

VELESTO ENERGY BERHAD (878786-H)

**EXTRAORDINARY GENERAL MEETING**

MINUTES OF THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD ON THURSDAY, 31 OCTOBER 2019 AT 3:00 P.M. AT DEWAN TUN ABDUL RAZAK, MENARA KEMBAR BANK RAKYAT, NO. 33, JALAN RAKYAT, 50470 KUALA LUMPUR, MALAYSIA

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|---------------|---|--|---|
| PRESENT       | : | Dato' Abdul Rahman bin Ahmad                       | Chairman / Non-Independent Non-Executive Director |
|               |   | Encik Rohaizad bin Darus                           | President / Non-Independent Executive Director    |
|               |   | Puan Haida Shenny binti Hazri                      | Non-Independent Non-Executive Director            |
|               |   | Encik Rizal Rickman bin Ramli                      | Non-Independent Non-Executive Director            |
|               |   | Encik Mohd Rashid bin Mohd Yusof                   | Senior Independent Non-Executive Director         |
|               |   | Dato' Ibrahim bin Marsidi                          | Independent Non-Executive Director                |
|               |   | Encik Razalee bin Amin                             | Independent Non-Executive Director                |
|               |   | Puan Rowina binti Ghazali Seth                     | Independent Non-Executive Director                |
|               |   | Dato' Dayang Fatimah binti Johari                  | Independent Non-Executive Director                |
|               |   | Datuk Tong Poh Keow                                | Independent Non-Executive Director                |
| IN ATTENDANCE | : | Ms. Lee Mi Ryoung                                  | Company Secretary                                 |
|               |   | Tuan Syed Rozhan bin Syed Hassan                   | Head, Human Resources Division                    |
|               |   | Puan Rafiza binti Ghazali                          | Chief Financial Officer                           |
|               |   | Encik Johan bin Hashim                             | Affin Hwang Investment Bank Berhad                |
|               |   | Ms. Por Chuei Ying                                 | Messrs Christopher & Lee Ong                      |
|               |   | Mr. Ng Kai Yan                                     | Korn Ferry, Malaysia                              |
|               |   | Corporate Representatives / Shareholders / Proxies | Appendix A  |

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**CHAIRMAN**

Dato' Abdul Rahman bin Ahmad ("**Dato' Chairman**"), Chairman of the Board of Directors ("**Board**"), took the Chair and called the Meeting to order.

On behalf of the Board, Dato Chairman welcomed all the shareholders, proxies, corporate representatives and invitees to the Company's Extraordinary General Meeting ("EGM"). He then extended the Board members' and Management's appreciation and gratitude to the shareholders for their support and trust given to the Board and Management.

Dato' Chairman invited all attendees to watch the video on the Bank Rakyat's safety procedures.

He then proceeded to introduce the members of the Board, the Company Secretary, the Chief Financial Officer, Head of Human Resources Division, representatives from Principal Adviser, Affin Hwang Investment Bank Berhad, External Solicitors, Messrs. Christopher & Lee Ong and Scheme Adviser, Korn Ferry, Malaysia to all attendees.

In his opening remarks, Dato' Chairman highlighted that the objective of today's EGM is to seek shareholders' approval for the establishment of an employees' share option scheme ("ESOS") of up to 7.5% of the issued shares of the Company to the executive directors and eligible employees of the Velesto Group, the details of which are provided in the Circular to Shareholders dated 2 October 2019.

Dato' Chairman further added the recovery of the Oil & Gas industry, had seen increasing demand in resources including talents to sustain better performances. In this increasing competitive market, it is imperative for Velesto Energy Berhad ("**VEB**" or the "**Company**") to:-

- (i) Promote entrepreneurial leadership to drive returns and shareholders' value;
- (ii) Strengthen the alignment of employees to the long-term objectives and business plan of Velesto Group and shareholders;
- (iii) Instil a greater sense of ownership amongst management and employees so they will have an opportunity to participate directly in the future growth of the Group; and
- (iv) Create a more competitive compensation package for the Executive Director and employees to strengthen retention efforts.

During the downturn period between 2015 to 2017, the shareholders may be aware of various actions undertaken by the Group to overcome the challenging market environments: -

- The Management had accepted salary reductions by 10% to 20%.
- Minimal bonus and increments.

As a consequence, based on the latest compensation benchmarks data, Velesto's employees' compensation is currently significantly below market. With the current recovery, this situation needs to be quickly addressed so that the Company can recruit and retain the required talents to ensure VEB delivers its objectives.

The detailed ESOS scheme had been developed together with Korn Ferry. The Circular to shareholders and By-Laws have been prepared by Affin Hwang Investment Bank Berhad and Messrs Christopher & Lee Ong respectively.

We wish to inform that the Minority Shareholders Watch Group (“MSWG”), has communicated to the company that they have no queries on the Circular to Shareholders which were circulated on 2 October 2019. Dato’ Chairman then walked through the presentation on ESOS.

### **QUORUM AND PROXIES**

The Company Secretary confirmed that there was a quorum present as at 3:00 p.m. on Thursday, 31 October 2019. The Chairman then commenced the formal proceedings of the Meeting.

### **PROCEDURES ON VOTING**

Dato’ Chairman informed the shareholders that all resolutions set out in the Notice of the AGM would be voted by poll via electronic means in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements. The Company had appointed Securities Services (Holdings) Sdn Bhd as Poll Administrator and Commercial Quest Sdn Bhd as Scrutineers to verify polling results. The poll would be conducted upon completion of the deliberations on all resolutions indicated in the Notice of the AGM dated 2 October 2019.

### **NOTICE OF MEETING**

The Chairman informed the attendees that the Notice of AGM was advertised in The Star on Wednesday, 2 October 2019 and announced to Bursa Malaysia Securities Berhad on Tuesday, 1 October 2019.

With the consent of the shareholders, the Notice convening EGM having been circulated within the prescribed period was, with the permission of the Meeting, taken as read.

|                                      |  |
|--------------------------------------|--|
| <b>ORDINARY<br/>RESOLUTION<br/>1</b> | <b><u>PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”) OF UP TO 7.5% OF THE TOTAL NUMBER OF ISSUED SHARES OF VEB (EXCLUDING TREASURY SHARES, IF ANY) (“PROPOSED ESOS”)</u></b> |
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Questions from the shareholders were welcomed and after responses were provided, Dato’ Chairman thanked all the shareholders for their questions and proceeded on the agenda.

On the proposal by Mr. Wan Heng Wah, as shareholder and duly seconded by Mr. Ng Kok Kiong, as proxy, the following resolution was put for a vote:

**“THAT, subject to the requisite consents and/or approvals of all relevant regulatory authorities and/or parties being obtained, including the approval of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing of and quotation for the new ordinary shares of VEB (“VEB Shares”) to be issued hereunder, approval be and is hereby given for the Board of Directors of VEB (“Board”) to:**

- (a) establish, implement and administer an ESOS of up to 7.5% of the total number of issued shares of VEB (excluding treasury shares, if any) at any one time over the duration of the Proposed ESOS for the executive directors and employees of VEB**

and its subsidiary companies (excluding subsidiary companies which are dormant) (“VEB Group”) in accordance with the provisions of the by-laws of the Proposed ESOS as set out in Appendix I (“By-Laws”) of the circular to shareholders of VEB dated 2 October 2019 (“Circular”) and to give effect to the Proposed ESOS with full power to assent to any conditions, variations, modifications and/or amendments as may be required by the relevant authorities;

- (b) offer and grant ESOS options under the Proposed ESOS (“Options”) and to allot and issue from time to time such number of VEB Shares as may be required to be issued pursuant to the exercise of Options under the Proposed ESOS, PROVIDED THAT the total number of VEB Shares to be issued and allotted under the Proposed ESOS shall not in aggregate exceed 7.5% of the total number of issued shares of VEB (excluding treasury shares, if any) at any one time during the duration of the Proposed ESOS AND THAT the VEB Shares to be allotted and issued upon the exercise of any Options granted under the Proposed ESOS will, upon allotment and issuance, rank equally with the existing VEB Shares, save and except that the VEB Shares will not be entitled to any dividends, rights, allotments or other distributions which may be declared, made or paid, of which the entitlement date is prior to the date of allotment and issuance of such VEB Shares;
- (c) do all such acts and things, take such steps, execute all such documents, enter into all such arrangements, agreements, deeds and/or undertakings with any party(ies), make such rules or requirements or delegate parts of its power as they may deem fit, necessary, expedient and/or appropriate in order to finalise, implement and/or give full effect to the Proposed ESOS and terms of the By-Laws with full power to assent to any terms, conditions, modifications, variations and or amendments as may be agreed to or required by any relevant authorities or as a consequence of any such requirement as may be deemed necessary and expedient and in the best interest of VEB; and
- (d) extend the Proposed ESOS, if the Board deems fit, for up to a maximum period of 5 years in aggregate commencing from the day after the date of expiration of the original 5 years period (“Extension”) and that the Board be and is hereby authorised to implement the Extension and do all such acts and things and to execute all necessary documents to give full effect to and complete the Extension with full power to assent to or make any modification, variation and/or amendment as may be required by the relevant authorities and to take all steps and actions as may be required by the relevant authorities and as the Board may deem necessary and/or expedient to finalise, implement and give full effect to and complete the Extension.

THAT VEB be and is hereby authorised to do all things necessary and to make the necessary applications to Bursa Securities for the listing of and quotation for any new VEB Shares that may hereafter from time to time be issued and allotted pursuant to the Proposed ESOS and to give effect to the Proposed ESOS with full power to consent to and to adopt and implement such conditions, modifications, variations and/or amendments

as may be required by the relevant authorities or as the Board may deem fit or necessary at its discretion;

**AND THAT the By-Laws, as set out in Appendix I of the Circular, be and is hereby approved and adopted.”**

The resolution was put to the Meeting for voting by e-polling, which would be conducted upon conclusion of the tabling of all resolutions.

**ORDINARY RESOLUTION**     **PROPOSED ALLOCATION OF OPTIONS TO ROHAIZAD BIN DARUS (“PROPOSED ALLOCATION”)**

**2**

On the proposal by Encik Ahmad Zaidulhair bin Haji Zanal, as proxy and duly seconded by Mr. Kow Chee Foo, as shareholder, the following resolution was put for a vote:

**“THAT subject to the passing of Ordinary Resolution 1 above and the approvals of the relevant authorities (where required) for the Proposed ESOS, VEB be and is hereby authorised, at any time and from time to time over the duration of the Proposed ESOS, to offer and grant up to a maximum number of 11,400,000 Options to Rohaizad bin Darus, being the sole executive director of VEB, pursuant to the Proposed ESOS, subject to the provisions of the By-Laws and provided always that:**

- (a) not more than 10% of the total number of VEB Shares to be issued under the Proposed ESOS shall be allocated to him if he either singly or collectively through persons connected with him, holds 20% or more of the issued share capital of VEB (excluding treasury shares, if any); and**
- (b) he must not participate in the deliberation or discussion of his own allocation as well as that of persons connected with him, if any, under the Proposed ESOS;**

**AND THAT, subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws, the Main Market Listing Requirements of Bursa Securities and any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time, the Board be and is hereby authorised to allot and issue such number of VEB Shares pursuant to the Proposed ESOS to Rohaizad bin Darus from time to time pursuant to the exercise of such Options.”**

The resolution was put to the Meeting for voting by e-polling, which would be conducted upon conclusion of the tabling of all resolutions.

**ANY OTHER BUSINESS**

The Company Secretary then informed that the Company had not received any notice for transactions of any other business at the Meeting.

Dato' Chairman declared the registration for attendance at EGM closed at 3:47 p.m.

**GUIDE ON ELECTRONIC VOTING PROCEDURE**

Dato' Chairman then announced that the Meeting would proceed to conduct the poll voting and the video on the Guide on Electronic Voting was played at the Meeting.

The Meeting was adjourned at 3:55 p.m. for the poll voting to commence and re-convened at 4:15 p.m. for the announcement of the polling results.

**DECLARATION OF POLL RESULTS**

Dato' Chairman informed the Meeting that he had received the results of the electronic polling from the Poll Administrator and the results had been verified by the Independent Scrutineers.

Dato' Chairman then invited the lead scrutineer to read out the poll results, which was concurrently displayed on the projector, to the Meeting.

Dato' Chairman thanked the lead scrutineer and declared that all Ordinary Resolutions 1 to 2 were carried and duly passed as follows:

| EGM of the Company   | FOR              |       | AGAINST          |      |
|--|------------------|-------|------------------|------|
|  | NUMBER OF SHARES | %     | NUMBER OF SHARES | %    |
| PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 7.5% OF THE TOTAL NUMBER OF ISSUED SHARES OF VEB (EXCLUDING TREASURY SHARES, IF ANY) ("PROPOSED ESOS") | 5,345,222,886    | 92.84 | 412,537,341      | 7.16 |
| PROPOSED ALLOCATION OF OPTIONS TO ROHAIZAD BIN DARUS ("PROPOSED ALLOCATION")   | 5,345,096,019    | 92.83 | 412,662,822      | 7.17 |

**CLOSURE**

There being no other business for which due notice has been given, the proceedings of the EGM ended at 4:35 p.m. with a vote of thanks to the Chair.