

# SUNWAY CONSTRUCTION GROUP BERHAD

(Company No. 1108506-W)

(Incorporation in Malaysia)

MINUTES OF THE FOURTH ANNUAL GENERAL MEETING OF SUNWAY CONSTRUCTION GROUP BERHAD HELD AT GRAND CAYMANS, LEVEL 10, SUNWAY RESORT HOTEL & SPA, PERSIARAN LAGOON, BANDAR SUNWAY, 47500 SUBANG JAYA, SELANGOR DARUL EHSAN ON WEDNESDAY, 20 JUNE 2018 AT 3.00 P.M.

- PRESENT : **Board of Directors:**  
Dato' Ir Goh Chye Koon (Chairman)  
Dato' Siow Kim Lun  
Dato' Dr Ir Johari Bin Basri  
Dr Sarinder Kumari A/P Oam Parkash  
Dato' Chew Chee Kin  
Mr Chung Soo Kiong  
Mr Evan Cheah Yean Shin
- SHAREHOLDERS/  
PROXIES/GUESTS : As per Attendance Lists
- IN ATTENDANCE : Mr Tan Kim Aun – Company Secretary
- BY INVITATION : Ms Ng Bee Lien – Chief Financial Officer  
Messrs BDO – External Auditors  
BDO Governance Advisory Sdn Bhd – Independent Scrutineer  
Mr Adrian Koh from Messrs Mah-Kamariyah & Philip Koh – External  
Legal Advisor for drafting of the Company's Constitution

## **OPENING ADDRESS**

Dato' Ir Goh Chye Koon ("Dato' Chairman") called the Meeting to order at 3.00 p.m. and welcomed all members present at the Meeting.

## **CONFIRMATION OF QUORUM**

Upon enquiry from Dato' Chairman, the Secretary confirmed that there was sufficient quorum for the convening of the Meeting.

## **CONFIRMATION OF PROXIES**

Upon enquiry from Dato' Chairman, the Secretary reported that shareholders of 599,266,068 ordinary shares had lodged their proxies within the stipulated time, and shareholders of 572,641,755 ordinary shares had appointed the Chairman of the Meeting to be their proxies.

## **CONFIRMATION OF NOTICE SENT**

Upon enquiry from Dato' Chairman, the Secretary confirmed that the notice convening the Meeting had been duly sent to all members and with the permission of the members, it was taken as read.

## **PRESENTATION BY MANAGING DIRECTOR**

Dato' Chairman then invited the Managing Director, Mr Chung Soo Kiong ("Mr Chung") to give a presentation of the operational and financial performance of the Company and its subsidiaries ("Group") as well as their achievements for the financial year ended 31 December 2017 ("MD's Presentation").

## **QUERIES FROM THE MINORITY SHAREHOLDERS WATCHDOG GROUP ("MSWG")**

Mr Chung proceeded to address the queries raised by the MSWG vide its letter dated 6 June 2018. The queries raised by MSWG together with the Company's responses were then presented for the information of the shareholders. A copy of the answers to the queries was appended in this minutes as Appendix 1.

## **E-POLLING PROCEDURES**

Dato' Chairman informed that all motions tabled at the Meeting, would be voted by poll using electronic means. BDO Governance Advisory Sdn Bhd had been appointed as the Independent Scrutineers for the polling exercise. The e-polling system had been thoroughly tested and proven reliable by BDO Governance Advisory Sdn Bhd.

Dato' Chairman then invited Ms Joey Wong from the Share Registrar to brief the shareholders on the electronic polling procedures.

## **1.0 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND DIRECTORS' AND AUDITORS' REPORTS THEREON**

Dato' Chairman then proceeded to table the Audited Financial Statements of the Company for the financial year ended 31 December 2017 together with the Directors' and Auditors' Reports thereon for discussion.

Dato' Chairman then opened the floor for questions. The questions and answer session was summarised as follows:

(a) Questions raised by Mr Walter Goon, a shareholder:

**Q1: Please clarify on the tender for the High Speed Rail ("HSR") project.**

*A1: As mentioned in the MD's Presentation, the Group had previously participated in the tender for the HSR Project Delivery Partner. However, the tender was not successful. Nevertheless, the HSR project had been put on hold for further review by the new Government.*

**Q2: Were the big projects secured by the Group impacted by the direction of the new Government i.e. postponement/cancellation of several mega infrastructure projects?**

*A2: The existing projects secured by the Group remained intact. Judging from the progress, the LRT 3 project is too advance to be cancelled by the Government. However, there could be value engineering exercise to reduce cost.*

**Q3: The Group's precast business was profitable but it was catered mainly for Singapore market. Was there any plan to implement precast building component in the Malaysian market?**

*A3: Yes. In fact, the Group had already started using its precast components in its building project in Southern region in the past few years. The Group hoped to expand the precast usage in its building works in Malaysia going forward given the continuous push by the Construction Industry Development Board of Malaysia (CIDB) in the Industrialised Building System (IBS).*

*Upon expiry of the factory land lease in Singapore, the Group had set up another precast plant in Johor. Notwithstanding that, the Group was collaborating with a Singaporean partner for a tender to build an automated precast plant under the Integrated Construction and Prefabrication Hubs (ICPHs) program in Singapore in view of the strong and continued demand for precast products driven by Housing and Development Board ("HDB") of Singapore.*

(b) Questions raised by Mr Leo Ann Puat, a shareholder:

**Q1: Despite the overall good performance of the Group in 2017, the revenue and profit of the Precast segment had dropped significantly in 2017 compared to 2016. What was the Group's Precast business outlook in 2018?**

*A1: The Group's precast business operates predominantly in Singapore supplying to the HDB market. The Group was confident of continuing demand for precast component judging from the flow of new HDB flat by the Government of Singapore. The Group's profit was affected due to price war amongst the precast players coupled with increasing steel bar prices.*

**Q2: What was the targeted revenue and profit for 2018? Would it be affected by the review of all major infrastructure works by the newly formed Government?**

*A2: The Group targeted an order book replenishment of RM1.5 billion to RM2.0 billion for 2018. The Group's target order book did not include any infrastructure projects that are under review by the new Government. The Group had secured new order book of up to RM0.8 billion to-date. Management would do its level best to increase the order book of the Group.*

(c) Question raised by Madam Chong Swee Moi, a shareholder:

**Q1: Why was there a huge drop in the Company's share price recently despite the excellent outstanding order book and the mandate for share buy-back?**

*A1: The Company had been performing well in terms of its financial performance. The market sentiment on the share price was out of the control of the Company and was affected by the short term uncertainties after the GE14. Nevertheless, the Company would seek the shareholders' mandate for the share buy-back authority. The share buy-back would be carried out as and when necessary.*

There being no further question from the floor, Dato' Chairman proceeded to the next agenda.

## **2.0 ORDINARY RESOLUTION 1**

### **• Payment of Fees to Non-Executive Directors amounting to RM718,000 for the financial year ended 31 December 2017**

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In response to Mr Leo, the Chairman clarified that the Directors' Fee for individual director remained unchanged since the listing of the Company in the Main Market of Bursa Malaysia Securities Berhad.

On the motion duly proposed by Mr Chew Thye Khye and seconded by Mr Chee Kok Phoon, Ordinary Resolution 1 was put to the Meeting for voting by e-polling.

Based on the members and proxies who were present and voted, the resolution was duly passed with 992,352,698 ordinary shares (99.9984%) voted for the resolution and 15,422 ordinary shares (0.0016%) voted against the resolution.

It was **RESOLVED THAT** the payment of fees to Non-Executive Directors amounting to RM718,000 for the financial year ended 31 December 2017 be hereby approved.

## **3.0 ORDINARY RESOLUTION 2**

### **• Payment of benefits payable to Non-Executive Directors of up to RM200,000 for the period from 1 January 2018 until the conclusion of the next Annual General Meeting**

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On the motion duly proposed by Mr Chee Kok Phoon and seconded by Mr Chew Thye Khye, Ordinary Resolution 2 was put to the Meeting for voting by e-polling.

Based on the members and proxies who were present and voted, the resolution was duly passed with 991,421,309 ordinary shares (99.9057%) voted for the resolution and 936,000 ordinary shares (0.0943%) voted against the resolution.

It was **RESOLVED THAT** the payment of benefits payable to Non-Executive Directors of up to RM200,000 for the period from 1 January 2018 until the conclusion of the next Annual General Meeting of the Company be hereby approved.

## **4.0 ORDINARY RESOLUTION 3, 4 AND 5**

### **• Re-election of retiring directors pursuant to the Company's Articles of Association**

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In accordance with Article 107 of the Company's Articles of Association, Mr Chung Soo Kiong and Mr Evan Cheah Yean Shin, who retired by rotation and being eligible, had offered themselves for re-election.

In accordance with Article 90 of the Company's Articles of Association, Dr Sarinder Kumari A/P Oam Parkash retired by casual vacancy and being eligible, had offered herself for re-election.

The Chairman informed the shareholders that the Nomination Committee had assessed all the retiring directors' performance and had recommended them be re-elected as Directors.

### **ORDINARY RESOLUTION 3**

#### **• Re-election of Mr Chung Soo Kiong**

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On the motion duly proposed by Ms Wong Soo Yuen and seconded by Mr Chee Kok Phoon, Ordinary Resolution 3 was put to the Meeting for voting by e-polling.

Based on the members and proxies who were present and voted, the resolution was duly passed with 990,449,512 ordinary shares (99.8249%) voted for the resolution and 1,736,935 ordinary shares (0.1751%) voted against the resolution.

It was **RESOLVED THAT** Mr Chung Soo Kiong be hereby re-elected as a Director of the Company.

### **ORDINARY RESOLUTION 4**

#### **• Re-election of Mr Evan Cheah Yean Shin**

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On the motion duly proposed by Mr Raymond Tan Yew Chong and seconded by Madam Chong Swee Moi, Ordinary Resolution 4 was put to the Meeting for voting by e-polling.

Based on the members and proxies who were present and voted, the resolution was duly passed with 982,765,091 ordinary shares (99.8168%) voted for the resolution and 1,803,560 ordinary shares (0.1832%) voted against the resolution.

It was **RESOLVED THAT** Mr Evan Cheah Yean Shin be hereby re-elected as a Director of the Company.

### **ORDINARY RESOLUTION 5**

#### **• Re-election of Dr Sarinder Kumari A/P Oam Parkash**

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On the motion duly proposed by Madam Wong Soo Yuen and seconded by Mr Quah Ban Aik, Ordinary Resolution 5 was put to the Meeting for voting by e-polling.

Based on the members and proxies who were present and voted, the resolution was duly passed with 992,335,175 ordinary shares (99.9996%) voted for the resolution and 3,721 ordinary shares (0.0004%) voted against the resolution.

It was **RESOLVED THAT** Dr Sarinder Kumari A/P Oam Parkash be hereby re-elected as a Director of the Company.

## **5.0 ORDINARY RESOLUTION 6**

### **• Re-appointment of Messrs BDO as Auditors of the Company**

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On the motion duly proposed by Mr Quah Ban Aik and seconded by Mr Raymond Tan Yew Chong, Ordinary Resolution 6 was put to the Meeting for voting by e-polling.

Based on the members and proxies who were present and voted, the resolution was duly passed with 992,329,214 ordinary shares (99.9995%) voted for the resolution and 5,409 ordinary shares (0.0005%) voted against the resolution.

It was **RESOLVED THAT** Messrs BDO be hereby re-appointed as Auditors of the Company for the ensuing year until the next Annual General Meeting at a remuneration to be fixed by the Directors.

## **6.0 ORDINARY RESOLUTION 7**

### **• Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

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On the motion duly proposed by Mr Lee Tuck Veong and seconded by Madam Chong Swee Moi, Ordinary Resolution 7 was put to the Meeting for voting by e-polling.

Based on the members and proxies who were present and voted, the resolution was duly passed with 969,555,143 ordinary shares (97.7029%) voted for the resolution and 22,795,776 ordinary shares (2.2971%) voted against the resolution.

It was hereby **RESOLVED:-**

THAT subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Constitution and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

## **7.0 ORDINARY RESOLUTION 8**

### **• Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

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On the motion duly proposed by Mr Lee Tuck Veong and seconded by Mr Chew Thye Khye, Ordinary Resolution 8 was put to the Meeting for voting by e-polling.

Based on the members and proxies who were present and voted, the resolution was duly passed with 419,652,791 ordinary shares (99.9973%) voted for the resolution and 11,197 ordinary shares (0.0027%) voted against the resolution.

It was hereby **RESOLVED:**

THAT approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions from time to time, which are necessary for the day-to-day operations as set out in Section 2D of the Circular to Shareholders dated 30 April

2018 which are of a revenue or trading nature and carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, subject to the compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016 (the "Act"), the Company's Constitution and all other applicable laws, guidelines, rules and regulations.

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

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

## **8.0 ORDINARY RESOLUTION 9**

### **• Proposed Renewal of Share Buy-Back Authority**

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On the motion duly proposed by Mr Raymond Tan Yew Chong and seconded by Madam Chong Swee Moi, Ordinary Resolution 9 was put to the Meeting for voting by e-polling.

Based on the members and proxies who were present and voted, the resolution was duly passed with 992,331,690 ordinary shares (99.9990%) voted for the resolution and 10,245 ordinary shares (0.0010%) voted against the resolution.

It was hereby **RESOLVED**:-

THAT subject to the Companies Act 2016 (the "Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:-

- (a) the aggregate number of ordinary shares in the Company ("SunCon Shares") which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares in the ordinary share capital of the Company at any point

of time, subject to a restriction that the share capital of the Company does not fall below the applicable minimum share capital requirements of the Main Market Listing Requirements of Bursa Securities;

- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the SunCon Shares shall not exceed the Company's retained profits at any point of time;
- (c) the authority conferred by this resolution will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-
  - (i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by Ordinary Resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
  - (iii) revoked or varied by Ordinary Resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first; and

- (d) upon completion of the purchase(s) of the SunCon Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the SunCon Shares so purchased or to retain the SunCon Shares so purchased as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act), or to retain part of the SunCon Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of the SunCon Shares with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company.

## **9.0 SPECIAL RESOLUTION 1**

### **• Proposed Adoption of the New Constitution of the Company**

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On the motion duly proposed by Mr Chew Thye Khye and seconded by Madam Chong Swee Moi, Special Resolution 1 was put to the Meeting for voting by e-polling.

Based on the members and proxies who were present and voted, the resolution was duly passed with 992,272,265 ordinary shares (99.9990%) voted for the resolution and 10,310 ordinary shares (0.0010%) voted against the resolution.

It was hereby **RESOLVED**:-

**SUNWAY CONSTRUCTION GROUP BERHAD (1108506-W)**

Minutes of the Fourth Annual General Meeting held on 20 June 2018

THAT approval be and is hereby given to the Company to alter or amend the whole of its existing Memorandum and Articles of Association by the replacement thereof with a new Constitution as set out in the Circular to Shareholders dated 30 April 2018 with immediate effect AND THAT the Board of Directors of the Company be and are hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.

**CONCLUSION**

There being no other business, the Meeting closed at 4.10 p.m. with a vote of thanks to the Chair and to those present.

**ANSWERS TO THE QUERIES FROM MSWG**

**Strategy/Financial Matters**

**1. Building Construction Services (page 47 of the Annual Report 2017)**

**(a) What is the current order book for the building construction service?**

The current order book for Building Construction Service is RM3,109 Mil which is 49% of current outstanding order book:

As at Mar 2018 (RM mil)	Completion	Contract Sum	O/S Orderbook	
<b>Infrastructure/Piling</b>			<b>3,011</b>	<b>49%</b>
MRT V201 + S201 (Sg Buloh-Persiaran Dagang)	2Q 2021	1,213	813	
MRT V201 - Advance Works	2Q 2018	53	16	
SUKE + DASH (Bore Piling)	2Q 2018	34	14	
BBCC (Bore Piling)	4Q 2018	88	61	
LRT 3 : Package GS07-08	4Q 2020	2,178	2,108	
<b>Building</b>			<b>1,412</b>	<b>23%</b>
Putrajaya Parcel F	1Q 2019	1,610	559	
KLCC (NEC + Package 2 & 2a)	3Q 2018	646	71	
HUKM (MEP works)	3Q 2018	66	36	
International School of Kuala Lumpur	3Q 2018	268	86	
Gas District Cooling (Plant 1)	3Q 2018	152	80	
PPA1M project in Kota Bharu	1Q 2020	582	512	
Warehouse in Shah Alam	4Q 2019	70	69	
<b>Internal</b>			<b>1,517</b>	<b>25%</b>
Sunway Velocity Medical Centre	2Q 2019	185	117	
Sunway Medical Centre 4 (2 towers)	2Q 2019	428	377	
Sunway Iskandar - Emerald Residences	2Q 2018	175	32	
Sunway Iskandar - Retail Complex/Big Box	2Q 2018	170	140	
Sunway Serene - Serviced Residences	4Q 2020	449	355	
Sunway GEOLake	1Q 2021	223	223	
Sunway Carnival Extension	4Q 2020	274	274	
<b>Singapore</b>			<b>203</b>	<b>3%</b>
Precast	Various	374	203	
<b>Total</b>		<b>9,417</b>	<b>6,143</b>	
<i>Red : Secured in 2018</i>				
<i>Purple: Secured after Q1'2018</i>				
<i>Various Piling jobs</i>	4Q 2018	74	74	
<i>Sunway Medical Centre Seberang Jaya</i>	4Q 2020	180	180	
<b>Grand Total</b>		<b>9,671</b>	<b>6,397</b>	

**(b) Is the Group currently bidding for any major contracts?**

Yes, the Group is currently bidding for some of the contracts within the Klang Valley. Our tender book to-date amounts to RM10 billion.

In addition to the above, the Group is in discussion with its parent company for various in-house development that are in the pipeline which can be awarded to the Group especially in the Northern Region and hospital projects.

**2. Civil/Infrastructure Construction Services (page 48 of the Annual Report 2017)**

- (a) **What is latest update on the rail works within Klang Valley namely the Mass Rapid Transit Line 2 – Package V201 (MRT V201) from Sungai Buloh to Persiaran Dagang and the Light Rail Transit Line 3 (LRT3) Package GS07-08 from Kawasan 17 to Taman Sri Andalas and the stationworks under the Civil/Infrastructure construction services unit? Is there any potential for cost overruns?**

Physical completion of work

- (i) MRT Line 2 - Package V201 (commenced work on 2Q 2016)
- Utility relocation & Piling = almost 100%
  - Piers & column = 65%
  - Launching of SBG = 20%
  - 3 stations = 8%
- (ii) LRT Line 3 – Package GS07-08 (commenced work on 4Q 2017)
- Utility Relocation = 40%
  - Piling = 25%
- Balance work comprises of pier and column, 6 stations, iconic bridge and launching works.

Risk of cost over run

The Group has a robust mechanism of reviewing project profitability every 6 months. Based on our recent review, the risk for cost overrun can be categorized as low.

- 3. On page 53 of the Annual Report 2017, it is stated that the Group's machinery division is centralised to manage and source for machineries required on site to achieve cost effectiveness. The Group has also planned plant renewal programmes and is targeting for the majority of machines to be less than 10 years in use.**

- (a) **On cost effectiveness, what has been achieved and what is intended to be achieved?**

On cost effectiveness, the Group has achieved the following: -

- (i) Centralised plant and machinery sourcing center which enables us to:
- Maximise fleet utilization to increase productivity and maintain sustainability
  - Facilitate machine type with demand mapping for ongoing investment on capital expenditure
  - Competitive bargaining power for outsourcing plant and machinery – rental rate is negotiated at 10% lower than market rate
- (ii) Newer plant and machinery through strategic capital expenditure (Plant Renewal Program) which enables us to have:
- Lower repair & maintenance cost

- Lower machine downtime – newer machine recorded high productivity with average of  $\geq 90\%$  worktime

**(b) Please brief further on the planned plant renewal programmes as well as budget requirements for capital expenditure for the next few years, if any.**

In 2016, 80% of our plant and machineries is less than 10 years in use and we have improved to 90% in 2017. In FYE 2017, we spent RM54.7 mil to cater mainly for civil project requirements namely MRTV201 and LRT3 project.

Our capex spending for the past 4 years and forecast for 2018/2019 are as below:

Year	Capital Expenditure
2014	RM45.7 mil
2015	RM38.7 mil
2016	RM19.0 mil
2017	RM54.7 mil
2018 (Actual :Q1)	RM37.0 mil
2018 (Forecast)	RM100 mil (precast = 50m)
2019 (Forecast)	RM80 mil (mainly precast)

Our plant renewal programme is done progressively and we look at investing about RM30 million to RM40 million yearly based on the market demands. In 2018, we are looking to further mechanise our precast operations to increase efficiency as we see this as the way forward. Hence, the capital expenditure planned for 2018 and 2019 are slightly higher as compared to 2017.

## **Corporate Governance Matter**

### **1. Step Up 4.3 of the Malaysian Code of Corporate Governance**

The Company in its Corporate Governance Report had stated that it has adopted Step Up 4.3 of MCCG. However, in the explanation column on the application of Step Up 4.3, it was stated that “if the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders’ approval. If the Board continues to retain the Independent Director after the twelfth (12<sup>th</sup>) year, annual shareholders’ approval must be sought through two-tier voting process as stipulated in the 2017 edition Malaysian Code of Corporate Governance”. This is contrary to Step Up 4.3 which does not provide for any extension of tenure beyond the 9-year tenure of INEDs.

**Please take note on this.**

Answer:

We take note of your comment.