

MISC BERHAD

(Company No. : 8178-H)

MINUTES OF THE FORTY-SIXTH ANNUAL GENERAL MEETING OF THE COMPANY HELD ON WEDNESDAY, 27 MAY 2015 AT 11.00 A.M. AT SAPPHIRE ROOM, LEVEL 1, MANDARIN ORIENTAL KUALA LUMPUR, KUALA LUMPUR CITY CENTRE, 50088 KUALA LUMPUR, MALAYSIA

PRESENT

- **Board of Directors**

YBhg. Dato' Ab. Halim Mohyiddin	- Chairman
Mr. Yee Yang Chien	- President/CEO
YBhg. Datuk Manharlal Ratilal	- Director
YBhg. Datuk Nasarudin Md Idris	- Director
Mr. Krishnan Menon	- Director
YBhg. Dato' Halipah Esa	- Director
YBhg. Dato' Kalsom Abd Rahman	- Director
Encik Mohd Farid Mohd Adnan	- Director
Mr. Lim Beng Choon	- Director
YBhg. Dato' Sekhar Krishnan	- Director

- **Members, Corporate Representatives and Proxies** - As per Attendance List

- **Invited Guests**

Pn. Nurida Salwa	- Engagement Director, Ernest & Young ("EY")
Ms. Cynthia Lai Nai Ting	- Engagement Senior Manager, EY
En. Ahmad Zahirudin Rahim	- Engagement Partner, EY
En. Muhammad Affan Daud	- Engagement Partner, EY
Ms. Ong Chee Wai	- Partner, EY
En. Ismed Darwis Bahatlar	- Partner, EY
Mr. Chia Su Zen	- Director, Transaction Execution Group, Maybank Investment Bank ("MIB")
Ms. Elaine Lam	- Senior Manager, Corporate Finance, MIB
Ms. Kok Bee Theng	- Analyst, Corporate Finance, MIB

IN ATTENDANCE

- Pn. Fadzillah Kamaruddin - Company Secretary

ITEM**PROCEEDINGS**

- 1. INTRODUCTION BY COMPANY SECRETARY**

The Company Secretary, Pn. Fadzillah Kamaruddin, welcomed everyone to the Forty-Sixth Annual General Meeting ("46th AGM" or "the Meeting") of the Company and invited a representative of Mandarin Oriental Kuala Lumpur to deliver the safety briefing.

- 2. SAFETY BRIEFING**

The safety briefing was delivered by a representative of Mandarin Oriental Kuala Lumpur.

- 3. CONFIRMATION OF QUORUM**

The Company Secretary confirmed the presence of requisite quorum for the purpose of the Meeting. She also announced that a total of 171 shareholders of the Company had appointed the Chairman of the Meeting to represent them as their proxies. Such proxies represented 66.07% of the shareholding of the Company for the purpose of the Meeting. All resolutions to be tabled at the Meeting are Ordinary Resolutions where each required simple majority vote of more than 50%.

The Company Secretary also informed the Members, Corporate Representatives and Proxies present that the Company's Articles of Association provides for the shareholders right to demand for a poll.

- 4. CHAIRMAN'S OPENING REMARKS**

The Chairman, Dato' Ab. Halim Mohyiddin welcomed all Members, Corporate Representatives and Proxies to the 46th AGM of the Company. He invited the President/CEO, Mr. Yee Yang Chien, to give a Management Presentation on the Company's performance for the financial year ended 31 December 2014.

- 5. MANAGEMENT PRESENTATION**

Mr. Yee Yang Chien, the President/CEO of the Company, delivered the Management Presentation on the Company's performance for the financial year ended 31 December 2014.

- 6. NOTICE OF MEETING**

The Chairman thanked Mr Yee Yang Chien for the Management Presentation and called the Meeting to order to proceed with the business of the Meeting.

The Chairman informed that the 2014 Annual Report of the Company, incorporating the notice convening the Meeting dated 30 April 2015, had been sent to the shareholders

together with the Circular to Shareholders for the Proposed Authority for MISC Berhad to Purchase Its Own Shares of up to 10% of Its Prevailing Ordinary Issued and Paid-up Share Capital.

Upon recommendation by the Chairman, the Members, Corporate Representatives and Proxies agreed that the notice convening the Meeting dated 30 April 2015 be taken as read.

**7. AUDITED
FINANCIAL
STATEMENTS**

**RESOLUTION NO. 1
TO RECEIVE THE AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014
TOGETHER WITH THE REPORTS OF THE DIRECTORS
AND AUDITORS THEREON**

The Chairman proceeded to inform the Meeting that the 2014 Annual Report and the Audited Financial Statements for the financial year ended 31 December 2014 of the Company have been distributed to the shareholders on 30 April 2015.

The Chairman informed the Meeting that the Company had received a letter from the Minority Shareholder Watchdog Group ("MSWG") on 18 May 2015 containing questions relating to the Company. He read out the questions from MSWG and the Company's answers for the benefit of the Meeting.

The Chairman then invited the Members, Corporate Representatives and Proxies to pose questions, if any, on the report and financial statements before the motion was put to vote. After dealing with the questions, the Chairman invited a proposer and a seconder for Resolution No. 1.

On the proposal by a shareholder and seconded by a proxy, the following motion was put to vote and declared carried unanimously:-

"THAT the Audited Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon presented to the Meeting be and are hereby received"

**8. RE-ELECTION OF
DIRECTORS**

**RESOLUTION NO. 2
TO RE-ELECT DATO' AB. HALIM BIN MOHYIDDIN AS
DIRECTOR PURSUANT TO ARTICLE 95 OF THE
COMPANY'S ARTICLES OF ASSOCIATION**

The Chairman informed the Meeting that pursuant to Article 95 of the Company's Articles of Association, he was subject to retirement at the Meeting and, being eligible, had offered himself for re-election. As the matter was concerning his own re-election, the Chairman passed the Chair to Mr Harry Menon.

Mr Harry Menon took the Chair and invited a proposer and a seconder for Resolution No. 2 for the re-election of Dato' Ab. Halim Mohyiddin as a Director.

On the proposal by a shareholder and seconded by a proxy, the following motion was put to vote and declared carried unanimously:-

"THAT Dato' Ab. Halim bin Mohyiddin who is retiring in accordance with Article 95 of the Company's Articles of Association, be re-elected as a Director of the Company"

Mr Harry Menon then handed the Chair to Dato' Ab. Halim Mohyiddin.

RESOLUTION NO. 3
TO RE-ELECT DATO' SEK HAR KRISHNAN AS DIRECTOR PURSUANT TO ARTICLE 95 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Chairman proceeded with Resolution No. 3 for the re-election of Dato' Sekhar Krishnan as a Director. Pursuant to Article 95 of the Company's Articles of Association, Dato' Sekhar Krishnan was subject to retirement at the Meeting and, being eligible, had offered himself for re-election. The Chairman invited a proposer and a seconder for Resolution No. 3 for the re-election of Dato' Sekhar Krishnan as a Director.

On the proposal and seconded by the shareholders, the following motion was put to vote and declared carried unanimously:-

"THAT Dato' Sekhar Krishnan who is retiring in accordance with Article 95 of the Company's Articles of Association, be re-elected as a Director of the Company"

RESOLUTION NO. 4
TO RE-ELECT MR. YEE YANG CHIEN AS DIRECTOR PURSUANT TO ARTICLE 95 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Chairman proceeded with Resolution No. 4 for the re-election of Mr Yee Yang Chien as a Director. Pursuant to Article 95 of the Company's Articles of Association, Mr. Yee Yang Chien was subject to retirement at the Meeting and, being eligible, had offered himself for re-election. The Chairman invited a proposer and a seconder for Resolution No. 4 for the re-election of Mr Yee Yang Chien as a Director.

On the proposal by a proxy and seconded by a shareholder, the following motion was put to vote and declared carried unanimously:-

"THAT Mr Yee Yang Chien who is retiring in accordance with Article 95 of the Company's Articles of Association, be re-elected as a Director of the Company"

RESOLUTION NO. 5
TO RE-ELECT DATO' HALIPAH BINTI ESA AS DIRECTOR PURSUANT TO ARTICLE 97 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Chairman proceeded with Resolution No. 5 for the re-election of Dato' Halipah Esa as a Director. Pursuant to Article 97 of the Company's Articles of Association, Dato' Halipah Esa was subject to retirement at the Meeting and, being eligible, had offered herself for re-election. The Chairman invited a proposer and a seconder for Resolution No. 5 for the re-election of Dato' Halipah Esa as a Director.

On the proposal and seconded by the shareholders, the following motion was put to vote and declared carried unanimously:-

"THAT Dato' Halipah Binti Esa who is retiring in accordance with Article 97 of the Company's Articles of Association, be re-elected as a Director of the Company"

RESOLUTION NO. 6
TO RE-ELECT MR. LIM BENG CHOON AS DIRECTOR PURSUANT TO ARTICLE 97 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Chairman proceeded with Resolution No. 6 for the re-election of Mr. Lim Beng Choon as a Director. Pursuant to Article 97 of the Company's Articles of Association, Mr. Lim Beng Choon was subject to retirement at the Meeting and, being eligible, had offered himself for re-election. The

Chairman invited a proposer and a seconder for Resolution No. 6 for the re-election of Mr. Lim Beng Choon as a Director.

On the proposal by a shareholder and seconded by a proxy, the following motion was put to vote and declared carried unanimously:-

“THAT Mr. Lim Beng Choon who is retiring in accordance with Article 97 of the Company’s Articles of Association, be re-elected as a Director of the Company”

9. DIRECTORS’ FEES

**RESOLUTION NO. 7
TO APPROVE THE PAYMENT OF DIRECTORS’ FEES OF RM470,000.00 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

The Chairman proceeded with Resolution No. 7 on the approval for payment of Directors’ fees amounting RM470,000.00 for the financial year ended 31 December 2014. He invited a proposer and a seconder for Resolution No. 7.

On the proposal and seconded by the shareholders, the following motion was put to vote and declared carried unanimously:-

“THAT the payment of Directors’ fees amounting to RM470,000.00 for the financial year ended 31 December 2014 be and is hereby approved”

10. RE-APPOINTMENT OF AUDITORS

**RESOLUTION NO. 8
TO RE-APPOINT MESSRS. ERNST & YOUNG AS AUDITORS FOR THE ENSUING YEAR AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

The Chairman proceeded with Resolution No. 8 on the re-appointment of Messrs Ernst & Young as Auditors of the Company for the ensuing financial year at a remuneration to be determined by the Directors. He invited a proposer and a seconder for Resolution No. 8.

On the proposal by a proxy and seconded by a shareholder, the following motion was put to vote and declared carried unanimously:-

"THAT Messrs Ernst & Young be re-appointed as Auditors of the Company for the ensuing financial year at a remuneration to be determined by the Board of Directors"

**11. PROPOSED
SHARE BUY-
BACK
AUTHORITY**

RESOLUTION NO. 9

TO CONSIDER AND, IF THOUGHT FIT, TO PASS THE ORDINARY RESOLUTION ON THE PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF ITS PREVAILING ORDINARY ISSUED AND PAID-UP SHARE CAPITAL AT ANY TIME ("PROPOSED SHARE BUY-BACK AUTHORITY")

The Chairman proceeded with Resolution No. 9 and proposed that the resolution on the Proposed Authority for the Company to Purchase its Own Shares of up to 10% of its Prevailing Ordinary Issued and Paid-up Share Capital at any Time, as set out in the Notice of AGM be approved. The motion was seconded by a shareholder.

The following motion was put to vote and declared carried unanimously:-

"THAT subject to compliance with the Companies Act, 1965 ("Act"), MISC's Articles of Association, and all prevailing laws, rules, regulations, orders, guidelines and requirements which may be applicable from time to time by Bursa Malaysia Securities Berhad ("Bursa Securities") and/or any other relevant regulatory authority, approval and authority be and are hereby given to the Directors of the Company, to the extent permitted by law, to purchase such number of ordinary shares of RM1.00 each in MISC ("MISC Shares") as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the best interest of the Company, provided that the maximum aggregate number of MISC Shares which may be purchased and/or held by the Company shall not exceed 10% of its prevailing ordinary issued and paid-up share capital at any time, and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the amount of the retained earnings and/or share premium accounts of the Company for the time being;

THAT the Directors be and are hereby authorised to deal with the MISC Shares so purchased, at their discretion, in the following manner:

- (i) cancel the MISC Shares so purchased; or
- (ii) retain the MISC Shares so purchased as treasury shares which may be distributed as share dividends to MISC's shareholders and/or be resold on the Main Market of Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) combination of items (i) and (ii) above,

or in any other manner as may be prescribed by the Act, all applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the purchased MISC Shares shall continue to be valid until all the purchased MISC Shares have been dealt with by the Directors of the Company;

THAT the authority conferred by this resolution shall be effective immediately upon the passing of this resolution and shall continue to be in force until the earlier of:

- (i) the conclusion of the Forty-Seventh AGM of MISC ("47th AGM"); or
- (ii) the expiration of the period within which the 47th AGM is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of MISC in a general meeting;

AND THAT the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps as necessary or expedient (including opening and maintaining a Central Depository System account) and to enter into and execute, on behalf of the Company, any instrument, agreement and/or arrangement with any person, and with full power to assent to any condition, modification, variation and/or amendment as may be imposed by Bursa Securities or any relevant regulatory authority, and/or as may be required in the best interest of the Company and to take all such steps as the Directors may deem fit, necessary and expedient in the best interest of the Company in order to implement, finalise and give full effect to the purchase by the Company of its own shares."

12. CLOSURE

There being no further business, the Chairman thanked everyone and declared the Meeting closed at 12.55 p.m.

Approved,


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CHAIRMAN



**MISC BERHAD
46TH ANNUAL GENERAL MEETING (“AGM”)
QUESTIONS RAISED BY MSWG**

- 1. It was stated that MISC Group posted a profit before tax from continuing operations of RM2.4 billion on the back of revenue of RM9.3 billion and this was mainly contributed by the Group’s LNG, Offshore and Petroleum Tanker Businesses.**

What was the contribution (in percentage) of each of these businesses to the Group’s revenue for 2014?

Out of the Group’s revenue of RM9.3 billion, LNG segment contributed 30.2%, Offshore 7% and Petroleum 30.5%.

- 2. In the Chairman Statement, it was stated that the outlook for LNG shipping would be expected to be challenging as the industry grapples with heavy oversupply of vessels and heavy delivery of new vessels in 2015 would exacerbate the situation.**

What are the measures taken by the Company to overcome these challenges?

- A majority of MISC current vessels are on long term charter contracts which protect the Company against the volatility of the spot market.
- MISC has secured long term charter contracts for 5 new LNG vessels from PETRONAS. In addition, the Company has also secured 10-year contract extensions for 5 Puteri class vessels with PETRONAS that are coming into its current contract expiry.
- The inclusion of the new long term charter contracts as well as the Puteri class renewal contracts will help protect MISC’s LNG steady recurring future earnings.
- In addition to PETRONAS, MISC will continue to participate in third party tenders to secure shipping opportunities in the market.

- 3. During the year, it was stated that MISC disposed seven chemical tankers and downsized the fleet to refocus the business on niche trade lanes. The downsizing has enabled MISC to reduce its losses from the chemical shipping segment.**

i. Would there be further fleet rationalisation for chemical shipping segment this year or the rationalisation has been completed?

- MISC fleet rationalisation exercise has resulted in better financial performance for FY2014. MISC will continue to operate the current fleet in the chemical shipping space.

- Nevertheless, the Company will constantly monitor the broader industry and macroeconomic environment, and will evaluate the business and fleet based on prevailing market conditions.

ii. What is the Board's view on its chemical segment for 2015?

- Chemical tanker shipping and charter rates are expected to remain under pressure in 2015 due to oversupply of tonnages in market.
- Meanwhile, demand for the chemical tanker market is expected to remain sluggish due to slower-than-expected global economic growth.

4. In the Segment Reporting in Note 33(a) of the Annual Report, segment under "Non-shipping and others" recorded a loss of RM364.1 million (2013: Loss of RM62.2 million).

i. Which businesses contributed to the segment loss?

This segment caters for unallocated segmental income or expenses. The Group took in provisions on an on-going legal claims related to bunker purchased in 2008. The Group also incurred foreign exchange loss from repayment of Ringgit borrowings in FY2014.

ii. What are the plans for these businesses?

This is non-recurring and non-business related. However, to manage the forex exposure the Company will continue to match the borrowing currency with the currency of future income stream of the project/company.

5. What was the reason from the share of profit of joint ventures to decrease from RM1.2 billion in 2013 to RM611.4 million in 2014?

The Group had in FY2013 recognised its share of one-off gain upon delivery of FPS Gumusut amounting to RM750 million as explained in Note 17b of the Financial Statements.

6. What was the nature of impairment provisions amounting to RM358.9 million (2013: RM97.9 million)?

Six LNG vessels and two Offshore FSOs were impaired following scheduled expiry of existing contracts while certain assets of Heavy Engineering were impaired due to significant drop in secondary market value of used cranes.

CORPORATE GOVERNANCE MATTERS

- 7. Under Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, the board must justify and seek shareholders' approval in the event that it retains as an independent director, a person who has served in that capacity for more than nine (9) years.**

We noted that the Company provided justification as to why it would like to retain three (3) independent non-executive directors who have served on the Board for more than nine (9) years.

We encourage the Board to put a separate resolution for these independent non-executive directors who have served more than nine (9) years. We had raised the same issue in the past two (2) years and no effort had been taken by the Board to comply with Recommendation 3.3 in respect of putting up a resolution for these independent non-executive directors who have served more than nine (9) years.

- MISC is cognisant of the MCCG 2012 recommendation which is based on “best practices”. The Board is of the view that the resolution is not necessary because the Company had implemented a Directors’ Succession Planning exercise in FY2014, which resulted in two (2) new Independent Non-Executive Directors being appointed effective 15 January 2015, i.e., Dato’ Ab. Halim Bin Mohyiddin and Dato’ Sekhar Krishnan. With the new appointment, MISC Board now consists of six (6) Independent Non-Executive Directors and the Chairman of the Board is also an Independent Director, while Dato’ Sekhar Krishnan is now a Member of the Board Audit Committee.
- The Board also considered the position of the three (3) Independent Non-Executive Directors’ who have exceeded the tenure of 9 years and decided to retain them as they continue to contribute positively to MISC by providing unbiased and independent judgment to safeguard the interest of the minority shareholders. The Board also want to ensure the smooth transition of any change of directorship as the Board continues with the Directors’ Succession Planning exercise in FY2015. Any outcome of the FY 2015 Directors’ Succession Planning will be announced to the shareholders.