

GAINING MOMENTUM

Annual Report 2019



Cover Rationale

In 2019, Malaysia Airports made progress on many fronts with our initiatives and programmes coming to fruition. Bearing testament to this are our results with passenger movements and revenues achieving new records. Also gaining traction was the commercial reset with non-aeronautical revenues on the rise. We assumed a leadership role within the airport community to make strides in the environmental, social and governance spheres. The cranes on the cover of this Annual Report are a symbol of how Malaysia Airports has given wings to our ambition, enabling our endeavours to take flight and deliver on our promises to stakeholders. Therefore, 'Gaining Momentum' encapsulates our year in 2019.

You can also access our 2019 Annual Report through our augmented reality app. Enjoy the interactive content in 6 easy steps:



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Click the app and install (Please check your device compatibility before installing)



Once installed, launch the Malaysia Airports Augmented Reality App



Click the start button in the Malaysia Airports Augmented Reality App to launch the AR scanner



Look for the 'AR Icon' in the Annual Report and scan it with the AR scanner to enjoy the interactive AR content



You can also click on the interactive button to explore additional content

Feedback

Malaysia Airports is committed to continuously improve our reporting and we value input from our stakeholders in making these enhancements. Should you have any queries or feedback on this report, please contact us through the following channels:

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*Scan to view our
2019 Annual Report
Microsite*



About This Report

Introduction

This is Malaysia Airports' second integrated report which has been prepared with reference to with the International Integrated Reporting <IR> Framework as set out by the International Integrated Reporting Council.

Malaysia Airports is committed to fully adopting the Integrated Reporting <IR> Framework by 2020 to improve the quality of information available to stakeholders and promote accountability, in consonance with the recommendations in the Malaysian Code on Corporate Governance (MCCG) 2017 on integrated reporting. The integrated report aims to provide stakeholders with a concise and transparent overview of our business, strategies and our ability to create and sustain value over time.

In comparison to the first integrated report in FY2018, for FY2019 reporting Malaysia Airports improved the disclosures in the following sections:

Section	Improvement
Our Strategy	Using strategic themes and enablers as a framework to disclose key focus areas, progress and short to medium term focus against our strategy.
Value Creation Model	Disclosing value created for key stakeholders with three-year data for indicators where data is available, linkages to the United Nations Sustainable Development Goals and a section on Sustainability.
Management Discussion and Analysis	Inclusion of information on non-financial material matters.

Reporting Suite and Framework

The reporting suite for FY2019 comprises four volumes - Annual Report, Financial Statements, Sustainability Report and Airport Statistics. Together, they provide a comprehensive report of the Group's performance, activities and outlook as well as disclosure of the management of sustainability risks and opportunities within environmental, social and governance (ESG) parameters.

The reporting suite is prepared in accordance with applicable frameworks, namely

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards
- Companies Act 2016
- Malaysian Code on Corporate Governance 2017
- GRI Sustainability Reporting Standards - Core Option

The reports can also be found online on our corporate website at www.malaysiaairports.com.my

Scope and Boundary

This report covers the period from 1 January 2019 to 31 December 2019.

It contains information beyond financial reporting and includes non-financial information covering value creation, stakeholders' interests, material matters, risks and opportunities and corporate strategy and performance. It covers principle activities of the Group and all subsidiaries, unless otherwise indicated. Detailed information on investments in which the Group has no controlling interest is not included.

About This Report

Concept of Value Creation and Materiality

Value Creation

We create value through our ability to manage the deployment of key resources - our six capitals - in our business activities to deliver the desired outputs and outcomes over the short, medium and long term for stakeholders, while considering trade-offs inherent in strategic choices. Value creation at Malaysia Airports is aligned with the UN SDGs. See page 22 onwards on Value Creation for further details.

Materiality

We apply the principle of materiality in the narration of this integrated report. The material matters include consideration of key business risks and opportunities and areas of interest to key stakeholders. This report focuses on material matters that may substantially affect our ability to create value over the short, medium and long term. See page 31 onwards on Material Matters for further details.

Forward Looking Statements

This report contains forward looking statements, for example, market outlook and targets, which are based on assumptions such as events or external circumstances which may change. Therefore, these statements are not guarantees of future performance and undue reliance should not be placed on them. Malaysia Airports does not publicly update any and all forward-looking statements issued to reflect the latest information. Forward-looking statements issued in this report have not been reviewed or audited by Malaysia Airports' external auditor.

Assurance

Independent third-party assurance was obtained for the following:

Content	Assurance	Framework
Annual Financial Statements	Reasonable assurance	<ul style="list-style-type: none">Companies Act 2016Malaysian Financial Reporting StandardsInternational Financial Reporting Standards
Statement on Risk Management and Internal Control	Limited assurance	<ul style="list-style-type: none">Bursa Malaysia Securities Berhad Listing Requirements
Sustainability Report	Limited assurance	<ul style="list-style-type: none">GRI Sustainability Reporting Standards – Core Option

Information on Exclusions

The limitation of information available in this Report is guided by our disclosure appetite. We aim to have a balance between positive and negative information, and certain information may have been withheld to preserve our competitive advantage. Certain requirements of the International <IR> Framework have been excluded due to the unavailability of reliable information or specific legal prohibitions.

Chairman's Statement



Dear Stakeholders,

Malaysia Airports experienced a challenging year in 2019, and emerged with renewed vigour. The Group made tangible progress on many fronts with a focus on the most critical material matters to create value for stakeholders.

Tan Sri Datuk Zainun Ali
Chairman

Chairman's Statement

Passenger numbers hit its highest ever, surpassing the 100 million mark for airports in Malaysia. Increased traffic, an improved passenger mix with higher proportion of international passengers, improved infrastructure, enhanced customer experience, the optimisation of existing spaces and the commercial reset of the non-aeronautical business drove revenues from airport operations.

In April 2019, we secured the Malaysian Government's approval for the renewal of the Operating Agreements between the Government and Malaysia Airports till 2069. The Operating Agreements form the basis for Malaysia Airports' licence to operate, manage and maintain 39 airports in Malaysia.

As a result, the Group's financial performance was strong with robust revenue and earnings growth.

In line with the Company's dividend policy to distribute a dividend payout of at least 50% of the consolidated annual net profit after taxation and minority interest annually, subject to availability of distributable reserves, the Board had approved the payment of a final single-tier dividend of 10.0 sen per ordinary share for FY2019 which was paid on 21 May 2020. This is in addition to the single-tier dividend of 5.0 sen per ordinary share for FY2019 paid in October 2019. As such the total dividend payout for FY2019 is RM248.8 million, equivalent to 52% of the total adjusted profit after tax, surpassing the Group's dividend policy. This underscores the unwavering commitment of Malaysia Airports to create value for its shareholders.

It is therefore befitting that we chose the theme for this year's annual report 'Gaining Momentum' to sum up our year. It is an honour and privilege for me to deliver this statement as Chairman of Malaysia Airports Holdings Berhad.

Gaining Momentum on Material Matters

Operating environment

Throughout 2019, the prevailing operating environment for Malaysia Airports was both challenging and constantly evolving. Although the Asia Pacific region continued to show strong air passenger traffic growth throughout 2019, we also encountered regional headwinds. The US-China trade dispute which escalated in the year had dampened China's economy. As China is a significant country of origin for passengers arriving at our airports in Malaysia, this gave us cause for concern until the Phase 1 trade agreement signed between the US and China in early 2020 had de-escalated tensions. The trade dispute also affected the international cargo trade, and global numbers for 2019 were flat.

Domestically, the financing model for capital expenditure at airports was due to undergo a complete change with the impending introduction of the Regulated Asset Base framework by the Malaysian Aviation Commission (MAVCOM). That had given rise to uncertainties as to the minutiae relating to the financing of capital expenditure for 2020-2022 as Malaysia Airports worked to bolt down the details.



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The continued evolution of the regulatory regime for the aviation industry in Malaysia also gave rise to fresh uncertainties. Notably, at the end of 2019, the Government announced the merger of the Civil Aviation Authority of Malaysia (CAAM) and MAVCOM, two of Malaysia Airports' main regulators.

In Turkey, the renovations which were completed in 2018 enabled Istanbul Sabiha Gökçen International Airport (IATA Code: SAW) to operate at higher capacity, and the change of business focus from domestic to international passengers for airlines operating out of SAW will benefit SAW in the future with higher revenues from international passengers.

Economic Performance

Group revenue for the financial year ended 31 December 2019 (FY2019) amounted to RM5,213.1 million, a growth of 7% year-on-year (YoY). The Group's profit before tax (PBT) grew by 33% to RM659.2 million compared to FY2018*. On an EBITDA basis, Group EBITDA increased by 9%. The Group registered profit after tax of RM537.0 million, an increase of 21% YoY.

The revenue and earnings growth were achieved on the back of 6% increase in passenger traffic. The improved profitability is attributed to a higher proportion of international passengers for both Malaysia and Overseas operations.

Total Airport Experience

Most notably, we made strides in enhancing the total airport experience for our guests as our 'Happy Guests, Caring Hosts' service culture transformation programme gained momentum in 2019 with over 180 training sessions for nearly 9,000 employees and members of the airport community at KL International Airport (IATA Code: KUL). The service cultural transformation resulted in better service quality and improved customer experience. This was translated into KUL recording an improvement of its overall score to 4.76 out of 5 for the Airport Service Quality (ASQ) benchmarking programme conducted by Airports Council International (ACI). This was the best score achieved by KUL throughout its participation in the ASQ programme.

Malaysia Airports achieved good progress on several material matters of key importance to stakeholders.

**Excluding extraordinary items in FY2018.*

Integrity and Anti-Corruption

Malaysia Airports also strengthened its Integrity and Anti-Corruption measures and capabilities, with the ISO 37001:2016 certification for its Anti-Bribery Management System (ABMS) used for procurement processes. The internationally recognised ABMS is designed to help Malaysia Airports establish, implement, maintain and improve an anti-bribery compliance programme, and encourage better governance. The certification applies to the head office and our subsidiary, Malaysia Airports (Sepang) Sdn Bhd (MA Sepang), which runs KUL and will be rolled out to Malaysia Airports Sdn Bhd, which runs the other airports in Malaysia.

Airport Safety and Security, Digitalisation

Upgrading works on Runway 3 at KUL began in October in line with the KUL Runway Sustainability Master Plan. The works which started with pavement rehabilitation are expected to be completed mid-2020. The exercise will ensure continuous safety of the runway and address potential future issues such as airfield pavement roughness. Once works are completed on Runway 3, upgrading works are expected to commence for Runway 1 in 2021 and Runway 2 in 2023.

To enhance airport safety and security, Malaysia Airports leveraged the use of technology and its Airports 4.0 digitalisation initiative. 2019 saw us preparing to introduce at KUL the single token passenger journey, which is powered by facial recognition technology, big data analytics and the Internet of Things (IoT). This initiative which is currently in its pilot phase for certain flights departing from KUL enables the deployment of electronic gates with facial recognition capabilities to simplify the journey of passengers through the airport. Passengers are required to verify their travel documents only once upon check-in.

New security body scanners were installed at KUL with the capability to detect both organic and non-organic foreign objects on the body without requiring a manual pat-down. They are also more effective as they can detect all kinds of materials unlike the old walk through detectors that can only detect metal contraband. The new scanners are also faster and safer as they do not involve x-rays or radiation.

Regulatory Compliance

As the aviation industry is highly regulated, Malaysia Airports puts the highest priority in ensuring compliance with applicable laws and regulations in all aspects of our business, including those relating to environmental, social and governance (ESG) considerations. We therefore regret that in respect of the Quality of Service (QoS) framework imposed by MAVCOM, Malaysia Airports' subsidiary,

Chairman's Statement



Malaysia Airports (Sepang) Sdn Bhd, was fined RM1.2 million in September 2019 and RM0.9 million in January 2020 by MAVCOM for failing to meet QoS targets at KUL. The working committees overseeing compliance with the QoS framework have since presented rectification and mitigation plans that will be implemented to address the shortcomings.

Airport Capacity

In terms of airport capacity, in 2019, Malaysia Airports embarked on and completed several optimisation projects to increase capacity by reconfiguring and repurposing available space and facilities at the airport terminals to improve passenger flow and experience. For example, the arrival areas at KUL were optimised to prepare for Visit Malaysia 2020. At klia2, the expansion and reconfiguration doubled the size of the immigration arrival area to improve the immigration process for arriving passengers. The arrival customs inspection area for both KLIA Main terminal and klia2 were converted from a single lane to six new lanes for better efficiency.

In 2019, we received the green light from the Ministry of Finance to proceed with the expansion project for Penang International Airport (IATA Code: PEN), which was operating beyond its capacity.

Gaining Momentum on Sustainability

This year, Malaysia Airports has included a more comprehensive review of non-financial performance of ESG matters in this annual report, in line with our move towards integrated reporting. It also reflects Malaysia Airports' increased emphasis on sustainability,

incorporating ESG considerations in building a sustainable business for the long term.

In 2019, we strengthened the ESG model with the Board of Directors reviewing and approving updates to Malaysia Airports' Sustainability Policy and Framework. There is now improved alignment between the material matters of the business with ESG considerations as well as with Malaysia's commitments under the 2030 Agenda for Sustainable Development, or more commonly referred to as the UN Sustainable Development Goals (SDGs).

Malaysia Airports also took a proactive leadership role among stakeholders by launching the KUL Sustainability Charter. The Charter outlines how Malaysia Airports will work together with the KUL airport community to create a sustainable airport ecosystem. The Charter marks the first step in developing an airport-wide sustainability scheme, with detailed goals and initiatives, and where applicable, measurable performance targets.

A significant year for aviation industry

Globally, for the aviation industry, 2019 marked the 75th anniversary of the Convention on International Civil Aviation or the Chicago convention, which led to the formation of the International Civil Aviation Organisation (ICAO) under the auspices of the United Nations. ICAO has made it possible for the international aviation industry to operate across borders and continents with uniformity of standards and safety across the world.

Chairman's Statement

KL International Airport comes of age



In Malaysia, 2019 was the year KL International Airport came of age, so to speak, as we celebrated its 21st anniversary. It was made more meaningful as the celebration included the then Prime Minister of Malaysia, Tun Dr Mahathir Mohammad, whose vision and foresight led to the opening of the brand new airport in 1998. Malaysia Airports was proud to demonstrate that we had not only fulfilled his vision, but had also enabled his dream to take flight and soar.

And in Turkey, we welcomed Tun Dr Mahathir to SAW in July 2019. He was given a tour of the airport, and was given a briefing on its operations and growth potential. He also viewed the recently completed domestic boarding hall expansion at the airport.

Airports contribute to social and economic progress

The coming of age of KLIA put into sharper focus the role of airports in nation building, particularly in Malaysia. In line with that, we also recognise the wider contribution of airports towards achieving the SDGs, a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere.

In contributing to the SDGs, one main area is the economic sphere where we generate wealth and employment through our business activities and throughout the ecosystem of value chains connected to our business activities. Malaysia Airports is also a catalyst for other industries and to grow and flourish particularly those involving high-value electrical components and perishable goods. By providing the connectivity for globalised supply chains, we have seen the continued growth of Penang's Free Trade Zone located near PEN.

KUL is also the catalyst for airport-driven development in the form of the KLIA Aeropolis. Covering a 100 sq km of land, the KLIA Aeropolis is designed as an integrated, complete and synergistic ecosystem, aligned with Malaysia's national objectives to attract foreign direct investment in three core clusters: Air Cargo & Logistics, Aerospace & Aviation, and MICE & Leisure. While still in its development stages, the KLIA Aeropolis is already preparing to house one of just six e-commerce fulfilment hubs of the global e-commerce giant, Alibaba, with the operationalisation of the KLIA DFTZ Aeropolis Park by the end of 2020.

Subang International Airport is also the *raison d'être* for the formation of an Aerospace and Aviation hub in the areas surrounding the airport. Under the Subang Airport Regeneration initiative, the city airport also supports an aerospace hub focusing on the manufacture of aircraft components as well as maintenance, repair and overhaul (MRO) together with business aviation and helicopter centres, all catering to leading international airport aviation firms.

Airports are also an enabler for Malaysia's tourism industry, welcoming foreign visitors to Malaysia, and for facilitating travel within Malaysia. In 2019, Malaysia Airports began gearing up in earnest for Visit Malaysia 2020 (VM2020) for which we are a strategic partner to Tourism Malaysia. Despite the cancellation of VM2020 due to the COVID-19 pandemic, Malaysia Airports will continue to work closely with the Government of Malaysia to boost our tourism industry.

The connectivity provided by our airport network has improved the image and desirability of cities and countries, opening up opportunities for Malaysians. For example, Malaysia ranks 11th in the most popular education destinations for international students globally in UNESCO's latest survey. In addition, the country continues to be cited as a top destination for retirement and medical tourism.

Spurring social inclusion

While the economic benefits of airports are well documented and communicated, I would like to highlight the role of airports in promoting social inclusion across Malaysia. In particular, the states of Sabah and Sarawak are home to remotely located communities who live in relative isolation, far from the city and centres of commercial development. Some of these communities live in areas which can only be reached by an arduous and lengthy journey by river boat or four-wheel drive or even a trek by foot (and sometimes a combination of all of the above!). For these communities, the 18 short take-off and landing ports (STOLports) managed by Malaysia Airports are a lifeline.

Chairman's Statement

These STOLports provide remotely located communities with the means to access services and education, and link them to the rest of Malaysia, and the world. In cases of medical emergency, STOLports provide the crucial link to enable patients to be air-lifted to hospitals, which perhaps may be the only way to save their lives. The important role of STOLports was highly evident during the COVID-19 pandemic where they served as crucial conduits in transporting much needed supplies to the remote areas.

Malaysia Airports maintains these STOLports as part of our corporate responsibility initiatives. As users of STOLports do not pay passenger service charges for use of the facilities, the on-going maintenance of the STOLports are funded from Malaysia Airports' own revenues. In 2019, 160,000 passengers used our STOLports throughout Malaysia.

Corporate Responsibility is part of our DNA

Airports also provide us with a base for which Malaysia Airports engages with the community to further its corporate responsibility agenda. Giving back to the community is very much a part of Malaysia Airports' DNA. We support schools, community initiatives, local products and other causes which are part of the community around our airports. This is our way of giving back to the community which has supported our operations. After all, the basis of social capital employed by Malaysia Airports is premised on the belief that business can flourish only if the community also prospers.

I was touched by the response of the community towards our corporate responsibility initiatives. In October 2019, I attended an event held to officiate the launch of a revamped computer lab by Malaysia Airports at the National Skills Development Centre at Serendah, Selangor. Malaysia Airports had renovated and upgraded the computer lab and equipped the 'Digital Space' with new computers, enabling 50 students at the centre to learn and apply ICT skills. This formed part of Malaysia Airports' corporate responsibility programme, 'Beyond Borders' which aims to empower students through education initiatives.

I was struck by how enthusiastic and excited the students were to have an opportunity to improve their skills and equip themselves for today's digital world, and how appreciative they were of our efforts.

I am glad that Malaysia Airports is
able to make a lasting difference
in the lives of young people.

Therefore, airports are not just for the affluent or people with the means to travel, but they benefit all Malaysians in more ways than readily meet the eye. Airports are an essential tool in nation building in today's connected world. Malaysia Airports is proud of its role in this regard, and its impact in improving the lives of Malaysians.

An active year for the Board

Apart from my appointment to the Board in January 2019, there were other changes to the Board of Directors, among which were the appointments of Mr Ramanathan Sathiamutty, Ms Wong Shu Hsien and Dato' Janasanthiran Muniayan. The current composition of the Board makes for a fairly well-balanced team in terms of skills, expertise and experience. The discussions at meetings have been rigorous, robust and in-depth as the Board discharges its duties.

While we note our solid track record in value creation, we are well aware that today's business environment and rapid pace of change, and economic outlook are vastly different. In other words, what has brought growth and value before may not work for the future.

Therefore, among the major Board initiatives was a review of Malaysia Airports' strategy to determine where our limited resources would best be deployed and employed to maximise long-term sustainable impact. The review enabled the Board to drill down into the key focus areas for the Company to ensure that material matters are bedded down and a close tab kept on them. In so doing, we took into careful consideration the resources we have from among the six capitals that the Company deploys in its business as well as the need to create value for shareholders as well as for the other stakeholders of the Company. A thorough review of the risks and opportunities presented by our business as well as the trade-offs that we would have to make in preferring some options over others were also carefully considered.

The Board also welcomed the engagement with the Institutional Investors Council Malaysia (IICM). It was an opportunity to brief institutional investors of Malaysia Airport's business and financial performance and outlook, as well as to update them on our initiatives to uphold and strengthen corporate governance.

In all of our business dealings, my fellow directors and I are always conscious of our responsibility to uphold the highest standards of corporate governance and integrity in our dealings and also to ensure that this is foremost in the corporate culture of Malaysia Airports and in the minds of our employees as they go about discharging their duties. In 2019, we made considerable progress on this front. In addition to the ABMS certification previously mentioned, the

Chairman's Statement

extensive training programme for our staff and business partners on prevention of corruption and on-going commitment to uphold our Corporate Integrity Pledge show our seriousness in addressing upholding trust in Malaysia Airports.

I am also pleased to note that women directors on the Board currently account for 45% of the Board. This together with the increasing number of women at all levels of the Company, including senior management, is a clear indication of the opportunities that Malaysia Airports is creating for women in the aviation industry, which has been viewed traditionally as a male-dominated space. I believe that having more women at Malaysia Airports can help build an organisation that seeks to build consensus and collaboration, which is particularly important for us as we deal with a wide range of stakeholders throughout our operations.

Accolades

I am pleased that our efforts have received recognition from stakeholders. Among the many awards that Malaysia Airports had received in 2019, my fellow directors and I are particularly proud of those which recognise our efforts in corporate governance and transparency. We were awarded an Industry Excellence Award in the Transportation and Logistics sector by the Malaysian Shareholders Watch Group in its MSWG – ASEAN Corporate Governance Awards.

Focus Malaysia, a business publication, ranked Malaysia Airports fourth in the 'Focus Malaysia's 10 Most Transparent Stocks'. PwC named us one of 20 finalists for The Building Trust Awards based on our maiden efforts in integrated reporting. We were also pleased when Malaysia Airports emerged third in the Transparency in

Corporate Reporting rankings by the Malaysian Institute of Corporate Governance which evaluates Malaysia's top 100 public listed companies based on their anti-corruption practices, organisational transparency, and sustainability.

The Edge Billion Ringgit Club Awards 2019 named Malaysia Airports for 'Highest Return to Shareholders Over Three Years' in the transportation and logistics sector citing our consistent and steady performance which has created value for shareholders in terms of share price appreciation and dividends.

While we do not rest on our laurels, the recognition by stakeholders is an encouragement to the Board, Management and employees of Malaysia Airports to continue with our efforts.

Outlook for 2020

When 2020 began, the outlook for the year was benign with optimism that the tensions over the US-China trade war were dissipating with the signing of the Phase 1 of a trade deal. The Ministry of Finance had forecasted a GDP growth of 4.8% for Malaysia in 2020 while International Monetary Fund (IMF) was expecting the world economy to expand 3.3% this year.

However, with the emergence of the novel coronavirus initially in China, and the rapid spread of COVID-19 across Malaysia and the rest of the world, the outlook for 2020 has changed dramatically.

In an effort to break the transmission of COVID-19, effective 18 March 2020, the Malaysian Government imposed an unprecedented Movement Control Order, promulgated under the



Chairman's Statement

Prevention and Control of Infectious Diseases Act 1988. Under the Movement Control Order, among other measures, foreigners were not allowed to enter Malaysia, and Malaysians were not allowed to leave the country. Malaysians were also not allowed to travel interstate without prior written approval from the police.

In the circumstances, at the end of March 2020, MAVCOM had revised its forecast for passenger traffic for 2020 to contract by between 36.2% and 38.1% YoY. This forecast accounts for flight cancellations and assumes a seat reduction of 15.0% for domestic flights and a 20.0% seat reduction for international flights. These numbers are daunting; more so because the extent of the spread of COVID-19 in Malaysia as well as across the globe is still unfolding, and aviation industry forecasts remain in a state of flux.

I would like to assure all stakeholders that Malaysia Airports has taken immediate and pre-emptive measures to deal with the impact of COVID-19. Throughout the period of the Movement Control Order, our airports continue to operate to provide critical services, particularly transportation of cargo, medical supplies and humanitarian aid as well as to facilitate Malaysians returning from abroad.

Our top priority is to keep our passengers, employees and airport community safe and healthy. Our employees have collaborated closely with the authorities and the airport community. Together, we have been quick to help airport users maintain social distancing by placing markers throughout the airport facilities to facilitate queues, seating, and orderly movement through the airport. We have also undertaken stringent hygiene measures throughout our airports, with surfaces especially at critical touch-points being constantly sanitised.

On the use of financial and other capitals and resources, Malaysia Airports has taken swift action to monitor and assess our business position. While Malaysia Airports entered 2020 from a position of financial strength, we are already taking a conservative and prudent stance to optimise the use of capitals and resources. Among the on-going measures is to develop a Group-wide plan to increase operational efficiencies, reduce costs and prioritise capital expenditure, as well as to control costs aggressively. In this regard, we are also engaging with key stakeholders, in particular the Government, regulators and business partners, to coordinate our responses to the COVID-19 pandemic.

Virtual Annual General Meeting

In view of the Government's advice on social distancing and the avoidance of public gatherings in the wake of the COVID-19 pandemic, Malaysia Airports' 21st Annual General Meeting (AGM) will take the form of a virtual meeting. We will broadcast the meeting

from a venue at Sama-Sama Hotel, and shareholders will be able to follow the proceedings via live streaming as well as participate and vote online. Further details on the AGM are contained in the Notice of the 21st AGM available in this Annual Report.

Heartfelt thanks

I would like to extend a warm welcome to two of the newest Board members Dato' Zamzuri Abdul Aziz who was appointed on 10 February 2020 and his alternate Dato' Dr Amiruddin Muhamed.

The Board would like to welcome Dato' Mohd Shukrie Mohd Salleh, who joined Malaysia Airports in 2019 as Chief Operating Officer and stepped up as Acting Group Chief Executive Officer at the beginning of 2020. The Board subsequently confirmed his appointment as Group Chief Executive Officer at the end of February 2020.

The Board also thanks Raja Azmi Raja Nazuddin who left Malaysia Airports at the beginning of 2020 to pursue other opportunities. We appreciate the contributions of Raja Azmi during his tenure as Group Chief Executive Officer and Chief Financial Officer of Malaysia Airports.

In addition, the Board wishes to thank our employees for their dedication during this challenging year. We acknowledge the efforts and contributions as well as the many sacrifices they would have had to make in the course of their work and for that, we would like to express our heartfelt thanks. We also express our sincere appreciation to shareholders and all other stakeholders - the various ministries, government agencies, airline partners, retail partners, vendors and all other business partners - for their support and contribution in overcoming the challenges and hurdles of 2019, and making this a successful year for Malaysia Airports.

Given the teamwork and the close cooperation and collaboration that we have witnessed throughout 2019 with stakeholders, we have strong foundations in place to face the challenges that 2020 may bring. I ask all our employees and stakeholders to remain steadfast and resolute, and that together, we will emerge from these challenges with renewed strength and resilience.



Tan Sri Datuk Zainun Ali

Chairman

2019 Key Highlights

Malaysia Airports gained momentum with improvements in many material matters in 2019. Where applicable the year-on-year increase or decrease from FY2018 is included for comparison.

Group Financial Performance		
Revenue	EBITDA	
RM5,213.1 mil	RM2,292.0 mil	
+8.9%	+9.0%	
Profit Before Tax	Profit After Tax	Total Equity
RM659.2 mil	RM537.0 mil	RM9,324.5 mil
+33.4%*	+21.9%*	+2.0%

* excluding extraordinary items in FY2018

Group Airport Statistics	
Airports managed	Passenger movements
39	141.2 million
	+5.6%
Aircraft movements	Cargo movements
1.281 million	1.003 million tonnes
+3.4%	-3.3%

Airport Service Quality	
KUL ASQ Score	KUL ASQ Rank (> 40 mppa category)
4.76/5	#17
+0.06	-3 ranks

* KUL is the IATA Code for KL International Airport

Total Direct Destinations					
KUL		SAW		BKI, KCH, LGK, PEN	
166	175	>160	174	130	139
2018	2019	2018	2019	2018	2019

2019 Key Highlights

Human Capital

Total employees

10,724

% Female

45% directors
35% employees

Engagement rate

78%
+4% points

Investment in Training and Development

RM12.6 million
+38.5%

Average training hours per employee

16.1 hours
+49.1%

Environment

Airport Carbon Accreditation
Level 3Fuel Intensity
0.0046 litre/passenger
-8.0%Electricity Intensity
5.14 kWh/passenger
-3.1%Water Consumption Intensity
104.7 litre/passenger
-17.8%

Community Investment

Total amount
RM1.1 mil
-20%

Safety and Security

Airport Emergency Exercises
77Targeted Safety Exercises
100% completedKUL Runway Rehabilitation
Runway 3 works commencedNew body scanners at KUL
No x-ray or radiation

New Sustainability Initiatives

KUL Sustainability Charter
Green Airport Strategy Roadmap

At a Glance

Malaysia Airports Holdings Berhad is a public limited company incorporated under the Companies Act of Malaysia and listed on the Main Market of Bursa Malaysia. We are a component of Bursa Malaysia’s benchmark index FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBMKLCI), as well as the FTSE4Good Bursa Malaysia Index.

We are the main airport operator in Malaysia where we manage 39 airports nationwide. Our flagship airport is KL International Airport (IATA Code: KUL) which includes both KLIA Main terminal and klia2. In addition to KUL, we also manage four other international airports, 16 domestic airports and 18 STOLports. Malaysia Airports also owns and manages Istanbul Sabiha Gökçen International Airport (IATA Code: SAW) in Istanbul, Turkey.

Malaysia Airports is involved in five key business activities as shown on the next page. The business model focuses on the airport business as well as on commercial and growth opportunity presented by the travel and aviation industry. The diversification of our business activities has allowed us to increase our revenue streams and maintain robust returns to shareholders through synergistic value creation. This model has also enabled us to cross-subsidise the vital but less lucrative operations of smaller domestic airports and STOLports.

Malaysia Airports is a member of Airports Council International (ACI), the worldwide association of airport operators. Within the ACI we are members of the World Standing Committee and the Asia Pacific and Regional Environmental Committee. Malaysia Airports is also a signatory to the Aviation Industry Commitment to Action on Climate Change.



OUR VISION

A Global Airport Group that Champions Connectivity and Sustainability



BRAND PROMISE

Hosting Joyful Connections

Our Competitive Advantage					
1	2	3	4	5	6
Malaysia is located in a central and strategic location among the ASEAN countries, surrounded by high growth markets such as China and India.	We offer competitive aeronautical charges which are among the lowest in the world.	Our airports are equipped with good infrastructure and facilities.	KUL is the only airport within the Asian region to have a three-independent runway system, allowing for efficient flight operations.	KUL has two terminals with a combined capacity of 75 mppa.	KUL is located within a 100km land bank which allows for further development, both aviation-related and commercial.

At a Glance

Highlights by Key Business Activities



Airport Services

Manage, operate and maintain airports, and provide airport-related services.

Equity Invested:
RM4,419.3 million

Total Revenue:
RM4,458.3 million

EBITDA:
RM2,195.4 million

Group passenger traffic movements:
141.2 million

Number of airports:
40

Number of employees:
8,664



Duty Free and Non-Dutiable Goods

Operate duty-free outlets and provide management services for food and beverage outlets at designated airports.

Equity Invested:
RM16.5 million

Total Revenue:
RM854.5 million

EBITDA:
RM53.2 million

Number of retail outlets:
525

Retail area (sqm):
65,364.0

Number of employees:
982



Hotel

Manage and operate hotels.

Equity Invested:
RM92.7 million

Total Revenue:
RM93.3 million

EBITDA:
RM32.3 million

Number of hotels:
4

Number of rooms:
720

Number of employees:
398



Project and Repair Maintenance

Provide consultancy, facility management services and maintenance of information and communication technology business ventures and provision of mechanical and electrical engineering.

Equity Invested:
RM7.5 million

Total Revenue:
RM287.1 million

EBITDA:
RM29.7 million

Number of employees:
646



Agriculture and Horticulture

Cultivate and sell oil palm and other agricultural products and carry out horticulture activities.

Equity Invested:
RM9.0 million

Total Revenue:
RM33.9 million

EBITDA:
RM5.7 million

Oil-palm planted area (ha):
6,646.3

Fresh fruit bunches (MT):
62,967.6

Number of employees:
34

Where We Operate



Airports

INTERNATIONAL	MALAYSIA	TURKEY	INDIA
	<ul style="list-style-type: none"> KL International Airport (KUL) Kota Kinabalu International Airport (BKI) Kuching International Airport (KCH) Langkawi International Airport (LGK) Penang International Airport (PEN) 	<ul style="list-style-type: none"> Istanbul Sabiha Gökçen International Airport (SAW) 	<ul style="list-style-type: none"> Rajiv Gandhi International Airport (HYD)
DOMESTIC	MALAYSIA	TURKEY	INDIA
	<ul style="list-style-type: none"> Melaka Airport (MKZ) Sultan Abdul Aziz Shah Airport, Subang (SZB) Sultan Abdul Halim Airport, Alor Setar (AOR) Sultan Ahmad Shah Airport, Kuantan (KUA) Sultan Azlan Shah Airport, Ipoh (IPH) 	<ul style="list-style-type: none"> Sultan Ismail Petra Airport, Kota Bharu (KBR) Sultan Mahmud Airport, Kuala Terengganu (TGG) Bintulu Airport (BTU) Limbang Airport (LMN) Miri Airport (MYY) 	<ul style="list-style-type: none"> Mulu Airport (MZV) Sibu Airport (SBW) Labuan Airport (LBU) Lahad Datu Airport (LDU) Sandakan Airport (SDK) Tawau Airport (TWU)
SHORT TAKE-OFF AND LANDING PORTS (STOLPORTS)	MALAYSIA	TURKEY	INDIA
	<ul style="list-style-type: none"> Pulau Pangkor (PKG) Pulau Redang (RDN) Pulau Tioman (TOD) Bakelalan (BKM) Bario (BBN) Belaga (BLG) 	<ul style="list-style-type: none"> Kapit (KPI) Lawas (LWY) Long Akah (LKH) Long Banga (LBP) Long Lellang (LGL) Long Semado (LSM) 	<ul style="list-style-type: none"> Long Seridan (ODN) Marudi (MUR) Mukah (MKM) Kudat (KUD) Long Pasia (GSA) Semporna (SMM)

Where We Operate



Duty Free and Non-Dutiable Goods

- KL International Airport (KUL)
- Kota Kinabalu International Airport (BKI)
- Kuching International Airport (KCH)
- Langkawi International Airport (LGK)
- Penang International Airport (PEN)
- Istanbul Sabiha Gökçen International Airport (SAW)
- Sultan Abdul Aziz Shah Airport, Subang (SZB)

Agriculture and Horticulture

- KL International Airport (KUL)
- Bintulu Airport (BTU)
- Miri Airport (MYV)
- Sibu Airport (SBW)

Hotel

Four locations in and around KUL and SAW

- KLIA Main terminal landside
- KLIA Main terminal airside
- klia2 terminal airside
- SAW landside

Project and Repair Maintenance

AIRPORTS

- KL International Airport (KUL)
- Hamad International Airport (DOH)
- Kota Kinabalu International Airport (BKI)
- Kuching International Airport (KCH)
- Langkawi International Airport (LGK)
- Penang International Airport (PEN)
- Sultan Abdul Aziz Shah Airport, Subang (SZB)

PORT

- Port of Tg Pelepas

COMMERCIAL BUILDINGS

- Airbus Helicopters Malaysia
- Exxon Mobil
- Masjid As-Syakirin KLCC
- Maxis Tower
- Persada Plus
- Petronas Twin Tower - Tower 3
- Sepang International Circuit

Corporate Structure

MALAYSIA AIRPORTS HOLDINGS BERHAD



Corporate Structure



Key Milestones

Background

In 1991, the Malaysian Parliament passed an act that reshaped the Malaysian aviation industry. The result of that was asset ownership of airports in Malaysia was separated from the regulation of the industry. Following that, Malaysia Airports Berhad was incorporated in 1992 to maintain, manage and operate airports while the Department of Civil Aviation (now known as the Civil Aviation Authority of Malaysia) remained as the regulator.

In 1999, Malaysia Airports was listed on the Main Board of the Kuala Lumpur Stock Exchange (now Bursa Malaysia), the first airport operator in Asia, and the sixth in the world, to be publicly listed.

Today, Malaysia Airports operates 39 airports in Malaysia including KL International Airport (IATA Code: KUL). It also owns and operates Sabiha Gökçen International Airport in Istanbul, Turkey.

In 2019, the Government of Malaysia agreed to extend Malaysia Airports' licence to manage the 39 airports for a further period till 2069.

2014

Full Acquisition of Istanbul Sabiha Gökçen International Airport in Turkey



Opening of KUL's second terminal, klia2



2013

Launching of Sama-Sama Hotel



2015

- Graduation from GLC Transformation Programme



- Opening of Mitsui Outlet Park KLIA Sepang



2016

- Launch of KLIA Aeropolis



- Ground breaking of Mitsui Outlet Park KLIA Sepang Phase 2

2017

Ground Breaking of KLIA Aeropolis DFTZ Park



Key Milestones

1992

Establishment of Malaysia Airports

**1998**

Opening of KLIA

**1999**Listing of Malaysia Airports
on KLSE Main Board
(now Main Market of Bursa Malaysia)**2010**

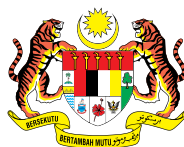
klia2 Ground Breaking Ceremony

**2006**Malaysia Airports becomes one of
Khazanah Nasional's top 20 GLCs**2004**Transfer of 50% Minister of Finance
(Inc) stake to Khazanah Nasional**2018**

• Ground Breaking of Subang Aerotech Park



• Expansion of Langkawi International Airport

2019Extension of Malaysia Airports'
Operating Agreement

Brand refresh for Eraman



Value Creation Model

VALUE CREATION MODEL AND PROCESS

In this section, Malaysia Airports describes its value creation model which is aligned with our business direction. In this regard, value creation goes beyond creating value for investors; the value creation model is designed to bring positive impact to all key stakeholders.

We have a defined matrix where we explain who our key stakeholders are and how we engage with them. From the engagement, we are able to understand their concerns and needs. This forms part of the input that will guide us in making better business decisions.

By analysing the feedback from stakeholders, Malaysia Airports is able to map out the key concerns of stakeholders as well as how those concerns impact our business. From this analysis, we then build a Materiality Matrix, which plots on a chart, the key concerns of stakeholders as well the potential impact of those matters on our ability to create value. These key concerns are referred to as the Material Matters.

Next, we consider how our six key resources or capitals - financial, manufactured, intellectual, human, social and natural – can be most efficiently allocated and utilised to create value for stakeholders over the short, medium and long term. In this regard, apart from stakeholder feedback, we consider also the external environment, risks and opportunities and trade-offs will impact our strategic and operational decisions.

In line with Malaysia Airports' Sustainability Policy, environmental, social and governance (ESG) considerations must form part of the business decision making process. Therefore, the considerations under our Sustainability Framework have been given due regard.

In addition, we seek also to contribute towards Malaysia's commitments under the United Nations Sustainable Development Goals (SDGs), Therefore the SDGs form part of the Sustainability Framework and are aligned to the Sustainability Pillars.

In the following pages, we will describe these matters in greater detail and show the inter-connectivity among these linked concepts.

OUR POSITION IN THE AIRPORT VALUE CHAIN

Malaysia Airports is responsible for the safe and secure operation, management and maintenance of the airports. Each airport comprises two large sections – the landside and the airside.

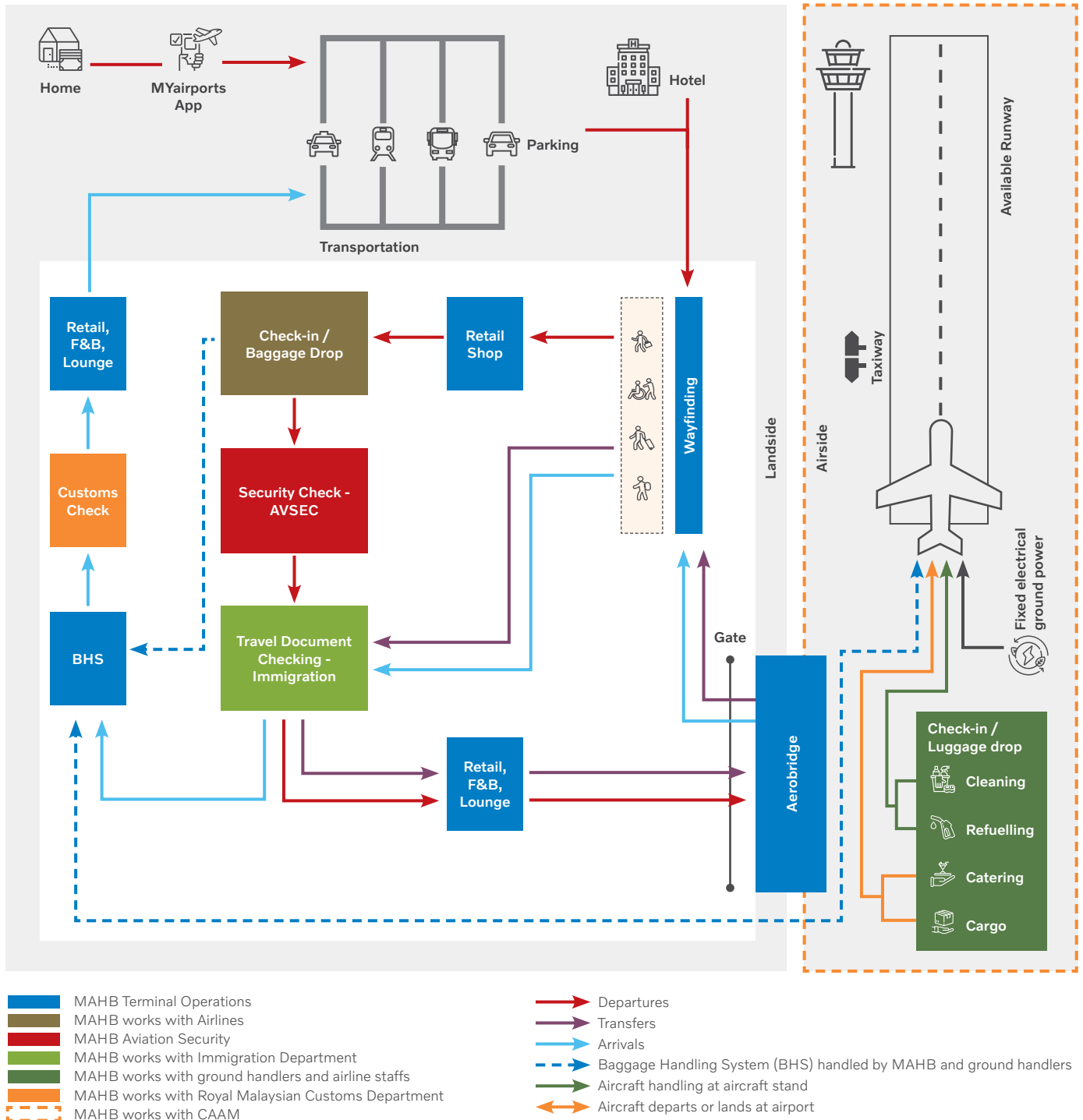
The landside of the airport typically consists of the terminal building, parking facilities and any other public areas on airport land. The airside of the airport covers the airport apron, taxiways and runways.

Malaysia Airports works with key agencies such as the Civil Aviation Authority of Malaysia (CAAM) to ensure the safety and security of airport operations, particularly at the airside through regulations, oversight and monitoring of the technical and safety standards. The Air Traffic Control under CAAM coordinates aircraft navigation and is responsible for the safe movement of aircraft, including during take-offs, landings, and taxiing.

Elsewhere in the airport, Malaysia Airports works with a range of partners to maximise the quality and efficiency of airport services, for example, government agencies such as the Immigration Department of Malaysia and Royal Malaysian Customs Department as well as private entities such as airlines and ground handlers. Key areas in which Malaysia Airports works closest with these parties are at passenger checkpoints, such as check-in, immigration and customs checks, as well as in respect of baggage and ground handling.

Value Creation Model

OUR POSITION IN THE AIRPORT VALUE CHAIN



Value Creation Model



Value Creation Model



Stakeholder Engagement

STAKEHOLDERS

The key to prioritising our material matters lies in the interests and expectations of our stakeholders. Through internal consultation within Malaysia Airports, we identified nine key stakeholder categories that are most affected by our business operations.






STAKEHOLDER ENGAGEMENT

There are several factors which make stakeholder engagement an integral part of our business which is embedded in the way we operate. First, the aviation industry in which we operate is highly regulated both in Malaysia as well as internationally. Secondly, we are listed on Bursa Malaysia and our shareholders cover a wide range of institutional investors such as government linked investment companies, investment funds, pension funds as well as retail investors, both local and overseas. Thirdly, as demonstrated in the earlier illustration on Malaysia Airports' role in the airport value chain, our business requires discussion, coordination and collaboration with many parties to ensure that complex processes are executed successfully. Also, as we are a large employer of choice, we constantly engage our employees to understand their concerns. We also engage with the community around our airports to understand the impact of our business on them and to assist those in need.



Although not exhaustive, the table below illustrates some of the ways that we engaged with our key stakeholders and our response to the areas of interest.

Key Stakeholder	Method of Engagement	Areas of interest	Our Response
 EMPLOYEES	<ul style="list-style-type: none"> Town halls, engagement sessions and employee activities Focused group discussions on targeted issues Employee portal Employee engagement survey Employee performance review 	Employee wellbeing	<ul style="list-style-type: none"> Introduced wellness programmes – regular medical check-ups and health campaigns Constantly review employee benefits and medical coverage Setup a nursery and kindergarten for working parents
		Workplace safety	<ul style="list-style-type: none"> Implemented an Occupational Health and Safety Policy Conduct frequent occupational safety and health assessments
		Work-life balance	<ul style="list-style-type: none"> Implemented flexible working hours Provide fitness and childcare facilities at HQ Hold inter-division and inter-airport sports tournaments
		Corporate integrity	<ul style="list-style-type: none"> Participated in an integrity pledge Implemented a Whistleblowing Policy Have in place a Code of Ethics and Conduct Established the Malaysia Airports Integrity Plan Setup the Corporate Integrity System Assessment Conduct Integrity Perception Surveys Instated Corruption Risk Management
		Employee engagement	<ul style="list-style-type: none"> Constantly engage with employees through one-one or group activities


Stakeholder Engagement

Key Stakeholder	Method of Engagement	Areas of interest	Our Response
 EMPLOYEES		Training and career development	<ul style="list-style-type: none"> Frequently conduct training needs analysis Established an Education Assistance Programme Conduct trainings Carry out performance appraisals Put in place succession plans
 AIRLINES	<ul style="list-style-type: none"> Regular meetings and face-to-face discussions Airline operating committees Local carrier airlines meeting Foreign carrier airlines meeting Security facilitation meeting Airline operator committee general meeting Feedback surveys 	Innovation and technology advancement	<ul style="list-style-type: none"> Conceptualised 'Airports 4.0' to digitalise processes and include the use of single-token travel, self-baggage-drop facilities, self-check-in kiosks, Passenger Reconciliation System, and facial recognition for improved efficiency and passenger throughout
		Airport safety	<ul style="list-style-type: none"> Carry out frequent Runway Safety inspections and Runway Safety Team meetings Put in place the Safety Management System and Aerodrome certification Carry out regular safety and emergency simulation exercises by Airport Fire and Rescue Service Conduct Foreign Object Debris walkabouts Established the KUL Runway Sustainability Master Plan
		Terminal and building infrastructure	<ul style="list-style-type: none"> Embarked on renovating, refurbishing and modernising terminals
 REGULATORS AND GOVERNMENT	<ul style="list-style-type: none"> Regular engagement, communication and dialogue Consultation on regulatory matters 	Regulatory compliance	<ul style="list-style-type: none"> Conduct regular audits and inspections Carry out engagements and discussions with regulators on the finalisation and direction of the Operating Agreements, Regulated Asset Base framework, Quality of Service framework Work to reach industry standards and obtain certifications Adhere to international and national laws, regulations and best practices
		Airport competitiveness	<ul style="list-style-type: none"> Assess opportunities and potential for public-private partnerships Actively seek foreign investment Implement incentive programmes to attract new carriers – Airline Incentive Programme and the Joint International Tourism Development Programme
		Land development	<ul style="list-style-type: none"> Conceptualised and developed KLIA Aeropolis Launched the Subang Regeneration Initiative
		Carbon emissions	<ul style="list-style-type: none"> Joined the Airport Carbon Accreditation programme Identify opportunities to use solar energy Established committees and strategies focusing on environmental performance Submit Carbon Scorecards to the Ministry of Transport when requested
		Licensing	<ul style="list-style-type: none"> Obtained Aerodrome Operator Licence from MAVCOM and Aerodrome Certificate from CAAM



Stakeholder Engagement

Key Stakeholder	Method of Engagement	Areas of interest	Our Response
 INVESTORS	<ul style="list-style-type: none"> Analyst briefing sessions Roadshows One-on-one engagements Conference calls Site visits 	Financial returns	<ul style="list-style-type: none"> Regular review of business and investment plans to match the current and predicted social-eco climate
		Governance and transparency	<ul style="list-style-type: none"> Adhere to the Malaysian Code on Corporate Governance
		Company reputation	<ul style="list-style-type: none"> Regularly publish literature and press releases that highlight our activities, awards and accolades
		Regulatory compliance	<ul style="list-style-type: none"> Adhere to Bursa Malaysia's listing requirements Became a constituent of the FTSE4Good Bursa Malaysia Index Integrated Sustainability Reporting into our annual disclosures
		Financial results	<ul style="list-style-type: none"> Announcement of quarterly financial results
 TENANTS	<ul style="list-style-type: none"> Standard consulting procedure Annual concessionaire conference and half yearly mini concessionaire conference 	Landlord-tenant relationship	<ul style="list-style-type: none"> Practise standard contracting procedure Host the Annual Concessionaires Conference and Half Yearly Concessionaire Mini Conference to engage and recognise tenants
		Customer satisfaction	<ul style="list-style-type: none"> Implemented the Commercial Reset Strategy Embarked on a cashless payment ecosystem for increased customer convenience 'Licence to Win' & #ShopLAH campaigns Conduct Mystery Shopper programme to gauge passengers' satisfaction at retail and service outlets at our airports Collaborated with Malaysia International Gastronomy Festival to showcase food and beverage outlets
 VENDORS AND SERVICE PROVIDERS	<ul style="list-style-type: none"> Networking sessions Tenders and requests for proposals 	Procurement process	<ul style="list-style-type: none"> Regularly review and adhere to procurement policies, procedures and guidelines Implemented e-Procure to improve efficiency and digitisation
		Prompt payments	<ul style="list-style-type: none"> Implemented the Vendor Management System to keep track of procurements and payments
		Compliance	<ul style="list-style-type: none"> Implemented eProcurement and the Vendor Code of Ethics Entered into an integrity pact with vendors

Stakeholder Engagement

Key Stakeholder	Method of Engagement	Areas of interest	Our Response
 PASSENGERS	<ul style="list-style-type: none"> • Airport service quality • Social media • Complaint management 	Service quality Airport experience	<ul style="list-style-type: none"> • Use the ASQ Benchmarking Programme to measure airport service quality at our airports • Comply with the MAVCOM's Quality of Service framework • Carried out refurbishments and improvements to infrastructure, wayfinding, facilities and amenities
		Customer service	<ul style="list-style-type: none"> • Continued the 'Happy Guests, Caring Hosts' programme • Launched the MYairports mobile application that provides live updates on flight information and retail and dining promotions available at the airport • Became active in social media • Introduced Airport CARE Ambassadors • Initiated cashless payment services for increased customer convenience • Established the Customer Affairs and Resolution Excellence (CARE) Feedback Management System to manage and respond to feedbacks & queries
		Cleanliness	<ul style="list-style-type: none"> • Continued the 'Pay It Forward' campaign • Carried out washroom refurbishments • Implemented the Washroom Inspection Management System and the Washroom Response Management System
		Communication and announcements	<ul style="list-style-type: none"> • Became active on social media • Setup the Airport CARE InfoCentre at KLIA Main terminal • Started circulation of 'Convergence' magazine • Installed digital communication media (e.g. digital standee) in the airports
		Passenger traffic Curbside traffic	<ul style="list-style-type: none"> • Introduced crowd management in terminals by Airport CARE Ambassadors • Initiated a collaboration with PDRM to control curbside traffic and congestion at Arrivals and Departures
		Airport security and safety	<ul style="list-style-type: none"> • Started refurbishment of passenger screening areas • Embarked on the use of full body scanners to replace manual body search

Stakeholder Engagement

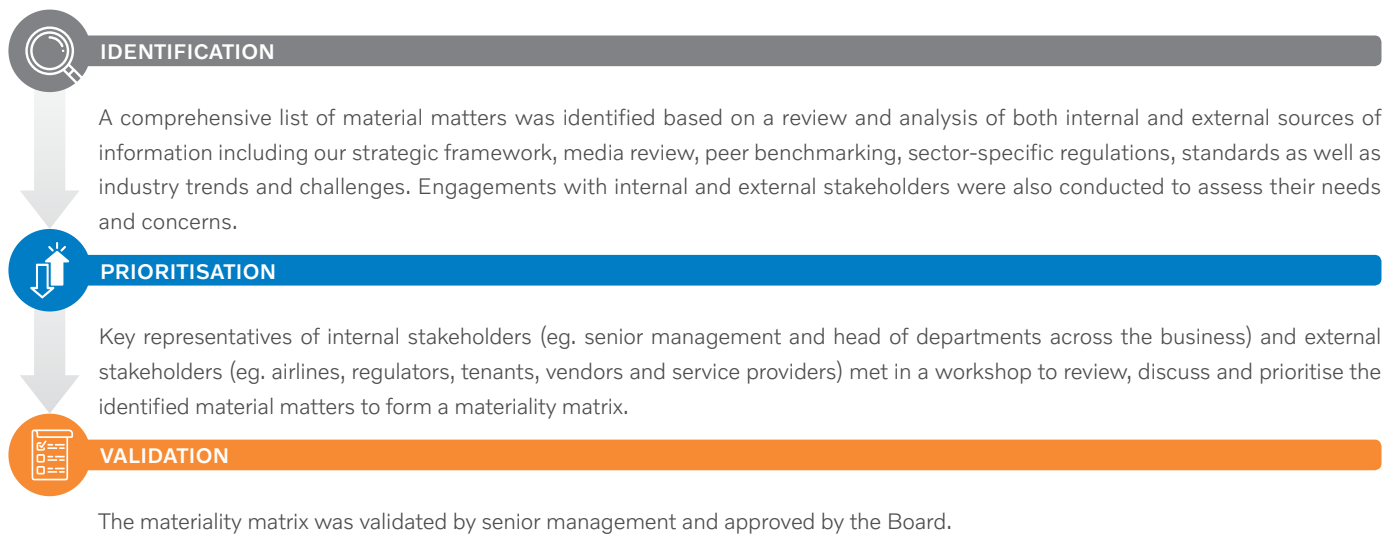
Key Stakeholder	Method of Engagement	Areas of interest	Our Response
 LOCAL COMMUNITY	<ul style="list-style-type: none"> • Community engagement • Strategic partnerships • News media • Social media • Website 	Employment opportunities	<ul style="list-style-type: none"> • Increased employability in rural areas and for the airport community
		Access to education	<ul style="list-style-type: none"> • Offer scholarship programmes through our Education Sponsorship Programme • Adopt and nurture schools via the Beyond Borders Programme
		Environmental impact	<ul style="list-style-type: none"> • Engage in environmental monitoring • Adhere to local and national environmental regulations on noise, water discharge and waste management • Conduct noise contour and impact surveys
		Corporate citizenship	<ul style="list-style-type: none"> • Continue to give back to the local communities through our Corporate Responsibility Framework which focuses on: Education and Youth Leadership; Community Enrichment and Malaysia Branding • Make corporate donations
 THE MEDIA	<ul style="list-style-type: none"> • Media briefings/interviews • Website and events • Social media • Press conferences 	Environmental social and governance issues	<ul style="list-style-type: none"> • Issue press releases and conduct press briefings regularly • Practise sound and transparent decision making
		Media relations	<ul style="list-style-type: none"> • Grant media interviews when appropriate and visit the media occasionally • Engage with the media through the 'Media Hunt' programme, media luncheons, media airport trips and other events

Material Matters

Material matters identified as relevant to Malaysia Airports and its stakeholders are continuously monitored and managed as they form the basis of our value creation model. The material matters described on pages 33 to 39 influence our business strategy and targets. They also affect our ability to deliver the desired output and outcomes in relation to the transformation of the six capitals.

Materiality assessment process

The material matters had been identified and prioritised in FY2018 following a materiality assessment process as described below.



Review of material matters in FY2019

For FY2019, a review was conducted in line with Bursa Malaysia's recommendation that an annual review of material matters be conducted to ensure that they remain current and aligned to the business and stakeholders. The review entailed assessing information on stakeholders' current interests and concerns as well as analysing the Group's business direction, peers, regulatory environment and external environment. The findings from the review were used to refresh the materiality matrix for FY2019.

Changes to materiality matrix in FY2019

There were no new material matters identified for FY2019. Neither was there any significant change to the business model or operating boundaries.

However, there was a change to the materiality matrix. The material matters 'Service Quality' and 'Customer Experience' were consolidated as 'Total Airport Experience'. The reason for combining them was that both material matters aimed to achieve compliance with the Quality of Service framework and improve rankings for the Airport Service Quality benchmarking programme. As such, there was a significant overlap in initiatives covered by both material matters. Therefore, combining the two will streamline the reporting on these matters.

Material Matters

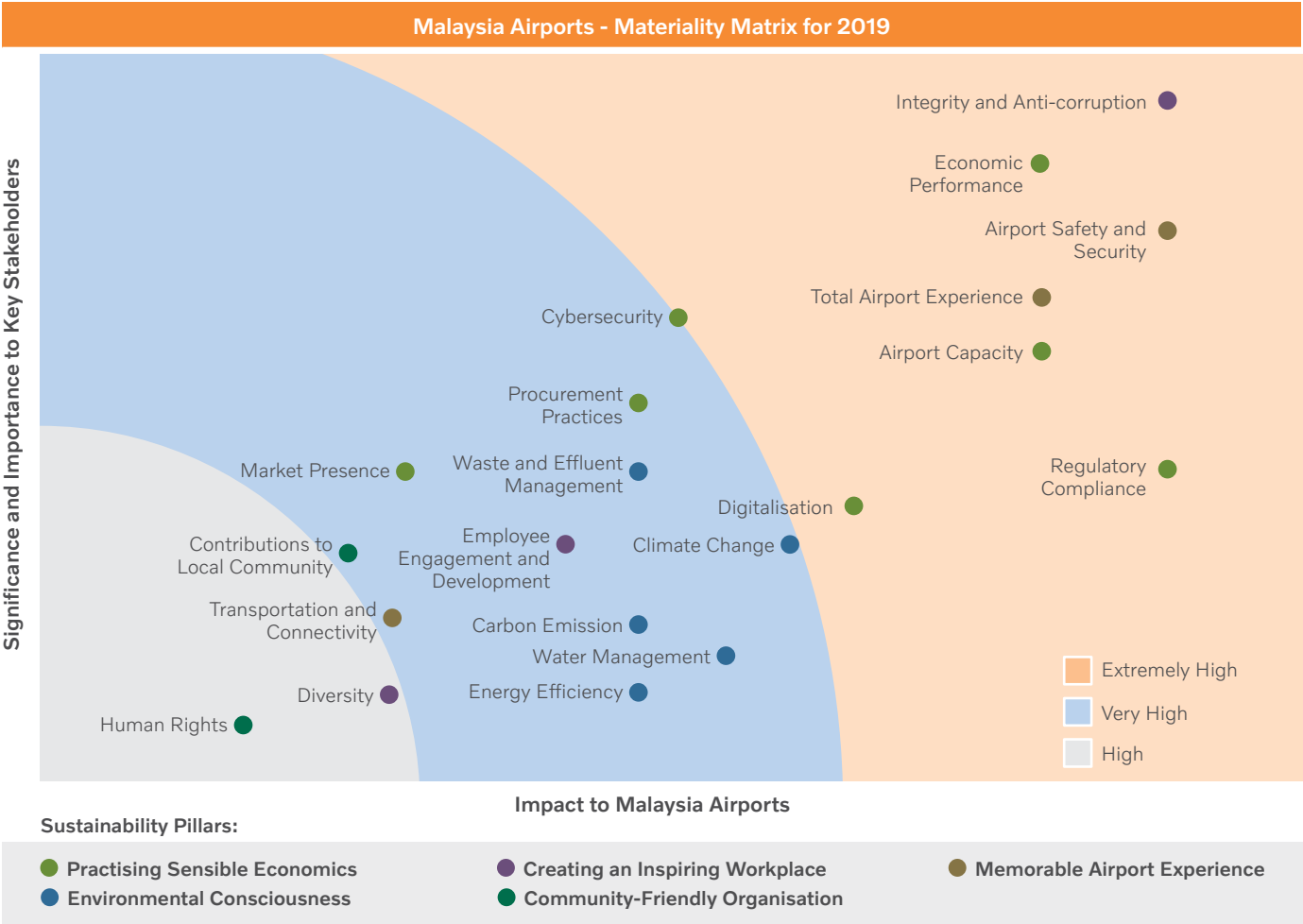
Materiality matrix

The materiality matrix plots material matters in two dimensions – first, impact to Malaysia Airports and secondly, significance to key stakeholders.

The materiality matrix guides Malaysia Airports in addressing and managing matters of utmost importance for the business as well as stakeholders. The material matters is mapped against Malaysia Airports’ Sustainability Framework which sets out five sustainability pillars as shown below.

In this report, Malaysia Airports focuses on disclosures on the top seven material matters. A more complete discussion on Malaysia Airports’ material matters is covered in the Sustainability Report which can be found on our corporate website www.malaysiaairports.com.my.

The material matters are mapped against Malaysia Airports’ Sustainability Framework which comprises five sustainability pillars as shown below in the materiality matrix:



We take our material matters into consideration in our strategy and targets. In the following pages, we illustrate how the top seven material matters are linked to our strategic themes and enablers, key stakeholders and capitals affected to demonstrate the dynamics that affect our ability to create value for stakeholders. To support the Malaysian government's commitment to the United Nations (UN) Sustainable Development Goals (SDGs), we have also aligned our sustainability agenda and material matters to the SDGs that are relevant to our business.

Material Matters

MM1

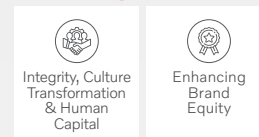
INTEGRITY AND ANTI-CORRUPTION

Integrity refers to the act of upholding ethics in our everyday conduct in the workplace. This includes advocating anti-corruption practices across all levels of dealings. Acts of corruption include, among others, bribery, fraud, the offer or receipt of kickbacks in return for facilitating a transaction or appointment.

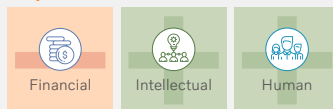
Stakeholders Involved



Our strategic response to the material matters



Capitals Affected and Trade-offs



Link to UN SDGs



Initiatives and activities

- 1 In 2019, the Corporate Integrity Unit conducted awareness sessions to brief employees in recent developments on corruption prevention and Malaysia Airports' latest anti-corruption initiatives
- 2 The Malaysia Airports Integrity Plan (MAIP) which ran from 2015-2019 came to its conclusion at the end of 2019. Malaysia Airports appointed the Malaysian Institute of Integrity to conduct an independent assessment on the effectiveness of the MAIP, and to assist in developing an Organisational Anti-Corruption Plan for Malaysia Airports moving forwards
- 3 Malaysia Airports received certification for ISO 37001:2016 Anti-Bribery Management System for its procurement processes
- 4 Awareness session on corporate liability under proposed amendments to anti-corruption laws was conducted for the Board of Directors
- 5 Briefings to 44 vendors of Malaysia Airports under the Vendor Integrity Programme

Key performance indicators and targets

1,613

Employees briefed on anti-corruption policies and procedures

5

Confirmed incidents consisting of two extortion and three fraud cases

10

Whistleblowing concerns were raised via the Whistleblowing Programme


Material Matters


MM2


AIRPORT SAFETY AND SECURITY


Airport safety and security refers to the anticipation, recognition, evaluation and control of hazards or threats arising in or from the airport that could impair the safety, security, health and well-being of airport users, including our employees, vendors and passengers.


Stakeholders Involved


Employees


Airlines


Tenants


Passengers


Local Community

Our strategic response to the material matters


Best-in-Class Hub


Integrity, Culture Transformation & Human Capital

Capitals Affected and Trade-offs


Financial


Manufactured


Intellectual


Social

Link to UN SDGs



Initiatives and activities

- 1 Completed 77 Aerodrome Emergency Exercises, namely 100% of planned exercises.
- 2 Collaborated with federal and state agencies, local authorities, airport community and other stakeholders in the safety and security exercises
- 3 Initiated rehabilitation of Runway 3 at KUL as part of KUL Runway Sustainability Master Plan
- 4 Launched Foreign Object Debris Detection System at KUL runways and other airside areas
- 5 Introduced state-of-the-art body scanners to replace existing machines and manual searches by AVSEC
- 6 Procurement of High Reach Extendable Turret fire-fighting vehicles for KUL
- 7 New fire vehicles replacement programme for MASB

Key performance indicators and targets

77	Aerodrome Emergency Exercises conducted	100%	Targeted safety exercises completed	16	Safety Management System certified airports
0	Occupational disease rate	1.31	Incident rate	0.45	Frequency rate
				423.65	Severity rate

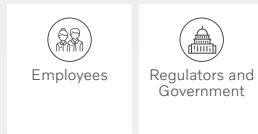
Material Matters

MM3

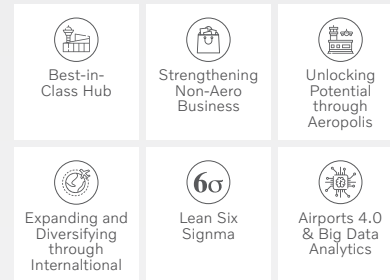
ECONOMIC PERFORMANCE

Economic performance refers to the direct economic value generated and distributed by Malaysia Airports.

Stakeholders Involved



Our strategic response to the material matters



Capitals Affected and Trade-offs



Link to UN SDGs

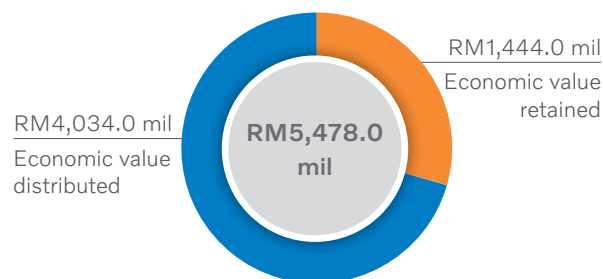


Initiatives and activities

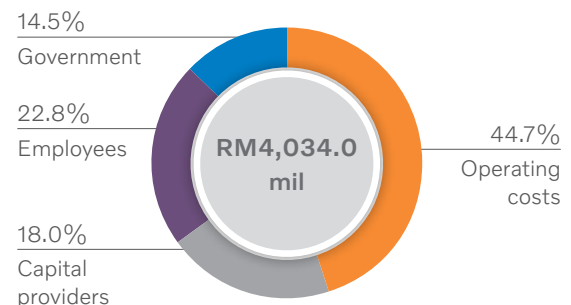
- 1 Increase our non-aeronautical revenue through Commercial Reset initiatives
- 2 Negotiate the cost-based airport aeronautical charge-setting framework also known as Regulated Asset Based (RAB) framework
- 3 Maximise existing investment and strengthen international business
- 4 Licence to Win and #ShopLAH campaign to drive non-aeronautical revenue at KUL and selected airports
- 5 Rebranding of Eraman
- 6 Continued development of KLIA Aeropolis Digital Free Trade Zone as a cargo and logistics hub for e-commerce
- 7 Secured new tenants for Subang Aerotech Park while working to finalise the Subang Airport Regeneration Master Plan
- 8 Introduction of new routes and new airlines

Key performance indicators and targets

Economic Value Generated



Economic Value Distributed



Further analysis on the business performance of Malaysia Airports is available in the Management Discussion and Analysis section of this report.

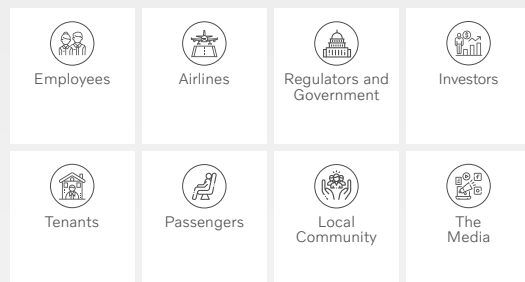
Material Matters

MM4

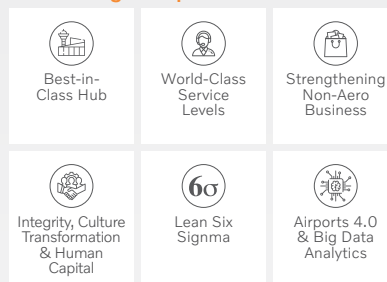
TOTAL AIRPORT EXPERIENCE

Total airport experience refers to the quality of services delivered to guests to enhance their airport experience throughout our value chain.

Stakeholders Involved



Our strategic response to the material matters



Capitals Affected and Trade-offs



Link to UN SDGs



Initiatives and activities

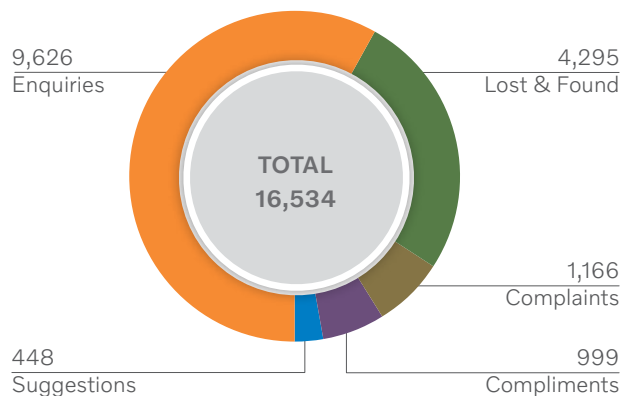
- 1 KLIA Main terminal BHS, Aerotrain and runway rehabilitation
- 2 On-going commercial reset to drive non-aeronautical revenues
- 3 Continue to drive customer-centric culture through 'Happy Guests, Caring Hosts' training for employees and members of airport community
- 4 Launched on a trial of a single token passenger journey powered by facial recognition and other technology to simplify a passenger's journey through the airport
- 5 Launched #1Improvement1Week campaign to continuously deliver improvements to the airport experience throughout the year

Key performance indicators and targets

KUL ASQ Scores Improved In 2019

ASQ Score	2019	2018
Courtesy & helpfulness of staff	4.62	4.50
Comfort of waiting/gate areas	4.51	4.37
Speed of baggage delivery	4.51	4.43
Waiting time to check-in	4.37	4.25
Waiting time at passport check	4.48	4.37
Ambience of the airport	4.67	4.59

Types of Feedback Received in 2019



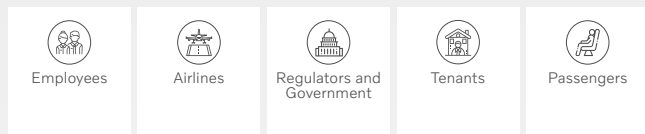
Material Matters

MM5

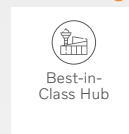
AIRPORT CAPACITY

Airport capacity refers to the airport's ability to cater for increasing passenger traffic and to manage capacity constraints through space optimisation and airport expansion.

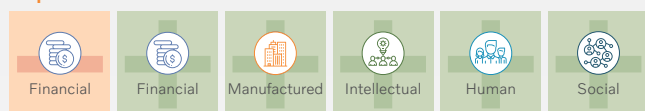
Stakeholders Involved



Our strategic response to the material matters



Capitals Affected and Trade-offs



Link to UN SDGs



Initiatives and activities

- 1 Optimisation of current assets at KUL to facilitate the growing number of passengers
- 2 Optimisation at KUL includes the installation of 10 units of body scanners at KLIA Main terminal, Automated Queue Management System and reconfiguration of the immigration arrival area
- 3 #1improvement1week initiative: Optimisation at airports other than KUL includes shifting of ticketing counters, increasing check-in counters and relocation of the baggage reclaim carousel
- 4 Began the masterplan study for KUL to determine the upgrading and expansion required to address the capacity constraints and capture air travel and cargo growth at KUL
- 5 Construction of multi-storey carpark at PEN

Key performance indicators and targets

	Airports	International/ Domestic	Design Capacity	2019 traffic	2018 traffic
			(mppa)	(mppa)	(mppa)
1	KUL - Main terminal	International	30.0	29.2	28.1
2	KUL - klia 2 terminal	International	45.0	33.1	31.9
3	SAW - Istanbul	International	41.0	36.0	34.1
4	BKI - Kota Kinabalu	International	9.0	9.4	8.6
5	PEN - Penang	International	6.5	8.3	7.8
6	KCH - Kuching	International	5.3	6.0	5.6
7	LGK - Langkawi	International	4.0	2.9	2.7
8	LBU - Labuan	Domestic	2.2	0.7	0.6
9	MYJ - Miri	Domestic	2.0	2.4	2.3
10	SBW - Sibiu	Domestic	1.8	1.8	1.6
11	KBR - Kota Bharu	Domestic	1.5	1.8	1.7
12	TGG - Kuala Terengganu	Domestic	1.5	0.9	0.9
13	MKZ - Melaka	Domestic	1.5	0.1	0.05
14	SDK - Sandakan	Domestic	1.5	1.1	0.9
15	SZB - Subang	Domestic	1.5	2.3	2.0
16	TWU - Tawau	Domestic	1.5	1.8	1.6
17	KUA - Kuantan	Domestic	1.3	0.4	0.3
18	BTU - Bintulu	Domestic	1.0	1.1	0.9
19	AOR - Alor Setar	Domestic	0.8	0.9	0.8
20	IPH - Ipoh	Domestic	0.5	0.5	0.3
21	LMN - Limbang	Domestic	0.3	0.06	0.05
22	LDU - Lahad Datu	Domestic	0.1	0.1	0.1
21	MZV - Mulu	Domestic	0.05	0.06	0.06

Material Matters

MM6

REGULATORY COMPLIANCE

Regulatory compliance refers to the compliance with all international and national laws and regulations, including environmental, social and operational regulations.

Stakeholders Involved



Employees



Airlines



Regulators and Government



Tenants

Our strategic response to the material matters



Best-in-Class Hub



World-Class Service Levels



Integrity, Culture Transformation & Human Capital

Capitals Affected and Trade-offs



Financial



Financial



Manufactured



Intellectual

Link to UN SDGs



Initiatives and activities

1

Full implementation of 18 QoS elements at KLIA Main terminal and 17 elements at klia2 terminal

2

Four working committees set up with the objective of meeting all QoS targets and mitigate all non-compliance

Key performance indicators and targets

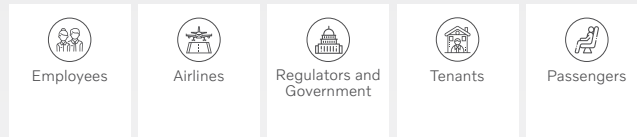
Malaysia Airports operates in a highly regulated environment and complies with local laws and regulations as well as international aviation regulations. In 2019 however, Malaysia Airports (Sepang) Sdn Bhd was fined by MAVCOM for certain failures in meeting some requirements of the QoS framework.

Material Matters

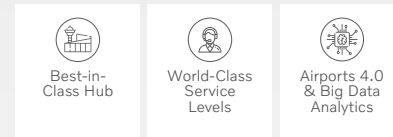
MM7 DIGITALISATION

Digitalisation refers to digital framework encompassing infrastructure enhancement, capacity development and digital innovation that aims at terminal optimisation, operational efficiency, revenue generation and regulatory compliance.

Stakeholders Involved



Our strategic response to the material matters



Capitals Affected and Trade-offs



Link to UN SDGs



Initiatives and activities

- 1 Demonstrated the Single Token passenger journey initiative through the use of facial recognition system
- 2 Implemented technology to predict queue times at critical waiting areas which will be disseminated to passengers through the MYairports app
- 3 Terminal Response and Inspection Management System completed in June 2019 to digitalise inspection processes in addition to the existing Washroom Response Management System and Washroom Inspection Management System
- 4 Migrate manual processes to digital systems including the planning and scheduling of Airport Service Quality surveys and the Commercial Services Inspection Application
- 5 The Commercial Services Inspection app was launched to enable tenants to log their complaints and feedback electronically
- 6 Procurement Transformation Journey which has, among its main thrusts, to simplify the procurement process through automation. Launched e-Form A, eCatalogue, eProcurement system, procurement dashboard, robotic process automation to boost productivity

Key performance indicators and targets

With the use of facial recognition technology at boarding pass and other checkpoints, our AVSEC personnel are able to clear passengers more quickly and efficiently than before. This simplifies the passengers' journey through the airport.

Sustainability Overview

Malaysia Airports recognises the importance of environmental, social and governance (ESG) considerations, especially in creating long-term sustainable value for stakeholders. As such, there is a clear effort to embed sustainability considerations throughout the Company's value creation model and value chain.

Governance and structure

The Board of Directors provides strategic direction with regards Malaysia Airports' ESG agenda through the Company's Sustainability Policy and Framework.

The Senior General Manager, Planning of Malaysia Airports is responsible for translating the ESG model into actionable and tangible initiatives by business and support units in line with the five Sustainability Pillars. The incumbent is a member of the Management Executive Committee (ExCo), chaired by the Group CEO, and comprises the top management of Malaysia Airports. The incumbent is responsible for highlighting and reporting on sustainability matters to the ExCo, and where relevant, to the Board of Directors.

The Sustainability Department assists the Senior General Manager, Planning in the day-to-day running and management of organisation-wide sustainability initiatives. It is staffed by a three-member team and headed by a Senior Manager.

Apart from the Sustainability Department, there are committees at both Board and management levels which oversee specific ESG matters. In addition, there are inter-departmental working committees and taskforces which support the Board and management committees. They own sustainability targets, implement initiatives, monitor and track progress towards achieving the targets. A non-exhaustive list of these Board and management committees include:

Environmental matters

- Environmental Management Committee
- Engineering Environment Committee

Social matters

- Board Nomination and Remuneration Committee
- Human Resources Committee

Governance matters

- Board Finance and Investment Committee
- Board Risk Management Committee
- Board Procurement Committee
- Corporate Risk Management Committee
- Information Security Management Committee

Sustainability Policy and Framework

Since 2010, Malaysia Airports has been guided by a Sustainability Policy that supports our aspiration and outlines our commitment to create sustained stakeholder value as a world-class airport business operator. It also underscores our commitment to be a responsible corporate citizen.

In January 2020, the Board agreed for Malaysia Airports' widened ESG model to be formalised in the Sustainability Policy. This will ensure better alignment of business decisions and strategies with ESG considerations and stakeholders' concerns as well as support Malaysia's commitments with regards to the United Nations Sustainable Development Goals (SDGs). While the final version of the updated policy remains as work in progress at the time of publication of this report, it will retain the Sustainability Pillars while updating the scope of each pillar.

Consequently, the Sustainability Framework has also been refined. The Sustainability Pillars are now linked to the material matters relating to Malaysia Airports' business as well as to the SDGs. This shows the linkage between Malaysia Airports' ESG matters and the key matters at the forefront of our business, as well as how achievement of business and ESG goals contribute towards the global sustainability agenda.

Sustainability Overview



Sustainability Overview

In addition to the Sustainability Policy and Framework, Malaysia Airports had previously formulated other policies, procedures, guidelines and KUL Sustainability Charter which was made available publicly in early 2019 through our website. These important documents embed the ESG model in our operations. The documents stated below are available on our corporate website.

- Environmental Management Policy
- Environmental Protection Policy
- Procurement Policies, Procedures and Guidelines
- Anti-Corruption Policy Statement
- Gift Policy
- Fraud Policy
- Whistleblowing Policy
- Safety, Health and Environmental Policy
- Policy on Prevention and Eradication of Drug and Alcohol Abuse in the Workplace
- Sexual Harassment Policy
- Stop-Work Policy
- KUL Sustainability Charter
- Code of Ethics and Conduct

KUL Sustainability Charter

The KUL Sustainability Charter was introduced in 2019, creating a leadership role for Malaysia Airports in sustainability matters within the airport community at KUL. The charter reflects new and evolving matters of concern to Malaysia Airports and its stakeholders, both internal and external, ranging from employees, airline companies and airport tenants to vendors and ground-handlers.

Through stakeholder consultation, we identified material matters, set goals and identified initiatives to form the basis of the charter. Each of these are aligned to the Sustainability Pillars and SDGs.

United Nations Sustainable Development Goals

As a government-linked company, Malaysia Airports supports the Malaysian government's commitment to the United Nation's 2030 Agenda for Sustainable Development. The United Nations had identified 17 Sustainable Development Goals (SDGs), representing a call for action by all countries – poor, rich and middle-income – to promote prosperity while protecting the planet. Ending poverty must go hand-in-hand with specific goals strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

In 2019, Malaysia Airports had aligned its Material Matters, Sustainability Pillars and the KUL Sustainability Charter with all 17 SDGs. However, the SDGs highlighted in this report and the Sustainability Report are the ones most relevant to Malaysia Airports.

Sustainability Reporting

Since 2009, Malaysia Airports has produced an annual Sustainability Report. The Sustainability Report is prepared in accordance with the GRI Sustainability Reporting Standards Core Option and is available online at Malaysia Airports' corporate website.

Additionally, in line with the Malaysian Code on Corporate Governance and the Listing Rules of Bursa Malaysia, Malaysia Airports produces an annual Corporate Governance Report which is disclosed to Bursa Malaysia and the Securities Commission of Malaysia. This report contains comprehensive details on governance matters relating to the Company. The report is a public document that is available through Bursa Malaysia's website for announcements by listed companies as well as Malaysia Airports' corporate website. In addition, as part of this Annual Report, we produce a Corporate Governance Overview Statement on key governance issues.

The Sustainability Policy, Sustainability Framework and KUL Sustainability Charter are also available at Malaysia Airports' corporate website.

Sustainability Summary

Sustainability Summary

This table sums up how business considerations represented by the Material Matters and sustainability matters represented by the Sustainability Pillars, relevant SDGs, KUL Sustainability Charter Goals and key stakeholders are intrinsically linked in Malaysia Airports' strategy.

Sustainability Pillars	Material Matters	SDGs	KUL Sustainability Charter Goals	Key Stakeholders
Pillar 1: PRACTISING SENSIBLE ECONOMICS Generate sustainable returns from business activities by strengthening and optimising revenue streams	Economic Performance Airport Capacity Regulatory Compliance Digitalisation Cybersecurity Procurement Practices Market Presence	SDG 8 Decent Work and Economic growth SDG 9 Industry, Innovation and Infrastructure SDG 11 Sustainable Cities and Communities	Goal 1: Optimising economic performance	Employees Regulators and Government Airlines Passengers Investors Tenants Vendors and Service Providers The Media
Pillar 2: ENVIRONMENTAL CONSCIOUSNESS Manage and reduce the impact on the environment from business activities	Waste and Effluent Management Climate Change Water Management Energy Efficiency	SDG 6 Clean Water and Sanitation SDG 7 Affordable and Clean Energy SDG 11 Sustainable Cities and Communities SDG 12 Responsible Consumption and Production SDG 13 Climate Action	Goal 2: Improving energy efficiency Goal 3: Reducing overall carbon foot print Goal 4: Enhancing water and waste management	Employees Regulators and Government Airlines Passengers Investors Tenants Vendors and Service Providers Local Community The Media
Pillar 3: CREATING AN INSPIRING WORKPLACE Value our employees, provide development opportunities and embed good governance	Integrity and Anti-Corruption Employee Engagement and Development Diversity	SDG 5 Gender Equality SDG 9 Industry, Innovation and Infrastructure SDG 16 Peace, Justice and Strong Institutions SDG 17 Partnerships	Goal 5: Being a responsible service provider Goal 6: Promoting diversity and inclusivity	Employees Regulators and Government
Pillar 4: COMMUNITY-FRIENDLY ORGANISATION Support and strengthen community engagement and develop programmes to meet the needs of local communities	Contributions to Local Community Human Rights	SDG 1 No Poverty SDG 3 Good Health and Well-Being SDG 4 Quality Education SDG 10 Reduced Inequalities SDG 17 Partnerships	Goal 7: KUL Community development through partnerships	Employees Regulators and Government Local Community The Media
Pillar 5: MEMORABLE AIRPORT EXPERIENCE Enhance the travel experience of airport guests to support our mission of creating joyful experiences	Total Airport Experience Airport Safety and Security Transportation and Connectivity	SDG 9 Industry, Innovation and Infrastructure SDG 11 Sustainable Cities and Communities SDG 16 Peace, Justice and Strong Institutions SDG 17 Partnerships	Goal 8: Providing exceptional customer experience Goal 9: Optimisation through technological advancement Goal 10: Strengthening safety and security at KUL	Employees Regulators and Government Airlines Passengers Investors Tenants The Media

Strategy

ST1 BEST IN CLASS HUB

We aim for our airports to be the preferred hub for travellers by providing better connectivity, building capacity to accommodate traffic growth and providing best in class facilities for excellent service quality to all our passengers.

Capitals Affected



Strategic Key Focus Areas

- 1 Upgrade KUL's ageing assets namely the Baggage Handling System (BHS) and Aerotrain to cater for increase in passenger volume, achieve compliance with the QoS framework, and improve the minimum connecting time to increase the number of transfer passengers.
- 2 Rehabilitate KUL runways to enhance reliability and meet CAAM and ICAO standards.
- 3 Expand KUL and other airports to increase number of airlines, grow business and provide quality service for the growing passenger traffic.

Key activities to create value in FY2019

Upgrade BHS and Aerotrain

- 1 Continue the BHS Operational Sustainability Plan and Aerotrain Operational Sustainability Plan to improve current system reliability prior to replacement of the assets.
- 2 Implemented Predictive Maintenance Programme (PdM) which utilises Internet of Things (IoT) solutions for real time monitoring and the ability to detect any deviation and faults in the BHS which serve as an early warning of impending issues.

Rehabilitate KUL runways

- 3 Started the Airport Pavement Operational Sustainability Plan by rehabilitating KUL's Runway 3. Pavement overlaying works have commenced to address potential issues that were identified through a Boeing Bump Index analysis conducted in 2018 such as airfield pavement roughness.

Airport expansion and optimisation

- 4 Optimised current assets and expanded new assets at KUL including installing 10 new body scanners at KUL, introducing an automated queue management system and reconfiguring the immigration arrival area for better efficiency.
- 5 Capacity optimisation began at PEN including shifting ticketing counters, increasing check-in counters and relocating the baggage reclaim carousel.
- 6 Capacity optimisation is also in progress at MYJ including adding check-in counters and new office space, relocating inline baggage screening, upgrading RAS and reconfiguring existing floor area.

Growing passenger traffic

- 7 Continued the current joint programme between Malaysia Airports and Tourism Malaysia to increase tourists arrivals in Malaysia.
- 8 Increased connectivity and routes to our airports through the Aviation Development and Support Programme that encourages existing airlines to grow traffic and attract new airlines.
- 9 Improved the process and infrastructure to enhance the inter-terminal transfers between KLIA Main terminal and klia2.

Short to Medium Term Focus

Upgrade BHS and Aerotrain

- 1 To commence the asset replacement programme for BHS at KLIA Main terminal and Aerotrain.

Rehabilitate KUL runways

- 2 Undergo a three-year asset replacement program for Airport Pavement. The upgrading of Runway 1 and 2 is expected to begin in 2021 and 2023 respectively.

Airport expansion and optimisation

- 3 Launch KUL Master Plan focusing on the expansion of KUL to enable the airport to cater to an additional 15-20 million passengers per annum. The expansion will be done in phases.
- 4 The expansion of MYJ airport and three airports in Sabah, including BKI, is in its development stages in tandem with passenger growth.
- 5 Develop the MASB Airport Master Plan focusing on five airports – BKI, KCH, PEN, SBW and TWU – for future development to cater for passenger growth. The development of the five airports will be in phases.

Strategy

ST1

BEST IN CLASS HUB

Short to Medium Term Focus (Continued)

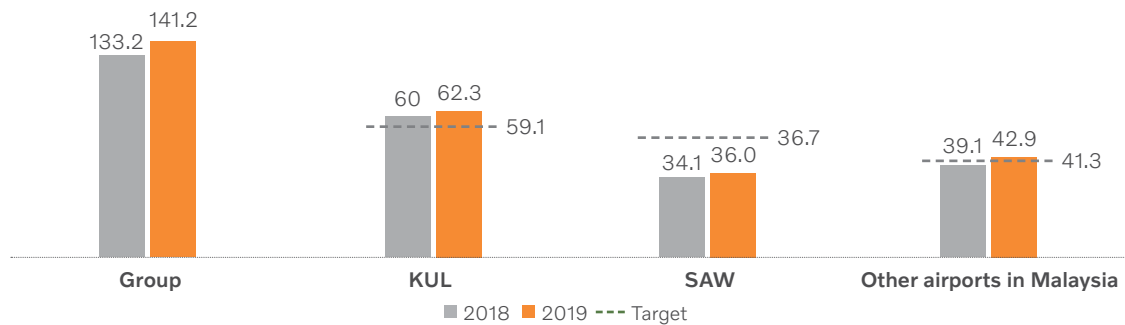
- 6 Continue optimisation initiatives at KUL - reactivate group check-in facilities, optimise bus lounge, enhance immigration and customs area and leverage on technology to improve passenger flow management. 50 additional body scanners will be installed at KUL to reduce congestion at security checkpoints.

Growing passenger traffic

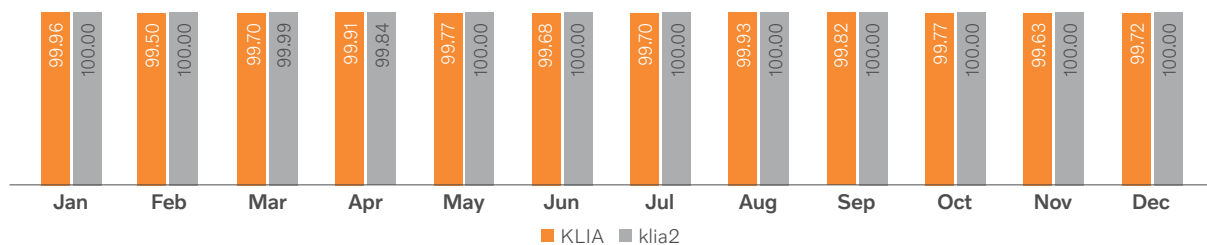
- 7 Grow passenger traffic through promotional activities, partnerships and incentives to increase connectivity and accessibility by attracting more new airlines to our airports, and encourage and support business expansion by existing airlines in terms of new routes, increase in scheduled frequencies and increase in seat capacity.

Performance Indicators

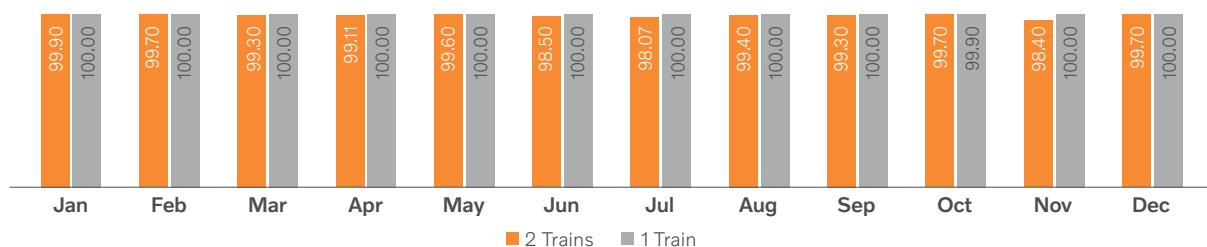
Passenger Traffic (mil)



BHS Availability at KUL (%)



Aerotrain Availability at KUL (%)



Link to Material Matters

MM2

Airport Safety and Security

MM3

Economic Performance

MM4

Total Airport Experience

Strategy

ST2

WORLD CLASS SERVICE LEVELS

Malaysia Airports aspires to be the international gateway of the nation with a world class service culture. It is imperative for us to provide our guests with an excellent total airport experience in terms of services, facilities, infrastructure and airport processes.

Strategic Key Focus Areas

Improve service levels and increase passenger satisfaction through the following:

- 1 Achieve Quality of Service (QoS) and Airport Service Quality (ASQ) targets
- 2 Enhance the customer-centric culture within the airport community

Capitals Affected



Key activities to create value in FY2019

Achieve QoS and ASQ targets

- 1 Implemented 18 QoS elements at KLIA Main terminal and 17 elements at klia2.
- 2 Enhanced washroom facilities at KUL in areas that contribute to compliance with the QoS framework.
- 3 Enhance facilities such as toilets, Wi-Fi, Flight Information Display Systems, wayfinding and cleanliness of the terminals.

Enhance customer-centric culture within the airport community

- 4 Continued the Host Culture Transformation Programme for airport communities including our business partners to increase awareness on improving our ASQ ranking and transforming the airport communities into more caring hosts as part of the 'Happy Guests, Caring Hosts' programme.
- 5 Launched 'Bounce Higher as Caring Host' as advanced training for 'Happy Guests, Caring Hosts' to enhance the knowledge and skills of members of the airport communities in strengthening the customer-centric culture.
- 6 Recognised high performing Caring Hosts during the CARE Summit Awards to appreciate their contributions and successes in elevating service quality.
- 7 Strengthen and formalise the Guest Experience Framework to improve QoS performance and ASQ scores.

Short to Medium Term Focus

Achieve QoS and ASQ targets

- 1 Consistently meet all QoS targets at KUL and mitigate all non-compliance.
- 2 Drive the readiness of all QoS elements for the next phase of the QoS rollout to other airports.
- 3 Refurbish passenger washrooms with improved interiors, ambience, ventilation and cleanliness.
- 4 Focus on expediting the replacement of facilities that may potentially impact QoS performance in relation to the elements that will be assessed under the framework such as BHS, Aerotrain, washrooms, signage and terminal ambience.
- 5 Strive to meet ASQ and ACSPP targets for participating airports.

Enhance customer-centric culture within the airport community

- 6 Carry out a CARE Ambassadors Programme which includes refresh of the learning and development, retention programme, rewards and recognition programmes and a refreshed organisational structure to transform airport front line staff, namely CARE Ambassadors and Aviation Security personnel.
- 7 Improving ASQ scores for KUL through nurturing and cultivating the 'Host Culture' service mindset throughout the airport community to make KUL one of the top 10 airports ranked by ASQ score.
- 8 Continue to drive the Host Culture Transformation journey to fortify, elevate and sustain service levels.

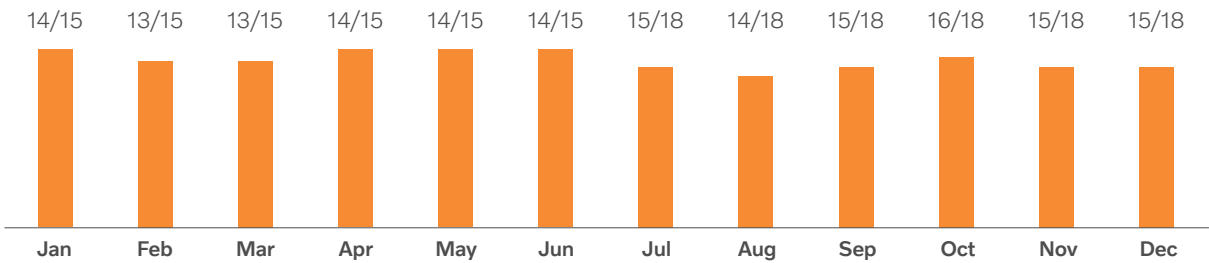
Strategy

ST2

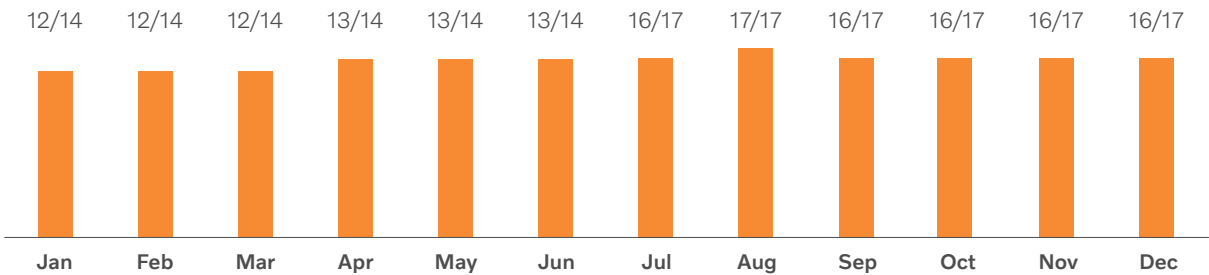
WORLD CLASS SERVICE LEVELS

Performance Indicators

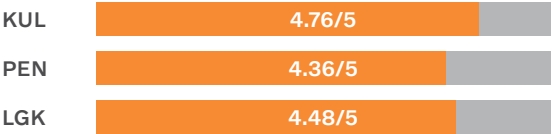
QoS Results for KUL Main terminal



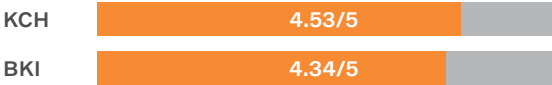
QoS Results for klia2 terminal



ASQ Scores - Overall Satisfaction



ACSPP Scores - Overall Satisfaction



The Passenger Boarding Bridge team won the 2019 Malaysia Enterprise Innovation Award by Asia IoT Business Platform

Link to Material Matters

MM4

Total Airport Experience

Strategy

ST3

STRENGTHENING NON-AERO BUSINESS

Airports today have evolved to provide more than just aviation services. The commercial and retail business at airports have become part of the total airport experience that guests look forward to when coming to our airports. They also form an important revenue stream for Malaysia Airports.

Capitals Affected



Strategic Key Focus Areas

- 1 Implement a commercial reset strategy to increase the retail profile at Malaysia Airport's airports with an injection of high end retailer and pop up stores in our airports
- 2 Develop an e-Commerce platform to cultivate the internet market for future growth

Key activities to create value in FY2019

Commercial reset

- 1 On-going commercial reset implementation – recently opened retail outlets include Travelex, Gloria Jean's Pushcarts, as well as Din Tai Fung and Costa Coffee, which are both 'first to airport' openings.
- 2 Commercial reset implementation at LGK that included curating its retail and food and beverage offerings and bringing in new stores such as Charles & Keith and Burger King, has shown success and raised the profile of the airport.
- 3 Implementation of various marketing campaigns such as 'Licence to Win' and 'SHOPLAH' to encourage guests to shop at airport retail outlets.

E-commerce

- 4 Partnership between Eraman and e-commerce platform, Ourshop, that allows travellers to pre-book products on ourshop.com and collect their purchases at a dedicated pick-up point located at the Eraman duty free outlet in klia2.
- 5 Implemented e-wallet payment systems including Union Pay, Alipay and WeChat Pay at retail outlets in the airports.

Short to Medium Term Focus

Commercial reset

- 1 Leverage on passenger growth to expedite the commercial reset implementation in KUL and other selected airports to align offerings the airports' passenger profiles by introducing new brands, high-end fashion retailers and a refreshed shopping experience while also giving international guests a 'Sense of Malaysia' through locally-made artisanal products.

E-commerce

- 2 Develop an e-commerce platform for KUL to capitalise on the expected high growth of the online shopping market while improving passenger experience.

Commercial revenue enhancement and strengthening retail duty free

- 3 Improve category management and retail duty free business through retailer engagement and benchmarking to align with best practices and establish strong relationships with retailers.
- 4 Strengthen brand awareness and retail duty-free business through on-ground events, marketing and promotion, public relations and social media initiatives, and store enhancements in KUL and other selected airports.
- 5 Introduce digitised and tech-based media, such as interactive digital directory and advertising panels that will add value to the airport experience of guests.
- 6 Enhance and improve the carpark ambience and facilities at airports for better passenger carpark experience and increased carpark revenues.

Strategy

ST3

STRENGTHENING NON-AERO BUSINESS

Performance Indicators

No	Key Performance Indicators	Coverage	Target	FY2019	FY2018
1	Commercial Revenue (RM mil)	KLIA	504.0	415.4	416.2
		klia2	374.8	336.3	345.3
		MASB	210.9	139.3	136.0
2	Non-Aero Revenue (RM mil)	Group	N/A	2,161.5	2,092.5
3	Spend per Pax (RM)	KLIA	45.6	44.5	46.7
		klia2	34.8	28.0	29.3
4	Retail Duty Free Revenue (RM mil)	MA Niaga	880.0	854.5	834.2
5	Retail Duty Free EBITDA (RM mil)	MA Niaga	N/A	53.2	75.5

Link to Material Matters



Economic Performance



Digitalisation


Strategy


ST4


UNLOCKING POTENTIAL THROUGH AEROPOLIS


Malaysia Airports' off-terminal real estate development is synergistic to its airport and aviation business. The development is aligned with the national agenda to elevate Malaysia as Asia Pacific's hub for e-commerce logistics industry and Maintenance, Repair and Overhaul (MRO) industry.

Capitals Affected

 Financial

 Intellectual

 Manufactured

 Human

Strategic Key Focus Areas

1

Developing the air cargo and logistics sector via e-commerce fulfilment hub at KLIA Aeropolis

2

Develop KLIA Aeropolis and Subang Aerotech Park as leading centres to uplift Malaysia's MRO revenue

Key activities to create value in FY2019

1

Developed KLIA Aeropolis Digital Free Trade Zone as a site with cargo terminal, sorting centre, warehouse and operations offices.

2

Malaysia Airports signed a joint-venture agreement with Boustead Projects Limited for the development and management of an aerospace and high-tech park within the Subang Aerotech Park.

Short to Medium Term Focus

1

Position Malaysia as Asia Pacific's hub for e-commerce logistics and MRO.

2

Finalise Subang Airport Regeneration Master Plan to position SZB as a city airport, business aviation hub and aerospace ecosystem.

Link to Material Matters

MM3

Economic Performance

50 Malaysia Airports Holdings Berhad

Strategy

ST5

EXPANDING AND DIVERSIFYING THROUGH INTERNATIONAL MARKET

Malaysia Airports continues to explore opportunities to expand its international footprint while focusing more on optimising its homegrown business.

Capitals Affected



Strategic Key Focus Areas

- 1 Maximise existing investment and strengthen international business.
- 2 To expand and diversify Malaysia Airports' international business through operation, management, development and provision of airport-related services.

Key activities to create value in FY2019

SAW

- 1 For operations in Turkey, passenger traffic at SAW grew 4.1% YoY to register 36.0 million passenger movements.
- 2 SAW was named 'Large Airport of the Year' by CAPA - Centre for Aviation, a leading organisation in the aviation and travel industry.

Short to Medium Term Focus

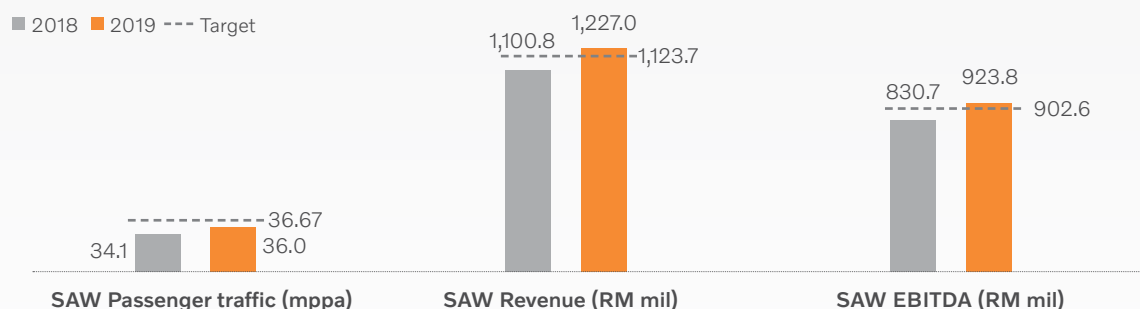
SAW

- 1 Increase revenue growth and customer satisfaction, provide excellent operations, improve employee development and expand capacity at SAW.

Establish international strategy

- 2 Expand and diversify Malaysia Airports' operations through the establishment of Malaysia Airports International (MAI) that will facilitate and manage overseas airport assets.
- 3 MAI to create a balanced portfolio, establish funding strategy, define investment policy, strengthen consultancy services and build partnerships.
- 4 Identify opportunities outside Malaysia to provide facility management and IT services to airports.

Performance Indicators



Link to Material Matters

MM3 Economic Performance

Key Enablers

EN1

INTEGRITY, CULTURE TRANSFORMATION AND HUMAN CAPITAL

Malaysia Airports recognises that our employees are the main drivers of our strategy. Therefore, integrity, a positive culture and competencies are critical factors for us to succeed in our business objectives and to spur nation building.

Capitals Affected



Strategic Key Focus Areas

- 1 Strengthen integrity practices to guide employee conduct in the workplace.
- 2 Shape a positive culture at the workplace by initiating and sustaining a shift towards a customer-centric culture and improve employee engagement.
- 3 Enhance organisational effectiveness and people capabilities to adapt to changes in regulation and industry needs.

Key activities to create value in FY2019

Integrity

- 1 Achieved ISO 37001:2016 certification for the Anti-Bribery Management System (ABMS) for procurement process, a testament to upholding integrity of the highest level by benchmarking against international standards for anti-bribery practices.
- 2 Continued implementation of Malaysia Airports Integrity Plan in collaboration with the Malaysian Institute of Integrity to reinforce integrity and ethical behaviour among our employees through awareness campaigns and an integrity conference.
- 3 Finalised the development of corporate Core Values to be implemented in FY2020. Integrity is one of the core elements aimed at cultivating good employee behaviour which will have a positive impact on performance and results.

Culture transformation

- 4 Invested RM11.0 million for human capital development with focus on improving workforce capability and driving cultural transformation.

Human capital

- 5 Launched the Leaders Airport Adoption Programme (LEAP) to accelerate the development of Airport Managers through active mentoring and engagement with senior leadership team.
- 6 Introduced the Group CEO and Leadership Awards to strengthen our performance and rewards programme.

- 7 12 employees were certified as International Airport Professionals through the Airport Management Professional Accreditation Program that aimed to develop new generation airport leaders.
- 8 Promoted 39 graduates from Customer Experience Management to 'officer' level through the Skills Certification Program that enhances knowledge, upskills the workforce and recognises employees who can demonstrate skills outlined in the National Occupational Skills Standards based on prior experience and achievements.
- 9 Carried out the Malaysia Airports Competency Assessment on 5,945 employees to assess our airport operational personnel on technical knowledge and skills capabilities to conform with standards set by regulators.
- 10 Enhanced employee learning and development by introducing online learning courses.
- 11 Streamlined HR processes by going digital, notably for matters relating to employee travel.

Short to Medium Term Focus

Integrity

- 1 Expand the ISO 37001:2016 ABMS certification to other areas within Malaysia Airports such as commercial services, information technology and project management by 2020.
- 2 Develop Organisational Anti-Corruption Plan in line with the National Anti-Corruption Plan with assistance from relevant agencies namely Malaysian Anti-Corruption Commission, National Centre for Governance, Integrity and Anti-Corruption and Malaysian Institute of Integrity.

Key Enablers

EN1

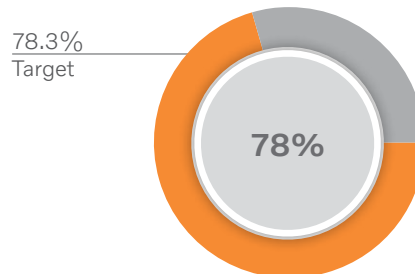
INTEGRITY, CULTURE TRANSFORMATION AND HUMAN CAPITAL

Culture transformation

- 3 Communicate Core Values framework and roadmap and roll out internalisation and change management programmes among employees.

Human Capital

- 4 Establish MAHB Academy as a talent factory to enhance our workforce capabilities through strategic collaboration and partnerships with reputable institutions and industry players.
- 5 Leverage use of technology to refresh delivery of learning and development programmes through a digital learning platform.
- 6 Introduce differentiated bonus schemes to enhance competitiveness of Malaysia Airports' rewards and recognition structure.

Performance Indicators**Employee Engagement Score**

Received MSWG-ASEAN Corporate Governance Awards 2018
Award recipient under the Anti Bribery Management System (ABMS) Certification Scheme by SIRIM

Link to Material Matters

- MM1 Integrity and Anti-Corruption
- MM2 Airport Safety and Security
- MM4 Total Airport Experience
- MM6 Regulatory Compliance


Key Enablers


EN2


AIRPORTS 4.0 AND BIG DATA ANALYTICS


Digital transformation is imperative to gain competitive advantage, maintain regulatory compliance and drive capacity optimisation and operational efficiency, with a strong focus on providing a seamless travelling experience for passengers.


Capitals Affected

 Financial

 Intellectual

 Manufactured

 Human

 Social

Strategic Key Focus Areas

- 1 Establish a unified digital platform for big data analytics, artificial intelligence, intelligent enterprise as well as cyber and information security.
- 2 Utilise Internet of Things (IoT) sensors to collect, collate, analyse and act on data captured and industrial IoT.
- 3 Leverage industrial IoT to focus on asset management and predictive maintenance.


Key activities to create value in FY2019


- 1 Examine and revamp processes to prevent recurrence of systems disruptions and strengthen business continuity plan.
- 2 Continue executing our Digital Transformation programme that began in 2018 with focus on connectivity and realtime information by connecting key stakeholders in one fully integrated digital ecosystem.
- 3 Launched a single token passenger journey initiative powered by facial recognition, big data analytics and IoT to automate the travel journey from check-in to boarding.
- 4 Established strategic collaboration with multiple industry players including government agencies to increase capability in driving operational and service efficiency through digitalisation.


Short to Medium Term Focus


- 1 Refresh of the Total Airport Management System to increase operational efficiency and productivity.
- 2 Simplify passenger journey by providing end-to-end passenger experience that is secure, seamless and efficient.
- 3 Maintain a safe and secure airport environment to increase passenger comfort and experience.
- 4 Leverage on technology to improve efficiency and productivity at the airports.
- 5 Procurement Transformation Initiative to drive towards excellence by leveraging on technology.


Link to Material Matters


 MM1 Integrity and Anti-Corruption

 MM2 Airport Safety and Security

 MM4 Total Airport Experience

 MM5 Airport Capacity

 MM6 Regulatory Compliance

 MM7 Digitalisation

Key Enablers

EN3

ENHANCING BRAND EQUITY

Brand equity is one of our enablers as its value is derived from improved awareness, perception and quality among internal and external stakeholders.

Capitals Affected



Strategic Key Focus Areas

- 1 Enhance brand visibility through a more aggressive presence
- 2 Increase positive perception with more cohesive company messaging
- 3 Create strategic alliances and enhance perception among internal and external stakeholders

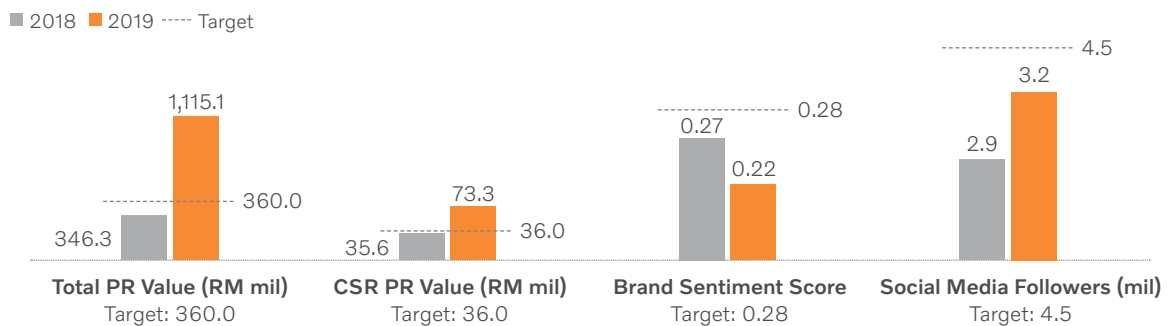
Key activities to create value in FY2019

- 1 Embarked on a brand refresh initiative whereby a brand audit, development of a brand strategy and architecture were completed.
- 2 Formulated a cohesive and integrated media plan to ensure alignment of key messages to target audience.
- 3 Executed cohesive corporate responsibility initiatives based on the approved framework and created strategic alliances to enhance perception among the airport community.

Short to Medium Term Focus

- 1 Continue to enhance brand visibility by executing initiatives that strengthen brand positioning.
- 2 Continue to conduct proactive engagements with members of the media to ensure consistent messaging.
- 3 Continue to garner stakeholder support by fostering dynamic stakeholder engagement.

Performance Indicators



Link to Material Matters

- MM1 Integrity and Anti-Corruption
 MM4 Total Airport Experience
 MM6 Regulatory Compliance
 MM7 Digitalisation

Key Enablers

EN4

LEAN SIX SIGMA

Embrace a systematic approach in how we drive improvements in efficiency and effectiveness to their successful conclusion.

Capitals Affected



Strategic Key Focus Areas

- 1 Utilise Lean Six Sigma methodology through top-down efforts and on a wider scale to support revenue, cost optimisation, service quality and capacity development.

Key activities to create value in FY2019

- 1 Successfully implemented 297 initiatives through Lean Six Sigma which resulted in total financial impact of RM78.8 mil.
- 2 Strengthen internal expertise at various Lean Six Sigma knowledge levels across Malaysia Airports.
- 3 Enrolled Lean Six Sigma programme to all Malaysia Airports' subsidiaries to increase the pool of experts to drive improvement activities through Lean Six Sigma methodology.
- 4 Improvement of glass mirrors in passenger washrooms.
- 5 Optimisation of KLIA Bus terminal by increasing platform

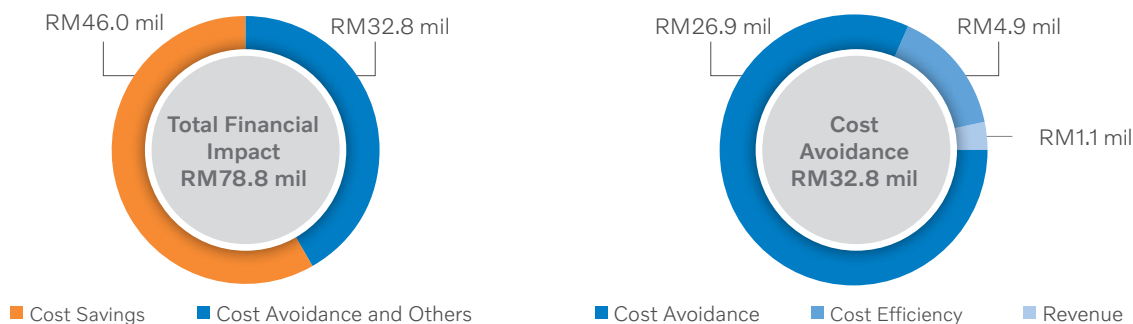
utilisation and expand the connectivity for express and stages buses.

- 6 For Malaysia Airports' agriculture and horticulture business segment, Lean Six Sigma is implemented in improvement of Fresh Fruit Bunches (FFB) harvesting and collection during flooding season at selected affected zones and fields.

Short to Medium Term Focus

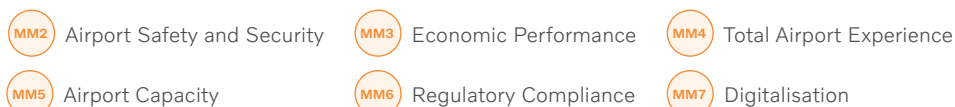
- 1 Continue embedding Lean Six Sigma culture to drive continuous improvements related to QoS and ASQ targets
- 2 Focus on key areas that maximise positive impact to Malaysia Airports in both financials and efficiency.

Performance Indicators

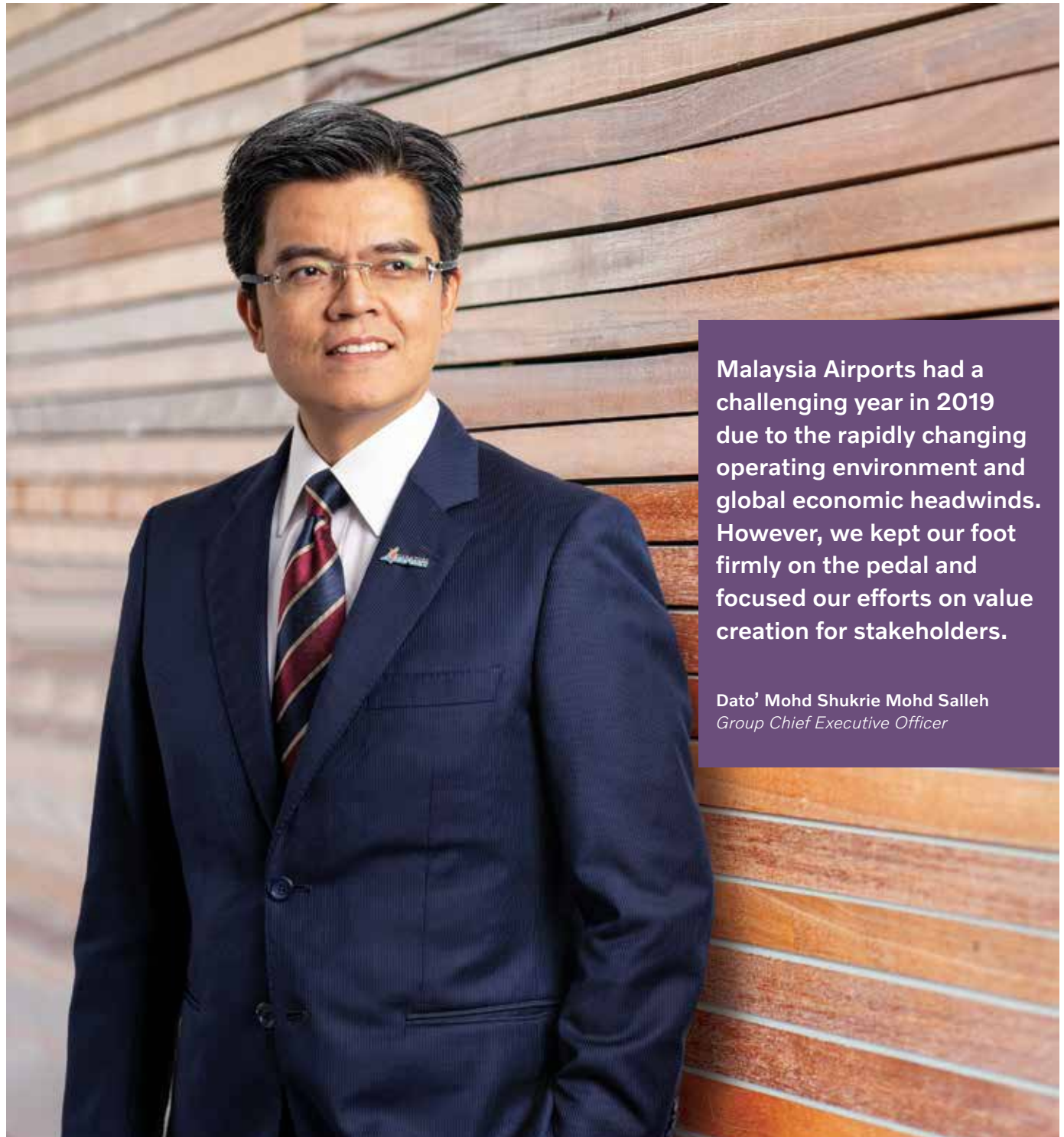


Lean Six Sigma Knowledge Level	Trained Employees in FY2019	Trained Employees in FY2018
Yellow Belt/Lean Practitioner	215	112
Green Belt	46	53
Total	261	165

Link to Material Matters



Management Discussion and Analysis



Malaysia Airports had a challenging year in 2019 due to the rapidly changing operating environment and global economic headwinds. However, we kept our foot firmly on the pedal and focused our efforts on value creation for stakeholders.

Dato' Mohd Shukrie Mohd Salleh
Group Chief Executive Officer

Management Discussion and Analysis

Our efforts paid off and it was a good year for Malaysia Airports. Our investments in KL International Airport (IATA Code: KUL), our airports in Malaysia and in Istanbul Sabiha Gökçen International Airport (IATA Code: SAW) had translated into tangible growth and results not only for shareholders, but also across the wider range of stakeholders.

A year of record revenues in 2019 coupled with prudent debt and cash flow management also means that Malaysia Airports started 2020 from a position of strength and good financial standing. That will help us to face the challenges that the COVID-19 pandemic has dealt the aviation industry in Malaysia as well as regionally and globally.

2019 highlights

Malaysia Airports set a new record for total passenger traffic of 141.2 million, an increase of 6.0% year-on-year (YoY). For Malaysia operations, passenger traffic hit 105.2 million, growing 6.2% YoY to surpass the 100 million mark for the first time ever. For operations in Turkey, passenger traffic at SAW grew 5.6% YoY to register 36.0 million movements.

On the back of improved results from airport operations, Group revenue for the financial year ended 31 December 2019 (FY2019) amounted to RM5,213.1 million, a growth of 7.4% YoY. Malaysia operations accounted for RM3,774.9 million representing a 6.4% YoY growth, while overseas operations contributed RM1,438.2 million, an increase of 10.4% YoY.

Excluding gains from extraordinary items and fair value of investments, Group EBITDA in 2019 increased by 9.4% YoY due to higher EBITDA from both Malaysia and overseas operations by 9.4% and 9.4% YoY respectively, supported by higher international passenger traffic. Excluding extraordinary items in FY2018, Group profit before tax (PBT) increased 33.4% to RM659.2 million while profit after tax (PAT) improved by 21.9% YoY in 2019.

As sustaining our growth is important, we embarked on several major projects to upgrade our infrastructure. These include rehabilitation work for Runway 3 at KUL and optimising existing airport infrastructure for greater efficiency. We also began preparatory work for the multi-year projects to replace the aerotrain and baggage handling system at KUL.

At Penang International Airport (IATA Code: PEN), the construction of a seven-storey carpark which began in 2019 was completed in early 2020, adding 582 parking bays to PEN, bringing the total bays to 1,800. We also received approval from the Ministry of Finance (MOF) to allow us to proceed with further expansion plans for PEN which will increase its capacity from 6.5 million passengers per annum (mppa) to 12 mppa.



We also made strides in the intangibles – improving our procurement process, strengthening integrity and anti-corruption measures, and instilling a mind-set change among our frontline staff and the KUL community with the Happy Guests, Caring Hosts training programme to improve guest experience. We launched the KUL Sustainability Charter to focus on beyond today's results and to ensure that we lay a sound foundation for future growth.

Malaysia Airports reached a major milestone in 2019 when we secured the approval of the Malaysian cabinet for the extension of our operating agreements (OAs), thereby extending our licence to operate, manage and maintain the network of airports in Malaysia till 2069.

It was also a year of flux as we prepared for the move to the Regulated Asset Base (RAB) method of funding for capital expenditure. Implementing the RAB or any other sustainable funding model would enable Malaysia Airports to invest in infrastructure to ensure sufficient capacity and improve service levels at airports. While the final details for a sustainable funding model for airport development are still being bolted down, we are confident by being adaptable and agile, Malaysia Airports has the capability to deliver the airport growth needed to serve our stakeholders.

Management Discussion and Analysis

Our year was marred by a network core switch failure resulting in systems disruption affecting operations at KLIA Main terminal in August 2019. Despite the disruption, the airport continued to operate without closure thanks to the incredible support from over a thousand volunteers and the whole airport community who had rallied together with us.

While we deeply regret the disruption caused by the incident, there were valuable lessons learnt from this experience. Since then, we have revamped our processes, strengthened our business continuity plans and replaced critical IT hardware to prevent a recurrence, restore stakeholder confidence and maintain KUL's 21-year sterling track record.

By the close of 2019, we also were heartened that our efforts were recognised by our stakeholders as we received awards and accolades in key aviation and non-aviation areas. We won awards for our terminal as well as airport marketing and customer service. In addition, we also received awards for financial performance, corporate governance, sustainability, environmental practices, employment practices and corporate reporting.

Malaysia Airports paid a single-tier dividend of 5.0 sen per ordinary share for FY2019 amounting to RM82.9 million in October 2019. In addition, on 21 May 2020, the Company also paid a final dividend of 10.0 sen per ordinary share amounting to RM165.9 million for FY2019. Therefore, the total dividend paid amounting to RM248.8 million translates to a payout of 52% of the total adjusted PAT, surpassing the Group's dividend policy of a minimum 50% payout ratio.

It is my pleasure as Group Chief Executive Officer of Malaysia Airports to present to stakeholders our Management Discussion and Analysis for FY2019.

FINANCIAL PERFORMANCE

Stronger Revenues in FY2019

Excluding construction revenue, the Group registered revenue of RM5,213.1 million for FY2019 which was 8.9% higher than FY2018. The higher operating revenues are attributed to improved results from the airport operations segment which grew by 9.6% to RM4,926.2 million. Revenue in non-airport operations segments declined by 1.5% to RM286.9 million.

Within the airport operations segment, the higher operating revenues were driven by a 15.0% YoY growth in aeronautical revenue. This was achieved on the back of strong passenger growth of 6.0% to 141.2 million passengers and growth in commercial aircraft movements by 3.2% YoY. Also contributing to the airport operations segment was the growth of non-aeronautical revenue of 3.4% to RM2,161.5 million as retail and commercial businesses showed improved performance.

Double-digit earnings growth

Malaysia Airports had registered earnings before interest, tax, depreciation and amortisation (EBITDA) of RM2,292.0 million for FY2019, surpassing its headline financial Key Performance Indicators target for FY2019 core EBITDA of RM2,163.6 million. This was achieved as a result of strong revenue growth, primarily arising from improved operational performance both in Malaysia and Turkey.

Despite an increase in the Group's total cost mainly due to higher utilities and administrative cost for Malaysia operations, the Group recorded a double digit jump in profits. Excluding extraordinary items in FY2018, profit before tax (PBT) increased by 33.4% YoY to RM659.2 million while profit after tax (PAT) increased by 21.9% YoY to RM537.0 million.

Assets and Liabilities

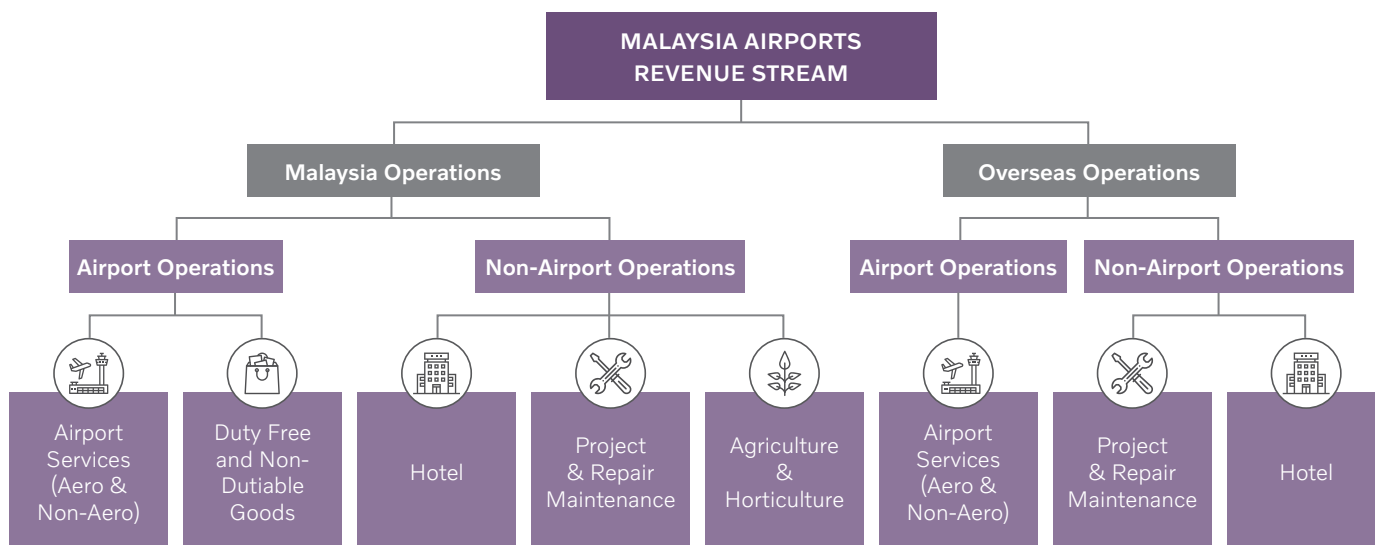
Cash Balances, Bank Borrowings and Liquidity

On the back of prudent debt management and cash flow, in 2019, the Group had improved its debt to equity ratio to 0.60 times, compared to 0.63 times in FY2018. Cash and cash equivalents had increased slightly by 0.2% to RM1,453.1 million YoY from RM1,450.5 million in FY2018.

During the year, the Group had paid down its Senior Term Facility for Turkey operations by EUR35.0 million equivalent to RM162.6 million. This reduced the Group's total borrowings at the end of FY2019 to RM4,932.7 million, a 4.1% reduction YoY.

The Group continues to strictly observe financial covenants to comply with funding requirements and internal guidelines.

Management Discussion and Analysis



OPERATIONS REVIEW

In this section, we explain Malaysia Airports' strategies, key initiatives and results in our five main business segments to give stakeholders a better picture of how our resources were applied to create value.

Airport Operations

Airport Operations covers the two major segments of our business - first, Airport Services which is further divided into aeronautical and non-aeronautical business, and secondly, Duty-free and Non-Dutiable Goods. The revenue from Airport Operations makes up 94% of our total revenues.

Airport Services - Aeronautical Business

The Aeronautical Business derives its revenues from airlines and passengers who use our airports, as well as cargo which is transported through our airports. The main categories of revenues are passenger service charges, aircraft landing and parking charges and charges for use of airport facilities.

Aeronautical Revenues grew in 2019

Aeronautical revenues are strongly correlated with the volume of airlines, passengers and cargo handled using our facilities. Therefore our business strategies for this segment are focused on driving volumes, and a higher proportion of international passengers. We are pleased to inform stakeholders that our numbers continued to grow strongly in 2019.

Overall, aeronautical revenue grew 15.0% to RM2,764.7 million. For Malaysia operations, aeronautical revenue grew 10.9% YoY to RM1,993.5 million. For operations in Turkey, aeronautical revenue grew 27.0% YoY to RM771.2 million, contributed mainly by higher numbers for international passengers.

Management Discussion and Analysis

In terms of profitability, airport services for Malaysia operations recorded a PBT of RM621.6 million, while for operations in Turkey, airport operations contributed RM145.0 million, making it the first year a PBT was recorded since SAW became a wholly-owned subsidiary of Malaysia Airports in 2014.

The revenue growth in this segment is supported by the increase in passenger traffic movements, higher percentage of international passengers, new airlines and new routes as explained below.

Passenger traffic movements hit a record high

Malaysia Airports' entire network of airports, including SAW, achieved a record high in passenger traffic with 141.2 million passenger movements in 2019, a 6.0% increase YoY. Both international and domestic passenger movements registered growth; international passenger movements grew 6.5% YoY to 67.5 million while domestic passenger movements grew 5.6% YoY to 73.7 million. Overall commercial aircraft movements increased by 3.2% YoY.

Airports in Malaysia

The passenger movements for airports in Malaysia crossed the 100 million threshold for the first time with 105.2 million passengers, a 6.2% YoY growth. Compared to 2018, international passenger movements grew 3.1% to reach 53.3 million while domestic passenger movements grew 9.7% to 52.0 million.

12 of the 21 main airports in Malaysia especially those in Sabah and Sarawak registered high double-digit growth in passenger movements. Overall commercial aircraft movements increased by 3.4% YoY. The overall average load factor was 75.0% in 2019, 0.7 percentage points higher than 2018. Cargo movements decreased by 2.9% YoY to 943,782 metric tonnes in line with sluggish global air cargo performance.

KUL

KUL surpassed the 60 million mark for the first time with 62.3 million passengers, an increase of 3.9% over 2018. International passenger movements grew 3.0% YoY while domestic passenger movements recorded a 6.2% growth YoY. Passenger movements at both KLIA Main terminal and klia2 grew 3.9% YoY with KLIA Main terminal recording 29.2 million passengers and klia2 recording 33.1 million. Aircraft movements at KUL increased by 2.1% YoY.

Airports in Malaysia excluding KUL

The other airports in Malaysia accounted for 42.9 million passenger movements, a 9.7% increase YoY. They comprised 8.4 million international passenger movements, a 3.1% increase YoY and 34.6 million domestic passenger movements, an 11.5% YoY increase. Overall commercial aircraft movements increased by 4.5% YoY. Sandakan Airport (IATA Code: SDK) and Bintulu Airport (IATA Code: BTU) crossed the 1.0 million mark while Melaka Airport (IATA Code: MKZ) handled more than 100,000 passengers compared to its typical high of 50,000 in previous years.

SAW

SAW passenger traffic grew 5.6% YoY to register 36.0 million movements. International passenger movements increased by 22.0% YoY to 14.2 million while domestic passengers decreased by 3.0% YoY to 21.8 million movements. This was due to a focus on international routes, as well as the restructuring of Pegasus Airlines' routes to focus on international routes. Total aircraft movements increased 2.5% YoY, with international aircraft movements recording an increase of 17.6%.

New airlines, routes, destinations and frequencies

As a result of intensive marketing, our airports in Malaysia bid 'Selamat Datang' to 11 new airlines, two new charter airlines and three new cargo freighters. The Group also welcomed 39 new international services in Malaysia. SAW added six new airlines and launched 13 new international services.

Another growth strategy is to encourage existing airlines customers to add more services to our airports. In 2019, for Malaysia operations, 48 new services were added to the network consisting of 41 international and seven domestic services. For the international sector, KUL recorded the highest number of new services with 27 while the other airports in Malaysia registered 14 new international services. This has reversed the trend in 2018 in which regional international airports registered the highest number of new direct flights rather than KUL.

For SAW in particular, the launch of SAW-KUL route by Malaysia Airlines was the highlight of the year, becoming the first direct long-haul route launched from SAW. This charter flight marks the return of Malaysia Airlines to the Istanbul market since 2014.

A total number of 9,458 international additional frequencies in 2019 were added into Malaysia Airports' network through introduction of new destination and business expansion by both local and foreign carriers.

Management Discussion and Analysis

Strategies and Key Initiatives

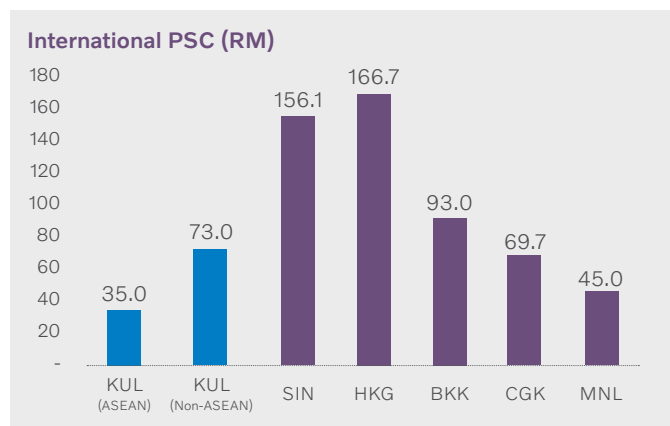
Growing passenger numbers, attracting new airlines and securing new routes is an effort that requires Malaysia Airports to engage and collaborate with its stakeholders, locally and internationally.

In this regard, the efforts are multipronged. First, we are able to provide a competitive cost base for airline operations. Secondly, targeted marketing efforts are focused on assisting airlines which choose our airports for their new routes. Thirdly, we continue to upgrade our infrastructure and facilities in line with our strategic theme of being a best-in-class hub; this ensures the airports have the capacity and capability to meet guest demand. And fourthly, we continuously improve the guest experience in line with our strategic aim of providing world-class service levels.

A competitive cost base for airline operations

A key advantage is the enabling environment in Malaysia which makes our airports among the world's most competitive cost base for airline operations in terms of charges imposed on passengers and airlines.

Passenger Service Charge (PSC) are imposed on all departing passengers according to their destination – domestic, ASEAN or International (Non-ASEAN). PSC are set by the Malaysia Aviation Commission (MAVCOM) after consultation with stakeholders and are subsequently gazetted by the Government of Malaysia. In 2019, the Government of Malaysia introduced an international 'Departure Levy' of RM8.0/ RM20.0 for ASEAN and Non-ASEAN routes respectively.



New Airlines in 2019

3 New airlines in **PEN**

Batik Air

Jakarta - Penang

Qingdao Airlines

Quanzhou - Penang

Shenzhen Airlines

Shenzhen - Penang

1 New airline in **KUL**

Air Arabia

Sharjah - Kuala Lumpur

1 New airline in **BKI**

Air Busan

Daegu - Kota Kinabalu

Busan - Kota Kinabalu

1 New airline in **LGK**

Qatar Airways

Doha - Penang - Langkawi

1 New airline in **KBR**

Scoot

Singapore - Kota Bharu

1 New airline in **SDK**

Royal Brunei Airlines

Bandar Seri Begawan - Sandakan

1 New airline in **TWU**

Royal Brunei Airlines

Bandar Seri Begawan - Tawau

1 New airline in **SBW**

Royal Brunei Airlines

Bandar Seri Begawan - Sibu

1 New airline in **BTU**

Royal Brunei Airlines

Bandar Seri Begawan - Bintulu

Management Discussion and Analysis



Targeted marketing efforts

Malaysia Airports also leverages its competitive advantage with marketing efforts which are targeted at increasing the number of airlines, routes and frequencies to our airports. In addition to maintaining an active presence at aviation industry forums and events, there were several key initiatives in 2019 that fuelled our growth in this area.

Airlines Incentive Programme

Malaysia Airports has in place an incentive programme for new and existing airline partners. The programme provides for waiver of landing charges to assist the airline in its early years of operations at our airports. It also enables the airlines to receive funds to market and promote their new routes to Malaysia, as well as rewards for passenger growth.

Joint International Tourism Development Programme

This programme was launched in 2018 as a joint initiative between Malaysia Airports and Tourism Malaysia to attract and develop inbound air traffic to Malaysia. A collective fund of RM20 million was made available to airlines for approved media and promotional activities to attract tourist from key markets. In 2019, 12 airlines which include foreign and Malaysian carriers, utilised this incentive.

Langkawi International Tourism Promotional Fund

This two-year programme was launched in 2019 to promote Langkawi as a preferred and top-of-mind international tourist destination following the completion of upgrading works at Langkawi International Airport (IATA Code: LGK). A sum of RM2.5 million was made available to airlines, charterers, tour operators and other tourism industry players and is expected to grow tourist arrivals in Langkawi significantly.

Management Discussion and Analysis

Visit Malaysia 2020 Promotions

Malaysia Airports was a strategic partner of Tourism Malaysia in promoting Visit Malaysia 2020 (VM2020) and had in place a structured programme for this purpose.

In 2019, Malaysia Airports had laid the groundwork for VM2020. First, we promoted VM2020 via our strategic assets at airports including SAW. Secondly, Malaysia Airports worked with government ministries and agencies to ensure a smooth and seamless experience for visitors arriving in Malaysia through airports. Thirdly, we also collaborated with Tourism Malaysia to partner with various international airlines and tour operators through the Joint International Tourism Development Programme (JITDP) to increase connectivity and develop attractive holiday packages to Malaysia.

However, in March 2020, the Malaysian Government made a decision to cancel VM2020 in the light of the COVID-19 global pandemic and its impact of tourism in Malaysia as well as globally.

Makkah Route Hajj Pre-Clearance at KUL

The Makkah Route is an initiative of the Kingdom of Saudi Arabia (KSA) to enable pre-clearance for Hajj pilgrims in their home country. Malaysia was selected as the first country to implement the initiative in 2017.

Under this initiative, the KSA sets up an immigration centre at KUL Main terminal to enable Malaysian Hajj pilgrims to complete immigration

procedures at KUL Main terminal itself and ensuring compliance with health requirements. Upon arrival in Saudi Arabia, the pilgrims will bypass immigration procedures and head directly for transportation to their hotels, where their luggage would be sent directly.

In 2019, more than 33,000 Hajj pilgrims on 69 flights were processed under this system. There is potential for the pre-clearance to be extended to umrah pilgrims, and for KUL to become a transit hub for umrah pilgrims from across Southeast and East Asia.

Upgrading infrastructure and facilities

This is an important area as decisions by our airline partners on route development are driven by many factors including considerations around the capacity, safety and quality of airport infrastructure and facilities.

Hence, these matters are included in Malaysia Airports' Materiality Matrix, and are among our top priority areas for our business.

We are pleased to inform stakeholders that we have made considerable progress in these areas.

Enhancing capacity

Airport capacity is important to ensure operational safety and efficiency, service standards as well as passenger comfort.

Penang International Airport expansion given green light

At the end of 2019, we received approval from the Ministry of Finance and Ministry of Transport as well as local authorities to proceed with the expansion plans for Penang International Airport (IATA Code: PEN) to increase its capacity from 6.5 mppa to 12 mppa for the first phase of the development. The plans entail additional aircraft stands, increased gross floor area, a new domestic pier and increased car parking spaces. The airport will also be redesigned to be environmentally friendly and will feature the latest in automated check-in and baggage drop capabilities for passenger convenience.

The works, which were initially targeted to start in Q2 2020 are likely to be deferred or scaled back to prioritise the use of resources in the wake of the COVID-19 pandemic.

Nevertheless, in 2019, we commenced building works for a new multi-storey car park at PEN to increase car parking spaces from 1,200 to approximately 1800. The check-in area and immigration arrival area were also reconfigured to optimise the available space, increase efficiency and ease congestion.



Management Discussion and Analysis



Developing master plans for KUL and selected airports.

In 2019, Malaysia Airports engaged the services of airport planning consultants to develop airport master plans for KUL and five other airports – PEN, Kota Kinabalu International Airport (IATA Code: BKI), Kuching International Airport (IATA Code: KCH), Sibu Airport (IATA Code: SBW) and Tawau Airport (IATA Code: TWU) - to plan for future growth. The project deliverables for each airport are first, a master plan that encompasses a 30-year outlook and a phased development plan to meet market demand of passengers, aircrafts and cargo movement, and secondly, a functional layout plan for the conceptual expansion of the passenger terminal at each airport.

For KUL, the airport master plan will also incorporate the development of the KLIA Aeropolis.

Tightening Safety and Security

Airport Emergency Exercises

These are safety and security exercises involving simulations of emergency scenarios at the airport such as aircraft crash, hijacking and act of aggression at the airport. They are designed to test the efficacy of the Airport Emergency Plan, the readiness of our people and the inter-agency coordination needed to respond effectively in a different emergency scenarios.

In 2019, a total of 77 safety and security exercises were conducted including eight full scale exercises. An example of a full scale exercise in 2019 was the act of aggression exercise codenamed 'Ex-RAMPAS' at LGK. Ex-RAMPAS involved 32 parties including LGK staff, emergency response agencies, regulators, state government departments and members of the airport community. The five-day exercise covered workshops, tabletop exercises, full scale simulations as well as a post-mortem.



State-of-the-Art Security Scanners

New security body scanners were also installed at KUL. The new scanners are able to detect both organic and non-organic foreign objects on the body without requiring a manual pat-down. They are more effective as they can detect all kinds of materials unlike the old walk through detectors that can only detect metal contraband. The new scanners are also faster and safer as they do not involve x-rays or radiation.

Improving infrastructure and facilities

Upgrading Runway 3

Upgrading works on Runway 3 at KUL began in October in line with the KUL Runway Sustainability Master Plan. The works which start with pavement rehabilitation are expected to be completed mid-2020. The exercise will ensure continuous safety of the runway and address potential future issues such as airfield pavement roughness identified through a Boeing Bump Index analysis. Once works are completed on Runway 3, upgrading works are expected to commence for Runway 1 in 2021 and Runway 2 in 2023.

Optimisation at KUL

At KUL, Malaysia Airports worked closely with airline partners to optimise existing space and facilities to improve passenger flow and experience.

One of these initiatives was the formation of a joint Innovation Garage Team by Malaysia Airports and Malaysia Airlines, an initiative mooted by Khazanah Nasional Berhad, a common shareholder of both companies. The Innovation Garage Team was tasked to identify and resolve problems faced by the airport and the airlines.

Management Discussion and Analysis

Two initial issues tackled by the team were the congestion at the check-in counters and mishandled baggage at KLIA Main terminal, where Malaysia Airlines has the largest airline operations.

As a result of the joint efforts, at KLIA Main terminal, check-in counters were reassigned among Malaysia Airlines and nine airline partners, and self-check in kiosks were relocated to reduce congestion during peak periods. This eased congestion and reduced time for check-in by 30% and time from check in to boarding by 15%.

The joint team also implemented three solutions to address mishandled baggage - increasing the number of baggage transfer lines, reinforcing ground handling standard operations procedure at KLIA Main terminal and improving passenger awareness. This reduced the number of mishandled baggage complaints by 25% for Malaysia Airlines.

As a member of the Visit Malaysia 2020 (VM2020) One-Stop Task Force headed by the Prime Minister's Office, Malaysia Airports implemented several initiatives to prepare for VM2020. These measures were undertaken in collaboration with other members of the Task Force including the Ministry of Tourism, Arts and Culture, the Immigration Department, and the Royal Malaysian Customs Department. Among the initiatives was optimising the arrival areas at KUL. At klia2, we expanded and reconfigured the immigration arrival area to double its original size to improve the immigration process for arriving passengers. This involved the relocation of the Eraman emporium at klia2 to enable immigration counters and autogates to be located at optimal locations. We also reconfigured the arrival customs inspection area and changed the existing single lane for customs inspections to six new lanes for both KLIA Main terminal and klia2.

Developing digital solutions

Among the security enhancement measures piloted in 2019 by Malaysia Airports under its Airports 4.0 digitalisation initiative was the development of a single token passenger journey, which is powered by facial recognition technology, big data analytics and the Internet of Things (IoT). This initiative which is in its pilot phase beginning early 2020 for certain flights departing from KUL enables the deployment of electronic gates with facial recognition capabilities to simplify the journey of passengers through the airport. As a result of the technology advancement, passengers are required to verify their travel documents only once, namely upon check-in.

A Passenger Reconciliation System is also being developed for both terminals at KUL as an Airports 4.0 initiative. The system allows for real-time validation of passenger information at all screening checkpoints. As the real-time validation enables baggage of no-show passengers to be quickly identified and offloaded from the aircraft, it enhances airport and aircraft security in addition to improving airline on-time performance.

Airports 4.0 has also resulted in the enhancement of Predictive Maintenance of Malaysia Airports' facilities and systems. By leveraging on technology, the monitoring of facilities and systems are IoT-monitored to automate and improve maintenance tasks. This enables closer and more constant monitoring and alerts compared to a manual system. In this initiative, Malaysia Airports collaborated with MIMOS Berhad, Malaysia's national applied R&D centre which is charged with developing the National IoT Roadmap.

Replacement of Baggage Handling System and Track Transit System at KUL

The Baggage Handling System (BHS) and Aerotrains at KUL are critical facilities which are ageing and need to be modernised to enable KUL to cope with future growth. In addition, these facilities fall under MAVCOM's Quality of Service (QoS) requirements for KUL. Therefore, in 2019, Malaysia Airports embarked on preparatory work for the replacement of the BHS and Aerotrains.

As these are major airport systems, the decommissioning and replacement process will take several years. In the meantime, as any closure of the system will result in a drop in capacity, an interim system must also be put in place prior to the decommissioning of the existing system. It is envisaged that the interim system will serve as a back-up to the main system upon completion of the project.

Inter-terminal transfer

In 2019, Malaysia Airports initiated a collaboration with Pos Aviation, to provide check-in baggage transfer services for self-connecting passengers between both KUL terminals. This service will be facilitated by a self-developed booking platform to cater to the needs of this category of travellers.

With this service, self-connecting passengers can transfer their baggage between the two terminals easily. After claiming their luggage, they can hand it over to the appointed ground handler at the arriving terminal for transfer to their next flight at the the next terminal.

Management Discussion and Analysis



This makes it more convenient for passengers to self-connect and attract more transit passengers to use KUL as their hub. Our aim is to implement this service in 2020.

Upgrading Passenger Experience

To complement marketing efforts and upgrading of infrastructure and facilities, Malaysia Airports also focuses on enhancing the passenger experience.

Happy Guests, Caring Hosts

The Happy Guests, Caring Hosts service culture transformation programme was launched in 2018. It aimed to instil a customer-first mind-set among the 20,000-strong KUL community comprising airline partners, government agencies and some 8,000 of our employees.

In 2019, over the course of nine months, 197 training sessions were conducted by in-house trainers to spark a mind-set change among participants. The training covered all Malaysia Airports employees at KUL. Train-the-trainer sessions were conducted to roll out the programme to the rest of the KUL community as well as at other airports.



To recognise the efforts of the KUL community in embracing and projecting the Caring Hosts culture, Malaysia Airports organised a series of recognition events.

The results of the training were immediately apparent with improvements in KUL's score in the benchmark Airport Service Quality (ASQ) ratings, in particular the overall score as well as scores for staff courtesy and helpfulness. Complaints had also reduced by 20% YoY.

The next phase of the Happy Guests, Caring Hosts programme involves behavioural assessments and on-site coaching via usage of technology to drive results and recognition programmes.

Improving Service Levels

In 2018, MAVCOM introduced the Quality of Service (QoS) framework to improve airport service levels. The initial roll out to KLIA Main terminal and klia2 in 2018 involved three elements and was expanded in stages. By end-2019, the QoS covered 20 elements for KUL. Out of the total, 19 elements at KLIA Main

Management Discussion and Analysis

terminal and 18 elements at klia2 carry financial penalties for non-compliance. In 2019 also, preparations were made for the QoS introduction to SZB, BKI and LGK. The QoS scheme for these 3 airports were scheduled to be implemented in 2020.

Failure to comply with the QoS framework puts the airport's aeronautical revenue at risk as MAVCOM may impose penalties of up to 5% of the airport's aeronautical revenue. As such, Malaysia Airports has in place four working group committees to look into the critical areas of the QoS – Passenger Comfort and Facilities, Passenger and Baggage Flows, Operator and Staff Facilities and Queue Times.

In September 2019 and January 2020, Malaysia Airports' subsidiary, Malaysia Airports (Sepang) Sdn Bhd was fined RM1.18 million for Q1 2019 and RM856,875 for Q2 2019 by MAVCOM for QoS failures. Mitigation plans have been put into motion including rectifying shortcomings and closer communications with MAVCOM with regards on-going works at the airports which may impact QoS performance.

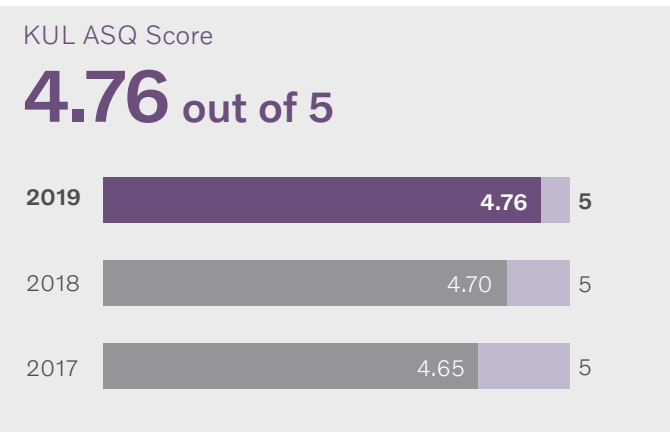


Benchmarking Service Quality

Malaysia Airports benchmarks the performance of its airports against international standards so that it is able to compare its performance against its peers and competitors.

For KUL, Malaysia Airports subscribes to the Airports Service Quality (ASQ) programme by Airports Council International (ACI). Several other airports are evaluated on Malaysia Airports' internal Airport Customer Satisfaction Performance Programme, which mirrors the standards and methodology of the ASQ programme.

In 2019, KUL successfully increased its ASQ overall score to 4.76 out of 5.0. This has placed KUL at number 17 in the ASQ ranking. It also represents the highest score that KUL has achieved. A key driver of the improvement is the Happy Guests, Caring Hosts transformation programme mentioned above.



Management Discussion and Analysis

AIRPORT OPERATIONS – NON-AERONAUTICAL REVENUES

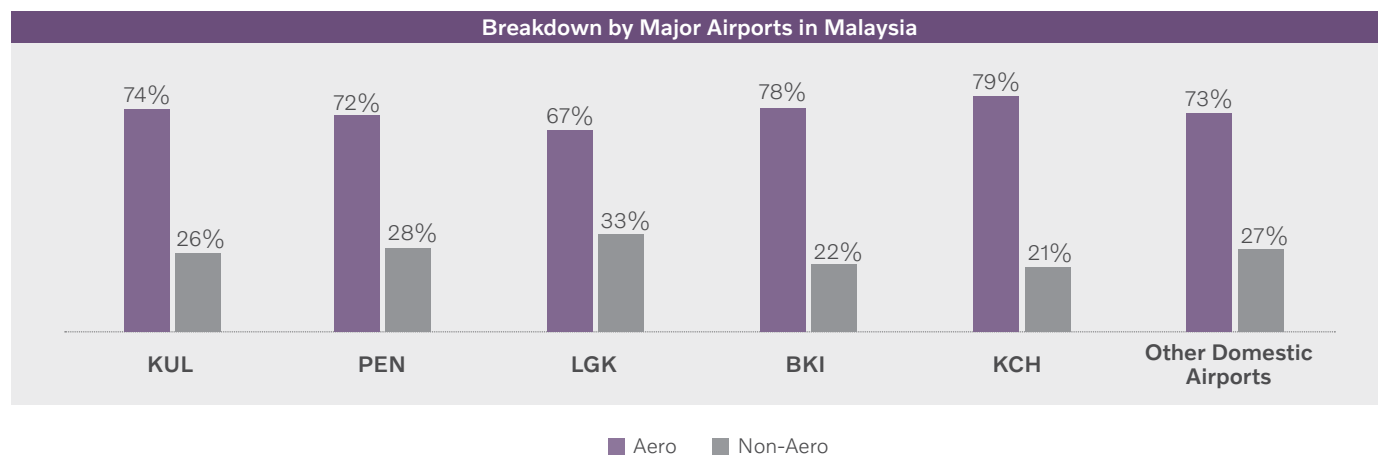
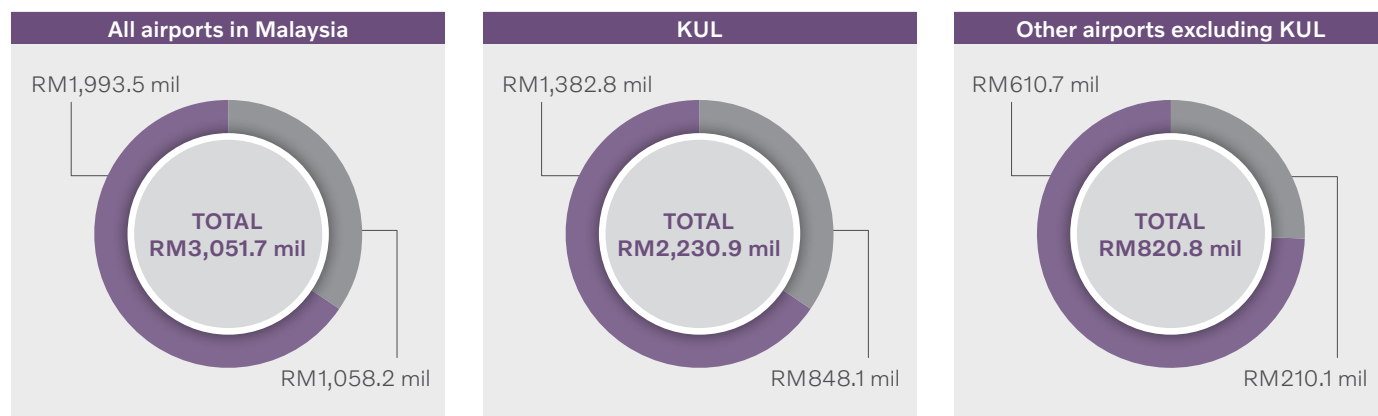
One of the key focus areas under our business plan is 'Strengthening Non-Aero Business', and by that to increase non-aeronautical revenues which are derived from the following revenue streams:

1. Airport Services - Non-aeronautical Business – rental from leasing airport space and other commercial activities.
2. Duty-Free and Non-Dutiable Goods – receipts from sales of goods by our subsidiary Malaysia Airports (Niaga) or better known by its brand name Eraman.

In 2019, we grew both revenue streams as the commercial reset programme initiated in 2018 showed impact on improving revenues. By year end, non-aeronautical revenues for the Group grew 3.4% to RM2,161.5 million. This was driven by a 4.1% YoY increase in non-aeronautical revenues from airport services to RM1,308.6 million while duty-free and non-dutiable goods contributed RM852.9 million, a 2.3% YoY increase. Non-aeronautical revenue had also increased its share of revenues to 41% of Group revenues, in line with the strategy to strengthen non-aeronautical businesses.

Malaysia Airports – Revenue from Airport Operations in Malaysia

- aeronautical vs non-aeronautical revenues



Management Discussion and Analysis

Strategies and Key Initiatives

Commercial Reset

Understanding that airports no longer function as just a transportation hub, Malaysia Airports aims to raise the retail profile and position the airports, particularly the international airports as lifestyle destinations in their own rights through a strategy called 'Commercial Reset'.

The strategy was introduced in 2018 and expanded in 2019, with the main objective of future-proofing the total airport experience for travellers in our bid to position Malaysia as the preferred global hub. This is done through real estate improvement and new retail mix as well as retail layout to maximise footfall. Travellers will be gifted with exciting retail experiences such as new brands, bespoke pop-up stores, experiential kiosks and various engaging set-ups.

New retail zones are tailored to simplify and easily connect travellers who seek retail goods and services:

- Duty free zone
- Fashion avenue
- F&B
- Retailtainment

Another key components of the commercial reset strategy is creating a 'Sense of Place' by leveraging on Malaysia's rich cultural identity, allowing travellers to have a taste of fashion, craft, food and cosmetics Malaysia has to offer as the airport is the gateway to the country while also providing local SME's an international platform to promote their products. Sense of Malaysia stores are taking shape and will launch in 2020. As a preview, Little Malaysia and Delicacies of Malaysia opened at KUL, whilst Delicacies of Penang opened at PEN.

Commercial reset will also offer a more attractive leasing strategy to encourage tenants to make the required investments alongside Malaysia Airports and to leverage technology to capitalise on the growth of on-line shopping.



Management Discussion and Analysis



Case study

Impact of the commercial reset at LGK after a year

First to execute the commercial reset was LGK, with the expansion from 25 retail outlets to 42. New concourse areas, improved lighting and a welcoming ambience encouraged our travellers to browse in comfort, shop at their leisure and enjoy many new dining options.

Making the airport a destination itself, we scored a few 'first in the market', with Costa Coffee, UK's favourite coffee shop and Ya Kun Kaya Toast, Singapore's famous retro-ambience café chain opening their very first Malaysia outlets at LGK. Charles & Keith also opened their one and only store on the island at LGK. The new Langkawi Food Garden has been designed to elevate the standard of brand offerings and service levels which includes a mixture of local and international F&B brands and is testament that food courts need not be mundane but rather inviting and visually comforting.

The commercial reset has also boosted non-aeronautical revenue contribution in LGK. Commercial revenue in LGK jumped 40% year-on-year to RM17.9 million in 2019, resulting in non-aeronautical revenue making up 33% of LGK total airport revenue, seven percentage points higher than other airports in Malaysia excluding KUL.

We expect to see non-aeronautical revenues receive the same boost as the commercial reset is rolled out to the other airports including KUL.



Management Discussion and Analysis



First-to-Airport Experiences

New outlets in line with guest preferences have opened at the airports following the commercial reset. In 2019, these include KUL's new F&B offerings:

- Costa Coffee, the UK coffee chain, followed its first two Malaysian store openings at LGK, by opening its first Klang Valley store at KLIA Main terminal, landside departure level.
- Din by Din Tai Fung, serving pork-free Taiwanese cuisine at KLIA Main terminal, landside departure level.

For those traveling through KUL, currency exchange is no longer a dull experience with Travelex's 'retailtainment' and open concept bureau de change store with digital interactive access, the first in Southeast Asia.

Exciting Campaigns

#ShopLAH – Shop Like A Hero

The 'Shop Like A Hero' campaign or #ShopLAH was launched to support the commercial reset strategy. The campaign sparks the imagination of travellers as it depicts our airports as vibrant, luxurious and exciting destinations. Our airports are also where online and offline retail experiences converge with e-reward programmes, cashless payment solutions and reliable free internet access.

Licence to Win

The Licence to Win shopping campaign returned in 2019 offering the grand prize of a McLaren 570S coupe. The campaign was rolled out at the five international airports – KUL, PEN, BKI, LGK and

KCH. It aims to reward travellers and airport guests who spend a minimum of RM250 at retail outlets at the airports. A bonus prize of a Ducati Monster 821 Superbike is also offered to shoppers at the international airports other than KUL. The campaign also offered customers of campaign partners - Maybank, Eraman, Malaysia Airlines, Petron and Boost – the opportunity for multiple contest entries and increase their chances of winning.

KULinary

KULinary is an annual event by Malaysia Airports to award the top food and beverage outlets at both KLIA Main terminal and klia2. The campaign serves as a catalyst for F&B operators at KUL to strive for better results not only in terms of food variety, quality and value, but also service levels to ensure an enjoyable dining experience for passengers.

In 2019, Malaysia Airports raised the bar on KULinary by partnering with the Malaysia International Gastronomy Festival (MIGF) to bring the MIGF KULinary festival to KUL for three days in November. Guests were able to sample award-winning dishes from participating restaurants at KLIA Main terminal and klia2. The offerings were judged by a team of professionals in the culinary world, including renowned Malaysian chef and restaurateur, Chef Wan.

Since the inception of KULinary in 2016, the public perception of F&B at our airport has proven to be positive. KUL's ASQ rating for 'restaurants and eating facilities' increased from 4.08 in 2016 to 4.33 as at Q3 2019, and the 'restaurant facilities value for money' category also saw an improvement from 3.79 to 4.12.

Management Discussion and Analysis

HIMPUN

HIMPUN at KUL was a showcase of a curated selection of fashion, craft, delicacies and beauty items produced by home-grown Malaysian enterprises that give visitors a cultural perspective. The campaign which ran in September and October 2019 also served as a preview for the Sense of Malaysia concept store scheduled to open at all international airports in 2020.

HIMPUN also featured artisanal food products as well as cultural performances and activities that reflect our rich Malaysian heritage.

KUL Biennale 2020

Malaysia Airports had signed a Memorandum of Understanding with the National Visual Arts Development Board to collaborate on the KUL Biennale 2020, a large-scale international contemporary art programme. However, the programme which had been scheduled for a six-month run in conjunction with Visit Malaysia 2020 was cancelled in line with the cancellation of Visit Malaysia 2020.

Adding value to non-aero partners

Upgrade Point of Sale System

As part of the commercial reset, the current Point of Sale system will be standardised with a single vendor with Enterprise Solutioning. This establishes a central database and increases data governance as well as provides collection mechanisms for advanced analytics. The automated system will also reduce manual tasks and improve cost optimisation for vendors and customers.

Mystery Shopper Programme

The Mystery Shopper and Customer Service Programme acts as a tool to evaluate or audit the retailers' customer service elements and performance. The audit results will identify, areas of improvement and guide the development of Customer Service Standards of Practice.

The programme also aims to raise awareness amongst concessionaires and retailers on the importance of service quality standards, to provide the front liners and retailers with an understanding of the aspired customer experience and service standards at every point of the in-store customer journey. By identifying the service quality gaps, training modules may be customised for front line sales staff to improve service quality standards. This is aimed also at improving ASQ scores and overall airport experience for passengers and shoppers.

Duty-Free and Non-Dutiable Goods

The sale of Duty-Free and Non-Dutiable Goods falls under Malaysia Airports' wholly owned subsidiary, Malaysia Airports (Niaga) Sdn Bhd, or more commonly known as its brand name 'ERAMAN'. ERAMAN is the largest travel retail and duty-free brand in Malaysia, operating 38 retail and 14 food and beverage outlets in all five international airports and also at Labuan Airport (IATA Code: LBU).

Revenues for duty-free and non-dutiable goods rose 2.4% YoY

In 2019, revenues in this segment increased by 2.4% YoY to RM854.5 million. This is attributed to the improved retail environment and offerings as well as the shopping campaigns following the commercial reset. However, sales were affected by the downsizing of the ERAMAN International Arrival emporium at klia2 due to the reconfiguration of the Immigration counters in Q4 2019. In addition, although passenger traffic for Malaysia grew 6.2% in 2019, international passenger traffic which accounts for the bulk of revenues from duty-free and non-dutiable goods had grown 3.1% YoY.

This segment generated a PBT of RM44.5 million in FY2019, 5.8% higher YoY, excluding a one-off dividend income in FY2018. Nevertheless, the weakening of the Ringgit against major currencies had impacted product margins for the year.

KUL accounts for 82% of the revenues in this segment. Revenue per pax for KUL was RM11.20, a reduction of 3.9% YoY.

The top four product categories for 2019 continued to be liquor and tobacco, followed by perfume and cosmetics, and confectionery products, with beauty products registering the highest growth for the year. In terms of overall sales contribution, Malaysians remain the number one contributor, followed by passengers from China, India and Indonesia.

Strategies and Key Initiatives

Rebranding of ERAMAN – bigger, better and bolder

In 2019, Malaysia Airports carried out the rebranding of ERAMAN, in line with Malaysia Airports' overall commercial reset strategy. ERAMAN's logo was replaced with a new and stylised logo, and the façade of its outlets were enhanced. ERAMAN staff uniforms were also updated with a new modern design.

Management Discussion and Analysis

Rebranding story

ERAMAN's presence has evolved in its 25 years of operations, and the rebranding enables the brand to project a more modern and uplifting mnemonic for local and global travellers.

Logo

The primary logo design reflects the refreshed persona of ERAMAN – a manifestation of excitement in the form of a gift box with the 'e' illustrated by a swerving ribbon.

Colour

The vibrant purple palette reflects its promise of excitement, while extending a warm welcome to travellers for a lasting impression from the airport to their homes.

Old Logo



New Logo



This rebranding exercise was ERAMAN's first after 25 years in business. It aims to enhance ERAMAN's brand presence and awareness among local and international travellers, and elevate the brand to differentiate it from competitors. This will help position ERAMAN as the brand with the highest top of mind recall in the airport travel retail and duty-free space in Asia Pacific and complements the brand's offering of the most complete shopping experience and excellent customer service.

The rebranding will also see ERAMAN playing an integral role in Malaysia Airports' overall commercial reset by expanding its outlet presence, realigning product categories and offerings and enhancing guest experience through experiential marketing and digitalisation, as explained further below.

New brands

New brands were introduced at the airport in particular for perfumes and cosmetics which better suit customer profiles.

ERAMAN unveiled its first Dior and Lancôme free-standing stores and the second store for Swarovski at KUL encompassing 2,438 square feet. The concept is designed to enhance the consumer experience, inviting them to experiment the brand and allowing them to explore the various products offered in one space.

ERAMAN also welcomed new kiosks from renowned brands, Estee Lauder and Dior, at BKL in December 2019 and January 2020, respectively.

E-commerce partnership with OURSHOP

Fresh on the back of the brand refresh, ERAMAN entered into an on-line shopping partnership with AirAsia's online marketplace, Ourshop. The tie-up allows guests to pre-book products on Ourshop.com and pick up the products at dedicated ERAMAN duty free outlets in klia2.

The e-commerce partnership provides guests with an enhanced shopping experience, and the ability to select products from a wide selection ranging from duty free to high street and other retailers from all over the world. The partnership also enables ERAMAN to leverage on access to passenger trends and travellers' departure and arrival cities to enable more precise marketing and selection of products. It is also in line with the growing significance of e-commerce in the travel retail and duty-free market space.

Food and beverage

ERAMAN expanded and introduced the new Food Garden concept in March 2019 at LGK. Located at Level 1 of the arrival hall, Food Garden at LGK was designed to enhance travellers dining experience by offering them a mixture of international F&B brands such as Starbucks Coffee and Street Churros. For those craving local favourites, they can indulge at Marrybrown, Hainan Taste, Little Wok Kitchen, the Malaysian Mix Rice and the famous Old Town White Coffee.

This food court is inspired by a garden concept and was designed to offer a range of tastes at an affordable price-point to appeal to customers from all walks of life - from the budget-conscious traveller to those who want to indulge in lifestyle brands.

Management Discussion and Analysis

We were also proud that ERAMAN's Bibik Heritage won the Award of Excellence for Outstanding Local Dessert for its 'cendol' at the MIGF KULinary 2019 Awards.

Shopping campaigns and marketing initiatives

ERAMAN's marketing initiatives in 2019 took on both a thematic and tactical approach. The thematic activities were centred around ERAMAN major rebranding initiative as well as major festive periods of Chinese New Year, Hari Raya and Christmas. An integrated campaign was launched across our retail and lifestyle outlets which covers below-the-line media advertisements, complimented by Gift-With-Purchase and Purchase-With-Purchase promotions to boost sales and per ticket spending.

For each festive season, as part of the 'Experience Excitement', ERAMAN invested in customised visual merchandising design across all retail outlets to project a consistent brand identity that promotes a festive ambience which is aesthetically pleasing to ERAMAN customers. Adding to the impact and effect, ERAMAN retail staff will wear festive attire to promote the campaign.

ERAMAN partnered with Commercial Services Division to run the Licence to Win campaign. The six-month campaign was aimed at creating a joyful shopping experience and reward ERAMAN customers. This campaign resulted in a 2.4% YoY growth in sales for the months of August to December 2019.

ERAMAN also launched the Shop and Stay Contest at X-PRESS which is specifically tailored to the airport community. This contest contributed YoY revenue growth of 31% throughout the contest period which began October until December 2019.

ERAMAN also engaged and collaborated with our strategic bank partner, Maybank. An example was the collaboration with Maybank Cards for the tactical campaign 'Maybank RM30 Rebate' from July to December 2019. The campaign was initiated in conjunction with the Licence to Win campaign and aimed to reinforce the value-add that ERAMAN offers to all customers. This tactical campaign contributed an increase of 4% based on sales per ticket.

Non-Airport Operations

Non-Airport Operations covers three segments – Hotel, Project and Repair Maintenance Operations and Agriculture and Horticulture.

Hotel

Malaysia Airports operates hotels in both Malaysia and Turkey. In Malaysia, the hotels are operated by Malaysia Airports' wholly owned subsidiary, KL Airport Hotel Sdn Bhd, under the brand 'Sama-Sama Hotels'. There are three Sama-Sama Hotels – the five star Sama-Sama Hotel KL International Airport and two airside transit hotels – Sama-Sama Express KLIA and Sama-Sama Express klia2. In Turkey, the hotel is known as 'Airport Hotel' and is located landside at SAW.

KL Airport Hotel Sdn Bhd also operates the Airport Fast Track service at KLIA Main terminal, a premium kerbside-to-gate service that offers guests fast track lanes for check-in, customs and immigration, transportation services and buggy and concierge services.

In 2019, revenues from hotel services in Malaysia increased by 0.9% YoY to RM93.3 million. It was a challenging year for the hotel segment as renovations to the flagship Sama-Sama Hotel KL International Airport were delayed, and did not proceed in the third quarter of 2018 as planned. As a result, the business plan to capitalise on the refreshed product 2019 did not materialise and the average occupancy rate in FY2019 was 80%, compared to 83% in FY2018. In terms of profitability, the hotel business recorded PBT of RM12.3 million in FY2019, a marginal decrease compared to RM12.6 million in FY2018 due to higher costs.

The performance of the hotel segment is dependent on several factors. Passenger traffic at KUL and airline routes are key drivers of occupancy rates as transit passengers and airline crew layovers are key customer segments. In addition, the demand for meeting and event facilities is another key factor.

Competition in the hospitality industry remains intense, with new hotels opening in the vicinity of KUL. That has impacted occupancy as well as the average room rate. In addition, there are fewer transit passengers at KUL as a result of reduction of flights by certain airlines. This has resulted in a drop in overall transient occupancy by 4.4% YoY.

Management Discussion and Analysis

We have also improved the visibility and image of the brand by taking part in corporate social responsibility events throughout the year. We brought cheer to disadvantaged children and senior citizens, ran a blood donative drive and also participated in a fun cycling event. Giving back to the community has boosted staff morale. This has translated into better teamwork and improved productivity in the work place as well as a positive attitude to deliver their best at work.

We were encouraged when Sama-Sama Hotel was named ‘Best Luxury Airport Hotel’ for Southeast Asia by the World Luxury Hotel Awards, with Sama-Sama Express KLIA also winning the ‘Best Air Transit Hotel – Malaysia’ award. In the Haute Grandeur Awards, Sama-Sama Hotel won the ‘Best Airport Hotel – Global’ award.

Project and Repair Maintenance Operations

This business segment comprises operations in Malaysia and Qatar. In Malaysia, we operate through Malaysia Airports’ two wholly owned subsidiaries, Malaysia Airports Consultancy Services Sdn Bhd (MACS) and Urusan Teknologi Wawasan Sdn Bhd (UTW). In Qatar, we operate through Malaysia Airports Consultancy Services Middle East LLC (MACS ME), in which we own a 49% stake.

MACS ME has provided facilities management at Hamad International Airport (IATA Code: DOH) in Doha, State of Qatar since 2013. Among the services provided by MACS ME are comprehensive facilities management services, interim security services, custodial and janitorial services.

MACS ME also provides maintenance support for the special systems maintenance at Hamad International Airport and RFID system to track suspicious baggage as well as equipment supply and maintenance support for the RFID system.

MACS provides airport operations and management consultancy services, including consultancy for benchmarking service quality under the ASQ and ACSPP programmes.

UTW is an asset and facilities management service provider. It provides services to internal customers – KUL, PEN and SZB – as well as external customers – KLCC Tower 3, KLCC Common Facilities and Masjid As-Syakarin, Persada PLUS, Mitsui Outlet Park KLIA, Airbus Helicopters, Port of Tanjung Pelepas, Exxon Mobil Tower and the Sepang International Circuit. UTW is an industry leader, and was the first facilities management company to be awarded the 5-star SCORE rating by the Construction Industry Development Board (CIDB) Malaysia.

In Malaysia, revenue from the project and repair maintenance operations segment grew by 54.2% YoY to RM140.6 million. In terms of profitability, this segment recorded a PBT of RM52.6 million compared to a PBT of RM17.8 million in FY2018.

In Qatar, MACS ME’s revenue decreased 1.7% to RM146.6 million mainly due to the end of facility management services for airport operational facilities and ancillary building contract at Hamad International Airport (FM009 Project). Despite the lower revenue from FM009 Project due to project completion, higher revenue was recorded from CP310 Project due to additional claims for Radio Frequency Identification (RFID) works, but overall revenue still below the revenue recorded in FY2018. EBITDA was also lower in 2019 YoY with lower gross profits from FM009 Project mainly due to additional costs for materials, spare parts and third-party vendors were incurred to meet end of contract obligations before FM009 Project handing over to Hamad International Airport in 2019. As a result, this segment recorded a PBT of RM5.9 million in FY2019 compared to RM17.0 million in FY2018.

In 2019, UTW secured a new revenue segment in KUL cleaning services and trolley operation and management. It has also diversified its services mix to offer facilities management services uniquely tailored to suit various industries like airports, sea ports and shopping malls. Its services mix was also extended to include Energy Efficiency and Renewable Energy as well as Building Health Check. UTW has also redesigned its service deliverables to Malaysian airports in line with the QoS framework requirements.

UTW was also awarded the CIDB 5-star rating in several areas including Exemplary Leadership, Excellent Management & Technical Capabilities and Excellent Integrated ICT & Project Management. It was also the recipient of the KLCC Award in several categories including Best Contractor and Best Safety Practice.

Agriculture and Horticulture

Malaysia Airports’ agriculture and horticulture business segment is conducted by its wholly owned subsidiary, MAB Agriculture-Horticulture Sdn Bhd (MAAH). MAAH is focused primarily on the cultivation and management of mature oil palm, pineapple and coconut plantations as well as landscaping at KUL and Sarawak.

Management Discussion and Analysis

In 2019, mature oil palm plantations covered 6,646.3 hectares, coconut plantations covered 126.8 hectares while landscaping activities covered 906.7 hectares. In terms of revenue generation, sale of oil palm fresh fruit bunches account for 78.1% of MAAH's revenues, while coconut and landscape activities account for the remaining 21.9%. In 2019, MAAH ventured into a new crop, pineapple, with a pilot scheme covering 9.1 hectares, and this will generate revenue in 2020.

2019 was a challenging year for MAAH in view of the lower price of crude palm oil (CPO), with prices averaging RM1,999.0 per tonne. Revenues fell 8.0% YoY to RM33.9 million. In view of lower revenues, MAAH took pre-emptive measures to implement cost-saving initiatives across the board, and achieved savings on cost of sales for direct materials, as well as fixed and variable costs. Operating expenditure was also lower by 35%. This resulted in savings of RM0.71 million.

In 2019, MAAH was certified with the Malaysia Sustainable Palm Oil (MSPO 2530-3) certification. The company was also recertified for Quality Management System (ISO 9001-2015).

Unlocking value via Aeropolis

The off-terminal real estate development by Malaysia Airports' subsidiary, KLIA Aeropolis Sdn Bhd (KLIA Aeropolis) focuses on three core clusters aligned to national blueprints, namely Air Cargo and Logistics, Aerospace and Aviation, and MICE and Leisure. These are synergistic to the Malaysia Airports' core business in driving passenger growth and cargo volumes. The aeropolis provides a strong source of income for Malaysia Airports via lease rentals, concession fees, cargo throughput charges and land-related profits.

The development of integrated industrial precincts by KLIA Aeropolis is set to attract global anchor tenants and supply chain to KUL and SZB. These have the potential to become engines of growth beyond the airport boundaries and a key foreign and domestic direct investment destination within the region in the e-commerce Logistics and MRO sectors.

Air cargo and logistics

KLIA Aeropolis DFTZ Park

The KLIA Aeropolis DFTZ Park anchored by e-commerce titan, Alibaba Group, is a joint collaboration between Malaysia Airports and Cainiao HK to develop a 60-acre regional e-commerce fulfilment, sorting and transshipment centre. This will house the world's first

electronic World Trade Platform outside China and largest air cargo facility within the 215-acre Free Commercial Zone at KUL upon completion. The DFTZ Park is on track to begin operations by 2020, with the completion of 88% of construction work at the end of 2019.

KLIA Air Cargo Terminal 1

The capabilities of air cargo logistics at KUL were enhanced with the operations launch of Ground Team Red, a joint venture between AirAsia Bhd and SATS Ltd, in December 2019. The facility spans 93,000 sq ft which will handle 300,000 tons of air freight annually, strengthening the regional logistics hub play at KUL.

Aerospace and aviation

Strategic Delivery Partnership with Boustead Projects Limited

In March 2019, Malaysia Airports inked a landmark joint venture with Boustead Projects Limited to spur the growth of the aerospace and aviation sector at Subang Aerotech Park. The 30:70 partnership between Malaysia Airports and Boustead Projects will focus on the development and management of a grade-A park, with customised real estate solutions for example, design and build-to-suit facilities. The 'plug & play' facilities remove the initial cost burden for aerospace players in this cost-sensitive and competitive sector.

ExecuJet MRO Services Malaysia establishes regional base in Subang Airport

ExecuJet is a full-service, business jet maintenance facility, serving three original equipment manufacturers, namely Dassault Aviation, Bombardier, and Gulfstream. With the acquisition by French aircraft firm, Dassault Aviation, ExecuJet announced in March 2019 that it planned to expand its existing 64,000 sq ft facility at SZB to 100,000 to 150,000 sq ft, potentially doubling the facility's footprint. The SZB MRO facility will be Dassault Aviation's first aircraft services facility in Asia, and it is intended to serve as a centre of excellence for the maintenance of Falcon jets. This development positions Malaysia as the regional MRO hub for business jets.

Opening of Airbus Helicopters regional hub

Malaysia is the regional hub for Airbus Helicopters, offering customer support, MRO and training services from its facility at Subang. In August 2019, Airbus Helicopters further bolstered Malaysia's position as the regional aerospace and aviation hub with the opening of new state-of-the-art helicopter completion and delivery centre for its Asia Pacific customers at SZB.

Management Discussion and Analysis

Future direction

With the strategic industrial and logistics hubs blueprints, Malaysia Airports expects to develop 2,000 acres in the KLIA Aeropolis over the next four decades. However the key enablers to achieve this ambitious plan are the new lease agreement being finalised with the Government, together with the facilitative fiscal stimuli.

The KLIA Aeropolis DFTZ Park will position Malaysia as Asia Pacific's regional e-commerce logistics hub. While at Subang Aerotech Park, Malaysia Airports is well positioned to transform to become an ecosystem developer and creating leading industrial parks, coupled with Boustead projects capabilities, building a compelling proposition for Subang Aerotech Park.

NON-FINANCIAL PERFORMANCE

In line with Malaysia Airports' move towards integrated reporting and integrated thinking, I am also pleased to share with stakeholders information about Malaysia Airports' progress in several key areas that have an impact on our ability to create value for stakeholders. These key areas are part of the material matters that have been identified by stakeholders as being critical for the long-term sustainability of Malaysia Airports' business. They also form part of the environmental, social and governance (ESG) considerations that are embedded into our business and value-creation process.

For stakeholders seeking in-depth information about ESG matters, I would like to highlight that Malaysia Airports produces an annual Sustainability Report that is prepared in accordance with the requirements of the GRI Sustainability Reporting Standards (Core Option). This year's Sustainability Report is available online at our corporate website, www.malaysiaairports.com.my.

Sustainability

Malaysia Airports launched the KUL Sustainability Charter to lead the national aviation industry and stakeholders to embrace ecological, social and economic strategies that will foster business longevity and competitiveness. The charter is aligned to Malaysia Airports' Sustainability Framework and outlines Malaysia Airports' commitment to sustainable business performance and practices that will benefit all parties across the airport value chain. This platform will provide the KUL community with a clearer vision of the sustainability goals and initiatives, provide guidance in applying the best practices, and where applicable, set common goals and targets to measure and benchmark results.

Integrity and Anti-Corruption

In 2019, Malaysia Airports achieved the ISO 37001:2016 certification for its Anti-Bribery Management System (ABMS) used for procurement processes. The internationally recognised ABMS is designed to help Malaysia Airports establish, implement, maintain and improve an anti-bribery compliance programme, and encourage better governance. The certification applies to the head office and MA Sepang, which runs KUL. Moving forward Malaysia Airports will embark on full scope certification for the head office and MA Sepang. It will also roll out the certification to MASB, which runs the other airports in Malaysia.

In 2019, the Corporate Integrity Unit (CIU) conducted awareness sessions for employee on recent legal and corporate developments in the prevention of corruption. Three main topics were covered – Anti-Bribery and Corruption Guide, corporate liability under s. 17A of the Malaysian Anti-Corruption Commission Act 2009 and the implementation of the ABMS by Malaysia Airports. This was further amplified by face-to-face sessions with employees on integrity, corruption and whistleblowing with employees.

We also continued the Vendor Integrity Programme which has been on-going since 2017. The CIU in collaboration with the Procurement and Contract Division organised briefings for vendors of Malaysia Airports to ensure that they are aware of the Vendor Code of Ethics, relevant provisions under the employee Code of Ethics and Conduct as well as anti-corruption measures and whistleblowing safeguards which apply to vendors.

Procurement

In addition to the application of ABMS methodology to procurement, Malaysia Airports continued to implement procurement transformation initiatives to drive value creation. The initiatives fell under three categories to further streamline processes in preparation for the implementation of the RAB framework:

- establish category management and strategic sourcing
- simplify procurement processes by automation and digitisation
- enhance integrity, competency and capacity

Leveraging on technology for procurement in the form of eTender, eBidding, eRFQ and eCatalogue has simplified the process and enabled faster turnaround and cost savings.

Environment

Environmental concerns are a material matter that had been flagged by stakeholders as having the potential to impact them and Malaysia Airports' business. A cross departmental committee, the Environmental Management Committee (EMC), drives initiatives

Management Discussion and Analysis

and monitors the results in line with the Environment Strategy Roadmap, a five-year (2016-2020) strategic plan for better environmental stewardship in key areas. In 2019, an Engineering Environment Committee (EEC) chaired by the General Manager of Engineering was set up to focus and follow through on the operational impact on environmental concerns. Please note that the data for Environmental indicators refer only to Malaysia operations unless otherwise stated.

In 2019, Malaysia Airports also embarked on a Green Airport Strategy that focuses on environmental issues such as energy and water usage, waste disposal and carbon emissions. The programme sets out five phases for the development of more sustainable airport operations characterised by the use of affordable clean energy, recycling and reuse of resources and waste, efficient use of energy and water, low carbon emissions and sustainable transport systems.

Energy Efficiency

Fuel Consumption

Fuel consumption contributes to our Scope 1 carbon emissions footprint. In 2019, total fuel consumption for all airports was 478,952 litres while fuel intensity was 0.0046 litres per passenger.

Fuel performance measures	2016	2017	2018	2019
Total consumption (litre)	493,142	488,133	491,403	478,952
Fuel intensity (litre/passenger)	0.0055	0.0051	0.0050	0.0046

**Figures from 2016 to 2018 are for all airports in Malaysia. Data for January to March 2019 is incomplete for Sabah and Sarawak airports.*

Electricity Consumption

Electricity consumption is another main indicator of energy usage. Electricity usage contributes to our Scope 2 carbon emissions footprint. In 2019, total electricity usage in all airports in Malaysia amounted to 541,466,390 kWh, an increase of 3.01% compared to 2018. However, within the context of our passenger traffic growing 6% YoY for all airports in Malaysia in 2019, energy intensity per passenger had decreased from 5.30 kWh per passenger in 2018 to 5.14 kWh per passenger in 2019, a 3.11% decrease YoY.

Electricity performance measures	2016	2017	2018	2019
Total consumption (kWh)	505,106,878	491,493,827	525,650,443	541,466,390
YoY change (%)	-	-2.68%	6.93%	3.01%
Electricity intensity (kWh)	5.68	5.09	5.30	5.14

Note: electricity consumption information for airports in Malaysia only

In 2019 Malaysia Airports had embarked on energy saving initiatives listed in the table below. The results from the implementation of these initiatives have been encouraging as they have already started to yield cost savings.

Energy reduction initiatives	Total savings in value (RM)	Total savings in consumption (kWh)
Upgrading of interior lighting to more energy efficient LED bulbs	903,023	2,474,036
Replacement/Upgrading/Optimisation of Chiller/AHU	385,020	1,054,851
Conveyor optimisation	17,574	48,150
BHS Peak Hour Initiatives	15,497	42,460

Note: energy reduction information for airports in Malaysia only

Management Discussion and Analysis

Solar Energy

Since 2014, Malaysia Airports has been using solar energy to complement traditional electricity sources at KUL. In 2019, the solar panels generated 18,763 MWh of clean energy for KUL reducing carbon emissions and environmental impact as well as saving RM2.79 million in terms of costs.

Moving forward, we have planned for the implementation of solar energy at other airports namely, BKI, PEN, LGK, SZB, Sultan Ahmad Shah Airport, Kuantan (IATA Code: KUA) and MKZ. These are expected to be commissioned in early 2020.

Carbon Emissions

As a signatory of to the Aviation Industry Commitment to Action on Climate Change (Geneva, 2008), Malaysia Airports is committed to developing our business towards carbon-neutral growth and aspire to a carbon-free future.

The global ambition for reducing carbon emissions in airport operations is led by the Airports Council International through its Airport Carbon Accreditation (ACA) Programme. KUL has participated in the ACA programme since 2016 and had achieved 'Level 3: Optimisation' in 2018, and this was successfully renewed in 2019.



The klia2 terminal building continues to gain recognition as a building constructed to embody sustainability by virtue of its design, construction and operations. Its design concept applies sustainable architecture, green building and energy-efficiency in most aspects of its development and construction processes. These initiatives help conserve energy by optimising the design, functions and processes towards keeping the heat out and optimising the cooling systems at the terminal building.

In 2019, klia2 won an award for being the best Energy Efficient Designed Building at the National Energy Awards. The award cited klia2's extensive rainwater and condensate harvesting, the Thermal Energy Storage District Cooling Plant to offset peak load demands, its 10MWp solar PV farm that generates 31% of its energy requirement, use of extensive daylighting, where natural ventilation and daylighting are provided at the entrance and its car park area which has been designed to encourage and incentivise hybrid and electric vehicle use.

Workplace

Diversity

At the end of 2019, Malaysia Airports had 10,724 employees, a slight increase of 1.35% over 2018. Female employees make up approximately 35% of the Group's workforce.

Our workforce is also very diverse with no fewer than 33 different ethnic groups in Malaysia represented. This reflects the diversity of the guests and other stakeholders that Malaysia Airports serves throughout the country.

Training and Development

Ensuring that our employees constantly keep their skills updated is an important aspect of Malaysia Airports' workplace practices. In this regard, we invest in our people to ensure that their capabilities, skills and knowledge are in line with the industry's latest developments.

In 2019, a total of RM12.6 million was invested in training and development, an increase of 38.5% YoY. This also represents an increase in training hours across all employee categories.

Management Discussion and Analysis

Training	2016	2017	2018	2019
Investment on training and development (RM)	7.2 million	7.6 million	9.1 million	12.6 million
Average training hours (2016 - 2019)				
All employees	12.4	14.6	10.8	16.1
Management	18.1	15.3	10.2	15.3
Executive	16.5	14.7	11.1	16.1
Non-executive	7.7	14.2	10.8	11.0

Note: training and development information for Malaysia only

Employee Engagement and Development

In 2019, Malaysia Airports launched two new strategic rewards initiatives to recognise and reward outstanding achievements and contributions by employees - the GCEO Merit Award and Leadership Award.

The GCEO Merit Award identifies, recognises and rewards outstanding employees who are regarded as 'Best of the Best', 'Role Model' or 'Ambassador' of Malaysia Airports for their exemplary achievements and significant contributions beyond expectation and the call of duty, and personified the 'Happy Guests, Caring Hosts' service culture. Three employees were granted the GCEO Merit Award in 2019 out of 74 nominees.

The Leadership Award programme cultivates a culture of real-time recognition where Heads of Divisions are empowered to grant on-the-spot awards to team members and even partners who have contributed to the success of the division and Malaysia Airports as a whole. This award places emphasis on outstanding achievement, significant contribution and effort towards growth, enhancement and transformation of the business as well as driving business excellence and exceptional results through exemplary behaviour. All divisions initiated and organised various Leadership Awards programmes including staff appreciation events, team celebrations as well as monetary and non-monetary rewards for deserving employees.

Corporate Responsibility

Giving back to the community has always been a part of Malaysia Airports' corporate DNA. In 2007, we initiated a school adoption programme, 'Beyond Borders', in which we adopted schools in the vicinity of KUL and set out to spark improvements in the performance of the schools, particularly in the use of English. In 2017-2019, we adopted our fourth batch of schools comprising Sekolah Kebangsaan Dengkil, Sekolah Jenis Kebangsaan (Cina) Wah Lian, Sekolah Jenis Kebangsaan (Tamil) Dengkil and Sekolah Jenis Kebangsaan (Asli)

Bukit Bangkong. We are pleased that the mean passing rates in the schools for English had improved from 53% in 2017 to 66% in 2019, an improvement of 13 percentage points.

In 2019, Beyond Borders was expanded to include the refurbishing of the computer laboratory at the National Skills Development Centre at Serendah. There, Malaysia Airports breathed new life into the centre's computer lab. We furnished the lab with new ICT equipment and furniture such as computers, projector and screen, network cables as well as tables and chairs to provide a more conducive environment for learning.

Malaysia Airports also gives back to the society through elevating community livelihood, micro industry development, environmental initiatives, as well as involving employees in volunteerism activities. We encourage employees to engage with the communities located near our airports, and build strong ties with them. In this regard, community engagement projects are conducted around airports across the nation based on the needs of the communities. In the majority of projects, Malaysia Airports contributes in terms of funding and volunteer hours. However, in some cases, Malaysia Airports provides space at the airport to showcase an event, product or initiative by the community. The projects are grouped into several areas of interest – community development, clean environment, arts and culture, micro industry support.

Through our airports, we have the capability to reach a large local and international audience, and showcase initiatives which provide them with insights into Malaysian arts, culture and heritage. One of the key highlights for 2019 was the Malaysian Traditional Dance Festival held at the KLIA Main terminal. This was the third year we had organised this event in collaboration with Majlis Belia Malaysia (Malaysian Youth Council). Over 200 youth dancers from across Malaysia participated in the festival over a three week period. Visitors to KLIA Main terminal were able to witness this vibrant

Management Discussion and Analysis



and colourful showcase of Malaysian culture and talent while the concourse of the airport reverberated with the melodious traditional music accompanying the dance performances.

In 2019, we contributed substantial financial resources for corporate responsibility amounting to RM1.1 million as well as employee volunteer hours.

In addition, Malaysia Airports manages 18 STOLports that serve the remote interior areas of Malaysia which are difficult to reach via land transport, particularly in the states of Sabah and Sarawak. We manage these STOLports as part of our nation-building and corporate responsibility efforts as passengers do not pay any Passenger Service Charges for use of the STOLports. In 2019, we served 156,513 passengers through the 18 STOLports.

STOLports are an important gateway for the local population in many aspects such as commerce, education, supply of food and medicine and in medical emergencies. They help grow eco-tourism by enabling tourists to reach remote areas easily. STOLports also provide the local community with job opportunities in maintenance and upkeep, security as well as establishing food and retail kiosks. It is also heart-warming to see the keen sense of appreciation the communities have for our contribution to their livelihoods and well-being.

OUTLOOK FOR 2020

A challenging time ahead

The COVID-19 pandemic has dealt a severe blow on the global economy as countries take drastic steps to contain the pandemic, effectively shutting down large sections of the global economy. The Malaysian economy will be affected by a combination of weak global demand, supply chain disruptions and COVID-19 containment measures in Malaysia as well as abroad. As a result, Bank Negara Malaysia has projected the Malaysian Gross Domestic Product in 2020 to range between a contraction of 2.0% at worst or growth of 0.5% in its best case scenario.

The aviation industry has been badly affected globally with some airlines grounding their entire fleets, laying off employees and facing financial pressures. For Malaysia, MAVCOM has revised its forecast for passenger traffic to contract by between 36.2% and 38.1% in 2020. This translates into total passenger numbers of approximately 67.7 million and 69.7 million in 2020, compared to 109.2 million in 2019.

The contraction is due to unprecedented measures taken by the Malaysian government to prevent a spike of COVID-19 cases in Malaysia. As early as January 2020, the government had imposed a ban on travellers from Wuhan, China. This was extended to other travellers from China and other countries as the virus continued to spread. On 18 March 2020, a Movement Control Order came into force in Malaysia resulting in severe restrictions on travel. Air travel was impacted as the Movement Control Order includes a blanket restriction on all foreigners from entering Malaysia as well as Malaysians travelling abroad. Malaysians are also restricted from travelling inter-state unless they have prior written permission from the police.

In Turkey, similar measures taken to contain the spread of COVID-19 had led to first a restriction on international arrivals into Turkey, and further led to the temporary closure of SAW.

Our business has been impacted

The impact of such measures on air travel has already been demonstrated by a sharp fall in air traffic numbers for Q1 2020 affecting our aeronautical revenues. Malaysia Airports' network of airports registered 25.5 million passenger movements for the quarter, a decline of 23.9% compared to Q1 2019. Airports in Malaysia registered a decline of 27.5% with 18.4 million passengers

Management Discussion and Analysis

while KUL passenger movements fell 29.3% with 10.7 million passenger movements. At SAW, passenger movements had fallen by 12.5% over Q1 2019 with 7.1 million passengers.

In April 2020, Malaysia Airports felt the full impact of the Movement Control Order in Malaysia as well as the temporary suspension of SAW from 27 March till 30 April. Overall, Malaysia Airports' network of airports registered a decline of 98.8% compared to April 2019, with only 137,000 passenger movements. Aircraft movements contracted by 91.6% compared to April 2019, as flights in Malaysia were initially limited to repatriation operations of Malaysians and cargo flights, while SAW had seen only cargo flights.

Nevertheless, local airlines in Malaysia recommenced flights in key domestic routes with minimal frequencies from 29 April and at SAW, Pegasus and Turkish Airlines are planning to resume operations from 28 May onwards.

With the easing of the Movement Control Order to a Conditional Movement Control Order in Malaysia from 4 May, most businesses, including duty free and retail outlets at our airports, have been allowed to resume operations subject to tight Standard Operating Procedures.

In terms of non-aeronautical business, retail activity at airports in Malaysia has been curtailed as only retail outlets which are categorised as "essential" such as banks, pharmacies and food and beverage are allowed to operate while the Movement Control Order is in force. Food and beverage outlets may only operate for takeaways, with dining-in prohibited.

Our hotel business has been also seen a fall in activity in Malaysia as hotel services were removed from the list of essential services permitted to operate after the first two weeks of the Movement Control Order.

Demand for palm oil is likely to also be impacted by weak global demand and supply chain disruptions due to the pandemic containment measures.

Proactive multi-pronged strategy

The outlook for 2020 is therefore very challenging. The position is compounded by uncertainty – we are unable to predict the how long the COVID-19 pandemic will continue and its severity. As such, we are also unable to provide clarity on where we are today, and where the bottom is. While this is uncharted territory for Malaysia

Airports, I would like to assure stakeholders that Malaysia Airports has adopted a multi-pronged strategy to address critical matters.

First and foremost, our top priority is the safety and health of passengers, employees and the wider airport community. We are cooperating with the Ministry of Health and other government agencies to contain the COVID-19 threat. We have installed sophisticated thermal scanners at all international airports to screen all arriving and departing passengers. Stringent hygiene, sanitisation and disinfection procedures are in place especially in relation to "high-touch" surfaces. Seating, queuing and other procedures have also been adapted to enable social distancing to be practised at all times.

Secondly, Malaysia Airports has also made it a priority to formulate a Group-wide optimisation plan to ensure we are able to meet our financial and operational obligations. This includes aggressive cost containment by paring down non-essential operating costs and optimising operational costs. We are also prioritising capital expenditure, reviewing operational efficiencies and rebasing costs to conserve cash and ensure business continuity.

Thirdly, our operations are needed to provide mission-critical links for the fight against COVID-19 as our airports enable essential and time-sensitive cargo such as medical supplies, equipment and food to be transported as needed. Our airports are also facilitating the return of Malaysians from overseas.

Key measures moving forward

We have had to make tough decisions based on our critical priorities above. To reduce financial strain, we have closed or consolidated operations at under-utilised terminal areas and facilities. On-ground staff shifts have been adjusted and recruitment has been frozen.

We also identified infrastructure projects such as replacement of critical aging assets which need to proceed. These include the replacement of the Baggage Handling System and the Aerotrain Track Transit System. The reduced passenger traffic currently will enable these projects to proceed with less disruption to operations, and also enable KUL to emerge from this crisis with improved facilities and capacity.

We are also reviewing the expansion plans for PEN, with a view to either defer or scale back on those plans. In the meantime, we have taken advantage of the lull in airport operations to embark on upgrading our core network operating system. The upgrading will also support other infrastructure and capacity enhancements as

Management Discussion and Analysis

part of our digital transformation strategy. These include process automation, augmented contactless self-service, robotics and biometrics technology which will enable our Airports 4.0 digitalisation initiative to proceed at full throttle once the pandemic eases.

Malaysia Airports is also prioritising engagement with the government to land on a sustainable funding model for future growth and development. We had previously embarked on preparation for the Regulated Asset Base framework mooted by MAVCOM which shifts away from the dependence on government funding for capital expenditure. However, with the COVID-19 pandemic as well as uncertainties caused by the impending merger of MAVCOM with the CAAM, there is a need for clarity on the way forward. This will enable Malaysia Airports to plan with certainty for long-term sustainability as well as to respond swiftly to changes in critical needs.

New Ambition, Vision Statement and Brand Promise

In a separate exercise, in 2019, Malaysia Airports had re-examined its long term business plan, and articulated an ambition to place Malaysia Airports among the 'Top 5 Airports in the World' within the next five years.

As part of building the Company for the future, Malaysia Airports conducted a brand audit on our vision and mission statement, and to ensure better alignment with our focus areas for the future. The brand audit had shown that while there was a need to frame a vision that was more medium term in nature so as to provide stronger focus in implementing our immediate strategies and plans, the Group had indeed made significant strides in its commitment to deliver joyful experiences.

As a result of the brand audit, we reformulated our brand identity. Malaysia Airports' new vision – 'A Global Airport Group that Champions Connectivity and Sustainability' – now reflects our ambition more accurately. The vision is reinforced by our Brand Promise – 'Hosting Joyful Connections'.

We believe this will enable stakeholders to understand more clearly our ambition and commitment, as well as to recognise how we are able to create long-term sustainable value for the future for all our stakeholders. We will also be rolling out initiatives that support the realigned brand identity in 2020.

Final words

In a year of challenges, it has been a source of strength for all of us at Malaysia Airports to be supported by a united workforce. I would like to thank my colleagues for their commitment and dedication and for the many sacrifices they have had to make along our corporate journey. I would also like to our Board of Directors for their guidance and stewardship at the helm of Malaysia Airports.

I would also like to express my sincere gratitude to the various ministries, government agencies, airline partners, retail partners, vendors and other business partners as well as our shareholders for their support throughout 2019.

Malaysia Airports would also like to record a special thanks to Tun Dr Mahathir Mohammed for gracing the 21st anniversary celebrations for KL International Airport with his presence in August 2019. We were proud to demonstrate to him how Malaysia Airports had translated his vision for KL International Airport into the vibrant world-class airport that is a catalyst for economic growth and nation building for Malaysia.

While the way forward is challenging, I am confident that with the mutual cooperation and support between Malaysia Airports and its stakeholders, we will be able to chart a path together towards better times. I look forward to working closely with all of you in 2020.

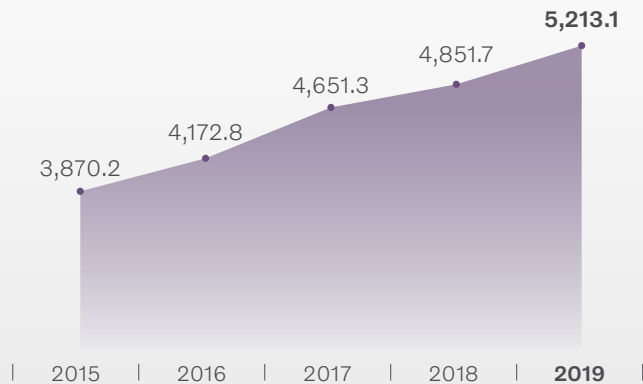


Dato' Mohd Shukrie Mohd Salleh
Group Chief Executive Officer

Five-Year Financial Summary

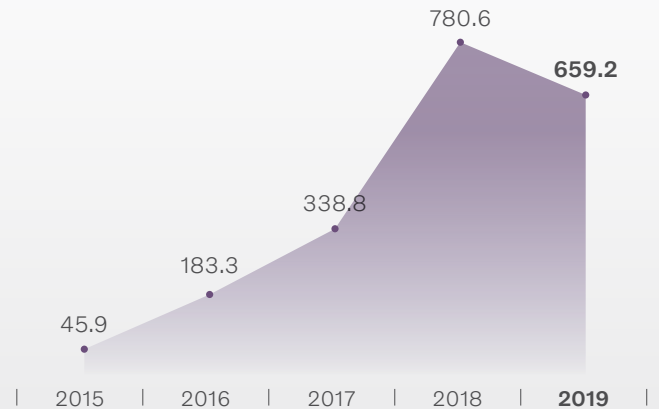
1 Revenue

RM5,213.1 million



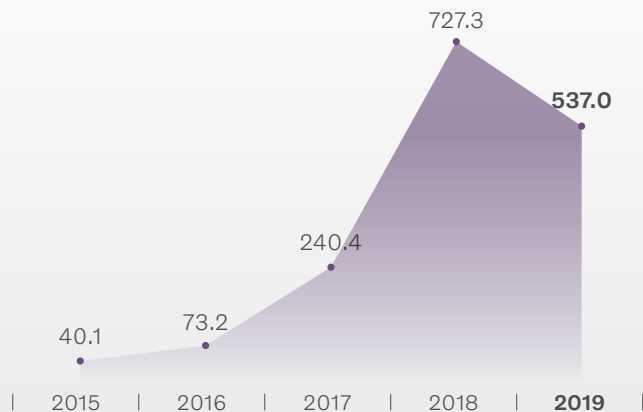
2 Profit Before Taxation

RM659.2 million



3 Profit For The Year

RM537.0 million



4 Total Equity

RM9,325.4 million



Group Five-Year Summary

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial years ended 31 December

In RM Million	2019	2018	2017	2016	2015
Revenue	5,213.1	4,851.7	4,651.3	4,172.8	3,870.2
Profit before tax and zakat from continuing operations	659.2	780.6	338.8	183.3	45.9
Taxation and zakat	(122.1)	(53.3)	(98.4)	(110.2)	(5.8)
Profit from continuing operations, net of tax	537.0	727.3	240.4	73.2	40.1
Loss for the year from discontinued operations, net of tax	-	-	-	(0.0)	(0.0)
Profit for the year	537.0	727.3	240.4	73.2	40.1
Profit attributable to:					
Owners of the Company	537.0	727.3	239.8	70.4	40.9
Non-controlling interest	-	-	0.6	2.8	(0.8)
Profit for the year	537.0	727.3	240.4	73.2	40.1
Earnings per share attributable to equity holders of the Company (sen)					
Basic, for profit/(loss) from continued operations	28.90	40.37	10.98	0.94	(1.09)
Basic, for profit/(loss) for the year	28.90	40.37	10.98	0.94	(1.09)

Group Five-Year Summary

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the financial years ended 31 December

In RM Million	2019	2018	2017	2016	2015
Non-current assets	17,781.7	18,010.2	18,832.0	18,698.8	19,415.3
Current assets	4,401.0	4,262.9	3,372.8	2,589.6	2,576.9
Asset of disposal group classified as held for disposal	-	-	-	0.2	0.2
Total assets	22,182.7	22,273.1	22,204.8	21,288.6	21,992.3
EQUITY					
Share capital ¹	5,114.3	5,114.3	5,114.3	1,659.2	1,659.2
Perpetual sukuk	997.8	997.8	997.8	997.8	997.8
Share premium ¹	-	-	-	3,455.1	3,455.1
Retained earnings	3,284.7	3,037.4	2,583.3	2,321.2	2,449.5
Fair value adjustment reserve	-	-	-	8.3	5.3
Hedging reserve	(18.0)	(24.9)	(28.6)	(37.4)	(13.5)
Other reserves	0.8	4.0	6.9	6.8	5.1
Foreign exchange reserve	(54.2)	12.0	42.0	283.8	282.8
	9,325.4	9,140.7	8,715.7	8,694.9	8,841.4
Non-controlling interest	-	-	-	2.0	(0.8)
Total equity	9,325.4	9,140.7	8,715.7	8,696.9	8,840.6
Non-current liabilities	9,568.2	10,999.7	11,262.7	10,825.9	10,927.7
Current liabilities	3,289.1	2,132.6	2,226.4	1,765.7	2,224.0
Total liabilities	12,857.3	13,132.4	13,489.1	12,591.7	13,151.7
Total equity and liabilities	22,182.7	22,273.1	22,204.8	21,288.5	21,992.3
Net asset per share (RM)	5.62	5.51	5.25	5.24	5.33

¹ The Group's share premium account was transferred to form part of the Group's share capital pursuant to the Companies Act 2016 which came into force on 31 January 2017

Group Quarterly Performance

Year 2019 In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2019
Financial Performance					
Operating revenue	1,252.3	1,261.2	1,355.2	1,344.4	5,213.1
Profit before tax and zakat	164.6	201.6	246.8	46.1	659.2
Profit net of tax	149.6	160.1	197.9	29.5	537.0
Earnings per share (sen)	8.16	8.78	11.05	0.91	28.90
Year 2018 In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2018
Financial Performance					
Operating revenue	1,215.8	1,154.7	1,229.5	1,251.7	4,851.7
Profit before tax and zakat	472.7	125.6	154.8	27.5	780.6
Profit net of tax	444.6	86.1	168.5	28.1	727.3
Earnings per share (sen)	25.94	4.33	9.28	0.82	40.37

Consolidated Statement of Profit or Loss

For the financial year ended 31 December 2019

	2019 RM Million	2018 RM Million	% Change
Revenue	5,213.1	4,851.7	7.4
Operating profit	1,350.4	1,496.1	(9.7)
Finance costs	(726.0)	(745.6)	(2.6)
Share of results of associates	15.3	12.8	19.3
Share of results of joint ventures	19.4	17.3	12.3
Profit before tax and zakat	659.2	780.6	(15.6)
Taxation and zakat	(122.1)	(53.3)	129.1
Profit net of tax	537.0	727.3	(26.2)
Profit attributable to:			
Owners of the Company	537.0	727.3	(26.2)
Earnings per share attributable to owners of the company (sen per share)			
- Basic, for profit for the year	28.90	40.37	(28.4)

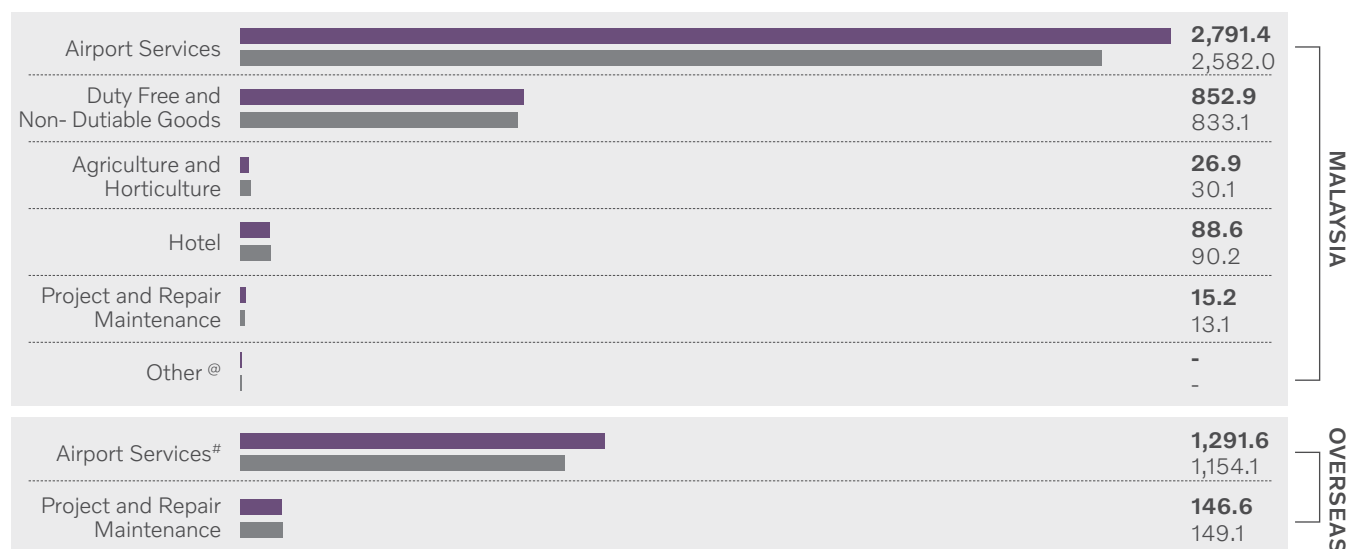
Consolidated Statement of Financial Position

As at 31 December 2019

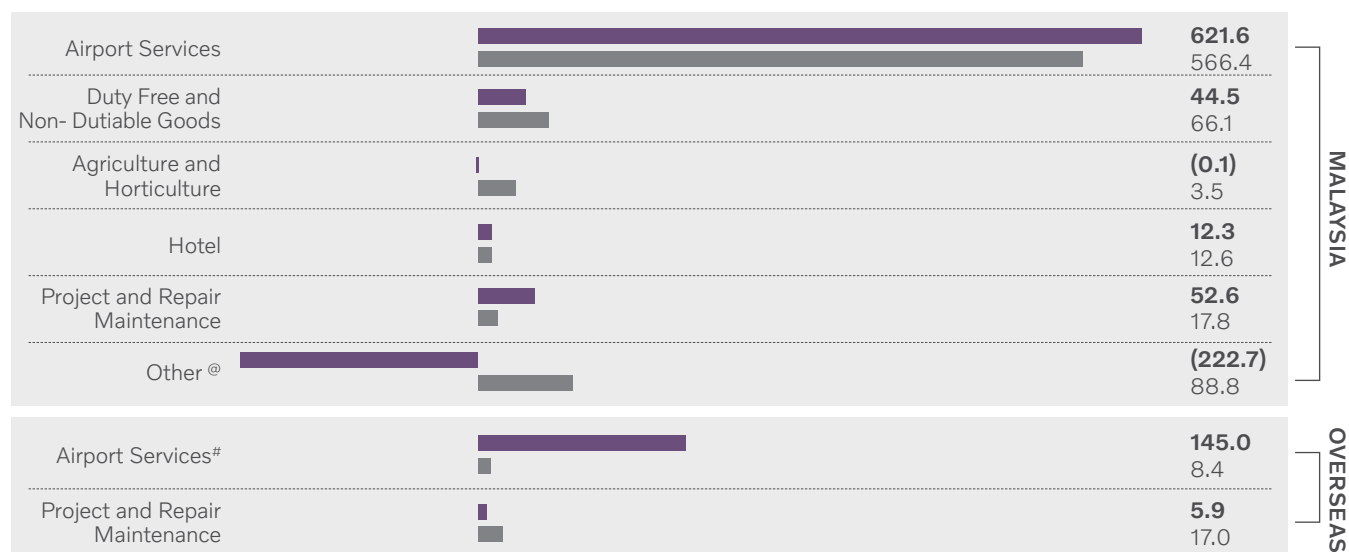
	2019 RM Million	2018 RM Million	% Change
Assets			
Property, plant and equipment	461.9	425.8	39.1
Right-of-use assets	130.4	-	(0.0)
Investments	564.1	564.2	(0.0)
Intangible assets	16,062.6	16,765.0	(4.2)
Other non-current assets	562.7	255.3	120.4
Current assets	4,401.0	4,262.9	3.2
Total assets	22,182.7	22,273.1	(0.4)
Equity and liabilities			
Share capital	5,114.3	5,114.3	-
Perpetual sukuk	997.8	997.8	-
Retained earnings	3,284.7	3,037.4	8.1
Hedging reserve	(18.0)	(24.9)	(27.6)
Other reserves	0.8	4.0	(81.0)
Foreign exchange reserve	(54.2)	12.0	(550.0)
Total equity	9,325.4	9,140.7	2.0
Non-current liabilities	9,568.2	10,999.7	(13.0)
Current liabilities	3,289.1	2,132.6	54.2
Total liabilities	12,857.3	13,132.4	(2.1)
Total equity and liabilities	22,182.7	22,273.1	(0.4)
Net asset per share (RM)	5.62	5.51	2.0
Return on assets	2.4%	3.3%	(25.9)

Group Segmental Analysis

REVENUE 2019 RM5,213.1 MILLION



PROFIT BEFORE TAXATION 2019 RM659.2 MILLION



■ 2019 ■ 2018

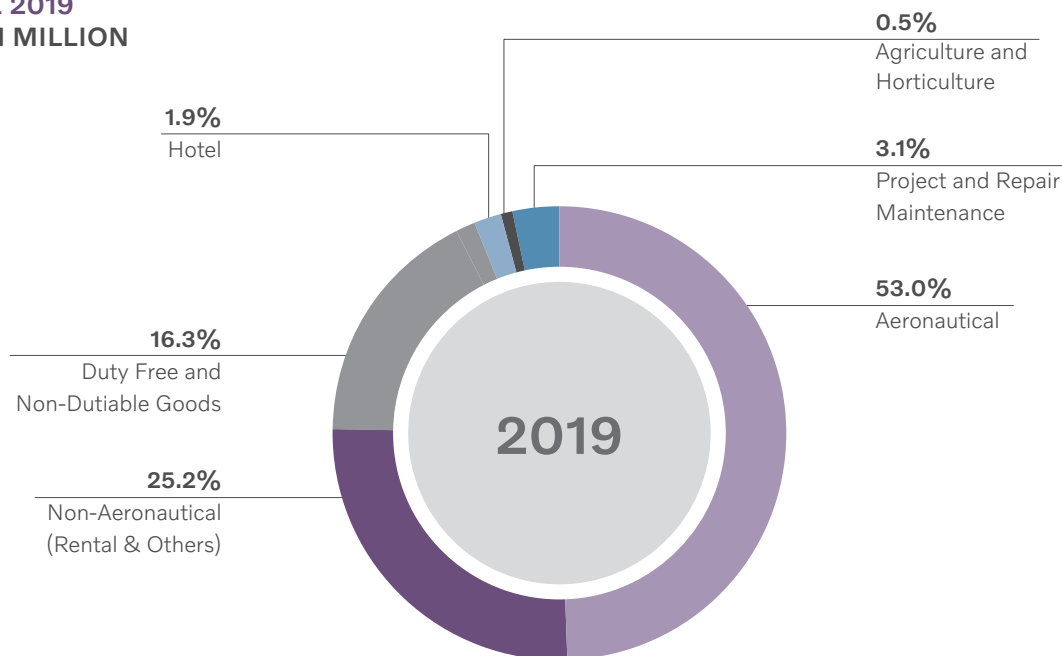
Note: The group revenue segmental analysis excludes inter-segment transactions

Airport Services revenues include IC 12 construction revenues amounting to RM65.6 million in FY2018

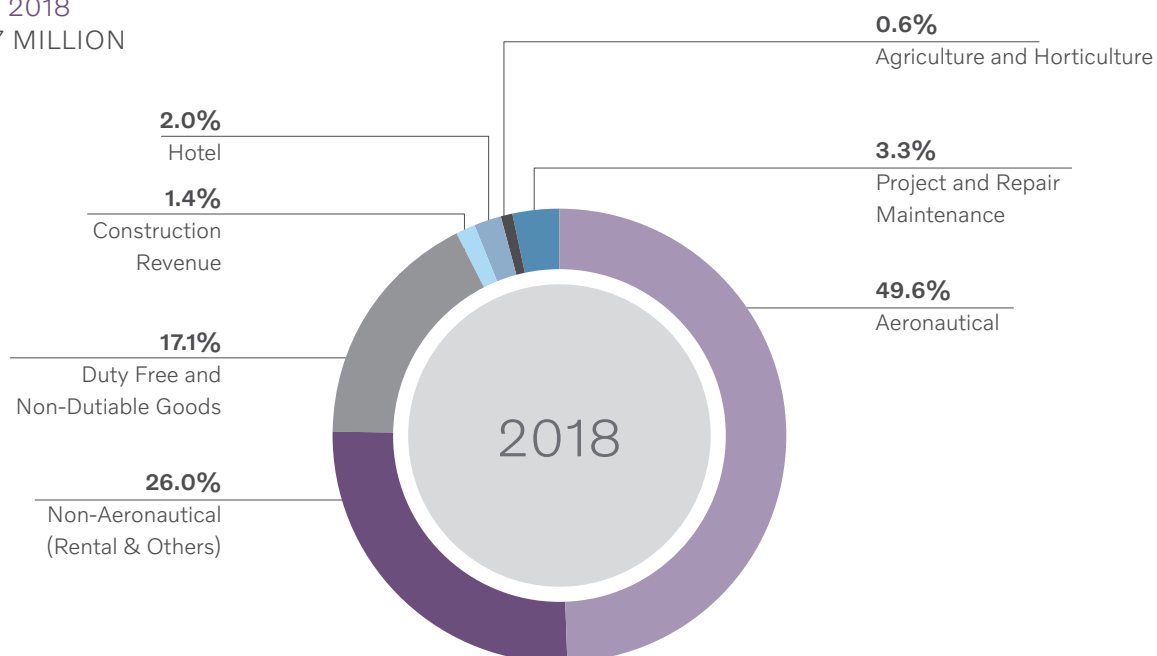
@ Other segmental profit before taxation includes inter-segment eliminations and consolidation entries

Group Segmental Analysis

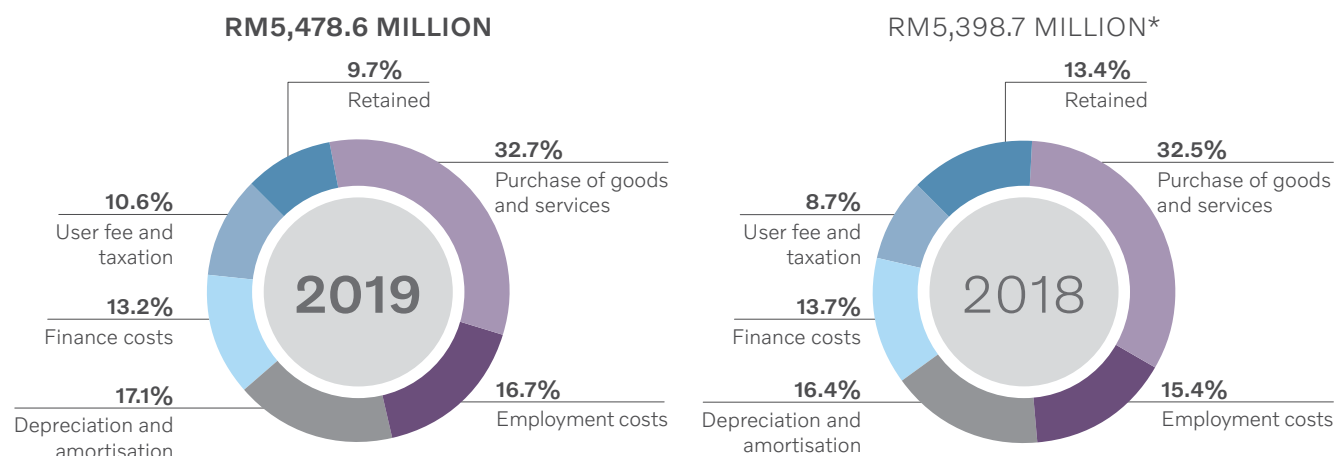
REVENUE 2019 RM5,213.1 MILLION



REVENUE 2018 RM4,851.7 MILLION



Statement of Income Distribution

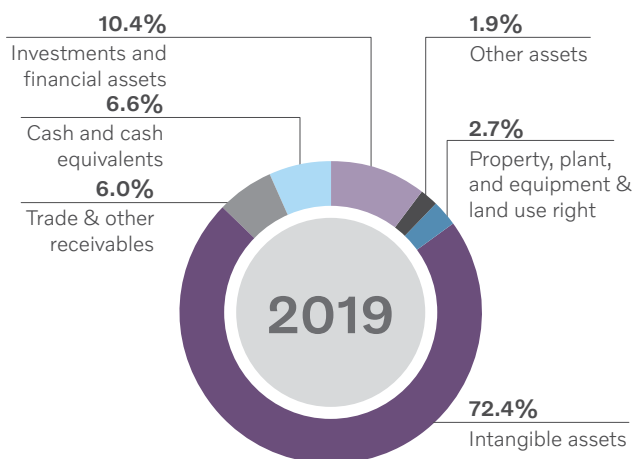


	2019 RM Million	%	2018 RM Million	%
Current income available for distribution	5,478.6		5,398.7*	
To supplier				
Purchase of goods and services	1,805.1	32.7	1,761.4	32.4
To employees				
Employment costs	920.0	16.7	836.1	15.4
Utilisation of assets				
Depreciation and amortisation	941.6	17.1	887.5	16.4
To financier				
Finance costs	726.0	13.2	745.6	13.7
To government				
User fee and taxation	583.6	10.6	470.9	8.7
Retained for reinvestment, future growth and dividend payment				
Current year	537.0	9.7	727.3	13.4
	5,478.6	100.0	5,398.7	100.0

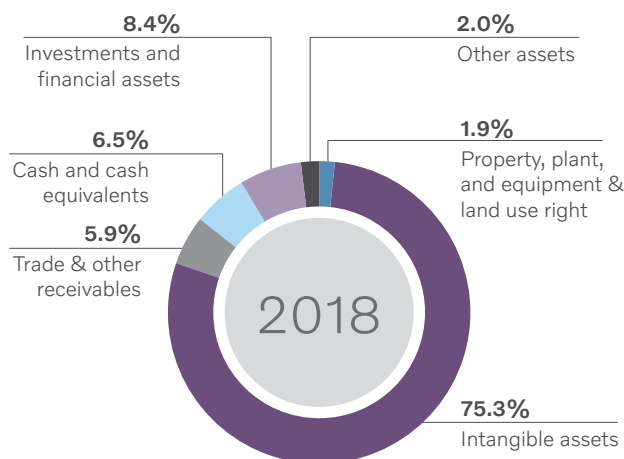
* Included in current income available for distribution is an unrealised gain on fair value on financial assets at fair value through profit or loss (RM258.4 million) and gain on disposal on investment in associate (RM28.2 million) for 2018

Statement of Financial Position

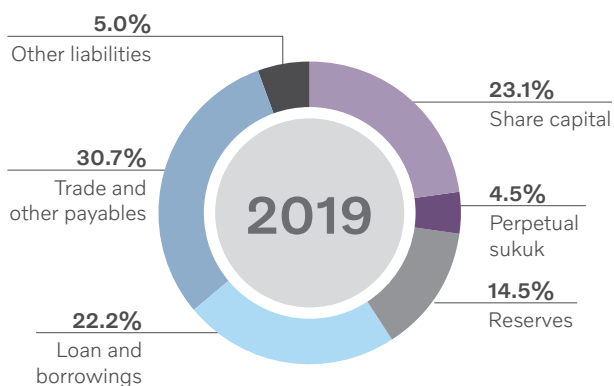
TOTAL ASSETS 2019 RM22,182.7 MILLION



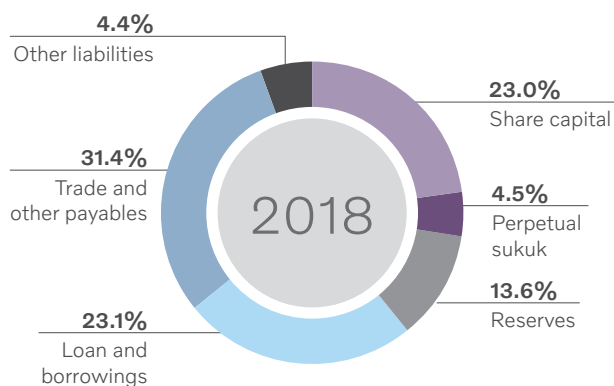
TOTAL ASSETS 2018 RM22,273.1 MILLION



EQUITY AND LIABILITIES 2019 RM22,182.7 MILLION



EQUITY AND LIABILITIES 2018 RM22,273.1 MILLION



Group Financial Performance

KEY FINANCIAL PERFORMANCE

Malaysia Airports Holdings Berhad (Malaysia Airports or the Group) had registered earnings before interest, tax, depreciation and amortisation (EBITDA) of RM2,292.0 million for the financial year ended 31 December 2019 (FY2019), surpassing its headline financial Key Performance Indicators target for FY2019's core EBITDA of RM2,163.6 million. The achievement was on the back of the strong growth in revenue, primarily arising from strong operational performance both in Malaysia and Turkey.

IC INTERPRETATION 12: SERVICE CONCESSION ARRANGEMENT

The Group adopted IC Interpretation 12: Service Concession Arrangements (IC12) effective 1 January 2011. IC 12 addresses the accounting for "public-private" arrangements whereby a private sector operator involved in the construction and / or upgrading of infrastructure assets such as schools, roads and airports to be used in providing public service. The operator provides construction services to the grantor in exchange for an intangible asset, i.e. a right to collect revenue in accordance with the service concession arrangements.

In accordance with the Malaysian Financial Reporting Standard 138: Intangible Assets (MFRS 138), the Group recognises the intangible asset at its fair value. In line with the requirement of Malaysian Financial Reporting Standard 111: Construction Contracts (MFRS 111), the Group recognises the construction revenues and costs by reference to the stage of completion of the construction works of the development of Istanbul Sabiha Gökçen International Airport's (SAW) boarding hall expansion. In FY2018 the Group recognised the construction revenues in relation to the aforesaid project amounting to RM65.6 million (EUR26.0 million). The Group also recognised the construction costs amounting to RM65.6 million (EUR 26.0 million) for the above projects in FY2018. There is no construction revenue or cost recognised in FY2019.

GROUP PROFITABILITY

Excluding construction revenue and costs, the Group registered revenue of RM5,213.1 million for FY2019 which was 8.9% higher than the RM4,786.1 million registered in its corresponding period in FY2018. Excluding extraordinary items in FY2018, profit before tax (PBT) has increased to RM659.2 million as compared to the PBT of RM494.0 million recorded in FY2018 while profit after tax (PAT) had also increased by 21.9% to RM537.0 million from RM440.7 million after excluding extraordinary items in FY2018. The extraordinary items in 2018 amounted to RM286.6 million and relates to unrealised gain on fair value on financial assets at fair value through profit or loss of RM258.4 million and a gain on disposal on investment in associate of RM28.2 million.

The higher operating revenues in 2019 were attributable to the improved results from airport operations segment which grew by 8.0% to RM4,926.2 million. Revenue in non-airport operations segments declined by 1.5% to RM286.9 million. The Group recorded a favourable PBT and PAT in line with improved revenue, despite an increase in costs. The increase in the Group's total cost was mainly due to higher utilities and staff cost recorded during the year for Malaysian operations.

OPERATIONS REVIEW

The increase in airport operations revenue segment as mentioned above continued to be driven by the 15.0% growth in aeronautical revenue to RM2,764.7 million. This was largely attributed to the strong passenger growth of 6.0% to 141.2 million passengers. Total commercial aircraft movements grew by 3.2% to 1,123,722 movements contributed mainly from AirAsia Group of Companies, Malaysia Airline, Malindo Air, Pegasus Airlines and Turkish Airlines.

The growth in non-aeronautical revenue also contributed to the overall increase in the airport operations segment. Non-aeronautical revenue recorded a growth of 3.4% to RM2,161.5 million on the back of improved performance in the retail and commercial businesses. Revenue from rental of space, advertising and other commercial segments grew 4.1% to RM1,311.3 million, contributed by higher occupancy rate despite lower rental revenue caused by the ongoing commercial reset exercise.

Group Financial Performance

TYPES OF REVENUE: AERONAUTICAL AND NON-AERONAUTICAL REVENUE

Malaysia Airport's revenue base can be broadly classified under aeronautical and non-aeronautical revenues. Aeronautical revenue is mainly derived from airport operations business which entails the collection of passenger service charge (PSC), landing and parking fees, and other ancillary charges to airlines. Meanwhile, the non-aeronautical revenue is broadly derived from commercial activities in the airport operations business, and the non-airport operations business.

Commercial activities in the airport operations business comprises revenue from lease of commercial spaces (rental), operations of duty free and non-duty free outlets, management of food and beverages (F&B) outlets, management and operations of airport parking facilities, advertising business and the Free Commercial Zone at KLIA.

Total commercial activities above continue to be a key earnings driver, accounting for 41.5%, or RM2,161.5 million, to the Group's revenue. This is in line with the Group's long-term plan to further diversify Malaysia Airport's revenue streams by expanding this business segment.

The non-airport operations business include revenue derived from Sama-Sama Hotel and Sama-Sama Express operations, agriculture and horticulture activities, project and repair maintenance services and other activities that may be described in the Group's financial statement.

Revenue breakdown	FY2019 (RM'000)	FY2018 (RM'000)	Variance
I) Airport Operations	4,926.2	4,560.4	8.0%
Airport Services:			
Aeronautical	2,764.7	2,404.3	15.0%
Non-Aeronautical (Rental & Others)	1,311.3	1,259.2	4.1%
Duty Free and Non-Dutiable Goods	850.2	831.3	2.3%
Construction Revenue	-	65.6	-100.0%
II) Non-Airport Operations	286.9	291.3	-1.5%
Hotel	98.3	99.0	-0.7%
Agriculture and Horticulture	26.9	30.1	-10.5%
Project and Repair Maintenance	161.7	162.2	-0.3%
Total revenue	5,213.1	4,851.7	7.4%

BUSINESS SEGMENTS

The Group's business segment is divided into 2 sub-groups i.e. airport operations and non-airport operations.

Airport operations comprise of airport services and operations of duty free and non-duty free outlets. Airport services include aeronautical revenue generated from operating, managing and maintaining designated airports in Malaysia and SAW and providing airport related activities; and non-aeronautical revenue derived from rental and other commercial activities. The revenues generated from operations of duty free and non-duty free outlets are categorised as non-aeronautical revenue.

The non-airport operations comprise of agriculture and horticulture activities, hotel operations and project and repair maintenance services. All non-airport operations income is categorised as non-aeronautical revenue.

Group Financial Performance

SEGMENTAL REVENUE

Malaysia Operations

1. Airport operations

- (a) Airport services: This business segment comprises of aeronautical and non-aeronautical revenues. Aeronautical revenue consists of collection of PSC, landing and parking fees, and other ancillary charges to airlines; while non-aeronautical revenue is generated from rental and other commercial activities. Aeronautical revenue increased by 10.9% to RM1,993.5 million in tandem with growth in international passenger traffic.

Non-aeronautical revenue rose by 1.8% to RM800.6 million. This favourable variance was due to an indirect implication to a more aggressive marketing campaign undertaken by the tenant despite ongoing commercial reset activities.

- (b) Duty free and non-dutiable goods: This business segment includes the operations of duty free and non-duty free outlets and management of F&B outlets at designated airports. This business segment grew by 2.3% to RM850.2 million in FY2019 as compared to previous year.

2. Non-airport operations

- (a) Agriculture and horticulture: The agriculture and horticulture business segment activities include the cultivation and sale of oil palm and other agriculture products. The lower revenue contribution is due to the lower price attained for Fresh Fruit Bunch (FFB) per tonne, despite the higher production volume (FY2019: RM409/62,968 MT; FY2018: RM463/66,106 MT) resulting in revenue for the agriculture and horticulture segment decreasing by 10.5% to RM26.9 million in FY2019, lower than the RM30.1 million registered in FY2018.
- (b) Hotel: The hotel segment manages and operates Sama-Sama Hotel and Sama-Sama Express in Malaysia. The hotel segment revenue decreased by 1.8% to RM88.6 million, mainly attributed to lower average occupancy rate (FY2019: 80%; FY2018: 83%) and lower average room rate.
- (c) Project and repair maintenance services: The main activities include provision of mechanical, electrical and civil engineering services and the airport business consulting, maintenance and technical services. This segment recorded higher growth of 15.6% in revenue to RM15.2 million in FY2019.

Overseas Operations

1. Airport operations

- (a) Airport services: Excluding construction revenues, the increase in airport services revenue by 18.7% to RM1,281.9 million was mainly due to improved aeronautical revenue which grew by 27.0% to RM771.2 million. The growth is in line with the positive passenger growth at SAW by 5.6% registering a total of 36.0million passengers in FY2019.

2. Non-airport operations

- (a) Project and repair maintenance services: The project and repair maintenance segment revenue relates to MACS Middle East LLC (MACS ME) which provides facilities maintenance services at Hamad International Airport in Doha, Qatar. The segment recorded negative growth of 1.7% at RM146.6 million in FY2019.

Group Financial Performance

SEGMENTAL PROFITABILITY

Malaysia Operations

1. Airport operations

- (a) Airport services: In line with the increase in the airport services revenue, Malaysia operations recorded a PBT of RM621.6 million in FY2019 from a PBT of RM566.4 million in FY2018.
- (b) Duty free and non-dutiable goods: This segment generated a PBT of RM44.5 million in FY2019.

2. Non-airport operations

- (a) Agriculture and horticulture: The agriculture and horticulture business recorded a loss before tax of 0.1million from a PBT of RM3.5 million in FY2018 due to lower price attained for FFB per tonne and production output.
- (b) Hotel: The hotel business recorded PBT of RM12.3 million in FY2019, showing a marginal decrease compared to PBT of RM12.6 million recorded in FY2018. This was mainly due to lower average room rate and occupancy rate.
- (c) Project and repair maintenance services: This segment recorded a PBT of RM52.6 million in FY2019 compared to a PBT of RM17.8 million in FY2018.

Overseas Operations

1. Airport operations

- (a) Airport services: Overseas operations recorded an increase in PBT of RM145.0 million compared to an PBT of RM8.4 million in the previous year. The favourable variance was mainly due to higher aeronautical and non-aeronautical revenue.

2. Non-airport operations

- (a) Project and repair maintenance services: The segment recorded a PBT of RM5.9 million as compared to a PBT of RM17.0 million in the previous year due to lower revenue generated by MACS ME.

DIVIDENDS

A single-tier interim dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 December 2019 amounting to RM82.9 million was paid in 1st October 2019.

The Board has declared a final dividend in respect of the financial year ended 31 December 2019 of 10 sen per ordinary share, amounting to RM165.9 million on 28 February 2020. The total dividend declared translates into a payout of 52.0% of total adjusted PAT, surpassing the Group's Dividend Policy of a minimum 50% payout ratio.

Board of Directors' Profile

TAN SRI DATUK ZAINUN ALI

Non-Independent
Non-Executive Chairman

Date of Appointment

18 January 2019

Gender

Female

Age

68

Nationality

Malaysian



Academic/ Professional Qualification(s)

- Bachelor of Law (LLB), University of Malaya
- Master of Law, University of Cambridge, United Kingdom

Present Directorship(s)

Listed Issuer:

- Malaysia Airports Holdings Berhad

Other Public Company:

- Permodalan Nasional Berhad

Membership of Board Committee (s)

- None

Present Appointment(s)

- Member of Board of Advisory of Faculty of Law, University of Malaya
- Member of Board of Studies at Ahmad Ibrahim Kuliyyah of Law, International Islamic University
- Member of Judicial & Legal Services Association (JALSOA)
- Member of the Advisory Board of the United Nations Global Judiciary Integrity Network

Past Experience

- Served various positions in the Legal and Judicial Service of Malaysia throughout her career since 1976
- Appointed as the Registrar of Companies in October 1990 and the Chief Registrar of the Federal Court of Malaysia in November 1994
- Appointed as the Judicial Commissioner of the High Court of Malaya, Kuala Lumpur in August 1996 and elevated to the Court of Appeal Bench in July 2007

- Appointed to the Federal Court Bench in April 2012 as a judge in the apex court and contributed immensely to Malaysian Jurisprudence in several landmark judgments

Number of Board Meetings Attended for the Year Under Review

- 17 out of 17 (100%)

Board of Directors' Profile

DATO' ZAMZURI ABDUL AZIZ

Non-Independent

Non-Executive Director

Date of Appointment

10 February 2020

Gender

Male

Age

50

Nationality

Malaysian



Academic/ Professional Qualification(s)

- Bachelor in Economics (Business Administration) (Hons.), University of Malaya
- Masters in Economics (Islamic Finance), National University of Malaysia
- Postgraduate Diploma in Public Management, National Institute of Public Administration (INTAN)
- Advanced Management Programme, Harvard Business School, Boston, USA
- Advanced Leadership & Management Programme, INTAN

Present Directorship(s)

Listed Issuer:

- Malaysia Airports Holdings Berhad

Other Public Company:

- Syarikat Perumahan Negara Berhad

Membership of Board Committee (s)

- Member of Board Procurement Committee
- Member of Board Finance & Investment Committee

Present Appointment(s)

- Under Secretary, Government Procurement Division, Ministry of Finance (MOF), Malaysia
- Board Member of Suruhanjaya Koperasi Malaysia
- Commission Member of Companies Commission of Malaysia (CCM)
- Board Member of SPNB Mesra Sdn Bhd
- Member of Supervision and Monitoring Committee of Syarikat Jaminan Pembiayaan Perniagaan Berhad (JPPB)

Past Experience

- Started career as an Assistant Director at the Malaysian Investment Development Authority (MIDA) in 1995
- Joined the Administrative & Diplomatic Service and later appointed as Assistant Secretary at the Ministry of Domestic Trade & Consumer Affairs
- Joined MOF in 1998 as the Assistant Secretary in the Administration Division and was thereafter promoted to Principal Assistant Director in the Budget Management Division in 2003

- Promoted to several positions throughout his service in the Budget Management Division under MOF
- Served MOF as Deputy Director, General Service Unit, National Budget Office from August 2010 until November 2018

Number of Board Meetings Attended for the Year Under Review

- N/A

Board of Directors' Profile

**DATO' JANA SANTHIRAN
MUNIAYAN**

Non-Independent
Non-Executive Director

Date of Appointment

14 June 2019

Gender

Male

Age

53

Nationality

Malaysian

**Academic/ Professional Qualification(s)**

- Bachelor of Arts (Honours), University of Malaya
- Master of Management, University of Malaya
- Diploma in Public Administration, National Institute of Public Administration (INTAN)

Present Directorship(s)**Listed Issuer:**

- Malaysia Airports Holdings Berhad

Other Public Company:

- Keretapi Tanah Melayu Berhad

Membership of Board Committee (s)

- Member of Board Risk Management Committee

Present Appointment(s)

- Deputy Secretary General (Management), Ministry of Transport (MOT)
- Board Member of Lembaga Pelabuhan Johor
- Board Member of Lembaga Pelabuhan Tanjung Pelepas

Past Experience

- Joined the Malaysian public service as an Assistant Director of the Ministry of Rural Development in 1995
- Joined the Ministry of Education (MOE) in 1996 as the Assistant Secretary in the Development Division and promoted to the position of Principal Assistant Secretary in 2003. While in service with the MOE, served as the Project Manager for education projects in Malaysia under the Asian Development Bank and World Bank
- Joined the Policy and Strategic Planning Unit, Ministry of Housing and Local Government as the Principal Assistant Secretary and promoted as the Secretary of Tribunal for Homebuyer Claims in September 2007
- In 2008, promoted as Director of Abandoned Projects Rehabilitation Division, Ministry of Housing and Local Government
- In December 2014, promoted as the Under Secretary, Administration and Finance Division, MOT

- Served the Ministry of Finance (MOF) as Senior Deputy Director, National Strategic Unit from May 2016 until September 2018

Number of Board Meetings Attended for the Year Under Review

- 8 out of 10 (80%)

Board of Directors' Profile

WONG SHU HSIEN

Non-Independent

Non-Executive Director

Date of Appointment

7 March 2019

Gender

Female

Age

47

Nationality

Malaysian



Academic/ Professional Qualification(s)

- Degree in Economics, Cambridge University, United Kingdom
- Master in Economics, London School of Economics and Political Science
- Chartered Financial Analyst

Present Directorship(s)

Listed Issuer:

- Malaysia Airports Holdings Berhad

Other Public Company:

- PLUS Malaysia Berhad
- Projek Lebuhraya Usahasama Berhad

Membership of Board Committee (s)

- Member of Board Audit Committee
- Member of Board Nomination & Remuneration Committee
- Member of Board Finance & Investment Committee

Present Appointment(s)

- Director of Investments, Khazanah Nasional Berhad

Past Experience

- Attached to BinaFikir Sdn Bhd prior to joining Khazanah Nasional Berhad in 2005
- Principal Adviser to AIG Infrastructure Fund II
- Served in a private equity firm, Emerging Market Partnership

Number of Board Meetings Attended for the Year Under Review

- 15 out of 15 (100%)

Board of Directors' Profile

HAJAH JAMILAH DATO' HASHIM

Non-Independent
Non-Executive Director

Date of Appointment

1 June 2017

Gender

Female

Age

62

Nationality

Malaysian

**Academic/ Professional Qualification(s)**

- Bachelor of Science (Chemistry), California State University, USA
- Master in Science (Physical Chemistry), University of Denver, USA
- Attended several Executive Education programmes at Penn State University, USA, MINDA, Razak School of Government, London Business School and IMD (Lausanne, Switzerland)

Present Directorship(s)**Listed Issuer:**

- Malaysia Airports Holdings Berhad

Other Public Company:

- None

Membership of Board Committee (s)

- Chairman of Board Risk Management Committee
- Member of Board Procurement Committee
- Member of Board IT Oversight Committee

Present Appointment(s)

- Chairman of MAB Agriculture-Horticulture Sdn Bhd
- Board Member of Malaysia Airports Sdn Bhd
- Board Member of Malaysia Airports (Sepang) Sdn Bhd

Past Experience

- Started her career as a researcher in Solar Energy Research Institute, USA
- Joined Goodyear Malaysia in 1985 and served for 21 years in various capacities including as a Chief Chemist, Manufacturing Director and Regional Business Process Improvement Director for Asia Pacific
- Served as a Board Member of Goodyear Malaysia Berhad from 2003 to 2005 whilst being the President of Women-In-Leadership in Asia Pacific movement
- Led the design implementation of Lean Six Sigma in 11 Goodyear companies in addition to training and developing 20 Lean Six Sigma specialists throughout the region

- Joined Khazanah Nasional Berhad (Khazanah) in 2006 before leaving to serve as Director of Strategic Management and Transformation Division, Boustead Heavy Industries Corporation Berhad in 2009.
- Re-joined Khazanah in 2011 and established Khazanah Local and Foreign Offices, Business Continuity Infra and Corporate Development Unit to support start-ups and Khazanah-linked companies

Number of Board Meetings Attended for the Year Under Review

- 17 out of 18 (94%)

Board of Directors' Profile

DATUK SERI YAM KONG CHOY

Senior Independent
Non-Executive Director

Date of Appointment

1 December 2013

Gender

Male

Age

67

Nationality

Malaysian



Academic/ Professional Qualification(s)

- Post-Grad Diploma in Building and Management Studies, University of Westminster, United Kingdom
- Fellow of Royal Institution of Chartered Surveyors
- Fellow of Chartered Institute of Building

Present Directorship(s)

Listed Issuer:

- Malaysia Airports Holdings Berhad
- Paramount Corporation Berhad
- Cahya Mata Sarawak Berhad

Other Public Company:

- Standard Chartered Saadiq Berhad

Membership of Board Committee (s)

- Chairman of Board Finance & Investment Committee
- Member of Board Nomination & Remuneration Committee

Present Appointment(s)

- Chairman of Malaysia Airports (Niaga) Sdn Bhd
- Chairman of K.L. Airport Hotel Sdn Bhd

- Board Member of KLIA Aeropolis Sdn Bhd
- Chairman of InvestKL Corporation
- Chairman of Triterra Sdn Bhd
- Chairman of Metropolitan Lake Development Sdn Bhd
- Board of Trustees of Standard Chartered Foundation
- Board Member of Kwasa Land Sdn Bhd
- Board Member of Impetus Alliance Advisors Sdn Bhd

Past Experience

- Served as a building engineer in the United Kingdom with various companies and the British Civil Service
- Past President and Patron of the Real Estate and Housing Developers' Association of Malaysia
- Served more than 35 years in the construction, real estate and corporate sectors with the last 12 years until 2008, helming two different public listed property companies as Chief Executive Officer and Managing Director

- Served in various large companies, such as Landmarks Berhad, Peremba Malaysia, Country Heights Holdings Berhad and Sunrise Berhad in the development of hotels, resorts, shopping malls, golf courses, international schools, residential and mixed developments in Malaysia, Australia, United Kingdom, Mauritius and South Africa

Number of Board Meetings Attended for the Year Under Review

- 18 out of 18 (100%)

Board of Directors' Profile

DATUK ZALEKHA HASSAN

Independent
Non-Executive Director

Date of Appointment

1 January 2014

Gender

Female

Age

67

Nationality

Malaysian

**Academic/ Professional Qualification(s)**

- Bachelor of Arts (Honours), University of Malaya
- Advance Management Programme, Harvard Business School, Harvard University, USA
- Attended several Leadership and Management programs in South Africa, Japan and Korea between 1997 and 2001

Present Directorship(s)**Listed Issuer:**

- Malaysia Airports Holdings Berhad
- Telekom Malaysia Berhad

Other Public Company:

- None

Membership of Board Committee (s)

- Chairman of Board Procurement Committee
- Member of Board Nomination & Remuneration Committee
- Member of Board Risk Management Committee

Present Appointment(s)

- Chairman of Malaysia Airports (Sepang) Sdn Bhd
- Chairman of Malaysia Airports Consultancy Services Sdn Bhd
- Chairman of Menara Kuala Lumpur Sdn Bhd

Past Experience

- Started her career in the Malaysian civil service in 1977 as an Assistant Director in the Training and Career Development Division, Public Service Department
- Served the Malaysian Government in several ministries including the Ministry of Health, Ministry of Social Welfare and Ministry of National Unity and Social Development
- Served the Ministry of Finance (MOF) in 1997 as Senior Assistant Director of the Budget Division and continued to serve in various capacities including in the Government Procurement Division until retirement in May 2011 as Deputy Secretary-General (Operations) of MOF.
- Appointed as Government Procurement Advisor, MOF, from June 2011 until June 2013.

Number of Board Meetings Attended for the Year Under Review

- 18 out of 18 (100%)

Board of Directors' Profile

ROS LI ABDULLAH

Independent
Non-Executive Director

Date of Appointment

1 January 2014

Gender

Male

Age

67

Nationality

Malaysian



Academic/ Professional Qualification(s)

- Bachelor of Economics (Honours), University of Malaya
- Post-Graduate Diploma in Accounting, University of Malaya
- Master in Business Administration, Universiti Kebangsaan Malaysia.
- Chartered Accountant, Malaysian Institute of Accountants (MIA)

Present Directorship(s)

Listed Issuer:

- Malaysia Airports Holdings Berhad
- Capitaland Malaysia Mall REIT Management Sdn Bhd
- Dagang NeXchange Berhad

Other Public Company:

- None

Membership of Board Committee(s)

- Chairman of Board Audit Committee
- Member of Board Risk Management Committee

Present Appointment(s)

- Chairman of KLIA Aeropolis Sdn Bhd
- Board Member of Malaysia Airports Consultancy Services Sdn Bhd
- Board Member of Istanbul Sabiha Gökçen International Airport Investment Development and Operation Inc.
- Board Member of LGM Airport Operations Trade and Tourism Inc.

Past Experience

- Held various positions in the public and private sectors such as the Accountant General's office at the State and Federal Treasury Departments, Ministry of Finance, Chief Accountant in the Ministry of Works and Ministry of Education
- Attached to the Public Services Department and was the Chief Accountant at the Government's Pension Department and Secretary to the Teachers Provident Fund from 1989 to 1991
- Appointed as Bursar of Universiti Putra Malaysia from 1991 to 1993

- Director of Corporate Services at the Accountant General's Department from 1993 to 1994
- Financial Controller/ General Manager of Finance at Kuala Lumpur International Airport Berhad from 1994 to 1996
- Senior General Manager of Putrajaya Holdings Sdn Bhd from 1996 to 2008
- Adviser for Economic Planning Unit, Prime Minister's Department from 2008 to 2009
- Served as Council Member, Chief Executive Officer and Registrar of MIA
- Board Member and Chairman of the Audit Committee of Bank Pembangunan Malaysia Berhad and Keretapi Tanah Melayu Berhad
- Chairman of i-VCAP Management Sdn Bhd

Number of Board Meetings Attended for the Year Under Review

- 18 out of 18 (100%)

Board of Directors' Profile

DATO' IR MOHAMAD HUSIN

Independent
Non-Executive Director

Date of Appointment

15 August 2016

Gender

Male

Age

66

Nationality

Malaysian

**Academic/ Professional Qualification(s)**

- Bachelor of Science (Honours) in Civil Engineering, University of Southampton, United Kingdom
- Master of Science in Civil Engineering, University of Pittsburgh, USA
- Professional Engineer, Board of Engineers Malaysia

Present Directorship(s)**Listed Issuer:**

- Malaysia Airports Holdings Berhad

Other Public Company:

- None

Membership of Board Committee (s)

- Member of Board Audit Committee
- Member of Board Procurement Committee
- Member of Board IT Oversight Committee

Present Appointment(s)

- Chairman of Malaysia Airports Sdn Bhd
- Chairman of Urusan Teknologi Wawasan Sdn Bhd
- Board Member of Johawaki Holdings Sdn Bhd and related companies
- Board Member of Bridgex Sdn Bhd and related companies

Past Experience

- Started career as Water Engineer in Public Works Department (PWD), Ministry of Works and served PWD for 35 years in various capacities including as a District Engineer, Assistant Director, State and Branch Director
- Held position as Director of Roads before being promoted to the post of Deputy Director General in 2007 until his retirement in 2013
- In the Government service, involved in the construction of development projects and maintenance of government facilities, mainly relating to roads, buildings, ports and airports

Number of Board Meetings Attended for the Year Under Review

- 17 out of 18 (94%)

Board of Directors' Profile

DATUK AZAILIZA MOHD AHAD

Independent

Non-Executive Director

Date of Appointment

8 November 2016

Gender

Female

Age

59

Nationality

Malaysian



Academic/ Professional Qualification(s)

- Bachelor of Laws, University of Malaya

Present Directorship(s)

Listed Issuer:

- Malaysia Airports Holdings Berhad

Other Public Company:

- None

Membership of Board Committee (s)

- Chairman of Board Nomination & Remuneration Committee
- Member of Board Audit Committee
- Member of Board Finance & Investment Committee

Present Appointment(s)

- Partner with Messrs Gani Patail Chambers
- Chairman of Malaysia Airports International Sdn Bhd
- Board Member of KLIA Aeropolis Sdn Bhd
- Chairman of Whistleblowing Independent Committee of MAHB

Past Experience

- Undertook legal advisory work relating to domestic and international matters over a period of 30 years
- Held various roles as a Judicial and Legal officer with the Courts and the Attorney General's Chambers of Malaysia. Among others, served as a Magistrate, Senior Assistant Registrar, legal advisor to the Economic Planning Unit, Prime Minister's Department, as a Senior Federal Counsel with the Advisory and International Division, as the Head of the International Affairs Division, the Deputy Solicitor General I and Solicitor General of Malaysia

Number of Board Meetings Attended for the Year Under Review

- 18 out of 18 (100%)

Board of Directors' Profile

RAMANATHAN SATHIAMUTTY

Independent
Non-Executive Director

Date of Appointment

1 January 2019

Gender

Male

Age

56

Nationality

Malaysian

**Academic/ Professional Qualification(s)**

- Bachelor of Engineering (Electrical & Electronic) (Honours), Universiti Kebangsaan Malaysia
- Master of Business Administration, Universiti Putra Malaysia
- Executive Management Programme, Harvard Business School and INSEAD

Present Directorship(s)**Listed Issuer:**

- Malaysia Airports Holdings Berhad
- Prestariang Berhad

Other Public Company:

- None

Membership of Board Committee (s)

- Member of Board Risk Management Committee
- Member of Board Procurement Committee
- Chairman of Board IT Oversight Committee

Present Appointment(s)

- Chairman of Istanbul Sabiha Gökçen International Airport Investment Development and Operation Inc.
- Chairman of LGM Airport Operations Trade and Tourism Inc.
- Board Member of Malaysia Airports (Sepang) Sdn Bhd
- Board Member of Urusan Teknologi Wawasan Sdn Bhd

Past Experience

- Prior to present appointment, served as Chief Transformation Officer at Celcom Axiata Berhad from 2016 and a former Advisor to Chief Executive Officer of Celcom Axiata Berhad
- Started career as a system engineer at IBM Corporation Malaysia. Served IBM Group for 24 years in various roles involving telecommunications, utilities, media and entertainment sectors and appointed as Managing Director of IBM Malaysia in January 2010
- During his tenure with IBM Group, he held various roles in many countries such as Japan, Korea, India, Singapore and USA

Number of Board Meetings Attended for the Year Under Review

- 17 out of 18 (94%)

Board of Directors' Profile

DATO' DR. AMIRUDDIN MUHAMED

Alternate Director To
Dato' Zamzuri Abdul Aziz

Non-Independent

Non-Executive Director

Date of Appointment

1 January 2019

Gender

Male

Age

48

Nationality

Malaysian



Academic/ Professional Qualification(s)

- Bachelor of Accounting (Hon.), Universiti Kebangsaan Malaysia
- Master of Economics (Economic Development), Universiti Kebangsaan Malaysia
- Doctor of Philosophy in Accounting and Finance, Durham University, United Kingdom

Present Directorship(s)

Listed Issuer:

- Malaysia Airports Holdings Berhad

Other Public Company:

- Export-Import Bank of Malaysia Berhad

Membership of Board Committee (s)

- None

Present Appointment(s)

- Deputy Under Secretary (Strategic and General) of the Government Investment Division of the Ministry of Finance (MOF)
- Board Member of MRT Corporation Sdn Bhd
- Board Member of Inno Bio Ventures Sdn Bhd

- Board Member of SRC International Sdn Bhd
- Board Member of Suria Strategic Energy Resources Sdn Bhd
- Board Member of My Power (Company Limited by Guarantee)
- Board Member of Transit Acquirer Sdn Bhd

Past Experience

- Served as Chief Executive Officer of Majlis Agama Islam dan Adat Melayu Perak (MAIPk)
- Appointed as Assistant Director in Accountant General Department, MOF
- Served as Senior Principal Assistant Secretary in Investment, MKD (Inc) and Privatisation Division, MOF to manage the corporatisation and privatisation activities of agencies under the jurisdiction of specific Ministries
- Later joined the Strategic Investment Division under MOF

Number of Board Meetings Attended for the Year Under Review

- N/A

Declaration by the Board of Directors:

- No family relationship with any other Director and/or major shareholder of MAHB;
- No conflict of interests with MAHB.
- No conviction for offences other than traffic offences for the past five (5) years;
- No public sanction or penalty imposed by any regulatory bodies during the financial year ended 31 December 2019;
- Does not hold more than five (5) directorships in listed issuers.

Group Senior Management

Key Senior Management

DATO' MOHD SHUKRIE MOHD SALLEH

Group Chief Executive Officer

Date of appointment: 2 March 2020

Male, 46, Malaysian*

MOHAMED RASTAM SHAHROM

Group Chief Financial Officer

Date of appointment: 1 January 2020

Male, 49, Malaysian*

AZMAN SHAH MOHAMED

Chief Human Capital Officer

Date of appointment: 1 September 2017

Male, 55, Malaysian*

MOHAMMAD NAZLI ABDUL AZIZ

Senior General Manager,

Commercial Services

Date of appointment: 4 January 2016

Male, 53, Malaysian*

KARINA DATO' MOHAMMAD NOR

Senior General Manager, Planning

Date of appointment: 15 May 2019

Female, 45, Malaysian*

MOHD ARIF JAAFAR

Acting Senior General Manager,

MA Sepang

Date of appointment: 18 February 2020

Male, 55, Malaysian*

KAMARUZZAMAN RAZALI

General Manager, MASB

Date of appointment: 1 April 2019

Male, 56, Malaysian*

* Gender, age, nationality

Additional Information of Key Senior Management

Unless stated in their profiles, none of the Management has:

- Any directorship of public companies and listed issuers;
- Any family relationship with any director and or/ substantial shareholder of the listed issuer;
- Any conflict of interest that he has with the listed issuer;
- Any list of convictions for offences within the past 5 years other than traffic offences; and
- Any particulars of sanctions and penalty imposed by relevant regulatory bodies.

Group Senior Management



DATO' MOHD SHUKRIE MOHD SALLEH

Date of appointment: 2 March 2020

Group Chief Executive Officer



Male



46



Malaysian

Academic/Professional Qualifications

- Bachelor's Degree in Business Studies from the University of North London, UK
- Chartered Accountant with the Malaysian Institute of Accountants

Experience

Dato' Mohd Shukrie joined Malaysia Airports in 2019 as Chief Operating Officer and was appointed as Group Chief Executive Officer in 2020.

Prior to that, Dato' Mohd Shukrie had led AirAsia's Redbox Logistics as its Chief Executive Officer and was later appointed as Chief Operating Officer for AirAsia Malaysia.

He has vast experience in the logistics business. He helmed Pos Malaysia Berhad as Group Chief Executive Officer and was previously its Group Chief Operating Officer. He was also Group Chief Executive Officer of Konsortium Logistik Berhad.

Dato' Mohd Shukrie also had an illustrious career at DRB-HICOM Berhad. His leadership roles include Chief Executive Officer of KL Airport Services Sdn. Bhd., and was also Chief Executive Officer, Principal Controller, Chief Financial Officer, Chief Operating Officer of entities within the DRB-HICOM Group.



MOHAMED RASTAM SHAHROM

Date of appointment: 1 January 2020

Group Chief Financial Officer



Male



49



Malaysian

Academic/Professional Qualifications

- BSc (Honours) in Accounting and Finance from University of Wales, Aberystwyth, UK
- Chartered Accountant with the Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants, UK

Experience

Prior to joining Malaysia Airports, Mohamed was the Chief Financial Officer of UEM Sunrise Berhad. He has over 20 years of experience in the field of finance, investment appraisal, fundraising, financial analysis and planning, finance operations, international JVs and statutory reporting.

Group Senior Management

**AZMAN SHAH MOHAMED**

Date of appointment: 1 September 2017

Chief Human Capital Officer

Male



55



Malaysian

Academic/Professional Qualifications

- Masters in Business Administration, Central Michigan University, USA

Experience

Azman joined Malaysia Airports in 2017. Prior to his appointment, he held senior management positions in Group Human Capital at Telekom Malaysia Berhad.

Azman is a senior and experienced HR professional with 16 years of extensive exposure in various disciplines of human resources, ranging from Strategic HR, Industrial Relations to Remuneration and Performance Management. He has led various HR transformation programmes including compensation and benefit structure and the formulation of a long term incentive plan for the company.

**LEE YIANG MING**

Date of appointment: 1 March 2019

Chief Information Officer

Male



50



Malaysian

Academic/Professional Qualifications

- Degree in Business Computing from the University of Winnipeg, Canada

Experience

Lee joined Malaysia Airports in 2019. Prior to this appointment, he served as Executive Director with UOB Singapore.

He possesses more than 25 years of IT experience and has assumed various management roles across industries including telecommunication and banking. Throughout his career, he has built specialisation in the areas of transformation, software quality, and process engineering. Among his notable projects are establishing one of the largest software testing units in Malaysia with Scope International, as well as driving the establishment of Maybank's Shared Services in 2013.

Group Senior Management



IR SURADINI ABDUL GHANI

Date of appointment: 5 June 2017

Head of Guest Advocacy



Female



60



Malaysian

Academic/Professional Qualifications

- Bachelor of Science Degree in Electrical & Electronics Engineering, University of Nottingham, UK
- Postgraduate Diploma in Airport Engineering, Nanyang Technological University, Singapore
- Masters in Business Administration, Universiti Teknologi MARA
- Professional Electrical Engineer, member of the Institute of Engineers Malaysia, Board of Engineers Malaysia, and Malaysian Institute of Human Resource Management

Experience

Ir. Suradini was appointed as Head of Guest Advocacy of Malaysia Airports in 2017. Over the past 26 years, she had headed various divisions in Malaysia Airports including as the Head of Engineering at KUL, General Manager of Malaysia Airports Consultancy Services Sdn Bhd, Senior General Manager of Human Resource Services and Senior General Manager of Non-Aviation Business.

She started her career as an Electrical Engineer with the Public Works Department in 1983 and later joined the Department of Civil Aviation Malaysia (now known as CAAM), before joining Malaysia Airports.

Her experience covers engineering design and supervision, operation and maintenance of airport facilities, airport planning, project and contract management, airport consultancy and operation and management of airports abroad.



MOHAMMAD NAZLI ABDUL AZIZ

Date of appointment: 4 January 2016

Senior General Manager, Commercial Services



Male



53



Malaysian

Academic/Professional Qualifications

- Bachelor of Building, University of New South Wales, Australia
- Chartered Building Professional

Experience

Nazli joined Malaysia Airports as Senior General Manager, Commercial Services in 2016. Prior to that, he was Senior General Manager of Commercial and Chief Operating Officer at KLCC Property Holdings Berhad, where he managed top-end commercial real estate and was in charge of the operations for various development components within the KLCC precinct.

Nazli started his career in quantity surveying and project management in the property sector. He was also instrumental in the initial planning, marketing and sales of the award-winning 2,300-acre Bukit Jelutong mixed development project – Kumpulan Guthrie Berhad's maiden foray into property development. Nazli was later attached to TDM Berhad, a listed vehicle of the Terengganu State Government, overseeing their business expansion into property, F&B and healthcare industries both in Malaysia and in Southeast Asia.

Group Senior Management



MOHAMMAD SUHAIMI ABDUL MUBIN

Date of appointment: 18 February 2020

Senior General Manager, Group CEO Office



Male



53



Malaysian

Academic/Professional Qualifications

- Bachelor's degree in Economics, University of Malaya
- Post Graduate Diploma in Aviation and Airport Management, National University of Singapore
- An accredited International Airport Professional under the ACI-ICAO Airport Management Professional Accreditation Program

Experience

Suhaimi started his career with the Department of Civil Aviation (now known as CAAM) at Subang International Airport in 1990 and continued to bring his aviation-related expertise and experience to Malaysia Airports after its corporatisation in 1992.

Suhaimi has approximately 30 years of aviation experience and has been in a variety of management positions managing domestic and international airports across Malaysia. Under his leadership, Malaysia Airports has received many accolades including local and international awards for energy efficiency.

He is also currently a member of the board of directors of Malaysia Airports (Properties) Sdn Bhd.



KARINA DATO' MOHAMMAD NOR

Date of appointment: 15 May 2019

Senior General Manager, Planning



Female



45



Malaysian

Academic/Professional Qualifications

- BCom (Hon) Business Studies & Accounting, University of Edinburgh, UK
- MSc in Islamic Finance, International Centre for Education in Islamic Finance
- Diploma in Digital Marketing from Chartered Institute of Marketing, UK
- Diplôme d'Études en Langue Française, France
- Fellow of the Institute of Chartered Accountants in England and Wales, member of the Malaysian Institute of Accountants, ASEAN Chartered Professional Accountant and Asian Institute of Chartered Bankers

Experience

Karina joined Malaysia Airports in 2019 and she has over 20 years of experience in both public and private sectors in policy development, regulations and public financial management, strategic planning, change and transformation management.

As SGM Planning of Malaysia Airports, Karina's areas of responsibilities include Corporate Planning, Research & Planning, Corporate Quality Management, Business Ventures Division and Innovation Division.

Group Senior Management



MOHAMED SALLAUDDIN MOHAMED SHAH

Date of appointment: 1 February 2008

General Manager, Aviation Marketing and Development



Male



57



Malaysian

Academic/Professional Qualifications

- Bachelor of Science in Accountancy and Computer Science, Northern Illinois University, USA
- Master in Business Administration (Strategic Management), International Business School, Universiti Teknologi Malaysia
- Certified Professional Marketer conferred by Asia Marketing Federation in collaboration with Institute of Marketing Malaysia

Experience

Mohamed Sallauddin joined Malaysia Airports in 2001, and was appointed to his current role in 2008.

His professional career has predominantly been in the aviation and aerospace industries where he had served the national carrier, Malaysia Airlines, and Malaysia's first aircraft manufacturing company, Composite Technology Research Malaysia, before joining Malaysia Airports. Notably, he led Malaysia Airports in hosting Asia's first World Route Development Forum in Kuala Lumpur in 2008.

Mohamed Sallauddin currently serves as a Council Member of the Institute of Marketing Malaysia and is also the Board Member of the Pacific Asia Travel Association (PATA) and an Executive Committee Member of PATA Malaysia Chapter.



NASREIN FAZAL SULTAN

Date of appointment: 1 January 2019

General Manager, Risk Management and Compliance



Female



56



Malaysian

Academic/Professional Qualifications

- Bachelor of Accounting (Hons), Universiti Kebangsaan Malaysia
- Chartered Accountant registered with the Malaysian Institute of Accountants
- Chartered Member of The Institute of Internal Auditors Malaysia with Certification in Risk Management Assurance

Experience

Nasrein joined Malaysia Airports in 1998 and was appointed to her current position in 2019. Prior to this, she had headed the Internal Audit Division since 1998.

Before joining Malaysia Airports, she held the position of Finance Manager within a subsidiary of Sime Darby Group. She also held several senior positions in the Finance division at SIRIM.

Nasrein is currently an elected member of the Board of Governors for The Institute of Internal Auditors Malaysia.

Group Senior Management



IR KHAIRIAH SALLEH

Date of appointment: 1 February 2008

General Manager, Engineering



Female



55



Malaysian

Academic/Professional Qualifications

- Bachelor of Science Degree in Civil Engineering, Old Dominion University, USA
- Professional Engineer with the Board of Engineers Malaysia
- Member of the Institute of Engineers Malaysia

Experience

Ir. Khairiah was appointed as General Manager, Engineering of Malaysia Airports in 2008.

She promotes reliability engineering and localised total productive maintenance in efforts to ensure world-class maintenance at KUL and other airports in the Group. She is also known for her knowledge in energy efficiency, energy management and asset management. Her diversified expertise covers almost all of professional engineering services, such as engineering study and analysis, as well as planning, design, construction, commissioning, operation, maintenance and management of engineering works and projects.

She was highly involved with the operational readiness and airport transfers for klia2, in addition to her current portfolio of Engineering Operations and Maintenance of airport systems and facilities for Malaysia Airports.

Ir. Khairiah is the current Chair of the Airports Council International (ACI) Asia Pacific Regional Environment Committee.



NIK ANIS NIK ZAKARIA

Date of appointment: 1 June 2009

General Manager, Corporate Communications



Female



56



Malaysian

Academic/Professional Qualifications

- Bachelor of Science Degree in Economics from Northern Illinois University, USA

Experience

Nik Anis joined Malaysia Airports as the General Manager of Corporate Communications in 2009.

Before that, Nik Anis was attached to Mesiniaga Berhad, a public-listed IT company. She has close to 30 years of working experience in various capacities including managing sales and marketing, customer service and operations, and corporate communications.

Since joining Malaysia Airports, she has developed and implemented strategies and action plans to align the corporate communications direction with the organisation's vision and objectives, including spearheading the digital communication platforms, and establishing a dominant presence and branding for Malaysia Airports on social media.

Group Senior Management



NORNAJIHAH ISMAIL

Date of appointment: 1 January 2018

General Manager, Finance Business Partner



Female



50



Malaysian

Academic/Professional Qualifications

- Diploma in Accounting, Universiti Teknologi Mara (UiTM), Malaysia
- Degree in Accounting and Finance, South Bank University, London, UK
- Master in Business Administration with a concentration in Airport Management, UiTM
- Received the Vice Chancellor Award upon graduation from UiTM
- Registered Chartered Accountant with the Malaysian Institute of Accountants
- Fellow member of the Association of Chartered Certified Accountants, UK

Experience

Nornajihah joined Malaysia Airports in 2006 as Senior Manager, Finance and was appointed to her current role in 2018.

Nornajihah was the General Manager, Finance for Malaysia Airports from 2010 to 2017 and was also entrusted to cover the role and responsibilities of the Chief Financial Officer from September 2015 to January 2016.

She was selected for the Khazanah GLC Talent Exchange Programme in 2008 and was seconded to Tenaga Nasional Berhad. Prior to Malaysia Airports, she was the Head of Group Accounts in Padiberas Nasional Berhad.



ABD MALIK MOHD YUNUS

Date of appointment: 7 May 2012

General Manager, Airport Fire and Rescue Services



Male



59



Malaysian

Academic/Professional Qualifications

- Diploma in Mechanical Engineering, Universiti Teknologi MARA
- Master of Science in Emergency Response and Planning, Universiti Putra Malaysia
- Graduate Diploma in Airport Management, National University of Singapore

Experience

Abd Malik was appointed to his current position in 2012. Prior to that, he was General Manager of Airport Rescue and Fire Fighting at the Ibrahim Nasir International Airport, Maldives. Abd Malik had joined the Airport Fire and Rescue Service (AFRS) of the Department of Civil Aviation and had headed the AFRS at PEN and KUL. He was directly involved in the establishment of the AFRS at KUL during the construction of the airport.

He is a certified Green Book Safety Officer from the Department of Occupational Safety and Health and was involved in achieving OHSAS certification for MA (Sepang) Sdn Bhd during his tenure as a Safety Officer.

Group Senior Management



DATUK ABDULLAH KADIR BACHA

Date of appointment: 15 January 2016

General Manager, Stakeholder Relations and Regulatory Affairs



Male



67



Malaysian

Academic/Professional Qualifications

- Master's Degree (MSc) in Information Science from Loughborough University, UK

Experience

Datuk Abdullah joined Malaysia Airports in 2016 as General Manager, Stakeholder Relations & Regulatory Affairs. He served the Government for 33 years, including a five-year stint as an aide in the private office of the Prime Minister of Malaysia.

Datuk Abdullah's experience also covers the private sector, particularly in information technology, and the field of academics where he worked with Universiti Utara Malaysia and International Islamic University Malaysia.

In the field of information technology, Datuk Abdullah founded Altel, a 4G broadband company, and was instrumental in setting up MyTV Broadcasting Company, pioneering digital TV Broadcasting for Radio Televisyen Malaysia. Datuk Abdullah also served as Executive Director of Puncak Semangat Sdn. Bhd., IT advisor at AlBukhary Group of Companies as well as Chief Knowledge Officer and Vice President, Multilateral Government Engagement at Multimedia Development Corporation.



IBRAHIM CHANG BOON TECK

Date of appointment: 4 October 2016

General Manager, Procurement and Contract



Male



54



Malaysian

Academic/Professional Qualifications

- Degree in Econometrics from Universiti Kebangsaan Malaysia

Experience

Ibrahim joined Malaysia Airports and was appointed as General Manager Procurement and Contract in 2016.

Prior to this, he held numerous supply chain leadership roles in leading companies such as Shell, F&N, Coca Cola, Warner Lambert, Sapura Crest Petroleum and Perisai Petroleum. From his 29-year journey and exposure in multiple industries ranging from oil and gas to fast moving consumer goods, he had gained a vast and rich body of knowledge, perspective and experience in procurement operations, contract management, cost optimisation, value engineering, project procurement and logistics.

Group Senior Management



HANI EZRA HUSSIN

Date of appointment: 7 November 2016

General Manager, Commercial Business



Female



45



Malaysian

Academic/Professional Qualifications

- Masters in Business Administration, University of Dubuque, USA
- Chartered Institute of Marketing, UK

Experience

Hani Ezra joined Malaysia Airports in 2016 as General Manager Commercial Business.

Hani Ezra has more than 20 years of experience in marketing, branding and retail. She began her marketing career in fast moving consumer goods with F&N Dairies in 1997 before moving to Danone where she was responsible for all aspects of marketing for Danone's most trusted UK brand.

In the retail business, Hani Ezra led the Marketing Division, Customer Service and Retail Relations for Suria KLCC, Kuala Lumpur's leading shopping mall. She managed over 300 stores, refreshed marketing approaches and delivered an unparalleled shopping experience which contributed to the growth of retail sales and the evolution of the retail industry in Malaysia.



LEE AI VIN

Date of appointment: 20 December 2019

General Manager, Corporate Finance and Treasury



Female



44



Malaysian

Academic/Professional Qualifications

- Bachelor of Business in Accountancy, RMIT, Australia
- Member of the Institute of Chartered Accountants of England and Wales, the CPA Australia (Certified Practising Accountant) and the Malaysian Institute of Accountants

Experience

Ai Vin joined Malaysia Airports in 2015 and was appointed as General Manager of Corporate Finance, Investor Relations and Treasury in 2017.

Prior to joining Malaysia Airports, Ai Vin worked in Transaction Advisory Services of Ernst & Young PLT London. She has also worked in banking and financial advisory sectors in Malaysia and KPMG Singapore. She has over 20 years of experience in financial and corporate transaction advisory in Asia and Europe covering business valuation, corporate restructuring, capital market fundraising, financial due diligence, loan portfolio review, merger and acquisition.

Group Senior Management



AHMAD RIZAL OMAR

Date of appointment: 2 January 2018

General Manager, Financial Planning and Shared Services



Male



44



Malaysian

Academic/Professional Qualifications

- Master of Finance, St Edmund's College, University of Cambridge, UK
- Chartered Accountant with the Malaysian Institute of Accountants and The Chartered Accountants of Australia and New Zealand

Experience

Ahmad Rizal joined Malaysia Airports in 2018 as General Manager, Financial Planning and Shared Services. Prior to his appointment, he was the Senior Vice President Investments at Khazanah Nasional Berhad.

Ahmad Rizal has 19 years of working experience in investments evaluation and management, corporate finance and chartered accountancy experience in Asia Pacific region with Axiata Group, Ernst & Young PLT and Telekom Malaysia.



MEGAT ARDIAN WIRA MOHD AMINUDDIN

Date of appointment: 9 March 2020

General Manager, Corporate Planning and Transformation



Male



48



Malaysian

Academic/Professional Qualifications

- Bachelor of Business Administration in Marketing, Western Michigan University, USA
- Master's Degree in Aviation from the Embry-Riddle Aeronautical University

Experience

Megat joined Malaysia Airports in 2018 as the General Manager of Corporate Planning, focusing on the Group's strategic planning, growth as well as sustainability initiatives.

His career in the aviation industry started with AirAsia in 2004 where he managed the Government Relations and Special Projects portfolio. Megat was also part of the Transformation Management Team of Malaysia Airlines Berhad (MAS) to facilitate MAS' turnaround campaign. He was also Chief Commercial Officer at Flynas, a low-cost carrier based in Riyadh, Saudi Arabia. Megat also provided consulting and training for the International Air Transport Association and airlines on commercial strategy and transformation initiatives.

Outside of the aviation industry, Megat was Market Development Director for Malaysia and Brunei for General Electric. He was also Chief Marketing Officer of Malaysia Healthcare Travel Council, an agency under the Ministry of Health Malaysia.

Group Senior Management



LINDAYANI TAJUDIN

Date of appointment: 5 July 2018

General Manager, Overseas Ventures



Female



48



Malaysian

Academic/Professional Qualifications

- Bachelor of Science (Economics) (Hons) – Accounting and Finance, London School of Economics and Political Science, UK
- Fellow of the ACCA and member of the Malaysian Institute of Accountants

Experience

Lindayani joined Malaysia Airports in 2018 as General Manager, Overseas Ventures.

Prior to this appointment, she was the Head/Vice President, Corporate Finance & Strategy for Malakoff Corporation Berhad, where she amassed a wealth of experience and exposure in the field of Corporate Finance. Among her accomplishments was leading one of the largest initial public offering exercises on Bursa Malaysia for Malakoff Corporation Berhad.

Her corporate finance experience, particularly in mergers and acquisitions, had involved financial assessment, due diligence, fundraising, and high stake negotiations from a multitude of international projects from South East Asia, Middle East and Australia.



HAIRUZZAMAN SAGI

Date of appointment: 1 January 2019

General Manager, HR Business Partner



Male



50



Malaysian

Academic/Professional Qualifications

- Master's Degree in Human Resource Management from University Utara Malaysia

Experience

Hairuzzaman joined Malaysia Airports as General Manager of Human Resources Business Partner in 2019.

Prior to joining Malaysia Airports, he held senior positions in human resources at Sime Darby Plantation Berhad, notably Head of HR Downstream and Head, HR Upstream Malaysia. He has assumed various HR roles across different industries such as semiconductor manufacturing, oil and gas, engineering, retail and plantation, covering South East Asia, Africa and Europe.

He was a member of the Malaysian Employers Federation Industrial Relations Panel, Malaysian Agricultural Producers Association Council, NHRS Committee, Panel Member of the Industrial Relations Court and Panel Member of SOCSO Appellate Board. Currently he serves as a member of Elite 20 Outreach Club under the Malaysia Human Resource Development Fund.

Group Senior Management



ANIFRUZAIDI AB. RAHIM

Date of appointment: 1 March 2019

General Manager, Project Management Office



Male



51



Malaysian

Academic/Professional Qualifications

- Bachelor of Engineering (Hons), University of Liverpool, UK

Experience

Anifruzaidi joined Malaysia Airports in 2019. He has more than 25 years of experience in construction, airport development consultancy and airport operations. His work experience spans leading companies in these fields including Ranhill, Malaysian Japanese Airport Consortium, Deutsche AeroConsult GmbH, Frankfurt Airport GmbH, Leading Edge Aviation Planning Professional, Hill International and Landrum & Brown.

He has been involved in major international airport projects in the fields of project management, Operational Readiness and Transfer (ORAT), and facility management. He was engaged by the International Civil Aviation Organization (ICAO) as an ORAT coordinator, facilitating and coordinating efforts in the operation readiness programme at Suvarnabhumi Airport, Thailand. He was also appointed by Landrum & Brown USA as the Senior Managing Consultant for the Airport Operation Readiness programme at King Abdulaziz International Airport, Saudi Arabia.



MOHAMMAD AZMEL HARUN RASHEED

Date of appointment: 9 March 2020

General Manager, Operational Excellence and Innovation



Male



44



Malaysian

Academic/Professional Qualifications

- B.Sc. Industrial Engineering, University of Toledo, Ohio, USA
- Professional Certificate in Management, University of Melbourne, Australia

Experience

Azmel was appointed to his current position in 2020. He has over 19 years of experience both in local and international companies such as PETRONAS, Goodyear and Schlumberger Business Consulting. He has six years of experience in operations and 13 years in strategic change and transformation roles, with proven methodologies to drive business transformation such as Lean Six Sigma, performance improvement and design thinking.

Prior to Malaysia Airports, he was employed by Malaysia Petroleum Resources Corporation as Vice President of Innovation and Technology to catalyse the development and commercialisation of Malaysian Oil and Gas technologies and innovations, working closely with industry players and government agencies to enable indigenous innovation into the market.

Group Senior Management



AZRINA ABDUL SAMAT

Date of appointment: 4 September 2019

General Manager, Regulatory Asset Base

Female 47 Malaysian

Academic/Professional Qualifications

- Bachelor of Science in Computation, University of Manchester Institute of Science and Technology, UK
- Master of Science in Engineering Management, University of Warwick, UK

Experience

Azrina joined Malaysia Airports in 2019. Prior to joining Malaysia Airports, Azrina held senior positions at Gas Malaysia Berhad and Tenaga Nasional Berhad. There, Azrina led the transition of the two utility companies to incentive-based tariff frameworks which share fundamental similarities with the Regulated Asset Base framework proposed for Malaysia Airports.

Her 20 years' experience in the energy sector particularly in energy procurement management, implementation of macro policies for the sector and key stakeholder engagement to manage regulatory changes complements Malaysia Airports with the necessary capacity and capability in order to engage various key stakeholders in an environment of increasing regulatory complexity.

Her 18-year stint at Tenaga Nasional Berhad also showcased her capability in the area of fuel procurement management primarily in power sector's fuel macro policies for natural gas, coal and LNG.



KHOR SOON KHENG

Date of appointment: 1 November 2019

General Manager, IT Architecture and Strategy

Male 54 Malaysian

Academic/Professional Qualifications

- Degree in Computer Science and Master of Arts, University of Dublin, Trinity College, Ireland
- Chartered Engineer, Engineers Ireland

Experience

Khor is an Airport System Specialist with extensive experience in project management and systems engineering, having worked on large and complex airport projects and multi-agency software architecture projects.

Prior to joining Malaysia Airports, Khor was the Airport Systems and Operations Advisor for the Taoyuan International Airport Terminal 3 Project in Taipei, Taiwan. He was responsible for the development of a comprehensive strategy and implementation of the Airport Collaborative Decision Making system, Airport Operational Database, Resource Management System, IATA Fast Track Initiative, and flights operations related to the ICT system implementation including the flight information display system and baggage handling system.

He was also part of the team that designed and implemented the Total Airport Management System for KUL, a world's first, and a multi-agency software architecture project for the Government of Malaysia.

Group Senior Management



NABILLAH ZOLIFAH ZOLKIFLI

Date of appointment: 14 January 2020

General Manager, Commercial Operations



Female



47



Malaysian

Academic/Professional Qualifications

- Bachelor of Business Administration (Hons.), International Islamic University Malaysia
- Corporate Diploma in Airport Management (Commercial Services), Universiti Teknologi MARA
- Participated in MAHB Navigators Programme by INSEAD Business School, Singapore

Experience

Nabillah joined Malaysia Airports in 1998. Prior to that she served in various departments within Commercial Services in Malaysia Airports including Senior Manager of Retail Relations, Head of Contract Management in klia2, and several management positions for Commercial Project & Change, Commercial Business Development and Corporate Marketing for Sepang International Circuit Sdn Bhd.

Her experience covers retail commercial planning, project and contract management, commercial management, operation and performance of airports across Malaysia, and liaison management with key players in the travel retail industry.

She started her career as a Marketing Executive with Hong Leong Assurance Berhad, and later joined Arab-Malaysian Finance Berhad, before joining Malaysia Airports.



VIJAY KUMAR DAYINDE

Date of appointment: 1 December 2019

General Manager, IT Delivery



Male



41



Indian

Academic/Professional Qualifications

- Bachelor of Science – Computer, Nagarjuna University, India
- Master of Business Administration, Sikkim Manipal University, India
- Master of Computer Applications, Manipal University, India
- Master of Science – Mathematics, Osmania University, India

Experience

Vijay joined Malaysia Airports as General Manager, IT Delivery in 2019. Prior to joining Malaysia Airports, Vijay was the Head of Data Science & Solutions, and former Head of IT Development of Celcom Axiata Bhd, Malaysia.

Vijay is a telecom IT planning, implementation, and operation specialist with over 19 years of experience. He has served globally across multiple organisations including both system integrators and service providers. He also worked across various technologies for fixed and wireless networks and has been at the epicentre of every technological shake-up experienced by the communication services industry over the last two decades from the Americas to the Far East.

Group Senior Management



ZULKIFLI BASHIR

Date of appointment: 16 March 2020

General Manager, Aviation Security



Male



62



Malaysian

Academic/Professional Qualifications

- Diploma in Police Science, Universiti Kebangsaan Malaysia
- Certified International Crime Prevention Specialist
- Member of the International Crime Prevention Society

Experience

Zulkifli joined Malaysia Airports in 2010 as Senior Manager of Aviation Security (Intelligence/Investigation/Liaison). He was appointed as General Manager of Aviation Security in 2020. Prior to his appointment, he was the Covering General Manger of Aviation Security.

Zulkifli has more than 30 years of law enforcement experience in his illustrious career with the Royal Malaysia Police which includes serving as the Police Chief of KLIA from 2000 to 2003.



NOR AIDA OTHMAN

Date of appointment: 1 April 2020

General Manager, Legal



Female



51



Malaysian

Academic/Professional Qualifications

- Bachelor of Laws (LL.B Hons) from International Islamic University Malaysia
- Advocate & Solicitor of the High Court of Malaya

Experience

Aida joined Malaysia Airports as Senior Manager, Legal in 2012. She was previously seconded to Malaysia Airports from Malaysia Airlines from 2010 to 2011 under the Khazanah Cross Assignment Programme.

Within Malaysia Airports, in March 2019, she was seconded to Malaysia Airports Consultancy Services (MACS) Middle East, Doha, Qatar as the Senior Manager, Legal to support its business expansion. She was also part of team which was instrumental in the setting up of MACS Middle East in Doha.

Aida has over 25 years' experience as an in-house legal counsel, serving in Government-Owned and Government-Linked Companies, as well as public listed companies, namely, Keretapi Tanah Melayu Berhad, Celcom Malaysia Berhad, Technology Resources Industries Berhad and Malaysia Airlines.

Group Senior Management



AINON MAHAT

Date of appointment: 1 January 2019

Acting General Manager, Internal Audit



Female



48



Malaysian

Academic/Professional Qualifications

- Bachelor of Science in Business Administration majoring in Computer Business Information Systems, University of Arkansas, Fayetteville, USA
- Executive MBA with concentration in Airport Management, Universiti Teknologi Mara
- Graduate Diploma in Business Administration (Airport Management), National University of Singapore
- Executive Navigators Program, INSEAD, Singapore
- Certified Internal Auditor
- Chartered Member of The Institute of Internal Auditors

Experience

Ainon joined Malaysia Airports in 2001 and was appointed to her current position in 2019. Prior to this, she held the position of Senior Manager, Internal Audit with Malaysia Airports.

Ainon has 23 years of experience in the areas of governance, risk and compliance in the public and private sectors. Prior to joining Malaysia Airports, she had started her career with MIMOS and had subsequently joined Infopro Sdn Bhd as Quality Assurance Manager.

Additional Information of the Group Senior Management

Unless stated in their profiles, none of the Management has:

- Any directorship of public companies and listed issuers;
- Any family relationship with any director and or/ substantial shareholder of the listed issuer;
- Any conflict of interest that he has with the listed issuer;
- Any convictions for offences within the past 5 years other than traffic offences; and
- Any particulars of sanctions and penalty imposed by relevant regulatory bodies.

Subsidiaries Senior Management

MA (Sepang) Sdn. Bhd.



MOHD ARIF JAAFAR

Date of appointment: 18 February 2020

Acting Senior General Manager, MA (Sepang) Sdn. Bhd.



Male



55



Malaysian

Academic/Professional Qualifications

- Bachelor's degree of Science in Human Resource Development, Universiti Putra Malaysia
- Graduate Diploma in Aviation and Airport Management, National University of Singapore
- Accredited International Airport Professional, ACI-ICAO Airport Management Professional Accreditation Program

Experience

Mohd Arif joined Malaysia Airports in 1994 and was appointed to his current role on 18 February 2020.

He has 26 years' experience with Malaysia Airports, and has held senior roles within the Group. This includes Senior Manager of PEN and Terminal Manager of KUL. He was also Airport Manager for KBR and IPH, and Head of Security at PEN and AOR.

Mohd Arif has also undergone anti-terrorism assistance training programme conducted by the Federal Aviation Administration of the United States of America in Oklahoma.

MA (Sepang) Sdn. Bhd.



BIBI SABRENA SAKANDAR KHAN

Date of appointment: 1 February 2020

Acting General Manager, MA (Sepang) Sdn. Bhd.



Female



42



Malaysian

Academic/Professional Qualifications

- Bachelor's Degree in Engineering (Civil), Universiti Teknologi MARA (UiTM)
- Master's Degree in Facility Management, UiTM
- Corporate Diploma in Airport Management

Experience

Bibi Sabrena joined Malaysia Airports in 2006 and was appointed to her current role in 2020. She began her career with Malaysia Airports as an Engineer at MA (Sepang) Sdn Bhd, and was also Senior Manager, Engineering Business Intelligence at Malaysia Airports' Engineering Division.

Subsidiaries Senior Management

Malaysia Airports Sdn. Bhd.



KAMARUZZAMAN RAZALI

Date of appointment: 1 April 2019

General Manager, Malaysia Airports Sdn. Bhd.



Male



56



Malaysian

Academic/Professional Qualifications

- Degree in Business Administration, MARA University of Technology
- Diploma in Airport Management, National University of Singapore
- Accredited International Airport Professional, International Civil Aviation Organisation

Experience

Kamaruzzaman joined Malaysia Airports in 2000 as Operations Executive at KUL. He was appointed to his current position in 2019. Prior to this, he held the position of Senior Manager of Operations for Malaysia Airports Sdn Bhd, overseeing the operations of all airports in Malaysia except for KUL. He was previously the Senior Airport Manager for BKI and also Airport Manager for MYY, KBR and TGG.

Kamaruzzaman started his career with the Department of Civil Aviation (now known as CAAM) in 1984, working with the Engineering Division at the then Sultan Ismail Airport, Johor Bahru.

SAW & LGM



DATO' AZMI MURAD

Date of appointment: 2 September 2015

Executive Director, SAW & LGM



Male



68



Malaysian

Academic/Professional Qualifications

- Chartered Fellow of The Chartered Institute of Logistics and Transport

Experience

Dato' Azmi started his aviation career in 1970 with the Department of Civil Aviation (now known as CAAM) as an air traffic controller and subsequently joined Malaysia Airports when it was incorporated in 1992.

Since then, his career within the Malaysia Airports group has been wide-ranging, including stints as airport managers in several domestic and international airports. Some of his senior roles also include as General Manager (GM) of Sepang International Circuit, GM of Corporate Communications and Air Traffic Services, GM of MA (Sepang) Sdn Bhd, and Senior GM of Operation Services.

Dato' Azmi was the Chairman of the Airports Council International World Facilitation and Services Standing Committee.

Note: Dato' Azmi holds 8,123 shares in Malaysia Airports Holdings Berhad.

Subsidiaries Senior Management

SAW & LGM



ERSEL GÖRÖL

Date of appointment: 5 September 2017

Chief Executive Officer, SAW & LGM



Male



48



Turkish

Academic/Professional Qualifications

- Business Administration School (English), Istanbul University, Turkey

Experience

Ersel joining SAW as the Group Chief Executive Officer in 2017. Prior to that, he served in several senior management positions in airports in Turkey. He was Chief Integration Officer at Istanbul Grand Airport, General Manager of ICF Airport, the operator of Antalya Airport and Deputy General Manager at TAV Istanbul Ataturk Airport. He started his career as Operations Supervisor at Celebi Ground Services in 1993.

Ersel also worked outside Turkey serving as General Manager at TAV Georgia, the operator of Tbilisi International Airport, and subsequently as General Manager at TAV Tunisia which operates Monastir Habib Bourguiba and Enfidha-Hammamet international airports.

Malaysia Airports Consultancy Services Middle East LLC (MACS ME)



AHMAD TARMIZI MOHD HASHIM

Date of appointment: 1 February 2016

Executive Director, Malaysia Airports Consultancy Services Middle East LLC (MACS ME)



Male



60



Malaysian

Academic/Professional Qualifications

- Master of Business Administration, Keele University, UK
- Postgraduate Diploma in Airport Management, International Aviation Management Training Institute, Canada

Experience

Ahmad Tarmizi joined Malaysia Airports in 1992 and was appointed to his current position in 2016. Prior to that he held several senior positions within Malaysia Airports including Technical Director, Senior Airport Consultant and the General Manager of Malaysia Airports Consulting Services.

Ahmad Tarmizi started his career as an Air Traffic Controller with the Department Civil of Aviation (now known as CAAM). He joined Malaysia Airports Berhad upon incorporation and was instrumental in ensuring smooth operations of KUL when it opened for commercial operations in 1998. He has over 30 years of experience in the aviation industry in North and South America, the Caribbean, Africa, the Middle East and Asia Pacific. This includes a stint with the International Air Transport Association (IATA) as Head of Airport Development and Design.

Subsidiaries Senior Management

KLIA Aeropolis Sdn. Bhd.



RANDHILL SINGH

Date of appointment: 1 January 2020

General Manager, KLIA Aeropolis Sdn. Bhd.



Male



43



Malaysian

Academic/Professional Qualifications

- Bachelor's Degree in Civil Engineering , University of Malaya
- Master of Business Administration, University of Malaya
- Certified International Airport Professional

Experience

Randhill joined Malaysia Airports in January 2008 and was appointed to his current role in 2020, overseeing KLIA Aeropolis' development and real estate development across airports in Malaysia including the Subang Airport Regeneration initiative. He has been responsible for the execution of Malaysia Airports' cross-border joint ventures related to real estate and non-airport development within Malaysia.

Prior to that, he had also undertaken various roles in Malaysia Airports including Transformation Management, Malaysia International Aerospace Centre and Group Corporate Planning. Randhill has been instrumental in crafting the Runway to Success 2020, a transformative five-year business direction which drove the Group's expansion and diversification into airport city development and international airport investments.

Malaysia Airports (Niaga) Sdn. Bhd.



ZULHIKAM AHMAD

Date of appointment: 15 January 2015

General Manager, Malaysia Airports (Niaga) Sdn. Bhd.



Male



48



Singaporean

Academic/Professional Qualifications

- Bachelor's Degree (Hons) in Accountancy, Nanyang Technological University, Singapore
- Certified Public Accountant

Experience

Zulhikam joined Malaysia Airports as General Manager, Malaysia Airports (Niaga) Sdn Bhd in 2015.

Prior to Malaysia Airports, he was General Manager of Sales and Operations for 7-Eleven in Malaysia, where he had transformed their operations and business process across more than 2,000 convenience stores. He had also previously turned around a leading international hypermarket chain in the Klang Valley.

Zulhikam started his journey as a graduate trainee with a leading oil and gas company. In the 12 years with the organisation, he gained experience through a wide range of roles and responsibilities including Finance, Retail Operations, Health, Safety, Security and Environment (HSSE), and Learning Development across the Asia Pacific, Middle East, and Africa regions.

Subsidiaries Senior Management

Urusan Teknologi Wawasan Sdn. Bhd.



NURSHUHAILA MOHD AMIN

Date of appointment: 1 November 2018

General Manager, Urusan Teknologi Wawasan Sdn. Bhd.



Female



46



Malaysian

Academic/Professional Qualifications

- Diploma in Computer Science, Universiti Teknologi Mara, Malaysia
- Degree in Computer Studies, University of Glamorgan, Wales, UK
- Master Degree in Business Administration from Open University of Malaysia
- Registered Graduate Technologist with the Malaysia Board of Technologists

Experience

Nurshuhaila was appointed to her current role in 2018. She has 15 years of experience in the Facility Management industry.

Nurshuhaila is an appointed committee member of the Malaysian Association of Facility Management. She has also participated in various Facility Management working committees as the industry representative.

Sama-Sama Hotels



SUNDRALINGAM KULENDRA

Date of appointment: 16 April 2019

General Manager, Sama-Sama Hotels



Male



56



Malaysian

Academic/Professional Qualifications

- Diploma in Hotel Management, Ecole Hotelier Les Roches, Switzerland
- Master's Degree in Hotel Management, Université de Toulouse-Le-Mirail, France

Experience

Sundra was appointed to his current role in 2019. He had previously joined the Pan Pacific Hotel in 2011 as Executive Assistant Manager and was involved in the hotel's rebranding to Sama-Sama Hotel KL International Airport. In 2018, he had been appointed to lead the hotel as Acting General Manager.

Sundra had studied worked professionally in Switzerland for 12 years in various hotels and resorts. He returned to Malaysia in 1996 and served in a few local hotels before joining the Pan Pacific Hotel. His experience spans a wide range of the hospitality industry including business operations, development of new products and services, and process improvement.

Subsidiaries Senior Management

MAB Agriculture-Horticulture Sdn. Bhd.



AZHAR ARSHAD

Date of appointment: 1 June 2018

General Manager, MAB Agriculture-Horticulture Sdn. Bhd.



Male



53



Malaysian

Academic/Professional Qualifications

- Masters of Business Administration, University of Victoria, Australia
- Member, Incorporated Society of Planters

Experience

Azhar joined Malaysia Airports as Manager, MAB Agriculture-Horticulture Sdn Bhd (MAAH) in 1998 and was appointed to his current position in 2018. Prior to this, he was Senior Manager as well as Acting General Manager at MAAH.

Prior to joining Malaysia Airports, he had started his career at Sime Darby Plantations in 1988 where he held several positions in Sime Darby Plantations. He also gained hands-on experience when he posted to estates in Peninsula Malaysia focussing on oil palm and rubber plantations.

Additional Information of the Subsidiaries Senior Management

Unless stated in their profiles, none of the Management has:

- Any directorship of public companies and listed issuers;
- Any family relationship with any director and or/ substantial shareholder of the listed issuer;
- Any conflict of interest that he has with the listed issuer;
- Any convictions for offences within the past 5 years other than traffic offences; and
- Any particulars of sanctions and penalty imposed by relevant regulatory bodies.

Corporate Governance Overview Statement

Dear Shareholders,

It is an honour and great privilege to lead the Board of Directors (the Board) of Malaysia Airports Holdings Berhad (Malaysia Airports or the Company) in carrying out its functions, its oversight of strategy and management activity, and its resolute commitment to sound corporate governance practices in promoting a culture of integrity and transparency throughout Malaysia Airports. We believe that good corporate governance is an utmost importance to our strategy and decision-making processes, and continuously achieving sustainable long-term value for our stakeholders.

Chairman's Statement on Corporate Governance

During the year under review, the Company continued to strengthen its corporate governance practices with the adoption of new Constitution to be in line with the Companies Act, 2016, the establishment of Anti-Corruption Policy across Malaysia Airports, as well as other initiatives.

Central to Board effectiveness, the composition of the Board with mixture of expertise and experience to oversee the business of Malaysia Airports is kept under on-going review. The effectiveness of the Board, Board Committees and individual Directors, are regularly assessed as part of the annual Board Performance Evaluation (BPE) exercise.

The Board considers that the Company has complied to a large extent with the Malaysian Code on Corporate Governance 2017 (MCCG 2017). This Corporate Governance Overview Statement should be read together with the Corporate Governance Report

2019 of the Company (CG Report) which is accessible online at Malaysia Airports' website at www.malaysiaairports.com.my. The CG Report provides the details on how Malaysia Airports has applied each Practice as set out in the MCCG 2017 during the financial year ended 31 December 2019.

We are pleased to present our application and adoption of the recommendation and practices of MCCG 2017 throughout this statement. We hope that the information will assist you to understand on how the Board steers the Company, performs its oversight roles on risk management and internal controls and decisions are being made.

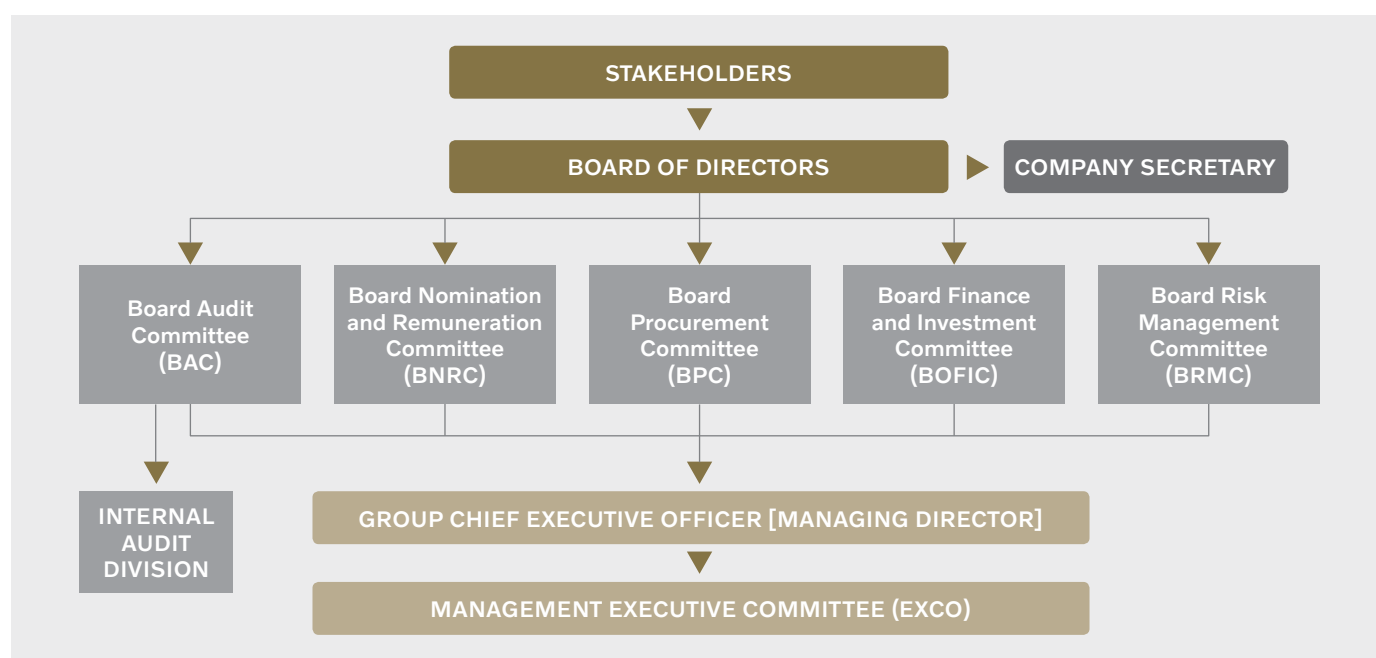

Tan Sri Datuk Zainun Ali
Chairman

Corporate Governance Overview Statement

Introduction

Corporate Governance Framework

Malaysia Airports operates with a clear and effective governance structure. With continuous guidance by the Board, the corporate governance structure remains robust and effective across the Company. Responsibility for good governance lies with the Board, and in order to ensure the effective discharge of its functions and responsibilities, the Board has delegated its powers to the relevant Board Committees and Group Chief Executive Officer as well as the Management Executive Committee. The Board, in implementing corporate governance, ensures accountability to the Company's shareholders and other stakeholders. Malaysia Airports' Corporate Governance Framework is demonstrated as below:

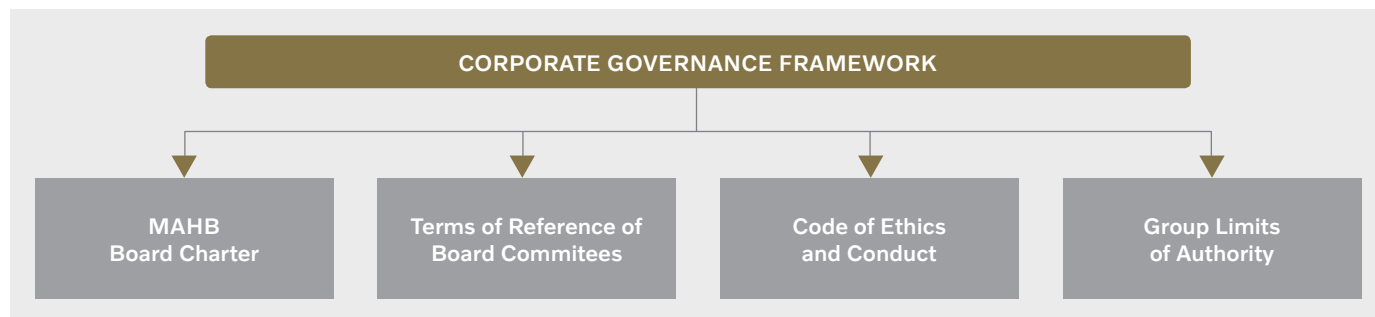


Malaysia Airports Corporate Governance Framework is premised upon the following statutory provisions, best practices and guidelines (Corporate Governance Guidelines):

- Companies Act 2016;
- Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Malaysia);
- Corporate Governance Guide (3rd Edition) issued by Bursa Malaysia;
- Malaysian Code on Corporate Governance 2017 (MCCG 2017);
- The Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on Government-Linked Companies (GLC) High Performance (Green Book); and
- Corporate Disclosure Guide issued by Bursa Malaysia.

Corporate Governance Overview Statement

The following are the key components of Malaysia Airports Corporate Governance Framework:

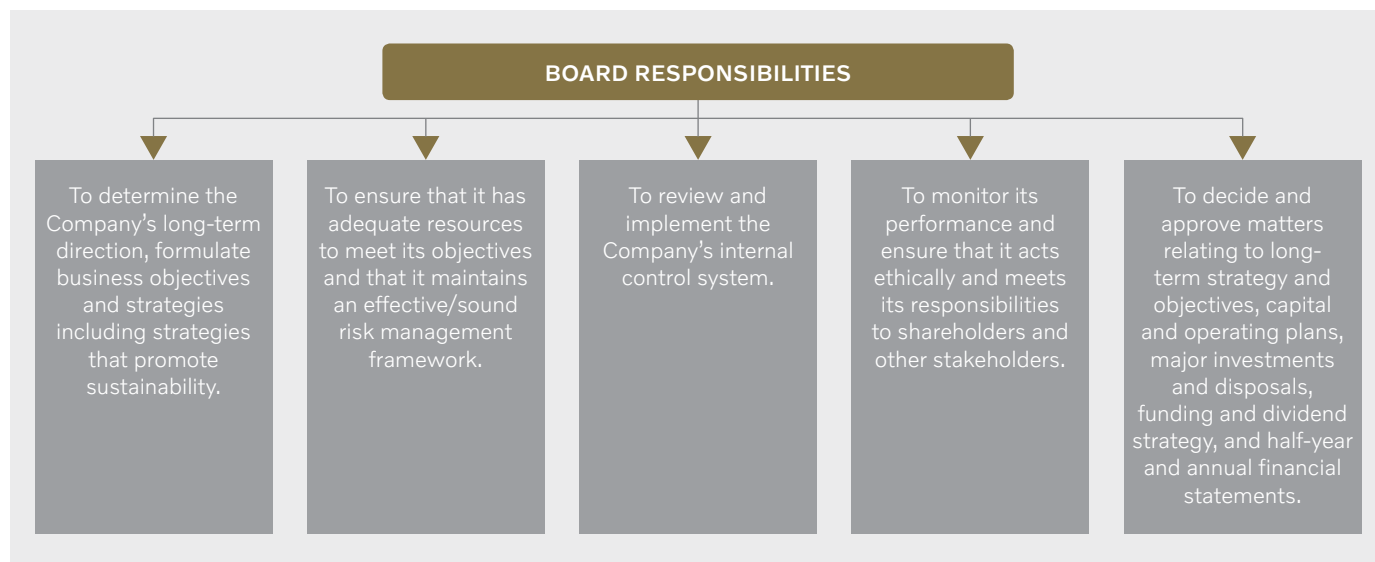


The Board reviews the above Corporate Governance Framework periodically. The Board also regularly assesses and enhances its Corporate Governance Framework, practices and principles in light of development in regulatory environment, international best practices, as well as the Company's needs.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

The Board

The Board is entrusted with the tasks of promoting the success of Malaysia Airports by steering and monitoring its affairs in a responsible and effective manner. Each member of the Board has a duty to act in good faith as well as in the best interest of Malaysia Airports and its subsidiaries (the Group). In discharging its duties and responsibilities, the Board is cognisant of the key roles it plays in charting the strategic direction of the Group and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:



Corporate Governance Overview Statement

A schedule of broad and overarching matters are reserved for our Board to ensure that the direction and control of the Company and the Group are firmly in the Board's hands. The Board reserved matters are incorporated in the Malaysia Airports' Board of Directors' Charter (Board Charter) and includes, inter alia, the following:

FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD

- ▶ Approval of the overall strategy, vision, values and governance framework of the Group;
- ▶ Approval of the Company's Audited Financial Statements and Quarterly Financial Statements;
- ▶ Approval of any interim dividend, recommendation of the final dividend and the Company's dividend policy;
- ▶ Approval of the Group's annual budget and amendments to that budget in relation to the amount, borrowing and security, acquisitions and disposals of tangible/non-tangible assets and capital expenditure over a specified amount;
- ▶ Approval of the Company's long term financial plan and the annual capital expenditure programme;
- ▶ Approval of any significant change in the accounting policies and practices;
- ▶ Approval of all circulars, resolutions and corresponding documentation sent to the stakeholders;
- ▶ Approval of changes in the capital structure of the Company with regard to issuance or allotment of shares or other securities, or its status as a public listed company;
- ▶ Appointment, re-appointment or removal of the Directors and the recommendation for their election or re-election for the consideration of the shareholders, pursuant to the Company's Constitution;
- ▶ Appointment or removal of the GCEO [MD] and Company Secretary;
- ▶ Recommendation to shareholders for the appointment, re-appointment or removal of the external auditors;
- ▶ Approval of the division of responsibilities between the Chairman and GCEO [MD]; and
- ▶ Approval for the establishment of the Board Committees, their terms of reference, review of their activities and where appropriate, ratification of their decisions.

Corporate Governance Overview Statement

Chairman, Group Chief Executive Officer [Managing Director] and Senior Independent Director

To ensure an effective discharge of responsibilities, there is a clear division of responsibilities between the running of the Board, and the executives responsible for the running of the day-to-day business operations of the Group. This division of responsibilities helps to ensure objectivity between the functions of the Board and Senior Management.

Consistent with Practice 1.3 in MCCG 2017, the positions of Chairman, GCEO [MD] and Senior Independent Director of the Company are held by different individuals. The distinct and separate roles of the Chairman who heads the Board, GCEO [MD] who leads the Senior Management and Senior Independent Director who is a point of contact for shareholders and other stakeholders, also ensures a balance of power and authority, which in turn ensures that no one individual has unfettered decision-making power. The respective roles of the Chairman, the GCEO [MD] and the Senior Independent Director and their division of responsibilities are tabulated below:

ROLES OF CHAIRMAN

- Lead the Board in setting the values and standards of the Company;
- Maintain a relationship of trust with and between the Board members;
- Ensure the provision of accurate, timely and clear information to Directors;
- Ensure effective communication with shareholders and relevant stakeholders;
- Act as facilitator for meetings to ensure:
 - adequate notice of meetings;
 - adequacy of information for Board meetings;
 - no member dominates the discussion;
 - full discussion takes place;
 - variety of opinion among Board members is drawn out;
 - outcome of discussions results in logical and coherent policy to guide the GCEO [MD] and against which the performance of the Company can be monitored; and
 - consensus is obtained in the Board meeting and when necessary, to call for vote.
- Arrange regular evaluation of the performance of the Board and Board Committees;
- Facilitate effective contribution from Board members and ensure constructive relations be maintained between Board members;
- Create the conditions required for the effectiveness of the overall Board and individual Directors, both inside and outside the boardroom including the appropriate balance of power, level of accountability and independent decision making;
- Lead discussions among Board members;
- Build a cohesive leadership team consisting of the Board and Senior Management; and
- Delegate responsibilities to other Directors, Board Committees and Management.

ROLES OF GCEO [MD]

- Lead the day-to-day management of the Group. GCEO [MD] is the Chairman of the Executive Committee (EXCO). The committee meets regularly to deliberate on all matters pertaining to the running and managing of Malaysia Airports and the Group;
- Responsible for implementing policies, strategies and decisions adopted and agreed by the Board;
- Provide a structure that facilitates clear reporting to the Board with high quality information and recommendations to enable informed decisions in all aspects of the Company's business and strategy;
- Answerable to the Board for the achievement of the agreed Company's goals within the limitations of authority granted to the GCEO [MD] by the Board;
- Report to the Board at each Board meeting and advise the Board in a timely manner on: -
 - all matters that materially affect the Company and its performance including any potential strategic or significant development prospects;
 - any underperforming business/activities of the Company and outline proposals to rectify the situation; and
 - all material matters that affect or could affect shareholders and the markets in which the shareholders' interests are located.
- Regularly review the succession plans for Senior Management with the Chairman and other Board members; and
- Represent the Company to major customers, employees, suppliers and professional associations.

Corporate Governance Overview Statement

ROLES OF SENIOR INDEPENDENT DIRECTOR

In line with corporate governance best practices, Y. Bhg. Datuk Seri Yam Kong Choy has been appointed as Senior Independent Non-Executive Director since 1 November 2016.

As the Senior Independent Non-Executive Director, Y. Bhg. Datuk Seri Yam Kong Choy serves as a point of contact for shareholders and other stakeholders to voice their concerns relating to the affairs of the Group. The creation of this position will provide a sounding board for the Chairman and will also serve as an intermediary for other Directors, when necessary.

His roles as Senior Independent Non-Executive Director include the following:

- Chair Board meeting where the Chairman is absent, or does not arrive within 15 minutes or if the Chairman is required to be excused from the meeting;
- Review the notification by the Chairman on acceptance of new directorship in other companies;
- Advise the Board if there is any potential conflict of interest by the Chairman;
- Lead board evaluation on the Chairman;
- Perform such duties as the Board may establish; and
- Encourage dialogue session between Independent Directors and the Management.

Shareholders, other stakeholders and any other parties may contact Y.Bhg. Datuk Seri Yam Kong Choy in writing to address any concerns relating to the affairs of the Group at the Company's registered address or via e-mail at sid@malaysiaairports.com.my.

Board Committees

In order to provide effective oversight and leadership, our Board is assisted by five (5) Board Committees as stated below. Similar to the Board, each Board Committee is supported by the Company Secretary and has access to independent advice and counsel as required for the performance of its duties.

BOARD NOMINATION AND REMUNERATION COMMITTEE (BNRC)



CHAIRMAN

Datuk Azailiza Mohd Ahad

Independent Non-Executive Director

MEMBERS

Wong Shu Hsien

Non-Independent Non-Executive Director

Datuk Seri Yam Kong Choy

Senior Independent Non-Executive Director

Datuk Zalekha Hassan

Independent Non-Executive Director

Key Functions

Determines criteria for Boards' or Board Committees' membership, structure, responsibilities and effectiveness; reviews the term of office and performance of the Board, other Board Committees and individual Director; formulates and reviews the policies and procedures on human resource with regards to recruitment, appointment, promotion and transfer of GCEO [MD] and Senior Management.

Reviews, assesses and recommends to the Board, remuneration packages of the GCEO [MD] and Senior Management as well as matters relating to employees of the Group, limited to Collective Agreement for Non-Executives, Terms and Conditions of Executives, quantum of bonus and annual increment for employees.

Composition

BNRC shall comprise at least three members, all of whom shall be NEDs with majority being Independent Non-Executive Directors (INED). The BNRC currently comprises majority INEDs.

Corporate Governance Overview Statement

Board Nomination and Remuneration Committee (BNRC)

The current composition of BNRC consists of NEDs with the majority being INEDs. The BNRC maintains its independence and objectivity in discharging its responsibility of overseeing Directors, Senior Management and specific matters relating to Human Resource issues and employees.

The BNRC carried its duties and responsibilities in accordance with its TOR. During the year, seven (7) BNRC meetings were held and the main activities undertaken by the BNRC were, amongst others, as follows:

MAIN ACTIVITIES OF BNRC FOR 2019	
<ul style="list-style-type: none">Reviewed and recommended the amendments to TOR of BNRC.	<ul style="list-style-type: none">Reviewed and recommended the setting of the Corporate Scorecard and Key Performance Indicators (KPIs) of the Senior Management for 2019 and 2020.
<ul style="list-style-type: none">Reviewed the succession plan for Senior Management.	<ul style="list-style-type: none">Reviewed the findings of BPE and determined Boards' initiatives.
<ul style="list-style-type: none">Reviewed and recommended Retirement and Re-election of Directors on the Board of MAHB at 20th AGM.	<ul style="list-style-type: none">Approved the proposals to facilitate the recruitment and retention of Senior Management.
<ul style="list-style-type: none">Reviewed the time commitment and independence of INEDs and their tenure.	<ul style="list-style-type: none">Reviewed and evaluated the appointment of new Directors on the Board.
<ul style="list-style-type: none">Established the succession plan framework for Directors of MAHB Group.	<ul style="list-style-type: none">Determined the criteria for the appointment of Directors and External Director(s) on the Boards of subsidiaries of Malaysia Airports.
<ul style="list-style-type: none">Reviewed the composition of the Board, Board Committees and subsidiaries' Boards.	<ul style="list-style-type: none">Reviewed and recommended the appointment of Company Secretary.
<ul style="list-style-type: none">Approved the appointment of Senior Management.	
<ul style="list-style-type: none">Reviewed and recommended Directors' remuneration for the External Directors and NEDs on the Boards of Malaysia Airports's subsidiaries.	

The Board ensures that the composition of BNRC consists majority INEDs. The quorum for the BNRC shall be at least two (2) members, of which one should be an Independent Director. Such composition will allow for robust discussions and constructive assessment of matters presented to BNRC.

The BNRC maintains its independence and objectivity in discharging its responsibility of overseeing Directors, Senior Management and specific matters relating to Human Resource issues and employees.

Corporate Governance Overview Statement

BOARD AUDIT COMMITTEE (BAC)



CHAIRMAN

Rosli Abdullah

Independent Non-Executive Director

MEMBERS

Wong Shu Hsien

Non-Independent Non-Executive Director

Dato' Ir Mohamad Husin

Independent Non-Executive Director

Datuk Azailiza Mohd Ahad

Independent Non-Executive Director

Key Functions

Reviews and evaluates performance of External Auditors and Internal Audit Division in ensuring efficiency and effectiveness of the Company's operations, adequacy of internal control system, compliance with established policies and procedures, transparency in decision-making process and accountability of financial and management information. Review any related party transactions during each quarter.

Composition

BAC shall comprise no fewer than four members, all of whom are NEDs with majority being INEDs. At least one member must be a member of the Malaysian Institute of Accountants, or if he or she is not, then he or she must comply with Paragraph 15.09(1)(c) of the Listing Requirements of Bursa Malaysia.

The BAC currently comprises majority INEDs and the Chairman is a member of the Malaysian Institute of Accountants.

BOARD FINANCE AND INVESTMENT COMMITTEE (BOFIC)



CHAIRMAN

Datuk Seri Yam Kong Choy

Senior Independent Non-Executive Director

MEMBERS

Dato' Zamzuri Abdul Aziz

Non-Independent Non-Executive Director

Wong Shu Hsien

Non-Independent Non-Executive Director

Datuk Azailiza Mohd Ahad

Independent Non-Executive Director

Key Functions

Reviews and monitors the financial investment policy and financial investment portfolio of the Group.

Composition

BOFIC shall comprise no fewer than four members and at least one member must be an INED.

Corporate Governance Overview Statement

BOARD PROCUREMENT COMMITTEE (BPC)



CHAIRMAN

Datuk Zalekha Hassan

Independent Non-Executive Director

MEMBERS

Dato' Zamzuri Abdul Aziz

Non-Independent Non-Executive Director

Hajah Jamilah Dato' Hashim

Non-Independent Non-Executive Director

Dato' Ir Mohamad Husin

Independent Non-Executive Director

Ramanathan Sathiamutty

Independent Non-Executive Director

Key Functions

Review and approve procurement award of above RM10 million up to RM200 million, reviews and approves procurement policies and procedures, oversees and ensures efficiency and effectiveness of procurement process, and supports national development objectives.

Composition

BPC shall comprise at least three members, made up of both INEDs and NINEDs.

The BPC currently comprises majority INEDs.

BOARD RISK MANAGEMENT COMMITTEE (BRMC)



CHAIRMAN

Hajah Jamilah Dato' Hashim

Non-Independent Non-Executive Director

MEMBERS

Dato' Jana Santhiran Muniayan

Non-Independent Non-Executive Director

Datuk Zalekha Hassan

Independent Non-Executive Director

Rosli Abdullah

Independent Non-Executive Director

Ramanathan Sathiamutty

Independent Non-Executive Director

Key Functions

Formulates the overall risk management, occupational safety and health, ICAO safety management system and information security strategy of the Group and recommends for approval and/or approves (whenever applicable) any major risk decisions by the Group.

Composition

BRMC shall comprise at least four members, made up of both INEDs and NINEDs.

The BRMC currently comprises majority INEDs.

Corporate Governance Overview Statement

The details of the Terms of Reference (TOR) of each Board Committee are available at Malaysia Airports's website at www.malaysiaairports.com.my. The summary of the TOR and activities carried out by the BAC are set out in the BAC Report from pages 168 to 171 of this Annual Report.

Except for BAC which reviews its TOR on an annual basis, other Board Committees review their TOR at least once in two years.

The Chairmen and members of each Board Committee shall be appointed by the Board. As a matter of good practice, during each Board meeting, the Chairmen of the respective Board Committees will report the outcome of the Board Committee meetings previously held to the Board, and the minutes of the Board Committee meetings would be tabled for the Board's information. This would enable the Board to raise its comments or views on all deliberations and decisions of the Board Committees.

Information on Board and Board Committees' number of meetings and attendance in 2019

Attendance at the Board Meetings

Throughout 2019, all Directors attended more than 50% of the Board meetings held during the financial year and have complied with the Listing Requirements in terms of attendance.

Board meetings and Board Committee meetings for the following financial year are scheduled in advance before the end of the present financial year to enable the Directors to plan accordingly and fit the year's meetings into their schedules. Special Board meetings may be convened to consider urgent proposals or matters that require urgent decision or deliberation by the Board.

As a permanent agenda of the Board meeting, the Directors have a duty to declare immediately to the Board should they be interested, whether directly or indirectly, on any transaction proposed to be entered into by the Company. An interested Director shall abstain from deliberations and decision making on the said transaction. In the event a corporate proposal is required to be approved by the shareholders, any interested Directors shall abstain from voting on the resolutions relating to the corporate proposals and shall further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

Corporate Governance Overview Statement

In 2019, there were eighteen (18) Board meetings held, of which seven (7) were Special Board meetings. The attendance of Directors at the Board meetings held during the financial year ended 31 December 2019 is as detailed below:

DIRECTORS	NUMBER OF BOARD MEETINGS ATTENDED/HELD (during the Directors' Tenure)
Tan Sri Datuk Zainun Ali ¹ <i>Non-Independent Non-Executive Chairman</i>	17 out of 17
Datuk Siti Zaayah Md Desa ² <i>Non-Independent Non-Executive Chairman</i>	16 out of 18
Dato' Jana Sathiran Muniayan ³ <i>Non-Independent Non-Executive Director</i>	8 out of 10
Datuk Mohd Khairul Adib Abd Rahman ⁴ <i>Non-Independent Non-Executive Director</i>	1 out of 2
Wong Shu Hsien ⁵ <i>Non-Independent Non-Executive Director</i>	15 out of 15
Dato' Mohd Izani Ghani ⁶ <i>Non-Independent Non-Executive Director</i>	2 out of 2
Hajah Jamilah Dato' Hashim <i>Non-Independent Non-Executive Director</i>	17 out of 18
Datuk Seri Yam Kong Choy <i>Senior Independent Non-Executive Director</i>	18 out of 18
Datuk Zalekha Hassan <i>Independent Non-Executive Director</i>	18 out of 18
Rosli Abdullah <i>Independent Non-Executive Director</i>	18 out of 18
Dato' Ir. Mohamad Husin <i>Independent Non-Executive Director</i>	17 out of 18
Datuk Azailiza Mohd Ahad <i>Independent Non-Executive Director</i>	18 out of 18
Ramanathan Sathiamutty ⁷ <i>Independent Non-Executive Director</i>	17 out of 18

Notes:

1. Appointed as Non-Independent Non-Executive Chairman with effect from 18 January 2019.
2. Resigned as Non-Independent Non-Executive Director with effect from 30 November 2019.
3. Appointed as Non-Independent Non-Executive Director with effect from 14 June 2019.
4. Resigned as Non-Independent Non-Executive Director with effect from 31 January 2019.
5. Appointed as Non-Independent Non-Executive Director with effect from 7 March 2019.
6. Resigned as Non-Independent Non-Executive Director with effect from 28 February 2019.
7. Appointed as Independent Non-Executive Director with effect from 1 January 2019.

Corporate Governance Overview Statement

Attendance at the Board Committee Meetings

The attendance of members at the Board Committee meetings held during the financial year ended 31 December 2019 is as detailed below:

Director	BAC	BNRC	BOFIC	BRMC	BPC
Non-Independent Non-Executive	Attendance				
Tan Sri Dato' Seri Syed Anwar Jamalullail ¹		1/1			
Datuk Siti Zauyah Md Desa ²			5/5	4/5	11/12
Dato' Jana Santhiran Muniayan ³				3/3	
Datuk Mohd Khairul Adib Abd Rahman ⁴					
Wong Shu Hsien ⁵	5/5	5/5	4/4		
Dato' Mohd Izani Ghani ⁶	2/2	2/2	1/1		
Hajah Jamilah Dato' Hashim ⁷				5/5	16/17
Senior Independent Non-Executive					
Datuk Seri Yam Kong Choy ⁸		7/7	5/5		
Independent Non-Executive					
Datuk Zalekha Hassan		7/7		5/5	17/17
Rosli Abdullah	7/7			5/5	17/17
Dato' Ir Mohamad Husin	7/7		5/5		16/17
Datuk Azailiza Mohd Ahad ⁹	7/7	7/7	5/5		
Ramanathan Sathiamutty ¹⁰			4/4	5/5	
Number of meetings held in financial year 2019	7	7	5	5	17

Notes:

1. Resigned as Chairman of BNRC with effect from 17 January 2019.
2. Resigned as Member of BOFIC, BRMC and BPC with effect from 30 November 2019.
3. Appointed as Member of BRMC with effect from 14 June 2019.
4. Resigned as Member of BRMC with effect from 31 January 2019.
5. Appointed as Member of BAC, BNRC and BOFIC with effect from 7 March 2019.
6. Resigned as Chairman of BOFIC and Member of BAC and BNRC with effect from 28 February 2019.
7. Appointed as Chairman of BRMC with effect from 28 February 2019.
8. Appointed as Chairman of BOFIC and resigned as Chairman of BRMC with effect from 28 February 2019.
9. Appointed as Chairman of BNRC with effect from 30 January 2019.
10. Appointed as Member of BOFIC and BRMC with effect from 28 February 2019.

Corporate Governance Overview Statement

Activities of the Board During the Year

The main activities of the Board during the financial year ended 31 December 2019 include:

MAIN ACTIVITIES OF BOARD FOR 2019

- | | |
|--|---|
| <ul style="list-style-type: none"> Reviewed and approved the cumulative full year results for the financial year ended 31 December 2018 and approve the Directors' Report and Audited Accounts for the financial year ended 31 December 2018. | <ul style="list-style-type: none"> Reviewed and approved the setting of the Corporate Scorecard and Key Performance Indicators (KPIs) of the Senior Management for year 2019 and 2020. |
| <ul style="list-style-type: none"> Reviewed and approved the Quarterly Results for the financial year ended 31 December 2019 and the cumulative results for the financial year ended 2019. | <ul style="list-style-type: none"> Reviewed and approved the Malaysia Airports Annual Group Planning. |
| <ul style="list-style-type: none"> Approved the dividend payments and review the solvency position of the Group. | <ul style="list-style-type: none"> Reviewed report on major litigation, claims and issues with substantial financial impact. |
| <ul style="list-style-type: none"> Reviewed and approved the Business Plan and Budget for 2020. | <ul style="list-style-type: none"> Received updates on the Related Party Transactions by the Group. |
| <ul style="list-style-type: none"> Reviewed and approved the Group performance and capital expenditure. | <ul style="list-style-type: none"> Received updates on stakeholder communications and engagement strategy. |
| <ul style="list-style-type: none"> Reviewed and approved the Group's strategy including airport and business expansion plan. | <ul style="list-style-type: none"> Received updates on whistleblowing program. |
| | <ul style="list-style-type: none"> Reviewed and validated the results of Board Performance Evaluation (BPE) for 2018 as well as review the Board Improvement Plan. |
| | <ul style="list-style-type: none"> Reviewed and approved the project, investment and divestment. |

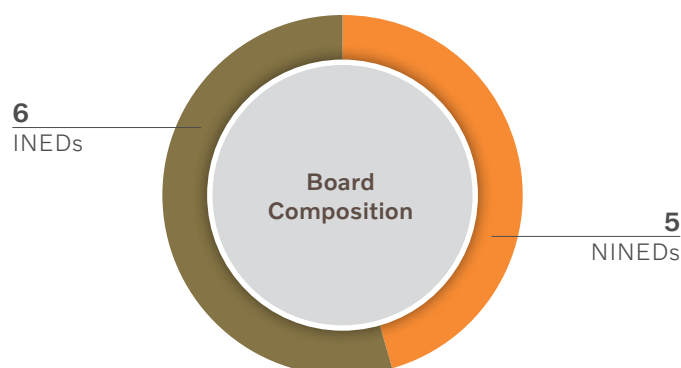
Board Composition

The Board currently comprises five (5) NINEDs and six (6) INEDs. The current Board composition complies with the Company's Constitution and exceeds the minimum one-third requirement for INEDs as set out in the Listing Requirements of Bursa Malaysia. The Board composition also complies with Practice 4.1 of MCCG 2017 that recommends board composition for Large Companies, as defined by the MCCG 2017, comprises majority independent directors. The Directors' profiles are available in pages 99 to 110 of this Annual Report.

The composition of the Board fairly reflects the interest of the Ministry of Finance (Incorporated), the Special Shareholder, which is adequately represented by the appointment of their nominees on the Board without compromising the interest of other shareholders, including the minority shareholders. Currently, two (2) of the NINEDs are nominee directors from Khazanah Nasional Berhad (KNB), the major shareholder of the Company. The INEDs on the Board represent the minority shareholders' interest and their independent voice carry significant weight in the Board's decision-making process.

Corporate Governance Overview Statement

The Board regularly reviews its composition and the composition of the Board Committees to ensure appropriate balance as well as relevant skills and experience are present at all times. The Board also considers the need to rotate the membership of the Board Committees amongst the Board members in order to expose them to the different functions of the Board Committees according to their respective skills. Nevertheless, the utmost consideration when selecting members for each Board Committee is the expertise and time commitment of each Board member.



The Board currently comprises five (5) NINEDs and six (6) INEDs which met the recommendation for Large Companies (as defined by the MCCG 2017) to have majority independent directors to sit on their Board.

Nomination and Appointment of Directors

The nomination and appointment of Directors is a vital process as it determines the Board composition and quality of the Board's capacity and competency. The BNRC is entrusted by the Board to review candidates for new appointment to the Board and determine the criteria for the selection of new Directors.

The BNRC, in making its recommendation, will consider the following criteria in the selection of candidates:

- Skills, knowledge, competencies, expertise and experience;
- Professionalism;
- Integrity;
- Diversity;
- Commitment, contribution and performance; and
- In the case of candidates for the position of INEDs, the BNRC will also evaluate the candidate's ability to discharge such responsibilities or functions as expected of the INEDs.

The Board leverages on its members' network, shareholders' recommendation and industry database to source for potential candidates for appointment to the Board.

The process of appointment of Non-Executive Director (NED) is governed by the Appointment as Independent Non-Executive Directors Framework which provide step by step procedures from the point of nomination up to the appointment of the NEDs.

Re-election and Re-appointment of Directors

In determining the Directors for retirement and re-election, one-third of the Directors, or a number nearest to one-third, who have been the longest in office since their last election shall retire by rotation at each Annual General Meeting (AGM). A director who is newly appointed during the year shall retire at the AGM following his or her retirement.

The Board, via BNRC, reviews the Directors who are subject to re-election or re-appointment at the AGM by giving due regard to his or her performance and the ability to continue to contribute to the Board in terms of knowledge, skills and experience. The Board submits its recommendation to the shareholders on the re-election or re-appointment at the AGM for approval thereof.

Corporate Governance Overview Statement

Balance, Diversity and Skills

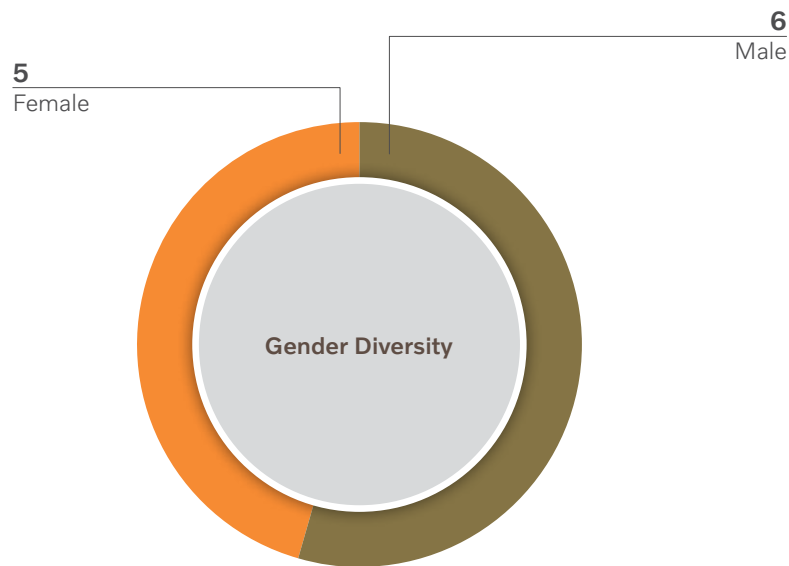
The Board believes that a balance of experience, skill, competency, expertise, diversity and knowledge are the key elements for introducing different perspectives into the Boards' discussions and to ensure better analysis of risks and opportunities in leading a long-term sustainable business. With such balance, our Board ensures the continuity of effective oversight and informed decision making with respect to issues affecting the Company.

The Board considers the diversity in gender, age and culture of the existing Board members in seeking potential candidate(s) for new appointment on the Board. This helps to ensure an appropriate balance between the experienced perspectives of the long-term directors and new perspectives that bring fresh insights to the Board.

Malaysia Airports has always been supportive of the MCCG 2017's recommendation that Large Companies must have at least 30% women directors. Currently, the Board has representation of five (5) women directors out of the total of eleven (11) directors which made up 45.45% of the Board composition. A Board Gender Diversity Policy has also been established. It is provided that the Board will maintain at least three (3) women Directors on the Board at all times and will work towards achieving and maintaining the minimum of 30% women as members of the Board at all times.

The gender diversity philosophy is cascaded from the Board level to the key operational management throughout the Group. The Company will continue to take steps to promote diversity, including gender diversity, at operational management level and strive to inculcate a working environment which is free from discrimination. The policy on diversity is also implemented in recruitment and promotion processes.

Whilst having regard to gender diversity, the Board also recognizes that diversity should also be considered from other facets such as cultural background, age, expertise, international and regional exposures and industry expertise.



Corporate Governance Overview Statement

Independent Directors and their Tenure

The Board has established an independence standard to be met by the individual Directors where it considers "independence" to be a matter of individual judgment and conscience. A Director is independent only where he or she is free from any business or other relationship that might interfere with the exercise of his or her independent judgment.

In 2019, BNRC carried out a review of the Director's independence. It concluded that each of the six (6) Independent Non-Executive Directors (INEDs) were independent at that times and had carried out their duties in an objective and professional manner. The Board was satisfied that the INEDs had represented the interest of the minority shareholders as required from them by virtue of their roles and responsibilities. The Board will continue to monitor and review whether there are relationships or circumstances that could potentially affect their independence.

The following clauses are incorporated in the Board Charter to support objective and independent deliberation, review and decision-making process of the Board:

- The Board should include an appropriate composition of NINEDs and INEDs such that no individual or group of individuals can dominate the Board's decision-making process.
- INEDs shall provide independent judgement, experience and objectivity without being subordinated to operational considerations.
- The views of the INEDs should carry significant weight in the Board's decision-making process.

The Board undertakes that the rights of minority shareholders shall not be impaired in any manner and that the number and strength of the Independent Directors are adequate to promote the independence of the Board and to safeguard the rights of the minority shareholders. The independence of the Directors is determined in accordance with the independence criteria in paragraph 1.01 of the Listing Requirements. In 2019, all six (6) INEDs satisfied the independence criteria.

The MCGG 2017 provides a limit of a cumulative term of nine (9) years for the tenure of an Independent Director, after which the Company may either seek the shareholders' approval for the Director to continue on the Board as Independent Director or the Company may re-designate the said Director as Non-Independent Director. However, the Board Charter provides that the tenure of the INEDs shall not exceed a cumulative term of nine (9) years or an age of 75 years old, whichever is earlier. To date, none of the INEDs of the Company have served more than nine (9) years.

Director's Commitment

Our Board recognises that it is important for all Directors to be able to dedicate sufficient time to the Company in discharging their responsibilities. The letters of appointment for NINEDs and INEDs contain guidelines on expected time commitment required to be dedicated to the Company. Each individual Director confirms his or her understanding of such time commitment when the appointment is accepted. With regards to external appointments, the Board Charter provides that all Board members shall notify the Chairman of the Board before accepting new directorships. This shall include an indication of time that will be spent on any new appointment. In addition, the Board reviews the contributions from the Directors annually and whether they are spending sufficient time in performing their responsibilities as members of the Board of the Company. At present, in compliance with Paragraph 15.06 of the Listing Requirements, no individual Board member has more than five (5) directorships in listed issuers at any one time.

All Board members gave their confirmation to the Company that they will devote sufficient time and attention to the Company's cause throughout the year.

Corporate Governance Overview Statement

Board Charter

The Board Charter provides guidance to the Board for the performance of its roles and responsibilities. Incorporated in the Board Charter are the roles and responsibilities of the Board, the balance and composition of the Board, the Board's authorities, schedule of matters reserved for the Board, the establishment of the Board Committees, processes and procedures for convening Board meetings, the Board's assessment and review of its performance, compliance with ethical standards, Board's access to information and advice, and the requirement for declaration of interest.

The Board Charter is made available on the Company's website at www.malaysiaairports.com.my.

Ensuring Quality of Information

The Chairman takes responsibility for ensuring that the Directors receive accurate, timely and clear information with regards to the Group's financial and operational performance as well as information contained in proposal papers submitted to the Board and Board Committees. This emphasis on quality information will enable the Board to make sound decision and provide the necessary advice to Management. In order to ensure the Board has sufficient time to read and comprehend the contents of any of the papers, all Board and Board Committee papers are issued and submitted electronically to the Board and Board Committees in advance prior to the scheduled meetings. The Company Secretary will assist the Chairman to ensure the process of disseminating the information is effective and reliable at all times.

Under the current practice, notices of Board and Board Committee meetings are issued to the Directors and Board Committee members as well as all individuals invited to attend the meetings at least 14 days from the date of the meetings. The Company endeavours to ensure that the board papers are circulated to all Directors and Board Committees at least five (5) business days in advance to ensure that Directors are provided with sufficient time to prepare for board meetings and to facilitate robust discussions.

Induction and Continuous Professional Development

The Company Secretary assisted in ensuring the Directors' continued development by facilitating induction programme of new Directors, coordinating internal training programmes, and Directors' attendance of external training programmes for existing Directors.

Other than the Mandatory Accreditation Programme (MAP) as required by Bursa Malaysia, the newly appointed Directors will receive a comprehensive induction briefing designed to familiarise themselves with the Group's businesses and operations, including the major risks faced within the environment of the Company's business as well as an overview of the additional responsibilities of NEDs.

Directors are encouraged to attend continuous professional development programmes to ensure they keep abreast with latest developments and legislations in the areas related in discharging their duties and responsibilities. A dedicated budget for Directors' training is provided each year by the Company.

During the year under review, Directors have attended continuous professional development programmes covering various topics ranging from governance, changes in statutory and regulatory requirements and industry trends. The following is a summary of training courses attended by Directors.

Corporate Governance Overview Statement

LEADERSHIP AND STRATEGY

- Razak School of Government (RSOG) Senior Leadership Programme (SLP): Leadership Presence 2019
- Integrated Reporting (<IR>): Communicating Value Creation
- PNB Leadership Forum 2019
- Strategic Assets Allocation (SAA) Board Workshop
- Validation Workshop for Strategic Messaging Framework

FINANCE

- Invest Malaysia Conference 2019
- Capital Market Director Programme
- International Monetary Fund (IMF) World Economic Outlook
- FIDE Forum-Reading the Signs: The Next Financial Crisis & Potential Impact on Asia

ACCOUNTING AND AUDIT

- Malaysian Institute of Accountants (MIA) International Accountants Conference 2019
- Audit Oversight Board Conversation with Audit Committees
- Tax Free World Association (TFWA) World Exhibition and Conference
- Presentation in collaboration with Economist & PwC Malaysia

REGULATORY AND LEGAL

- Mandatory Accreditation Programme
- Talk on New Provision Under Section 17A of the Malaysia Anti-Corruption Commission Act, 2009 and Corruption Free Pledge
- Corporate Liability - Section 17A of the Malaysia Anti-Corruption Commission Act, 2018
- Workshop on "Proposed Adoption of New Constitution in Place of Existing Memorandum and Articles of Association"
- Shariah Dialogue for 1H2019: Application of Value-Based Intermediation (VBI)
- Legal Compliance Talk for Standard Chartered

PROCUREMENT

- ProcureCon Asia 2019 – Transforming Procurement Together
- Vendor Presentation on 5G Technologies – Ericsson, Huawei, Nokia and ZTE

RISK MANAGEMENT

- Financial Institutions' Directors Education (FIDE) Elective Programme: Understanding Liquidity Risk Management in Banking
- Effective Enterprise Risk Management (ERM) and Best Practices

MANAGEMENT AND BUSINESS

- Khazanah Megatrends Forum 2019
- Khazanah Spokesperson Media Training
- Business Valuation Forum
- Company Engagement by Members of the Institutional Investors Council Malaysia
- Cinnamon Future of Tourism Summit: Challenges & Growth in the Face of a Crisis
- Business Trend & Outlook

IT STRATEGY AND GOVERNANCE

- Strategic Readiness of CapitaLand Malaysia Mall Trust (CMMT) Board in the Age of Digital Disruption
- PNB Board Workshop on IT Blueprint
- Information & Cyber Security Briefing on Digital Footprinting
- Digital Transformation

GOVERNANCE AND INTEGRITY

- Talk on Directors and Officers (D&O) Liability Insurance
- Malaysian Institute of Corporate Governance (MICG) Members' Breakfast Talk on Whistleblowing from A Practitioners' View Point
- Managing Crucial Conversation – Board Conversation
- Session on Corporate Governance and Anti-Corruption
- Mandatory Accreditation Programme (MAP) for Director of Public Listed Companies in Malaysia
- Seminar on Assessment of the Board, Board Committees & Individual Directors
- Corporate Governance (CG) Watch: How Does Malaysia Rank?

AIRPORT/AVIATION

- Airports Council International (ACI) 11th Annual Airport Economics & Finance Conference & Exhibition March 2019
- Workshop on "Enhancement of Guest Experience at KUL"
- New Airport Show Istanbul 2019
- Centre of Aviation (CAPA) World Aviation Outlook Summit & Awards for Excellence 2019

PROPERTY AND DEVELOPMENT

- Real Estate Housing Developers' Association (REHDA) Institute Annual Property Developers Conference - CEO Series: Surviving the Turbulence & World of Disruptions
- Green Building Tax Incentive Forum (GBTIF)
- Future Forward Forum, #Frontiers
- The Future of Infrastructure: "Voice of the People" Client Seminar
- The Public Realm of Tall Buildings

Corporate Governance Overview Statement

Board Performance Evaluation (BPE)

Evaluation Questionnaire had been developed to evaluate the Board, Board Committee and individual Directors which covers the following areas:

- Board composition;
- Board role and functioning;
- Information management;
- Corporate social responsibility;
- Monitoring company performance;
- Board Committee effectiveness – General evaluation of committees;
- Board priorities;
- GCEO performance evaluation and succession planning;
- Director development and management;
- Risk management;
- Board committee evaluation; and
- Director self/peer evaluation.

The strength and weaknesses identified from the evaluation will be presented to BNRC for recommendation to the Board. The Board will further deliberate the findings of the BPE and views of each Board member, of which the findings would be used as a yardstick to measure the Board's effectiveness. This will form the basis to formulate a Board Performance Improvement Plan (BPI) for the following year.

The BPE framework is reviewed periodically to ensure that BPE analysis is able to contribute to the Board's overall effectiveness and is part of an ongoing effort to drive continuous effectiveness of the Board and Board Committees.

Company Secretary

The Company Secretary, who is qualified to act as company secretary under the Companies Act, 2016, equipped with the skills and expertise to provide sound governance advice and ensure adherence to the relevant policies and procedures with regard to Corporate Governance issues, corporate secretarial and compliance matters.

The Company Secretary is responsible in providing comprehensive support, appropriate advice and guidance to the Board in relation to the Company's Constitution, proceedings of meetings, policies and procedures and compliance with the relevant statutory and regulatory requirements, guidelines as well as the principles and recommendations of best corporate governance practices. The Board are regularly updated by the Company Secretary on changes to the relevant statutory and regulatory requirements, particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors.

The Company Secretary acts as the intermediary between Management and the Board/Board Committees whereby any proposals papers and recommendations are brought to the Board/Board Committees through the Company Secretary for deliberation and approval. Thereafter, the Company Secretary will deliver the Board's/Board Committees' decisions to the Management for implementation. In this process, all the governance requirements are observed and implemented by the Company Secretary to ensure transparency and accountability are adhered at all times.

Corporate Governance Overview Statement

The functions of the Company Secretary are as tabulated below:

FUNCTIONS OF COMPANY SECRETARY

- | | |
|--|--|
| <ul style="list-style-type: none"> Responsible for advising the Directors of their duties, responsibilities and obligations to disclose their interest in securities, prohibition on dealing of securities during the closed period, restriction on disclosure of price sensitive information, disclosure of any conflict of interest and related party transaction as well as disclosure of necessary information as required under the relevant legislations. | <ul style="list-style-type: none"> Attend all Board, Board Committee, and Shareholder meetings and ensure that all meetings are properly convened, and proceedings of the Board, Board Committee, and Shareholder meetings and decisions thereof are properly recorded. |
| <ul style="list-style-type: none"> Assist the Board with interpreting legal and regulatory acts related to the MCCG 2017, Listing Requirements of Bursa Malaysia and other related regulations and developments. | <ul style="list-style-type: none"> Communicate decisions of the Board, Board Committee, and Shareholder meetings to the relevant Management for necessary action and following-up on proposals or matters tabled at the Board or Board Committee meetings. |
| <ul style="list-style-type: none"> Provide full access and services to the Board. | <ul style="list-style-type: none"> Prepare the agenda with the Chairman and notify all Directors of Board Meetings. |
| <ul style="list-style-type: none"> Advise the Board on its responsibilities to disclose material information to the shareholders and financial markets on a timely basis. | <ul style="list-style-type: none"> Handle Company's share transactions and other duties as prescribed under the relevant legislations. |
| <ul style="list-style-type: none"> Notify the Chairman of any possible violations of legal and regulatory acts. | <ul style="list-style-type: none"> Ensure execution of assessment for Directors and the Board/ Board Committees. |
| <ul style="list-style-type: none"> Ensure the appointment of new Directors, re-appointment and resignation of Directors are in accordance with the relevant legislations. | <ul style="list-style-type: none"> Brief to new Directors on organisational structure of the Company and procedures that regulate the operations of the Board. |
| <ul style="list-style-type: none"> Facilitate the orientation of new Directors and provide assistance in Directors' training and development. | <ul style="list-style-type: none"> Ensure availability of information required by new Directors for the proper discharge of their duties. |
| <ul style="list-style-type: none"> Assist the Board and the Chairman on the implementation of MCCG 2017. | <ul style="list-style-type: none"> Monitor compliance with the principles and recommendations of MCCG 2017 and inform the Board of any non-compliance. |
| <ul style="list-style-type: none"> Ensure high standard of governance by keeping abreast of the latest enhancement in corporate governance and changes in the legal and regulatory framework. | |

Corporate Governance Overview Statement

The Directors have direct access to the advice and services of the Company Secretary. The Company Secretary works closely with the Management to ensure that there is timely and appropriate information flow to the Board and Board Committees, and between the Board and the Management. In the performance of his duties, the Company Secretary is assisted by a dedicated team from the Company Secretarial Division.

The Company Secretary constantly keeps himself abreast and educated on the changes and developments in statutory and regulatory requirements, corporate governance and sustainability through continuous education and training. The training programmes attended by the Company Secretary in the financial year 2019 are as follows:

LIST OF TRAININGS ATTENDED BY COMPANY SECRETARY

- Corporate Liability - Section 17A of the Malaysia Anti-Corruption Commission Act, 2018
- Talk on Directors and Officers (D&O) Liability Insurance
- Host Culture Session – Happy Guests, Caring Hosts
- Understanding Boardroom Dynamics

Board Remuneration

The Board remuneration structure is reviewed by benchmarking the Chairman and the Directors' remuneration against peer companies, locally and regionally, to be more competitive to attract and retain NEDs and commensurate with the responsibilities and duties of the Board and Board Committees. This will in turn ensure the Board continues to provide the necessary oversight roles and mentoring out of the skills and experiences required for the effective management and operations of the Group. The calibre of the NEDs serving the Company is essential in upholding the high standards of corporate governance practised by the Group.

The Chairman and NEDs received the following fees for the financial year ended 31 December 2019:

MAHB			
NO.	FEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
1.	Directors' Fee	Monthly: RM18,000 Annually: RM216,000	Monthly: RM12,000 Annually: RM144,000
2.	Meeting Allowance 2.1 Board Meeting 2.2 Board Committee Meeting	RM5,000/meeting RM4,000/meeting	RM3,000/meeting RM2,000/meeting
3.	Senior Independent Director Allowance		Monthly: RM1,000 Annually: RM12,000

Corporate Governance Overview Statement

SUBSIDIARIES OF MAHB			
NO.	FEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
	Directors' Fee		
1.	Malaysia Airports Sdn Bhd	Monthly: RM4,000 Annually: RM48,000	Monthly: RM3,000 Annually: RM36,000
2.	Malaysia Airports (Sepang) Sdn Bhd		
3.	Malaysia Airports Consultancy Services Sdn Bhd		
4.	Urusan Teknologi Wawasan Sdn Bhd		
5.	Malaysia Airports (Niaga) Sdn Bhd		
6.	K.L. Airport Hotel Sdn Bhd		
7.	MAB Agriculture-Horticulture Sdn Bhd		
8.	KLIA Aeropolis Sdn Bhd		
9.	Malaysia Airports International Sdn Bhd		
10.	Istanbul Sabiha Gökçen International Airport (SAW) and LGM Airport Operations Trade and Tourism Inc (LGM)*		
	Meeting Allowance		
1.	Malaysia Airports Sdn Bhd	RM1,500/meeting	RM1,200/meeting
2.	Malaysia Airports (Sepang) Sdn Bhd		
3.	Malaysia Airports Consultancy Services Sdn Bhd		
4.	Urusan Teknologi Wawasan Sdn Bhd		
5.	Malaysia Airports (Niaga) Sdn Bhd		
6.	K.L. Airport Hotel Sdn Bhd		
7.	MAB Agriculture-Horticulture Sdn Bhd		
8.	KLIA Aeropolis Sdn Bhd		
9.	Malaysia Airports International Sdn Bhd		
10.	Istanbul Sabiha Gökçen International Airport (SAW) and LGM Airport Operations Trade and Tourism Inc (LGM)*		
Committee of MAHB's Subsidiaries			
NO.	FEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
	Meeting Allowance		
1.	SAW and LGM*	RM2,500/meeting	RM2,000/meeting
Management Committee of MAHB			
NO.	FEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
	Meeting Allowance		
1.	Whistleblowing Independent Committee	RM1,500/meeting	RM1,000/meeting

*To be paid to one subsidiary only (i.e SAW).

Corporate Governance Overview Statement

The details of the total remuneration of Directors for the FY2019 are summarised below:

Category	Salary, Bonus and Other Emoluments (RM)	Directors' Fees		Directors' Other Emoluments		Benefits- in-Kind		Total (RM)
		MAHB (a) (RM)	Subsi (b) (RM)	MAHB^ (c) (RM)	Subsi^ (d) (RM)	MAHB^^ (e) (RM)	Subsi^^ (f) (RM)	
Non-Executive Directors								
Tan Sri Datuk Zainun Ali <i>(Appointed with effect from 18 January 2019)</i>	0.00	195,580.64	0.00	112,903.23	0.00	37,220.63	0.00	345,704.50
Y.A.M Tan Sri Dato' Seri Syed Anwar Jamalullail <i>(Resigned with effect from 17 January 2019)</i>	0.00	8,225.81	0.00	15,467.74	0.00	12,933.33	0.00	36,626.88
Datuk Siti Zauyah Md Desa <i>(Resigned with effect from 30 November 2019)</i>	0.00	119,806.45	0.00	96,000.00	0.00	10,000.00	0.00	225,806.45
Datuk Mohd Khairul Adib Abd Rahman <i>(Resigned with effect from 31 January 2019)</i>	0.00	9,000.00	6,000.00	6,000.00	2,400.00	10,000.00	0.00	33,400.00
Dato' Jana Santhiran Muniayan <i>(Appointed with effect from 14 June 2019)</i>	0.00	78,800.00	0.00	30,000.00	0.00	0.00	0.00	108,800.00
Dato' Mohd Izani Ghani* <i>(Resigned with effect from 28 February 2019)</i>	0.00	18,000.00	62,000.00	26,000.00	40,700.00	10,000.00	0.00	156,700.00
Hajah Jamilah Dato' Hashim	0.00	131,806.45	105,290.32	117,000.00	18,600.00	10,000.00	0.00	382,696.77
Wong Shu Hsien* <i>(Appointed with effect from 7 March 2019)</i>	0.00	112,064.51	0.00	76,000.00	0.00	0.00	0.00	188,064.51
Datuk Seri Yam Kong Choy	0.00	131,806.45	132,000.00	106,000.00	19,500.00	12,194.10	0.00	401,500.55
Datuk Zalekha Hassan	0.00	128,806.45	88,935.48	154,000.00	11,500.00	15,000.00	0.00	398,241.93
Rosli Abdullah	0.00	131,806.45	118,000.00	132,000.00	50,500.00	15,700.00	0.00	448,006.45
Dato' Ir. Mohamad Husin	0.00	131,806.45	85,870.96	119,000.00	10,600.00	10,200.00	0.00	357,477.41
Datuk Azailiza Mohd Ahad	0.00	131,806.45	84,000.00	124,000.00	9,300.00	10,000.00	0.00	359,106.45
Ramanathan Sathiamutty <i>(Appointed with effect from 1 January 2019)</i>	0.00	131,806.45	55,354.84	84,000.00	6,000.00	0.00	0.00	277,161.29
Total	0.00	1,461,122.56	737,451.60	1,198,370.97	169,100.00	153,248.06	0.00	3,719,293.19
Executive Director**								
Datuk Mohd Badlisham Ghazali <i>(Resigned with effect from 22 June 2018)</i>	0.00	0.00	0.00	0.00	0.00	10,000.00	0.00	10,000.00
Grand Total	0.00	1,461,122.56	737,451.60	1,198,370.97	169,100.00	163,248.06	0.00	3,729,293.19

This disclosure is for the payment made to the respective Directors in financial year 2019.

* The amount of fee paid to Khazanah Nasional Berhad, the major shareholder of the company, in respect of services rendered to the Company by Dato' Mohd Izani Ghani, Hajah Jamilah Dato' Hashim and Wong Shu Hsien.

** Being the Managing Director.

^ Directors' Other Emoluments comprises Senior Independent Director allowance, meeting allowance, car allowance°, entertainment allowance°° and out-of-pocket expenses.

^^ Benefits-in-kind comprises car°, petrol°, toll°, driver°, telecommunication devices, club°° and professional membership, leave passage# and Directors' appreciation gift.

° For Chairman only

°° For Chairman and Managing Director only

For Managing Director Only

Corporate Governance Overview Statement

In line with the provision of the Board Charter, a review of the Directors' total remuneration shall be conducted at least once every two (2) years to ensure that remuneration levels are aligned at least at the 50th percentile of their appropriate peer group. The Board believes that the alignment of the remuneration offered to the Directors will enable the Company to continue to attract and retain individuals of the required caliber on the Board.

Senior Management Remuneration

The Board strives to ensure the Senior Management's remuneration package is competitive to be able to attract new talents, as well as to retain existing talents. Currently, the top five Senior Management's remuneration packages are within the range of RM50,000.00 per month to RM104,000.00 per month.

The Senior Management's performance is evaluated on a yearly basis where the corporate level of Key Performance Indicators (KPIs) are set by the Board and cascaded to the Senior Management. The Senior Management's performance is then reviewed in the middle of the year and at the beginning of the following year.

PRINCIPLE B : EFFECTIVENESS AUDIT AND RISK MANAGEMENT

The following two (2) Board Committees are primarily responsible for risk management and internal control oversight:

- **Board Audit Committee**

The Board Audit Committee ("BAC") plays a key role in the Company's governance structure. The BAC is positioned to rigorously challenge and ask probing questions on the Company's financial reporting process, related party transactions and conflicts of interest, internal control, internal audit and external audit processes.

It is provided under the Terms of Reference of the BAC that the former key audit partner to observe a cooling off period of at least two (2) years before being appointed as a member of the BAC. In line with MCCG 2017, the Chairman of the BAC is not the Chairman of the Board. The BAC comprised of majority Independent Directors.

During the year, the BAC members had attended professional development courses in accounting and auditing standards to keep themselves abreast of the recent development.

The BAC report is available at pages 168 to 171 of this Report.

- **Board Risk Management Committee**

The Board Risk Management Committee was established to oversee the Company's risk management framework and policies. The Committee is responsible to determine the Company's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Company's assets.

The Corporate Risk Management Profile of the Group and the mitigation plan for the risks are being monitored by BRMC on quarterly basis and updated to the Board for approval. The risks are categorised into several areas namely strategic, regulatory, operational, human capital, information technology, reputational and financial.

Corporate Governance Overview Statement

INTEGRITY AND AUDIT

Ensuring Quality in Financial Reporting

In presenting the annual audited financial statements and quarterly financial results to the shareholders, the Directors aim to present a balanced and comprehensive assessment of the Group's position and prospects. BAC assists the Board by reviewing the information disclosed and ensuring its completeness, accuracy and adequacy.

The Board is fully aware of the changes in the accounting policies with the implementation of the Malaysian Financial Reporting Standards (MFRSs) approved by the Malaysian Accounting Standards Board and has adopted the relevant MFRSs applicable for the financial year ended 31 December 2019.

The adoption of the MFRSs has changed a number of the Group's accounting policies. The principal effects of the changes in accounting policies resulting from the above adoption are set out from pages 29 to 30 of the Financial Statements which form part of this Annual Report.

Risk Management and Internal Controls

Effectiveness of the internal control system is reviewed from time to time. The Board Committees have been entrusted with their respective defined functions which are aimed at supporting the Board's oversight roles of proper implementation of corporate governance practices, audit, risk management and internal control systems. The Board is guided by the Risk Management Policy Framework to ensure effective oversight of risks and controls in the Group. The effectiveness of risk management and internal controls is continuously reviewed to ensure that they are working adequately and effectively.

INTEGRITY AND ETHICS

Code of Ethics and Conduct

Malaysia Airport's Code of Ethics and Conduct (the Code) is intended to provide clear guidelines on permissible or non-permissible conduct in the business practices of Malaysia Airports. The Code is implemented to ensure that all Employees and its representatives comply with the same standards. It shall also serve as guidelines when making judgment calls on work ethics, including in bridging and fostering close relations between the Company and its customers. The business code of conduct for the Board is subject to the statutory duties of directors under various legislative enactments, and as stipulated under the Companies Act 2016, Listing Requirements of Bursa Malaysia Securities Berhad and Securities Commission Act.

For the financial year under review, the Board has reviewed and approved the revised Code of Ethics and Conduct which amongst others include the addition of the new provisions on travel, donation, sponsorship, political contributions, declaration of assets, conduct in social media and Certification of compliance to Code of Ethics and Conduct.

The Code applies to all employees and representatives including agents, consultants, contractors and suppliers for the Company.

In line with the intended outcome on the establishment of Code of Ethics and Conduct as stipulated in the MCCG 2017, the Board is committed in promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

Corporate Governance Overview Statement

Corporate Integrity

In 2018, the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) was amended to incorporate, among others, a new Section 17A relating to offence by a commercial organisation or commonly known as corporate liability. In supporting the Malaysian Government's strong determination to fight corruption, the Company has invited MACC to brief the Board on the provisions of corporate liability. Corporate Integrity Unit of the Company has also conducted similar awareness sessions to educate the employees throughout the Group on provisions of corporate liability.

Section 17A of the MACC Act also specifies that if a commercial organisation had adequate procedures in place to prevent an act of corruption, the commercial organisation can use it as its defence in corruption cases involving persons associated with the commercial organisation. In December 2018, the Guidelines on Adequate Procedures pursuant to Section 17A of the MACC Act was launched by the MACC to assist commercial organisations in understanding the adequate procedures that should be implemented to prevent corrupt practices. The Company strives to adopt the principles as outlined by the Guidelines to enhance its efforts in eradicating corrupt practices in the business environment it operates.

Malaysia Airports has from the beginning implemented various policies and guidelines of corporate governance and anti-corruption which aims to eliminate corruption amongst our employees and stakeholders such as Code of Ethics and Conduct, whistleblowing policy, asset declaration, gift policy and vendor integrity pact.

During the year under review, the Board approved the adoption of Directors' No-Gift Policy which in essence the Directors and employees of MAHB Group are not allowed to accept gifts from the external parties, as well as gifts from within MAHB Group.

Whistleblowing Policy

To augment the Code of Ethics, the Company's Whistleblowing Policy adopted by the Board, outlines when, how and to whom complaints may be made about the actual or potential corporate fraud or breach of ethics involving employees, Management or Director in the Group. It allows the whistleblower the opportunity to file complaints outside the Management line. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. All complaints made by the whistleblower are addressed to the Whistleblowing Independent Committee (WIC). The WIC will assess all information received and act in accordance to its terms of reference. Subsequently, the WIC will submit a report to the BAC via Internal Audit reporting sessions.

Complaints can be channelled online at www.malaysiaairports.com.my via the Whistleblowing Programme Reporting of Concern Form, or emailed to wic_secretariat@malaysiaairports.com.my, or by calling the hotline at **03-8777 7314** or **019-659 2263**.

During the year, a total of 10 complaints received, which covers broad areas of concerns as mentioned above, and where appropriate, actions have been taken to address the complaints.

Corporate Governance Overview Statement

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication and Relationship with Stakeholders

Recognising that we are accountable to our stakeholders, institutional shareholders as well as minority shareholders, the reporting of financial and non-financial results in a transparent fashion is critical to earn the trust and confidence of the stakeholders. A number of formal communication channels are used to account to shareholders to update on the performance of the Group. These include communication through the Annual Reports, periodic announcement of financial results and press releases.

Shareholders may raise questions to the Company by contacting the Investors Relations Division. The Company's Investor Relations Policy enables effective communication with the shareholders, potential investors, other stakeholders and the public in general. It is intended to give them a clear picture of the Group's performance and operations. To maintain transparency and effectively address matters and concerns raised by any parties, the Company has a dedicated email at ir@malaysiaairports.com.my to which stakeholders can direct their queries.

The Board acknowledges the importance that the shareholders be informed of all material information affecting the Company in a timely manner by requiring the following:

- All announcements on quarterly financial results, change in the composition of the Board, etc., are disclosed to Bursa Malaysia within statutory timelines and immediately made available on the website;
- All information released to the stakeholders is to be placed on Malaysia Airports' website promptly following the release;
- Clear, accurate and sufficient information to enable shareholders and investors to make informed investment decisions; and
- All formal queries by Bursa Malaysia and other regulatory authorities are expeditiously responded to.

Conduct of General Meeting

The Board is equally interested in the concerns of the minority shareholders. The Company Secretary oversees the communication with these shareholders. The Board recognises the significance of the constructive use of AGM as an avenue for a dialogue with minority shareholders based on the mutual understanding of objectives. Individual shareholders can put questions to the Chairman at the AGM. Chairmen of various Board Committees attend the AGM to respond to any questions on the activities of the Board Committees as provided under their respective terms of references.

The Notice of AGM is circulated 28 days before the date of the meeting to enable shareholders to go through the Annual Report, adopting the Practice under Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders of MCCG 2017 and fulfilling the minimum 21-day requirement under the Companies Act 2016 and the Listing Requirements of Bursa Malaysia. The additional time given to shareholders enables them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or to appoint an attorney to attend on their behalf.

At the commencement of the AGM, the Chairman shall inform the shareholders on the resolutions put forth for approval and explain that the voting on all the resolutions shall be by poll pursuant to the Listing Requirement of Bursa Malaysia.

To assist the shareholders in exercising their rights, the Chairman shall read out the provisions of the Constitution on the shareholders' right to demand for a poll vote.

Corporate Governance Overview Statement

As guided by MCCG 2017, in facilitating greater shareholder participation, the Board has taken proactive measure in leveraging technology in the 20th AGM held in 2019 via electronic voting.

The Board will maintain good dialogue with shareholders by proactively arranging meetings, presentations and events, so as to better understand the views of the shareholders on a range of issues from strategy to corporate governance.

Shareholders are also encouraged to contact the following personnel pertaining to investor relations matters:

Zeid Abdul Razak

Senior Manager, Investor Relations

Contact Details

Tel: 603-8777 7006

Fax: 603-8777 7570

E-mail: ir@malaysiaairports.com.my

Statement of Directors' Responsibility in Preparing the Audited Financial Statements

The Companies Act, 2016 requires the Directors to prepare financial statements for each financial year in accordance with the Financial Reporting Standards, and places responsibility on the Directors to ensure that the financial statements provide a true and fair view of the financial position of the Company and its financial performance and cash flows for the financial year. The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position in the Directors' Report and the Audited Financial Statements as set out in the Financial Statements 2019.

Statement on Compliance with the Listing Requirements of Bursa Malaysia in relation to Application of Principles and Adoption of Best Practices of MCCG 2017

This Corporate Governance Overview Statement is made in compliance with Paragraph 15.25 of the Listing Requirements of Bursa Malaysia. The Board is pleased to report to the shareholders that to the best of its knowledge, the Company is satisfied that during the financial year ended 31 December 2019, the Company had applied most of the practices laid down in MCCG 2017 and will endeavour to continuously adopt the principles set out in MCCG 2017 from time to time.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors and approved at the Board of Directors' meeting held on 30 January 2020.

On behalf of the Board



Tan Sri Datuk Zainun Ali

Chairman

Statement on Risk Management and Internal Control

INTRODUCTION

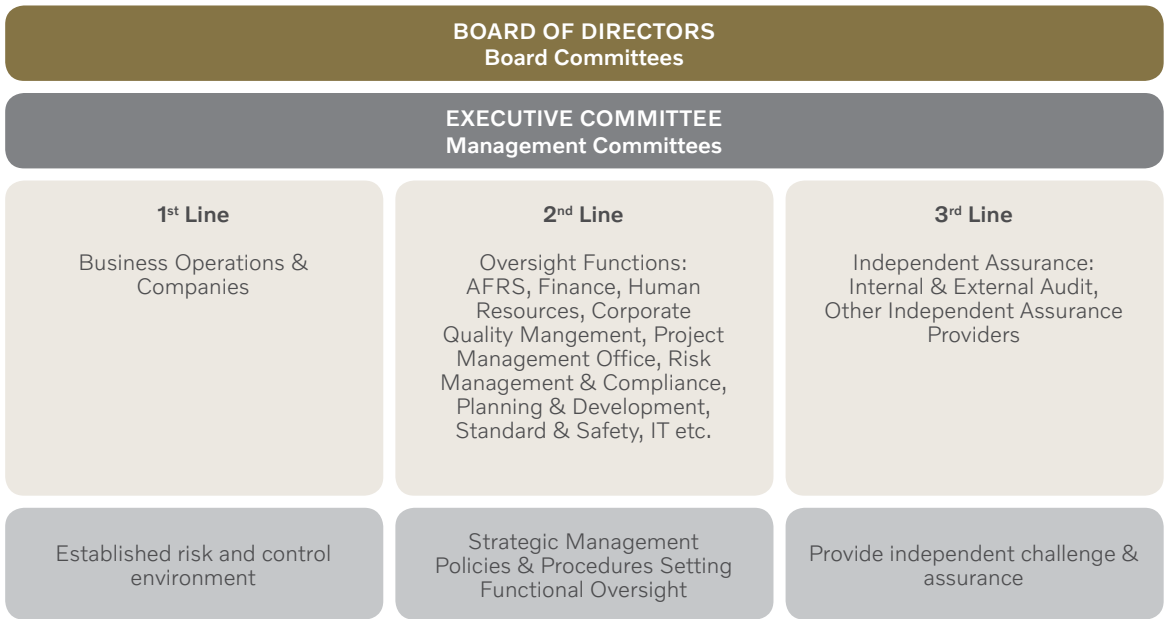
Malaysia Airports integrates its risk management and internal controls into the management process and business activities of the Group. Risks are managed by ensuring adequate controls and mitigation plans are in place and ensuring improvements are made as and when the need arises.

Responsibility And Accountability

Responsibilities regarding the Governance functions can be summarised as follows:



Three Lines Of Defence Model



Statement on Risk Management and Internal Control

First Line Of Defence

The first line of defence is handled by front-line and mid-line managers who have day-to-day ownership and management over risks and controls which are executed to enhance the likelihood that the organisation's objectives are achieved.

Second Line Of Defence

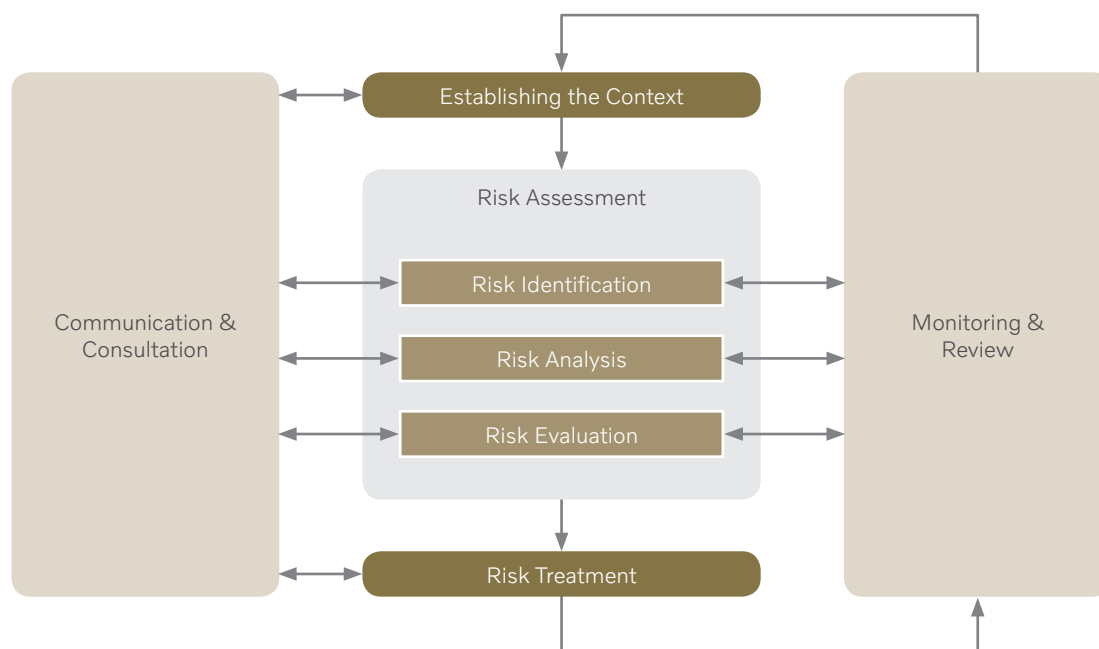
The second line of defence is put in place to support senior management by bringing expertise and monitoring alongside the first line to ensure that risks and controls are properly managed. Second line functions may develop, implement, or modify internal controls and risk processes of the organisation.

Third Line Of Defence

Internal and external audit are the third line of defence, offering independent challenge to the levels of assurance provided by the business operations and oversight functions. As and when necessary, other independent assurance providers are engaged to perform this work as well.

Risk Management Framework & Process

Malaysia Airports' risk management and internal control system is guided by ISO 31000: Risk Management - Principles and Guidelines and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework.



Statement on Risk Management and Internal Control

GOVERNANCE STRUCTURE

The governance structure spans the whole organisation; from the Board at the top right to the operational and tactical level below. Material risks are both communicated top down and bottom up.



KEY RISK AREAS

Key risks are risks deemed having significant and material impact to the Group. These are highlighted to the Board Risk Management Committee (BRMC) so as to update the Board on the management actions to mitigate the risks.

CATEGORY	CHALLENGES	MITIGATION MEASURES
STRATEGIC RISK	<ul style="list-style-type: none"> Operating Agreement (OA), Regulatory Asset Base (RAB) Framework <ul style="list-style-type: none"> Terms of the OA and the RAB Framework may have a significant bearing to Malaysia Airports business model. Thus, if unfavourable, it may impact the operations and financials of the Group. 	<ul style="list-style-type: none"> Malaysia Airports has an OA Working Committee which is constantly engaging relevant stakeholders i.e. Ministry of Transport and Ministry of Finance regarding the OA and RAB.
OPERATIONAL	<ul style="list-style-type: none"> Assets, Technology & Capacity, Cybersecurity threats, Safety & Security <ul style="list-style-type: none"> Optimal working conditions of critical assets and facilities is paramount in meeting service quality standards and operational performance for the comfort and convenience of airport users. 	<ul style="list-style-type: none"> Continuous efforts are in place to review, monitor and replace assets to ensure optimal operations. In the meantime, planned preventive maintenance is in place and for airports reaching capacity, optimisation programmes are ongoing. Ongoing programmes and audits on safety and security aspects are in place.
REGULATORY & COMPLIANCE	<ul style="list-style-type: none"> Preserving Compliance with Aviation Standards and Requirements <ul style="list-style-type: none"> Malaysia Airports operates in a highly regulated environment. Compliances to the regulations ensures smooth operations and business continuity. 	<ul style="list-style-type: none"> Malaysia Airports advocates strict compliance on relevant aviation standards, regulations and circulars. The airports are subject to annual regulatory audits, whereby findings and remedial actions are agreed with the relevant regulatory authorities. Internal and external audits are also carried out to ensure compliance.

Statement on Risk Management and Internal Control

CATEGORY	CHALLENGES	MITIGATION MEASURES
HUMAN CAPITAL	<ul style="list-style-type: none"> • Succession Planning, Competencies & Workplace Culture <ul style="list-style-type: none"> - Addressing gaps of the above would advance the ability of Malaysia Airports to achieve desired outcomes and objectives of the company. 	<ul style="list-style-type: none"> • Programmes to build capabilities of successors and talent pipelines have been established. • Malaysia Airports runs training programmes for both regulated and non-regulated job roles. Identification of skills gap is done by both superior and self. For personnel in regulated-roles, annual competency assessments are carried out as per requirement by CAAM. • Culture-wise, Malaysia Airports have been embarking on moving towards a more customer-centric culture with "Happy Guests, Caring Hosts" and "Bounce Higher as Caring Hosts" programmes being rolled out throughout the year. • Continuous awareness sessions for directors and employees on recent legal and corporate developments in the prevention of corruption. Three main topics covered – Anti-Bribery and Corruption Guide, corporate liability under s. 17A of the Malaysian Anti-Corruption Commission Act 2009 and the implementation of the Anti-Bribery Management System (ABMS) by Malaysia Airports.
FINANCIAL	<ul style="list-style-type: none"> • Execution Risks, Government Decisions & International geopolitical climate <ul style="list-style-type: none"> - Timeliness in execution of plans is essential in ensuring projected financial figures are achieved and to avoid revenue gap. - Government decisions and geopolitical climate in areas where we operate have a direct impact on the viability and sustainability of operations. • Change in global travel patterns. 	<ul style="list-style-type: none"> • Planned projects are monitored to ensure the executions are on track. Further to this, a Programme Oversight Committee is set up to have an overview of all projects in the company. • As part of international project risk assessment, country and political factors are being considered. Engagement with local government on a G-to-G platform is also carried out as and when necessary. • Continuous monitoring and assessments of prevailing situations.
REPUTATIONAL	<ul style="list-style-type: none"> • Managing Perception <ul style="list-style-type: none"> - Timeliness and context of communications regarding Malaysia Airports shapes the image and brand of the Group, whereby any misperceptions can lead to reputational risks. 	<ul style="list-style-type: none"> • Malaysia Airports is proactive and transparent in sharing information in thriving times or during adverse situations to manage stakeholders' perception. • The Management provides consistent corporate messages across the Group of its strategic thrusts and direction, by engaging at townhalls, knowledge sharing sessions and strategic workshops.

The Board through the BRMC, monitors and reviews the controls and action plans taken by Management to address the key risks at a minimum on quarterly basis.

Statement on Risk Management and Internal Control

KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL

The Group's internal control system is intertwined with operating activities and Board's review of internal control effectiveness, centred on Committee of the Sponsoring Organizations of the Treadway Commission (COSO) framework, is based on information from:

- Key management within the organisation with the responsibility for the development and maintenance of the risk management and internal control framework;
- The work of the Internal Auditors, who submit regular reports to the Board Audit Committee which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of risk management and internal control together with recommendations for improvement; and
- Comments made by the External Auditors in their Management Letter and other reports.

Under the COSO Internal Control - Integrated Framework, internal control assessment is segregated into five interrelated components as follows:

- A. Control Environment
- B. Risk Assessment
- C. Control Activities
- D. Information and Communication
- E. Monitoring

A. Control Environment

- Board Committees are governed by clearly defined Terms of References (TORs).
- Malaysia Airports' Group Code of Ethics is the standard policy for all Malaysia Airports' employees in their professional conduct with fellow employees, and the Group's representatives including agents, consultants, contractors and suppliers.
- Vendors of MAHB are required to abide by provisions under the Malaysia Airports Vendor Code of Ethics (Vendor Code) effective from 19 December 2016.

B. Risk Assessment

- Subsidiaries, departments and units conducts risk assessments prior to engaging in initiatives as well as for their unit on at least quarterly basis. This is signed-off digitally using the Malaysia Airports risk Scorecard system.



Statement on Risk Management and Internal Control

C. Control Activities

- The Group Approval Limits of Authority (GALOA) is reviewed and updated periodically to ensure that financial limits and guidelines are current to facilitate effective and efficient decision-making, which covers the following areas:
 - a. Corporate Matters;
 - b. Legal Matters;
 - c. Finance and Accounts;
 - d. Procurement and Contracts;
 - e. Human Resources;
 - f. Items applicable to SSHG;
 - g. Airport and Non-Airport Operations;
 - h. Investment/Divestments;
 - i. Risk Management;
 - j. Information and Communications Technology.
- Policies and procedures such as those that address accounting policies, value management, procurement limits, and quality management system are approved by the Board and are applicable across the Group.
- The Whistleblowing Programme, whereby the Corporate Integrity Unit acts as the Secretariat, provide Malaysia Airports' employees and stakeholders with a mechanism to report malpractices and irregularities responsibly within the Group, to maintain a state of confidence of integrity within Malaysia Airports.

D. Information And Communication

- A Corporate Communication Policy provides guidance and ensures that communication across the Group and beyond is well coordinated, effectively and strategically managed and meets the diverse needs of the organisation.

E. Monitoring

- Monitoring the effectiveness of internal controls is embedded in the normal course of the business. Periodic assessments are being integrated as part of Management's continuous monitoring of internal controls.

AFFIRMATION BY THE GROUP CHIEF EXECUTIVE OFFICER AND GROUP CHIEF FINANCIAL OFFICER

In relation to the risk management process, the Group Chief Executive Officer and Group Chief Financial Officer to the best of their ability and knowledge confirm that the Group's risk management and internal control system is operating adequately and effectively as at 31 December 2019.

REVIEW BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Bursa Malaysia Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the 2019 Annual Report of MAHB Group, and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

CONCLUSION

The Board and Management will continue to take measures to strengthen the control environment and monitor the health of the risk management and internal controls framework.

Board Audit Committee Report

The Board Audit Committee (BAC) of Malaysia Airports Holdings Berhad (MAHB or the Company) is pleased to present the BAC Report for the financial year ended 31 December 2019 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The function of BAC is to assist the Board in fulfilling its oversight responsibilities. The BAC had reviewed and evaluated the performance of External Auditors and Internal Audit Division (IAD) in ensuring efficiency and effectiveness of the Company's operations, adequacy of internal control system, compliance with established policies and procedures, transparency in decision-making process, accountability of financial and management information, and review on any related party transactions during each quarter. The Terms of Reference of the BAC sets out the composition, authority, duties and responsibilities of the BAC which are in compliance with the requirements of the MMLR and Malaysian Code on Corporate Governance 2017 (MCCG 2017). The Terms of Reference of the BAC is assessable at MAHB official website; www.malaysiaairports.com.my.

MEMBERSHIP

The BAC comprises four (4) Non-Executive Directors of whom three (3) are Independent Directors. The membership of BAC is as follows:

Rosli Abdullah (Chairman)

Independent Non-Executive Director

Datuk Azailiza Mohd Ahad

Independent Non-Executive Director

Dato' Ir Mohamad Husin

Independent Non-Executive Director

Wong Shu Hsien

Non-Independent Non-Executive Director

None of BAC members are alternate directors and the above composition is in compliance with Paragraph 15.09(1)(b) of the MMLR and the MCCG 2017.

The Chairman of the BAC is a member of the Malaysian Institute of Accountants. The Chairman of the BAC is also the Chairman of the Audit and Risk Committee (ARC) of Istanbul Sabiha Gökçen Uluslararası Havalimani Yatırım Yapım Ve İşletme A.Ş (SAW) and LGM Havalimani İşletmeleri Ticaret Ve Turizm A.Ş (LGM).

All members of the BAC are financially literate and have sufficient understanding of the Company's business. Members of the BAC attended related Directors' training and continuous professional development. In addition, the BAC practises a cooling-off period of two (2) years for former audit partner before being appointed as a member of the BAC.

During the financial year under review, the performance and effectiveness of the BAC has been evaluated by the Board. Having reviewed the BAC's performance, the Board is satisfied that the BAC members had discharged their functions, duties and responsibilities in accordance with the Terms of Reference of the BAC.

MEETINGS

Whilst the BAC Terms of Reference requires the Committee to meet six (6) times a year, during the year under review, the BAC met seven (7) times with the following record of attendance:

Board Audit Committee Report

Name of Director	Attendance
Rosli Abdullah	7/7
Datuk Azailiza Mohd Ahad	7/7
Dato' Ir Mohamad Husin	7/7
Wong Shu Hsien	5/5*
*Appointed on 7 March 2019	

Aside from the BAC members, attendance during the meetings include the Acting General Manager IAD and the Company Secretary, who is also the Secretary to the BAC. Representatives of Senior Management were invited to deliberate on matters related to their purview. The External Auditors' representatives were invited to attend the meetings as and when required. During the year, the BAC also held a private discussion with the External Auditors.

The minutes of the BAC meetings were circulated to all members of the Board of Directors of MAHB ("MAHB Board") and material issues were discussed at the MAHB Board meetings.

SUMMARY OF ACTIVITIES OF THE BAC DURING THE FINANCIAL YEAR 2019

The main activities undertaken by the BAC in discharging its functions and duties during the year under review were as follows:

Financial Reporting

- Reviewed and monitored the financial position and performance of the MAHB Group on quarterly basis.
- Reviewed the quarterly financial results of the MAHB Group before recommending to the MAHB Board.
- Reviewed the audited financial statements of MAHB Group with the External Auditors before recommending to the MAHB Board.
- Ensured compliance to the MMLR of Bursa Malaysia, applicable accounting standards in Malaysia, provisions of Companies Act 2016 and other legal and regulatory requirements.

Internal Control

- Reviewed the effectiveness of the system of internal control, considering the findings from internal and external auditors.
- Reviewed the Statement on Risk Management and Internal Controls which was supported by an independent review by Ernst and Young.
- Reviewed the Related Party Transactions (RPT) and Recurrent Related Party Transaction (RRPT) at every quarter.

Internal Audit

- Reviewed and approved the IAD's Risk-based Internal Audit Plan, budget and manpower requirements to ensure adequacy of resources, competencies and coverage on key risk areas.
- Reviewed and deliberated on the audit reports issued by IAD on the effectiveness and adequacy of governance, risk management, operational and compliance processes. The BAC then considered those recommendations including the Management's responses, before proposing that the control weaknesses be rectified and recommendations for improvements be implemented.
- Reviewed follow-up reports by the IAD on the status of actions taken by the Management on recommendations suggested in the audit reports.
- Reviewed follow-up reports by the IAD on External Auditors' significant audit observations as set out in the Management Letter and status of actions taken by the Management on issues raised by the External Auditors.
- Evaluated the performance of the IAD and recommended improvements.

External Audit

- Evaluated the performance of the External Auditors and made recommendations to the MAHB Board on the appointment and audit fees.
- Reviewed the External Auditor's scope of work and audit plans for the financial year.
- Reviewed with the External Auditors their Management Letter together with the management responses.

Board Audit Committee Report

Related Party Transactions

- Reviewed the RPT entered into by the MAHB Group, including RRPT to determine whether the transactions are in the best interest of MAHB; fair, reasonable and at arms-length; internal control procedures are sufficient and have been complied with; and in compliance with relevant provisions of the MMLR, if any.

Annual Report

- Reviewed the BAC Report and Statement of Risk Management and Internal Control for onward MAHB Board approval, for publication in the 2019 Annual Report.

Other Activities

- Deliberated all matters pertaining to whistleblowing programme, ethics, integrity, corruption, abuse of power and other scope covered under the Malaysian Anti-Corruption Committee Act 2009.
- Reviewed and approved Corporate Integrity Division (CID)'s Annual Plan and budget.
- Reviewed and approved the Key Performance Indicators and assessed the performance of the Head of CID.
- Reviewed the status reports on the whistleblowing programme and CID activities tabled during the year.
- Approved related mandatory company's announcement to Bursa Malaysia in compliance with MMLR.
- Reviewed the revised BAC Terms of Reference for approval by MAHB Board.

INTERNAL AUDIT FUNCTION

The BAC is supported by the IAD in discharging its duties and responsibilities. The Internal Audit authority, responsibilities and scope of work is defined in the Internal Audit Charter approved by the BAC. The Internal Audit Charter is inline with the standards and principle outlined in the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA).

In determining the priorities of the internal audit activities, IAD applies a risk-based approach and the annual audit plan is reviewed periodically, considering changes in the risk exposure and operating environment. An Audit Management System is used to enhance the effectiveness and efficiency of the audit process. Execution of audit engagements are guided by the Committee of Sponsoring Organisations (COSO) and Control Objectives for Information and Related Technologies (COBIT) framework in ensuring IAD conforms to the Standards and deliver value-added services.

The IAD audit universe includes functions of governance, risk management and review of controls in the areas of, but not limited to Corporate, Governance & Compliance, Information Systems, Airports (Operations, Engineering, Revenue Management, Safety and Security) and other subsidiaries' business in aviation services, airport commercial & retail, facilities & infrastructure management, hospitality management, airport consultancy, plantation and aeropolis.

On periodic basis, IAD presented to the BAC the updates on its activities comprising key highlights of areas reviewed, follow-up of outstanding issues, progress of the 2019 Annual Audit Plan and ad hoc assignments. The Internal Audit function of subsidiaries in Turkey; SAW and LGM reports to the Acting General Manager IAD of MAHB, and related updates on activities were presented to the ARC of SAW and LGM.

The Group IAD performed audit in various areas, in accordance to the Audit Plan which among others include the following key areas:

Corporate

Brand Equity, Quality of Service – Framework and Host Culture Transformation

Governance

Projects, Due Diligence, Assurance Mapping Exercise

Board Audit Committee Report

Information Technology

Network & Infrastructure, Airport IT Infrastructure (Flight Information Display, Baggage Handling System, Wifi)

Operations

Engineering, Procurement, Commercial and Aeronautical Revenue, Plantation, Security system and Operations, Inventory Management, Food & Beverages, Airport Fire & Rescue Services, and Quality of Service - Infrastructure Readiness

Financial

Budget process, Treasury

Others*

Related Party Transaction, Investigations, Special Review, Project

** Request from the Board, Board Committees, Management or arising from the Whistleblowing Programme.*

During the financial year, Group IAD issued a total of sixty-seven (67) reports inclusive of twelve (12) from SAW and four (4) from LGM. There were also three (3) updates to BAC on improvement actions of follow-up audits.

The above Internal Audit reports were issued to the Management for their responses and remedial actions. The Management is responsible for ensuring that corrective actions are taken on reported weaknesses within the required time frame. The Internal Audit reports are then presented at the BAC and the respective Board of Subsidiaries (where applicable, whichever earlier). Subsequently, Internal Audit Management Committee meeting is held to debrief on the matters of concern.

As at 31 December 2019, IAD had a total of 20 auditors, made up from diverse backgrounds as follows:

Discipline	No. of Internal Auditors	Percentage (%)
Accounting, Actuarial, Finance & Business	12	60
Information Technology & Business	4	20
Engineering	3	15
Operations	1	5
Total	20	100

Annually, all staff are required to disclose any relationship or Conflict of Interest to safeguard against impairment of objectivity and independence. External quality assessment by a qualified independent reviewer is conducted every five years since year 2008 in ensuring audit work performed by the Internal Auditors is in line with The IIA standards. Based on the external quality assessment conducted by The IIA Malaysia in 2018, the IAD has fulfilled the key objectives in accordance with the IIA's International Standards for the Professional Practice of Internal Auditing, with the rating of "Generally Conform".

For the financial year 2019, total internal audit expenditure incurred for MAHB was RM 3.46 million (2018: RM3.89 million) whilst for SAW and LGM was TL 613,758 (2018: TL 554,772) [equivalent to RM 439,029 (2018: RM 434,075)].

For the financial year under review, the BAC is of the view that the Company is in compliance with the MMLR.

Rosli Abdullah

Chairman

Board Audit Committee

Investor Relations

INVESTOR RELATIONS

At Malaysia Airports, we dedicate our efforts in continuously creating and maximising values for our esteemed shareholders. We understand the importance to continuously engage our existing shareholders and prospective investors to keep them up to date with insights, strategies, business performance and latest developments within the Group. The Group has in place a dedicated Investor Relations team which facilitates effective communication with the Company's shareholders, analysts and fund managers. Our comprehensive Investor Relations Programme was implemented to consistently deliver effective, timely and transparent communication with the investment community.

To keep senior management and the Board abreast of market perceptions and concerns, the Investor Relations team provides regular updates on shareholding details, investor relations activities, recommendations by analysts and comments from the investment community, as well as commentary on share price performance. The Investor Relations team also facilitates shareholder communication and engagement, with the senior management's full support.

QUARTERLY FINANCIAL RESULTS AND ANALYST BRIEFING

Malaysia Airports organises presentations with teleconferencing facilities during quarterly financial result briefings to the media, equity and fixed income analysts as well as the fund managers. Site visits and meetings held at our facilities are also held regularly with members of the investment community, to keep them abreast with the Group's latest developments. Our proactive Investor Relations initiatives ensure timely dissemination of relevant information to the public and investment community for better understanding of the financial, operational performance as well as key strategies of the Group.

Malaysia Airports further emphasises on timely disclosure through the circulation of investor presentation. Presentation of financial results and performance are prepared in a concise and transparent manner and are made available on our website in conjunction with the release of financial results announcement to Bursa Malaysia Securities Berhad.

INVESTOR ENGAGEMENT

- **One-on-one Meetings Conference Calls and Investor Conferences**

The senior management and Investor Relations teams have been actively participating in meetings and conference calls with institutional investors, fund managers, analyst and rating agencies

held in Malaysia as well as abroad. We participated in over 570 meetings, conference calls and presentations organised either internally or by local and foreign research houses, as an effort to continuously reach out to a wider investor base.

The Group's efforts on engaging with stakeholders have not come unnoticed, as Malaysia Airports was once again recognised by various institutions within the investment community:

- Highest return to shareholders over three years at The Edge Billion Ringgit Club 2019
- Industry Excellence Award by the Minority Shareholders Watch Group at The ASEAN Corporate Governance Award
- 3rd best Investor Relations Professional in Malaysia by Institutional Investor in 2019
- 4th place for Best Company for Investor Relations (Large Cap) at the Malaysia Investor Relations Association (MIRA) Awards
- 8th place for Best Investor Relations Professional (Large Cap) at the Malaysia Investor Relations Association (MIRA) Awards

- **Investor Relations Portal**

In further efforts to enhance access by various stakeholders, the Investor Relations team maintains an Investor Relations portal, on the company's website, www.malaysiaairports.com.my. The website offers an effective communication platform with a wide range of information for shareholders, prospective investors and the general public including key financial highlights, annual reports, financial results, investor presentations, press releases, and disclosures to Bursa Malaysia Securities Berhad.

- **Investor feedback**

To further strengthen the relationship with the investment community, we value feedback or enquiries which can be communicated directly to us via our dedicated email address at ir@malaysiaairports.com.my.

The Investor Relations team endeavours to provide timely responses to feedback or queries by ongoing engagement and direct communication with the stakeholders.

MALAYSIA AIRPORTS CREDIT RATING

Malaysia Airports is committed towards sound financial position and robust balance sheet. In 2019, Malaysia Airports continues to exhibit strong financial and operating fundamentals; as evident by its strong investment grade credit ratings:

Investor Relations

MALAYSIA AIRPORTS CREDIT RATING (continued)

Rating Agency	Credit Rating
RAM	AAA
Moody's	A3

Malaysia Airports is committed to maintain the above ratings, which are achieved via prudent and pragmatic capital management approach taken by the Group in the course of doing its business.

Investor Relations Contact:-

Zeid Abdul Razak, Investor Relations

Tel: +603 8777 7495

Fax: +603 8777 7830

E-Mail: ir@malaysiaairports.com.my

Conferences, Roadshows and Events in 2019

19-20 March	Bursa Malaysia Invest Malaysia, Malaysia
25-26 March	Credit Suisse Asian Investment Conference, Hong Kong
15 April	Minority Shareholders Watch Group, Malaysia
24 April	Institutional Investors Council Malaysia, Sepang
25 April	Affin Hwang Aviation Conference, Malaysia
21-22 May	dbAccess Asia Conference, Singapore
24 June	Goldman Sachs Non-deal Roadshow, Hong Kong
25 June	HSBC Transport, Infrastructure & Logistics Conference, Hong Kong
25-26 June	Citi ASEAN C-Suite Investor Conference, Singapore
18 July	MIDF Roundtable Discussion, Malaysia
14-16 August	UBS Non-deal Roadshow, Australia
26-27 August	Macquarie ASEAN Conference, Singapore
28 August	AllianceDBS Non-deal Roadshow, Singapore
4 September	Citi Malaysia Investor Symposium, Malaysia
10-11 September	CLSA Investors' Forum, Hong Kong
17-18 September	Nomura Malaysia Corporate Day, Japan & South Korea
23-27 September	CIMB Non-deal Roadshow, Europe
5 November	Bursa Malaysia & Hong Leong Investment Focus Series, Malaysia
28 - 29 November	Maybank Non-deal Roadshow, Thailand

Equity Research Coverage

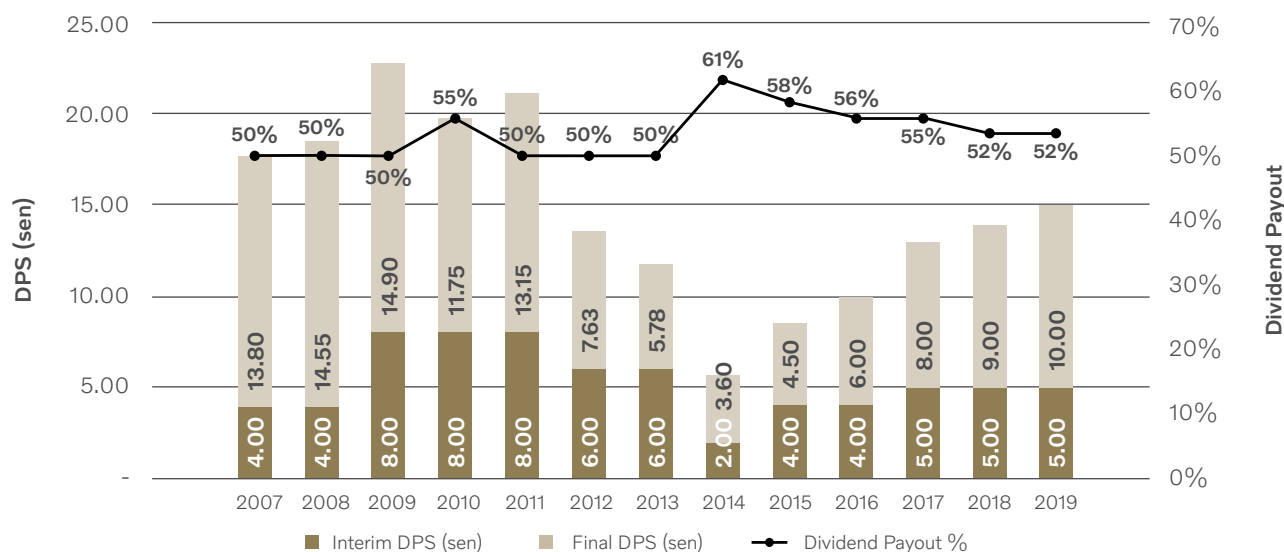
Affin Hwang Investment Bank Berhad
Alliance DBS Research Sdn. Bhd.
CIMB Investment Bank Berhad
Citi Research
CLSA Limited
Credit Suisse Securities (Malaysia) Sdn Bhd.
Deutsche Bank AG
Goldman Sachs Global Investment Research
Hong Leong Investment Bank Berhad
The Hongkong and Shanghai Banking Corporation Ltd
JPMorgan Securities (Malaysia) Sdn. Bhd.
KAF-Seagroatt & Campbell Securities Sdn. Bhd.
Kenanga Investment Bank Berhad
Macquarie Capital Securities (Malaysia) Sdn Bhd
Maybank Investment Bank Berhad
MIDF Amanah Investment Bank Berhad
Nomura Securities Malaysia Sdn. Bhd.
RHB Research Institute Sdn. Bhd.
TA Securities Holdings Berhad
UBS Securities Malaysia Sdn Bhd
UOB Kay Hian Pte Ltd

Dividend Policy

DIVIDEND POLICY

The Company's dividend policy entails the payment of dividend at a payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest commencing from the financial year 2007. Nevertheless, the actual amount and timing of the dividend payments will depend on the Company's cash flow position, results of operations, business prospects, current and expected obligations, and such other matters as the Board may deem relevant.

Financial Year	Interim Dividend (sen)		Final Dividend (sen)		Payout Ratio (%)
	Franked	Single Tier	Franked	Single Tier	
2007	4.00		13.80		50.0
2008	4.00		14.55		50.0
2009	8.00		14.90		50.0
2010	8.00		11.75		55.0
2011	8.00		12.85	0.30	50.0
2012		6.00		7.63	50.0
2013		6.00		5.78	50.0
2014		2.00		3.60	61.0
2015		4.00		4.50	58.0
2016		4.00		6.00	56.0
2017		5.00		8.00	55.0
2018		5.00		9.00	52.0
2019		5.00		10.00	52.0



Additional Compliance Information

The following information is provided in compliance with paragraph 9.25 of the Bursa Malaysia Listing Requirements.

1. Status of Utilisation of Proceeds raised from Corporate Proposal

There were no proceeds raised by the Company from any corporate proposal during the financial year ended 31 December 2019.

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid to the External Auditors, Messrs Ernst & Young PLT, during the financial year ended 31 December 2019, are as follows:-

	Company (RM)	%	Group (RM)	%
Audit Fee	280,000	90.3	1,350,000	77.9
Non-audit Fee	30,000	9.7	382,000	22.1
Total	310,000	100.0	1,732,000	100.00

The nature of the services rendered for the non-audit fees incurred are corporate advisory services, review of the statement of Risk Management and Internal Control and review of the statement of User Fee.

3. Material Contracts

There were no material contracts nor any contracts entered into by the Company and/or its subsidiaries involving interests of directors and/or major shareholders either subsisting as at 31 December 2019 or entered into since the end of the previous financial year ended 31 December 2018.

4. Recurrent Related Party Transactions of Revenue Nature

There were no recurrent related party transactions of a revenue nature entered into by the Company during the financial year ended 31 December 2019.

5. Employees Share Option Scheme

There were no Employees Share Option Scheme granted by the Company during the financial year ended 31 December 2019.

6. Corporate Social Responsibility

Please refer to our Sustainability Report 2019.

Corporate Information

BOARD OF DIRECTORS

Tan Sri Datuk Zainun Ali
(Chairman)
(Non-Independent Non-Executive)

Dato' Zamzuri Abdul Aziz
(Non-Independent Non-Executive)

Dato' Jana Santhiran Muniayan
(Non-Independent Non-Executive)

Wong Shu Hsien
(Non-Independent Non-Executive)

Hajah Jamilah Dato' Hashim
(Non-Independent Non-Executive)

Datuk Seri Yam Kong Choy
(Senior Independent Non-Executive)

Datuk Zalekha Hassan
(Independent Non-Executive)

Rosli Abdullah
(Independent Non-Executive)

Dato' Ir. Mohamad Husin
(Independent Non-Executive)

Datuk Azailiza Mohd Ahad
(Independent Non-Executive)

Ramanathan Sathiamutty
(Independent Non-Executive)

Dato' Dr. Amiruddin Muhamed
(Non-Independent Non-Executive)
(Alternate Director to Dato' Zamzuri Abdul Aziz)



BOARD AUDIT COMMITTEE

Rosli Abdullah
(Chairman)
(Independent Non-Executive)

Wong Shu Hsien
(Non-Independent Non-Executive)

Dato' Ir. Mohamad Husin
(Independent Non-Executive)

Datuk Azailiza Mohd Ahad
(Independent Non-Executive)

BOARD NOMINATION AND REMUNERATION COMMITTEE

Datuk Azailiza Mohd Ahad
(Chairman)
(Independent Non-Executive)

Wong Shu Hsien
(Non-Independent Non-Executive)

Datuk Seri Yam Kong Choy
(Senior Independent Non-Executive)

Datuk Zalekha Hassan
(Independent Non-Executive)

BOARD FINANCE AND INVESTMENT COMMITTEE

Datuk Seri Yam Kong Choy
(Chairman)
(Senior Independent Non-Executive)

Dato' Zamzuri Abdul Aziz
(Non-Independent Non-Executive)

Wong Shu Hsien
(Non-Independent Non-Executive)

Datuk Azailiza Mohd Ahad
(Independent Non-Executive)

Corporate Information

BOARD PROCUREMENT COMMITTEE

Datuk Zalekha Hassan

(Chairman)

(Independent Non-Executive)

Dato' Zamzuri Abdul Aziz

(Non-Independent Non-Executive)

Hajah Jamilah Dato' Hashim

(Non-Independent Non-Executive)

Dato' Ir. Mohamad Husin

(Independent Non-Executive)

Mr. Ramanathan Sathiamutty

(Independent Non-Executive)

BOARD RISK MANAGEMENT COMMITTEE

Hajah Jamilah Dato' Hashim

(Chairman)

(Non-Independent Non-Executive)

Dato' Jana Santhiran Muniayan

(Non-Independent Non-Executive)

Datuk Zalekha Hassan

(Independent Non-Executive)

Rosli Abdullah

(Independent Non-Executive)

Mr. Ramanathan Sathiamutty

(Independent Non-Executive)

COMPANY SECRETARY

Zawardi Salleh

(MAICSA 7026210)

GROUP FINANCE

Mohamed Rastam Shahrom

Group Chief Financial Officer

REGISTERED OFFICE

Malaysia Airports Corporate Office

Persiaran Korporat KLIA

64000 KLIA, Sepang

Selangor Darul Ehsan

Tel : 603-8777 7011

Fax : 603-8777 7512

E-mail : zawardi@malaysiaairports.com.my

WEBSITE

www.malaysiaairports.com.my

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Tel : 603-2084 9000

Fax : 603-2094 9940/2095 0292

AUDITORS

Messrs. Ernst & Young PLT

Level 23A, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

50490 Kuala Lumpur

Tel : 603-7495 8000

Fax : 603-2095 9076/78

PRINCIPAL BANKERS

CIMB Bank Berhad

Malayan Banking Berhad

Citibank Berhad

STOCK EXCHANGE LISTING

Listed on Main Market of

Bursa Malaysia Securities Berhad

Listing Date : 30 November 1999

Stock Name : AIRPORT

Stock Code : 5014

Stock Sector : Transportation & Logistics

Awards and Accolades



1 ASIA RESPONSIBLE ENTERPRISE AWARDS 2019

Green Leadership Category

2 ACI

KL International Airport Achieved Level 3 'Optimisation' Airport Carbon Accreditation by Airports Council International

3 ASEAN TOURISM AWARD 2019- ASEAN PUBLIC TOILET STANDARD AWARD

KLIA was recognised as one of the recipients of the ASEAN Public Toilet Standard Award for achieving the criterias of an ASEAN public toilet

4 ROUTES ASIA MARKETING AWARDS

Excellence in Airport Marketing
(Under 4m pax) - Langkawi International Airport

5 2019 MALAYSIA ENTERPRISE INNOVATION AWARD

Excellence in Enterprise Innovation, Malaysia

6 GLOBAL LEADERSHIP AWARDS 2019

Leadership Excellence in Customer Service

7 EUROPEAN SOCIETY OF QUALITY RESEARCH (ESQR)

Quality Choice Prize 2019

8 MSWG – ASEAN CORPORATE GOVERNANCE AWARDS 2018

Industry Excellence Award - Transportation & Logistic

9 MSOSH AWARD 2018

Gold Class II - Sandakan Airport

10 NATIONAL ENERGY AWARD 2019

Winner Category 1 - Energy Efficiency (klia2)

11 THE EDGE BILLION RINGGIT CLUB AWARD 2019

Highest Return to Shareholders Over Three Years

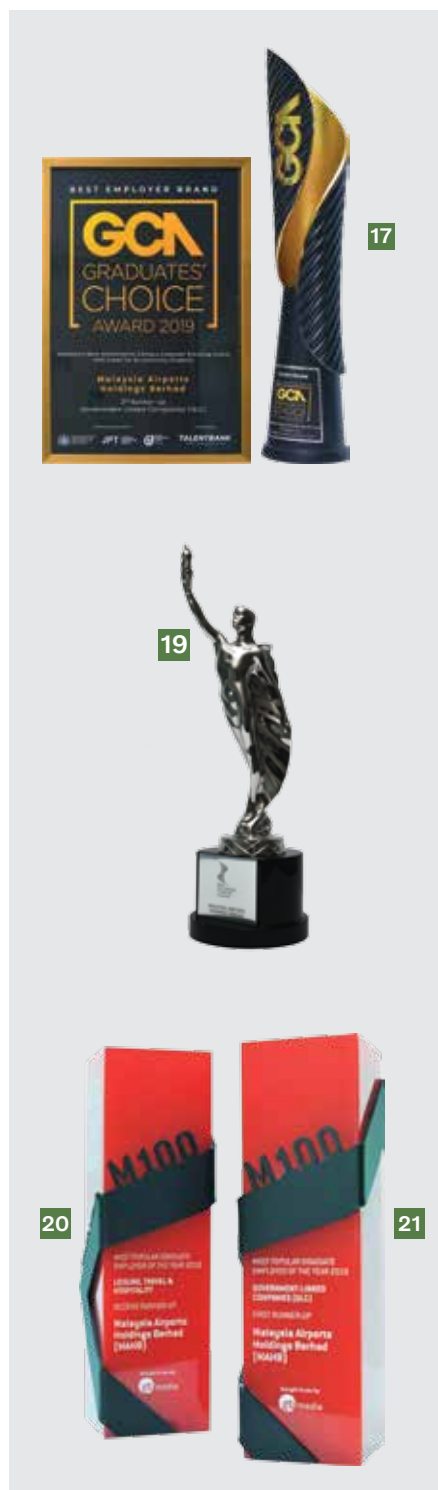
12 ASIA CORPORATE EXCELLENCE & SUSTAINABILITY AWARDS 2019

Industry Champion of The Year

13 ASEAN ENERGY AWARDS 2019

1st Runner Up - Energy Efficient Building New and Existing Building Category

Awards and Accolades

**14 FOCUS MALAYSIA**

4th Ranked in Focus Malaysia's 10 Most Transparent Stocks

15 PWC

Finalist for The Building Trust Awards

16 MALAYSIAN INSTITUTE OF CORPORATE GOVERNANCE (MICG)

3rd Ranked for Transparency in Corporate Reporting: Assessing Malaysia's Top 100 Public Listed Companies by The Malaysian Institute of Corporate Reporting (MICG)

17 GRADUATES CHOICE AWARDS 2019- BEST EMPLOYER BRAND

2nd Runner Up - GLC

18 APQO INTERNATIONAL ACE AWARD 2019

3 stars at the 4th ACE Team International Awards Competition 25th APQO International Conference 2019

19 HR ASIA

Best Companies to Work for In Asia 2019

20 MOST POPULAR GRADUATE EMPLOYER OF THE YEAR 2019

2nd Runner Up - Leisure, Travel & Hospitality

21 MOST POPULAR GRADUATE EMPLOYER OF THE YEAR 2019

1st Runner Up - GLC

22 SKYTRAX

KLIA: No 4 for World's Best Airports (50-60 Million Passengers Category)

23 SKYTRAX

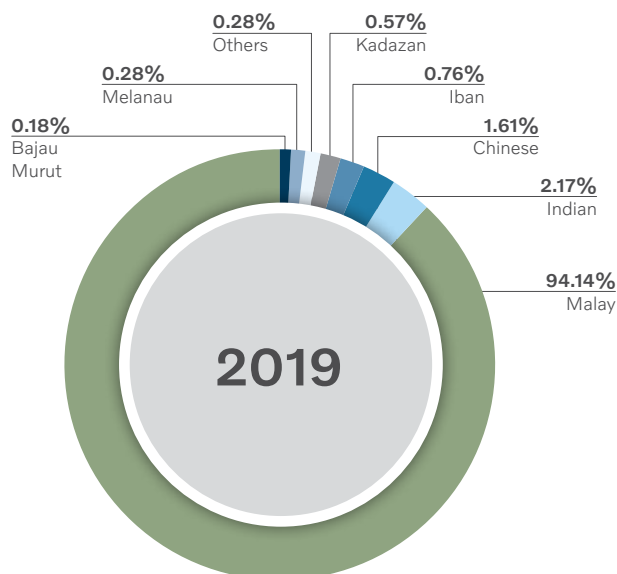
klia2 – No 3 For World's Best Low-Cost Airline Terminals 2019

24 BEST AIRPORT OF YEAR

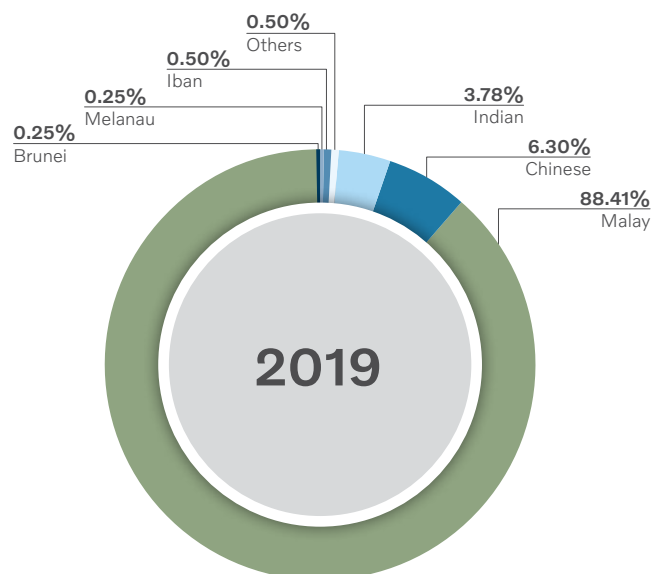
Istanbul Sabiha Gökçen International Airport awarded 'Best Airport of Year'

Statement of Workforce

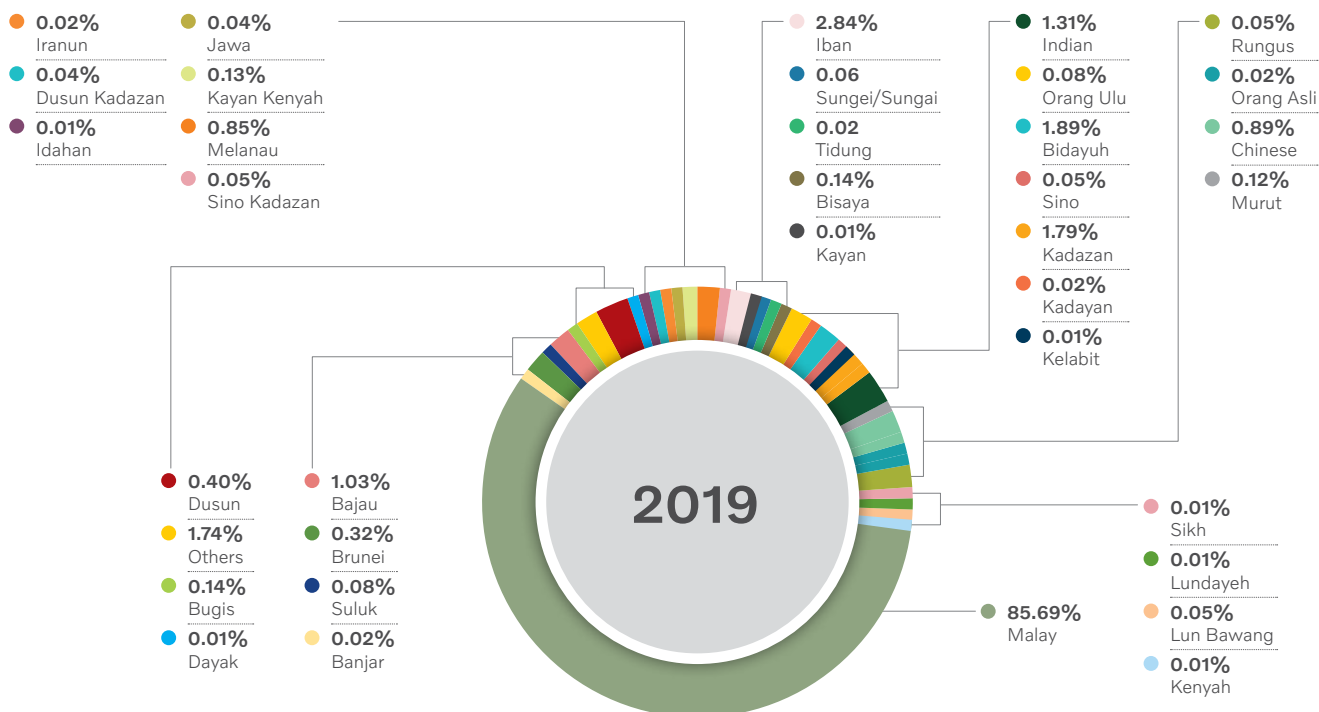
EXECUTIVE



MANAGEMENT



NON-EXECUTIVE



Airport Performance Benchmark

As airports tend to operate under different circumstances in terms of aviation activities, commercial activities, site constraints, governance and ownership structures, etc., there are no specific performance indicators that individual airports would find consistently relevant and useful. For example, privatised airports are likely to focus on different financial performance indicators than non-profit government-owned airports. Larger airports are likely to focus on different performance indicators compared to smaller airports. Airports with large developable land areas are likely to focus on different performance indicators than tightly constrained airports in large urban areas. As such, benchmarking becomes relatively complex. These are well illustrated in the International Civil Aviation Organisation's (ICAO) Airports Economics Manual and Airport Council International's (ACI) Guide to Airport Performance Measures.

Even among airports with similar characteristics, managers may have different views regarding which performance indicators are most important, as well as how many performance indicators the airport should track. A smaller set of closely monitored performance indicators tend to be a more effective performance management tool than a larger set of performance indicators that attracts less focus.

Airport benchmarking is divided into two types of comparisons; firstly, the internal or self-benchmarking, where an airport compares its performance with itself over time; and secondly, external or peer benchmarking where an airport compares its performance against other airports, either at a single point in time or over an extended period. Malaysia Airports' Annual Report and the accompanying Sustainability Report cover both these areas to some detail. In addition, this section attempts to cover only those areas of benchmarking not covered elsewhere in this report but considered as being of some relevance to the esteemed stakeholders and shareholders.

When comparing one airport to another, some of the typical factors that drive different results and should be considered in making comparisons include passenger volume, capacity constraints, mix of international and domestic traffic, mix of local and transfer passengers, mix of passenger carrier service (full-service network, low-cost, charter), mix of passenger versus cargo activity, degree of outsourcing, range of services provided by the airport, airport development programme status, weather conditions, geographic location, urban versus rural location, physical size of the airport, public transportation access and usage, regulatory environment, local labour conditions, and ownership and governance structure. Internal benchmarking, where an airport compares its performance with itself over time, is less complex than external benchmarking because the number of variables that change at an airport from one year to another is limited. However, year-on-year comparisons may not be simple as the variables involved may have changed. The complexities involved in making airport comparisons do not suggest that external benchmarking is totally meaningless but rather to show that many indicators will be useful primarily for internal benchmarking and even internal benchmarking should be viewed not as an end in itself. For external benchmarking results to be meaningful, it is essential to find truly comparable 'peer' airports in terms of the many factors that drive the indicator and many performance indicators measure or include as a denominator, passengers, aircraft movements, or other factors which are largely beyond the airport's control.

The common benchmarks reflected in the ICAO and ACI documents are as below:

- I. Core measurements that shows the activity level at the airports such as passengers and categories of passengers, aircraft movements, cargo movements, airlines and destinations.
- II. Safety and security statistics such as runway accidents and incursions, bird strikes and occupational injuries. Safety indicators are used to track air field safety issues as well as safety issues involving other portions of the airport, including roadways and general employee safety. Security indicators may be used to track security violations, thefts and crimes, and responsiveness.
- III. Service quality levels such as customer satisfaction, delay statistics, security, passport, check in and baggage clearing times. Service quality indicators focus both on how passengers perceive the level of service provided by the airport, and on objective measures of service delivery.
- IV. Productivity/cost effectiveness such as passengers/aircraft movements per employee, aircraft movements per gate, total cost per passenger/aircraft movement, operating cost per work load unit etc. These indicators of airport efficiency measure the resources used to produce a certain volume of activity, e.g., departures per gate or total passengers per airport employee.

Airport Performance Benchmark

- V. Financial and commercial measurements such as aeronautical/non-aeronautical revenue per passenger/aircraft, non-aeronautical operating revenue as a percentage of total revenue, EBITDA per passenger etc. Financial/commercial performance indicators are used to track the airport's financial performance, including airport charges, airport financial strength and sustainability, and the performance of individual commercial functions.
- VI. Environmental-related such as carbon footprint, waste reduction percentage, utilities/energy usage per passenger, water consumption per passenger etc. Environmental indicators are used to track an airport's progress in minimising the environmental impacts of its operations.

ICAO produces airport financial statistics annually, but it is published not early enough while the financial information on airports is limited and difficult to obtain. In addition, for airport operators that are listed, the available data from published accounts is for the whole Group. Even Malaysia Airports' published accounts does not carry detailed accounts of individual airports. Other organisations which have done airport benchmarking include ACI, LeighFisher, Skytrax and International Air Transport Association (IATA). Data obtained from IATA suggest that KL International Airport (KLIA) is competitive in terms of passenger service charges and passenger security service charges and landing charges compared against other airports in the region. LeighFisher's Report 2019 that tracks the world's top 50 airports (or airport group), indicate that aero revenue per passenger as well as per aircraft movement at Malaysian airports is only around one-third of the benchmark average.

Ranking	Airport	Aero Revenue/Passenger (USD)	Ranking Index
	World Average	11.60	100.0
4	Tokyo Narita	19.42	167.4
19	Hong Kong	12.11	104.4
22	Singapore	11.94	103.0
44	Airports of Thailand	7.01	60.4
49	Malaysia Airports	4.33	37.3

Source: Leigh Fisher's 2019 Airport Performance Indicators

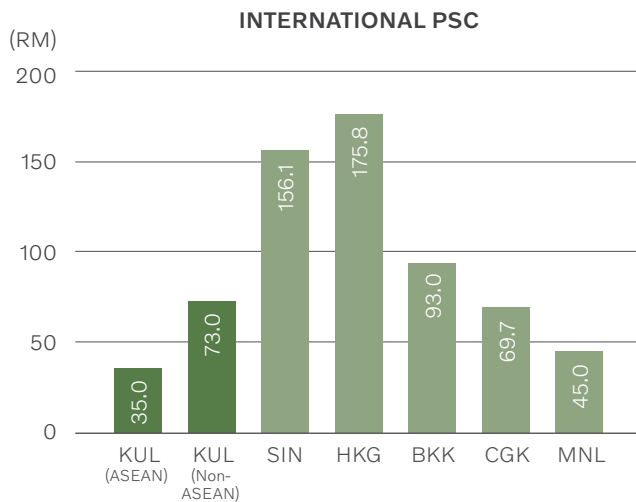
On the passenger traffic side, KLIA continued to register growth in 2019. The traffic performance of some airports in the region is as follows:

Airport	2019	% Change
Hong Kong International Airport (HKG)	71,543,000	-4.2%
Incheon International Airport (ICN)	71,169,722	4.3%
Changi International Airport Singapore (SIN)	68,300,000	4.1%
Suvarnabhumi International Airport Bangkok (BKK)	65,424,564	3.2%
KL International Airport (KUL)	62,336,469	3.9%
Narita International Airport Tokyo (NRT)	44,344,739	4.1%

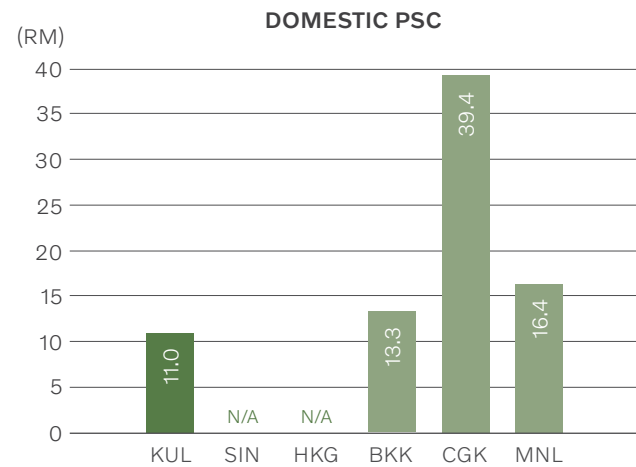
Source: Various airports' passenger traffic movement announcements

Airport Performance Benchmark

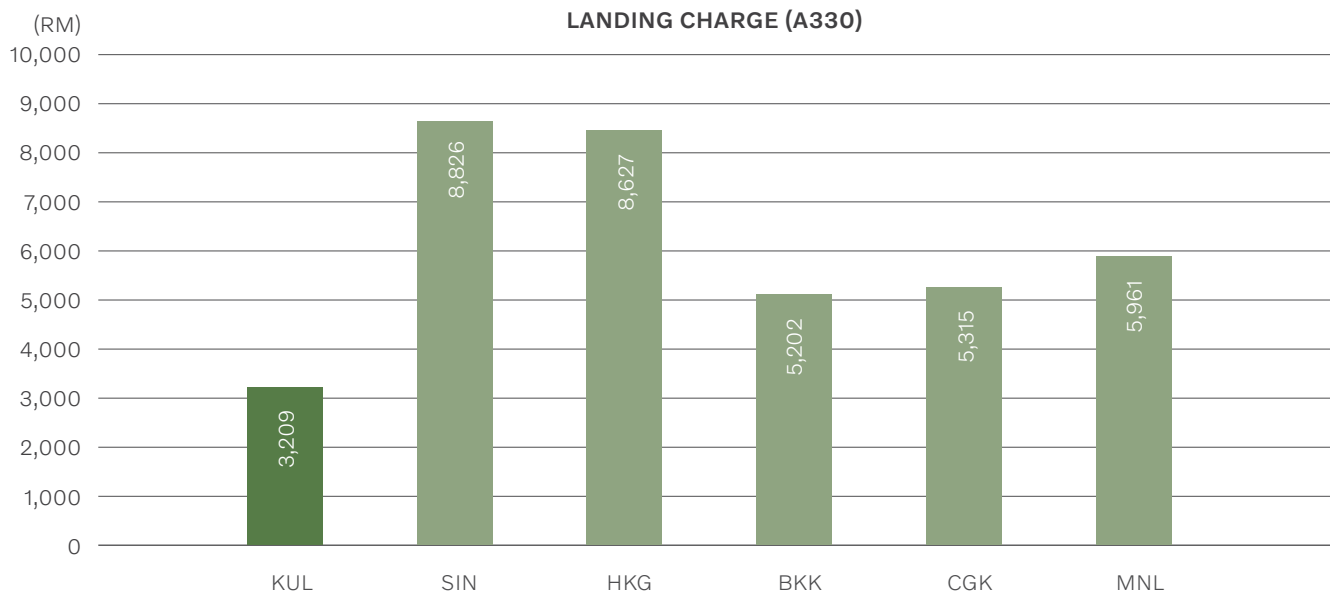
Benchmarking of airport charges provides a glimpse of airlines and passengers cost for using an airport. Passenger service charges and aircraft landing charges at some airports in the region are as follows:



* Internationally PSC is inclusive of security charges and other passenger-related levies



** Domestic PSC is inclusive of security charges



Airports Statistics

TOTAL MAHB GROUP TRAFFIC 2019				
PASSENGER MOVEMENTS		2019	2018	+/-
MY passengers	[international]	53,285,807	51,708,189	3.1%
	[domestic]	51,976,759	47,393,619	9.7%
	[Total]	105,262,566	99,101,808	6.2%
SAW passengers	[international]	14,234,482	11,671,870	22.0%
	[domestic]	21,718,823	22,387,047	-3.0%
	[Total]	35,953,305	34,058,917	5.6%
Total MAHB Group		141,215,871	133,160,725	6.0%
AIRCRAFT MOVEMENTS		2019	2018	+/-
MY commercial aircraft	[international]	351,038	348,945	0.6%
	[domestic]	542,405	515,009	5.3%
	[Total]	893,443	863,954	3.4%
SAW commercial aircraft	[international]	97,885	83,203	17.6%
	[domestic]	132,394	141,543	-6.5%
	[Total]	230,279	224,746	2.5%
Total commercial aircraft		1,123,722	1,088,700	3.2%
MY All other aircraft		152,780	136,511	11.9%
SAW All other aircraft		5,189	7,524	-31.0%
Total MAHB Group		1,281,691	1,232,735	4.0%
CARGO MOVEMENTS [tonnes]		2019	2018	+/-
MY cargo movements	[international]	757,687	777,761	-2.6%
	[domestic]	186,095	194,343	-4.2%
	[Total]	943,782	972,104	-2.9%
SAW cargo movements	[international]	49,870	57,498	-13.3%
	[domestic]	9,452	7,768	21.7%
	[Total]	59,322	65,266	-9.1%
Total MAHB Group		1,003,104	1,037,370	-3.3%

Note : MY - MAHB Airports in Malaysia
SAW - Istanbul Sabiha Gökçen International Airport, Turkey

Airports Statistics

TRAFFIC 2019 MALAYSIA OPERATIONS				
PASSENGER MOVEMENTS		2019	2018	+/-
Terminal passengers	[international]	53,195,236	51,588,818	3.1%
Terminal passengers	[domestic]	51,962,942	47,321,717	9.8%
Transit passengers		104,388	191,273	-45.4%
Total passenger movements		105,262,566	99,101,808	6.2%
AIRCRAFT MOVEMENTS		2019	2018	+/-
Commercial aircraft	[international]	351,038	348,945	0.6%
Commercial aircraft	[domestic]	542,405	515,009	5.3%
Total commercial aircraft		893,443	863,954	3.4%
All other aircraft		152,780	136,511	11.9%
Total aircraft movements		1,046,223	1,000,465	4.6%
CARGO MOVEMENTS [tonnes]		2019	2018	+/-
Cargo movements	[international]	745,096	764,652	-2.6%
Cargo movements	[domestic]	182,837	191,458	-4.5%
Transit cargo		15,849	15,994	-0.9%
Total cargo movements		943,782	972,104	-2.9%
MAIL MOVEMENTS [tonnes]		2019	2018	+/-
Mail movements	[international]	27,516	26,212	5.0%
Mail movements	[domestic]	1,108	1,950	-43.2%
Transit mail		102	177	-42.1%
Total mail movements		28,726	28,338	1.4%



Scan here for
Airport Statistics

Statement of Shareholdings

As at 29 April 2020

SHARE CAPITAL

Issued and Fully Paid-Up Capital : RM1,659,191,829/-
 Class of Equity Securities : 1,659,191,828 Ordinary Shares and
 One Special Rights Redeemable Preference Share
 Voting Rights : One vote per ordinary share
 The Special Share has no voting right other than that referred to in Note 27 of the
 Audited Financial Statements.

ANALYSIS OF SHAREHOLDINGS AS AT 29 APRIL 2020

A. DISTRIBUTION OF SHAREHOLDINGS (MALAYSIAN & FOREIGN)

Size of Holdings	No. of Holders		No. of Holdings		Percentage	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 – 99	676	13	9,200	226	0.00	0.00
100 – 1,000	4,230	67	3,308,769	35,767	0.20	0.00
1,001 – 10,000	5,077	136	14,635,959	639,538	0.88	0.04
10,001 – 100,000	481	290	13,371,986	12,561,861	0.81	0.76
100,001 – 82,959,590 (*)	118	397	333,636,930	513,221,438	20.11	30.93
82,959,591 and above (**)	2	0	767,770,154	0	46.27	0.00
Total	10,584	903	1,132,732,998	526,458,830	68.27	31.73
Grand Total	11,487		1,659,191,828		100.00	

Remark: * Less than 5% of Issued Holdings
 ** 5% and above of Issued Holdings

Note(s): The above information is based on records as provided by Bursa Malaysia Depository Sdn Bhd and number of holders reflected is in reference to CDS account numbers.

Statement of Shareholdings

As at 29 April 2020

B. LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS AS AT 29 APRIL 2020

(without aggregating securities from different securities accounts belonging to the same person)

Name of Shareholders	No. of Holdings	Percentage
1. KHAZANAH NASIONAL BERHAD	551,033,428	33.21
2. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	216,736,726	13.06
3. AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM BUMIPUTERA</i>	61,199,400	3.69
4. KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	58,119,100	3.50
5. CARTABAN NOMINEES (ASING) SDN BHD <i>GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)</i>	24,414,979	1.47
6. CARTABAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR RBC INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)</i>	24,288,751	1.46
7. HSBC NOMINEES (ASING) SDN BHD <i>TNTC FOR THE GENESIS GROUP TRUST FOR EMPLOYEE BENEFIT PLANS</i>	19,806,300	1.19
8. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)</i>	18,447,100	1.11
9. CARTABAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)</i>	17,906,163	1.08
10. HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND</i>	16,438,939	0.99
11. HSBC NOMINEES (ASING) SDN BHD <i>TNTC FOR NEW ZEALAND SUPERANNUATION FUND</i>	16,018,891	0.97
12. AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA 2 – WAWASAN</i>	14,993,400	0.90
13. CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PAMB FOR PRULINK EQUITY FUND</i>	14,345,400	0.86
14. HSBC NOMINEES (ASING) SDN BHD <i>JPMBL SA FOR STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL</i>	14,160,001	0.85
15. HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND</i>	12,916,730	0.78
16. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR AIA BHD.</i>	10,509,783	0.63
17. HSBC NOMINEES (ASING) SDN BHD <i>TNTC FOR COMMONWEALTH SUPERANNUATION CORPORATION</i>	10,508,028	0.63
18. DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>STATE STREET AUSTRALIA FUND REMI FOR RETAIL EMPLOYEES SUPERANNUATION TRUST</i>	9,845,842	0.59
19. CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY FOR NORGES BANK (FI 17)</i>	9,486,179	0.57

Statement of Shareholdings

As at 29 April 2020

Name of Shareholders	No. of Holdings	Percentage
20. HSBC NOMINEES (ASING) SDN BHD <i>J.P. MORGAN SECURITIES PLC</i>	9,254,940	0.56
21. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)</i>	9,216,566	0.56
22. HSBC NOMINEES (ASING) SDN BHD <i>BBH (LUX) SCA FOR THE GENESIS EMERGING MARKETS INVESTMENT COMPANY</i>	9,055,200	0.55
23. HSBC NOMINEES (ASING) SDN BHD <i>HSBC BANK PLC (LONDON)</i>	8,409,917	0.51
24. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)</i>	7,619,600	0.46
25. AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA</i>	7,418,600	0.45
26. HSBC NOMINEES (ASING) SDN BHD <i>HSBC BK PLC FOR KUWAIT INVESTMENT OFFICE (KIO)</i>	7,390,428	0.45
27. CITIGROUP NOMINEES (ASING) SDN BHD <i>CBHK FOR HOSTPLUS POOLED SUPERANNUATION TRUST (NORTHCAP CAP)</i>	7,360,146	0.44
28. HSBC NOMINEES (ASING) SDN BHD <i>CS (LUX) S.A. FOR PARTNERS GROUP LISTED INVESTMENTS SICAV – LISTED INFRASTRUCTURE</i>	6,996,338	0.42
29. CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC</i>	6,889,345	0.42
30. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)</i>	6,839,700	0.41

Statement of Shareholdings

As at 29 April 2020

C. LIST OF SECURITIES ACCOUNT HOLDERS OF SPECIAL RIGHTS REDEEMABLE PREFERENCE SHARE AS AT 29 APRIL 2020

1. The Minister of Finance (Incorporated)

D. SUBSTANTIAL SHAREHOLDERS AS AT 29 APRIL 2020

(as shown in the register of substantial shareholders)

Name of Substantial Shareholders	No. of Shares held		Percentage
	Direct	Indirect	
Khazanah Nasional Berhad	551,033,428	-	33.21
Employees Provident Fund Board	241,450,992	-	14.55

E. DIRECTORS' SHAREHOLDINGS AS AT 29 APRIL 2020

(as shown in the register of directors' shareholdings)

Name of Directors	No. of Shares		Percentage
	Direct	Indirect	
1. Tan Sri Datuk Zainun Ali	-	-	-
2. Dato' Zamzuri Abdul Aziz	-	-	-
3. Dato' Jana Santhiran Muniayan	-	-	-
4. Wong Shu Hsien	-	-	-
5. Hajah Jamilah Dato' Hashim	-	-	-
6. Datuk Seri Yam Kong Choy	-	-	-
7. Datuk Zalekha Hassan	-	-	-
8. Rosli Abdullah	-	-	-
9. Dato' Ir. Mohamad Husin	-	-	-
10. Datuk Azailiza Mohd Ahad	-	-	-
11. Ramanathan Sathiamutty	-	-	-
12. Dato' Dr. Amiruddin Muhamed (Alternate Director to Dato' Zamzuri Abdul Aziz)	-	-	-

Information for Shareholders and Investors

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2084 9000
Fax : 603-2094 9940/2095 0292

LISTING

The Company's ordinary shares are listed on the Main Market of Bursa Malaysia Securities Berhad in Malaysia.

MALAYSIAN TAXES ON DIVIDEND

Single tier dividend received by shareholders will be exempted from tax in Malaysia.

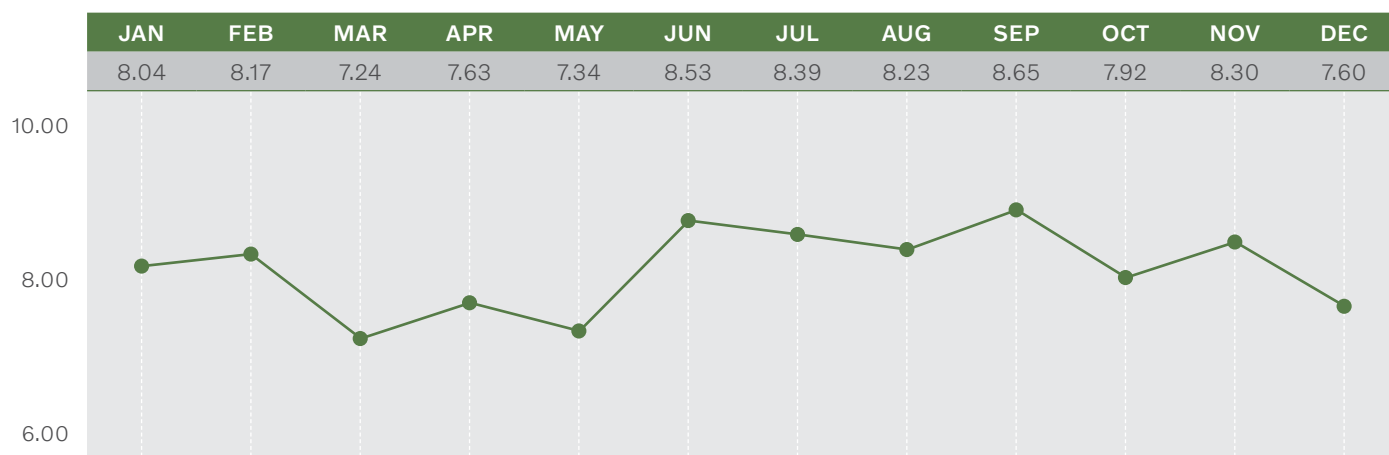
ANNUAL REPORT

The Annual Report is available to the public who are not shareholders of the Company, by writing to:

The Company Secretary
Malaysia Airports Holdings Berhad
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : 603-8777 7011
Fax : 603-8777 7512

Share Price, Volume Traded and Market Capitalisation

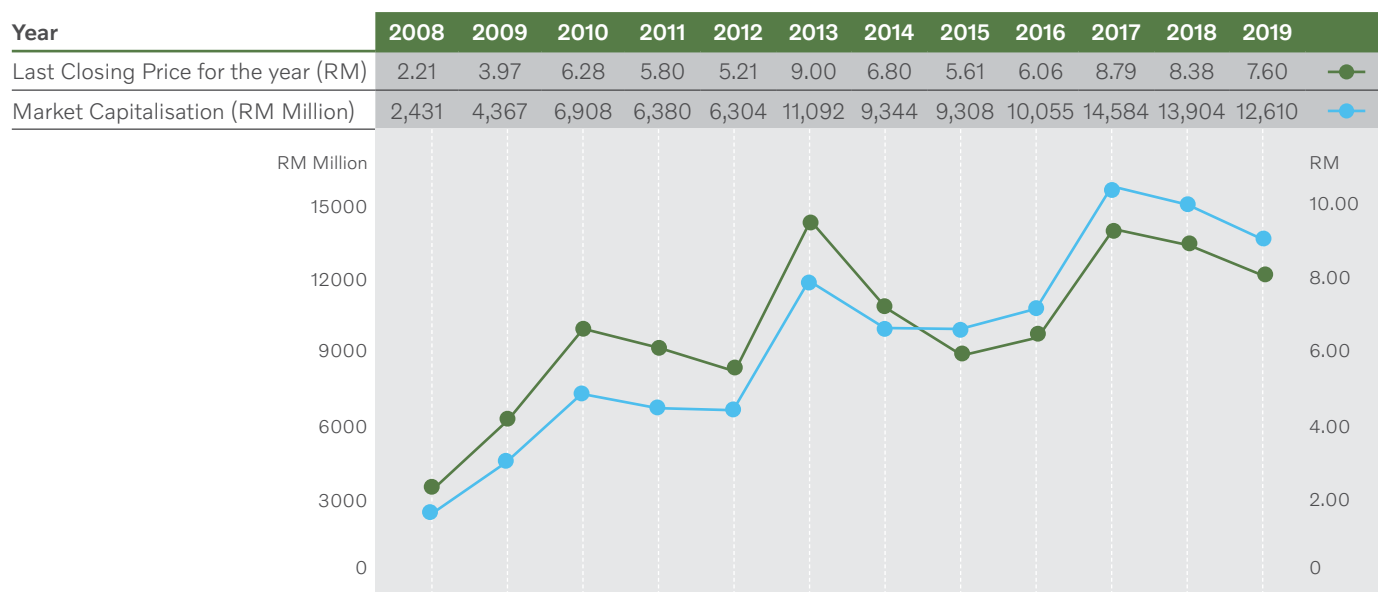
2019 Share Price Movement



2019 Monthly Trading Volume & Share Price Statistics

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Volume (Million)	52.69	34.03	59.23	83.98	51.92	75.62	53.61	49.75	33.29	53.10	35.28	52.47
High (RM)	8.33	8.46	8.12	7.63	7.60	8.55	8.82	8.63	8.78	8.79	8.50	8.37
Low (RM)	7.94	7.88	7.24	6.61	7.00	7.62	8.37	8.23	8.45	7.91	8.02	7.41
Closing Price (RM)	8.04	8.17	7.24	7.63	7.34	8.53	8.39	8.23	8.65	7.92	8.30	7.60

Closing Price And Market Capitalisation



Financial Calendar

GENERAL MEETING

29 May 2020

Notice of 21st Annual General Meeting

30 June 2020

21st Annual General Meeting

FINANCIAL YEAR 2019

31 May 2019

Unaudited consolidated results for the 1st quarter ended
31 March 2019

30 August 2019

Unaudited consolidated results for the 2nd quarter ended
30 June 2019

27 November 2019

Unaudited consolidated results for the 3rd quarter ended
30 September 2019

28 February 2020

Unaudited consolidated results for the 4th quarter ended
31 December 2019

DIVIDENDS

**9.0 sen
per ordinary share**

Single-Tier Final
Dividend
FY2018

3 May 2019

Notice of book closure date

17 May 2019

Entitlement date

31 May 2019

Payment date

**5.0 sen
per ordinary share**

Single-Tier Interim
Dividend
FY2019

3 September 2019

Notice of book closure date

19 September 2019

Entitlement date

1 October 2019

Payment date

List of Properties

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2019 (RM'000)
MALAYSIA AIRPORTS (SEPANG) SDN. BHD. FEDERAL LAND COMMISSIONER	KLIA	25 years (Expiry date - 11 February 2034)	22,165 acres	-	-
Location: District Of Sepang, Selangor Malaysia					
MALAYSIA AIRPORTS HOLDINGS BHD. FEDERAL LAND COMMISSIONER**	Sultan Abdul Aziz Shah Airport	60 years (Expiry date - 31 December 2066)	1,122 acres	-	-
Location: District of Petaling, Selangor Malaysia					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Penang International Airport	25 years (Expiry date - 11 February 2034)	826.99 acres	-	-
Location: District of Barat Daya, Penang Malaysia					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Langkawi International Airport	25 years (Expiry date - 11 February 2034)	409.15 acres	-	-
Location: District of Langkawi, Kedah					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Kuching International Airport	25 years (Expiry date - 11 February 2034)	322.43 acres	-	-
Location: District of Kuching, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Sultan Abdul Halim Shah Airport	25 years (Expiry date - 11 February 2034)	294.42 acres	-	-
Location: District of Alor Setar, Kedah					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Sultan Azlan Shah Airport	25 years (Expiry date - 11 February 2034)	352.03 acres	-	-
Location: District of Ipoh, Perak					

List of Properties

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2019 (RM'000)
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Batu Berendam Airport, Melaka	25 years (Expiry date - 11 February 2034)	239.70 acres	-	-
Location: District of Batu Berendam, Melaka					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Sultan Ahmad Shah Airport	25 years (Expiry date - 11 February 2034)	86.27 acres	-	-
Location: District of Kuantan, Pahang					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Sultan Mahmud Airport	25 years (Expiry date - 11 February 2034)	365.54 acres	-	-
Location: District of Kuala Terengganu, Terengganu					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Sultan Ismail Petra Airport	25 years (Expiry date - 11 February 2034)	895.28 acres	-	-
Location: District of Kota Bharu, Kelantan					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Miri Airport	25 years (Expiry date - 11 February 2034)	1,722.31 acres	-	-
Location: District of Miri, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Sibu Airport	25 years (Expiry date - 11 February 2034)	1,138.87 acres	-	-
Location: District of Sibu, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Bintulu Airport	25 years (Expiry date - 11 February 2034)	1,512.28 acres	-	-
Location: District of Bintulu, Sarawak					

List of Properties

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2019 (RM'000)
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Limbang Airport	25 years (Expiry date - 11 February 2034)	651.45 acres	-	-
Location: District of Limbang, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Mulu Airport	25 years (Expiry date - 11 February 2034)	576.31 acres	-	-
Location: District of Miri, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Bario STOLport	25 years (Expiry date - 11 February 2034)	74.52 acres	-	-
Location: District of Miri, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Ba'kelalan STOLport	25 years (Expiry date - 11 February 2034)	14.81 acres	-	-
Location: District of Limbang, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Long Lellang STOLport	25 years (Expiry date - 11 February 2034)	28.14 acres	-	-
Location: District of Miri, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Long Banga STOLport	25 years (Expiry date - 11 February 2034)	36.45 acres	-	-
Location: District of Miri, Sarawak					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Kapit STOLport	25 years (Expiry date - 11 February 2034)	26.46 acres	-	-
Location: District of Kapit, Sarawak					

List of Properties

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2019 (RM'000)
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Mukah STOLport	25 years (Expiry date - 11 February 2034)	6.63 acres	-	-
Location: District of Mukah, Sarawak Malaysia					
MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER	Redang STOLport	25 years (Expiry date - 11 February 2034)	33.51 acres	-	-
Location: District of Kuala Terengganu, Terengganu Malaysia					
MALAYSIA AIRPORTS (NIAGA) SDN. BHD.	48 units of apartments	Freehold	-	3,791	1,868
Location: Desa Cempaka, Bandar Baru Nilai Mukim Nilai, District of Seremban Negeri Sembilan, Malaysia					
MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.	4 units of apartments	Freehold	-	342	610
Location: Genting Permai Park & Resort District of Bentong, Pahang Malaysia					
MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.	14 units of apartments	Freehold	-	774	715
Location: Teluk Dalam, Pulau Pangkor District of Manjung, Perak Malaysia					

List of Properties

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2019 (RM'000)
MALAYSIA AIRPORTS SDN. BHD. Location: CL 205357688 Sierra Estates Condominium Jalan Ranca-Ranca Federal Territory of Labuan Malaysia	32 units of apartments	Leasehold of 99 years (Expiry date - 31 December 2089)	-	3,175	-
MALAYSIA AIRPORTS SDN. BHD. 70021493 Location: CL 205359593 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Residential)	Leasehold of 99 years (Expiry date - 31 December 2090)	1.10 acres	-	242
MALAYSIA AIRPORTS SDN. BHD. 70046297 Location: CL 205317951 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Agricultural)	Leasehold of 99 years (Expiry date - 31 December 2077)	1.22 acres	-	199
MALAYSIA AIRPORTS SDN. BHD. 70023359 Location: District of Subang, Selangor Malaysia	APAC building (Ex-Cargo Complex)	A total right of occupation of 60 years (Expiry date - 31 December 2066)	6.5 acres	35,072	6,365
MALAYSIA AIRPORTS SDN. BHD. 70041246 Location: District of Subang, Selangor Malaysia	6 units of single storey houses (Masjid Quarters)	A total right of occupation of 60 years (Expiry date - 31 December 2066)	3.58 acres	1,376	481

List of Properties

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2019 (RM'000)
MALAYSIA AIRPORTS SDN. BHD. 70041247 Location: District of Subang, Selangor Malaysia	Helicopter Centre (Airbus (M) Facility)	A total right of occupation of 60 years (Expiry date of 31 December 2066)	21 acres	10,000	28,419
MALAYSIA AIRPORTS HOLDINGS BHD. 70001251 Location: District of Sepang, Selangor Malaysia	Malaysia Airports Corporate office KLIA	A total right of occupation of 25 years (Expiry date - 11 February 2034)	3 acres	9,997	14,470
MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD. 70001818-1825 Location: District of Sepang, Selangor Malaysia	Malaysia Airports Child Care Centre	A total right of occupation of 25 years (Expiry date - 11 February 2034)	1.94 acres	1,963	3,982

Note:

- * Pursuant to the KLIA Land Lease Agreement dated 18 October 1999 entered into between Malaysia Airports (Sepang) Sdn. Bhd. (MA (Sepang)) and the Federal Land Commissioner (FLC). MA (Sepang) has been granted the right of use of the KLIA land for a period of 50 years.

However, following a restructuring exercise for Malaysia Airports, the Land Lease Agreement was replaced by a new Land Lease Agreement dated 12 February 2009. MA (Sepang) has been granted the right of use of the KLIA land for a period of 25 years.

- ** Pursuant to the Land Lease Agreement dated 26 October 2007 entered into between Malaysia Airports Holdings Bhd (MAHB) and the FLC, MAHB has been granted a lease of land of Sultan Abdul Aziz Shah (SAAS) Airport for a period of 60 years.

Group Corporate Directory

MALAYSIA AIRPORTS HOLDINGS BERHAD AND GROUP

Registered Address:
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +603-8777 7000
Fax : +603-8777 7778/+603-8777 7512

MALAYSIA AIRPORTS HOLDINGS BERHAD

Registration No. 199901012192 (487092-W)

MALAYSIA AIRPORTS SDN BHD

Registration No. 199101020335 (230646-U)

MALAYSIA AIRPORTS CONSULTANCY SERVICES SDN BHD

Registration No. 199601002899 (375245-X)

MALAYSIA AIRPORTS CITIES SDN BHD

Registration No. 201401037916 (1114062-X)

KLIA AEROPOLIS SDN BHD

Registration No. 201601041450 (1212392-H)

MALAYSIA AIRPORTS INTERNATIONAL SDN BHD

Registration No. 201701006660 (1220825-V)

MA ELOGISTICS SDN BHD

Registration No. 201701039513 (1253685-H)

MALAYSIA AIRPORTS (SUBANG) SDN BHD

Registration No. 201801044711 (1306743-T)

Business Address:
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +603-8777 7000
Fax : +603-8777 7778/+603-8777 7512

MALAYSIA AIRPORTS (SEPANG) SDN BHD

Registration No. 199401034797 (320480-D)

Business Address:
4th Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +603-8776 2000/+603-8777 8888
Fax : +603-8926 5510/+603-8926 5209

MALAYSIA AIRPORTS (NIAGA) SDN BHD

Registration No. 199301026572 (281310-V)

Business Address:
3rd Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +603-8776 8600
Fax : +603-8787 3747

MALAYSIA AIRPORTS (PROPERTIES) SDN BHD

Registration No. 199901009756 (484656-H)

Business Address:
Block C, Ground Floor
Short Term Car Park
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +603-8776 8401
Fax : +603-8776 8181

K.L. AIRPORT HOTEL SDN BHD

Registration No. 199501001669 (330863-D)

Business Address:
Sama-Sama Hotel
Kuala Lumpur International Airport
Jalan CTA 4B
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +603-8787 3333
Fax : +603-8787 5855

MAB AGRICULTURE-HORTICULTURE SDN BHD

Registration No. 199801011774 (467902-D)

Business Address:
4th Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +6019-282 4362
Fax : +6019-216 3025

MALAYSIA INTERNATIONAL AEROSPACE CENTRE SDN BHD

Registration No. 199701022747 (438244-H)

Business Address:
Sultan Abdul Aziz Shah Airport
47200 Subang
Selangor Darul Ehsan
Tel : +603-7846 3870
Fax : +603-7846 3300

MALAYSIA AIRPORTS TECHNOLOGIES SDN BHD

Registration No. 200001009656 (512262-H)

Business Address:
3rd Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : +603-8776 8341
Fax : +603-8786 8680

URUSAN TEKNOLOGI WAWASAN SDN BHD

Registration No. 199801003752 (459878-D)

Business Address:
1st Floor, Civil Engineering Building
Engineering Complex
Kuala Lumpur International Airport
64000 Sepang
Selangor Darul Ehsan
Tel : +603-8776 7002
Fax : +603-8787 2455

ISTANBUL SABIHA GÖKÇEN ULUSLARARASI HAVALIMANI YATIRIM YAPIM VE İŞLETME A.S. (656447)

Business Address:
İstanbul Sabiha Gökçen Uluslararası
Havalimanı,
Terminal Binası Yönetim Katı, Pendik
34906 İstanbul - Türkiye
Tel : +90 216 588 8000
Fax : +90 216 588 8010

LGM HAVALIMANI İŞLETMELERİ TİCARET VE TURİZM A.S. (660779)

Business Address:
İstanbul Sabiha Gökçen Uluslararası
Havalimanı,
Terminal Binası Yönetim Katı, Pendik
34906 İstanbul - Türkiye
Tel : +90 216 588 8000
Fax : +90 216 588 8010

Airport Directory

INTERNATIONAL AIRPORTS

KL INTERNATIONAL AIRPORT

64000 KLIA Sepang
Selangor Darul Ehsan, Malaysia
T : 603-8777 8888
F : 603-8926 5510

KOTA KINABALU INTERNATIONAL AIRPORT

Beg Berkunci No. 134
Aras 5, Bangunan Terminal
88740 Kota Kinabalu Sabah, Malaysia
T : 6088-325 555
F : 6088-219 018
(STOLports under the supervision of Kota
Kinabalu International Airport: Kudat &
Long Pasia)

KUCHING INTERNATIONAL AIRPORT

Peti Surat 1070
93722 Kuching, Sarawak, Malaysia
T : 6082-454 242
F : 6082-458 587

LANGKAWI INTERNATIONAL AIRPORT

07100 Padang Mat Sirat, Pulau Langkawi,
Kedah Darul Aman, Malaysia
T : 604-955 1311
F : 604-955 1314

PENANG INTERNATIONAL AIRPORT

11900 Bayan Lepas Pulau Pinang, Malaysia
T : 604-252 0252
F : 604-252 0252

DOMESTIC AIRPORTS

MELAKA AIRPORT

75350 Melaka, Malaysia
T : 606-317 5860
F : 606-317 5214

SULTAN ABDUL AZIZ SHAH AIRPORT

47200 Subang, Selangor Darul Ehsan,
Malaysia
T : 603-7845 3245
F : 603-7846 3679

SULTAN ABDUL HALIM AIRPORT

06200 Alor Setar
Kedah Darul Aman, Malaysia
T : 604-714 6876
F : 604-714 5345

SULTAN AHMAD SHAH AIRPORT

26070 Kuantan
Pahang Darul Makmur, Malaysia
T : 609-531 2123/2100
F : 609-538 4017
(STOLport under the supervision of Sultan
Ahmad Shah Airport: Tioman)

SULTAN AZLAN SHAH AIRPORT

31350 Ipoh
Perak Darul Ridzuan, Malaysia
T : 605-318 8202
F : 605-312 2295
(STOLport under the supervision of Sultan
Azlan Shah Airport: Pangkor)

SULTAN ISMAIL PETRA AIRPORT

Pengkalan Chepa
16100 Kota Bharu, Kelantan Darul Naim,
Malaysia
T : 609-773 7400
F : 609-773 3852

SULTAN MAHMUD AIRPORT

21300 Kuala Terengganu Terengganu
Darul Iman, Malaysia
T : 609-667 3666
F : 609-662 6670

BINTULU AIRPORT

97000 Bintulu, Sarawak, Malaysia
T : 6086-339 163
F : 6086-337 011
(STOLport under the supervision of Bintulu
Airport: Belaga)

LIMBANG AIRPORT

98700 Limbang Sarawak, Malaysia
T : 6085-212 090
F : 6085-214 979

MIRI AIRPORT

P.O. Box 851
98008 Miri, Sarawak, Malaysia
T : 6085-615 204/205
F : 6085-614 537
(STOLports under the supervision of
Miri Airport: Mulu, Long Seridan, Long
Banga, Long Lellang, Long Akah, Marudi,
Bakelalan, Long Semado, Lawas and Bario)

MULU AIRPORT

Peti Surat 851
98008 Miri, Sarawak, Malaysia
T : 6085-615 204/205
F : 6085-614 537

SIBU AIRPORT

Peti Surat 645
96000 Sibu, Sarawak, Malaysia
T : 6084-307 770
F : 6084-307 709
(STOLports under the supervision of Sibu
Airport: Mukah & Kapit)

LABUAN AIRPORT

Jalan Tun Mustafa P.O. Box 80569, 87015
W.P. Labuan Sabah, Malaysia
T : 6087-416 007/ 5015
F : 6087-410 129

LAHAD DATU AIRPORT

P.O. Box 213
91108 Lahad Datu, Sabah, Malaysia
T : 6089-881 033
F : 6089-881 618

SANDAKAN AIRPORT

P.O. Box 1719
90719 Sandakan, Sabah, Malaysia
T : 6089-667 782
F : 6089-667 778

TAWAU AIRPORT

P.O. Box 60132
91011 Tawau, Sabah, Malaysia
T : 6089-950 777
F : 6089-950 781
(STOLport under the supervision of Tawau
Airport: Semporna)

Notice of the 21st Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 21st Annual General Meeting ("21st AGM" or "the Meeting") of Malaysia Airports Holdings Berhad ("MAHB" or "the Company") will be held at Fokker Room, Lobby Floor, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Tuesday, 30 June 2020 at 11.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Directors' and Auditors' Reports thereon.
Please refer to Explanatory Note A
2. To approve the payment of Directors' fees up to an amount of RM3,408,000.00 to the Non-Executive Directors ("NED") of the Company with effect from 1 July 2020 until the next AGM in 2021, as follows:
 - a. Payment by the Company amounting to RM1,800,000.00; and
 - b. Payment by the subsidiaries of the Company amounting to RM1,608,000.00.**Please refer to Explanatory Note B** **Ordinary Resolution 1**
3. To approve the payment of Directors' benefits payable up to an amount of RM1,592,000.00 to the NED of the Company with effect from 1 July 2020 until the next AGM in 2021, as follows:
 - a. Payment by the Company amounting to RM1,302,200.00; and
 - b. Payment by the subsidiaries of the Company amounting to RM289,800.00.**Please refer to Explanatory Note C** **Ordinary Resolution 2**
4. To re-elect YBhg. Dato' Jana Santhiran Muniayan who shall retire in accordance with Rule 132 of the Constitution of the Company and who being eligible, offers himself for re-election.
Please refer to Explanatory Note D **Ordinary Resolution 3**
5. To re-elect YBhg. Dato' Zamzuri Abdul Aziz who shall retire in accordance with Rule 132 of the Constitution of the Company and who being eligible, offers himself for re-election.
Please refer to Explanatory Note E **Ordinary Resolution 4**
6. To re-elect YBhg. Datuk Seri Yam Kong Choy who shall retire in accordance with Rule 134 of the Constitution of the Company and who being eligible, offers himself for re-election.
Please refer to Explanatory Note F **Ordinary Resolution 5**
7. To re-elect YBhg. Datuk Zalekha Hassan who shall retire in accordance with Rule 134 of the Constitution of the Company and who being eligible, offers herself for re-election.
Please refer to Explanatory Note G **Ordinary Resolution 6**
8. To re-elect Encik Rosli Abdullah who shall retire in accordance with Rule 134 of the Constitution of the Company and who being eligible, offers himself for re-election.
Please refer to Explanatory Note H **Ordinary Resolution 7**

Notice of the 21st Annual General Meeting

9. To re-appoint Messrs Ernst & Young PLT ("EY") as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**
Please refer to Explanatory Note I
10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 ("CA 2016") and the Constitution of the Company.

By Order of the Board

ZAWARDI SALLEH

SSM Practising Certificate No. 202008003088

MAICSA 7026210

Company Secretary

Sepang, Selangor Darul Ehsan

29 May 2020

Notes to the Notice of the 21st AGM

Remote Participation and Voting

1. In support of Government advice on social distancing and for the best health practices in light of the outbreak of Coronavirus Disease 2019 ("COVID-19"), the 21st AGM will be conducted on a fully virtual basis through live streaming and online remote participation and voting facilities via Securities Services e-Portal ("SSeP") at <https://www.sshsb.net.my/> provided by SS E Solutions Sdn Bhd. The 21st AGM will be carried out in the manner as guided by the Securities Commission Malaysia's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers dated 18 April 2020 (Revised on 14 May 2020) ("SC Guidance Note"). Kindly refer to the AGM Administrative Guide on the conduct of a fully virtual 21st AGM for further details.
2. The venue of the 21st AGM is strictly for the purpose of complying with Section 327(2) of the CA 2016 and SC Guidance Note which requires the Chairman of the Meeting to be present at the main venue of the meeting. Having regard to the well-being and safety of the shareholders, shareholders/proxies will not be physically present at the main venue on the day of the 21st AGM.

Proxy

3. Section 334 of the CA 2016 provides that a member of a company shall be entitled to appoint another person or persons as his/her proxy or proxies to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the company. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
4. A corporation which is a member may by a resolution of its Directors or other governing body authorises such person as it thinks fit to act as its representative at the Meeting, in accordance with Rule 106 of the Constitution of the Company.
5. The instrument appointing a proxy/representative shall be in print or writing under the hand of the appointer or his/her duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand and seal of its attorney.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. The instrument appointing a proxy may also be lodged electronically via SSeP at <https://www.sshsb.net.my/>

Notice of the 21st Annual General Meeting

Voting by Poll

7. Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") requires all resolutions set out in this notice to be voted by poll.

Annual Report 2019

8. The Annual Report 2019 and other accompanying documents:
 - a. are available online on the Company's website at <https://www.malaysiaairports.com.my/>;
 - b. are available online on Bursa Malaysia Securities Berhad's website at <https://www.bursamalaysia.com/> under the Company's announcements; and
 - c. will be sent by electronic mail to the shareholders who have maintained their email address in the Record of Depositors with Bursa Malaysia Depository Sdn Bhd.
9. Please be advised that any request for printed copies of Annual Report 2019 will be processed and forwarded to the requesting shareholders at the first reasonable opportunity due to the difficulties in printing and mailing the printed copies arising from the implementation of Movement Control Order that came into force on 18 March 2020 as well as uncertainties arising from the COVID-19 pandemic.

Members Entitled to Participate

10. In determining a member who shall be entitled to participate in the 21st AGM, in accordance with Rule 52(1) of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 ("SICDA"), the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 23 June 2020. Only a depositor whose name appears on the Record of Depositors as of 23 June 2020 shall be entitled to participate, speak and vote at the Meeting or appoint proxies to participate, speak and/or vote on his/her behalf.
11. The 21st AGM is a private meeting between the directors, shareholders, proxies, duly authorised representatives and the auditors. As such, non-shareholders are barred from participating in the Meeting.
12. Shareholders' attention is hereby drawn to the MMLR, which allows a member of the Company who is an exempt authorised nominee as defined under SICDA and holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) to appoint multiple proxies in respect of each omnibus account it holds.

Explanatory Note A:

13. The Audited Financial Statements is laid in accordance with Section 340(1)(a) of the CA 2016 and meant for discussion only as the Audited Financial Statements do not require shareholders' approval pursuant to Section 251(1) of the CA 2016. As such, this agenda item is not to be put forward for voting.

Explanatory Notes B and C for Ordinary Resolutions 1 and 2:

14. Section 230(1) of the CA 2016 provides amongst others, that "the fees" of the directors, and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board has agreed that the shareholders' approval shall be sought at the 21st AGM on the Directors' fees and benefits payable with effect from 1 July 2020 until the next AGM in 2021 ("Relevant Period").
 - a. Ordinary Resolution 1: Shareholders' approval is to be sought on the payment of Directors' fees up to an amount of RM3,408,000.00 to the NED throughout the Relevant Period as follows:
 - i. Payment by the Company amounting to RM1,800,000.00; and
 - ii. Payment by the subsidiaries of the Company amounting to RM1,608,000.00.

Notice of the 21st Annual General Meeting

- b. The estimated amount of RM3,408,000.00 for the payment of Directors' fees for NED for the Relevant Period are as follows:

No.	Description	Chairman	NED
1.	Directors' fees for the Company	RM216,000 per annum	RM1,584,000 per annum
2.	Directors' fees for the Company's subsidiaries	RM672,000 per annum	RM936,000 per annum

- c. Ordinary Resolution 2: Shareholders' approval is to be sought on the payment of Directors' benefits payable up to an amount of RM1,592,000.00 to the NED throughout the Relevant Period as follows:

- Payment by the Company amounting to RM1,302,200.00; and
- Payment by the subsidiaries of the Company amounting to RM289,800.00.

- d. The estimated amount of RM1,592,000.00 for the payment of Directors' benefits for NED for the Relevant Period are as follows:

No.	Description	Chairman	NED
1.	Senior Independent Director's Allowance of the Company (per month)	N/A	RM1,000
2.	Meeting Allowance (per meeting):		
	a. The Company		
	i. Board	RM5,000	RM3,000
	ii. Board Committees	RM4,000	RM2,000
	b. Board of the Company's Subsidiaries	RM1,500	RM1,200
	c. Board Committees of the Company's Subsidiaries		
	i. Istanbul Sabiha Gökçen International Airport Investment Development and Operation Inc ("SAW"); and LGM Airport Operations Trade and Tourism Inc ("LGM") [#]	RM2,500	RM2,000
3.	Other Claimable Benefits	Directors' appreciation gift, out of pocket expenses, car allowance*, entertainment allowance*, petrol*, toll*, telecommunication devices, club* and professional membership.	

* For Chairman only.

[#] Deemed as one (1) meeting since the contents of the meetings are similar in nature and meetings are held on the same day.

- In determining the estimated total amount of Directors' fees and benefits payable for the NED of the Company during the Relevant Period, the Board has considered various factors including the number of scheduled and special meetings for the Board, Board Committees and Boards of the Company's subsidiaries and the number of NED involved in these meetings based on the current number of NED as well as inclusion of provisional sum as contingency for future appointment of NED of the Company on the Boards of the Company's subsidiaries and increase in number of Board and Board Committees meetings.
- Payment of the Directors' fees and benefits to the NED of the Company will be made on a monthly basis and/or as and when incurred subject to the passing of the proposed Ordinary Resolutions 1 and 2 at the 21st AGM.
- The Board is of the view that it is just and equitable for the NED of the Company to be paid the Directors' fees and benefits payable on monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the Relevant Period.

Notice of the 21st Annual General Meeting

- h. In the event where the payment of Directors' fees and benefits during the Relevant Period exceeds the estimated amount sought in the 21st AGM, a shareholders' approval shall be sought at the next AGM in 2021 on the payment of the additional amount.
- i. The proposed Ordinary Resolutions 1 and 2 are in accordance with Rule 114 of the Constitution of the Company and if passed, shall be effective from 1 July 2020.

Explanatory Notes D and E for Ordinary Resolutions 3 and 4:

- 15. Rule 132 of the Constitution of the Company stipulates that any newly appointed Director shall hold office only until the next AGM of the Company at which the Director is due to retire under this Rule and shall then be eligible for re-election.
- 16. On 31 May 2019, the Board approved the appointment of YBhg. Dato' Jana Santhiran Muniayan as the Non-Independent Non-Executive Director of the Company. YBhg. Dato' Jana Santhiran Muniayan was nominated by the Ministry of Finance (Incorporated), the Special Shareholder of the Company, as a representative of the Ministry of Transport. His appointment took effect on 14 June 2019.
- 17. On 30 January 2020, the Board approved the appointment of YBhg. Dato' Zamzuri Abdul Aziz as the Non-Independent Non-Executive Director of the Company. YBhg. Dato' Zamzuri Abdul Aziz was nominated by the Ministry of Finance (Incorporated), the Special Shareholder of the Company, as its representative. His appointment took effect on 10 February 2020.
- 18. Pursuant to Rule 132, YBhg. Dato' Jana Santhiran Muniayan and YBhg. Dato' Zamzuri Abdul Aziz are standing for re-election at the 21st AGM.
- 19. The Board has conducted an assessment on the Directors who are seeking re-election under Rule 132 at the 21st AGM inclusive of their skills, experience, character, integrity, competency and contribution. The Board also agreed that the Directors have met the Board's expectation by continuously performing their duties diligently as Directors of the Company and hereby recommends the re-election of YBhg. Dato' Jana Santhiran Muniayan and YBhg. Dato' Zamzuri Abdul Aziz at the 21st AGM.
- 20. The profiles of YBhg. Dato' Zamzuri Abdul Aziz and YBhg. Dato' Jana Santhiran Muniayan are available in the Board of Directors' Profile on page 100 and 101 of the Annual Report 2019.

Explanatory Notes F, G and H for Ordinary Resolutions 5, 6 and 7:

- 21. Rule 134 of the Constitution of the Company expressly states that in every subsequent AGM, at least one-third of the Directors for the time being or the number nearest to one-third shall retire from office. The retiring Director shall be eligible for re-election and shall act as Director throughout the meeting at which he or she retires.
- 22. Pursuant to Rule 134, YBhg. Datuk Seri Yam Kong Choy, YBhg. Datuk Zalekha Hassan and Encik Rosli Abdullah, who are retiring from office, are standing for re-election at the 21st AGM.
- 23. The Board has conducted an assessment on the independence of the Directors who are seeking re-election under Rule 134 at the 21st AGM inclusive of their skills, experience, character, integrity, competency and contribution. The Board is satisfied that they have complied with the independence criteria as required by the MMLR and continue to bring independent and objective judgement to the Board. The Board also agreed that the Directors have met the Board's expectation by continuously performing their duties diligently as Directors of the Company and hereby recommends the re-election of YBhg. Datuk Seri Yam Kong Choy, YBhg. Datuk Zalekha Hassan and Encik Rosli Abdullah at the 21st AGM.
- 24. The profiles of YBhg. Datuk Seri Yam Kong Choy, YBhg. Datuk Zalekha Hassan and Encik Rosli Abdullah are available in the Board of Directors' Profile on pages 104 to 106 of the Annual Report 2019.

Explanatory Note I for Ordinary Resolution 8:

- 25. The Board Audit Committee and the Board have considered the re-appointment of EY as Auditors of the Company and collectively agreed that EY has met the relevant criteria prescribed under Paragraph 15.21 of the MMLR.

Statement Accompanying Notice of the 21st Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

1. Directors who are retiring pursuant to Rule 132 of the Constitution of the Company and seeking re-election are:
 - a. YBhg. Dato' Jana Santhiran Muniayan; and
 - b. YBhg. Dato' Zamzuri Abdul Aziz.
2. Directors who are retiring pursuant to Rule 134 of the Constitution of the Company and seeking re-election are:
 - a. YBhg. Datuk Seri Yam Kong Choy;
 - b. YBhg. Datuk Zalekha Hassan; and
 - c. Encik Rosli Abdullah.

The profiles of the above Directors are set out in the section titled "Board of Directors' Profile" on page 100, 101, 104, 105 and 106 of the Annual Report 2019. The details of their interest in the securities of the Company are set out in the section titled "Statement of Shareholdings" on page 189 of the Annual Report 2019.

AGM Administrative Details

21ST ANNUAL GENERAL MEETING (21ST AGM OR THE MEETING) OF MALAYSIA AIRPORTS HOLDINGS BERHAD (MAHB OR THE COMPANY)

Date	: Tuesday, 30 June 2020
Time	: 11:00 a.m.
Meeting Venue	: Fokker Room, Lobby Floor, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan

Precautionary Measures Against the Coronavirus Disease 2019 ("COVID-19")

- In support of Government advice on social distancing and for the best health practices in light of the outbreak of COVID-19, the 21st AGM will be conducted on a fully virtual basis through live streaming and online remote participation and voting facilities via Securities Services e-Portal ("SSeP") at <https://www.sshsb.net.my/> provided by SS E Solutions Sdn Bhd ("SSES"). The 21st AGM will be carried out in the manner as guided by the Securities Commission Malaysia's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers dated 18 April 2020 (Revised on 14 May 2020) ("SC Guidance Note").
- The venue of the 21st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and SC Guidance Note which requires the Chairman of the Meeting to be present at the main venue of the Meeting. Having regard to the well-being and safety of the shareholders, shareholders/proxies/corporate representatives will not be physically present at the main venue on the day of the Meeting.

Refreshment and Door Gift

- There will be no refreshment and distribution of door gifts for participation in the 21st AGM.

Procedures to Remote Participation and Voting via SSeP

- Please follow the procedures below to engage in remote participation and voting at the 21st AGM via SSeP:

a. Before the 21st AGM day

Procedure	Action
Register as a user of SSeP by Thursday, 25 June 2020 <i>(If you have already signed up as a user with SSeP, you are not required to register again.)</i>	<ul style="list-style-type: none"> • Access to website for SSeP at https://www.sshsb.net.my/ • Click <<Register Now>> to sign up as a user of SSeP. • Complete registration and upload softcopy of MyKAD (front and back) or passport. • Read and agree to the Terms & Conditions of Use and Privacy Policy and submit. • Please enter a valid email address and wait for email verification that will be sent within one (1) business day. • Please verify your user account within seven (7) days failing which you will need to re-register. • Please note that the SSeP is available to: <ul style="list-style-type: none"> - Individual shareholder; and - Corporate or authorised representative of a corporate shareholder.

AGM Administrative Details

Procedure	Action
Submit request to participate remotely at the 21 st AGM	<ul style="list-style-type: none"> Registration is open after the release of the Notice of the 21st AGM from Friday, 29 May 2020 at 11:00 a.m. to Sunday, 28 June 2020 at 11:00 a.m. Login to SSeP at https://www.sshsb.net.my/ with your user ID and password. Look for <Malaysia Airports Holdings Berhad> <21st AGM on 30 June 2020 at 11:00 a.m. - Registration for Remote Participation> and click ">" Check if you are attending as: <ul style="list-style-type: none"> - Individual shareholder; or - Corporate or authorised representative of a corporate shareholder. <p><i>For body corporates, the appointed corporate or authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in one (1) file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification by Sunday, 28 June 2020 at 11:00 a.m.</i></p> <ul style="list-style-type: none"> Insert your CDS account number. Read and agree to the Terms & Conditions of Use and Privacy Policy and submit. A copy of your e-Registration for remote participation can be accessed via My Records (refer to the left navigation panel). System will send an e-mail notification that the request for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at 23 June 2020, the system will send you an e-mail to approve or reject your registration for remote participation.
Or submit proxy form	<ul style="list-style-type: none"> Submission is open after the release of the Notice of the 21st AGM from Friday, 29 May 2020 at 11:00 a.m. to Sunday, 28 June 2020 at 11:00 a.m. Login to SSeP at https://www.sshsb.net.my/ with your user ID and password. Look for <Malaysia Airports Holdings Berhad> <21st AGM on 30 June 2020 at 11:00 a.m. - Submission of Proxy Form> and click ">" Check if you are submitting as: <ul style="list-style-type: none"> - Individual shareholder; or - Corporate or authorised representative of a corporate shareholder. <p><i>For body corporates, the appointed corporate or authorised representative has to upload the evidence of authority (e.g. Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority). All documents that are not in English or Bahasa Malaysia have to be accompanied by a certified translation in English in one (1) file. The original evidence of authority and translation thereof, if required, have to be submitted to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification by Sunday, 28 June 2020 at 11:00 a.m.</i></p> <ul style="list-style-type: none"> Insert your CDS account number and indicate number of shares. Then enter the information of your proxy(ies) and the shares to be represented by your proxy(ies). You are strongly encouraged to appoint the Chairman of the Meeting as your proxy where you are not able to participate remotely. Proceed to indicate how your votes are to be cast against each resolution. Review and confirm your proxy form details. Read and agree to the Terms & Conditions of Use and Privacy Policy and submit. A copy of your submitted e-Proxy Form can be accessed via My Records (refer to the left navigation panel).

AGM Administrative Details

b. On the 21st AGM Day

Procedure	Action
Login to SSeP	<ul style="list-style-type: none"> Login to SSeP at https://www.sshsb.net.my/ with your user ID and password for remote participation at the Meeting. Access into the 21st AGM will open starting 30 minutes before the commencement of the 21st AGM, i.e. on Tuesday, 30 June 2020 at 10:30 a.m.
Participate through live streaming online	<ul style="list-style-type: none"> Look for <Malaysia Airports Holdings Berhad> <21st AGM on 30 June 2020 at 11:00 a.m. – Live Stream Meeting> and click ">". Read and agree to the Terms & Conditions of Use and Privacy Policy and proceed to the live stream meeting. Use the text box below the live streaming video to transmit your question to the Chairman/Board. The Chairman/Board will endeavour their best to respond to the questions submitted that are related to the financial performance and resolutions tabled at the 21st AGM. Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.
Online remote voting	<ul style="list-style-type: none"> Look for <Malaysia Airports Holdings Berhad> <21st AGM on 30 June 2020 at 11:00 a.m. – Remote Voting> and click ">". Cast your votes by clicking on the radio buttons against each resolution. Read and agree to the Terms & Conditions of Use and Privacy Policy and confirm your submission of votes. A copy of your submitted e-Voting can be accessed via My Records (refer to the left navigation panel). Voting session commences from Tuesday, 30 June 2020 at 11:00 a.m. until a time when the Chairman announces the completion of the voting session at the Meeting. Your votes cast will apply throughout <u>all</u> the CDS accounts you represent as an individual shareholder, corporate or authorised representative and proxy. Where you are attending as a proxy and the shareholder who appointed you has indicated how the votes are to be cast, we will take the shareholder's indicated votes in the proxy form.
End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the closure of the 21st AGM, the live streaming will end. Logout from SSeP.

- Participants of the 21st AGM will need to ensure to be connected to the internet at all times in order to participate, speak and vote throughout the entire proceedings of the 21st AGM.
- Participants of the 21st AGM is reminded that strictly no recording or photography of the proceedings of the 21st AGM is allowed.

Entitlement to Participate and Vote

- Only a depositor whose name appears on the Record of Depositors as at 23 June 2020 shall be eligible to participate, speak and vote at the 21st AGM or appoint proxies to participate, speak and/or vote on his/her behalf.

Voting at the 21st AGM

- The voting at the 21st AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.
- The Company has appointed SSES as the Poll Administrator to conduct the poll voting electronically and Commercial Quest Sdn Bhd as scrutineers to verify the poll results.
- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the 21st AGM at 11:00 a.m.

AGM Administrative Details

Results of the Voting

- Results of the voting on the resolutions proposed at the 21st AGM will be announced at the Meeting and subsequently, via an announcement made by the Company through Bursa Malaysia at <https://www.bursamalaysia.com/>

Annual Report 2019

- The Annual Report 2019 and other accompanying documents:
 - are available online on the Company's website at <https://www.malaysiaairports.com.my/>;
 - are available online on Bursa Malaysia Securities Berhad's website at <https://www.bursamalaysia.com/> under the Company's announcements; and
 - will be sent by electronic mail to the shareholders who have maintained their email address in the Record of Depositors with Bursa Malaysia Depository Sdn Bhd.
- In light of potential disruption on the postal service following the implementation of Movement Control Order that came into force on 18 March 2020, kindly be informed that there may be some delay in the receipt of the printed copy of the Annual Report 2019. The printed copy of the Annual Report 2019 will be delivered as soon as reasonably practicable.

Enquiry

- Should you require any clarification prior to the 21st AGM, please do not hesitate to contact the following during office hours from 8:30 a.m. to 5:30 p.m. (Monday to Friday):
 - a. SSES at +603-2084 9000
 - b. MAHB at +603-8777 7000

PROXY FORM

Malaysia Airports Holdings Berhad
Registration No. 199901012192 (487092-W)
Incorporated in Malaysia



CDS Account No.	No. of Shares Held

I/We NRIC No./Passport No./Company No.
[FULL NAME IN CAPITAL LETTERS]

of
[FULL ADDRESS]

..... being a Member(s) of MALAYSIA AIRPORTS HOLDINGS

BERHAD, hereby appoint
[FULL NAME IN CAPITAL LETTERS]

..... NRIC No./Passport No.

of
[FULL ADDRESS]

or failing him/her NRIC No./Passport No.
[FULL NAME IN CAPITAL LETTERS]

of
[FULL ADDRESS]

or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the 21st Annual General Meeting (21st AGM or the Meeting) of the Company to be held at Fokker Room, Lobby Floor, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Tuesday, 30 June 2020 at 11.00 a.m. for the following purposes:

(Please indicate with an 'X' in the space provided below for each resolution as how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

NO.	RESOLUTIONS		FOR	AGAINST
1.	ORDINARY RESOLUTION 1	To approve the payment of Directors' fees up to an amount of RM3,408,000.00 to the Non-Executive Directors (NED) of the Company with effect from 1 July 2020 until the next AGM in 2021, as follows: a. Payment by the Company amounting to RM1,800,000.00; and b. Payment by the subsidiaries of the Company amounting to RM1,608,000.00.		
2.	ORDINARY RESOLUTION 2	To approve the payment of Directors' benefits payable up to an amount of RM1,592,000.00 to the NED of the Company with effect from 1 July 2020 until the next AGM in 2021, as follows: a. Payment by the Company amounting to RM1,302,200.00; and b. Payment by the subsidiaries of the Company amounting to RM289,800.00.		
3.	ORDINARY RESOLUTION 3	To re-elect YBhg. Dato' Jana Santhiran Muniayan who shall retire in accordance with Rule 132 of the Constitution of the Company and who being eligible, offers himself for re-election.		
4.	ORDINARY RESOLUTION 4	To re-elect YBhg. Dato' Zamzuri Abdul Aziz who shall retire in accordance with Rule 132 of the Constitution of the Company and who being eligible, offers himself for re-election.		
5.	ORDINARY RESOLUTION 5	To re-elect YBhg. Datuk Seri Yam Kong Choy who shall retire in accordance with Rule 134 of the Constitution of the Company and who being eligible, offers himself for re-election.		
6.	ORDINARY RESOLUTION 6	To re-elect YBhg. Datuk Zalekha Hassan who shall retire in accordance with Rule 134 of the Constitution of the Company and who being eligible, offers herself for re-election.		
7.	ORDINARY RESOLUTION 7	To re-elect Encik Rosli Abdullah who shall retire in accordance with Rule 134 of the Constitution of the Company and who being eligible, offers himself for re-election.		
8.	ORDINARY RESOLUTION 8	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		

As witness my/our hands this _____ day of _____, 2020.

Signature of Member/Common Seal

Notes:

1. In support of Government advice on social distancing and for the best health practices in light of the outbreak of Coronavirus Disease 2019 (COVID-19), the 21st AGM will be conducted on a fully virtual basis through live streaming and online remote participation and voting facilities via Securities Services e-Portal (SSeP) at <https://www.sshsb.net.my/> provided by SS E Solutions Sdn Bhd. The 21st AGM will be carried out in the manner as guided by the Securities Commission Malaysia's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers dated 18 April 2020 (Revised on 23 April 2020) (SC Guidance Note). Kindly refer to the AGM Administrative Guide on the conduct of a fully virtual 21st AGM for further details.
2. The venue of the 21st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 (CA 2016) and SC Guidance Note which requires the Chairman of the Meeting to be present at the main venue of the meeting. Having regard to the well-being and safety of the shareholders, shareholders/proxies will not be physically present at the main venue on the day of the 21st AGM.
3. Section 334 of the CA 2016 provides that a member of a company shall be entitled to appoint another person or persons as his/her proxy or proxies to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the company. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
4. A corporation which is a member may by resolution of its Directors or other governing body authorises such person as it thinks fit to act as its representative at the Meeting, in accordance with Rule 106 of the Company's Constitution.
5. The instrument appointing a proxy/representative shall be in print or writing under the hand of the appointer or his/her duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand and seal of its attorney.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan or you may fax to +03-8777 7512 not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. The instrument appointing a proxy may also be lodged electronically via SSeP at <https://www.sshsb.net.my/>
7. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) to appoint multiple proxies in respect of each omnibus account it holds.

STAMP

The Company Secretary
Malaysia Airports Holdings Berhad
Registration No. 199901012192 (487092-W)
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan

www.malaysiaairports.com.my

MALAYSIA AIRPORTS HOLDINGS BERHAD

Registration No. 199901012192 (487092-W)

Malaysia Airports Corporate Office,
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Malaysia Airports



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Malaysia Airports



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entirely on environment-friendly paper*

