

PACIFIC & ORIENT BERHAD

(Company No. 308366-H)

SUMMARY OF KEY MATTERS DISCUSSED AT THE 23RD ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY HELD AT CONCORDE BALLROOM, LOBBY LEVEL, CONCORDE HOTEL KUALA LUMPUR, 2 JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR ON FRIDAY, 24TH FEBRUARY 2017 AT 10.30AM

PRESENT:

Mr. Chan Hua Eng	–	Chairman
Mr. Chan Thye Seng	–	Managing Director & Chief Executive Officer
Tunku Dato’ Mu’tamir bin Tunku Tan Sri Mohamed	–	Director & Shareholder
Mr. Michael Yee Kim Shing	–	Director & Shareholder
Dato’ Dr. Zaha Rina binti Zahari	–	Director & Shareholder

SHAREHOLDERS: As per attendance list

PROXIES: As per attendance list

BY INVITATION: As per attendance list

IN ATTENDANCE: Mr. Yong Kim Fatt – Secretary

QUORUM

The Chairman commenced the meeting as the requisite quorum for the meeting was present in accordance with the Company’s Constitution.

1. CHAIRMAN'S ADDRESS

The Chairman welcomed the Directors and shareholders attending the meeting and thereupon briefed the shareholders on the procedures to be followed at the meeting.

The Chairman informed that pursuant to the introduction of a new Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of any general meeting were to be voted upon by poll, and the Company was required to appoint at least 1 scrutineer to validate the votes cast.

The Chairman further informed that in compliance with the latest Bursa requirement, the Company had appointed Mega Corporate Services Sdn. Bhd. as the Poll Administrator to conduct the polling process, and Mega Business Consultancy as Scrutineer to verify the poll results. The polling process for the resolutions would be conducted upon completion of deliberation of all items to be transacted at the meeting.

The Chairman then informed that he would proceed with the agenda proper and deal with the questions from the members, if any, at the end of each item of the agenda.

2. AGENDA 1 THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2016 AND THE REPORTS OF THE DIRECTORS AND AUDITORS

The Chairman declared that the Audited Financial Statements for the financial year ended 30th September 2016 together with the Reports of the Directors and Auditors as set on pages 46 to 53 of the Annual Report 2016 as received and duly tabled at the 23rd AGM.

The meeting deliberated on this item. In summary, the issues raised by the shareholders/proxies were responded to by the Company as follows:

(i) Question From Shareholder

What was the progress of Cross-Flow Energy Company Limited's ("C-FEC") wind turbine prototype which the Company had invested in?

Company Response

The prototype had been running for 6 months in Wales with a wind speed of approximately 50km per hour and currently produces between 50kW to 100kW an hour. The product was now at the point of commercialization. It was further added that the establishment of renewable energy wind farms requires a lot of capital investment and because of this, the Group would take measures to approach either governments or large corporations in certain countries as a way to commercialise the product.

(ii) **Question From Shareholder**

Why was there a decline in revenue and margin of the insurance company?

Company Response

The decline in revenue was mainly due to the increased competition in recent years but notwithstanding this, the insurance company had been able to maintain its margin and profitability.

(iii) **Question From Shareholder**

How much has the Company invested in Silicon Markets Limited and C-FEC and whether the Company has envisaged how much more money would be needed to be injected to fund the two investments in the United Kingdom?

Company Response

The Company had invested approximately RM3 million to RM7 million in each investment. It was further added that additional money may need to be injected only towards the commercialization of the products. The Company has no intention to keep on injecting money into these investments to fund their research.

(iv) **Question From Shareholder**

It was learned that Moolahsense Private Limited (“Moolahsense”) had received a licence from the Monetary Authority of Singapore (“MAS”), which potentially connects small-to-medium enterprises (“SMEs”) and investors for funding purposes.

How much has the Company invested in Moolahsense?

Company Response

The Company explained that the licence received by Moolahsense were a full Capital Markets Services licence which would not confine Moolahsense to merely providing peer-to-peer financing platform.

The Company had invested about SGD1 million to-date, for about 14% equity interest in Moolahsense.

(v) **Question From Shareholder**

Why were all of the Company's investments not equity accounted, especially Moolahsense?

Company Response

This was because the Group has no significant influence over some of its investments, in particular Moolahsense.

(vi) **Question From Shareholder**

Why was the Software Distribution Licence written off, as disclosed under Note 8 of the Annual Report 2016?

Company Response

The Company clarified that the Software Distribution Licence related to the site in Thailand which had been fully amortised and was therefore written off.

(vii) **Question From Shareholder**

How prepared was the insurance company in facing challenges posed by the liberalization of the motor and fire tariffs?

Company Response

The insurance company was ready for detariffication. The insurance company could afford to cut prices for products in certain segments where there was lack of business. The insurance company, with the new partner, would be creating new products which the consumers can gravitate towards, and this would be announced to the market when detariffication took place.

(viii) **Question From Shareholder**

How did the insurance company handle fraudulent accident claims which sometimes involved adjusters; how would this affect the insurance company's profit and whether the insurance company kept a record on the offenders?

Company Response

The Company explained that this issue was not something that the insurance company could be free of as it affects every insurance company. However, the insurance company would keep on monitoring by using IT, analyzing averages, etc. to minimize losses. A record of offenders was also kept by the insurance company.

(ix) **Question From Shareholder**

Attention was drawn to the Income Statement on page 57 of the Annual Report.

Why was the non-controlling interest making a net profit whilst the equity holders suffered a net loss?

Company Response

The losses attributable to the equity holders were mainly due to unrealised foreign exchange losses recorded by the non-insurance companies of the Group whilst the profit attributable to the non-controlling interest, namely Sanlam Emerging Markets Proprietary Ltd (Sanlam), related to the share of profits of the insurance company which only traded in Ringgit Malaysia and thus not exposed to foreign exchange fluctuations.

(x) **Question From Shareholder**

Attention was drawn to Note 10 on page 99 of the Annual Report

What was the rationale for putting RM138 million in unit trusts as unit trusts had not been performing well in the last two (2) years?

Company Response

The Company clarified that these unit trusts were specially structured by the banks for the insurance company and they gave a higher interest rate.

(xi) **Question From Shareholder**

Attention was drawn to Note 11 on page 102 of the Annual Report.

What was the Company's plan for the four (4) dormant companies in the Group?

Company Response

The Company would retain these companies for future use.

(xii) Question From Shareholder

Attention was drawn to the Consolidated Statement of Cash Flows on page 59 of the Annual Report

How could the Group lose money from “Income from Sukuk” and “Income from Islamic fixed deposits” as shown with negative figures in the Statement?

Company Response

The Company explained that the negative figures shown on page 59 were accrued figures which needed to be adjusted/reduced from profit before taxation. The actual cash received from “Income from Sukuk” and “Income from Islamic fixed deposits” were reflected as positive figures on page 60 of the Annual Report under “Cash generated from operations”. There was therefore no loss from investments in Sukuk and Islamic fixed deposits.

There being no further queries raised for discussion, the meeting proceeded to the next item on the agenda.

**3. AGENDA 2
RE-ELECTION OF MR CHAN THYE SENG WHO RETIRES IN
ACCORDANCE WITH THE COMPANY’S CONSTITUTION**

The re-election of Mr. Chan Thye Seng as Director of the Company, who retires in accordance with the Company’s Constitution, was approved by the shareholders.

No matter was raised by the shareholders of the Company on this agenda.

**4. AGENDA 3
RE-APPOINTMENT OF DIRECTORS PURSUANT TO SECTION 129(6) OF
THE REPEALED COMPANIES ACT, 1965.**

The re-appointment of the following Directors pursuant to Section 129(6) of the repealed Companies Act, 1965 was approved by the shareholders.

- (1) Mr. Chan Hua Eng;
- (2) Tunku Dato’ Mu’tamir bin Tunku Tan Sri Mohamed; and
- (3) Mr. Michael Yee Kim Shing.

No matter was raised by the shareholders of the Company on this agenda.

**5. AGENDA 4
RE-APPOINTMENT OF MESSRS ERNST & YOUNG AS AUDITORS AND
TO AUTHORISE THE BOARD OF DIRECTORS TO FIX THEIR
REMUNERATION**

The re-appointment of Messrs Ernst & Young as auditors of the Company on a remuneration to be determined by the Board of Directors of the Company was approved by the shareholders of the Company.

No matter was raised by the shareholders of the Company on this agenda.

**6. AGENDA 5
AUTHORITY UNDER SECTION 132D OF THE REPEALED COMPANIES
ACT 1965, TO ISSUE SHARES**

The Chairman explained to the shareholders present that the abovementioned resolution, if passed, would allow the Company to procure the renewal of the general mandate which would give authority to the Directors of the Company, from the date of the AGM, to issue and allot shares in the Company up to and not exceeding in total ten percent (10%) of the issued and paid-up share capital of the Company for the time being, for such purposes as they considered would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, would expire at the conclusion of the next AGM of the Company. The renewed general mandate would provide flexibility to the Company for any possible fund raising activities, including but not limited to shares placement, funding future investment, working capital and/or acquisitions.

The authority under Section 132D of the repealed Companies Act 1965, to issue shares, was approved by the shareholders of the Company.

No matter was raised by the shareholders of the Company on this agenda.

**7. AGENDA 6
PROPOSED RENEWAL OF AUTHORITY FOR THE PURCHASE BY THE
COMPANY OF ITS OWN SHARES**

The Chairman explained to the meeting the purpose of the resolution. The resolution, if passed, would empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which should not exceed the total retained earnings and share premium of the Company. This authority, unless revoked or varied at a general meeting, would expire at the conclusion of the next AGM of the Company.

Question From Shareholder

What was the Company's intention of buying its own shares and the percentage of shares held by the Company?

Company Response

The Company explained that the shares that the Company had purchased are not very significant to merit the dividend of those shares. The shares would be kept as treasury shares and this represented enhanced value to the shareholders as there would be less shareholders to pay out dividends to. The Company considered that when the shares were undervalued it would buy back the shares. The intention had at all times been to benefit the shareholders. The Company currently held about 4% of the shares and that such purchase would give the Company the flexibility to deal with the shares.

There being no further queries raised for discussion, the meeting proceeded to the next item on the agenda.

**8. AGENDA 7
 RETENTION OF INDEPENDENT DIRECTORS**

The retention of the following Directors as Independent Directors of the Company were approved by the shareholders of the Company.

- (i) Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed
- (ii) Mr. Michael Yee Kim Shing

No matter was raised by the shareholders of the Company on this agenda.

9. POLL RESULTS

The following resolutions tabled at the meeting which were voted upon by poll, were duly passed by the shareholders.

Resolution	Voted In Favour		Voted Against		Result
	No. of Shares	%	No. of Shares	%	
<u>Resolution 1</u> Re-election of Mr. Chan Thye Seng as Director	155,767,350	100	-	-	Carried
<u>Resolution 2</u> Reappointment of Mr. Chan Hua Eng as Director	155,767,350	100	-	-	Carried

Resolution	Voted In Favour		Voted Against		Result
	No. of Shares	%	No. of Shares	%	
<u>Resolution 3</u> Re-appointment of Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed as Director	155,767,350	100	-	-	Carried
<u>Resolution 4</u> Re-appointment of Mr. Michael Yee Kim Shing as Director	155,767,350	100	-	-	Carried
<u>Resolution 5</u> Re-appointment of Messrs Ernst & Young as Auditors	155,767,350	100	-	-	Carried
<u>Resolution 6</u> Renewal of mandate for share issuance	155,753,350	100	-	-	Carried
<u>Resolution 7</u> Renewal of mandate for share buy-back	155,767,350	100	-	-	Carried
<u>Resolution 8</u> Retention of Tunku Dato' Mu'tamir bin Tunku Tan Sri Mohamed as Independent Director	155,767,350	100	-	-	Carried
<u>Resolution 9</u> Retention of Mr. Michael Yee Kim Shing as Independent Director	155,767,350	100	-	-	Carried

10. CONCLUSION

There being no further queries from the shareholders, the meeting concluded at 12.06 p.m. with a vote of thanks to the Chair.