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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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MISC BERHAD

(Company No. 8178-H)

(Incorporated in Malaysia under the Companies Act, 1965)

STATEMENT IN RELATION TO

**THE PROPOSED RENEWAL OF THE AUTHORITY FOR MISC BERHAD ("MISC")
TO PURCHASE ITS OWN SHARES OF UP TO 10% OF ITS PREVAILING
ORDINARY ISSUED AND PAID-UP SHARE CAPITAL AT ANY TIME
("PROPOSED SHARE BUY-BACK RENEWAL")**

The resolution pertaining to the Proposed Share Buy-Back Renewal will be tabled at the Forty-Seventh Annual General Meeting of MISC ("**47th AGM**"), which will be held at Sapphire Room, Level 1, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Tuesday, 19 April 2016 at 10.30 a.m. or at any adjournment thereof. The Notice of the 47th AGM and Form of Proxy are set out in MISC's Annual Report 2015, which is being despatched together with this Statement. The details of the 47th AGM are as follows:

Date and time of the 47 th AGM	: Tuesday, 19 April 2016 at 10.30 a.m. or at any adjournment thereof
Venue of the 47 th AGM	: Sapphire Room, Level 1, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia
Last date and time for lodging the Form of Proxy	: Sunday, 17 April 2016 at 10.30 a.m.

If you are unable to attend and vote in person at our AGM, you may appoint a proxy or proxies to attend and vote on your behalf. If you wish to do so, you must complete and deposit the Form of Proxy at the Company's Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia by Sunday, 17 April 2016 at 10.30 a.m., or in the event our AGM is adjourned, not less than forty-eight (48) hours before the adjourned AGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at our AGM should you subsequently wish to do so.

This Statement is dated 28 March 2016

DEFINITIONS

The following definitions shall apply throughout this Statement unless the context requires otherwise:

47 th AGM	: Forty-Seventh Annual General Meeting of the Company
Act	: Companies Act, 1965
Board	: Board of Directors
Bursa Securities	: Bursa Malaysia Securities Berhad
CMSA	: Capital Markets and Services Act, 2007
Code	: Malaysian Code on Take-Overs and Mergers, 2010
EPS	: Earnings per share
Listing Requirements	: Main Market Listing Requirements of Bursa Securities
LPD	: 29 February 2016, being the latest practicable date prior to the printing of this Statement
Market Day	: A day on which Bursa Securities is open for trading in securities
MISC or Company	: MISC Berhad
MISC Group	: Collectively, MISC and its subsidiaries
MISC Share	: Ordinary share of RM1.00 each in MISC
NA	: Net assets
PETRONAS	: Petroliam Nasional Berhad
Proposed Share Buy-Back Renewal	: Proposed renewal of the authority for MISC to purchase its own shares of up to 10% of its prevailing ordinary issued and paid-up share capital at any time
VWAMP	: Volume weighted average market price

CURRENCIES

RM	: Ringgit Malaysia
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Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations.

Any reference to any act, written law, ordinance, enactment or guideline (whatever the jurisdiction) in this Statement is a reference to that act, written law, ordinance, enactment or guideline (whatever the jurisdiction) as amended or re-enacted from time to time.

Any reference to any time of day in this Statement is a reference to Malaysian time, unless otherwise stated.

All references to “you” in this Statement are to the shareholders of MISC.

All references to “voting shares” in this Statement refer to ordinary issued and paid-up share capital less treasury shares.

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MISC BERHAD

(Company No. 8178-H)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

Level 25, Menara Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur
Malaysia

28 March 2016

Board of Directors

Dato' Ab. Halim bin Mohyiddin (*Chairman and Independent Non-Executive Director*)
Yee Yang Chien (*President/Chief Executive Officer and Non-Independent Executive Director*)
Datuk Manharlal Ratilal (*Non-Independent Non-Executive Director*)
Datuk Nasarudin Md Idris (*Non-Independent Non-Executive Director*)
Dato' Halipah binti Esa (*Independent Non-Executive Director*)
Dato' Kalsom binti Abd. Rahman (*Independent Non-Executive Director*)
Lim Beng Choon (*Independent Non-Executive Director*)
Dato' Sekhar Krishnan (*Independent Non-Executive Director*)
Mohamed Firouz bin Asnan (*Non-Independent Non-Executive Director*)

To: The shareholders of MISC

Dear Sir/Madam,

PROPOSED RENEWAL OF THE AUTHORITY FOR MISC TO PURCHASE ITS OWN SHARES OF UP TO 10% OF ITS PREVAILING ORDINARY ISSUED AND PAID-UP SHARE CAPITAL AT ANY TIME

1. INTRODUCTION

At the Forty-Sixth Annual General Meeting of the Company held on 27 May 2015, MISC's Board had obtained your approval for the authority for MISC to purchase its own shares of up to 10% of its prevailing ordinary issued and paid-up share capital at any time.

Such authority will expire at the conclusion of the forthcoming 47th AGM.

On 29 February 2016, MISC's Board announced its intention to seek your approval for the Proposed Share Buy-Back Renewal.

The purpose of this Statement is to provide you with the relevant information pertaining to the Proposed Share Buy-Back Renewal and to seek your approval for the Proposed Share Buy-Back Renewal as set out in the resolution to be tabled at the forthcoming 47th AGM. The Notice of the 47th AGM and Form of Proxy are set out in MISC's Annual Report 2015, which is being despatched together with this Statement.

You are advised to read and consider carefully the contents of this Statement before voting on the resolution pertaining to the Proposed Share Buy-Back Renewal to be tabled at the forthcoming 47th AGM.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK RENEWAL

- 2.1 MISC is proposing to seek your approval for the renewal of the authority for MISC to purchase its own shares of up to 10% of its prevailing ordinary issued and paid-up share capital at any time. Such purchase is subject to compliance with Section 67A of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.
- 2.2 The authority from you, if renewed, shall be effective from the date of your approval and shall continue to be in force until the earlier of:
- (i) the conclusion of the Forty-Eighth AGM of MISC ("**48th AGM**") ; or
 - (ii) the expiration of the period within which the 48th AGM is required by law to be held; or
 - (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of MISC in a general meeting.
- 2.3 For illustrative purposes, based on the ordinary issued and paid-up capital of MISC as at the LPD of 4,463,793,103 MISC Shares, the maximum number of MISC Shares that can be purchased pursuant to the Proposed Share Buy-Back Renewal is 446,379,310 MISC Shares.
- 2.4 The public shareholding spread of MISC based on its Record of Depositors as at the LPD was approximately 37.33%. For illustrative purposes, assuming that the purchase by MISC of its own shares pursuant to the Proposed Share Buy-Back Renewal is carried out in full based on its ordinary issued and paid-up share capital as at the LPD, the public shareholding spread of MISC will be reduced to approximately 30.37%, on the basis that all the MISC Shares are purchased from public shareholders and the MISC Shares so purchased are held as treasury shares.
- 2.5 The Proposed Share Buy-Back Renewal will allow MISC's Board to exercise its power to purchase MISC Shares at any time within the time period stated in Section 2.2 above, using internally generated funds and/or existing borrowings of MISC.
- The actual number of MISC Shares that may be purchased will depend on the availability of funds, business considerations, relevant cost factors, and market conditions and sentiment.
- Notwithstanding the above, the maximum amount of funds to be allocated for the purchase of MISC Shares under the Proposed Share Buy-Back Renewal will be subject to the amount of the retained earnings and/or share premium accounts of MISC. Based on the latest audited financial statements of MISC as at 31 December 2015, the retained earnings and share premium accounts of the Company were RM10.37 billion and RM4.46 billion respectively.
- In the event that MISC purchases its own shares using existing borrowings, MISC's Board will ensure that there are sufficient funds to repay the borrowings and that the effect on MISC's cashflow arising from such repayment will not jeopardise MISC Group's business operations.
- 2.6 In accordance with Section 67A of the Act, MISC's Board may, at its discretion, deal with the purchased MISC Shares in the following manner:
- (i) cancel the MISC Shares so purchased; or

- (ii) retain the MISC Shares so purchased as treasury shares which may be distributed as share dividends to MISC's shareholders and/or be resold on the Main Market of Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
- (iii) combination of items (i) and (ii) above,

or in any other manner as may be prescribed by the Act, all applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the purchased MISC Shares shall continue to be valid until all the purchased MISC Shares have been dealt with by the Directors of the Company.

In the event MISC ceases to hold all or part of the purchased MISC Shares as a result of the above, MISC may further purchase such additional number of MISC Shares provided that the total purchased MISC Shares (including MISC Shares held as treasury shares then) does not exceed 10% of its ordinary issued and paid-up share capital at the time of such purchase.

While the purchased MISC Shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in MISC for any purpose including substantial shareholdings, take-overs, notices, requisitioning of meetings, quorum for a meeting and result of a vote on a resolution at a meeting.

2.7 Under the Listing Requirements:

- (i) MISC may only purchase its own shares on Bursa Securities at a price which is not more than 15% above the VWAMP of MISC Shares for the five (5) Market Days immediately before the date of the purchase.
- (ii) MISC may only resell the treasury shares on Bursa Securities at a price which is:
 - (a) not less than the VWAMP of MISC Shares for the five (5) Market Days immediately before the date of the resale; or
 - (b) not more than 5% discount to the VWAMP of MISC Shares for the five (5) Market Days immediately before the date of the resale provided that:
 - (aa) the resale takes place not earlier than 30 days from the date of purchase; and
 - (bb) the resale price is not less than the cost of purchase of MISC Shares being resold.

2.8 The Company does not currently hold any treasury share and has not purchased, resold and/or cancelled any MISC Share during the last 12 months preceding the LPD.

3. RATIONALE FOR THE PROPOSED SHARE BUY-BACK RENEWAL

The Proposed Share Buy-Back Renewal would provide MISC with an option to purchase its own shares at a future date when MISC's Board deems it appropriate after taking into account the availability of funds, business considerations, relevant cost factors, and market conditions and sentiment. The Proposed Share Buy-Back Renewal, if implemented, will provide MISC Group with an additional avenue to utilise its financial resources which are not immediately required for use. In addition, the Proposed Share Buy-Back Renewal, if implemented, will allow MISC the flexibility to achieve the desired capital structure in terms of debt and equity composition and size of equity. All things being equal, the consolidated EPS of MISC is expected to increase as the consolidated earnings of MISC would be divided by a reduced number of MISC Shares.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK RENEWAL

- 4.1 MISC's Board may choose to retain the MISC Shares purchased as treasury shares and subsequently cancel them or distribute them as share dividends to MISC's shareholders.

In addition, MISC may have the opportunity to realise potential capital gains if the shares so purchased are resold at prices higher than the purchase prices without affecting the total ordinary issued and paid-up share capital of MISC and such proceeds may be subsequently used as working capital and/or distributed as dividends to MISC's shareholders.

- 4.2 The Proposed Share Buy-Back Renewal, if implemented, will reduce MISC Group's cashflow and the amount of financial resources available for distribution to MISC's shareholders following the purchase by MISC of its own shares. The quantum of such reduction would depend on the actual number of MISC Shares purchased and the purchase prices of such MISC Shares. In addition, the Proposed Share Buy-Back Renewal, if implemented, may deprive MISC Group of interest income that can be derived from the funds utilised for any purchase of MISC Shares. However, such decrease in MISC Group's cashflow and the Company's financial resources available for distribution to MISC's shareholders may be temporary since the MISC Shares purchased which are retained as treasury shares may be subsequently resold.

- 4.3 MISC's Board does not expect the Proposed Share Buy-Back Renewal to have any material disadvantage to the Company and its shareholders as it will be implemented only after due consideration of MISC Group's financial resources and the resultant impact on MISC and its shareholders. MISC's Board, in exercising any decision to purchase any MISC Share, will be mindful of the Company's and its shareholders' interests.

5. EFFECTS OF THE PROPOSED SHARE BUY-BACK RENEWAL

5.1 Voting shares of MISC

The maximum number of MISC Shares that may be purchased pursuant to the Proposed Share Buy-Back Renewal and the effects of such purchase on the number of voting shares of MISC based on the ordinary issued and paid-up share capital of MISC as at the LPD, are as follows:

	<u>No. of MISC Shares</u>
Ordinary issued and paid-up share capital as at the LPD	4,463,793,103
Less: Maximum number of MISC Shares that may be purchased pursuant to the Proposed Share Buy-Back Renewal	<u>(446,379,310)</u>
Voting shares of MISC	<u>4,017,413,793</u>

5.2 Substantial shareholders' and Directors' shareholdings

5.2.1 Substantial shareholders

Based on the Register of Substantial Shareholders of MISC as at the LPD and assuming the purchase by MISC of its own shares pursuant to the Proposed Share Buy-Back Renewal is carried out in full on the basis that all the MISC Shares are purchased from shareholders other than the substantial shareholders of MISC, the effects of such purchase on the shareholdings of the substantial shareholders of MISC are as follows:

Name	As at the LPD			After the Proposed Share Buy-Back Renewal		
	Direct		Indirect	Direct		Indirect
	No. of MISC Shares held	%	No. of MISC Shares held	No. of MISC Shares held	%	No. of MISC Shares held
PETRONAS	2,797,459,800	62.67	-	2,797,459,800	69.63	-
Employees Provident Fund	320,190,611	7.17	-	320,190,611	7.97	-

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5.2.2 Directors

Based on the Register of Directors' shareholdings of MISC as at the LPD and assuming the purchase by MISC of its own shares pursuant to the Proposed Share Buy-Back Renewal is carried out in full on the basis that all the MISC Shares are purchased from shareholders other than the Directors of MISC, the effects of such purchase on the shareholdings of the Directors of MISC are as follows:

Name	As at the LPD			After the Proposed Share Buy-Back Renewal		
	Direct		Indirect	Direct		Indirect
	No. of MISC Shares held	%		No. of MISC Shares held	%	
Dato' Ab. Halim bin Mohyiddin	-	-	-	-	-	-
Yee Yang Chien	-	-	-	-	-	-
Datuk Manharlal Ratilal	-	-	-	-	-	-
Datuk Nasarudin Md Idris	-	-	-	-	-	-
Dato' Halipah binti Esa	-	-	(1) 10,000	-	-	(1) 10,000
Dato' Kalsom binti Abd. Rahman	-	-	-	-	-	-
Lim Beng Choon	-	-	-	-	-	-
Dato' Sekhar Krishnan	-	-	-	-	-	-
Mohamed Firouz bin Asnan	-	-	-	-	-	-

Notes:

[^] Negligible.

⁽¹⁾ Deemed interest by virtue of her daughter's shareholding in MISC pursuant to Section 134(12)(c) of the Act.

5.3 EPS

The effects of the purchase by MISC of its own shares pursuant to the Proposed Share Buy-Back Renewal on the consolidated earnings of MISC will depend on the purchase price paid for the MISC Shares purchased, and the effective cost, which includes funding cost and any loss in interest income, to finance the purchased MISC Shares. Additionally, the purchase of MISC Shares will result in a lower number of shares being used for purposes of EPS computation.

5.4 NA per share

If the MISC Shares purchased are retained as treasury shares, the consolidated NA of MISC would decrease by the purchase cost of the treasury shares because the treasury shares are required to be carried at cost and deducted from equity. If the treasury shares are subsequently cancelled or distributed as share dividends, there will be no additional effect on the consolidated NA of MISC.

The purchase of MISC Shares that are cancelled and/or retained as treasury shares and/or distributed as share dividends will reduce the consolidated NA per share of MISC if the purchase price of such shares exceeds the consolidated NA per share of MISC, and vice versa.

If the treasury shares purchased are resold on Bursa Securities, it will increase the consolidated NA per share of MISC if MISC realises a capital gain from such resale, and vice versa.

5.5 Working capital

The implementation of the Proposed Share Buy-Back Renewal will reduce MISC Group's working capital, the quantum of which would depend on, among others, the number of MISC Shares purchased and the purchase prices of such MISC Shares.

However, the resale of MISC Shares purchased will increase MISC Group's working capital. The quantum of the increase in MISC Group's working capital will depend on the number of treasury shares resold on Bursa Securities and the actual selling price of such treasury shares.

5.6 Dividends

The Proposed Share Buy-Back Renewal is not expected to have any material impact on the decision by MISC's Board to declare and pay dividends in the future. MISC's Board takes into consideration, among others, MISC Group's financial performance, cashflow position and financing requirements in deciding the dividend declaration and payment to MISC's shareholders. The Proposed Share Buy-Back Renewal, if approved and implemented, will provide MISC's Board with the option of distributing the treasury shares as share dividends to the shareholders of MISC.

6. IMPLICATION OF THE CODE

The purchase by MISC of its own shares pursuant to the Proposed Share Buy-Back Renewal will effectively cause MISC's shareholders' respective percentage shareholdings in MISC to increase without any corresponding increase in the actual number of MISC Shares held.

If the purchase by MISC of its own shares pursuant to the Proposed Share Buy-Back Renewal results in any shareholder and persons acting in concert with him ("**PACs**") obtaining control in the company, or where he individually or together with the PACs collectively currently hold more than 33% but not more than 50% of the voting shares of the Company but as a result of the purchase by MISC of its own shares pursuant to the Proposed Share Buy-Back Renewal, increases his/their shareholdings by more than 2% of the voting shares of the Company in any period of six (6) months, a mandatory take-over offer obligation will arise.

As at the LPD, PETRONAS holds 62.67% of the voting shares of MISC. As such, PETRONAS will not trigger a mandatory take-over offer obligation as a result of future purchases by MISC of its own shares pursuant to the Proposed Share Buy-Back Renewal.

7. APPROVAL REQUIRED

The Proposed Share Buy-Back Renewal is subject to your approval at the forthcoming 47th AGM.

8. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the proportionate increase in the percentage shareholdings and/or voting rights of MISC's shareholders as a consequence of the implementation of the Proposed Share Buy-Back Renewal, none of the Directors and major shareholders of MISC and/or persons connected to them has any interest, direct or indirect, in the Proposed Share Buy-Back Renewal or resale of treasury shares, if any, in the future.

9. DIRECTORS' RECOMMENDATION

MISC's Board, having considered all aspects of the Proposed Share Buy-Back Renewal, is of the opinion that the Proposed Share Buy-Back Renewal is in the best interest of MISC, and accordingly recommends you to vote in favour of the resolution pertaining to the Proposed Share Buy-Back Renewal to be tabled at the forthcoming 47th AGM.

10. RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK RENEWAL AND 47TH AGM

The ordinary resolution of the Proposed Share Buy-Back Renewal will be tabled at the forthcoming 47th AGM, which will be held at Sapphire Room, Level 1, Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Tuesday, 19 April 2016 at 10.30 a.m. or at any adjournment thereof. The resolution pertaining to the Proposed Share Buy-Back Renewal is set out in the Notice of the 47th AGM. The Notice of the 47th AGM and Form of Proxy are set out in MISC's Annual Report 2015, which is being despatched together with this Statement.

If you are unable to attend and vote in person at the 47th AGM, please complete, sign and return the Form of Proxy set out in MISC's Annual Report 2015 according to the instructions printed on it, so as to arrive at the Company's Share Registrar, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, as soon as possible and in any event no less than forty-eight (48) hours before the time appointed for the holding of the 47th AGM or at any adjournment thereof. You may still attend and vote in person at the 47th AGM if you wish to do so, even after you have completed and returned the original Form of Proxy.

Yours faithfully
for and on behalf of the Board of
MISC BERHAD

DATO' AB. HALIM BIN MOHYIDDIN
Chairman and Independent Non-Executive Director