

SCOMI GROUP BHD
(Company No: 571212-A)

MINUTES OF THE FOURTEENTH ANNUAL GENERAL MEETING OF SCOMI GROUP BHD ("SGB" or the "Company") HELD AT BANQUET HALL, 1ST FLOOR, KUALA LUMPUR GOLF & COUNTRY CLUB, 10 JALAN 1/70D, OFF JALAN BUKIT KIARA, 60000 KUALA LUMPUR, MALAYSIA ON 18 AUGUST 2016 AT 2:30 PM.

PRESENT:

DIRECTORS	:	Dato' Mohammed Azlan Bin Hashim (Chairman) Tan Sri Nik Mohamed Bin Nik Yaacob Tan Sri Mohamed Azman Bin Yahya Dato' Sreesanthan A/L Eliathamby Dato' Abdul Hamid Bin Sh Mohamed Mr Foong Choong Hong Mr Lee Chun Fai Mr Cyrus Eruch Daruwalla Mr Shah Hakim @ Shahzanim Bin Zain
SHAREHOLDERS, PROXIES AND CORPORATE REPRESENTATIVES	:	As per the Attendance List
BY INVITATION	:	As per the Attendance List
IN ATTENDANCE	:	Ms Ong Wei Leng

1. PRELIMINARY

The Chairman, Dato' Mohammed Azlan Bin Hashim, called the meeting to order at 2:30 pm and welcomed all present at the meeting. The meeting started with a safety video presentation prepared by Kuala Lumpur Golf & Country Club on the safety procedures applicable in the event of an emergency.

The Chairman then introduced the Board of Directors (the "**Board**"), the Chief Financial Officer ("**CFO**"), the Chief Legal and Governance Officer and the Secretary of the Company to the shareholders, proxies and corporate representatives present (collectively referred to as the "**Shareholders**").

2. QUORUM

The requisite quorum being present, the Chairman declared the meeting duly convened.

3. PRESENTATION ON THE COMPANY'S FINANCIAL PERFORMANCE AND BUSINESS UNITS' UPDATES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 ("FY2016")

Prior to the tabling of all resolutions, the Chairman invited Mr Shah Hakim @ Shahzanim Bin Zain ("**Mr Shah Hakim**"), the Group Chief Executive Officer of the Company, to brief the Shareholders on the highlights of the Company's financial performance for FY2016, business units' updates and market environment as well as the strategies of the Company moving forward in order to give the Shareholders an overview of the position of the Company.

4. NOTICE OF MEETING AND VOTING PROCEDURES

The notice convening the meeting was tabled and taken as read.

The Chairman informed the Shareholders that all the resolutions tabled before this meeting will be decided by way of poll. The Company has appointed Symphony Share Registrars Sdn Bhd as Poll Administrator to conduct the polling process, and Symphony Corporatehouse Sdn Bhd as Independent Scrutineers to verify the poll results. The electronic poll voting will be conducted upon completion of the deliberation of all items to be transacted at this meeting.

ORDINARY BUSINESS:

5. AUDITED FINANCIAL STATEMENTS FOR THE FY2016 AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON ("AFS FY2016")

The Chairman briefed the Shareholders that the first agenda was to receive the AFS FY2016 and then opened the floor for questions in relation to the AFS FY2016. The following key inquiries raised by the Shareholders to the Board were addressed by the Chairman, Mr Shah Hakim and Mr Mukhnizam Bin Mahmud ("**Mr Mukhnizam**"), the CFO of the Company:

(i) Strategic plan of the Group under the present challenging economic environment

The Board has reviewed and evaluated the plan going forward and has decided that we should remain focused in the areas that we are working on and continue to expand our business as planned. Notwithstanding the slowdown in the oil and gas industry, we need to continue adding new product and service offerings so that we can benefit when the industry recovers. However, our priority in the intermediate period is to manage cost. We need to focus on getting our costs down to the levels prior to the oil price run up in 2004 to achieve healthier margins and be sustainable over this period whilst building up on our capabilities so that when the market turns, we would be in a position to benefit from it.

(ii) Dividend to the Shareholders

The last dividend paid by the Company to Shareholders was in 2008. When the oil prices started dropping in 2009, we were at the time in growth mode and had a lot of debt to pare down. From 2009 until 2012, we have undertaken a

number of debt restructuring exercises and pared down the debt. Due to the focus in paring down our debt, we had not paid dividend during the period. In the last couple of years, when we started to enjoy profitability, the oil price started to drop again. However, fortunately for us at this time our debt is at a level that is manageable and which is much lower compared to 8 years ago during the last oil price drop.

During the financial year ended 31 March 2016, the Group has generated RM233 million free cash from operations. A lot of cash generated have been used to pare down our debts.

The priority for us in this difficult market environment is to ensure that our debts level continue to be reduced. This has to take priority over dividend to Shareholders until such time as our debts are at a manageable level, at which point the Board will recommend the declaration of dividends to the Shareholders. But in the current difficult market environment, the primary consideration is to reduce debt to ensure the Company's survival. In fact, the balance sheet of the Group indicates that our debts have reduced by approximately RM204 million.

(iii) Directors' fee

We conduct annual reviews of the Directors' fees which are at the lower median compared to other public listed companies. The Management is of the view that the fees are justifiable especially in view of the level of participation of the Directors, the guidance and professional consultation they provide on all issues faced by the Group. Whilst the Directors have indicated their willingness to reduce their fees, Management believes that the fees proposed are fair and is a small token of appreciation, in view of the time, effort and contribution that have been made by them.

(iv) Cost cutting initiatives

Turning to the cost cutting initiatives relating to employees, we have implemented cuts starting at middle management. For Managers and above, we've cut the benefits and allowances to reduce total remuneration packages by an average of between 5% to 15%. Senior management have had their pay reduced by 15% to 60%. These were put into effect gradually starting with the last financial year. We also don't think we should cut salaries any further as these people are the talent that we have and who are to take us out of this difficult position. Otherwise they will start leaving and we would not have anyone left to execute our plans and R&D works.

Our revenue and costs are denominated in USD. However, the reporting currency of the Group is in RM and due to the depreciation of RM by approximately 30% between the 2 financial years, the savings achieved in local currencies in excess of 30% is not reflected in the books of the Group.

(v) Revenue of the Group

Oilfield Services business is the main contributor to the revenue of the Group. It

contributes approximately 80% of revenue of the Group and 95% out of the 80% revenue contributed is denominated in USD.

Revenue has dropped as our clients have decreased their expenditure on drilling activities in view of the decline in the oil prices. If the rig activity continues to drop as a result of depressed oil prices, we will be affected as our revenue is very much dependent on the rig activity.

(vi) Cash flow position of the Group

The Group is still in operation and continues to generate revenue and cash flows from its operations. We believe the cash flow generated from business operations will be able to sustain the Group. The most important thing that we need to do is to manage costs, and this is what we are doing now.

(vii) Strategies going in to China market by Scomi Engineering Bhd

China is a large market for the monorail system. However, in view of the complexities, we will not venture into the China market by ourselves. We believe that in order to mitigate the associated risks, we should partner with someone familiar with the Chinese market and who has a good network in the country and preferably with manufacturing capability.

(viii) Water treatment business

We have developed chemical products to treat the bacteria in the water and target to supply these chemical products to water treatment solution companies in Malaysia as well as in international markets. However, our products need to undergo certain tests to obtain the Halal and Minister of Health's certifications. This process will take time.

(ix) Tax structure

The Group's current corporate structure serves our current purposes. We have operational companies at subsidiary level operating in multi jurisdictions with differing tax structures. We are presently evaluating the tax efficiency of the current structure, but any change to be implemented will take time.

Subsequent to the clarifications provided by the Chairman, Mr Shah Hakim and Mr Mukhnizam to the queries raised by the Shareholders, the AFS FY2016 was received.

6. ORDINARY RESOLUTIONS 1, 2 AND 3

RE-ELECTION OF DIRECTORS, NAMELY DATO' MOHAMMED AZLAN BIN HASHIM, DATO' SREESANTHAN A/L ELIATHAMBY AND MR SHAH HAKIM @ SHAHZANIM BIN ZAIN IN ACCORDANCE WITH ARTICLE 82 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Chairman briefed the Shareholders that the second agenda comprises of 3 resolutions in relation to the Directors who are due to retire in accordance with Article

82 of the Articles of Association of the Company and, being eligible, offered themselves for re-election under Ordinary Resolution 1, 2 and 3 respectively. The 3 Directors were as follows:

- (i) Dato' Mohammed Azlan Bin Hashim (Ordinary Resolution 1);
- (ii) Dato' Sreesanthan A/L Eliathamby (Ordinary Resolution 2); and
- (iii) Mr Shah Hakim @ Shahzanim Bin Zain (Ordinary Resolution 3).

The Chairman informed the Shareholders that the re-election of each Director is required to be voted on individually. The profiles of the Directors concerned were provided to the Shareholders on pages 8, 9 and 13 of the Annual Report FY2016 of the Company.

Being interested in Ordinary Resolution 1, the Chairman handed over the chair to Tan Sri Nik Mohamed Bin Nik Yaacob ("**Tan Sri Nik**").

The Ordinary Resolution 1 on the proposed re-election of Dato' Mohammed Azlan Bin Hashim was proposed by Tan Sri Nik and seconded by Madam Lim Kim Hua. Thereafter, Tan Sri Nik handed over the chair to the Chairman.

The Chairman proceeded with the Ordinary Resolution 2 and 3 for the re-election of Dato' Sreesanthan A/L Eliathamby and Mr Shah Hakim @ Shahzanim Bin Zain as Director of the Company in accordance with Article 82 of the Articles of Association of the Company. The Ordinary Resolution 2 and 3 were proposed by the Chairman and seconded by Ms Leong Chia Wen and Mr Ng Kok Kiong respectively.

7. ORDINARY RESOLUTION 4

RE-ELECTION OF DIRECTOR – MR CYRUS ERUCH DARUWALLA

The Chairman informed the Shareholders that the third agenda relates to the Ordinary Resolution 4 to re-elect Mr Cyrus Eruch Daruwalla who was appointed to the Board during the year and retires in accordance with Article 89 of the Articles of Association of the Company and who being eligible, offered himself for re-election. The profile of Mr Cyrus Eruch Daruwalla was provided to the Shareholders on page 12 of the Annual Report FY2016 of the Company.

Ordinary Resolution 4 on the proposed re-election of Mr Cyrus Eruch Daruwalla as Director of the Company in accordance with Article 89 of the Articles of Association of the Company was proposed by the Chairman and seconded by Mr Zubaidi Bin Harun.

8. ORDINARY RESOLUTION 5

DIRECTORS' FEES AMOUNTING TO RM492,163.90 FOR NON-EXECUTIVE DIRECTORS IN RESPECT OF THE FY2016

The fourth agenda was in relation to the Ordinary Resolution 5 for the approval of the payment of Directors' fees amounting to RM492,163.90 for Non-Executive Directors in respect of the FY2016.

Ordinary Resolution 5 on the proposed payment of Directors' fees was proposed by Mr

Zubaidi Bin Harun and seconded by Mr Ng Kok Kiong.

9. ORDINARY RESOLUTION 6

RE-APPOINTMENT OF MESSRS KPMG AS AUDITORS OF THE COMPANY

The Chairman informed the Shareholders that the fifth agenda relates to Ordinary Resolution 6 to re-appoint KPMG as Auditors of the Company for the financial year ending 31 March 2017 and to authorise the Directors to fix their remuneration.

Ordinary Resolution 6 on the proposed re-appointment of KPMG as Auditors of the Company was proposed by the Chairman and seconded by Ms Sofin Syafina binti Mohamed Nor.

SPECIAL BUSINESS:

10. ORDINARY RESOLUTION 7

AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The Chairman informed the Shareholders that Agenda 6 is to consider and if thought fit to pass Ordinary Resolution 7 to give authority to the Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965. The full text of the Ordinary Resolution 7 is set out in the notice of the meeting.

Ordinary Resolution 7 on the proposed grant of authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965 was proposed by the Chairman and seconded by Madam Lim Kim Hua.

11. ORDINARY RESOLUTION 8

PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE BY THE COMPANY OF ITS ORDINARY SHARES OF UP TO TEN PERCENT (10%) OF THE ISSUED & PAID-UP SHARE CAPITAL

The Chairman briefed the Shareholders that Agenda 7 is to approve the proposed renewal of authority for the purchase by the Company of its ordinary shares of up to ten percent (10%) of the issued and paid-up ordinary share capital ("Share Buy-back"). The full text of this resolution is set out in the notice of meeting as contained in page 203 of the Annual Report FY2016 of the Company. Details of the terms of the Share Buy-back are set out in the Share Buy-back Statement dated 26 July 2016 which was sent to the Shareholders together with the Annual Report FY2016 of the Company.

Ordinary Resolution 8 on the proposed renewal of Share Buy-back Authority was proposed by the Chairman and seconded by Mr Zubaidi Bin Harun.

12. TO TRANSACT ANY OTHER BUSINESS

It was noted that no notice of any other business to be transacted at this meeting had been received.

13. POLLING PROCESS

The Chairman informed the Shareholders that 10 e-voting counters had been set up for the purpose of conducting the poll by way of electronic voting. The representatives of Symphony Share Registrars Sdn Bhd and Symphony Corporatehouse Sdn Bhd would be present at each polling counter to assist and monitor the Shareholders throughout the polling process, and it is anticipated that the casting and verification of the votes will take about 30 minutes to complete.

The polling process commenced at 5:35 pm and the results of poll were verified by the Independent Scrutineers, Symphony Corporatehouse Sdn Bhd.

14. ANNOUNCEMENT OF POLL RESULTS

The Chairman called the meeting to order at 6:05 pm for the declaration of poll results. He informed that he had received the poll results from Symphony Share Registrars Sdn Bhd and Symphony Corporatehouse Sdn Bhd and proceeded to read out the poll results to the Shareholders.

- (a) Re-election of Dato' Mohammed Azlan Bin Hashim as Director of the Company in accordance with Article 82 of the Articles of Association of the Company

The Chairman announced that the poll result in respect of Ordinary Resolution 1 which was carried is as follows:

Resolution	Vote For		Vote Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 1	765,990,495	99.902	750,450	0.098

The Chairman declared that Ordinary Resolution 1 was resolved by a majority of the Shareholders as follow:

"THAT Dato' Mohammed Azlan Bin Hashim, who retired in accordance with the Article 82 of the Articles of Association of the Company and being eligible for re-election, does offer himself for re-election, be and is hereby duly re-elected as Director of the Company."

- (b) Re-election of Dato' Sreesanthan A/L Eliathamby as Director of the Company in accordance with Article 82 of the Articles of Association of the Company

The Chairman announced that the poll result in respect of Ordinary Resolution 2 which was carried is as follows:

Resolution	Vote For		Vote Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 2	761,837,995	99.365	4,866,950	0.635

The Chairman declared that Ordinary Resolution 2 was resolved by a majority of the Shareholders as follow:

“THAT Dato’ Sreesanthan A/L Eliathamby, who retired in accordance with the Article 82 of the Articles of Association of the Company and being eligible for re-election, does offer himself for re-election, be and is hereby duly re-elected as Director of the Company.”

- (c) Re-election of Mr Shah Hakim @ Shahzanim Bin Zain as Director of the Company in accordance with Article 82 of the Articles of Association of the Company

The Chairman announced that the poll result in respect of Ordinary Resolution 3 which was carried is as follows:

Resolution	Vote For		Vote Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 3	760,614,345	99.454	4,176,500	0.546

The Chairman declared that Ordinary Resolution 3 was resolved by a majority of the Shareholders as follow:

“THAT Mr Shah Hakim @ Shahzanim Bin Zain, who retired in accordance with the Article 82 of the Articles of Association of the Company and being eligible for re-election, does offer himself for re-election, be and is hereby duly re-elected as Director of the Company.”

- (d) Re-election of Mr Cyrus Eruch Daruwalla as Director of the Company in accordance with Article 89 of the Articles of Association of the Company

The Chairman announced that the poll result in respect of Ordinary Resolution 4 which was carried is as follows:

Resolution	Vote For		Vote Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 4	762,534,445	99.454	4,186,500	0.546

The Chairman declared that Ordinary Resolution 4 was resolved by a majority of the Shareholders as follow:

“THAT Mr Cyrus Eruch Daruwalla, who retired in accordance with the Article 89 of the Articles of Association of the Company and being eligible for re-election, does offer himself for re-election, be and is hereby duly re-elected as Director of the Company.”

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- (e) Payment of Directors' fees amounting to RM492,163.90 for Non-Executive Directors in respect of the FY2016

The Chairman announced that the poll result in respect of Ordinary Resolution 5 which was carried is as follows:

Resolution	Vote For		Vote Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 5	766,213,845	99.989	82,100	0.011

The Chairman declared that Ordinary Resolution 5 was resolved by a majority of the Shareholders as follow:

"THAT the Directors' fees amounting to RM492,163.90 for Non-Executive Directors in respect of the FY2016 be and is hereby approved for payment to the Non-Executive Directors of the Company."

- (f) Re-appointment of Messrs KPMG as Auditors of the Company for the financial year ending 31 March 2017 and authorisation to the Board to fix their remuneration

The Chairman announced that the poll result in respect of Ordinary Resolution 6 which was carried is as follows:

Resolution	Vote For		Vote Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 6	766,707,945	99.998	13,000	0.002

The Chairman declared that Ordinary Resolution 6 was resolved by a majority of the Shareholders as follow:

"THAT the retiring Auditors, Messrs KPMG be and are hereby re-appointed as Auditors of the Company for the financial year ending 31 March 2017 **AND THAT** the Directors be and are hereby authorised to fix their remuneration."

- (g) Authority to issue and allot shares pursuant to Section 132D of the Companies Act, 1965

The Chairman announced that the poll result in respect of Ordinary Resolution 7 which was carried is as follows:

Resolution	Vote For		Vote Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 7	766,664,945	99.995	40,000	0.005

The Chairman declared that Ordinary Resolution 7 was resolved by a majority of the Shareholders as follow:

"THAT, subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and/or regulatory

authorities, where necessary, the Directors be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares to be issued and allotted pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up share capital of the Company for the time being **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

- (h) Renewal of authority for the purchase by the Company of its ordinary shares of up to ten percent (10%) of the issued & paid-up share capital

The Chairman announced that the poll result in respect of Ordinary Resolution 8 which was carried is as follows:

Resolution	Vote For		Vote Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 8	766,674,945	99.996	30,000	0.004

The Chairman declared that Ordinary Resolution 8 was resolved by a majority of the Shareholders as follow:

"THAT, subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant authorities, approval be and is hereby given for the Company to purchase from the market of Bursa Securities such number of ordinary shares of RM0.10 each in the Company ("Share Buy-back") as may be determined by the Directors from time to time, and upon such terms and conditions as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company **PROVIDED THAT** the aggregate number of ordinary shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any point in time and an amount not exceeding the total retained earnings of approximately RM628.69 million and/or share premium account of approximately RM444.83 million of the Company based on the Audited Financial Statements for the financial year ended 31 March 2016 be allocated by the Company for the Share Buy-back;

THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting at which time the authority will lapse, unless by an ordinary resolution passed at the next Annual General Meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

- (iii) revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting,

whichever occurs the earliest, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date;

THAT the Directors be and are hereby authorised to take all such steps and do all acts and deeds and to execute, sign and deliver on behalf of the Company all necessary documents to give full effect to and for the purpose of completing or implementing the Share Buy-back in the manner set out in the Share Buy-back Statement dated 26 July 2016, **AND THAT** following completion of the Share Buy-back, the power to cancel or retain as treasury shares, any or all of the shares so purchased, resell on the market of Bursa Securities or distribute as dividends to the shareholders of the Company or subsequently cancel, any or all of the treasury shares, with full power to assent to any condition, revaluation, modification, variation and/or amendment in any manner as may be required by any relevant authority or otherwise as they deem fit in the best interests of the Company."

15. CLOSE OF MEETING

The Board expressed their deepest appreciation to the Shareholders for their attendance and continued support to the Company and the Group.

There being no other business to be transacted, the meeting concluded at 6:15 pm with a vote of thanks to the Chairman.