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<p>Before proceeding with the business of the day, the Chairman briefed the shareholders that, in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), all motions and/or resolutions would be voted by way of e-polling after the conclusion of the deliberation of the final resolution for the meeting.</p>		
<p>He further briefed the shareholders that Boardroom Share Registrars Sdn Bhd and Boardroom Corporate Services Sdn Bhd were appointed as the Polling Administrator and Scrutineer, respectively.</p>		
<p>AGENDA 1 AUDITED FINANCIAL STATEMENTS AND DIRECTORS' AND AUDITORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018</p>		
<p>The Chairman tabled the Audited Financial Statements ("Accounts") and the Directors' and Auditors' Reports to the Meeting and remarked that, as stipulated under Section 340(1)(a) of the Companies Act 2016 ("the Act"), the Company's Financial Statements do not require shareholders' approval. The Act merely requires the Accounts to be laid before the shareholders.</p>		
<p>The Chairman then invited YBhg Dato' Sri Che Khalib Mohamad Noh, the GMD, to brief the shareholders on the Company's performance for the financial year ended 31 December 2018 ("FY2018") and the outlook for the financial year ending 31 December 2019 ("2018 Business Review"). (A copy of the presentation deck is attached herewith as Appendix I to the Minutes).</p>		
<p>The Chairman informed the shareholders that the Company had received a letter dated 30 April 2019 from the Minority Shareholders Watchdog Group ("MSWG"), enquiring on the financial performance of the Group, strategic and corporate governance matters, as well as, the matters relating to the resolutions.</p>		
<p>For the benefit of shareholders present, the Chairman invited Encik Ahmad Aznan Mohd Nawawi, the Company Secretary, to read out the questions raised by MSWG and MMC's response therein ("Q&A"). (A copy of the Q&A presentation deck is attached herewith as Appendix II to the Minutes).</p>		
<p>Before opening the floor for questions and answers, the Chairman addressed the issue pertaining to the provision of hard copies of the Company's annual report ("AR") which was raised by several shareholders this morning. He explained that a listed company is no longer obliged to produce and circulate the hard copy of its AR to the shareholders and that, the listed company is only required to provide the website link where the electronic AR is made available online.</p>		
<p>However, the Chairman acknowledged the request made by the shareholders and pledged that sufficient hard copies of the Company's AR would be produced for the consumption of the shareholders.</p>		
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<p>Encik Rien Hashim ("Encik Rien"), a proxy, enquired whether the shareholders could expect the sum of the dividend payment made to the shareholders be maintained or increased each year.</p>		
<p>The Chairman responded that the dividend declared to the shareholders was based on the Company's solvency and overall financial performance. He added that despite the global share market turmoil, MMC remained resilient and in a position to declare the single-tier dividend of 4.0 sen per ordinary share to its valued shareholders.</p>		
<p>Encik Leo Ann Puat ("Encik Leo"), a shareholder, lauded the Company's paperless initiative but suggested that, for practicality purposes, ample hard copies of the AR should be provided to the shareholders who are physically present at the venue for their convenience and reference during the meeting proceeding.</p>		
<p>Encik Leo commended the 2018 Business Review presentation, which was presented by the GMD, particularly, the segmental operational performance by Operating Companies as it was very informative and provided clarity to the shareholders.</p>		
<p>In reply to a query by Encik Leo pertaining to the Company's net gearing, the Chairman apprised that, as at 31 March 2019, the Company's consolidated net gearing post consolidation of Penang Port Sdn Bhd, is 0.89x.</p>		
<p>To a question raised by Encik Leo concerning the Sungai Pulai bridge development, the Chairman apprised that once completed, the Sungai Pulai bridge, which is part of Pelabuhan Tanjung Pelepas's ("PTP") future expansion plan, would reduce the travel time and distance, as well as, improve the connectivity to PTP, Senai International Airport ("Senai Airport") and Tanjung Bin.</p>		
<p>Based on the Loss After Tax of RM 12.9 million recorded by the airport business segment compared to the Profit After Tax of RM5.0 million in the previous year, as disclosed under the notes to financial statements for FY2018 in the Company's AR, Encik Leo raised his concerns on the whether the loss trend would continue.</p>		
<p>GMD explained that the airport business segment recorded an exceptional profit in 2017 primarily attributed to the sale of land, at Senai Airport City, to I-Park Development Sdn Bhd during the aforesaid year.</p>		
<p>GMD, in his explanation, said that notwithstanding the 3.5 million passengers handled by Senai Airport in 2018, 80% out of the overall number of passengers comprises domestic passengers, whereas, the remaining 20% comprises Asean and international passengers.</p>		
<p>Hence, with the current Passenger Service Charges ("PSC") levied on passengers travelling to domestic destinations at RM11.00 per passenger, which is lower compared to the PSC for Asean and international destinations bound passengers of RM35.00 and RM73.00 per passenger, respectively, the revenue contribution from the PSC is relatively low.</p>		
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<p style="text-align: right;">Page 4 of 10</p> <p>He further emphasised that, regardless of the profitability challenges faced by Senai Airport, the airport is a vital logistics component which complements the Group's operation in the Southern region.</p> <p>Encik Lim Pin Yeong ("Encik Lim"), a shareholder, enquired on the targeted date for the proposed listing of MMC Port Holdings Sdn Bhd ("MMC Port").</p> <p>The Chairman responded that the restructuring exercise for MMC Port is still ongoing following the completion of the latest acquisition of Penang Port Sdn Bhd in May 2018. In addition, the Chairman remarked that the proposed listing is not viable at this point in time due to the volatile global share market environment and unfavourable Initial Public Offering climate.</p> <p>To a query by Encik Lim on the probable business impact on the Group's port operations pursuant to the recently announced reinstatement of the East Coast Rail Link ("ECRL") project, which would improve the connectivity between Port Klang and Kuantan Port, the GMD asserted that the reinstatement of the ECRL project is not a threat to MMC Group's ports.</p> <p>Apart from the 25-year operatorship of the Pengerang Integrated Complex's Solid Product Jetty ("SPJ"), Encik Lim requested to be enlightened on the future plans for Johor Port subsequent to the completion of the RAPID Material Off Loading Facilities project at Pengerang.</p> <p>In respect of container performance, GMD is optimistic that Johor Port would continue to generate a stable volume as the aforesaid port serves as the main exit point for the Pasir Gudang industrial community.</p> <p>GMD is also optimistic that there would be huge potential for the Johor Port's conventional business as the port is poised to be the transshipment hub for commodities and primary liquid terminal in the region.</p> <p>He highlighted that Johor Port is the largest palm oil terminal in the world with a storage capacity of 460,000 tons.</p> <p>The Chairman proceeded to address the concerns raised by Encik Lim with regard to the current state of Kontena Nasional Berhad ("KNB"). He assured the shareholders that KNB is presently undergoing a restructuring exercise, which involves several initiatives such as, among others, undertaking the Voluntary Separation Scheme, cessation of its haulage business at several branches, namely, Ipoh; Johor Bahru and Kuantan, as well as, renegotiation with its creditors.</p> <p>GMD further assured the shareholders that, to date, KNB is reflecting a turnaround and registering a positive cash flow. He commended the Management of KNB for their continuous vigorous efforts in improving the overall well-being of KNB.</p>		
<p style="text-align: right;">CHAIRMAN'S INITIALS</p> <p style="text-align: right;"><i>DA</i></p>		

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<p>The shareholders were also informed that KNB is pursuing legal proceedings against the former Chief Executive Officer of KNB ("the Defendant"), whereby KNB is claiming, among others, damages in the sum of RM66,590,105.43, general damages, full indemnity against any claims arising from the transactions, interest and costs against the Defendant.</p>		
<p>Encik Phan Ooi Choong, a shareholder, sought clarification on the increase by 62% in the contract cost recognised as an expense posted during the year under review compared to the same recorded in the preceding year.</p>		
<p>GMD clarified that the contract cost recognised as an expense is largely constituted of the contract cost of the Klang Valley Mass Rapid Transit Underground ("KVMRT UGW") project. In 2018, the KVMRT UGW project's contract cost portion increased to RM1.2 billion from RM441 million in the previous year.</p>		
<p>After dealing with all issues raised by the shareholders, the Chairman declared that the Audited Financial Statements of the Company for the financial year ended 31 December 2018 and the Directors' and Auditors' Report thereon, be received by the shareholders.</p>		
<p>AGENDA 2 PAYMENT OF DIRECTORS' FEES UP TO AN AMOUNT OF RM1,400,000.00 TO THE NON-EXECUTIVE DIRECTORS OF THE COMPANY FOR THE PERIOD FROM 10 MAY 2019 UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING</p>		
<p>Encik Azril Haris Mat proposed that Ordinary Resolution 1 be approved.</p>		
<p>Before putting the motion to the Meeting, the Chairman invited questions from the floor.</p>		
<p>Since there were no questions raised by the shareholders, the Chairman proceeded to Resolution 2.</p>		
<p>AGENDA 3 BENEFITS PAYABLE TO THE DIRECTORS OF THE COMPANY UP TO AN AMOUNT OF RM2,200,000.00 FOR THE PERIOD FROM 10 MAY 2019 UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING</p>		
<p>Encik Rien Hashim proposed that Ordinary Resolution 2 be approved.</p>		
<p>Before putting the motion to the Meeting, the Chairman invited questions from the floor.</p>		
<p>Since there were no questions raised by the shareholders, the Chairman proceeded to Resolution 3.</p>		
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<p>AGENDA 4 RE-ELECTION OF DATO' SRI CHE KHALIB MOHAMAD NOH AS DIRECTOR OF THE COMPANY IN ACCORDANCE WITH ARTICLE 18.3 OF THE COMPANY'S CONSTITUTION</p> <p>Encik Azril Haris Mat proposed that Ordinary Resolution 3 be approved.</p> <p>Before putting the motion to the Meeting, the Chairman invited questions from the floor.</p> <p>Since there were no questions raised by the shareholders, the Chairman proceeded to Resolution 4.</p>		
<p>AGENDA 5 RE-ELECTION OF DATO' SITI HALIMAH ISMAIL AS DIRECTOR OF THE COMPANY IN ACCORDANCE WITH ARTICLE 18.3 OF THE COMPANY'S CONSTITUTION</p> <p>Puan Syarifah Aisyah Syed Abdul Rahman proposed that Ordinary Resolution 4 be approved.</p> <p>Before putting the motion to the Meeting, the Chairman invited questions from the floor.</p> <p>Since there were no questions raised by the shareholders, the Chairman proceeded to Resolution 5.</p>		
<p>AGENDA 6 RE-ELECTION OF TUAN SYED NAQIZ SHAHABUDDIN SYED ABDUL JABBAR AS DIRECTOR OF THE COMPANY IN ACCORDANCE WITH ARTICLE 18.3 OF THE COMPANY'S CONSTITUTION</p> <p>Encik Azril Haris Mat proposed that Ordinary Resolution 5 be approved.</p> <p>Before putting the motion to the Meeting, the Chairman invited questions from the floor.</p> <p>Since there were no questions raised by the shareholders, the Chairman proceeded to Resolution 6.</p>		
<p>AGENDA 7 RE-ELECTION OF CIK SHARIFAH SOFIA SYED MOKHTAR SHAH IN ACCORDANCE WITH ARTICLE 18.9 OF THE COMPANY'S CONSTITUTION</p> <p>Encik Rien Hashim proposed that Ordinary Resolution 6 be approved.</p> <p>Before putting the motion to the Meeting, the Chairman invited questions from the floor.</p> <p>Since there were no questions raised, the Chairman proceeded to Ordinary Resolution 7.</p>		
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<p>AGENDA 8</p> <p>RE-APPOINTMENT OF MESSRS. PRICEWATERHOUSECOOPERS PLT AS AUDITORS OF THE COMPANY AND TO AUTHORIZE THE DIRECTORS TO FIX THEIR REMUNERATION</p>		
<p>Puan Syarifah Aisyah Syed Abdul Rahman proposed that the Ordinary Resolution 7 be approved.</p> <p>Before putting the motion to the Meeting, the Chairman invited questions from the floor.</p> <p>Since there were no questions raised by the shareholders, the Chairman proceeded to Ordinary Resolution 8.</p>		
<p>AGENDA 9</p> <p>TO APPROVE THE CONTINUING IN OFFICE BY DATUK OOI TEIK HUAT AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY AND TO HOLD OFFICE UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY</p>		
<p>Encik Azril Haris Mat proposed that Ordinary Resolution 8 be approved.</p> <p>Before putting the motion to the Meeting, the Chairman invited questions from the floor.</p> <p>Puan Lee Siew Pin ("Puan Lee"), a representative from MSWG, thanked the Board of Directors and Management of MMC for responding to the questions raised by MSWG and for sharing the Management's response with all present at the meeting.</p> <p>Further thereto, Puan Lee requested that, in the interest of good corporate governance, a policy, which limits the tenure of an Independent Director who exceeded the cumulative term limit of nine (9) years, be considered and established by the Company.</p> <p>The Chairman remarked that the Company's response to the aforesaid concern raised by MSWG had been dealt with earlier in the Q&A read by the Company Secretary.</p> <p>The Chairman then proceeded to Ordinary Resolution 9.</p>		
<p>AGENDA 10</p> <p>TO APPROVE THE CONTINUING IN OFFICE BY DATO' ABDUL HAMID SH MOHAMED AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR OF THE COMPANY AND TO HOLD OFFICE UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY</p>		
<p>Puan Syarifah Aisyah Syed Abdul Rahman proposed that Ordinary Resolution 9 be approved.</p> <p>Before putting the motion to the Meeting, the Chairman invited questions from the floor.</p>		
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<p>Since there were no questions raised by the shareholders, the Chairman proceeded with the voting of all resolutions tabled at the meeting.</p> <p>Upon being invited by the Chairman, Cik Shaykila, the Share Registrar, briefed the shareholders on the e-polling process.</p> <p>The Chairman then informed the shareholders that the casting and verification process may take approximately twenty minutes to complete. He added that, upon completing the e-voting, shareholders are requested to return to their respective seats for the announcement of the results.</p> <p>The Chairman further informed that he was appointed as a proxy by several shareholders and would, therefore, vote according to the respective shareholders' instructions.</p> <p>At 1:15 p.m., the Chairman called the Meeting to order and the Company Secretary announced the results of the e-polling as follows:</p>				
<p>1) <u>Payment of Directors' Fees up to an Amount of RM1,400,000.00 to the Non-Executive Directors of the Company for the Period from 10 May 2019 until the Conclusion of the Next Annual General Meeting</u></p>				
	FOR	AGAINST		
RESOLUTION	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 1	2,435,366,051	98.5359	36,186,280	1.4641
The Chairman declared the Ordinary Resolution 1 carried.				
<p>2) <u>Benefits Payable to the Directors of the Company up to an Amount of RM2,200,000.00 for the Period from 10 May 2019 until the Conclusion of the Next Annual General Meeting</u></p>				
	FOR	AGAINST		
RESOLUTION	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 2	2,471,346,331	99.9917	206,000	0.0083
The Chairman declared the Ordinary Resolution 2 carried.				
<p>3) <u>Re-election of Dato' Sri Che Khalib Mohamad Noh as Director of the Company in Accordance with Article 18.3 of the Company's Constitution</u></p>				
	FOR	AGAINST		
RESOLUTION	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 3	2,471,350,551	99.9918	201,780	0.0082
The Chairman declared the Ordinary Resolution 3 carried.				
				CHAIRMAN'S INITIALS
				

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- 4) Re-election of Dato' Siti Halimah Ismail as Director of the Company in Accordance with Article 18.3 of the Company's Constitution

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 4	2,471,350,551	99.9918	201,780	0.0082

The Chairman declared the Ordinary Resolution 4 carried.

- 5) Re-election of Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar as Director of the Company in Accordance with Article 18.3 of the Company's Constitution

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 5	2,471,351,131	99.9919	201,200	0.0081

The Chairman declared the Ordinary Resolution 5 carried.

- 6) Re-election of Cik Sharifah Sofia Syed Mokhtar Shah as Director of the Company in Accordance with Article 18.9 of the Company's Constitution

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 6	2,470,362	99.9519	1,189,400	0.0481

The Chairman declared the Ordinary Resolution 6 carried.

- 7) Re-appointment of Messrs. PricewaterhouseCoopers PLT as Auditors of the Company and to Authorize the Directors to Fix their Remuneration

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 7	2,471,547,131	99.9998	5,200	0.0002

The Chairman declared the Ordinary Resolution 7 carried.

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8) To Approve the Continuing in Office of Datuk Ooi Teik Huat as an Independent Non-Executive Director of the Company and to Hold Office until the Conclusion of the Next Annual General Meeting of the Company

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 8	1,819,865,631	73.6325	651,686,700	26.3675

The Chairman declared the Ordinary Resolution 8 carried.

9) To Approve the Continuing in Office of Dato' Abdul Hamid Sh Mohamed as an Independent Non-Executive Director of the Company and to Hold Office until the Conclusion of the Next Annual General Meeting of the Company

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 9	1,819,865,053	73.6325	651,687,278	26.3675

The Chairman declared the Ordinary Resolution 9 carried.

CLOSE OF MEETING

The Chairman expressed his appreciation to shareholders present for their attendance.

There being no other business, the Meeting was declared closed at 1:20 p.m. with a vote of thanks to the Chairman.

Confirmed by,

- signed -

.....
Chairman

9 May 2019
Kuala Lumpur

CHAIRMAN'S INITIALS



MMC CORPORATION BERHAD



MSWG: Questions & Answers

43rd Annual General Meeting
9 May 2019

- 1. As stated on Page 26 (Chairman's Statement), the Group's acquisition of a 50% interest in Australia's Macarthur Wind Farm in 2013 was just the first step in its move to widen its renewables portfolio.**

The Group is currently exploring potential opportunities in this area, particularly in solar, mini hydro, biogas and waste-to-energy projects.

What are the major achievements in this area and has there been any revenue contributions to-date?

Answer:

The following are the key achievements and latest developments in the renewable energy segment via Malakoff Corporation Berhad (“MCB”):

- i. MCB’s subsidiary Green Biogas Sdn Bhd have entered into a renewable energy power purchase agreement (REPPA), under which it will sell electricity from its planned 2.4MW Sungai Kachur biogas power plant in Kota Tinggi, Johor to TNB for 21 years.
- ii. MCB made its entry into the O&M of renewable assets by securing a 21-year contract with Zec Solar Sdn Bhd’s large-scale photovoltaic power plant in Kota Tinggi, Johor with a capacity of 29MWac.

- iii. Four potential sites have been identified for development of small hydro plants at the identified sites at Sungai Pahang, with estimated total potential capacity of up to 115MW.
- iv. Detailed technical feasibility studies are currently being undertaken implement rooftop solar projects in collaboration with MMC and DRB-HICOM Group of Companies.

Besides the above, the acquisition of Alam Flora will allow MCB to potentially pursue waste-to-energy projects in the long term. The above developments are still at an early stage and hence, no revenue contribution has been recorded yet.

2. On Page 36 (MD&A), it is reported that in 2018, the Group was also spared from making any provision for impairment in Syarikat Mengurus Air Banjir & Terowong Sdn Bhd (SMART), while in 2017 it has provided as much as RM98 million for impairment due to lower projected traffic volume.

a) What was the volume of traffic in 2018 compared to 2017?

Answer:

Traffic volume for 2018 was 8,277,798 whilst 2017 was 8,276,675 no. of vehicles.

2. On Page 36 (MD&A), it is reported that in 2018, the Group was also spared from making any provision for impairment in Syarikat Mengurus Air Banjir & Terowong Sdn Bhd (SMART), while in 2017 it has provided as much as RM98 million for impairment due to lower projected traffic volume.

b) What is the expected traffic volume in 2019 and what is the likelihood of further impairment?

Answer:

Expected traffic volume in 2019 is 8,611,758 no. of vehicles. No further impairment is expected at this juncture.

3. As reported on Page 40 (MD&A), revenue for the Ports and Logistics division grew by 6% to RM3.00 billion, compared with RM2.82 billion achieved in 2017.

This was driven by continued growth in throughput handled. During the year, the Ports and Logistics division posted pre-tax profit of RM413 million compared with RM479 million in 2017.

- a) Please explain how the pre-tax profit could decline despite a higher revenue and what measures have been taken to address the situation?

Answer:

The increase in revenue from RM2.82 billion in 2017 to RM3.00 billion in 2018 is mainly due to consolidation of Penang Port's revenue of RM0.31 billion with effect from 1 May 2018, upon completion of the acquisition of remaining 51% in Penang Port.

Lower pre-tax profit is mainly due to following:

- Higher fuel costs as compared to 2017 (Average fuel costs: 2018: RM2.20 – RM2.30 per litre ; 2017: RM1.90 – RM2.00 per litre).
- Higher depreciation and amortisation in line with the higher CAPEX in 2018.
- Lower other income recorded in 2018. In 2017 there was a gain on disposal of a piece of land at JPB and liquidated damages on late delivery of cranes at PTP.

Among the measures taken to address the situation are as follows:

- Secure more volume and explore new market/ shippers;
- Formation of collaboration with major liners;
- Expanding infrastructure, capacity and capabilities in handling bigger vessel;
- Cost savings via Group synergy.

3. As reported on Page 40 (MD&A), revenue for the Ports and Logistics division grew by 6% to RM3.00 billion, compared with RM2.82 billion achieved in 2017.

This was driven by continued growth in throughput handled. During the year, the Ports and Logistics division posted pre-tax profit of RM413 million compared with RM479 million in 2017.

- b) What are the prospects of the division in 2019 and is it expected to perform better?

Answer:

Ports & Logistics division is expected to record stable volume across all the ports.

Further, the completion of acquisition of the balance 51% interest in Penang Port Sdn Bhd in May 2018 is expected to contribute positively to the division's earnings.

Operational and cost synergies driven by MMC, would further improve the performance of its Ports & Logistics division.

4. **As stated on Page 44 (MD&A), the Group is looking forward to the opening of PETRONAS Pengerang Integrated Complex's Solid Product Terminal in 2019, as Johor Port has been granted a 25-year concession to operate the terminal.**

Please explain how the aforesaid development would contribute significantly to the Group's topline and bottom line?

Answer:

SPT Services Sdn Bhd (“SPT”), a wholly owned subsidiary of Johor Port Berhad (“JPB”) as the operator of the Solid Product Jetty (“SPJ”) will be providing operating equipment and system as well as manage the jetty operations and maintenance.

SPT handled its first polymer shipment on 10th April 2019. The SPJ is currently designed to eventually handle up to 200,000 TEUs of container and 460,000 tonnes of sulphur stockpile per annum with some of the container volume also expected to transit via Johor Port.

5. On Page 47 (MD&A) it is reported that the Group will benefit from the container tariff increase this year following the implementation of the new tariff effective 1 March 2019 that was deferred from September 2018.

What is the percentage increase in the tariff and would the Board be able to brief on the extent of the impact to the topline and bottom line?

Answer:

The tariff increase is for the quantum of 15% applicable to container terminal handling charges for import, export, transshipment. The re-stow and its storage charge for its local container is at the quantum of 10% increase.

However, based on the previous round of tariff increase in November 2015, Northport is expected to gain an average increment of around 7% of its container revenue due to various commercial arrangements with the customers.

- 6. As per the Statement of Comprehensive Income (Page 150), share of results for associates increased from RM124.0 million in 2017 to RM144.3 million in 2018 while share of results for joint ventures declined from RM92.3 million in 2017 to RM62.5 million in 2018.**
- a) Which associates contributed to the major increases in share of results and is the good performance expected to continue in 2019?**

Answer:

Increase is mainly due to lower share of losses from Zelan Bhd upon cessation of recognition as an associate effective March 2018.

In 2017, the share of losses from Zelan Bhd amounted to RM26 million.

The performance of existing associates is expected to continue in 2019.

- 6. As per the Statement of Comprehensive Income (Page 150), share of results for associates increased from RM124.0 million in 2017 to RM144.3 million in 2018 while share of results for joint ventures declined from RM92.3 million in 2017 to RM62.5 million in 2018.**
- b) What were the reasons for the decrease in share of results from joint ventures and are the results expected to be better in 2019?**

Answer:

Decrease is mainly due to completion of KVMRT SBK line in 2017 and lower share of profit from Penang Port as the results is now consolidated upon completion of the remaining 51% interest acquisition on 1 May 2018.

The decrease is partially offset by the share of profit from KVMRT SSP line project and no one-off provision for impairment on SMART expressway development expenditure we had in 2017.

- 7. We note from Page 240 that the Group has trade receivables amounting to RM189.2 million which was overdue by more than 6 months. Of this, an amount of RM82.7 million was provided as loss allowance.**

What is the likelihood of recoverability of the loss allowance amount?

Were further loss allowance have to be made in 2019?

What portion of the past due (more than 6 months) is more than even 1 year?

Please explain.

Answer:

For the loss allowance amount, the likelihood of recoverability is low; nonetheless, the Group is still continuing efforts to recover the amount.

In 2019, the Group will continue their effort to manage the recoverability of the trade receivables to improve the ageing to minimize further provision of loss allowance.

The portion of the past due (more than 6 months) that is more than 1 year amounted to RM 91mil after loss allowance of RM66mil. The Group is in active discussion with the customers in recovering the outstanding amount, including pursuing arbitration on CCJV P1 Engineering & Construction Sdn Bhd amounting to RM52 mil.

- 1. Based on the Corporate Governance (“CG”) report of the Company on the application of the Practices under the Malaysian Code on Corporate Governance (“MCCG”) 2017, please provide clarification on the following:**

- a) **Practice 4.3 – Step Up – The Board has a policy which limits the tenure of its independent directors to nine years.**

MMC's response: Not adopted

MSWG's comment:

Considering that MMC already has 2 independent directors with tenure exceeding 9 years, the Board should consider adopting Practise 4.3 Step Up in the interest of good corporate governance.

Furthermore, under Guidance Note 4.2, it is stated that Large Companies are not encouraged to retain an independent director for a period more than 12 years.

Answer:

We take note of the comment/suggestion of MSWG.

However, we are of the view that the independence of a Director is measured by his conduct and state of mind, as well as, his ability to exercise independent judgment and act in the best interest of the Company. The tenure of his directorship is not the sole determinant of his credibility as an independent director.

Our independent directors have demonstrated due care in carrying out their duties as independent directors and act at all time in the best interest of the Company and shareholders.

b) Practice 4.5 – The board discloses in its annual report the company’s policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

MMC’s response: Departure

The Board during the Financial Year 2018 had appointed another woman Director making the total number of women Director on the Board of MMC to two (2). Although there is no written policy on gender diversity, the Board acknowledges the importance of having women representation on the Board.

The increase in the number of women representations on the Board, reaffirms the Board's commitment in supporting the country's aspiration in increasing women representation onto the Board.

MSWG's comment:

Why is the Board is unable to apply Practice 4.5 by disclosing in its annual report the company's policies on gender diversity, its targets and measures to meet those targets?

Answer:

Currently, there is no written policy on gender diversity in place.

However, the Board acknowledges the importance of women representation on the Board. As stated in the CG Overview Statement, the appointment of an additional woman director in 2018 has reaffirmed the Board's commitment to supporting the country's aspiration in increasing women representation on the Board.

The Board would consider the appointment of more women directors on the Board of the Company, as and when the right candidate, who would be able to complement to the current composition of the Board, is identified.

c) Practice 4.6 – In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilizes independent sources to identify suitable qualified candidates.

MMC's response: Applied

The explanations, among others, state that the Company's Constitution allows nomination by the shareholders. The Board also utilises various sources to identify suitable qualified candidates.

MSWG's comment:

The explanations are very general without specifying what were the independent sources that were utilised?

Answer:

There is a formal process in place for the selection and the appointment of directors to ensure transparency and objectivity in such appointments.

The Board would consider candidates from all sources, such as executive search, as long as, it is able to appoint a suitable candidate as a director of the Company.

- d) **Practice 12.1 – Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.**

MMC's response: Departure (Time frame by 2021)

MSWG's comment:

This Practice is not difficult to apply and the Company should aspire to adopt it by the next AGM in 2020.

Answer:

We take note of MSWG's comment on this matter.



Thank You

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