

14 May 2025

56th Annual General Meeting

**NAVIGATING A SUSTAINABLE
FUTURE TOGETHER**

Questions & Answers

[During AGM]

Note: Some questions have been edited for brevity and clarity.

QUESTIONS RECEIVED FROM SHAREHOLDERS, PROXIES AND/OR CORPORATE REPRESENTATIVES DURING THE 56TH ANNUAL GENERAL MEETING (AGM)

FINANCIAL PERFORMANCE & OUTLOOK

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
1.	Dr. Ismet Albakri Yusoff Albakri (MSWG)	Following up on the response to a pre-submitted question on impairment in 2024, what does this say about the capital allocation and asset quality assessment?
Answer:		
<ul style="list-style-type: none"> • The current Liquefied Natural Gas Carrier (LNGC) market remains subdued, pressured by the influx of new LNGCs entering the market and the delay in new LNG liquefaction projects. This supply-demand imbalance has led to an oversupply of vessels in the short term. • Additionally, growing sustainability expectations are prompting charterers to favour modern, eco-efficient vessels over the older steam-powered vessels. • Considering these challenges, impairments recognised in FY2024 were primarily related to older LNGCs. • Nevertheless, we anticipate a gradual recovery in LNGC spot charter rates from 2026 onwards, supported by a gradual ramp-up in global LNG supply. • As part of our fleet rejuvenation strategy, we will take delivery of 19 newbuild LNGC between 2025 and 2027. This initiative will modernise our LNGC fleet, supporting long-term recurring and secured revenue streams. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
2.	Dr. Ismet Albakri Yusoff Albakri (MSWG)	Relating to the drop in the revenue of Offshore business, how does the Group plan to mitigate revenue volatility attributable to project phasing and timing? What steps have been taken to build a more stable recurring income base, as it was noted that the Offshore business appears to be heavily affected by project milestone billings?
Answer:		
<ul style="list-style-type: none"> • The significant drop in revenue in 2024 as compared with 2023, was due to lower revenue recognition arising from large conversion and construction activities tapering off, including the completion of FPSO Mero 3 project in October 2024. In 2023, our major projects were still under construction, hence revenue recognition was very high. 		

- The Offshore segment is inherently affected by project phasing and timing. The ups and downs are expected as part of the business model. However, our diversified business portfolio provides a buffer, contributing to the overall stability for the Group.

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
3.	Dr. Ismet Albakri Yusoff Albakri (MSWG)	It was noted that foreign exchange losses in FY2024 was about RM1 billion. How does the Company mitigate this moving forward? Given the volatility in the next couple of years, with the trade war, how does the Company plan to manage this moving forward?
Answer:		
<ul style="list-style-type: none"> • The currency losses are translation losses arising from the difference between our reporting currency (MYR) and our functional currency (USD). These accounting adjustments do not reflect actual business losses. • With the recent strengthening of the MYR against the USD, we expect to continue seeing these translation losses in our financial reporting. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
4.	Chua Song Yun	A follow up question to PNB's question on impairment. It was mentioned that impairment for Gas Assets & Solutions (GAS) segment was RM789 million, but in the segmental report it is higher at RM989 million. Why is there a discrepancy?
Answer:		
<ul style="list-style-type: none"> • There are two parts to our impairment, which are assets and receivables. • The impairment difference of approximately RM200 million relates to receivables, which are classified under other non-current assets. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
5.	Chua Song Yun	Based on the past 10 years' record, the Company has been consistently impairing every year. On a cumulative basis over the last 5 years, the total Group impairment was about RM2.2 billion, and GAS segment alone was RM1.6 billion. The impairment has never been written back, even when spot rate recovers. What is the reason for this? Were the Return on Investment (ROI) of the assets below projections?
Answer:		
<ul style="list-style-type: none"> • Cash return on assets offers a better reflection of the nature of our business, which is cyclical and capital-intensive. • For instance, our LNG vessels are typically only built when long-term contracts are secured. While these contracts provide revenue certainty, there is often a mismatch between the contract duration and the full economic life of the asset. Investments are made based on market projections at the time, but as market conditions evolve, we must account for those changes accordingly. • Based on our analysis of cash flow from operational return on investment (ROI), we remain confident that these investments continue to deliver value to both the business and our shareholders. • The Company has consistently delivered consistent and recurring dividend payments, and maintained a stable dividend yield, reinforcing our commitment to shareholder returns. • While market volatility is a feature of our industry, our focus remains on making sound, forward-looking decisions that safeguard cash generation and support our operational, growth, and investment commitments. • There is no basis for reversing impairments at this stage. Any gains from vessel disposals will be recognised at the point of sale, rather than through impairment reversals. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
6.	Lim Pin Yeong	Under other income, there is a huge decrease of RM120 million from RM378 million to RM259 million year-on-year. There is no note in the financial statements on this, please enlighten.
Answer:		
<ul style="list-style-type: none"> • The decrease in other income in 2024 as compared to 2023 was due to a one-off insurance claim from Gumusut Kakap Semi-Floating Production System (L) Limited (GKL) in the previous year. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
7.	Lim Pin Yeong	<p>There is a huge impairment of RM80 million on trade receivable, and RM178 million for other non-current assets. What are these impairments and how did they arise?</p> <p>As MISC's customers consist of PETRONAS and other large oil and gas companies, why was there a need to impair trade receivables?</p>
Answer:		
<ul style="list-style-type: none"> • In 2024, the trade receivable impairment was related to the contract for the Yemen LNG project. • Due to the ongoing situation in Yemen, the LNG plant in Yemen has been non-operational for an extended period. While the outlook for resuming operations is uncertain, we are taking a prudent and conservative approach by impairing the receivable. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
8.	Chua Song Yun	<p>Considering that an asset's economic life typically exceeds its contract duration (15 years), are the impairments caused by the expiry of the long-term contracts, where the asset's remaining value is lower?</p>
Answer:		
<ul style="list-style-type: none"> • The majority of LNG vessels under new contract are on 15-year charters, with payback period ranging between to 8 to 10 years. • From an investment standpoint, we remain well within the firm charter period. These contracts often include extension options, providing additional flexibility. • Given that LNG vessels have an economic life of approximately 25 years, it is essential to strategically manage their deployment beyond the firm charter period to optimise asset utilisation. • Should market conditions deteriorate and forward projections indicate sustained weakness, we will need to reassess the carrying value of these vessels. However, it is currently too early to determine whether an impairment would be necessary. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
9.	Chua Song Yun	<p>What is the total cost of the FPSO Mero 3 and was the cost within the budget?</p> <p>Does the Company recognise revenue and profit from the FPSO Mero 3 now that it has been delivered?</p>
Answer:		
<ul style="list-style-type: none"> Firstly, the team has done an outstanding job in bringing this mega project to life, achieving first oil in October 2024, after years of dedicated effort. The capital expenditure for FPSO Mero 3 is estimated at approximately USD2.0 billion. However, the final cost is still being determined, as we are in discussions with the charterer, Petrobras, to recover part of the costs incurred, particularly those arising during the COVID-19 period, which caused industry-wide project delays. Over the next 22 years, the primary value recognition from this project will come from sustained cash flow generation. The strategic initiatives implemented in 2024 have significantly enhanced our ability to generate the cash flows required to support ongoing operations and deliver long-term shareholder returns. While some revenue recognition will continue as projects reach completion, our focus has now shifted towards cash generation from the assets. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
10.	Rien Hashim	<p>What was the estimated reduction of cash flow due to the impairments? Is there any more provision for potential impairments?</p>
Answer:		
<ul style="list-style-type: none"> We base our forecast on published information produced by brokers regarding the short-term and spot LNG shipping market outlook. Using these forecasts, we assess the future carrying value of the asset and compare it against our net book value. If there is a difference, we will proceed with an impairment. Looking ahead, we anticipate that the LNG shipping market will remain subdued in the short term, with signs of recovery from 2026 onwards. We will continue to monitor the situation. As part of our governance process, we conduct impairment analysis on a quarterly basis. Our assessment is guided by asset utilisation (i.e. whether we have charter), market outlook, and visibility of potential long-term or short-term contracts. For GAS, it is difficult to predict as the market is subdued this year. 		

- What's important is how we are responding to mitigate the impact of the softening market. In the short-term, we are taking steps to reduce operating costs, including vessel lay-ups or considering disposal of older assets with limited future utility. In the medium to long-term, we are exploring opportunities to redeploy these assets for alternative uses, such as floating storage.
- We conduct impairment assessments at the individual asset level, not at the Group level. For each asset, we evaluate the market outlook and compare its projected carrying value against its net book value (NBV). If there is a significant difference, we determine whether an impairment is necessary.
- Given the large number of assets in our portfolio, it is not feasible to provide detailed figures for each one. However, the total impairment recognised in the GAS sector amounts to RM789 million.

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
11.	Rien Hashim	How much is the total bonus that the Company paid in the last financial year?
Answer:		
<ul style="list-style-type: none"> • MISC paid bonus to its employees in 2024, amounting to approximately RM38 million. • This initiative reflects our commitment to remaining competitive in the industry's talent market and recognising the contributions of our workforce. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
12.	Lim Pin Yeong	It was noted that revenue from PETRONAS accounted for more than 50% of MISC Group's revenue. What is the impact on future business with Petroleum Sarawak challenging PETRONAS' rights in Sarawak?
Answer:		
<ul style="list-style-type: none"> • In 2024, revenue contribution from PETRONAS was 39% of MISC's total Group revenue mainly contributed from GAS and Marine & Heavy Engineering segment. • More than two-thirds of our LNG are on long-term charters to PETRONAS. • In relation to the situation in Sarawak, there are two key perspectives: <ul style="list-style-type: none"> i. GAS: PETRONAS, as our shareholder and charterer, is managing the developments in Sarawak. MISC has limited direct business operations in the state. Although our LNGC call at Bintulu to load LNG, the contractual relationship remains with PETRONAS. 		

- ii. Marine & Heavy Engineering: This segment may experience some impact due to the ongoing construction of offshore facilities for deployment in Sarawak waters. While there have been challenges in mobilising personnel to the state, the situation remains manageable.

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
13.	Chua Song Yun	Can you share the percentage of LNG vessels which are on long-term charter?
Answer:		
<ul style="list-style-type: none"> Over 80% of our GAS vessels are secured on long-term charter. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
14.	Chua Song Yun	Is the ROI for new energy and green energy projects comparable to that of conventional oil and gas projects? Is profitability sacrificed in the pursuit of green initiatives?
Answer:		
<ul style="list-style-type: none"> As outlined in the Management Presentation, one of the strategic pillars under our MISC 2030 Ambition is “Profitable New Energy Business” underscoring our commitment to ensuring any venture into new energy business is profitable. A key consideration in new energy projects is whether profitability must be immediate or achieved over the asset’s lifecycle. Given the sector’s evolving nature, we remained flexible on near-term returns. However, Board proposals must clearly demonstrate long-term profitability to support informed decision making. The ROI for new energy projects is comparable to conventional assets. Investing in new energy is essential to ensure MISC remains future-ready and resilient amid the global energy transition. Our portfolio remains heavily weighted toward conventional fuels, which are increasingly misaligned with market expectations for sustainable solutions. To stay relevant and deliver sustainable revenue, cash flow, and shareholder returns, we must accelerate our transition into the new energy space. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
15.	Chua Song Yun	<p>What is the expected net cash flow, after netting off finance cost, for a fixed charter of 22 years? How much is the charter rate?</p> <p>Analyst(s) reported that charter rate is USD595k per day.</p>
Answer:		
<ul style="list-style-type: none"> We are unable to disclose commercially sensitive information such as net cash flow projections or fixed charter rates in a public forum. MISC does not share commercially sensitive information with analysts or any selected parties. Any figures quoted in analyst reports, such as charter rates, are likely to be derived from their own estimates or analysis, based on publicly available information. No privileged or non-public information is provided to analysts beyond what is publicly disclosed. All materials from MISC's Analyst Briefings, including presentation slides and recordings of the sessions, are published on our corporate website. This reflects our commitment to transparency and ensures equal access for all shareholders. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
16.	Lim Pin Yeong	LNG operators require a licence issued by the Sarawak government. Does MISC have a licence to operate in Sarawak?
Answer:		
<ul style="list-style-type: none"> MISC's operations are focused on LNG transportation, hence the licensing requirement does not apply to us. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
17.	Norhisham Shafie	Can you share insights on the potential merger with Bumi Armada Berhad (BAB) – is it driven by market forces? What is the proposed shareholding structure? What synergy and benefits are expected to be derived from the merger? Is there any potential downside which shareholders should be aware of?
	Lim Pin Yeong	On the potential merger with BAB, is there any synergy, advantage or benefit?
Answer:		
<ul style="list-style-type: none"> Offshore segment has been identified as a critical growth engine to enhance the resilience of our revenue-generating capacity. We anticipate that the FPSO market is entering a supercycle that will extend through 2030, with a significant number of projects expected to come online. We also acknowledge that the FPSO business is capital-intensive and carries substantial risk. In November 2024, MISC signed a Memorandum of Understanding with BAB to explore a potential merger of our FPSO businesses. This initiative stems from the mutual recognition of potential synergies that could be unlocked by combining the strengths of both organisations. A potential merger would allow us to scale up our capabilities, deepen our technical know-how, and strengthen our ability to manage larger and more complex projects. Currently, due diligence is ongoing. While we are not in a position to share further details on the potential structure or valuation at this stage, we remain committed to keeping stakeholders informed and will make the necessary announcements as soon as there are material developments. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
18.	Lim Pin Yeong	<p>The earnings and profitability of the LNG business had declined in 2024. Is this the trend for the future?</p> <p>Is the LNG business facing a similar crisis comparable to that which was previously encountered by MISC's container business?</p>
Answer:		
<ul style="list-style-type: none"> The LNGC business remains as a key segment of our business portfolio. The business provides stable and long-term secured income for up to 15 years, which is different from the container line business. 		

- Our portfolio includes older steam-powered LNGCs, many nearing the end of their economic life. Some of these vessels will be progressively retired, laid up, or repurposed.
- However, in the next few years leading up to 2027, we are expecting 19 new modern, eco-efficient LNGCs to be added into our portfolio as part of our fleet rejuvenation strategy to ensure stability in revenue and cash flow.

SHAREHOLDING SPREAD

No.	Name of Shareholder/Proxy/Corporate Representative	Question
19.	Lim Pin Yeong	The public shareholding spread is below 25% after excluding the shareholdings of KWAP, EPF and PNB. What is the actual free float in the market?
Answer:		
<ul style="list-style-type: none"> • MISC's public shareholding spread meets the requirement set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR). • Kumpulan Wang Amanah Pencen (KWAP), Employees Provident Fund (EPF) and Permodalan Nasional Berhad (PNB) fall under the definition of "public" shareholders pursuant to Paragraph 1.01 of the MMLR. Therefore, the shareholdings of KWAP, EPF and PNB form part of the public shareholding spread. 		

ANNUAL GENERAL MEETING PROCEEDINGS

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
20.	Rien Hashim	<p>Are there any plans for privatisation? How will the Company ensure that share buy-back does not diminish the share value?</p> <p>Does the Company have the resources and expertise to uphold good corporate governance in undertaking share buy backs?</p>
Answer:		
<ul style="list-style-type: none"> • There was no mention of privatisation plans. • We are seeking shareholders' approval for the authority to undertake share buy-backs up to 10% of our issued shares. Share buy-backs remain a key component of our strategy to enhance shareholder value. However, to date, this Board has not approved any share buy-back exercises, although such authority has been granted by the shareholders in the past few AGMs. • This is mainly because majority of our available cash has been allocated to growing the Company, investing in new assets and reducing debt on our balance sheet. • All required procedures will be adhered to when exercising a share buy-back. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
21.	Chua Song Yun	Are all Q&As recorded and shared on your website?
Answer:		
<ul style="list-style-type: none"> • All questions and answers at the AGM are published on the Company's corporate website after the AGM. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
22.	Lim Pin Yeong	<p>Section 257* of the Companies Act 2016 states that shareholders have a right to receive and adopt the financial statements. Printed copies of the financial statements should be provided in the meeting room for those who require a copy. It costs the Company more to courier the reports to the shareholders.</p> <p>I support Datuk Chairman's view that the Financial Report should not be printed for all shareholders. However, shareholders who are senior citizens find it difficult to use the QR code and read the Financial Report on their mobile devices. Do consider preparing a few printed copies of the Financial Report at the AGM</p> <p>While MMLR has a provision for issuance of documents by electronic means to its shareholders, the Companies Act 2016 does not have a similar provision.</p> <p><i>*corrected; section 258 was cited by the shareholder at the AGM.</i></p>
Answer:		
<ul style="list-style-type: none"> For context, section 257(1) of Companies Act reads as follows – <p><i>“Every company shall send a copy of its financial statements and reports for each financial year to –</i></p> <ol style="list-style-type: none"> <i>Every member of the company;</i> <i>Every person who is entitled to receive notice of general meetings;</i> <i>Every auditor of the company; and</i> <i>Every debenture holder of the company on a request being made to the company.”</i> Section 612 of the Companies Act 2016 provides as follows: <p><i>“(1) The communication between a company and its members on matters relating to meetings and resolutions, supply of information or documents or otherwise for the purpose of complying with this Act, may be –</i></p> <ol style="list-style-type: none"> <i>in hard copy;</i> <i>in electronic form; or</i> <i>by other methods agreed between the company and the members.”</i> <p>This provision is also contained in Rule 35.2 of MISC's Constitution. MISC complied with the provisions under the law.</p> 		

- A Notification to Shareholders was sent by electronic mail to all registered shareholders on 15 April 2025 informing of the website address to access the MISC's 2024 Reports and other materials for the AGM.
- In response to the suggestion to provide printed copies of the Financial Report during the AGM, the Company had limited the printing of printed copies in line with its sustainability efforts and commitment to reducing environmental impact. However, printed copies will be provided to shareholders upon request. The Board will consider making available a few copies of the Financial Report at future AGMs.

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
23.	Lim Pin Yeong	The Company should allow shareholders to ask as many questions as possible during the AGM. Section 195 of the Companies Act 2016 accords shareholders the right to speak, communicate and comment at the AGM, therefore there should be no restriction.
Answer:		
<ul style="list-style-type: none"> • For context, section 195 of the Companies Act 2016 reads as follows – <i>“The chairperson of a meeting of members of a company shall allow a reasonable opportunity for members at the meeting to question, discuss, comment or make recommendation on the management of the company”.</i> • The Chairperson of the AGM did allow reasonable opportunity to ask such questions. As clarified during the AGM, the guidance for shareholders and proxies to ask up to two (2) questions at a time was to ensure that all shareholders have a fair opportunity to participate and raise their questions during the AGM. If there were no questions from other shareholders, then the Chairperson would allow the shareholder/proxy to ask further questions. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
24.	Rien Hashim	<p>Practice 13.1 of Malaysian Code on Corporate Governance (MCCG) relates to the 28-days' notice period requirement. If there is an errata in the reports, does that errata need to be in compliance with the 28 days' notice?</p> <p>One of the Company's subsidiaries, Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) published an errata to their reports less than 28 days before its AGM.</p>
Answer:		
<ul style="list-style-type: none"> In accordance with MCCG, a 28-day period was provided for the Notice of AGM of the Company. There is no errata in MISC's 2024 Reports. 		

ADMINISTRATIVE MATTERS RELATING TO THE ANNUAL GENERAL MEETING

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
25.	Dr. Ismet Albakri Yusoff Albakri (MSWG)	<p>The Company should consider holding its AGM at a bigger venue and having more registration counters since the AGM receives positive response (turnout) from shareholders.</p> <p>Management was commended for ensuring a smooth registration process despite the large turnout.</p>
Answer:		
<ul style="list-style-type: none"> The Board takes note of the suggestion and will assess and make the necessary adjustments for future AGMs. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
26.	Lim Pin Yeong	There have been improvements in the AGM, such as individually packed breakfast. Will there be lunch after the AGM?
Answer:		
<ul style="list-style-type: none"> While lunch will not be provided for this AGM, shareholders and proxies who have registered will receive a Setel e-Voucher worth RM150 as a token of appreciation for their participation. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
27.	Rien Hashim	The Administrative Notes prohibits photography and recording videos, but there is a photographer taking photos in the hall.
Answer:		
<ul style="list-style-type: none"> The photographer in the hall is the authorised photographer for the AGM so that the Company has photographs of the AGM for archive purposes. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
28.	Rien Hashim	How much is the token of appreciation?
Answer:		
<ul style="list-style-type: none"> The question was addressed through the Chairman's announcement at the end of the AGM that a token of appreciation of a Setel e-Voucher worth RM150 will be given to shareholders and proxies who attended the AGM. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
29.	Rien Hashim	Some shareholders did not receive their packed breakfast. Other than the token of appreciation, will these shareholders be compensated?
Answer:		
<ul style="list-style-type: none"> For shareholders/proxies who did not receive the packed breakfast, separate arrangement will be made as a gesture of goodwill. 		

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
30.	Rien Hashim	<p>Practice 13.3 of the MCGG recommends leveraging technology. May I know the cost of this physical meeting as compared to the cost of a virtual meeting? What is the cost for the packed breakfast offered today?</p> <p>If the Company wants to score points under Practice 13.3, the Company should consider hybrid meetings. There are some providers in the market offering RM20,000 for hybrid meetings.</p>
Answer:		
<ul style="list-style-type: none"> The cost of the physical AGM in 2025 is higher than that of the virtual AGM in 2024. The Company will only have the final cost after the AGM. The Board takes note of the suggestion to have hybrid meetings and will revisit the best option for our AGM in 2026. 		

No.	Name of Shareholder/Proxy	Question
31.	Rien Hashim	Requests were made to Boardroom (Share Registrar) and Investor Relations for printed copies of MISC's 2024 Reports, but printed copies have not been received. Are there any internal controls or verification done to ensure all requests for reports are fulfilled?
Answer:		
<ul style="list-style-type: none"> The Company has provided printed copies of the MISC's 2024 Reports to the shareholder concerned. The Company monitors all requests for printed copies of the reports. 		

OTHERS

No.	Name of Shareholder/Proxy/ Corporate Representative	Question
32.	Lim Pin Yeong	Is MISC aiming to win another annual report award?
Answer:		
<ul style="list-style-type: none"> The Company intends to participate in identified upcoming annual report awards as part of our ongoing commitment to excellence in corporate reporting, transparency, and stakeholder communication. 		