

MMC CORPORATION BERHAD
(Company No. 30245-H)

Minutes of the **41st 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 **Thursday, 11 May 2017 at 10.00 a.m.**

DIRECTORS PRESENT	Tan Sri Dato' Seri Shamsul Azhar Abbas Dato' Sri Che Khalib Mohamad Noh 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]	Chairman & proxy Group Managing Director ("GMD") Directors
IN ATTENDANCE	Encik Ahmad Aznan Nawawi Puan Sazlin Ayesha Abdul Samat]	Company Secretaries
BY INVITATION	Encik Mohd Shahar Yope @ Yahya Dr. Mabel Lee Khuan Eoi Encik Badrulhisyam Fauzi]	Representing the Management
SHAREHOLDERS PRESENT	490 shareholders representing 1,001,004 shares (0.03%) and 463 proxies representing 2,558,450,376 shares (84.02%).		

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 then proceeded with the agenda of the Meeting.

NOTICE CONVENING THE MEETING

The notice convening the Meeting dated 17 April 2017 and the Auditors' Report dated 31 March 2017 were taken as read.

Before proceeding with the resolutions, the Chairman informed the shareholders that the voting at the 41st AGM would be conducted by way of electronic polling in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Chairman further informed that Symphony Share Registrars Sdn Bhd had been appointed as the polling administrator and Symphony Corporatehouse Sdn Bhd as the scrutineer. The polling process for the resolutions would be conducted upon completion of the deliberation of all resolutions tabled at the 41st AGM.

AGENDA 1

AUDITED FINANCIAL STATEMENTS AND DIRECTORS' AND AUDITORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 340 (1)(a) of the Companies Act, 2016 ("Act"). The Act merely requires the Financial Statements to be laid before the shareholders.

The Chairman then invited YBhg Dato' Sri Che Khalib Mohamad Noh, the Group Managing Director (GMD), to brief the shareholders on the Company's performance for the financial year ended 31 December 2016 and the outlook for the financial year 2017. (A copy of the presentation is attached herewith as **Appendix I** to the Minutes).

The Chairman informed the shareholders that the Company had received a letter dated 8 May 2017 from the Minority Shareholders Watchdog Group ("MSWG"), enquiring on the financial performance of the Group as well as matters relating to the resolutions.

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 is attached herewith as **Appendix II** to the Minutes).

The Chairman then opened the floor for questions on the Audited Financial Statements for the FY2016. In summary, the issues raised by the shareholders/corporate representative/proxies were duly responded by MMC Group as follows:

- (1) Mr. Wan Eng Wah, a shareholder, enquired on the likely impact of the transshipment business for ports in Peninsular Malaysia as a result of the abolishment of cabotage between East Malaysia and West Malaysia, as recently announced by the Prime Minister. The GMD explained that only Northport has transshipment businesses with East Malaysia. He added that the abolishment of cabotage within the territory would only be effective in June 2017 and as

such it is premature to determine the overall impact of the said ruling at this juncture. Nonetheless, the GMD of the view that the overall impact of the abolishment of cabotage will be minimal to MMC Group.

Mr. Wan Eng Wah further enquired on the status of the action taken by Malaysian Anti-Corruption Commission ("MACC") pertaining to the Criminal Breach of Trust (CBT) case against the former CEO/MD of Kontena Nasional ("KN"). The GMD responded that the case is still ongoing and Management is providing the necessary assistance as required by MACC.

Mr. Wan Eng Wah then sought clarification on the total sale proceeds from the sale of land by Senai Airport City Sdn Bhd. The GMD informed that the profit made from the sale of land (one off) is approximately RM28.4 million.

He further enquired whether the Line 1 KVMRT Project has been completed within the stipulated timeline and budget. In addition, he also enquired whether there is any incentive provided by the Government for the successful completion of the same. The GMD replied that the company has successfully completed the project within the agreed timeline with cost savings of approximately RM2.0 Billion from the initial project estimation cost upon which, MMC has been furnished with the Certificate of Completion (COC) by the Government. He added that the MRT route from Kajang to Sungai Buloh is expected to commence in mid of July 2017.

In relation to Line 2 KVMRT project, Mr. Wan Eng Wah inquired on the status of the project and whether MMC is appointed as project delivery partner (PDP) for the said Project. The GMD informed that MMC had been appointed as PDP and the project is progressing as planned. The Project is managed by a dedicated team from the previous project.

- (2) Ms. Lya Rahman enquired on the timing for the payment of directors' emoluments and benefits in kind for FYE 2017. The Chairman replied that the Board would be paying emoluments and benefit in kind for this year and sought approval from the shareholders at next year's AGM. Considering the circumstances, Ms. Lya Rahman sought the Board's consideration to seek the shareholders' approval prior to the payment of the directors' emoluments and benefit in kind in the future.

Ms. Lya Rahman referred to the directors' remuneration which is still being categorised in a band. She expressed hope that next year the Board would disclose the remuneration received by each director of MMC to be in tandem with international best practice.

Ms. Lya Rahman also highlighted that based on the Annual Report, one (1) independent director would be retiring at the conclusion of today's AGM. In light thereof, she requested for the Board to consider a woman director to fill the vacancy. The Chairman informed that the Board is supportive of board diversity subject to the candidate fulfilling the criteria and merits required by the Board.

- (3) Mr. Lim Pin Yeong sought clarification on the development of Melaka Gateway Port by the China investors and its effect on the expansion plan of Tanjung Bruas Port. The GMD explained that MMC is not a party to Melaka Gateway Port and thus unable to comment on the matter. As for Tanjung Bruas Port, MMC has planned its own business strategy given its huge potential to cater for cargo from Sumatera, Indonesia. As informed in the earlier presentation, MMC has entered into an Agreement with Pelindo IV to form a collaboration to enhance commodity cargo from Sumatera to Tanjung Bruas Port. The GMD added that the revenue from Tanjung Bruas Port had been double ever since MMC took over the management of the said port.

Mr. Lim Pin Yeong highlighted that prior the acquisition of NCB by MMC, NCB had planned to dispose of Kontena Nasional ("KN"). He enquired the rationale for MMC retaining KN although the said company is not financially stable. The GMD clarified that since commencing business, KN has a good track record except for one particular occasion. He highlighted that KN is the only haulage company in Malaysia that can carry classified items and has warehouses at strategic locations throughout Peninsular Malaysia. As such, MMC believes it can transform KN within a reasonable timeframe.

Mr. Lim Pin Yeong sought the explanation from MMC on the advantages and disadvantages of consolidating Malakoff's accounts with MMC. The GMD explained that the Companies Act 2016 requires MMC to prepare equity financing in the Financial Statement for its investment in Malakoff since Malakoff is an associate company.

Mr. Lim Pin Yeong made reference to item "Others" under "Administrative and other operating Expenses" appearing on page 50 of the Annual Report. He sought clarification on the particulars included in the said item and the increase in the figures to RM90 million in FYE 2016 compared to RM59.7 million in the previous year. The GMD clarified that other operating expenses are a combination of various items such as licensing fee for SAP, marketing and promotion expenses, etc. The amount had increased from the previous year as there were more companies under MMC in 2016 compared to 2015.

Mr. Lim Pin Yeong further referred to "trade and other receivables" appearing in Note 24 of the Annual Report and enquired on the significant increase in trade and other receivables compared to previous year. The GMD responded that the Management is tracking closely all debtors and monitoring credit aging stringently during this challenging time. In fact, these items have been included as one of the Key Performance

Indicators (KPI) for the Finance Departments in the Group. The trade receivables have increased as there were more companies under MMC compared to the previous year. The balance of the receivables is from good creditors with below 90 days credit period.

- 4) Mr. Mootha a/l Bass sought clarification on the disparity between the acquisition and disposal sum of certain companies under MMC and whether proper evaluations were made prior to these companies being disposed of. In addition, he also enquired on the benefits that shareholders will gain from the said transactions. The GMD clarified that Tepat Teknik Sdn Bhd had ceased operation and not being disposed of by MMC. Essentially, the Board was of the view that due to the stiff competition from the backyard operations, the fabrication business is no longer viable. Furthermore, the land on which the factory is situated has been acquired by the Government under the Compulsory Acquisition Act to build a road. Tepat Teknik was given a compensation of RM50.0 million by the Government.

In respect to disposal of MMC Oil and Gas Sdn Bhd ("MMCOG"), the disposal consideration for MMCOG was based on the valuation carried out by Messrs. Deloitte. As for Penang Port, the Board was of the view that there is an accretive opportunity to invest in Penang Port, which is making a profit of RM70 million (except for its ferry business) which invariably provide a better return to the shareholders in the long run. In summary, the GMD enlightened that there is an opportunity for MMC to invest with different sizes of investment which eventually portrays a substantial difference between the disposal and acquisition sum in the accounts.

Mr. Mootha a/l Bass highlighted that there were some dignitaries were under the Malaysian Anti-Corruption Commission ("MACC") investigation list and hoped that none of MMC directors is in the said list. The GMD explained that new directors of MMC would have to undergo a background check with MACC prior to their appointment to the Board of MMC.

- 5) Mr. Leo Ann Puat highlighted that based on the Profit and Loss Account, the interest on borrowings has increased compared to previous year. In light thereof, he sought clarification whether there is policy to reduce the gearing of the Group. The Chairman informed that the Management had taken steps to manage the gearing. In addition, the Group would continuously be looking at new ways of refinancing the debts and reducing the interest rates accordingly.
- 6) Mr. Ng Aik Pheng commented that the share price of MMC should have performed better. The GMD explained that the share price had increased from RM2.33 at the end of 2016 to RM2.54 which shows an increase of 21.4%.

7) Mr. Shak Kum Choy enquired on the risk of probable reduction of containerized shipment and its implication to the port business. He made reference to the closure of smaller ports in Singapore. The GMD explained that in MMC Group, only PTP is involved in transshipment business. He further expressed confidence that the future for PTP in transshipment business is bright and the business will continue to grow. He further explained that Singapore Government has closed smaller ports and expanded Tuas Port to enable the port to handle more capacity which denotes that the transshipment business is expanding. Therefore, PTP needs to be ready to expand to cater for the increasing volume of transshipment business.

Mr. Shak Kum Choy further enquired whether there is any increase in freight cargo in Senai Airport and the strategy to increase the same. The GMD responded that MMC had undertaken a study and the results have shown that the Senai Airport connectivity is not extensive compared to KLIA. Instead of depending on the limited extension in Senai, the company has started the truck services from Senai to KLIA. The GMD further added Air Asia had started a new route from Johor Bahru to India which is expected to increase the connectivity and thus give rise to the expansion of freight cargo accordingly.

Mr. Shak Kum Choy sought clarification whether any of MMC ports requires dredging and if so whether MMC is given the contract to provide the said works. The GMD explained that most of the ports under MMC do not require much dredging. However, the current wharf in certain ports needs to be deepened. In terms of the dredging works, the GMD explained that MMC would have to deal with a third party company which has the capability and resources to undertake the works.

Mr. Ng Aik Pheng commented that some years back, Anglo Oriental used to own a licence to undertake the dredging works. The Chairman informed that since MMC is operating most of the major ports in Peninsular Malaysia, there is a possibility of MMC, through a subsidiary to carry out dredging works. Nevertheless, it would require further study and analysis by MMC on the matter.

8) Ms. Chong Siew Yoon highlighted on the increasing trend to use road and railway as the mode of transport to carry freight as the cost will be lower with a shorter time frame to reach the destination. In such situation, she enquired whether there is any threat to the existing port business. The GMD explained that shipping is still the most cost effective way of transporting goods whilst the land transportation will complement the sea transportation.

Since there were no further questions, the Chairman declared that the Audited Financial Statements of the Company for the Financial Year Ended 31 December 2016 and the Directors' Report and Auditors' Report thereon be received.

AGENDA 2

DECLARATION OF A FINAL SINGLE-TIER DIVIDEND OF 4.0 SEN PER SHARE

Mr. Mootha Kumaran A/L Bass proposed that Ordinary Resolution 1 be approved.

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

Since there were no questions raised by the shareholders, the Chairman proceeded to Resolution 2.

AGENDA 3

PAYMENT OF DIRECTORS' FEES AMOUNTING TO RM1,200,000 TO THE NON-EXECUTIVE DIRECTORS OF THE COMPANY

Mr Mootha Kumaran A/L Bass proposed that Ordinary Resolution 2 be approved.

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

Since there were no questions raised by the shareholders, the Chairman proceeded to Resolution 3.

AGENDA 4

RE-ELECTION OF DATUK OOI TEEIK HUAT PURSUANT TO ARTICLE 78 OF THE COMPANY'S CONSTITUTION

Mr Saiful Idham Yusof proposed that Ordinary Resolution 3 be approved.

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

Since there were no questions raised, the Chairman proceeded with Resolution 4.

AGENDA 5

RE-ELECTION OF DATO' ABDUL HAMID SH MOHAMED PURSUANT TO ARTICLE 78 OF THE COMPANY'S CONSTITUTION

Ms Syarifah Aisyah Syed Abd. Rahman proposed that Ordinary Resolution 4 be approved.

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

Since there were no questions raised, the Chairman proceeded with the next agenda.

AGENDA 6

RE-APPOINTMENT OF MESSRS. PRICEWATERHOUSECOOPERS AS AUDITORS OF THE COMPANY AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

Mr Saiful Idham Yusof proposed that Ordinary Resolution 5 be approved.

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

Since there were no questions raised, the Chairman proceeded to the special business of the 41st AGM.

AGENDA 7

TO APPROVE THE CONTINUING IN OFFICE BY DATO' ABDULLAH MOHD YUSOF 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

Ms Syarifah Aisyah Syed Abd. Rahman proposed that Ordinary Resolution 6 be approved.

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

Since there were no questions raised by the shareholders, the Chairman proceeded to the last agenda of the meeting.

AGENDA 8

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

Mr Saiful Idham proposed that Ordinary Resolution 7 be approved.

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

Since there were no questions raised by the shareholders, the Chairman proceeded with the voting of all the resolutions tabled at the meeting. Prior to the commencement of the voting, the Chairman called upon the Company Secretary to brief the e-polling process.

Upon completion of the briefing, the Chairman informed the shareholders that the casting and verification of the votes would take approximately 20 minutes. He further requested the shareholders to return to their seats after e-voting for the announcement of the results. The Chairman placed on record that several shareholders have appointed him to be their proxy and will vote per their instructions.

At 12:45 pm, the Chairman called the Meeting to order and announce the results of the e-polling as follows:

- 1) Declaration Of A Final Single-Tier Dividend Of 4.0 Sen Per Share

Resolution	FOR		AGAINST	
	Number of Shares	%	Number of Shares	%
Ordinary Resolution 1	2,779,407,709	99.9998	6,600	0.0002

The Chairman declared that Ordinary Resolution 1 carried.

- 2) Payment Of Directors' Fees Amounting To RM1,200,000 To The Non-Executive Directors Of The Company

Resolution	FOR		AGAINST	
	Number of Shares	%	Number of Shares	%
Ordinary Resolution 2	2,779,272,609	99.9996	12,400	0.0004

The Chairman declared that Ordinary Resolution 2 carried.

- 3) Re-Election Of Datuk Ooi Teik Huat Pursuant To Article 78 Of The Company's Constitution

Resolution	FOR		AGAINST	
	Number of Shares	%	Number of Shares	%
Ordinary Resolution 3	2,218,928,009	99.9906	207,800	0.0094

The Chairman declared that Ordinary Resolution 3 carried.

- 4) Re-Election of Dato' Abdul Hamid Sh Mohamed Pursuant To Article 78 Of the Company's Constitution

Resolution	FOR		AGAINST	
	Number of Shares	%	Number of Shares	%
Ordinary Resolution 4	2,217,494,109	99.9261	1,639,700	0.0739

The Chairman declared that Ordinary Resolution 4 carried.

- 5) Re-appointment Of Messrs. PricewaterhouseCoopers as Auditors of the Company and to Authorise the Directors To Fix Their Remuneration

Resolution	FOR		AGAINST	
	Number of Shares	%	Number of Shares	%
Ordinary Resolution 5	2,779,284,409	99.9953	129,900	0.0047

The Chairman declared that Ordinary Resolution 5 carried.

- 6) To Approve The Continuing In Office By Dato' Abdullah Mohd Yusof 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	%	Number of Shares	%
Ordinary Resolution 6	1,759,822,909	79.3022	459,310,900	20.6978

The Chairman declared that Ordinary Resolution 6 carried.

- 7) 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

Resolution	FOR		AGAINST	
	Number of Shares	%	Number of Shares	%
Ordinary Resolution 6	2,010,472,509	90.5971	208,663,100	9.4029

The Chairman declared that Ordinary Resolution 7 carried.

NOTE OF APPRECIATION TO TAN SRI DATO' IR. (DR.) WAN ABDUL RAHMAN WAN YAACOB

On behalf of the Board, the Chairman recorded his appreciation to Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Wan Yaacob, who retired at the conclusion of the 41st AGM. The Board recognised his utmost commitment and invaluable contribution to the company throughout his 18 years with the company.

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 1:15 p.m. with a vote of thanks to the Chairman.

Confirmed by,

- signed -

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Chairman

11 May 2017
Kuala Lumpur



MMC Corporation Berhad

41st Annual General Meeting

MSWG : QUESTIONS & ANSWERS



STRATEGIES AND FINANCIALS

QUESTION 1 (a)

Given MMC Group's capabilities as a leading utilities and infrastructure group, please share on the growth momentum, strategies, vision and goals in place under the Group's business segments of Ports & Logistics, Energy & Utilities and Engineering & construction?

STRATEGIES AND FINANCIALS

Response to Question 1 (a)

MMC Group is constantly on the growth path, building upon our long-standing credentials and capabilities in Ports & Logistics, Energy and Utilities, Engineering and Construction businesses to solidify the Group's position as Malaysia's premier utilities and infrastructure group.

MMC's ports operations are strategically located along the Straits of Malacca, which remains a significant passage along the international trading lane that links East to West. The Group currently owns Port of Tanjung Pelepas and Johor Port in the southern region and Northport in Port Klang, and these port operations are constantly undergoing developments to improve capacity and productivity. MMC's recent acquisition of Penang Port Sdn. Bhd. strengthens MMC's strategic operations within the Malacca Straits and solidifies MMC's position as the largest port operator in Malaysia. Going forward, MMC will focus on strengthening its Malaysian port operations via harnessing operational and cost synergies across the division, as well as to explore investment opportunities and strategic partnerships with global port operators.

STRATEGIES AND FINANCIALS

Response to Question 1 (a) cont.

Through MMC's associated companies, namely Malakoff Corporation Berhad and Gas Malaysia Berhad, the Energy & Utilities division is poised to remain a core contributor to the Group's earnings. Malakoff is Malaysia's largest IPP in terms of effective generation capacity and plans to increase this capacity from 7,036 MW currently, to 10,000 MW by 2020. Gas Malaysia Berhad continues to further reach its customers by strengthening and extending its presence within Peninsular Malaysia. In FYE2016, Gas Malaysia grew its Natural Gas Distribution System Network by another 47km, bringing the total length of its distribution pipeline to 2,186 km. Additionally, Gas Malaysia continues to make good progress with regards to the company's commercial ventures into Combined Heat and Power, Virtual Pipeline and Bio Compressed Natural Gas businesses.

STRATEGIES AND FINANCIALS

Response to Question 1 (a) cont.

The Groups' Engineering and Construction Division continues to support MMC's growth with stable earnings from its construction and development projects, spanning from infrastructure and sewerage projects. Substantial existing order-book provides earnings visibility for the division anchored by the KVMRT-SSP Line underground work and Project Delivery Partner (PDP) role for elevated portion. Furthermore, the earnings contribution from Engineering & Construction Division will be sustained by on-going projects namely Langat 2 Water Treatment Plant, Langat Centralized Sewerage Treatment Project and our involvement in the PDP role for Pan Borneo Sabah Highway.

STRATEGIES AND FINANCIALS

QUESTION 1 (b)

What are the agreed key performance indicators (KPIs) for the direction of individual business units under their annual budgets and their progress as stated in the Statement on Corporate Governance?

STRATEGIES AND FINANCIALS

Response to Question 1 (b)

The Board of Directors of MMC has the ultimate and overall responsibility for MMC Group's strategic directions and objectives. Strategic objectives that are proposed and adopted at each business unit is a result of continuous engagement between the management of business units, MMC and the Board to ensure that strategies and stakeholders expectations are aligned. Business units' annual budgets are stringently deliberated and challenged, considering the key competencies and competitive advantages of each business unit as well as current and potential industry opportunities and challenges.

Depending on the distinct internal and external market forces a business unit faces, specific KPIs and targets will be set to facilitate the achievement of each business unit's annual budget. KPI's and targets are both quantitative and qualitative in nature, encompassing financial, internal processes, customers and human capital development parameters, thus providing a balanced approach with regards to performance management.

STRATEGIES AND FINANCIALS

QUESTION 2

With the knowledge of MMC Port Holding Sdn Bhd (MMC Ports) going for IPO in 2018/19, how would this affect Port & Logistics Division's revenue which contributed to 59% of the Group's overall revenue against 38% in 2015 and 66% of the Group's profit before zakat and taxation up from 25% previously?

Would the IPO result in MMC Port Holdings becoming a subsidiary or an associate to the Company upon listing?

STRATEGIES AND FINANCIALS

Response to Question 2

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

With regards to the proposed listing of MMC Ports, the IPO scheme has not been finalized and the Board has not deliberated on the same. We wish to share that the finalization of the IPO scheme will take into consideration all aspect of the IPO including but not limited to the market conditions at that point in time. An announcement will be made upon the approval by the Board of Directors of MMC on the subject matter.

STRATEGIES AND FINANCIALS

QUESTION 3 (a)

Taking into account of the Group's interests in associates amounted to **RM4,558.66 million** as at 31 December 2016 (2015: **RM4,490.23 million**), why is the share of the results of associates not better than the share results of joint ventures based on the Group's investment in joint arrangements of **RM313.141 million** as at 31 December 2016 (2015: **RM271.522 million**)?

STRATEGIES AND FINANCIALS

Response to Question 3 (a)

Referring to Note 15 and Note 16 in the financial statements, the share of post-acquisition results of joint arrangements is higher than the share of post-acquisition of associates as the Group owned higher equity interest in joint arrangements (50% equity) than associates (20% to 39.2% equity). In addition, the share of results from joint arrangements is higher in relation to profits contribution from the mega construction projects such as KVMRT Projects and Electrified Double Track Project.

The share of post-acquisition results as per Interest in Associates (Note 15) included share of post-acquisition loss from Zelan Berhad of RM113.5 million as at 31 December 2016. This is partially offset by profit contribution from Malakoff Corporation Berhad and Gas Malaysia Berhad.

STRATEGIES AND FINANCIALS

QUESTION 3 (b)

What steps and strategic measures would the Board take to improve this?

STRATEGIES AND FINANCIALS

Response to Question 3 (b)

The Board of Directors of MMC monitor closely the performance of their investments. Financial and operational information of material joint ventures and/or associates are provided regularly to the management of the Group. The Group also ensures that investments and interests in material joint ventures and/or associates, are protected by having board representation at the respective joint venture and/or associates.

STRATEGIES AND FINANCIALS

QUESTION 4

In Notes to the Financial Statements under Critical Accounting Estimates and Judgements, under Note 3 (f), Port Concession Agreement on page 49, the Privatization Agreement which enabled Northport (Malaysia) Sdn Bhd to operate its port activities had expired on 30 November 2013. Could the Board clarify on the status?

STRATEGIES AND FINANCIALS

Response to Question 4

The Privatization Agreement which enabled Northport (Malaysia) Sdn Bhd (Northport) to operate its port activities had expired on 30 November 2013. However, by way of a letter from the Unit Kerjasama Awam-Swasta of the Prime Minister's Department (UKAS) to Northport dated 10 January 2014, the Government of Malaysia has agreed that the concession for the port operation in the North Port and South Port be granted to Northport for a period of 30 years effective from 1 December 2013 to 30 November 2043, subject to the finalization of the terms and conditions of the new concession agreement and the execution thereof by the parties.

STRATEGIES AND FINANCIALS

Response to Question 4 (cont.)

By way of an Interim Privatization Agreement dated 28 March 2014 entered into between Government, Port Klang Authority (PKA) and Northport, the Government has agreed to allow Northport to continue to operate, manage and control of the relevant port business on the interim basis based on the same terms and conditions of the earlier privatization agreements. The Interim Privatization Agreement has a contract period commencing from 1 December 2013 until a new privatization agreement is finalized and signed between the parties thereto.

Negotiations on terms and conditions of the new Privatization Agreement have been taking place in earnest and the major issues have been resolved. Northport is continuously following up with UKAS and PKA to finalize the agreement.

STRATEGIES AND FINANCIALS

QUESTION 5

What are the steps and strategic measures would the Board take to improve the Group's other businesses, particularly Aliran Ihsan Resources Bhd, Senai Airport Terminal Services Sdn Bhd and Syarikat Mengurus Air Banjir & Terowong Sdn Bhd (SMART) respectively?

STRATEGIES AND FINANCIALS

Response to Question 5

Aliran Ihsan Resources Bhd (AIRB) expanded its operations in FYE2016 with the commencement of the provision of manpower services for its third water treatment plant, with a capacity of 20 million liters per day under Lembaga Air Perak since April 2016. Another notable achievement for AIRB was securing its first wastewater recycling project in April 2016 for a rubber glove factory in Negeri Sembilan. Following the successes of these projects, AIRB will continue to embark on initiatives to increase its revenue and net profits such as expanding its Operations & Maintenance business and in the provision of solutions within the value chain of the water industry. For instance, AIRB is actively promoting the usage of a compact membrane water treatment / recycling plant to water operators and industries. In addition, AIRB is also exploring opportunities in the Non-Revenue Water and asset management works in the water industry.

STRATEGIES AND FINANCIALS

Response to Question 5 (cont.)

In 2016, Senai Airport Terminal Services Sdn Bhd (SATSSB) continues to invest in the airport's facilities to enhance operational efficiency, security and passengers' comfort. Works on the terminal renovations, which commenced in October 2016 and is scheduled to be completed by mid-2017 where it will add seven additional check-in counters, a new baggage handling system as well as segregation of domestic and international passenger in the boarding hall. On the commercial front, SATSSB is constantly in discussions with various airlines to provide connectivity out of Senai Airport. In Q1 2017, Spring Airlines commenced scheduled charter flights operations to connect Senai Airport with Shenzhen in China.

SMART had implemented full Electronic Toll Collection mode in 2016 which had improved the efficiency of its collection processes. However, due to the 50% toll rate hike in late 2015, traffic volume has been significantly affected. SMART is currently evaluating several collaborative opportunities with surrounding developments to increase and secure higher captive traffic volume. Additionally, SMART will work together with local authorities to improve signage effectiveness and to increase SMART's visibility.

STRATEGIES AND FINANCIALS

QUESTION 6

The Company Statement of Financial Position, page 19 of the Annual Report reported that the total borrowings of RM3,195.557 million as at 31 December 2016 (2015: RM2,957.298 million), the amount due from subsidiaries of RM1,527.317 million (2015: RM1,278.203 million) while amounts due to subsidiaries stood at RM276.005 million (2015: RM226.717 million).

Could the Board clarify the cause of these subsidiaries owing the Company which if it can be reduced, can literally help to reduce its borrowings?

STRATEGIES AND FINANCIALS

Response to Question 6

The amounts due from subsidiaries of RM1,527.317 mil (2015: RM1,278.203 mil) are mainly advances to subsidiaries for their working capital purposes (i.e. to finance investment, land acquisition, capital expenditure, etc.).

Repayments from subsidiaries may be utilized either to pare down borrowings or invest in other assets/investments for future income generation.

CORPORATE GOVERNANCE

QUESTION 1

MSWG Section 230(1) of the Companies Act 2016 provides that “the fees” of the directors and “any benefits payable” to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

We noted that the Company has under Ordinary Resolution 2 tabled only the directors’ fee of RM1.2 million for the FYE 2016 excluding any benefits payable as required under Section 230(1) of the Companies Act 2016. Does it mean that no payments of the other benefits would be made to directors in 2017 until shareholders’ approval is obtained at the AGM in 2018?

CORPORATE GOVERNANCE

Response to Question 1

The approval for the total remuneration payable to the directors for 2017 will be sought at the Company's AGM in 2018.