

**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 Principal Adviser to Straits Energy Resources Berhad for the Proposed Listing of Subsidiary (as defined herein).

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This Circular does not constitute an offer, invitation to purchase or subscribe for or solicitation of any securities in Malaysia or any jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever. This Circular must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended. Neither Straits Energy Resources Berhad nor TMD Energy Limited nor any of its affiliates, advisers or underwriters is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this Circular.



**STRAITS ENERGY RESOURCES BERHAD**

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

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-**

**PROPOSED LISTING OF TMD ENERGY LIMITED ("TMDL"), A 76.68%-OWNED SUBSIDIARY OF STRAITS ENERGY RESOURCES BERHAD ("STRAITS" OR THE "COMPANY") ON THE NEW YORK STOCK EXCHANGE AMERICAN ("NYSE AMERICAN") ("PROPOSED LISTING OF SUBSIDIARY")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Principal Adviser*

**UOBKayHian**

**UOB KAY HIAN SECURITIES (M) SDN BHD**

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

The resolution in respect of the above Proposed Listing of Subsidiary will be tabled at the Extraordinary General Meeting ("**EGM**") of the 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 Wednesday, 27 November 2024 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 so as to give effect to the Proposed Listing of Subsidiary. The Notice of EGM together with the Proxy Form are enclosed in this Circular.

A member entitled to attend, participate and vote remotely at the EGM via the RPV facilities provided, is entitled to appoint a proxy or proxies to attend, participate 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, Malaysia 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, Malaysia or you have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> 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.

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

Last date and time for lodging the Proxy Form : Monday, 25 November 2024 at 10.00 a.m.

Date and time of the EGM : Wednesday, 27 November 2024 at 10.00 a.m.

This Circular is dated 12 November 2024

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## DEFINITIONS

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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))
"Cavalla Asia"	: Cavalla Asia Ltd (Registration No.: LL14797), a Labuan incorporated direct wholly-owned subsidiary of SMF
"Circular"	: This circular dated 12 November 2024 in relation to the Proposed Listing of Subsidiary
"Dato' Suhaimi"	: Dato' Mohd Suhaimi bin Hashim
"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
"Dolphin Asia"	: Dolphin Asia Ltd (Registration No.: LL14796), a Labuan incorporated direct wholly-owned subsidiary of SMF
"EGM"	: Extraordinary general meeting of Straits
"EPS"	: Earnings per share
"Escolar Asia"	: Escolar Asia Ltd (Registration No.: LL14794), a Labuan incorporated direct wholly-owned subsidiary of SMF
"ET"	: Eastern time
"FPE"	: Financial period ended/ ending
"FYE"	: Financial year ended/ ending
"Internal Reorganisation"	: Series of reorganisation exercises undertaken by Straits, details of which are set out in <b>Section 2.1</b> of this Circular
"IPO"	: Initial public offering
"IPO Price"	: Indicative issue price ranging between USD3.25 – USD3.75 per Issue Share pursuant to the IPO
"Issue Share(s)"	: New TMDEL Shares to be issued at the IPO Price pursuant to the IPO
"Listing Requirements"	: ACE Market Listing Requirements of Bursa Securities
"LPD"	: 23 October 2024, being the latest practicable date prior to the printing and despatch of this Circular
"M.T."	: Motor tanker
"Mr. Goo"	: Goo Yong Sing
"NA"	: Net assets attributable to the owners of the Company

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## DEFINITIONS (CONT'D)

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"NASDAQ"	:	National Association of Securities Dealers Automated Quotations
"NYSE American"	:	New York Stock Exchange American
"Oscar Asia"	:	Oscar Asia Ltd (Registration No.: LL14793), a Labuan incorporated direct wholly-owned subsidiary of SMF
"Over-Allotment Option"	:	An option which is exercisable within 45 days after the closing date of the IPO to be granted by TMDEL to the Underwriter to purchase up to an additional 15.00% of the total number of Issue Shares offered pursuant to the IPO, details of which are set out in <b>Section 2.2.2</b> of this Circular
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"Phoenix Asia"	:	Phoenix Asia Ltd (Registration No.: LL14795), a Labuan incorporated direct wholly-owned subsidiary of SMF
"Platinum Gate"	:	Platinum Gate Capital Pte Ltd (Singapore Registration No.: 201909377M)
"Proposed Listing of Subsidiary"	of	Proposed listing of TMDEL on the NYSE American
"Prospectus"	:	The Form F-1 Registration Statement under the Securities Act of 1933, USA to be issued by TMDEL for the purpose of the IPO
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"S3 Asia"	:	S3 Asia Ltd (Registration No.: LL14792), a Labuan incorporated direct wholly-owned subsidiary of SMF
"SEC"	:	Securities and Exchange Commission of the USA
"SGD"	:	Singapore Dollar
"SMF"	:	Straits Marine Fuels & Energy Sdn Bhd (Registration No.: 201801043557 (1305589-T)), a Malaysian incorporated direct wholly-owned subsidiary of TMDEL
"SMF Share(s)"	:	Ordinary share(s) in SMF
"SMS"	:	Straits Marine Services Pte Ltd (Singapore Registration No.: 201913019N), a Singapore incorporated direct wholly-owned subsidiary of SMF
"SMS Share(s)"	:	Ordinary share(s) in SMS
"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

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## DEFINITIONS (CONT'D)

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"STS"	:	Ship-to-ship
"TMD"	:	Tumpuan Megah Development Sdn Bhd (Registration No.: 200701040866 (798898-A)), a direct wholly-owned subsidiary of SMF
"TMD Share(s)"	:	Ordinary share(s) in TMD
"TMD Straits"	:	TMD Straits Ltd (Registration No. : LL13306), a Labuan incorporated direct wholly-owned subsidiary of SMF
"TMD Sturgeon"	:	TMD Sturgeon Ltd (Registration No. : LL13307), a Labuan incorporated direct wholly-owned subsidiary of SMF
"TMDEL"	:	TMD Energy Limited (Registration No.: 404183), a Cayman Islands incorporated company which is a direct 76.68%-owned subsidiary of Straits as at the LPD
"TMDEL Group"	:	TMDEL and its subsidiaries, collectively
"TMDEL Share(s)"	:	Ordinary share(s) in TMDEL
"UOBKH" or the "Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
"Underwriter"	:	Maxim Group LLC
"USA"	:	United States of America
"USD"	:	United States Dollar

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.

For the purpose of the Internal Reorganisation, all the parties had mutually agreed to apply the exchange rate of USD 1.00: RM4.6611.

Additionally, unless otherwise stated, the exchange rate of USD 1.00: RM 4.3500, being Bank Negara Malaysia's prevailing middle rate as at 5.00 pm on the LPD, has been applied in this Circular for illustration purpose.

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**TABLE OF CONTENTS**

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	<b>PAGE</b>
<b>EXECUTIVE SUMMARY</b>	v
<b>CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED LISTING OF SUBSIDIARY CONTAINING:-</b>	
1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED LISTING OF SUBSIDIARY	2
3. RATIONALE AND BENEFITS FOR THE PROPOSED LISTING OF SUBSIDIARY	15
4. RISK FACTORS	15
5. EFFECTS OF THE PROPOSED LISTING OF SUBSIDIARY	16
6. APPROVALS REQUIRED	19
7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM	20
8. DIRECTORS' STATEMENT AND RECOMMENDATION	20
9. ESTIMATED TIMEFRAME FOR COMPLETION	20
10. PROPOSALS ANNOUNCED BUT PENDING COMPLETION	21
11. EGM	21
12. FURTHER INFORMATION	21
<b>APPENDICES</b>	
I. INFORMATION ON TMDEL	22
II. FURTHER INFORMATION	61
<b>NOTICE OF EGM</b>	<b>ENCLOSED</b>
<b>ADMINISTRATIVE GUIDE TO SHAREHOLDERS</b>	<b>ENCLOSED</b>
<b>PROXY FORM</b>	<b>ENCLOSED</b>

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## EXECUTIVE SUMMARY

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*This Executive Summary highlights only the salient information of the Proposed Listing of Subsidiary. 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 Listing of Subsidiary before voting at the EGM.*

<b>Key information</b>	<b>Description</b>	<b>Reference to Circular</b>
<b>Details of the Proposed Listing of Subsidiary</b>	<p>The Proposed Listing of Subsidiary entails the listing and quotation of TMDEL Shares on the NYSE American by way of an IPO.</p> <p>The IPO entails the issuance of at least 3,100,000 Issue Shares representing approximately 13.42% of the enlarged issued share capital of TMDEL after the IPO (under the Minimum Scenario) and up to 3,565,000 Issue Shares representing not more than 15.13% of the enlarged issued share capital of TMDEL after the IPO (under the Maximum Scenario) on the NYSE American.</p> <p>The effects of the IPO shall be illustrated based on the following 2 scenarios:-</p> <p><b>Minimum Scenario</b> : Assuming the issuance of 3,100,000 Issue Shares at the issue price of USD3.25 per Issue Share, representing 13.42% of the enlarged issued share capital of TMDEL pursuant to the IPO, and assuming the Over-Allotment Option was not exercised by the Underwriter.</p> <p><b>Maximum Scenario</b> : Assuming the issuance of 3,565,000 Issue Shares at the issue price of USD3.75 per Issue Share, representing 15.13% of the enlarged issued share capital of TMDEL after the IPO in the following manner:-</p> <p>(a) Issuance of 3,100,000 Issue Shares under the IPO; and</p> <p>(b) Assuming the full exercise of the Over-Allotment Option comprising 465,000 Issue Shares by the Underwriter.</p>	Section 2
<b>Rationale and benefits</b>	<p>The rationale and benefits of the Proposed Listing of Subsidiary to Straits Group are as follows:-</p> <p>(i) to enable the management of Straits Group to efficiently allocate its resources to accelerate the expansion and growth of the oil bunkering and shipping related services business; and</p> <p>(ii) to enable Straits to unlock the value of its investment in its oil bunkering and shipping related services business through the share offering exercise under the IPO, thus enhancing the value for shareholders.</p> <p>The rationale and benefits of the IPO to TMDEL are as follows:</p> <p>(i) to provide TMDEL Group's business with direct access to a new fund-raising platform which would increase the financial flexibility for TMDEL Group's oil bunkering and shipping related services business to pursue its expansion and growth opportunities;</p> <p>(ii) to allow TMDEL Group's oil bunkering and shipping related services business to gain recognition from its own separate listing status thus enhancing its corporate reputation, business profile and visibility which in turn may allow it to achieve greater market penetration and wider customer base;</p>	Section 3

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**EXECUTIVE SUMMARY (CONT'D)**

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<b>Key information</b>	<b>Description</b>	<b>Reference to Circular</b>
	<p>(iii) to widen the investor base of the TMDEL Group's oil bunkering and shipping related services business through the participation of the global investing community; and</p> <p>(iv) unlock shareholders' value in the oil bunkering and shipping related services.</p>	
<b>Risk factors</b>	<p>Pursuant to the Proposed Listing of Subsidiary, Straits Group will be exposed to the following risks which include but not limited to, the following:-</p> <p>(i) Non-completion of Proposed Listing of Subsidiary; and</p> <p>(ii) No prior market for TMDEL Shares and possible volatility on the trading price of TMDEL Shares.</p>	Section 4
<b>Approvals required</b>	<p>The Proposed Listing of Subsidiary and/ or IPO are subject to and conditional upon the following approvals being obtained:-</p> <p>(i) the shareholders of Straits for the Proposed Listing of Subsidiary, at an EGM of the Company to be convened. The highest percentage ratio applicable to the Proposed Listing of Subsidiary pursuant to Rule 10.02(g) of the Listing Requirements is 14.23% calculated based on the net profit of TMDEL Group against the net profit of Straits Group based on the audited financial statements as at 31 December 2023;</p> <p>(ii) the SEC for the Registration Statement on Form F-1 (Prospectus);</p> <p>(iii) NYSE American for the IPO, the Conditional Clearance of which has been obtained vide NYSE American's letter dated 1 October 2024 to file an original listing application to list on the NYSE American subject to (but not limited to) the conditions further set out in <b>Section 6</b> of this Circular; and</p> <p>(iv) any other relevant authority or party, if required.</p>	Section 6



**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

12 November 2024

**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, a Non-Independent Non-Executive Director*)

**To: The shareholders of Straits**

Dear Sir/ Madam,

**PROPOSED LISTING OF SUBSIDIARY**

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**1. INTRODUCTION**

On 2 October 2023, Straits announced its intention to spin-off its oil bunkering and shipping related services on the NASDAQ stock exchange by way of a registered IPO. Pursuant to further deliberation by the Board, the Company had opined that instead of seeking the listing on the NASDAQ stock exchange, the Company will seek the Proposed Listing of Subsidiary on the NYSE American (which is subject to the relevant approvals from the SEC and NYSE American).

Accordingly, on 12 August 2024, UOBKH had, on behalf of the Board, announced that the Company now proposes to undertake the Proposed Listing of Subsidiary. Therefore, pursuant to Rule 8.26 of the Listing Requirements, the approval by shareholders in the EGM is required for the Proposed Listing of Subsidiary.

On 11 June 2024 (ET), TMDEL had filed its confidential filing via the submission of its draft Form F-1 Registration Statement (including its draft prospectus) in relation to the Proposed Listing of Subsidiary (i.e., the Form F-1 Registration Statement is required to be filed by foreign private issuer intending to be listed on a USA stock exchange) to the SEC. The approval of the SEC for the draft prospectus is expected to be received by the first quarter of 2025.

For shareholders' information, the submission for eligibility review to NYSE American was submitted on 26 June 2024. Subsequently, on 4 October 2024, the Board had announced that NYSE Regulation, Inc. on behalf of the NYSE American, via its letter dated 1 October 2024 ("**Conditional Clearance**"), resolved to clear TMDEL to file an original listing application to list on the NYSE American. The Conditional Clearance for the Proposed Listing of Subsidiary will be subject to certain conditions that are further set out in **Section 6** of this Circular. TMDEL is expected to file the original listing application to the NYSE American by the fourth quarter of 2024 and receive approval by the first quarter of 2025.



Details of the Proposed Listing of Subsidiary 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 LISTING OF SUBSIDIARY AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED LISTING OF SUBSIDIARY TO BE TABLED AT THE FORTHCOMING 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 APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED LISTING OF SUBSIDIARY TO BE TABLED AT THE FORTHCOMING EGM.**

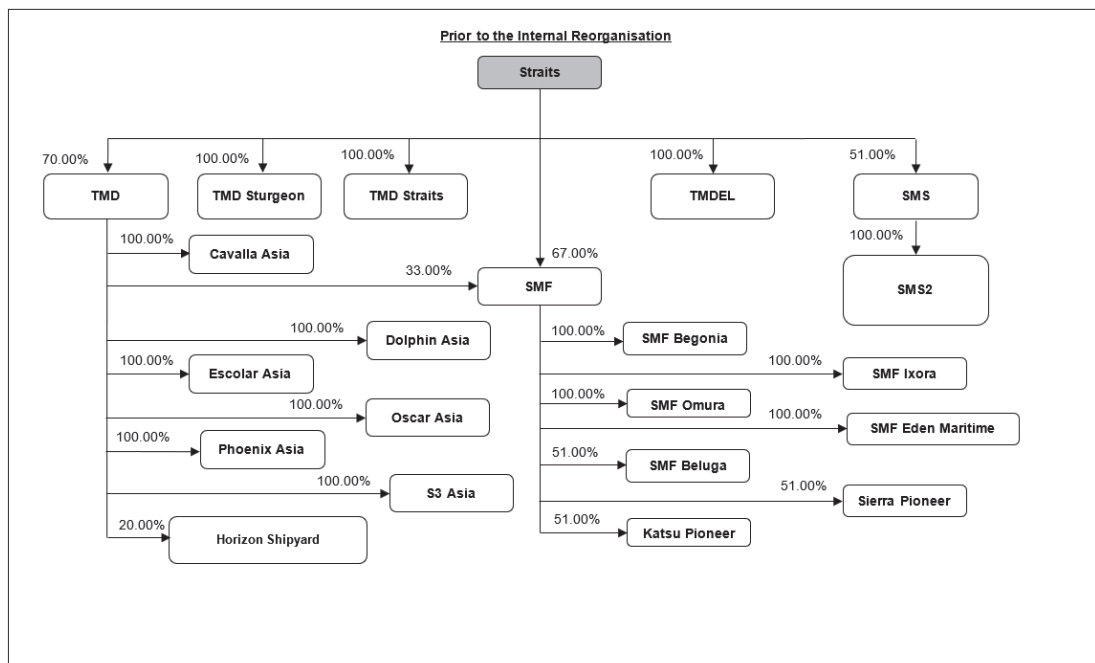
**THIS CIRCULAR DOES NOT CONSTITUTE AN OFFER, INVITATION TO PURCHASE OR SUBSCRIBE FOR OR SOLICITATION OF ANY SECURITIES IN MALAYSIA OR ANY JURISDICTION NOR SHOULD IT OR ANY PART OF IT FORM THE BASIS OF, OR BE RELIED UPON IN CONNECTION WITH, ANY CONTRACT OR COMMITMENT WHATSOEVER. THIS CIRCULAR MUST NOT BE REGARDED AS AN INDUCEMENT TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES, AND NO SUCH INDUCEMENT IS INTENDED. NEITHER OUR COMPANY NOR TMDL NOR ANY OF ITS AFFILIATES, ADVISERS OR UNDERWRITER IS OFFERING, OR IS SOLICITING OFFERS TO BUY, ANY SECURITIES IN ANY JURISDICTION THROUGH THE PUBLICATION OF THIS CIRCULAR.**

## 2. DETAILS OF THE PROPOSED LISTING OF SUBSIDIARY

### 2.1 Internal Reorganisation

Prior to the filing of the draft Form F-1 Registration Statement with the SEC on 11 June 2024 (ET), the Company had undertaken the Internal Reorganisation.

Prior to the Internal Reorganisation, TMDL was a direct wholly-owned subsidiary of Straits with no subsidiary and associate company. The structure of Straits Group prior to the Internal Reorganisation is depicted in the following diagrams:-



Further details on the name of each subsidiary are set out in **Section 2.5** of this Circular.

The Internal Reorganisation was then undertaken in a sequence as follows:-

- (i) On 30 November 2023, UOBKH had on behalf of the Board announced that Straits had, on even date entered into a conditional share sale and purchase agreement with TMD ("**SMF Acquisition SSA**") for the proposed acquisition of 330,000 SMF Shares, representing the remaining 33% of the equity interest in SMF for a purchase consideration of RM3,663,619 to be satisfied entirely via cash ("**SMF Acquisition**"). For avoidance of doubt, the SMF Acquisition had been completed on 1 December 2023 and SMF had become a wholly-owned subsidiary of Straits;
- (ii) On 13 December 2023, UOBKH had on behalf of the Board announced that Straits had, on even date, entered into a share sale and purchase agreement with TMDEL for the proposed transfer of 1,000,000 SMF Shares, representing 100% of the equity interest in SMF from Straits to TMDEL for a purchase consideration of RM11,101,874 (equivalent to USD2,381,814) ("**TMDEL Restructuring SSA**"). The TMDEL Restructuring SSA had been completed on 14 December 2023. On 29 April 2024, UOBKH had subsequently, on behalf of the Board, announced that, pursuant to the supplemental letter to the TMDEL Restructuring SSA dated 29 April 2024, the purchase consideration of RM11,101,874 will be satisfied via the issuance of 3,968,556 new TMDEL Shares. On 31 May 2024, 3,968,556 new TMDEL Shares were allotted and issued pursuant to the TMDEL Restructuring SSA (including the supplemental letter);
- (iii) On 28 December 2023, UOBKH had on behalf of the Board announced the following:
  - (a) SMF had, on even date entered into a conditional share sale and purchase agreement with Straits and TMDEL for the proposed transfer by Straits to SMF of 10 ordinary shares in TMD Straits, representing 100% of the equity interest in TMD Straits for a purchase consideration of RM2,489,812 (equivalent to USD534,168) ("**TMD Straits Restructuring SSA**"). The TMD Straits Restructuring SSA had been completed on 10 January 2024. On 29 April 2024, UOBKH had subsequently, on behalf of the Board, announced that, pursuant to the supplemental letter to the TMD Straits Restructuring SSA dated 29 April 2024, the purchase consideration of RM2,489,812 will be satisfied via the issuance of 890,026 new TMDEL Shares. On 31 May 2024, 890,026 new TMDEL Shares were allotted and issued pursuant to the TMD Straits Restructuring SSA (including the supplemental letter);
  - (b) SMF had, on even date entered into a conditional share sale and purchase agreement with Straits and TMDEL for the proposed transfer by Straits to SMF of 10 ordinary shares in TMD Sturgeon, representing 100% of the equity interest in TMD Sturgeon for a purchase consideration of RM3,168,423 (equivalent to USD679,759) ("**TMD Sturgeon Restructuring SSA**"). The TMD Sturgeon Restructuring SSA had been completed on 10 January 2024. On 29 April 2024, UOBKH had subsequently, on behalf of the Board, announced that, pursuant to the supplemental letter to the TMD Sturgeon Restructuring SSA dated 29 April 2024, the purchase consideration of RM3,168,423 will be satisfied via the issuance of 1,132,607 new TMDEL Shares. On 31 May 2024, 1,132,607 new TMDEL Shares were allotted and issued pursuant to the TMD Sturgeon Restructuring SSA (including the supplemental letter);
  - (c) SMF had, on even date entered into a conditional share sale and purchase agreement with Straits and TMDEL for the proposed transfer by Straits to SMF of 51,000 SMS Shares, representing 51% of the equity interest in SMS for a purchase consideration of RM3,460,612 (equivalent to USD742,445) ("**SMS Restructuring SSA**"). The SMS Restructuring SSA had been completed on 24 January 2024. On 29 April 2024, UOBKH had subsequently, on behalf of the Board, announced that, pursuant to the supplemental letter to the SMS Restructuring SSA dated 29 April 2024, the purchase consideration of RM3,460,612 will be satisfied via the issuance of 1,237,055 new TMDEL Shares. On 31 May 2024, 1,237,055 new TMDEL Shares were allotted and issued pursuant to the SMS Restructuring SSA (including the supplemental letter); and

- (d) SMF had, on even date entered into a conditional share sale agreement with Straits and TMDEL for the proposed transfer by Straits to SMF of 10,500,000 TMD Shares, representing 70% of the equity interest in TMD for a purchase consideration of RM22,682,307 (equivalent to USD4,866,299) ("**TMD Restructuring SSA**"). The TMD Restructuring SSA had been completed on 24 January 2024. On 29 April 2024, UOBKH had subsequently, on behalf of the Board, announced that, pursuant to the supplemental letter to the TMD Restructuring SSA dated 29 April 2024, the purchase consideration of RM22,682,307 will be satisfied via the issuance of 8,108,179 new TMDEL Shares. On 31 May 2024, 8,108,179 new TMDEL Shares were allotted and issued pursuant to the TMD Restructuring SSA (including the supplemental letter).

The Internal Reorganisation undertaken of item (ii) and item (iii) were entered into between Straits (being the ultimate holding company), SMF and TMDEL (both being subsidiaries of Straits) and as such, the Internal Reorganisation above were exempted from the requirements under Parts D and E of Chapter 10 of the Listing Requirements.

- (iv) On 7 February 2024, UOBKH had on behalf of the Board announced the following:-
- (a) SMF and TMDEL had, on even date entered into a conditional shares sale and purchase agreement with Dato' Suhaimi and Mr. Goo for the proposed acquisition by SMF of 4,500,000 TMD Shares ("**TMD SSA**"), representing the remaining 30% of the equity interest in TMD for a purchase consideration of RM9,720,989 (equivalent to USD2,085,557) ("**TMD Acquisition**"). On 29 April 2024, UOBKH had subsequently, on behalf of the Board, announced that, pursuant to the supplemental letter to the TMD SSA dated 29 April 2024, the purchase consideration of RM9,720,989 will be satisfied via the issuance of 3,474,934 new TMDEL Shares. On 31 May 2024, 3,474,934 new TMDEL Shares were allotted and issued pursuant to the TMD SSA (including the supplemental letter); and
- (b) SMF and TMDEL had, on even date entered into a conditional shares sale and purchase agreement with Platinum Gate for the proposed acquisition by SMF of 49,000 SMS Shares ("**SMS SSA**"), representing the remaining 49% of the equity interest in SMS for a purchase consideration of RM3,324,902 (equivalent to USD713,330) ("**SMS Acquisition**"). On 29 April 2024, UOBKH had subsequently, on behalf of the Board, announced that, pursuant to the supplemental letter to the SMS SSA dated 29 April 2024, the purchase consideration of RM3,324,902 will be satisfied via the issuance of 1,188,543 new TMDEL Shares. On 31 May 2024, 1,188,543 new TMDEL Shares were allotted and issued pursuant to the SMS SSA (including the supplemental letter).

For avoidance of doubt, the Company had obtained the approval of its shareholders for the TMD Acquisition and SMS Acquisition at the Company's extraordinary general meeting on 30 May 2024. The TMD Acquisition and SMS Acquisition were completed on 31 May 2024. Further details on the TMD Acquisition and SMS Acquisition was disclosed in the circular to shareholders dated 15 May 2024.

(TMDEL Restructuring SSA, TMD Straits Restructuring SSA, TMD Sturgeon Restructuring SSA, SMS Restructuring SSA, TMD Restructuring SSA, TMD SSA and SMS SSA together with all the supplemental letters are collectively referred to as the "**Internal Restructuring SSAs**")

Subsequently, on 11 June 2024, in relation to the Internal Reorganisation, the Board had announced the following:-

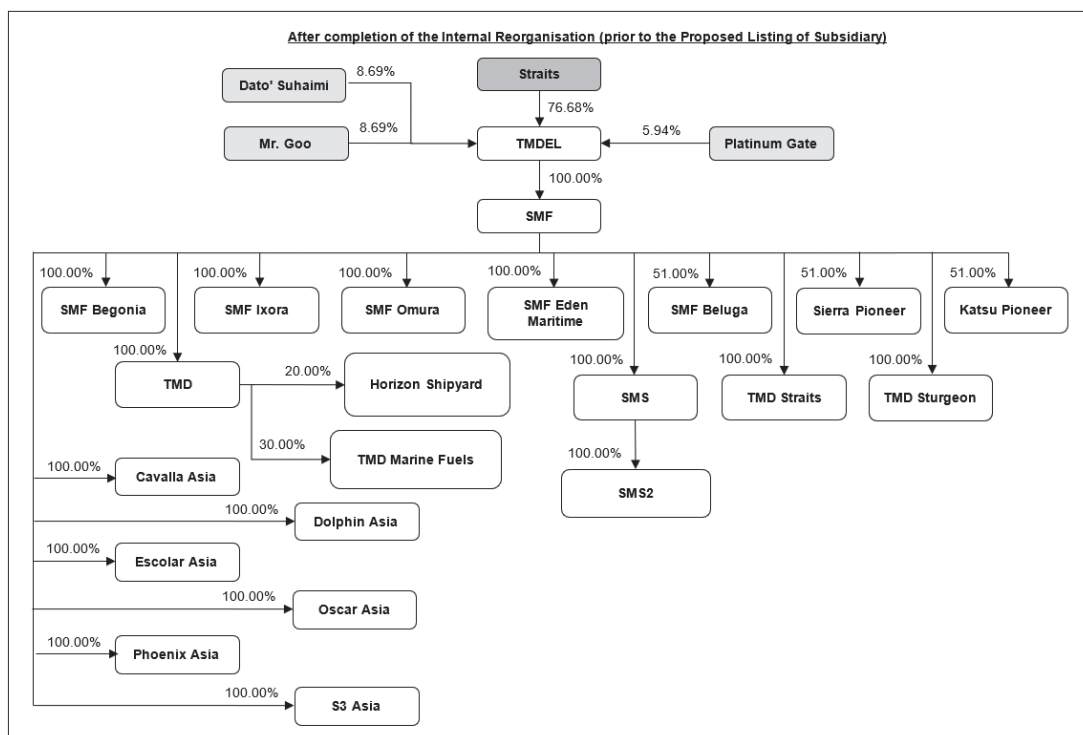
- (i) SMF, an indirect subsidiary of Straits had, on even date entered into a conditional shares sale and purchase agreement with TMD for the proposed transfer of 100 ordinary shares in S3 Asia, representing 100% of the equity interest in S3 Asia from TMD to SMF for a purchase consideration of RM6,611,601 (equivalent to USD1,418,464) to be satisfied entirely via cash ("**S3 Asia Restructuring SSA**");
- (ii) SMF had, on even date entered into a conditional shares sale and purchase agreement with TMD for the proposed transfer of 100 ordinary shares in Cavalla Asia, representing 100% of the equity interest in Cavalla Asia from TMD to SMF for a purchase consideration of RM3,593,727 (equivalent to USD771,004) to be satisfied entirely via cash ("**Cavalla Asia Restructuring SSA**");
- (iii) SMF had, on even date entered into a conditional shares sale and purchase agreement with TMD for the proposed transfer of 100 ordinary shares in Dolphin Asia, representing 100% of the equity interest in Dolphin Asia from TMD to SMF for a purchase consideration of RM5,467,542 (equivalent to USD1,173,015) to be satisfied entirely via cash ("**Dolphin Asia Restructuring SSA**");
- (iv) SMF had, on even date entered into a conditional shares sale and purchase agreement with TMD for the proposed transfer of 100 ordinary shares in Escolar Asia, representing 100% of the equity interest in Escolar Asia from TMD to SMF for a purchase consideration of RM414 (equivalent to USD89) to be satisfied entirely via cash ("**Escolar Asia Restructuring SSA**");
- (v) SMF had, on even date entered into a conditional shares sale and purchase agreement with TMD for the proposed transfer of 100 ordinary shares in Oscar Asia, representing 100% of the equity interest in Oscar Asia from TMD to SMF for a purchase consideration of RM6,000,414 (equivalent to USD1,287,339) to be satisfied entirely via cash ("**Oscar Asia Restructuring SSA**"); and
- (vi) SMF had, on even date entered into a conditional shares sale and purchase agreement with TMD for the proposed transfer of 100 ordinary shares in Phoenix Asia, representing 100% of the equity interest in Phoenix Asia from TMD to SMF for a purchase consideration of RM4,496,830 (equivalent to USD964,757) to be satisfied entirely via cash ("**Phoenix Asia Restructuring SSA**").

The S3 Asia Restructuring SSA, Cavalla Asia Restructuring SSA, Dolphin Asia Restructuring SSA, Escolar Asia Restructuring SSA, Oscar Asia Restructuring SSA and Phoenix Asia Restructuring SSA are collectively referred to as the "**SMF Restructuring SSAs**". The SMF Restructuring SSAs were completed on 1 July 2024.

For avoidance of doubt, the SMF Restructuring SSAs involves the transfer of shares from TMD to SMF, both of which are wholly-owned subsidiaries of TMD (a 76.68%-owned subsidiary of Straits). As such, the Company's effective shareholdings in S3 Asia, Cavalla Asia, Dolphin Asia, Escolar Asia, Oscar Asia and Phoenix Asia remained unchanged pursuant to the SMF Restructuring SSAs.

In view of the above, the SMF Restructuring SSAs were deemed as an internal reorganisation and exempted from the requirements under Parts D and E of Chapter 10 of the Listing Requirements.

The structure of TMDEL Group after completion of the Internal Reorganisation is depicted in the following diagram:-



For shareholders' information, TMDEL is principally an investment holding company and has no direct business or subsidiary other than those owned via SMF, please refer to **Section 2.5** of this Circular for further details of the principal activities of each subsidiary of TMDEL Group.

## 2.2 Details of the IPO

The IPO entails the issuance of at least 3,100,000 Issue Shares representing approximately 13.42% of the enlarged issued share capital of TMDEL after the IPO (under the Minimum Scenario) and up to 3,565,000 Issue Shares representing not more than 15.13% of the enlarged issued share capital of TMDEL after the IPO (under the Maximum Scenario) on the NYSE American to third party investors (i.e. public participants).

The effects of the IPO shall be illustrated based on the following 2 scenarios:-

**Minimum Scenario** : Assuming the issuance of 3,100,000 Issue Shares at the issue price of USD3.25 per Issue Share, representing 13.42% of the enlarged issued share capital of TMDEL pursuant to the IPO, and assuming the Over-Allotment Option was not exercised by the Underwriter.

**Maximum Scenario** : Assuming the issuance of 3,565,000 Issue Shares at the issue price of USD3.75 per Issue Share, representing 15.13% of the enlarged issued share capital of TMDEL after the IPO in the following manner:-

- (a) Issuance of 3,100,000 Issue Shares under the IPO; and
- (b) Assuming the full exercise of the Over-Allotment Option comprising 465,000 Issue Shares by the Underwriter.

Based on the IPO Price which is subject to prevailing negotiations between the board of TMDEL and the Underwriter, the IPO is expected to raise gross proceeds ranging between USD10.08 million – USD13.37 million (or equivalent to RM43.83 million – RM58.15 million). The IPO Price will be determined through negotiations between the board of TMDEL and the Underwriter, having taken into account the prevailing market conditions, financial information of TMDEL, market valuations of comparable companies and the earning prospects of TMDEL Group.

As at the LPD, TMDEL is a direct 76.68%-owned subsidiary of Straits. Upon the completion of the Proposed Listing of Subsidiary, Straits' shareholding in TMDEL will be 66.39% under the Minimum Scenario and 65.09% under the Maximum Scenario. As such, Straits will remain as the controlling shareholder of TMDEL, with the equity interest holding more than 60.00% of the enlarged issued share capital of TMDEL under both the Minimum Scenario and Maximum Scenario. For shareholders' information, the Board had resolved on 14 August 2024 to ensure that throughout the Proposed Listing of Subsidiary and future fund-raising exercises by TMDEL, Straits shall maintain a controlling shareholding in TMDEL, whereby TMDEL will remain as a subsidiary of Straits.

TMDEL expects to issue its final Prospectus that sets out the detailed information of the IPO tentatively by the fourth quarter of 2024.

The table below sets out the share capital of TMDEL under the Minimum Scenario and Maximum Scenario pursuant to the IPO:-

	Minimum Scenario		Maximum Scenario	
	No. of TMDEL Shares	USD	No. of TMDEL Shares	USD
Issued share capital as at the LPD	20,000,000	2,000.00	20,000,000	2,000.00
To be issued pursuant to the IPO <sup>*1</sup>	3,100,000	310.00	3,100,000	310.00
	<hr/>	<hr/>	<hr/>	<hr/>
	23,100,000	2,310.00	23,100,000	2,310.00
To be issued pursuant to the exercise of the Over-Allotment Option by the Underwriter <sup>*1</sup>	-	-	465,000	46.50
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Enlarged issued share capital</b>	<b>23,100,000</b>	<b>2,310.00</b>	<b>23,565,000</b>	<b>2,356.50</b>

**Note:**

<sup>\*1</sup> Assuming the Issue Shares are issued with a par value of USD0.0001 per Issue Share under the IPO

**2.2.1 Public Issue**

The public issue of a minimum of 3,100,000 Issue Shares, representing approximately 13.42% of the enlarged number of issued TMDEL Shares (under the Minimum Scenario) and 3,565,000 Issue Shares, representing 15.13% of the enlarged number of issued TMDEL Shares (under the Maximum Scenario), at the IPO Price is subject to the terms and conditions of the Prospectus.

The Issue Shares to be issued pursuant to the IPO and the new Issue Shares to be issued upon the exercise of the Over-Allotment Option shall, upon allotment, issuance and full payment of the IPO Price, rank equally in all respects with the existing TMDEL Shares, including voting rights and rights to all dividends and distributions that may be declared, paid or made to shareholders on or subsequent to the date of their allotment thereof.

**2.2.2 Over-allotment subscription**

The IPO will also entail an Over-Allotment Option that may increase the number of Issue Shares whereby the Underwriter of the IPO is given an option for a period of forty-five (45) days after the closing of the IPO to purchase up to 15.00% of the Issue Shares under the Maximum Scenario, subject to various factors, including the level and timing of demand, and the prevailing market conditions to the Underwriter.

As such, under the Maximum Scenario, the Over-Allotment Option will entail the issuance of up to 465,000 Issue Shares, representing 15.00% of the Issue Shares under the Maximum Scenario and representing approximately 1.97% of the enlarged number of issued TMDEL Shares.

### 2.2.3 Underwriting arrangement

TMDEL will enter into an underwriting agreement with the Underwriter for a minimum of 3,100,000 Issue Shares at an underwriting fee of 8.5% based on the IPO Price multiplied by the number of Issue Shares underwritten. The Underwriter are obligated to take and pay for aforementioned minimum Issue Shares offered under the IPO if any such Issue Shares are not taken. For avoidance of doubt, the Underwriter is not obligated to take or pay for the Issue Shares covered by the Over-Allotment Option.

### 2.2.4 Lock-up arrangement

Pursuant to the underwriting agreement with the Underwriter, Straits will not be able to sell, transfer, or dispose of any of the TMDEL Shares held by the Company for a period of 6 months after the completion of the IPO.

Upon the expiry of the 6 months lock-up period, the Company may, at its discretion dispose TMDEL Shares in the standard procedures in accordance with the applicable laws and regulations on the NYSE American. Notwithstanding the above, the Board had resolved on 14 August 2024 to ensure that TMDEL shall remain as a subsidiary of Straits. As such, Straits will ensure that throughout the Proposed Listing of Subsidiary and future fund-raising exercises, Straits shall maintain a controlling shareholding in TMDEL, taking into account any future disposal of TMDEL Shares.

### 2.2.5 Dilution

As at the LPD, TMDEL is a direct 76.68%-owned subsidiary of Straits. Pursuant to the IPO, Straits' equity interest in TMDEL will be potentially diluted by approximately 10.29% upon the completion of the IPO under the Minimum Scenario and up to approximately 11.59% under the Maximum Scenario. In any event, the number of Issue Shares to be issued pursuant to the IPO will not reach 25.00% of the enlarged issued TMDEL Shares. Pursuant to the IPO, Straits' shareholding in TMDEL will be 66.39% under the Minimum Scenario and 65.09% under the Maximum Scenario. As such, Straits will continue to remain a controlling shareholder of TMDEL upon the completion of the Proposed Listing of Subsidiary.

The effects of the IPO on the shareholding structure of TMDEL are set out below:-

Name	As at the LPD		Minimum Scenario		Maximum Scenario	
	No. of TMDEL Shares	%	No. of TMDEL Shares	%	No. of TMDEL Shares	%
Straits	15,336,523	76.68	15,336,523	66.39	15,336,523	65.09
Dato' Suhaimi	1,737,467	8.69	1,737,467	7.52	1,737,467	7.37
Mr. Goo	1,737,467	8.69	1,737,467	7.52	1,737,467	7.37
Platinum Gate	1,188,543	5.94	1,188,543	5.15	1,188,543	5.04
IPO Shareholders	-	-	3,100,000	13.42	3,565,000	15.13
<b>Total</b>	<b>20,000,000</b>	<b>100.00</b>	<b>23,100,000</b>	<b>100.00</b>	<b>23,565,000</b>	<b>100.00</b>

TMDEL is a principal subsidiary of Straits pursuant to Rule 1.01 of the Listing Requirements as it accounts for approximately 76.10% of the total assets employed by Straits, based on the audited consolidated financial statements of Straits for the FYE 31 December 2023, prior to the completion of the Internal Reorganisation. Furthermore, based on the audited consolidated financial statements of Straits for the FYE 31 December 2023, TMDEL had recorded a profit attributable to owners of the company of RM9.19 million whilst Straits Group had recorded a profit attributable to owners of the company of RM7.07 million, thus accounting for approximately more than 100% of the total Group profits employed by Straits. This is due to the other business segments being loss-making thus decreasing the overall profit of the Group. Straits is seeking shareholders' approval for the Proposed Listing of Subsidiary, pursuant to Rule 8.26 of the Listing Requirements.

Further details on the pro forma effects of the Proposed Listing of Subsidiary on the earnings and EPS of Straits Group are disclosed in **Section 5.3** of this Circular.

Straits will continue to be the controlling shareholder of TMDEL post-completion of the Proposed Listing of Subsidiary.

### 2.3 Utilisation of proceeds

The actual proceeds to be raised from the IPO will depend on the final issue price of the Issue Shares and the number of the Issue Shares to be issued pursuant to the IPO.

Based on the indicative issue price ranging between USD3.25 – USD3.75 per Issue Share (or equivalent to RM14.14 – RM16.31 per Issue Share), the IPO is expected to raise gross proceeds ranging between USD10.08 million – USD13.37 million (or equivalent to RM43.83 million – RM58.15 million). For illustrative purposes, the proceeds are intended to be utilised by TMDEL based on the issue price under Minimum Scenario and Maximum Scenario, respectively, in the following manner:-

Details of utilisation	Timeframe for utilisation from completion of the Proposed Listing of Subsidiary	Amount of proceeds			
		Minimum Scenario USD3.25 per Issue Share		Maximum Scenario USD3.75 per Issue Share	
		USD'000	RM'000	USD'000	RM'000
Purchase of cargo oil <sup>*1</sup>	Within 12 months	5,779	25,138	8,773	38,162
Defraying listing expenses	Within 6 months	3,000	13,050	3,300	14,355
General corporate purposes <sup>*2</sup>	Within 6 months	1,296	5,638	1,296	5,638
<b>Total</b>		<b>10,075</b>	<b>43,826</b>	<b>13,369</b>	<b>58,155</b>

**Notes:-**

<sup>\*1</sup> TMDEL Group intends to utilise the proceeds of up to approximately RM38.16 million towards the expansion of its oil bunkering segment, which may include but is not limited to, the purchase of cargo oil and the expansion of its customer base.



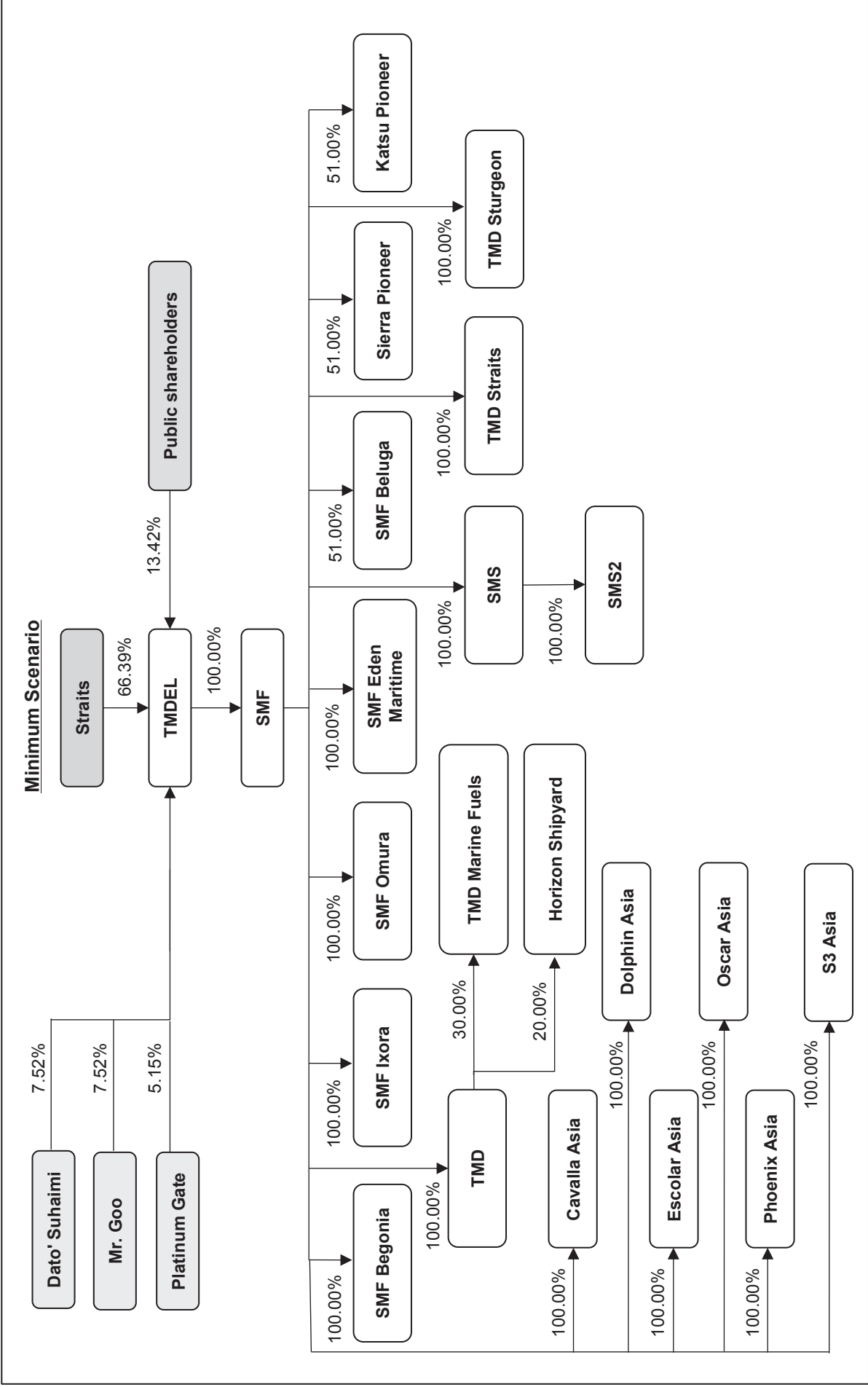
<sup>2</sup> *TMDEL Group intends to earmark up to approximately RM5.64 million of the proceeds raised from the IPO to fund the general corporate purposes of TMDEL Group, such as staff salaries, directors' fee and salaries and professional fees. The projected allocation to be utilised for each component are as follows:-*

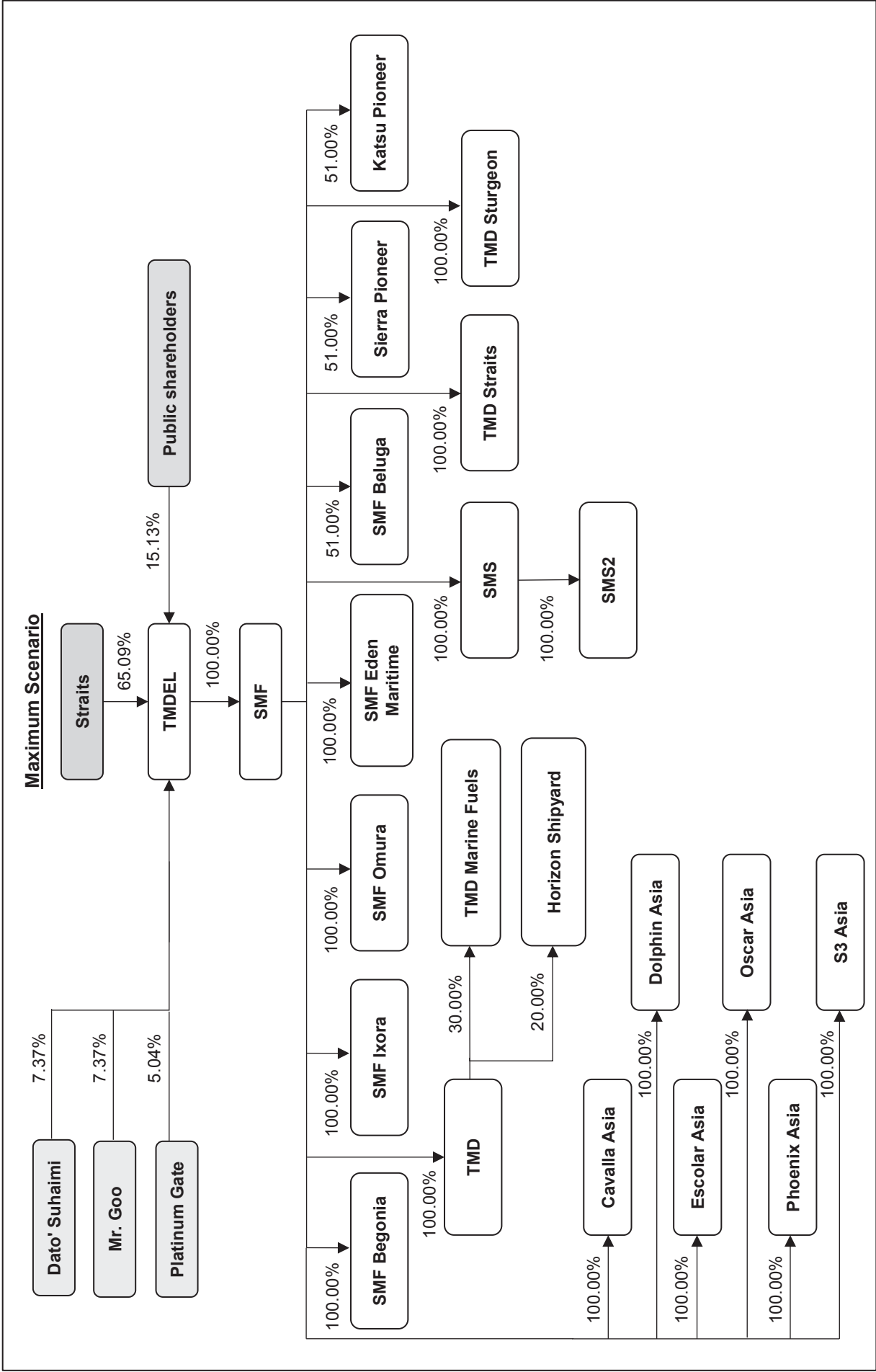
	<b>RM'000</b>	<b>%</b>
<i>Staff salaries</i>	545	9.67
<i>Directors' fee and salaries</i>	1,642	29.12
<i>Professional fees</i>	3,451	61.21
	<b>5,638</b>	<b>100.00</b>

There are no proceeds accrued to Straits arising from the IPO, as the IPO does not involve an offer for sale of TMDEL Shares by Straits. The actual proceeds to be raised will depend on the final issue prices and the number of the Issue Shares to be issued pursuant to the IPO.

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2.4 Corporate structure of TMDDEL Group after the completion of the Proposed Listing of Subsidiary





## 2.5 Information on TMDEL

TMDEL was incorporated in the Cayman Islands on 17 October 2023 as a private company limited by shares. The Company had announced on 21 November 2023, that Straits acquired 100 TMDEL Shares representing 100% of the equity interest in TMDEL from Ogier Global Subscriber (Cayman) Limited for a purchase consideration of RM0.05 (equivalent to USD0.01) satisfied entirely via cash. As at the LPD, the issued and fully paid up capital of TMDEL is USD2,000.00 comprising 20,000,000 ordinary shares and no convertible securities. As at the LPD, TMDEL is a 76.68%-owned subsidiary of Straits.

TMDEL is principally involved in investment holding whereas its subsidiaries are principally involved in marine fuel bunkering services specialising in the supply and marketing of marine gas oil, marine fuel oil (including high sulfur fuel oil, low sulfur fuel oil and very low sulfur fuel oil) and fresh water to ships and vessels at sea. Additionally, TMDEL Group, via its subsidiaries are also involved in the provision of ship management services for in-house and external vessels, as well as vessel chartering.

As at the LPD, the director of TMDEL and his shareholding in TMDEL is as follows:-

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of shares	%	No. of shares	%
Dato' Sri Ho Kam Choy	Malaysian	-	-	-	-

As at the LPD, TMDEL has 1 wholly-owned subsidiary, 19 indirect subsidiaries and 1 indirect associate company, the details of which are as follows:-

Name	Date of incorporation	Place of incorporation	Equity interest	Principal activities
<b>Subsidiaries</b>				
SMF	29 November 2018	Malaysia	100%	Investment holding
<b>Subsidiaries of SMF</b>				
SMF Begonia Ltd ("SMF Begonia")	18 February 2019	Labuan, Malaysia	100%	Provision of vessel chartering services
SMF Ixora Ltd ("SMF Ixora")	18 February 2019	Labuan, Malaysia	100%	Provision of vessel chartering services
SMF Omura Ltd ("SMF Omura")	25 February 2020	Labuan, Malaysia	100%	Provision of vessel chartering services
SMF Eden Maritime Ltd ("SMF Eden Maritime")	18 August 2020	Labuan, Malaysia	100%	Provision of vessel chartering services
SMF Beluga Ltd ("SMF Beluga")	21 February 2020	Labuan, Malaysia	51%	Provision of vessel chartering services
Sierra Pioneer Marine Ltd ("Sierra Pioneer")	15 January 2021	Labuan, Malaysia	51%	Provision of vessel chartering services
Katsu Pioneer Marine Ltd ("Katsu Pioneer")	18 May 2021	Labuan, Malaysia	51%	Provision of vessel chartering services
TMD	10 December 2007	Malaysia	100%	Provision of bunkering services for marine fuel and petroleum-based products

SMS	23 April 2019	Singapore	100%	Ship management services
TMD Straits	2 December 2016	Labuan, Malaysia	100%	Provision of vessel chartering services
TMD Sturgeon	5 December 2016	Labuan, Malaysia	100%	Provision of vessel chartering services
Cavalla Asia	1 June 2018	Labuan, Malaysia	100%	Provision of vessel chartering services
Dolphin Asia	1 June 2018	Labuan, Malaysia	100%	Provision of vessel chartering services
Escolar Asia	1 June 2018	Labuan, Malaysia	100%	Provision of vessel chartering services
Oscar Asia	1 June 2018	Labuan, Malaysia	100%	Provision of vessel chartering services
Phoenix Asia	1 June 2018	Labuan, Malaysia	100%	Provision of vessel chartering services
S3 Asia	1 June 2018	Labuan, Malaysia	100%	Provision of vessel chartering services
<b>Subsidiary of TMD</b> TMD Marine Fuels Sdn Bhd (Formerly known as Falcon Logic Sdn Bhd) (" <b>TMD Marine Fuels</b> ")	5 January 2021	Malaysia	30%	Dealing in oil and petroleum products, oil trading, oil bunkering and related services
<b>Associate of TMD</b> Horizon Shipyard Inter Globe (M) Sdn Bhd (" <b>Horizon Shipyard</b> ")	10 May 2023	Malaysia	20%	Repair and maintenance of transport equipment except motorcycles and bicycles
<b>Subsidiary of SMS</b> Straits Maritime Services Pte Ltd (" <b>SMS2</b> ")	7 April 2021	Singapore	100%	Provision of shipping services, general cleaning and disinfecting

Please refer to **Appendix I** of this Circular for further details on TMDEL.

## 2.6 Original date and cost of investment in TMDEL

Straits' original date and cost of investment in TMDEL since its inception to date are as follows:-

Date of investment	No. of shares Unit	Cost of investment	
		RM	USD
21 November 2023	100	0.05	0.01
31 May 2024	15,336,423	42,903,028.00	9,204,486.00
<b>Total</b>	<b>15,336,523</b>	<b>42,903,028.05</b>	<b>9,204,486.01</b>

## **2.7 Liabilities to remain with Straits**

There are no additional liabilities, guarantees, including contingent liabilities, in relation to the Proposed Listing of Subsidiary which will remain with Straits other than the listing expenses for the Proposed Listing of Subsidiary.

There are no guarantees given by Straits or TMDEL to the investors of IPO Shares.

## **3. RATIONALE AND BENEFITS FOR THE PROPOSED LISTING OF SUBSIDIARY**

The rationale and benefits of the Proposed Listing of Subsidiary to Straits Group are as follows:-

- (i) to enable the management of Straits Group to efficiently allocate its resources to accelerate the expansion and growth of the oil bunkering and shipping related services business; and
- (ii) to enable Straits to unlock the value of its investment in its oil bunkering and shipping related services business through the share offering exercise under the IPO, thus enhancing the value for shareholders.

The rationale and benefits of the IPO to TMDEL are as follows:

- (i) to provide TMDEL Group's business with direct access to a new fund-raising platform which would increase the financial flexibility for TMDEL Group's oil bunkering and shipping related services business to pursue its expansion and growth opportunities;
- (ii) to allow TMDEL Group's oil bunkering and shipping related services business to gain recognition from its own separate listing status thus enhancing its corporate reputation, business profile and visibility which in turn may allow it to achieve greater market penetration and wider customer base;
- (iii) to widen the investor base of the TMDEL Group's oil bunkering and shipping related services business through the participation of the global investing community; and
- (iv) unlock shareholders' value in the oil bunkering and shipping related services.

## **4. RISK FACTORS**

The potential risk factors that may arise from the Proposed Listing of Subsidiary, which may not be exhaustive, are set out below:-

### **4.1 Non-completion of the Proposed Listing of Subsidiary**

The completion of the Proposed Listing of Subsidiary is conditional upon the fulfilment of all required approvals as set out in **Section 6** of this Circular, which includes the approval from the shareholders of Straits and the granting of approval from the NYSE American and SEC. There can be no assurance that such approvals and/ or conditions imposed by the relevant authorities will be obtained and/ or satisfied or that the Proposed Listing of Subsidiary will proceed.

The Proposed Listing of Subsidiary may also be potentially delayed or aborted in the event of the following:

- (i) if TMDEL is unable to meet the NYSE American Capital Market's minimum market value of unrestricted publicly held shares of USD3.00 million upon the completion of the IPO;
- (ii) the amount of unrestricted publicly held shares is less than 1 million upon the completion of the IPO; and

- (iii) the amount of public shareholders is less than 400 upon the completion of the IPO.

In the event the Proposed Listing of Subsidiary is aborted, the costs incurred pursuant to the Proposed Listing of Subsidiary are not recoverable. However, the monies paid in respect of any application for the Issue Shares will be returned in full without interest. Straits will continue to hold a controlling equity interest in TMDEL.

Notwithstanding the above, Straits will take all reasonable steps to ensure the completion of the Proposed Listing of Subsidiary.

#### 4.2 No prior market for TMDEL Shares and possible volatility on the trading price of TMDEL Shares

Prior to the Proposed Listing of Subsidiary, there is no public market for TMDEL Shares. Accordingly, there can be no assurance that there will be an active market for TMDEL Shares after the Proposed Listing of Subsidiary. If an active market for TMDEL Shares does not develop after the Proposed Listing of Subsidiary, the market price and liquidity of TMDEL Shares may be adversely affected. The NYSE American require that companies which have listed their equity securities on the NYSE American maintain a minimum trading price of at or above USD1.00. In the event that such requirements are not met, NYSE American may suspend the trading of the TMDEL Shares.

In addition, TMDEL Shares could trade at prices that may be lower than the issue price as a result of many factors, some of which are not within TMDEL's control and may be unrelated or disproportionate to its operating results. These factors include but are not limited to, general economic and stock market conditions, the depth and liquidity of the market of TMDEL Shares and investors' individual risk-return profile requirements.

### 5. EFFECTS OF THE PROPOSED LISTING OF SUBSIDIARY

#### 5.1 Share capital and substantial shareholding structure

The Proposed Listing of Subsidiary does not have any effect on the issued share capital and substantial shareholding structure of Straits as the proposal does not involve any issuance of new Straits Shares.

#### 5.2 NA per Share and gearing level

The Proposed Listing of Subsidiary is not expected to have any material effect to the NA, NA per Share and gearing of Straits Group.

Purely for illustration purpose, assuming that the Proposed Listing of Subsidiary had been effected at the end of the FYE 31 December 2023, the pro forma effects of the Proposed Listing of Subsidiary on the consolidated NA and gearing level of Straits are as follows:-

##### Minimum Scenario

	Audited as at 31 December 2023 RM'000	After subsequent events up to the LPD RM'000	After the Proposed Listing of Subsidiary RM'000
Share capital	152,495	152,495	152,495
Retained earnings	16,710	20,084	42,542 <sup>*1</sup>
Reserves	8,399	8,399	8,399
<b>NA attributable to owners of the Company</b>	<b>177,604</b>	<b>180,978</b>	<b>203,436</b>
Non-controlling interests	14,230	12,447	30,090

	<b>Audited as at 31 December 2023 RM'000</b>	<b>After subsequent events up to the LPD RM'000</b>	<b>After the Proposed Listing of Subsidiary RM'000</b>
<b>Shareholders' fund/ NA</b>	<b>191,834</b>	<b>193,425</b>	<b>233,526</b>
No. of Shares in issue ('000)	994,462	994,462	994,462
NA per share (RM)	0.18	0.18	0.20
Total borrowings and lease liabilities (RM)	130,774	125,666	125,666
Gearing level (times)	0.74	0.69	0.62

**Note:-**

<sup>\*1</sup> After adjusting for the gain on deemed disposal amounting to RM12.72 million, movement in the non-controlling interests arising from the dilution of Straits' equity interest in TMDEL and the gross proceeds of up to RM43.83 million from the IPO

**Maximum Scenario**

	<b>Audited as at 31 December 2023 RM'000</b>	<b>After subsequent events up to the LPD RM'000</b>	<b>After the Proposed Listing of Subsidiary RM'000</b>
Share capital	152,495	152,495	152,495
Retained earnings	16,710	20,084	49,741 <sup>*1</sup>
Reserves	8,399	8,399	8,399
<b>NA attributable to owners of the Company</b>	<b>177,604</b>	<b>180,978</b>	<b>210,635</b>
Non-controlling interests	14,230	12,447	36,001
<b>Shareholders' fund/ NA</b>	<b>191,834</b>	<b>193,425</b>	<b>246,636</b>
No. of Shares in issue ('000)	994,462	994,462	994,462
NA per share (RM)	0.18	0.18	0.21
Total borrowings and lease liabilities (RM)	130,774	125,666	125,666
Gearing level (times)	0.74	0.69	0.60

**Note:-**

<sup>\*1</sup> After adjusting for the gain on deemed disposal amounting to RM19.92 million, movement in the non-controlling interests arising from the dilution of Straits' equity interest in TMDEL and the gross proceeds of up to RM58.15 million from the IPO

**5.3 Earnings and EPS**

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposed Listing of Subsidiary to be completed by the first quarter of 2025. Upon completion of the Proposed Listing of Subsidiary, the earnings contribution from TMDEL Group to Straits Group will be reduced to the extent of the dilution of Straits' effective equity interest in TMDEL from 76.68% presently to the range of approximately 65.09% to 66.39% under the Maximum Scenario and Minimum Scenario, respectively, which in turn contributes to the reduction in the EPS of Straits Group.

Notwithstanding the above, the proceeds to be raised from the IPO is expected to contribute positively to the future earnings of TMDEL Group, which Straits will continue to account for the equity interest in TMDEL.



Assuming that the Proposed Listing of Subsidiary had been completed on 1 January 2023, being the beginning of the latest audited FYE 31 December 2023 of Straits, the effects of the Proposed Listing of Subsidiary on the earnings and EPS of Straits Group are as follows:-

### Minimum Scenario

	Audited FYE 31 December 2023	I Subsequent events up to the LPD <sup>*1</sup>	II After I and the Proposed Listing of Subsidiary
	RM'000	RM'000	RM'000
PAT attributable to owners of the Company	7,071	10,894	10,894
Less: Share of profit from the public shareholders' equity interest of 13.42% in TMDEL after the Proposed Listing of Subsidiary	-	-	(1,309)
	<b>7,071</b>	<b>10,894</b>	<b>9,585</b>
No. of Shares in issue ('000)	994,462	994,462	994,462
<b>EPS (sen)</b>	<b>0.71</b>	<b>1.10</b>	<b>0.96</b>

**Note:**

<sup>\*1</sup> After adjusting for the Internal Reorganisation exercises as disclosed in **Section 2.1** of this Circular and the disposal of 51% equity interest in Megah Port Management Sdn Bhd ("**MPM**"), through Straits' wholly-owned subsidiary, Straits Port Management Sdn Bhd ("**SPM**") on 30 September 2024

### Maximum Scenario

	Audited FYE 31 December 2023	I Subsequent events up to the LPD <sup>*1</sup>	II After I and the Proposed Listing of Subsidiary
	RM'000	RM'000	RM'000
PAT attributable to owners of the Company	7,071	10,894	10,894
Less: Share of profit from the public shareholders' equity interest of 15.13% in TMDEL after the Proposed Listing of Subsidiary	-	-	(1,474)
	<b>7,071</b>	<b>10,894</b>	<b>9,420</b>
No. of Shares in issue ('000)	994,462	994,462	994,462
<b>EPS (sen)</b>	<b>0.71</b>	<b>1.10</b>	<b>0.95</b>

**Note:**

<sup>\*1</sup> After adjusting for the Internal Reorganisation exercises as disclosed in **Section 2.1** of this Circular and the disposal of 51% equity interest in MPM, through Straits' wholly-owned subsidiary, SPM on 30 September 2024

## 5.4 Convertible Securities

As at the LPD, Straits does not have any convertible securities.

## 6. APPROVALS REQUIRED

The Proposed Listing of Subsidiary and/ or IPO are subject to and conditional upon the following approvals being obtained:-

- i. The shareholders of Straits for the Proposed Listing of Subsidiary, at an EGM of the Company to be convened. The highest percentage ratio applicable to the Proposed Listing of Subsidiary pursuant to Rule 10.02(g) of the Listing Requirements is 14.23% calculated based on the net profit of TMDEL Group against the net profit of Straits Group based on the audited financial statements as at 31 December 2023;
- ii. The SEC for the Registration Statement on Form F-1 (prospectus);
- iii. NYSE American for the IPO, the Conditional Clearance of which has been obtained vide NYSE American's letter dated 1 October 2024 to file an original listing application to list on the NYSE American subject to (but not limited to) the following conditions;

Conditions	Status of compliance
(a) TMDEL must provide an executed original listing application for its common stock. The original listing application must include all securities convertible into the listed securities;	To be complied
(b) TMDEL must provide an executed listing agreement;	To be complied
(c) TMDEL must provide the NYSE American with a letter from counsel representing that, to TMDEL's knowledge, no officer, board member, or non-institutional shareholder with greater than 10% ownership of TMDEL has been convicted of a felony or misdemeanor relating to financial issues (e.g., embezzlement, fraud, theft) in the past ten years	To be complied
(d) TMDEL's underwriters must provide the NYSE American with a written undertaking stating that they will sell the security to be listed in any one of the following manner (Listing Standard 1, Listing Standard 2, Listing Standard 3 or Listing Standard 4) so that any one of the following minimum NYSE American standards will be met prior to the commencement of trading on the listing date, in the following manner;	To be complied

	Stock price per share (USD)	Public holders in North America	Publicly held shares	Aggregate market value of publicly held shares (USD)	Total market capitalization (USD)
Listing Standard 1	3.00	400	1 million	3 million	-
Listing Standard 2	3.00	400	1 million	15 million	-
Listing Standard 3	2.00	400	1 million	15 million	50 million
Listing Standard 4	3.00	400	1 million	20 million	75 million

- |     |  |                |
|-----|--|----------------|
| (e) | TMDEL must confirm that the security to be listed is eligible for "full service" at The Depository Trust & Clearing Corporation and is eligible for DTCC's direct registration system or will be eligible on the commencement of trading on the NYSE American. | To be complied |
| (f) | TMDEL must provide a confirmation of TMDEL's Committee on Uniform Security Identification Procedures (" <b>CUSIP</b> ") number for its common stock  | To be complied |
| (g) | TMDEL must provide the name of its transfer agent  | To be complied |
| (h) | TMDEL must provide a current good standing certificate (or equivalent)   | To be complied |
| (i) | TMDEL must file a Form 8-A registering its common stock to be listed on the NYSE American  | To be complied |

iv. Any other relevant authority or party, if required.

The Proposed Listing of Subsidiary is not conditional upon any other proposals undertaken by the Company.

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

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

## 8. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Listing of Subsidiary, rationale and justification for the Proposed Listing of Subsidiary, and the financial effects of the Proposed Listing of Subsidiary, is of the opinion that the Proposed Listing of Subsidiary is in the best interest of the Company.

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

## 9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Listing of Subsidiary are expected to be completed by the first quarter of 2025.

Indicative timeline	Events
November 2024	<ul style="list-style-type: none"> <li>• Convening of EGM to obtain shareholders' approvals for the Proposed Listing of Subsidiary</li> </ul>
December 2024 – January 2025	<ul style="list-style-type: none"> <li>• Approval obtained from the SEC and NYSE American for the IPO</li> <li>• Issuance of Prospectus</li> <li>• Closing date of application for the IPO</li> <li>• Listing of the Issue Shares on the NYSE American</li> </ul>

## 10. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Listing of Subsidiary and as disclosed below, there is no other outstanding proposals, which have been announced but not yet completed as at the LPD:-

- (i) On 20 October 2023, UOBKH had, on behalf of the Board, announced that the Company proposed to undertake a private placement of up to 10% of the total number of Straits Shares to third party investor(s) to be identified later, under a general mandate exercise ("**Private Placement**"). On 20 November 2023, UOBKH had, on behalf of the Board, announced that Bursa Securities had resolved to approve the listing and quotation for up to 94,214,279 placement shares to be issued pursuant to the Private Placement. Subsequently, on 17 May 2024, Bursa Securities had resolved to grant the Company an extension of time of 6 months from 20 May 2024 to 20 November 2024 for the implementation of the Private Placement. As at the LPD, Straits had placed out a total 52,319,478 placement shares in a single tranche, which were listed and quoted on Bursa Securities on 1 December 2023.

## 11. 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 Wednesday, 27 November 2024 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 resolution to give effect to the Proposed Listing of Subsidiary.

If you are unable to attend, participate and vote remotely at the EGM via the RPV facilities provided, you are entitled to appoint a proxy or proxies to attend, participate 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's 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, Malaysia 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, Malaysia or you have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> 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 and voting at the EGM should you subsequently wish to do so.

## 12. FURTHER INFORMATION

Shareholders are advised to refer to the appendices 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 – INFORMATION ON TMDEL

### 1. HISTORY AND BUSINESS

TMDEL was incorporated in the Cayman Islands on 17 October 2023 as a private company limited by shares. The Company had announced on 21 November 2023, that Straits acquired 100 TMDEL Shares representing 100% of the equity interest in TMDEL from Ogier Global Subscriber (Cayman) Limited for a purchase consideration of RM0.05 (equivalent to USD0.01) satisfied entirely via cash. As at the LPD, TMDEL is a 76.68%-owned subsidiary of Straits. Through its subsidiaries, TMDEL Group commenced operations in 2013.

TMDEL is principally involved in investment holding whereas its subsidiaries are principally involved in marine fuel bunkering services specializing in the supply and marketing of marine gas oil, marine fuel oil (including high sulfur fuel oil, low sulfur fuel oil and very low sulfur fuel oil) and fresh water to ships and vessels at sea. TMDEL Group is also involved in the provision of ship management services for in-house and external vessels, as well as vessel chartering. The details of the vessels owned by TMDEL Group are as follows:-

No.	Name of bunkering vessel	Hull type	Carrying capacity (Deadweight tonnes)
1.	M.T. Empower	Double Bottom & Double Hull	7,820.00
2.	M.T. Eden	Double Bottom & Double Hull	7,550.00
3.	M.T. SMF Ixora	Double Bottom & Double Hull	5,643.00
4.	M.T. SMF Begonia	Double Bottom & Double Hull	5,326.00
5.	M.T. Omura	Double Bottom & Double Hull	4,854.00
6.	M.T. Katsu Pioneer	Double Bottom & Double Hull	3,211.00
7.	M.T. Sierra Pioneer	Double Bottom & Double Hull	2,169.00
8.	M.T. Straits 3	Double Bottom & Single Hull	1,614.00
9.	M.T. Phoenix	Double Bottom & Single Hull	1,284.11
10.	M.T. Dolphin 1	Double Bottom & Single Hull	1,271.14
11.	M.T. Oscar	Double Bottom & Single Hull	1,241.44
12.	M.T. Straits 1	Double Bottom & Single Hull	770.00
13.	M.T. Cavalla	Double Bottom & Single Hull	662.00
14.	M.T. Sturgeon	Double Bottom & Single Hull	545.00
15.	M.T. Escolar	Double Bottom & Single Hull	540.00

For shareholders' information, as the LPD, TMDEL Group primarily operates in Malaysia and Singapore, the revenue contribution is as follows:-

	-----Audited----->					
	FYE 31 December 2022			FYE 31 December 2023		
	USD'000	RM'000	%	USD'000	RM'000	%
Malaysia	701,995	3,053,678	99.99	633,023	2,753,650	99.99
Hong Kong	21	91	*	-	-	-
Singapore	31	135	*	51	222	0.01
Indonesia	42	183	0.01	6	26	*
Vietnam	6	26	*	-	-	-
<b>Total</b>	<b>702,095</b>	<b>3,054,113</b>	<b>100.00</b>	<b>633,080</b>	<b>2,753,898</b>	<b>100.00</b>

**Note:**

\* Negligible

Accordingly, the current operations of TMDEL Group have been organised into the following 3 business lines:-

**(i) Sales of cargo oil and fresh water, and bunkering facilitation**

Sales of cargo oil and fresh water, and bunkering facilitation involves the procurement and delivery of marine gas oil, low sulfur fuel oil, and fresh water for delivery to customers' ships.

## APPENDIX I – INFORMATION ON TMDEL (CONT'D)

For the oil bunkering segment, TMDEL Group provides offshore bunkering services which involves STS transfer of marine fuels. TMDEL Group operates in 19 ports across Malaysia, and operates their own fleet of 15 bunkering vessels to provide STS transfer of marine fuels. The marine fuel provided to customers is procured from suppliers including energy companies and oil refineries from Singapore and Malaysia.

### (ii) Chartering services

Chartering services involves the chartering of vessels of Straits Group's oil bunkering segment.

### (iii) Ship management services

Ship management services involves the provision of technical management, crew management, marine consultancy, and shipping services to both internal and external vessels. TMDEL Group operates this segment to customers in Singapore, Indonesia and Malaysia.

## 2. SHARE CAPITAL

As at the LPD, the issued and fully paid up capital of TMDEL is USD2,000.00 comprising 20,000,000 ordinary shares and no convertible securities.

## 3. SHAREHOLDERS

The shareholders of TMDEL and their direct and indirect shareholdings in TMDEL are as follows:-

Name	Nationality/ Country of incorporation	<-----Direct----->		<-----Indirect----->	
		No. of shares	%	No. of shares	%
Straits	Malaysia	15,336,523	76.68	-	-
Dato' Suhaimi	Malaysian	1,737,467	8.69	-	-
Mr. Goo	Malaysian	1,737,467	8.69	-	-
Platinum Gate	Singapore	1,188,543	5.94	-	-

## 4. DIRECTORS

As at the LPD, the director of TMDEL and his direct and indirect shareholdings in TMDEL are as follows:-

Name	Nationality	Designation	<-----Direct----->		<-----Indirect----->	
			No. of shares	%	No. of shares	%
Dato' Sri Ho Kam Choy	Malaysian	Director	-	-	-	-

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**APPENDIX I – INFORMATION ON TMDL (CONT'D)**


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**5. SUBSIDIARIES AND ASSOCIATE COMPANIES**

As at the LPD, TMDL has 1 wholly-owned subsidiary, 19 indirect subsidiaries and 1 indirect associate company, the details of which are as follows:-

<b>Name</b>	<b>Date of incorporation</b>	<b>Place of incorporation</b>	<b>Share capital</b>	<b>Equity interest</b>	<b>Principal activities</b>
<b>Subsidiaries</b>					
SMF	29 November 2018	Malaysia	RM1,000,000	100%	Investment holding
<b>Subsidiaries of SMF</b>					
SMF Begonia	18 February 2019	Labuan, Malaysia	USD100	100%	Provision of vessel chartering services
SMF Ixora	18 February 2019	Labuan, Malaysia	USD100	100%	Provision of vessel chartering services
SMF Omura	25 February 2020	Labuan, Malaysia	USD100	100%	Provision of vessel chartering services
SMF Eden Maritime	18 August 2020	Labuan, Malaysia	USD100	100%	Provision of vessel chartering services
SMF Beluga	21 February 2020	Labuan, Malaysia	USD100	51%	Provision of vessel chartering services
Sierra Pioneer	15 January 2021	Labuan, Malaysia	USD100	51%	Provision of vessel chartering services
Katsu Pioneer	18 May 2021	Labuan, Malaysia	USD100	51%	Provision of vessel chartering services
TMD	10 December 2007	Malaysia	RM15,000,000	100%	Provision of bunkering services for marine fuel and petroleum-based products
SMS	23 April 2019	Singapore	SGD100,000	100%	Ship management services
TMD Straits	2 December 2016	Labuan, Malaysia	USD10	100%	Provision of vessel chartering services
TMD Sturgeon	5 December 2016	Labuan, Malaysia	USD10	100%	Provision of vessel chartering services
Cavalla Asia	1 June 2018	Labuan, Malaysia	USD100	100%	Provision of vessel chartering services
Dolphin Asia	1 June 2018	Labuan, Malaysia	USD100	100%	Provision of vessel chartering services
Escolar Asia	1 June 2018	Labuan, Malaysia	USD100	100%	Provision of vessel chartering services
Oscar Asia	1 June 2018	Labuan, Malaysia	USD100	100%	Provision of vessel chartering services
Phoenix Asia	1 June 2018	Labuan, Malaysia	USD100	100%	Provision of vessel chartering services

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**APPENDIX I – INFORMATION ON TMDEL (CONT'D)**

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S3 Asia	1 June 2018	Labuan, Malaysia	USD100	100%	Provision of vessel chartering services
<b>Subsidiary of TMD</b>					
TMD Marine Fuels	5 January 2021	Malaysia	RM500,000	30%	Dealing in oil and petroleum products, oil trading, oil bunkering and related services
<b>Associate of TMD</b>					
Horizon Shipyard	10 May 2023	Malaysia	RM2,000,000	20%	Repair and maintenance of transport equipment except motorcycles and bicycles
<b>Subsidiary of SMS</b>					
SMS2	7 April 2021	Singapore	SGD50,000	100%	Provision of shipping services, general cleaning and disinfecting

**6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, save as disclosed below, TMDEL Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the board of directors of TMDEL is not aware and does not have any knowledge of any proceedings pending or threatened against TMDEL Group, or of any fact likely to give rise to any proceedings which may materially affect the financial position or business of TMDEL Group:-

**a. 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 the "Respondent")**

OWBFE, a company that was engaged in sale of marine bunker fuels, went into liquidation. ING was appointed as assignee of OWBFE's receivables, which gave ING the right to collect any outstanding payment owed to OWBFE.

ING subsequently commenced arbitration against TMD in London. ING/OWB's case is that TMD purchased bunkers from OWBFE and that the bunkers were duly supplied to TMD's vessels as evidenced by the Bunker Receiving Reports. TMD's position was that the supply never took place.

On 26 January 2021, ING/OWBFE filed an originating summons in the High Court of Malaya at Kuala Lumpur seeking to have the English High Court judgment registered as a judgment of the High Court of Malaya pursuant to the Reciprocal Enforcement of the Judgment Act 1958 (Malaysia). The High Court of Malaya, on an ex parte basis, granted ING/OWBFE's application to register the English High Court judgment.

On 14 April 2021, TMD received a sealed Order of the High Court of Malaya at Kuala Lumpur dated 22 March 2021 and undated Notice of Registration of Foreign Judgement for USD937,353 with interest and cost to register the English judgement as a judgement of the High Court of Malaya.

Since then, TMD had taken steps to strenuously resist the attempt to enforce the UK Arbitration Award which TMD contends was 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 said sealed Order and undated Notice of Registration of Foreign Judgement.



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**APPENDIX I – INFORMATION ON TMDEL (CONT'D)**

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TMD's initial application for a full trial of the triable issues was dismissed by the High Court, however the Court of Appeal on 17 November 2023 had allowed the said appeal, pursuant to which the appellants applied for leave to appeal against the Court of Appeal's decision, and the Federal Court granted the leave on 30 May 2024.

TMD's Solicitors had on 20 August 2024 informed the Company that pursuant to a Leave granted by the Federal Court to ING Bank and OWB on 30 May 2024, the Federal Court has fixed the Case for hearing on 27 November 2024.

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.

The Board is of the opinion that if in the event the outcome is not in favour of the Company, there will be no adverse material effect on the Company as the potential liabilities arising therefrom is fully indemnified by the Vendor i.e. Raja Ismail Bin Raja Mohamed.

**7. MATERIAL CONTRACTS**

As at the LPD, save as disclosed below, TMDEL Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years immediately preceding the LPD:-

- (a) SMF Acquisition SSA;
- (b) TMDEL Restructuring SSA;
- (c) TMD Sturgeon Restructuring SSA;
- (d) SMS Restructuring SSA;
- (e) TMD Restructuring SSA;
- (f) TMD SSA;
- (g) SMS SSA;
- (h) S3 Asia Restructuring SSA;
- (i) Cavalla Asia Restructuring SSA;
- (j) Dolphin Asia Restructuring SSA;
- (k) Oscar Asia Restructuring SSA; and
- (l) Phoenix Asia Restructuring SSA.

All above agreements have been completed. Please refer to **Section 2.1** of this Circular for further details on the abovementioned contracts.

**8. MATERIAL COMMITMENTS**

As at the LPD, there is no material commitments incurred or known to be incurred by TMDEL Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial result/ position of TMDEL Group.

**9. CONTINGENT LIABILITIES**

As at the LPD, there is no contingent liabilities incurred or known to be incurred by TMDEL Group which, upon becoming enforceable, may have a material impact on the financial results/ position of TMDEL Group.

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**APPENDIX I – INFORMATION ON TMDEL (CONT'D)**

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**10. TYPE OF FIXED ASSETS OWNED**

TMDEL does not own any fixed assets as it is a special purpose vehicle established only for the Proposed Listing of Subsidiary.

Based on TMDEL's latest audited financial statement as at 31 December 2023, TMDEL Group owns the following property, plant and equipment:-

<b>Type of property, plant and equipment</b>	<b>Carrying value RM'000</b>
Equipment and tools	146,862
Furniture and fittings	145
Motor vehicles	411
Office equipment	364
Renovation	526
Leasehold building	3,609
Lease of premises	100
<b>Total</b>	<b>152,017</b>

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## APPENDIX I – INFORMATION ON TMDEL

### 11. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information of TMDEL Group for the past 2 financial years up to the FYE 31 December 2023 and the latest FPE 30 June 2024 is set out below:-

	Audited		Unaudited	
	FYE 31 December 2022	FYE 31 December 2023	FPE 30 June 2023	FPE 30 June 2024
	USD'000	USD'000	USD'000	USD'000
Revenue	702,095	633,080	262,506	357,525
PBT	3,219	3,733	1,894	1,404
			RM'000	RM'000
			1,141,900	1,555,233
			8,239	6,107
PAT attributable to:				
- Owners to the parent	2,373	1,996	974	840
- Non-controlling interest	855	963	567	287
Share capital	2	2	2	2
Additional paid-in capital	10,790	8,114	10,790	4,667
Retained earnings	5,344	7,340	6,318	11,119
Accumulated other comprehensive income/(loss)	(28)	1,989	648	1,424
Shareholders' funds/ NA	16,108	17,445	17,758	17,212
Cash and bank balances	11,269	4,830	8,015	5,988
Total borrowings	31,353	27,642	28,560	73,021
No. of ordinary share in issues ('000)	20,000	20,000	20,000	20,000
EPS (USD/RM)	0.12	0.10	0.05	0.04
NA per share (USD/RM)	0.81	0.87	0.89	0.86
Gross gearing ratio (times)	1.95	1.58	1.61	4.24
Current ratio (times)	0.81	0.87	0.87	0.84

#### Note:

\* For shareholders' information, the listing application for the IPO only required the financial statements of TMDEL Group for the FYE 31 December 2022 up to FPE 30 June 2024. As such, a consolidated group audited financial statements has not been prepared for the FYE 31 December 2021.

For the past 2 financial years up to the FYE 31 December 2023, there were no:-

- i. exceptional or extraordinary items during the financial years under review;
- ii. accounting policy adopted by TMDEL which are peculiar to TMDEL because of the nature of its business or the industry it is involved in; and
- iii. audit qualification of the financial statements of TMDEL for the financial years under review.

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**APPENDIX I – INFORMATION ON TMDEL**

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**Commentary on past performance:-****FYE 31 December 2023 vs FYE 31 December 2022**

TMDEL recorded a revenue of RM2,747.88 million for the FYE 31 December 2023, representing a decrease of RM299.57 million or 9.83% as compared with RM3,047.45 million for the FYE 31 December 2022. The decrease in revenue was mainly attributable to a drop in contribution from the bunkering service segment and the substantial drop in the average oil cargo prices in FYE 31 December 2023 by approximately 23.50% as compared to the FYE 31 December 2022. However, the decrease in revenue was mitigated by an increase of approximately 16.90% in volume of oil cargo bunkered, from approximately 800,000 metric tonnes ("m.t.") in FYE 31 December 2022 to 935,000 m.t. in FYE 31 December 2023.

TMDEL recorded a PAT of RM8.66 million for the FYE 31 December 2023 which represented a decrease of RM1.64 million or 15.86% as compared with RM10.30 million for the FYE 31 December 2022. The decrease in PAT was attributable to a drop in the profit per m.t. of oil cargo sold by approximately 23.30% equivalent to USD3.57 per m.t. (RM15.53) to USD11.78 per m.t. (RM51.24) in FYE 31 December 2023 from USD15.35 per m.t. (RM66.77) in FYE 31 December 2022, as part of efforts by TMDEL to competitively price the cargo to complement TMDEL's marketing efforts to penetrate new markets to increase its customer base. Furthermore, the decrease in PAT was attributable to the increase in depreciation expenses as the Group carried out the periodic dry-dock activities which amounted to USD3.10 million (RM13.48 million) in FYE 31 December 2023 and USD3.50 million (RM15.23 million) in FYE 31 December 2022. In FYE 31 December 2022, the Group had acquired a leasehold property and a vessel at USD0.80 million (RM3.48 million) and USD2.30 million (RM10.01 million) respectively. The additional capital expenditure incurred increased the depreciation expenses and hence lowered the PAT.

**FPE 30 June 2024 vs FPE 30 June 2023**

TMDEL recorded a revenue of RM1,555.23 million for the FPE 30 June 2024, representing an increase of RM413.33 million or 36.20% as compared with RM1,141.90 million for the FPE 30 June 2023. The increase in revenue was mainly attributable to the increase in the volume of cargo bunkered by 35.20%. This was due to the availability of higher vessel capacity in FPE 30 June 2024 as compared to the FPE 30 June 2023, in which two additional vessels were chartered.

TMDEL recorded a PAT of RM3.65 million for the FPE 30 June 2024 which represented a decrease of RM0.59 million or 13.92% as compared with RM4.24 million for the FPE 30 June 2023. The decrease in PAT was attributable to an increase in interest expenses of approximately RM4.77 million, as TMDEL utilised additional working capital financing facilities of approximately RM221.40 million in the FPE 30 June 2024 to meet the financing needs of TMDEL's increase in revenue. Additionally, one of TMDEL's suppliers had limited the supply of cargo oil to TMDEL. Therefore, TMDEL were required to source bunkering fuel from an alternative supplier whose loading terminal located in Singapore with higher bunkering loading cost compared to usual local terminal in Malaysia. Thus, impacting the overall operating cost for the period, resulting in the decrease in PAT for FPE 30 June 2024.

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**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**

**TMD ENERGY LIMITED**  
(Incorporated in Cayman Islands)

**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**31 DECEMBER 2023**

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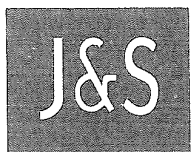
**APPENDIX I – INFORMATION ON TMDL (CONT'D)**

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**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023****Index to Consolidated Financial Statements**

	<b>Page</b>
<u>Report of Independent Registered Public Accounting Firm</u>	2-3
<u>Consolidated Balance Sheets as of December 31, 2023 and 2022</u>	4
<u>Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2023 and 2022</u>	5
<u>Consolidated Statements of Changes in Shareholders' Equity for the years ended December 31, 2023 and 2022</u>	6
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022</u>	7
<u>Notes to Consolidated Financial Statements for the years ended December 31, 2023 and 2022</u>	8-30

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**



**J&S ASSOCIATE PLT**  
202206000037 (LLP0033395-LCA) & AF002380  
(Registered with PCAOB and MIA)  
B-11-14, Megan Avenue II  
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders of  
**TMD Energy Limited**

**Opinion on the Financial Statement**

We have audited the accompanying consolidated balance sheets of TMD Energy Limited and its subsidiaries (the 'Company') as of December 31, 2023 and 2022, and the related consolidated statements of operations and comprehensive income, consolidated statements of changes in shareholders' equity, and consolidated statements of cash flows for the year ended December 31, 2023 and 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the year ended December 31, 2023 and 2022, in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

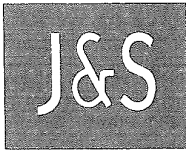
Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

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**APPENDIX I – INFORMATION ON TMDL (CONT'D)**

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**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**



**J&S ASSOCIATE PLT**  
202206000037 (LLP0033395-LCA) & AF002380  
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**Critical Audit Matters**

Critical audit matters are matters arising from the current year audit of the financial statements that were communicated or are required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements, and (2) involved especially challenging, subjective, or complex judgements. We determined that there are no critical audit matters.

*J&S Associate PLT*

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*J&S ASSOCIATE PLT*  
Certified Public Accountants  
PCAOB No: 6743

We have served as the Company's auditor since 2024.

Kuala Lumpur, Malaysia  
June 11, 2024



**APPENDIX I – INFORMATION ON TMDL (CONT'D)**

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**

**TMD Energy Limited  
Consolidated Balance Sheets  
As of December 31, 2023 and 2022**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,830,347	\$ 11,269,468
Accounts receivable, net	22,552,210	7,410,283
Inventory, net	15,810,997	10,269,426
Due from related parties	3,801,459	3,356,999
Other receivables and current assets	24,200,710	15,402,422
<b>Total Current Assets</b>	<b>71,195,723</b>	<b>47,708,598</b>
<b>Non-Current Assets</b>		
Property, plant and equipment, net	33,173,326	34,181,162
Investments	4,343	-
Operating lease right of use asset, net	21,725	44,399
<b>Total Non-Current Assets</b>	<b>33,199,394</b>	<b>34,225,561</b>
<b>Total Assets</b>	<b>104,395,117</b>	<b>81,934,159</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	52,268,010	27,958,767
Other payables	1,620,474	1,584,515
Short-term loans	24,103,740	25,199,167
Due to related parties	522,593	382,385
Taxes payable	108,503	472,738
Operating lease liabilities - current portion	21,385	21,713
Long-term debt payable - current portion	2,909,764	3,046,594
Finance lease payable - current portion	10,146	16,139
<b>Total Current Liabilities</b>	<b>81,564,615</b>	<b>58,682,018</b>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities - non-current	-	95,549
Operating lease liabilities - non-current	1,596	23,943
Long term debt payable	553,062	3,090,619
Finance lease payable	65,520	1,400
<b>Total Non-Current Liabilities</b>	<b>620,178</b>	<b>3,211,511</b>
<b>Total Liabilities</b>	<b>82,184,793</b>	<b>61,893,529</b>
<b>Shareholders' Equity</b>		
Ordinary share, par value \$0.0001 per share; 500,000,000 shares authorized; 20,000,000 shares issued and outstanding at December 31, 2023 and 2022, respectively.	2,000	2,000
Additional paid-in capital	8,113,541	10,790,348
Retained earnings	7,340,067	5,344,116
Accumulated other comprehensive income/(loss)	1,989,499	(28,064)
<b>Total equity attributable to TMD Energy Limited</b>	<b>17,445,107</b>	<b>16,108,400</b>
Non-controlling interests	4,765,217	3,932,230
<b>Total Equity</b>	<b>22,210,324</b>	<b>20,040,630</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 104,395,117</b>	<b>\$ 81,934,159</b>

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**APPENDIX I – INFORMATION ON TMDL (CONT'D)**


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**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**

**TMD Energy Limited**  
**Consolidated Statements of Income and Comprehensive Income**  
**For the Years Ended December 31, 2023 and 2022**

	<b>Years Ended</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Revenues, net	\$ 633,079,773	\$ 702,095,390
Cost of revenues	620,989,960	688,832,965
Gross profit	<u>12,089,813</u>	<u>13,262,425</u>
Operating expenses		
Selling and marketing expense	101,302	70,600
General and administrative expenses	5,127,137	5,730,970
Depreciation expense	4,257,189	2,974,083
Total Operating expenses	<u>9,485,628</u>	<u>8,775,653</u>
Income from operations	<u>2,604,185</u>	<u>4,486,772</u>
Other income/(expenses)		
Interest income	10,264	11,268
Other income/(expense), net	3,321,563	704,626
Interest expense	(2,203,061)	(1,983,204)
Total other income/(expenses), net	<u>1,128,766</u>	<u>(1,267,310)</u>
Income before income tax	3,732,951	3,219,462
Income tax expense/(benefits)	<u>774,239</u>	<u>(8,660)</u>
Net income	<u>2,958,712</u>	<u>3,228,122</u>
Less: income attributable to non-controlling interest	<u>962,761</u>	<u>855,167</u>
Net income attributable to controlling interest	<u>\$ 1,995,951</u>	<u>\$ 2,372,955</u>
<b>Weighted average shares outstanding</b>		
Basic and diluted	20,000,000	20,000,000
<b>Earnings/(Loss) per share</b>		
Basic and diluted	0.10	0.12
<b>Other comprehensive income/(loss):</b>		
Net income	2,958,712	3,228,122
Other comprehensive income/(loss):		
Foreign currency translation adjustment	1,887,789	(311,976)
Total comprehensive income	<u>4,846,501</u>	<u>2,916,146</u>
Comprehensive income/(loss)	4,846,501	2,916,146
Comprehensive (income)/loss attributable to non-controlling interest	<u>(832,987)</u>	<u>(683,369)</u>
Comprehensive income/(loss) attributable to controlling interest	<u>4,013,514</u>	<u>2,232,777</u>

**APPENDIX I – INFORMATION ON TMDL (CONT'D)**

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**

**TMD Energy Limited**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**For the Years Ended December 31, 2023 and 2022**

	<u>Ordinary Shares</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated other Comprehensive Income/(Loss)</u>	<u>Equity attributable to TMD Energy Limited</u>	<u>Non- Controlling interests</u>	<u>Total</u>
	<u>Number of Shares</u>	<u>Amount</u>						
<b>Balance at December 31, 2021</b>	20,000,000	\$ 2,000	\$10,790,348	\$2,971,161	\$ 112,114	\$ 13,875,623	\$ 2,687,876	\$16,563,499
Contribution of capital			-			-	560,985	560,985
Net income				2,372,955		2,372,955	855,167	3,228,122
Foreign currency translation adjustments					(140,178)	(140,178)	(171,798)	(311,976)
<b>Balance at December 31, 2022</b>	<u>20,000,000</u>	<u>2,000</u>	<u>10,790,348</u>	<u>5,344,116</u>	<u>(28,064)</u>	<u>16,108,400</u>	<u>3,932,230</u>	<u>20,040,630</u>
<b>Balance at December 31, 2022</b>	20,000,000	2,000	10,790,348	5,344,116	(28,064)	16,108,400	3,932,230	20,040,630
Return of capital for unissued shares			(2,676,807)			(2,676,807)		(2,676,807)
Net income				1,995,951		1,995,951	962,761	2,958,712
Foreign currency translation adjustments					2,017,563	2,017,563	(129,774)	1,887,789
<b>Balance at December 31, 2023</b>	<u>20,000,000</u>	<u>2,000</u>	<u>8,113,541</u>	<u>7,340,067</u>	<u>1,989,499</u>	<u>17,445,107</u>	<u>4,765,217</u>	<u>22,210,324</u>

**APPENDIX I – INFORMATION ON TMDL (CONT'D)**

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**

**TMD Energy Limited  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2023 and 2022**

	Years Ended	
	December 31, 2023	December 31, 2022
<b>Cash flows from operating activities</b>		
Net income	\$ 2,958,712	\$ 3,228,122
Reconciliation of net income to net cash used in operating activities:		
Depreciation expense	4,257,189	2,974,083
Amortization of operating lease ROU assets	21,107	45,785
Deferred tax liabilities	(92,664)	(902,153)
Gain from disposal of assets	(18,724)	-
<i>Changes in assets and liabilities</i>		
Accounts receivable	(15,597,836)	3,840,328
Inventory	(6,016,083)	(1,799,053)
Due from related parties	(740,331)	(2,976,703)
Prepaid expense and other current assets	(9,480,769)	5,243,458
Customer advances	6,356,475	(9,612,487)
Account payable	19,315,329	297,435
Accrued liabilities and other payable	(287,129)	238,504
Contract liability	-	(12,811)
Operating lease liabilities	(21,057)	(45,952)
<b>Net cash provided by operating activities</b>	<b>654,219</b>	<b>518,556</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(3,149,397)	(6,605,341)
Acquisition of investment	(4,388)	-
Disposal of fixed assets	6,127	-
<b>Net cash used in investing activities</b>	<b>(3,147,658)</b>	<b>(6,605,341)</b>
<b>Cash flows from financing activities</b>		
Proceeds from contribution of capital	-	560,985
Proceeds from (Repayment to)/borrowings	(2,768,651)	6,950,460
Repayment to finance lease payables	(41,328)	(26,698)
Proceeds from related party payables	320,485	561,248
<b>Net cash provided by financing activities</b>	<b>(2,489,494)</b>	<b>8,045,995</b>
<b>Net increase of cash and cash equivalents</b>	<b>(4,982,933)</b>	<b>1,959,210</b>
Effect of foreign currency translation on cash and cash equivalents	(1,456,188)	(891,018)
Cash and cash equivalents – beginning of period	11,269,468	10,201,276
Cash and cash equivalents – end of period	<u>\$ 4,830,347</u>	<u>\$ 11,269,468</u>
<b>Supplementary cash flow information:</b>		
Income taxes paid	\$ -	\$ 177,815
<b>Non-cash financing and investing activities:</b>		
Recognized ROU assets through lease liabilities	-	41,626
Recognized assets through finance lease liabilities	100,771	-

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDEL FOR THE FYE 31 DECEMBER 2023****Note 1 - Organization and Principal Business**

TMD Energy Limited (“**TMDEL**”) was incorporated on October 17, 2023 in the Cayman Islands. TMDEL is a holding company without any operations.

Business Re-organization

The re-organization of the legal entity structure was initialized with the acquisition of TMDEL by Straits Energy Resources Berhad (“**Straits**”) which was completed on November 21, 2023. Prior to this re-organization, Straits was the shareholder with direct or indirect control over all related entities involved in this re-organization.

On December 1, 2023, Straits increased its ownership in Straits Marine Fuels & Energy Sdn Bhd (“**SMF**”) and its seven subsidiaries (“**SMF Group**”) from 67% to 100%, with the acquisition of the balance 33% previously held by Tumpuan Megah Development Sdn Bhd (“**Tumpuan Megah**”). On December 14, 2023, TMDEL acquired 100% ownership of SMF Group from Straits by issuing 3,968,556 ordinary shares of TMDEL to Straits on May 31, 2024.

On January 10, 2024, SMF, the wholly-owned subsidiary of TMDEL, acquired 100% ownership of TMD Straits Limited (“**TMD Straits**”) & TMD Sturgeon Limited (“**TMD Sturgeon**”) from Straits by issuing 890,026 ordinary shares of TMDEL to Straits on May 31, 2024 and 1,132,607 shares of ordinary shares of TMDEL to Straits on May 31, 2024, respectively.

On January 24, 2024, SMF acquired 51% ownership of Straits Marine Services Pte Ltd (“**SMS 1**”) and its wholly-owned subsidiary, Straits Maritime Services Pte Ltd (“**SMS 2**”), from Straits by issuing 1,237,055 ordinary shares of TMDEL to Straits on May 31, 2024.

On January 24, 2024, SMF acquired 70% ownership of Tumpuan Megah and its six subsidiaries from Straits by issuing 8,108,179 ordinary shares of TMDEL to Straits on May 31, 2024.

The above transaction was treated as a re-organization of the Companies under common control and the financial statements give retroactive effect to these transaction.

On May 31, 2024, SMF acquired the remaining 49% ownership interest of SMS 1 and its wholly-owned subsidiary from the non-controlling interest shareholder by issuing 1,188,543 ordinary shares of TMDEL on May 31, 2024. The non-controlling interest is adjusted in the financial statements prospectively.

On May 31, 2024, SMF acquired the remaining 30% ownership interest of Tumpuan Megah and its six subsidiaries from non-controlling interest shareholders by issuing 3,474,934 ordinary shares of TMDEL on May 31, 2024. The non-controlling interest is adjusted in the financial statements prospectively.

The final re-organization of the legal entity structure whereby SMF will acquire the 100% equity interest in all of Tumpuan Megah’s subsidiaries from Tumpuan Megah is expected to be completed by early July 2024.

At the completion of the re-organization, all related entities will effectively become subsidiaries of SMF, with TMDEL effectively holding ownership and control of SMF and its subsidiaries.

The re-organization transaction is treated as a combination between entities under common control in accordance with ASC 805-50. These entities are considered under common control because they share the same ultimate parent entity, which holds a “controlling financial interest,” as defined by ASC 810, in both entities before and after the re-organization. The historical financial statements of each of the entities are the historical financial statements of the combined entity, with no adjustments made to the entities’ historical revenue, expenses, assets, or liabilities, the components of historical total equity are adjusted to reflect the capital structure of TMDEL in accordance to in ASC 805-40-45-3 through 45-5.

TMDEL and its subsidiaries operate as a comprehensive provider of marine fuel logistics, and offers related services, including chartering services and vessel management services, within the maritime industry.

TMDEL and its consolidated subsidiaries are collectively referred to herein as the “Company” unless specific reference is made to an entity.

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**APPENDIX I – INFORMATION ON TMDL (CONT'D)**


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**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**
**Note 1 - Organization and Principal Business (cont'd)**

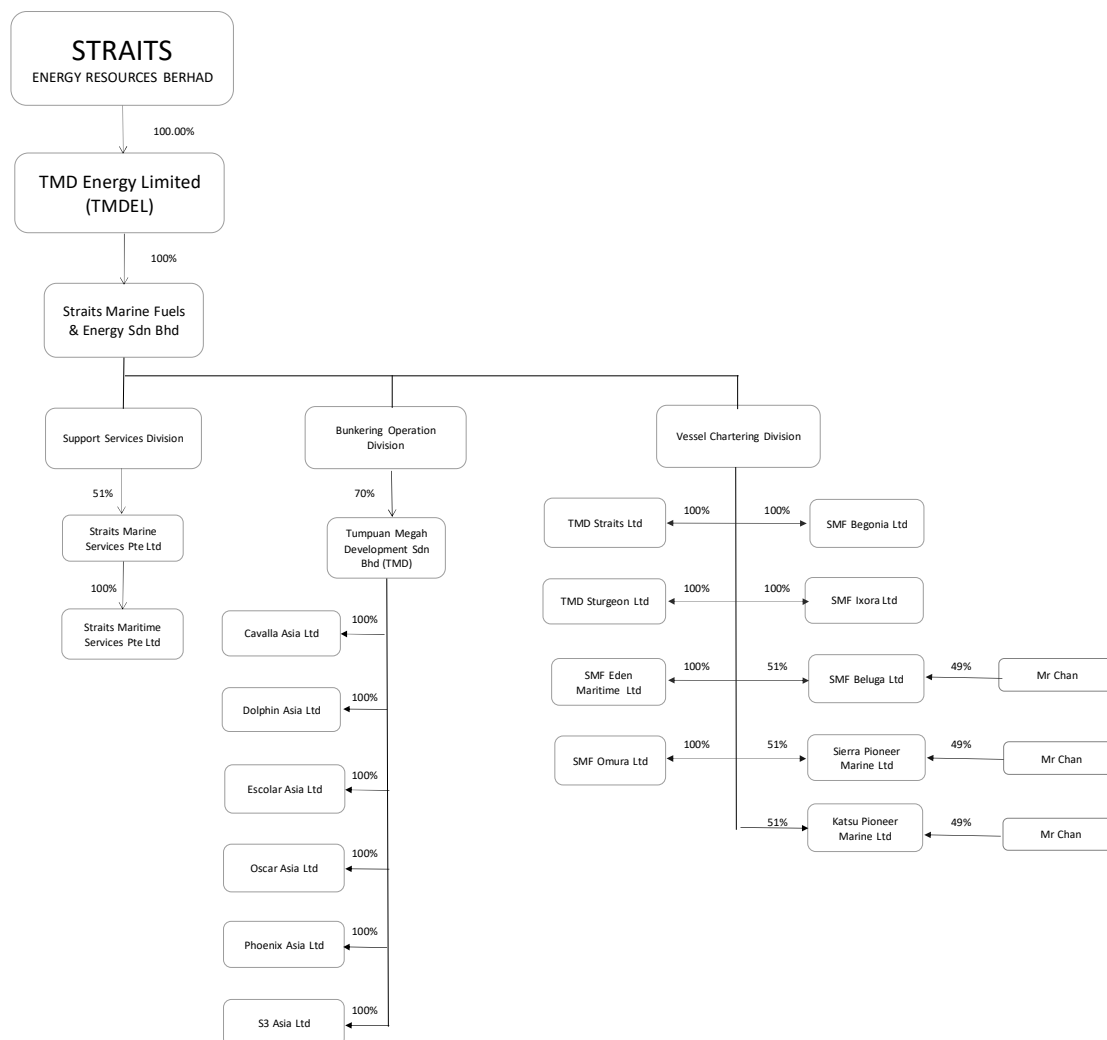
TMDL and its subsidiaries as at December 31, 2023 is as follows:

<b>Entity Name</b>	<b>Place of Incorporation</b>	<b>Percentage of ownership</b>	<b>Principal activities</b>
TMD Energy Limited (“TMDL”)	Cayman Islands	Parent	Ultimate Holding Company
Straits Marine Fuels & Energy Sdn Bhd (“SMF”)	Malaysia	100%	Intermediate Holding Company
Straits Marine Services Pte Ltd (“SMS 1”)	Singapore	51%	Ship Management Services
Straits Maritime Services Pte Ltd (“SMS 2”)	Singapore	100%	Provision of Shipping Services, General Cleaning & Disinfection
Tumpuan Megah Development Sdn Bhd (“Tumpuan Megah”)	Labuan, Malaysia	70%	Provision of Bunkering Services for Marine Fuels and Petroleum-Based Products
Cavalla Asia Ltd	Labuan, Malaysia	100%	Provision of Vessel Chartering Services
Dolphin Asia Ltd	Labuan, Malaysia	100%	Provision of Vessel Chartering Services
Escolar Asia Ltd	Labuan, Malaysia	100%	Provision of Vessel Chartering Services
Oscar Asia Ltd	Labuan, Malaysia	100%	Provision of Vessel Chartering Services
Phoenix Asia Ltd	Labuan, Malaysia	100%	Provision of Vessel Chartering Services
S3 Asia Ltd	Labuan, Malaysia	100%	Provision of Vessel Chartering Services
TMD Straits Ltd	Labuan, Malaysia	100%	Provision of Vessel Chartering Services
TMD Sturgeon Ltd	Labuan, Malaysia	100%	Provision of Vessel Chartering Services
SMF Bergonia Ltd	Labuan, Malaysia	100%	Provision of Vessel Chartering Services
SMF Ixora Ltd	Labuan, Malaysia	100%	Provision of Vessel Chartering Services
SMF Omura Ltd	Labuan, Malaysia	100%	Provision of Vessel Chartering Services
SMF Eden Maritime Ltd	Labuan, Malaysia	100%	Provision of Vessel Chartering Services
SMF Beluga Ltd	Labuan, Malaysia	51%	Provision of Vessel Chartering Services
Sierra Pioneer Marine Ltd	Labuan, Malaysia	51%	Provision of Vessel Chartering Services
Katsu Pioneer Marine Ltd	Labuan, Malaysia	51%	Provision of Vessel Chartering Services

12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDEL FOR THE FYE 31 DECEMBER 2023

Note 1 - Organization and Principal Business (cont'd)

The effective organizational flow chart of TMDEL and its subsidiaries as at December 31, 2023 is as follows:



Note 2 - Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The consolidated financial statements and related notes include all the accounts of the Company and its subsidiaries, entities in which the Company directly and indirectly controls. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All intercompany transactions and balances among the Company and its subsidiaries have been eliminated upon consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Company to make certain estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and related notes.

The most significant estimates and judgments include the allowance for doubtful accounts, useful life of property, plant and equipment, residual values for leased assets, income taxes and uncertain tax positions. Actual amounts could differ from those estimates.

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**

**Note 2 - Summary of Significant Accounting Policies (cont'd)**

Functional Currency and Foreign Currency Translation

The accompanying consolidated financial statements are presented in United States dollar (“\$”), which is the reporting currency of the Company. For the subsidiaries whose functional currencies are Ringgit Malaysia (“RM”) and Singapore Dollar (“SGD”), results of operations and cash flows are translated at average exchange rates during the period, assets and liabilities are translated at the exchange rate at the end of the period, and equity is translated at historical exchange rates. The resulting translation adjustments are included in determining other comprehensive income or loss. Transaction gains and losses are reflected in the consolidated statements of income.

Fair Value of Financial Instruments

The Company follows the provisions of Accounting Standards Codification (“ASC”) Topic 820, Fair Value Measurements and Disclosures (“ASC 820”). It clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

- Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
- Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
- Level 3-Inputs are unobservable inputs which reflect the reporting entity’s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

	<u>Carrying Amount</u>			<u>Estimated Fair Value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
<b><u>December 31, 2023</u></b>				
Investment in equity securities	-	-	4,343	4,343
<b><u>December 31, 2022</u></b>				
Investment in equity securities	-	-	-	-

For other accounts, the carrying amounts reported in the accompanying consolidated balance sheets for cash and cash equivalents, accounts receivable, advance to suppliers, other receivables and current assets, short-term loans, accounts payable, and other payables, due to related parties and income tax payable approximate their fair value based on the short-term maturity of these instruments.

Cash and cash equivalents

Cash and cash equivalents are financial assets that are either cash or highly liquid investments if any with an original maturity term of 90 days or less.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consists principally of amounts due from trade customers. Credit is extended based on an evaluation of the customer’s financial condition and collateral is not generally required.

The Company maintains allowances for doubtful accounts for estimated losses from the receivable amount that cannot be collected. The Company reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, a customer’s historical payment history, its current credit-worthiness and current economic trends. In determining these estimates, the Company examines historical write-offs of its receivables and reviews each client’s account to identify any specific customer collection issues. An allowance for doubtful accounts is recorded in the period in which a loss is determined to be probable. Accounts receivable balances are written off after all collection efforts have been exhausted.



**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023****Note 2 - Summary of Significant Accounting Policies (cont'd)**Inventories

Inventories, primarily consisting of marine gas oil and low Sulphur fuel oil. Inventories are stated at the lower of cost or net realizable value, with net realized value represented by estimated selling prices in the ordinary course of business, less reasonably predictable costs of disposal and transportation.

Cost of inventory is determined using the weighted average method. Adjustments are recorded to write down the cost of inventory to the estimated net realizable value due to slow-moving merchandise, reduction in prices, and damaged products, which is dependent upon factors such as historical and forecasted consumer demand.

Advances to suppliers

Advances to suppliers primarily consists of prepayments for purchase of cargo oil. The Company maintains an allowance for doubtful accounts to state prepayments at their estimated realizable value based on a variety of factors, including the possibility of applying the prepayments to products, significant one-time events, and historical experience.

Deferred Offering Costs

Deferred offering costs represent legal, accounting, and other direct costs related to the Company's initial public offering ("IPO"). These costs are capitalized as incurred and are included in the accompanying balance sheet as "Other receivables and current assets". As of December 31, 2023, and 2022, the Company recorded \$581,536 and \$nil of deferred offering costs, respectively.

Upon completion of the IPO, these deferred offering costs, along with the underwriters' fees paid, will be reclassified to additional paid-in capital and netted against the IPO proceeds received. If the IPO is not completed, such costs will be expensed.

Related Party Transactions

A related party is generally defined as (i) any person and or their immediate family hold 10% or more of the Company's securities (ii) the Company's management, (iii) someone that directly or indirectly controls, is controlled by or is under common control with the Company, or (iv) anyone who can significantly influence the financial and operating decisions of the Company. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company conducts business with its related parties in the ordinary course of business. Related parties may be individuals or corporate entities.

Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions unless such representations can be substantiated. It is not, however, practical to determine the fair value of amounts due from/to related parties due to their related party nature.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. Identifiable significant improvements are capitalized and expenditures for maintenance, repairs, and betterments, including replacement of minor items, are charged to expense.

Depreciation is computed based on cost, less the estimated residual value, if any, using the straight-line method over the estimated useful life.

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**

**Note 2 - Summary of Significant Accounting Policies (cont'd)**

Property, Plant and Equipment (cont'd)

The residual value rate and useful life of property, plant and equipment are summarized as follows:

<b>Property, Plant and Equipment</b>	<b>Useful life</b>
Vessels	9 – 25 years
Dry-docking expenditures	2.5 years from the date of dry dock
Shipping tools, equipment and computers	2 - 10 years
Furniture and fittings	5 – 10 years
Leasehold improvements	5 -10 years
Motor Vehicles	5 years
Real properties	40 years
Leased property	over the life of the lease

Residual values for vessels

The Company determines the residual value of finance lease vessels based on the lightweight of the vessels valued at the metal scrap prices quoted by vessel demolition markets. The Company reassess the estimated residual value of the vessel once in every 5 years.

Dry-docking expenditures

Dry-docking expenditures such as inspection, manual, and certificate, engine maintenance, spare part, painting, vessel maintenance etc. are capitalized in accordance ASC 360-10-35 when such costs are considered to enhance the future economic benefits of the vessel. The expenditures are capitalized when they significantly extend the useful life of the vessel, improve the efficiency or performance of the vessel, or increase the capacity of the vessel.

Capitalized dry-docking expenditures are included in the carrying amount of the vessel and are depreciated over the period until the next scheduled dry-docking. If the criteria for capitalization are not met, the expenditures are expensed as incurred.

Impairment of Long-Lived Assets

The Company accounts for impairment of long-lived assets in accordance with ASC 360, Property, Plant and Equipment. Long-lived assets consist primarily of property, plant and equipment. In accordance with ASC 360, the Company evaluates the carrying value of long-lived assets when it determines a triggering event has occurred, or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When indicators exist, recoverability of assets is measured by a comparison of the carrying value of the asset group to the estimated undiscounted future net cash flows expected to be generated by the asset group. Examples of such triggering events include a significant disposal of a portion of such assets and adverse changes in the market involving the business employing the related assets. If such assets are determined not to be recoverable, the Company performs an analysis of the fair value of the asset group and will recognize an impairment loss when the fair value is less than the carrying amounts of such assets. The fair value, based on reasonable and supportable assumptions and projections, requires subjective judgments. Depending on the assumptions and estimates used, the appraised fair value projected in the evaluation of long-lived assets can vary within a range of outcomes. The Company considers the likelihood of possible outcomes in determining the best estimate for the fair value of the assets.

The Company engaged an independent third-party valuer to assess the cost of the vessels, ensuring that the carrying amount of the vessels does not exceed their recoverable amount.

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023****Note 2 - Summary of Significant Accounting Policies (cont'd)**Investments*Cost Method Investments*

The Company accounts for its investments that represent less than 20% ownership, and for which the Company does not have the ability to exercise significant influence under the cost method; using ASU 2016-01, *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. The Company measure investments in equity securities without a readily determinable fair value using a measurement alternative that measures these securities at the cost method minus impairment, if any, plus or minus changes resulting from observable price changes on a non-recurring basis. Gains and losses on these securities are recognized in other income and expenses.

*Equity Method Investments*

The Company accounts for its investment that represents 20%-50% ownership, and for which the Company have the ability to exercise significant influence through board representation under the equity method.

Under the equity method, investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the investee's profits or losses in the income statement, and its share of movements in other comprehensive income. Dividends received or receivable from investees are recognized as a reduction in the carrying amount of the investment.

When the Company's share of losses in an investee equals or exceeds its interest in the investee, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the investee.

The carrying amounts of equity-accounted investments are tested for impairment.

Lease Commitments

The Company adopted ASC Topic 842, Leases which generally requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use ("ROU") assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements.

The Company determined if an arrangement is a lease at inception.

Operating leases are included in operating lease ROU assets and short and long-term lease liabilities in the consolidated balance sheets. Lease cost for operating leases is recognized on a straight-line basis which includes the amortization of the ROU asset and interest expense related to the operating lease liability and is recorded as rent expenses.

Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in the consolidated balance sheets. Lease cost for finance leases includes the amortization of the ROU asset, which is amortized on a straight-line basis and recorded as Depreciation and amortization expense; and interest expense on the finance lease liability, which is calculated using the effective interest method and recorded as interest expense.

Revenue Recognition

The Company adopted ASC Topic 606, Revenue from Contracts with Customers ("ASC 606") for all years presented. The core principle of this new revenue standard is that a company should recognize revenue when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle by the Company in its determination of revenue recognition: 1) identification of the contract, or contracts, with a customer; 2) identification of the performance obligations in the contract; 3) determination of the transaction price; 4) allocation of the transaction price to the performance obligations in the contract; and 5) recognition of revenue when, or as, the Company satisfy a performance obligation.

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023****Note 2 - Summary of Significant Accounting Policies (cont'd)**Revenue Recognition (cont'd)

The Company's derived its revenues from a diverse range of maritime services provided to clients within the industry.

*Sales of cargo oil and fresh water, and bunkering facilitation*

Revenue generated from sales of cargo oil and fresh water, and bunkering facilitation involves the procurement and delivery of marine gas oil, low sulphur fuel oil, and fresh water for delivery to customers' ships. The Company recognize revenues at a point in time when cargo oil and fresh water has been delivered and accepted by the customer, indicating fulfillment of the performance obligation.

Sales of cargo oil and fresh water, and bunkering facilitation are not capable of being a distinct and separately identifiable. The performance obligation is only considered satisfied when sales of cargo oil and fresh water and bunkering facilitation are completed simultaneously.

*Chartering Services*

Revenue generated from chartering services involves arranging charters for marine transportation for various purposes such as cargo transportation or offshore operations. The Company recognizes revenues over time based on the time elapsed between the delivery of a vessel to a charterer and the return of a vessel from the charterer and invoicing is done on a monthly basis.

*Ship Management Services*

Revenue from ship management services involves providing technical management, crew management, marine consultancy, and shipping services. The Company recognize revenues at a point in time when services are rendered and accepted by customer indicating fulfillment of the performance obligation.

The Company is considered a principal for all the revenues it generates above as it is directly involved in the procurement, delivery, and provision of the goods and services to customers. As the principal, the Company assumes the risks and rewards associated with the transactions, including responsibility for fulfilling the performance obligations and bearing any associated costs and risks, bears the risk of loss or damage to inventory, bears the credit risk associated with customers' ability to pay for the goods or services. Therefore, the Company recognizes revenue at the gross amount.

Costs of Revenues

Cost of revenues primarily consist of cost of goods sold, cargo insurance, and cost incurred in the course of sales and distribution of cargo oil.

Advertising Expenses

The Company expenses advertising costs as incurred and includes it in selling expenses. For the years ended December 31, 2023 and 2022, no advertising and promotional expenses were incurred.

Segment and Geographic Information

The Company uses the "management approach" in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Company's chief operating decision maker for making operating decisions and assessing performance as the source for determining the Company's reportable segments. The Company's chief operating decision maker has been identified as the chief executive officer of the Company, who reviews financial information of separate operating segments based on ASC Topic 280, Segment Reporting. The chief operating decision maker reviews results analyzed by the type of services the Company provides. This analysis is only presented at the revenue level with no allocation of direct or indirect costs.

Consequently, the Company has determined that it operates in one operating segment and serves both Malaysian and international customers.

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023****Note 2 - Summary of Significant Accounting Policies (cont'd)**Earnings/(Loss) per Common Share

Basic earnings/(loss) per ordinary share is computed by dividing net earnings/(loss) attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period. Diluted earnings/(loss) per share is computed by dividing net income/(loss) attributable to ordinary shareholders by the sum of the weighted-average number of ordinary shares outstanding and dilutive potential ordinary shares during the period.

Credit Losses on Financial Instruments

The Company recognizes credit losses on financial instruments in accordance with ASC Topic 326, Financial Instruments – Credit Losses. The Company uses the Current Expected Credit Losses (“CECL”) model to estimate credit losses on financial assets measured at amortized cost, as well as certain off-balance sheet credit exposures.

Under the CECL model, the estimation of credit losses involves significant judgment and estimation uncertainty. Management exercises its judgment based on historical loss experience, current economic conditions, and reasonable and supportable forecasts. Changes in these factors could have a material impact on the estimated credit losses.

The Company has evaluated its account receivables and recognized a credit loss of \$nil and \$1,129,478 for the year ended December 31, 2023 and 2022 respectively.

Income Taxes

The Company accounts for income taxes using an asset and liability approach which allows for the recognition and measurement of deferred tax assets based upon the likelihood of realization of tax benefits in future years. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not these items will either expire before the Company is able to realize their benefits, or that future deductibility is uncertain.

Under ASC 740, a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The evaluation of a tax position is a two-step process. The first step is to determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including the resolution of any related appeals or litigations based on the technical merits of that position. The second step is to measure a tax position that meets the more-likely-than-not threshold to determine the amount of benefit to be recognized in the financial statements. A tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent period in which the threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not criteria should be de-recognized in the first subsequent financial reporting period in which the threshold is no longer met. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the year incurred.

The Company applied the provisions of ASC 740-10-50, “Accounting for Uncertainty in Income Taxes,” which provides clarification related to the process associated with accounting for uncertain tax positions recognized in the Company’s financial statements. Audit periods remain open for review until the statute of limitations has passed. The completion of review or the expiration of the statute of limitations for a given audit period could result in an adjustment to the Company’s liability for income taxes. Any such adjustment could be material to the Company’s results of operations for any given quarterly or annual period based, in part, upon the results of operations for the given period.

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**

**Note 2 - Summary of Significant Accounting Policies (cont'd)**

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, “*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*”, and has since issued various amendments including ASU No. 2018-19, ASU No. 2019-04, and ASU No. 2019-05. The guidance and related amendments modify the accounting for credit losses for most financial assets and require the use of an expected loss model, replacing the currently used incurred loss method. Under this model, entities will be required to estimate the lifetime expected credit loss on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The Company adopted ASU-2016-13 effective January 1, 2023. The adoption of ASU 2016-13 had no material impact on our consolidated financial statements.

In September 2022, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2022-04, “Liabilities – Supplier Finance Programs.” The ASU codifies disclosure requirements for supplier financing programs. The new standard is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. The Company adopted ASU 2016-13 effective January 1, 2023. The adoption of ASU 2016-13 had no material impact on its consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures to improve reportable segment disclosure requirements through enhanced disclosures about significant segment expenses. ASU 2023-07 expands public entities’ segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the CODM and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items and interim disclosures of a reportable segment’s profit or loss and assets. All disclosure requirements of ASU 2023-07 are required for entities with a single reportable segment. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods for our fiscal years beginning after December 15, 2024, and should be applied on a retrospective basis to all periods presented. Early adoption is permitted. The Company is currently evaluating the effect of adopting ASU 2023-07 on our disclosures.

In December 2023, the FASB issued 2023-09, Income Taxes (Topic 740), Improvements to Income Tax Disclosures to enhance income tax information primarily through changes in the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. The Company is currently evaluating the impact of this standard on our statements and related disclosures.

The Company believe that other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission do not have a material impact on our present or near future financial statements.

**Note 3 – Accounts receivable, net**

Accounts receivable, net consist of the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts receivable	\$ 23,923,551	\$ 8,839,022
Allowance for expected credit loss	(1,371,341)	(1,428,739)
Total, net	<u>\$ 22,552,210</u>	<u>\$ 7,410,283</u>

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**APPENDIX I – INFORMATION ON TMDL (CONT'D)**


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**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**
**Note 3 – Accounts receivable, net (cont'd)**

As of end of each of the financial year, the aging analysis of accounts receivable, net of allowance for expected credit loss, based on the invoice date is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Within 90 days	\$ 14,688,353	\$ 6,768,605
Between 91 and 180 days	7,667,223	32,517
Between 181 and 365 days	63,721	422,359
More than 365 days	132,913	186,802
Total, net	<u>\$ 22,552,210</u>	<u>\$ 7,410,283</u>

The movement of allowances for expected credit loss is as follow:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Balance at beginning of the year	\$ (1,428,739)	\$ (322,951)
Addition	—	(1,123,726)
Foreign exchange difference	57,398	17,938
Ending balance	<u>\$ (1,371,341)</u>	<u>\$ (1,428,739)</u>

Bad debt expense was \$nil and \$130,781 for the years ended December 31, 2023 and 2022, respectively.

The Company's normal trade credit term is 30 days (2022: 30 days). Other credit terms are assessed and approved by the management on a case-by-case basis.

Subsequent to FY2023, the Company had received total \$18,672,775 from accounts receivable, including \$4,528,818 as part of an installment agreement with a major trade receivable. The terms of the agreement stipulated periodic payment over a specified duration, and the customer has consistently fulfilled all payment obligations to date. The remaining outstanding \$3,469,576 will be fully settled by November 1, 2024. Therefore, no allowance for expected credit losses was recognized in the financial statements for the year ended December 31, 2023.

**Note 4 – Inventories, net**

Inventories consist of the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Bunkering marine oil	\$ 15,810,997	\$ 10,269,426

Inventory write-down was \$nil and \$nil for the years ended December 31, 2023 and 2022, respectively.

**Note 5 – Other receivables and current assets**

Other receivables and currents assets consist of the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Prepayments	\$ 739,881	\$ 1,065,974
Deposits	6,985,015	4,953,121
Deferred offering costs	581,536	-
Other receivables	15,894,278	9,383,327
Total	<u>\$ 24,200,710</u>	<u>\$ 15,402,422</u>

Prepayments consist of advance payments to insurance, utilities and secretary fee.

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**APPENDIX I – INFORMATION ON TMDL (CONT'D)**


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**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**
**Note 5 – Other receivables and current assets (cont'd)**

Other receivables consist of advance payment to suppliers for purchase of Cargo Oil.

Deposits consist of cargo deposit paid to third party supplier for upgrading of payment term and credit limit, deposit paid to third party contingent suppliers for supply of fuel oil. The deposits paid to suppliers are pledged for the purpose of obtaining purchases credit limit and is only refundable to the Company in the event the credit limit is terminated or to offset against any outstanding amount due to the suppliers.

**Note 6 – Property and equipment, net**

Property and equipment, net consist of the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
At Cost:		
Real property	\$ 808,459	\$ 794,185
Tools and equipment	711,322	443,641
Motor vehicles	245,090	193,562
Furniture and fixtures	62,362	43,396
Vessels	35,304,935	32,400,870
Dry docking expenditure	10,511,691	5,954,369
Renovation and improvements	193,118	166,901
<b>Subtotal</b>	<b>47,836,977</b>	<b>39,996,924</b>
Less: Accumulated depreciation	(14,663,651)	(5,815,762)
<b>Total, net</b>	<b>\$ 33,173,326</b>	<b>\$ 34,181,162</b>

Depreciation expense, including the depreciation expense of assets under finance leases was \$4,257,189 and \$2,974,083 for the years ended December 31, 2023 and 2022, respectively.

**Note 7 – Investment and its valuations**

Investments consist of the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Horizon Shipyard Inter Globe (M) Sdn Bhd (“ <i>Horizon</i> ”)	\$ 4,343	\$ -

*Investment in Horizon*

On June 22, 2023, Tumpuan Megah acquired 20% equity interest in Horizon. The Company’s effective interest in Horizon is 14% as of December 31, 2023. Horizon is a company specializing in repair and maintenance of transport equipment except motor vehicles in Malaysia, which has yet to commence operation. The investment is accounted for using the measurement alternative.

The investment above consist of investment in equity securities without readily determinable fair values are investments in privately held companies, the Company adopted the guidance of ASC 321, Investments - Equity Securities, which allows an entity to measure investments in equity securities without a readily determinable fair value using a measurement alternative that measures these securities at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investment of same issuer (the “**Measurement Alternative**”). The fair value of equity securities without readily determinable fair values that have been remeasured due to impairment are classified within Level 3. Management assesses each of these investments on an individual basis and is required to make a qualitative assessment for impairment at each reporting period.

The Company did not recognize an impairment loss for the years ended December 31, 2023, and 2022, respectively.



**APPENDIX I – INFORMATION ON TMDL (CONT'D)**

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**

**Note 8 - Related party transactions**

The nature and purpose of transaction amounts and outstanding balances for related parties consist of the following:

Related Party Name	Relationship	Nature/ Purpose	December 31,	December 31,	Years Ended December 31,		Subsequent to December 31,
			2023	2022	2023	2022	2023
			Balances		Amounts		Amounts
			Receivables (Liabilities)		Sales (Purchases)		Settled Decrease
Straits Energy Resources Berhad	Controlling Shareholder	(i) Working Capital Advances	\$ 1,623,241	\$ 1,320,934	\$	\$	\$ 1,115,039
		(ii) Management service	-	-	-	(142,919)	-
Pan Management Services Ltd	Entity owned by Controlling Shareholder	Management Service	(295,610)	(208,254)	(234,137)	(198,567)	167,240
Victoria STS (Labuan) Sdn Bhd	Entity owned by Controlling Shareholder	(i) Sales of marine gas oil	631,778	222,508	151,349	235,544	-
		(i) Sales of ship management service	-	(2,492)	122,240	19,584	-
		(iii) Purchase of tugboat services	-	-	(21,201)	(21,808)	-
Victoria 1 Limited	Subsidiary of Victoria STS (Labuan) Sdn Bhd, Entity owned by Controlling Shareholder	(i) Sales of ship management service	-	82,675	-	53,341	-
		(ii) Sales of marine gas oil	-	-	-	76,732	-
Victoria 2 Limited	Subsidiary of Victoria STS (Labuan) Sdn Bhd, Entity owned by Controlling Shareholder	(i) Sales of marine gas oil	-	59,209	-	97,939	-
		(i) Sales of ship management service	-	-	-	22,962	-
Victoria 3 Limited	Subsidiary of Victoria STS (Labuan) Sdn Bhd, Entity owned by Controlling Shareholder	(i) Sales of ship management service	74,066	2,957	16,788	-	-
Sinar Maju Logistik Sdn Bhd	Entity owned by Controlling Shareholder	(i) Shipping Agency Services	(30,420)	368,942	(525,067)	(867,297)	30,420
		(ii) Sales of fresh water	-	-	-	5,117	-

**APPENDIX I – INFORMATION ON TMDL (CONT'D)**
**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**
**Note 8 - Related party transactions (cont'd)**

Related Party Name	Relationship	Nature/ Purpose	December 31,	December 31,	Years Ended December 31,		Subsequent to December 31,
			2023	2022	2023	2022	2023
			Balances		Amounts		Amounts
			Receivables (Liabilities)		Sales (Purchases)		Settled Decrease
Sinar Maju Marin Sdn Bhd	Subsidiary of Sinar Maju Logistik Sdn Bhd, Entity owned by Controlling Shareholder	Shipping Agency Services	(19,865)	(3,394)	(71,606)	(47,566)	19,865
Straits Management Service Sdn Bhd	Entity owned by Controlling Shareholder	Management Service	(153,597)	(144,243)	(269,897)	(144,036)	126,821
Benua Hijau Sdn Bhd	Entity owned by Controlling Shareholder	Advances	110	(11,197)	-	-	-
Straits Alliance Transport Sdn Bhd	Entity owned by Controlling Shareholder	Advances	1,024	925	-	-	-
Megah Port Management Sdn Bhd	Entity owned by Controlling Shareholder	Advances	93	97	-	-	-
Straits Commnet Solutions Sdn Bhd	Subsidiary of Straits Technology Solutions Sdn Bhd, an entity owned by Controlling Shareholder	Advances	-	16	-	-	-
Dato' Sri Ho Kam Choy	Director of the Company	Advances	(21,716)	(11,312)	-	-	21,716
Ho Hung Ming	Son of Dato' Sri Ho Kam Choy	Remuneration	-	-	(67,895)	(67,730)	-
Black Hummer Security Sdn Bhd	An entity controlled by Tan Sri Mohd Bakri Bin Mohd Zinin, one of the directors of Tumpuan Megah Development Sdn Bhd	Security Services	-	(1,493)	(1,448)	(16,877)	-
Raja Ismail Bin Raja Mohamed	Director of Tumpuan Megah Development Sdn Bhd	Reimbursable legal fees	1,469,762	1,298,736	-	-	126,380

	December 31, 2023	December 31, 2022
Due from related parties	\$ 3,801,459	\$ 3,356,999
Due to related parties	(522,593)	(382,385)
Total, net	\$ 3,278,866	\$ 2,974,614

The majority of the amounts due from and due to related parties are interest-free, unsecured, with no fixed terms of repayment, and are payable on demand, with the following exceptions:

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**

**Note 8 - Related party transactions (cont'd)**

The amounts due from Raja Ismail Bin Raja Mohamed (“**Raja Ismail**”) (not a principal shareholder) consist of reimbursable legal fees incurred by Tumpuan Megah which is recoverable against Raja Ismail by Straits and payable to Tumpuan Megah pursuant to a personal guarantee given by Raja Ismail to indemnify such legal fee for a legal case related to the liabilities of Tumpuan Megah arising from the arbitration with no loss no gain to Tumpuan Megah. Under the binding personal guarantee agreement (“**Guarantee Agreement**”) with Straits, Raja Ismail (“**Guarantor**”) agreed unconditionally and irrevocably to undertake and guarantee on all sums of money which may be payable by Tumpuan Megah pursuant to the arbitration, and also indemnified Tumpuan Megah against all loses, damages and expenses, in connection to the arbitration.

This is a strong personal guarantee as the Guarantee Agreement provides for a continuing guarantee and shall remain in full force and effect until the indefeasible payment in full of all costs and the potential liability (“**Guaranteed Obligations**”) and any other amounts payable under this Guarantee Agreement and be binding upon the Guarantor, his estate, successors and assigns. According to ASC310-10, receivables should be recognized at fair value when there is a contractual right to receive the money. The Guarantee Agreement creates the contractual right to receive repayment from Raja Ismail hence allowing the Company to recognize the receivable under the binding indemnification agreement. Although there is typically a presumption against recognizing an asset when the counterparty disputes liability, this presumption has been overcome because (1) Raja Ismail has contracted and agreed to reimburse the Company for all costs incurred as part of the arbitration, as outlined in the binding Guarantee Agreement ; (2) Raja Ismail has commenced the repayment of the legal fees incurred by the company in accordance with the agreed repayment schedule, further reinforcing the certainty of recovery.

For accounting treatment, the Company records the legal fees as an expense and recognizes a corresponding liability upon receiving the bill. Simultaneously, a receivable is recognized from Raja Ismail, offsetting the expense under the terms of the Guarantee Agreement. As a result, all costs incurred in relation to the arbitration are contractually recoverable in full from Raja Ismail.

Certain amounts due from the related party Straits, totaling \$846,906 (2022: \$nil), are interest-bearing at 8.25% (2022: nil%) per annum and have no fixed repayment terms.

Interest income from amounts due from related parties was \$32,089 and \$nil for the years ended December 31, 2023 and 2022, respectively.

The Company received bank guarantees from a bank to support certain trade payables. Straits provided a corporate guarantee to the bank for these facilities. The guarantees ensure timely payment to suppliers in the event of default by the Company. The maximum potential liability under the guarantees is \$1,954,397 as at December 31, 2023.

The sales revenues and purchases for related parties consist of the following:

	<b>Years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Related party sales revenues	\$ 290,377	\$ 511,219
Related party purchases	(1,123,356)	(1,439,070)
Total, net	<u>\$ (832,979)</u>	<u>\$ (927,851)</u>

**APPENDIX I – INFORMATION ON TMDL (CONT'D)**

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**

**Note 9 – Other payables**

Other payables consist of the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Deposit received	\$ 5,500	\$ 1,000
Deferred interest income	69,858	72,782
Professional fee	190,550	405
Insurance services	231,202	284,414
Secretary services	7,250	1,575
Vessel related expenses	357,733	575,322
Other	758,381	649,017
<b>Total</b>	<b>\$ 1,620,474</b>	<b>\$ 1,584,515</b>

**Note 10 – Loans borrowings**

Short-term borrowings consist of the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Tawarruq working capital financing-I	\$ 24,103,740	\$ 25,199,167

*Line of Credit*

Tawarruq working capital financing-I is a line of credit facility which bears interest of 8.25% (2022: 7.75% - 8.00%) per annum and the repayment term were up to 90 days (2022: 90 days) from utilization date and is secured by the following:

- (i) Registered legal charge by way of debenture over all the present and future assets, rights interests and undertakings of Tumpuan Megah, a subsidiary;
- (ii) Registered legal charge by way of debenture over all the present and future assets, rights, interests and undertakings of SMF, a subsidiary; and
- (iii) Corporate guarantee by the Straits, majority shareholder of the Company.

Long-term borrowings consist of the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Vendor installment loans	\$ 2,879,365	\$ 5,534,580
Bank term loan	583,461	602,633
<b>Total</b>	<b>3,462,826</b>	<b>6,137,213</b>
Less: current portion of loans payable	(2,909,764)	(3,046,594)
<b>Long-term debt payable</b>	<b>\$ 553,062</b>	<b>\$ 3,090,619</b>

Long-term borrowings maturities, excluding finance leases as follows:

<b>For the year ending December 31,</b>	
2024	\$ 2,909,764
2025	31,917
2026	33,535
2027	35,234
2028	37,019
Thereafter	415,357
<b>Total</b>	<b>\$ 3,462,826</b>

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**APPENDIX I – INFORMATION ON TMDL (CONT'D)**


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**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**
**Note 10 – Loans borrowings (cont'd)**
*Installment Loans*

The Company has entered into installment loans for the purchase of vessels, which are used primarily for its bunkering operations. These loans are secured by the vessels acquired and bear fixed repayment schedules over the life of the loan, with periodic payments consisting of both principal and interest components

As of December 31, 2023, the aggregate outstanding balance of installment loans for the purchase of vessels amounted to \$2,879,365, with scheduled repayments extending over a period ranging from 3 to 5 years and with interest rates ranging from 3.99% to 7.93%. The Company is in compliance with all covenants and requirements stipulated in the loan agreements. The vessels acquired through these loans are recorded as assets on the Company's balance sheet and are depreciated over their useful lives.

Interest expenses related to these installment loans are recognized over the life of the loans using the effective interest method.

*Term Loan*

On June 24, 2022, the Company entered into a facility agreement for a term loan up to SGD824,000 to partially finance the acquisition of leasehold property. The loan is secured by way of legal mortgage over the property and guarantees provided by the holding company and a shareholder of the subsidiary, SMS 1.

Total interest expenses on loans borrowings were \$2,200,754 and \$1,947,153 for the years ended December 31, 2023 and 2022, respectively.

**Note 11 – Leases**

Classification related to operating and finance leases on the consolidated balance sheet consist of the following:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<i>Lease assets and liabilities</i>		
Operating lease assets, net	\$ 21,725	\$ 44,399
Finance lease assets, net	89,282	17,113
Operating lease liabilities-current	21,385	21,713
Operating lease liabilities – non-current	1,596	23,943
Operating lease liabilities-total	<u>22,981</u>	<u>45,656</u>
Finance lease liabilities-current	10,146	16,139
Finance lease liabilities – non-current	65,520	1,400
Finance lease liabilities-total	<u>\$ 75,666</u>	<u>\$ 17,539</u>

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**APPENDIX I – INFORMATION ON TMDL (CONT'D)**


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**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**
**Note 11 – Leases (cont'd)**

Components of lease cost, weighted average remaining lease terms and discount rates of operating and finance leases consist of the following:

	Years ended December 31,	
	2024	2023
<i>Lease expenses</i>		
Operating lease expenses	\$ 23,089	\$ 49,184
<i>Finance lease expenses</i>		
Depreciation expense of leased assets	17,625	21,019
Interest expense of finance lease	2,306	1,315
<i>Other Information</i>		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows - operating leases	\$ 21,057	\$ 45,952
Operating cash flows - finance leases	2,306	1,315
Financing cash flows - finance leases	41,928	26,698
Weighted average remaining lease term (in years)		
Operating leases	1.00	2.00
Finance leases	3.25	0.92
Average discount rate		
Operating leases	5.77%	5.77%
Finance leases	4.63%	4.63%

Future minimum payments under operating and finance leases consist of the following:

	Operating Leases	Finance Leases
<i>Future minimum lease payments</i>		
Year December 31, 2024	\$ 22,106	\$ 13,543
Year December 31, 2025	1,607	13,543
Year December 31, 2026	-	13,543
Year December 31, 2027	-	13,543
Year December 31, 2028	-	13,543
Thereafter	-	19,936
Total	23,713	87,651
Less: interest	(732)	(11,985)
Present value of lease liabilities	\$ 22,981	\$ 75,666

**Note 12 - Equity**

The Company is authorized to issue 500,000,000 shares of Ordinary shares with \$0.0001 par value.

As at December 31, 2023, the Company has 100 shares of Ordinary shares \$0.0001 par value issued and outstanding. These shares were issued on the incorporation of the Company on October 17, 2023.

On May 31, 2024, the Company issued the 19,999,900 ordinary shares of \$0.0001 par value for its re-organization transactions as follows:

- (i) An aggregate 15,336,423 shares of Ordinary shares to Straits for the acquisition of 100% in SMF, TMD Straits and TMD Sturgeon, 70% in Tumpuan Megah and 51% in SMS 1.
- (ii) 1,737,467 shares of Ordinary shares to Dato' Mohd Suhaimi bin Hashim for the acquisition of 15% Tumpuan Megah.
- (iii) 1,737,467 shares of Ordinary shares to Yong Sing Goo for the acquisition of 15% Tumpuan Megah.
- (iv) 1,188,543 shares of Ordinary shares to Platinum Gate Capital Pte Ltd. for the acquisition of 49% SMS 1.

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**APPENDIX I – INFORMATION ON TMDL (CONT'D)**

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**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023****Note 12 – Equity (cont'd)**

The transaction (i) above which the share issuances were treated as a re-organization of the Company under common control and the financial statements give retrospective effect to these share issuances.

The transactions (ii) – (iv) above which the share issuances will be accounted for prospectively and has been included in the subsequent event note accordingly.

**Note 13 – Disaggregated revenue and geographic information**

Disaggregated revenue by service lines as follows:

	Years ended December 31,	
	2023	2022
<i>Revenue by service lines:</i>		
Sales of cargo oil and fresh water, and bunkering facilitation	\$ 631,607,903	\$ 700,268,828
Chartering services	1,193,594	1,597,273
Ship management services	278,276	229,289
Total revenue	<u>\$ 633,079,773</u>	<u>\$ 702,095,390</u>

Geographic revenue information as follows:

	Years ended December 31,	
	2023	2022
<i>Revenue by geographic area:</i>		
Hong Kong	\$ -	\$ 21,423
Malaysia	633,022,743	701,995,424
Indonesia	6,356	41,741
Singapore	50,674	30,508
Vietnam		6,294
Total revenue	<u>\$ 633,079,773</u>	<u>\$ 702,095,390</u>

**Note 14 - Income Taxes***Cayman Islands*

Cayman Islands entities are not subject to income taxes on profits, income, gains or appreciation, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the Company's ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our ordinary shares, as the case may be, nor will gains derived from the disposal of our ordinary shares be subject to Cayman Islands income or corporation tax.

*Malaysia*

Malaysia Income Tax is calculated at 24% of the estimated assessable profits for the relevant year. Net operating losses can be carried forward for a limit of ten consecutive years starting from the year subsequent to the year in which the loss was incurred.

For Labuan Trading activity, the chargeable profits would subject to tax under Labuan Business Activity Act, 1990 ("LBATA") of which 3% of net audited profits would be taxed.

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**APPENDIX I – INFORMATION ON TMDL (CONT'D)**


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**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023**
**Note 14 - Income Taxes (cont'd)**
*Singapore*

Singapore Income Tax is calculated at 17% of chargeable income for the relevant year. Net operating losses can be carried forward indefinitely to offset against future taxable income.

Taxable income/(loss) before income taxes by jurisdiction are as follows:

	<b>Years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Malaysia	\$ 684,759	\$ (80,931)
Labuan	25,263	38,447
Singapore	64,217	33,824
Total tax expenses/(benefits)	<u>\$ 774,239</u>	<u>\$ (8,660)</u>

Reconciliations of the statutory income tax rate and the Company's effective income tax rate are as follow:

	<b>Years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Income tax expense at Labuan statutory rate	\$ 25,375	\$ 38,334
Income tax expense at Malaysia statutory rate	710,438	368,799
Income tax expense at Singapore statutory rate	91,240	108,987
<i>Increases/(decreases) due to:</i>		
Foreign tax rate differential		
Other adjustments	(177,593)	391,723
Temporary differences	13,072	(844,343)
Other Exemption, rebate and credit	(56,397)	(22,106)
Foreign tax credit	-	(61,909)
Under/(Over) provision in prior years	168,104	11,855
Change in valuation allowance	-	-
Tax expense/(benefits), net	<u>\$ 774,239</u>	<u>\$ (8,660)</u>

**Note 15 – Commitments and contingencies**
*Contingencies*

Legal proceedings between ING Bank N.V., O.W. Bunker Far East (Singapore) Pte Ltd, and Tumpuan Megah Development Sdn Bhd (“**Tumpuan Megah**”)

The Company's subsidiary, Tumpuan Megah, is involved in a legal proceeding consisting of disputes over financing agreements, gas oil supply contracts, and an enforcement attempts of an English judgment against Tumpuan Megah for US\$937,353, along with interest and costs. The proceedings include applications, appeals, and hearings in Malaysian courts. Furthermore, an ongoing arbitration accompanies these legal actions, wherein Tumpuan Megah is accompanied by an agreement from Straits to release to Tumpuan Megah all amounts it receives under a personal guarantee from the vendor (Raja Ismail), indemnifying Straits against Tumpuan Megah's liabilities after deducting Straits' cost and expense in recovery of such amount from the vendor as well as may be expanded under these legal proceedings.

There is no reasonable possibility that any losses maybe incurred by the Company as Guaranteed Obligations is fully indemnified by Raja Ismail under the binding personal guarantee agreement (Guarantee Agreement referred to in Note 8) and there is no additional exposure to the Company as all costs and the potential liability have been indemnified under the agreement.



**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023****Note 15 – Commitments and contingencies (cont'd)**

A claim for loss recovery generally can be recognized when a loss event has occurred and recovery is considered probable. If the claim is subject to dispute or litigation, a rebuttable presumption exists that recoverability of the claim is not probable. If the potential recovery exceeds the loss recognized in the financial statements or relates to a loss not yet recognized in the financial statements, such recovery should be recognized under the gain contingency model

As a result of this indemnification agreement, no provisions have been made in the financial statements for these potential liabilities nor any recognition of loss contingency has been made under ASC 450-20. The total reimbursable legal fees are recorded as “Due from related parties” which is disclosed in Note 8.

**Note 16 – Concentration, risks, and uncertainties****a) Concentration of credit risk**

Financial instruments that potentially subject the Company to concentration of credit risk are cash and cash equivalents, and accounts receivable arising from its normal business activities.

The Company is exposed to credit risks associated with deposits held in financial institutions. The aggregate deposit amounts in financial institutions exceeding the insurance limits set by local authorities which may be at risk in the event of a financial institution default. The Company regularly assesses and monitors credit risks associated with its deposit accounts and takes appropriate measures to mitigate potential losses.

The Company routinely assesses the financial strength of its customer and, based upon factors surrounding the credit risk, establishes an allowance, if required, for uncollectible accounts and, consequently, believes that its accounts receivable credit risk exposure beyond such allowance is limited.

**b) Foreign currency exchange rate risk**

The functional currencies of the Company are RM and SGD, respectively. The Company’s exposure to foreign currency exchange rate risk primarily relates to cash and cash equivalents, accounts receivable and accounts payable. Any significant fluctuation of the functional currencies against U.S. dollars may materially and adversely affect the Company’s cash flows, revenues, earnings and financial positions.

**c) Liquidity risk**

The Company is exposed to liquidity risk, which is the risk that it may encounter difficulties in meeting its financial obligations as they become due. The Company manages this risk by maintaining adequate levels of cash and cash equivalents, monitoring cash flows, and maintaining access to financing sources.

As of December 31, 2023, the Company has net working capital deficit of \$10,368,892. Despite this, the Company believes that it can meet all its financial obligations as they become due in the foreseeable future. This conclusion is based on a detailed assessment of the Company’s financial position, forecast, and plans up to the date of approval of these financial statements.

Key considerations in this assessment include:

- The Company’s high utilization rate of trade facilities and good payment track record suggest that trade facilities amounting to approximately \$24.1 million and supplier purchasing limits of \$31 million will be available for the next 12 months.
- As of December 31, 2023, the Company has available trade facilities amounting to \$36 million and has obtained an additional \$28 million trade facility post year-end to support its operational needs.

**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDL FOR THE FYE 31 DECEMBER 2023****Note 16 – Concentration, risks, and uncertainties (cont'd)**

Based on this assessment, the Company does not foresee any significant liquidity risk or material uncertainty that may cast doubt on the Company's ability to meet its financial obligations over the next 12 months.

## d) Environment risk

The Company is subject to numerous local and international environmental laws and regulations as its operation involved the risks of fuel spillage or seepage, environmental damage and hazardous waste disposal which subsequently could result in substantial claims, fines or penalties that will have a material adverse effect on our business and operating results. To mitigate any possible environmental and financial impact, the Company implements stringent standard operating procedures and policies throughout its bunkering and vessel operations.

## e) Concentration risk

Customers

For the year ended December 31, 2023, Customer A, Customer B accounted for 92.66%, and 1.66% of the Company's revenues, respectively. As December 31, 2023, these customers accounted for 44.14%, and 35.83% of the Company's accounts receivable, respectively.

For the years ended December 31, 2022, Customer A and Customer C accounted for 91.28% and 1.26% of the Company's revenues, respectively. As December 31, 2022, these customers accounted for 54.85%, and 10.11% of the Company's accounts receivable, respectively.

Suppliers

For the year ended December 31, 2023, Supplier A and Supplier B accounted for 46.01% and 36.26% of the Company's total cost of revenues, respectively. As December 31, 2023, these suppliers accounted for 0%, and 95% of the Company's accounts payable, respectively.

For the fiscal years ended December 31, 2022, Supplier B and Supplier C accounted for 52.63% and 26.6% of the Company's cost of revenues, respectively. As December 31, 2023, these suppliers accounted for 98%, and nil% of the Company's accounts payable, respectively.

**Note 17 – Subsequent events**

On January 3, 2024, Tumpuan Megah acquired 300 ordinary shares in TMD Marine Fuels Sdn. Bhd. ("TMDF"), representing 30% equity interest in TMDF for cash consideration of RM300.

On January 30, 2024, Tumpuan Megah obtained an additional \$28 million of trade facility to support its operational needs.

On February 23, 2024, Tumpuan Megah further subscribed for 149,700 new ordinary shares in TMDF in proportion with its existing shareholding in TMDF for cash consideration of RM149,700, and the Tumpuan Megah's equity interest remained unchanged at 30% after subscription of the new shares.

On April 9, 2024, Tumpuan Megah further subscribed 380,000 new ordinary shares in Horizon Shipyard Inter Globe (M) Sdn Bhd ("Horizon") in proportion with its existing shareholding in Horizon for cash consideration of RM380,000. Tumpuan Megah's equity interest remained unchanged at 20% after subscription of the new shares.

On May 31, 2024, Straits Marine Fuels & Energy Sdn Bhd ("SMF"), a wholly-owned subsidiary of TMDEL, further acquired 4,500,000 ordinary shares in Tumpuan Megah, representing the remaining 30% of the equity interest in Tumpuan Megah, from Dato' Mohd Suhaimi bin Hashim ("Dato' Suhaimi") and Yong Sing Goo ("Mr. Goo") held equally. The purchase consideration amounting to RM9,720,989 (US\$2,085,557) was settled by the issuance of 3,474,934 ordinary shares of TMDEL.

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**APPENDIX I – INFORMATION ON TMDEL (CONT'D)**

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**12. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF TMDEL FOR THE FYE 31 DECEMBER 2023****Note 17 – Subsequent events (cont'd)**

On May 31, 2024, SMF, a wholly-owned subsidiary of TMDEL, further acquired 49,000 ordinary shares in Straits Marine Services Pte Ltd (“**SMS 1**”), representing the remaining 49% of the equity interest in SMS 1, from Platinum Gate Capital Pte Ltd. The purchase consideration amounting to RM3,324,902 (US\$713,330) was settled by issuance of 1,188,543 ordinary shares of TMDEL.

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## APPENDIX II – FURTHER INFORMATION

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### 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 Listing of Subsidiary, 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 has given their written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Adviser to Straits for the Proposed Listing of Subsidiary.

### 4. MATERIAL COMMITMENTS

As at the LPD, there is no 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.

### 5. CONTINGENT LIABILITIES

As at the LPD, there is no 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.

### 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 of this Circular up to the date stipulated for the holding of the EGM:-

- i. the Constitution of Straits and Memorandum and Articles of Association of TMDEL;
- ii. the audited consolidated financial statements of Straits for the past 2 financial years up to the FYE 31 December 2023 and the latest unaudited consolidated financial statements for the 6-month FPE 30 June 2024;
- iii. the consolidated audited financial statement of TMDEL for the FYE 31 December 2022, FYE 31 December 2023 and unaudited FPE 30 June 2024 as referred to in **Section 11 of Appendix I** of this Circular;
- iv. the letter of consent and declaration of conflict of interest referred to in **Sections 2 and 3** hereinabove, respectively;
- v. the relevant cause papers in respect of TMD's material litigation set out in **Section 6 of Appendix I** of this Circular; and
- vi. the material contracts referred to in **Section 7 of Appendix I** of this Circular.



**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 **Wednesday, 27 November 2024 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 LISTING OF TMD ENERGY LIMITED ("TMDL"), A 76.68%-OWNED SUBSIDIARY OF STRAITS ENERGY RESOURCES BERHAD ("STRAITS" OR THE "COMPANY") ON THE NEW YORK STOCK EXCHANGE AMERICAN ("NYSE AMERICAN") ("PROPOSED LISTING OF SUBSIDIARY")**

"**THAT**, subject to the approvals of all relevant authorities and/or parties being obtained (if required), approval be and is hereby given to Straits to undertake the Proposed Listing of Subsidiary;

**AND THAT** the Directors of the Company be and are hereby authorised to do all acts, deeds and things and execute all documents as they may deem fit or expedient in order to carry out, finalise, implement and/or give full effect to the Proposed Listing of Subsidiary with full power to assent to any conditions, modifications, variations and/or amendments as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps as they may consider necessary or expedient in the best interest of the Company in order to carry out, implement, finalise and/or give full effect to the Proposed Listing of Subsidiary."

**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  
12 November 2024

**NOTES**

**1. Mode of Meeting**

The EGM of the Company will be conducted on fully virtual basis through live streaming and online remote voting using RPV facilities via the online meeting platform at <https://tiih.online> provided by Tricor.

**Please follow the steps and procedures provided in the Administrative Guide to Shareholders for the EGM in order to register, participate and vote remotely via the RPV platform.**

## 2. Members Entitled to Attend

For the purpose of determining a member who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 19 November 2024.

Only a depositor whose name appears on the **Record of Depositors as at 19 November 2024** shall be regarded as members and be entitled to attend and vote at the EGM.

## 3. Voting

The resolution in the Notice of the EGM is to be conducted by poll voting as per Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad via the RPV Platform.

For this purpose, the Company has appointed Tricor as poll administrator to conduct the poll voting electronically and Mega Corporate Services Sdn. Bhd. as the scrutineer to verify the poll results.

## 4. Proxy(ies)

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) Any alterations in the Proxy Form must be initialed by the member.
- (v) An instrument appointing a proxy shall be in writing and in the case of an individual, shall be signed by the appointor or by his/her attorney; and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.
- (vi) The instrument appointing a proxy must be deposited at the Share Registrar's 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, Malaysia OR the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **not less than 48 hours** before the time holding the EGM i.e. **no later than 10.00 a.m., Monday, 25 November 2024** or at any adjournment thereof.

Alternatively, you have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> **not less than 48 hours** before the time holding the EGM i.e. **no later than 10.00 a.m., Monday, 25 November 2024** or at any adjournment thereof.

- (vii) A member who has appointed proxy(ies) or attorney or authorised representative to attend, participate and vote at the EGM via RPV facilities must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

**Please follow the steps and procedures provided in the Administrative Guide to Shareholders for the EGM for the electronic lodgement of proxy form.**

## **5. Corporate Representatives**

As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the EGM pursuant to Section 333 of the Companies Act 2016. For this purpose and pursuant to Section 333(5) of the Companies Act 2016, the corporate member shall provide a certificate of appointment by the corporation as prima facie evidence of the appointment of the corporate representative.

## **6. Publication of Notice of EGM on Corporate Website**

Pursuant to Section 320(2) of the Companies Act 2016, a copy of this Notice together with the proxy form are available on the corporate website of the Company at <https://www.straits-energyresources.com>.

## **7. Personal Data Privacy**

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, 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.

# ADMINISTRATIVE GUIDE TO SHAREHOLDERS

## EXTRAORDINARY GENERAL MEETING ("EGM")

Meeting Day & Date	:	Wednesday, 27 November 2024
Time	:	10.00 a.m.
Online Meeting Platform	:	Fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPV") facilities at <a href="https://tiih.online">https://tiih.online</a> (TIIH online website) provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") in Malaysia

### 1. FULLY VIRTUAL EGM

Straits Energy Resources Berhad ("**Straits**" or the "**Company**") will continue to leverage on technology to facilitate communication and engagement with shareholders by conducting the EGM on fully virtual basis via online meeting platform. The fully virtual EGM would facilitate greater shareholders' participation as it facilitates electronic voting and remote shareholders' participation.

Hence, the 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 in Malaysia via RPV facilities.

### 2. SHAREHOLDERS ENTITLED TO ATTEND THE VIRTUAL EGM

Only shareholders whose names appear on the Record of Depositors as at **19 November 2024** shall be eligible to attend, participate and vote in the virtual EGM or appoint a proxy(ies) to attend, participate and vote on his/her behalf.

### 3. REGISTRATION FOR THE VIRTUAL EGM

Shareholders who wish to participate in the EGM are required to register via Tricor's TIIH Online website at <https://tiih.online> prior to the meeting.

Please refer to the "**Procedures for RPV**" as set out in this Administrative Guide.

### 4. APPOINTMENT OF PROXY

- i) If a shareholder is unable to participate at the EGM, he/she may appoint his/her proxy(ies) to participate and vote on his/her behalf and indicate the voting instruction in the Proxy Form. Alternatively, the shareholder may also appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form.

Please refer to the "**Procedures for RPV**" as set out in this Administrative Guide.

- ii) 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 refer to the "**Procedures for RPV**" as set out in this Administrative Guide.



- iii) Shareholders who appoint proxies or attorney or authorised representative(s) to participate via RPV facilities in the EGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **10.00 a.m., Monday, 25 November 2024.**

a. In hard copy

The Proxy Form shall be deposited at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **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, Malaysia.

Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

b. By electronic form

The Proxy Form can be electronically lodged via Tricor's TIIH Online website at <https://tiih.online>.

Please refer to procedures for "**Electronic Lodgement of Proxy Form**" as set out in this Administrative Guide.

- iv) For a Corporate Shareholder who has appointed a representative, please deposit the Certificate of Appointment at the Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR** the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **OR alternatively email to [is.enquiry@vistra.com](mailto:is.enquiry@vistra.com)** not later than **10.00 a.m., Monday, 25 November 2024** to participate via RPV facilities in the EGM.

The Certificate of Appointment should be executed in the following manner:

- a) If the Corporate Shareholder has a common seal, the Certificate of Appointment should be executed under the common seal in accordance with the constitution of the corporate shareholder.
- b) If the Corporate Shareholder does not have a common seal, the Certificate of Appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
- i) at least two (2) authorised officers, of whom one shall be a director; or
  - ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate shareholder is incorporated.

## 5. REVOCATION OF PROXY

If you have submitted your Proxy Form and subsequently decide to appoint another person or wish to participate in our virtual EGM by yourself, please write to **[is.enquiry@vistra.com](mailto:is.enquiry@vistra.com)** to revoke the earlier appointed proxy forty-eight (48) hours before the EGM.

On revocation, your proxy(ies) will not be allowed to participate in the EGM. In such an event, you should advise your proxy accordingly.

## 6. VOTING PROCEDURE

- i) Pursuant to Rule 8.31(A)(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the voting at the EGM will be conducted by poll. For this purpose, the Company has appointed Tricor as Poll Administrator to conduct the poll voting electronically and Mega Corporate Services Sdn Bhd as the Independent Scrutineer to verify the results of the poll.
- ii) Shareholders and proxies can proceed to vote on the resolution at any time from the commencement of the EGM on **Wednesday, 27 November 2024 at 10.00 a. m.** but before the end of the voting session which will be announced by the Chairman of the meeting.

Upon completion of the voting session, the Independent Scrutineer will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed.

Please refer to "**Procedures for RPV**" for guidance on how to vote remotely via TIIH Online.

## 7. SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions in advance on the EGM resolutions via Tricor's TIIH Online website at <https://tiih.online> by selecting "**e-Services**" to login, pose questions and submit electronically **no later than 10.00 a.m., Monday, 25 November 2024.**

Thereafter, on the day of the EGM, shareholders may also use the Query Box facility to transmit questions to the Board of Directors via the RPV facilities during live streaming of the EGM starting at 9.00 a.m.

The Board will endeavor to respond to Pre-EGM meeting questions and questions submitted from 9.00 a.m. on the day of the EGM and throughout the meeting. The Company will endeavor to address questions that are substantial and relevant during the meeting. If there is time constraint, the responses from the Company will be uploaded by the Company on its corporate website as soon as practicable.

## 8. REQUEST FOR PRINTED COPY OF THE CIRCULAR

As part of our dedicated commitment to sustainable practices, kindly download the documents of the Company as stated below, which are made available at <https://www.straits-energyresources.com> and also on the website of Bursa Malaysia Securities Berhad at <https://www.bursamalaysia.com> under Company Announcements of STRAITS ENERGY RESOURCES BERHAD:-

- i) Notice of EGM
- ii) Proxy Form
- iii) Administrative Guide to Shareholders
- iv) Circular to Shareholders dated 12 November 2024

Should you need a copy of the printed Circular to Shareholders, kindly forward to us your request at <https://tiih.online> by selecting "**Request for Circular**" under the "**Investor Services**" or alternatively, you may also make your request through telephone or e-mail to our Share Registrar at the number or e-mail address given below.

We will send it to you by ordinary post as soon as possible upon receipt of your request.

## 9. NO GIFTS DISTRIBUTION

There will be no gifts distribution for shareholders/proxies who participate in the EGM.

## PROCEDURES FOR RPV

Shareholders/proxies/corporate representatives/attorneys who wish to participate the EGM remotely using the RPV facilities are to follow the requirements and procedures as summarised below:

Procedure	Action
<b>BEFORE THE EGM DAY</b>	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>• Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "<b>e-Services</b>". Select "<b>Create Account by Individual Holder</b>". Refer to the tutorial guide posted on the homepage for assistance.</li> <li>• Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>• If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.</li> </ul>
(b) Submit your Request to attend the EGM remotely	<ul style="list-style-type: none"> <li>• <b>Registration is open from Tuesday, 12 November 2024 until such time before the voting session ends at the EGM on Wednesday, 27 November 2024.</b> Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the EGM to ascertain their eligibility to participate the EGM using the RPV.</li> <li>• Login with your user ID (i.e. e-mail address) and password and select the corporate event: "<b>(REGISTRATION) STRAITS 2024 EGM</b>".</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Select "<b>Register for Remote Participation and Voting</b>".</li> <li>• Review your registration and proceed to register.</li> <li>• System will send an e-mail to notify that your registration for remote participation is received and will be verified.</li> <li>• After verification of your registration against the <b>General Meeting Record of Depositors as at 19 November 2024</b>, the system will send you an e-mail after 25 November 2024 to approve or reject your registration for remote participation.</li> </ul> <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i></p>

Procedure	Action
<b>ON THE DAY OF THE EGM</b>	
(a)	<p>Login to TIIH Online</p> <ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the EGM at any time from <b>9.00 a.m.</b> i.e. 1 hour before the commencement of the EGM on <b>Wednesday, 27 November 2024 at 10.00 a.m.</b></li> </ul>
(b)	<p>Participate through Live Streaming</p> <ul style="list-style-type: none"> <li>Select the corporate event: “<b>(LIVE STREAM MEETING) STRAITS 2024 EGM</b>” to engage in the proceedings of the EGM remotely.</li> <li>If you have any question for the Chairman / Board, you may use the Query Box to transmit your question. The Chairman / Board will endeavor to respond to questions submitted by remote participants during the EGM. If there is time constraint, the responses will be uploaded by the Company on its corporate website.</li> </ul>
(c)	<p>Online Remote Voting</p> <ul style="list-style-type: none"> <li>Voting session commences <b>from 10.00 a.m. on Wednesday, 27 November 2024</b> until a time when the Chairman announces the closure of the voting session of the EGM.</li> <li>Select the corporate event: “<b>(REMOTE VOTING) STRAITS 2024 EGM</b>” or if you are on the live stream meeting page, you can select “<b>GO TO REMOTE VOTING PAGE</b>” button below the Query Box.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your vote for the resolution that is tabled for voting.</li> <li>Confirm and submit your vote.</li> </ul>
(d)	<p>End of remote participation</p> <ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the closure of the EGM, the live streaming will end.</li> </ul>

### Note to users of the RPV facilities:

1. Should your application to join the meeting be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the fully virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@vistra.com](mailto:tiih.online@vistra.com) for assistance.

### ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

Procedure		Action
<b>i) Steps for individual Shareholders</b>		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"><li>• Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “<b>e-Services</b>”. Please do refer to the tutorial guide posted on the homepage for assistance.</li><li>• If you are already a user with TIIH Online, you are not required to register again.</li></ul>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"><li>• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li><li>• Select the corporate event: “<b>Straits 2024 EGM - Submission of Proxy Form</b>”.</li><li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration</li><li>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li><li>• Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.</li><li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li><li>• Review and confirm your proxy(s) appointment.</li><li>• Print proxy form for your record.</li></ul>

Procedure		Action
ii)	<b>Steps for corporation or institutional shareholders</b>	
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “<b>Create Account by Representative of Corporate Holder</b>”.</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
(b)	Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>• Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a></li> <li>• Select the corporate exercise name: “<b>Straits 2024 EGM - Submission of Proxy Form</b>”.</li> <li>• Agree to the Terms &amp; Conditions and Declaration.</li> <li>• Proceed to download the file format for “<b>Submission of Proxy Form</b>” in accordance with the Guidance Note set therein.</li> <li>• Prepare the file for the appointment of proxies by inserting the required data.</li> <li>• Submit the proxy appointment file.</li> <li>• Login to TIIH Online, select corporate exercise name: “<b>Straits 2024 EGM - Submission of Proxy Form</b>”.</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Select “<b>Submit</b>” to complete your submission.</li> <li>• Print the confirmation report of your submission for your record.</li> </ul>

## **NO RECORDING OR PHOTOGRAPHY**

No recording or photography of the EGM proceedings is allowed without the prior written permission of the Company.

## **ENQUIRY**

Should you require any assistance on the above, kindly contact our Share Registrar at the phone number and email address provided as below.

### **Share Registrar - Tricor Investor & Issuing House Services Sdn. Bhd.**

[Registration No. 197101000970 (11324-H)]

Unit 32-01, Level 32, Tower A, Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

Tel : +603-2783 9299  
Fax : +603-2783 9222  
Email : [is.enquiry@vistra.com](mailto:is.enquiry@vistra.com)

## **PERSONAL DATA PRIVACY**

By registering for the remote participation and electronic voting meeting and/or submitting an instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder'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 Extraordinary General Meeting ("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 **Wednesday, 27 November 2024 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:-

TYPE OF RESOLUTION	RESOLUTION	FOR	AGAINST
Ordinary Resolution	Proposed Listing of Subsidiary		

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 November 2024.

\_\_\_\_\_  
Signature/ common seal of shareholder

\* Delete if not applicable





## **NOTES**

### **1. Mode of Meeting**

The EGM of the Company will be conducted on fully virtual basis through live streaming and online remote voting using RPV facilities via the online meeting platform at <https://tiih.online> provided by Tricor.

**Please follow the steps and procedures provided in the Administrative Guide to Shareholders for the EGM in order to register, participate and vote remotely via the RPV platform.**

### **2. Members Entitled to Attend**

For the purpose of determining a member who shall be entitled to attend the EGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 19 November 2024.

Only a depositor whose name appears on the **Record of Depositors as at 19 November 2024** shall be regarded as members and be entitled to attend and vote at the EGM.

### **3. Voting**

The resolution in the Notice of the EGM is to be conducted by poll voting as per Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad via the RPV Platform.

For this purpose, the Company has appointed Tricor as poll administrator to conduct the poll voting electronically and Mega Corporate Services Sdn Bhd as the scrutineer to verify the poll results.

### **4. Proxy(ies)**

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) Any alterations in the Proxy Form must be initialed by the member.
- (v) An instrument appointing a proxy shall be in writing and in the case of an individual, shall be signed by the appointor or by his/her attorney; and in the case of a corporate member, shall be either under its common seal or signed by its attorney or an officer on behalf of the corporation.
- (vi) The instrument appointing a proxy must be deposited at the Share Registrar's 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, Malaysia OR the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia **not less than 48 hours** before the time holding the EGM i.e. **no later than 10.00 a.m., Monday, 25 November 2024** or at any adjournment thereof.

Alternatively, you have the option to lodge the proxy appointment electronically via TIIH Online at <https://tiih.online> **not less than 48 hours** before the time holding the EGM i.e. **no later than 10.00 a.m., Monday, 25 November 2024** or at any adjournment thereof.

- (vii) A member who has appointed proxy(ies) or attorney or authorised representative to attend, participate and vote at the EGM via RPV facilities must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

**Please follow the steps and procedures provided in the Administrative Guide to Shareholders for the EGM for the electronic lodgement of proxy form.**

## **5. Corporate Representatives**

As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to attend the EGM pursuant to Section 333 of the Companies Act 2016. For this purpose and pursuant to Section 333(5) of the Companies Act 2016, the corporate member shall provide a certificate of appointment by the corporation as prima facie evidence of the appointment of the corporate representative.

## **6. Publication of Notice of EGM on Corporate Website**

Pursuant to Section 320(2) of the Companies Act 2016, a copy of this Notice together with the proxy form are available on the corporate website of the Company at <https://www.straits-energyresources.com>.

## **7. Personal Data Privacy**

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend 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.



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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,  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

*1<sup>st</sup> fold here*

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