

BINTULU PORT HOLDINGS BERHAD
(Company No: 380802-T)
[Incorporated In Malaysia]

**MINUTES OF THE NINETEENTH (19TH) ANNUAL GENERAL MEETING OF
BINTULU PORT HOLDINGS BERHAD HELD AT BALLROOM 3, LOBBY
FLOOR, HILTON HOTEL KUCHING, JALAN TUNKU ABDUL RAHMAN, 93748
KUCHING, SARAWAK ON TUESDAY, 28 APRIL 2015 AT 10.30 A.M..**

PRESENT:

1. Y. Bhg. Tan Sri Dr. Ali bin Hamsa
- Chairman/Proxy for Ministry of Finance (Incorporated)/
Proxy to list of names as per the Attendance Record.
2. YB Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani
- Director
3. Y. A. Bhg. Gen (R) Dato' Seri DiRaja Tan Sri Mohd. Zahidi
bin Hj. Zainuddin
- Director
4. Y. Bhg. Dato' Seri Dr. Hj. Arshad bin Hj. Hashim
- Director
5. Y. Bhg. Datuk Seri Mohamad Norza bin Zakaria
- Director
6. Y. Bhg. Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
- Director
7. Y. Bhg. Datuk Fong Joo Chung
- Director
8. Y. Bhg. Datuk Nasarudin bin Md Idris
- Director
9. Y. Bhg. Dato' Yasmin binti Mahmood
- Director
10. Tuan Hj. Zakaria bin Kasah
- Director/ Corporate Representative for CIMB Group Nominees
(Tempatan) Sdn Bhd

11. Y.Bhg. Dato Mior Ahmad Baiti bin Mior Lub Ahmad
- Chief Executive Officer/ Member
12. Hasmawati bin Sapawi
- Corporate Representative for State Financial Secretary Sarawak
13. Angeline Chia Poh Lin
- Corporate Representative for Equisar Assets Sdn. Bhd.
14. Tan An Zi
- Corporate Representative for Kumpulan Wang Persaraan
(Diperbadankan)
15. Iffah Hazrina binti Zamri
- Corporate Representative for Amanahraya Trustees Berhad
16. Azrina binti Sulaiman
- Corporate Representative for Amanahraya Trustees Berhad
17. Thilshath Mohiadeen binti Abd Kader
- Corporate Representative for Citigroup Nominees (Tempatan) Sdn Bhd/
Employees Provident Fund Board
18. Hj. Ahmat bin Narawi
- Proxy for CIMB Group Nominees (Tempatan) Sdn Bhd
19. Hj. Omar bin Salleh
- Proxy for CIMB Group Nominees (Tempatan) Sdn Bhd
20. Hj. Julkip bin Seno
- Proxy for CIMB Group Nominees (Tempatan) Sdn Bhd
21. Amelia Cristal Daud
- Proxy for Ms. Helen Ting Siew Ling
22. Chieng Kwong Lung
- Proxy for Ms. Chuo Zung-Yan, Marianne
23. Chuo Kuong Liong
- Proxy for Mr. Marcellinus Chuo Zung-Jie
24. Teo Keng Guan
- Proxy for Ms. Helen Ting Siew Ling
25. Winnie Cristal Daud
- Proxy for Ms. Wong Heng Hiong

26. Lee Chee Meng
- Corporate Representative for Minority Shareholder Watchdog Group
27. Jong Yiak Kong
- Member/ Proxy for Ms. Velma Wee Ah You
28. Anthony Ting Ik Huat
- Member
29. Chieng Siew Hui
- Member
30. Christine Chai Tzen Tzen
- Member
31. Chuo Kuong Hang
- Member
32. Dayang Faizah binti Awang Bujang
- Member
33. Kho Aik Kheng
- Member
34. Lim Ngo Mooy
- Member
35. Ling Swee Huat @ Ling Sui Huat
- Member
36. Magdalene Chuo Zung-Ling
- Member
37. Ng Geok Tsong
- Member
38. Roland Ling Koh Wen
- Member
39. Tang Su Fan
- Member
40. Teo Ai Ling
- Member

41. Teo Siaw Kiat
- Member
42. Yeo Bok Khoon
- Member
43. Yeo Puay Huang
- Member
44. Yong Chiong Foong
- Member

ABSENT WITH APOLOGY:

1. Y. Bhg. Dato' Mat Noor bin Nawi
- Director

IN ATTENDANCE:

1. Hj. Nik Abd Rahman bin Nik Ismail
- Company Secretary/Proxy for CIMB Group Nominees (Tempatan) Sdn Bhd/ Proxy for RHB Nominees (Tempatan) Sdn Bhd

BY INVITATION:

1. Mohd Kamal bin Mohd Din
- Tricor Investor Services Sdn Bhd
(Share Registrar)
2. Peter Chin
- Messrs. Ernst & Young

Detail of attendance list as per the Attendance Record.

1.0 CHAIRMAN OF THE MEETING

The meeting chaired by Y. Bhg. Tan Sri Dr. Ali bin Hamsa, the Chairman of Bintulu Port Holdings Berhad. The Chairman extended a warm welcome and convened the Nineteenth (19th) Annual General Meeting of Bintulu Port Holdings Berhad as the requisite quorum present.

Before proceeding further the Chairman had expressed his sincere and utmost gratitude to the Management and staff for their continued efforts in making the year 2014 a meaningful year despite the very challenging business environment. Subsequently, he thanked all the shareholders in particular the Ministry of Finance (Incorporated) being the Preference Shareholder, the Petronas, Sarawak State Financial Secretary, Equisar Asset Sdn. Bhd., Kumpulan Wang Persaraan (Diperbadankan), Minority Shareholder Watchdog Group, stakeholders as well as the Sarawak Government, Government Authorities and agencies, customers, the shipping fraternities and the port users for their unwavering support towards the Group. Finally, he thanked all Directors for continued guidance, support and corporation all this while.

As at 20 April 2015, being the cut-off date for determining who shall be entitled to attend the Company's 19th AGM, the Company had 1,376 depositors, and the total issued and paid-up capital stood at RM460,000,001.00 comprising 460,000,001 shares of RM1.00 each.

There were approximately thirty four (34) Members present in person or by proxy at the commencement of this Meeting.

The Chairman had also introduced Board of Directors present during this Annual General Meeting.

Without further delay, the Chairman called upon the Company Secretary to confirm the presence of quorum.

2.0 VALIDITY OF QUORUM

The Company Secretary read Article 83 of the Articles of Association as follows:-

"No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Unless otherwise provided in these Articles, two (2) persons, each being a member entitled to attend and vote at the meeting, or a proxy for or attorney of such Member (whether individual, corporate or otherwise), or the duly authorized representative of a Corporate Member, shall be a quorum. The presence of one (1) person entitled to attend and vote at the meeting in more than one capacity at the time when the meeting proceeds to business shall not be a quorum. No Member not entitled to vote at the meeting shall be counted in the quorum".

In accordance with the Article 83, the Company Secretary confirmed the presence of the requisite quorum at the commencement of the meeting.

The Company Secretary also informed that shareholders of **423,727,300** shares had lodged their proxies within the stipulated time and holders of **20,948,600** shares had appointed the Chairman of the meeting to be their proxies.

The Chairman declared that the Nineteenth (19th) Annual General Meeting opened as the requisite quorum present.

3.0 NOTICE OF MEETING/VALIDITY OF NOTICE

The Chairman informed that the notice convening this Annual General Meeting had already been sent to all shareholders, the Bursa Malaysia and the Auditors of the Company in accordance with the Company's Articles of Association. The Notice of this Nineteenth (19th) Annual General Meeting had also been advertised in the New Straits Times and Borneo Post on 2 April 2015.

The Chairman proposed that the notice of this meeting be taken as read and seconded by Hj. Ahmat bin Narawi - Member

The Chairman declared the notice of this meeting be taken as read as no objection from the members.

Before the meeting proceeded with the actual resolution the Chairman had invited the Chief Executive Officer to highlight the current overview of Bintulu Port Holdings Berhad Group of Companies.

Y. Bhg. Dato Mior Ahmad Baiti bin Mior Lub Ahmad, Chief Executive Officer presented the performance of the Company and invited question or clarification from the floor if any.

4.0 AUDITOR'S REPORT

The Chairman invited the Company's Auditor, Peter Chin of Messrs. Ernst & Young to present the Auditor's Report.

Peter Chin presented the Auditor's Report and informed the meeting that the Audited Financial Statements conformed with the Malaysian Financial Reporting Standard and it was Unqualified Audited Financial Statements.

5.0 DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

The Chairman informed the meeting that the Directors' Report and Audited Financial Statements for the year ended 31 December 2014 had been sent to all shareholders in accordance with the Company's Articles of Association and presumed that the Reports had been read.

The Chairman explained that the Audited Financial Statements under Resolution 1 was for discussion only, as it did not require shareholders' approval under the provisions of Section 169(1) and (3) of the Companies Act 1965. Hence, it was not put for voting.

While the session opened for question and clarification the Chairman had invited the Chief Executive Officer to highlight the questions received from Minority Shareholder Watchdog Group and response from the Management and the Company.

The Chief Executive Officer informed that the Company received several questions from Minority Shareholder Watchdog Group (MSWG) and responses from the Company provided in the notes circulated to all shareholders during registration. He believed that the responses answered the questions raised. He had also opened this session for further clarification. Detailed responses are enclosed as **Appendix I**.

There being no further questions, the Chairman proposed that the Audited Financial Statements and Directors' Reports tabled before this meeting be hereby received and noted.

The Chairman declared that the Directors' Report and Audited Financial Statements duly received and noted after no further queries and objection from the members.

RESOLVED:

That the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Directors' Report and Statement by the Directors thereon be adopted.

6.0 PAYMENT OF DIVIDEND

The Chairman informed that the Board of Directors had recommended the payment of a Final Single Tier Dividend of 6.00 Sen per share and Special Single Tier Dividend of 3.00 Sen per share in respect of the year ended 31 December 2014.

The Chairman put up before the meeting that the Final Single Tier Dividend of 6.00 Sen per share and Special Single Tier Dividend of 3.00 Sen per share in respect of the year ended 31 December 2014 be paid.

Chou Kuong Hang – Member had taken this opportunity to enquire about basis for declaration of dividend and share buy-back program as the share price of the Company harboured at RM7.00.

The Chief Executive Officer, Dato Mior Ahmad Baiti bin Mior Lub Ahmad informed that the Company did not have written dividend policy but the declaration of dividends all these while were based on certain percentage of profit, cash availability and business commitments or capital commitments then. He had taken note on the performance of Company's share price.

Chuo Kuong Hang - Member and Dayang Faizah binti Awang Bujang – Member seconded the motion and the meeting unanimously agreed to the said motion.

The Chairman declared the motion carried.

RESOLVED:

That the Final Single Tier Dividend of 6.00 Sen per share and Special Single Tier Dividend of 3.00 Sen per share in respect of the year ended 31 December 2014 be approved.

7.0 DIRECTORS' FEES

The Chairman put up before the meeting that the Directors' Fees amounting to **RM878,258.06** for the year ended 31 December 2014 be paid.

Chuo Kuong Hang – Member and Hj. Ahmat Narawi seconded the motion and the meeting unanimously agreed to the said motion.

The Chairman declared the motion carried.

RESOLVED:

That the Directors' Fees amounting to **RM878,258.06** for the financial year ended 31st December 2014 be approved.

8.0 RE-ELECTION OF DIRECTOR – Y.A. BHG. GEN (R) DATO' SERI DIRAJA TAN SRI MOHD ZAHIDI BIN HJ. ZAINUDDIN

The Chairman informed that by virtue of Article 127, an election of Directors shall take place each year. At every Annual General Meeting, one-third of the Directors (whether Government Appointed Directors or not) who are subject to retirement by rotation or, if their number is not 3 or a multiple of 3, the number nearest to one-third shall retire from office, and if there is only 1 Director who is subject to retirement by rotation, he shall retire PROVIDED ALWAYS that all Directors shall retire from office once at least in each 3 years.

Y.A. Bhg. Gen (R) Dato' Seri Diraja Tan Sri Mohd Zahidi bin Hj. Zainuddin retired under Article 127 of the Company's Article of Association and has offered himself for re-election.

The Board had recommended the re-election of Y.A. Bhg. Gen (R) Dato' Seri Diraja Tan Sri Mohd Zahidi bin Hj. Zainuddin as Director of the Company.

The Chairman proposed that Y.A. Bhg. Gen (R) Dato' Seri Diraja Tan Sri Mohd Zahidi bin Hj. Zainuddin be re-elected as Director of the Company.

Hasmawati bin Sapawi – Corporate Representative for State Financial Secretary Sarawak and Dayang Faizah binti Awang Bujang – Member seconded the motion and unanimously agreed by all members.

The Chairman declared the motion carried.

RESOLVED

That Y.A. Bhg. Gen (R) Dato' Seri Diraja Tan Sri Mohd Zahidi bin Hj. Zainuddin be re-elected as Director of the Company.

The Chairman congratulated Y.A. Bhg. Gen (R) Dato' Seri Diraja Tan Sri Mohd Zahidi bin Hj. Zainuddin for re-election as a Director of the Company.

Y.A. Bhg. Gen (R) Dato' Seri Diraja Tan Sri Mohd Zahidi bin Hj. Zainuddin thanked the meeting for his re-election.

9.0 RE-ELECTION OF DIRECTOR – Y.BHG. DATUK FONG JOO CHUNG

The Chairman tabled the motion that Y.Bhg. Datuk Fong Joo Chung retired under Article 127 of the Company's Article of Association and has offered himself for re-election.

The Board had recommended the re-election of Y.Bhg. Datuk Fong Joo Chung as Director of the Company.

The Chairman proposed that Y.Bhg. Datuk Fong Joo Chung be re-elected as Director of the Company.

Chuo Kuong Hang – Member and Chuo Kuong Liong- Proxy for Mr. Marcellinus Chuo Zung-Jie and Angeline Chia Poh Lin Corporate Representative for Equisar Assets Sdn. Bhd. seconded the motion and unanimously agreed by all members.

The Chairman declared the motion carried and congratulated Y.Bhg. Datuk Fong Joo Chung for re-election as Director of the Company.

RESOLVED:

That Y.Bhg. Datuk Fong Joo Chung be re-elected as Director of the Company.

Y.Bhg. Datuk Fong Joo Chung thanked the meeting for his re-election.

10.0 RE-ELECTION OF DIRECTOR – Y.BHG DATUK NASARUDIN BIN MD IDRIS

The Chairman tabled the motion that Y.Bhg Datuk Nasarudin bin Md Idris retired under Article 127 of the Company's Article of Association and has offered himself for re-election.

The Board had recommended the re-election of Y.Bhg Datuk Nasarudin bin Md Idris as Director of the Company.

The Chairman proposed that Y.Bhg Datuk Nasarudin bin Md Idris be re-elected as Director of the Company.

Hj. Ahmat bin Narawi - Proxy for CIMB Group Nominees (Tempatan) Sdn Bhd and Chuo Kuong Liong- Proxy for Marcellinus Chuo Zung-Jie seconded the motion and unanimously agreed by all members.

The Chairman declared the motion carried and congratulated Y.Bhg Datuk Nasarudin bin Md Idris for re-election as Director of the Company.

RESOLVED:

That Y.Bhg Datuk Nasarudin bin Md Idris be re-elected as Director of the Company.

Y.Bhg Datuk Nasarudin bin Md Idris thanked the meeting for his re-election.

11.0 RE-ELECTION OF DIRECTOR – YB TAN SRI DATUK AMAR HJ. MOHAMAD MORSHIDI BIN ABDUL GHANI

The Chairman informed that by virtue of Article 132, the Directors may appoint a person who is willing to act as Director, either to fill a casual vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors. A Director so appointed shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election.

YB Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani retired under Article 132 of the Company's Article of Association and has offered himself for re-election.

The Board had recommended the re-election of YB Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani as Director of the Company.

The Chairman proposed that YB Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani be re-elected as Director of the Company.

Chuo Kuong Hang – Member and Chuo Kuong Liong- Proxy for Marcellinus Chuo Zung-Jie seconded the motion and unanimously agreed by all members.

The Chairman declared the motion carried.

RESOLVED

That YB Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani be re-elected as Director of the Company.

The Chairman congratulated YB Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani for re-election as a Director of the Company.

YB Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani thanked the meeting for his re-election.

12.0 RE-ELECTION OF DIRECTOR – Y.BHG. DATO' SRI MOHAMED KHALID BIN YUSUF @ YUSUP

The Chairman tabled the motion that Y.Bhg. Dato' Sri Mohamed Khalid bin Yusuf @ Yusup retired under Article 132 of the Company's Article of Association and has offered himself for re-election.

The Board had recommended the re-election of Y.Bhg. Dato' Sri Mohamed Khalid bin Yusuf @ Yusup as Director of the Company.

The Chairman proposed that Y.Bhg. Dato' Sri Mohamed Khalid bin Yusuf @ Yusup be re-elected as Director of the Company.

Hj. Ahmat bin Narawi - Proxy for CIMB Group Nominees (Tempatan) Sdn Bhd seconded the motion and unanimously agreed by all members.

The Chairman declared the motion carried and congratulated Y.Bhg. Dato' Sri Mohamed Khalid bin Yusuf @ Yusup for re-election as Director of the Company.

RESOLVED:

That Y.Bhg. Dato' Sri Mohamed Khalid bin Yusuf @ Yusup be re-elected as Director of the Company.

Y.Bhg. Dato' Sri Mohamed Khalid bin Yusuf @ Yusup thanked the meeting for his re-election.

13.0 RE-ELECTION OF DIRECTOR – Y.BHG. DATO' YASMIN BINTI MAHMOOD

The Chairman tabled the motion that Y.Bhg. Dato' Yasmin binti Mahmood retired under Article 132 of the Company's Article of Association and has offered herself for re-election.

The Board had recommended the re-election of Y.Bhg. Dato' Yasmin binti Mahmood as Director of the Company.

The Chairman proposed that Y.Bhg. Dato' Yasmin binti Mahmood be re-elected as Director of the Company.

Chuo Kuong Hang – Member, Chuo Kuong Liong- Proxy for Marcellinus Chuo Zung-Jie and Hj. Ahmat bin Narawi - Proxy for CIMB Group Nominees (Tempatan) Sdn Bhd seconded the motion and unanimously agreed by all members.

The Chairman declared the motion carried and congratulated Y.Bhg. Dato' Yasmin binti Mahmood for re-election as Director of the Company.

RESOLVED:

That Y.Bhg. Dato' Yasmin binti Mahmood be re-elected as Director of the Company.

Y.Bhg. Dato' Yasmin binti Mahmood thanked the meeting for his re-election.

14.0 TO APPOINT MESSRS. ERNST & YOUNG AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The Chairman put up before the meeting that Messrs. Ernst & Young retired at this Annual General Meeting and had expressed their willingness to continue in office as Auditors of the Company.

Chuo Kuong Liong - Proxy for Marcellinus Chuo Zung-Jie seconded the motion and unanimously agreed by all members.

The Chairman declared the motion carried.

RESOLVED:

That Messrs. Ernst & Young be re-appointed as Auditors of the Company, to hold office after the conclusion of this meeting until the conclusion of the next Annual General Meeting at remuneration to be determined by the Directors.

15.0 TO TRANSACT ANY OTHER BUSINESS FOR WHICH DUE NOTICE SHALL HAVE BEEN GIVEN IN ACCORDANCE WITH THE COMPANIES ACT 1965

The Company Secretary had informed the Chairman that he had not received notice of any other business for transaction.

The Chairman thanked all members, Directors, Management and staff for their attendance and declared the meeting closed.

16.0 TERMINATION/VOTE OF THANKS

There being no other business to be transacted, the Chief Executive Officer recorded sincere appreciation to all Board of Directors for their invaluable advice, guidance and trust in him steering the Company and to all Management team, staff, customers, shareholders and stakeholders, business associates, suppliers, bankers and Government Authorities for their support so far.

Finally the Chief Executive Officer proposed a vote of thanks to the Chairman and seconded by majority of members.

The meeting adjourned at 11.10 a.m.

Confirmed on *24 August* 2015



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CHAIRMAN

BINTULU PORT HOLDINGS BERHAD

Minil AGM BHB Ke 19 2015

APPENDIX I

MSWG Questions

In the interest of minority shareholders and all other stakeholders of the Group, we would like to raise the following:

Strategy/Financial

1. We noted that the Company has experienced moderate growth in the cargo throughput, vessel calls and containers handled ("TEUs") for the last 3 years. What would be the Group's strategy to sustain its earnings pending the completion of Petronas LNG train in FY 2016 and that Samalaju Port would still be unable to contribute substantially to the Group's pending completion of Phase 1 development of the port?

Answer:

For the last 3 years, the Group has been experiencing a moderate cargo growth at an average of 4.7%. Several cargo sectors have shown an encouraging growth such as Container (8%), Palm Oil (10%) and Dry Bulk Cargoes (9%). The Group will continue to focus on these cargoes as well as Oil and Gas activities to sustain the Group's earning.

2. As stated in the CEO's statement, Oil and Gas sector has been growing rapidly with the increase in exploration & production activities in Sarawak waters. Has the Group managed to have any tie-ups with any major oil and gas players in the 1st Quarter of 2015? How has the depressed oil price impacted its business within the last one year and the outlook moving forward? What is the expected increase in revenue for this sector in FY 2015?

Answer:

The Group has business arrangements with Murphy Oil and Petronas Carigali for base support services that include provision of berth, warehouse, storage area, water supply and bunkering operation. The Group is in the process of negotiation with Petronas FLNG (PFLNG) to provide base support services at Bintulu Port.

Currently the depressed oil price has not significantly affected the Oil and Gas activities at Bintulu Port and we expect a positive contribution from this sector.

3. For Bintulu Port's Edible Oil Terminal, with the expected increase in the demand in oil palm sector in Sarawak, would the existing storage capacity including the additional 25 new tanks be able to accommodate the demand by the sector? What is the current utilization level of the facilities at the terminal? What is the CAPEX allocated for the terminal within the next 3 years?

Answer:

The present storage capacity of 154,600 metric tonnes (85 units storage tank) is sufficient to cater for the forecasted demand.

The Management is constantly monitoring the supply and demand and will take the necessary action should more storage capacity is required.

The present storage tanks are fully utilized with an average of 13 times turnover.

Total CAPEX within the next 3 years is estimated at RM20.562 million.

4. Since the Group had obtained the extension of the concession lease period for Bintulu Port Sdn Bhd until 2052 in principle from the Federal Government, what would be the Group's strategy/master plan for the next 3 years for the port? Would there be any discussion on the review of its port and tariff charges for its services?

Answer:

The Group has plans to develop the following projects for the next 5 years;

- 1. 400m General Cargo Wharf at 2nd Inner Harbour;*
- 2. Conversion of 300m General Cargo wharf for Container Operation;*
- 3. Supply Base Terminal Services; and*
- 4. 300m Dry Bulk Wharf at 2nd Inner Harbour.*

The Group has submitted its proposal on the Revised Non-LNG Tariff to the Government and now is pending approval.

5. Please refer to page 166 of Annual Report, Note 39 on para C "Intangible Assets" which has increased to RM289.7 million from RM31.4 million last year. Please explain the increase.

Answer:

The increase in Intangible Assets relate to the infrastructure other than capital dredging at Samalaju Industrial Port Sdn. Bhd. (SIPSB). SIPSB falls into the scope of IC12 (Service Concession Arrangement). To comply with the accounting treatment, capital dredging is classified as financial asset funded by Government Facilitation Fund of RM500 million whereas all other infrastructure constructed at SIPSB is classified under Intangible Assets. The detail movements on Intangible Assets are tabulated in Note 17 on Page 142.

Corporate Governance

MSWG is promoting standards of corporate governance best practices in PLCs. In view of this we hope the Board would address the issue of balance in Board between Independent Directors and Non-Independent Directors.

The Malaysian Code on Corporate Governance 2012 ("MCCG 2012") – Recommendation 3.5 states that the Board should comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director.

We noted that the present Board comprising eleven Board members is chaired by a Non-Independent Chairman and only 4 of the Directors are Independent Directors, constituting only 36.4% of the full Board. Please comment.

Answer:

Pursuant to Article 109A (1) of the Company's Articles of Association, the Special Shareholder (Minister of Finance [Incorporated]) shall be entitled from time to time to appoint 4 Government Appointed Directors at any one time and such Government Appointed Directors shall hold the position of Chairman of the Board of Directors, Managing Director and 2 Directors.

Curently the Company has eleven (11) Directors, comprising seven (7) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. This composition fulfils the requirements mandated by the MMLR of Bursa Malaysia Securities Berhad under Paragraph 15.02(1), which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.

The appointment of majority Independent Director will affect the composition of Nominated Directors representing major shareholders such as Sarawak Government, Petronas and KWAP and Special Shareholder unless the maximum number of Directors be increased accordingly.

We would appreciate if the Board could present the points raised here, and their related answers, for the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our record and for posting on our website for the benefit of all stakeholders.