

**SAPURA ENERGY BERHAD**  
Registration No.: 201101022755 (950894-T)  
(Incorporated in Malaysia)

**SUMMARY OF THE MINUTES OF THE NINTH ANNUAL GENERAL MEETING (FULLY VIRTUAL) AT THE BROADCAST VENUE AT THE MULTI-PURPOSE HALL, GROUND FLOOR, SAPURA@MINES, NO. 7, JALAN TASIK, THE MINES RESORT CITY, 43300 SERI KEMBANGAN, SELANGOR DARUL EHSAN, MALAYSIA ON THURSDAY, 30 JULY 2020 AT 10.00 A.M.**

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**ITEM 1.0**

**OPENING REMARKS**

The Chairman of the Board, Tan Sri Datuk Amar (Dr.) Hamid Bugo, welcomed those present at the Broadcast Venue and participated remotely for the Ninth Annual General Meeting (“AGM” or “Meeting”) to the first fully virtual AGM of the Company conducted via live streaming and online voting using Remote Participation and Voting Facility (“RPV Facility”) in accordance with Section 327 of the Companies Act 2016 and Article 60 of the Company’s Constitution. The Chairman informed the participant that the RPV Facility was served as a precautionary measure amid Covid-19 as shareholders’ safety was of paramount importance to the Company and to support the Government’s advice to avoid mass gatherings to combat the spread of the virus.

**ITEM 2.0**

**QUORUM**

Upon confirmation by the Group Company Secretary on the participation of the requisite quorum pursuant to Article 61 of the Company’s Constitution, the Chairman called the Meeting to order and introduced the members of Board and key senior managements to the shareholders.

**ITEM 3.0**

**NOTICE**

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

**ITEM 4.0**

**PRESENTATION**

The Meeting started with the 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 5.0**

**REPLY TO MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”) QUESTIONS**

The Chairman informed that the Company had received a letter from the Minority Shareholders Watch Group (“MSWG”) with relevant questions. The responses to the questions by the Company were read by the Company Secretary and displayed on the screens for the benefits of all participant.

**ITEM 6.0**

**QUESTION AND ANSWER SESSION**

The Chairman and Board together with Key Senior Managements addressed several questions posted by shareholders, proxies and corporate

representatives. The responses to the key matters raised were set out below:

(i) **Discovery in New Zealand**

The President and Group Chief Executive Officer (“PGCEO”) stated that the Company believed that the discovery in New Zealand was a commercial discovery and assessment was carried out to find out the exact size of the discovery. The Company needed to do a few more tests. The process had been interrupted because of COVID but as soon as operations resumed, the Company would be allowed to proceed with the test and once the result was being obtained, the Company would then inform the public and shareholders accordingly. The Company was very encouraged with the discovery.

(ii) **Contribution from Brunei operations to revenue and profit of Sapura Energy**

The Group Chief Financial Officer (“GCFO”) stated that Brunei operations had contributed 5% of Sapura Energy’s total revenue for the Financial Year 2020 (“FY2020”). This was mainly from Drilling business. The revenue was RM300 million with profit contribution of approximately RM141 million.

(iii) **Contract bids under the Aramco LTD Programme**

PGCEO stated that competition in Saudi was very tough. However, the result of 2 bids under the Aramco LTA programme were still pending and targeted to be finalised by end of Financial Year 2021 (“FY2021”).

(iv) **Impairment loss**

The GCFO stated that In FY2020, the impairment loss was provided due to the prolonged recovery period which was expected for the industry. This was due to the impact of the COVID-19 and low oil prices. The Company would continue assessing the situation on annual basis. Without further prolonged impact of the market disruption, further impairment would not be necessary subject to prior consultation and consent by the external Auditors.

PGCEO explained that the impairment losses were determined by the Auditors based on future perception of business condition. The decision on realisation of impairment loss would be made by external Auditors.

(v) **Plan for business redeployment**

PGCEO stated that Redeploying business was the Company’s agility and this was the essence of Sapura Energy. The Company continued to re-formulate its service offering to customers. The Company could carry out EPCIC business, TNI business solely or just fabrication business. Based on conditions, the Company would change the offering or combination of offering to its clients depending on where the market would be growing. The Company expected to see growth in the

relevant segments for the next 5 years. The Company had targeted its services in the areas where there would be growth not only for a combination of service offering but also a combination of regional areas where the Company was in focused such as in Argentina, Senegal, Nigeria, Angola, Saudi, Turkmenistan, Australia and some parts of Europe and even in Russia.

**(vi) RCPS-I dividend**

GCFO stated that the RCPS-i instrument dividend must be paid out from profit. Once the Company is profitable, the dividend would be considered to be paid in cumulative manner. The RCPS-i instrument was intended to give 10% IRR to the shareholders upon redemption.

**(vii) Strategy and initiatives of the Company to improve performance**

PGCEO stated that as per his presentation earlier, the Company's strategy was firstly to grow the order book. The management had put effort to ensure that the top-lines business of the Company continued to grow. The Company had proceeded with a very aggressive transformation programme and re-engineering business processes to bring down the cost. In the first quarter of FY2021, there was sign of recovery as cost had started to reduce. For the first quarter of FY2021, the Company had a profit of approximately RM40 million. The Company targeted RM800 million of cost saving for FY2021 and to be filtered down to reflect the bottom line. The targeted cost saving of RM800 million comprised of RM550 million savings from direct cost and overhead, RM100 million from procurement and RM150 million from capital expenditure.

The PGCEO stated that it was a challenging environment and the Company had announced that senior leaderships including the PGCEO had taken 50% pay cut effective May 2020 and produced a gradual pay cut to the lower levels and lower income employees cutting of at RM10,000 earnings. Rightsizing of an organisation is a norm in oil and gas industry where many people were under contract and some were full time employees. Over the cycle, the requirements for manpower and skills did expand and shrink. The Company was in the downturn and under right-sizing exercise. The Company was targeting to lay off about 20% headcount of full-time employees.

PGCEO stated that so far Sapura Energy had only won one renewable energy project. As of to date the Company has a global bid book of over US300 million in renewable project and in a near term prospect of another USD500 million worth projects to bid for. The Company would increase its market activities in this area and hope to see more activities out of Sapura Energy for windfarm installation.

PGCEO stated that the Company had set its task for this year to grow the top-lines and to undergo an aggressive cost cutting exercise. For the first quarter of FY2021, the Company did make a profit and expect to continue this trend and management would try very hard for the second and third quarter. However, the current environment was very

challenging. There were issues with COVID-19 and global economy condition. However, the Company would endeavour to go forward in a positive manner. The Company would have USD300 billion worth of work in the next 5 years to pursue. Re-financing exercise was going well and with a healthy order book the Company would be having a healthy turnover next year and should see a growth in order book towards the end of the year. God willing, the Company would not end up as a fail enterprise. The Company would excel, grow and give good return to its shareholders over the cycle.

**(viii) Commitment in exploration business**

Encik Mohd Zamri Jusoh, the CEO of SapuraOMV Upstream stated that considering the current low oil price environment on the Exploration and Production segment, the Company had decided to defer some of the exploration activities in coming years. The Company was currently working with its partners and shareholders to develop a revised plan and budget for the coming years for Board approval. The Company had tapered off slightly from its exploration activities, but it would not affect the growth trajectory that had been planned.

**(ix) Profit margin for current projects**

The GCFO stated that the average contribution margin for Engineering and Construction (“E&C”) and Drilling was approximately 9% and 49%, respectively.

**(x) Loss in Engineering business for Financial Year 2020**

The GCFO stated that the projects under E&C were inherently having lower margin because they were secured during the period where the oil prices were low. In the past two years and also in the Financial Year 2020, cost had increased including material cost as well as labour cost due to the escalating market prices. These were the factors that contributed to the loss of the E&C segment. The Company also had taken a prudence measures to make sure that there were adequate provisions for these projects.

**(xi) News published on the Edge ‘Sapura close to bagging job in Qatar’?**

PGCEO stated that the Company was in the bid. However, in any bid or in any outcome of a bid the Company would need approval from the client before making any announcement in relation to the bid. Therefore, the Company was unable according to the rules of the bid to deny or to confirm on the bid.

**(xii) Sapura Energy diversify into renewable energy business**

The PGCEO stated that the Company was actively positioning itself to participate in bid and activities in windfarm and other renewal energy which required installation and offshore facilities. The Company’s assets were suitable to address the engineering needs for these offshore activities and/or in renewables energy activities. The

Company's assets such as S3500, S1200 and S3000 were Deepwater vessels. These vessels could position themselves without anchors and these criteria were needed in order to install the pillars and other cables for windfarms. The Company targeted to have 20% of its revenue from this business segment moving forward.

PGCEO stated that so far Sapura Energy had only won one renewable energy project. As of to date the Company has a global bid book of over US\$300 million in renewable project and in a near term prospect of another US\$500 million worth projects to bid for. The Company would increase its market activities in this area and hope to see more activities out of Sapura Energy for windfarm installation.

**(xiii) Cancellation of projects due to COVID-19**

PGCEO stated that given the current market condition there were several contracts being deferred. However, the Denmark project was cancelled in April 2020 and would come back online and the Company would bid for it with the same consortium. Some clients were still going ahead with projects which they had deferred. The Company had started to communicate with numbers of its international client to re-activate relevant projects. To date the Company had US\$6.8 billion bid book and US\$9.6 billion prospect books. It was highlighted that therefore the Company had already projected deferment of certain projects and went on an aggressive cost cutting measures in order to bring down the cost to match the turnover decrease due to the postponement of projects. In the first quarter for FY2021, it started to show sign of profits and hoped that the Company could squeeze the cost to maximise the revenue in order to have better result. Under Drilling Project, there were no cancellation.

**(xiv) Rental and utilisation of the tender boats and tender rigs**

PGCEO stated that the rental rate for tender boats and tender rigs were still depressing. However, in FY2020 the utilisation of tender boats and rig was 1,922 days for a total of 8 rigs including partial of the year. For FY2021 it was forecasted at 2,072 days with similar type of day rate. The market for tender rig was steadily picking up with invitation to bid in South East Asia, Africa and Gulf of Mexico. In addition, due to the prolonged downturn the number of rigs that were available to work from other players had also decreased in the Drilling market segment. The Company's Drilling market was very different with the jack-up market. The Company had done development drilling and for that there were a little bit more adhesion or stickiness to the customers. Based on the guidance that the Company had acquired, once the production switched on again, the bids were expected to come. Bids would take about a year to be evaluated and within 12 to 15 months the Company could see the rapid rise in this business segment.

**(xv) Targeted revenue of USD2 billion in 3 to 5 years based on oil price of USD35**

PGCEO stated that the Company targeted for USD2 billion revenue in 3 to 5 years going forward based on the present oil prices at USD35. The Company believed that with the cost base of USD35, the Company would be able to provide services to its customers. However, most of the consultants were of the view that the oil price expected to increase until 2025. As such, the Company believed that USD2 billion would be achievable.

**ITEM 7.0****VOTING ON RESOLUTIONS AND POLL RESULTS**

The Chairman informed that in line with Paragraph 8.29A of the Main Market Listing requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of meeting be voted by poll and to ensure smooth proceeding of the Meeting, real-time voting would be implemented and the electronic polling (e-polling) be conducted separately for each resolution. The poll result would be declared after completion of voting for each resolution.

The Chairman informed the meeting that the share registrar, Boardroom Share Registrars Sdn Bhd was the Poll Administrator to conduct polling process and Boardroom Corporate Services Sdn Bhd was the Independent Scrutineers verifying the poll results.

**ITEM 8.0****AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2020 TOGETHER WITH THE DIRECTORS' AND AUDITORS' REPORTS**

The Chairman informed that the Audited Financial Statements of the Company for the financial year ended 31 January 2020 together with the Directors' and Auditors' Reports ("Audited Financial Statements") were tabled before the Meeting in accordance with Section 340(1) of the Companies Act 2016 for discussion. As formal approval by the shareholders was not required, the matter was not put forward for voting and proceeded to the next item on the Agenda.

**ORDINARY RESOLUTION 1 TO 8**

The Chairman cited the Ordinary Resolutions 1 to 8 together with the respective explanatory notes as set out in the notice of the AGM. Ordinary Resolutions 1 to 8 were put to vote separately for each resolution via real-time voting. Shareholders were given 60 second for each resolution to cast their vote. The Ordinary Resolutions 1 to 8 together with the respective poll results were summarized as follows: -

	Voted For		Voted Against		RESULT
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 1</b>					
"THAT Dato' Shahrman Shamsuddin, a Director retiring	10,090,213,994	99.3077	70,346,316	0.6923	Carried

by rotation pursuant to Article 80 of the Company's Constitution, being eligible and having offered himself for re-election, be hereby re-elected as a Director of the Company."					
<b>Ordinary Resolution 2</b> "THAT Dato' Ramlan Abdul Rashid, a Director retiring by rotation pursuant to Article 80 of the Company's Constitution, being eligible and having offered himself for re-election, be hereby re-elected as a Director of the Company."	10,168,824,935	99.9684	3,209,366	0.0316	Carried
<b>Ordinary Resolution 3</b> "THAT Dato' Mohammad Azlan Abdullah, a Director retiring pursuant to Article 85 of the Company's Constitution, being eligible and having offered himself for re-election, be hereby re-elected as a Director of the Company."	10,065,837,442	99.0686	94,635,790	0.9314	Carried
<b>Ordinary Resolution 4</b> "THAT Syed Ali Syed Salem Alsagoff, a Director retiring pursuant to Article 85 of the Company's Constitution, being eligible and having offered himself for re-election, be hereby re-elected as a Director of the Company."	10,165,585,939	99.9576	4,312,454	0.0424	Carried
<b>Ordinary Resolution 5</b> "THAT Lim Tiang Siew, a Director retiring pursuant to Article 85 of the Company's Constitution, being eligible and having offered himself for re-election, be hereby re-elected as a Director of the Company."	10,169,050,869	99.9855	1,474,832	0.0145	Carried
<b>Ordinary Resolution 6</b> "THAT the payment of Directors' fees and benefits to Non-Executive Directors up to an amount of RM4,500,000 from 31 July 2020 until the next Annual General Meeting of the Company be hereby approved."	10,132,117,406	99.6165	39,008,691	0.3835	Carried

<p><b>Ordinary Resolution 7</b></p> <p>“THAT Ernst &amp; Young PLT 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.”</p>	10,169,612,003	99.9851	1,510,873	0.0149	Carried
<p><b>Ordinary Resolution 8</b></p> <p>“THAT subject to the provisions of the Company’s Constitution and the Main 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>	3,710,344,822	36.4807	6,460,359,875	63.5193	Not Carried

Based on the poll results, Ordinary Resolutions 1 to 7 were carried and Ordinary Resolution 8 was not carried.

## ITEM 9.0

### **CONCLUSION OF THE NINTH ANNUAL GENERAL MEETING**

There being no other business to be transacted, the Chairman declared the Meeting closed at 12.05 p.m. and thanked the shareholders, proxies, corporate representatives and invitees for their participation at the AGM.