresponding increase in the value of their investment in the Company;
- (b) if the Purchased Shares are kept as Treasury Shares, it will give the Directors an option to sell the Purchased Shares at a higher price and therefore make an exceptional gain for the Company without affecting the total share capital of the Company. Alternatively, the Purchased Shares can

be distributed as share dividends to shareholders and, if undertaken, would serve as a reward to the shareholders of the Company; and

- (c) the Proposed Share Buy-Back enables the Company to utilise its surplus financial resources to purchase its own shares from the open market. In this way, the Company has an option to stabilise the supply and demand of DPS Shares traded on the Main Market of Bursa Securities and therefore ensure that the pricing of DPS Shares reflects its fundamental value

4. APPROVAL REQUIRED

The Proposed Share Buy-Back is subject to the approval of the shareholders of the Company at the forthcoming 9th AGM.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors or substantial shareholders of the Company or persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back.

6. DIRECTORS' RECOMMENDATION

The Board of Directors of RLEB, having taken into consideration all aspects of the Proposed Share Buy-Back, is of the opinion that both proposals are in the best interests of the Company and its shareholders. Accordingly, the Board of Directors recommends that shareholders vote in favour of the Ordinary Resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 9th AGM respectively.

7. 9TH ANNUAL GENERAL MEETING

The resolution pertaining to the Proposed Share Buy-Back will be tabled at the 9th AGM of the Company which will be conducted entirely on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657) voting via the online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657) on Tuesday, 3 December 2024 at 10.00 a.m.

8. FURTHER INFORMATION

Shareholders are advised to refer to Appendix II of this Circular for further information.

Yours faithfully,
for and on behalf of the Board of Directors,
RESERVOIR LINK ENERGY BHD

DATUK TAI HEE
Non-Independent Non-Executive Chairman

Appendix I

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of RLEB and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at E289, 1st Floor, Block E, iCom Square, Jalan Pending, 93450 Kuching, Sarawak from the date of publication of this Circular until the date of the AGM:

- (a) the Constitution of RLEB; and
- (b) the Audited Financial Statements of RLEB for the past two (2) financial years ended 31 December 2021 (FY2021) and financial period ended 30 June 2023 (FPE2023).