

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, solicitor, accountant, bank manager or other professional adviser immediately. This Circular has been reviewed by UOB Kay Hian Securities (M) Sdn Bhd, being the Adviser to Straits Energy Resources Berhad for the Proposed Diversification (as defined herein).

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular and report, if any, and 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.



STRAITS ENERGY RESOURCES BERHAD

Registration No. 199601040053 (412406-T)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF STRAITS ENERGY RESOURCES BERHAD ("STRAITS" OR THE "COMPANY") AND ITS SUBSIDIARIES TO INCLUDE TELECOMMUNICATION AND NETWORK SERVICES ("PROPOSED DIVERSIFICATION")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd

Registration No. 199001003423 (194990-K)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("**EGM**") 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 Monday, 27 March 2023 at 10.00 a.m. or any adjournment thereof for the purpose of considering and if thought fit, passing with or without modification, the resolution to give effect to the Proposed Diversification. The Notice of EGM together with the Proxy Form is enclosed in this Circular.

A member entitled to attend, participate, speak and vote remotely at the EGM 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 alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or 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 not less than 48 hours before the time holding the EGM or at any adjournment thereof.

Please refer to the procedures as set out in the Administrative Guide issued to all shareholders for the electronic lodgement of Proxy Form and on the conduct of the EGM.

Last date and time for lodging the Proxy Form : Saturday, 25 March 2023 at 10.00 a.m.

Date and time of the EGM : Monday, 27 March 2023 at 10.00 a.m.

This Circular is dated 7 March 2023

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	:	The Companies Act 2016
"Board"	:	The Board of Directors of Straits
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
"CAGR"	:	Compound annual growth rate
"Circular"	:	This circular dated 7 March 2023 in relation to the Proposed Diversification
"Director(s)"	:	The director(s) of Straits and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the Capital Markets and Services Act, 2007
"EGM"	:	Extraordinary general meeting of Straits
"EPS"	:	Earnings per share
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"IoT"	:	Internet of Things
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	27 February 2023, being the latest practicable date prior to the printing and despatch of this Circular
"NA"	:	Net assets attributable to the owners of the Company
"PAT"	:	Profit after taxation
"Proposed Diversification"	:	Proposed diversification of the existing business of Straits Group to include telecommunication and network services
"Protégé" or the "Independent Market Researcher"	:	Protégé Associates Sdn Bhd (Registration No.: 200401037256 (675767-H))
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Straits" or the "Company"	:	Straits Energy Resources Berhad (Registration No.: 199601040053 (412406-T))
"Straits Group" or the "Group"	:	Straits and its subsidiaries, collectively
"Straits Share(s)" or "Share(s)"	:	Ordinary share(s) in Straits
"UOBKH" or the "Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))

DEFINITIONS (CONT'D)

All references to "**you**" or "**your(s)**" in this Circular are made to the shareholders of Straits, who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

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 and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Diversification. Shareholders are advised to read this Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposed Diversification before voting at the EGM.

Key information	Description	Reference to Circular
Summary of the Proposed Diversification	<p>In an effort to expand Straits Group's revenue & profits as well as diversify its earnings base, Straits Group intends to diversify its principal activities to include Telecommunication and Network Services Business.</p> <p>The Board anticipates that the Telecommunication and Network Services Business will contribute 25% or more of the net profits of the Group and/ or result in a diversion of more than 25% of the net assets of the Group towards the Telecommunication and Network Services Business moving forward.</p>	Section 2
Rationale and justifications for the Proposed Diversification	<p>The Proposed Diversification is in line with the Board's strategy to further identify new business segments that would enhance the future earnings of the Group. The Board had identified the Telecommunication and Network Services Business as a viable opportunity to venture into, after taking into consideration the following:-</p> <ol style="list-style-type: none">i. the Telecommunication and Network Services Business in Malaysia is expected to benefit from various factors driving demand for aforesaid services through technological advancements in IoT and the performance of the broadband market in Malaysia;ii. the new business segment will provide the Group with additional stream of revenue and cash flow moving forward; andiii. the new business segment is expected to augur well in the overall structure of the Group's existing business moving forward and at the same time reduce its reliance on the Group's existing business portfolios.	Section 3
Risk Factors	<p>Pursuant to the Proposed Diversification, Straits Group will be exposed to the following risks inherent in the Telecommunication and Network Services Business and related activities which include, but not limited to, the following:-</p> <ol style="list-style-type: none">i. Business diversification risk;ii. Dependency on key personnel; andiii. Political, economic and regulatory risk.	Section 5

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
Approvals required/ obtained	<p>The Proposed Diversification is subject to the following approvals:-</p> <ul style="list-style-type: none">i. Shareholders of Straits at the Company's forthcoming EGM; andii. Any other relevant authority, if required. <p>The Proposed Diversification is not conditional upon any other proposals undertaken or to be undertaken by the Company.</p>	Section 7
Interests of directors, major shareholders and/ or persons connected with them	None of the Directors, major shareholders of Straits and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Diversification.	Section 8
Board's recommendation	The Board recommends that you vote in favour of the resolution pertaining to the Proposed Diversification to be tabled at the forthcoming EGM.	Section 11



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

7 March 2023

Board of Directors

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

To: The shareholders of Straits

Dear Sir/ Madam,

PROPOSED DIVERSIFICATION

1. INTRODUCTION

On 4 January 2023, UOBKH had, on behalf of the Board, announced the proposed diversification of the Group's existing principal activities to include telecommunication and network services.

Details of the Proposed Diversification are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED DIVERSIFICATION AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED DIVERSIFICATION TO BE TABLED AT THE EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED DIVERSIFICATION TO BE TABLED AT THE EGM.

2. DETAILS OF THE PROPOSED DIVERSIFICATION

As at the LPD, the Group currently operates in four business segments as part of their core business activities comprising oil bunkering and shipping related services, inland transportation services, port management and facility management services and ship-to-ship operation. All these core activities contribute towards the Group whereby the oil bunkering and shipping related services represents the Group's main revenue, contributing to approximately 99% of the Group's revenue.

The Company's 75%-owned subsidiary, namely Straits Technology Solutions Sdn Bhd ("**STS**"), which is principally engaged in investment holding, had on 8 December 2021 completed the acquisition of 100% equity interest in Straits CommNet Solutions Sdn Bhd ("**SCS**"), which is principally involved in designing, developing, researching and handling all types of telecommunication products and provide a broad range of network development services for a total purchase consideration of RM100.00 satisfied via cash.

Subsequently, on 9 December 2021, SCS increased its paid-up capital to RM 1,000 by allotting 600 new ordinary shares in SCS and 300 new ordinary shares in SCS to STS and Zoompixel Sdn Bhd, respectively. With the said allotment, STS holds 70% equity interest in SCS and the remaining 30% is held by Zoompixel Sdn Bhd.

Furthermore, the Company subsequently had on 16 December 2022, announced that STS had entered into a share sale agreement with ViewQwest Sdn Bhd for the acquisition of 70% equity interest in Macro Lynx Sdn Bhd ("**Macro Lynx**") for a purchase consideration of RM700,000 satisfied via cash, which is principally involved in providing broadband internet access services, web enabling services, supply and service of computers and related products. The acquisition of Macro Lynx is not subject to the approval of the shareholders of Straits and is expected to be completed by March 2023.

Accordingly, through the acquisition of Macro Lynx, the Company intends to further enhance the future earnings of the Group by diversifying into the telecommunication and network services business. For shareholders' information, the Company had on 16 November 2021 signed a Memorandum of Understanding ("**MOU**") with Baicells Technologies Co. Ltd. to collaborate and participate in the vast business opportunities of the 4G and 5G rollout and the digital transformation of the oil and gas industry through the IoT in Malaysia and regionally. Pursuant thereto, the Company anticipates that the new business activities in the telecommunication and network services business will contribute 25% or more of the net profits and/ or result in a diversion of more than 25% of the NA towards the aforesaid new business activities moving forward.

The key financial performance of the Group for the past 3 financial years up to the FYE 31 December 2021 and the latest unaudited quarterly for the 12-month FYE 31 December 2022 are as follows:-

	<----- Audited ----->			<--- Unaudited --->
	FYE 31 December 2019	FYE 31 December 2020	FYE 31 December 2021	FYE 31 December 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	663,188	675,316	1,319,024	3,111,260
PAT	7,085	2,840	4,303	6,157

In addition, a summary of the Group's revenue based on the existing operating segments for the past 3 financial years up to the FYE 31 December 2021 and the latest unaudited quarterly for the 12-month FYE 31 December 2022 are as follows:-

	<----- Audited ----->			<---Unaudited--->
	FYE 31 December 2019 RM'000	FYE 31 December 2020 RM'000	FYE 31 December 2021 RM'000	FYE 31 December 2022 RM'000
Oil bunkering and shipping related services	659,378	662,791	1,302,925	3,086,173
Inland transportation services	3,809	2,959	4,115	5,864
Port operation and facility management services	-	9,567	11,984	13,170
Ship-to-ship operation	-	-	-	4,159
Telecommunication and network services	-	-	-	1,894

Based on the table above, the Group's revenue has shown an increasing trend for the past 3 financial years up to the FYE 31 December 2021 and the latest unaudited 12-month FYE 31 December 2022. The Group's financial performance over the financial years under review had mainly relied on the oil bunkering and shipping related services segment which has contributed approximately 99% of the Group's total revenue.

As part of the Group's strategy to diversify and create an additional revenue and income stream, the acquisition of SCS and Macro Lynx provides Straits Group an opportunity to venture into telecommunication and network services business.

The business of the enlarged Straits Group will include the telecommunication and network services business, which includes but not limited to the following:-

- (i) Setting up of new infrastructure including construction, installation and maintenance of telecommunication infrastructures;
- (ii) Technological solution providing supply chain management, warehousing and network maintenance and monitoring; and
- (iii) Other value-added services such as connectivity services, security services, data centres and related internet access to cloud services.

(collectively referred to as "**Telecommunication and Network Services Business**")

Based on the above, the Board anticipates that, barring any unforeseen circumstances, the new business activities in the Telecommunication and Network Services Business will contribute 25% or more of the net profits of the Group and/ or result in a diversion of more than 25% of the NA of the Group towards the aforesaid new business activities moving forward. Furthermore, the Board anticipates that the Telecommunication and Network Services Business will largely contribute to the Group's earnings in the future as it will continue to identify and secure additional projects resulting in further expansion of this business segment in the long term.

As such, the Board proposes to seek the approval from the shareholders of Straits for the Proposed Diversification pursuant to Rule 10.13 of the ACE Market Listing Requirements of Bursa Securities at the forthcoming EGM to be convened.

Notwithstanding the Proposed Diversification, the Board intends to continue with the Group's existing principal activities in the same manner and the Board will review the Group's business operations from time to time with the intention to further improve the Group's financial performance.

2.1 Key management personnel

Premised on the telecommunication and network services sector that the Group intends to venture into, the Group has identified and appointed Ho Khin Choy and Ho Soon Choy as the key management personnel to lead and oversee the operations pertaining to the Group's Telecommunication and Network Services Business as well as other telecommunication services (if any) moving forward.

Further details of the qualification and experience of the key management personnel are set out below:-

- (i) **Ho Khin Choy**, is a Malaysian aged 54, was appointed as the Chief Executive Officer of SCS on 3 February 2022. He will be responsible for the overall management, operations, and business development of the Telecommunication and Network Services Business.

Ho Khin Choy graduated from the University of Louisiana in 1990 with a Bachelor of Science in Electrical Engineering. In 1991, he began his telecommunication career as a Microwave Transmission Field Test Engineer in ALCATEL, Standard Elektrik Lorenz AG, where he was involved in installing and testing Telekom Malaysia Berhad's main trunk transmission link. He then moved on to be part of the first-generation mobile networks (ETACS and AMPS) doing network testing and optimisation until 1993. From 1993 to 2000, he joined several companies as a project engineer and project manager where he was involved in cellular/ wireless network planning, network deployment, testing and commissioning, as well as network consulting.

Thereafter, he pursued a career in network consulting and business development. In 2000 to 2003, he was the regional operation manager in Logica (Malaysia) Sdn Bhd, whereby he played a leading role in managing the division, growing the engineering and consultancy business and resources for the Asia-Pacific (APAC) region. Subsequently in 2004 to 2008, he was the senior solution consultant and product manager in Nokia Networks (Malaysia) Sdn Bhd, in which he was involved in creating and improving and selling network planning and optimisation services as well as the analysis of operation processes, the advantages and disadvantages of the processes affecting services and a subject matter expert in network design and service management platform services solutions, creating business opportunities for the managed services portfolio.

From 2010 to 2012, he re-joined Nokia Siemen Network (Malaysia) Sdn Bhd as the Head of solution consulting for the APAC region. From 2012 to 2014, he joined Ascom Network Testing (Malaysia) Sdn Bhd as the Sales Director. He was subsequently appointed as the Regional Sales Director for Aptilo Networks Sdn Bhd from 2014 to 2016. In 2016, he joined Kathrein APAC Pte Ltd as the Sales and Solutions Consulting Director for the SEA region. From 2018 to 2021, he has been the Senior Solution Architect and Head of In-building Solutions ("**IBS**") of Edotco Malaysia Sdn Bhd, a subsidiary of Edotco Group Sdn Bhd. During this period, he initiated amongst others, business strategies, technical solutions and products for mobile network neutral hosting infrastructure setups.

- (ii) **Ho Soon Choy**, is a Malaysian aged 58 years old, was appointed as the Chief Operating Officer of SCS on 3 January 2022. He will be responsible for the business operation of the Telecommunication and Network Services Business.

Ho Soon Choy graduated from the University of Louisiana, United States with a Bachelor's degree in Computer Science in 1987. In 1988, he commenced his career as a system analyst in Auto Dealer Data Systems Incorporation until 1991, where he was responsible for designing, developing and implementing software applications for vehicle leasing and dealer companies. In 1991, he joined F&N Coca-Cola (M) Sdn Bhd, a subsidiary of Fraser & Neave Holdings Berhad ("**F&N**") as an Information Services Technical Manager and was responsible for the I.S. Technical Department for the whole of Malaysia. He was also involved in developing and implementing the Hand Held Direct Sales System in Johor Bahru.

From 1998 to 2003, he was transferred to a different subsidiary of F&N, namely F&N Dairies (M) Sdn Bhd as a Senior System Analyst to coordinate, manage and implement all the technical projects of the company. He was responsible for configuring and connected the Lotus Mail System between companies in Malaysia and Singapore. He then subsequently moved to F&N as the IT Technology Manager from 2003 to 2007 and was responsible for the entire F&N Group IT infrastructure. From 2007 to 2020, he left F&N to join Yeoh Hiap Seng (Trading) Sdn Bhd, a subsidiary of Yeo Hiap Seng Limited ("**Yeo's**") as the Vice President of Management Information Systems ("**MIS**") and Business Process Optimization. During this period, he successfully headed the company MIS/IT department and provided support on SAP and IT infrastructure for Malaysia and Indonesia.

Moving forward, upon successful implementation of the Proposed Diversification as well as the intended expansion of the Group to include Telecommunication and Network Services Business as part of its business segment, the Board intends to appoint additional technical personnel to assist and support the Group in its Telecommunication and Network Services Business activities. In line with complementing the present management team and the expansion of the Telecommunication and Network Services Business segment in the future, the Board may also consider undertaking a more comprehensive role in the implementation of its telecommunication and network services projects by recruiting 2 additional qualified skilled workers that will be appointed as Head of Sales and Business Development, and Head of Operations and Technology by the third quarter of 2023, and obtaining the required specialised equipment for the purpose of undertaking the services of such projects. This strategy will possibly mitigate the risk of dependency on external contractors/ third parties involved in such activities.

Based on the above, the Board believes that, by leveraging on the expertise of the aforesaid key management personnel, the Group has the capacity, capability and resources to diversify into Telecommunication and Network Services Business.

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED DIVERSIFICATION

The Proposed Diversification is in line with the Board's strategy to further identify new business segments that would enhance the future earnings of the Group. Accordingly, the Group opines that moving forward, the Telecommunication and Network Services Business in Malaysia is expected to benefit from various factors driving demand for aforesaid services through technological advancements in IoT and the performance of the broadband market in Malaysia as set out in **Section 4.4** of this Circular.

Save as disclosed in **Section 5** of this Circular, in which the Group will be exposed to risks inherent in the Telecommunication and Network Services Business and related activities, there are no other identifiable significant risk to the Group financially or operationally. Premised on the above, the Group is of the view that the Proposed Diversification (into the Telecommunication and Network Services Business) will provide the Group with additional stream of revenue and cash flow moving forward. The Proposed Diversification is expected to augur well in the overall structure of the Group's existing business moving forward and at the same time reduce its reliance on the Group's existing business portfolios.

Barring any unforeseen circumstances, the Board believes that the Proposed Diversification will potentially contribute positively to the Group's future earnings. Notwithstanding the above, upon completion of the Proposed Diversification, the Group's existing business would remain and continue as part of the core business of the Group.

4. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS

4.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a growth of 7.0% in the fourth quarter of 2022 compared to 14.2% in the third quarter, as support from the stimulus measures and low base effect waned. At 7.0%, the fourth quarter growth was still above the long-term average of 5.1%. On a quarter-to-quarter seasonally adjusted basis, the economy registered a decline of 2.6% (3Q 2022: 1.9%). For 2022 as a whole, the economy expanded by 8.7% (2021: 3.1%).

Domestic demand grew by 6.8% (3Q 2022: 13.1%), mainly supported by private sector expenditure.

Private consumption expanded by 7.4% (3Q 2022: 15.1%), supported by improving labour market conditions and policy measures. Spending was driven by consumption of necessities, particularly for transport as well as housing and utilities, and selected discretionary components such as recreational services and culture. Public consumption grew by 2.4% (3Q 2022: 4.5%), reflecting continued support from Government spending on emolument and supplies and services.

Private investment expanded by 10.3% (3Q 2022: 13.2%), driven by continued capital spending across all sectors. Investment in structures was supported by further progress of construction projects, particularly in the non-residential sector. Meanwhile, mechanical and engineering (M&E) investment benefited from firms' capacity expansion amid continued demand conditions.

Public investment grew at 6.0% (3Q 2022: 13.1%), supported mainly by continued capital expenditure by public corporations.

(Source: Developments in the Malaysian Economy, Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2022, Bank Negara Malaysia)

Malaysia's economy expanded by 6.9% in the first half of 2022 (full year 2022: 8.7%) underpinned by favourable momentum in the domestic economy and steady expansion in the external sector, as well as continued improvement of the labour market conditions. The strong performance is expected to sustain, backed by an increase in private consumption and business activities as the economy transitions to endemicity phase of COVID-19 with the surging tourist arrivals. Furthermore, the growth momentum was attributed to the Government's consistent policy support, particularly with the implementation of initiatives under the Budget 2022 since the start of the year, as well as the spillover effects from the Budget 2021 measures coupled with various assistance and stimulus packages.

In tandem with continued implementation of development programmes and projects, the economy is expected to expand further in the second half of the year. The growth prospects have been supported by the resumption of economic and social activities and improvement in international travel activities following the relaxation of COVID-19 restrictions regionally. With better prospects as indicated by the Leading Index, the economy is anticipated to gain its growth momentum in the second half of the year attributed to strong domestic demand as the country transitions into endemicity. For the full year of 2022, the economic growth is expected to register a higher growth within the range of 6.5% - 7% (2021: 3.1%). The domestic economy remains resilient and is forecast to expand between 4% - 5% in 2023 driven by the domestic demand. Nevertheless, the pace of economic recovery is also dependent on other factors, including successful containment of the pandemic, support for cost of living and efforts in mitigating the downside risks such as geopolitical uncertainties, global inflation as well as tightening financial conditions.

Malaysia's economy will remain in a positive growth trajectory in 2023 mainly driven by domestic demand following the transition to the endemic phase and the reopening of international borders. The Government continues to support the economy through implementing policies and measures to ensure a conducive business environment that facilitates economic activities and meet the needs of the rakyat. In enhancing economic resilience and sustainable growth, the Government will prioritise the structural reform agenda to sustain the post-COVID-19 economic recovery momentum, amid the challenges arising from geopolitical uncertainties and climate change.

(Source: Economic Outlook 2023, Ministry of Finance Malaysia)

4.2 Overview and outlook of the oil & gas industry

Oil demand in OECD Asia Pacific nosedived in September by 0.2 mb/d y-o-y, declining after strong growth of 0.6 million barrels per day, year-on-year in August. The region's two strongest economies – Japan and South Korea – have been facing some daunting economic challenges, which are weighing on their economic activity and, consequently, on oil demand in the region. The two countries are facing rising inflation of about 5.7 and 3.7 year-on-year in September. Apart from facing high prices for farm and oil products, South Korea has had to deal with a trucker strike, which has worsened manufacturing supply chain bottlenecks and is disrupting industrial activity in Asia's fourth largest economy. Additionally, concrete has run out at building sites, negatively impacting construction activity. Those factors have been negatively impacting oil demand. Overall, manufacturing activity in the two large manufacturing hubs have not been doing very well. In September, the manufacturing Purchasing Managers' Index ("PMIs") in Japan and South Korea were at 49 and 48.2, respectively, both below the threshold of 50.

Looking ahead, the GDP of the region is projected to grow by 1.9% in 2022 as COVID-19 wanes and mobility gradually improves in Japan and Australia. Furthermore, as South Korea temporarily lowered fuel taxes by 20% in an effort to ease the impacts of surging oil prices on the country's consumer inflation, a reduction in taxes on gasoline, diesel and LPG will remain in place for six months until the end of April next year. This policy aims to support the demand for these fuels in the country.

In addition, air travel activity continued to recover. Accordingly, gasoline and jet/kerosene are projected to remain steady in 4Q22. Furthermore, petrochemical feedstock requirements and diesel demand in Japan and South Korea are expected to add to the oil demand requirement in 4Q22. Fuel substitution may also provide support to oil demand as a result of high natural gas prices. Accordingly, oil demand is projected to grow by 0.03 million barrels per day year-on-year, reaching 7.81 million barrels per day.

In 2023, the GDP of the region is projected to grow by 1.2%, mainly due to expected slow performance in global economic activity and spillover effects related to geopolitical tensions in the region. These factors are expected to weigh on economic and manufacturing activity in the region during 1Q23, with oil demand forecast to grow by 0.03 million barrels per day year-on-year at 7.88 million barrels per day. Air travel recovery combined with vibrant petrochemical feedstock requirements is expected to drive demand for jet/kerosene and naphtha to support oil demand in the region.

(Source: OPEC Monthly Oil Market Report – December 2022)

4.3 Overview and outlook of the maritime industry in Malaysia

In 2021, Malaysia's exports of ships, boats and floating structures decreased by 12.2% to RM0.72 billion, from RM0.82 billion in 2020. The main export markets for products such as tugs and pusher craft, yachts and other vessels for pleasure or sports, cruise ships, cargo ships, barges, light vessels, dredgers, floating docks and floating structures were US, Indonesia, the United Arab Emirates, India and Singapore. Meanwhile, Malaysia's imports fell by 91.4% to RM0.89 billion, from RM10.31 billion in 2020. Among the major imported items were cruise ships, cargo ships, barges, light vessels, dredgers, floating docks and floating structures. These items were imported mostly from PRC, US, Brunei Darussalam, Japan and Singapore.

(Source: MITI Report 2021, Ministry of International Trade and Industry Malaysia)

The recovery in maritime transport and logistics is now at risk from the war in Ukraine, the continued grip of the pandemic, lingering supply-chain constraints, and China's cooling economy and zero-COVID policy, along with inflationary pressures and the cost-of-living squeeze. Ports remain congested but the logjam in logistics will dissolve with the rebalancing of demand and supply forces, as long as developing countries have sufficient vaccination and health measures to contain the pandemic. There are also increasing risks of industrial action in ports and hinterland transport. Faced with rising inflation and increased cost of living and the introduction of automation there is the potential for widespread unrest. Many of these risks interact in complex ways and across different timeframes and horizons.

Maritime trade is likely to lose steam. UNCTAD estimates that maritime trade growth to fall from 3.2 per cent in 2021 to 1.4 per cent in 2022 (table 1.10). Over the medium term, 2023–2027, seaborne trade is projected to grow 2.1 per cent per year, a rate below the historical average of 3.3 per cent.

For many years, containerized trade has been the fastest-growing maritime trade segment, but in 2022 is projected to expand at a tepid 1.2 per cent, and even this may be optimistic. Maritime trade is expected to be slowed by macroeconomic headwinds, and inflationary pressures that constrain consumer spending, and by pandemic-induced lockdowns and developments in China's economy. There could also be some normalizing of demand as consumer spending switches back more to services.

However, as a result of the war in Ukraine, trade is likely to increase in terms of ton-miles. The Russian Federation is seeking alternative markets, and European importers are considering alternative sources of supply. Thus, some substitution of supply is expected in the short-term, although some sectors have more scope for this than others.

(Source: Review of Maritime Transport 2022, UNCTAD)

The services sector rose by 9.2% in the first half of 2022, driven by the wholesale and retail trade; transportation and storage; food & beverages and accommodation; real estate and business services; as well as information and communication subsectors. The transportation and storage subsector surged by 30.7% in the first half of 2022, backed by the significant growth of all segments following a more vigorous highway, port and airport activities. The traffic volume of toll highways increased by 59.8% to 803.2 million vehicles in the first half of 2022, mainly due to the normalisation of interstate travel especially during festive seasons and school holidays amid the transition to endemicity. The growth of total cargo and container handled in ports was supported by strong external demand with total trade increased by 28.2% to RM1,354.9 billion.

The subsector's notable performance was also supported by a substantial increase of 597.4% to 21.2 million air passenger traffic at airports during the six-month period. In the second half of 2022, the subsector is expected to rebound by 24.8%, mainly attributed to the land transport segment following continuous increase in highway traffic volume as well as improve in ridership of rail transport. In addition, the water transport segment is projected to continue contributing to the subsector's growth primarily through high container and cargo shipment activities. The air transport segment is expected to record a strong growth in tandem with higher air passenger traffic amid gradual resumption of international flights. Overall, the subsector is projected to increase by 27.6% in 2022.

(Source: Economic Outlook 2023, Ministry of Finance)

4.4 Overview and outlook of the telecommunication network services industry in Malaysia

Over the last decade, Malaysia has seen extensive shifts in the telecommunications network services industry, mainly from wired to wireless platforms and from narrowband to broadband services. The COVID-19 pandemic has further accelerated digital transformation as people relied on mobile networks to stay connected and access essential services. Digital lifestyle increasingly become the norm continued to drive demand for connectivity.

The total broadband subscriptions grew at CAGR of 4.2% from 39.5 million in 2018 to 46.5 million in third quarter of 2022 ("**3Q 2022**"). The broadband penetration rate in Malaysia increased from 121.7% in 2018 to 142.1% in 3Q 2022. Mobile broadband is the dominant broadband used in Malaysia, contributing 91.2% of the broadband subscription in 3Q 2022. Mobile broadband subscriptions grew at a CAGR of 3.6% from 36.8 million in 2018 to 42.4 million in 3Q 2022. The increase in mobile broadband subscriptions was mainly due to a higher number of devices being connected through the fourth-generation long term evolution ("**4G LTE**") mobile network to enjoy faster connection speed as well as affordable devices and data packages that were made available.

Meanwhile, fixed broadband subscriptions have increased at a CAGR of 11.0% from 2.7 million in 2021 to 4.1 million in 3Q 2022. Fibre broadband subscriptions continued to grow as digital lifestyle increasingly become the norm to drive demand for high quality Internet connections with stable experiences that fibre offers. In addition, the implementation of Pelan Jalinan Digital Negara ("**JENDELA**") has improved the country's broadband infrastructure and related technologies. Fibre coverage has been strengthened and made widely available which prompted consumers to migrate to fibre.

The launch of MyDIGITAL blueprint in February 2021 paved way for commercial 5G availability in Malaysia. As one of the main building blocks of MyDIGITAL blueprint, the 5G deployment is implemented via Government owned special purpose vehicle, Digital Nasional Berhad ("**DNB**"), and in the of Single Wholesale Network ("**SWN**") to provide wholesale access to retail service provider, thereby ensuring earlier 5G deployment, avoid costly infrastructure duplication and maximising resource utilisation. As of 3Q 2022, 5G coverage in populated areas reached 33.2%.

The performance of the local telecommunications network services industry is positively correlated with the capital expenditure and other network services related operating expenses such as maintenance and repair work carried out by the telecommunication companies in Malaysia. A higher level of capital expenditure ("CapEx") and network services related operating expenses translates to a higher size for the local telecommunication network services industry. In 2021, the telecommunication network services industry was valued at RM5.48 billion, an increase of 4.8% from 2020 mainly due to an accelerated CapEx investments by telecommunication companies to expand telecommunication infrastructures that was needed to support rising demand post COVID-19. In 2022, the CapEx of the telecommunication network services industry is estimated at RM5.75 billion.

The telecommunication network services industry is projected to register a CAGR of 5.4% from RM5.75 billion in 2022 to RM7.52 billion in 2027. The implementation of strategic plans under JENDELA that aims to achieve complete 4G coverage in populated areas and to improve average mobile broadband speeds, as well as the establishment of DNB to support the commercial deployment of 5G networks is expected to spearhead the growth of the telecommunication network services industry. Steady demand for telecommunications network services such as maintenance and upgrading works, as well as broadband expansion programs in rural areas are expected in the near to medium term. Meanwhile, the rising in demand for LTE 4G services and the ongoing commercial roll-out of 5G network is expected to generate greater demand for various telecommunications network services as telecommunications carriers or operators spend to boost network coverage.

Going forward, the telecommunications network services industry in Malaysia is expected to continue benefiting from various factors driving demand for such services including the performance of the broadband market in Malaysia, inherent needs for capital expenditure by telecommunications carriers or operators to sustain or grow their businesses and increasing population and young demographic profile in Malaysia. In addition, the continued dependence of technology advancement such as IoT on telecommunication as well as development and improvement in the interconnection of telecommunications networks between countries.

(Source: IMR Report by Protégé)

4.5 Prospects of the Group

Notwithstanding the Proposed Diversification, the Group will continue to focus on its oil bunkering and shipping related activities, inland transportation services, port management and facility management services and ship-to-ship operation. Straits remains optimistic that the demand for the Telecommunication and Network Services Business will grow following the national 4G and 5G network solution roll-out, further supported by expectations that the global economy will continue to improve.

The Proposed Diversification, if approved by the shareholders of the Company, would allow the Group to undertake the Telecommunication and Network Services Business on a greater scale, whereby given the complementary nature of the Group and STS and its subsidiaries' ("**STS Group**") businesses, the Group may be able to derive operational synergies with STS Group and vice versa, including, amongst others, tapping into the oil and gas industry to provide telecommunication solutions for reliable and flexible communications throughout and around the platform, enhancing the usage of automation, surveillance, remote operations and big data analytics through the IoT to achieve better performance and productivity.

As highlighted in **Section 4.4** of this Circular, the telecommunication network services industry is projected to register a CAGR of 5.4% from RM5.75 billion in 2022 to RM7.52 billion in 2027, driven by the implementation of strategic plans that aims to achieve complete 4G coverage in populated areas and to improve average mobile broadband speeds, as well as the establishment of DNB to support the commercial deployment of 5G networks. Further, the rising demand for LTE 4G services and the ongoing commercial roll-out of 5G network is expected to generate greater demand for various telecommunications network services as telecommunications carriers or operators spend to boost network coverage.

Based on the positive outlook of the telecommunication network services industry and barring any unforeseen circumstances, the Board is optimistic of the outlook of the Telecommunication and Network Services Business and that the Proposed Diversification is expected to enhance the future financial performance of the Group moving forward.

Based on the Company's estimation, approximately RM6.00 million will be invested in the Telecommunication and Network Services Business over a period of 3 years to be funded via internally generated funds and/ or borrowings mainly for the implementation of an information technology infrastructure, purchase of specialised lab equipment, working capital, and research and development purposes. As at 31 December 2022, Straits Group has a total cash and bank balances of approximately RM54.73 million as well as fixed deposits with licensed banks of approximately RM5.43 million. The Board is of the opinion that, after taking into consideration the funds generated from its operations, existing cash and bank balances and the banking facilities available to the Group, Straits will have sufficient working capital for a period of 12 months.

Furthermore, the Group will continuously seek viable ventures in the Telecommunication and Network Services Business, which include, but are not limited to, strategic businesses/ investments, projects, joint ventures, collaborative arrangements, and/ or mergers and acquisitions of suitable businesses/ investments in the telecommunication and network services industry, subject to applicable compliance/ rules required under the Listing Requirements and other relevant acts or authorities applicable at material times.

(Source: Management of Straits)

5. RISK FACTORS

Pursuant to the Proposed Diversification, Straits Group will be exposed to risks inherent in the Telecommunication and Network Services Business and related activities which include, but not limited to, the following:-

5.1 Business diversification risk

Pursuant to the Proposed Diversification, the Group's business is now subject to risks inherent in the telecommunication and network services industry. These include but not limited to, adverse changes in supply and demand conditions, downturns in the global, regional and/ or national economies, cost of equipment, availability of technical expertise, availability of financing, emerging and future technological changes and the existence of other alternatives in the telecommunication and network services industry.

Notwithstanding that, the Board seeks to conduct periodic review on the performance of the Telecommunication and Network Services Business, and adopts prudent financial management and efficient operating procedures to limit the impact of the abovementioned risks. However, there can be no assurance that the Group may be able to successfully mitigate the various risks inherent in the telecommunication and network services industry, and if unable to do so, the business operation and financial performance of the Group may be adversely affected.

5.2 Dependency on key personnel

The success of the Proposed Diversification will depend to a significant extent upon the abilities, skills, experience, competency, and continued efforts of key management personnel. The loss of the key management personnel without suitable and timely replacement, or the inability of the Group to attract and retain other qualified personnel, could adversely affect the acquisition and consequently, its revenue and profitability.

Recognizing the importance to retain key management personnel, the Group will adopt appropriate approaches, including incentives, remuneration packages as well as provide a good working environment to promote productivity and loyalty. Suitable consultant(s), partner(s) and/ or third-party service provider(s) will be engaged in the areas necessary for the operation and/ or management of the telecommunication and network operations to manage the risk arising from dependency on key management personnel. Notwithstanding that, there is no assurance that the loss of any such key personnel will not adversely affect the Group's ability to succeed in the Proposed Diversification.

5.3 Political, economic and regulatory risk

Any adverse developments in the political, economic, regulatory, and social conditions in Malaysia, directly or indirectly, could materially and adversely affect the Telecommunication and Network Services Business. These risks include, amongst others, economic downturn and unfavourable changes in governmental policies such as method of taxation, currency exchange rules or introduction of net regulations, which are generally beyond the management's control and affect all the players in the industry.

In mitigating such risks, Straits will continue to monitor and review its business strategies in response to the changes in political, economic and regulatory conditions.

6. EFFECTS OF THE PROPOSED DIVERSIFICATION

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Diversification will not have any effect on the issued share capital and the substantial shareholders' shareholdings in the Company as there is no issuance of new Straits Shares involved.

6.2 NA and gearing level

Barring any unforeseen circumstances, the Proposed Diversification is not expected to have any immediate material effect on the NA and gearing level of Straits Group for the FYE 31 December 2023.

6.3 Earnings and EPS

The Proposed Diversification is not expected to have any immediate material effect on the earnings of Straits Group for the FYE 31 December 2023. Nevertheless, barring any unforeseen circumstances, the Telecommunication and Network Services Business may contribute positively to the earnings and EPS of the Group in the future financial years upon commencement.

7. APPROVALS REQUIRED

The Proposed Diversification is subject to the following approvals:-

- i. Shareholders of Straits at the Company's forthcoming EGM; and
- ii. Any other relevant authority, if required.

The Proposed Diversification is not conditional upon any other proposals undertaken or to be undertaken by the Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of Straits and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Diversification.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Diversification will take immediate effect upon obtaining the approval from the shareholders of the Company at the forthcoming EGM to be convened.

10. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

On 16 December 2022, the Board had announced that STS, a 75%-owned subsidiary of Straits had on even date entered into a share sale agreement with ViewQwest Sdn Bhd for the acquisition of 350,000 ordinary shares in Macro Lynx, representing 70% equity interest in Macro Lynx for a purchase consideration of RM700,000 to be fully satisfied via cash. The acquisition of Macro Lynx is expected to be completed by March 2023.

Save as disclosed above and the Proposed Diversification (being the subject matter in this Circular), the Board is not aware of any other outstanding proposals, which have been announced but not yet completed as at the LPD.

11. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after having considered all aspects of the Proposed Diversification including but not limited to the rationale and justifications, industry overview, outlook, prospect and risk factors of the Proposed Diversification, is of the opinion that the Proposed Diversification is in the best interest of the Company.

Accordingly, the Board recommends that you **VOTE IN FAVOUR** of the resolution pertaining to the Proposed Diversification to be tabled at the forthcoming EGM.

12. EGM

The EGM, the notice of which is enclosed in this Circular, 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 Monday, 27 March 2023 at 10.00 a.m., or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposed Diversification.

If you are unable to attend, participate, speak and vote remotely at the EGM via the RPV facilities provided, you are entitled to appoint a proxy or proxies to attend, participate, speak and vote on your behalf. As such, you are requested to complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein, at the Share Registrar office 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 alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or 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 not less than 48 hours before the time holding the EGM or at any adjournment thereof.

Please refer to the procedures as set out in the Administrative Guide to Shareholders for the electronic lodgement of Proxy Form. The lodging of the Proxy Form shall not preclude you from attending, participating, speaking and voting at the EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

Shareholders are advised to refer to the appendix set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board
STRAITS ENERGY RESOURCES BERHAD

DATO' SRI HO KAM CHOY
Group Managing Director

APPENDIX I – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein 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. CONSENT

UOBKH, being the Adviser for the Proposed Diversification, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Protégé, being the Independent Market Researcher for the Proposed Diversification, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

UOBKH and Protégé have given their written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to their respective role as the Adviser and Independent Market Researcher to Straits for the Proposed Diversification.

4. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the Group's financial results/ position:-

Material commitments of the Group as at LPD	RM'000
In respect of capital expenditure:-	
Approved and contracted for	6,212
Approved and not contracted for	1,751

5. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by Straits Group which, upon becoming enforceable, may have a material impact on the financial results/ position of Straits Group.

APPENDIX I – FURTHER INFORMATION (CONT'D)

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at No: 149A, 149B, 151B, Persiaran Raja Muda Musa, 42000 Port Klang, Selangor during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- i. the Constitution of Straits;
- ii. the audited consolidated financial statements of Straits for the past 2 financial years up to the FYE 31 December 2021 and unaudited consolidated financial statements of Straits for the 12-month FYE 31 December 2022;
- iii. the letter of consent and declaration of conflict of interest referred to in **Sections 2 and 3** hereinabove, respectively; and
- iv. the Independent Market Researcher's report prepared by Protégé.



STRAITS ENERGY RESOURCES BERHAD

Registration No. 199601040053 (412406-T)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Straits Energy Resources Berhad ("**Straits**" or 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 ("**Tricor**") in Malaysia via Remote Participation and Electronic Voting ("**RPV**") facilities at <https://tiih.online> on Monday, 27 March 2023 at 10.00 a.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:-

ORDINARY RESOLUTION

PROPOSED DIVERSIFICATION OF THE EXISTING PRINCIPAL ACTIVITIES OF STRAITS AND ITS SUBSIDIARIES TO INCLUDE TELECOMMUNICATION AND NETWORK SERVICES ("PROPOSED DIVERSIFICATION**")**

"**THAT** subject to the approvals of all relevant authorities and/ or parties being obtained, approval be and is hereby given to the Company and its subsidiaries to diversify its existing principal activities to include telecommunication and network services as described in the Circular to shareholders dated 7 March 2023.

AND THAT the Board of Directors of Straits be and is hereby authorised to sign and execute all documents, do all acts, deeds and things as may be required to give effect to the Proposed Diversification with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things in any manner as it may deem fit or necessary or expedient to implement, finalise and give full effect to the Proposed Diversification."

By Order of the Board,

WAN HASLINDA BINTI WAN YUSOFF (MAICSA 7055478)
(SSM PC NO. 202008002798)

SANGAR NALLAPPAN (MACS 01413)
(SSM PC NO. 202008002985)
Company Secretaries

Port Klang
7 March 2023

Notes:-

- 1) *Only depositors whose names appear in the **Record of Depositors as at 17 March 2023** shall be regarded as members and be entitled to attend, participate, speak and vote at the EGM.*
- 2) *A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.*
- 3) *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

- 4) *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.*
- 5) *Any alterations in the Proxy Form must be initialed by the member.*
- 6) *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.*
- 7) *Pursuant to Rule 8.31A (1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of EGM will be put to vote by poll. For this purpose, the Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as poll administrator to conduct the poll voting electronically and Asia Securities Sdn Bhd as the scrutineers to verify the poll results.*
- 8) *A Shareholder who has appointed a proxy or attorney or authorised representative to attend, participate and vote at this EGM via RPV facilities must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.*

Please follow the Procedures for RPV in the Administrative Guide to Shareholders.

- 9) *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Share Registrar office, 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 alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur OR 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 **not less than 48 hours before the time holding the EGM** or at any adjournment thereof.*

Please refer to the procedures as set out in the Administrative Guide for the electronic lodgement of Proxy Form.

10) **Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the EGM and/or any adjournment thereof, a member of the Company:-

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

STRAITS ENERGY RESOURCES BERHAD

Registration No.: 199601040053 (412406-T)

CDS Account No.

No of Shares Held

PROXY FORM*I/We, _____
(FULL NAME OF SHAREHOLDER AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

*NRIC/Passport No/Company No. _____ of _____

(FULL ADDRESS)

being a member of STRAITS ENERGY RESOURCES BERHAD hereby appoint:

FIRST PROXY

Full Name of Proxy in capital letters		Proportion of Shareholdings	
		No. of Shares	%
NRIC No/ Passport No			

and

SECOND PROXY

Full Name of Proxy in capital letters		Proportion of Shareholdings	
		No. of Shares	%
NRIC No/ Passport No			

or failing him/her, the Chairman of the meeting as *my/our proxy/proxies on my/our behalf in the EGM of the Company which will be held on a fully virtual basis through live streaming and online meeting platform at TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia via Remote Participation and Electronic Voting ("RPV") facilities at <https://tiah.online> on **Monday, 27 March 2023 at 10.00 a.m.** or at any adjournment thereof on the following resolution referred to in the Notice of EGM.

*My/our proxy is to vote as indicated below:-

ORDINARY RESOLUTION	FOR	AGAINST
Proposed Diversification		

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

Dated this day of 2023.

Signature/ common seal of shareholder

* Delete if not applicable



Notes:-

- 1) Only depositors whose names appear in the **Record of Depositors as at 17 March 2023** shall be regarded as members and be entitled to attend, participate, speak and vote at the EGM.
- 2) A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
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- 5) Any alterations in the Proxy Form must be initialed by the member.
- 6) The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised.
- 7) Pursuant to Rule 8.31A (1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of EGM will be put to vote by poll. For this purpose, the Company has appointed Tricor as poll administrator to conduct the poll voting electronically and Asia Securities Sdn Bhd as the scrutineers to verify the poll results.
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- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**");
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

STRAITS ENERGY RESOURCES BERHAD
C/O SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd,
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South,
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