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MMC CORPORATION BERHAD (Company No. 30245-H)		
Minutes of the 42nd 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 Monday, 14 May 2018 at 10.00 a.m.		
DIRECTORS PRESENT	Tan Sri Dato' Seri Shamsul Azhar Abbas Dato' Sri Che Khalib Mohamad Noh Datuk Ooi Teik Huat Dato' Abdul Hamid Sh Mohamed Dato' Siti Halimah Ismail Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar Dato' Ir. Jamaludin Osman Mr. Tee Beng Thong] Chairman & proxy] Group Managing Director ("GMD")] Directors]]]]]]
IN ATTENDANCE	Puan Sazlin Ayesha Abdul Samat] Company Secretary
BY INVITATION	Encik Mohd Shahar Yope Dr. Mabel Lee Khuan Eoi Encik Badrulhisyam Fauzi] Representing] the Management]
SHAREHOLDERS PRESENT	482 shareholders representing 1,163,405 shares (0.04%) and 472 proxies representing 1,734,867,681 shares (56.97%)	
QUORUM <p>Upon confirmation by the Company Secretary that a quorum was present, the Chairman called the Meeting to order.</p> <p>The Chairman extended a warm welcome to the shareholders who were present at the AGM.</p> <p>Before proceeding with the agenda of the AGM, the Chairman introduced the Directors of the Company to the shareholders.</p> <p>With deep sadness, the Chairman informed the shareholders that YBhg. Dato' Abdullah Mohd Yusof ("Dato' Abdullah"), the Senior Independent Non-Executive Director of the Company, had passed away on 25 April 2018. The Chairman, on behalf of the Board of Directors ("the Board") and the shareholders of MMC, extended heartfelt condolence to the family of the late Dato' Abdullah.</p>		
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<p>He also placed on record the Company's deepest appreciation to Dato' Abdullah, for the services rendered to the Company, throughout his seventeen years tenure as a member of the Board since 31 October 2001.</p> <p>The Chairman then proceeded with the agenda of the Meeting.</p> <p>NOTICE CONVENING THE MEETING</p> <p>The notice convening the Meeting dated 20 April 2017 were taken as read.</p> <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 will 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 Symphony Share Registrars Sdn Bhd and Symphony Corporate House 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 2017</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 Mohamed Noh, the GMD, to brief the shareholders on the Company's performance for the financial year ended 31 December 2017 and the outlook for the Financial Year ending 31 December 2018. (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 11 May 2018 from the Minority Shareholders Watchdog Group ("MSWG"), enquiring on the financial performance of the Group as well as the matters relating to the resolutions.</p> <p>For the benefit of shareholders present, the Chairman invited 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>Encik Shak Kum Choy ("Encik Shak"), a shareholder, raised his concerns on whether the recent installation of the new government will affect the Company's order book.</p>		
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<p style="text-align: right;">Page 3 of 10</p> <p>The Chairman assured the shareholders that, whilst the new government had made an announcement pertaining a possible review of the country's mega projects, the Company's order book comprises earlier awarded projects and that, the secured projects are currently in-progress. Thus, the Chairman further assured that MMC's order book shall remain intact.</p> <p>In reply to a query by Encik Shak on the Company's possible participation in the proposed Johor Bahru - Singapore Mass Rapid Transit System ("Proposed MRT") project and the business impact of the said project to Senai Airport, GMD informed that the Company has yet to engage in any preliminary discussion, in relation to the Proposed MRT project, with the Government.</p> <p>GMD added that the completion of the Proposed MRT project will favourably provide a better connectivity for passengers preferring to travel to regional destinations, via Senai Airport, particularly passengers originating from Singapore.</p> <p>The convenient and faster commuting option, via the Proposed MRT, will also potentially accelerate the industrial development at Senai Airport City ("SAC") as existing Singapore-based businesses may consider to strategically and economically relocate its operations to SAC.</p> <p>Encik Shak also raised his concerns on whether the "One Belt, One Road" ("OBOR") initiative introduced by the Government of China may adversely affect the port activities of all ports within the MMC Group.</p> <p>GMD responded that MMC is confident that the OBOR initiative will positively pave the way for Malaysia to position itself as a regional hub due to its strategic location, geographically, along the Straits of Malacca, which is the major trade gateway connecting the East and West.</p> <p>He highlighted that, in 2017, the BMW Group Malaysia had established its Regional Parts Distribution Centre at the Free Industrial Zone of SAC, whereas, the Volkswagen Regional Parts Distribution Centre for Asia Pacific Region, which is located at the Free Zone Area of Port of Tanjung Pelepas, is expected to be completed by the fourth quarter of 2018.</p> <p>Encik Hiew Sze Chuan ("Encik Hiew"), a proxy, enquired on the status of the proposed acquisition of twenty-percent stake in Sabah Ports Sdn Bhd via MMC Port Holdings Sdn Bhd ("MMC Port"), a wholly-owned subsidiary of MMC ("Proposed 20% Acquisition").</p> <p>The Chairman explained that the State Government of Sabah had, in April 2018, confirmed their non-acceptance of the Proposed 20% Acquisition. However, MMC remains keen to continue pursuing the said acquisition.</p> <p>To a question raised by Encik Hiew pertaining the targeted date for the proposed listing of MMC Port, the Chairman responded that, the timing for the proposed listing heavily depends on the Initial Public Offering ("IPO") climate and most importantly, the market appetite for IPO.</p>		

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<p style="text-align: right;">Page 4 of 10</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 2017 and the Directors' and Auditors' Report thereon, be received by the shareholders.</p> <p>AGENDA 2 DECLARATION OF FINAL SINGLE-TIER DIVIDEND OF 4.0 SEN PER SHARE</p> <p>Encik Shak Kum Choy 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 PAYMENT OF DIRECTORS' FEES AMOUNTING TO RM1,174,880.02 TO THE NON-EXECUTIVE DIRECTORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017</p> <p>Encik Saiful Idham Yusof 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> <p>AGENDA 4 PAYMENT OF DIRECTORS' FEES UP TO AN AMOUNT OF RM1,938,000.00 TO THE NON-EXECUTIVE DIRECTORS OF THE COMPANY FOR THE PERIOD FROM 1 JANUARY 2018 UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING</p> <p>Puan Syarifah Aisyah Syed Abdul Rahman 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 BENEFITS PAYABLE TO THE DIRECTORS OF THE COMPANY UP TO AN AMOUNT OF RM3,258,490.00 FOR THE PERIOD FROM 1 JANUARY 2018 UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING</p> <p>Encik Saiful Idham Yusof proposed that Ordinary Resolution 4 be approved.</p>		

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<p style="text-align: right;">Page 5 of 10</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 TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS AS DIRECTOR OF THE COMPANY IN ACCORDANCE WITH ARTICLE 78 OF THE COMPANY'S CONSTITUTION</p> <p>In view that Ordinary Resolution 5 was in relation to the Chairman's re-election, for good governance the chair was passed to YBhg Dato' Ooi Teik Huat ("Datuk Ooi"), an Independent Non-Executive Director of the Company.</p> <p>Puan Syarifah Aisyah Syed Abdul Rahman proposed that Ordinary Resolution 5 be approved.</p> <p>Before putting the motion to the Meeting, Datuk Ooi invited questions from the floor.</p> <p>Since there were no questions raised by the shareholders, YBhg Tan Sri Dato' Seri Shamsul Azhar Abbas resumed the Chair and proceeded to Resolution 6.</p> <p>AGENDA 7 RE-ELECTION OF DATO' IR. JAMALUDIN OSMAN AND MR. TEE BENG THONG IN ACCORDANCE WITH ARTICLE 85 OF THE COMPANY'S CONSTITUTION</p> <p>The Chairman informed the shareholders that Agenda 7 comprises two (2) Ordinary Resolutions pertaining to the re-election of YBhg Dato' Ir. Jamaludin Osman and Mr. Tee Beng Thong, who retire in accordance with Article 85 of the Company's Constitution.</p> <p>The Chairman further informed that, in line with the Act and in upholding good governance, the resolutions will be dealt with separately.</p> <p><u>Ordinary Resolution 6</u></p> <p>Encik Saiful Idham Yusof 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> <p><u>Ordinary Resolution 7</u></p> <p>Puan Syarifah Aisyah Syed Abdul Rahman proposed that the Ordinary Resolution 7 be approved.</p>		
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<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 8 RE-APPOINTMENT OF MESSRS. PRICEWATERHOUSECOOPERS PLT AS AUDITORS OF THE COMPANY AND TO AUTHORIZE THE DIRECTORS TO FIX THEIR REMUNERATION</p> <p>Encik Saiful Idham Yusof 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>Since there were no questions raised by the shareholders, the Chairman proceeded to the Special Business of the AGM.</p> <p>AGENDA 9 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>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> <p>Since there were no questions raised by the shareholders, the Chairman proceeded to Ordinary Resolution 10.</p> <p>AGENDA 10 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>Encik Thavarajan A/L Pillai proposed that Ordinary Resolution 10 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 the Special Resolution 11.</p>		
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AGENDA 11
TO APPROVE THE ADOPTION OF A NEW CONSTITUTION OF THE COMPANY IN PLACE OF THE EXISTING CONSTITUTION

The Chairman highlighted that the adoption of the new Company constitution is to ensure alignment with the provisions of the new Companies Act 2016 and the updated provisions of the Listing Requirements.

Encik Saiful Idham Yusof proposed that Special Resolution 11 be approved.

Since there were no questions raised by the shareholders, the Chairman proceeded with the voting of all resolutions tabled at the meeting.

Upon being invited by the Chairman, Encik Mohamed Sophiee Ahmad Nawawi, the Share Registrar, briefed the shareholders on the e-polling process.

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.

The Chairman further informed that he was appointed as a proxy by several shareholders and would, therefore, vote according to the respective shareholders' instructions.

At 12:05 p.m., 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 for the Financial Year Ended 31 December 2017

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 1	2,757,278,143	99.9999	1,100	Negligible

The Chairman declared the Ordinary Resolution 1 carried.

2) Payment of Directors' Fees Amounting to RM1,174,880.02 to the Non-Executive Directors of the Company for the Financial Year Ended 31 December 2017

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 2	2,757,271,343	99.9997	7,900	0.0003

The Chairman declared the Ordinary Resolution 2 carried.

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3) Payment of Directors' Fees up to an Amount of RM1,938,000.00 to the Non-Executive Directors of the Company for the Period from 1 January 2018 until the Conclusion of the Next Annual General Meeting

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 3	2,598,436,243	94.2391	158,843,000	5.7609

The Chairman declared the Ordinary Resolution 3 carried.

4) Benefits Payable to the Directors of the Company up to an Amount of RM3,258,490.00 for the Period from 1 January 2018 until the Conclusion of the Next Annual General Meeting

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 4	2,757,276,643	99.9999	2,600	0.0001

The Chairman declared the Ordinary Resolution 4 carried.

5) Re-election of Tan Sri Dato' Seri Shamsul Azhar Abbas as Director of the Company in Accordance with Article 78 of the Company's Constitution

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 5	2,756,047,843	99.9553	1,231,400	0.0447

The Chairman declared the Ordinary Resolution 5 carried.

6) Re-election of Dato' Ir. Jamaludin Osman as Director of the Company in Accordance with Article 85 of the Company's Constitution

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 6	2,752,538,975	99.8281	4,740,268	0.1719

The Chairman declared the Ordinary Resolution 6 carried.

7) Re-election of Mr. Tee Beng Thong as Director of the Company in Accordance with Article 85 of the Company's Constitution

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Ordinary Resolution 7	2,757,279,143	99.9999	100	NEGLIGIBLE

The Chairman declared the Ordinary Resolution 7 carried.

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- 8) 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 8	2,753,855,243	99.8758	3,424,000	0.1242

The Chairman declared the Ordinary Resolution 8 carried.

- 9) 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 9	2,485,100,443	90.1287	272,178,800	9.8713

The Chairman declared the Ordinary Resolution 9 carried.

- 10) 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 10	2,525,709,243	91.6015	231,569,800	8.3985

The Chairman declared the Ordinary Resolution 10 carried.

- 11) To Approve the Adoption of a New Constitution of the Company in Place of the Existing Constitution

RESOLUTION	FOR		AGAINST	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Special Resolution 11	2,757,279,143	99.9999	100	NEGLIGIBLE

The Chairman declared the Special Resolution 11 carried.

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<div style="text-align: right;">Page 10 of 10</div> <p>CLOSE OF MEETING</p> <p>The Chairman expressed his appreciation to shareholders present for their attendance.</p> <p>There being no other business, the Meeting was declared closed at 12.10 p.m. with a vote of thanks to the Chairman.</p> <p>Confirmed by,</p> <p>- signed -</p> <p>.....</p> <p>Chairman</p> <p>14 May 2018 Kuala Lumpur</p>		
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MSWG: Questions & Answers

MMC CORPORATION BERHAD

STAYING AHEAD



1. Ports & Logistics

- a) What is the budget for PTP's expansion and upgrading plan including the acquisition of new equipment such as bigger quay cranes, rubber tyred gantry cranes, etc.? Please provide the breakdown.

Answer:

As disclosed in the MARC rating review for FY2017, an allocation of up to RM1.3 billion has been earmarked for investment in our ports to further increase our ports' handling capacities and improve operating efficiencies for three years period of 2016 to 2018. Out of RM1.3 billion, approximately RM600 million will be utilised for Pelabuhan Tanjung Pelepas (PTP) in 2018 which includes a portion of the following due to multi-year nature of the capex programme:

- Deepening of navigational channel
- Purchase of 8 new Triple E Quay Cranes
- Refurbishment of 35 Rubber Tyred Gantry Cranes
- Berth 5 & 6 upgrading works
- 5-year programme to refurbish 26 Quay Cranes and 58 Rubber Tyred Gantry Cranes as well as purchase of 40 new electrified Rubber Tyred Gantry Cranes, 270 prime movers and 220 trailers.

1. Ports & Logistics

b) What measures have been taken to address the drop in Container Services revenue?

Answer:

All of our container terminals have shown growth in container volume in FY2017 except for Northport. However, the drop mostly in transshipment volume for Northport was mainly due to reshuffling of the shipping alliances namely the "Ocean Alliance", "THE Alliance", and the "2M Alliance" which led to diversion of cargo to PSA and Westports as their major hub. Nonetheless, we remain positive and focus on the following measures to sustain the container volume:

- **Focusing on Local Gateway Cargo**

To increase local gateway cargo by leveraging on our integrated logistics value proposition as part of the MMC Group of Companies, as well as to take advantage of our superior location and connectivity to all modes of transport be it rail, road, sea and air. By understanding and catering to the value chain of our customers, cost optimisation and efficiency of services can be achieved to attract more local cargo.

- **Focusing on The East Malaysia Network**

Through the TEAM Network, it is anticipated that the members, Shin Yang Group and Harbour Link Group will increase their service frequency through schedule realignment, consolidate vessel capacity through right-sizing of vessels, explore new markets through deployment of smaller-capacity vessels to provide wider feeder coverage and expand beyond Malaysian waters.

- **Providing Value Added Services to Existing Customers**

Northport to provide value added services such as On-Dock Depot, priority berthing and end-to-end value chain solutions to its long-established shipping line customers, and to enter into long-term contracts with these customers

1. Ports & Logistics

c) What will be the impact of the alliances between CMA CGM and PSA Singapore to the Northport in the long run?

Answer:

The reshuffling of the shipping alliances has led to diversion of cargo to PSA as their major hub. The significant impact for immediate and long term will be the loss of transshipment volume in Northport. In FY2017, approximately 235,000 TEUs of transshipment containers have been lost to Singapore arising from the shifting in alliance.

Nonetheless, our key strategies we will be focusing on local cargo, securing more volume with the newly established ONE Alliance and The East Malaysia Network as well as capturing more conventional business to offset the potential loss of cargo to other terminal.

1. Ports & Logistics

d) Apart from the signing of the long-term Terminal Services Agreements with major liners to retain their presence in Northport and offering value-added services, what are the other initiatives which are being planned to mitigate the impact of major liners?

Answer:

Other initiatives in Northport's pipeline to mitigate the impact of shifting in alliance are as follows:

- Organic growth from our major customers such as Wan Hai Line
- Secure volumes from the newly established ONE Alliance
- Increase in conventional volume vide handling of project cargo, export of aggregates and bitumen, and import of maize.
- Continuous improvement to operational efficiency and enhanced long-term relationships with main clients

1. Ports & Logistics

e) Kontena Nasional Berhad (KNB)

i) Please provide the key performance indicators of KNB.

Answer:

Overall, KNB Group reported the pretax loss of RM11.0 million against 2016 of RM4.0 million. Loss after tax registered a slight increase to RM12.0 mil against RM11.0 mil in previous year due to intense competition as well as higher operational expenditure (maintenance and repair as well as vehicle running expenses) and asset rationalization exercise.

Following are the details of the KNB's financial performance in 2017:

- **Haulage**

Revenue for haulage in year 2017 has increased to RM68.6 mil due to increase in skid business for Air Liquide Malaysia Sdn Bhd and Linde Malaysia Sdn Bhd.

- **Warehouse**

Revenue for warehouse was slightly higher than last FY2016 mainly due to higher occupancy rate (2017: 74% vis-a-vis 2016: 71%).

- **Trucking**

Overall Trucking registered a revenue of RM4 mil in 2017 compared to RM6.6 mil last year mainly attributed to lesser business secured for Trucking

- **Freight Forwarding**

For 2017, Freight Forwarding Division has performed a total of 19,277 shipments, slightly lower by 7% from 20,700 shipments in 2016. Thus, resulted slightly lower in revenue in 2017

1. Ports & Logistics

e) Kontena Nasional Berhad (KNB)

ii) Prior to the acquisition of KNB, there were alleged breaches of duties and responsibilities by certain senior management of KNB that had contributed to the losses of the company. The Board of Northport had then decided to conduct an investigation and to take legal action against the former staff of KNB for breach of their duties if necessary.

Please update on the results of the investigation and whether any legal action has been taken against those responsible for the losses.

Answer:

Based on investigations that were conducted by external as well as internal investigators, KNB discovered some discrepancies and potential wrongdoing by a former employee. KNB accordingly filed an action against the said former employee at the High Court. The matter is currently pending in court.

2. Engineering & Construction

a) Are any cost overruns being anticipated in any of the on-going projects undertaken by the Group?

Answer:

No cost overruns being anticipated in any of the on-going projects undertaken by the Group.

2. Engineering & Construction

b) To date, how many potential contracts has the Group been exploring? Please brief on the probability of being awarded new contracts in FY2018.

Answer:

The following table illustrates a few selected projects that we are currently bidding for:

<i>Project</i>	<i>Details</i>	<i>Estimated Value</i>	<i>Targeted Award Date</i>
<i>KVMRT Line 3</i>	<i>Construction of approximately 40km (32km underground and 8km elevated) of circular alignment surrounding the KL CBD - 26 stations (19 underground and 7 elevated) and 2 depots</i>	<i>RM45 bil</i>	<i>Mid 2018</i>
<i>High Speed Rail – AssetsCo.</i>	<i>AssetsCo for The High-Speed Rail Kuala Lumpur (Bandar Malaysia Station) to Singapore (Jurong East Station) with 90 mins of travel time.</i>	<i>RM40 bil</i>	<i>Q3 2019</i>
<i>EPC Packages for Sabah Pan Borneo</i>	<i>Upgrading of existing dual carriageway and a new interchange, construction of coastal bypass and coastal elevated roads.</i>	<i>RM2 bil</i>	<i>Q3 2018</i>
<i>Langat 2 Phase 2</i>	<i>The water treatment plant has a design capacity of 1,130MLD and consists of two streams each of 565MLD.</i>	<i>RM1 bil</i>	<i>Q3 2018</i>
<i>Tram Service System</i>	<i>Tram service system will be approximately 53km and will cover Putrajaya, Cyberjaya, Kajang and Bangi.</i>	<i>RM5 bil</i>	<i>Mid 2019</i>
<i>Paroi-Senawang-KLIA-Salak Tinggi Expressway Project</i>	<i>Construction of mainline (dual-2) (47.7km), 2 lane ramp (43.4km) and spur road (7.1km).</i>	<i>RM1 bil</i>	<i>End 2018</i>

3. As stated on page 53 of the Annual Report 2017, Senai Airport Terminal Services Sdn Bhd (SATSSB) posted a loss before tax of RM17 million in 2017 compared to a RM5 million pre-tax profit in the preceding year.

What measures are being taken to address the loss? Are there any new business opportunities being explored for SATSSB?

Answer:

Senai Airport Terminal Services Sdn Bhd (SATS) operational performance continues to improve in line with the rapid growth in passenger traffic and air cargo volume. In 2017, SATS recorded another historic milestone with highest ever passenger traffic and cargo volume recorded since 1974 (the year the Airport commenced operations) with stellar performance of 3.12 million passengers and 7,614 tons of air cargo in 2017.

In FY2016, the company has recorded higher revenue and pre-tax profit primarily due to the sale of land. However, despite the absence of land sale in FY2017, the company has recorded higher core EBITDA of RM32.9 mil as opposed to RM27.0 mil in FY2016.

Johor State has been developing well with various ongoing projects such as the development of Desaru into an international tourist belt, various property development by Chinese developers and Pengerang Integrated Petroleum Complex. It has been projected that Johor's GDP is expected to continue growing at a rate which is higher than the growth rate of Malaysia. All these factors will further spur the increase in demand for air travel to Johor and assist the airport to achieve its target in terms of passenger handling.

Currently SATS's revenue mix is 66% Aero and 34% Non-Aero. SATS will further enhance our non-aero offerings to increase revenue from advertising and retail. In addition, SATS is aggressively promoting the second phase of their Aviation Park to attract new MRO players. An increasing demand in advertising by emerging property developers and new hotels in Johor is expected to further enhance the Non-Aero revenue. Continuous positive growth in passenger volume and new destinations, have brought confidence in international retailers and Malaysian stronger brands to be part of Senai Airport retail.

4. Analysis of expenses (Note 5/page163 of the Annual Report 2017)

We note that “other expenses” has increased by 54.3% from RM 78,308,000 in FY2016 to RM120,774,00 in FY2017.

What were the reasons for the significant increase in the expenses?

Answer:

The significant increase in the expenses was mainly due to the following:

- Higher marketing expense embarked by the Group
- MRFS 139 – discounting impact for receivables
- Reversal of interest over capitalized
- Loss on disposal of Property, Plant and Equipment
- Tax penalty in relation to under provision of tax in prior years.

In relation to the circular to shareholders for the proposed adoption of the Company's new Constitution, please highlight the material changes made to the new Constitution as compared to the existing Constitution?

Answer:

The material changes made to the new Constitution as compared to the existing Constitution are as follows:

ITEM	ARTICLE	RATIONALE
1	OBJECTS OF THE COMPANY	
1.1	Article 3: Objects of the Company	<i>The inclusion of Section 21 of the Companies Act 2016 ("Act") allows the Company to carry on or undertake any business or activity.</i>
2	VOTING ON POLL	
2.1.	Article 17.5: Voting by poll	<i>To ensure consistency with Paragraph 8.29A of the Main Market Listing Requirement ("Main LR") for any resolution to be voted by poll.</i>
2.2	Article 17.17: Delivery of instrument appointing proxies	<i>Proxy form shall be deposited not less than 24 hours before the time appointed for the taking of the poll.</i>
3	ALTERNATE DIRECTOR	
3.1.	Article 25.1.2: Appointment of alternate director	<i>To comply with the requirements of Paragraph 7.31 of the Main LR on the appointment of alternate Director.</i>
4.	ACCOUNTS	
4.1	Article 34.3: Circulating copies of audited financial statements and directors' report	<i>To comply with Paragraph 2.19B of the Main LR on the manner of circulating the audited financial statements through electronic means.</i>

5.	AUDITORS	
5.1.	Article 35.3: Attendance of Auditors at general meetings where financial statements are laid	<i>To reflect the provisions of Section 285 of the Act on the attendance of auditors at general meetings.</i>
6.	DIVIDEND	
6.1	Article 36.1: Distribution of dividends out of profit; and Article 36.2 : Distribution only if Company is solvent	<i>To streamline with the changes to dividend rules pursuant to the provisions of Section 131 and Section 132 of the Act.</i>
7.	NOTICE	
7.1	Article 40.1: Service of notices and/or documents	<i>To comply with Paragraph 2.19B of the Main LR on the manner of circulating the notices and/or documents to its securities holders i.e. through electronic means.</i>

Thank You



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