

SCOMI ENGINEERING BHD

(Company No: 111633-M)

MINUTES OF THE THIRTY-SECOND ANNUAL GENERAL MEETING OF SCOMI ENGINEERING BHD ("SEB" 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 WEDNESDAY, 17 AUGUST 2016 AT 2:30 PM.

PRESENT:

DIRECTORS	:	Datuk Zainun Aishah Binti Ahmad (Chairman) Dato' Ikmal Hijaz Bin Hashim Tunku Alizan Bin Raja Muhammad Alias Mr Liew Willip Mr Kanesan A/L Veluppillai Mr Cyrus Eruch Daruwalla Encik 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, Datuk Zainun Aishah Binti Ahmad, 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 of the Company (the "**Board**"), the Chief Executive Officer ("**CEO**"), the Chief Financial Officer ("**CFO**"), the Head of Legal and the Company 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 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 AND PROJECT PROGRESS AND BUSINESS DEVELOPMENT UPDATES

Prior to the tabling of all resolutions, the Chairman invited Puan Rohaida Binti Ali Badaruddin ("**Pn Rohaida**"), the CEO of the Company, to brief the Shareholders on the highlights of the Company's financial performance for the last financial year ended 31 March 2016, the project progress updates, business and new technologies developments as well as the future prospects of the Company, in order to give the Shareholders an overview of the position of the Company.

4. NOTICE OF THE MEETING AND VOTING PROCEDURES

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

In addition, the Chairman informed the Shareholders that all the resolutions tabled before the meeting would 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 would be conducted upon completion of the deliberation of all items to be transacted at the meeting.

ORDINARY BUSINESS:

5. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 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 which were addressed by the Chairman, Pn Rohaida and Mr L. Joseph Nixon A/L S. Lourdesamy ("**Mr Joseph**"), the CFO of the Company.

The key enquiries raised by the Shareholders to the Board and the responses made by the Chairman, Pn Rohaida and Mr Joseph are set out below:

- (i) Dispute with Prasarana Malaysia Berhad ("**PMB**") and receivables of the Kuala Lumpur Monorail Fleet Expansion Project ("**KLMFEP**")

The dispute with PMB relates to the KLMFEP in Malaysia. The Company, as the sole rail system technology company in Malaysia, has to date completed approximately 83% of the project works and remains committed to complete the KLMFEP. The Management has tried to resolve the dispute through various ways and even with the involvement of the government agencies, as the termination may affect the interest of the shareholders of the Company as well as other stakeholders in the country. The Company has taken all necessary legal actions against PMB to enforce its rights under the contract in respect of the KLMFEP acting on the advice of its solicitors.

Our claims in relation to the extensions of time ("EOT") and variation orders ("VO") for KLMFEP served on PMB were approximately RM365 million. The amount of receivables booked in is estimated to be at only 48% of the total claims. If the Company succeeds in the claims, there will be an additional of approximately RM140 million to be recognised as revenue. The Company is confident with the claims based on the advice and legal opinions from the various external lawyers and independent consultants. The Company will continue to pursue the claims to protect its rights.

(ii) Impairment on receivables

The impairment on receivables was for the outstanding amount owed by the Manaus City State Government for the Manaus Monorail project due to the suspension of the project for about three years. Although the Company has obtained legal opinion on the recoverability of the outstanding amount of approximately RM10 million, the Company took a prudent measure to impair the outstanding amount and will make the necessary adjustment in the event that the outstanding amount is recovered from the Manaus City State Government.

(iii) New members to the Board

The Board is still looking for the suitable candidates with the relevant engineering background to be appointed to the Board and will endeavour to effect the said appointments prior to the next AGM.

(iv) Expansion plan to China market

The Company has a proper business plan before expanding into a new market and is exploring opportunities to enter into the monorail market in second and third-tier Chinese cities.

(v) Return to the Shareholders

The Management is working very hard towards providing a return to the shareholders but cannot commit to a timeline in view that it is expanding its monorail business in India and Brazil.

(vi) Geographical breakdown of the revenue and business philosophy of the Company

The geographical breakdown of the revenue is shown on page 126 of the Annual Report. Malaysia contributed approximately 62% of the total revenue including rail and commercial vehicles segments, 24% from India and the remaining of the revenue from Brazil last year due to low activities during the year.

Moving forward, the existing projects in Brazil will bring sizeable revenue to the books.

(vii) Foreign currency hedging strategies

To mitigate the foreign exchange risk, the Company has hedged some of the short term receivables. It is not feasible to hedge all the receivables as the receipt of the project proceeds are uncertain due to project delays.

For new projects, we will be cautious and will consider negotiating for it to be denominated in US Dollar. One of our strategies to reduce the exposure to the exchange rate risk is localisation where the Company has also tried to get local borrowings and in-countries manufacturing as part of our strategies to lower the risk of losses from the foreign currency exchange.

(viii) Fund raising and restructuring exercise

The Company is in the midst of negotiations with the bankers for new funding and/or the restructuring of the existing facilities.

(ix) Winding up petition on Scomi Rail Bhd

The claim is invalid. The Management has been advised legally that the Company is in a good position to strike off the said petition and will pursue the legal proceedings accordingly.

Subsequent to the clarifications provided by the Chairman, Pn Rohaida and Mr Joseph to the queries raised by the Shareholders in connection with the AFS 2016, the AFS FY2016 was received.

6. ORDINARY RESOLUTIONS 1 AND 2

RE-ELECTION OF DIRECTORS, NAMELY DATUK ZAINUN AISHAH BINTI AHMAD AND DATO' IKMAL HIJAZ BIN HASHIM

The Chairman briefed the Shareholders that the second agenda comprises of 2 resolutions in relation to the Directors who are due to retire in accordance with Article 80 of the Articles of Association of the Company and, being eligible, offered themselves for re-election under Ordinary Resolution 1 and 2 respectively. The two Directors were:

- (a) Datuk Zainun Aishah Binti Ahmad (Ordinary Resolution 1); and
- (b) Dato' Ikmal Hijaz Bin Hashim (Ordinary Resolution 2).

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 page 8 of the Annual Report FY2016 of the Company. Being interested in Ordinary Resolution 1, the Chairman handed over the chair to Encik Shah Hakim @ Shahzanim Bin Zain ("**En Shah**").

The Ordinary Resolution 1 was proposed by En Shah and seconded by Mr Koo Eu Jim ("**Mr Koo**"). Thereafter, En Shah handed over the chair to the Chairman.

The Chairman proceeded with the Ordinary Resolution 2 for the re-election of Dato' Ikmal Hijaz bin Hashim, who retired in accordance with Article 80 of the Articles of Association of the Company, and, being eligible, offered himself for re-election.

The Ordinary Resolution 2 was proposed by the Chairman and seconded by Mr Koo.

7. ORDINARY RESOLUTIONS 3, 4 AND 5

RE-ELECTION OF DIRECTORS, NAMELY MR LIEW WILLIP, MR KANESAN A/L VELUPPILLAI AND MR CYRUS ERUCH DARUWALLA

The Chairman briefed the Shareholders that the third agenda comprises of 3 resolutions in relation to the Directors who are due to retire in accordance with Article 87 of the Articles of Association of the Company and, being eligible, offered themselves for re-election under Ordinary Resolution 3, 4 and 5 respectively. The 3 Directors were as follows:

- (a) Mr Liew Willip (Ordinary Resolution 3);
- (b) Mr Kanesan A/L Veluppillai (Ordinary Resolution 4); and
- (c) Mr Cyrus Eruch Daruwalla (Ordinary Resolution 5).

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 9 and 10 of the Annual Report FY2016 of the Company.

Ordinary Resolution 3, 4 and 5 on the proposed re-election of Mr Liew Willip, Mr Kanesan A/L Veluppillai and Mr Cyrus Eruch Daruwalla as Director of the Company in accordance with Article 87 of the Articles of Association of the Company were proposed by the Chairman and seconded by Mr Ho Yueh Weng, Mr Ng Kok Kiong and Mr Leong Wai Hong respectively.

8. ORDINARY RESOLUTION 6

PAYMENT OF DIRECTORS' FEES AMOUNTING TO RM273,803.28 FOR NON-EXECUTIVE DIRECTORS IN RESPECT OF THE FINANCIAL YEAR ENDED 31 MARCH 2016

The fourth agenda was in relation to the Ordinary Resolution 6 for the approval of the payment of Directors' fees amounting to RM273,803.28 for Non-Executive Directors in respect of the financial year ended 31 March 2016.

Mr How See Sun proposed to the Board that in view of the last financial year's performance of the Company, the Board should take a pay cut in the Directors' fees, as an effort of the Board to strive for improving the performance of the Company. His proposal was seconded by Mr Tan Kee Hock.

Ordinary Resolution 6 on the proposed payment of Directors' fees was proposed by Encik Abu Zaharoff bin Abu Bakar and seconded by Ms Nadhya Hanim Binti Osman.

9. ORDINARY RESOLUTION 7

RE-APPOINTMENT OF MESSRS KPMG AS AUDITORS OF THE COMPANY

The Chairman informed the Shareholders that the fifth agenda relates to Ordinary Resolution 7 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.

The Ordinary Resolution 7 on the proposed re-appointment of KPMG as Auditors of the Company was proposed by the Chairman and seconded by Encik Mukhnizam Bin Mahmud.

SPECIAL BUSINESS:

10. ORDINARY RESOLUTION 8

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 8 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 8 is set out in the notice of the meeting.

The Ordinary Resolution 8 was proposed by the Chairman and seconded by Ms Nadhya Hanim Binti Osman.

11. TO TRANSACT ANY OTHER BUSINESS

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

12. POLLING PROCESS

The Chairman informed the Shareholders that 5 e-voting counters have been set up at the back of the ballroom to record the shareholders' votes, in order facilitate the polling process. The representatives of Symphony Share Registrars Sdn Bhd and Symphony Corporatehouse Sdn Bhd were present at each polling counter to assist and monitor the Shareholders throughout the polling process.

The Chairman informed the Shareholders that the process for casting and verification of the votes was anticipated to take about 30 minutes to complete. She then declared the commencement of the polling process at 4:20 pm and the meeting adjourned until the completion of the casting and verification of the votes.

13. ANNOUNCEMENT OF POLL RESULTS

The Chairman called the Meeting to order at 4:45 pm for the declaration of poll results. The Chairman informed the Shareholders that she had received the poll results from the Scrutineers and then proceeded to announce the poll results for the 32nd AGM.

- (i) Ordinary Resolution 1: Re-election of Datuk Zainun Aishah Binti Ahmad as Director of the Company in accordance with Article 80 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	249,038,551	100.000	0	0.000

The Chairman declared that Ordinary Resolution 1 was unanimously resolved by the Shareholders as follows:

“THAT Datuk Zainun Aishah Binti Ahmad, who retired in accordance with Article 80 of the Articles of Association of the Company and being eligible for re-election, does offer herself for re-election, be and is hereby duly re-elected as Director of the Company.”

- (ii) Ordinary Resolution 2: Re-election of Dato’ Ikmal Hijaz Bin Hashim as Director of the Company in accordance with Article 80 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	249,278,551	99.996	10,000	0.004

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

“THAT Dato’ Ikmal Hijaz Bin Hashim, who retired in accordance with Article 80 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.”

- (iii) Ordinary Resolution 3: Re-election of Mr Liew Willip as Director of the Company in accordance with Article 87 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:

SCOMI ENGINEERING BHD (111633-M)
Minutes of the Thirty-Second Annual General Meeting held on 17 August 2016

Resolution	Vote For		Vote Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 3	249,288,551	100.000	0	0.000

The Chairman declared that Ordinary Resolution 3 was unanimously resolved by the Shareholders as follows:

“THAT Mr Liew Willip, who retired in accordance with Article 87 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.”

- (iv) Ordinary Resolution 4: Re-election of Mr Kanesan A/L Velupillai as Director of the Company in accordance with Article 87 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	249,288,551	100.000	0	0.000

The Chairman declared that Ordinary Resolution 4 was unanimously resolved by the Shareholders as follows:

“THAT Mr Kanesan A/L Velupillai, who retired in accordance with Article 87 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.”

- (v) Ordinary Resolution 5: Re-election of Mr Cyrus Eruch Daruwalla as Director of the Company in accordance with Article 87 of the Articles of Association of the Company

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	249,288,551	100.000	0	0.000

The Chairman declared that Ordinary Resolution 5 was unanimously resolved by the Shareholders as follows:

“THAT Mr Cyrus Eruch Daruwalla, who retired in accordance with Article 87 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.”

SCOMI ENGINEERING BHD (111633-M)
Minutes of the Thirty-Second Annual General Meeting held on 17 August 2016

- (vi) Ordinary Resolution 6: Payment of Directors' fees amounting to RM273,803.28 for Non-Executive Directors in respect of the financial year ended 31 March 2016

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	249,018,051	99.992	20,500	0.008

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

"THAT the Directors' fees amounting to RM273,803.28 in respect of the financial year ended 31 March 2016 be and is hereby approved for payment to the Non-Executive Directors of the Company."

- (vii) Ordinary Resolution 7: Re-appointment of Messrs KPMG as Auditors of the Company for the financial year ending 31 March 2017 and authorisation to Board to fix their remuneration

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	249,288,551	100.000	0	0.000

The Chairman declared that Ordinary Resolution 7 was unanimously resolved by the Shareholders as follows:

"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."

- (viii) Ordinary Resolution 8: 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 8 which was carried is as follows:

Resolution	Vote For		Vote Against	
	No. of Shares	%	No. of Shares	%
Ordinary Resolution 8	249,268,551	99.992	20,000	0.008

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

"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 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.”

14. CLOSE OF MEETING

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

There being no other business, the meeting concluded at 4:55 pm with a vote of thanks to the Chairman.