

**MMC CORPORATION BERHAD**

(Company No. 30245-H)

Minutes of the **40th Annual General Meeting ("AGM")** of MMC Corporation Berhad ("MMC" or "the Company") held at Mahkota II, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on **Tuesday, 10 May 2016 at 10.00 a.m.**

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DIRECTORS PRESENT	Tan Sri Dato' Seri Shamsul Azhar Abbas Dato' Sri Che Khalib Mohamad Noh	] Chairman & proxy Group Managing Director ("GMD") Directors
	Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob Dato' Abdullah Mohd Yusof Datuk Ooi Teik Huat Dato' Abdul Hamid Sh Mohamed Dato' Siti Halimah Ismail Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar	] Directors ] ] ] ] ] ] ]
IN ATTENDANCE	Encik Ahmad Aznan Nawawi	] Company Secretary
BY INVITATION	Encik Mohd Shahar Yope Dr. Mabel Lee Khuan Eoi Encik Badrulhisyam Fauzi	] Representing ] the Management ]
SHAREHOLDERS PRESENT	436 shareholders representing 1,517,763 shares (0.05%) and 434 proxies representing 2,497,837,395 shares (89.07%)	

**QUORUM**

Upon confirmation by the Company Secretary that a quorum was present, the Chairman called the Meeting to order.

The Chairman extended a warm welcome to the shareholders who were present at the AGM.

Before proceeding with the agenda of the AGM, the Chairman introduced the Directors of the Company to the shareholders.

The Chairman advised the shareholders that YBhg. Datuk Mohd Sidik Shaik Osman ("Datuk Sidik"), who had served as a Non-Independent Non-Executive Director of the Company since 23 January 2003, had resigned from the Board on 1 April 2016. The Chairman placed on record the Company's appreciation to Datuk Sidik, for the services rendered to the Company, throughout his thirteen (13) years tenure.

The Chairman then proceeded with the agenda of the Meeting.

#### **NOTICE CONVENING THE MEETING**

The notice convening the Meeting dated 18 April 2016 and the Auditors' Report dated 31 March 2016 were taken as read.

Before proceeding with the resolutions, the Chairman declared that he had been appointed as a proxy by 89 shareholders representing 304,783,812 shares and would, therefore, vote according to the respective shareholders' instructions.

#### **AGENDA 1**

##### **AUDITED FINANCIAL STATEMENTS AND DIRECTORS' AND AUDITORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

The Chairman tabled the Audited Financial Statements and the Directors' and Auditors' Reports to the Meeting and remarked that the Company's Financial Statements do not require shareholders' approval by virtue of Section 169(1) of the Companies Act, 1965 ("Act"). The Act merely requires the Financial Statements to be laid before the shareholders.

The Chairman then invited YBhg Dato' Sri Che Khalib Mohamed Noh, the GMD, to brief the shareholders on the Company's performance for the financial year ended 31 December 2015 and the outlook for the financial year 2016 ("FY2016"). (A copy of the presentation deck is attached herewith as **Appendix I** to the Minutes).

The Chairman informed the shareholders that the Company had received a letter dated 6 May 2016 from the Minority Shareholders Watchdog Group ("MSWG"), enquiring on the financial performance of the Group as well as the matters relating to the resolutions.

For the benefit of shareholders present, the Chairman invited the Company Secretary and YBhg Dato' Sri Che Khalib Mohamed Noh, the GMD, 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).

Encik Lee Leok Soon ("Encik Lee"), a proxy of MSWG, thanked the Management for responding to the questions raised by MSWG and for sharing the Management's response with all present at the meeting.

Encik Lee raised his concerns on the re-appointment of Dato' Abdullah Mohd Yusof ("Dato' Abdullah"), pursuant to Section 129(6) of the Companies Act 1965, as stipulated in Resolution 6 of the Agenda.

The Chairman assured the shareholders that the Board exercises due care and diligence in assessing the competence and ability of each board member to constructively contribute to the Board's dynamism. He added that the Board had, through the Nomination and Remuneration Committee, conducted the annual board evaluation to assess the effectiveness of the Board as a whole, the Board Committees, the contribution of each Director and the independence of the Independent Directors.

Hence, the Board, based on the aforesaid evaluation, strongly recommends that Dato' Abdullah continues to act as an Independent Non-Executive Director of the Company.

Encik Wan Heng Wah ("Encik Wan"), a shareholder, enquired on the shareholding structure of Borneo Highway PDP Sdn Bhd ("BHP"), the newly appointed project delivery partner ("PDP") for the construction of the Pan Borneo Highway project in Sabah.

The Chairman informed the shareholders that the UEM MMC Joint Venture Sdn Bhd, a jointly controlled entity between MMC and UEM Group Berhad, owns a forty percent (40%) stake in BHP, whereas, the remaining sixty percent (60%) is held by a Sabah state entity.

He further informed that the PDP agreement, between the Federal government, Sabah state government and BHP, was executed on 11 April 2016.

In reply to a query by Encik Wan pertaining the future de-gearing initiatives of MMC Group, GMD, apprised the shareholders that MMC is aggressively pursuing strategic monetization efforts, which include, the monetization of approximately 2,000 acres of land at Senai Airport City ("SAC").

MMC is confident that the impending launch of i-Park@Senai Airport City and Eco Business Park II at SAC, by the first half of FY2016, will accelerate the development at the remaining SAC land by 2017.

GMD proceeded to apprise that the construction of the Sungai Pulai bridge, which will connect Tanjung Bin to Pelabuhan Tanjung Pelepas and reduce the travelling time to Tanjung Bin, will be the catalyst that will progressively heighten the development of the Tanjung Bin land and eventually, enhance the value of said land.

In addition, the probable listing of the Group's ports business, targeted by 2018, will further reduce the Company's gearing.

To a question raised by Encik Phang Ah Kow ("Encik Phang"), a shareholder, on the contract value of the Klang Valley Mass Rapid Transit project ("KVMRT"), GMD responded that the contract value for the construction of the tunneling works ("UGW") for KVMRT Sungai Buloh - Kajang Line ("Line 1") is RM8.3 billion. He added that the contract value for the PDP role for Line 1 is RM15.0 billion.

The Phase One of Line 1, from Sungai Buloh to Semantan, is expected to commence operation by December 2016, whereas, Phase Two, from Semantan to Kajang, will be operational by July 2017.

The shareholders were also informed that the contract value of the recently awarded KVMRT Sungai Buloh - Putrajaya Line ("Line 2") for UGW and PDP role is RM15.5 billion and RM12.0 million, respectively.

The Line 2 project is scheduled to be fully completed by 2022.

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 2015 and the Directors' and Auditors' Report thereon, be received by the shareholders.

**AGENDA 2**

**DECLARATION OF FINAL SINGLE-TIER DIVIDEND OF 3.8 SEN PER SHARE**

Encik Mohd Ismail Che Mat Din proposed that Ordinary Resolution 1 be approved.

The motion was seconded by Encik Reza Shah Dzul Karnain.

Before putting the motion to the Meeting, the Chairman invited questions from the floor.

Since there were no questions raised by the shareholders, the motion was put to the Meeting and declared carried unanimously.

**AGENDA 3**

**RE-ELECTION OF DATO' SRI CHE KHALIB MOHAMAD NOH PURSUANT TO ARTICLE 78 OF THE COMPANY'S ARTICLES OF ASSOCIATION**

Encik Abdul Rahim Bidin proposed that Ordinary Resolution 2 on the re-election of Dato' Sri Che Khalib Mohamad Noh as Director of the Company be approved and Encik Reza Shah Dzul Karnain seconded the motion.

Since there were no questions raised by the shareholders, the Chairman put the motion to the Meeting and declared it carried unanimously.

**AGENDA 4, 5 and 6**

**RE-ELECTION OF TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS, DATO' SITI HALIMAH ISMAIL AND TUAN SYED NAQIZ SHAHBUDIN SYED ABDUL JABBAR PURSUANT TO ARTICLE 85 OF THE COMPANY'S ARTICLES OF ASSOCIATION**

In view that Ordinary Resolution 3 was in relation to the Chairman's re-election, for good governance the chair was passed to Dato' Abdullah, the Chairman of the Audit Committee and a Senior Independent Director.

Thereafter, Dato' Abdullah sought the agreement from the shareholders for the concurrent tabling and voting of Ordinary Resolution 3 to 5 as a single resolution.

Pursuant to Article 82 of the Company's Articles of Association, agreement of the shareholders for concurrent tabling and voting of all three resolutions must first be obtained and without any vote being given against it.

Encik Phang Ah Kow proposed that the tabling and voting of Resolutions 3 to 5 be conducted concurrently.

The motion was seconded by Encik Mohd Ismail Che Mat Din.

As Puan Tan An Zi had voted against the aforesaid motion, the three resolutions were dealt separately.

#### **Agenda 4**

In respect thereto, Dato' Abdullah Mohd Yusof requested for a proposer and seconder for Ordinary Resolution 3.

Encik Shah Rani Zakaria proposed that Ordinary Resolution 3 on the re-election of Tan Sri Dato' Seri Shamsul Azhar Abbas as Director of the Company be approved, and Encik Mohd Ismail Che Mat Din seconded the motion.

Since there were no questions raised, Dato' Abdullah Mohd Yusof put the motion to the Meeting and declared it carried unanimously.

After the motion was carried, Tan Sri Dato' Seri Shamsul Azhar Abbas resumed the Chair.

#### **Agenda 5**

The Chairman then proceeded to request for a proposer and seconder to for Ordinary Resolution 4.

Encik Abdul Rahim Bidin proposed that the Ordinary Resolution 4 on the re-election of Dato' Siti Halimah Ismail as Director of the Company be approved.

The motion was seconded by Encik Reza Shah Dzul Karnain.

Since there were no questions raised by the shareholders, the Chairman put the motion to the Meeting and declared it carried unanimously.

#### **Agenda 6**

Upon the Chairman's request, Encik Shah Rani Zakaria proposed that Ordinary Resolution 5 on the re-election of Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar as Director of the Company be approved, and Encik Reza Shah Dzul Karnain seconded the motion.

Since there were no questions raised by the shareholders, the Chairman put the motion to the Meeting and declared it carried unanimously.

#### **AGENDA 7**

##### **RE-APPOINTMENT OF DATO' ABDULLAH MOHD YUSOF TO SECTION 129 (6) OF THE COMPANIES ACT, 1965**

Encik Phang Ah Kow proposed that Ordinary Resolution 6 on the re-appointment of Dato' Abdullah Mohd Yusof as Director of the Company be approved.

The motion was seconded by Encik Reza Shah Dzul Karnain.

Before putting the motion to the Meeting, the Chairman invited questions from the floor.

After addressing the questions raised by the shareholders, the Chairman put the motion to the Meeting and declared it carried by majority.

**AGENDA 8**

**RE-APPOINTMENT OF TAN SRI DATO' IR. (DR.) WAN ABDUL RAHMAN HAJI WAN YAACOB PURSUANT TO SECTION 129 (6) OF THE COMPANIES ACT, 1965**

Encik Wah Heng Wah proposed that Ordinary Resolution 7 on the re-appointment of Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob as Director of the Company pursuant to Section 129 (6) be approved.

The motion was seconded by Encik Mohd Ismail Che Mat Din.

Upon conclusion of the questions and answers session, the Chairman put the motion to the Meeting and declared it carried by majority.

**AGENDA 9**

**PAYMENT OF DIRECTORS' FEES AMOUNTING TO RM910,465.75 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

Encik Reza Shah Dzul Karnain proposed that Ordinary Resolution 8 be approved.

The motion was seconded by Encik Mohd Ismail Che Mat Din.

Since there were no questions raised by the shareholders, the Chairman put the motion to the Meeting and declared it carried unanimously.

**AGENDA 10**

**RE-APPOINTMENT OF MESSRS. PRICEWATERHOUSECOOPERS AS AUDITORS OF THE COMPANY**

Encik Phang Ah Kow proposed that Ordinary Resolution 9 be approved.

The motion was seconded by Encik Chow Chee Keong.

Since there were no questions raised by the shareholders, the Chairman put the motion to the Meeting and declared it carried unanimously.

**CLOSE**

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

There being no other business, the Meeting was declared closed at 12.15 p.m. with a vote of thanks to the Chairman.

Confirmed by,

- SIGNED -

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**Chairman**

10 May 2016  
Kuala Lumpur



# MMC Corporation Berhad

40<sup>th</sup> Annual General Meeting

MSWG: QUESTIONS & ANSWERS





## Question 1 (a)

MMC has over the years constantly maintained an edge in the industries has become a leading utilities and infrastructure group with core business divisions in Ports & Logistics, Energy & Utilities and Engineering & Construction that provide essential services that support continued growth of the nation.

- a) Which core business divisions will ultimately lead as the main earnings driver for the Group in the next few years?

## Response to question 1 (a)

Energy & Utilities accounted for 64% and 40% of MMC group's total revenue in FY2014 and FY2015 respectively. Lower contribution from this division in FY2015 was a result of the listing of Malakoff which reduced our holdings from 51% to 37% currently.

Moving forward, the Group's key earnings driver would be from the growth in the Ports & Logistics division. In addition, the Group's earnings would also be supported by the Engineering & Construction division through on-going construction projects as well as newly awarded infrastructure jobs namely KVMRT Line 2 Project Delivery Partner ("PDP") and tunneling works, as well as PDP role for Pan Borneo Sabah Highway.

**Question 1 (b)**

**What has accounted for its best results in EBITDA in the Energy & Utilities Division as compared to Ports & Logistics Division and Engineering & Construction Division respectively?**

### Response to question 1 (b)

Energy & Utilities division contributed the most in EBITDA mainly due to the recognition of exceptional gains of RM1,344.1 million being gain on sale of Malakoff shares and fair value re-measurement in investment of RM388.7 million and RM955.4 million respectively, following completion of Malakoff's IPO on May 15th, 2015.

### Question 1 (c)

- In the same Energy & Utilities Division, what has accounted for the lowest results of gas business segment?
- What would the Board do in order to further improve the results of gas business segment?

## Response to question 1 (c)

Gas business segment has contributed the least to Energy & Utilities division mainly due to the reduction in gross contribution per MMBtu resulted from margin compression from RM2.02 to RM1.58 per MMBtu and additional billing for price differential between market prices and regulated prices for LNG volume supplied from its gas supplier for Gas Malaysia Berhad.

Gas Malaysia has taken further steps in finding new areas of growth and diversifying its income streams into new ventures namely Combined Heat Power, Virtual Pipeline and BioCNG businesses. While Gas Malaysia's core business continues to support the organic growth and contribute significantly towards the Group's earnings, Gas Malaysia remains optimistic that these new ventures will complement the core business from medium to long term.

## Question 2 (a)

The Group Managing Director stated that the Group is very upbeat about developments at Senai Airport City (“SAC”) given the huge potential of the industrial sector which the Group would be able to leverage by unlocking the value of its landbank in Senai and Tanjung Bin Petrochemical & Maritime Industry Centre.

- a) Would the Board enlighten and share with shareholders what are the developments at SAC and why these developments have attracted international leading industrial players such as Hershey, FOAPL, PALI and BMW?

### Response to question 2 (a)

SAC is the master developer of a 2,718 acres integrated industrial development, targeting various industrial segments such as Free Industrial Zone, Hi-Tech & General Manufacturing, Aerospace MRO & Logistics and Mixed Development currently being developed in phases with 44% area (1,183 acres) completed to-date with basic infrastructure for various industrial sectors.

SAC is an attractive offering for investors sourcing for prime land aimed at business expansion complete with amenities, infrastructure and a population catchment. Gazetted as a Free Zone, investors will also enjoy various incentives under Iskandar Region.

Furthermore, SAC is strategically located within the Flagship E of Iskandar Malaysia and well connected to logistical infrastructure, namely Senai International Airport and two sea ports, namely Johor Port and Port of Tanjung Pelepas via the North-South Expressway and Senai-Desaru Expressway.



**Question 2 (b)**

**How would these developments contribute to the Group overall business and in particular which core business divisions?**

### Response to question 2 (b)

MMC is leveraging on the sale and/or lease of its strategic property assets comprising almost 5,000 acres of industrial lands located in Johor, namely the SAC and Tanjung Bin Petrochemical & Maritime Industry Centre developments that will contribute positively to the Group's revenue and earnings growth in the future.

**Question 3 (a)**

The Group has reduced substantially its borrowings by unlocking the value of its assets with the listing of its subsidiary, Malakoff Corporation Berhad on May 15th, 2015.

- a) Are there any further plans by the Board to unlock value of its assets?

### Response to question 3 (a)

The Board will continue to unlock value of its various assets within the Group through potential listing of its subsidiaries and monetization of its landbank.

Listing of subsidiaries would enable MMC to realize its investments, strengthen its balance sheet via the paring down of debt and subsequently reduce finance costs hence improving profitability. This would also enable MMC to redirect capital towards the growth of other business segments.

Additionally, the Group will continue to monetize its landbank of approximately 5,000 acres in Senai Airport City and Tanjung Bin Petrochemical & Maritime Industry Centre.

**Question 3 (b)**

**Would the Board enlighten and share with shareholders, which assets or subsidiaries within the Group that the Board has in mind to unlock or make the initial public offering (“IPO”) for the current year and beyond?**

## Response to question 3 (b)

The Board is currently evaluating the possible listing of MMC Ports as an integrated ports business group of MMC with target date of 2018.

MMC's interests and investments in the Ports and Logistics sector have grown significantly, especially with the recent purchase of NCB Holdings together with PTP and Johor Port which are also growing substantially in terms of investments, revenue and volumes.

MMC Ports has been established to drive the Group's strategy for the Ports and Logistics units, and this includes leveraging on the synergies between the business units to increase efficiency, productivity and profitability.

**Question 4 (a)**

**In note 7 to the financial statements: profit before zakat and taxation, it was reported an impairment on amounts due from subsidiaries amounted to RM57.633 million.**

- a) What are the causes for this impairment and which subsidiaries are involved?**

### Response to question 4 (a)

Impairment on amounts due from subsidiaries of RM57.633 million relates to claim receivables in respect of a discontinued project in Middle East, Jazan Economic City (“JEC”).

The management has, based on the latest development, assessed certain challenging items of JEC project, and on a prudent basis, provided impairment provision for certain claim receivables sum. Nevertheless, management is of the view that there is a fair chance of recoverability on the amount claimed given the indication and commitment from Saudi Arabian General Investment Authority (SAGIA) that MMC will be compensated in relation to the investment accordingly.

The recovery of claim receivables involves MMC International Holdings Ltd, a wholly-owned subsidiary of the Group which in turn owns MMC Saudi Arabia Limited and MMC Utilities Limited that are involved in inter-alia, the construction and development of infrastructure facilities of the JEC project.



**Question 4 (b)**

**What is the nature of these amounts impaired due from subsidiaries?**

**Response to question 4 (b)**

**The amounts impaired mainly concerned project man-hours costs and business travelling expenses.**

## Request

**MSWG is promoting high standards of corporate governance best practices in PLCs. In this regard and with reference to the recent amendments to the Main Market Listing Requirements, companies are required to publish the summary of key matters discussed at the AGMs onto the companies' website. In line with this, we hope the Board would publish the summary of proceedings for this AGM at the Company's website.**

### Response

In line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), the Company will publish the Minutes of the AGM, as soon as practicable, after the conclusion of the AGM.

# Thank You



ports & logistics • energy & utilities • engineering & construction