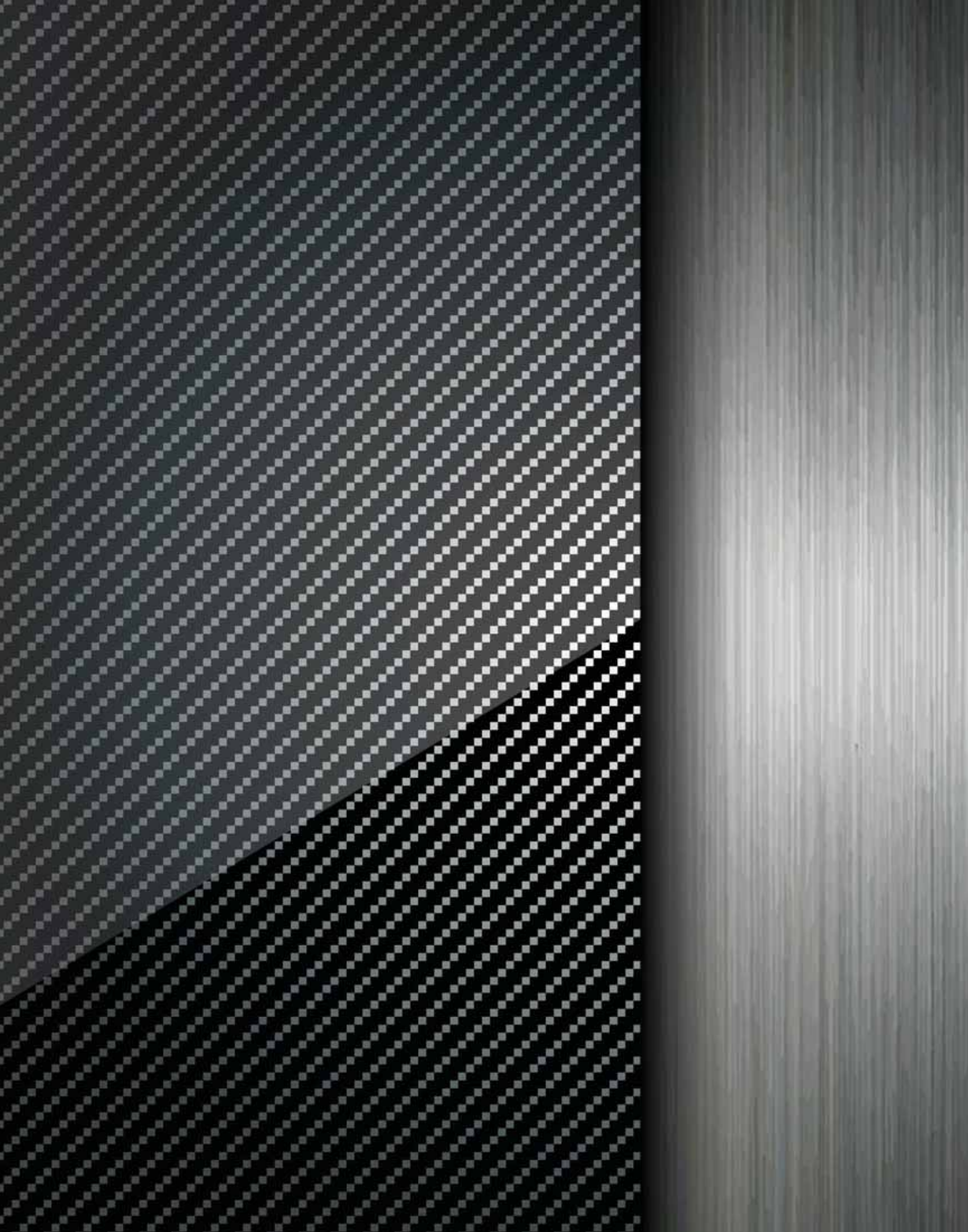


RESILIENCE



MBM Resources Berhad

ANNUAL REPORT 2016



Contents

02	Corporate Information
03	Corporate Profile
04	Corporate Structure
05	Group Financial Performance: Five-Year Summary
07	Management Discussion and Analysis
18	Social Responsibility
20	Profile of Directors
24	Management Team
25	Statement on Corporate Governance
36	Statement on Risk Management and Internal Control
40	Report on Audit and Risk Management Committee
45	Other Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad
46	Directors' Responsibility Statement in Relation to the Financial Statements
47	List of Properties
52	Analysis of Shareholdings
57	Analysis of Warrant Holdings
61	Report of the Directors and Audited Financial Statements
158	Notice of Twenty-Third (23rd) Annual General Meeting
163	Proxy Form

Corporate Information

Board of Directors

Y. Bhg. Dato' Abd Rahim Abd Halim
Chairman, Non-Independent Non-Executive Director

Ms Wong Fay Lee
*Executive Director, Head of Group Legal,
Risk and Compliance Division*

Encik Iskander Ismail Mohamed Ali
Senior Independent Non-Executive Director

Encik Mustapha Mohamed
Independent Non-Executive Director

Encik Shamshin @ Shamshir Ghazali
Independent Non-Executive Director

Encik Aqil Ahmad Azizuddin
Non-Independent Non-Executive Director

Mr Low Hin Choong
Non-Independent Non-Executive Director

Mr Ng Seng Kong
Non-Independent Non-Executive Director

Corporate Office

23-01, Level 23, Menara MBMR
1, Jalan Syed Putra
58000 Kuala Lumpur
Malaysia
Tel : (603) 2273 8803 Fax : (603) 2273 6803
www.mbmr.com.my

Company Secretaries

Wong Peir Chyun
(MAICSA 7018710)

Wong Wai Foong
(MAICSA 7001358)

Stock Exchange Listing

Main Market
Bursa Malaysia Securities Berhad
Stock Code: 5983
Warrant Code: 5983WA

Registered Office

Unit 30-01, Level 30, Tower A,
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel : (603) 2783 9191 Fax : (603) 2783 9111

Auditors

Deloitte PLT (LLP0010145-LCA)
(AF: 0080)
Chartered Accountants

Principal Bankers

Ambank (M) Berhad
CIMB Bank Berhad
HSBC Malaysia Berhad
Malayan Banking Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Berhad

Share Registrar

Tricor Investor and Issuing
House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel : (603) 2783 9299 Fax : (603) 2783 9222

Financial Calendar

22nd Annual General Meeting: 19 May 2016

2016 Results Announcements

Quarter 1: 18 May 2016
Quarter 2: 25 August 2016
Quarter 3: 23 November 2016
Quarter 4: 22 February 2017

Dividend Payments:

First Interim for 2016 : 27 September 2016
Second Interim for 2016 : 22 March 2017

Corporate Profile

MBM Resources Berhad (MBMR) is an automotive group with diverse investments in distributorship and dealership of major international vehicle brands and automotive parts manufacturing in Malaysia.

The Group is well represented in all segments of the market from light trucks to medium and heavy duty trucks and buses in the commercial vehicle market and, from compact entry level cars to luxury cars in the passenger vehicle market. Its automotive parts manufacturing division, consisting of wheels, airbags, seatbelts, steering wheels and noise, vibration and harshness (NVH) products, is a significant supplier to all the major brands in Malaysia.

Our Vision

To be a Complete Automotive Group

Our Mission

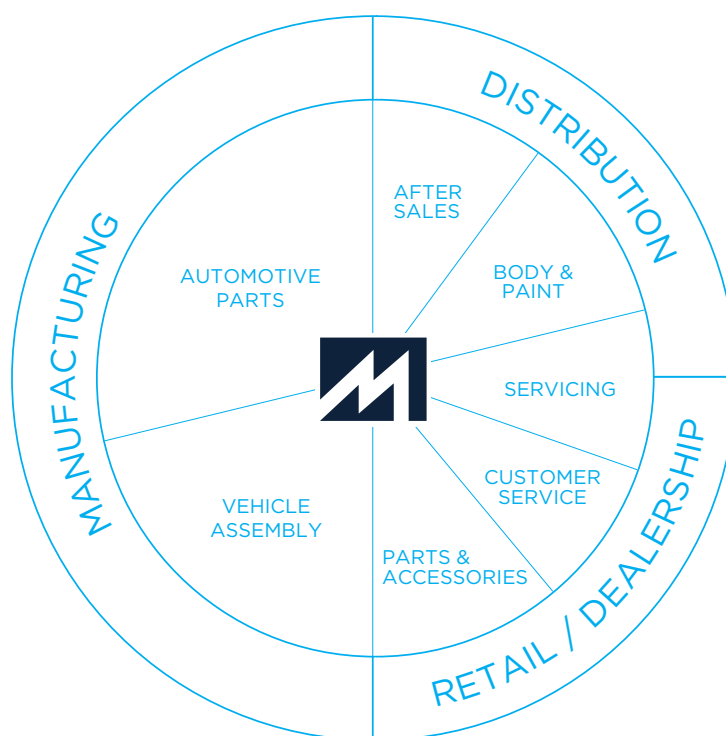
To be the Automotive Partner of Choice to our Employees, Customers and Investors

Our Brand Partners



Corporate Structure

As of 28th April 2017



The Complete Automotive Group

- SUBSIDIARY
- ASSOCIATE
- JOINTLY CONTROLLED

Note: A detailed list of the companies under the Group are shown in Notes 47 to 49 of the Report of the Directors and Audited Financial Statements.

Motor Trading

○ Daihatsu (Malaysia) Sdn. Bhd. (DMSB)	51.5%
DMM Sales Sdn. Bhd. (DMMS)	100%
○ Federal Auto Holdings Berhad (FAHB)	
Federal Auto Cars Sdn. Bhd.	100%
F.A.Wagen Sdn. Bhd.	100%
F.A. Automobiles (Ipoh) Sdn. Bhd.	100%
FAST Sdn. Bhd.	100%
○ F.A. Trucks Sdn. Bhd.	100%
● Hino Motors Sales (Malaysia) Sdn. Bhd. (HMSM)	42%
● Perusahaan Otomobil Kedua Sdn. Bhd. (Perodua)	20%

Manufacturing

○ Hirotako Holdings Berhad (HHB)	99.9%
Hirotako Acoustics Sdn. Bhd. (HASB)	100%
● Autoliv Hirotako Sdn. Bhd. (AHSB)	51%
○ Oriental Metal Industries (M) Sdn. Bhd. (OMI)	78%
OMI Alloy (M) Sdn. Bhd.	100%
● Hino Motors Manufacturing (Malaysia) Sdn. Bhd. (HMMM)	42%

Property

○ Inai Benua Sdn. Bhd.	70%
○ MBMR Properties Sdn. Bhd.	100%

Group Financial Performance : Five-Year Summary

Year ended 31st December	2012	2013	2014	2015	2016
RESULTS (RM MILLION)					
Revenue	2,000.6	1,959.7	1,774.1	1,815.1	1,670.2
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	45.6	26.7	18.0	49.7	(22.4)
Jointly controlled entity's results	26.7	23.8	23.1	15.6	11.7
Associates' results	125.3	139.3	127.4	102.1	131.2
Profit before tax	161.6	155.3	132.2	130.2	82.8
Net Profit	123.2	154.4	123.6	105.0	75.9
Profit attributable to equity holders	136.8	138.1	112.2	84.0	66.1
Basic earnings per share (sen)	38.4	35.3	28.7	21.5	16.9
EBITDA per share (sen)	12.8	6.8	4.6	12.7	(5.7)
BALANCE SHEETS (RM MILLION)					
Share capital	390.6	390.7	390.7	390.7	390.7
Shareholders' equity	1,355.1	1,438.4	1,522.3	1,563.6	1,605.8
Total assets	2,318.0	2,411.3	2,429.0	2,338.4	2,381.4
Borrowings	552.1	478.2	416.0	372.4	374.9
Debt/Equity	0.4	0.3	0.3	0.2	0.2
Net assets per share (RM)	3.5	3.7	3.9	4.0	4.1
FINANCIAL RATIOS (%)					
EBITDA margin	2.3	1.4	1.0	2.7	(1.3)
Return on equity	10.1	9.6	7.4	5.4	4.1
Return on total assets	5.9	5.7	4.6	3.6	2.8
VEHICLE SALES (UNITS)					
Passenger Vehicles	23,495	24,560	23,130	25,617	24,190
Commercial Vehicles	2,077	2,026	1,788	1,411	1,242
Total Group	25,572	26,586	24,918	27,028	25,432
EQUITY INDICES					
Closing year-end share price (RM)	3.2	3.2	2.9	2.4	2.2
Price-earnings ratio (times)	8.3	9.1	10.1	11.2	13.0

The figures for 2012 and 2013 have been restated to reflect AHSB as a jointly controlled entity under the financial reporting standard MFRS 10.



Management Discussion and Analysis

Group's Business Overview

The MBM Resources Berhad ("MBMR") Group, through its principal subsidiaries Daihatsu (Malaysia) Sdn Bhd ("DMSB"), Federal Auto Holdings Bhd ("FAHB"), Hirotako Acoustics Sdn Bhd ("HASB"), Oriental Metal Industries (M) Sdn Bhd ("OMI") and the Autoliv Hirotako Sdn Bhd ("AHSB") joint venture, manufactures and sells automotive components, distributes commercial vehicles and operates automotive dealerships providing sales and aftersales servicing of foreign and locally made vehicles. The Group also has investments in commercial and passenger vehicle assembly and distributorships through its associates.

Leveraging on our strengths and networks in the distribution, manufacturing and sales of motor vehicles and components, we have over the years acquired and secured diverse brand partnerships in all segments of the market from entry level to luxury vehicles in the passenger segment, and from light commercial vehicles to heavy duty vehicles and buses in the commercial vehicle segment. Our investments in Auto Parts Manufacturing include the manufacturing of steel and alloy wheels, module assembly of wheels and tyres, local manufacturing of safety restraint systems such as airbags and seatbelts, and Noise, Vibration and Harshness ("NVH") products, which we supply to the Malaysian automotive industry and abroad (in the case of our alloy wheels). Our Motor Trading Division includes distributorships of commercial brands Daihatsu, IVECO and Hino (through an associate) as well as operating over 30 automotive dealerships under the Volkswagen, Volvo, Mitsubishi, Hino and Perodua brands.

Market Conditions Overview of 2016

The Malaysian automotive industry in 2016 was generally characterised by declining sales volume and margin compression amidst weak economic conditions and lower purchasing power. The domestic economy slowed from a GDP growth of 5.0% in 2015 to 4.2% in 2016. The Ringgit continued its downward slide against major currencies and extended its decline in the last quarter of 2016. The depreciation against the US Dollar and Japanese Yen were 5% (2015: 23%) and 7.8% (2015: 22%) respectively as compared to last year. Despite a small reduction in lending rates during the year, financing conditions remained tight and restrictive. These economic factors and the consequential belt tightening had a negative effect on consumer confidence and overall demand, particularly in the automotive industry which saw total vehicle sales closing at 580,124 units in 2016, a significant 13% decline from 2015's 666,487 units.

Financial Performance

	FY 2016	FY 2015	% Change
RM Mil			
Revenue			
- On going business	1,670.2	1,671.2	(0.1)
- One-off property development	-	143.9	<100
Total revenue	1,670.2	1,815.1	(8.0)
Operating profit			
- On going business	(47.6)	(19.3)	1.5
- One-off property development	(0.5)	45.9	<100
Total operating profit	(48.1)	26.6	<100
Net finance costs	(12.0)	(14.1)	(14.2)
Share of joint venture results	11.7	15.6	(25.0)
Share of associates results	131.2	102.1	28.5
Profit before tax			
- On going business	83.3	84.3	(1.2)
- One-off property development	(0.5)	130.2	<100
Profit before tax	82.8	130.2	(36.5)

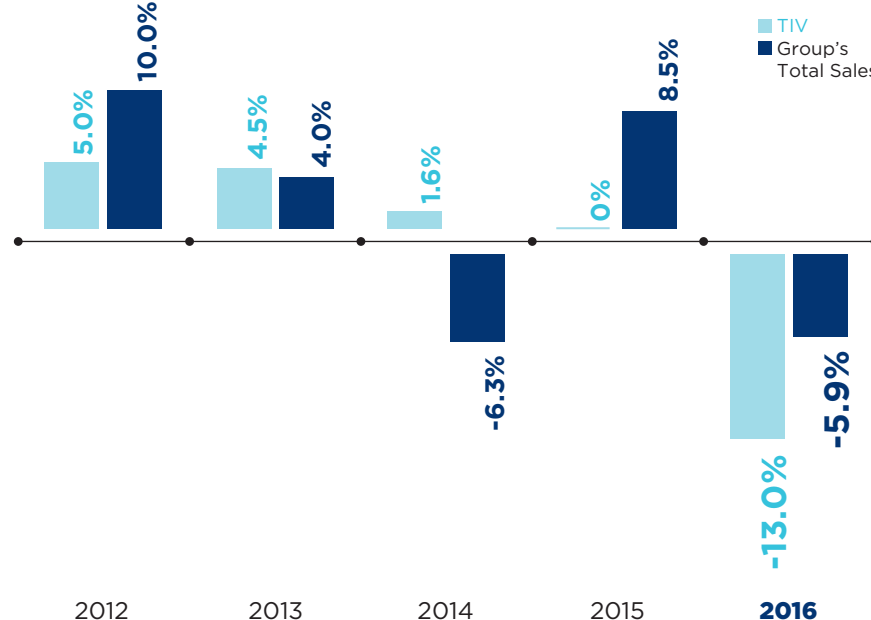
Despite the challenging market environment, MBMR Group maintained its revenue at RM1.67 billion in 2016 compared with RM1.67 billion in 2015, excluding the prior-year's one-off contribution of RM143.9 million from the completion and sale of units in Menara MBMR.

Profit Before Tax ("PBT") for the year fell slightly to RM83.3 million for on-going business. The decline in ringgit terms was RM1.0 million or 1.2%, compared to 2015's PBT of RM84.3 million, excluding the prior year's

property contribution. The drop in PBT was largely due to the recognition of a goodwill and asset impairment of RM30.3 million in financial year 2016, which was partially offset by higher contributions from our associates. Excluding the goodwill and asset impairment, total operating expenses decreased by RM7.9 million or 4.8% mainly due to cost reduction measures, lower provisions made in the year under review and a slight contraction in operating activities.

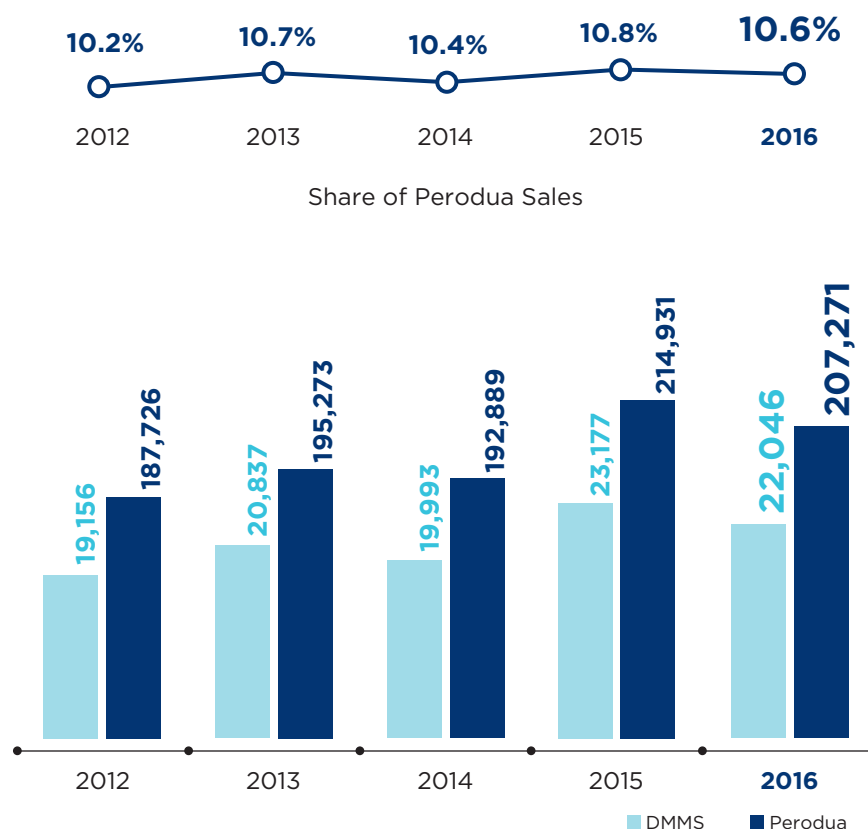
We reduced finance costs by 9.5% in 2016 as compared to 2015 as a result of progressive repayments of the term loan during the year. Consequently, the Group's effective interest rate on borrowings also saw a reduction from 5.2 % to 5.0%.

TIV vs Group's Total Sales



In the Motor Trading Division, our total vehicle sales volume decreased by 5.9% compared to the previous financial year. Despite the drop, our performance was better than the total market's performance, which declined by 13% in 2016 as compared to 2015. The launch of the new CKD Volvo XC90 that started rolling out of the production line towards the end of the second quarter 2016 contributed significantly to the better performance. While there was a slight drop in Perodua sales of 2.9% from 2015 to 2016, continuing strong demand for the Axia and Bezza helped Perodua to increase its market share to 35.7% from 32% in the previous year. Correspondingly, this enabled our Perodua dealership, DMM Sales Sdn Bhd ("DMMS") to remain a significant revenue contributor to the Group.

DMMS Sales vs Perodua Sales



The Group's focus on developing its aftersales business has also seen a creditable increase in its aftersales revenue, which recorded an increase to RM156.3 million for 2016 from RM150.3 million in 2015. This was achieved through the expansion of facilities and increased productivity and output across our 3S centers throughout Malaysia.

For our Auto Parts Manufacturing Division, revenue continued to grow and we recorded a total revenue of RM201.9 million in 2016, a 16.0% increase from 2015's RM174.0 million. This was achieved despite lower vehicles production volume by our major customers in Malaysia. The increase was mainly contributed by our alloy wheels business as production ramped up during the year. We were, however, unable to completely shield our margin erosion from external factors such as the ringgit depreciation, rising raw material costs and delays in recovering certain foreign currency costs from our customers. Added to these factors, we experienced setbacks in achieving our production efficiency targets necessary to attain the optimal production level. Consequently, OMI Alloy (M) Sdn Bhd ("OMI Alloy") continued to experience losses from the combination of increased production and reject rates declining at a slower pace than expected.

In view of these challenges and the uncertainty in the economic environment moving forward, the Group has taken a proactive stance in

reviewing the values of our investments and assets. As a result, we have recognised a goodwill impairment of RM24.9 million on our investment, and a further impairment on assets amounting to RM5.4 million in our Auto Parts Manufacturing Division.

For the financial year ended 31st December 2016, our share of associates' results in Perodua, Hino and Teck See Plastic Sdn Bhd were RM131.2 million, compared to RM102.1 million in 2015, representing a 28.5% increase. The outstanding performance was a result of, among other things, higher margins from certain variants in Perodua and better performance at Hino Motors Manufacturing (Malaysia) Sdn Bhd.

Financial Position

Overall, the Group's net assets have increased from RM1,829.3 million to RM1,872.4 million. Trade receivables for the Group increased from RM135.3 million to RM148.3 million largely due to higher volume sales towards year end and longer collection period from a major customer. As for inventories, the increase was RM26.3 million from RM165.6 million for 2015 to RM191.9 million for 2016 mainly coming from an increase in our inventory of the Volvo XC90 T8 in anticipation of the tax incentive status for the T8 being uncertain at the start of 2017. This inventory was almost entirely sold and delivered within the first two months of 2017.

In 2016, the Group incurred capital expenditures amounting to RM30.9 million as we expanded our showrooms and service centers facilities to better service our customers, including a new VW showroom and service centre at Desa Sri Hartamas, Kuala Lumpur and the opening of the first Volvo showroom in South East Asia to meet the new Volvo Retail Experience standards. We have further increased our alloy plant production capacity as we position ourselves to meet higher customer demand going forward.

Although there was minimal change in the Group's total borrowings of RM374.9 million as at 31 December 2016, as compared to RM372.4 million at end 2015, the Group reduced its term loan by RM39.6 million during the year, and in its place borrowings from trade facilities increased to meet operating requirements. The Group's gearing ratio (total group borrowings over group's total equity) therefore remained constant at a healthy level of 0.2.

Consequently, the Group's cash and bank balances were reduced by RM38.8 million to RM173.0 million.

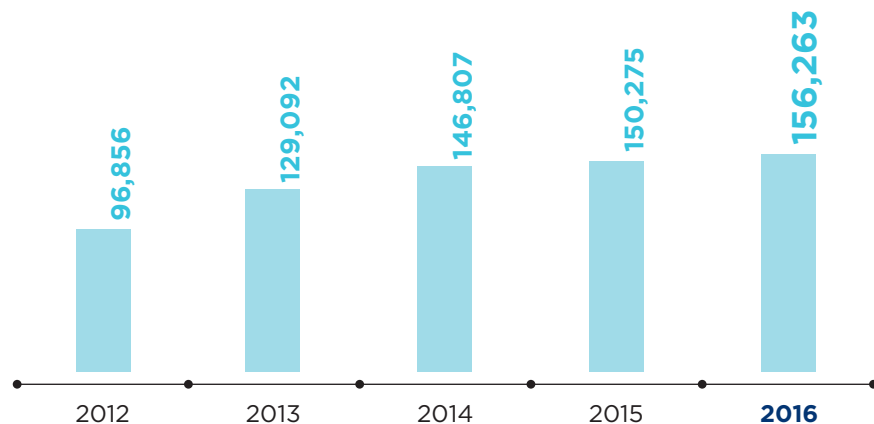
There were no significant changes to the Group's capital structure and resources in 2016.

Operational Review

Motor Trading Division

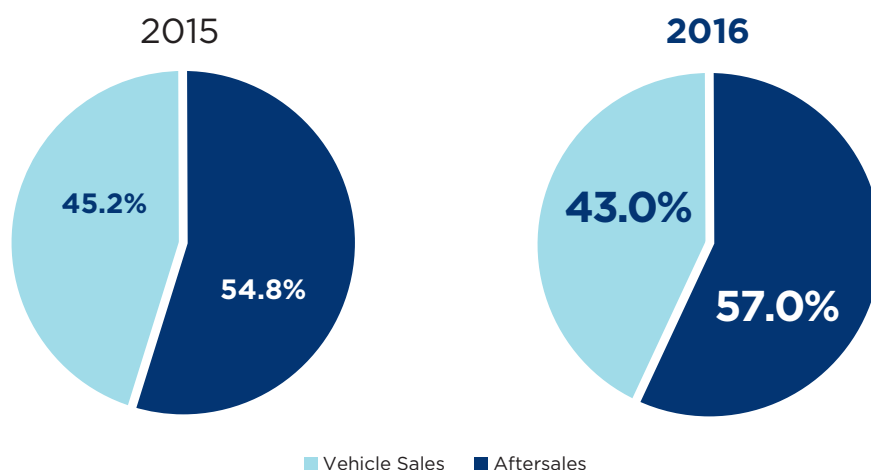
In 2016, our Motor Trading Division recorded a revenue of RM1,468.1 million, a 1.9% reduction from 2015's revenue of RM1,497.1 million. This revenue was achieved against a 5.9% drop in sales volume, and on the back of a 13% decline in TIV from 2015 to 2016. This better-than-market performance was largely attributed to model mix and the deliveries of the new Volvo XC90 which was very well received within the premium SUV market segment. By contrast, both the VW and Mitsubishi brands saw declines in unit sales and revenue as well as profit margins due to intense competition in the relevant market segments and the lack of new models. Our Perodua sales saw a 4.9% decline in line with overall softer market demand, although the launch of Bezza in the third quarter of 2016 did provide a boost in market interest in its segment.

Aftersales Revenue



The weakness in overall vehicle sales was partially offset by better aftersales revenue which saw a 4.0% increase in 2016 largely due to higher invoice values per throughput as previously sold vehicles have entered their extended warranty periods.

Gross Margin between Vehicle Sales and Aftersales

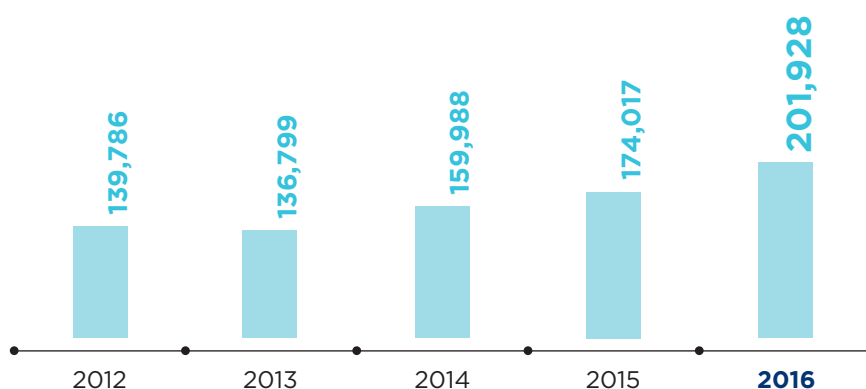


The core operating profit before tax of the Division was higher in 2016 by RM9.9 million mainly due to lower provisioning for doubtful debts and inventories in 2016 as compared to 2015, although partially offset by further start-up costs incurred for our IVECO distributorship.

Auto Parts Manufacturing Division

The Division recorded a revenue of RM201.9 million in 2016, a 16.0% increase from 2015's RM174.0 million mainly due to an increase in components purchase for our module assembly operations by 15% as well as an increase in alloy wheel sales by 48%. Operating loss before tax for the Division (excluding our share of joint venture results and impairments) further increased by RM12.4 million mostly due to extended losses from our alloy wheel plant operations as we have yet to achieve optimal efficiency. Our share of joint venture results equally saw a reduction of RM3.8 million as a result of lower volume sales from AHSB.

Auto Parts Manufacturing Revenue



Wheels and Tyre Assembly

For the OMI Group, the loss before tax was higher by 83.2% due to lower volume from steel wheels, the impact of unfavourable foreign currency exchange, below optimal production level at the alloy wheel plant, impairment of RM5.4 million for property, plant and equipment and the additional costs from its phase three investment.

Through its module assembly of wheel and tyre as a one-stop center, OMI continues to support around 90% of the Malaysian OEMs' Total Industry Production ("TIP") volume (Source: MAA 2016 Statistics). However, this business is at saturation point and the domestic market for steel wheels is declining as current preference heavily leans towards alloy wheels. OMI is therefore actively working towards increasing aftermarket exports of steel wheels.

OMI Alloy is also in a strategic position to capture the growing market preference for alloy wheels. It has further expanded its installed capacity to 750,000 wheels per year during the 4th quarter of 2016 in anticipation of higher alloy wheels demand moving forward.

Safety Products

Autoliv Hirotako Sdn Bhd (AHSB), a 51%-owned joint venture with Autoliv AB, is at the forefront of producing and supplying safety restraint systems which include seatbelts and airbags, to car manufacturers in Malaysia. Safety features which were available in the past for higher specification vehicles are becoming standard equipment for all vehicles. The ASEAN New Car Assessment Program (NCAP) ratings is continually being updated to raise levels of safety in vehicles and consumer awareness.

In 2016, the drop in TIV has affected the production of cars and the sales of safety products have been affected accordingly. Cost pressures from the decline in Ringgit value and rising operating costs continued to affect AHSB's profitability. Together with the weak market, AHSB recorded a 16.9% drop in revenue. Consequently, PBT also dropped by 25.9% in 2016 compared with 2015.

Acoustics Products

Our NVH division under Hirotako Acoustics Sdn Bhd (HASB) supplies a wide range of NVH products to the automotive industry. HASB offers cost competitive and lightweight products for better protection against heat and noise as well as better fuel efficiency. HASB's technical partner, Autoneum,

continues to provide strong technological support. Autoneum is a global leader in acoustic and thermal management solutions for vehicles.

Despite the lower industry production volume in 2016, HASB turned in a better performance year-on-year, with PBT higher by 17.5% from the previous financial year mainly due to higher value acoustic parts being introduced in line with new launches of car models during the year under review.

HASB's continuous effort to strive for improvements has also received recognition from a major customer and was awarded for Best Quality SMI category for 2015/16.

Outlook

Market conditions in 2016 were challenging for the automotive industry, and we expect similar challenges to continue into 2017. The Total Industry Volume ("TIV") forecasted by MAA for 2017 is 590,000 units, representing a mere 1.7% increase from 2016's 580,124 actual units registered, and still 11.5% below 2015's actual units registered.

We anticipate a mixed outlook for our Motor Trading Division in the coming year. The ringgit's weakness against major currencies, stringent hire purchase regulations and the current soft demand amid an uncertain economic outlook are expected to provide headwinds to the recovery of the Malaysian auto industry in 2017.

The Volvo XC90 is expected to continue to enjoy strong demand in 2017 and the new S90 and V90 models are also anticipated to gain market share for Volvo in the luxury mid-size corporate and family vehicle segment. This would help to offset expected slowing sales in the Volvo lifecycle models. We believe VW sales in the sedan and hatchback segments will remain challenging for 2017 but the newly introduced Tiguan is a promising contributor to unit sales and revenue given the fresh new look, modern features and market demand for SUV versatility. Given two years of relatively slow vehicle sales, the VW brand is also likely to face pressure on revenue and margins in the aftersales market. Our Perodua dealership business is expected to continue to remain a strong contributor to revenue and PBT despite some decline in volume in line with the overall industry performance. New model launches this year should complement the existing line-up and bring up total sales across all model ranges currently led by the Axia and Bezza. We will work towards maintaining our market share and retaining our margins in 2017. Having made significant provisions and impairments in the Motor Trading Division over the last two years, we are undertaking various programs to minimize leakages and close identified gaps in the internal control framework. We also expect to improve our planning and operating processes for better alignment with our principals' strategies and expectations.

Although AHSB has secured most if not all of the new programs that are available for 2017, the year ahead looks to be challenging to the maintenance of product margins. While the TIV is expected to stabilise and even achieve some minimal improvement from 2016, the ongoing uncertainty of the ringgit against other currencies will continue to plague importers of materials such as AHSB. To mitigate these factors, AHSB will intensify its efforts towards operations excellence, driving safety, eliminating waste and cost reduction. We target to maintain the same level of profitability for AHSB despite the challenging outlook for 2017.

As foreseen, when we started OMI Alloy's operations, production of steel wheels is expected to decline further but it is our plan for this decline to be offset by the additional production of alloy wheels as we work towards our goal of reaching close to our current full capacity of 750,000 wheels per annum. Having experienced the losses in 2016 that were largely due to high reject rates, we are employing internal and external measures to bring the reject rates down to an acceptable level as we increase production volumes in 2017.

HASB expects suppressed industry production volume in the coming year with further pressure on profit margin if the value of Ringgit remains weak. To mitigate against the risks arising from this difficult operating environment, HASB has intensified its efforts to diversify its product range, develop substitute new materials to achieve better margin, as well as to explore new markets.

For the financial year 2016, we declared RM23.4 million of dividends as compared with RM39.1 million in the previous year (which included a special dividend related to the gain from the sale of units in Menara MBMR). It is our practice to pay regular and healthy dividends to our shareholders in line with our financial performance.

Appreciation

We would like to take this opportunity to express our heartfelt appreciation for the continuous support we received from our customers, shareholders, business partners and other stakeholders. We thank our employees for their dedication and commitment amidst this challenging operating environment. We would also like to thank our Board members for their support, guidance and contributions during the year.

We also take this opportunity to welcome our new Chief Executive Officer, En. Nor Hadi Daud to our MBMR family. At the same time, we would like to thank and express our appreciation to Mr. Looi Kok Loon, who resigned on 8 February 2017, for his contributions to the Group over his 11-year tenure as Group Managing Director.



Volvo Showroom, Menara MBMR
The first in South East Asia to meet the new Volvo Experience standards.

Social Responsibility

In 2016, MBMR continued its programs related to corporate social responsibility in the workplace, the environment and the community in which we operate. Our CSR activities are undertaken with an emphasis on compliance with environmental, health and safety laws, a high level of safety in the workplace for our employees and business sustainability.

Workplace

Our people form the foundation of the success of MBMR. We schedule regular training sessions to educate and upgrade the skills of our employees. Throughout the year, our subsidiaries have organised teambuilding sessions for different levels of employees and business retreats to keep our executive and management staff engaged, motivated and aligned with the group's corporate strategies and objectives.

Above all, we emphasize safety and have a zero tolerance policy with respect to injuries in the workplace. Accidents and violations are tracked and reported to management on a monthly basis followed by a consolidated reporting to the Board committees and the Board on a quarterly basis. We organize periodic safety awareness campaigns and training to help prevent accidents and injuries at work and also outside of work. In addition, we emphasize on the importance of a healthy lifestyle by organising sports activities such as bowling tournaments, a friendly futsal matches and a "Magical Run". Our subsidiary, Oriental Metal Industries (M) Sdn Bhd took the initiative to organise a three day Emergency Management Training which was led by the Fire And Rescue Department of Malaysia.

We also express our appreciation to our employees through Annual Dinner and Family Day events hosted and fully sponsored by the respective subsidiaries at which awards and rewards for long service, individual performance and contributions to the companies are presented.

Environment

Much of the damage that we do to our environment is not deliberate but through our ignorance and neglect. Therefore, in MBMR we emphasize not only on compliance with environmental laws and regulations but also education and training to bring about more enlightened actions and practices towards energy savings, minimising waste and recycling. While our Manufacturing facilities are certified under Environment Management System (EMS) MS ISO 14001 and Occupational Health and Safety management System (OHSAS 18001), our corporate programs and activities go beyond compliance to reduce waste in the interests of environmental and business sustainability.

Society / Community

MBMR encourages unity within the organization and working in partnership with community groups. We have been continuously supporting the Relay for Life – Fight Against Cancer event organised by the National Cancer Society Malaysia, an annual event to raise public awareness about cancer in the community. In 2016, our Group companies also visited and provided assistance to Persatuan Insan Istimewa, Cheras, Persatuan Kanak Kanak Istimewa, Hulu Langat, Pusat Perniagaan Cacat, Taman Megah PJ, Pusat Perniagaan Rumah Kanak Kanak Tengku Budriah, Cheras and Rumah Anak Yatim Al-Khairiah.

Our Motor Trading Division hosted several drive events and made a number of corporate visits in 2016 to share their knowledge and skills with customers in the automotive industry. A Safe Driving Seminar was also conducted by our associate company, Hino Motor Sales (M) Sdn Bhd to educate the community on the importance of safe driving.

In the forthcoming year, MBMR will publish its inaugural Sustainability Report based on its focus on Environmental, Social and Economic matters that are tracked, measured and reported as part of its overall program and framework for sustainability.



Profile of Directors



Y. BHG. DATO' ABD RAHIM ABD HALIM

Aged 68, Malaysian, Male

Chairman

Non-Independent Non-Executive Director

Y. Bhg. Dato' Abd Rahim was MBM Resources Berhad's (MBMR) Managing Director until 28 February 2006. He is currently the Chairman of MBMR. Prior to his appointment to MBMR's Board on 17 December 1993, he was the Chairman of Daihatsu (Malaysia) Sdn. Bhd. (DMSB). Dato' Abd Rahim has extensive experience in the automotive industry and is presently on the Board of Rubberex Corporation (M) Berhad as well as several other private companies. He is also a Board member of Perusahaan Otomobil Kedua Sdn Bhd (Perodua). He holds a Bachelor of Economics (Honours) degree from the University of Malaya.



MS. WONG FAY LEE

Aged 53, Malaysian, Female

Executive Director

Ms. Wong was appointed as Group General Counsel to the MBMR Group of Companies in 2011. She was appointed to the Board as an executive director on 1 January 2014 and currently sits on the boards of various subsidiaries in the Group including Federal Auto Holdings Bhd, of which she is also an executive director. Ms. Wong started her career in 1987 with the Sydney office of Mallesons Stephens Jaques (now King & Wood Mallesons) as a corporate finance lawyer and later joined the South East Asian practice of Mallesons. Her former positions include having been a Manager in the Research & Development Division with the Malaysian Securities Commission, Chief Executive Officer of Malaysian Derivatives Clearing House and an adviser to the Clearing Division of the Hong Kong Exchanges and Clearing Limited. She is also currently a director of Apex Investment Services Bhd. She has a Bachelor's degree in law from the University of Sydney and post-graduate qualifications in finance and investments from the Securities Institute of Australia. She is admitted as a solicitor to the NSW Supreme Court and the High Court of Malaya.



ENCIK ISKANDER ISMAIL MOHAMED ALI

Aged 66, Malaysian, Male

Senior Independent Non-Executive Director

Encik Iskander was appointed to the Board of MBMR on 8 May 2009 and re-designated Senior Independent Director on 22 August 2013. He is currently Chairman of MBMR's Audit and Risk Management Committee and a member of the Nominating and Remuneration Committee. Encik Iskander is a member of the Malaysian Institute of Accountants and fellow member of the Association of Chartered Certified Accountants and was formerly the Executive Director and Chief Executive Officer of Kenanga Fund Management Berhad.

Having worked in the fund management industry since 1982, he had previously held various senior management roles in the fund management division/ subsidiary of Bumiputra Merchant Bankers Berhad and MIDF Berhad, where he was also a director of several MIDF subsidiary companies.

He was the first (and for a few years thereafter) Chairman of the Malaysian Association of Asset Managers, which he helped establish in November 1996. He also served on the Capital Market Advisory Council and was a member of the Bursa Malaysia Securities Berhad Listing Committee and of the Institutional Shareholders' Pro Tem Committee under the Minority Shareholder Watchdog Group.

He is an independent director of an asset management company in Malaysia and also sits on the Board of Trustees of a local educational foundation.



ENCIK MUSTAPHA MOHAMED

Aged 70, Malaysian, Male

Independent Non-Executive Director

Encik Mustapha was appointed to the Board of MBMR on 25 February 2013 and is currently Chairman of MBMR's Nominating and Remuneration Committee. He is a member of the Malaysian Institute of Accountants, Certified Public Accountants (Malaysia) and a fellow member of the Association of Chartered Certified Accountants. He was previously with Coopers & Lybrand Malaysia (now known as Pricewaterhouse Coopers) for 22 years from 1971 to 1993 of which he was a Partner from 1987 to 1993. He previously served as a director of Gadek Berhad, Gadek Capital Berhad, Ipmuda Berhad, Credit Corporation of Malaysia Berhad, Ho Hup Construction Company Berhad and MHC Plantations Berhad. He is presently a director of Majuperak Holdings Berhad, Rubberex Corporation (M) Berhad and manages his own advisory services firm.



ENCIK SHAMSHIN @ SHAMSHIR GHAZALI

Aged 67, Malaysian, Male

Independent Non-Executive Director

En. Shamsir was previously a Director of MBMR from 17 December 1993 and an Executive Director from 1997 until 23 May 2002. He was re-appointed to the Board of MBMR on 1 October 2015 and on 1 April 2016 appointed as a member of the Audit and Risk Management Committee. He started his career in Bank Negara Malaysia as Accounts Clerk in Accounts and Investments Department in July 1967. In March 1973, he joined Kassim Chan & Co as an Audit Assistant and subsequently Esso Malaysia Berhad as Corporate Analyst from October 1973 to March 1975. In 1975, he joined MARA as Financial Analyst in the Industry & Investment Division and then as Accountant in 1978 in the Finance Division, and promoted to Deputy Director in 1980, Director of Finance in March 1982, and also acting as Deputy Director General MARA in April 1985, Director of Finance in May 1986 and Deputy Director General MARA from 1991 until 1996. He joined MBMR as a Director to the Company from 1993 to 2002. In 2004 to 2006, he was an adviser to DMSB. Encik Shamsir is a past member of the Malaysian Institute of Accountants and the Chartered Institute of Management Accountants, and retired member of the Association of Chartered Certified Accountants.



ENCIK AQIL AHMAD AZIZUDDIN

Aged 58, Malaysian, Male

Non-Independent Non-Executive Director

Encik Aqil began his career with DMSB where he held various senior management positions prior to his appointment to the Board of MBMR on 18 May 2001. He is currently a member of MBMR's Audit and Risk Management Committee, the Chairman of DMSB and a director on the Board of Perodua. He holds a Bachelor of Science degree in Business Economics and an Associate Degree in Commercial Graphics from Southern Illinois University, USA.



MR. LOW HIN CHOONG

Aged 55, Malaysian, Male

Non-Independent Non-Executive Director

Mr. Low Hin Choong was appointed to the Board of MBM Resources Berhad on 18 May 2001. He graduated from Queen's University of Belfast, United Kingdom with a BSc (Hon) in Business Administration and Computer Science. He has more than 30 years' experience in the IT industry. Mr Low is also a Director of CathRx Ltd, an Australian-based medical device company principally involved in the development and manufacture of innovative, low cost and high quality electrophysiology catheters for the diagnosis and treatment of cardiac arrhythmias.



MR. NG SENG KONG

Aged 62, Malaysian, Male

Non-Independent Non-Executive Director

Mr. Ng was appointed to the Board of MBMR on 1 October 2015. He was an auditor in a chartered accountant firm in London from 1975 to 1979. In 1980, he joined MKS Sdn Bhd as Financial Controller and in August 1981, he was appointed to the Board of UMS Corporation Berhad. Mr. Ng was appointed as a deputy Managing Director of UMS Holdings Berhad in 1995 and subsequently promoted as its Managing Director in 2001. In 2011, he was also appointed as Managing Director of UMS Corporation Sdn Bhd, a wholly owned subsidiary of UMS Holdings Berhad. He is presently a director in several other subsidiary companies and associate companies within UMS Group and other private limited companies. Mr. Ng is a Fellow Member of Chartered Association of Certified Accountants (UK), Fellow Member of Chartered Institute of Management Accountants (UK) and Chartered Global Management Accountant.

Notes:

1. None of the Directors has any family relationship with any Director and/or major shareholder of the Company.
2. None of the Directors has any conflict of interest with the Company.
3. None of the Directors has been convicted of any offences other than traffic offences within the past 5 years.

Management Team

En. Nor Hadi Daud

*President and
Chief Executive Officer*

Ms. Wong Fay Lee*

*Executive Director
Head of Group Legal, Risk
and Compliance Division*

Ms. Chin Tze Fui @ Annie Chin

Group Financial Controller

EN. NOR HADI DAUD

Aged 62, Malaysian, Male

President and Chief Executive Officer

En. Nor Hadi Daud was appointed as President and Chief Executive Officer of MBM Resources Berhad on 1 March 2017. En. Nor Hadi is a seasoned professional in the Malaysian automotive industry with successful tenures at major automotive companies, including Hicom, Proton and Perodua. His area of expertise is in manufacturing, in both Production and Research and Development. His last appointment before he set out to undertake his own business was as Chief Operating Officer at Naza Automotive Group from 2004 to 2007. En. Nor Hadi has a Bachelor of Mechanical Engineering (Honours) degree from University of Malaya.

MS. CHIN TZE FUI @ ANNIE CHIN

Aged 48, Malaysian, Female

Group Financial Controller

Ms. Chin Tze Fui @ Annie Chin was appointed as Group Financial Controller of MBM Resources Berhad on 1st November 2016. Prior to her appointment Annie was heading her own boutique financial consultancy. Annie's tenure in the corporate world was primarily with Scomi Group Berhad from 2006 to 2011 where she held several senior positions in finance, including Group Financial Controller. Annie has a Bachelor of Science in Accounting (Honours) degree from Oklahoma State University, USA, and has been a member of Malaysian Institute of Accountants since July 1995.

* Please refer to Profile of Directors on page 20 for Ms. Wong's profile.

Notes:

1. The Chief Executive Officer does not have any interest in the securities of the Company or its subsidiaries
2. None of the members of the Management Team has any family relationship with any Director and/or major shareholder of the Company
3. None of the members of the Management Team has any conflict of interest with the Company
4. None of the members of the Management Team has been convicted of any offences other than traffic offences within the past 5 years.