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MMC CORPORATION BERHAD (30245-H)

ANNUAL REPORT 2016



**GROWING STRONGER**

ANNUAL REPORT 2016

# Growing Stronger

MMC Group is constantly on a path of growth, building upon our long-standing credentials and capabilities in Ports and Logistics, Energy and Utilities, Engineering and Construction businesses. Relentless pursuit for excellence in our core business segments will further solidify the Group's position as Malaysia's premier utilities and infrastructure group.

With a high-performance culture and dynamic workforce forming the strong foundation of our Group, we continue to strive for sustainable growth. Together, we are driven to fulfil the Group's ambition to continuously support Malaysia's progressive development.

The cover features images of our core businesses moving the nation forward to new possibilities.



**07** Financial Calendar



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## MMC CORPORATION BERHAD (MMC) IS A LEADING UTILITIES AND INFRASTRUCTURE GROUP WITH DIVERSIFIED BUSINESSES UNDER THREE DIVISIONS, NAMELY PORTS & LOGISTICS, ENERGY & UTILITIES AND ENGINEERING & CONSTRUCTION.

Its key businesses under the Ports and Logistics division include the operations of Pelabuhan Tanjung Pelepas Sdn Bhd, Johor Port Berhad, Northport (Malaysia) Bhd, Penang Port Sdn Bhd, Kontena Nasional Berhad and JP Logistics Sdn Bhd. Internationally, MMC has an associate stake in Red Sea Gateway Terminal Company Limited, a container port terminal within the Jeddah Islamic Port, Saudi Arabia.

Under the Energy and Utilities division, MMC is the single largest shareholder of both Malakoff Corporation Berhad and Gas Malaysia Berhad.

MMC's Engineering and Construction division has further established itself in the industry with a leading role as the Project Delivery Partner (PDP) and underground works package contractor for the 51 km Klang Valley Mass Rapid Transit (KVMRT) Sungai Buloh-Kajang (Line 1) and Sungai Buloh-Serdang-Putrajaya (Line 2) project. Prior to this, MMC has successfully completed the 329 km Ipoh-Padang Besar Electrified Double Tracking Project as well as the innovative Stormwater Management and Road Tunnel (SMART) motorway, the first-of-its-kind, dual-purpose tunnel in the world.

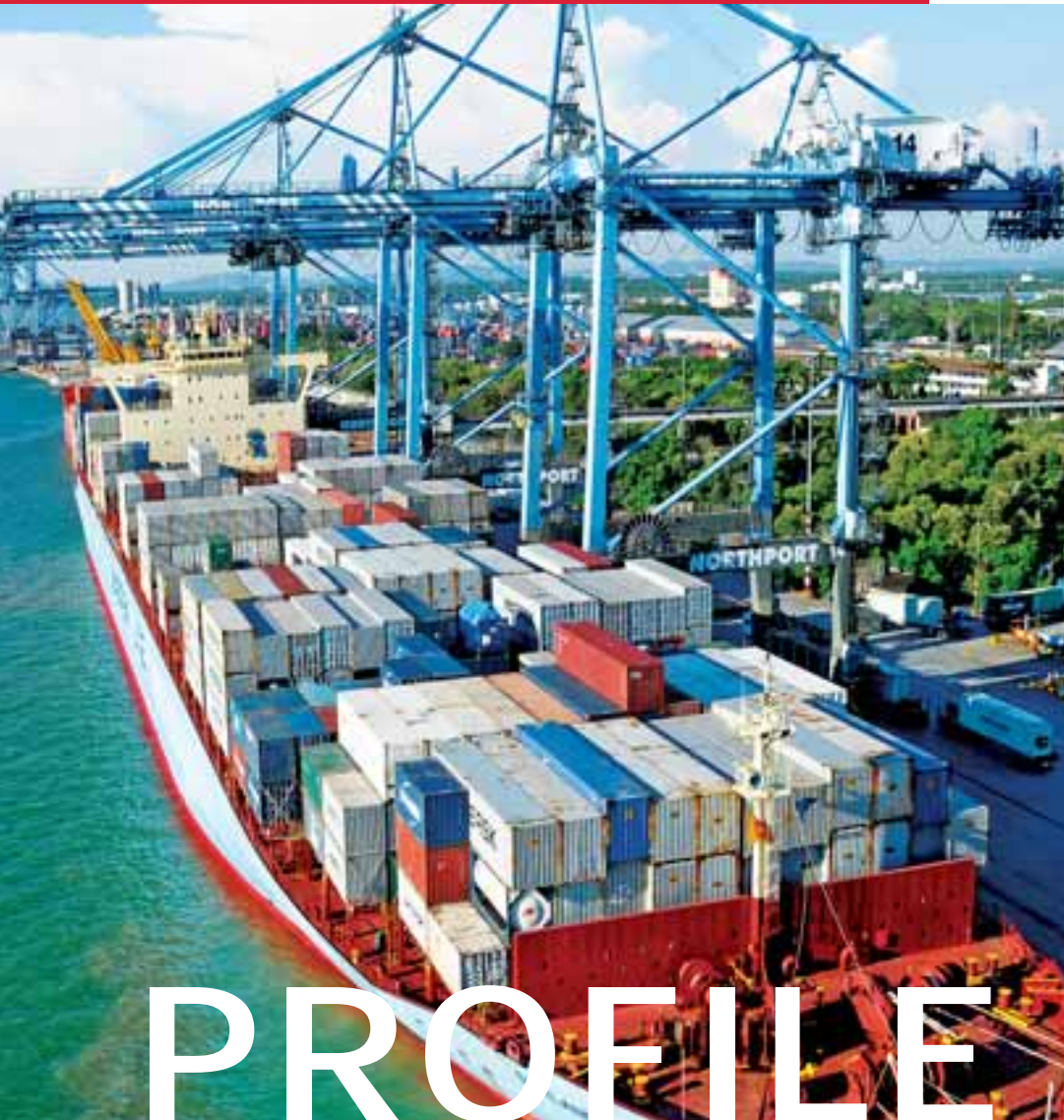
MMC continues to make inroads in the construction industry, securing key civil and infrastructure projects in the country, namely Langat Centralised Sewage Treatment Plant, Langat 2 Water Treatment Plant, civil and infrastructure works for Refinery and Petrochemical Integrated Development (RAPID) Pengerang Cogeneration Plant. Zelan Berhad in which MMC is the single largest shareholder, is currently undertaking the construction of a drawbridge in Kuala Terengganu. Additionally, MMC has a 20% effective interest in Borneo Highway PDP Sdn Bhd (BHP) which has been appointed as PDP for the Pan Borneo Highway Project in Sabah.



# CORPORATE

In other businesses, MMC wholly owns Aliran Ihsan Resources Berhad, a water treatment plant operator and also operates Senai International Airport in Johor Bahru, a major aviation hub and the main air transportation gateway to Iskandar Malaysia. Surrounding the airport is an area covering over 2,718 acres known as Senai Airport City which is being transformed into a major integrated industrial development. In addition to that, MMC has a 2,255-acre Free Zone Industrial Centre known as the Tanjung Bin Petrochemical and Maritime Industrial Centre which offers comprehensive facilities and infrastructure for tankage and terminal handling as well as trading and logistics.





# PROFILE



# OUR VISION

To be a premier utilities and infrastructure group





# OUR MISSION

Excellence in our Core Business Segments

- Maximise shareholder value
- Service excellence to stakeholders
- Lead in value innovation
- Be the preferred employer

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Tan Sri Dato' Seri Shamsul Azhar Abbas**  
Independent Non-Executive Chairman

**Dato' Sri Che Khalib Mohamad Noh**  
Group Managing Director

**Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob**  
Non-Independent Non-Executive Director

**Dato' Abdullah Mohd Yusof**  
Senior Independent Non-Executive Director

**Datuk Ooi Teik Huat**  
Independent Non-Executive Director

**Dato' Abdul Hamid Sh Mohamed**  
Independent Non-Executive Director

**Dato' Siti Halimah Ismail**  
Independent Non-Executive Director

**Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar**  
Independent Non-Executive Director

## COMPANY SECRETARIES

Ahmad Aznan Mohd Nawawi  
Sazlin Ayesha Abdul Samat

## REGISTERED OFFICE

Ground Floor, Wisma Budiman  
Persiaran Raja Chulan  
50200 Kuala Lumpur  
Malaysia

Tel : (603) 2071 1000  
Fax : (603) 2026 2378  
Email : cosec@mmc.com.my

## AUDITORS

Messrs. PricewaterhouseCoopers  
(AF 1146)  
Chartered Accountants  
Level 10, 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
P.O. Box 10192  
50706 Kuala Lumpur  
Malaysia

Tel : (603) 2173 1188  
Fax : (603) 2173 1288

## SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel : (603) 7849 0777 (Helpdesk)  
Fax : (603) 7841 8151 / 52

## DIVIDEND SERVICE PROVIDER

Bursa Malaysia Depository Sdn Bhd  
2<sup>nd</sup> Floor, Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur  
Malaysia

Tel : (603) 2034 7751  
Fax : (603) 2026 3712

## PRINCIPAL BANKER

RHB Islamic Bank Berhad

## STOCK EXCHANGE LISTING

Main Market  
Bursa Malaysia Securities Berhad

# FINANCIAL CALENDAR 2017

**11 May 2017**

Annual General Meeting

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**20 June 2017**

Entitlement to 2016 final dividend

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**5 July 2017**

Payment of 2016 final dividend

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Announcement of financial results for the financial year ended 31 December 2016:

**31 May 2016**

First Quarter ended 31 March 2016

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**25 August 2016**

Second Quarter ended 30 June 2016

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**23 November 2016**

Third Quarter ended 30 September 2016

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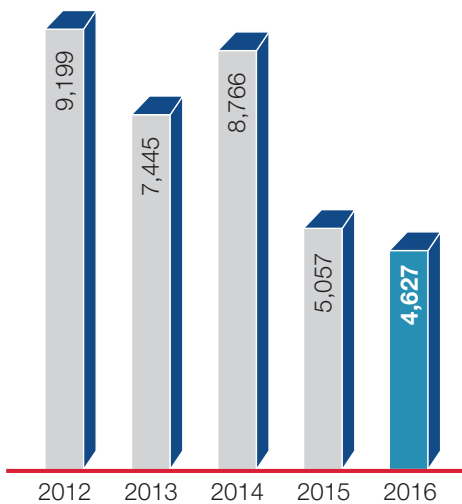
**28 February 2017**

Fourth Quarter ended 31 December 2016

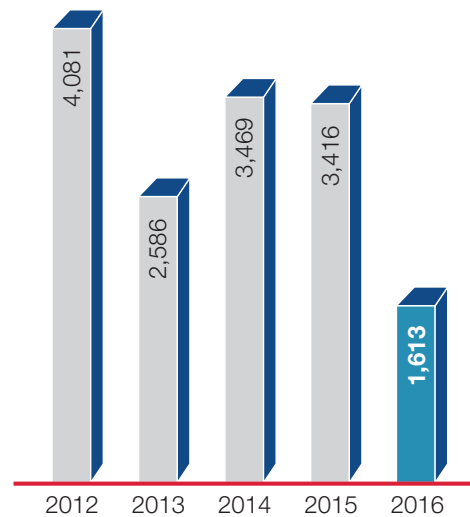
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# PERFORMANCE AT A GLANCE

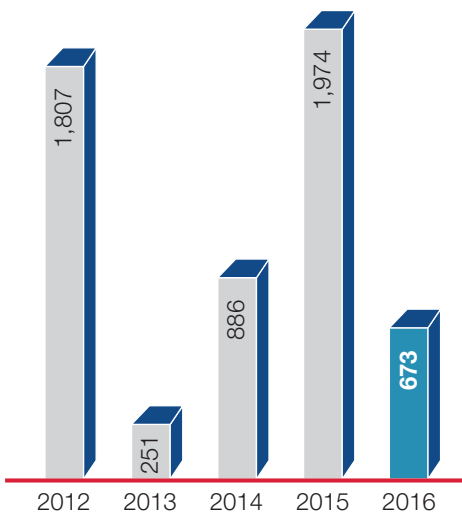
**REVENUE** (RM million)



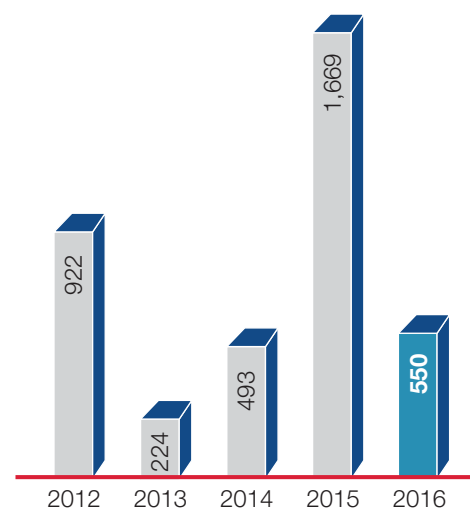
**EBITDA** (RM million)



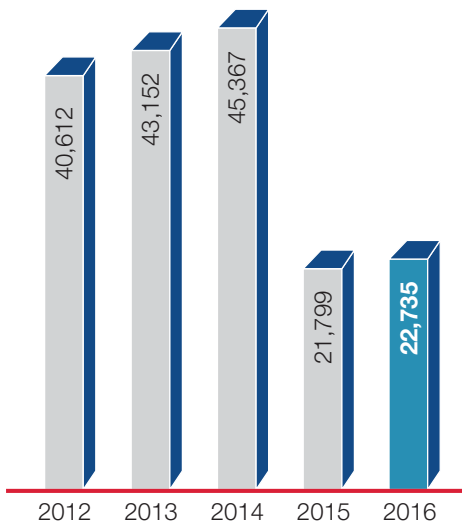
**PROFIT BEFORE ZAKAT  
AND TAXATION** (RM million)



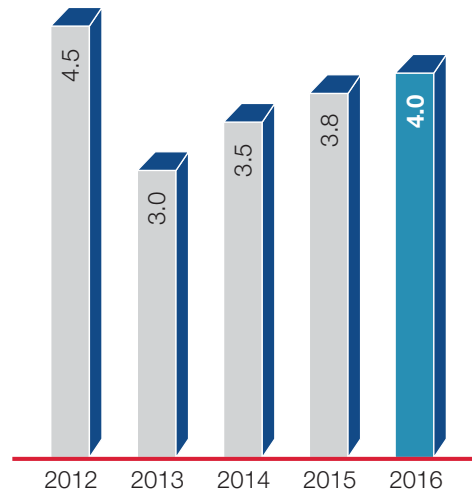
**PROFIT AFTER TAX AND  
MINORITY INTERESTS** (RM million)



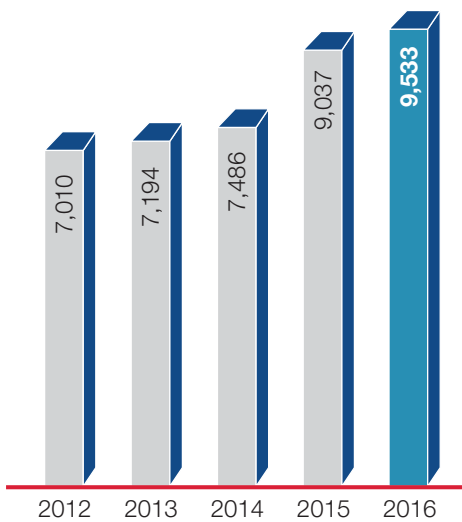
**GROSS ASSETS** (RM million)



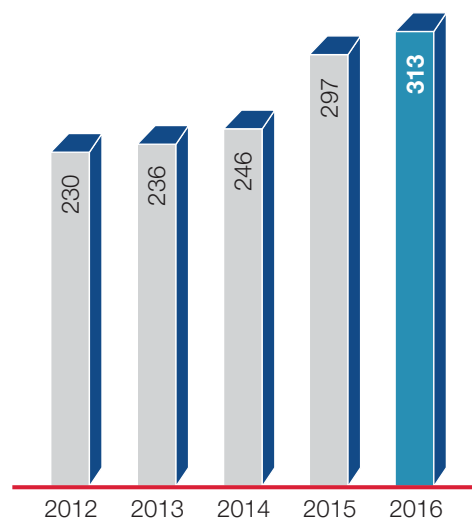
**DIVIDEND PER SHARE** (sen)



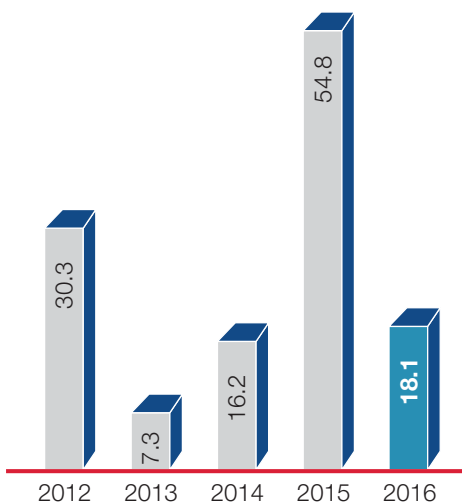
**SHAREHOLDERS' FUNDS** (RM million)



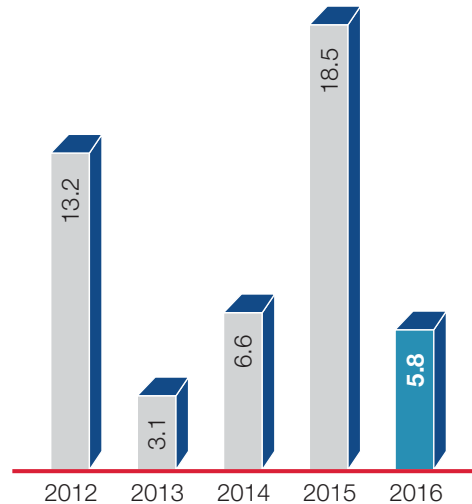
**NET ASSETS PER SHARE** (sen)



**EARNINGS PER SHARE** (sen)



**RETURN ON EQUITY** (%)



# CHAIRMAN'S MESSAGE

2016 WAS A SIGNIFICANT YEAR FOR MMC CORPORATION BERHAD (MMC GROUP OR THE GROUP) AS WE CONSOLIDATED OUR CURRENT DOMINANT POSITIONS AND INCREASED OUR EFFORTS TO STRENGTHEN THE GROUP FURTHER TOWARDS ULTIMATELY REALISING OUR VISION TO BE MALAYSIA'S PREMIER UTILITIES AND INFRASTRUCTURE GROUP.

We continued with our strategic focus to harness synergies across the Group for greater efficiency while capturing new opportunities, to overcome the challenging environment, thus setting the tone for the theme of our 2016 Annual Report, Growing Stronger.

Notable in 2016 was the expansion of our port operations along the Straits of Malacca following the recently completed acquisition of a 49% equity stake in Penang Port Sdn Bhd (Penang Port). This acquisition solidifies our position as the largest port operator in the country and further improves our standing as a major port operator in the global arena.

Other key developments during the year include the advanced progress of the Klang Valley Mass Rapid Transit (KVMRT) project and the completion of land sale by Senai Airport City Sdn Bhd (Senai Airport City) alongside stable earnings from our Energy and Utilities Division.

Collectively, these developments have propelled the Group to deliver stronger earnings for the year, and I am pleased to report another successful year for the MMC Group. With strong financial and operational performances as well as improvements in cost management and safety records at the workplace, we continue to generate and deliver sustainable value for our stakeholders.

I am also pleased to share that given our performance for the year, the Board of Directors is recommending a dividend of 4.0 sen per share compared to 3.8 sen last year, which shall be tabled for approval at our upcoming Annual General Meeting (AGM).

## SUSTAINABLE PERFORMANCE FOR THE YEAR

For the financial year ended 31 December 2016, the Group recorded an increase in revenue from RM3.01 billion to RM4.63 billion, excluding Malakoff's revenue in 2015, with steady income from the Ports and Logistics division, positive contribution from land sale as well as a significant increase in contribution from the Engineering and Construction division.

The Ports and Logistics division accounted for the lion's share of the Group's income, contributing 59% to the overall revenue. The division posted a 43% increase in revenue to RM2.74 billion from RM1.91 billion in 2015, with commendable increases in throughput at Northport (Malaysia) Bhd (Northport) and Johor Port Berhad (Johor Port).

## REVENUE

INCREASED 53.8% TO

RM4.63  
billion



The Ports and Logistics division collectively handled a total of 9.96 million Twenty-foot Equivalent Units (TEUs) of transshipment and 2.37 million TEUs in local cargo volumes in 2016 for a total volume of 12.33 million TEUs.

At a time of economic uncertainty around the globe with the added commodity and currency volatility, I would say that the increase in throughput volume by the Ports and Logistics division together with an increase in the passenger and cargo volume at Senai International Airport were a commendable feat. Additionally, our warehousing and haulage businesses in Kontena Nasional Berhad (Kontena Nasional) managed to improve its financial position in 2016.

During the year, passenger growth at Senai International Airport grew 9.5% to 2.8 million passengers, with increases seen in both domestic and international travel, propelling Senai Airport Terminal Services Sdn Bhd's (SATSSB) aeronautical revenue by 15% while non-aeronautical revenue grew 25%. This along with the recognition of land sale proceeds had boosted the airport operator's bottom line, turning around to produce an after-tax profit of RM6.8 million in 2016, from a RM28.1 million loss in 2015.

The natural gas distribution business via Gas Malaysia Berhad (Gas Malaysia) delivered commendable performance on the back of resilient demand and strong customer base. The year saw Gas Malaysia reverting to its inherent strengths, namely robust business fundamentals, disciplined management approach and strong operational efficiencies, resulting in sound financial performance. For the year 2016, Gas Malaysia's earning per share came in at 12.86 sen.

The consolidation of operations and strategy to leverage on the synergies of the Group has indeed helped MMC grow stronger through the year and improve our operating efficiency through better cost management.

Further details on the financial and operational performance are disclosed in the Management Discussion and Analysis section of this Annual Report.

### GROWING STRONGER WITH STABLE EARNINGS

The Engineering and Construction division continued to support MMC's growth with stable earnings from its construction and development projects, spanning from infrastructure and sewerage project.

As a key infrastructure developer in Malaysia, MMC undertook large projects such as the KVMRT Sungai Buloh-Kajang (SBK Line) and Sungai Buloh-Serdang-Putrajaya (SSP Line) as well as the Langat Sewerage Project, Langat 2 Water Treatment Plant, Pan Borneo Highway Sabah and RAPID-Cogeneration Plant developments, all of which provided us with stable earnings and accounted for roughly a third of the Group's revenue for the year.

It was also notable that the KVMRT SBK Line (Phase 1) was completed ahead of schedule within the budgeted target costs.

### MANAGING RISK AND COST

All our operating companies have adopted and implemented a risk management framework and processes that are aligned with the principles of ISO 31000 to ensure effective and efficient risk management. Risk management processes are now embedded in our organisational system to ensure that it is integrated at all levels and work contexts.

In 2016, we adopted a standardised Group Procurement Policy and other initiatives that allow us to leverage on group synergy, optimising operational costs in addition to the sharing and exchanging of technical knowledge. As a group, we work closely with the authorities for expeditious implementation.

We also believe that having the right safety culture at the workplace will benefit the company in the long run in terms of operational efficiency and cost effectiveness. We continue to review our safety culture so as to deliver a better workplace for our employees and others who operate in our premises.



### DEVELOPMENT PROJECTS FOR THE NEXT GENERATION

We were particularly pleased to extend our port services along the Straits of Malacca through new acquisitions, coupled with our development projects to expand the ports for future needs.

PTP is undergoing a comprehensive upgrading programme that will eventually increase the port's capacity to 13.2 million TEUs from 10.5 million currently. This will be achieved through acquisition of new equipment such as bigger quay cranes, rubber-tired gantries and prime movers. This translates to an increase in capacity, productivity and overall competitiveness for PTP, in line with its aim of becoming a key global transshipment port.

As for Northport, the upgrading of Wharf 8 is expected to be completed by August 2017. Once completed, Wharf 8 and Wharf 8A will have a combined total berthing length of 563m with 17m depth, which will increase the capacity to handle Ultra Large Container Vessel.

Johor Port on the other hand, plans to upgrade its cargo and warehousing capacity as well as expand boundaries through the development of two satellite terminals with Free Zone access.





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THE PORTS & LOGISTICS DIVISION  
**COLLECTIVELY**  
**HANDLED**

**12.33**  
**million**  
**TEUs in 2016**

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## SENAI INTERNATIONAL AIRPORT PASSENGERS GREW

# 9.5% TO 2.8 MILLION

As for Senai International Airport, we are also investing in the facade and facilities to enhance efficiency and upgrade the passenger terminal to cater to the growing number of passengers.

The on-going infrastructure projects in and around the Klang Valley is expected to improve transportation system efficiency and are part of the Group's nation building efforts. The Langat Sewerage Project, one of the largest Sewerage Treatment Plant in the country is also expected to improve the quality of our rivers and preserve our environment by reducing ammonia pollution and ensuring better effluent discharge.

Our goal is to ensure that the projects are completed timely within the allocated budget, not compromising on construction standards and quality, in order to ensure consistent earnings income for the Group.

Our industrial land business also plays a vital role to the Group's nation-building ambitions by developing industrial areas and attracting local and international investors and businesses to operate in Iskandar Malaysia.

### CARING ABOUT OUR COMMUNITY AND ENVIRONMENT

Our strong commitment to promoting the health and well-being of the people living in the markets we serve continues with various support and charitable programmes for the community.

This includes, among others, the sharing of various festivities with the less fortunate, financial assistance to the vulnerable residents of the community, examination preparation and motivational programmes for the younger generation and health-related activities such as blood donation drives and health and safety campaigns carried out by our subsidiaries throughout the year.

As we play a part in nation building through development projects and job creation, we also look into socially and environmentally-responsible initiatives such as minimising greenhouse gas (GHG) emissions, preserving biodiversity and introducing innovative, value-added energy solutions that promote energy efficiency and sustainability.



Our ports employ various environmental strategies to reduce energy consumption and mitigate GHG emissions, and we continually educate our employees, customers and suppliers to be mindful of energy conservation. We also considered electricity-based equipment in place of diesel powered ones, where appropriate, and have installed proper devices to comply with various emission standards. Our initiatives to preserve biodiversity includes collaboration with universities on scientific studies on seagrass meadows and marine organisms.



Through Gas Malaysia, we promote the use of natural gas in supporting the transition to a lower carbon emissions world and the national agenda of targeting 40% reduction in CO<sub>2</sub> emission by 2020. Based on its recent statistics, by supplying natural gas to close to 800 industrial customers, Gas Malaysia had contributed to approximately 14% reduction in CO<sub>2</sub> emission.

Our Engineering and Construction division also implemented an Environmental Management System (EMS) to monitor and minimise the impact of construction activities on the environment, including noise levels, ambient air quality, surface water quality and river water quality, as well as observe the preservation of natural buffer zones where necessary.

In a nutshell, our aim is to help improve the lives of others by giving back to our society and ensuring continued development growth through an environmentally-responsible approach.

### UNPARALLELED PEOPLE RELATIONSHIPS

Our good relationship with our employees provides the foundation for our stable and competitive growth. Our people are MMC's main resource in realising the Company's vision. While we invest in sustainable developments that generate numerous employment opportunities for the nation, we also focus on good employment practices to nourish and enhance the lives of those working with us while also establishing meaningful relationships with our partners, customers and stakeholders.

As an equal opportunity employer, MMC employs, appoints, promotes, develops and rewards its employees through the principles of meritocracy and fairness.

Supported by 13,215 employees spread over 17 operating companies in diverse industries, MMC continues to ensure that there continues to be diversity with fair treatment to all, free from gender, ethnicity and age discrimination. With that, we see our staff attrition rate for the Group declining to only 5.4% in 2016, from 8.2% in 2015, due to positive relationships, competitive pay structures and opportunities for upward career advancement.

We remain committed towards the professional development of our employees, including formal learning, on the job training and providing opportunities for industry exposure. To enhance the core competencies of our staff, we also provide competency and technical training for relevant employees such as NIOSH training, construction project managers certification, and on radiation safety.

As a means to encourage our employees to continually upgrade their skills and knowledge, we also provide financial education assistance and study leave to those who are keen to pursue higher learning.

Cognisant of the need to help our employees fit into the Group and to adopt its culture, we also conduct orientation and culture internalisation programmes, whilst fostering positive employee engagement at all levels using multiple avenues. The Company encourages good work practices through incentives and acknowledgments such as the MMC Total Rewards programme, Long Service Awards and Employees Recognition Award, to name a few. Various staff activities are also conducted at all subsidiaries to promote team building and harmonious work relationships.





### HEALTH AND SAFETY

Occupational health and safety remains a key focus of the Group, as we work towards ensuring a safe working environment for our people by enforcing stringent Health, Safety and Environment (HSE) standards and regulations across all our operations.

Policies are in place and facilities are equipped with the necessary safety features. Active discussions between management and employees are held regularly, alongside close monitoring of HSE performance indicators such as Lost Time Incident Frequency (LTIF), Lost Time Injury (LTI), fatalities and Permanent Total Disability (PTD) and Lost Workday Cases (LWCs). Risk areas are identified and relevant controls and mitigation action put in place to regulate these risks.

### AWARDS

In recognition of our efforts, we were honoured to receive several awards in 2016 for outstanding performance, environment as well as for research.

MMC Corporation Berhad received the Bronze Award for the Employer of Choice category for the first time during the Malaysia HR Awards 2016. This award recognises sustained and continuous commitment by organisations and corporations for the development of its talents.

Northport won the Outstanding Performance Award under the Port category in conjunction with the World Maritime Day 2016 on 5 October 2016. Northport and PTP both received the APSN Green Port Award System (GPAS) in conjunction with the APEC Port Services Network (APSN) Workshop on Safety of Dangerous Goods at Ports held on 8 November 2016.

On 26 May 2016, Johor Port received the UTM Annual Academia-Industry Excellency Award in recognition of its support towards UTM's academic development and research. This was followed



by the Focus Recognition Award from Petronas Refinery and Petrochemical Corporation Sdn Bhd for the high level of professionalism and commitment in handling their cargo movement and unloading of the Tallest, Heaviest Propylene Fractionator Process Column in Malaysia safely and efficiently on 25 June 2016. In addition to that, Johor Port secured first place for both the Private Sector's Building and Factory categories during the Landscape Day State Level Celebration 2016 held on 5 November 2016.

During the year, Johor Port also achieved the ISO 55001:2014 certification for 'Asset Management System for Primary Port Operating Assets' while Senai Airport was certified ISO9001:2015 and ISO27001:2013.

Kontena Nasional Global Logistics Sdn Bhd, received the Best Logistics Management Contractor Award on 13 December 2016 from PETRONAS Penapisan Melaka Sdn Bhd, while SMART Tunnel was recognised as the world's top tunnels by CNN in December 2016.



## OUTLOOK

Looking ahead, we remain optimistic on the Group's performance in 2017. We continue to expect higher throughput at our ports in view of the investments made to increase capacity and efficiency. We also see an increasing demand for shipping, transportation and warehousing as more companies venture into the flourishing online business, and with the continued economic development growth forecasted for the coming year. Further north, we also foresee improvements in Penang Port which is expected to contribute positively to the Ports and Logistics division.

The growth of Iskandar Malaysia will also bode well for our ports and airport as well as our industrial land development at Senai Airport City and Tanjung Bin Petrochemical and Maritime Industrial Centre.

We foresee sustainable business growth by our Engineering & Construction division, anchored by the KVMRT SSP Line underground work and Project Delivery Partner (PDP) role for the elevated portion and the Pan Borneo Sabah Highway projects. Additionally, our sewerage and water projects, along with consistent contribution from our energy and utilities investments also further supports the sustainable growth of our earnings.

Meanwhile, we will also continue our efforts to improve on our cost-efficiency and cost optimisation programmes to boost our operational profitability.

In summary, it has been an exciting year for MMC and our efforts have placed us on a stronger footing to weather tomorrow's challenges, paving the way for us to become Malaysia's premier utilities and infrastructure group. We will continue to leverage on our strong financial standing and our leading market positions to cater to the dynamic requirements of the market and we are committed to deliver another year of good performance.

## ACKNOWLEDGMENTS

In closing, I would like to thank the Board members and extend my appreciation to all outgoing and/or retiring directors from our various subsidiaries, including the board of directors of NCB Holdings Bhd, following the completion of the takeover.

My appreciation also goes to all our stakeholders; the Government, state bodies, regulatory authorities for their cooperation and support, our business partners, valued customers and suppliers, and to all our shareholders.

Last but not least, I would like to thank our management team led by Dato' Sri Che Khalib Mohamad Noh, our Group Managing Director as well as the management teams of our operating companies and all of our employees for their ongoing dedication and commitment, without which we will not be where we are today.

**TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS**

Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS

MMC CORPORATION BERHAD CONTINUED ITS MOMENTUM IN 2016 WITH STRONGER PERFORMANCE FROM ALL THREE CORE DIVISIONS. THIS WAS ACHIEVED THROUGH AN EXPANDED **PORTS AND LOGISTICS** PORTFOLIO AND OPERATIONS, STABLE **ENERGY AND UTILITIES** GROWTH, AND SUSTAINED **ENGINEERING AND CONSTRUCTION** BUSINESS BOOSTED BY MAJOR INFRASTRUCTURE CONTRACTS.

Throughout the year, we maintained our domestically dominant position in the ports sector and standing among the top global port operators. We overcame the challenging global economic environment by focusing on the consolidation of our port operations, placing significant emphasis on strategic acquisitions as well as undertaking capacity and facility enhancement initiatives.

During the year, our ports handled a total of 12.33 million Twenty-foot Equivalent Units (TEUs) with transshipment throughput totalling 9.96 million TEUs whilst we set a new record for our local cargo handling of 2.37 million TEUs in 2016.

The growth prospects for the ports industry propelled us to expand our reach to new territories along the important trading route of Straits of Malacca with the acquisition of Penang Port Sdn Bhd (Penang Port) and proposed acquisition of Tanjung Bruas Port, Melaka.

We also continued to invest towards enhancing our capacity and facilities including upgrading port channels to enable us to cater for the largest container vessels. We believe these initiatives will strengthen our service standards and propel our global competitiveness.

Our turnaround strategies also proved to be effective with our success in strengthening loss-making Kontena Nasional Berhad (Kontena Nasional). Following the acquisition in 2015, Kontena Nasional witnessed significant improvement in its freight forwarding segment which boosted Kontena Nasional's revenue by 28% to RM231.3 million in 2016.



Continuous improvement of our business strategies and tapping into new logistics and warehousing markets will only further improve Kontena Nasional's performances, after having narrowed its after-tax loss to a slight RM5.6 million in 2016, from a RM65.3 million loss in 2015.

We continued to see stable contributions from our energy and utilities businesses in 2016, in tandem with domestic economic development and population growth, and with consumers increasingly favouring natural gas as an alternative form of environmentally-friendly energy source. These sustainable positive trends will act as a catalyst for our energy and utilities division to grow from strength to strength.

During the year, we further contribute to Malaysia's nation building initiatives through our participation in major infrastructure and development projects that will spur economic growth, generate jobs, attract foreign investment as well as improve the people's quality of life.

With the support and confidence of the Government and our joint-venture partners, we were able to secure a number of key infrastructure projects during the year. Most notably, in 2016, together with our joint-venture partners, we secured the RM15.5 billion underground works package for the KVMRT Sungai Buloh-Serdang-Putrajaya (SSP Line) and the Project Delivery Partner (PDP) role for the RM12.8 billion Sabah portion of the Pan Borneo Highway project, which will be among the largest projects to be undertaken in our history.

Additionally, we remained steadfast in our focus on unlocking the value of our industrial land by attracting local developments as well as foreign direct investments to generate industrial activities and contribute towards domestic economic growth. We have also expanded our presence to north of Peninsular Malaysia whereby plans are afoot to develop our project in Northern Technocity in Kulim, sprawling over 354 acres adjacent to Kulim Hi-Tech Park, Kedah.

Down south, our current efforts to construct the approximately RM570 million bridge across Sg. Pulai in Johor that will link our Pelabuhan Tanjung Pelepas Sdn Bhd (PTP) to the Tanjung Bin Petrochemical and Maritime Industrial Centre, which is adjoining Malakoff's plant in Tanjung Bin, will be a boon for the local population and for industries to access a shorter route to the port as well as to Tuas in Singapore via the Second Link. This 7.5km bridge will also boost the marketability of our industrial centre in Tanjung Bin and port facilities at PTP.

We continue to monetise our assets and enhance the attractiveness of our key developments such as Senai Airport City, with many foreign investors and businesses drawn to its strategic location and excellent connectivity to airports, seaports as well as major expressways.

As we continue to explore new markets and harness synergies within the Group, we head into the following year on a stronger footing with our three core divisions-Ports and Logistics, Energy and Utilities, as well as Engineering and Construction-being the pillars that will support our continued growth.

This is the essence of the theme for our 2016 Annual Report: **"Growing Stronger."**

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**OUR PORTS HANDLED A TOTAL OF 12.33 MILLION TWENTY-FOOT EQUIVALENT UNITS (TEUs) WITH TRANSHIPMENT THROUGHPUT TOTALLING 9.96 MILLION TEUs WHILST WE SET A NEW RECORD FOR OUR LOCAL CARGO HANDLING OF 2.37 MILLION TEUs IN 2016.**

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## OPERATIONS REVIEW

The Group registered commendable results in 2016, with Ports and Logistics now playing a bigger role following the listing of our subsidiary, Malakoff Corporation Berhad (Malakoff) in 2015.

In 2016, MMC achieved revenue of RM4.63 billion with stable income generated from Ports and Logistics activities as well as from the Engineering and Construction projects. With that, the Group was able to rake in profit after tax and minority interest (PATMI) of RM549.7 million

In the preceding year, MMC generated a total revenue of RM5.06 billion, of which RM3.01 billion was from continuing operations whilst RM2.04 billion was contributed by discontinued operations, namely Malakoff. Profit after zakat and tax (PAZT) for 2015 continuing operations stood at RM299.24 million while that for discontinued operation accounted for RM1.52 billion, bringing total PAZT in 2015 to RM1.82 billion.

The Group's performance for the year under review stacked up well against 2015's RM3.01 billion revenue and RM364.97 million profit before zakat and tax (PBZT), with a healthy 53.6% increase in revenue and 84.3% growth in PBZT.

The robust growth comes on the heels of the Group's strategy to consolidate the ports businesses under one integrated operating group, MMC Port Holdings Sdn Bhd (MMC Ports) which amongst others, has a specific task to create and harness synergies among the ports by sharing common functions as well as improve efficiency of service to customers.

The Group currently owns PTP, Johor Port Berhad (Johor Port), Northport (Malaysia) Bhd (Northport) and Kontena Nasional, an integrated logistics company. We have also completed the acquisition of 49% stake in Penang Port.

The year 2016 was generally a challenging year as the global economic environment and volatile commodity prices affected the movement of raw materials by sea.

However, with a stronger balance sheet post Malakoff listing, we managed to reduce our borrowing costs significantly allowing us to utilise our resources better, focusing on strengthening our core operations.

By segment, in 2016, Ports & Logistics division accounted for 59% of revenue, a much larger percentage against the 38% contribution in 2015, and contributed 66% to PBZT versus 25% previously,



while the PBZT from Energy & Utilities was reduced to 27% compared with the preceding year's 40% revenue and 89% PBZT, due to deconsolidation of Malakoff and absence of exceptional gains of RM1.34 billion from Malakoff's May 2015 listing.

Similarly, revenue and PBZT contribution from Engineering & Construction also increased, and in 2016 stood at 33% and 52%, compared with 2015's contribution of 19% and 9%, respectively.

#### HIGHLIGHTS ON KEY RISKS

Our top risks for the Group are those risks identified based on the assessments performed on our overall risk profiles that identifies specific potential impacts to the Group's strategic plans and objectives. These key risks are continually monitored and reviewed at both the Head Office and operating companies via various committees and meetings. The quarterly Group Risk Management report is discussed and deliberated at MMC's Risk Management Committee and subsequently tabled to the Finance, Investment and Risk Committee (FIRC) of the Board. The reports are then submitted to the Board for notation on the updates to the identified risks.

Among the key risks identified at the strategic level is the risk concerning the value of new and current investments. This risk arises from market uncertainties that could result in impairment

in values or lower than anticipated returns on investments. Several key mitigation actions to address this risk include the establishment of the FIRC, implementation of Guidelines for Investment, undertaking thorough due diligence and having management representation at the Board level for entities that MMC has invested in.

As for the risk associated with our concessions and business ventures with our partners, we endeavour to ensure compliance with concessions' terms and conditions and all governing rules stipulated by the authorities. In addition, close and frequent engagements with the relevant authorities and stakeholders have enabled this risk to be well mitigated.

Operational risks are managed at operating companies level and through delegation of the risks to the respective risk and mitigation plan owners. To address our commitment in safeguarding lives and the environment in which we are operating, we had identified risks in relation to accidents leading to fatality and major environmental impact. On mitigating the risks, most of our operating companies are certified and are in compliance to international standards for safety and environment such as ISO 18001 and ISO 14001. They are subjected to periodic audits by the relevant certification bodies. Various committees have been established to closely monitor the organisation's performance on Health, Safety and Environment to ensure that our operations do not pose any threat to lives or cause any damage to the environment.

# PORTS & LOGISTICS



PELABUHAN  
TANJUNG  
PELEPAS  
SDN BHD



JOHOR  
PORT  
BERHAD



NORTHPORT  
(MALAYSIA)  
BHD



PENANG  
PORT  
SDN BHD



KONTENA  
NASIONAL  
BERHAD



JP  
LOGISTICS  
SDN BHD

## PORTS & LOGISTICS DIVISION

The Ports & Logistics division delivered another strong set of results in financial year 2016.

For the financial year ended 31 December 2016, the division's revenue advanced 43% to RM2.74 billion, from RM1.91 billion in 2015. However PBZT declined 10% to RM440.92 million from RM489.9 million in the preceding year. This is due to absence of gain on fair value re-measurement of RM130.5 million upon additional acquisition of equity interest in NCB in December 2015, which is partially offset by effects of NCB's consolidation.

Total throughput declined 3.29% from 12.75 million Twenty-foot Equivalent Units (TEUs) in 2015 to 12.33 million TEUs in 2016. The total TEUs recorded by the division in 2016 represents 49.6% of Malaysia's total container throughput of 24.85 million TEUs for FY2016. In addition to that, the division handled 26.4 million Freight Weight Tonnes (FWT) in conventional throughput during the year.

In terms of capacity, PTP is undergoing a comprehensive upgrading programme that will eventually increase the port's capacity to 13.2 million TEUs from 10.5 million currently. This will be done through a budgeted investment of RM1.3 billion over the next three years. It will be achieved mainly through acquisition of new equipment such as bigger quay cranes, rubber-tyred gantries and prime movers, which will increase the port's capacity, productivity and overall competitiveness as a key global port.

The Group is also staying on course with its comprehensive development plan for Johor Port to sustain its competitiveness and increase capacity as well as optimise land space through vertical expansion of its warehousing facilities.

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**DIVISION'S**  
**REVENUE ADVANCED**  
**43%**  
**TO RM2.74 BILLION**

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Our organic growth will be accompanied by expansion via strategic acquisitions and we are actively evaluating potential investment opportunities both locally and abroad.

We began the year with PTP, Johor Port, Northport, Kontena Nasional and JP Logistics portfolio and have strengthened this portfolio through the acquisition of a 49% stake in Penang Port that was recently completed.

Furthermore, with the establishment of MMC Ports, our focus will be to strategically expand our scale of operations and business presence from the Southern region to the Northern region of Peninsular Malaysia. This will enable us to maximise our capital and resource efficiencies to create stronger business operations by driving synergies across business units, establish best practices and also optimise contractual dealings with both customers and business partners alike.



### PELABUHAN TANJUNG PELEPAS SDN BHD

Our performance at PTP has remained resilient despite the uncertain global economic conditions. The shipping industry went through major changes on the back of several merger and acquisition activities taking place last year. To date, PTP has maintained a strong position among the world's major transshipment hubs.

The year 2016 was generally a challenging year for port operators. PTP recorded a lower throughput of 8.28 million TEUs for the financial year of 2016, down 9.2% from 2015. PTP's volume declined on the back of several port closures in the Far East due to dense fog weather in the first quarter of 2016, that led to the omission of calls to PTP by the shipping lines which decided to re-route cargo directly to Europe in order to restore schedule reliability. This as a result contributed to the loss of transshipment volumes at the port.

In August 2016, an oil spill incident at Tanjung Bin had impacted PTP. Shipping lines re-routed their transshipment as a precautionary measure and as a result, PTP suffered a loss of 200,000 TEUs during the two-week period. Correspondingly, total revenue for 2016 reduced by 3% to RM1.14 billion, from RM1.18 billion in 2015, while PBT was 12% lower at RM167.7 million against RM189.7 million recorded in 2015.

On the other hand, Marine revenue was 5% higher than 2015 due to a 6% increase in total vessel calls, mainly for non-container vessel calls and implementation of a new tariff since September 2015.

Notable improvements were seen in PTP Free Zone during the year, with significant growth achieved for both container volumes and tenants. Its revenue for the year surpassed the 2015 performance by 55% as laden container volumes rose by 11%, mainly driven by warehousing and logistics activities. In June 2016, The Volkswagen Group decided to house its 1.26 million square feet state-of-the-art regional facility for spare parts distribution at the PTP Free Zone, which is anticipated to generate an additional 18,000 TEUs annually for PTP when the facility becomes operational by August 2018. The facility will be the first of its kind in the South East Asian region which will act as a single consolidated distribution supply facility serving SEA, East Asia, South Asia, Central Asia, Australia, New Zealand and Pacific Islands markets.

PTP will continue to play a significant role in the development of the ports and logistics industry as well as nation development and we were honoured to receive recognition for our contribution and dedication to the industry and more specifically to the overall development of the state of Johor and Malaysia, in general. During the year, PTP won the APEC Port Services Network Green Port Award System for our initiatives to reduce environmental and energy footprint through sustainable business processes.

Moving forward, PTP will continue to manage its costs and strengthen its operational and financial position by enhancing our service quality and efficiency as well as upgrading our facilities. This includes focusing on fundamental concerns such as equipment availability and reliability, as well as increasing the port's capability through the on-going equipment upgrading programme. PTP is in the midst of procuring new quay cranes, new rubber-tyred gantries and prime movers, to be delivered in stages throughout 2017 and the first quarter of 2018.



PTP's expansion programme also involves channel dredging and widening to increase the draft to 18.5 metres deep from the current 16-17 metres, to enable the berthing of the largest container vessel classes. Work is expected to start in the second quarter of 2017.

These initiatives enable PTP to remain competitive and further strengthen its position as the preferred transshipment hub in the region. The added capabilities allow PTP to attract more liners from major regional destinations and position itself as a major integrated logistics hub in ASEAN. PTP is also anticipated to emerge on a stronger footing to capitalise on the positive volume growth, while the PTP Free Zone should see sustained growth in 2017 as further infrastructure development takes place at the distripark.

We remain steadfast in our efforts to increase PTP's capacity to cater for larger volume going forward. Our main priority is to continuously engage and offer sustainable value to all our customers.

#### NORTHPORT (MALAYSIA) BHD

Northport achieved a sterling performance in 2016, recording a 13.8% increase in throughput to 3.22 million TEUs, compared with 2.83 million TEUs in 2015. The biggest contribution to the growth was from transshipment containers, which grew by 22.0% during the year, followed by exports at 7.8% and imports at 4.7%.

This helped to boost the port's revenue by 9.2% to RM694.8 million in 2016, from RM636.3 million in 2015, and consequently raised PBZT by 57.2% to RM139.4 million, from RM88.6 million previously.

During the year, Northport also initiated process improvement programmes to boost performance delivery and efficiency by promoting ideas and identifying issues that need to be addressed to achieve the desired results.

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**NORTHPORT  
RECORDED A  
13.8%  
INCREASE IN  
THROUGHPUT TO  
3.22 MILLION TEUs**

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To further leverage on the synergies of the MMC Group, Northport has collaborated with JP Logistics and Kontena Nasional to enhance its services through consolidation of import and export shipments, as well as operational collaboration for the supply of manpower and machine for its container, conventional cargo and logistics operations.

As part of the larger MMC Group, Northport has been able to leverage on group procurement for the purchase of terminal equipment and spare parts. On the engineering front, Northport has shared its technical expertise with other sister ports. Apart from that, Northport also participated in the Group's training programmes to enhance the skills and knowledge of its employees.

Northport believes that the future continues to hold significant growth potential for its operations and they are now positioning themselves as a stronger intra-Asia and local gateway cargo player. Going forward, Northport will continue to invest in expanding, upgrading and optimising its facilities to better serve customers and to provide more efficient services.

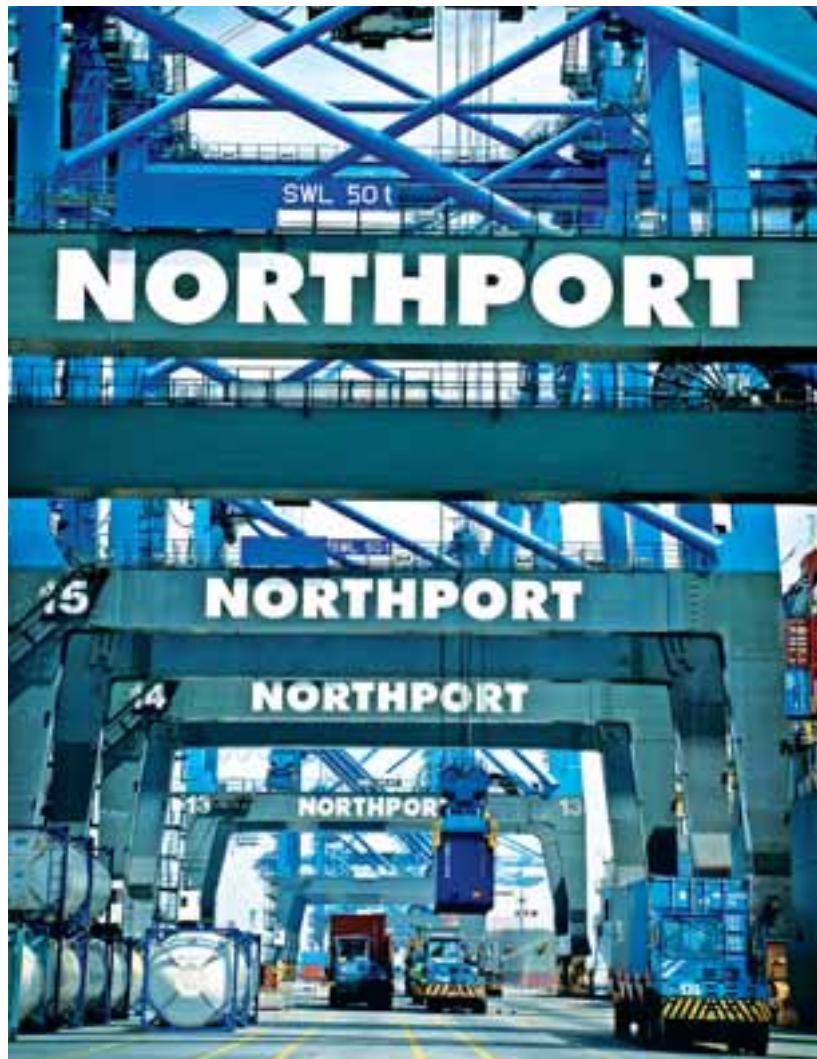
One notable effort is Northport's current upgrading of Wharf 8. Upon completion in August 2017, Wharf 8 together with Wharf 8A, will have a combined berth length of 563 metres and a draft of 17 metres. The upgraded facility will offer the required capacity to handle Ultra Large Container Vessels, placing Northport on the main shipping route to service Europe, America and China/Japan routes.



Northport's long-term business objectives include growing its business organically and collaborating with customers to create a cargo base for their business. In addition to that, the port is also exploring the possibility of joint-collaboration with selected Liners for development of new facilities in creating a sustainable volume for Northport.

Northport will remain cautious on the economic developments both globally and domestically and will continue to track the changing shipping landscape and alliance alignment in order to remain relevant and competitive.

Consolidation of the liner shipping industry is expected to be formalised in April 2017 that will lead to adoption of a dual hub strategy in Singapore and Port Klang. This provides an opportunity for Northport to potentially attract additional transshipment traffic by leveraging on our "Berth on Arrival" proposition for shipping lines to call at Northport.



## JOHOR PORT BERHAD

In 2016, Johor Port posted stronger earnings with revenue rising 10% to RM536.6 million from RM486.5 million a year earlier.

Revenue growth was supported by improvements in Dry Bulk, Break Bulk, Container, Marine and from the Petroliaam Nasional Berhads' (PETRONAS) Refinery and Petrochemicals Integrated Development (RAPID) Material Offloading Facility (MOLF) project which was partially offset by the decline in Liquid Bulk and Offshore Inspection, Maintenance and Repair Centre (OIMR) division.

Johor Port's Dry Bulk operations gained traction with a 3% increase in throughput, which helped boost revenue by 4% year on year to offset the dip in Liquid Bulk Terminal revenue as a result of a decline in both Edible and Non-Edible Liquid cargo.

The Break Bulk Terminal's 3.5% revenue improvement was supported by a 11% growth in throughput. Total conventional cargo stood at 17.8 million FWT, which represents a slight decrease of 1.5% compared to the preceding year.

Container volume also rose by 3% to 827,013 TEUs from 800,524 TEUs during the preceding year. The Marine division made good progress in 2016 with revenue surging by some 20% following a 5% rise in vessels serviced as well as several special projects undertaken during the year, including lay up of vessels and movement of rigs.

Revenue from the OIMR division was commendable, amounting to RM33.9 million in 2016 despite the volatile crude oil prices due to uncertainty in the oil & gas industry which has affected the industry.

Consequently, Johor Port posted a PAT of RM156.2 million in 2016, which represented an increase of 26.5% from RM123.5 million previously.

Going forward, Johor Port will continue to focus on increasing its transshipment volume and berth utilisation as well as upgrading its facilities to meet customers' growing requirement.

The Port's volume which handles 95% of hinterland cargo, remains a key Commodity Hub in the Southern Region supported by a strong regional network. The rapid growth coming from Iskandar Malaysia and surrounding industrial areas have led to increasing cargo demand.

To this end, Johor Port has embarked on a 5-year Comprehensive Development Plan to upgrade its Bulk cargo capacity by about 50% to approximately 43 million MT by 2020, from the existing capacity of 22 million MT currently, to cope with future projected volume growth. This Plan also includes increasing warehousing footprint through optimisation of land space and relocation or merging of existing buildings within the Port's area, in order to add more than 400,000 square feet to its current 3 million square feet of Free Zone warehousing space.

Johor Port is also expanding its boundaries through the development of two Satellite Terminals with Free Zone facilities, with Terminal 2 located some 7 km away from Johor Port. The Export Processing Zone and Cargo Consolidation Centre situated within the Tanjung Langsat Industrial Complex will also be developed as part of Terminal 2, which covers a land area of more than 112 acres.

The two Terminals, combined with the Comprehensive Development Plan, will double Johor Port's capacity to some 80 million MT with additional storage capacity of 1.7 million square feet to cater for the Port's requirements for the next five years.





#### KONTENA NASIONAL BERHAD

The freight forwarding segment drove Kontena Nasional's revenue up by 28% in 2016 to RM229.5 million, from RM178.9 million in the preceding year, offsetting the lower earnings from its warehousing, haulage and trucking businesses.

During the year, freight forwarding revenue rose 77% to RM151.2 million, from RM85.5 million in 2015, following its success in securing new businesses from PETRONAS Carigali Sdn Bhd, Samsung Engineering Co Ltd and the Ministry of Defence.

Kontena Nasional also managed to expand its ISO tank transportation business in Johor and Port Klang. This is a specialised transportation for gas, namely for two major players, Air Liquide Malaysia and Linde Malaysia, and the project contributed some RM6.5 million in revenue in 2016.

Revenue from the warehousing business declined by 13% to RM16.2 million, from RM18.7 million in 2015 with overall average occupancy rate around 70%, compared with 90% in 2015.

Kontena Nasional's warehouse in Nusajaya Johor obtained its license as a bonded warehouse in September 2016, improving its marketability and enabling it to attract a number of customers, and thus raising the occupancy rate to 60% from 40% in 2015.

At the same time, both haulage and trucking revenue were affected by a reduction in its fleet numbers, with an average availability to operate of 65% in 2016. Consequently, haulage revenue decreased by 16% to RM55.5 million from RM66.3 million previously, while trucking revenue slipped by 20% to RM6.6 million from RM8.3 million in 2015.

Currently, Kontena Nasional has 337 vehicles in its haulage fleet including box vans, conventional trucks, prime-movers, cement tankers, tipping dumpers and reefer trucks.

In 2016, Kontena Nasional managed to lower its operating expenses. At the bottom line, Kontena Nasional improved to post a lower total loss after tax (LAT) for the Group in 2016 at RM5.6 million, improved 91% from a loss of RM59.7 million in 2015 primarily due to contribution mainly from the freight forwarding segment.

Going forward, we believe that our logistics segment will continue to perform well as retail e-commerce continues to grow at an impressive pace leading to a wave of demand for logistics functions including warehousing and transportation such as shipping, freight and haulage. This will be further complemented by our consolidation and investment in integrated technology that will facilitate easier transport management system, shipping options and shipment tracking.

The recently obtained bonded status for our Nusajaya warehouse will also bode well for the warehousing segment in the coming year while the expansion of the haulage business into more specialised segments is also expected to boost future earnings.

In March 2016, we ventured into the skid tank business and successfully generated RM6.5 million in revenue for the year, contributing to 11% of the total haulage revenue in 2016. With the implementation of our proposed expansion plan, we believe this will generate a good income stream that is expected to contribute to higher growth in 2017.

# ENERGY & UTILITIES





MALAKOFF  
CORPORATION  
BERHAD



GAS  
MALAYSIA  
BERHAD

## ENERGY & UTILITIES

The Energy and Utilities division remained a core segment of the Group's operations, even after the listing of Malakoff in 2015, as we continue to see significant contribution from Malakoff and Gas Malaysia Berhad (Gas Malaysia).

This Division performed well during the year. Subsequent to the listing of Malakoff in 2015, the Group has reduced its gearing significantly and consequently improved its financial position to pursue more business opportunities going forward.

The PBZT contribution from Energy & Utilities division was reduced to 27% compared with the preceding year's 89% due to the deconsolidation of Malakoff results and absence of exceptional gains of RM1.35 million related to Malakoff's May 2015 listing.

### MALAKOFF CORPORATION BERHAD

In 2016, Malakoff's revenue increased by 15% to RM6,098.4 million from RM5,302.0 million previously.

This increase came on the back of revenue contributions from the newly built 1,000 MW coal-fired Tanjung Bin Energy Power Plant, which achieved its commercial operation date (COD) on 21 March 2016. The Group turned in a PATMI of RM355.5 million for 2016, a 21% drop from its PATMI of RM452.4 million in 2015.

Malakoff achieved several major milestones in 2016 which helped strengthen its market standing domestically and abroad. On the home front, aside from Tanjung Bin Energy Power Plant achieving its COD, Port Dickson Power Plant commenced its three-year extension period for its existing Power Purchase Agreement. Elsewhere on the domestic front, Malakoff's other local power plants continued to turn in a steady performance above the Independent Power Producer (IPP) industry average in terms of energy availability factor and thermal efficiency. On the international front, Malakoff's venture in Oman, the Al Ghubrah Independent Water Project, achieved its COD on 19 February 2016.

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TANJUNG BIN  
ENERGY POWER PLANT  
**ACHIEVED ITS  
COMMERCIAL  
OPERATION DATE  
ON 21 MARCH 2016**

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Malakoff is today Malaysia's largest IPP in terms of effective generation capacity. By way of its domestic IPPs and international assets in the power and water segments, Malakoff had a total effective capacity of 7,036 MW and 444,800 m<sup>3</sup>/day respectively as at end of 2016. Going forward, Malakoff plans to expand its effective power generation capacity to 10,000 MW and its effective water production capacity by approximately 50% by 2020. Today, approximately 97% of Malakoff's revenue is generated from the power generation and distribution business.

### GAS MALAYSIA BERHAD

In 2016, Gas Malaysia posted commendable operational and financial performances, charting higher revenue at RM4.05 billion against RM3.62 billion in 2015, driven mainly by the increase of gas consumption by our industrial customers, in addition to the higher natural gas tariff (revised to RM25.53/MMBtu for 1H2016 and RM27.05/MMBtu for 2H2016).

During the year, volume of gas sold stood at 164.26 million MMBtu, rising by some 3.26% over 2015's level of 159.07 million MMBtu sold.





PBZT was RM212.84 million and Profit after Zakat, Tax and Minority Interest stood at RM165.1 million, a commendable 55.55% growth against RM106.2 million recorded in 2015.

The number of industrial customers, who contributed 99.1% to Gas Malaysia's total gas sold, increased to 819. Adding 2,260 commercial and 35,298 residential customers, the customer base which is represented by the industrial, commercial and residential sectors stood at 38,377 customers.

Gas Malaysia continues to further reach its customers by strengthening and extending their presence within Peninsular Malaysia. In line with that, Gas Malaysia grew its Natural Gas Distribution System network by another 47 km, bringing the total length of its distribution pipeline across Peninsular Malaysia to 2,186 km. Gas Malaysia has also awarded several construction projects that would result in over 90 km of pipelines in the future.

Gas industry liberalisation has paved the way for Gas Malaysia to enhance its commercial potential by diversifying into the non-regulated sphere of the gas distribution business. Even as the gas distribution business continues to support the Group's organic growth, Gas Malaysia continues to make good progress and is pleased with the completion of its three commercially driven ventures – namely, the Combined Heat and Power, Virtual Pipeline and the latest addition Bio Compressed Natural Gas businesses.

Aimed at promoting efficient resource allocation and usage as well as ensuring equitable financial performance, Incentive Based Regulation framework (IBR) was implemented on a trial basis in 2016. The IBR was effected to govern the regulated distribution business and is expected to provide earnings clarity, certainty and stability for Gas Malaysia while also acting as an incentive to improve on operational and financial efficiencies.

Looking ahead, we shall continue to remain resilient and focus on actionable business strategy to enable us to adapt and rise above the liberalisation of the natural gas industry.



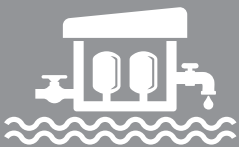
# ENGINEERING & CONSTRUCTION



KLANG VALLEY  
MASS RAPID  
TRANSIT  
PROJECT



MMC  
ENGINEERING  
SERVICES  
SDN BHD



MMC  
PEMBETUNGAN  
LANGAT  
SDN BHD



ZELAN  
BERHAD



STORMWATER  
MANAGEMENT  
AND ROAD  
TUNNEL  
(SMART)



## ENGINEERING AND CONSTRUCTION

### MMC ENGINEERING SERVICES SDN BHD MMC ENGINEERING & CONSTRUCTION SDN BHD

We continue to see steady growth from the Engineering and Construction division in 2016, with contributions from several key infrastructure, water and sewerage projects.

Notable projects undertaken during the year include, among others, the Klang Valley Mass Rapid Transit (KVMRT) project with Gamuda Berhad, the Rapid Cogeneration Plant project in Pengerang, Johor with Siemens, the Langat 2 Water Treatment Plant with Salcon Berhad and Ahmad Zaki Resources Berhad and the Langat Sewerage Project in Selangor.

For the financial year 2016, MMC Engineering Services Sdn Bhd and MMC Engineering & Construction Sdn Bhd recorded a combined revenue of RM234.93 million. This represents a 40% increase from RM168.23 million recorded in 2015. Subsequently, the companies posted Profit Before Tax of RM23.19 million as compared to RM6.29 million in 2015.

On 11 April 2016, Borneo Highway PDP Sdn Bhd (BHP) signed the Project Delivery Partner (PDP) Agreement with the Malaysian Government and Sabah State Government to implement Phase 1 of the Pan Borneo Highway in Sabah. BHP is 40% owned by UEM MMC Joint Venture Sdn Bhd (UMJV), which is in turn a jointly-controlled entity of MMC. MMC's effective interest in BHP, via UMJV, is 20%.

Supported by these and other projects, the Engineering and Construction division posted stronger revenue and PBZT contribution also increased in 2016 to 33% and 52%, compared with 2015's contribution of 20% and 9%, respectively.

### MMC GAMUDA JOINT VENTURE

Through our joint-venture unit MMC Gamuda KVMRT (PDP) Sdn Bhd, we undertook the MRT Sungai Buloh-Kajang (SBK Line) project, which is the first of three KVMRT lines to be developed.

The line runs from Sungai Buloh across the Central Business District (CBD) and ends in Kajang. Of the entire 51 km line, 41.5 km is elevated and 9.5 km is underground. There are 31 stations, of which seven stations are underground.

Each four-car train set serving the line has a total capacity of 1,200 passengers and the daily ridership is estimated to be about 400,000 passengers. The SBK Line will operate in two phases, with the first phase covering the elevated section from Sungai Buloh to Semantan launched on 16 December 2016, while the second phase is expected to commence at the end of July 2017.

For the financial year 2016, SBK Line recorded revenue of RM2.99 billion compared to RM3.45 billion in 2015 and Profit After Tax (PAT) of RM102 million compared to RM122 million in 2015. The lower PAT was in line with the project approaching towards completion.



The SBK Line contributed approximately RM1.5 billion in revenue to the Group in 2016, and brought in about RM71 million in PBZT.

The MRT Sungai Buloh-Serdang-Putrajaya (SSP Line) is the second MRT line to be developed to serve a corridor stretching from Sungai Buloh to Putrajaya, and will traverse highly populated areas.

The approved alignment is 52.2 km long, of which 38.7 km is elevated and 13.5 km is underground. SSP Line will comprise of 37 stations, of which 11 are underground.

Upon commencement of full services in the second quarter of 2022, the SSP Line is expected to have a daily ridership of 533,000 passengers.

In 2016, MMC Gamuda KVMRT (PDP SSP) Sdn Bhd recorded a revenue of RM583.57 million against RM241.86 million in 2015 and PAT of RM28.83 million compared to RM0.07 million in 2015. The higher PAT was in line with higher work progress.

MMC Gamuda KVMRT (T) Sdn Bhd was set up specifically to undertake the design and construction work for the underground packages of the KVMRT project.

The RM8.2 billion tunneling package for the MRT SBK Line involves the design and construction of a 9.5 km-long MRT underground tunnel with 7 underground stations, whilst the RM15.4 billion

tunneling package for the MRT SSP Line includes the design and construction of a 13.5 km-long MRT underground tunnel with 11 underground stations.

For the financial year 2016, SBK Line recorded a revenue of RM1.91 billion compared to RM1.41 billion in 2015 and a PAT of RM315.49 million compared to RM177.88 million in 2015. The higher PAT was attributable to the completion of SBK Line.

Subsequently, SSP Line recorded a revenue of RM477.44 million and a PAT of RM13.13 million in 2016.

THE ENGINEERING &  
CONSTRUCTION

**DIVISION PBZT**  
CONTRIBUTION  
INCREASED

52%

### MMC PEMBETUNGAN LANGAT SDN BHD

During the year, MMC Pembetulan Langat Sdn Bhd (MMC PLSB) posted a revenue of RM263.5 million with gross profit of RM9.7 million, compared to RM35.7 million and RM1.37 million respectively in 2015.

MMC PLSB is the company set up to undertake the Langat Sewerage Project, which was awarded by the Ministry of Energy, Green Technology and Water (KeTTHA) in 2015. Works include the construction of a Centralised Sewage Treatment Plant (CSTP) and Sewerage Conveyance System (SCS). The plant is designed to have a capacity of 920,000 population equivalent (PE) with sewage inflow of 207,000 m<sup>3</sup>/day.

The overall project involves the rationalisation of 164 local sewage treatment plants, construction of a 105 km-long network of sewerage conveyance system covering 5 catchment areas from Cheras to Kajang, the building of 6 new pumping stations and upgrading of 4 existing pumping stations. These will collectively enhance the functional performance and effectiveness of the nation's sewage treatment processes and other related facilities.

In what would become one of the most compact sewage treatment plants in the world, the project also accords the community a range of public recreational amenities such as a community hall, landscaped park as well as badminton and futsal courts built above the plant.

Scheduled to be completed in October 2020, the project is expected to improve the quality of Sungai Langat by reducing ammonia pollution and ensuring better effluent discharge. This project is in line with the Government's goal to transform the Klang Valley into one of the world's top twenty most livable metropolis and region of economic growth under the Economic Transformation Programme.



### ZELAN BERHAD

The development of the Centre for Foundation Studies (Phase 3), International Islamic University Malaysia (IIUM), Gambang Campus in Pahang, which is one of Zelan's key projects, is slated for completion in May 2017, after which concession income will be forthcoming from the third quarter.

This alongside the cessation of the Meena Plaza project in the United Arab Emirates in October 2015, resulted in Zelan's revenue declining 46% to RM222.37 million in 2016, from RM412.97 million a year earlier. Consequently, Zelan slipped into the red with a net loss of RM68.23 million, against a net profit of RM30.52 million in 2015. Its engineering and construction business contributed a higher loss after zakat and tax of RM61.3 million, compared with a profit after zakat and tax of RM39.3 million in 2015.

However, going forward, we anticipate a stronger year for Zelan in 2017 as concession income is realised in the later part of the year and added with our on-going measures to improve its performance through continuous assessment of internal and external risks as well as prudent cost control to achieve long-term sustainable growth.



## OTHER BUSINESSES

### ALIRAN IHSAN RESOURCES BERHAD

Aliran Ihsan Resources Berhad (AIR Berhad) expanded its operations during the year under review with the commencement of the provision of manpower services for its third water treatment plant under Lembaga Air Perak since April 2016. The new water treatment plant in Kuala Kangsar, Perak, has a capacity of 20 million litres per day (MLD).

The new plant, along with two other existing treatment plants, collectively contributed to a higher revenue of RM16.42 million compared to RM14.96 million in 2015. However, higher tax charges for the year trimmed profitability by RM1.56 million to RM2.49 million.

Another notable achievement for AIR Berhad was securing its first wastewater recycling project in April 2016 for a rubber glove factory located in Negeri Sembilan, on a Build, Operate and Zero Transfer basis to produce 1 MLD recycled water over a period of 10 years. The plant was commissioned and began commercial operations in November 2016.

Following the successful commissioning of this plant, AIR Berhad secured a similar, second project from another subsidiary of the same owner at the year's end, marking AIR Berhad's successful penetration into industrial wastewater recycling for the rubber glove industry.



Moving forward, AIR Berhad will focus on Operations and Maintenance opportunities while exploring other activities along the value chain to sustain its business momentum.

AIR Berhad aims to improve its bottom line through non-revenue water segments, water recycling and industrial water and wastewater processing using membrane technology.

### SENAI AIRPORT TERMINAL SERVICES SDN BHD

SATSSB posted commendable results in 2016, with higher revenue from both aeronautical and non-aeronautical segments despite the challenging economic environment and outperforming industry growth for the seventh year in a row.

SATSSB's aeronautical revenue grew by 15% to RM41.8 million in 2016, from RM36.4 million in 2015. Non-aeronautical revenue, which improved by 25% over the year to RM17.0 million, from RM13.6 million in 2015, was mainly attributable to the rental of hangars. It posted a PAT of RM6.8 million in 2016, turning around from a RM28.1 million loss in 2015, contributed by land sale.

During the year, SATSSB saw its passenger grew by 9.5% to 2.8 million from 2.6 million in 2015, with a respectable 5.1% growth in domestic flight passenger movement and a strong 43% increase in international flight passenger movement, resulting from the introduction of daily flights to Guangzhou by AirAsia and flights to Kuala Lumpur by Malindo along with the latter's increase in frequency of flights to selected locations. Commercial aircraft movements improved by 3.2% over the year with total cargo movements rising by about 18%.

In 2016, SATSSB continued to invest in the airport's facade and facilities to enhance operational efficiency, security and passenger's comfort. Renovations, which commenced in October 2016 and is scheduled to be completed by mid-2017, will add seven additional check-in counters, a new baggage handling system, segregation of domestic and international passenger boarding hall, 44 new Flight Display Information System (FDIS) terminals, nine additional retail lots and an expansion of the security screening area.





For its aero business, we aim to improve connectivity with Asia Pacific countries especially China, India, Taiwan and Japan, with our focus being on routes beyond the ASEAN region but with flight times below five hours.

The lower passenger service charge (PSC) which took effect from 1 January 2017 for ASEAN destination is also likely to attract more ASEAN carriers and this may improve the possibility of improving traffic inflows for Senai International Airport.

## SATSSB AERONAUTICAL REVENUE

GREW

15%

TO RM41.8 MILLION

This will be coupled with our efforts to collaborate with various agencies such as the Johor State Tourism Agency and Iskandar Regional Development Authority (IRDA) to make Johor a more attractive destination for both visitors and airlines.

We see potential passenger growth from international leisure travellers as well as business travellers on the domestic routes in tandem with the rapid property, commercial and industrial growth in Johor, and we aim to grow the non-aero business to capitalise on this passenger growth.

Going forward, we see continuous growth from the airline sector, with data from the International Air Transport Association (IATA) and The Boeing Company indicating encouraging improvement in global passenger traffic in 2017. The region's carriers are also expected to grow their capacity by 7.6% in 2017 to take advantage of an anticipated 7.0% growth in demand alongside improved cargo performance.

### INDUSTRIAL PROPERTY

MMC's Group Property division is playing an increasingly important role, as its contribution to Group earnings continued to rise in 2016. With a landbank surpassing 5,000 acres in strategic locations, MMC is well positioned to strengthen its position.

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## INDUSTRIAL PROPERTY REVENUE INCREASED TO RM300.16 MILLION

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Of significance is our industrial property in Senai, also known as Senai Airport City where the basic infrastructure is ready. We are also beginning the development of a bridge to link our Tanjung Bin industrial hub to the Second Link to Singapore.

Revenue from the property development business rose to RM300.16 million in 2016, from RM69.48 million in 2015, while PBZT improved to RM233.79 million up from RM59.38 million previously. Currently, MMC's Group Property arm manages more than 5,000 acres of industrial developments in Johor and Kedah, namely Senai Airport City, Tanjung Bin Petrochemical & Maritime Industrial Centre and Northern Technocity in Kulim, via three subsidiaries Senai Airport City Sdn Bhd, Seaport Worldwide Sdn Bhd and Northern Technocity Sdn Bhd, respectively.

Our aim is to become a major industrial property player in the region as we attract various investors for industrial and economic development. We have had much success since we ventured into

this area since 2012, having brought in a number of established business operators, manufacturers and reputable developers to these industrial developments.

One of our major projects is the integrated airport city development known as **Senai Airport City**, which stretches over 2,718 acres of land in Senai, Johor.

Senai Airport City is strategically located and is well connected via a comprehensive road network leading to major expressways, and is accessible to major seaports and international airports, thus allowing businesses to leverage on land, sea and air transport to reach major cities worldwide. This includes easy access to the North-South Expressway, Senai-Desaru Expressway, Johor Port and PTP, as well as Senai International Airport in Johor and Changi International Airport in Singapore.

Gazetted as a Free Zone, Senai Airport City is also equipped with infrastructure to support various industrial sectors, making it attractive to businesses involved in advanced technological development, general manufacturing, aerospace maintenance, repair and overhaul (MRO), logistics, and other mixed developments and businesses who wish to enjoy the benefits accorded by the Free Zone status. In addition, various incentives are accorded for developments in Iskandar Malaysia, including pioneer status, investment tax allowance and Approved Developer status.

We are encouraged by the existing investment interest in Johor, with Malaysian Investment Development Authority (MIDA) approved investment in 2016 reflecting Johor with the highest amount at RM26.4 billion, which is about 45% from the total investment in Malaysia of RM58.4 billion.

We remain optimistic about attracting more foreign investments, particularly from multi-national companies relocating to our industrial developments in 2017 and further sale or lease of land in Senai Airport City.





#### SYARIKAT MENGURUS AIR BANJIR & TEROWONG SDN BHD

SMART recorded a net loss of RM7.1 million in 2016 compared to a net profit of RM0.6 million in 2015, in tandem with lower revenue of RM36.1 million against RM44.7 million previously. The decline was mainly due to the 50% toll rate hike in late 2015, which effectively lowered traffic volume in 2016. An additional RM3.7 million was also charged to SMART following the adoption of MFRS 116 and MFRS 138 in relation to the amortisation of Motorway Development Expenditure.

Operationally, SMART implemented full Electronic Toll Collection (ETC) mode in 2016, making it one of the earliest highway operators to implement the system. This move was well received by the public and improved the efficiency of collection processes. As a result of our effective implementation, SMART has been named as the Best Highway for "Toll Information System Reporting" by Malaysian Highway Authority in 2016.

SMART also gained international mileage when it was recognised for its effectiveness in dealing with flood mitigation and traffic congestion management, with CNN listing it as one of the world's top tunnels in December 2016.

#### OUTLOOK FOR 2017

As we venture forth into 2017 with strong growth momentum and a clear vision of our path ahead, we will continue to build on our capabilities as a leading utilities and infrastructure group with diversified businesses under three divisions namely, Ports and Logistics; Energy and Utilities; and Engineering and Construction.



Towards this end, we chart our course forward by expanding our port capacity and services through our on-going investments. The initiatives consist of integrating advanced technologies to support more complex and speedier operations documentation processes and customs clearance for our seaports and airport as well as greater efficiency and speed of service through rail intermodal services. Other developments include new connectivity infrastructure such as road links and bridge and collaboration with relevant partners to spur sea, air or land cargo volume.

The formation of new shipping alliances globally will also lead to new opportunities for MMC Ports, and we are optimistic that our efforts to strengthen our capacity and capability to cater for more and larger vessels, will fortify our position as a major port operator in the region and globally.

Our logistics business is expected to post significant improvement in the coming year, as we leverage on our capabilities to provide enhanced and integrated logistics through our seaports, airport, railway and haulage, trucking and warehousing services.



We see Kontena Nasional rolling into the black going forward amid continued growth for freight and haulage services, on the back of a booming e-commerce market.

The Energy and Utilities division will continue to provide stable earnings for the Group in tandem with population and economic growth, particularly in the commercial and industrial growth corridors in Johor. The increasing awareness on sustainable development and naturally environmentally-responsible approaches also heightens the positive outlook for natural gas demand, which bodes well for Gas Malaysia.

Our Engineering and Construction division is expected to generate sustainable earnings from the major infrastructure works and other construction, water treatment, and sewerage projects throughout 2017. Our existing projects are currently proceeding well with tight controls on meeting deadlines while also ensuring high quality of work and safety of our employees.

With intensified industrial property developments at Senai Airport City, Tanjung Bin Petrochemical and Maritime Industrial Centre and Northern Technocity in Kulim, we will be able to further monetise our assets.

As we move forward, we will continue to strengthen our position and build on our strong operational performance, improving further as we progress through the coming years. Our achievements have thus far spurred us on and will give us the confidence to work relentlessly to deliver on the targets to accelerate growth and achieve our goal; to remain a leader in the utilities and infrastructure industries as well as a distinguished global player in the integrated ports and logistics sector.

I would like to take this opportunity to thank our Chairman and the Board of Directors for their support, regulatory bodies, customers, business partners, shareholders and all stakeholders for placing their trust and confidence in us and our business decisions. My deepest appreciation also goes to our team of management and employees for their determination and resolution to achieve the Group's vision and goals.

**DATO' SRI CHE KHALIB MOHAMAD NOH**  
Group Managing Director



# BOARD OF DIRECTORS



from left to right

Tuan Syed Naqiz Shahabuddin Syed Abdul Jabbar

Dato' Siti Halimah Ismail

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman Haji Wan Yaacob

Tan Sri Dato' Seri Shamsul Azhar Abbas

Dato' Sri Che Khalib Mohamad Noh

Datuk Ooi Teik Huat

Dato' Abdullah Mohd Yusof

Dato' Abdul Hamid Sh Mohamed



## DIRECTORS' PROFILE



### TAN SRI DATO' SERI SHAMSUL AZHAR ABBAS INDEPENDENT NON-EXECUTIVE CHAIRMAN

**Age:** 65 **Nationality:** Malaysian

**Date of Appointment:** 16 July 2015

#### Membership of Board Committees:

- Nomination and Remuneration Committee (Chairman)

#### Qualifications:

- Masters of Science Degree (MSc.) in Energy Management, University of Pennsylvania, United States of America
- Bachelor's Degree in Political Science and Economics, Universiti Sains Malaysia
- Technical Diploma in Petroleum Economics, Institute Francais du Petrole

#### Skills, Experience and Expertise:

Tan Sri Dato' Seri Shamsul joined Petroliam Nasional Berhad (PETRONAS) in 1975. During his 40 years' tenure, he has served in various capacities and key positions, including his last held position as the President & Chief Executive Officer of PETRONAS from 2010 to 2015, prior to his appointment as the Group Chairman of MMC Corporation Berhad on 16 July 2015.

Under Tan Sri Dato' Seri Shamsul's leadership, PETRONAS undertook strategic landmark projects for the company and for Malaysia such as the Pengerang Integrated Refinery and Petrochemical Project (RAPID), Bintulu Train 9 Project, PETRONAS Floating LNG Facilities Project and Regasification Terminal in Malacca.

Tan Sri Dato' Seri Shamsul was a Pro-Chancellor of Universiti Teknologi PETRONAS (UTP) and was a member of Board of Trustees of the Razak School of Government (RSOG). He also served as Chairman of the National Trust Fund of Malaysia.

#### Directorships:

##### Listed Entities

- Enra Group Berhad

##### Public Companies

- NCB Holdings Bhd

**Number of Board Meetings attended in financial year ended 31 December 2016:**

8/8



### DATO' SRI CHE KHALIB MOHAMAD NOH GROUP MANAGING DIRECTOR

**Age:** 52 **Nationality:** Malaysian

**Date of Appointment:** 1 July 2013

#### Qualifications:

- Member of Malaysian Institute of Accountants (CA, M)
- Fellow of Association of Chartered Certified Accountants (FCCA, UK) United Kingdom

#### Skills, Experience and Expertise:

Dato' Sri Che Khalib began his career with Messrs. Ernst & Young in 1989 and later joined Bumiputra Merchant Bankers Berhad. Between 1992 and 1999, he served in several companies within the Renong Group. In June 1999, Dato' Sri Che Khalib joined Ranhill Utilities Berhad as Chief Executive Officer. He then assumed the position of Managing Director and Chief Executive Officer of KUB Malaysia Berhad. Dato' Sri Che Khalib was then appointed as the President/Chief Executive Officer of Tenaga Nasional Berhad (TNB) on 1 July 2004 where he served TNB for eight (8) years until the completion of his contract on 30 June 2012. He later joined DRB-HICOM Berhad as the Chief Operating Officer of Finance, Strategy and Planning in July 2012.

Dato' Sri Che Khalib was previously a member of the Board and the Executive Committee of Khazanah Nasional Berhad from year 2000 to 2004. He also served as a Board member within the United Engineers Malaysia Group of companies and Bank Industri & Teknologi Malaysia Berhad.

#### Directorships:

##### Listed Entities

- Gas Malaysia Berhad
- Malakoff Corporation Berhad
- Zelan Berhad

##### Public Companies

- Aliran Ihsan Resources Berhad
- Bank Muamalat Berhad
- Johor Port Berhad
- MMC Engineering Group Berhad
- NCB Holdings Bhd
- Northport (Malaysia) Bhd
- Kontena Nasional Berhad
- Port Dickson Power Berhad

**Number of Board Meetings attended in financial year ended 31 December 2016:**

8/8



**TAN SRI DATO' IR. (DR.) WAN ABDUL RAHMAN WAN YAACOB**  
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

**Age:** 76 **Nationality:** Malaysian

**Date of Appointment:** 26 August 1999

**Membership of Board Committees:**

- Audit Committee

**Qualifications:**

- Doctor of Engineering (Honorary), University of Birmingham, United Kingdom
- Advanced Management Program, Harvard Business School, United States of America
- Diploma in Civil and Structural Engineering, Brighton College of Technology, United Kingdom

**Skills, Experience and Expertise:**

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman had a distinguished career with the Malaysia Public Works Department, which he served for a total of 32 years. He retired in 1996 as Director General, a position he occupied for six (6) years.

Tan Sri Dato' Ir. (Dr.) Wan Abdul Rahman is the Chairman of Lingkar Trans Kota Holdings Berhad.

**Directorships:**

**Listed Entities**

- Lingkar Trans Kota Holdings Berhad

**Public Companies**

- Nil

**Number of Board Meetings attended in financial year ended 31 December 2016:**

6/8



**DATO' ABDULLAH MOHD YUSOF**  
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

**Age:** 78 **Nationality:** Malaysian

**Date of Appointment:** 31 October 2001

**Membership of Board Committees:**

- Audit Committee (Chairman)
- Finance, Investment and Risk Committee
- Nomination and Remuneration Committee

**Qualifications:**

- LLB (Honours) Degree, University of Singapore, Singapore

**Skills, Experience and Expertise:**

Dato' Abdullah has more than 45 years of experience as an Advocate & Solicitor. He is presently a partner in the legal firm of Messrs. Abdullah & Zainudin.

He is also the Chairman of Aeon Co (M) Bhd and Aeon Credit Service (M) Berhad.

**Directorships:**

**Listed Entities**

- Aeon Co (M) Bhd
- Aeon Credit Service (M) Berhad
- Zelan Berhad

**Public Companies**

- Nil

**Number of Board Meetings attended in financial year ended 31 December 2016:**

8/8



**DATUK OOI TEIK HUAT**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

**Age:** 57 **Nationality:** Malaysian

**Date of Appointment:** 22 May 2008

**Membership of Board Committees:**

- Audit Committee
- Finance, Investment and Risk Committee
- Nomination and Remuneration Committee

**Qualifications:**

- Member of Malaysian Institute of Accountants
- Member of CPA Australia
- Bachelor's Degree in Economics, Monash University, Australia

**Skills, Experience and Expertise:**

Datuk Ooi began his career with Messrs. Hew & Co. Chartered Accountants before joining Malaysian International Merchant Bankers Berhad. He subsequently joined Pengkalen Securities Sdn Bhd as Head of Corporate Finance, before leaving to set up Meridian Solutions Sdn Bhd where he is presently a Director.

**Directorships:**

**Listed Entities**

- DRB-HICOM Berhad
- Gas Malaysia Berhad
- Malakoff Corporation Berhad
- Zelan Berhad

**Public Companies**

- Johor Port Berhad
- Mardec Berhad
- Padiberas Nasional Berhad
- Tradewinds Corporation Berhad
- Tradewinds (M) Berhad
- Tradewinds Plantation Berhad

**Number of Board Meetings attended in financial year ended 31 December 2016:**

7/8



**DATO' ABDUL HAMID SH MOHAMED**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

**Age:** 52 **Nationality:** Malaysian

**Date of Appointment:** 10 August 2009

**Membership of Board Committees:**

- Finance, Investment and Risk Committee (Chairman)
- Audit Committee

**Qualifications:**

- Fellow of Association of Chartered Certified Accountants

**Skills, Experience and Expertise:**

Dato' Abdul Hamid started his career in the accounting firm, Messrs. Lim Ali & Co./Arthur Young, before moving on to merchant banking with Bumiputra Merchant Bankers Berhad. He later moved to the Amanah Capital Malaysia Berhad Group, an investment banking and finance group, where he led the corporate planning and finance functions until 1998, when he joined the Kuala Lumpur Stock Exchange (KLSE), now known as Bursa Malaysia Berhad.

During his five (5) years with the KLSE, he led KLSE's acquisitions of Kuala Lumpur Options and Financial Futures Exchange (KLOFFE), Commodity and Monetary Exchange of Malaysia (COMMEX) and their merger to form Malaysian Derivatives Exchange (MDEX), and the acquisition of Malaysian Exchange of Securities Dealing and Automated Quotation (MESDAQ). He also led KLSE's demutualisation exercise.

Dato' Abdul Hamid is currently an Executive Director of Symphony House Sdn Bhd.

**Directorships:**

**Listed Entities**

- Pos Malaysia Berhad
- Scomi Group Berhad
- SILK Holdings Berhad

**Public Companies**

- Nil

**Number of Board Meetings attended in financial year ended 31 December 2016:**

7/8



**DATO' SITI HALIMAH ISMAIL**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

**Age:** 62 **Nationality:** Malaysian

**Date of Appointment:** 16 July 2015

**Membership of Board Committees:**

- Finance, Investment and Risk Committee

**Qualifications:**

- Masters in Management Science M. Sc. (Demography), London School of Economics, United Kingdom
- Diploma in Public Administration, Institute of Public Administration (INTAN)
- Bachelor's Degree in Economics (Hons), University of Malaya

**Skills, Experience and Expertise:**

Dato' Siti Halimah began her career with the Economic Planning Unit (Human Resource Section) under the Prime Minister's Department as a Diplomatic and Administrative Officer (PTD). She subsequently joined the Treasury under the Ministry of Finance as an Assistant Secretary in the Tax Analysis Division and retired as the Under Secretary (JUSA B), in the same division, in June 2015.

Dato' Siti Halimah had served on the Boards of Padiberas Nasional Berhad, Lembaga Hasil Dalam Negeri, Malaysia-Thai Joint Authority (MTJA), Malaysia Industrial Development Authority (MIDA), Halal Development Corporation (HDC), Labuan Financial Services Authority (LFSA) and was an Alternate Director on the Board of PETRONAS.

**Directorships:**

**Listed Entities**

- Nil

**Public Companies**

- Waqaf An-Nur Corporation Berhad

**Number of Board Meetings attended in financial year ended 31 December 2016:**

8/8



**TUAN SYED NAQIZ SHAHABUDDIN SYED ABDUL JABBAR**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

**Age:** 45 **Nationality:** Malaysian

**Date of Appointment:** 16 July 2015

**Membership of Board Committees:**

- Nomination and Remuneration Committee

**Qualifications:**

- Graduate Diploma in Legal Practice, Australian National University, Australia
- LLB Degree, Australian National University, Australia

**Skills, Experience and Expertise:**

Tuan Syed Naqiz is a Senior Partner at Messrs. Naqiz & Partners. Having practiced law for more than 18 years, he has acquired in-depth knowledge not only on legal intricacies but has also gained a solid knowledge-base on various industries ranging from finance, power, construction, automotive, defense, information technology, telecommunications, hospitality, retail, manufacturing, fast-moving consumer goods (FMCG) and shipping/transport.

Tuan Syed Naqiz sits on the boards of Yayasan Proton, BHP Petroleum Berhad, Kuala Lumpur Business Club and Bumiputra Retailers Organisation.

He is also the Major Shareholder and Director of Bud & Naq Holdings Sdn Bhd, which oversees the operations of several retail and wholesale brands in Malaysia.

**Directorships:**

**Listed Entities**

- Nil

**Public Companies**

- BHP Petroleum Berhad

**Number of Board Meetings attended in financial year ended 31 December 2016:**

7/8

**Additional Information on the Board Members:**

- None of the Directors has any family relationship with any Director and/or Major Shareholder of MMC.
- None of the Directors has any conflict of interest with MMC.
- Other than traffic offences, none of the Directors has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

# MANAGEMENT TEAM

Seated from L to R:

Ir. Chee Weng Loon

Director, Engineering & Construction

Mohd Shahar Yope

Group Chief Financial Officer

Dato' Sri Che Khalib Mohamad Noh

Group Managing Director

Dr. Mabel Lee Khuan Eoi

Director, Group Treasury

Ian James

Group Chief Executive Officer

MMC Port Holdings Sdn Bhd



Standing from L to R

**Ahmad Zaki**  
Head, Group Corporate Planning

**Ahmad Aznan Mohd Nawawi**  
Group Company Secretary

**Lucy Wong Kam Yang**  
Chief Internal Auditor

**Badrulhisyam Fauzi**  
Head, Group Strategy

**Izham Ab Wahab**  
Head, Group Human Resources

**Elina Mohamed**  
Group Legal Advisor

**Gan Seng Keong**  
General Manager, Group Property

**Azlina Ashar**  
Head, Group Corporate Communications

**Zafian Supiat**  
General Manager, Group Finance



## MANAGEMENT TEAM PROFILE

### MOHD SHAHAR YOPE

#### Group Chief Financial Officer

Mohd Shahar Yope joined MMC Corporation Berhad as Director Business Development & International Business on 4 August 2014 and subsequently assumed the position of Group Chief Financial Officer effective 1 September 2014.

Prior to joining MMC, Shahar was with Telekom Malaysia Berhad as General Manager, Business Finance, TM Government. He began his career at Ernst & Young, Kuala Lumpur in 1988 and has since served various organisations such as Gopeng Berhad, Lankhorst Berhad (now known as ARK Resources Berhad) and KUB Malaysia Berhad. In 2005, he joined Telekom Malaysia initially as their General Manager, Business Planning.

Shahar is a Fellow of the Chartered Association of Certified Accountants as well as a member of the Malaysian Institute of Accountants.

He sits on the board of Northport (Malaysia) Bhd, Kontena Nasional Berhad, MMC Utilities Berhad, Kramat Tin Dredging Berhad, Southern Malayan Tin Dredging (M) Berhad and SPJ Corporation Berhad.

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### DR. MABEL LEE KHUAN EOI

#### Director, Group Treasury

Dr. Mabel Lee, is the current Director of Group Treasury at MMC Corporation Berhad (MMC). Prior to joining MMC, she had worked with JP Morgan Chase's Kuala Lumpur office as Vice President of its Investment Banking Division.

Dr. Mabel is a Chartered Financial Analyst charterholder and holds a Bachelor of Accounting (First Class Honours) degree from University of Malaya, MBA (with Distinction) from University of Hull, United Kingdom and Doctor of Business Administration degree from University of Newcastle, Australia.

She is also a member of the Malaysian Institute of Accountants, a member of the Asian Chartered Institute of Bankers, a certified Project Management Professional and a Certified Business Coach.

Dr. Mabel sits on the board of Kramat Tin Dredging Berhad.

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### IAN JAMES

#### Group Chief Executive Officer

#### MMC Port Holdings Sdn Bhd

Ian James joined MMC Port Holdings Sdn Bhd on 4 January 2016 as Group Chief Executive Officer.

Prior to joining MMC Port Holdings Sdn Bhd, Ian James was the Chief Operating Officer and Projects Director at Westports Malaysia. He began his career as deck cadet officer in 1981 rising to the rank of Acting Chief Officer with Neptune Orient Line involved in container, tanker and general cargo vessels. He had since then held a number of senior management positions in his previous employment at DB Schenker, PSA Singapore Terminals and United Arab Shipping Company.

Ian James holds a Master Mariner qualification and a Master of Science in International Transport from the University of Wales College of Cardiff. He attended the Senior Management Development Programme organised by the Harvard Business School Alumni Club of Malaysia in collaboration with senior faculty members of the Harvard Business School, Boston, US in 2014.

Ian James sits on the board of Northport (Malaysia) Bhd, Kontena Nasional Berhad and Johor Port Berhad.

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## IR. CHEE WENG LOON

### Director, Engineering & Construction

Ir. Chee Weng Loon is the Director, Engineering & Construction at MMC Corporation Berhad. Prior to this, he was the General Manager, Projects in the Project Development and International Business divisions since January 2008.

Before joining MMC, he was with IJM Construction Sdn. Bhd. as Senior Project Manager and managed the construction of Binjai KLCC Condominium, CIMB Bank Headquarters and Park Seven Condominium projects. He was also one of the pioneer team members from KLCC Projeks Bhd and was involved in the overall planning, development and project management of the infrastructure for Putrajaya Development project from 1996 to 2002. From 2003 to 2004, he was seconded to EMAAR Properties PJSC from KLCC Projeks Bhd as the Development Manager for the development of the Burj Khalifa Tower which is currently the tallest building in the world in Dubai, United Arab Emirates.

Ir. Chee graduated with a Bachelor of Engineering (Civil) degree from the National University of Singapore in 1989 and later received his Master of Science degree specialising in Structures from the same university in 1994.

He is a registered Professional Engineer with the Board of Engineers, Malaysia and holds corporate membership with the Institute of Engineers, Malaysia.

Ir. Chee does not hold any directorship in any public companies and listed companies.

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## LUCY WONG KAM YANG

### Chief Internal Auditor

Lucy is the Chief Internal Auditor at MMC Corporation Berhad. Prior to joining MMC, she was the Chief Internal Auditor of Tenaga Nasional Berhad. She has also worked in Project Lebuh raya Utara Selatan Berhad, Metramac Corporation Berhad, HBN Management Sdn Bhd (Renong Berhad) and as General Manager for Group Internal Audit at UEM Group Management Sdn Bhd.

Lucy is the current President of the Institute of Internal Auditors Malaysia. She was a member of the Working Group for Anti Bribery Management System, representing Malaysia in the review of the Draft International Standard (DIS) of ISO 37001 – Anti Bribery Management System.

Lucy has a Master in Business Administration from Charles Sturt University, Australia. She is a fellow member and Chartered Global Management Accountant of the Chartered Institute of Management Accountants, a Chartered Accountant with the Malaysian Institute of Accountants and a chartered member of the Institute of Internal Auditors Malaysia. She is also a Certified Internal Auditor and has a Certification in Risk Management Assurance from the Institute of Internal Auditors Inc, United States of America.

Lucy does not hold any directorship in any public companies and listed companies.

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## ELINA MOHAMED

### Group Legal Advisor

Elina Mohamed is the Group Legal Advisor at MMC Corporation Berhad. She was retained as a Legal Assistant at Messrs. Shearn Delamore & Co. in 1995 and left the firm in November 2001 as a Senior Legal Assistant.

She is a committee member of the International Malaysian Society of Maritime Law and Malaysian Corporate Counsel Association.

Elina graduated with a Bachelor of Law degree from Leeds University in 1993 and was called to the English Bar in 1994 at Lincoln's Inn. She was admitted as an Advocate & Solicitor of the High Court of Malaya in 1995. She also obtained a Diploma in Syariah Law & Practice from the International Islamic University in 1998.

Elina does not hold any directorship in any public companies and listed companies.

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## AHMAD AZNAN MOHD NAWAWI

### Group Company Secretary

Ahmad Aznan is the Group Company Secretary at MMC Corporation Berhad. He began his career in 1983 with Lembaga Pelabuhan Kuantan where he spent 6 years as a Legal Officer. After a short stint at Perusahaan Otomobil Nasional Berhad (PROTON), Ahmad Aznan joined The Kuala Lumpur Stock Exchange (as it was known then) in 1991.

In 2003, Ahmad Aznan left The Kuala Lumpur Stock Exchange to serve as the President, Legal Advisory & Corporate Services of QSR Brands Bhd and KFC Holdings (Malaysia) Bhd. Ahmad Aznan brings with him a wealth of experience when he joined MMC Corporation in 2008.

He graduated with a Bachelor of Laws from University Technology Mara.

Ahmad Aznan does not hold any directorship in any public companies and listed companies.

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## AHMAD ZAKI

### Head, Group Corporate Planning

Ahmad Zaki is the Head, Group Corporate Planning at MMC Corporation Berhad.

Prior to joining MMC, Ahmad Zaki was attached with RHB Islamic Bank Berhad as its Senior Vice President and Head of International Business Division.

He has also been with leading local and foreign investment banks where he was involved in all aspects of Corporate Finance and Investment Banking activities.

Ahmad Zaki holds a Bachelor of Accountancy with Honours from Universiti Utara Malaysia and an MBA from Ohio University, United States of America. He is a Chartered Accountant as well as a charter holder of Certified Financial Planner.

Ahmad Zaki does not hold any directorship in any public companies and listed companies.

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## BADRULHISYAM FAUZI

### Head, Group Strategy

Badrulhisyam Fauzi is the Head of Group Strategy at MMC Corporation Berhad. Prior to joining MMC, he was the Head of Analysts for global equity research team in the International Fund Management Department of Permodalan Nasional Berhad (PNB). Badrulhisyam started his career as an Investment Analyst in the CEO's Office of PNB where he was involved in successful execution of several acquisition and restructuring exercises.

Badrulhisyam graduated with a Bachelor of Engineering in Computing from Imperial College London and is a Chartered Financial Analyst charter holder of the CFA Institute. He has also completed the examinations of the Chartered Institute of Management Accountants (CIMA).

Badrulhisyam sits on the board of Northport (Malaysia) Bhd and Kontena Nasional Berhad.

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## IZHAM AB WAHAB

### Head, Group Human Resources

Izham Ab Wahab was appointed as Head, Group Human Resources of MMC since July 2012. Izham has over 18 years of experience in the full spectrum of Human Resource Management gained from various capacities. Before being appointed to MMC, Izham worked with a number of large local organisations and multinationals across several sectors including financial services at Maybank Group, Standard Chartered Group and Takaful Malaysia, professional services at The iA Group and pharmaceutical, chemical and fertilizer business at Chemical Company Malaysia Berhad.

Izham graduated from International Islamic University Malaysia with Bachelor of Economics (Hons). Izham is also certified by Development Dimensions International (DDI) as Analyst for Success Profiling and Targeted Selection.

Izham does not hold any directorship in any public companies and listed companies.

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## GAN SENG KEONG

### General Manager, Group Property

Gan Seng Keong is the General Manager, Group Property at MMC Corporation Berhad. Prior to joining MMC, he was the Acting Head of Company for Faber Development Holdings Sdn Bhd.

Gan began his career at Renong Berhad developing through various roles from Internal Audit, Human Resource and Operations within the Renong Transportation Division involved in public transportation, railways, haulage and logistics. He then served numerous positions within the UEM Group particularly in Asset Development & Asset Management services at Opus International (M) Berhad and Property Development at Faber Group Berhad.

He holds a Bachelor of Commerce (Finance) from Curtin University of Technology, Perth, a Master of Real Estate from University of Malaya and a MSc. in Business Leadership from University of Northumbria, Newcastle, United Kingdom.

Gan does not hold any directorship in any public companies and listed companies.

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## ZAFIAN SUPIAT

### General Manager, Group Finance

Zafian Supiat is the General Manager of Group Finance at MMC Corporation Berhad.

Prior to joining MMC, he was the Chief Financial Officer of Johor Port Berhad and Group Accountant in Pos Malaysia Berhad.

Zafian was trained as a professional accountant where he commenced his career with Ernst & Young, Malaysia.

He holds a Bachelor of Science in Accounting and Finance from London School of Economics and Political Science, United Kingdom and is a member of the Institute of Chartered Accountants in England and Wales.

Zafian does not hold any directorship in any public companies and listed companies.

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## AZLINA ASHAR

### Head, Group Corporate Communications

Azlina Ashar is the Head of Group Corporate Communications at MMC Corporation Berhad. Prior to joining MMC, she was the Head of Corporate Communications for UEM Builders Berhad. Azlina began her career with Sapura Holdings Berhad and served various positions within the group particularly in international marketing and strategic communications.

Azlina has served in various industries, including engineering and construction, telecommunications, ICT and healthcare. She has vast experience in brand building, internal and external communications, media and public relations, corporate and government relations, perception management and corporate social responsibility.

She has a Master of Business Administration from University of Strathclyde, Glasgow, United Kingdom and a Degree in Bachelor of Commerce from University of Saskatchewan, Canada.

Azlina does not hold any directorship in any public companies and listed companies.

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#### Additional Information on the Management Team:

- (i) None of the Management Team has any family relationship with any Director and/or Major shareholder of MMC.
- (ii) None of the Management Team has any conflict of interests with MMC.
- (iii) Other than traffic offences, none of the Management Team has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the Financial Year under review.