

**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.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused this Circular prior to its issuance as it is an exempt circular pursuant to Guidance Note No. 22 of ACE Market Listing Requirements of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

Shareholders should rely on their own evaluation to assess the merits and risks of the proposal set out herein.



**STRAITS ENERGY RESOURCES BERHAD**

Registration No.: 199601040053 (412406-T)

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSAL")**

The resolution in respect of the above Proposal will be tabled as Special Business in the forthcoming Twenty-Sixth Annual General Meeting ("**AGM**") of Straits Energy Resource Berhad ("**Straits**" or "**Company**"), which will be conducted on a fully virtual basis through live streaming and online meeting platform at TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via Remote Participation and Electronic Voting ("**RPV**") facilities at <https://tiih.online> on **Thursday, 15 June 2023 at 10.00 a.m.** or at any adjournment thereof. The Notice of the AGM together with the Proxy Form are enclosed in the Annual Report of the Company for the financial year ended 31 December 2022.

A member entitled to attend, participate, speak and vote remotely at the AGM via the RPV facilities provided is entitled to appoint a proxy or proxies to attend, participate, speak and vote on his/ her behalf. In such event, the completed and signed Proxy Form should be lodged at the office of the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan OR the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively you have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> or email to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com) **not less than 48 hours before the time holding the AGM** or at any adjournment thereof. Please refer to the procedures as set out in the Administrative Guide for the electronic lodgement of Proxy.

The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting at the AGM should you subsequently wish to do so.

<b>Last date and time for lodging the Proxy Form.....</b>	<b>:</b>	<b>Tuesday, 13 June 2023 at 10.00 a.m.</b>
<b>Date and time of the AGM .....</b>	<b>:</b>	<b>Thursday, 15 June 2023 at 10.00 a.m.</b>

## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and the accompanying appendix:

“Act”	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
“ACE Market”	:	ACE Market of Bursa Securities
“AGM”	:	Annual General Meeting
“Black Hummer”	:	Black Hummer Security Sdn Bhd
“Board”	:	Board of Directors of the Company
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Circular”	:	This Circular to shareholders of Straits dated 28 April 2023 is in relation to the Proposed Renewal of Shareholders’ Mandate
“Director”	:	Director has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon:  (i) a director of the Straits, its subsidiary or holding company; or  (ii) a chief executive of Straits, its subsidiary or holding company
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities, including any amendments made from time to time
“LPD”	:	6 April 2023, being the latest practicable date of this Circular
“Major Shareholder”	:	A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is:  (i) 10% or more of the total number of voting shares in Straits; or  (ii) 5% or more of the total number of voting shares in Straits where such person is the largest shareholder of Straits

For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.

A major shareholder 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 Straits or any other Company which is its subsidiary or holding Company.

“Person Connected”	:	Shall have the same meaning given in Rule 1.01 of the Listing Requirements.
“Proposed Renewal of Shareholders’ Mandate”	:	Proposed renewal of existing shareholders’ mandate for RRPT of a revenue or trading nature
“Recurrent Related Party Transaction(s)” or “RRPT”	:	Related Party Transaction(s) involving recurrent transactions of a revenue or trading nature that are necessary for the day-to-day operations and are in the ordinary course of business of the Group
“Related Party(ies)”	:	A Director, Major Shareholder or Person Connected to such Director or Major Shareholder
“Related Party Transaction(s)”	:	Transaction(s) entered into by Straits Group which involve(s) the interest, direct or indirect, of the Related Party(ies)
“RM”	:	Ringgit Malaysia
“Straits” or “Company”	:	Straits Energy Resources Berhad
“Straits Group” or “Group”	:	The Company and its subsidiaries
“Straits Share(s)” or “Share(s)”	:	Ordinary shares in the Company
“SMF”	:	Straits Marine Fuels & Energy Sdn Bhd
“SMF Subsidiaries”	:	SMF Begonia Ltd, SMF Ixora Ltd, SMF Omura Ltd, SMF Eden Maritime Ltd, Sierra Pioneer Marine Ltd, Katsu Pioneer Marine Ltd and SMF Beluga Ltd.
“TMD”	:	Tumpuan Megah Development Sdn Bhd
“TMD Subsidiaries”	:	Cavalla Asia Ltd, Dolphin Asia Ltd, Escolar Asia Ltd, Phoenix Asia Ltd, Oscar Asia Ltd and S3 Asia Ltd.
“Victoria”	:	Victoria STS (Labuan) Sdn Bhd
“Victoria Subsidiaries”	:	Victoria 1 Limited and Victoria 2 Limited
“USD”	:	United States Dollar

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation and individuals, unless otherwise specified.

All references to “we”, “us” and “our” are made to the Company.

All references to “you” in this Circular are to the shareholders of Straits.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancies in the tables included in this Circular between the amounts listed, the actual figures and the totals thereof are due to rounding.

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**STRAITS ENERGY RESOURCES BERHAD**

Registration No.: 199601040053 (412406-T)

(Incorporated in Malaysia)

**Registered Office:**

No. 149A, 149B, 151B  
Persiaran Raja Muda Musa  
42000 Port Klang  
Selangor Darul Ehsan

28 April 2023

**Board of Directors:**

1. Y.A.M Dato' Seri Tengku Baharuddin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah  
(*Non-Independent Non-Executive Chairman*)
2. Dato' Sri Ho Kam Choy (*Group Managing Director*)
3. Captain Tony Tan Han (Chen Han) (*Executive Director*)
4. Dato' Yoong Leong Yan (*Executive Director*)
5. Tan Sri Mohd Bakri Bin Mohd Zinin (*Non-Independent Non-Executive Director*)
6. Harison Binti Yusoff (*Non-Independent Non-Executive Director*)
7. Leong Fook Heng (*Independent Non-Executive Director*)
8. Datin Ng Fong Shiang (*Independent Non-Executive Director*)
9. Leong Kok Chaw (*Independent Non-Executive Director*)
10. Ho Hung Ming (*Alternate Director to Tan Sri Mohd Bakri Bin Mohd Zinin*)

**To: Our Shareholders**

Dear Sir/Madam,

**STRAITS ENERGY RESOURCES BERHAD**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")**

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**1. INTRODUCTION**

At the Company's Annual General Meeting ("AGM") held on 23 June 2022, the Company had obtained the renewal and new mandate for recurrent related party transactions of a revenue or trading nature ("**Existing Shareholders' Mandate**") which are necessary for the day to day operations of Straits Group, with certain classes of related parties.

The Existing Mandate, shall in accordance with the Listing Requirements, expire at the conclusion of the forthcoming AGM of the Company, scheduled for 15 June 2023, unless it is renewed at the said AGM.

On 18 April 2023, the Board announced that Straits is proposing to seek your approval for the Proposed Renewal of Shareholders' Mandate.

The purpose of this Circular is to provide you with the relevant information on the Proposed Renewal of Shareholders' Mandate as well as to seek your approval for the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

The Twenty-Sixth (26<sup>th</sup>) AGM of the Company will be conducted on a fully virtual basis through live streaming and online meeting platform at TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via Remote Participation and Electronic Voting ("**RPV**") facilities at <https://tiih.online> on **Thursday, 15 June 2023 at 10.00 a.m** or at any adjournment thereof. The Notice of 26<sup>th</sup> AGM together with the Proxy Form, are enclosed in the 2022 Annual Report of the Company.

**YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE TO BE TABLED AT THE COMPANY'S FORTHCOMING 26<sup>TH</sup> AGM.**

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## 2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

### 2.1 Provisions under the Listing Requirements

- (i) Pursuant to Rule 10.09 of Chapter 10 of the Listing Requirement, a listed issuer may seek shareholders' mandate in respect of RRPT subject to the following:
  - (a) the transactions are in the ordinary course of business and are on the terms not more favourable to the related party than those generally available to the public;
  - (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with a share capital of more than RM60 million:-
    - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
    - (ii) any one of the percentage ratios of such RRPT is 1% or more,whichever is the higher;
  - (c) the listed issuer to issue circular to shareholders in relation to the shareholders' mandate and it must include information as may be prescribed by Bursa Securities, together with a checklist showing compliance with such information when submitting to Bursa Securities;
  - (d) in a meeting to obtain Shareholders' Mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
  - (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by ten percent (10%) or more and it must include the information as may be prescribed by Bursa Securities in its announcement.
- (ii) Transactions entered into between a listed issuer (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiary are excluded from the requirements of Part E of Chapter 10 of the Listing Requirements.



- (iii) Where the Company has procured its Shareholders' Mandate pursuant to the Listing Requirements, the provisions of Rule 10.08, Part E of Chapter 10 of the Listing Requirements shall not apply during the period of validity of the Shareholders' Mandate.

## **2.2 Validity of the Proposed Renewal of Shareholders' Mandate**

It is anticipated that in the ordinary course of the Group's business, Recurrent Transactions between Straits Group and the Related Parties are likely to occur at any time and with some degree of frequency.

The Group has entered or may enter into RRPT which are detailed in Appendix I of this Circular.

In view of the forthcoming expiry of the Existing Shareholders' Mandate and the frequent nature of such RRPT, the Company is seeking the approval of Shareholders for the Proposed Renewal of Shareholders' Mandate in order for the Group to enter into the RRPT as set out in Appendix I of this Circular with the Related Parties provided that such transactions are made at arms' length, on the Group's normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The Proposed Renewal of Shareholders' Mandate, if approved at the forthcoming AGM, shall take effect from the date of passing of the resolution proposed at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company, at which time the mandate will lapse, unless the mandate is renewed by a resolution passed at that meeting;
- (b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

## **2.3 Disclosure in Annual Report**

Disclosure will be made in the Company's Annual Report in accordance with Rule 3.1.5 of Guidance Note 8 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPT made during the financial year pursuant to the Proposed Renewal of Shareholders' Mandate based on the following information:

- (a) type of RRPT made; and
- (b) names of the Related Parties involved in each type of the RRPT made and their relationship with the Company.

## 2.4 Classes of Related Parties

The Proposed Renewal of Shareholders' Mandate will apply to the following classes of Related Parties:

- (a) Directors;
- (b) Major Shareholders; and
- (c) Persons Connected with the Directors and/or Major Shareholders.

## 2.5 Straits Group – Principal Business Activities

The Company is principally engaged in investment holding activities and the provision of management services and the principal activities of its subsidiaries as at LPD are as follows:-

Subsidiaries	Effective Equity Interest	Principal Activities
Quest Technology Sdn Bhd	100%	Dormant
Raya Consumable Sdn Bhd	100%	Dormant
Straits Management Services Sdn Bhd	100%	Provision of management services
Selatan Bunker (M) Sdn Bhd	51%	Dormant
Benua Hijau Sdn Bhd	51%	Dormant
Pan Management Services Ltd	100%	Provision of management services
TMD Straits Ltd	100%	Provision of vessel chartering services
TMD Sturgeon Ltd	100%	Provision of vessel chartering services
Straits Port Management Sdn Bhd ("SPM")	100%	Investment holding
Straits Alliance Transport Sdn Bhd ("SAT")	70%	Inland transportation services

<b>Subsidiaries</b>	<b>Effective Equity Interest</b>	<b>Principal Activities</b>
*Straits Marine Fuels & Energy Sdn Bhd (“ <b>SMF</b> ”)	90%	Investment holding
Straits Bulkera Maritime Sdn Bhd	100%	Dormant
Straits Marine Services Pte Ltd (“ <b>SMS</b> ”)	51%	Provision of ship management services
TMD	70%	Provision of bunkering services for marine fuel and petroleum based products
Cavalla Asia Ltd	100% owned by TMD	Provision of vessel chartering services
Dolphin Asia Ltd	100% owned by TMD	Provision of vessel chartering services
Escolar Asia Ltd	100% owned by TMD	Provision of vessel chartering services
Phoenix Asia Ltd	100% owned by TMD	Provision of vessel chartering services
Oscar Asia Ltd	100% owned by TMD	Provision of vessel chartering services
S3 Asia Ltd	100% owned by TMD	Provision of vessel chartering services
Fajar Maritime and Logistics Sdn Bhd (“ <b>FML</b> ”)	60% owned by SPM	Investment holding
Victoria	70% owned by FML	Investment holding and ship-to-ship operations
Straits Maritime Services Pte Ltd	100% owned by SMS	Provision of shipping services, general cleaning and disinfecting
Victoria 1 Limited	100% owned by Victoria	Provision of vessel chartering services

<b>Subsidiaries</b>	<b>Effective Equity Interest</b>	<b>Principal Activities</b>
Victoria 2 Limited	100% owned by Victoria	Provision of vessel chartering services
Straits Alliance Tech Sdn Bhd	100% owned by SAT	Traders of trucks and automotive spare parts and service station for trucks and motor vehicles
Megah Port Management Sdn Bhd (" <b>MPM</b> ")	51% owned by SPM	Port operation and facility management services
Victoria 3 Limited (formerly known as MPM Victoria 3 Ltd.) (formerly known as SMF Cero Ltd.) (" <b>Victoria 3</b> ")	100% owned by MPM	Investment holding
SMF Begonia Ltd	100% owned by SMF	Provision of vessel chartering services
SMF Ixora Ltd	100% owned by SMF	Provision of vessel chartering services
SMF Omura Ltd	100% owned by SMF	Provision of vessel chartering services
SMF Eden Maritime Ltd	100% owned by SMF	Provision of vessel chartering services
SMF Beluga Ltd	51% owned by SMF	Provision of vessel chartering services
Sierra Pioneer Marine Ltd	51% owned by SMF	Provision of vessel chartering services
Katsu Pioneer Marine Ltd	51% owned by SMF	Provision of vessel chartering services
Straits Technology Solutions Sdn Bhd (" <b>STS</b> ")	75%	Investment holding
Straits CommNet Solutions Sdn Bhd	70% owned by STS	Telecommunication and networking
Wire & Wireless Sdn Bhd	51% owned by STS	Telecommunication equipment and consultants

<b>Subsidiaries</b>	<b>Effective Equity Interest</b>	<b>Principal Activities</b>
Straits Infra Sdn Bhd (formerly known as Macro Lynx Sdn Bhd)	70% owned by STS	Providing broadband internet access services, web enabling services, supply and service of computers and related products
Sinar Maju Logistik Sdn Bhd (" <b>SML</b> ")	90%	Provision of shipping and manning agencies services
Sinar Maju Marin Sdn. Bhd. (" <b>SMM</b> ")	100% owned by SML	Provision of freight over seas and coastal waters

\* Included in the equity interests held through TMD is 23%

## **2.6 Related Parties and Nature of RRPT**

The details of the Related Parties and Nature of the RRPT under the Proposed Renewal of Existing Shareholders' Mandate are set out in Appendix I of this Circular.

## **3. REVIEW PROCEDURES IN RELATION TO RRPT**

### **3.1 Review Procedures for the RRPT**

Straits Group has established various procedures to ensure that such RRPT are to be undertaken at an arm's length basis and on the Group's normal commercial terms and consistent with the Group's usual business practices and policies and on transaction prices and terms not more favourable to the Related Parties than those generally available to the public and will not be detrimental to the minority shareholders. There are no specific thresholds for approval of RRPT within the Group. All RRPT will be reviewed by the Audit Committee ("**AC**") and approved by the Board of Directors ("**the Board**").

Therefore, disclosure and approval procedures with regard to RRPT are as follows:

- (i) a list of the Related Parties will be established and circulated to the heads of each finance division within the Group, who shall monitor and ensure that all RRPT to be entered into by the Group are reported and forwarded to the AC, who then ensures that the RRPT are to be undertaken at an arm's length basis, on the Group's normal commercial terms, on terms which are not more favourable to the Related Parties other than those generally available to the public and which are not to be detrimental to the minority shareholders. These include transacting at prevailing market rates/ prices of the service provider's usual commercial terms or otherwise in accordance with applicable industry norm. Transactions refers to both sales and purchases or services of the Group;

- (ii) the Group is made aware of the requirements to monitor, and shall put in place proper processes or systems to record and report on all RRPT for compilation and reporting to the AC;
- (iii) proper records are maintained at the Company and each of its subsidiaries to capture all RRPT so that all RRPT entered pursuant to the mandate will be adequately discussed;
- (iv) all RRPT will be reviewed by the AC on a quarterly basis. In its review of such transactions, the AC may, as it deems fit, request for additional information from independent source;
- (v) the internal audit plan shall incorporate a review of RRPT to ensure that all the relevant approvals for the RRPT have been obtained. The internal audit function of the Group will conduct periodic reviews of the system of controls in place to ensure that RRPT are identified and reported, and to determine whether internal guidelines and procedures have been complied with (including those to ensure that transactions are at arm's length);

The results of the internal audit reviews will be tabled for the review of the AC. The AC will review these reports to determine whether established guidelines and procedures have been adhered to and if there is a need for further review or to improve the procedures;

- (vi) the Board and AC shall have overall responsibility for determination of the review procedures and guidelines including addition of new review procedures, where applicable. An annual review of the RRPT procedures and guidelines will be carried out by the AC. If during the annual review, the AC is of the view that the RRPT procedures and guidelines are no longer valid or inadequate to ensure that the RRPT are made at arm's length basis on the Group's normal commercial terms, on terms not more favourable to the Related Parties than those generally available to the public and not to the detrimental of our minority shareholders, the AC shall have the discretion to discharge, vary, modify the existing procedures and guidelines or implement new or additional procedures and guidelines, without management's prior approval, provided that such amended, varied, modified, new or additional procedures and guidelines are no less stringent than the existing ones;
- (vii) at least 2 other contemporaneous transactions with unrelated third parties for similar products/ services and/or quantities will be used as comparison wherever possible to determine whether the price and terms offered to/ by the Related Parties are fair and reasonable and comparable to those offered to/ by other unrelated third parties for the same or substantially similar type of products/ services and/or quantities;
- (viii) In the event where such comparable quotations from unrelated third parties cannot be obtained, the Purchase Order/ Contract/ Agreement which is transacted with the Related Parties shall be approved by at least two (2) managerial level who has no interest (other than via the listed issuer) in the transaction and familiar/ relevant to that industry in order to give proper purchase justification prior to the ordering process. This is to ensure that the pricing of any RRPT are not detrimental to the Group;

- (ix) in accordance with the Listing Requirements, disclosure in relation to a breakdown of the aggregate value of the RRPT entered into during the financial year based on amongst others, the following information:
  - (a) the type of the RRPT; and
  - (b) the names of the Related Parties involved in each type of RRPT made and their relationship with the Company;will be made in the Company's annual report for the financial year during which the Shareholders' Mandate are in force;
- (x) if a member of the Board or AC has an interest (directly or indirectly) in any RRPT, he/she must declare his/her interest in the RRPT and abstain from participation in the decision making of the Board or AC on the said RRPT;
- (xi) pursuant to Rule 10.09 of the Listing Requirements, in a meeting to obtain the Proposed Renewal of Shareholders' Mandate, the interested Director, Major Shareholders or Persons Connected with them must not vote on the resolution in respect of the RRPT; and where it involves the interest of an interested person connected with a Director or Major Shareholders, such Director or Major Shareholders must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with them will abstain from voting on the resolution approving the RRPT; and
- (xii) interested Director shall also abstain from deliberating at Board meetings in respect of the RRPT in which they or Persons Connected with them are interested.

### **3.2 Deviation between Actual Value Transacted and Estimated Value for the General Mandate**

The actual value of RRPT did not exceed 10% of the estimated value as approved under the Existing Shareholders' Mandate granted to the Company at the last AGM held on 23 June 2022.

### **3.3 Amount due and owing to Straits Group by Related Parties**

As at LPD, there was no material amount due and owing by its Related Parties to Straits Group that has exceeded the credit term.

### **3.4 Statement by AC**

The AC has reviewed the procedures of the Proposed Renewal of Shareholders' Mandate set out in Section 3.1 of this Circular and is of the view that the procedures are sufficient to ensure that the RRPT are made at arms' length basis on the Group's normal commercial terms not more favorable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The AC is of the further view that the Straits Group has in place adequate procedures and processes to monitor, track and identify the RRPT in a timely and orderly manner. The AC shall review these procedures and processes on a yearly basis or whenever the need arises.

## **4. RATIONALE FOR AND BENEFIT TO STRAITS GROUP IN TRANSACTING WITH RELATED PARTIES**

The Proposed Renewal of Shareholders' Mandate sought are all in the ordinary course of business. It is envisaged that in the ordinary course of business of the Straits Group, the RRPT are likely to occur with some degree of frequency and it may be impractical to seek shareholders' approval on a case to case basis before entering into such RRPT as and when such RRPT occur.

The Related Parties which are involved in the RRPT have proven their reliability. In some instances, the Related Parties provide the Group the support for its operational and business needs. The Related Parties allow the Group more flexible arrangement in a timely manner. In most dealings with the Related Parties, close cooperation and a good understanding of each other's business needs provides a platform where decisions can be quickly made and all parties can benefit from conducting the RRPT.

The RRPT is necessary for the Group's day-to-day operations, which are time sensitive in nature. The Proposed Renewal of Shareholders' Mandate will eliminate the need to announce and convene separate general meetings (if applicable) to seek prior approval of shareholders for such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad-hoc basis, improve administration efficiency and allow manpower resources and time to be channelled towards attaining other corporate objectives.

## **5. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

The Proposed Renewal of Shareholders' Mandate will not have any effect on the issued share capital, substantial shareholders' shareholdings, net assets per share, earning per share and gearing of the Group.

## **6. APPROVAL REQUIRED**

The Proposed Renewal of Shareholders' Mandate is subject to the Shareholders' approval at the forthcoming AGM to be held on 15 June 2023.



## 7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

7.1 Save as disclosed below, none of the Directors, Major Shareholders and/or Persons Connected to them have any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate :-

**["Interested Directors"]**

- (i) Tan Sri Mohd Bakri Bin Mohd Zinin ("**Tan Sri Mohd Bakri**")
- (ii) Captain Tony Tan Han (Chen Han) ("**Capt Tony**")

The Interested Directors will abstain from voting in respect of their direct and indirect shareholdings in the Company at the forthcoming AGM approving the resolution on the Proposed Renewal of Shareholders' Mandate. They have also undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and indirect shareholdings on the resolution pertaining to the said Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

The Interested Directors, have abstained and will continue to abstain from deliberation and voting at the Board Meeting of Straits on the Proposed Renewal of Shareholders' Mandate and they will abstain from voting in respect of their direct and indirect shareholdings at the forthcoming AGM approving the resolution on the Proposed Renewal of Shareholders' Mandate. They have also undertaken to ensure that persons connected to them will abstain from voting in respect of their direct and indirect shareholdings on the resolution deliberating or approving the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM.

7.2 The following table illustrates the direct and indirect interests of the Interested Directors of Straits as at LPD:-

No	Name of Interested Directors	Direct		Indirect	
		No of Shares	%	No of Shares	%
1.	Tan Sri Mohd Bakri	-	-	-	-
2.	Capt Tony	36,790,438	3.90	-	-

## 8. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, with the exception of Interested Directors, who shall abstain from expressing an opinion in relation to the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM, after having considered the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the Straits Group. Accordingly, the Board with the exception of the Interested Directors who have abstained from expressing any recommendations in relation to the Proposed Renewal of Shareholders' Mandate, recommends that shareholders vote in favour of the resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM.

## 9. AGM

The Company's forthcoming AGM, the notice of which is enclosed in the Annual Report 2022, will be held on **Thursday, 15 June 2023 at 10.00 a.m.** on a fully virtual basis through live streaming and online meeting platform at TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via RPV facilities at <https://tiih.online> for the purpose of considering and if thought fit, passing the resolution, with or without modifications, to give effect to the Proposed Renewal of Shareholders' Mandate.

If you are unable to attend and vote in person at the forthcoming AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the Annual Report 2022 as soon as possible so as to arrive at the office of our Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan OR the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively you have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> or email to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com) **not less than 48 hours before the time holding the AGM** or at any adjournment thereof.

The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

## 10. FURTHER INFORMATION

You are requested to refer to the attached Appendix II for further information.

Yours faithfully,

For and on behalf of the Board

**STRAITS ENERGY RESOURCES BERHAD**

**LEONG FOOK HENG**

**Chairman, Audit Committee**

*Independent Non-Executive Director*

**DETAILS OF THE RELATED PARTIES AND NATURE OF RRPT**

The details of the Related Parties and Nature of the RRPT under the Proposed Renewal of Existing Shareholders' Mandate together with the transaction values are as follows:

No.	Nature of RRPT	Provider	Recipient	Interested Directors, Major Shareholders and Persons Connected to Interested Directors and Major Shareholder	Existing Mandate		Estimated value from the forthcoming AGM on 15 June 2023 to the next AGM (RM)
					Estimated value of the RRPT as disclosed in the preceding year's Circulars to Shareholders dated 29 April 2022 (RM)	Actual Value transacted from the date of the last AGM on 23 June 2022 to LPD (RM)	
1.	Provision of Management Services which includes providing finance & accounting support, human resource, internal audit and corporate finance support	Straits	SMS	Capt Tony is a Director and an indirect Major Shareholder of SMS. He is also a Shareholder and an Executive Director of Straits.	580,000	Nil	Nil
				<b>Sub Total</b>	<b>580,000</b>	<b>Nil</b>	<b>Nil</b>

No.	Nature of RRPT		Provider	Recipient	Interested Directors, Major Shareholders and Persons Connected to Interested Directors and Major Shareholder	Existing Mandate		Estimated value from the forthcoming AGM on 15 June 2023 to the next AGM (RM)
						Estimated value of the RRPT as disclosed in the preceding year's Circulars to Shareholders dated 29 April 2022 (RM)	Actual Value transacted from the date of the last AGM on 23 June 2022 to LPD (RM)	
2.	Provision of Management Services which include providing finance & accounting support, human resource, internal audit and corporate finance support		Straits	SML	Tan Sri Mohd Bakri is a Director and Major Shareholder in SML. He is also a Non-Independent Non-Executive Director of Straits.	396,000	123,000	Nil
					<b>Sub Total</b>	<b>396,000</b>	<b>123,000</b>	<b>Nil</b>

No.	Nature of RRPT	Provider	Recipient	Interested Directors, Major Shareholders and Persons Connected to Interested Directors and Major Shareholder	Existing Mandate		Estimated value from the forthcoming AGM on 15 June 2023 to the next AGM (RM)
					Estimated value of the RRPT as disclosed in the preceding year's Circulars to Shareholders dated 29 April 2022 (RM)	Actual Value transacted from the date of the last AGM on 23 June 2022 to LPD (RM)	
3.	Provision of Shipping Agency Services which includes the following:-  (i) Clearing vessels for movement in and out of the port  (ii) Pilotage Services  (iii) Provision of ship supplies	SML	TMD	Tan Sri Mohd Bakri is a Director and Major Shareholder of SML. He is also a Director in Straits and TMD.	8,000,000	2,917,911	8,000,000
				<b>Sub Total</b>	<b>8,000,000</b>	<b>2,917,911</b>	<b>8,000,000</b>

No	Transaction		Provider	Recipient	Interested Directors, Major Shareholders and Persons Connected to Interested Directors and Major Shareholder	Existing Mandate		Estimated value from the forthcoming AGM on 15 June 2023 to the next AGM (RM)
						Estimated value of the RRPT as disclosed in the preceding year's Circulars to Shareholders dated 29 April 2022 (RM)	Actual Value transacted from the date of the last AGM on 23 June 2022 to LPD (RM)	
4.	Provision of Ship & Marine Management Services which includes:-  (i) Scheduling vessel for their dry-docking, repair & maintenance work  (ii) Application, monitoring and renewal of vessel permit and licenses  (iii) Recruitment and managing crew on board  (iv) Sourcing for vessel parts and equipment	a)	SMS	TMD	Capt Tony is a Director and an Indirect Major Shareholder of SMS. He is also a Shareholder and an Executive Director of Straits.	36,887,000	4,322,610	9,213,000
		b)	SMS	TMD Straits Ltd		1,617,000	Nil	2,200,000
		c)	SMS	TMD Sturgeon Ltd		1,386,000	Nil	2,200,000
		d)	SMS	TMD Subsidiaries		5,000,000	2,109	8,800,000
		e)	SMS	SMF Subsidiaries		12,079,000	130,644	15,400,000
		f)	SMS	Victoria Subsidiaries		2,310,000	45,927	2,200,000
		g)	SMS	Victoria 3		1,386,000	Nil	1,100,000
<b>Sub Total</b>						<b>60,665,000</b>	<b>4,501,290</b>	<b>41,113,000</b>

No.	Transaction	Provider	Recipient	Interested Directors, Major Shareholders and Persons Connected to Interested Directors and Major Shareholder	Existing Mandate		
					Estimated value of the RRPT as disclosed in the preceding year's Circulars to Shareholders dated 29 April 2022 (RM)	Actual Value transacted from the date of the last AGM on 23 June 2022 to LPD (RM)	Estimated value from the forthcoming AGM on 15 June 2023 to the next AGM (RM)
5	Provision of Ship & Marine Management Services and Shipping Services which includes:-  (i) Scheduling vessel for their dry-docking, repair & maintenance work  (ii) Application, monitoring and renewal of vessel permit and licenses  (iii) Recruitment and managing crew on board  (iv) Sourcing for vessel parts and equipment	SMS	Victoria	Capt Tony is a Director and an Indirect Major Shareholder of SMS. He is also a Shareholder and an Executive Director of Straits.	5,504,000	745,246	1,558,000

No.	Transaction	Provider	Recipient	Interested Directors, Major Shareholders and Persons Connected to Interested Directors and Major Shareholder	Existing Mandate		Estimated value from the forthcoming AGM on 15 June 2023 to the next AGM (RM)
					Estimated value of the RRPT as disclosed in the preceding year's Circulars to Shareholders dated 29 April 2022 (RM)	Actual Value transacted from the date of the last AGM on 23 June 2022 to LPD (RM)	
	(v) Clearing vessels for movement in and out port (vi) Pilotage and tug services (vii) Mooring Services						
				<b>Sub Total</b>	<b>5,504,000</b>	<b>745,246</b>	<b>1,558,000</b>
6.	Provision of Shipping Services which includes: (i) Clearing vessels for movement in and out port (ii) Pilotage and tug services (iii) Mooring Services	SMS	TMD	Capt Tony is a Director and an Indirect Major Shareholder of SMS. He is also a Shareholder and an Executive Director of Straits.	3,274,000	Nil	Nil
				<b>Sub Total</b>	<b>3,274,000</b>	<b>Nil</b>	<b>Nil</b>



No.	Transaction	Provider	Recipient	Interested Directors, Major Shareholders and Persons Connected to Interested Directors and Major Shareholder	Existing Mandate		Estimated value from the forthcoming AGM on 15 June 2023 to the next AGM (RM)
					Estimated value of the RRPT as disclosed in the preceding year's Circulars to Shareholders dated 29 April 2022 (RM)	Actual Value transacted from the date of the last AGM on 23 June 2022 to LPD (RM)	
7.	Provision of Security Services which includes body guards services to Directors	Black Hummer	TMD	Tan Sri Mohd Bakri is a Director and a Major Shareholder of Black Hummer. He is also a Director in Straits and TMD.	200,000	46,368	200,000
<b>Sub Total</b>					<b>200,000</b>	<b>46,368</b>	<b>200,000</b>
8.	Provision of Launch Boat Services  (i) Ferry crews & consumables from inland ports to offshore vessels & vice versa (ii) Crew consumables and food	SMM	TMD	Tan Sri Mohd Bakri is a Director and an indirect Major Shareholder of SMM. He is also a Director in Straits and TMD.	1,000,000	148,940	2,000,000
<b>Sub Total</b>					<b>1,000,000</b>	<b>148,940</b>	<b>2,000,000</b>
<b>TOTAL</b>					<b>79,619,000</b>	<b>8,482,755</b>	<b>52,871,000</b>

**NOTE:**

1. The above estimated values are based on management's best estimation of the value of the RRPT. These estimations were arrived at by management after taking into consideration both historical data and prevailing rates/prices obtained from the Related Parties, which are market-competitive prices based on the normal level of transactions entered into by Straits Group, and hence, the actual values may differ.
2. The frequency of payment for the proposed transactions to be incurred stated above will be made on monthly basis.
3. The aggregated actual value of the RRPT did not exceed by 10% or more of the aggregated estimated value as approved under the previous shareholders' mandate granted to the Company at the 25<sup>th</sup> AGM held on 23 June 2022.

**FURTHER INFORMATION**

**1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there is no statement or information in this Circular which is false or misleading or any fact, the omission of which would make any statement in this Circular false or misleading.

**2. MATERIAL LITIGATION / ARBITRATION**

As at the LPD, save as disclosed below, neither the Company nor any of its subsidiaries are engaged in any material litigation, claims, or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the Group or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business operations of the Group:-

**Arbitration between ING Bank N.V ("ING" or "First Claimant"), O.W. Bunker Far East (Singapore) Pte Ltd ("OWBFE" or "Second Claimant"), collectively referred to as the "Claimants") and Tumpuan Megah Development Sdn Bhd ("TMD" or "Respondent")**

The Claimants alleged that on 19 December 2013, a series of financing agreements were entered to between O.W. Bunker & Trading A/S ("**OWBAS**"), together with certain subsidiary companies (including OWBFE) and a syndicate of banks and ING (in its capacity as a security agent under a revolving borrowing base facilities agreement). As part of that transaction, ING entered into an English Law Omnibus Security Agreement dated 19 December 2013 ("**OSA**") with OWBAS and certain of its subsidiaries (including OWBFE) to assign to ING certain trade and intercompany receivables, insurances and brokerage accounts.

The Claimants further alleged that pursuant to the aforesaid, notice of assignment of supply receivables was given to TMD. The Claimants also alleged that on or about 17 October 2014 and 29 October 2014, TMD and OWBFE entered into contracts both made orally or by yahoo messenger evidenced by a nomination sheet, invoice and sales order confirmation whereby OWBFE agreed in the ordinary course of business to supply and/ or sell to TMD 423.73 MT of gas oil at a price of USD753 per MT for delivery at the port of Pasir Gudang and 794.915 MT of gas oil at a price of USD775.50 per MT for delivery at the port of Kuantan respectively.

On 14 April 2021, TMD received a sealed Order dated 22 March 2021 and undated Notice of Registration of Foreign Judgement and this represents an attempt by the Claimants to enforce an English Judgment for USD937,353 with interest and cost of which TMD has disputed jurisdiction. Accordingly, TMD is taking steps to strenuously resist this attempt to enforce an invalid arbitration award issued without jurisdiction and TMD's solicitors had on 27 April 2021 filed an application to the High Court of Malaya, Kuala Lumpur to set aside the earlier mentioned sealed Order and undated Notice of Registration of Foreign Judgement.

The High Court Judge dismissed the application for issues to be tried and TMD has since filed an Appeal against this decision. TMD has also since applied to stay the proceedings pending disposal of the Appeal and the application for stay of proceedings was fixed for case management on 26 January 2022.

The hearing for stay of Setting Aside Application pending the Appeal was held and stay was granted. The record of Appeal was duly filed on 18 March 2022 and Case Management for the Appeal was earlier fixed for 2 June 2022 to update the filing of Grounds of Judgement and Notes of Proceedings, if made available.

Pursuant to the above, Case Management Conference for the Appeal was held on 11 August 2022, 21 October 2022, 20 December 2022, 20 January 2023 and 23 March 2023 respectively.

On 6 April 2023, the hearing of TMD's application to adduce further evidence in the Appeal took place and the application was allowed.

The next Case Management Conference and hearing of the Appeal is currently fixed on 3 July 2023 and 13 July 2023 respectively.

Notwithstanding the ongoing arbitration which commenced on 2 May 2017, the Vendor (Raja Ismail Bin Raja Mohamed) via an irrevocable Personal Guarantee dated 30 April 2020 had undertaken to indemnify the Company against the liabilities of TMD arising from the arbitration and shall promptly pay such liabilities upon receipt of a payment demand from the Company and accordingly, no provisions have been made in the financial statements.

### 3. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business), that have been entered into by the Group within the past two (2) years immediately preceding the LPD of this Circular:-

- The Conditional Share Sale Agreement ("**SSA**") dated 25 October 2021 entered into between the Company and Tan Sri Mohd Bakri Bin Mohd Zinin ("**Tan Sri Mohd Bakri**" or "**Vendor**") (Non-Independent Non-Executive Director of the Company) for the acquisition of 270,000 shares, representing 90% equity interest in Sinar Maju Logistik Sdn Bhd ("**SML**") from Tan Sri Mohd Bakri, for a purchase consideration of RM16,380,000 to be satisfied entirely via cash ("**Proposed Acquisition**").

Upon completion of the Proposed Acquisition, SML will become a 90%-owned subsidiary of the Company. For Shareholders' information, the Proposed Acquisition was completed on 1 April 2022.

Pursuant to the SSA, the Vendor granted to Straits the Call Option ("**Proposed Call Option**") for Straits to acquire all the Call Options Shares in a single transaction, representing the remaining 10% equity interest in SML, for a purchase consideration of RM1,820,000 to be satisfied entirely via cash by serving the Call Option Notice to the Vendor. For Shareholders' information, the Call Option may be exercised at any time during a period of 30 months commencing from the completion of the Proposed Acquisition. Upon the exercise and completion of the Proposed Call Option, SML will become a wholly-owned subsidiary of the Company.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of the Company at No.149A, 149B, 151B, Persiaran Raja Muda Musa, 42000 Port Klang, Selangor, during normal business hours (except public holidays) from the date of this Circular up to the date of the AGM:-

- i) The Constitution.
- ii) Audited consolidated financial statements for the past two (2) financial years ended 31 December 2021 and 31 December 2022.
- iii) The relevant cause papers in respect of material litigation referred to in paragraph 2 above.
- iv) The material contracts referred to in paragraph 3 above.

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