

SAPURA ENERGY BERHAD
(Company No. 950894-T)
(Incorporated in Malaysia)

SUMMARY OF THE MINUTES OF THE EIGHTH ANNUAL GENERAL MEETING HELD AT THE GRAND BALLROOM 1 & 2, LEVEL 3 (EAST WING), KUALA LUMPUR CONVENTION CENTRE, KUALA LUMPUR CITY CENTRE, 50088 KUALA LUMPUR, MALAYSIA ON THURSDAY, 18 JULY 2019 AT 10.00 A.M.

ITEM 1.0 **OPENING REMARKS**

The Chairman of the Board, Dato' Hamzah Bakar, welcomed those present at the Eighth Annual General Meeting ("AGM" or "Meeting") of Sapura Energy Berhad ("SEB" or "Company").

ITEM 2.0 **SAFETY BRIEFING**

A safety briefing video, highlighting the emergency evacuation procedures was presented.

After the safety briefing video, the Chairman introduced Members of the Board of Directors, the Group Company Secretary, the Senior Management of the Group and the external auditors of the Company, to those present.

ITEM 3.0 **QUORUM**

Upon confirmation by the Group Company Secretary on the presence of a quorum pursuant to Article 65 of the Company's Constitution, the Chairman called the Meeting to order.

ITEM 4.0 **VOTING ON RESOLUTIONS**

The Chairman informed that in compliance with the Main Market Listing requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the AGM would be voted by poll and be conducted via electronic poll voting method ("e-polling"). The e-polling would commence upon completion of the tabling of all resolutions.

ITEM 5.0 **NOTICE**

Notice convening the Meeting, having been circulated within the prescribed period and with the permission of the Meeting, was taken as read.

ITEM 6.0 **GENERAL INSTRUCTION ON MEETING PROCEDURES**

The Chairman briefed the meeting procedures to the shareholders, proxies and invitees.

ITEM 7.0

PRESENTATION

The Meeting started with a slide presentation by the President and Group Chief Executive Officer (“PGCEO”) on the Group Performance and Strategy, followed by a video presentation showcasing the key highlights of the Group’s businesses.

ITEM 8.0

AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2019 TOGETHER WITH THE DIRECTORS’ AND AUDITORS’ REPORTS

The Audited Financial Statements of the Company for the financial year ended 31 January 2019 together with the Directors’ and Auditors’ Reports were tabled for discussion. As formal approval by the shareholders was not required, the matter was not put forward for voting.

Questions received by the Company from the Minority Shareholders Watch Group (“MSWG”), and the Company’s responses were displayed on the screens in the meeting hall and was also read out by the Group Company Secretary for the benefits of all those present.

The Board and Management addressed several questions from shareholders and proxies, and the key matters raised were set out below:

(i) The Company’s action plan to increase the share price of the Company

The oil and gas industry is going through recovery period. As presented to the shareholders, the order book has increased to RM17.2 billion in FY2019 from RM14.9 billion in FY2018 and is expected to increase further in FY2020. With the increase in value to the bottom line, the market sentiment will improve and correspondingly there will be movement in the share price. Notwithstanding the above, market forces would still be the main determining factor for the share price.

(ii) Measures taken to address the reducing gross profit margin

Benchmarked against the top 6 global competitors, the gross profit particularly in terms of EBITDA is within the range compared to the competitors and the industry.

The Company has been acquiring market share, incurring investment and facing increase in the cost of setting up business. Therefore, the margin is compressed both by the customers and rising costs of new market. To address this issue, the Company is striving to win more contracts so that the utilisation rate will increase. Currently the utilisation rate is about 60% compared to last year, which was less than 50%.

(iii) Traction from the E&P business and whether the rise in the price of crude oil could bring momentum to the profitability of the E&P business

The Company is optimistic on the possibility for greater traction for the E&P business. The gas production is expected to increase from 30kboed in FY2019 up to 200kboed in FY2023. There is momentum in the growth because the company is moving towards monetising and growing the existing discoveries. The company will start producing gas in Gorek, Larak and Bakong before end of this year. Furthermore, the second phase of SK408 will commence by end of this year.

(iv) Vision of the PGCEO in driving the Company for the future. The meaning of tenacity for growth

The Board is very clear on the Company's vision. The Company is already a global integrated oil company. It has developed from the beginning and has become the largest independent company and soon will be a very profitable E&P company. The Company's turnover is about RM5 billion and the Company needs to bring up its order book to turn into profitability. The utilisation rate is targeted to increase from 50% - 60% to 70% - 80%. Opening of new market is inevitable to ensure increase in the utilisation rates.

The oil & gas business has gone through a very difficult cycle and this has affected across the industry including the top performers. The Company endeavours to improve its execution and utilisation going forward with a very clear target of utilisation of 13 to 14 out of 16 rigs by FY2022/FY2023. The utilisation for E&C business will probably be increased from 50% - 60% to 70% - 80% by the same period.

The Company is performing just as well as its competitors who are already in the industry for 15 years such as McDermott, Technip and Subsea 7. The gross margin is within the same range as that of the competitors. The Company has started to recover its performance and increase its order book.

(v) Consideration for reversal of impairment for drilling

The decision for the reversal of impairment on drilling assets is subject to the pricing of the assets based on market value. Depreciation costs will result in higher pricing by the Company as against the competitors whom have impaired their assets and therefore have lower depreciation costs included in their pricing. Once the assets are at full utilisation the Company may consider a reversal of impairment at that point of time.

Messrs Ernst & Young explained that the impairment was made either based on the current value transacted in the market or the projected cashflow that is expected to be generated from the assets as well as the utilisation of the rigs at that point in time. The basis for the impairment had also taken into consideration the assumption on the period when

the market is going to recover. Presently, all the rigs utilisation is low, hence the impairment. In the event that rigs utilisation starts to recover and the projection of cash flow can support, the reversal of impairment may be justifiable when it is expected to turn into profitability. The impairment is therefore based on projected cashflow.

ITEM 9.0 **CONSIDERATION OF PROPOSED ORDINARY RESOLUTION 1 TO 8 AND SPECIAL RESOLUTION**

On the proposal of shareholders and proxies, and seconded by shareholders and proxies, all 8 proposed Ordinary Resolutions and Special Resolution were tabled to the shareholders for approval.

ITEM 10.0 **E-POLLING**

There being no other business to be dealt with at the Meeting, the Chairman passed the floor to a representative of the Share Registrar, Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd), for a short briefing on the electronic-polling procedures, and thereafter, the polling process began.

ITEM 11.0 **ANNOUNCEMENT OF E-POLLING RESULTS**

At 2.59 p.m. and with the quorum requirement still present, the Chairman called the Meeting to order for the declaration of the poll results.

The Chairman informed that he had received the poll results from the Scrutineers, Messrs Mega Corporate Services Sdn Bhd. The Chairman informed those present that the poll results were shown on the screen and he also read out the results as follows.

	Voted For		Voted Against		RESULT
	No. of Shares	%	No. of Shares	%	
<u>Ordinary Resolution 1</u>					
“THAT Dato’ Hamzah Bakar, a Director retiring by rotation pursuant to Article 87 of the Company’s Constitution, being eligible and having offered himself for re-election, be hereby re-elected as a Director of the Company.”	11,232,661,710	98.8790	127,343,155	1.1209	Carried
<u>Ordinary Resolution 2</u>					
“THAT Tan Sri Datuk Amar (Dr) Hamid Bugo, a Director retiring by rotation pursuant to Article 87 of the Company’s Constitution, being eligible and having offered himself for re-election, be hereby re-elected as a Director of the Company.”	11,368,676,397	99.9452	6,225,797	0.0547	Carried

Ordinary Resolution 3					
“THAT Ms Gee Siew Yoong, a Director retiring by rotation pursuant to Article 87 of the Company’s Constitution, being eligible and having offered herself for re-election, be hereby re-elected as a Director of the Company.”	11,369,269,495	99.950	5,632,699	0.0495	Carried
Ordinary Resolution 4					
“THAT Datin Paduka Kartini Hj Abdul Manaf, a Director retiring pursuant to Article 93 of the Company’s Constitution, being eligible and having offered herself for re-election, be hereby re-elected as a Director of the Company.”	11,369,315,700	99.9508	5,590,409	0.0491	Carried
Ordinary Resolution 5					
“THAT Dato’ Roslina Zainal, a Director retiring pursuant to Article 93 of the Company’s Constitution, being eligible and having offered herself for re-election, be hereby re-elected as a Director of the Company.”	11,367,929,208	99.9387	6,966,901	0.0612	Carried
Ordinary Resolution 6					
“THAT the payment of Directors’ fees and benefits to Non-Executive Directors up to an amount of RM5,600,000 from 19 July 2019 until the next Annual General Meeting of the Company be hereby approved.”	11,233,315,409	98.7605	140,975,222	1.2394	Carried
Ordinary Resolution 7					
“THAT Messrs Ernst & Young re-appointed as Auditors of the Company until the conclusion of the next Annual General Meeting AND THAT the Board of Directors be authorised to determine their remuneration.”	11,290,299,421	99.2561	84,606,688	0.7438	Carried
Ordinary Resolution 8					
“THAT subject to the provisions of the Company’s Constitution and the Main	11,235,939,417	98.7783	138,966,064	1.2216	Carried

<p>Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as at the date of such issuance AND THAT the Directors be and are also hereby empowered to obtain all necessary approvals from the relevant authorities for the issuance and the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."</p>					
<p>Special Resolution</p> <p>"THAT approval be and is hereby given for the existing Memorandum and Articles of Association of the Company to be revoked with immediate effect and in place thereof, the draft of the new set of the Constitution of the Company in the form and manner as set out in Appendix A be and is hereby approved and adopted as the new Constitution of the Company AND THAT the Directors be and are hereby authorised to do all such acts and things and to take such steps that are necessary to give effect to adoption of the new Constitution of the Company."</p>	11,369,343,630	99.9511	5,562,863	0.0489	Carried

Based on the poll results, the Chairman declared that all the 8 Ordinary Resolutions and 1 Special Resolution tabled at the meeting were carried.

ITEM 12.0

CONCLUSION OF THE EIGHTH ANNUAL GENERAL MEETING

There being no other business to be transacted, the Chairman declared the Meeting closed at 3.02 p.m. and thanked the shareholders and proxies for their presence.