

**MALAYSIA AIRPORTS HOLDINGS BERHAD**

(Company No. 487092-W)

(Incorporated in Malaysia)

MINUTES OF THE SEVENTEENTH ANNUAL GENERAL MEETING OF MALAYSIA AIRPORTS HOLDINGS BERHAD (THE COMPANY OR MAHB) HELD AT GATEWAY BALLROOM, LEVEL 1, SAMA-SAMA HOTEL, KUALA LUMPUR INTERNATIONAL AIRPORT, JALAN CTA 4B, 64000 KLIA, SEPANG, SELANGOR DARUL EHSAN ON WEDNESDAY, 27 APRIL 2016 AT 11.00 A.M.

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- PRESENT** : **Y. BHG. TAN SRI DATO' SRI DR. WAN ABDUL AZIZ  
BIN WAN ABDULLAH**  
*(Chairman)*
- ENCIK JEREMY BIN NASRULHAQ**
- Y. BHG. DATUK ZALEKHA BINTI HASSAN**
- ENCIK ROSLI BIN ABDULLAH**
- Y. BHG. DATO' SRI DR. MOHMAD ISA BIN HUSSAIN**
- Y. BHG. DATO' MOHD IZANI BIN GHANI**
- Y.M. TUNKU DATO' MAHMOOD FAWZY BIN TUNKU  
MUHIYIDDIN**
- Y. BHG. DATUK MOHD BADLISHAM BIN GHAZALI**  
*(Managing Director)*
- ABSENT WITH APOLOGY** : **Y. BHG. DATUK SERI MICHAEL YAM KONG CHOY**
- MEMBERS PRESENT** : **AS PER ATTENDANCE LIST**
- PROXY HOLDERS** : **AS PER ATTENDANCE LIST**
- BY INVITATION** : **AS PER ATTENDANCE LIST**
- IN ATTENDANCE** : **CIK SABARINA LAILA BINTI DATO' MOHD HASHIM**  
*(Company Secretary)*

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**CHAIRMAN**

Y. Bhg. Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah presided as Chairman of the Meeting. Y. Bhg. Tan Sri Chairman welcomed all present to the Seventeenth Annual General Meeting (17th AGM or the Meeting) of the Company, and proceeded to briefly introduce all the Directors present thereat. The Meeting was called to order at 11.10 a.m.

Y. Bhg. Tan Sri Chairman informed that Y. Bhg. Datuk Seri Michael Yam Kong Choy had expressed his apology for not being able to attend the Meeting as he was attending another public listed company's AGM held in Kuching, Sarawak in view of his first attendance as a director, and accordingly would be seeking re-election at that meeting.

**QUORUM**

The requisite quorum being present pursuant to Article 85 of the Company's Articles of Association, Y. Bhg. Tan Sri Chairman declared the Meeting duly convened.

**NOTICE**

The Notice convening the Meeting dated 5 April 2016, having been circulated together with the Annual Report for the financial year ended 31 December 2015 within the prescribed period, was taken as read.

Y. Bhg. Tan Sri Chairman briefed on the procedure for the Meeting whereby each motion requires a proposer and seconder from the floor and subsequently to vote to approve each resolution tabled. Each voting is by show of hands and every member present in person or by proxy shall have one (1) vote.

The Meeting was highlighted that pursuant to Article 92 of the Company's Articles of Association, a poll may be demanded by the Chairman; or by three (3) members present in person or by proxy; or by any member present in person or by proxy holding not less than ten percent (10%) of the issued share capital of the Company. Unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, and an entry to that effect entered in the minutes book, shall be conclusive evidence of the fact. If there is an equality of votes, the Chairman shall be entitled to a casting vote.

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Y. Bhg. Tan Sri Chairman informed that any questions would be responded to after the presentation by Y. Bhg. Datuk Mohd Badlisham bin Ghazali, Managing Director of MAHB. Y. Bhg. Tan Sri Chairman, requested the shareholder to state his or her name before asking the questions.

**BRIEFING ON MAHB'S HIGHLIGHTS FOR 2015 AND OUTLOOK FOR 2016**

The Meeting was presented with a brief presentation by Y. Bhg. Datuk Mohd Badlisham bin Ghazali, Managing Director of MAHB, which highlighted, amongst others:- MAHB Key Highlights, Runway to Success 2020 (RtS2020), Financial Highlights and Year 2016 Outlook.

**BRIEFING ON MAHB'S FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2015**

The Meeting was presented with a brief presentation by Y.M. Raja Azmi Raja Nazuddin, Chief Financial Officer of MAHB (CFO), which highlighted, amongst others: - Year 2015 Group Financial Performance Review as well as Reply to the Minority Shareholder Watchdog Group (MSWG)'s queries, which were listed as follows:-

- Q1: The Independent Auditors had issued an Emphasis of Matter in relation to Group revenue which included accrued revenue from Malaysia Airports Consultancy Services Middle East L.L.C (MACS ME) in the amount of QAR56,442,000 (equivalent to RM66,461,000) with respect to the services rendered under the Repair and Maintenance Services for Airport Special Systems Contract. As of the reporting date, the payment applications have yet to be formally approved by the customer. Could the Board update the shareholders on the status of approval of the payment applications?
- Q2: Could the Board provide an update on the status on the liquidated and ascertained damages (LAD) imposed on joint-venture partners, Bina Puri Holdings Bhd and UEM Construction Sdn Bhd, for the delay in completing the klia2 terminal in Sepang?
- Q3: The Group reported that a special maintenance programme of klia2 was undertaken using the Grouting Injection Method to counteract soil depression and reduce the occurrence of ponding at klia2. As at March 2016, 39% of the programme had been completed:-

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- (i) Is the Group currently on track to meet its targeted date for the completion of the maintenance works? Does the Board anticipate any delays for the works being carried out in FY2016?
- (ii) What is the total cost for the maintenance programme being carried out and has there been any cost overrun to-date?
- (iii) We noted that maintenance work on the taxiways has yet to be carried out. As the taxiways are crucial to the operations of the airport, to what extent would the maintenance disrupt the operations of the airport?

Q4: Could the Board share with shareholders on any updates pertaining to the announcement made on 31 March 2016 in relation to a Notice of Arbitration (Notice) from Kuala Lumpur Aviation Fuelling System Sdn Bhd (KAFS) regarding the alleged losses and damages pertaining to, inter alia, the changes of the Concession Period under the Airport Facilities Agreement (AFA) dated 26 September 2007?

Q5: Under note 44 of the Annual Report, the Duty Free & Non-dutiable Goods Segment recorded a loss of RM58.5 million (FY2014: Loss of RM33.4 million). What are the measures taken by the Board to improve the performance of this segment?

Q6: What was the nature of net allowance of doubtful debts amounting to RM25.7 million and property, plant and equipment written off of RM19.2 million in FY2015?

In regard to Corporate Governance:-

Q7: MSWG noted that Y. Bhg. Dato' Sri Dr. Mohmad Isa bin Hussain had attended only 4 out of 6 Board meetings during the financial year. He also attended only 1 out of 2 Board Finance and Investment Committee (BOFIC) and 3 out of 5 Board Procurement Committee (BPC) meetings. What was the reason for Y. Bhg. Dato' Sri not being able to attend these meetings held during the financial year?

Y.M. Raja Azmi Raja Nazuddin, CFO responded to MSWG's questions as follows:-

A1: The Group's revenue for FY2015 has included the accrued revenue arising from MACS ME of QAR56.4 million (or RM66.5 million) with respect to services rendered under the CP310 Contract at the Doha International Airport, Qatar.

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MACS ME had measured this revenue based on the services rendered under the terms of the contract and the submission of payment applications acknowledged by the customer. One of the main reasons in the delay of the formal approval of the payment applications was due to the novation of the CP310 Contract awarding entity from New Doha International Airport (NDIA) Steering Committee to Hamad International Airport (HIA), a state owned company, which was finalized on 1 December 2015.

As at 15 April 2016, an amount of QAR17.7 million or 31% of MAHB's total outstanding applications amount has been approved by HIA. MAHB anticipated that the balance of the outstanding payment applications would be approved by HIA over the coming months.

- A2: Malaysia Airports has recently completed mediation discussions with Bina Puri Sdn Bhd and UEM Construction Sdn Bhd and would be looking at concluding the finer details of the discussions by the end of June 2016.
- A3 (i): The Group was currently on schedule to complete grouting works under the special maintenance program by end of December 2016 and the Board did not anticipate any delays on maintenance works that are being carried out in FY2016. The maintenance program is expected to continue beyond 2016 with overlay and resurfacing works which was part and parcel of the normal maintenance work done at all airports as and when required.
- A3 (ii): As at 28 February 2016, RM94.0 million had been incurred for both the special and regular maintenance program at klia2 since January 2015. This was budgeted as part of MAHB's annual maintenance capital expenditure for the 39 airports which MAHB operate. The amount incurred for the maintenance program was within the budget allocated.
- A3 (iii): The Group was expected to commence grouting works for the taxiways by August 2016. The grouting works are expected to further enhance the soil beneath the taxiway which had already been reinforced by the installation of pre-cast slabs in 2015.
- A4: The Notice of Arbitration arose between KAFS and Malaysia Airports (Properties) Sdn Bhd (MA Properties) arising out of the Operating Agreement (OA) entered into between MAHB and the Government of Malaysia which effectively reduced the concession period from 50 years to 25 years.

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As a result, KAFS has alleged that MA Properties had breached the AFA by entering into the OA. Numerous attempts have been made to amicably settle the disputes and differences. However, the disputes and differences remain unresolved.

The Board has obtained a preliminary view from its solicitors who consider that MA Properties has a reasonably good prospect of defending the claims as MA Properties has complied with all of the terms and conditions under the AFA. The Board did not foresee that the alleged claim from KAFS would have any material impact on the operational and financial position of MAHB.

A5: The Duty Free & Non-dutiable Goods Segment operates under the Group's wholly owned subsidiary, Malaysia Airports (Niaga) Sdn Bhd (Eraman). In 2015, Eraman recorded an increase of 9.4% in revenue, a remarkable achievement despite fewer arrivals from China and the impact of less steady consumer sentiment in Malaysia.

Eraman had embarked on various initiatives to improve its financial performance including:-

- Aggressive steps to increase revenue such as collaboration with CIMB Cards and China UnionPay for enhanced marketing efforts;
- The launch of the inaugural Eraman Shopping Extravaganza in March 2016 as a means to stimulate revenue and at the same time creating a joyful shopping experience;
- Vigorous cost cutting exercises and streamlining product offerings;
- Margin negotiations with brand principals; and
- Continuous management of cost efficiency and productivity including focusing on its core duty free retail business.

The implementation of the eVisa and visa waiver program for Chinese tourists effective in March 2016 was seen as a positive step towards higher duty free sales. Moving forward, Eraman would continuously assessing its business strategies and direction to ensure that it remains sustainable and profitable.

A6: The following items were explained as below:-

- For Net allowance of doubtful debts amounting to RM25.7 million:-  
Included within the net allowance of doubtful debts was an amount totalling RM28.2 million which relates to a provision for long outstanding amounts from a non-airline customer for utility recouplements due.

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- For property, plant and equipment (PPE) written off amounting to RM19.2 million:-  
Out of the total of RM19.2 million PPE written off, RM18.0 million relates to capital expenditure incurred to date on the development of Malaysia Airports Academy (MAA). The Board had taken a view not to proceed with the development of MAA due to realignment of MAHB's investment strategies and priorities in the context of the Company's new business plan.

In regard to Corporate Governance:-

A7: Y. Bhg. Dato' Sri Dr. Mohmad Isa bin Hussain is a Non-Executive Non-Independent Director and acts as a (Government Appointed Director on behalf of the Special Shareholder *Kementerian Kewangan diPerbadankan* [Ministry of Finance Inc., (MOF)]. He has complied with the minimum meeting attendance requirement, in accordance with the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, which requires director to be present at not less than 50% of the Board meetings held during the financial year.

Y. Bhg. Dato' Sri Dr. Mohmad Isa is the Deputy Secretary General (Investment), MOF. At times, Y. Bhg. Dato' Sri Dr. Mohmad Isa had to attend urgent unscheduled meetings called by the MOF or the Prime Minister's office. These meetings were extremely important and urgent and his representation on matters pertaining to the country and Government took a higher precedence over the Company.

Nevertheless in his absence, his Alternate, namely Puan Norazura binti Tadzim has attended the meeting on his behalf. Puan Norazura's attendance was as disclosed in the Corporate Governance Statement (on pages 135 and 144 of the Annual Report). In such a case, Y. Bhg. Dato' Sri Dr. Mohmad Isa has always been kept updated of the decisions of the Board by his alternate.

**1.0 TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

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Y. Bhg. Tan Sri Chairman informed that the First item on the Agenda was to receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. Y. Bhg. Tan Sri Chairman explained that the Audited Financial Statements for the financial year ended 31 December 2015 were meant for discussion only, as it did not require

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shareholders' approval under the provision of Section 169(1) of the Companies Act, 1965. As such, it would not be put forward for voting.

Y. Bhg. Tan Sri Chairman then asked the floor for comments or questions in respect of the Audited Financial Statements.

Puan Lya Rahman, a representative from MSWG, commented on the non-attendance of Y. Bhg. Datuk Seri Michael Yam Kong Choy, whereby, Puan Lya was pleased that this was the first time shareholders were given an apology letter by the Director explaining the reason for not being able to attend the AGM. However, she highlighted her disappointment of the non-attendance of Y. Bhg. Datuk Seri Michael Yam in the AGM in view that he was seeking shareholder's approval for his re-appointment as Director. Puan Lya commented that in future, Y. Bhg. Tan Sri Chairman to give due respect to the shareholders and ensure the attendance of the Board members in the AGM.

At this juncture, Puan Lya Rahman took note of MAHB's replies to MSWG questions and further raised the following questions:-

- Q8: In regard to an amount of QAR17.7 million or 31% of MAHB's total outstanding applications amount which has been approved by HIA, MAHB anticipated that the balance of the outstanding payment applications would be approved by HIA over the coming months. When do MAHB anticipate the entire payment to be approved and received?
- Q9: The Company's account indicated that the net allowance of doubtful debts relates to a lump sum amount of RM28.2 million from a non-airline customer for the utility recoupment due. Could the Board indicate who was this customer and the potential of recovery for the doubtful debt amount?
- Q10: In view of the MAA project being called off because it was not in line with the Company's strategy and priority, could the Board comment further on this matter?

Y. Bhg. Tan Sri Chairman took note on Puan Lya's remarks on the attendance of the Board members. Thereafter Y. Bhg. Tan Sri Chairman, Y. Bhg. Datuk Mohd Badlisham Ghazali, Managing Director (Datuk MD) and Y.M. Raja Azmi Raja Nazuddin, CFO, responded to Puan Lya's questions as follows:-

- A8: In regard to the outstanding amount approved by HIA, Datuk MD informed that the work had started since last year (2015) and originally the contract was officially signed with NDIA as Special Purpose Vehicle (SPV) entity.



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However, later the Doha Government has set up another operating entity known as HIA, and the contract was novated from NDIA SPV to HIA which resulted in additional processes. HIA was established on 1 December 2015 and is responsible to process various vendor payment including MAHB. Thereby, with improved efficiency of HIA, the Company anticipated that the payment would be able to be made to MACS ME within the next two months.

A9: The provision for doubtful debt amount was due from a Government agency and it was deemed as not recoverable.

A10: In regard to MAA, the Company felt it was in the Company's best interest not to proceed because of competing international commitment and the Group embarking for RtS2020 which requires capital expenditure investment. However, the Company would revisit this project if the need arises in due course.

Mr. Shulhameed bin k.e. Kappal Marican, a shareholder, complimented MAHB for the booklet guide for the AGM, whereby, the details provided had tremendously helped shareholders with helpful information about the AGM and further complimented that it should be the way forward for other listed companies to adopt. Mr. Shulhameed further raised the following questions:-

Q11: In view of Corporate Governance could the CFO indicate what was the name of the Government agency and why did the Company view that the amount was not recoverable? Also, do the Management endeavor the necessary action?

Q12: In reference to page 5 of MAHB booklet on Connecting You Seamlessly to the World, the information on MAHB's ranking against other airport peers highlighted that MAHB's passenger movements were among the top. However it was misleading as the comparison shows the passenger movements of MAHB airports as a Group instead of KLIA as an individual airport against other individual airports in the world i.e. Shanghai Airport Authority, Beijing Capital International Airport and Fraport AG Frankfurt. Please explain why the comparison was not on the same grouping?

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In reference to Corporate Governance practices, MAHB have a large number of Directors sitting on the Board with a number of meetings need to be attended which require their time and commitment. Following thereto, the non-attendance of Datuk Seri Yam Kong Choy during the AGM for his re-appointment indicated his non-commitment and busy schedule. In view thereof, Mr. Shulhameed suggested to the floor to vote against Datuk Seri Yam Kong Choy's re-appointment as Director.

Y. Bhg. Tan Sri Chairman took note on Mr. Shulhameed's compliments on the booklet guide for the Meeting and his remarks on the attendance of Y. Bhg. Datuk Seri Yam Kam Choy as a Board member. Thereafter Y. Bhg. Datuk MD and Y.M. Raja Azmi Raja Nazuddin, CFO, responded to Mr. Shulhameed's questions as follows:-

A11: The provision for doubtful debt amount relates to Jabatan Kastam for utility changes. These charges were treated as recoupment expenses by the Company. However, in view of its stalemate condition, the Company thereby provided for its write off. In regard to endeavor with necessary action, the CFO took note on the suggestion.

A12: As at the end of 2015, MAHB operate 40 airports around the world including Malaysia and Turkey which handle 112 million passengers. The passenger movement information was meant to show comparison between MAHB and other airports in terms of size and airports group. For example, Enaire, was a group of airports held by a Spanish group, Aeroports de Paris and TAV Airports Holdings were also a group of airports. In regard to Beijing Capital International Airport it was meant as comparison in terms of size. The other airports peers include airports operator in terms of scale and size of airport groups which owned more than 50% of other airports. The comparison with other individual airports includes airports operator who may owned minority stake in other airports but was not included in its numbers. In this regard, MAHB had also excluded Hyderabad Airports passenger movement numbers though MAHB has a stake in that airport.

In regard to provision of doubtful debt, Mr. Shulhameed opined that the Company should take the necessary action even though it involves a Government agency.

Mr. Shulhameed further opined that the passenger movement of 112 million reported by MAHB did not represent an accurate reasonable number to be compared against other individual airports for meaningful comparison as it also includes Istanbul Airport and MAHB's other airports passengers movement.

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Y. Bhg. Tan Sri Chairman thanked Mr. Shulhameed and took note on his opinion.

Mr. Wong, a shareholder, commented that other than RtS2020, as a shareholder, he was keen to know on the airport security and safety which were critical for the Company's operation as it has direct impact to passengers, and thereafter he put forward question in relation to the following:-

Q13: How much has been spent on security and why did the Company think it was not important to brief the shareholder on security? Are MAHB's airports fully secured?

Mr. Wong also mentioned that the dividend distribution trend on page 36 of the AGM booklet from year 2006 to 2015 showed a reducing pattern. Despite having an increase in the number of shareholders and dividend dilution, the total dividend payout by the Company was on reducing trend, and put forward further question in relation to the following:-

Q14: Why was the dividend low and what was the Company's return?

Mr. Wong opined if the same could be applied to remuneration of the Directors, whereby, should the dividend amount reduced, the Board's remuneration should follow accordingly and enquired if the Board could come out with something more concrete to convince the shareholders than stating that the return was good.

Y. Bhg. Tan Sri Chairman thanked Mr. Wong and took note on his comment. Thereafter, Y. Bhg. Datuk MD and Y.M. Raja Azmi Raja Nazuddin, CFO, responded to Mr. Wong's questions as follows:-

A13: In regard to security and safety of airport, taxiway and runway and MSWG's earlier question (Q3), Datuk MD proposed to the shareholders to visit MAHB's website, whereby, various infographic on MAHB's activities have been shared including specifically on klia2. MAHB as an airport operator have to adhere to various stringent airports rules and certification requirements, including Department of Civil Aviation Malaysia (DCA) and International Civil Aviation Organization (ICAO). In such cases, in terms of safety, MAHB had adhered and complied with DCA and other safety requirements. MAHB had also heavily invested on airside safety and maintenance expenditure across all of its airports. A sum of RM118.0 million was spent for maintenance on yearly basis, whereby the ratio was similar to the number of assets which MAHB held.

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With various security incidents happening around the world, the security of MAHB's airports is of utmost importance to MAHB. Amongst others, MAHB had increased its visible and non-visible surveillance both in number of personnel and security in conducting filtering and clearance for both passengers and workers who enter its airports. As for workers, a stringent background check would be conducted prior to any worker pass being given. Despite the level of security screening being heightened for workers and the passengers at the airports, MAHB assures that this will not give unnecessary inconvenience to the passengers and customers. The security check was carried along with other airport authorities and securities in the terminal and outside of airports.

A14: In regard to the Company's return on page 36, and based on the analysis on the dividend payout, the amount paid as dividend in FY2014 was circa approximately RM87.0 million with the PBT stood at approximately RM720.8 million amongst others due to extraordinary item. However in FY2015, the Company anticipated to pay a dividend amounting to approximately RM141.0 million. The Company account in FY2015 took an impact in view of klia2 full year operation, full year consolidation with Turkey operation (ISG and LGM) and depreciation amounting to approximately RM47.0 million, therefore, the Company's net profit has dropped substantially as compared to the previous year. Despite the impact, the payout ratio for FY2015 was higher at 8.5 sen against 5.6 sen (FY2014). The CFO took note that the payout for the years prior to 2014 was slightly higher.

Mr. Wong took note of the explanation from the CFO and put forward further questions in relation to the following:-

Q15: What are the exact figure for the payout ratio for 2014 and 2015?

Q16: In reference to recent news in the newspaper which stated that the Government requested for Government Linked Company (GLC) to contribute more in dividend, would the dividend for 2016 be higher and what would be the payout ratio?

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Y.M. Raja Azmi Raja Nazuddin, CFO, responded to Mr. Wong's questions as follows:-

A15: The exact payout ratio from profit before tax after being adjusted with exceptional items for year 2011 to 2013 was at 50%, for year 2014 was at 61% and for year 2015 was at 58%.

A16: In regard to 2016 dividend payout, it would depend on the Company's results and the Board's recommendation.

Komander Mohd Ismail, a shareholder, complimented the KLIA design which was built as 'forest in an airport' and 'airport in the forest'. In reference to klia2, he opined that it was a walking fiasco for the elderly in view of the distance of walking from the arrival to the exit door with lots of shops to pass by.

Komander Mohd Ismail also expressed his concern on the arrival at klia2 and its limited parking space. He suggested the Board to look at the road access from Petronas to klia2, whereby, at times there would be massive traffic congestion. He opined that it may become a safety issue in future.

Y. Bhg. Tan Sri Chairman thanked Komander Mohd Ismail for the compliment and took note on the concern highlighted on klia2.

Mr. Choo Mun Tuck @ Cho Mun Tuck, a shareholder, complimented the Company for coming up with the sustainability report 2015 booklet "Our Foundation for the Future" which sets the foundation for the Company to move forward in future. He was pleased at the effort put forward by the Board in preparing the booklet.

In regard to Annual Report on page 46 which highlighted 30 employees had graduated from MBA/DBA programme, Mr. Choo congratulated the staff who had graduated and hoped that the number of staff graduated would increase in future. However, he highlighted on page 25 of the booklet on Sustainability Report 2015, in reference to the picture, female graduates outnumbered the male graduates. He raised his concern that if this would be the trend in future, the Government might need to issue a directive that at least 30% of the composition of the Board members must be male.

In reference to ISG as highlighted by Y. Bhg. Datuk MD, Mr. Choo opined that serious measures and effort need to be taken to increase the airports security especially in Turkey. He further opined that security issue are crucial and hoped that sufficient safety efforts are in place.

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Mr. Choo, thereafter, put forward questions in relation to the following:-

Q17: In reference to Male Airport mentioned on page 23 of the booklet on Connecting You Seamlessly to the World, please explain what was the status on the claims from the authority which was now into arbitration?

Q18: In reference to Annual Report on page 60 on toilet refurbishment, this is a good effort by MAHB as it would be the first point of interest of passengers after disembarking from the aircraft. However, for the toilet outside the terminal, could the Company give its attention?

Mr. Choo commented that the toilet located at parking building need to be improved. He shared his experience of waiting for the lift at Block A parking (long term parking) which he didn't know was not working and only realized the lift was not functioning after being informed by another passer-by. He highlighted that the lift was out of order and requires improvement including the ambience of the car park.

In response to the above, Y. Bhg. Tan Sri Chairman thanked Mr. Choo for the compliment on the sustainability report 2015 booklet. In regard to gender diversity, Y. Bhg. Tan Sri Chairman hoped that the situation would not arise soon as the trend in most university intake in Malaysia also shows 60% population are female students leaving the balance of 40% male students.

Following the above, Y. Bhg. Datuk MD also informed that he was proud of MAHB's employees achievement which includes female employees who are involved in three 'D's jobs i.e. dirty, dangerous and danger. Y. Bhg. Datuk MD highlighted that MAHB is not a gender bias Company, and female employees are also given the same opportunities as their male counterparts and they have also contributed to the Company's success.

In regard to safety in Istanbul, Y. Bhg. Datuk MD was of view that location wise Istanbul is very strategic. He further informed that stringent security checks is done immediately after passengers or customers walk out from their vehicles to the airport with a number of security check points. The security was also being highlighted as a concern for the Government of Turkey, whereby, the government has committed to spend EUR200.0 million on security which includes putting up two land towers which covers the wooded areas close to the airport. Work was also in progress to put sensors around the airports and the land as extra precautionary and safety measures. Certain vehicles are also not allowed to enter into the airport unlike before where commercial vehicles could easily have access. Now if the workers want to take a ride on commercial transport they have to walk further

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down (outside) from the airport area. Stringent checks are also conducted for operational commercial vehicles before it is given authorized access to the airports.

Y. Bhg. Datuk MD thereafter, responded to Mr. Choo's questions as follows:-

A17: In reference to Male Airport's arbitration with MAHB's partners, the hearing for the 2<sup>nd</sup> arbitration would be held in August 2016, thereby only then the Company would know the results of the motion. However, Y. Bhg. Datuk MD highlighted that the Company would ensure its right are protected.

A18: In reference to the toilet, Y. Bhg. Datuk informed that part of the airports service index on the Company's rating includes toilet and other amenities which are important to passengers. Toilet is used as soon as the passengers disembark from the aircraft. The Company took cognizant on the matter and has made an investment for toilet upgrading which would be carried in three stages, including for KLIA. Currently the toilets at the terminal are being upgraded on staggered basis. The upgrading work would be carried out in phases until next year 'to create a better and nicer smelling toilet experience for the passengers' at the airside and for the car park area as part of the 'total airport experience' initiative the Company is embarking on.

In regard to the elevator and parking maintenance especially for the long-term parking at Block A, Y. Bhg. Datuk MD extended his apology for the situation. Y. Bhg. Datuk MD informed that these equipments are maintained as scheduled, but, at times the mechanical items do break down unexpectedly. In this regard, the Company would work with its partners and vendors to provide the necessary services and maintenance accordingly on a timely basis.

Komander Mohd Ismail highlighted his concern on lost luggage, citing his experience in Johor Bahru whereby his luggage went missing upon his arrival. He cited US collection system efficiency, whereby, as a safety measure, passenger is given a tag number for collection of luggage, thereafter, he put forward question in relation to the following:-

Q19: How do MAHB secure the luggage collection at the carousel?

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Y. Bhg. Datuk MD thereafter, responded to Komander Mohd Ismail's question as follows:-

A19: In regard to Senai Airport at Johor Bahru, it was operated by other company whilst the baggage handling is done by the airlines. However, as part of MAHB's improvement effort, MAHB would be introducing the use of Auto Bag Drop (ABD). With ABD, passenger has an option to personally tag his/her luggage thereby minimizing the incidents of lost luggage. Y. Bhg. Datuk MD highlighted that Komander Mohd Ismail's original destination could be from one of the airports operated by MAHB and loss of tag during handling could be a factor in this situation.

Mr. Kwok, a shareholder and proxy, put forward question in relation to the following:-

Q20: In reference to MSWG's query on maintenance and special expenses of RM94.0 million incurred and the amount capitalised, if this involved regular maintenance it should not be capitalised, instead it should be charged to revenue or depreciation thereby not reflected in accounting profit. Could the Auditor or CFO give their view on this matter?

Y. Bhg. Dato' Hamid, COO, responded to Mr. Kwok's questions as follows:-

A20: In regard to RM94.0 million incurred, it was spent for klia2 for the settlement works at the area and was part of the original development of klia2. In view of the time constraint involved and to speed up construction, the Company had anticipated that settlement issue would arise, thereby, the Company had allocated the said amount for settlement. This was a portion of expenditure, and would be taken and continue on yearly basis for the next 5 years at a reducing rate. Therefore, it would be fair for the amount incurred be identified as capital expenditure instead of operating expenditure.

Subsequent thereto, Mr. Kwok opined that since the Company has capitalised the amount as explained, he presumed that it would be amortised on yearly basis and be treated as plant and machinery. Mr. Kwok thereafter, thanked the COO for providing the answer.

Y. Bhg. Tan Sri Chairman thanked Mr. William for his observations.



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Mr. Ho, a shareholder, observed that issues on toilets have been discussed and elaborated quite frequently thereby indicating the unsatisfactory state of the toilets and seriousness of the matter. He put forward questions in relation to the following:-

Q21: In reference to statement from Y. Bhg. Tan Sri Chairman as well as the Y. Bhg. Datuk MD, on page 14 of the Annual Report, the financial highlights of the Company's financial cost has increased higher as compared to 2014 and 2015, but the Company's profit has decreased further. The quarterly return has also been fluctuating (even negative). Please explain the reasons for such occurrence.

Q22: In regard to employee cost as stated in Annual Report, it has gone up to 17.7%. If this were to increase on yearly basis, it would not be good for the Company. Please explain.

Q23: In reference to the statement on page 40 of the Chairman statement, it was mentioned that the percentage or growth of ISG contribute 40% of the Group EBITDA and the MD statement on revenue indicated 44%. It was mentioned that there was a one off gain in the ISG/Turkey operation. Since it was one off it would not recur in subsequent year. Could you explain how much the one off gain affect the Company assuming no depreciation of Ringgit. In view of foreign exchange gain, how much is that drop in terms of contribution. Please elaborate.

Q24: In reference to Chairman's statement on the passenger growth stated for ISG at 19.7%, however Datuk MD's statement mentioned the passenger's movement rose 19.3%. Please elaborate. Was this in reference to the same point and what caused this discrepancy?

Y. Bhg. Tan Sri Chairman, thanked Mr. Ho for the observation and thereafter, Y.M. Raja Azmi Raja Nazuddin, CFO, responded to Mr. Ho's questions as follows:-

A21 & 22:

In regard to the finance cost on page 14 of the Annual Report, the substantial increase in finance cost were due to (i) sukuk perpetual payment which the Company has undertaken at RM3.1 billion, with average interest rate of 4.5% equivalent to about RM160 to RM170 million; (ii) As for ISG finance cost, the utilisation fee classified as finance cost amounted to RM400.0 million; whereby, the total amounted to about RM500.0 million. The full impact of klia2 operations as well as ISG utilisation fee were the reasons for the substantial increase in finance cost.

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A23: In reference to the one off gain which happened last year; the two main boost of the profit were: (i) gain arising from re-measurement of ISG investment of RM444.0 million; and (ii) gain from market purchase of RM300.0 million (for ISG). As a moving forward action the Management took note of Mr. Ho's comments and would minimize its impact accordingly.

A24: In reference to the percentage indicated, the 19.7% refers to Passenger movement, whereas the 19.3% refers to the aircraft movement.

Y. Bhg. Tan Sri Chairman thereafter invited Y. Bhg. Tan Sri Bashir Ahmad, Advisor, MAHB, to share his thoughts with the shareholders.

In reference to MAHB's financial performance and future outlook, Y. Bhg. Tan Sri Advisor, shared his view on the current airport industry outlook, whereby, he observed that 70% of the airports operator around the world suffer losses. MAHB operating 39 airports on the other hand was fortunate that some of the non-profitable airports are subsidized by other airports which contribute positively. However, what stopping MAHB from generating more income was due to its regulated charges. Despite the operating cost of managing the airports has increased tremendously MAHB still unable to increase its charges. Citing the example of Changi Airport Group, Singapore; Heathrow Airport Holdings Limited, London; and Hyderabad International Airport management and charges model, he stated if the Company follow such operations the Company's profit could be RM1.0 billion a year without incurring any additional investment. In this regard MAHB's source of revenue were limited to what it could collect.

Citing another example, Y. Bhg. Tan Sri Advisor highlighted that Dubai Airport had imposed new charges for transfer passengers two weeks ago. Following the new regulation, Dubai Airport would be able to collect tremendous revenue given that 70% of its passengers are transfer passengers. In reference to Changi Airport Singapore, every passenger who lands at Changi would pay \$5.00 as airport levy. However, the same does not apply to about 1.0 million Singaporeans who came to MAHB's airports. The Company had made several requests to the Government to allow its charges to be increased which were objected by the Government and the public.

He further cited Heathrow Airport London, whereby, each passenger pays £80 pound to government of United Kingdom for landing at the airport and that money was not even used for the airport development. On the contrary, MAHB's request for an increase charges of RM5.00 has faced huge objection. He stated that other companies who operate their business in airports pays royalty to the airports but this does not happen at MAHB.

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He further expressed that he was pleased with the set-up of the independent body known as Malaysian Aviation Commission (MAVCOM), whereby he hopes that under MAVCOM's guidance and wisdom, MAHB would be allowed to collect the levy or charges as being practiced around the world. He further encouraged the shareholders to share with their peers and support the suggestion for any further increase on charges by the Company.

Following the above, Mr. Ho, a shareholder, commented that the principle was not to put an increase in price as suggested by Tan Sri Advisor, instead the Company should emphasize at making the customers happy for the services provided by the Company and thereafter, willing to pay for the services. He also opined that MAHB held a dominant position in the airport industry.

In reply to Mr. Ho's comments, Y. Bhg. Tan Sri Advisor agreed that MAHB has to provide good services. However, he emphasized that MAHB was not in a dominant position, thereby, the charges cannot be simply raised or increased.

Mr. Ho, thereafter, put forward the question on the following:-

Q25: In reference to the airport services on page 16 of the Annual Report, the airport services revenue was declining as compared to previous year whereas the employment cost has increased. The airport services revenue significant decline was of concern to the shareholders, please elaborate?

Y. Bhg Datuk MD, responded to Mr. Ho's questions as follows:-

A25: In regard to the increase cost on the employee it was due to klia2 opening, which includes the cost of training and ensuring the people were kept up-to-date with the skills and remuneration in line with operating 45 million passenger terminal which was also the largest terminal in the world.

Y. Bhg. Tan Sri Chairman, thereafter, thanked Y. Bhg. Tan Sri Advisor.

Mr. Shulhameed subsequently commented that he agreed with Y. Bhg. Tan Sri Advisor comment on Malaysian hospitality. However, he highlighted that the Company do not have the power to operate like Changi Airport Singapore and the Company has never increased its charges for the past 40 years, thereafter, he enquired why the Company waited until 40 years before requesting for the increase.

In reply to Mr. Shulhameed's query, Y. Bhg. Datuk MD informed that the charge refers to the Government air navigation charge.

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Mr. Shulhameed enquired who started the increase on charges issue and who was the expert in the field. He opined that though MAHB increased the customer service charges to 10 times or more it would still be much lower in comparison to Singapore.

Y. Bhg. Datuk MD informed that the announcement on the increase in charges was made by the Government.

Mr. Shulhameed highlighted that the air navigation charges has contributed to the 49% of the Group revenue, whereby, half of the revenue was derived from this charges. For example, out of RM1.8 billion, should the charges increased by 10%, the revenue would increase by RM180.0 million. The air navigation charges provides 50% of the revenue. Any attempt to increase 1000% would be dramatic. Though the Government may allow for the implementation of the higher charges they have overlooked on the industry players. Thereby, the Government has consider to review the decision for additional charges.

In reply to Mr. Shulhameed's view and statement, Y. Bhg. Datuk MD, informed that the charges was under the civil aviation authority i.e. DCA. The increase in charges mentioned was the portion of Government income and does not belong to airport or MAHB.

Y. Bhg. Datuk MD further elaborated on the RM10.00 charges increase as highlighted by Y. Bhg. Tan Sri Advisor, refers to airport charges or airport tax which was part and parcel of the airfare ticket. For example, for international flight fare ticket paid by passenger RM65.00 goes to MAHB as airport charges or tax. This also formed part of 49% of MAHB's total revenue as aeronautical revenue. As for domestic flight RM6.00 and RM9.00 were the airport tax revenue earned by MAHB from LCCT and KLIA respectively.

Following the above, Mr. Shulhameed put forward the question on the following:-

Q26: Further explanation in reference to page 27 of Annual Report at business segment ad-hoc operation it had included airport services of RM1.81 million as part of its revenue. Please explain.

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Y. Bhg. Tan Sri Advisor thereafter responded to Mr. Shulhameed's question as follows:-

A26: In regard to the charges, Mr. Shulhameed's view was not accurate. The Government charges referred to was meant for air navigation charges, these were charges when aeroplane fly for example to London, Afghanistan and Iran the air navigation charges would be paid to the respective governments.

Y. Bhg. Tan Sri Advisor thereafter emphasized that none of the charges (as highlighted above) was received by MAHB.

The Meeting thereafter unanimously **agreed** that the Audited Financial Statements for the financial year ended 31 December 2015, together with the Reports of the Directors and Auditors thereon, were taken as read.

**2.0 TO DECLARE AND APPROVE THE PAYMENT OF A FINAL SINGLE-TIER DIVIDEND OF 4.50 SEN PER ORDINARY SHARE IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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Y. Bhg. Tan Sri Chairman informed that the Second item on the Agenda was to consider the payment of a final single-tier dividend of 4.50 sen per ordinary share in respect of the financial year ended 31 December 2015.

Y. Bhg. Tan Sri Chairman then asked the floor for comments or questions.

At this juncture, Mr. Wong, a shareholder, expressed his view that as all resolutions whether ordinary or special would be undertaken via post, he opined that simple matter as dividend could be better declared as interim and being paid, rather than declaring it as final and would open to discussion and approval at AGM.

Y. Bhg. Tan Sri Chairman thereafter thanked Mr. Wong for the comment and opinion.

Mr. Yee Yuet Kheng (shareholder) proposed and Ms. Rajalekshmi (shareholder) seconded the proposal to declare and pay a final single-tier dividend of 4.50 sen per ordinary share in respect of the financial year ended 31 December 2015.

The Meeting thereafter (on show of hands) unanimously **resolved** that the payment of a final single-tier dividend of 4.50 sen per ordinary share in respect of the financial year ended 31 December 2015 be hereby **approved**.

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**3.0 TO APPROVE THE PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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Y. Bhg. Tan Sri Chairman informed that the Third item on the Agenda was to approve the payment of Directors' Fees for the financial year ended 31 December 2015 and the payment was slightly lower from year 2014.

Mr. Choo Mun Tuck @ Cho Mun Tuck (shareholder) proposed and Ms. Rajalekshmi (shareholder) seconded the proposal for the payment of the Directors' Fees for the financial year ended 31 December 2015 amounting to RM1,035,000.00.

The Meeting thereafter (on show of hands) unanimously **resolved** that the payment of Directors' Fees for the financial year ended 31 December 2015 amounting to RM1,035,000.00 be hereby **approved**.

**4.0 TO RE-ELECT DATO' SRI DR. MOHMAH ISA BIN HUSSAIN WHO SHALL RETIRE IN ACCORDANCE WITH ARTICLE 129 OF THE COMPANY'S ARTICLES OF ASSOCIATION AND BEING ELIGIBLE, OFFER HIMSELF FOR RE-ELECTION**

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Y. Bhg. Tan Sri Chairman informed that the Fourth item on the Agenda was to re-elect Y. Bhg. Dato' Sri Dr. Mohmah Isa bin Hussain, who was retiring in accordance with Article 129 of the Company's Articles of Association.

Ms. Rajalekshmi (shareholder) proposed that Y. Bhg. Dato' Sri Dr. Mohmah Isa bin Hussain be re-elected as Director of the Company and the proposal was seconded by Ms. Chong Swee Moi (shareholder).

The Meeting thereafter (on show of hands) unanimously **resolved** that Y. Bhg. Dato' Sri Dr. Mohmah Isa bin Hussain, the retiring Director be re-elected to serve on the Board of Directors of the Company.

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**5.0 TO RE-ELECT THE FOLLOWING DIRECTORS WHO SHALL RETIRE IN ACCORDANCE WITH ARTICLE 131 OF THE COMPANY'S ARTICLES OF ASSOCIATION AND BEING ELIGIBLE, OFFER THEMSELVES FOR RE-ELECTION:-**

- (I) DATUK SERI YAM KONG CHOY**
  - (II) DATUK ZALEKHA BINTI HASSAN**
  - (III) ENCIK ROSLI BIN ABDULLAH**
- 

Y. Bhg. Tan Sri Chairman informed that the Fifth, Sixth and Seventh items on the Agenda were to re-elect Y. Bhg. Datuk Seri Yam Kong Choy, Y. Bhg. Datuk Zalekha binti Hassan and Encik Rosli bin Abdullah who were retiring in accordance with Article 131 of the Company's Articles of Association.

Y. Bhg. Tan Sri Chairman indicated that Y. Bhg. Datuk Seri Yam Kong Choy, was an excellent director, giving good inputs to all discussions on Board level. His insights had been very valuable especially on land and commercial matters. He has an attendance of 10 out of 11 of Board meeting held, 6 out of 6 for Board Audit Committee, 4 out of 4 for Board Finance & Investment Committee and 4 out of 4 for Board Risk Management Committee. The Board would still like to have him on the Board, therefore MAHB sought the shareholders kind approval. In regard to non-attendance of Director Y. Bhg. Tan Sri Chairman would personally endeavor to ensure the attendance of the Directors in future AGMs.

- i) Ms. Chong Swee Moi (shareholder) proposed that Y. Bhg. Datuk Seri Yam Kong Choy be re-elected as Director of the Company and the proposal was seconded by Ms. Rajalekshmi (shareholder).

Y. Bhg. Tan Sri Chairman took note on one vote (on show of hands) who opposed to the re-election of Datuk Seri Yam Kong Choy.

The Meeting thereafter (on show of hands) **resolved** that Y. Bhg. Datuk Seri Yam Kong Choy, the retiring Director be re-elected to serve on the Board of Directors of the Company.

- ii) Ms. Rajalekshmi (shareholder) proposed that Y. Bhg. Datuk Zalekha binti Hassan be re-elected as Director of the Company and the proposal was seconded by Encik A. Bakar bin Md Atan (proxy).

The Meeting thereafter (on show of hands) unanimously **resolved** that Y. Bhg. Datuk Zalekha binti Hassan, the retiring Director be re-elected to serve on the Board of Directors of the Company.

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- iii) Ms. Rajalekshmi (shareholder) proposed that Encik Rosli bin Abdullah be re-elected as Director of the Company and the proposal was seconded by Ms. Chong Swee Moi (shareholder).

The Meeting thereafter (on show of hands) unanimously **resolved** that Encik Rosli bin Abdullah, the retiring Director be re-elected to serve on the Board of Directors of the Company.

**6.0 TO RE-APPOINT MESSRS. ERNST & YOUNG AS AUDITORS OF THE COMPANY FOR THE ENSUING YEAR AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

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Y. Bhg. Tan Sri Chairman informed that the Eighth item on the Agenda was to re-appoint Messrs. Ernst & Young (EY) as Auditors of the Company until the conclusion of the next Annual General Meeting, and to authorize the Directors to fix their remuneration.

At this juncture, Mr. Shulhameed, a shareholder, put forward a question on the following:-

Q27: Please indicate the number of years EY has served as the external Auditors for MAHB?

Y.M. Raja Azmi Raja Nazuddin, CFO, thereafter responded to Mr. Shulhameed's question as follows:-

A27: EY has been the Auditors' for MAHB for 17 years which was since MAHB's incorporation.

Mr. Shulhameed's suggested that the Company should consider giving other firm a chance to act as Auditors.

Y. Bhg. Tan Sri Chairman took note on Mr. Shulhameed's suggestion and further informed that in accordance to Malaysian Institute of Accountants (MIA) requirements, the partners (auditor) would be rotated once in every five years.

Y. Bhg. Tan Sri Chairman took note on one vote (on show of hands) who opposed to the re-appointment of Messrs. Ernst & Young (EY) as Auditors of the Company.



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Upon the proposal of Mr. Choo Mun Tuck @ Cho Mun Tuck (shareholder) and seconded by Ms. Chong Swee Moi (shareholder), the Meeting (on show of hands) **resolved** that Messrs. Ernst & Young be re-appointed as Auditors of the Company until the conclusion of the next Annual General Meeting, and to give authority to the Directors to fix their remuneration thereof.

**TERMINATION**

There being no notice received to transact any other business (as confirmed by the Company Secretary), the Meeting terminated at 1.48 p.m. with a vote of thanks to Y. Bhg. Tan Sri Chairman.

SIGNED AS A CORRECT RECORD



CHAIRMAN

Dated: 26 MAY 2016