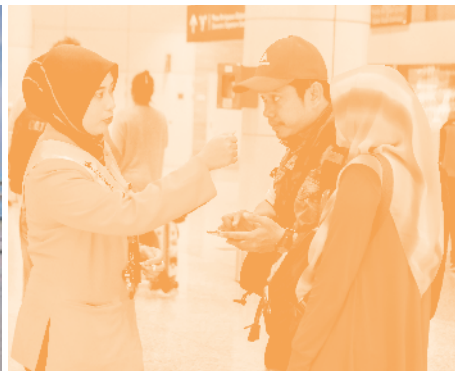


# EMERGING STRONGER TOGETHER

Annual Report 2020









# Thank you!

Last year proved to be an arduous year due to the COVID-19 pandemic. We have had to drastically adjust our operations and innovate ourselves by exploring new business models, technologies and developments.

Amidst this landscape, Malaysia Airports continued to remain steadfast and resilient to ensure that we continually host joyful connections to guests, passengers and partners. Our commitment was recognised through various accolades, among which was that KL International Airport (IATA Code: KUL) was hailed as one of the world's top 10 airports in the Airports Council International (ACI) Airport Service Quality (ASQ) ranking.

This hard-won achievement would not have been possible without the full support of the whole airport community. Everyone in the community displayed a strong spirit of collaboration and came together as one to elevate the airport service performance as we continue to serve the nation.

We are also extremely grateful to all airport frontliners who have tirelessly continued to devote their time and energy towards combating the pandemic while ensuring a seamless airport experience within the new norms. We are humbled by your immense contribution and unwavering support for the benefit of the nation.

## Together, WE can!





The Malaysia Airports Annual Report 2020 is complemented by the Annual Report Microsite as well as more interactive contents via the Malaysia Airports Augmented Reality App. Enjoy the interactive contents on the app with 6 easy steps:



## 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:

**Email** : CARE@malaysiaairports.com.my  
**Address** : Malaysia Airports Holdings Berhad  
 Malaysia Airports Corporate Office  
 Persiaran Korporat KLIA, 64000 KLIA  
 Sepang, Selangor Darul Ehsan  
 Malaysia

## TABLE OF CONTENTS

### 2 ABOUT THIS REPORT

### 6 CHAIRMAN'S STATEMENT

### OUR BUSINESS

- 14 FY2020 Key Highlights
- 15 At a Glance
- 18 Where We Operate
- 20 Corporate Structure
- 22 Key Milestones

### OUR VALUE CREATION STRATEGY

- 24 Value Creation Model
- 30 Operating Environment and Outlook
- 33 Strategy
- 46 Key Enablers
- 54 Sustainability Overview
- 57 Stakeholder Engagement
- 66 Material Matters
- 78 Sustainability Summary

### OUR PERFORMANCE

- 80 Management Discussion and Analysis
- 111 Five-Year Financial Summary
- 112 Group Five-Year Summary
- 114 Group Quarterly Performance
- 115 Consolidated Statement of Profit or Loss
- 116 Consolidated Statement of Financial Position
- 117 Group Segmental Analysis
- 119 Statement of Income Distribution
- 120 Statement of Financial Position



## COVER RATIONALE

To ensure the sustainability of Malaysia Airports' business in a year during which the aviation industry was badly hit, we took immediate measures to strengthen our ability to ride out the challenging operating environment. Nevertheless, our business operates in an eco-system in which stakeholders are dependent on one another. By advancing strong value propositions and synergistic solutions for stakeholders, we will emerge stronger together, and ready to soar again.



### OUR GOVERNANCE

- 121** Board of Directors' Profile
- 133** Group Senior Management
- 147** Subsidiaries Senior Management
- 154** Corporate Governance Overview Statement
- 183** Statement on Risk Management and Internal Control
- 191** Board Audit Committee Report
- 195** Investor Relations
- 197** Dividend Policy
- 199** Additional Compliance Information

### ADDITIONAL INFORMATION

- 200** Corporate Information
- 202** Awards and Accolades
- 203** Statement of Workforce
- 204** Airports Statistics
- 206** Statement of Shareholdings
- 210** Information for Shareholders and Investors
- 211** Share Price, Volume Traded and Market Capitalisation
- 212** Financial Calendar
- 213** List of Properties
- 219** Group Corporate Directory
- 220** Airport Directory

- 221** Notice of the 22<sup>nd</sup> Annual General Meeting
- 227** Statement Accompanying Notice of the 22<sup>nd</sup> Annual General Meeting
- 228** AGM Administrative Details

- Proxy Form



Scan to view our  
2020 Annual Report  
Microsite

## ABOUT THIS REPORT



### Introduction

This is Malaysia Airports' third year of integrated reporting. The report has been prepared with reference to the principles of the International Integrated Reporting Framework (<IR> framework) developed by the International Integrated Reporting Council (IIRC).

We strive to continuously improve the quality of information available to our stakeholders and reporting practices through adoption of the <IR> Framework, in consonance with the recommendations in the Malaysian Code on Corporate Governance (MCCG) 2017 on integrated reporting.

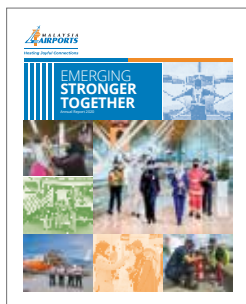
The report aims to provide our stakeholders with transparent, relevant and integrated information of our business strategy, performance, and future prospects in the context of economy, social and environment, leading to the creation of stakeholder value over the short, medium and long-term. We are guided by our vision to be 'A Global Airport Group that Champions Connectivity and Sustainability' and are resolute in our brand promise of 'Hosting Joyful Connections'.

Improvements of disclosure in Malaysia Airports' Integrated Report for FY2020 are as follows:

Section	FY2020 Improvements
<b>Our Value Creation Strategy</b>	<b>Operating Environment and Outlook:</b> Whilst the market and environment outlook continues to be challenged by travel restrictions and border closures, our enhanced narrative highlights critical areas discussed with our stakeholders to position the Group towards recovery and growth prospects amidst the challenging landscape.

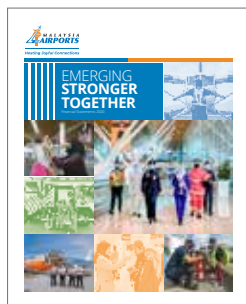


## Reporting Suite and Framework



### ANNUAL REPORT

Provides a holistic assessment of our ability to create sustainable value in the short, medium and long-term



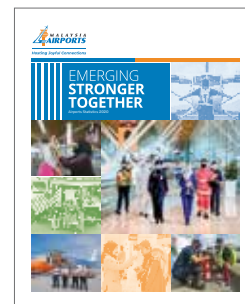
### FINANCIAL STATEMENTS

Sets out the Group's full audited annual financial statements, including the Independent Auditor's Report



### SUSTAINABILITY REPORT

Provides detailed disclosures of our management of sustainability risks and opportunities within the Economic, Environment and Social parameters



### AIRPORTS STATISTICS

Contains data on the Group's total traffic movements including passenger, aircraft and cargo

Frameworks applied:

- 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
- Global Reporting Initiative (GRI) Standards for Sustainability Reporting - Core Option

The full report is also available online on our corporate website at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my)

## Scope and Boundary

This report covers our financial and non-financial performance during the period from **1 January 2020 to 31 December 2020**.

Information presented relates to the principle activities of the Group and all its subsidiaries, unless stated otherwise. Detailed information on investments in which Malaysia Airports has no controlling interest is not included.

Through this report, we hope to give a comprehensive and holistic overview of the matters that influence our ability to create value, including market challenges, risk management, strategies, governance, initiatives and key developments.

## ABOUT THIS REPORT

### Concept of Value Creation and Materiality

#### Value Creation

Our focus on value creation is driven by championing connectivity as a global airport group and sustainability of airport communities that we serve. We relentlessly strategise on the mobilisation of our six capitals to coordinate, educate, support and collaborate with our stakeholders and monitor value creation outcomes to enhance resiliency. As we navigate ongoing transformation towards progressive recovery, our goal is to enhance interaction with stakeholders, providing material insights that consider inter-relatedness and dependencies between factors that drive our value creation journey. Our value creation model is further disclosed on pages 24 to 79.

#### Materiality

Malaysia Airports applies the principle of materiality to determine the content of our integrated report and defines materiality as matters that substantially affect the Group's ability to create and sustain value over the short, medium and long-term.

These matters were identified, prioritised and validated via a materiality assessment described in page 66. Our key stakeholders were engaged during this process, and this has enabled the Group to incorporate their inputs into our business perspective. Our strategic responses to these material matters are presented in pages 66 to 77.

### Forward Looking Statement

This report contains forward looking statements, for example, Malaysia Airports' future direction, strategies, and potential opportunities for growth. These statements are based on various assumptions and are subject to a number of risks, uncertainties and contingencies, many of which are beyond the control of the Group. Unanticipated events and actual future events may differ materially from current expectations due to new business opportunities, changes in priorities by the Group and other factors.

### Assurance

Malaysia Airports obtained independent third-party assurance for the following information:

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

### Information on Exclusions

Malaysia Airports' disclosure appetite guides the limitations of information available in this report. As we strive to provide a balance between positive and negative information, several requirements of the <IR> Framework have been excluded due to the unavailability of reliable information or specific legal prohibitions.



## Legends

Throughout this report, the following navigation icons are used to link our six capitals, key stakeholders, strategic themes and enablers to material matters, risks, and performance.

### CAPITALS

	Financial
	Manufactured
	Intellectual
	Human
	Social
	Natural

### STRATEGIC THEMES

	Survivability
	Fixing the Basics
	Horizontal Expansion
	Digitalisation
	Critical Asset Replacement

### STAKEHOLDERS

	Regulators and Government		Vendors and Service Providers
	Employees		Investors
	Airlines		Local Community
	Passengers		The Media
	Tenants		

### MATERIAL MATTERS

	Airport Capacity		Economic Performance
	Total Airport Experience		Integrity and Anti-Corruption
	Digitalisation		Transportation and Connectivity
	Airport Safety and Security		Regulatory Compliance

### ENABLERS

	Operational Excellence and Innovation		Communications and Branding
	Governance and Process		Human Capital

## CHAIRMAN'S STATEMENT

**Dear Stakeholders,**  
In an unprecedented year and amidst the most challenging business conditions that the entire aviation industry has ever faced globally, Malaysia Airports had adopted a positive mindset throughout the year. This positive mindset which has shaped our pandemic response is underpinned by four underlying factors – readiness, clarity, speed and empathy.

**Dato' Seri Diraja  
Dr. Zambry Abd Kadir**  
Chairman





Our approach in handling the pandemic was to be agile, decisive and methodical with the objective of finding synergistic solutions that would benefit the Group and all its stakeholders. This holds true at every level of the Group, from the Board to the Management, from frontliners to support staff in the back office.

Although this financial year was the first loss-making year in the history of Malaysia Airports, we remain heartened by the progress we had made on several fronts. In this regard, Malaysia Airports, together with our stakeholders, are on the right track towards preparing for the resumption of air travel when travel restrictions are eased. That is why we have chosen **'Emerging Stronger Together'** as the theme to encapsulate this unprecedented year.

## READINESS

As an airport operator, readiness is a byword in the business. We constantly strive for the highest level of preparedness, meticulously planning for any eventuality. The Airport Emergency Plans for our airports contain detailed contingency plans including responses to health threats – taking the cue from other deadly viral outbreaks such as the Severe Acute Respiratory Syndrome (SARS) in 2003 and the global H1N1 flu pandemic in 2009. We had also been on high alert for the Middle East Respiratory Syndrome (MERS) in 2013, Ebola in 2014, and Zika in 2016.



The Airport Emergency Plans are regularly tested in airport emergency exercises, which are safety exercises that involve simulations of emergency scenarios designed to assess the efficacy of the planned response, the readiness of our people and the inter-agency coordination to respond effectively in different emergency scenarios. Therefore, as early as January, we activated the Airport Emergency Plan so that operationally, we could coordinate the response to the growing spread of the COVID-19 virus.

Consequently, the KUL COVID-19 Committee was formed in January with stakeholders such as the National Disaster Management Agency (NADMA), the Ministry of Health, the Royal Malaysian Police (PDRM), the Malaysia Civil Defence Force (APM), Special Malaysia Assistance and Rescue Team (SMART), Fire and Rescue Department of Malaysia (Jabatan Bomba), The People's Volunteer Corps (RELA), The Royal Malaysian Customs and Immigration Department. The Committee met weekly to formulate, implement, review and improve operational processes in line with the Standard Operating Procedures (SOPs) prescribed by the National Security Council. This has been pivotal in maintaining a robust and dynamic response to the pandemic at the nation's gateways – ensuring the safety of passengers and the airport community while maintaining service levels at the airports and protecting the nation against imported cases of COVID-19.



## CHAIRMAN'S STATEMENT

In addition, we activated the COVID-19 Corporate Crisis Management Team (CCMT) in March, chaired by the Group Chief Executive Officer and included members of the Executive Committee. The CCMT is part of our business continuity plans and its role is to provide strategic direction and communications pertaining to the recovery and sustainability of Malaysia Airports business operations, maintenance of service levels and engagement with stakeholders throughout the COVID-19 pandemic. The CCMT met weekly in 2020, a testament to the intensity of our response and the importance of a hands-on approach by the Management.

### CLARITY

Our positive approach was also bolstered by the clarity we had about the threats we were facing, the solutions and the action plan.

Through extensive stress-testing and scenario-planning, it was clear to us that the most serious threat faced by Malaysia Airports were that of cash flow and liquidity. This was because the aeronautical business which was our main revenue driver was experiencing severe disruptions due to travel restrictions as globally nations closed their borders and imposed quarantine requirements to curb the spread of COVID-19.

Following that, Malaysia Airports formulated a COVID-19 Recovery Plan, a group-wide response to navigate through the crisis and mitigate its impact. The plan was presented to the Board and was approved in March, setting out three main strategies – cost containment, cash preservation and cash recovery.

The plan called for capital expenditure to be reduced by 80% through the prioritisation of maintenance capital expenditure for critical projects, while deferring other development projects. The plan also targeted to reduce operating costs by at least 20%. As a result of this, we proceeded with only several mission critical projects which required capital expenditure – the replacement of the Baggage Handling System and Aerotrain Track Transit System, runway rehabilitation, the completion of the washroom refurbishment at KUL, the Single Token Journey initiative to enable a contactless journey for passengers from check-in to boarding, and the on-going Commercial Reset.

To reduce operating costs, a series of Cost Labs were held to examine our operations, employing Lean Six Sigma approach towards containing costs while achieving operational excellence. We challenged ourselves to rethink the way we operate, to consider changing even the most entrenched ways of doing business and to embrace new ways in which we could achieve sustainable cost containment.

The plan does not only address what we foresee as our near-term outlook in the next two years i.e. the 'Survival and Recovery' phase, it also outlines a 'Growth and Transformation' phase to position and prepare Malaysia Airports for future growth. In preparing for the plan, a series of Transformation Labs were held between March and July during which High Impact Projects and Transformational initiatives were identified and presented to a Transformation Steering Committee.

The groundwork has enabled Malaysia Airports to produce 'Future F.I.T.', a 5-Year Strategy and Transformation Plan which sets out the Group's strategic direction for the next five years from 2021 to 2025. Premised on three pillars – **F**inancially sustainable, **I**mpact driven and **T**echnology focused - the roadmap comprises Phase 1 from now till 2022 which sets out the direction for survival and recovery, and Phase 2 (2023-2025) which positions Malaysia Airports for future business growth and sustainability. The Board approved Future F.I.T. in November, and it is currently being implemented.





## SPEED

Speed was of the essence for the successful execution of our pandemic response. It was important for us to engage immediately with key stakeholders and to assure them that we had a solid plan in place and to seek their cooperation to execute it.

First, we needed to communicate with our people to obtain their buy-in and support for what was to be a radical departure from business as usual. In early April, a townhall was held in which our Group Chief Executive Officer addressed all employees to present to them the new reality. In doing so, he explained to our people how the pandemic would potentially impact Malaysia Airports and the immediate steps that we had to take to ensure the continued survival of the Group, and its recovery from this crisis. Most importantly, he made it clear that everyone at Malaysia Airports had a role in ensuring the survival and recovery of the Group, and that by remaining united and steadfast in our efforts, we will emerge stronger together from this crisis. As a result of this, we are heartened to see that our employees have stood united with the Group and given their wholehearted support and effort in ensuring a brighter future for Malaysia Airports and our stakeholders.

We had also conducted extensive engagements with other key stakeholders to kickstart the execution of the COVID-19 Recovery Plan. They include airport owners such as the

government of Malaysia, the Turkish Ministry of Defence and the management of Hamad International Airport (IATA Code: DOH) in Doha, Qatar as we sought payment deferrals and leeway in the terms of the operating and concession agreements.

Also included among the key stakeholders were the lenders who had provided the syndicated term loan for the Istanbul Sabiha Gökçen International Airport (IATA Code: SAW) concession, our bankers in Malaysia as well as sukuk holders of Malaysia Airports' Islamic Medium Term Notes. We also engaged with investment analysts and the rating agencies to assure them that we had a solid plan in dealing with the demands and constraints of the situation, and how we are also preparing for the Group's future growth and sustainability.

The early engagement with key stakeholders yielded crucial results. The government of Malaysia agreed to defer the payment of user fees due under the Operating Agreements (OAs) in 2020 to April 2021 and further agreed to relaxation of Marginal Cost Support (MARCS) claims for 2020. The government also expedited the payment of previous MARCS and tax refunds claimed by Malaysia Airports.

For operations in Turkey, the Turkish government had agreed to defer indefinitely the utilisation fee for SAW of EUR114.8 million originally due in January 2021. In relation to the syndicated loan, the lenders agreed to rearrange the facility, extending the loan tenure by two years to 2025, and granting a payment holiday for loan repayments due in December 2020 and June 2021. As a result, only EUR10 million is due for repayment in 2021.

Despite the challenges of the operating environment, Malaysia Airports maintained its credit ratings by Rating Agency of Malaysia (RAM) and Moody's. The strong credit ratings enabled the Group to take advantage of the prevailing low interest rate environment to redeem the existing Islamic Medium Term Notes of RM1.0 billion which carried a 4.55% annual profit rate in August, and in November to tap the Sukuk market to raise funds under the Senior Sukuk programme. We succeeded in raising RM700 million through the issuance of two tranches of new Senior Sukuk of RM480 million (7-year tenure) and RM220 million (10-year tenure) with annual distribution of 3.3% and 3.6% respectively, marking the longest ever tenure and lowest ever profit rates under the Senior Sukuk programme.



## CHAIRMAN'S STATEMENT



### EMPATHY

While it is important that we survive the pandemic and strengthen our capabilities and capacity for future growth, Malaysia Airports operates in an ecosystem which is both inter-connected and inter-dependent – globally, regionally and domestically. This has come into sharp focus during the pandemic, which demonstrated how dependent stakeholders are on one another. Lending a helping hand to other stakeholders who had been affected by the pandemic has been a key feature of our pandemic response.

Internally, for our employees, many of whom brave the frontlines of the pandemic, we have maintained the employment of all our people, with the only exceptions being employees leaving due to retirement and other natural attrition, and poor performance. We have also retrained our staff for other roles, particularly airport staff such as aviation security officers. As the airport business is highly specialised, the key material matters of our business such as regulatory compliance and airport safety and security make it necessary to maintain staffing for us to scale our operations as and when travel restrictions are lifted.

We have also extended assistance to commercial partners such as airport retailers and tenants. For airport retailers, we extended a six-month rental moratorium and structured a New Rental Model moving forward. This has helped them to ease their

cashflow in 2020, as well as to keep costs in line with revenue for 2021. In these initiatives, we have prioritised the small and medium enterprises as they are more vulnerable to a sudden loss of business from circumstances beyond their control.

We also reached out to our airline partners to prepare for the resumption of flights to and from our network of airports when air travel picks up. The Network Reconnecting Programme offers a win-win proposition for airlines by reducing various airport charges for those who had formally stated their intention to resume flights to and from our airports. We also extended the credit terms and worked out instalment schemes to enable airlines to make payments of sums owed to Malaysia Airports taking into consideration cash flow issues.

### KEEPING THE GROWTH MOMENTUM

In addition to shaping our pandemic response, our positive mindset also ensured that the Group kept on a positive trajectory in critical business areas, achieving its goals and scoring several key wins.

#### Maintaining public confidence in the safety of airports

The safety of passengers, employees and the airport community is our paramount consideration to build public confidence in the safety of our airports and enable our employees and members of the airport community working on the frontlines of the pandemic to have peace of mind at work.

The new SOPs at airport terminals incorporate public health measures including physical distancing, the use of face masks, contact tracing, temperature checks at terminal entrances and the availability of hand sanitisers throughout the terminal. We also installed new safety equipment at the airports including state-of-the-art thermal scanners, security scanners as well as sneeze guards. We ensured that public areas were regularly sanitised and used ultra-violet technology to sterilise handrails at walkalators and escalators, disinfect washrooms and disinfect all arriving baggage at KUL.

In this regard, we also leveraged on Malaysia Airports' prior investments in technology and digitalisation capabilities. We were therefore able to deploy our Airports 4.0 digitalisation initiatives for a contactless experience to airport users. For example, with the introduction of the Single Token

Journey initiative, passengers are able to navigate the airport's touchpoints from check-in to boarding with a single identification verification coupled with facial recognition technology. Other contactless measures include self check-in, self bag-drop, contactless security screening, and the use of e-wallets or mobile payment services at retail and food and beverage outlets.

### **Top 10 global ranking for KUL**

One of our proudest achievements of the year was the return of KUL to the top 10 airports in the world in the above 40 million passengers per annum (mppa) category as ranked by the Airports Council International through its Airport Service Quality (ASQ) rankings. Considering that the top 10 is traditionally dominated by newer airports, KUL at the age of 22 years making the top 10 is a testament to the hard work and outstanding effort put in by all our employees and the other members of the KUL airport community.

KUL's overall score of 4.98 out of a possible 5.0 for the full year was a big jump from 4.76 in 2019 when we ranked #17. This achievement was driven primarily by several factors - fulfilling our brand promise of 'Hosting Joyful Connections' as well the impact of the host culture transformation programme to improve service quality among frontline workers at the airport, the refurbishment of the washrooms at the airport as well as the many enhancements that have been implemented through the #1improvement1week initiative, all of which have been in progress since 2017 onwards. Over and above that in 2020 alone, we implemented new safety measures at our own cost amounting to RM15.0 million at KUL and other airports as part of the new normal in air travel and to build confidence among passengers on the safety of air travel.

Our determination and persistence in making the holistic improvements needed to stand among the top 10 airports in the world have certainly paid off, despite the additional challenges posed by the pandemic.

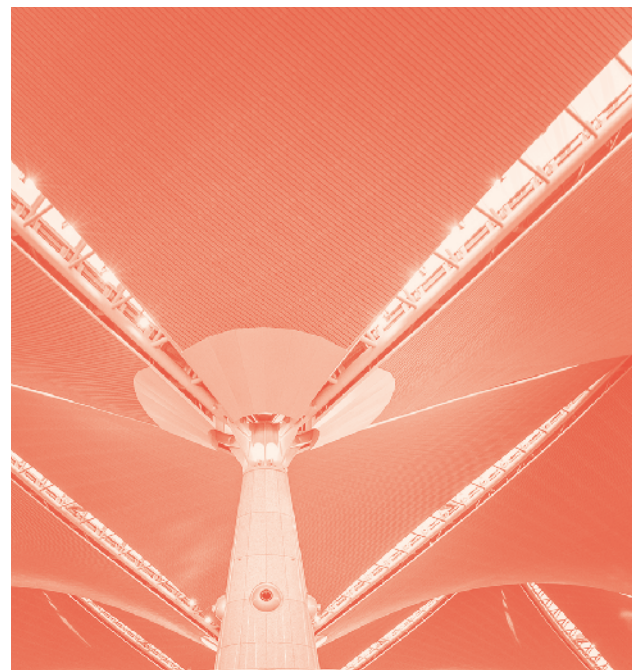
### **E-commerce joint venture with Alibaba takes off**

It was also a proud moment for us when the Cainiao Aeropolis eWTP Hub became operational in November, covering over 100,000 sqm at KLIA Aeropolis. The facility which is a joint venture (JV) between e-commerce titan Alibaba and Malaysia

Airports, is the first e-fulfilment hub for Alibaba located outside of China. Despite disruption of works during the Movement Control Order, the eWTP hub was successfully completed on schedule. This is also a game changer for Malaysia Airports in boosting our cargo business as well as for the nation towards becoming a significant player in the fast-growing e-commerce sector.

### **Management contract for DOH renewed**

In the project and repair maintenance business, through Malaysia Airports Consultancy Services Middle East LLC (MACS ME), we secured the extension of the contract to provide management services at Doha International Airport, Qatar (IATA Code: DOH) for another five years from December 2019 to December 2024. This is notable because we first secured the contract for an initial three years beginning December 2014, and it had previously been extended for a second term from December 2017 till December 2019. The renewal for a third term for a further five years is testament to our performance and operational excellence in delivering the contractual obligations and support services effectively at DOH, a five-star airport.





## CHAIRMAN'S STATEMENT

### Gold sustainability rating

In terms of Malaysia Airports' sustainability practices and initiatives as well as the impact of the Group in the environment, social and governance spheres, an independent review by RAM Sustainability resulted in the Group achieving an overall gold rating, the highest of three available ratings. Malaysia Airports also received a gold rating for the social and governance spheres as well as for positive impact. For the environment sphere, we received a silver rating.

The rating reflects Malaysia Airports' strong overall sustainability performance after taking into consideration its environment, social and governance and positive impact attributes. The rating also recognises that our sustainability performance is driven by robust governance and its positive impact on the economy and society. Among other matters, the rating report also highlights our dedication towards integrity and anti-corruption as shown by the adoption of the ISO 37001: Anti-Bribery Management Systems.

### BOARD ACTIVITIES AND CORPORATE GOVERNANCE

The Board of Directors of Malaysia Airports has played a critical role in the Group's response to the pandemic. The Board members have brought their expertise and decades of experience to the table and engaged in in-depth discussions, offering multitudes of opinions and approaches so that as a collective body, we will arrive at the best solutions for the Group. The Board met 16 times this year and has worked closely with Management to strengthen the Group as we steered our way through the year's turbulence.

### Regulatory compliance

In the area of Corporate Governance, the Board is pleased to note that the stakeholders of the Group in reviewing the material matters for our business has maintained 'Regulatory Compliance' at the highest band of priority. Regulatory compliance has always been a corporate governance priority for Malaysia Airports because we operate within a highly regulated industry, in which we are subject to international and national laws and regulations, including environmental, social and operational regulations. The Board monitors closely the compliance with all applicable laws and regulations to maintain the confidence of stakeholders in the integrity of the Group, the safety of operations as well as to protect against legal liability and harm to our reputation.

### New and emerging risks

The Board also monitors the new and emerging risks that the Group may face. In addition to risks which came to the fore in the year such as pandemic and liquidity risks, a key development in this regard is the coming into force of the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) on 1 June which introduces corporate liability on commercial organisations in Malaysia.

The effect of Section 17A is that a company such as Malaysia Airports may be liable to legal proceedings for corruption offences committed by persons associated with the Group. The Guidelines on Adequate Procedures issued by the MACC on Section 17A of the MACC Act provides guidance in formulating and implementing procedures to prevent corrupt practices.

Consequently, we have conducted a risk assessment of our operations and addressed the vulnerabilities. Guidelines on Anti-Corruption Due Diligence have also been developed to guide the relevant companies and divisions in the Group on fulfilling the requirements of the MACC Act. To ensure wide-spread awareness on the new provisions of the law, we developed online learning modules for employees to learn about these anti-corruption provisions, with 100% of employees having completed the e-learning course in 2020.

### THANK YOU

I would like to extend a warm welcome to our newest Board members, Dato' Mohamad Nasir Ab Latif who was appointed on 1 October 2020, and Puan Normah Osman who was appointed on 26 April 2021.

The Board would also like to thank our former Chairman, Tan Sri Datuk Zainun Ali, as well as two other Board members, Dato' Jana Santhiran Muniayan and Hajah Jamilah Dato' Hashim, who resigned in 2020. On behalf of the Board, I would like to record our appreciation for their contribution towards the Group.

In addition, the Board wishes to thank our employees who have put up a brave front facing the trials and tribulations of the pandemic, forming a strong and united workforce for the Group. We acknowledge their many sacrifices during this challenging year. As Malaysia Airports is categorised as a provider of essential services, many of our employees served

on the frontlines of this pandemic, risking their lives for the greater public interest. Each of our employees scaled a steep learning curve during the year and I hope, emerged stronger, for their experience.

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 and walking alongside us in facing the challenges and hurdles of 2020.

I would also like to make a special acknowledgement of the role of the government of Malaysia in advancing our discussions on the renewal of our Operating Agreements, which form the basis for Malaysia Airports' licence to operate the 39 airports in Malaysia. While the Cabinet's approval in principle had been obtained for the extension of the OAs till 2069, the details of the agreements are being finalised with the relevant government agencies.

We have made tremendous progress thanks to the spirit of mutual cooperation and understanding that has prevailed, and the willingness of government stakeholders to balance and marry the interests of Malaysia Airports and our stakeholders with government policies on the aviation industry. In this regard, we believe the formal renewal of the OAs will be the catalyst for further development and investment in the network of airports in Malaysia.

Although this year has brought tremendous challenges, our positive approach has influenced the course and direction of stakeholder engagements. With the appreciation that 'we are all in this together', we have arrived at win-win outcomes for the Group and its stakeholders. Therefore in 2020, despite the pressing concerns brought on by the pandemic, Malaysia Airports continued to make a tangible difference for stakeholders and discharged our duties as guardians of the nation's gateways.



**Dato' Seri Diraja Dr. Zambray Abd Kadir**  
Chairman



## FY2020 KEY HIGHLIGHTS

	Scope	FY2020	FY2019	FY2018
<b>Group Financial Performance</b>				
Revenue (RM'mil)	Group	1,866.3	5,213.1	4,851.7
EBITDA (RM'mil)	Group	21.6	2,292.0	2,383.5
Profit for the Year (RM'mil)	Group	(1,116.2)	537.0	727.3
Total Equity (RM'mil)	Group	8,099.3	9,325.4	9,140.7
<b>Airport Performance</b>				
Group Passenger Movements (mil)	Group	43.0	141.2	133.2
Group Aircraft Movements	Group	600,073	1,281,000	1,232,735
Group Cargo Movements (metric tonnes)	Group	834,718	1,003,000	1,037,370
KUL ASQ rank (> 40 mppa category)	KUL	10	17	14
KUL ASQ score	KUL	4.98	4.76	4.70
Total Direct Destinations	KUL	166	166	>120
	SAW	130	>160	>160
<b>Sustainability Performance</b>				
Energy Consumption (kWh/passenger)	Airports in Malaysia	15.9	5.1	5.3
	SAW	3.8	2.2	2.2
Solar Power Generated (MWh)	KUL	16,949	18,763	18,284
Water Consumption (litre/passenger)	Airports in Malaysia	365.5	104.7	127.3
	SAW	12.8	10.2	10.1
Total Waste Generated (kg/passenger)	KUL	0.36	0.23	0.27
	SAW	0.27	0.14	0.13
Recycling Rate (%)	KUL	8.3	13.8	5.7
	SAW	33.3	50.5	47.1
Total Employees	Group	10,333	10,724	10,799
Percentage of Female Employees (%)	Group	34.2	34.6	33.4
Community Investment (RM)	Group	417,839	1,066,847	1,373,919



## AT A GLANCE

Globally, Malaysia Airports is one of the world's largest airport operator groups, based on the total number of passengers handled, managing in total 39 airports throughout Malaysia (five international airports, 16 domestic and 18 STOLports). the Group also owns and manages one international airport in Istanbul, Turkey.

Our Malaysia operations comprises five key business activities which are airport services, duty free and non-dutiable goods, hotel, project and repair maintenance and agriculture and horticulture. For overseas operations, in addition to ownership and management of Istanbul Sabiha Gökçen International Airport (IATA Code: SAW) in Istanbul, Turkey, we also provide services for operations and maintenance of airports and airport-related services.

Listed on the Main Market of Bursa Malaysia since November 1999, at the end of 2020, Malaysia Airports' market capitalisation stood at RM9.8 billion.

We are a constituent of the FTSE4Good Bursa Malaysia Index and as a signatory to the Aviation Industry Commitment to Action on Climate Change, we strive to create a pathway to carbon-neutral growth and a carbon-free future. Malaysia Airports also holds memberships in the Airports Council International (ACI) and the ACI Asia Pacific Regional Environmental Committee.

### Competitive advantage

- Malaysia is located in a strategic location – in the heart of ASEAN, surrounded by high growth markets such as China and India.
- Competitive aeronautical and passenger charges - one of the lowest in the world.
- Well-equipped airports with safety standards certified by global bodies such as ISO, British Standards Institution, and ACI.
- Our flagship, KUL, is ranked within the Top 10 airports globally for >40 mppa under ACI's Airport Service Quality rankings.
- KUL's two terminals have a combined capacity of 75 mppa.
- KUL's three independent runway system facilitates efficient flight operations.
- 100km<sup>2</sup> land bank surrounding KUL allows for aviation-related and commercial development.
- SAW's strong hub position within the region, evidenced by its consistent ranking as one of Europe's busiest airports.

Post COVID-19 pandemic, Malaysia Airports is well-positioned to benefit from the recovery of the aviation industry through the strong hub advantage of leading low-cost carriers while also leveraging on the connectivity and network of home-based full-service carriers for both its operations in Malaysia and Turkey.



### OUR VISION

A Global Airport Group that Champions Connectivity and Sustainability



### BRAND PROMISE

Hosting Joyful Connections



### CORE VALUES

**I**ntegrity  
**C**ustomer-Centricity  
**A**ccountability  
**N**ew Ideas

## HIGHLIGHTS BY KEY BUSINESS ACTIVITIES



### > AIRPORT SERVICES

Manage, operate and maintain airports, and provide airport-related services to ensure that airports operate efficiently, safely and securely and maintaining high service levels



#### Financial

#### EQUITY INVESTED

**FY2020 : RM4,419.3 mil**

FY2019 : RM4,419.3 mil

FY2018 : RM4,419.3 mil

#### TOTAL REVENUE

**FY2020 : RM1,741.9 mil**

FY2019 : RM4,458.3 mil

FY2018 : RM4,096.0 mil



### > DUTY FREE AND NON-DUTIABLE GOODS

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



#### Financial

#### EQUITY INVESTED

**FY2020 : RM16.5 mil**

FY2019 : RM16.5 mil

FY2018 : RM16.5 mil

#### TOTAL REVENUE

**FY2020 : RM155.4 mil**

FY2019 : RM854.5 mil

FY2018 : RM834.2 mil



### > HOTEL

Manage and operate hotels



#### Financial

#### EQUITY INVESTED

**FY2020 : RM92.7 mil**

FY2019 : RM92.7 mil

FY2018 : RM92.7 mil

#### TOTAL REVENUE

**FY2020 : RM43.7 mil**

FY2019 : RM93.3 mil

FY2018 : RM92.5 mil



### > PROJECT AND REPAIR MAINTENANCE

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



#### Financial

#### EQUITY INVESTED

**FY2020 : RM7.5 mil**

FY2019 : RM7.5 mil

FY2018 : RM7.5 mil

#### TOTAL REVENUE

**FY2020 : RM211.8 mil**

FY2019 : RM287.1 mil

FY2018 : RM240.3 mil



### > AGRICULTURE AND HORTICULTURE

Cultivate and manage oil palm and other agricultural products, in addition to undertaking horticulture activities, mainly landscaping services and products



#### Financial

#### EQUITY INVESTED

**FY2020 : RM9.0 mil**

FY2019 : RM9.0 mil

FY2018 : RM9.0 mil

#### TOTAL REVENUE

**FY2020 : RM42.4 mil**

FY2019 : RM33.9 mil

FY2018 : RM36.9 mil

**EBITDA****FY2020 : RM109.8 mil**

FY2019 : RM2,195.4 mil

FY2018 : RM1,974.9 mil

**Manufactured****GROUP PASSENGER  
TRAFFIC MOVEMENTS****FY2020 : 43.0 mil**

FY2019 : 141.2 mil

FY2018 : 133.2 mil

**Intellectual****NUMBER OF AIRPORTS  
OPERATED****FY2020 : 40**

FY2019 : 40

FY2018 : 40

**Social and Relationship****NUMBER OF  
EMPLOYEES****FY2020 : 8,577**

FY2019 : 8,664

FY2018 : 9,058

**EBITDA****FY2020 : RM-89.2 mil**

FY2019 : RM53.2 mil

FY2018 : RM75.5 mil

**Manufactured****NUMBER OF  
RETAIL OUTLETS\*****FY2020 : 52**

FY2019 : 54

FY2018 : 51

\* Data is in reference to MA(Niaga)

**Intellectual****RETAIL AREA\*  
[SQM]****FY2020 : 13,112**

FY2019 : 13,745

FY2018 : 14,045

**Social and Relationship****NUMBER OF  
EMPLOYEES****FY2020 : 775**

FY2019 : 982

FY2018 : 979

**EBITDA****FY2020 : RM2.8 mil**

FY2019 : RM32.3 mil

FY2018 : RM24.0 mil

**Manufactured****NUMBER OF  
HOTELS****FY2020 : 4**

FY2019 : 4

FY2018 : 4

**Intellectual****NUMBER OF  
ROOMS****FY2020 : 720**

FY2019 : 720

FY2018 : 442

**Social and Relationship****NUMBER OF  
EMPLOYEES****FY2020 : 413**

FY2019 : 398

FY2018 : 405

**EBITDA****FY2020 : RM40.3 mil**

FY2019 : RM70.0 mil

FY2018 : RM40.3 mil

**Social and Relationship****NUMBER OF  
EMPLOYEES****FY2020 : 591**

FY2019 : 646

FY2018 : 323

**EBITDA****FY2020 : RM10.3 mil**

FY2019 : RM5.0 mil

FY2018 : RM8.1 mil

**Natural****OIL-PALM PLANTED AREA  
[HA]****FY2020 : 6,632.1**

FY2019 : 6,646.3

FY2018 : 6,646.3

**Intellectual****FRESH FRUIT BUNCHES  
[MT]****FY2020 : 60,444.0**

FY2019 : 62,967.6

FY2018 : 65,917.1

**Social and Relationship****NUMBER OF  
EMPLOYEES****FY2020 : 28**

FY2019 : 34

FY2018 : 34



# WHERE WE OPERATE



## AIRPORT SERVICES



### INTERNATIONAL

#### MALAYSIA

- KL International Airport (KUL)
- Kota Kinabalu International Airport (BKI)
- Kuching International Airport (KCH)
- Langkawi International Airport (LGK)
- Penang International Airport (PEN)

#### TURKEY

- Istanbul Sabiha Gökçen International Airport (SAW)

#### INDIA

- Rajiv Gandhi International Airport (HYD)



### DOMESTIC

- 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)

- Sultan Ismail Petra Airport, Kota Bharu (KBR)
- Sultan Mahmud Airport, Kuala Terengganu (TGG)
- Bintulu Airport (BTU)
- Limbang Airport (LMN)
- Miri Airport (MYV)

- Mulu Airport (MZV)
- Sibiu Airport (SBW)
- Labuan Airport (LBU)
- Lahad Datu Airport (LDU)
- Sandakan Airport (SDK)
- Tawau Airport (TWU)



### SHORT TAKE-OFF AND LANDING PORTS (STOLPORTS)

- Pulau Pangkor (PKG)
- Pulau Redang (RDN)
- Pulau Tioman (TOD)
- Bakelalan (BKM)
- Bario (BBN)
- Belaga (BLG)

- Kapit (KPI)
- Lawas (LWY)
- Long Akah (LKH)
- Long Banga (LBP)
- Long Lellang (LGL)
- Long Semado (LSM)

- Long Seridan (ODN)
- Marudi (MUR)
- Mukah (MKM)
- Kudat (KUD)
- Long Pasia (GSA)
- Semporna (SMM)



## 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)
- Sultan Abdul Aziz Shah Airport, Subang (SZB)
- Istanbul Sabiha Gökçen International Airport (SAW)

## AGRICULTURE AND HORTICULTURE

- KL International Airport (KUL)
- Bintulu Airport (BTU)
- Miri Airport (MYM)
- Sibiu Airport (SBW)

## HOTEL

Four locations in and around KUL and SAW:

- KLIA1 landside
- KLIA1 airside
- klia2 airside
- SAW landside

## PROJECT AND REPAIR MAINTENANCE

### AIRPORTS

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

### PORT

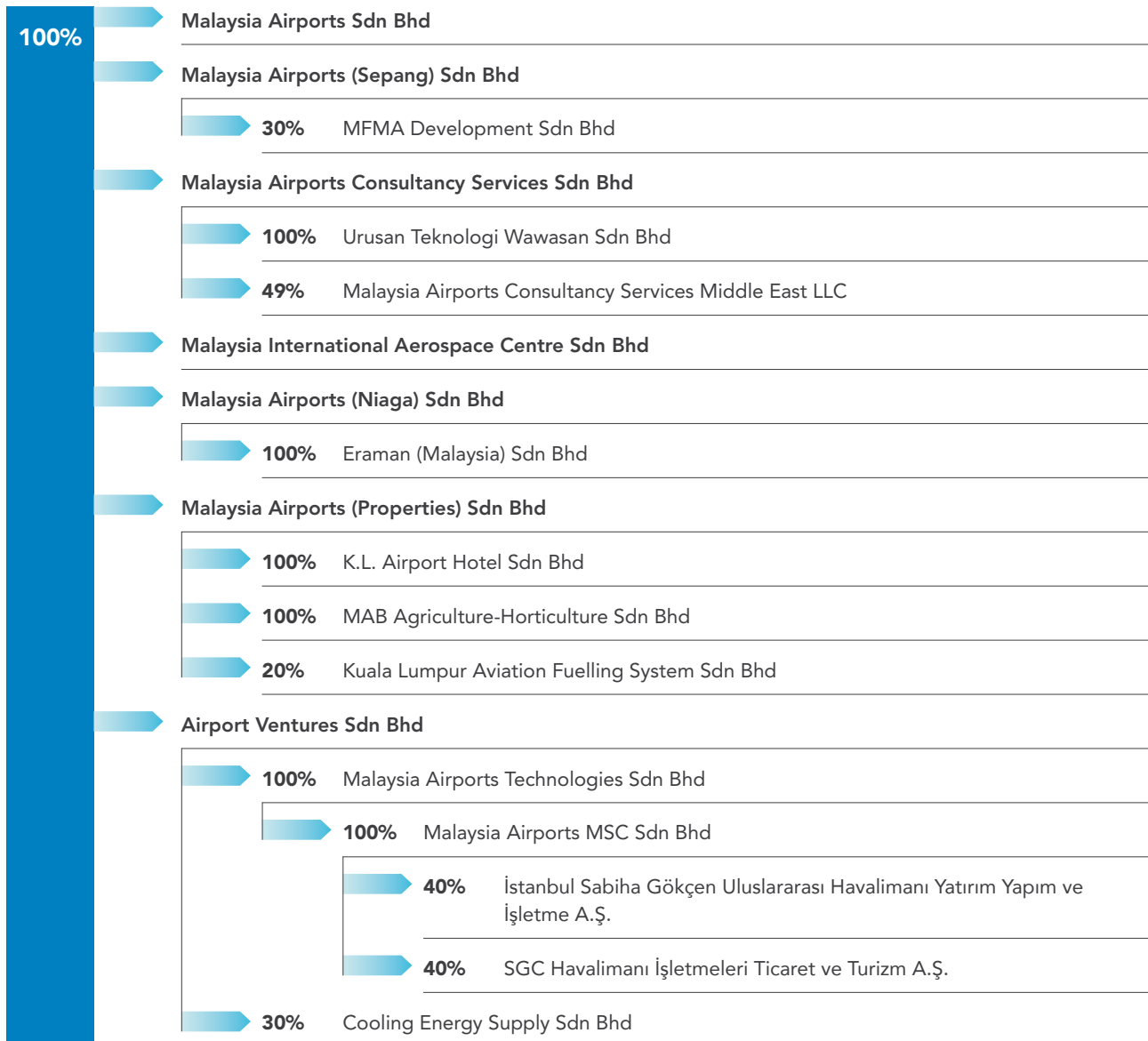
- Port of Tg Pelepas

### COMMERCIAL BUILDINGS

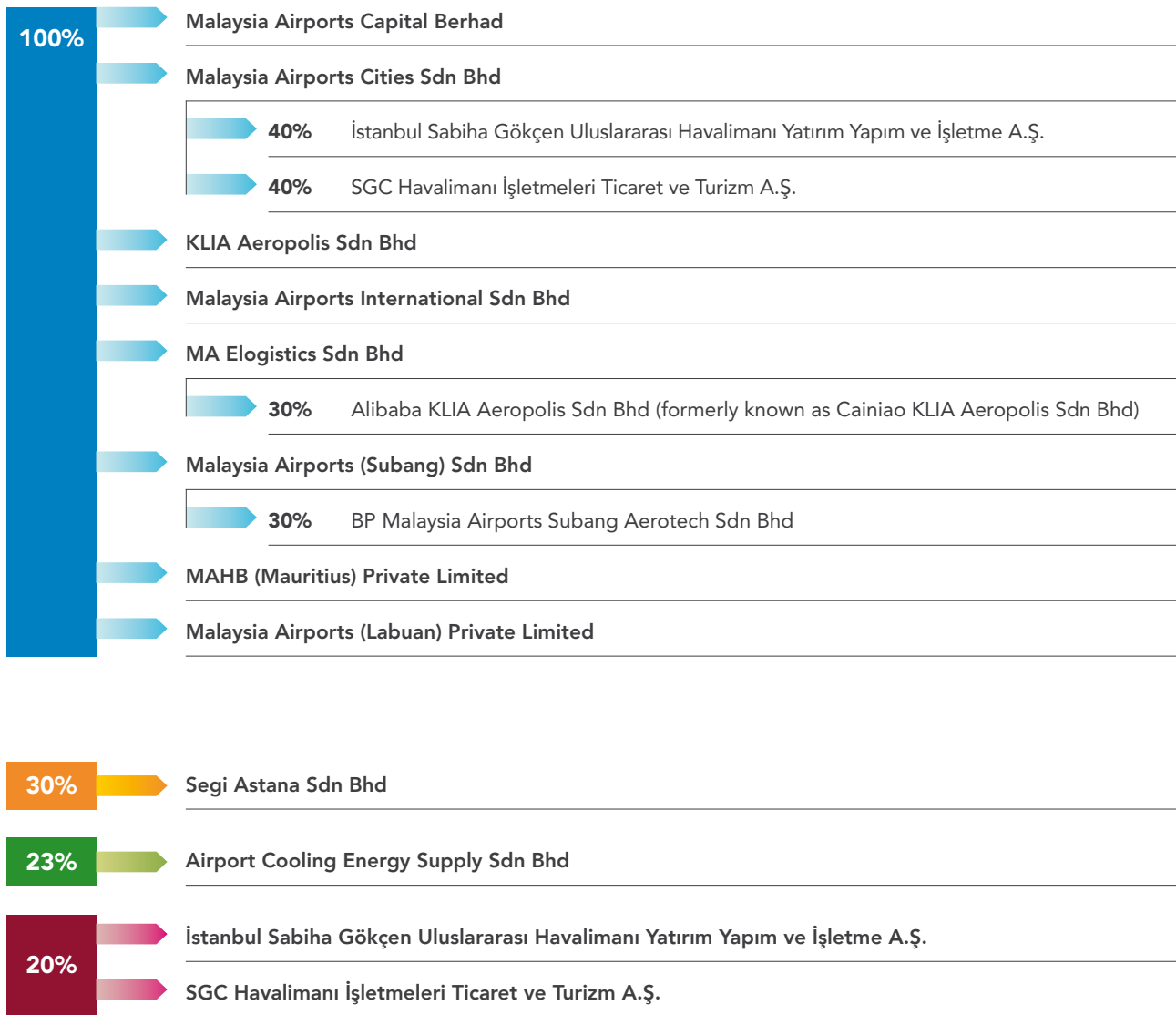
- Airbus Helicopters Malaysia
- Cainiao Aeropolis eWTP Hub
- Exxon Mobil
- Masjid As-Syakirin KLCC
- Maxis Tower
- Novugen Pharma (Malaysia)
- Persada PLUS
- Petronas Tower 3
- Sepang International Circuit
- SPIRIT Aerosystems Malaysia

# CORPORATE STRUCTURE

## MALAYSIA AIRPORTS HOLDINGS BERHAD







# 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 Istanbul Sabiha Gökçen International Airport (IATA Code: SAW) in Turkey.

In 2019, the government of Malaysia approved the extension of the Operating Agreements to operate and manage the 39 airports until 2069.



### 1992

Establishment of Malaysia Airports



### 1998

Opening of KLIA



### 2015

- Graduation from GLC Transformation Programme
- Opening of Mitsui Outlet Park KLIA Sepang



### 2015

Full Acquisition of Istanbul Sabiha Gökçen International Airport in Turkey



### 2016

- Launch of KLIA Aeropolis



### 2017

Ground Breaking of KLIA Aeropolis DFTZ Park



### 2018

- Ground Breaking of Subang Aerotech Park
- Expansion of Langkawi International Airport





# 1999

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



# 2004

Transfer of 50% Minister of Finance  
(Inc) stake to Khazanah Nasional



# 2006

Malaysia Airports becomes one of  
Khazanah Nasional's top 20 GLCs



# 2014

Opening of KUL's  
second terminal, klia2



# 2013

Launching of  
Sama-Sama Hotel



# 2010

klia2 Ground  
Breaking Ceremony



# 2019

Extension of Malaysia Airports'  
Operating Agreements



# 2019

Brand refresh  
for Eraman



# 2020

- Launch of shopMYairports e-commerce platform
- Operationalisation of Cainiao Aeropolis eWTP Hub





# VALUE CREATION MODEL

## OUR POSITION IN THE AIRPORT VALUE CHAIN

Malaysia Airports is responsible for the operational safety and security, management and maintenance of the airports. The services and facilities provided are divided into two main sections known as the landside (terminal, carpark and any other public areas on airport land) and the airside (aprons, runways, and taxiways).

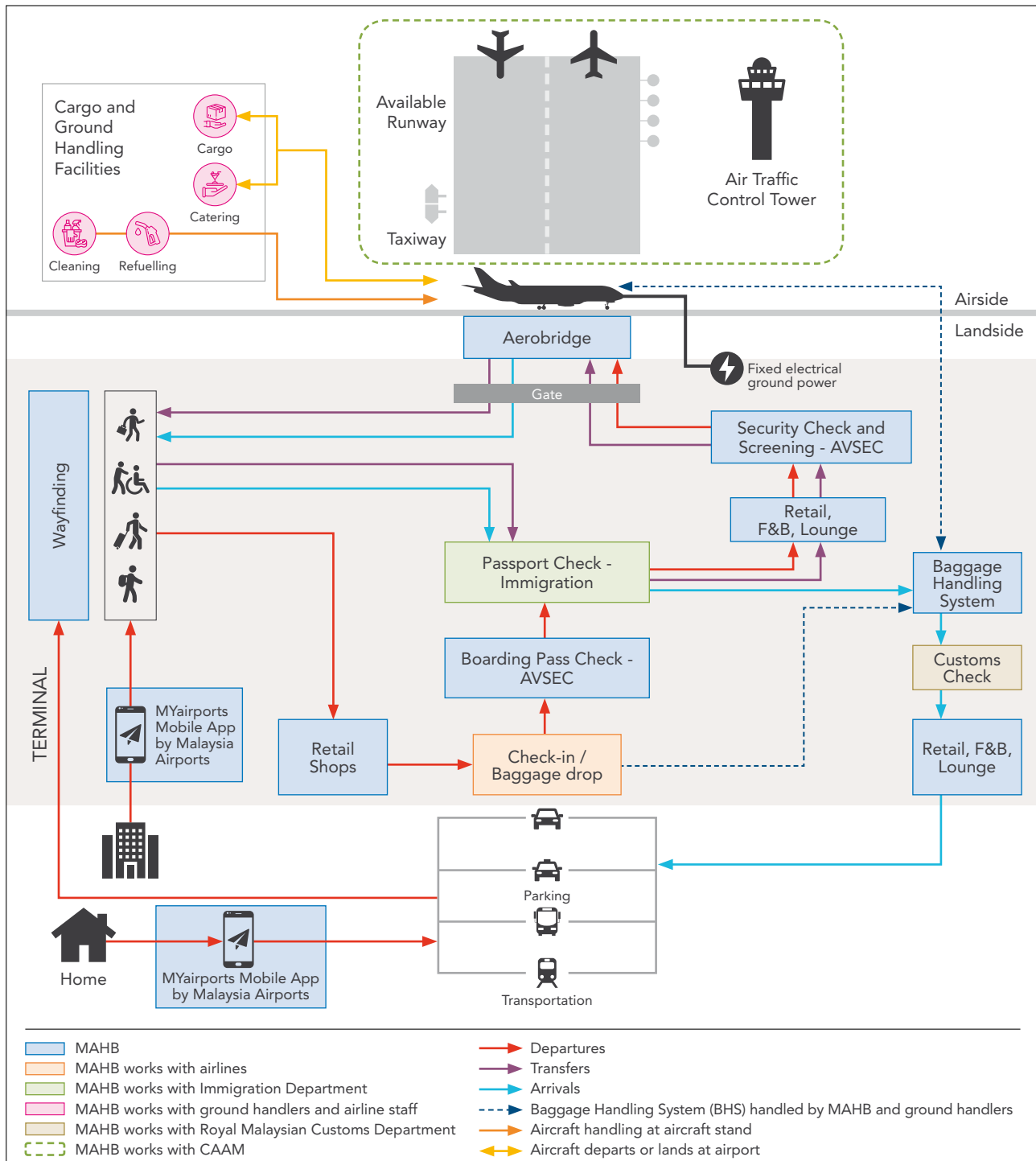
Malaysia Airports works with key agencies such as the Civil Aviation Authority of Malaysia (CAAM) to ensure the safety and security of airport operations, particularly at the airside through regulations, oversight and monitoring of the technical and safety standards. The Air Traffic Control under CAAM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

In ensuring effective and efficient management at our airports, Malaysia Airports collaborates with a range of partners, for instance, 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. Malaysia Airports works closely with these parties in key areas at checkpoints such as check-in, immigration, customs checks, and baggage and ground handling.

We provide a seamless end-to-end journey for passengers throughout our airports from the onset of their journeys as they arrive by car, bus and train up until the boarding gates. We also offer a wide range of retail and food and beverages outlets, operated by Malaysia Airports and its business partners, for passengers, meeters and greeters.

In addressing the COVID-19 pandemic, we have given full support to the Ministry of Health (MOH) in implementing health and safety measures at our airports. These include the placement of thermal scanners at the airport and physical distancing markers as well as the implementation of COVID-19 screening by MOH personnel for all passengers at the departing and arriving touchpoints at our airports.





Note: The illustration above reflects Malaysia Airports' operations in Malaysia only, representing the majority of the airports operated by the Group.

VALUE CREATION MODEL








---

**At Malaysia Airports, our vision is to be a global airport group that champions connectivity and sustainability and we seek to create value for our key stakeholders in a positive and sustainable way.**

---

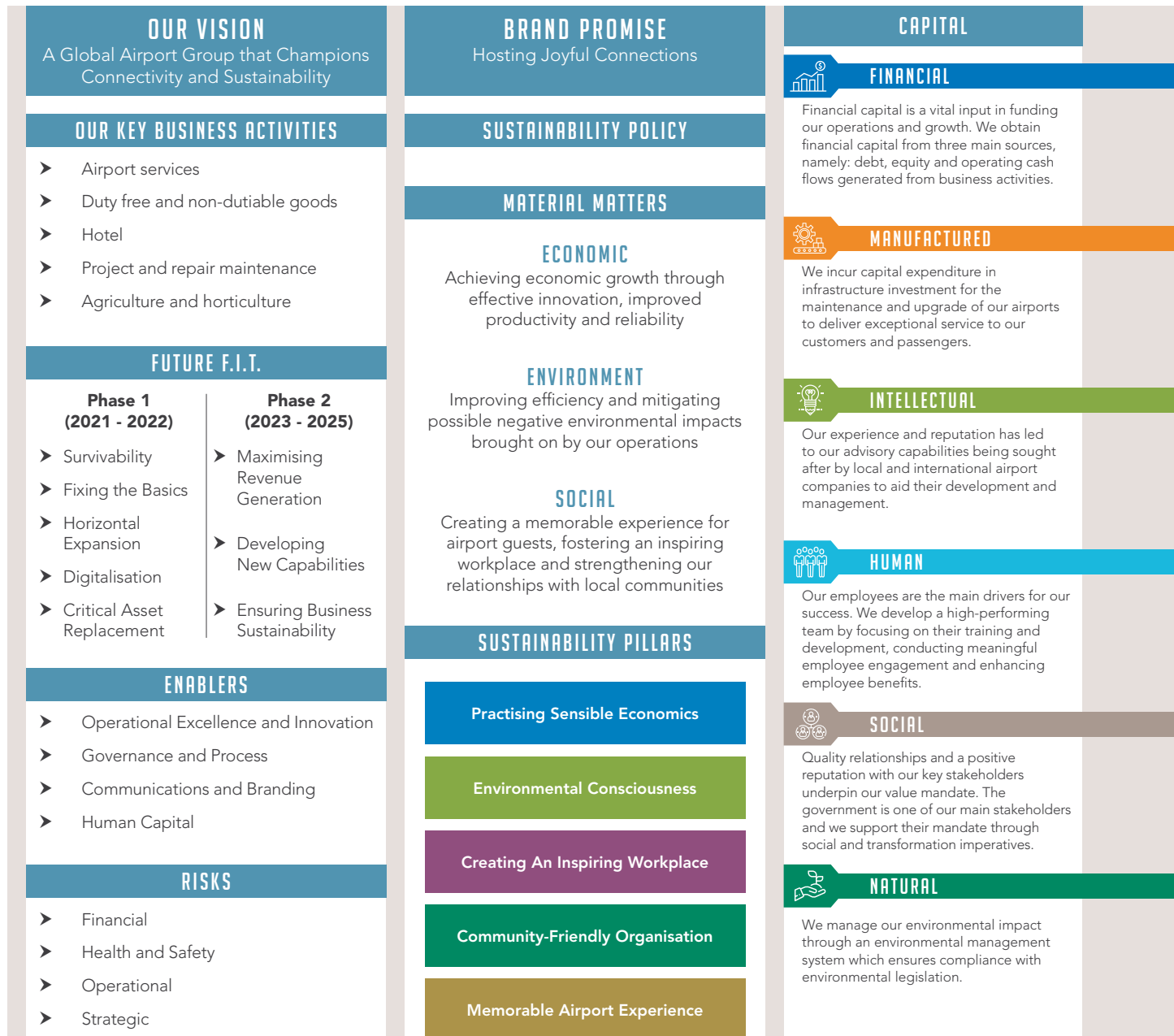
Our value creation model takes inputs from our capitals – financial, manufactured, intellectual, human, social and natural capitals – and transforms them through our business activities and interactions to produce outputs and outcomes that over time have the potential to create value for our business, our key stakeholders and the environment in which we operate.

The operating environment, feedback from stakeholder engagements, risks and opportunities are taken into consideration in formulating our strategies and action plans towards achieving overall long term goals and objectives.

In embedding sustainability in our business, Malaysia Airports is guided by its Sustainability Policy and Sustainability Framework. The Sustainability Framework comprises five pillars which encompass the Material Matters of our business. The Framework is also aligned with relevant provisions of the United Nations Sustainable Development Goals (SDGs).

## VALUE CREATION MODEL

### HOW WE CREATE VALUE FOR OUR KEY STAKEHOLDERS


**UNDERPINNED BY**
**OPERATING ENVIRONMENT**  
 (PG. 30-32)

**GOVERNANCE**  
 (PG. 154-182)

INPUT	OUTPUT	OUTCOME FOR OUR STAKEHOLDERS	SDGs (Link to Sustainability Pillars)
<ul style="list-style-type: none"> <li>Share capital of <b>RM5,114.3 mil</b></li> <li>Borrowings of <b>RM4,932.7 mil</b></li> <li>Cash and cash equivalents of <b>RM1,453.1 mil</b></li> <li>Quoted unit trust and bond investments of <b>RM1,777.7 mil</b></li> </ul>	<ul style="list-style-type: none"> <li>Total Revenue of <b>RM1,866.3 mil</b></li> <li>Total EBITDA of <b>RM21.6 mil</b></li> <li>Borrowings of <b>RM4,644.7 mil</b></li> <li>Cash and cash equivalents of <b>RM973.7 mil</b></li> <li>Quoted unit trust and bond investments of <b>RM743.4 mil</b></li> </ul>	<b>INVESTORS</b> <ul style="list-style-type: none"> <li>Enhancing shareholder value</li> <li>Sustainable growth and earnings</li> </ul>	<b>Practising Sensible Economics</b>   
<ul style="list-style-type: none"> <li>Terminals, technical facilities, car parks, hotels</li> <li>Aprons, taxiways, runways</li> <li>Number of retail outlets <b>670</b></li> <li>Total Investment for property, plant and equipment <b>RM1,129.4 mil</b></li> </ul>	<ul style="list-style-type: none"> <li>No. of airlines (passenger and cargo): <b>123</b></li> <li>Aircraft movements: <b>585,264</b></li> <li>Passenger traffic movement <b>43.0 mil</b></li> <li>Cargo handled (tonnes): <b>833,939</b></li> <li>Retail occupancy rate: <ul style="list-style-type: none"> <li>With MA (Niaga): <b>77%</b></li> <li>Without MA (Niaga): <b>70%</b></li> </ul> </li> </ul>	<b>AIRLINES AND PASSENGERS</b> <ul style="list-style-type: none"> <li>High airport connectivity</li> <li>Airport Service Quality (ASQ) rank and score</li> <li>Enhanced operational efficiency and service levels</li> <li>Improved safety and security for enhanced passenger experience</li> <li>Enhanced brand equity</li> </ul>	<b>Environmental Consciousness</b>     
<ul style="list-style-type: none"> <li>Concession rights to operate airports</li> <li>IT infrastructure</li> <li>Big Data Analytics</li> <li>Commercial development</li> <li>Employee skills and technical expertise</li> <li>Stakeholder relationships</li> </ul>	<ul style="list-style-type: none"> <li>Efficient business operations</li> <li>Safety and security of airports</li> <li>Contactless airport technology</li> <li>Improved passenger experience</li> <li>shopMYairports and shop@SAW e-commerce platforms</li> </ul>	<b>EMPLOYEES</b> <ul style="list-style-type: none"> <li>Highly engaged workforce</li> <li>Accountable leaders</li> <li>Health, safety and well being of employees</li> </ul>	<b>Creating An Inspiring Workplace</b>    
<ul style="list-style-type: none"> <li>Number of employees <b>10,333</b></li> <li>Customer-centric culture</li> <li>Total investment for employee training and development <b>RM2.9 mil</b></li> <li>Occupational safety and health</li> </ul>	<ul style="list-style-type: none"> <li>Diversified workforce</li> <li>Overall retention rate</li> <li>Total spent on employee benefits <b>RM742.6 mil</b></li> <li>Retention rate: <b>92.9%</b></li> </ul>	<b>TENANTS, VENDORS AND LOCAL COMMUNITIES</b> <ul style="list-style-type: none"> <li>Provide affordable transportation connectivity to remote parts of Malaysia</li> <li>Contribution to the local economy of where we operate</li> <li>Provide local employment</li> <li>Develop local SME businesses in airports</li> </ul>	<b>Community-Friendly Organisation</b>     
<ul style="list-style-type: none"> <li>Proactive engagement and dialogue with stakeholders through a wide range of channels</li> <li>Collaborations with stakeholders and government bodies</li> <li>Public-private partnerships with government</li> </ul>	<ul style="list-style-type: none"> <li>Total user fees and taxes contributed to the government <b>RM203.0 mil</b></li> <li>Commercial partners to benefit from rebates, rental reduction, new retail rental model of <b>RM212.4 mil</b></li> <li>Brand sentiment score of <b>0.47</b></li> </ul>	<b>REGULATORS AND GOVERNMENT</b> <ul style="list-style-type: none"> <li>Contribution to the GDP of the country</li> <li>Enhanced health and safety through collaboration with Ministry of Health</li> <li>KUL obtained Level 3 Airport Carbon Certification accreditation</li> <li>Carbon emission reduction from renewable energy</li> <li>Malaysia Sustainable Palm Oil (MSPO) certification for MAAH</li> </ul>	<b>Memorable Airport Experience</b>    
<ul style="list-style-type: none"> <li>Sustainability Policy</li> <li>Energy management</li> <li>Renewable energy</li> <li>Waste management</li> <li>Noise management</li> <li>Biodiversity protection</li> </ul>	<ul style="list-style-type: none"> <li>Carbon emissions</li> <li>Electricity consumption</li> <li>Solar power generated</li> <li>Waste generated and recycled</li> <li>Water consumption</li> </ul>		



# OPERATING ENVIRONMENT AND OUTLOOK

## UNDERSTANDING OUR OPERATING ENVIRONMENT

The external operating setting impacts our profitability and business continuity, risk management and the decisions we make on our strategy. It also informs our prioritisation of material matters. We continuously monitor changes in our operating environment that have a material impact on our business model, which in turn determine our strategy on mitigating emerging risks and capturing new opportunities.



### THE COVID-19 PANDEMIC

#### Description

Due to the COVID-19 pandemic, countries globally have closed international borders and imposed strict travel restrictions (including quarantine requirements) to curb the spread of the virus.

The aviation industry has been brought to a standstill due to flight suspensions and cancellations, impacting the industry's profitability, ability to generate cash and preserve liquidity.

At the same time, airport operators globally have been working closely with governments to facilitate COVID-19 screening measures at airports to ensure the latest health and safety requirements are adhered to.

#### Our Response

Our response in addressing the impact of the COVID-19 pandemic include the following:

- Establishment of the KUL COVID-19 Committee, comprising airport management, government agencies and related stakeholders.
- Collaboration with the Ministry of Health and other relevant agencies and airlines to ensure public health and safety at our airports.

- Implementation of measures to strengthen financial position and manage liquidity risk.
- Expedite the implementation of contactless technology to provide passengers with an enhanced, safe and contactless airport experience.
- Introduction of the Malaysia Airports' Future F.I.T. Plan focusing on survival and recovery in light of the COVID-19 pandemic and positioning ourselves for long-term business growth and sustainability.

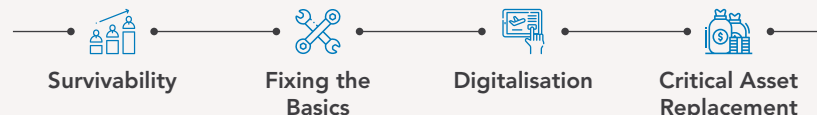
*For more information on Our Response, please refer to the Strategy section on page 66 to page 77 of this <IR>*

#### Outlook

The COVID-19 vaccine roll-out had begun worldwide in December 2020 with the aim of expediting global herd immunity.

The successful roll-out and effectiveness of COVID-19 vaccines will expedite the recovery of the global economy and return to normalcy.

#### Strategic Themes:





## ECONOMIC CONTEXT

### Description

Global supply and demand shocks, lockdowns and travel restrictions due to COVID-19 had resulted in a contraction of global GDP by 3.3% in 2020 according to the International Monetary Fund (IMF).

The Malaysian economy for 2020 contracted by 5.6% (IMF) due to the restrictions on mobility, especially on inter-district and inter-state travel which weighed heavily on economic activity.

### Our Response

The Future F.I.T. outlines the strategies for recovery and growth which include the following:

- Enhance safety and health measures - ensure airport operational readiness focusing on hygiene, safety and health of passengers, the public and airport community to restore travel confidence.
- Effective cost containment measures, on top of the deferment of non-critical capital expenditure projects to continuously sustain operations across Malaysia and Turkey in light of the COVID-19 economic impact.
- Optimise operating costs through digital transformation and process automation.
- Adapt latest technological innovations including digital services and contactless touchpoints.
- Undertaking of critical maintenance CAPEX projects including network upgrade, washroom refurbishments and runway rehabilitation to ensure readiness in anticipation of a recovery in air travel in the future.
- Tap new opportunities and unlock additional revenue streams.
- Grow non-aero revenue and improve business performance.

### Other measures include:

- Ensuring the continuous operations of all airports within the Group to maintain domestic and international air connectivity for travel and trade despite the slowdown in economic activity.
- Provided airline and retail partners with incentives, rebates and other relief packages to preserve their operations and ensure business sustainability in anticipation of air traffic recovery and future growth.

*For more information on Our Response, please refer to the Strategy section on page 33 to page 45 of this <IR>*

### Outlook

The IMF has projected that the global economy will grow 6.0% in 2021 supported by the following:

- Effective vaccine roll-out to strengthen economic activity.
- Additional policy support in key large economies.

The Malaysian economy is expected to recover in 2021 with a 6.5% (IMF) GDP growth, supported by:

- Effective vaccine roll-out which will help restore business confidence and stimulate economic activity.
- Turnaround in public and private sector expenditure.
- Continued policy support by the Government such as PENJANA, KITA PRIHATIN and i-Sinar.

While near-term growth in 2021 will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards.

### Strategic Themes:



Survivability



Fixing the  
Basics



Horizontal  
Expansion



Digitalisation



Critical Asset  
Replacement

## OPERATING ENVIRONMENT AND OUTLOOK



### AIR TRANSPORT SECTOR

#### Description

The aviation industry had been brought to a standstill in 2020 due to flight suspensions and cancellations caused by COVID-19, resulting in worldwide declines in capacity and passenger demand.

As a result, airlines and airports worldwide experienced reductions in revenue and deep losses. To remain afloat and operational, cost-cutting measures were implemented, with some Governments having to provide financial aid to further support and boost the industry.

#### Our Response

Our response in overcoming the challenges faced in the sector:

- Ensure the continuous operations of all airports within the Group to maintain domestic and international air connectivity for travel and trade.
- Assure passengers of health and safety measures in place at airports to travel safely and comfortably in order to instil and restore confidence in air travel.
- Active engagement with airlines and key stakeholders through programmes and collaborations to induce the recovery of domestic and international travel.
- Provide airline and retail partners with incentives, rebates and other relief packages to preserve their operations and ensure business sustainability in anticipation of air traffic recovery and future growth.
- Continuing discussions to secure new passenger airlines and freighter operators.

For more information on Our Response, please refer to the Strategy section on page 33 to page 45 of this <IR>

#### Outlook

The availability of vaccines in 2021 is anticipated to be a turning point for the aviation industry, but the recovery will be gradual due to the phased distribution of the vaccines.

The vaccine roll-out and effectiveness is key for traffic recovery and restoring travel confidence, supported by other critical measures, such as:

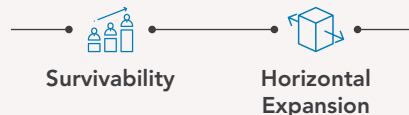
- Unified travel pass system (i.e vaccine passport, digital health certificates etc).
- Standard reciprocal travel regulations and guidelines between countries on health and safety of passengers.
- Health and safety measures at airports and airline facilities and contactless touchpoints.

In addition, the return of passenger demand will depend on the efficient coordination among countries and gradual network reopening.

The International Air Transport Association (IATA) has forecasted that global demand for air travel will improve by 26% year-on-year in 2021 following 2020's steep decline.

The domestic sector is expected to lead traffic recovery while international sector recovery is expected to gradually improve once borders are open with more reciprocal arrangements such as green lanes and travel bubbles.

#### Strategic Themes:



# INTRODUCTION TO STRATEGY

## MALAYSIA AIRPORTS FUTURE F.I.T.

---

**COVID-19 brought unprecedented negative impact to the aviation industry globally. Malaysia Airports and its partners have had to work closer together than ever as the industry moves to a tipping point. Despite the challenges, the Group remains resilient and committed to deliver long-term value for its key stakeholders through the execution of a new 5-year strategy – Malaysia Airports Future F.I.T.**

---

Our strategy is developed by taking into consideration our external environment, risks and opportunities as well as matters that could affect the achievement of strategic objectives and substantively the Group's ability to create value over time.

The COVID-19 pandemic had brought sudden and unprecedented challenges to our business operations, resulting in massive revenue shortfall due to the rapid decline in air travel demand. Despite that, the safety and comfort of passengers continue to be our top priority. We focus on being continuously proactive by working collaboratively with our partners in order to meet the needs of passengers and survive the crisis.

While we focus on surviving and stabilising from the impact of the COVID-19 pandemic, our strategy will chart a path forward to continue the momentum to recovery and capture potential growth by strengthening capabilities for long-term business sustainability.

We have crafted a 5-Year Strategy and Transformation Plan, known as the **Future F.I.T.**, which aims to make Malaysia Airports **F**inancially sustainable, **I**mpact driven and **T**echnology focused. Future F.I.T. sets out the Group's strategic direction for the next five years (2021 – 2025), consisting of two phases: Phase 1 (Survival and Recovery Plan) and Phase 2 (Growth and Transformation Plan).

### **Phase 1 (2021 - 2022): MALAYSIA AIRPORTS SURVIVAL AND RECOVERY PLAN**

Malaysia Airports is facing a challenging operating environment as the travel and tourism sector weakens following the outbreak of COVID-19. As a response, we have developed the COVID-19 Recovery Plan, also known as Phase 1 (Survival and Recovery) of Future F.I.T., to help us navigate through the COVID-19 impacts and economic slowdown. Malaysia Airports' Survival and Recovery Plan addresses how we plan to transition from the pandemic to recovery and reform, while continuing to improve passengers' comfort and confidence.

Five main strategic themes namely Survivability, Fixing the Basics, Horizontal Expansion, Digitalisation and Critical Asset Replacement, form the basis of our strategic endeavours under Phase 1 (2021 - 2022): Malaysia Airports Survival and Recovery Plan.

### **Phase 2 (2023 - 2025): MALAYSIA AIRPORTS GROWTH AND TRANSFORMATION PLAN**

While the immediate focus is to ensure the survival of the Group and its recovery from the COVID-19 pandemic, it is also important to position ourselves for future business growth and sustainability.

Our Phase 2 (2023 - 2025): Malaysia Airports Growth and Transformation Plan is anchored by three strategic thrusts namely Maximising Revenue Generation, Developing New Capabilities and Ensuring Business Sustainability.

Future F.I.T. is further supported by four key enablers namely Operational Excellence and Innovation, Governance and Process, Communication and Branding and Human Capital, which serve as the mechanisms to reflect our core values and to accomplish our strategy.

In the following disclosures, we will discuss in detail all strategic themes and key enablers, each with its own key activities to create value for FY2020, short to medium term focus, performance indicators, link to material matters and associated risks.



# OUR STRATEGY

## MALAYSIA AIRPORTS FUTURE F.I.T.

### Malaysia Airports Future F.I.T.

#### Phase 1 (2021 - 2022)

##### Malaysia Airports Survival and Recovery Plan

To address our business and financial positioning in light of the pandemic by focusing on:

#### 5 Strategic Themes



##### Survivability

The Group focuses to operate assets as efficiently and cost-effectively to mitigate the risk of crisis that massively hit the global aviation industry and prepare for air traffic rebound.



##### Fixing the Basics

The Group continues to ensure that the fundamental aspects of its airports are operational and in good condition so that passengers are assured of a safe and joyful travel experience in the new normal.



##### Horizontal Expansion

The Group intends to expand its focus to more than just aviation services by exploring new opportunities and diversifying revenue streams to improve business performance.



##### Digitalisation

The Group aspires to transform its airports with the latest technological innovations to improve safety, operations, productivity and airport experience.



##### Critical Asset Replacement

The Group continues to improve its infrastructure for effective operations and increases its precautionary and safety measures so that passengers are assured of a safe and joyful travel experience in the new normal.

#### Phase 2 (2023 - 2025)

##### Malaysia Airports Growth and Transformation Plan

To address our business growth and sustainability anchored by:

#### 3 Strategic Thrusts



##### Maximising Revenue Generation

The Group targets to capture potential opportunities and create new revenue streams to further strengthen its financial position and enhance long-term value for shareholders.



##### Developing New Capabilities

As a leading industry player, it is important to continuously enhance our capabilities in the evolving operating landscape. In light of this, the Group aims to develop new capabilities to ensure timeliness, efficiency and successful implementation of strategies.



##### Ensuring Business Sustainability

The Group aims to ensure business growth and sustainability across its key business activities, leveraging on its abilities, expertise and track record to continuously deliver value to its stakeholders. In doing so, the Group intends to explore value accretion activities to future-proof, strengthen and solidify its presence and competitiveness in the industry.

### Key Enablers



##### Operational Excellence and Innovation

The Group pursues operational perfection and operational excellence culture through continuous improvement and innovation



##### Governance and Process

The Group focuses on continuous strengthening of governance and procurement processes through digital development



##### Communications and Branding

The Group strives to instil positive perception and restore confidence in air travel through effective communications and branding



##### Human Capital

The Group aspires to create a workplace that allows people to perform and develop in a safe and healthy environment, leading to enhanced organisational effectiveness

# OUR STRATEGY

## SURVIVAL AND RECOVERY (2021 - 2022)



### SURVIVABILITY

Malaysia Airports' immediate focus is to emerge from the current impact of COVID-19 on a stronger footing. The Group focuses on operating assets as efficiently and cost-effectively as possible to mitigate the risk of crisis that massively hit the global aviation industry and prepare for air traffic rebound.

#### STRATEGIC KEY FOCUS AREAS

- 1) Deliver cost savings
- 2) Maintain strong credit ratings and mitigate liquidity risk
- 3) Drive process efficiencies across key business areas

#### KEY ACTIVITIES TO CREATE VALUE IN FY2020

##### Deliver cost savings

- 1) Embarked on an aggressive cost-optimisation plan through identification of several key areas including consolidation of under-utilised terminal areas, revision of maintenance schedules and deferment of non-critical maintenance capital expenditure (CAPEX).

Deferment of non-critical maintenance CAPEX resulted in prioritisation of key projects including network upgrade, baggage handling system, aerotrain, washroom refurbishment and KUL's Runway 3 rehabilitation in 2020, based on the Group's plan to reduce CAPEX by 89% to RM189.0 million from RM1.8 billion.

##### Maintain strong credit ratings and mitigate liquidity risk

- 2) Managed to secure revolving credit facilities of RM1.1 billion from various supportive financial institutions, complementing the Group's existing undrawn sukuk facility of RM1.8 billion.

Redeemed RM1.0 billion Islamic Medium Term Notes (IMTN) Sukuk in August 2020 and issued new RM700.0 million Senior Sukuk in November 2020, comprising a 7-year, RM480.0 million tranche and a 10-year, RM220.0 million tranche.

- 3) Focused on credit management at our Turkey operations through negotiation with Turkish authorities for the deferment of concession payments (utilisation fee) and with ISG's lenders for loan restructuring.

##### Drive process efficiencies across key business areas

- 4) Optimisation of terminal operations which include partial closure of non-operational areas of the terminal, alternate shutdown of aerotrains, optimisation of bay allocations as well as optimisation of passenger flow and terminal capacity.
- 5) Introduction of Network Reconnecting Programme to incentivise airlines to resume operations into Malaysia, in which 18 airlines have participated since its launch in July 2020.
- 6) Continue Airlines Incentive Programme, by providing waiver of landing charges as a catalyst for promoting route development and airlines' growth.

## OUR STRATEGY

### SURVIVAL AND RECOVERY (2021 - 2022)

#### SHORT TO MEDIUM TERM FOCUS

- 1) Continuously optimise cost through strict cost control, contract review and manpower management in order to improve and strengthen financial performance and position.
- 2) Strengthen regulatory framework through the new Operating Agreements (New OA) that could set the Group on a stronger fundamental footing. Expected to be concluded and signed in 2021, the New OA will be positive for the nation's development in balancing the social agenda and impact. This includes enabling airport development across Malaysia via a more robust and sustainable range of funding models in order to deliver the investments required into the airport system. The finalisation of the New OA is expected to serve as a catalytic economic growth driver for the nation, while maintaining the regional competitiveness of the airport system.
- 3) Plan to maintain credit rating with RAM and Moody's in the event further funding is required. Nevertheless, the Group still has undrawn facilities of RM1.8 billion through its existing sukuk programme, in addition to the RM1.1 billion revolving credit facilities the Group had obtained from the banks in order to maintain the Group's liquidity going forward.
- 4) Revolutionise KUL where some initiatives include improving efficiency at checkpoints and enhancing processes during departure and arrival.

#### PERFORMANCE INDICATORS

	TARGET	2020
<b>Operational expenses containment</b>	20% core operational expense savings	26.1% core operational expense savings obtained
<b>CAPEX cash conservation</b>	Reduction from RM1,800.0 million to RM300.0 million	Conserved cash by reducing CAPEX spend to only RM189.7 million
<b>Maintain credit ratings</b>	AAA ratings with stable outlook from RAM	Maintained AAA ratings with stable outlook
<b>Mitigate liquidity risks</b>	Secure additional credit lines	Secured RM1.1 billion in revolving credit facilities

#### Capitals Affected



#### Link to Material Matters





## FIXING THE BASICS

Malaysia Airports continues to ensure that the fundamental aspects of our airports are operational and are in good condition so that passengers are assured of a safe and joyful travel experience in the new normal.

### STRATEGIC KEY FOCUS AREAS

- 1) Ensure the fundamental aspects of the airports are operational and are in good condition.
- 2) Enhance health and safety measures at all touchpoints.

### KEY ACTIVITIES TO CREATE VALUE IN FY2020

#### Ensure the fundamental aspects of the airports are operational and are in good condition

- 1) Completed rehabilitation works on KUL's Runway 3 after undergoing comprehensive maintenance including overlaying works and improving runway pavement drainage under the KUL Runway Sustainability Master Plan, followed by calibration and inspection works by the Civil Aviation Authority of Malaysia (CAAM). This is to ensure that the runway continues to meet all international safety and regulatory guidelines for flight operations.

Began works on Runway 1, which is part of the Second Phase of the KUL Runway Sustainability Master Plan.

- 2) Revamped IT network at both terminals in KUL following the completion of core network migration, following which the IT network will have at least 10 times the capacity of the previous network and is compatible with 5G, WiFi6 and Internet of Things (IoT).
- 3) Completed 80% of the Group's three-year washroom refurbishment project involving 225 washrooms with enhanced ambience and amenities to improve passenger experience with the remaining due to be completed in June 2021.

#### Enhance health and safety at all touchpoints

- 4) Implemented new travel measures and safety protocols such as thermal sensors, smart screen helmets, facial recognition technology, contactless security screening, sanitisation of terminals and sneeze guards protectors at all counters.
- 5) Published digital notices to communicate to passengers on travel-related FAQs for greater passenger awareness and promoted social distancing by putting appropriate physical distancing markers at the check-in, immigration and customs queueing areas, in lifts and on airport seating.

### SHORT TO MEDIUM TERM FOCUS

- 1) Focus on critical ageing asset replacement which include the Baggage Handling System (BHS), ageing Aerotrains and the refurbishment of all washrooms at KUL.
- 2) Complete the rehabilitation of KUL's Runway 1, while the rehabilitation of Runway 2 is expected to commence in 2026.
- 3) Enhance the efficiency and effectiveness of disinfection methods (such as automated systems and the use of ultra-violet technology) which are employed in areas with high passenger volume such as washrooms, baggage reclaim areas and immigration counters as passenger traffic picks up.



## OUR STRATEGY

### SURVIVAL AND RECOVERY (2021 - 2022)

#### PERFORMANCE INDICATORS

##### QoS Results for KLIA1

	2020	2019
Jan	18/20	14/15
Feb	18/20	13/15
Mar	4/4	13/15
Apr	4/4	14/15
May	4/4	14/15
Jun	4/4	14/15
Jul	15/15	15/18
Aug	15/15	14/18
Sept	15/15	15/18
Oct	4/4	16/18
Nov	4/4	15/18
Dec	4/4	15/18

##### QoS Results for klia2

	2020	2019
Jan	18/19	12/14
Feb	18/19	12/14
Mar	4/4	12/14
Apr	4/4	13/14
May	4/4	13/14
Jun	4/4	13/14
Jul	15/15	16/17
Aug	15/15	17/17
Sept	15/15	16/17
Oct	4/4	16/17
Nov	4/4	16/17
Dec	4/4	16/17

##### ASQ Scores - Overall Satisfaction

	2020	2019
KUL	4.98	4.76
PEN	4.42	4.36
LGK	4.71	4.48

##### ACSPP Scores - Overall Satisfaction

	2020	2019
KCH	4.42	4.53
BKI	4.34	4.34

#### Capitals Affected



#### Link to Material Matters :





## HORIZONTAL EXPANSION

Malaysia Airports intends to expand its focus to more than just aviation services by exploring new opportunities and diversifying revenue streams to improve business performance.

### STRATEGIC KEY FOCUS AREAS

- 1) Tap new opportunities and unlock additional revenue streams.
- 2) Grow non-aeronautical revenue and improve business performance.

### KEY ACTIVITIES TO CREATE VALUE IN FY2020

#### Tap new opportunities and unlock additional revenue streams

- 1) Adopted cashless transactions to promote sales while safeguarding the health and safety of the passengers.
- 2) Organised first-ever airport-wide sales event, the KLIA Crazy Sale, to provide an additional sales avenue to retailers to market their products at the airport, while providing the opportunity for non-travellers to enjoy great deals.
- 3) Organised the Eraman Friends and Family Sales at government agencies and corporate offices to enable non-travellers to purchase travel retail products outside of the airport.
- 4) Collaborated with Tourism Malaysia through the Joint International Tourism Development Programme (JITDP) to stimulate international and domestic travel demand.
- 5) Launched 'shopMYairports', an e-commerce platform to support the recovery of our airport retail tenants and enhance the passenger retail experience. This initiative allowed customers to buy travel-exclusive and duty-absorbed products online, with purchases delivered directly to their homes.
- 6) Organised first-ever Airport Staycation package at Sama-Sama Hotel KLIA, featuring an exclusive airport tour and fire-fighting simulation exercises at the airport fire station.

#### Grow non-aeronautical revenue and improve business performance

- 7) Commenced operations of the new e-fulfilment hub, Cainiao Aeropolis eWTP Hub, Malaysia as part of strengthening economic recovery of Malaysia and to support increase in regional trade flows.
- 8) Improved retail offering by revitalising and optimising commercial spaces to further grow non-aeronautical business through the Commercial Reset programme at our airports.
- 9) Dufry, the world's largest airport duty free operator, commenced operations at SAW to complete and enhance the shopping experience at the airport.

### SHORT TO MEDIUM TERM FOCUS

- 1) Strengthen e-commerce initiative through 'Click and Collect' services in order to capitalise on the expected high growth of the online shopping market while enhancing passenger experience.
- 2) Increase the number of freighter flights following commencement of operations of the new e-fulfillment hub, Cainiao Aeropolis eWTP Hub, Malaysia.
- 3) Become a Regional Distribution Centre (RDC) and e-commerce Logistics Hub through the commencement of Cainiao Aeropolis eWTP Hub, and Aerospace Hub with the presence of Sepang Aircraft Engineering at KUL, the only Airbus' wholly-owned Maintenance, Repair and Overhaul (MRO) service provider in the world.

## OUR STRATEGY

### SURVIVAL AND RECOVERY (2021 - 2022)

#### PERFORMANCE INDICATORS

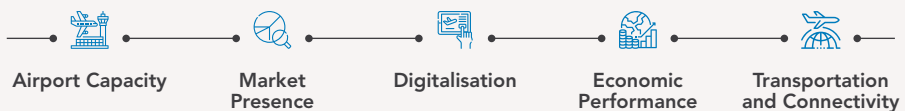
##### Horizontal Expansion Performance Indicators

Key Performance Indicators	Data Coverage	FY20	FY19
Commercial Revenue (RM'mil)	KLIA1	184.4	415.4
	klia2	138.7	336.3
	MASB	70.2	139.3
Non-Aero Revenue (RM'mil)	Group	796.2	2,161.5
Spend per Pax (RM)	KLIA1	39.41	44.54
	klia2	22.29	27.97
Retail Duty Free Revenue (RM'mil)	Eraman	155.0	854.5
Retail Duty Free EBITDA (RM'mil)	Eraman	-89.7	53.2

#### Capitals Affected



#### Link to Material Matters :





## DIGITALISATION

Malaysia Airports aspires to transform our airports with the latest technological innovations to improve operations, safety, productivity and airport experience.

### STRATEGIC KEY FOCUS AREAS

- 1) Enhance efficiency through digital transformation and process automation.
- 2) Adapt latest technological innovations including digital services and contactless touchpoints.

### KEY ACTIVITIES TO CREATE VALUE IN FY2020

#### Enhancing efficiency through digital transformation and process automation

- 1) Piloted Single Token Journey initiative in collaboration with Malaysia Airlines and SITA for passengers travelling to Japan in January 2020, utilising facial recognition technology to provide passengers with one single identification verification which took passengers through the entire airport touchpoints from check-in to the boarding gate.
- 2) Completed network migration to a new core network architecture, allowing KUL to leverage on the latest cutting-edge technologies such as 5G, WiFi6 and Internet of Things (IoT).
- 3) Embarked on the Airport Collaborative Decision Making (ACDM) system as one of the vital components for the Airports 4.0 digitalisation initiative, enabling airline partners to effectively share real time information for better efficiency in flight operations.

#### Adapt latest technological innovations including digital services and contactless touchpoints

- 4) Launched shopMYairports in September 2020, Malaysia's first travel-retail e-commerce platform, bringing the airport shopping experience beyond the physical realm to virtual to provide a seamless and contactless airport experience to all.
- 5) Launched the UTW Smart Asset Solution Management system that provides a digital platform to simplify and streamline maintenance workflows for UTW and its clients.

### SHORT TO MEDIUM TERM FOCUS

- 1) Pursue leading network solutions and adopt cutting-edge technologies at our airports such as running trials for ultra-fast fifth generation (5G) networks, exploring Artificial Intelligence (AI) which is powered by video analytics for efficient surveillance and upgrading CCTV to improve coverage for enhanced security.
- 2) Complete the implementation of ACDM by 2022 to help airports in managing resources better and in more efficient manner.
- 3) Install Passenger Reconciliation System (PRS) for a safer travel experience for our passengers while improving airlines' on-time performance and turnaround time.
- 4) Implement Single Token Journey initiative and integrate facial recognition technology into the MYairports app that enables facial authentication of passengers even before they arrive at the airport itself.
- 5) Enhance shopMYairports platform with on-ground services such as 'Click and Collect', in collaboration with airlines and other e-commerce operators, enabling travellers to shop online and collect their purchase at designated counters in the respective airports upon arrival. Further enhancement is to allow purchases to be delivered straight to the gate or in-flight, direct to the shopper's seat.



## OUR STRATEGY

### SURVIVAL AND RECOVERY (2021 - 2022)

#### PERFORMANCE INDICATORS

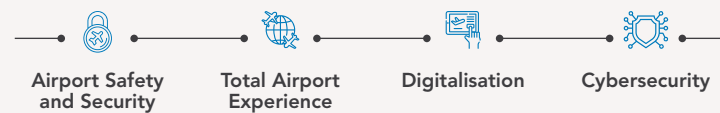
##### Digitalisation Performance Indicators

Key Performance Indicators	FY20	FY19
Total active users	MYAirports - 9,411 shopMYairports - 2,752	-
% internet and digital revenue	Royalty RM17,224.5 (from sales RM344,490.0)	-
Number of online transactions/amount	1,111/RM344,490.0	-

##### Capitals Affected



##### Link to Material Matters





## CRITICAL ASSET REPLACEMENT

Malaysia Airports continues to improve its critical assets and infrastructure for effective operations and readiness in meeting demand.

### STRATEGIC KEY FOCUS AREAS

- 1) Ensure critical assets and infrastructure are being replaced and upgraded to adhere to regulatory requirements and are ready to meet demand.

### KEY ACTIVITIES TO CREATE VALUE IN FY2020

**Ensure critical assets and infrastructure are being replaced and upgraded to adhere to regulatory requirements and are ready to meet demand**

- 1) Completed rehabilitation works on KUL's Runway 3 after undergoing comprehensive maintenance works including overlaying works and improving runway pavement drainage under the KUL Runway Sustainability Master Plan.
- 2) Commenced the second phase of the Runway Sustainability Master Plan where works on Runway 1 began in November 2020.
- 3) Allowed the airport to leverage on the latest cutting-edge technologies through the completion of the migration of its core network.
- 4) Completed 80% of the Group's three-year washroom refurbishment project involving 225 washrooms with enhanced ambience and amenities to improve passenger experience with the remaining due to be completed in June 2021.

### SHORT TO MEDIUM TERM FOCUS

- 1) Allocate RM400.0 million CAPEX for mission critical projects in 2021, which will partly be used to upgrade the Baggage Handling System (BHS), replace the Aerotrains and refurbish all washrooms at KLIA1.
- 2) Complete Runway 1's rehabilitation in 2021 while the rehabilitation of Runway 2 is slated to commence in 2026.
- 3) Install facial recognition technology (provide passengers with one single-token biometric identification authentication), Airport Collaborative Decision Making (ACDM) and adoption of Artificial Intelligence (AI) to improve airport efficiency and resilience.

## OUR STRATEGY

### SURVIVAL AND RECOVERY (2021 - 2022)

#### PERFORMANCE INDICATORS

##### BHS Availability at KUL (%)

	KLIA		klia2	
	2020	2019	2020	2019
Jan	99.82	99.96	100	100
Feb	99.94	99.50	100	100
Mar	N/A	99.70	N/A	99.99
Apr	N/A	99.91	N/A	99.84
May	N/A	99.77	N/A	100
Jun	N/A	99.68	N/A	100
Jul	N/A	99.70	N/A	100
Aug	N/A	99.93	N/A	100
Sept	N/A	99.82	N/A	100
Oct	N/A	99.77	N/A	100
Nov	N/A	99.63	N/A	100
Dec	N/A	99.72	N/A	100

##### Aerotrain Availability at KLIA1 (%)

	2 Trains		1 Train	
	2020	2019	2020	2019
Jan	99.30	99.90	100	100
Feb	99.40	99.70	100	100
Mar	N/A	99.30	N/A	100
Apr	N/A	99.11	N/A	100
May	N/A	99.60	N/A	100
Jun	N/A	98.50	N/A	100
Jul	N/A	98.07	N/A	100
Aug	N/A	99.40	N/A	100
Sept	N/A	99.30	N/A	100
Oct	N/A	99.70	N/A	99.90
Nov	N/A	98.40	N/A	100
Dec	N/A	99.70	N/A	100

#### Capitals Affected



#### Link to Material Matters :



# OUR STRATEGY

## GROWTH AND TRANSFORMATION (2023 - 2025)



### PHASE 2: GROWTH AND TRANSFORMATION PLAN

Phase 2 of Future F.I.T. is a long-term plan that aims to drive transformation and position Malaysia Airports for business growth and sustainability. This will be anchored by three Strategic Thrusts, namely:

#### MAXIMISING REVENUE GENERATION

Malaysia Airports targets to capture potential opportunities and create new revenue streams to further strengthen its financial position and enhance long-term value for shareholders through coordinated passenger development programmes and mixed developments catering to passengers, meeters, greeters and visitors to create a unique travel experience with distinctive commercial offerings and added space for convenience, comfort and satisfaction.

#### DEVELOPING NEW CAPABILITIES

As a leading industry player, it is important to continuously enhance our capabilities in the evolving operating landscape. In light of this, Malaysia Airports aims to develop new capabilities to ensure timeliness, efficiency and successful implementation of strategies, to be on par with market demands that will help strengthen MAHB business and position. One of the potential areas include exploring new capabilities and business ventures in the air cargo segment.

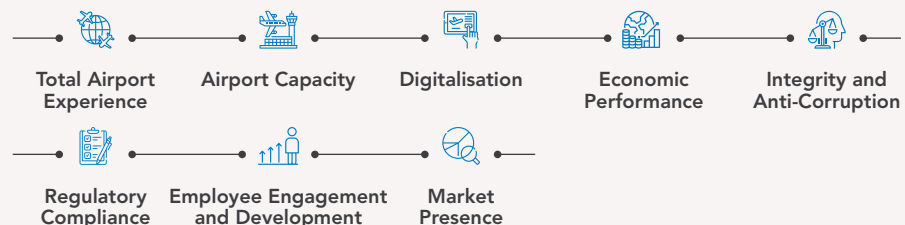
#### ENSURING BUSINESS SUSTAINABILITY

Malaysia Airports aims to ensure business growth and sustainability across its key business activities, leveraging on its abilities, expertise and track record to continuously deliver value to its stakeholders. In doing so, Malaysia Airports intends to explore value accretion activities to future-proof, strengthen and solidify its presence and competitiveness in the industry. This may include improving existing infrastructure with cutting-edge technologies to continuously adapt to current and future expectations in passenger experience, operational efficiency, digitalisation and airport capacity to address future growth.

#### Capitals Affected



#### Link to Material Matters :





# KEY ENABLERS

## OPERATIONAL EXCELLENCE AND INNOVATION

Malaysia Airports pursues operational perfection and operational excellence through a culture of continuous improvement and innovation.

### STRATEGIC KEY FOCUS AREAS

- 1) Operations improvement (OI) project immersion and cost savings
- 2) People development
- 3) Operational excellence (OE) culture campaign

### KEY ACTIVITIES TO CREATE VALUE IN FY2020

#### Operations improvement (OI) project immersion and cost savings

- 1) Drove operational expenditure (OPEX) cost reduction projects to optimise operational costs and achieve savings through the adoption of Lean Six Sigma methodology.
- 2) Enhanced service quality through the following initiatives:
  - i) 5S (Sort, Set in order, Shine, Standardise and Sustain) programme
  - ii) Improved baggage on-time performance (OTP)
  - iii) Enhanced overall washroom management between multiple stakeholders
  - iv) Improved new norm pax journey for domestic and international recovery
- 3) Improved efficiency through MASB 5S enterprise rollout.

#### People Development

- 4) Provided employees with training on Lean Six Sigma, Design Thinking and Agile tools and methodologies.

#### Operational excellence (OE) culture campaign

- 5) Embarked on OE campaigns to communicate, promote and recognise the adoption of OE culture at the airports.

### SHORT TO MEDIUM TERM FOCUS

- 1) Focus on key areas that maximise positive impact to Malaysia Airports through improvements in service quality, increase in efficiency and optimisation of operational costs.
- 2) Develop subject matter experts in Lean Six Sigma, Design Thinking and Agile methodologies to drive continuous improvements related to Quality of Service and Airport Service Quality targets.
- 3) Adopt a culture of operational excellence in everyday activities, while striving to embed OE perception in Malaysia Airports.

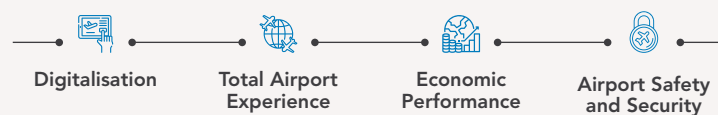
## PERFORMANCE INDICATORS

	2020	2019
Total Financial Impact (RM'mil)	131.7	78.8
Cost Savings (RM'mil)	131.5	45.9
Cost Avoidance (RM'mil)	0.03	32.8
Cost Efficiency (RM'mil)	0.2	4.9
Revenue (RM'mil)	0.3	1.1
Total Trained Employees on Lean Six Sigma methodology	595	517
➤ Yellow Belt/Lean Practitioner	32	215
➤ Green Belt	21	46
➤ Black Belt	25	NA
<b>Total</b>	<b>78</b>	<b>261</b>
Total Trained Employees on Design Thinking & Agile methodologies	22	N/A
Practitioner	22	N/A
<b>Total</b>	<b>22</b>	<b>N/A</b>

### Capitals Affected



### Link to Material Matters



## KEY ENABLERS

### GOVERNANCE AND PROCESS

Malaysia Airports focuses on continuous strengthening of governance and procurement processes through digital development.

### STRATEGIC KEY FOCUS AREAS

- 1) Strengthen governance throughout the procurement transformation journey by automation and digitalisation initiatives to drive value creation.

### KEY ACTIVITIES TO CREATE VALUE IN FY2020

**Strengthen governance throughout the procurement transformation journey by automation and digitalisation initiatives to drive value creation**

- 1) Continued leveraging on technology for procurement through eTender, eForm A, eCatalogue, eBidding, and Digital Interactive Group Procurement Manual to expedite the current processes and improve efficiency, quality and transparency.
- 2) Enhanced and empowered decision-making processes to align with procurement transformation.

### SHORT TO MEDIUM TERM FOCUS

- 1) Establish category management and centralised procurement process for cost optimisation and savings from strategic procurement, planning and sourcing.
- 2) Commercialise procurement data and reorganise procurement to be more business-centric through Procurement Digital Platform.
- 3) Embark on full certification of the ISO 37001: 2016 for Anti-Bribery Management System (ABMS) for Malaysia Airports Corporate Office, MA Sepang, which runs KUL, and MASB, which runs the other airports in Malaysia.

## PERFORMANCE INDICATORS

	2020	2019
e-Tender (Utilisation rate)	90%	70%
e-RFQ (Utilisation rate)	MAHB 100% MA Sepang 50%	MAHB 100% MASB (HQ) 100% MA Sepang 20%
e-Catalogue (Utilisation rate)	100% for 8 categories 1. Stationary Items & Office Supplies 2. Toner 3. Copier Paper 4. Fire Extinguisher 5. Printing <b>COVID-19 related:</b> 6. Sneeze Guard 7. Body Thermal Scanner 8. Consumable PPE	100% for 3 categories 1. Stationary Items & Office Supplies 2. Toner 3. Copier Paper

**Relevant Award:** Award recipient under the Anti Bribery Management System (ABMS) Certification Scheme by SIRIM

### Capitals Affected



### Link to Material Matters



## KEY ENABLERS

### COMMUNICATIONS AND BRANDING

Malaysia Airports strives to instil positive perception and restore confidence for air travel through effective communications and branding.

### STRATEGIC KEY FOCUS AREAS

- 1) Instilling and restoring confidence in air travel.
- 2) Create value to stakeholders to survive the crisis.

### KEY ACTIVITIES TO CREATE VALUE IN FY2020

#### Instilling and restoring confidence in air travel

- 1) Expedited Airports 4.0 initiatives for a safe and contactless airport experience, making the airport future-ready when travel returns to normalcy such as contactless ordering and payment system at the F&B outlets and the Single Token Journey initiative.
- 2) Communicated through multiple channels to inform passengers and the general public on the new safety and public health measures implemented at the airports for the safety of passengers.
- 3) Promoted a positive outlook for the national aviation/tourism sector contributing to the gradual recovery for air travel.

#### Create value to stakeholders to survive the crisis

- 4) Rebuild network through airlines incentive programmes and facilitate the development of international traffic.
- 5) Collaborated with commercial partners to support the recovery of retail tenants through the shopMYairports e-commerce platform, KLIA Crazy Sale and rebates.
- 6) Promoted KLIA Aeropolis DFTZ Park, Alibaba's first regional e-fulfilment hub outside of China.
- 7) Generated value for shareholders by creating investor interest in Malaysia Airports.
- 8) Developed brand awareness through on-ground training, senior management engagements and by institutionalising the brand management structure and governance.



### SHORT TO MEDIUM TERM FOCUS

- 1) Deliver joyful connections in line with our brand promise and 'Caring Hosts' culture.
- 2) Highlight new commercial brands and retail experiences at airports.
- 3) Drive footfall to the airport through KUL airport tourism initiatives.
- 4) Promote airport modernisation and digitalisation in order to gear up for future growth and sustainability including Single Token Journey initiative, Passenger Reconciliation System (PRS), Self Service Bag Drop (SSBD), Airport Collaborative Decision Making (ACDM) and improved MYairports mobile application.
- 5) Reinforce brand and reputation by becoming a service leader in delivering airport experiences through positioning as a global hub for aviation and logistics and value creator in airport management, connectivity and sustainability.

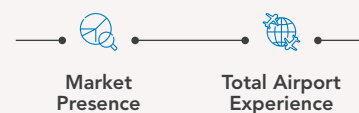
### PERFORMANCE INDICATORS

Average Training Hours	2020	2019
Total PR Value (RM'mil) Target: 584.0	8,633.9	1,115.3
CSR PR Value (RM'mil) Target: 91.0	56.0	73.3
Brand Sentiment Score Target: 0.29	0.47	0.22

#### Capitals Affected



#### Link to Material Matters :



## KEY ENABLERS

### HUMAN CAPITAL

Malaysia Airports aspires to create a workplace that allows people to perform and develop in a safe and healthy environment. This builds an organisation that is effective and adapts to changes in regulation and industry needs.

### STRATEGIC KEY FOCUS AREAS

- 1) Enhance organisational effectiveness, strengthen organisational structures and build internal leadership capabilities.
- 2) Develop capabilities and equip employees with the right competencies.

### KEY ACTIVITIES TO CREATE VALUE IN FY2020

#### **Enhance organisational effectiveness, strengthen organisational structures and build internal leadership capabilities**

- 1) Implementation of organisational structure and manpower proofing through structure repositioning and realignment, merging and consolidation of functions, process improvement and mobility of talent.
- 2) Implementation of refined KPI setting at Senior Management's role to drive right business priorities/outcomes and ensure line of sight.

#### **Develop capabilities and equip employees with the right competencies**

- 3) Moving from conventional classroom training to online webinars. 35 modules were developed throughout the year. The average participation rate for the online programmes was 85%.
- 4) Rolling out upskilling and integration programmes to support cross functional mobility, short-term and long-term assignment plan and redeployment of talent across the Group through Talent Mobility, Talent Exchange and Airport Fire Rescue Service (AFRS) Integration programmes.

### SHORT TO MEDIUM TERM FOCUS

- 1) Conduct KPI audits to ensure alignment of individual, divisional and corporate KPIs and support business goals.
- 2) Establishment of a Leadership DNA and Leadership Capability Model for Malaysia Airports. The Leadership DNA helps to identify the aspired talent profile for Leadership positions in Malaysia Airports while the Leadership Capability Model forms the basis of Malaysia Airports' processes for assessing the capability and potential of the Group's future leaders.
- 3) Continue implementation of learning and development programmes by leveraging the use of technology through the digital learning platform.
- 4) Enhancement of Leaders Airport Adoption Programme (LEAP) to condition all Airport Managers with required leadership and entrepreneurship traits through an effective coaching and mentoring programme.

## PERFORMANCE INDICATORS

Average Training Hours	2020	2019
All employees	13	16.1
Management	12	15.3
Executive	17	16.1
Non-executive	13	11

### Capitals Affected



### Link to Material Matters



# SUSTAINABILITY OVERVIEW

Malaysia Airports recognises the importance of Environment, Social and Governance (ESG) factors in creating long-term sustainable value for stakeholders while ensuring our businesses remain relevant. As such, we constantly work to embed these sustainability factors throughout the Company's value creation model and value chain.

## Governance and Structure

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

The Senior General Manager, Strategy (previously the Senior General Manager, Planning) of Malaysia Airports is responsible for ensuring the ESG model is translated into actionable tangible initiatives by business and support units in line with Malaysia Airports' 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 also responsible for highlighting and reporting on sustainability matters to the ExCo, and where relevant, to the Board of Directors.

The Sustainability Unit assists the Senior General Manager, Strategy in the day-to-day running and management of organisation wide sustainability initiatives. The Sustainability Department also provides consulting services and engages stakeholders on all matters related to sustainability.

In 2020, the ExCo approved the establishment of a Sustainability Committee to oversee all ESG matters and to ensure that they are streamlined. Currently, interdepartmental working committees and taskforces which support the Board and management committees see to their own sustainability targets, implement initiatives and monitor and track progress towards achieving these targets. To this end, we recognise the need to have a formal management committee to oversee company-wide ESG initiatives.

A non-exhaustive list of these Board and management committees include:

E

### Environmental matters

- Engineering Environment Committee

S

### Social matters

- Board Nomination and Remuneration Committee
- Human Resources Committee

G

### 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

Malaysia Airports has been guided by a Sustainability Policy since 2010.

In January 2021, in line with our vision to become 'A Global Airport Group That Champions Connectivity and Sustainability,' an update to the Sustainability Policy was approved by the Board. The new Policy integrates Malaysia Airports' widened ESG model to better align business decisions and strategies with ESG considerations and stakeholders' concerns and supports the Nation's commitment towards the UN SDGs.

The Sustainability Framework links our Sustainability Pillars to the material matters relating to Malaysia Airports' business as well as to the SDGs. It illustrates the connection between Malaysia Airports' ESG model and the material matters at the forefront of our business, and how business can ultimately contribute towards achieving the global sustainability agenda.

Our Sustainability Pillars are Practising Sensible Economics, Environmental Consciousness, Creating an Inspiring Workplace, Community-Friendly Organisation and Memorable Airport Experience.

Five Sustainability Pillars	
<b>PILLAR 1</b>	<b>Practising Sensible Economics</b> Generate sustainable returns from business activities by strengthening and optimising revenue streams.
<b>PILLAR 2</b>	<b>Environmental Consciousness</b> Manage and reduce the impact on the environment from business activities.
<b>PILLAR 3</b>	<b>Creating an Inspiring Workplace</b> Value our employees, provide development opportunities and embed good governance.
<b>PILLAR 4</b>	<b>Community-Friendly Organisation</b> Support and strengthen community engagement and efforts to develop programmes to meet the needs of local communities.
<b>PILLAR 5</b>	<b>Memorable Airport Experience</b> Enhance the travel experience of airport guests to support our brand promise of hosting joyful connections.

The following policies, procedures, guidelines also serve to embed the ESG model in Malaysia Airports' operations and 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 namely employees, regulators, airline companies, investors, airport tenants, vendors, passengers, the local community and the media.

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

### 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 and 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.

Malaysia Airports has aligned its material matters, Sustainability Pillars and the KUL Sustainability Charter with all 17 SDGs. However, the SDGs highlighted in the Sustainability Report are the ones most relevant to Malaysia Airports.

### Sustainability Rating

Malaysia Airports was assigned a Gold Sustainability Rating by RAM Sustainability. The rating reflects Malaysia Airports' strong overall sustainability performance after taking into consideration its ESG and positive impact attributes.

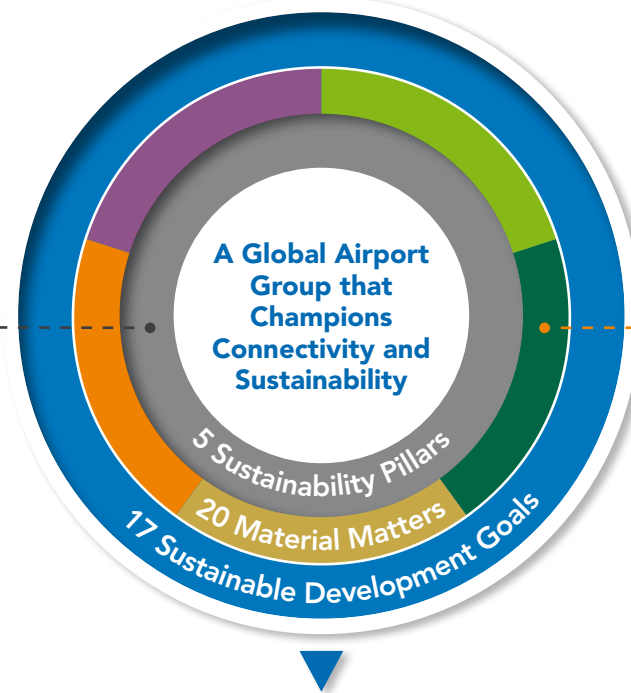
Ratings are assigned to the overall Sustainability Rating and each of its four components – Environment, Social, Governance and Positive Impact. The three different rating levels that can be assigned are Bronze, Silver and Gold. Malaysia Airports was assigned Gold ratings for the Social, Governance and Positive Impact components and a Silver for Environment.

Malaysia Airports' Gold Sustainability Rating is driven by strong corporate governance, our commitment towards sustainability efforts and our contribution to the domestic economy as a national airport operator. Our focus on community and social contributions and forward-looking environmental policies and strategies also contributed to Malaysia Airports' achievement.



## SUSTAINABILITY OVERVIEW

### SUSTAINABILITY FRAMEWORK



Practising Sensible Economics	Environmental Consciousness	Creating an Inspiring Workplace	Community-Friendly Organisation	Memorable Airport Experience
Airport Capacity Digitalisation Economic Performance Regulatory Compliance Procurement Practices Market Presence Cybersecurity	Waste and Effluent Management Emissions Climate Change Water Management Energy Efficiency	Integrity and Anti-corruption Employee Engagement and Development Diversity	Human Rights Contributions to Local Community	Airport Safety and Security Total Airport Experience Transportation and Connectivity

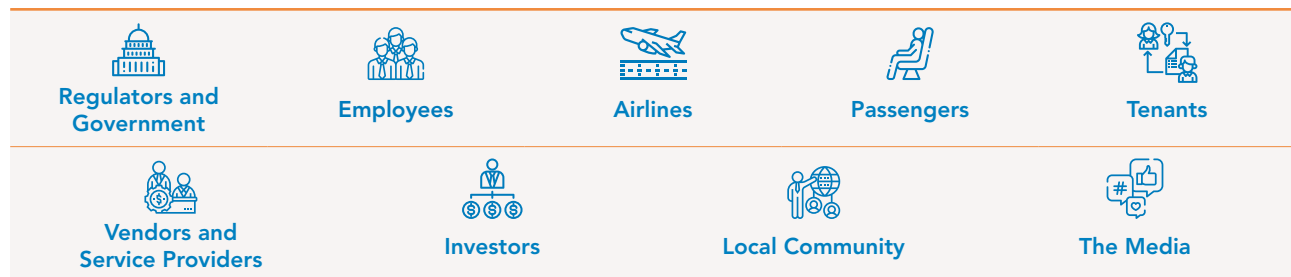
# STAKEHOLDER ENGAGEMENT

## MALAYSIA AIRPORTS' KEY STAKEHOLDER GROUPS

Malaysia Airports' stakeholders include many organisations and individuals, making it a collaborative service environment.

Our Key Stakeholders are defined as those who affect, either directly and indirectly, our management, comprising of regulators and government, employees, airlines, passengers, tenants, vendors and service providers, investors, local community and the media.

Engaging and keeping good relations with stakeholders are necessary in realising our ambition to become a global airport group that champions connectivity and sustainability.



## STAKEHOLDER ENGAGEMENT PROCESS


Engaging stakeholders is crucial in order to understand our ecosystem and maximise our positive impact on the communities within which we operate. It enables us to understand what they consider important and continuously maintain our mindset of continuous improvement across our internal processes and strategic business priorities.

Through meaningful engagements via internal and external channels, the platform provides an avenue to understand our key stakeholders' concerns and interests to inform us about the material business opportunities, mitigate our operational risk, and deliver shared value to our communities. This will guide the strategy and decision-making process to be done holistically, considering all key stakeholders.

At Malaysia Airports, we strive to engage our stakeholders to address interest and concerns, and to amicably reach a common understanding and goal to determine outcome within a given timeframe.


The table below details out some of the engagement methods, areas of interest and our responses based on our key stakeholder groups. For this reporting year, we enhanced the disclosure with the frequency of ongoing communication with our key stakeholders to demonstrate our constant commitment to develop and sustain positive, value-creating relationships with our key stakeholders.

## STAKEHOLDER ENGAGEMENT

Key Stakeholders	Frequency of Engagement	Method of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
 <b>REGULATORS AND GOVERNMENT</b>	<div>●</div> <div>●</div>	Engagement sessions, face-to-face meetings, and dialogue sessions  Consultation sessions on regulatory matters	Regulatory compliance	Conducted regular audits and inspections  Carried out engagements and discussions with regulators on the finalisation and direction of the Operating Agreements, Regulated Asset Base framework and Quality of Service framework  Adhered to industry standards and obtained certifications  Adhered to international and national laws, regulations, and best practices  Implemented appropriate work-from-home measures during the Movement Control Order, Controlled Movement Control Order and Recovery Movement Control Order based on instructions from the Ministry of Defense  Our Aviation Security personnel worked closely with government agencies to enforce the Malaysian National Security Council's Movement Control Order SOPs and rescue flight operations  Collaborated with the National Disaster Management Agency and Ministry of Health in managing Person-Under-Surveillance cases  Installed thermal scanners to assist in the Ministry of Health's manual temperature screenings for passengers arriving at international airports in Malaysia	<b>Pillar 1</b> Airport Capacity  Market Presence  Regulatory Compliance  <b>Pillar 2</b> Climate Change  Energy Efficiency  Emissions  Waste and Effluent Management  Water Management  <b>Pillar 5</b> Airport Safety and Security  Transportation and Connectivity
			Airport competitiveness	Assess opportunities and potential for collaboration with key stakeholders  Actively seek foreign investment  Implement incentive programmes to attract new carriers – Airline Incentive Programme, the Joint International Tourism Development Programme and Network Reconnecting Programme	
			Infrastructure development	Maximise land bank through KLIA Aeropolis and Subang Regeneration Initiative  Leveraged technology for airport operations	

### Frequency of Engagement

- Daily
- Twice a year
- As and when required
- Weekly
- Quarterly
- Ongoing
- Monthly
- Annually

Key Stakeholders	Frequency of Engagement	Method of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
			Environmental and Climate Change	<p>Engaged in environmental monitoring</p> <p>Adhered to local and national environmental regulations on energy, noise, water and effluent, air quality and waste management</p> <p>Conducted noise contour and impact surveys</p> <p>Initiated the renewal of KUL's Level 3 Airport Carbon Accreditation</p> <p>Continued to support Malaysia's renewable energy agenda through the production of solar power at klia2</p> <p>Encouraged guests and the airport community to Recycle, Reduce and Reuse waste</p>	
			Licensing	Obtained 17 Aerodrome Operator Licenses from the Malaysian Aviation Commission and Aerodrome Certification from the Civil Aviation Authority of Malaysia.	
 <b>EMPLOYEES</b>	<p>●</p> <p>●</p> <p>●</p>	<p>Town halls, engagement sessions</p> <p>Focused group discussions on targeted issues</p> <p>Employee performance review</p>	Employee health and safety and wellbeing during and post COVID-19	<p>Provided clear COVID-19 SOPs</p> <p>PCR testing for staff in collaboration with the Ministry of Health and Social Security Organisation</p> <p>Implemented the use of masks, faceguards, and goggles where necessary</p> <p>Have in place a work-from-home rotation schedule</p> <p>Engaged with employees on COVID-19 matters through the COVID-19 portal</p> <p>Provided awareness and updates on COVID-19 to employees</p> <p>Provided fitness and childcare facilities at HQ</p>	<p><b>Pillar 1</b> Digitalisation</p> <p>Regulatory Compliance</p> <p><b>Pillar 3</b> Diversity</p> <p>Employee Engagement and Development</p> <p>Integrity and Anti-corruption</p> <p><b>Pillar 4</b> Human Rights</p> <p><b>Pillar 5</b> Airport Safety and Security</p>

## Frequency of Engagement

- Daily
- Weekly
- Monthly

- Twice a year
- Quarterly
- Annually

- As and when required
- Ongoing


## STAKEHOLDER ENGAGEMENT

Key Stakeholders	Frequency of Engagement	Method of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
			Workplace safety during and post COVID-19	<p>MySejahtera COVID-19 screening at Malaysia Airports' premises</p> <p>Revised Occupational Health and Safety Policy and Procedures to reflect COVID-19 safety measures implemented</p> <p>Certified under ISO 45001 Occupational Health and Safety Management System: Corporate Office and MA Sepang</p> <p>Decontamination and sanitisation of work and common areas</p> <p>Supplied alcohol-based sanitisers</p>	
			Job Security	There were zero retrenchments and zero salary cuts	
			Corporate integrity	<p>Committed to the Malaysian Government-initiated Integrity Pact</p> <p>Have in place a Code of Ethics and Conduct, a Whistleblowing Policy, the Malaysia Airports Integrity Plan and Corruption Risk Management System and Policies</p> <p>Conducted a Corporate Integrity System Assessment</p> <p>Conducted Integrity Perception Surveys</p>	
			Employee engagement	Conducted townhalls, walkabouts, 'Let's Connect Session' engagements, internal communications and union engagements	
			Training and career development	<p>Introduced the use of Microsoft 365 to facilitate remote work, online meetings, and training</p> <p>Reskilled and retrained employees for redeployment to other divisions including 88 Aviation Security personnel to take on Airport Fire and Rescue Service duties</p>	

### Frequency of Engagement

- Daily
- Twice a year
- As and when required
- Weekly
- Quarterly
- Ongoing
- Monthly
- Annually



Key Stakeholders	Frequency of Engagement	Method of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
	<p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p> <p>●</p>	Regular meetings and face-to-face discussions	Innovation and technology advancement	Engaged airlines and communicated 'Airports 4.0' initiatives	<b>Pillar 1</b> Airport Capacity Regulatory Compliance  <b>Pillar 5</b> Transportation and Connectivity
		Airline operating committees		Leveraged on technology: single token journey, self-baggage-drop facilities, self-check-in kiosks, Passenger Reconciliation System, facial recognition for improved efficiency and passenger and airline crew safety	
		Local carrier airlines meetings		Improved KUL's digital network – Total Airport Management System	
		Foreign carrier airlines meetings			
		Security facilitation meeting	Airport safety	Established a COVID-19 Crisis Management Team at MA Sepang	
		Feedback surveys		Implemented the use of thermal and security scanners and sneezeguards at KUL and 19 other airports	
				Implemented safety measures following the SOPs established by the government	
				Carry out frequent Runway Safety inspections and Runway Safety Team meetings	
				Put in place the Safety Management System and obtained Aerodrome certification	
				Carry out regular safety and emergency simulation exercises by Airport Fire and Rescue Service	
				Conduct Foreign Object Debris walkabouts	
				Continued the KUL Runway Sustainability Master Plan	
			Terminal and building infrastructure	Embarked on renovating, refurbishing and modernising terminals	
				Upgraded critical upgrading works based on the Group's Cost Optimisation Plan	
				Optimised terminal operations through partial closure of underutilised areas of the terminals	


## Frequency of Engagement

- Daily
- Weekly
- Monthly

- Twice a year
- Quarterly
- Annually



- As and when required
- Ongoing

## STAKEHOLDER ENGAGEMENT

Key Stakeholders	Frequency of Engagement	Method of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
 <b>PASSENGERS</b>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>	Airport Service Quality surveys MAVCOM Quality of Service audits Social media Customer Feedback Management	Airport service quality and experience	Launched e-Commerce platforms, #shopMYairports and shop@SAW in Malaysia and Turkey respectively, to provide a seamless and contactless airport shopping experience  Used the Airport Service Quality Benchmarking Programme to measure airport service quality at our airports  Complied with MAVCOM's Quality of Service framework  Improved digital processes which include single-token travel, self-baggage-drop facilities, self-check-in kiosks, Passenger Reconciliation System, facial recognition for improved efficiency and passenger  Improved KUL's digital network – Total Airport Management System	<b>Pillar 1</b> Airport Capacity Cybersecurity Digitalisation Economic Performance Regulatory Compliance  <b>Pillar 4</b> Human Rights
			Customer service	Provide the public with updates via social media  Engagement with passengers through Airport CARE Ambassadors  Continued the Customer Affairs and Resolution Excellence Feedback Management System to manage and respond to feedbacks and queries  Implemented cashless payment services for increased customer convenience	
			Cleanliness	Carried out washroom refurbishments and renovations  Introduced 'Adopt Your Toilet' programme	
			Communication and announcements	Provide the public with updates via social media  Provide guests with help and guidance via the Airport CARE InfoCentre at KUL  Published 'Convergence' e-magazine  Use of #MYairportsupdates to provide the public with a convenient way to access our updates on travel restrictions and SOPs  Improved wayfinding signages	

### Frequency of Engagement




- |           |                |                        |
|-----------|----------------|------------------------|
| ● Daily   | ● Twice a year | ● As and when required |
| ● Weekly  | ● Quarterly    | ● Ongoing              |
| ● Monthly | ● Annually     |                        |

Key Stakeholders	Frequency of Engagement	Method of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
			Passenger traffic	Implemented more digitalised initiatives to provide more seamless and contactless experience for passengers travelling	
			Airport security and safety	Embarked on the use of thermal scanners and sneeze guards  Piloted single token journey initiative driven by facial recognition and other technology to improve passengers' journey throughout the airport  Collaboration with the Ministry of Health and other relevant agencies and airlines to ensure that the risk of exposure to COVID-19 is minimised	
 <b>TENANTS</b>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> </ul>	Standard consulting procedure	Airport operator	Practice standard contracting procedure  Provided rebates on rental for premises at the airports  Introduced new rental model for retail tenants as part of an ongoing effort to retain and attract business partners	<b>Pillar 1</b> Cybersecurity Digitalisation Economic Performance Procurement Practices  <b>Pillar 5</b> Airport Safety and Security Total Airport Experience
		Engagements, briefings, one-on-one communication  Communication plans and projections	Customer satisfaction	Enhanced the Commercial Reset Strategy  Implemented a cashless payment ecosystem for increased customer convenience  Launched #shopMYairports, an e-Commerce platform that enhances passengers' retail experience, allows the public to purchase duty absorbed goods and supports the recovery of airport retail tenants  Departing international passengers can pre-purchase and pick up their duty-free goods at the airport through this platform as well  Held the 'KLIA Crazy Sale' which allowed the non-travelling public to purchase duty-absorbed goods at the airport	
 <b>VENDORS AND SERVICE PROVIDERS</b>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> </ul>	Tenders and requests for proposals	Procurement process	Regularly review and adhere to procurement policies, procedures and guidelines  Implemented e-Procure and automated procurement process to improve efficiency and digitisation	<b>Pillar 1</b> Digitalisation Economic Performance Procurement Practices  <b>Pillar 3</b> Integrity and Anti-corruption
		Briefing on processes and updates on projects	Prompt payments	Implemented the Vendor Management System to keep track of procurements and payments	

## Frequency of Engagement

- Daily
- Weekly
- Monthly
- Twice a year
- Quarterly
- Annually
- As and when required
- Ongoing

## STAKEHOLDER ENGAGEMENT

Key Stakeholders	Frequency of Engagement	Method of Engagement	Areas of Interest	Our Response	Sustainability Pillars and Material Matters
 <b>INVESTORS</b>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> </ul>	Analyst briefing sessions  One-on-one engagements	Financial returns	Regular review of business and investment plans to match the current and predicted social-eco climate	<b>Pillar 1</b> Economic Performance  Market Presence  Regulatory Compliance  <b>Pillar 3</b> Integrity and Anti-corruption
			Communication on Future F.I.T.	Regular review of business and investment plans to match the current and predicted social-eco climate  Implemented Future F.I.T., a 5-year plan to see the business through survival and recovery  Put in place measures to improve cost structure and reduce operating cost	
			Governance and transparency	Adhere to the Malaysian Code on Corporate Governance	
			Company reputation	Regularly publish literature and press releases that highlight our activities, awards and accolades	
			Regulatory compliance	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	Announce financial results every quarter	
 <b>LOCAL COMMUNITY</b>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>	Community engagement Strategic partnerships News media Social media Website	Corporate citizenship	Continue to give back to local communities through our Corporate Responsibility Framework which focuses on Education and Youth Leadership; Community Enrichment and Malaysia Branding  Distributed comfort kits to frontliners at various hospitals and stranded passengers at KLIA1  Donated essential items and food to 55 families in Sepang to help them overcome the negative effects of COVID-19	<b>Pillar 4</b> Contributions to the Local Community  Human Rights
 <b>THE MEDIA</b>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>	Media briefings and interviews Website and events Social media Press conferences	Environmental social and governance issues	Issue press releases and conduct press briefings regularly  Practise sound and transparent decision making	<b>Pillar 1</b> Economic Performance  Market Presence
			Media relations	Grant media interviews when appropriate and visit media occasionally	

### Frequency of Engagement

- Daily
- Twice a year
- As and when required
- Weekly
- Quarterly
- Ongoing
- Monthly
- Annually

## **MALAYSIA AIRPORTS EXTERNAL STAKEHOLDER ENGAGEMENT WORKSHOP**

Malaysia Airports constantly engages a wide range of internal and external stakeholders through various platforms to gain the insights on current interests and concerns that reflect significant economic, environmental, social and governance (EESG) impacts and matters that influence the assessments and decisions of key stakeholders.

As part of the continued efforts of the Group to identify matters that are crucial to its ability to create long-term value, a detailed stakeholder engagement through materiality assessment workshop was conducted in FY2020. This workshop aimed to understand and discuss the key stakeholders' interests and concerns in order to assist the Group in realigning shared sustainability goals and key initiatives for long-term value creation, in consideration of the new business environment due to COVID-19.

The materiality assessment workshop that took place at Sama-Sama Hotel KLIA in September 2020 involved a total of about 60 individuals from different stakeholder groups such as airlines and ground handlers, regulators and government, tenants, vendors and service providers, and Malaysia Airports' employees.

Some of the attendees of the workshop include representatives from Malaysia Airlines Berhad, AirAsia Group Berhad, Malaysian Aviation Commission (MAVCOM), Ministry of Transport, Department of Environment Malaysia, Civil Aviation Authority of Malaysia (CAAM), Khazanah Nasional Berhad, Valiram Group, Gateway@klia2, Grab Malaysia, and Express Rail Link Sdn Bhd.

Through the workshop we gained valuable insights that were used as inputs in the materiality assessment process. Besides, the workshop also provided a platform to discuss relevant goals and initiatives for each of the material issue identified and prioritised during the exercise.

These inputs, together with the results from Malaysia Airports' internal materiality assessment survey, together formed the consolidated materiality matrix, leading to the prioritisation of eight most material matters, as explained on page 64 of this report.

In light of the COVID-19 pandemic, matters such as containment of the health crisis, restoration of consumer confidence in air travel and getting the industry back flying again emerged as some of the key interests among the attended stakeholders.



## MATERIAL MATTERS

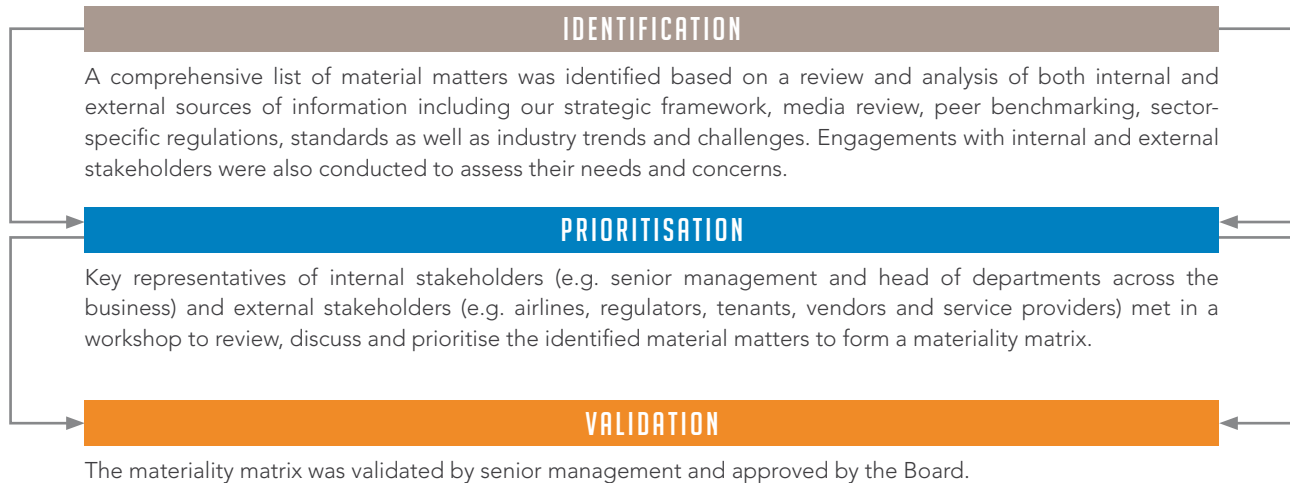
**Material matters are those that substantively affect our ability to create value over time. The matters are not limited to those that have a significant financial impact on the Group but also includes consideration of Economic, Environmental and Social impacts that affect the ability to meet the needs of the present and future generations.**

Having in place a materiality assessment process enables us to map out our material matters, which contributes to better business strategy development over time.

This year, we enhanced the previous material matters with internal and external materiality assessment workshop, taking into consideration of COVID-19. This reassessment enables us to support the refinement of priorities and to obtain the information required in reassessing matters that are material for the airport community in Malaysia. This assessment is aligned 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 interest of our key stakeholders.

### MATERIALITY ASSESSMENT PROCESS

Our materiality assessment comprises three steps:



The findings from this assessment process were used to refresh the materiality matrix for FY2020. Kindly refer to the Stakeholder Engagement section for more details regarding the workshop.

Airport Capacity is now the top priority in the Extremely High category; its shift in position can be seen from the impact to Malaysia Airports and the significance to key stakeholders. This is reflective of key stakeholders' interests to prepare the airports for future demand as public confidence in air travel increases.

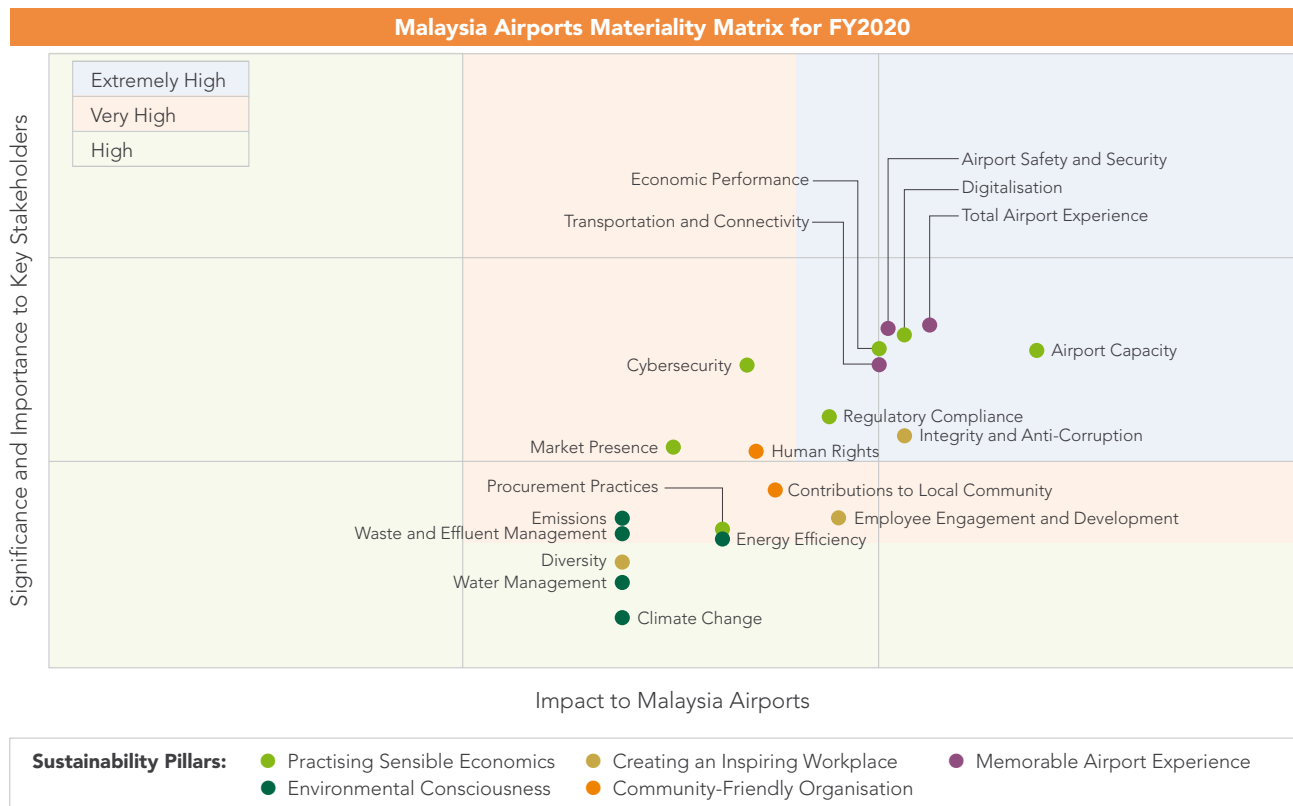
Transportation and Connectivity has also moved up from Very High to Extremely High category in comparison to FY2019 materiality matrix. Passengers are demanding for a seamless airport journey as well as airports being a user friendly transportation hub with equal accessibility for all. Beyond these shifts, the overall results of FY2020 assessment remain largely consistent with the previous year, particularly with regard to our top most material issues.

## Materiality Matrix

The Materiality Matrix below is developed in reference to the Global Reporting Initiative (GRI) standards framework to demonstrate the findings of our materiality assessment process. The Materiality Matrix plots material matters in two dimensions - the impact to Malaysia Airports and the significance to Key Stakeholders.

It guides us in addressing and managing matters of utmost importance for the business as well as stakeholders. We have classified the materiality into three categories: high, very high, and extremely high. These material matters are mapped against Malaysia Airports' Sustainability Framework which sets out five Sustainability Pillars - Practising Sensible Economics, Environmental Consciousness, Creating an Inspiring Workforce, Community-Friendly Organisation and Memorable Airport Experience. These Pillars are illustrated in the Matrix below.

In this report, Malaysia Airports focuses on disclosures of the top eight Extremely High 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](http://www.malaysiaairports.com.my).



## MATERIAL MATTERS

### 1. AIRPORT CAPACITY

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

#### Stakeholders Involved



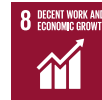
#### Our strategic response to the material matters



#### Capitals Affected and Trade-offs



#### Link to UN SDGs



#### Initiatives/Activities

**Baggage Handling System upgrade:** Able to process baggage 30% faster at double the capacity, able to cater up to 49.5 mppa.

**Replacement of Aerotrains:** Improved capacity from 4,200 people to 5,400 people per hour per direction.

**Runway Rehabilitation:** As part of the KUL Runway Sustainability Plan, Runway 3 was fully rehabilitated by August 2020 while work started on Runway 1 in November 2020. This initiative is vital to sustain the safety of flight operations at the airport.

**Airport Master Plans:** Airport master plans for KUL and five other airports – PEN, BKI, KCH, SBW and TWU – to cater for future growth were completed in 2020. Airport Capacity Planning is completed for KUL, PEN, BKI, KCH, SBW and TWU.

**Subang Airport Regeneration:** Began the master planning for the regeneration of Subang Airport which will revitalise the existing airport ecosystem, and position it as a vibrant city airport, a hub for business aviation and a complete aerospace ecosystem.

#### Key Performance Indicators and Targets

Our current state of airport capacity is illustrated in the section Where We Operate on page 18 and 19.

## 2. TOTAL AIRPORT EXPERIENCE

Refers to the quality of services delivered to our customers to enhance their airport experience. During the pandemic, instilling passenger confidence in the airport includes temperature checks, providing a contactless experience and the enforcement of public health measures.

### Stakeholders Involved



### Our strategic response to the material matters



### Capitals Affected and Trade-offs



### Link to UN SDGs



### Initiatives/Activities

**The Single Token Journey:** This initiative promotes a contactless journey through the airport using facial recognition technology so that with a single identification verification, passengers can navigate all the airport's touchpoints from check-in to the boarding gate.

**'Happy Guests, Caring Hosts':** We formulated an online refresher course for the 'Happy Guests, Caring Hosts' programme and made it compulsory for all Malaysia Airports' employees to participate to ensure that our employees are 'ready for action' once the industry recovers.

**#1Improvement1Week:** Malaysia Airports initiated this to continuously improve passengers' experience at our airports. Approximately 150 improvements have been made since 2018 for a more seamless journey for passengers navigating the airport. 50 of them were implemented in 2020 focusing on the safety and security of passengers in light of the COVID-19 pandemic.

**Enhancements to Airport Infrastructure:** We proceeded to make enhancements to airport infrastructure to improve the experience of our guests in the future. This includes the completion of runway rehabilitation works, the replacement of the Baggage Handling System and Aerotrain, IT core network upgrading and the Commercial Reset.

**Washroom Refurbishment:** Malaysia Airports launched the Washroom Improvement Programme in efforts to improve our washroom performance to meet the MAVCOM's Quality of Service framework. This enabled KUL to consistently pass monthly washroom inspections by MAVCOM in Q3 2020 and contributed to KUL being placed in the top 10 performing airports in the global Airport Service Quality (ASQ) survey for 2020 for airports >40mppa.

MATERIAL MATTERS

**Social Media Engagement:** We used social media extensively to update our guests and stakeholders on COVID-19 related announcements, Standard Operating Procedures and travel advisories made by the authorities especially during the early stages of the Movement Control Order. We also used social media to answer enquires by our guests in a timely and efficient manner.

Key Performance Indicators and Targets

KUL ASQ Scores Improved In 2020

ASQ Score	2020	2019	2018
Courtesy & helpfulness of staff	4.90	4.62	4.50
Comfort of waiting/gate areas	4.86	4.51	4.37
Speed of baggage delivery	4.71	4.51	4.43
Waiting time to check-in	4.87	4.37	4.25
Waiting time at Passport check	4.85	4.48	4.37
Ambience of the airport	4.91	4.67	4.59

Types of Feedback Received in 2020

Type of feedback	2020	2019
Enquiries	13,884	9,626
Lost & Found	1,083	4,295
Complaints	357	1,166
Compliments	476	999
Suggestions	116	448
Total	15,916	16,534

### 3. DIGITALISATION

Digitalisation refers to the digital framework encompassing enhancement, capacity development and digital innovations that aim at terminal optimisation, operational efficiency, revenue generation, regulatory compliance and health protection during the COVID-19 pandemic.

#### Stakeholders Involved



#### Our strategic response to the material matters



Digitalisation

#### Capitals Affected and Trade-offs



#### Link to UN SDGs



#### Initiatives/Activities

**KUL Network Refresh:** The IT network for KUL is now compatible with 5G, WiFi6 and Internet of Things (IoT).

**The Single Token Journey:** Promotes a contactless journey through the airport using facial recognition technology.

**The Passenger Reconciliation System:** An automated security screening system that heightens security and airline operational efficiency.

**Automated ultra-violet disinfection:** Used to disinfect high-traffic areas and arriving baggage.

**Introduction of Aerobot at SAW:** A social robot that assists passengers in wayfinding.

**Launch of shopMyairports e-commerce platform:** Enables airport retailers to sell to the wider public.

**Microsoft Office 365 deployment:** Facilitated work-from-home measures and on-line training.

#### Key Performance Indicators and Targets

##### Digitalisation Performance Indicators

Key Performance Indicators	FY20	FY19
Total active users (MYAirports & shopMYairports)	MYAirports - 9,411 shopMYairports - 2,752	-
% internet and digital revenue (shopMYairports)	Royalty RM17,224.5 (from sales RM344,490.0)	-
Number of online transactions/amount (shopMYairports)	1,111/RM344,490.0	-



## MATERIAL MATTERS

### 4. 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. The COVID-19 pandemic has heightened the need to safeguard the safety, security, health and wellbeing of airport users and the airport community.

#### Stakeholders Involved



#### Our strategic response to the material matters



#### Capitals Affected and Trade-offs



#### Link to UN SDGs



#### Initiatives/Activities

**Corporate Crisis Management Team (CCMT):** In March, we activated the CCMT as part of our business continuity plans. The CCMT, which is chaired by the Group Chief Executive Officer, provided strategic direction and communications pertaining to recovery and sustainability of Malaysia Airports' business operations, maintenance of service levels and engagement with stakeholders. The CCMT convened regularly throughout the year, logging weekly meetings in 2020.

**KUL COVID-19 Committee:** This committee was formed to ensure a coordinated response by Malaysia Airports, government agencies and relevant stakeholders. Together, the multi-stakeholder committee brainstormed and rolled out new measures to comply with SOPs prescribed by the National Security Council, and to create a contactless and sanitised airport environment to build public confidence in the safety of our airports, while maintaining smooth operational flow.

**New Standard Operating Procedures (SOPs):** These incorporate public health measures in the airport terminal which include physical distancing, the mandatory use of face masks by guests and the airport community in the terminal, contact tracing, entry and exit temperature screening for arriving and departing passengers, facilitation of COVID-19 testing by Ministry of Health officials for arriving passengers, the availability of hand sanitisers throughout the terminal and the issuance of personal protective equipment to employees based on their job requirements.

**Awareness:** To keep our passengers and airport community vigilant, we made frequent announcements within the terminals on social distancing, put up physical and digital signages and communicated with the public regularly via the mainstream media and social media. We increased internal communication to staff and airport stakeholders via email and weekly committee engagements.

**The Passenger Reconciliation System:** This automated security screening system heightens security and airline operational efficiency by scanning and matching information on passenger travel documents to the airline's passenger database in real time. It alerts the airline if, for example, there is a need to offload a passenger's baggage in the event of a no-show. It also enables the airport to operate an 'open gate' system.

**Leveraging technology:** New safety equipment has also been deployed at the airports including state-of-the-art thermal scanners and security scanners as well as sneeze guards.

**Sanitising and disinfecting the airport:** The airports' common amenities and facilities such as lifts, counter tops, trolleys, doorknobs and handrails are sanitised regularly. Public areas in the airports are sanitised eight times a day or once every three hours. Ultra-violet technology is used to sterilise handrails at walkalators and escalators, disinfect washrooms and disinfect all arriving baggage at KUL.

### Key Performance Indicators and Targets

	2020	2019	2018
Number of Aerodrome Emergency Exercises (AEX) conducted	11	77	70
Percentage of targeted safety exercise completed (%)	12	100	100
Number of Safety Management System (SMS) Certified Airports	16	16	16
Occupational disease rate	0	0	0.3
Incident Rate	0.80	1.31	0.91
Frequency Rate	0.32	0.45	0.36
Severity Rate	6.41	423.65	9.46

## MATERIAL MATTERS

### 5. ECONOMIC PERFORMANCE

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

#### Stakeholders Involved



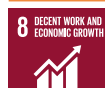
#### Our strategic response to the material matters



#### Capitals Affected and Trade-offs



#### Link to UN SDGs



#### Initiatives/Activities

1. Group-wide cost containment measures
2. Deferment of selected major infrastructure developments
3. Recouped receivables from key parties
4. Negotiated on utility costs

#### Key Performance Indicators and Targets

	2020	2019
Total economic value generated (RM'mil)	<b>2,041.0</b>	5,478.0
Economic value distributed (RM'mil)	<b>2,047.0</b>	4,034.0
Economic value retained (RM'mil)	<b>-6.1</b>	1,444.0
Operating costs	<b>55.2%</b>	44.7%
Capital providers	<b>32.4%</b>	18.0%
Employees	<b>36.3%</b>	22.8%
Government	<b>-24.4%</b>	14.5%

## 6. INTEGRITY AND ANTI-CORRUPTION

Integrity refers to the act of upholding ethics in our everyday conduct in the workplace. This includes advocating anti-corruption 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/Activities

**Corruption Risk Management Workshop:** We organised a series of five Corruption Risk Management workshops in January and February of this year. By May 2020, all divisions had identified and registered 510 corruption risks in the Malaysia Airports' risk scorecard. From the 510 registered risks, 25 were identified as risks related to corporate liability under the newly enacted Section 17A of the MACC Act.

**Whistleblowing Policy:** A revised Whistleblowing Policy was approved by the Board of Directors on 30 November 2020.

**Guidelines:** As a follow through on our ISO certification obtained in 2019, Malaysia Airports developed Guidelines on Anti-Corruption Due Diligence to guide the relevant companies and divisions in the Group on fulfilling the requirements of Guidelines on Adequate Procedures and MS ISO 37001:2016 Anti-Bribery Management Systems.

**Organisational Anti-Corruption Plan:** We started the development of the Organisational Anti-Corruption Plan (OACP) with the completion of three workshops attended by OACP development committee members. The draft OACP is pending approval by the ExCo and Board Audit Committee.

**Learning and Development:** We developed online learning modules to create awareness among employees on corruption. 100% of employees have completed the e-learning course.

### Key Performance Indicators and Targets

	2020	2019
Employees briefed on anti-corruption P&Ps (Management, Executives and Non-Executives)	9,313	1,613
Number of confirmed incidents	0	5
Number of concerns raised through the Whistleblowing Programme	20	10

## MATERIAL MATTERS

### 7. TRANSPORTATION AND CONNECTIVITY

Transportation and connectivity refers to ground transportation and connectivity for passengers, employees, visitors and suppliers within, to and from the airport.

#### Stakeholders Involved



#### Our strategic response to the material matters



#### Capitals Affected and Trade-offs



#### Link to UN SDGs



#### Initiatives/Activities

**Maintained existing ground network:** We maintained our existing ground connectivity network, which includes the number of operating routes and availability of public transportation such as the Light Rail Transit and Express Rail Link services, for the convenience of travellers who were eligible to travel.

#### Key Performance Indicators and Targets

Passenger Movements (Malaysia Operations)	2020	2019
Terminal passengers (international)	9,450,653	53,195,236
Terminal passengers (domestic)	16,249,991	51,962,942
Transit passengers	59,945	104,388
<b>Total passenger movements</b>	<b>25,760,589</b>	<b>105,262,566</b>

Aircraft Movements (Malaysia Operations)	2020	2019
Commercial aircraft (international)	99,304	351,038
Commercial aircraft (domestic)	249,267	542,405
Total commercial aircraft	348,571	893,443
All other aircraft	110,151	152,780
<b>Total aircraft movements</b>	<b>458,722</b>	<b>1,046,223</b>

## 8. REGULATORY COMPLIANCE

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

### Stakeholders Involved



Regulators and Government



Employees



Airlines



Tenants

### Our strategic response to the material matters



Fixing the Basics



Critical Asset Replacement

### Capitals Affected and Trade-offs



Manufactured

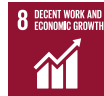


Intellectual



Financial

### Link to UN SDGs



### Initiatives/Activities

We comply fully with the applicable laws and guidelines under the provisions of the Malaysian Aviation Commission Act 2015, specifically Part VII of the Act which deals with competition. As the Malaysian Aviation Commission Act 2015 is excluded from the application of the Competition Act 2010, Malaysia Airports is therefore subject to the guidelines issued by MAVCOM relating to Part VII (Competition) of the Malaysian Aviation Commission Act 2015. On 1 June 2020, a new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) came into force. Companies may now be liable to legal proceedings for corruption offences committed by associated persons.

### Key Performance Indicators and Targets

	2020	2019
Number of non-compliance with applicable laws or regulations	<b>None</b>	1 case in KBR - with regards to Sewage Treatment Plant Regulation: Environment Quality (Industrial Effluent) Regulations
Amount of fines or non monetary sanctions in relation to non-compliance	<b>None</b>	RM2,000

## SUSTAINABILITY SUMMARY

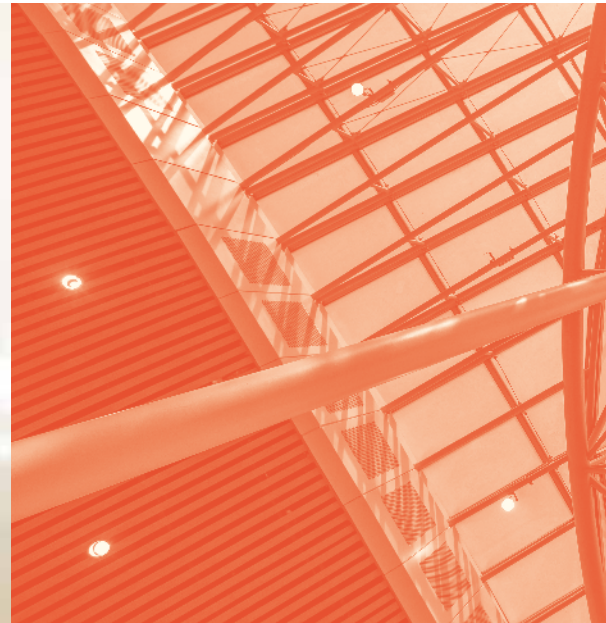
This table summarises the way our business considerations, which are represented by material matters; and sustainability matters represented by the Sustainability Pillars; relevant SDGs, KUL Sustainability Charter Goals and our Key Stakeholders are intrinsically linked in Malaysia Airports' strategy.

SUSTAINABILITY PILLARS	UN SDGs	KUL SUSTAINABILITY CHARTER GOALS	MATERIAL MATTERS	KEY STAKEHOLDERS
<b>PILLAR 1</b> <b>Practising Sensible Economics</b> Generate sustainable returns from business activities by strengthening and optimising revenue streams	SDG 8: Decent Work and Economic Growth SDG 9: Industry, Innovation and Infrastructure SDG 11: Sustainable Cities and Communities	Goal 1: Optimising Economic Performance	Airport Capacity Cybersecurity Digitalisation Economic Performance Market Presence Procurement Practices Regulatory Compliance	Regulators and Government Employees Airlines Passengers Tenants Vendors and Service Providers Investors The Media
<b>PILLAR 2</b> <b>Environmental Consciousness</b> Manage and reduce the impact on the environment from business activities	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 Footprint Goal 4: Enhancing Water and Waste Management	Climate Change Energy Efficiency Emissions Waste and Effluent Management Water Management	Regulators and Government Employees Airlines Passengers Tenants Vendors and Service Providers Investors Local Community The Media
<b>PILLAR 3</b> <b>Creating an Inspiring Workplace</b> Value our employees, provide development opportunities and embed good governance	SDG 5: Gender Equality SDG 9: Industry, Innovation and Infrastructure SDG 16: Peace, Justice and Strong Institutions SDG 17: Partnerships for the Goals	Goal 5: Being a Responsible Service Provider Goal 6: Promoting Diversity and Inclusivity	Diversity Employee Engagement and Development Integrity and Anti-corruption	Regulators and Government Employees



SUSTAINABILITY PILLARS	UN SDGs	KUL SUSTAINABILITY CHARTER GOALS	MATERIAL MATTERS	KEY STAKEHOLDERS
<b>PILLAR 4</b> <b>Community-Friendly Organisation</b> Support and strengthen community engagement and efforts to develop programmes to meet the needs of local communities	SDG 1: No Poverty SDG 3: Good Health and Well-Being SDG 4: Quality Education SDG 10: Reduced Inequalities SDG 17: Partnerships for the Goals	Goal 7: KUL Community Development Through Partnerships	Contributions to Local Community Human Rights	Regulators and Government Employees Local Community The Media
<b>PILLAR 5</b> <b>Memorable Airport Experience</b> Enhance the travel experience of airport guests to support our brand promise of hosting joyful connections	SDG 9: Industry, Innovation and Infrastructure SDG 11: Sustainable Cities and Communities SDG 16: Peace, Justice and Strong Institutions SDG 17: Partnerships for the Goals	Goal 8: Providing Exceptional Customer Experience Goal 9: Optimisation through Technological Advancement Goal 10: Strengthening Safety and Security at KUL	Airport Safety and Security Total Airport Experience Transportation and Connectivity	Regulators and Government Employees Airlines Passengers Tenants Investors The Media

## MANAGEMENT DISCUSSION AND ANALYSIS



---

Under the most challenging business conditions for the aviation industry globally, Malaysia Airports took immediate and proactive steps to face the crisis head-on. We formulated and executed a plan to ensure the Group's survival and sustainability through the year's turbulence and our readiness for growth when the industry recovers.

---

**Dato' Mohd Shukrie Mohd Salleh**  
Group Chief Executive Officer

---



## Dear Stakeholders,

Malaysia Airports began 2020 on a strong footing backed by a solid performance in 2019 in terms of passenger traffic and financial performance. Nevertheless, very early in the year, we had become increasingly concerned about the emergence of the novel coronavirus which had begun spreading across borders, and intuited that we were facing an impending crisis.

Malaysia Airports took a serious view of the escalation of both the spread of COVID-19 as well as its impact on the aviation industry and immediately initiated steps to mitigate the effects on the Group. We activated a Corporate Crisis Management Team (CCMT) for COVID-19, comprising our senior management team across divisions to provide direction on a coordinated response, both Group-wide and with external stakeholders. The CCMT convened regularly throughout the year, logging weekly meetings in 2020.

In a crisis, it is always important to have clarity about the threats we are facing. Through extensive stress-testing and scenario-planning, it soon emerged that the main threat posed to Malaysia Airports was that of cash flow and liquidity, as our primary source of revenue – the aeronautical business – would face severe pressures as travel restrictions disrupted the aviation industry globally.

Armed with this realisation, we formulated a plan outlining the necessary measures for Malaysia Airports, not just to survive the crisis, but to be in the position to capitalise on growth opportunities once the industry recovers. The plan was presented to the Board of Directors and was approved in March, based on three underlying principles – cost containment, cash preservation and cash recovery. It was also agreed that the plan was to be executed immediately.

For the plan to succeed, it was crucial for us to communicate with our employees to obtain their buy-in and support. In early April, we called for a virtual townhall with all employees, with thousands of them joining via video conferencing. We outlined the facts in an open and transparent manner, explaining to our people the gravity of the situation, and the steps that we had to take as we headed towards the biggest battle of our careers. We also assured our people that we were all in this together for the long haul, and that we hope to emerge stronger together from this crisis. It was important that our entire workforce understood that there was a clear plan to deal with the crisis, and with that level of preparedness, we should face the challenges with a positive mindset.

Several more townhalls were conducted regularly throughout the year to keep our people updated on the progress of our COVID-19 response. These were supplemented by daily internal communications to ensure we kept everyone informed of the latest developments. This was important because in response to the pandemic, where feasible, Malaysia Airports had instituted a work from home policy to safeguard the health and safety of our employees.





## MANAGEMENT DISCUSSION AND ANALYSIS


**Over the course of the year, the tremendous courage and willingness that our people demonstrated to step up to the challenge have been the driving force and motivation that powered us through the year.**

Among the immediate steps we had taken were to approach key stakeholders in Malaysia and Turkey, as well as at Hamad International Airport (IATA Code: DOH) in Doha, Qatar. This includes the asset owners such as the government of Malaysia, the Turkish Ministry of Defence and the management of DOH from whom we sought payment deferrals and leeway in the terms of the operating and concession agreements. This also includes the lenders who had provided the syndicated loan for the Istanbul Sabiha Gökçen International Airport (IATA Code: SAW) concession, our bankers in Malaysia as well as sukuk holders of Malaysia Airports' Islamic Medium Term Notes. We also engaged with analysts and the rating agencies to assure them that we had a solid plan which dealt with the exigencies of the situation, and with the post-pandemic growth phase as air travel resumes.

As KL International Airport (IATA Code: KUL) remained as an international gateway throughout the pandemic, a KUL COVID-19 Committee was also formed very early on to enable a coordinated response by Malaysia Airports, government agencies such as the National Disaster Management Agency and Ministry of Health, and other airport stakeholders to implement the standard operating procedures (SOPs) prescribed by the National Security Council.

In addition to working towards ensuring the Group's financial sustainability, we had also acted quickly to incorporate public health and safety measures at the airports. The health and safety of our passengers as well as that of our employees and airport community on the frontlines of the pandemic were at the forefront of our priorities. For the aviation industry to recover and restart, it was imperative for passengers and airport users to feel confident that their wellbeing and safety are of paramount importance.






We rolled out Innovation Garages to embed digitalisation in the new SOPs in order to improve the passengers' journey through the airport. This was important as the new SOPs were potentially disruptive to passengers, so we brainstormed and innovated to incorporate the new norms while improving passenger flow and maintaining high service levels.

Having taken steps to safeguard the Group's sustainability, our focus moved towards generating revenue. Among others, this resulted in the formulation of the Network Reconnecting Programme to incentivise airlines to resume their flights to our airports. In addition, innovations such as travel retail ecommerce platform, airport-wide sales events and airport staycations emerged as new ways to generate revenue and reach new customers, including non-travellers.

Towards the final quarter of 2020, we extended relief packages to tenants at the airport, particularly to small and medium enterprises. As the airport business operates as an ecosystem and each stakeholder contributes to the smooth functioning and travel experience of airport users, we wanted to contribute towards alleviating the financial burden faced by our partners so that we are able to overcome this crisis together.



While we faced myriad challenges in the course of our work this year, our people continued to focus firmly on our business goals. We doubled our efforts across all divisions in every aspect of the Group's operations and were uncompromising in our drive to enhance our service levels.

As a result of the commitment and efforts of our frontline staff towards fulfilling our brand promise 'Hosting Joyful Connections' and embodying our 'Caring Hosts' culture, KUL ranked within the Top 10 Airports globally (>40 mppa) in the Airport Service Quality (ASQ) rankings by Airports Council International for 2020. Compared to our rank at #17 in 2019, we had achieved a momentous leap forward amidst the global pandemic.

Another example of our employees' commitment was in the major project involving the migration of KUL's Core IT Network. The network refresh was completed in the record time of four months despite challenges posed by movement control orders. Following this, the IT network for both KUL terminals is now compatible with 5G, WiFi6 and Internet of Things, and will have at least 10 times the capacity of the previous network. The new network will also be able to fulfil the increased demand from technology in the new norms.

At the KLIA Aeropolis, despite the pandemic disrupting two months of construction work, the 100,000 sqm Cainiao Aeropolis eWTP Hub was completed and delivered on schedule, and commenced operations in November. This is Alibaba's first electronic World Trade Platform (eWTP) hub outside of China and forms part of the e-commerce titan's global network of distribution centres. The hub will also position Malaysia Airports to capture opportunities in e-commerce and the cargo business.

As we envisaged the future of the aviation industry post-pandemic, we believe that every crisis presents opportunities. Seeing that the pandemic has had a seismic impact on so many areas of the aviation industry, this was an opportunity for Malaysia Airports to institute a 'ground zero reset' of our business. Building on the Group's near-term plan of survival and recovery, we reformulated our 5-Year Strategy and Transformation Plan, known as Future F.I.T., to focus also on building capacity and capabilities today to capture opportunities post-pandemic.

Future F.I.T. outlines our strategies for two phases. In the first phase, our focus is to survive and recover from the crisis in the short term till 2022. Beyond that, in the second phase from 2023 till 2025, our focus will turn to positioning ourselves for future business growth and sustainability.

**F** - Financially sustainable  
**I** - Impact driven  
**T** - Technology focused

With the benefit of hindsight, our early and comprehensive response to the pandemic has been key in contributing to the Group's survival. In 2020, Malaysia Airports' entire network of airports including SAW had recorded a contraction of **69.6%** in passenger movements, compared to 2019. Globally, the International Air Transport Association (IATA) described 2020 as a 'catastrophe' for the industry, citing that global demand for air travel had fallen by 65.9% compared to 2019, which was the sharpest traffic decline in aviation history. It was indeed a year unlike any other.

With this introduction, we are pleased to present this Management Discussion and Analysis which provides stakeholders with a holistic explanation of the performance of our business against the backdrop of the COVID-19 pandemic. We will also outline our key strategies and proactive initiatives, as well as describe our plans in charting the way forward in 2021 and beyond.

## MANAGEMENT DISCUSSION AND ANALYSIS

### AN EXTRAORDINARY YEAR IN REVIEW

Malaysia Airports' financial and business performance for 2020 is to be viewed in light of the unprecedented operating environment and business conditions. Various travel restrictions had affected air traffic and passenger movements, the drivers of our airport operations, in particular the aeronautical business, which is the mainstay of our revenues. In addition, the restrictions also affected other revenue streams which rely on passenger traffic, primarily, rental and royalties, retail and hotel businesses.

### KEY AIRPORT STATISTICS

#### IMPACTED BY TRAVEL RESTRICTIONS

**Passenger and aircraft movements declined amidst travel restrictions and border control measures while the cargo sector was more resilient as demand for health and medical supplies rose during the pandemic.**

Passenger Movements (million)		
Group	MY	SAW
43.0	25.8	17.2
-69.6%	-75.5%	-52.1%
Commercial Aircraft Movements		
Group	MY	SAW
471,580	348,787	122,793
- 58.0%	-61.0%	-46.7%
Cargo Movements (tonnes)		
Group	MY	SAW
834,718	794,307	40,411
-16.8%	-15.8%	-31.9%

MY: Malaysia operations

SAW: Turkey operations at Istanbul Sabiha Gökçen International Airport  
% refers to year-on-year change compared to 2019

#### Group-wide

Malaysia Airports' entire network of airports including SAW recorded 43.0 million passenger movements in 2020, a contraction of 69.6% compared to 2019's record of 141.2 million. International passenger movements totalled 14.8 million while domestic passenger movements totalled 28.2 million.

Commercial aircraft movements declined by 58.0% YoY with international and domestic aircraft movements contracting by 68.7% and 50.9% respectively YoY.

Cargo movements also declined, but by only 16.8% YoY, with a total of 834,718 tonnes for the year.

#### Airports in Malaysia

Passenger movements in Malaysia totalled 25.8 million, declining 75.5% over 2019 which had seen passenger movements surpass the 100 million mark for the first time in Malaysia. International passengers accounted for 9.5 million passenger movements while domestic travel accounted for





16.3 million passenger movements. This represents a YoY decline of 82.2% and 68.7% respectively.

The year had started off on a bright note with record-setting passenger numbers in January and February. However, when travel restrictions came into effect in March, the impact was immediately apparent as from March to May, passenger movements declined by 85.9% compared to the same period a year ago. Between October and November, passenger movements declined again by 94.2% compared to the same periods in 2019 as COVID-19 numbers spiked again in Malaysia. However, in months unaffected by domestic interstate travel restrictions, domestic traffic gained momentum and surpassed 1.0 million passenger movements in July, August, September and December, indicating that there was still a strong demand for air travel in Malaysia.

Towards the end of 2020, weekly seat capacity of domestic sectors at KUL had recovered to 44.2% of the level at the beginning of the year in January. Domestic load factor in the final week of December at KUL stood at 79%, with the same rate of materialisation for planned scheduled flights. Domestic travel contributed to 63.2% of total passenger traffic for Malaysia operations in 2020, compared to 49.4% in 2019.

Commercial aircraft movements declined by 61.0% YoY with international aircraft movements declining 71.7% and 54.0% respectively YoY.

Cargo aircraft movements for Malaysia operations declined by 15.8%, faring better than passenger movements in line with the increased demand for health and medical supplies, despite a reduction in belly space cargo as passenger flights were grounded. Domestic cargo volume movements grew 1.2% YoY, with 188,240 metric tonnes in 2020.

## KUL

KUL recorded 13.2 million passenger movements in 2020, a decline of 78.9% YoY. Both international and domestic passenger movements contracted, with international declining 81.7% and domestic declining 71.7% YoY. Comparing the two KUL terminals, passenger movements at KLIA1 contracted by 79.4% YoY while passenger movements at klia2 contracted by 78.5% YoY.

Commercial aircraft movements totalled 124,529, falling 69.4% YoY.

Cargo movements had also fallen but by 26.5% YoY, registering 505,184 tonnes for the year.

## Airports in Malaysia excluding KUL

Passenger movements for the other airports in Malaysia excluding KUL registered a decline of 70.6% YoY with a total of 12.6 million passenger movements. This comprised 1.3 million international passenger movements, a 84.9% decline YoY, and 11.3 domestic passenger movements, a 67.2% decline YoY.

Commercial aircraft movements for the airports collectively totalled 224,258, a decline of 53.9% YoY.

## SAW

SAW passenger movements declined to 17.2 million, a 52.1% YoY decline compared to 36.0 million in 2019. International passenger movements fell by 62.7% YoY to 5.3 million and domestic numbers fell 45.2% YoY to 11.9 million. Total aircraft movements declined 46.7% YoY to 122,793 in 2020.

After SAW reopened on 1 June after a two-month closure, and with restrictions on intercity and international travel lifted, domestic flights restarted, and on 10 June, international flights resumed.

SAW, dubbed 'Istanbul's City Airport', is a popular airport for domestic travel and travel to European destinations. In 2020, the airport maintained its position within the Top 10 busiest airports in Europe fuelled by Turkey's main airlines, Turkish Airlines and Pegasus. In 2020, Turkish Airlines consistently ranked #1 among European carriers in terms of the highest number of flights operated in Europe, while Pegasus ranked #8 in December.

Passenger movements improved sharply for European countries from June onwards. From August onwards except for December, SAW has maintained passenger traffic above 50% of traffic in the corresponding month in 2019, with October registering passenger traffic equivalent to 73% of that in February, namely the last month of pre-COVID-19 traffic. In December, air traffic had slowed due to a restricted curfew imposed in November following a winter resurgence of COVID-19 cases in Turkey and neighbouring countries.

Following the Turkish government's decision to reopen its borders in June, the average load factor for SAW has since recovered to a seven-month average of 70% from June to December, signalling strong demand for air travel for SAW.



## MANAGEMENT DISCUSSION AND ANALYSIS

### MALAYSIA'S TRAVEL RESTRICTIONS FOR 2020 PURSUANT TO THE PREVENTION AND CONTROL OF INFECTIOUS DISEASES ACT 1988

#### Restrictions on visitors from COVID-19 hotspots from 27 January onwards

The Malaysian government imposed a ban on travellers from the city of Wuhan in China and the surrounding Hubei province as a novel coronavirus had begun to spread in the area. This was later extended to travellers from other hotspots in China, Denmark, Korea, Japan, Iran and Italy as the virus spread from country to country.

#### Movement Control Order effective 18 March

The Movement Control Order closed Malaysia's borders to all non-Malaysians, and restricted Malaysians from travelling overseas, and these restrictions continued till the end of 2020, and remain in force at the time of writing of this report. Domestic interstate travel was generally not permitted except in very exceptional circumstances with prior written permission from the police. This grounded almost all flights to and from our airports except for repatriation, charter and cargo flights. Also, effective 3 April 2020, Malaysia imposed a compulsory 14-day quarantine at a government-designated facility on all persons entering the country.

#### Conditional Movement Control Order effective 4 May

The travel restrictions under the Movement Control Order above remained unchanged for the general public. This extended over one of Malaysia's peak travel periods, the Hari Raya Aidilfitri festive period.

#### Recovery Movement Control Order effective 10 June

In this period, there was relaxation of travel restrictions with interstate travel and domestic tourism activities allowed to resume, except to areas which had been designated under the stricter Enhanced Movement Control Order.

#### Conditional Movement Control Order effective 12 October

As Malaysia experienced a spike in COVID-19 cases, the Conditional Movement Control Order was reimposed, with interstate travel once again restricted to very limited purposes with prior permission of the police. The restrictions on interstate travel were lifted from 7 December until the Movement Control Order was reintroduced on 13 January 2021, effectively reinstating the interstate travel ban.



In Turkey, our airport in Istanbul, SAW, was also affected by travel restrictions imposed by the Turkish government, which resulted in the temporary closure of the airport.

### TRAVEL RESTRICTIONS IMPOSED BY THE TURKISH GOVERNMENT LED TO THE TEMPORARY CLOSURE OF SAW

#### Travel restrictions from 28 March till 31 May

The government suspended all international flights and restricted intercity travel to stem the spread of COVID-19. As a result, SAW shut down on the night of 28 March after serving its last domestic flight that evening. This was the first time ever in the history of SAW that the airport was closed to traffic since it opened in 2009. The airport reopened for operations on 1 June.

## FINANCIAL MEASURES AND PERFORMANCE

### PRESERVING LIQUIDITY TO ENSURE SUSTAINABILITY

**Proactive cost containment, cash preservation and cash recovery measures ensured that Malaysia Airports remained sustainable throughout the turbulent year.**

#### Assets and Liabilities - Cash Balances, Bank Borrowings and Liquidity

##### Cost containment

Group-wide, we reduced operational expenditure and strictly prioritised maintenance capital expenditure for mission-critical projects, while deferring other capital expenditure.

##### Cost containment exceeded targets

<b>Total cost reduction</b> <b>RM1,155.7 mil</b> -36.3%
<b>Core operating costs reduced</b> <b>RM563.1 mil</b> -26.1% vs targeted -20%
<b>Critical maintenance CAPEX</b> <b>RM189.7 mil</b>
<b>Maintenance CAPEX deferred</b> <b>RM1,500.0 mil</b>

Critical maintenance capital expenditure was limited to key projects for future growth – core IT network replacement for KUL, runway rehabilitation, washroom refurbishment works, Single Token Journey via facial recognition, as well as the replacement of the Baggage Handling System (BHS) and Aerotrain Track Transit System.

In terms of core operating costs, the pandemic provided us with the opportunity to innovate, rethink and reimagine our operations and costs structures. Among the initiatives was a Cost Lab launched in March that utilises Lean Six Sigma methodology to seek out cost containment opportunities

while driving operational excellence. Through the lab, we reviewed the operations at five major subsidiaries - Malaysia Airports (Sepang) Sdn Bhd [MA (Sepang)], Malaysia Airports Sdn Bhd (MASB), Malaysia Airports (Niaga) Sdn Bhd [MA (Niaga)], Urusan Teknologi Wawasan Sdn Bhd (UTW) and MAB Agriculture-Horticulture Sdn Bhd (MAAH) - which together cover airport operations in Malaysia, duty free and non-dutiable goods, project and repair maintenance and agriculture and horticulture. The exercise yielded cost containment of RM145.0 million in 2020 alone.

Another prime example of sustainable cost containment followed from the review of our energy framework. Energy costs make up a substantial portion of our operating costs, with approximately RM400.0 million spent on energy in 2019. In 2020, we achieved a one-off or temporary cost reductions when the government agreed to extend the discount on electricity tariffs to MA Sepang from April to September, and also through the replanning of operations in under-utilised areas of KUL.

However, we pursued a more ambitious plan to achieve sustainable cost containment in energy, by re-examining our energy framework. As a result, our new joint venture with TNB Engineering Corporation Sdn Bhd for cooling energy supply will bring about sustainable energy cost savings of over RM50.0 million annually. The cost savings are derived from modernising KUL's district cooling plant to improve its efficiency and to run fully on electricity. This also represents a switch from the use of turbines fuelled by hydrocarbon gas to electricity-powered, which is a cleaner option.

##### Cash preservation

Malaysia Airports made early approaches to key stakeholders to defer certain payments due in 2020 and 2021. Therefore, as at 31 December 2020, the Group's cash and money market investments stood at RM1,717.0 million, which was 46.9% less than the previous year.

Among the main cash preservation measures was deferment of user fees under the Operating Agreements for Malaysia operations in which the government of Malaysia agreed to defer the fees due for 2020 till April 2021. The Turkish government agreed to defer indefinitely the utilisation fee for SAW of EUR114.8 million which would originally be due in January 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

Malaysia Airports also rearranged the syndicated loan for SAW in which the lenders agreed to extend the loan tenure by two years to 2025 and granted a payment holiday for loan repayments due in December 2020 and June 2021. As such, only EUR10 million is due for repayment in 2021.

Additionally, we had also sought the deferment of payment from key suppliers to preserve our cash position.

### Cash recovery

By proactively engaging with the Malaysian Government, we secured the government's agreement for the recovery of claims by Malaysia Airports for Marginal Cost Support (MARCS) and tax refunds. Recovery from commercial partners was also improved by mutually agreed repayment plans, set-off against qualifying incentives, forfeiture of security deposits and litigation.

**Recovery of receivables**  
RM1,300.0 mil

### New credit facilities

Taking advantage of the prevailing low interest rate environment and Malaysia Airports' strong credit ratings, the Group redeemed its existing Islamic Medium Term Notes of RM1.0 billion which carried a 4.55% annual profit rate in August. In November, we tapped the Sukuk market to raise RM700 million through the issuance of two tranches of new Senior Sukuk of RM480 million (7-year tenure) and RM220 million (10-year tenure) with annual distribution of 3.3% and 3.6% respectively, marking the longest ever tenure and lowest ever profit rates under the Senior Sukuk programme.

As a contingency, we also obtained new stand-by revolving credit facilities of RM1.1 billion from our bankers. As at 31 December 2020, total borrowings for the Group stood at RM4,644.7 million, a slight decrease of -5.8% YoY while total undrawn facilities stood at RM2,900.0 million. The Group continues to strictly observe financial covenants to comply with fund requirements and internal guidelines.

### Maintained credit ratings despite challenging business environment

Despite the challenges of the operating environment, Malaysia Airports maintained its credit ratings by Rating Agency of Malaysia (RAM) and Moody's.

**Rating Agency of Malaysia**  
AAA

**Moody's**  
A3

### Financial performance for FY2020

Revenue	EBITDA	Loss After Tax
RM1,866.3 mil	RM21.6 mil	(RM1,116.2 mil)
-64.2%	-99.1%	-307.9%

On the back of the substantial decrease in passenger numbers, revenue for FY2020 amounted to RM1,866.3 million, a contraction of 64.2% from FY2019's record-breaking RM5,213.1 million. Revenues from Malaysia operations declined 67.3% YoY to RM1,233.9 million while revenues from Overseas operations declined by 56.0% YoY to RM632.4 million.

Total Group EBITDA amounted to RM21.6 million, which is 99.1% lower than FY2019. The contributions by Malaysia operations was -RM321.9 million, and Overseas operations was RM343.5 million, which were -124.5% and -64.8% lower than their contributions to EBITDA in FY2019.

Total Loss After Tax for the Group stood at -RM1,116.2 million, which is -307.9% YoY. Malaysia operations registered a Loss After Tax of -RM260.1 million while overseas operations registered a Loss After Tax of -RM856.1 million. Compared to FY2019, these amount to -144.6% and >1,000% for Malaysia and overseas operations respectively. FY2020 is the first year in which Malaysia Airports has recorded a loss in its entire history.

The FY2020 financial results include non-core, one-off items relating to amortisation, provisions and rebates, as well as tax-related credits.

### SIGNIFICANT ONE-OFF ITEMS IMPACTING FY2020 FINANCIALS

Impairment of Intangible Assets relating to SAW (namely the fair value amortisation of the Purchase Price Allocation for SAW concession rights) due to the significant contraction of passenger movements which had a net reduction of earnings of RM400.2 million.

Tax recoverable due to overpayment of tax for YA2014-YA2016 from the single business source assessment of MA Sepang which monetised receivables for 2020 by RM164.4 million.

Recognition of deferred tax assets arising from Investment Tax Allowance received by MA Sepang for the development of klia2. In FY2018, we recognised RM1,013 million while the remaining RM1,027.0 million was recognised in FY2020 at the corporate tax rate of 24% amounting to RM246.5 million.

Provision for Doubtful Debts of RM126.1 million was made, together with writebacks of RM45.9 million which resulted in a net allowance of RM80.2 million.

Accelerated amortisation of physical assets due to the planned modernisation of the airports amounted to RM127.0 million.

Rebates to commercial tenants and airlines to support them during the pandemic reduced Group revenue by a net amount of RM180.8 million.

These items are more fully explained in the Financial Statements.

### OPERATIONS REVIEW

Malaysia Airports' business operations comprises airport as well as non-airport operations. Airport operations covers the two major revenue streams derived from aeronautical business and non-aeronautical business. These two revenue streams form the bulk of our total revenues. Non-airport businesses comprise the hotel, agriculture and horticulture as well as project and repair maintenance businesses. Beyond that, there are land development activities relating to the use of our landbank around the airports which we operate, under the Aeropolis initiative.

### AERONAUTICAL BUSINESS

#### OPERATING IN THE NEW NORMAL

**We focused on implementing health and safety measures at the airports, building capacity for future growth and celebrated the return of KUL to the top 10 global rankings for service quality.**

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. These aeronautical revenues are strongly correlated with the volume of airlines, passenger numbers (in particular, a higher proportion of international passengers) and cargo handled using our facilities.

As the aeronautical business is the key revenue driver for Malaysia Airports, our strategies address the challenges posed by the pandemic, ensuring first, survival of the business and maintenance of airport safety and service levels and secondly, building capacity for robust growth when air travel resumes.

With travel restrictions on international and domestic travel affecting airport operations in both Malaysia and Turkey as well as in key markets, the sharp decline in air traffic had in turn led to a decline in revenues from the aeronautical business.

In 2020, aeronautical revenues amounted to RM886.2 million, a YoY decline of RM67.9%. Operations in Malaysia contributed RM518.9 million, a YoY decline of 74.0% while aeronautical revenues from Turkey operations contributed RM367.3 million, a YoY decline of 52.4%.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Air Connectivity

For Malaysia operations, at the end of 2020, a total of 34 airlines were operating global flights to 29 destinations in 21 countries from Malaysia. During the year, one new passenger airline began flying to Malaysia, namely STARLUX Airlines which commenced a Taipei-Penang route (IATA Code: TPE-PEN). No airline had ceased operations in Malaysia in 2020, and although many had temporarily halted their operations in Malaysia, 70% of which had resumed by the end of the year albeit with reduced frequencies.

For cargo, four new airlines commenced operations to KUL, namely YTO Airlines, Ethiopian Cargo, Cargolux Italia and My Jet Express Airlines. No new cargo routes were established as the four new airlines were operating existing routes.

For operations in Turkey, a total of 38 airlines operate to and from SAW, comprising five local and 33 foreign carriers. Out of the 38 airlines, 32 are passenger airlines while the remaining six are cargo operators. The airport is linked to 35 domestic and 80 international destinations covering 38 different countries.

During the year, Pegasus launched a new service to Madinah, Saudi Arabia in January and Karachi, Pakistan in September as well as a new domestic route, Igdir from July. In addition, Anadolujet launched a new service to Cologne, Germany from June onwards.

### Strategies, key programmes for 2020

For our aeronautical business to survive the pandemic and grow robustly thereafter, the following were our priorities for the year.

#### Six key priorities for aeronautical business

- 1 **Work with airlines to maintain air connectivity**
- 2 **Maintain public confidence in the safety of air travel**
- 3 **Improve airport experience to attract and retain passengers**
- 4 **Enhance airport infrastructure to build future capacity**
- 5 **Leverage on stakeholders to increase passenger numbers**
- 6 **Boost cargo business**

#### 1. Work with airlines to maintain air connectivity

Air connectivity is a critical pillar for the sustainability of our aeronautical business, and one of the key factors is the decision of foreign airlines to resume flying to Malaysia and for local carriers to resume their routes. Malaysia Airports announced three programmes designed to incentivise airlines to resume flights to and from our airports, as well as to ease their cash flow as they too had been impacted by the pandemic.

#### Network Reconnecting Programme

Therefore, in July, Malaysia Airports launched the Network Reconnecting Programme (NRP) to facilitate and assist airlines in resuming their services to and from Malaysia. The NRP is a temporary measure and will run for 18 months from 1 July 2020 till the end of 2021. Its primary aim is to secure the commitment of airlines to resume international flights to and from Malaysia as soon as it is practically possible and to position Malaysia as a top-of-mind destination.

The NRP helps to recover the network that had been lost as a result of COVID-19. Foreign airlines are given an incentive in the form of a 50% waiver on landing charges for 12 months from the date of the resumption of flights to Malaysia.





As of the end of December, 13 foreign airlines had submitted requests to activate their NRP eligibility from 2020 – British Airways, China Airlines, Etihad Airways, Eva Airways, Japan Airlines, Nepal Airlines, Qatar Airways, Royal Brunei Airlines, Saudia, Silk Air, Singapore Airlines, Scoot Tigerair and Turkish Airlines.

### **Rebate and Payment Scheme for airlines**

In addition to the NRP, a Rebate and Payment Scheme was introduced for airlines. This grants both foreign and local airlines a 30% rebate for all aeronautical charges except Passenger Service Charges from July to December. For the 13 airlines that had opted for the NRP, rather than a 50% rebate on landing charges only, they will enjoy the wider 30% rebate under the Rebate and Payment Scheme from July to December, and revert to the NRP terms for 2021.

### **Extension of credit terms to airlines**

In addition to assisting airlines to sustain and resume operations at our airports, Malaysia Airports also extended its credit terms to airlines to 90 days, from the usual 30 days. The extended credit terms apply to all gazetted aeronautical and commercial charges effective from 1 April and 1 May to 30 September.

## **2. Maintain public confidence in the safety of air travel**

During a global health pandemic, health and safety are at the top of the minds of travellers. As the safety of passengers, employees and the airport community is paramount, from January onwards Malaysia Airports had stepped up on additional health and safety measures to protect all airport users by creating a contactless and sanitised airport environment to minimise the risk of COVID-19. Many of these measures leverage on our prior investments in technology, in particular our Airports 4.0 digitalisation initiatives. This in turn builds public confidence in the safety of our airports and enables our employees and members of the airport community working on the frontlines of the pandemic to have peace of mind at work.

A KUL COVID-19 Committee was specially formed in January to coordinate with government agencies and relevant stakeholders at KUL on the implementation of SOPs prescribed by the National Security Council and to communicate public updates.

### **New Standard Operating Procedures (SOPs)**

The new SOPs incorporate public health measures in the airport terminal including physical distancing, the use of face masks in the terminal, contact tracing, temperature checks at terminal entrances and the availability of hand sanitisers throughout the terminal. New safety equipment has also been deployed at the airports including state-of-the-art thermal scanners and security scanners as well as sneeze guards. Safety compliance officers were deployed on ground to ensure compliance with the 'new norms'.

### **Our airport safety standards meet global standards**

Our airport safety standards are certified under ISO 45001:2018 as meeting the global standards and requirements of the British Standards Institution. The safety standards also meet the requirements of the Turkish authorities.

### **Sanitising and disinfecting the airport**

General workers work in shifts round the clock to regularly sanitise the airport's common amenities and facilities such as lifts, counter tops, trolleys, doorknobs and handrails among others. Public areas in the airports are sanitised eight times a day or once every three hours. Ultra-violet technology is used to sterilise handrails at walkalators and escalators, disinfect washrooms and disinfect all arriving baggage at KUL.

### **Creating a safe and contactless airport experience through technology**

Airports 4.0 initiatives have employed technology to create a safe and contactless airport experience for passengers and the airport community. A key initiative is the Single Token Journey which leverages the use of facial recognition technology for a contactless journey through the airport for passengers from check-in till boarding. Other contactless initiative include self check-in, self bag-drop, contactless security screening, and the use of e-wallets or mobile payment services at retail and food and beverage outlets throughout the terminal.

An exciting Airports 4.0 initiative was the introduction of the Aerobot at SAW, the airport's first social robot. The Aerobot communicates in over 20 international languages and assists passengers in wayfinding while reminding them about the new travel norms in place at SAW.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Improve airport experience to attract and retain passengers

In 2018, Malaysia Airports launched the Happy Guests, Caring Hosts service culture transformation programme. It aimed to instil a 'customer first' mind-set among the KUL community comprising airline partners, government agencies and some 8,000 Malaysia Airports employees. By 2020, some 10,000 airport frontliners had received training under the programme, in KUL and other airports nationwide. This had been supplemented by an online refresher course during the year which was compulsory for all Malaysia Airports' employees to ensure that our people are 'ready for action' once demand for travel resumes.

This was aimed at improving the passengers' experience to ensure a seamless airport journey. Alongside the mindset change, there were initiatives to improve the physical condition of the terminal buildings, and among the most visible of these was the Washroom Improvement Programme at KUL as washrooms had become a touchstone for passenger satisfaction throughout the world.

In addition, a paradigm of continuous improvement and innovation had begun with the introduction of the #1week1improvement initiative in 2018. Approximately 150 improvements have been made since 2018 for a more seamless journey for passengers navigating the airport. 50 of them were implemented in 2020 focusing on the safety and security of passengers in light of the COVID-19 pandemic. This was the focus of the Innovation Garage, which examined the pain-points of the passenger journey in the new normal, and improved on them swiftly so that passengers would remain assured that their new air travel journey would be safe and hassle-free.

We are pleased that our efforts have come to fruition in 2020 amidst the operating challenges of the year. KUL was named as one of the world's top 10 airports in the global Airport Service Quality (ASQ) survey by Airports Council International (ACI) for the category of over 40 million passengers per annum. KUL's annual score of 4.98 out of a possible 5.00, coupled with a perfect 5.00 score recorded in Q4 2020, was a significant improvement over the previous year in which KUL scored 4.76 and ranked #17.

In addition, LGK was inducted into the ACI Director General's Roll of Excellence based on its track record for winning multiple ASQ awards over a five-year period during the past 10 years.

Further, in Q3 2020, both terminals at KUL passed all elements of the Quality of Service (QoS) framework set by Malaysian Aviation Commission (MAVCOM). This is a testament to the improvements in service quality that has been achieved collectively by Malaysia Airports and the airport community at KUL.

We are also pleased that our efforts have been recognised through a Silver award for 'Customer-centric Culture' at the prestigious International Customer Experience Awards in 2020.

---

**"Our top 10 ranking among airports globally for service quality is a testament to the collective efforts of our people and the airport community in improving the service and facilities at the airport in line with our Brand Promise 'Hosting Joyful Connections' despite the challenges posed by the COVID-19 pandemic."**

---

### 4. Enhance airport infrastructure to build future capacity

The modernisation and proper functioning of these critical assets are necessary to maintain safety, uninterrupted service and passenger comfort while realising our brand promise of 'Hosting Joyful Connections'. While the Group's policy was to reduce costs to mitigate the impact of the pandemic, we nevertheless made the decision to proceed with the planned programmes relating to critical assets.

A key programme was the implementation of the KUL Runway Sustainability Plan, which was vital to sustain the safety of flight operations at the airport. In 2019, Malaysia Airports had begun work on the rehabilitation of KUL's Runway 3. These works continued as originally planned and was completed on time by August. The next phase of the programme, namely the rehabilitation of Runway 1, also began as scheduled in November.

For aging critical assets at KLIA1, namely the Baggage Handling System and Aerotrain Track Transit System, we made the decision to proceed with the replacement programmes as planned in 2020.

For the Baggage Handling System, in the course of 2020, the groundwork for the project proceeded and focused on addressing basic design concepts, project parameters, design and phasing strategy, as well as full contingency works. The physical work to replace the Baggage Handling System is targeted to commence in Q4 2021.

The tender exercise for the Aerotrain is scheduled to be awarded in Q4 2021. The new Track Transit System will reflect the latest advances, technology and features of the automated people mover industry.

Planning for future growth of airports which are operating beyond their planned capacity also continued uninterrupted. Airport master plans for KUL and five other airports – Penang International Airport (IATA Code: PEN), Kota Kinabalu International Airport (IATA Code: BKI), Kuching International Airport (IATA Code: KCH), Sibul Airport (IATA Code: SBW) and Tawau Airport (IATA Code: TWU) - to cater for future growth were completed in 2020. The master plans map out staggered development phases to meet market demand for passengers, aircraft, cargo movement and commercial activities while incorporating Airports 4.0 technology-driven innovations for an enhanced passenger experience.

In this regard, we deferred the expansion of PEN, which in 2019 had already exceeded its designed capacity. The expansion work to expand PEN's capacity to 12 million passengers per annum (mppa) for the initial phase had received all necessary approvals from the Penang state government and was scheduled to begin in 2020. With the finalisation of the Operating Agreements with the government of Malaysia which is expected in the course of 2021, there will be a clear mechanism for capital recovery in relation to airport development that will facilitate the expansion of PEN.

## 5. Leverage on stakeholders to increase passenger numbers

For operations in Malaysia, we joined forces with Tourism Malaysia and other tourism stakeholders such as local airlines, travel agents, hotels and product owners to promote domestic tourism when interstate travel was permitted in Malaysia. Two editions of the 'Cuti-Cuti Malaysia Mini Travel Fair' were organised in conjunction with the KLIA Crazy Sale and the Airport Staycation which were first held in August and by popular demand, again in September. The joint events were

heavily promoted on mainstream media and social media and were well received by Malaysians.

Malaysia Airports will look to leverage on the Malaysian government's G2G efforts towards rolling back travel restrictions. These include Reciprocal Green Lane arrangements with Singapore, Indonesia and China, and within the ASEAN region, as well as on-going discussions on the mutual recognition of COVID-19 vaccination certificates.

Malaysia Airports has also won the bid to host Routes Asia 2021 in Langkawi. The Routes Asia Forum is a unique industry event in which 800-1,000 airlines and airports decision makers from all around the world gather in one place. The event revolves around formal, productive pre-arranged one-on-one meetings between airlines, airports, and suppliers. Participants also include those from tourism associations, economic development authorities and government bodies.

The hosting of the Routes Asia forum is a commitment and testament from Malaysia Airports to encourage and open up opportunities for airlines to fly to Malaysia. The forum which will be scheduled at an appropriate date in light of the pandemic, will be a timely platform for Malaysia Airports to promote our destinations while the country regains connectivity.

In relation to our operations in Turkey, the government has introduced a 'Safe Tourism Certificate' programme to instil confidence among tourists on the health and safety in the country. Despite a drop in numbers, the country received 12.7 million tourists in 2020. This number is expected to double in 2021.

## 6. Boost cargo business

The cargo business has become a focus for Malaysia Airports, particularly with the resilience of air cargo during the pandemic. Although there was an initial dip in air cargo tonnage in March and April due to a reduction in belly cargo capacity, this capacity crunch was immediately taken up by full freighter airlines, reinforcing KUL's position as an attractive regional hub for aviation.

E-commerce which grew in prominence during the pandemic has also been instrumental in driving cargo volumes. Prior to 2020, Malaysia Airports had entered into a 30:70 joint venture with e-commerce giant, Alibaba, to house a global distribution centre within the KLIA Aeropolis. It was a significant step as it was the first of Alibaba's e-fulfilment hubs located outside of China.

## MANAGEMENT DISCUSSION AND ANALYSIS

In November, the Cainiao Aeropolis eWTP Hub became fully operational, offering over 100,000 sqm of new logistics space in the 60-acre site. The facility is operated by Alibaba's unit, Cainiao Smart Logistics Network, and will help double cargo volumes at KUL by 2029. It will also cement KUL's position as one of the leading distribution gateways within the ASEAN region. This venture will benefit airline partners as they will enjoy better cargo yield and gain new synergistic partnerships across logistic players.

Malaysia Airports also aims to explore other options in further developing the cargo business to capture growth opportunities.

### Non-aeronautical Business

The two main components of the Non-aeronautical Business are first, rental and royalties derived from leasing out airport space and secondly, retail of sales duty free and non-dutiable goods by our subsidiary, Malaysia Airports (Niaga) which is better known by its brand name, Eraman.

This year, in tandem with a fall in passenger numbers, non-aeronautical revenues declined by 63.2% YoY to RM796.3 million. Revenues from rental and royalties stood at RM551.9 million, a YoY decline of 51.6%. Retail sales of duty free and non-dutiable goods by Eraman had also fallen, with revenues of RM153.2 million, a YoY decline of 81.9%.

### RENTAL AND ROYALTIES

#### INNOVATING IN THE NEW NORMAL

**We explored new revenue streams, a contactless retail experience and relief packages to tenants while pursuing the overarching Commercial Reset.**

#### Strategies, key programmes for 2020

Malaysia Airports rolled out various strategies to assist stakeholders to support airport tenants primarily in three key points – adapt to the new norms and SOPs, revenue preservation and diversification, and relieve their financial burden. In tandem with that, we continued with the overarching Commercial Reset project which had begun in 2018, positioning Malaysia Airports and its stakeholders for prime readiness when air traffic rebounds.

### Key priorities for rental and royalties business

#### 1 Assist and support tenants to

- adapt to new norms and SOPs
- preserve and reinvent revenues
- relieve financial burden

#### 2 Ongoing Commercial Reset

### 1. Assist and support tenants

Airport tenants in the travel retail industry had been greatly affected by the pandemic and consequent slowdown in air travel. In Malaysia, many of our tenants were particularly affected since the first Movement Control Order during which businesses which were not categorised as 'essential' were not allowed to operate.

When businesses could operate, they had to adapt to new SOPs which include contact tracing, physical distancing, no dine-ins, contactless payment and other new norms brought on by the pandemic. As many of the tenants did not have downtown retail space, they were in a conundrum - the reduced footfall in airports had caused them to be burdened simultaneously by low revenues and the inability to move stocks. As a result, assistance to tenants was vital in relieving their financial burden and sustaining operations until volumes pick up again.

#### Adapt to new norms and SOPs

Malaysia Airports rolled out several business and operational innovation initiatives. These include developing and revising SOPs to meet with the current business and regulatory requirements. Staff were also retrained and reskilled for efficiency improvement and to help them adapt to the new business norms and SOPs.

We also assisted tenants to adopt a 'Go to Consumer' approach allowing for vending machines and push carts to be set up at strategic locations in the airport terminal. For example, at the COVID-19 testing areas and waiting areas where passengers queue for their tests and results, we set up push carts to offer snacks and drinks as well as hygiene items such as face masks and sanitisers.

In addition, we trialled a proof of concept of a contactless ordering system for food and beverage outlets at the airports. Customers will place their orders and make payments using their smartphones. When alerted that their orders are ready, they may then proceed to the outlet to collect their food and drinks.

Our annual Concessionaire Conference also went 'virtual' in 2020 through video conferencing. During the virtual conference, we shared insights with our partners on developments in the travel retail industry and our future plans in light of the on-going pandemic.

### Preserve and reinvent revenues

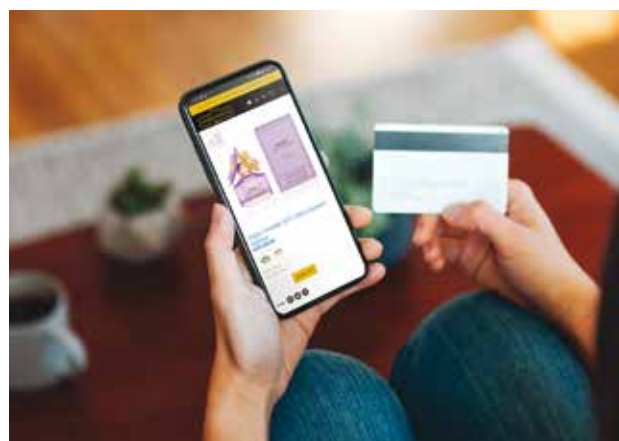
We also launched several key initiatives to support airport retailers and enhance the retail experience. We fast-tracked the development of our e-commerce travel retail portal, 'shopMYairports' to help our retailers extend the reach of their bricks and mortar set up to beyond visitors to the airports.

The portal went live within 1.5 months of obtaining relevant internal approvals. Leveraging on the power of key partnerships and digital marketing, the platform is geared to reach to 900 million Alipay users in China and around the world.

The portal's accelerated launch was also to take advantage of trending key cyber sale dates – 9.9, 10.10, 11.11, 12.12 and Boxing Day. The Boxing Day sales recorded 58 times the average daily sales for the portal, amounting to RM131,380 over a period of 12 hours.

Future enhancements to shopMYairports will include click-and-collect services which will allow travellers to pick up purchases at designated airport counters, and concierge services which will deliver products to passengers at the boarding gates or even aircraft seat.

In addition to the clicks and mortar approach, we also hyped up the retail scene at KUL with the first-ever airport-wide sales event, the KLIA Crazy Sale, in August. The aim of the sale was to help retail partners clear inventory by offering travel-exclusive, duty-absorbed products at great discounts. In addition to the sale, the first-ever Airport Staycation package was offered by Sama-Sama Hotel KLIA featuring an exclusive airport tour and fire-fighting simulation exercises at the Airport Fire Station. The Cuti-Cuti Malaysia Mini Travel Fair organised in collaboration with Tourism Malaysia was also held at the same time. The combined event returned in September for a second edition by popular demand.



### Relieve financial burden

Several assistance and relief programmes were introduced to ease the cash flow issues of tenants. These include deferring rental payments, extending credit terms, extending the tenure of newly signed contracts and deferring commencement of business.

In 2020, Malaysia Airports offered a six-month rental moratorium and a subsequent customised Rental Relief Package which offered up to 100% rental rebate for six months in 2020.

A majority (81%) of the retailers namely 274 out of 337 signed up for the relief package, and the total rental rebates cost to Malaysia Airports is approximately RM137.4 million. The extension of credit terms has also enabled tenants to reschedule their payments to Malaysia Airports.

## MANAGEMENT DISCUSSION AND ANALYSIS

**“We feel that it is important to stretch the Ringgit further in order to extend a helping hand to our partners so that we can all recover together and take advantage of the potential for future growth.”**

### 2. Ongoing Commercial Reset

The Commercial Reset programme was initiated in 2018 to future-proof our airports combining infrastructure improvement with a new retail layout and retail mix to maximise footfall and revenues. This includes everything from full digital adoption, rethinking the end-to-end customer journey and offering seamless online-offline experiences. Through the Commercial Reset, our airports, particularly international airports, will enjoy an enhanced profile and position themselves as lifestyle destinations in their own right as opposed to being merely where travellers go to catch their flights.

As this was a critical programme to build future capacity, the Commercial Reset continued despite the pandemic. One of the initial changes introduced in 2020 was transitioning to a paperless tender exercise, which brought substantial efficiencies and cost savings.

Together with the paperless tender, we expedited the rollout of the direct marketing leasing approach to reduce the timeframe for the normal procurement exercise. Under the new approach, the average time taken from tender opening to award was reduced to 3.5 months, compared to an open tender or tender by invitation which would require six months to complete.

A Bridging Strategy and New Rental Model were introduced to attract sought-after brands and reputable companies, stimulate high CAPEX investment by tenants and encourage tenant retention. Tenants who sign up under the Reset are given flexibility on the tenure of the tenancy, and for rental to be calculated in relation to passenger movement.

As a result of these Reset initiatives, a total of 354 retail outlets were awarded at our airports. Out of these, 160 were for KUL while the remaining 194 were spread across other airports in Malaysia. A total of 242 tender applications were received, with 209 or 86.4% being the result of direct marketing initiatives.

#### Other notable highlights of the ongoing Reset

Starbucks Coffee opened two brand new stores at Sultan Mahmud Airport, Kuala Terengganu (IATA Code: TGG).

Sense of Malaysia concept store at Langkawi International Airport (IATA Code: LGK) is 90% complete.

The world's first Sony Experiential Pop-Up Concept featuring Noise Cancelling Technology in an airport.

Modernisation of carpark system at KUL.

Another aspect of the Reset which we are nurturing is the participation of local Bumiputera small and medium enterprises (SMEs) at our airports.

We leveraged on a partnership with Perbadanan Usahawan Nasional Berhad to open up new avenues for the participation of Bumiputera SMEs such as joint ventures, master concessions franchise models. These new avenues offer less capital investment and a more sustainable business cost structure. The proposal has been well received, and we look forward to a greater level of participation from these SMEs in future.

In addition, we enhanced our back office capabilities when the new Point of Sales system went live in January. The new system enables the Point of Sales systems for all our international airports to be standardised and centralised on a single system. This streamlines data collection on sales transactions and other parameters such as passenger details, product categories and sales trends, and makes it easy to extract, consolidate and analyse.

#### Welcoming Dufry to SAW

For our operations in Turkey, SAW welcomed Dufry, the world's largest airport duty free operator, as the anchor retail operator at the airport. Dufry occupies 3,900 sqm of retail space comprising a total of eight retail lots offering an attractive assortment of core travel retail products such as liquor,

tobacco, perfume and cosmetics as well as accessories and confectionery. In addition, a refined selection of local food and souvenir brands reflecting Turkey's cultural heritage, further completes and enhances the shopping experience at SAW.

## RETAIL SALES OF DUTY-FREE AND NON-DUTIABLE GOODS

### CLICKS AND MORTAR

**Diversifying distribution channels beyond shops at airports to reach non-travellers was a key development for Eraman.**

Eraman is the largest travel retail and duty-free brand in Malaysia, operating 38 retail and 14 food and beverage outlets at all five international airports and Labuan Airport (IATA Code: LBU). As such its travel retail business is traditionally conducted at the airport and targets travellers. In 2020, with the closure of international borders and a sharp fall in passenger numbers, the operating environment posed many challenges. Therefore Eraman's priorities were to diversify its distribution channels and markets to reach beyond the airports, and to address compliance with new business SOPs.

#### Key priorities for Eraman

##### 1 Diversify distribution channels and markets

- external sales
- online platforms
- delivery service

##### 2 Compliance with new business SOPs

### 1. Diversify distribution channels and markets

With the fall in passenger traffic, there was an outreach to customer segments who were non-travellers and were outside the airport. This was done by deploying new delivery channels.

#### External sales

External sales dubbed 'Eraman Friends and Family Sales' were organised with various government agencies and corporate offices to enable them to purchase travel retail products easily. We also engaged with personal shopper networks to promote and drive sales.

### Online platforms

Taking advantage of available online platforms such as shopMYairports, Ourshop and Lazada, we reached customer segments located outside the airport, offering them the convenience of online shopping and delivery of products to their homes.

### Delivery service

We expanded our food and beverage business with delivery services within KLIA1, klia2, other buildings managed by Malaysia Airports within the vicinity of the airport and residential areas near KUL.

### 2. Compliance with new business SOPs

Malaysia Airports introduced a contactless ordering app for its food and beverage outlets at KUL. Eraman led the implementation by rolling it out at outlets that they own and manage such as all Marrybrown outlets at KUL. This was followed by other Eraman outlets including Gloria Jean's Coffees, Food Garden and Apron Bites as well as other food and beverage outlets at various airports nationwide.

#### Other notable highlights for Eraman

A new outlet, Ken's Apothecary, a niche luxury brand opened at KUL in March.

The renovation of the Food Garden at KUL commenced in November, and is expected to complete and reopen in the first half of 2021.





## MANAGEMENT DISCUSSION AND ANALYSIS

### NON-AIRPORT OPERATIONS

Malaysia Airports' non-airport operations comprises three business divisions – Hotel, Project and Repair Maintenance Operations, and Agriculture and Horticulture. In 2020, revenues for non-airport operations as a whole fell 35.9% YoY to RM183.8 million.

### HOTEL

#### DEEPENING DOMESTIC BUSINESS

**To attract guests in the domestic market, we introduced the Airport Staycation, 'work from hotel' packages and the 'Passport' loyalty programme.**

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 Hotel'. There are three Sama-Sama Hotels – the five-star Sama-Sama Hotel KL International Airport (Sama-Sama Hotel KLIA) 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 KLIA1, 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.

The performance of the hotel segment is dependent on several factors. Traditionally, 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. As such, the fall in passenger numbers as well as public health restrictions on large meetings, conferences, events and gatherings have impacted the hotel business.



In addition, on-going renovations of the ballroom, meeting rooms and food and beverage outlets at the flagship Sama-Sama Hotel KLIA have also affected the hotel's ability to maximise revenue. The renovations which began in December 2019 were delayed by work restrictions during the Movement Control Order period. While the ballroom and meeting rooms on Level 1 were operational and generating revenue from Q3 2020 onwards, the rest of the renovations are scheduled for completion in Q2 2021, a delay from Q4 2020.

In 2020, revenues from the hotel segment fell 51.3% YoY to RM47.8 million. The average occupancy rate dropped from 80% in 2019 to 53% in 2020. The average daily rate for 2020 was also 23.8% lower at RM282 compared to RM370 in 2019. Among the reasons for the lower average daily rate was the government-gazetted rate of RM150 per night for quarantined travellers which accounted for a substantial portion of the hotel revenues. The revenues were derived from the compulsory quarantine measures imposed on travellers entering Malaysia from overseas. Through the allocation of persons-under-surveillance by the Ministry of Health, and self-paid premium packages for those seeking higher quality accommodation for their quarantine, Sama-Sama Hotel KLIA sold 39,045 room nights with revenues of RM6.0 million.

In addition, domestic leisure packages accounted for 1,501 room nights, meeting and residential packages generated 918 room nights. We also offered special packages for the airport community and for 'work from hotel' guests. We also launched a loyalty programme 'Passport' for guest retention.

Malaysia Airports' first Airport Staycation, a unique experience at Sama-Sama Hotel KLIA, was introduced to coincide with the KLIA Crazy Sale. The highlight of the Airport Staycation is a tour for guests of the airport fire station where they can experience riding a fire engine, learn to use firefighting equipment and escape a simulated burning building. The Airport Staycation package generated 60 room nights.

While it was a challenging year, we implemented strict management of cash flow and cost optimisation measures to reduce costs by RM9.9 million (25.0% YoY), enabling us to retain all Malaysian staff and maintain an occupancy rate which was higher than industry average. Sama-Sama Hotel KLIA also achieved a high guest satisfaction rate of 93.2%. In addition, our hotels also won several travel industry awards, as well as an award for occupational safety and health.

### AWARDS WON BY OUR HOTELS IN 2020

#### **Sama-Sama Hotel KL International Airport**

- 2020 Haute Grandeur Global Hotel Awards for Best Airport Hotel on Global Level
- 2020 Haute Grandeur Global Awards for Best Luxury Hotel in Asia
- 2020 Haute Grandeur Global Awards for Best Prime Location in Malaysia
- 2020 World Luxury Hotel Awards for Luxury Airport Hotel Global Winner
- 2020 Tripadvisor Traveller's Choice Hotel
- 2020 Tripadvisor Traveller's Choice Best of The Best Hotel
- 2020 Hotels.com Love by Guests Awards Winner
- 2020 Malaysia Society for Occupational Safety and Health OSH Silver Award

#### **Sama-Sama Express KL International Airport:**

- 2020 World Luxury Hotel Awards for Air Transit Hotel Asia Continent Winner

#### **Sama-Sama Express klia2:**

- 2020 World Luxury Hotel Awards for Luxury Contemporary Hotel - South East Asia Regional Winner

comprehensive facilities management services, interim security services, custodial and janitorial services, 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 Airport Service Quality (ASQ) and Airport Customer Satisfaction Performance Program (ACSPP).

UTW is a leading Total Facilities Management services provider in Malaysia with over 20 years of experience. Certified with ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management Systems, UTW delivers the highest standards of performance in Facilities Management Services for prestigious facilities and clients including internal customers - KUL, LGK, PEN, Sultan Abdul Aziz Shah Airport, Subang (IATA Code: SZB) and the Malaysia Airports Corporate Office - as well as Petronas Tower 3, KLCC Common Facilities and Masjid As-Syakirin, Exxon Mobil Tower, Mitsui Outlet Park KLIA, Airbus Helicopters Malaysia, Persada PLUS, Sepang International Circuit, SPIRIT AeroSystems Malaysia, Cainiao Aeropolis eWTP Hub and Novugen Pharma (Malaysia).

### MACS ME

In Qatar, MACS ME's revenue for the year decreased by 43.7% YoY to RM82.7 million due to the completion of the facility management services for airport operational facilities and ancillary buildings contract in October 2019. Revenue for the current IT maintenance support contract had also decreased by 16.9% YoY with lower overall project claim rate under the new extension term. The lower project claim was a direct result of the COVID-19 pandemic which had resulted in reduced operating capacity at DOH. This, in turn, had resulted in corresponding lower utilisation of spares under the contract.

Due to the completion of the facility management contract and the impact of COVID-19, MACS ME's EBITDA and PBT dropped in line with the drop in revenue. Additional works under the IT maintenance support contract valued at QAR53 million had also been deferred due to the client's prioritisation of other budget spending. As a result, this segment recorded a PBT of RM0.8 million in FY2020 compared to RM5.9 million in FY2019.

## PROJECT AND REPAIR MAINTENANCE OPERATIONS

### DELIVERING OPERATIONAL EXCELLENCE

**Renewing the facilities management contracts at DOH and gaining new facilities management clients in Malaysia are the highlights of this segment.**

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, Qatar since 2013. Among the services provided by MACS ME are

## MANAGEMENT DISCUSSION AND ANALYSIS

The major achievement of MACS ME was in securing the extension of the IT maintenance support contract for another five years from December 2019 to December 2024, with a total contract value of QAR388.7 million. This is notable because we first secured the contract for an initial three years beginning December 2014. It was extended for a second term from December 2017 till December 2019. The third term for a further five years is testament to our performance in delivering the contractual obligations and support services effectively at DOH, a five-star airport.

We had also secured change/variation orders under the facilities management services for the site office, warehouse and associated facilities. The contract was extended for another 14 months from December 2019 till April 2021, after which we will participate in the retender exercise.

It was an equally challenging year for us in Qatar due to the pandemic. The Ministry of Public Health had put in place new health and safety regulations for workplaces and project implementation, causing some delays and additional compliance costs, particularly as the regulations change in tandem with public health considerations. We had adjusted staff accommodation, transportation and working hours, and also made available personal protective equipment (PPE) and IT equipment to adapt to the new business norms and regulations.

### MACS (Malaysia operations)

MACS's revenue decreased 32.6% YoY to RM11.8 million in 2020, due to the deferment of ACSPP projects from MASB Airports and several projects for the installation of Aeronautical Ground Lighting (AGL).

However, during the year, we completed the two aircraft ground lighting (AGL) projects at LGK and PEN. This was achieved despite disruptions caused by the pandemic to the production of the AGL equipment in Europe, and the reduction in cargo shipment schedules between Europe and Asia. We also had to contend with managing interstate movement of staff, contractors and field experts to complete the projects during a period when such travel was severely limited by the Movement Control Orders in force.

Another significant project was the ASQ Workshop and engagement with all relevant stakeholders in KUL to refine and focus their efforts on delivering the service standards and

quality required for the airport to achieve top 10 ranking in the ASQ survey. Those efforts formed part of the team effort to propel KUL into the top 10 in 2020, with a vastly improved score of 4.98/5.

### UTW

Despite the challenges of 2020, revenues for UTW stood at RM117.3 million, a decrease of 4.7% YoY. These gains were achieved on the back of LEAN management initiatives, cost optimisation and improved productivity.

Among the highlights for 2020 are the renewal of facilities management agreements in relation to KUL (encompassing KLIA1, klia2 and KUL ancillary buildings) for a duration of three years. In addition, UTW gained new facilities management clients, namely SPIRIT Aerosystems Malaysia, Cainiao Aeropolis eWTP Hub and Novugen Pharma (Malaysia).

There were challenges faced this year in relation to the pandemic, particularly in streamlining the terms and deliverables of existing contracts in light of the new norms and health and safety requirements. However, our initiatives had helped clients save and avoid costs. For example, under our Lean Six Sigma Management programme, we completed eight key initiatives delivering cost savings and contract cost optimisation of over RM18.0 million to Malaysia Airports. In addition, UTW has delivered a digital platform for maintenance of washrooms at KUL which has improved service quality, increased efficiency and optimised operational costs. The improvements have also contributed to KUL's performance in the ASQ and Quality of Service (QoS) surveys.

An example of the technology advancement is the UTW Smart Asset Solution Management that provides a digital platform for UTW and its clients relating to maintenance works. The digital platform covers maintenance workflows such as activities, verifications, user complaints, approvals as well as real time dashboards and reports, simplifying and streamlining maintenance workflows for both UTW and its clients.

UTW has also invested in the formation of a sanitisation squad to undertake disinfection activities at the airports. This includes installation of UV sanitisation equipment at escalators, washrooms and baggage areas. These methods were trialled at the airports and upon receiving approval from the Ministry of Health, they were extended to all external clients' facilities.

## AGRICULTURE AND HORTICULTURE

### BUSINESS AS USUAL IN UNUSUAL TIMES

**The business benefited from the upward price movement in commodities in 2020.**

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 and coconut plantations as well as landscaping at KUL. In 2019, MAAH ventured into a new crop, pineapple.

In 2020, MAAH's revenues increased 25.1% YoY to RM42.4 million. This was due to the upward trajectory of the price of crude palm oil from May onwards. The average price of crude palm oil rose from just RM2,070 per tonne in May to close the year just above RM3,620 per tonne.

In 2020, 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 78.3% of MAAH's revenues, while coconut and landscape activities account for 19.6%. MAAH's new venture into pineapple covers 16 hectares, but yet to generate revenue in the current financial year.

Despite the new SOPs applicable to the agricultural industry, we kept our business going throughout the year. We look forward in 2021 to collaborating with the Agricultural Department on

ginger cultivation in a pilot project of four acres near KUL. We will also be doubling the size of our coconut plantation near Sultan Ismail Petra Airport, Kota Bharu (IATA Code: KBR) from 100 to 200 acres.

## UNLOCKING VALUE VIA AEROPOLIS

### EXPANDING OUR FOOTPRINT VIA PARTNERSHIPS

**Our joint venture (JV) with Alibaba saw the e-commerce titan's first global distribution centre outside China commence operations while our JV with Mitsui Fudosan saw the expansion of the Mitsui Outlet Park KLIA Sepang, and local authority approval for the new Mitsui Outlet Park in Penang.**

The off-terminal real estate development by Malaysia Airports 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 Malaysia Airports 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Air Cargo and Logistics

In 2020, we launched the Cainiao Aeropolis eWTP Hub, a joint venture between Malaysia Airports and Alibaba Group. This is Alibaba's first hub outside of China and forms part of e-commerce titan's global network of distribution centres. Operated by Alibaba's logistics unit, Cainiao Smart Logistics Network, the facility is the anchor of the 215-acre Free Commercial Zone within the KLIA Aeropolis. Covering over 100,000 sqm, the facility houses a cargo terminal, fulfilment centre, warehouse and sorting centre for e-commerce.

This project underscores KUL's capabilities as a regional hub for e-commerce distribution. With this catalyst, Malaysia Airports expects to double KUL's current cargo volume to 1.4 million metric tonnes per year by 2029. That will also result in improved airline connectivity via KUL, with new routes and increased frequencies, belly space utilisation and freighter capacity.

Local cargo and logistics players will have the opportunity to integrate their facilities with the hub, and Lazada, Southeast Asia's largest e-commerce firm, was the first to do so. The hub is also expected to increase volumes for courier companies responsible for final mile delivery of goods. Local e-commerce operators particularly SMEs will receive a boost as the hub enables them to access the global market and supports competitive delivery time frames at a low logistics cost - 24 hours within Malaysia and 72 hours globally.

Despite the pandemic disrupting two months of construction work, the hub was delivered on schedule and commenced operations in November.



### Aerospace and Aviation

The Subang Airport Regeneration initiative will revitalise the existing Subang Airport ecosystem, and position it as a vibrant city airport, a hub for business aviation and a complete aerospace ecosystem. Malaysia Airports has embarked on a master planning exercise to provide optimal planning with clear spatial and operational demarcation of Subang Airport for the next 15 years.

Upon completion of the first phase of the master planning exercise by end of Q1 2021, the regeneration initiative will be undertaken over three phases with expected completion by 2035. The main initiatives in Phase 1 are as follows:

#### SUBANG AIRPORT REGENERATION PHASE 1 – MAIN INITIATIVES

1. Preparation of runway fronting airside real estate catering for the aviation demand with over 3 million sq. ft. of net lettable area
2. Establish airside common facilities such as short-term and long-term aircraft parking stands
3. Upgrade airside and landside infrastructure e.g. additional taxiways for efficient aircraft movement
4. Develop localised community activation points to promote enhanced work-live-play scene for the working community

The Subang Airport Regeneration is expected to transform Subang Airport and Malaysia into a global aviation champion within Asia Pacific that caters to leading business aviation players, MROs and emerging aviation technologies. It is expected to generate 5,000 high-skill technical jobs, and contribute a total of RM5.4 billion in terms of direct and indirect economic benefits to Malaysia at maturity by 2035.

### MICE and Leisure

The MICE and Leisure initiatives focus on the expansion of Mitsui Outlet Park KLIA Sepang and also the plan for a new Mitsui Outlet Park Penang International Airport.

#### Phase 3 expansion of Mitsui Outlet Park KLIA Sepang

The Phase 3 development plan which recently commenced in December 2020, has been revised to reflect a more prudent scale from 60 small sized tenantable stores to five large front stores, representing about 40% reduction of gross floor area



from the original plan. Upon completion of the Phase 3 expansion which is expected by end of 2021, Mitsui Outlet Park KLIA Sepang will potentially be the largest factory outlet shopping mall in Southeast Asia.

### Development of Mitsui Outlet Park Penang International Airport

Malaysia Airports and Mitsui Fudosan Co. Ltd have also embarked on the development of the Mitsui Outlet Park Penang International Airport. MFMA Development Sdn Bhd, a joint venture between Mitsui Fudosan (70%) and Malaysia Airports (30%), received a Development Order Approval from the city council, Majlis Bandaraya Pulau Pinang, in September for the project, and has since commenced detailed development planning works.

### Tenant support

In May, Malaysia Airports had introduced its first tenancy support package via extension of credit terms to 34 eligible off-terminal aerospace and aviation tenants. The credit terms were extended up to 90 days for a period from April to September to ease the tenants' cash flow concerns during these difficult times.

In December, Malaysia Airports provided a further tenancy support package for eligible off-terminal tenants covering sectors such as MRO, general aviation, and aviation training. Under this second tenancy support package, 32 eligible tenants were offered and had benefited from monthly rental rebates ranging up to 40% for a period of up to six months including waiver of late payment charges subject to the tenants' eligibility. The support is customised and offered based on the tenants' profile, size of operations and the level of impact that the pandemic has had on their operations.

These tenancy support packages are meant to provide necessary assistance in sustaining the tenants' businesses during the challenging operating environment.

## NON-FINANCIAL PERFORMANCE

As this is Malaysia Airport's third year in its integrated reporting journey, I am also pleased to share with stakeholders the salient information about Malaysia Airports' progress in several key areas that had an impact on our ability to create value for stakeholders in 2020. Among these key areas are 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](http://www.malaysiaairports.com.my).

## SUSTAINABILITY

### EMBEDDING SUSTAINABILITY IN OUR VISION

**Our new vision articulates our ambition to build a sustainable business, while the Gold sustainability rating is a strong indication that we are on the right track.**

### A vision for sustainable growth

In 2019, Malaysia Airports articulated an ambition to rank among the 'Top 5 Airports in the World' within the next five years. Following a brand audit on our vision and mission statement, and to ensure better alignment with our focus areas for the future, 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.

### Gold Sustainability Rating

Following a review of Malaysia Airports' sustainability practices and initiatives in the environment, social and governance spheres as well as the impact of the Group, RAM Sustainability assigned the Group an overall gold rating, the highest of three available ratings. Malaysia Airports also received a gold rating for the social and governance spheres as well as for positive impact. For the environment sphere, we received a silver rating. (RAM Sustainability is wholly owned subsidiary of the rating agency, RAM Holdings Berhad.)



## MANAGEMENT DISCUSSION AND ANALYSIS

The rating reflects Malaysia Airports' strong overall sustainability performance after taking into consideration its environment, social and governance and positive impact attributes. The rating also recognises that our sustainability performance is driven by robust governance and its positive impact on the economy and society. Among other matters, the rating report also highlights our dedication towards integrity and anti-corruption as shown by the adoption of the ISO 37001: Anti-Bribery Management Systems.

### Sustainability Committee

In view of our vision and our focus on Sustainability, the Board of Directors and Executive Committee (ExCo) of Malaysia Airports have approved the formation of a Sustainability Committee chaired by the Chief Human Capital Officer. The Committee reports to the ExCo and the Board and will feature representation across all divisions and subsidiaries of Malaysia Airports. In addition to providing advice and support to the ExCo and Board on Sustainability, the Committee will also set up sustainability strategies, plans, initiatives, and analyse risks and opportunities linked to the United Nations Sustainable Development Goals, Malaysia Airports' Sustainability Framework and Sustainability Policy.

### STAKEHOLDER ENGAGEMENT

#### A COHESIVE PANDEMIC RESPONSE

**With airport stakeholders working together to coordinate our pandemic efforts, we were able to implement new SOPs, communicate them to the public and work through operational crises effectively.**

The nature of our business, particularly the aviation business, requires Malaysia Airports to engage closely with all stakeholders to ensure that our operations run in a manner which is safe, smooth and seamless. Each stakeholder offers a unique proposition and brings value to the company in different ways.

With the pandemic, engagement with the Malaysian authorities became even more significant as we had to work together to review our processes and implement new measures but without compromising on service quality. We were fully committed to collaborating with the National Disaster Management Agency (NADMA), the Ministry of Health, the Royal Malaysian Police (PDRM), the Malaysia Civil Defence Force (APM), Special Malaysia Assistance and Rescue Team (SMART), Fire and Rescue Department of Malaysia

(Jabatan Bomba), The People's Volunteer Corps (RELA), The Royal Malaysian Customs and Immigration Department. To this effect, we formed the KUL COVID-19 Committee that met weekly to review, implement or improve operational processes.

Our early engagement and long-standing rapport with these agencies helped ensure a good line of communication and excellent cooperation from all parties. With the commitment and close collaboration from these agencies, we were able to ensure a seamless process for all.

By providing support for inter-agency communication as well as communications with the media and public, we enhanced engagement among stakeholders as we faced the challenges of the pandemic head-on. This resulted in the successful execution of repatriation and evacuation flights which came



through KUL which required coordination among airlines, Immigration, Ministry of Health, NADMA, foreign diplomatic missions and other agencies.

We ramped up engagement with the media and travelling public to address their uncertainties and disseminate the new SOPs, leveraging on mainstream media, social media channels and all available media assets (eg. flight information display screens, commercial screens, digital directories and printed materials) at the airports and workplace to reach the widest audience possible. Among the materials we produced for this purpose were digital and physical safety collaterals on airport safety measures and new SOPs, COVID-19 communications videos and internal messages on safety.



## COMMUNICATIONS AND BRANDING

### DISSEMINATING INFORMATION TO STAKEHOLDERS

**We communicated extensively with our employees and with external stakeholders to keep them updated on new SOPs and other developments through all our available channels.**

It was an eventful year from a communications and branding standpoint as we simultaneously managed external and internal communications on the pandemic, innovated to transform our regular business activities into virtual events, and continued to strengthen our brand.

#### THE FIVE GUIDING PRINCIPLES IN ALL COMMUNICATIONS ACTIVITIES FOR 2020

- Promoting Positive Perception
- Strengthening our Brand
- Intensifying Safety Communications
- Enhancing Engagement among Stakeholders
- Embracing Innovation and Digitalisation

### Internal Communications

One of our primary focus areas was to keep our people informed on our COVID-19 response. Four virtual townhalls with the Group Chief Executive Officer were held with our employees. In addition, we ensured that regular internal communications were disseminated to all employees including messages from the Group Chief Executive Officer and the senior management team, formal and casual announcements, host culture communications, occupational health and safety updates.

### Media and social media coverage and public response

We communicated extensively with the public through the media in 2020. We issued weekly news releases and were active on all our social media channels. Due to our proactive and extensive engagement efforts in a transparent and timely manner, the sentiment analysis of all media coverage and social media posts regarding Malaysia Airports achieved 52% positive sentiment, compared to 23% in 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of customer satisfaction, throughout our entire network of airports in Malaysia, the Malaysian Aviation Commission (MAVCOM) had received only a total of six complaints from consumers. KLIA1 and klia2 terminals had also passed all elements of MAVCOM's Airports Quality of Service (QoS) framework in 2020.

### Strengthening our Brand

In 2020, we had developed a Brand Strategy to realign our vision and brand promise to our business direction. We also incorporated new core values so that employees have a clearer direction to support the company's ambition. Following the introduction of the new vision and brand promise, we launched several brand communication initiatives among employees.

#### BRAND COMMUNICATION INITIATIVES

Brand Focus sessions to get buy-in from all management level employees, produced brand content via videos, written communications, and Brand e-book.

Let's Connect sessions with selected employees, led by senior management for better understanding of our brand.

Brand Rally Cry to inculcate a sense of solidarity among employees - Together, WE can!

### CONTRIBUTION TO LOCAL COMMUNITY AND CORPORATE RESPONSIBILITY

#### GIVING BACK TO THOSE IN NEED

**#MYAirportCARES - giving back to the community is part of Malaysia Airports' DNA.**

In challenging times such as these, we continue to contribute to the wider good of the community, with a total of RM417,839 disbursed for these causes.

#### Supporting frontliners

To show our support for their efforts, Malaysia Airports contributed 2,000 comfort kits to frontliners at Hospital Sungai Buloh, 350 kits to frontliners in Tawau and Kota Kinabalu and

500 kits to passengers who were stranded at the KLIA1. The comfort kits contained a sleeping bag, a face towel and a set of toiletries each. We also donated 500 cheer packages of chocolates sponsored by Eraman to the frontliners at Hospital Queen Elizabeth, Kota Kinabalu.

Complimentary Iftar meals and dinners were provided to over 1,000 KUL frontliners during the fasting month of Ramadan. All meals were provided through donations from Malaysia Airports' employees. It was a gesture of appreciation towards airport frontliners who were diligent in their commitment towards ensuring the ongoing running of the airports during this crisis.

#### School and community donations

Under our Ceria Ramadan programme, we brought festive cheer to 88 students from three schools in the vicinity of KUL – SK Sungai Melut, SK Bukit Tampoi and SK Cyberjaya. We presented them with essential items such as foodstuff, personal care and hygiene kits and chocolate hampers as well as 'duit raya'. This programme is in its fifth year, and has brought cheer within the communities surrounding the vicinity of our airports.



In conjunction with Hari Raya Aidiladha, Malaysia Airports donated essential items and meat to 55 families from Kampung Labu Lanjut, Sepang, a village located near Malaysia Airports' Corporate Office. The donation is also meant to help alleviate the burden of community members who have been affected by the COVID-19 pandemic.

### Recognition

Our education for children and community initiatives were recognised and awarded at the 2020 Sustainability & CSR Malaysia Awards hosted by the CSR Malaysia Publication and Corporate Sustainability & Responsibility Malaysia Welfare Society. This honour was conferred on Malaysia Airports based on the 91 projects conducted in 2019 under our CSR pillars - Educational and Youth Leadership, Community Enrichment and Malaysia Branding.

---

**"We care. And we would like to show support to frontliners by contributing to their wellbeing. It is also our gesture of thanks for their tireless sacrifice."**

---

## EMPLOYEE ENGAGEMENT AND DEVELOPMENT

### KEEPING OUR PEOPLE SAFE AND HEALTHY

**We dealt with new challenges – keeping our frontline workers safe and enabling 'working from home' – by investing in work place safety and technology.**

#### Employee Engagement

As the pandemic continued to disrupt our business, our workforce was concerned about matters such as health and safety and job security. We fast tracked the procurement of personal safety equipment for our employees and worked tirelessly to keep people safe by leveraging on technology at the airports.

As part of resource optimisation exercise, we instituted other measures to manage costs such as hiring and promotion freeze, strict management on performance and output, rearranging shift patterns, and consolidation of roles and responsibilities through organisational restructuring. Despite the challenges we faced, we avoided as far as possible from

putting our employees on furloughs as we also had to balance ensuring airport readiness when travel resumes in earnest. As a result, we kept all our staff employed with the only departures being due to natural attrition and non-performance.

As 'work from home' became the new norm at Malaysia Airports for employees who were not required to be present at the workplace, we worked hard to overcome communication challenges. We communicated to all employees regularly on efforts to manage the business challenges, and spoke to them in a frank, clear and transparent manner. We increased the frequency of our townhalls and communication through online platforms, which made the townhalls accessible to all employees nationwide. These townhalls helped our people to stay focused and motivated to navigate the state of flux in the year.

#### Health and safety

We routinely decontaminate and sanitise work and common areas to ensure they were safe for use and place hand sanitisers throughout the airports and in offices. All frontline personnel are provided with appropriate Personal Protective Equipment. We communicated regularly with all employees to keep them informed on COVID-19 Prevention and Handling Guidelines and Return-to-work Protocol Guidelines and to generally keep them updated about COVID-19 to help them and their families stay safe and healthy.

#### Learning and Development

We accelerated our digital learning platform e-MAGE, and introduced 35 bite-size modules which garnered a 85% participation rate. In addition, 30% of classroom training was shifted online.

In preparing our people for the future through our Talent Mobility and Talent Exchange Programmes, we encouraged various learning, coaching and knowledge sharing sessions through online and e-learning platforms as well as peer coaching sessions. Four employees from our Malaysia operations were assigned to SAW while three from our Turkey operations were assigned to work in Malaysia for two years.

We also introduced a new transition reskilling programme involving 88 of our Aviation Security employees whom we retrained and reskilled as Airport Fire Rescue Service (AFRS) personnel by undergoing the Basic Training for AFRS Integration Programme. In addition, we also launched targeted upskilling programmes to enable employees to remain relevant for current and future needs.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Internal Reorganisation

We also reorganised internally to improve operational excellence and sharpen our business focus.

#### INTERNAL REORGANISATION AT MALAYSIA AIRPORTS

The formation of Technical Service Division to provide operational expertise to manage major projects namely the replacement of the Baggage Handling System and Track Transit System

The formation of the Aviation Marketing & Development Division to pave the way for Malaysia Airports' exploration into air cargo

### INTEGRITY AND ANTI-CORRUPTION

#### FIRMLY WITHIN OUR RADAR

**We reinforced integrity and anti-corruption measures Group-wide by following through on new legislation, prior ISO certification and leveraging on online learning to create greater awareness among our people.**

Integrity and Anti-Corruption continue to rank among the top material matters for Malaysia Airports. In May, we organised a Corruption Risk Management workshop and identified corruption risks in Malaysia Airports' risk scorecard, particular the acts of individuals which may trigger Malaysia Airports' corporate liability under the newly enacted Section 17A of the Malaysian Anti-Corruption Commission Act. We have also developed online learning modules to create greater awareness among employees on corruption in line with the new legislation.

As a follow through on our ISO certification obtained in 2019, Malaysia Airports has developed Guidelines on Anti-Corruption Due Diligence to guide the relevant companies and divisions in the Group on fulfilling the requirements of the Guidelines on Adequate Procedures introduced by the Malaysia Anti-Corruption Commission and MS ISO 37001:2016 Anti-Bribery Management Systems.

We also started the development of Organisational Anti-Corruption Plan (OACP) with the completion of three workshops attended by OACP development committee members.

In terms of Learning and Development, we developed online learning modules to create awareness among employees on corruption. 100% of employees have completed the e-learning course.

### OUTLOOK

#### Economic outlook

The global economy in 2020 was adversely affected by COVID-19. The uncertainties and degree of impact to the economy has caused the International Monetary Fund (IMF) to revise its 2020 global GDP downwards on several occasions. Nevertheless, IMF forecasted that global economy would rebound in 2021.

IMF has forecasted Malaysia's GDP to grow by 6.5% in 2021 from a negative 5.6% recorded for 2020. Meanwhile, Bank Negara Malaysia forecasted Malaysia's GDP to be between 6.0% to 7.5%.

#### Passenger forecasts

According to the International Air Transport Association (IATA), the availability of COVID-19 vaccines in 2021 is anticipated to be a turning point for the aviation industry, but the recovery will be gradual due to phased distribution of the vaccines.

IATA has projected 2021 global passenger volumes to improve by 26% over 2020. The Airports Council International meanwhile projected a baseline scenario of 72% growth for 2021 over 2020.

#### Global trends

Continuous efforts and measures initiated by airports and airlines with the recommended guidelines by IATA and ACI as well as tightening of SOPs to ensure safety and health of passengers had helped to provide assurance for passengers to travel by air. The breakthrough in vaccines offers optimism for a turning point in air travel recovery while the economy picks up.

Traffic recovery is expected to be gradual in line with the distribution of vaccines coupled with the ongoing recovery of the global economy. Travel bubbles arrangements and short haul travel are expected to pave the way and give air travel further momentum in 2021.

In addition, the local airlines have made the strategic decision to focus on domestic routes to respond to the COVID-19 market demands. With international borders still closed, they are now focusing on enhancing local connectivity between the states, especially those with heavily frequented tourist destinations and business hubs.

### Catalysts for our markets

While there continues to be uncertainty on the trajectory for recovery of the aviation industry in Malaysia and globally, we are keeping a close watch on certain catalysts which will spur growth. Among these is the rollout of the vaccination programme in Malaysia, Turkey and as well in our target markets. Malaysia has indicated that the country is targeting to complete the vaccination of 80% of the adult population by February 2022, to achieve a level of herd immunity within the population that will enable a return to some semblance of normalcy.

Reciprocal Green Lane arrangements between Malaysia and Singapore, and those under discussion with Indonesia and China will also boost air traffic. Discussions are also on-going within ASEAN and other countries in the Asia Pacific such as Japan, South Korea, Australia and New Zealand for similar arrangements.

The introduction of vaccine passports, which are essentially digital vaccination certificates, are also in development, and there are efforts to secure reciprocal recognition among nations for vaccines administered to individuals and which are certified by the government.

We are also following closely the developments around the announcement by the Kingdom of Saudi Arabia that has indicated that the Hajj will be permitted this year for vaccinated pilgrims. The return of Hajj and Umrah traffic will be a welcomed boost for passenger numbers.

In Turkey, mass vaccination of the population began in January 2021, with the aim to complete shots for its population over the age of 40 by the end of June 2021 and for those over the age of 20 by July 2021. There is also an initiative to develop indigenous COVID-19 vaccines including the world's first intranasal COVID-19 vaccine.

The Turkish government has introduced a 'Safe Tourism Certificate' programme to instil confidence among tourists on the health and safety in the country. The country is projecting

to welcome double the number of tourists this year compared to the 12.7 million in 2020.

### Operating Agreements

Malaysia Airports has reached a major milestone in 2019 when we secured the approval of the Government of Malaysia for the extension of our operating agreements (OAs), thereby extending our licence to operate, manage and maintain the network of airports in Malaysia for a further 35 years till 2069. The current term of the OAs is due to expire in 2034.

In the discussion with the government on finalising the OAs, Malaysia Airports has prioritised the inclusion of a sustainable funding model for future growth and development of the network of airports. This will enable Malaysia Airports to plan with greater certainty for long-term investment into the continued competitiveness of the airports and the sustainability of the network as well as to have the capabilities to respond swiftly to changes in critical needs. We expect to reach a final agreement with the government in the course of 2021.

## FUTURE F.I.T. - MALAYSIA AIRPORTS' 5-YEAR STRATEGY AND TRANSFORMATION PLAN

### LOOKING BEYOND THE PANDEMIC

**Future F.I.T. addresses the immediate challenges of the current operating environment while laying the foundations for dynamic post-pandemic growth.**

In view of the above, we are working to ensure that Malaysia Airports continues to be able to weather any turbulence ahead. While there appears to be light at the end of the tunnel, the situation remains fragile. Until there is a level of herd immunity, the virus together with the new variants may lead to more cautious sentiment as these variants may be able to disrupt public health. A resurgence of the virus could dampen confidence among travellers and impact our recovery.

While Malaysia Airports has maintained business and financial stability in the face of the pandemic, in order to stay the course of the new normal, we need to be vigilant and take swift and decisive action to remain ahead of the curve. In this regard, while the operating environment remains uncertain, it also presents opportunities for future growth. We have therefore reformulated our strategies and plans to reflect the impact of the COVID-19 pandemic and challenges faced in the aviation industry on the future direction of the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS

The way forward is laid out in 'Future F.I.T.', our five-year strategy and transformation plan which outlines the 'ground zero reset' to address the survival and recovery phase that we are in, and also positions Malaysia Airports to capture future growth and opportunities as the air travel recovers. F.I.T. is an acronym for **F**inancially sustainable, **I**mpact driven and **T**echnology focused.

The plan is divided into two phases; in the short term from now till 2022, the Group's focus is to survive and recover from the pandemic while beyond that, from 2023 till 2025, the focus will turn to positioning ourselves for future business growth and sustainability.

### Phase 1 Survival and Recovery (2021-2022)

In this crucial phase, the plan addresses our business and financial positioning which have been impacted by the pandemic and helps us navigate through the resulting economic slowdown. During this period, the Group will focus on five main strategic themes namely, Survivability, Fixing the Basics, Horizontal Expansion, Digitalisation and Critical Asset Replacement.

### Phase 2 Growth and Transformation (2023-2025)

In Phase 2, Malaysia Airports will focus on positioning ourselves for future business growth and sustainability. This phase will be anchored by three strategic thrusts, namely Maximising Revenue Generation, Developing New Capabilities and Ensuring Business Sustainability.

In addition to laying the groundwork for the Group to survive and recover from the pandemic, FUTURE F.I.T. is also the runway for future growth, leading towards realising our vision of becoming 'A Global Airport Group that Champions Connectivity and Sustainability', together with returning to profitability and staking our place among the Top 5 airports globally.

## HEARTFELT THANKS AND GRATITUDE

In an unprecedented year that tested our resolve, it was also one in which the human spirit triumphed in the face of adversity, where the whole airport community came together to safeguard the wellbeing of all airport guests and continually upheld the promise to host joyful connections.

I would like to record my heartfelt thanks and deepest gratitude to my colleagues for their commitment and dedication, and particularly to our frontline staff, for their many sacrifices to advance Malaysia Airports' brand promise.

We would also like to thank our Board of Directors for their guidance and stewardship at the helm of Malaysia Airports, and for their leadership and support in enabling us to forge ahead and tackle all the challenges the year had delivered.

Our sincere thanks also go out to the various ministries, government agencies, airline partners, retail partners, vendors and other business partners who scaled every challenge by our side. And to our shareholders, we thank you for your support throughout 2020.

While the way forward may still be filled with challenges, with the spirit of mutual cooperation and support between Malaysia Airports and its stakeholders that has prevailed, we will be able to move together towards a brighter future, emerging stronger together from these turbulent times. I look forward to working closely with all of you in 2021.

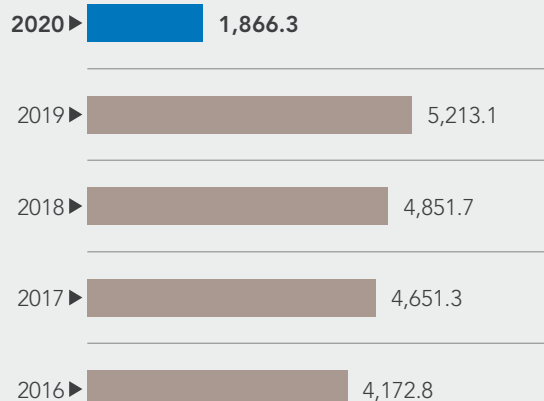


**Dato' Mohd Shukrie Mohd Salleh**  
Group Chief Executive Officer

## FIVE-YEAR FINANCIAL SUMMARY

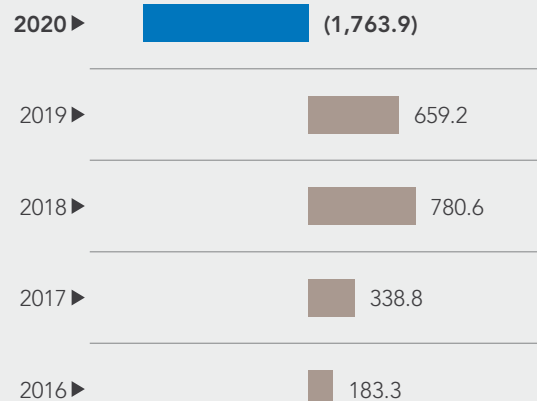
### REVENUE

In RM Million



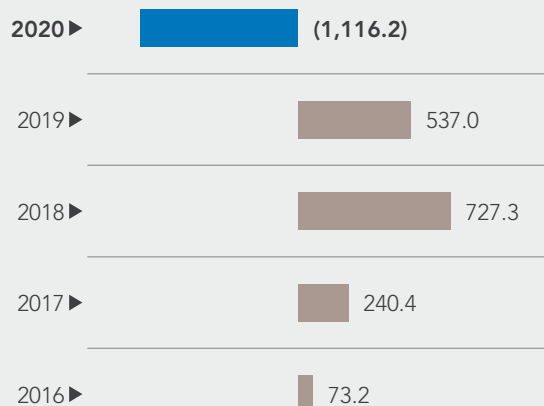
### PROFIT BEFORE TAXATION

In RM Million



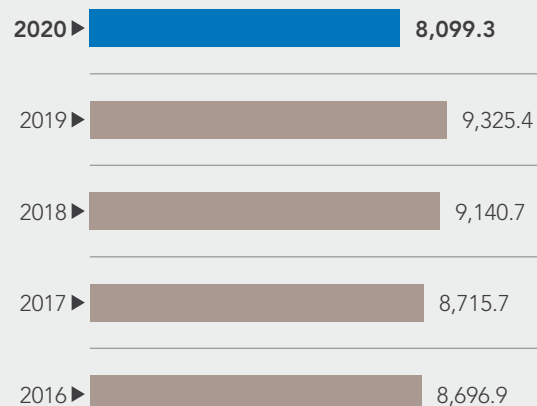
### PROFIT FOR THE YEAR

In RM Million



### TOTAL EQUITY

In RM Million



## GROUP FIVE-YEAR SUMMARY

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER

In RM Million	2020	2019	2018	2017	2016
Revenue	1,866.3	5,213.1	4,851.7	4,651.3	4,172.8
(Loss)/Profit before tax and zakat from continuing operations	(1,763.9)	659.2	780.6	338.8	183.3
Taxation and zakat	647.7	(122.1)	(53.3)	(98.4)	(110.2)
<b>(Loss)/Profit from continuing operations, net of tax and zakat</b>	<b>(1,116.2)</b>	<b>537.0</b>	<b>727.3</b>	<b>240.4</b>	<b>73.2</b>
Loss for the year from discontinued operations, net of tax and zakat	-	-	-	-	(0.0)
<b>(Loss)/Profit for the year</b>	<b>(1,116.2)</b>	<b>537.0</b>	<b>727.3</b>	<b>240.4</b>	<b>73.2</b>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company	(1,116.2)	537.0	727.3	239.8	70.4
Non-controlling interest	-	-	-	0.6	2.8
<b>(Loss)/Profit for the year</b>	<b>(1,116.2)</b>	<b>537.0</b>	<b>727.3</b>	<b>240.4</b>	<b>73.2</b>
<b>Earnings per share attributable to equity holders of the Company (sen)</b>					
Basic, for (loss)/profit from continued operations	(70.75)	28.90	40.37	10.98	0.94
Basic, for (loss)/profit for the year	(70.75)	28.90	40.37	10.98	0.94

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

In RM Million	2020	2019	2018	2017	2016
<b>ASSETS</b>					
Non-current assets	17,856.5	17,781.7	18,010.2	18,832.0	18,698.8
Current assets	2,422.4	4,401.0	4,262.9	3,372.8	2,589.6
Asset of disposal group classified as held for disposal	-	-	-	-	0.2
<b>Total assets</b>	<b>20,278.9</b>	<b>22,182.7</b>	<b>22,273.1</b>	<b>22,204.8</b>	<b>21,288.6</b>
<b>EQUITY</b>					
Share capital	5,114.3	5,114.3	5,114.3	5,114.3	1,659.2
Perpetual sukuk	997.8	997.8	997.8	997.8	997.8
Share premium <sup>1</sup>	-	-	-	-	3,455.1
Retained earnings	1,944.9	3,284.7	3,037.4	2,583.3	2,321.2
Fair value adjustment reserve	-	-	-	-	8.3
Hedging reserve	(36.2)	(18.0)	(24.9)	(28.6)	(37.4)
Foreign exchange reserve	74.4	(54.2)	12.0	42.0	283.8
Other reserves	4.1	0.8	4.0	6.9	6.8
	<b>8,099.3</b>	<b>9,325.4</b>	<b>9,140.7</b>	<b>8,715.7</b>	<b>8,694.9</b>
Non-controlling interest	-	-	-	-	2.0
<b>Total equity</b>	<b>8,099.3</b>	<b>9,325.4</b>	<b>9,140.7</b>	<b>8,715.7</b>	<b>8,696.9</b>
Non-current liabilities	10,701.8	9,568.2	10,999.7	11,262.7	10,825.9
Current liabilities	1,477.7	3,289.1	2,132.6	2,226.4	1,765.7
<b>Total liabilities</b>	<b>12,179.6</b>	<b>12,857.3</b>	<b>13,132.4</b>	<b>13,489.1</b>	<b>12,591.7</b>
<b>Total equity and liabilities</b>	<b>20,278.9</b>	<b>22,182.7</b>	<b>22,273.1</b>	<b>22,204.8</b>	<b>21,288.5</b>
<b>Net asset per share (RM)</b>	4.88	5.62	5.51	5.25	5.24

<sup>1</sup> The Group's share premium account was transferred to form part of the Group's share capital pursuant to the Companies Act 2016 which come into force on 31 January 2017.

## GROUP QUARTERLY PERFORMANCE

Year 2020 In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2020
<b>Financial Performance</b>					
Revenue	933.8	272.2	396.7	263.6	1,866.3
(Loss)/Profit before tax and zakat	(35.5)	(268.3)	(384.9)	(1,075.1)	(1,763.9)
(Loss)/Profit net of tax	(20.4)	(91.1)	(319.7)	(685.0)	(1,116.2)
Earnings per share (sen)	(2.09)	(6.35)	(20.14)	(42.16)	(70.75)

Year 2019 In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2019
<b>Financial Performance</b>					
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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

In RM Million	2020	2019
<b>Revenue</b>	<b>1,866.3</b>	<b>5,213.1</b>
Cost of inventories sold	(90.9)	(435.6)
Other income	186.2	265.5
Operating expenditure	(1,940.0)	(2,751.0)
Depreciation, amortisation and impairment	(1,110.1)	(941.6)
Operating (loss)/profit	(1,088.5)	1,350.4
Finance costs	(663.8)	(726.0)
Share of results of associates	(16.0)	15.3
Share of results of joint ventures	4.4	19.4
<b>(Loss)/Profit before tax and zakat</b>	<b>(1,763.9)</b>	<b>659.2</b>
Taxation and zakat	647.7	(122.1)
<b>(Loss)/Profit net of tax</b>	<b>(1,116.2)</b>	<b>537.0</b>
<b>(Loss)/Profit attributable to:</b>		
Owners of the Company	<b>(1,116.2)</b>	<b>537.0</b>
<b>Earnings per share attributable to equity holders of the Company (sen)</b>		
- Basic, for (loss)/profit from continued operations	<b>(70.75)</b>	<b>28.90</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION







AS AT 31 DECEMBER 2020

In RM Million	2020	2019
<b>Assets</b>		
Property, plant and equipment	433.7	455.0
Right-of-use assets	93.9	137.2
Intangible assets	15,894.1	16,062.6
Investments	543.6	564.1
Other non-current assets	891.2	562.7
Current assets	2,422.5	4,401.0
<b>Total assets</b>	<b>20,278.9</b>	<b>22,182.7</b>
<b>Equity and liabilities</b>		
Share capital	5,114.3	5,114.3
Perpetual sukuk	997.8	997.8
Retained earnings	1,944.9	3,284.7
Hedging reserve	(36.2)	(18.0)
Foreign exchange reserve	74.4	(54.2)
Other reserves	4.1	0.8
<b>Total equity</b>	<b>8,099.3</b>	<b>9,325.4</b>
Non-current liabilities	10,701.8	9,568.2
Current liabilities	1,477.7	3,289.1
<b>Total liabilities</b>	<b>12,179.6</b>	<b>12,857.3</b>
<b>Total equity and liabilities</b>	<b>20,278.9</b>	<b>22,182.7</b>
<b>Net asset per share (RM)</b>	<b>4.88</b>	<b>5.62</b>
<b>Return on assets</b>	<b>-5.5%</b>	<b>2.4%</b>



## GROUP SEGMENTAL ANALYSIS

### REVENUE 2020 RM1,866.3 MILLION

#### MALAYSIA







Airport Services		<b>983.6</b> 2,791.4
Duty Free and Non- Dutiable Goods		<b>154.7</b> 852.9
Agriculture and Horticulture		<b>34.7</b> 26.9
Hotel		<b>42.3</b> 88.6
Project and Repair Maintenance		<b>18.6</b> 15.2
Other @		- -

#### OVERSEAS



Airport Services		<b>549.7</b> 1,291.6
Project and Repair Maintenance		<b>82.8</b> 146.6

### PROFIT/(LOSS) BEFORE TAXATION 2020 RM(1,763.9) MILLION

#### MALAYSIA

Airport Services		<b>(736.1)</b> 622.5
Duty Free and Non- Dutiable Goods		<b>(104.1)</b> 44.5
Agriculture and Horticulture		<b>5.4</b> (0.1)
Hotel		<b>(12.5)</b> 12.3
Project and Repair Maintenance		<b>33.6</b> 52.6
Other @		<b>(624.3)</b> (223.6)

#### OVERSEAS

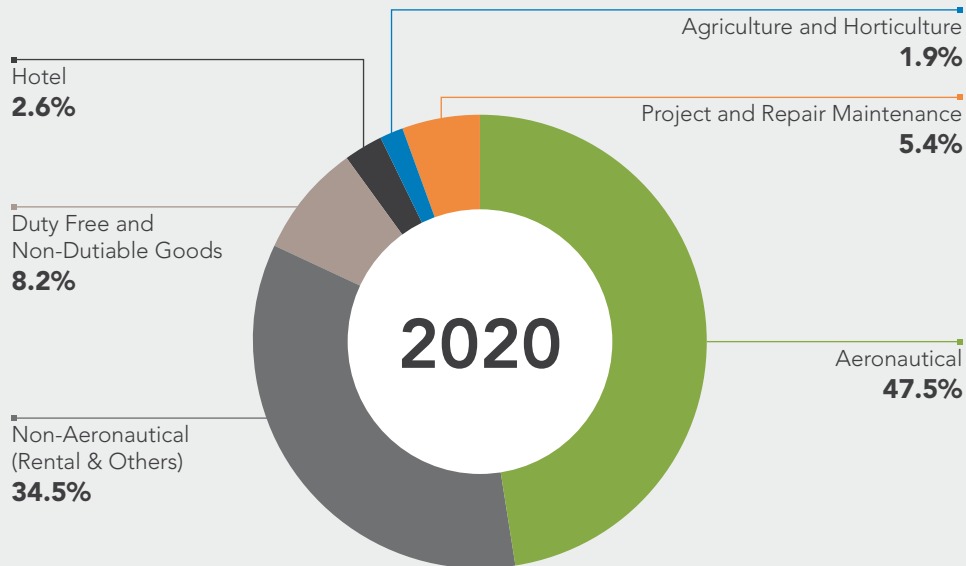
Airport Services		<b>(326.7)</b> 145.0
Project and Repair Maintenance		<b>1.0</b> 5.9

 2020  2019

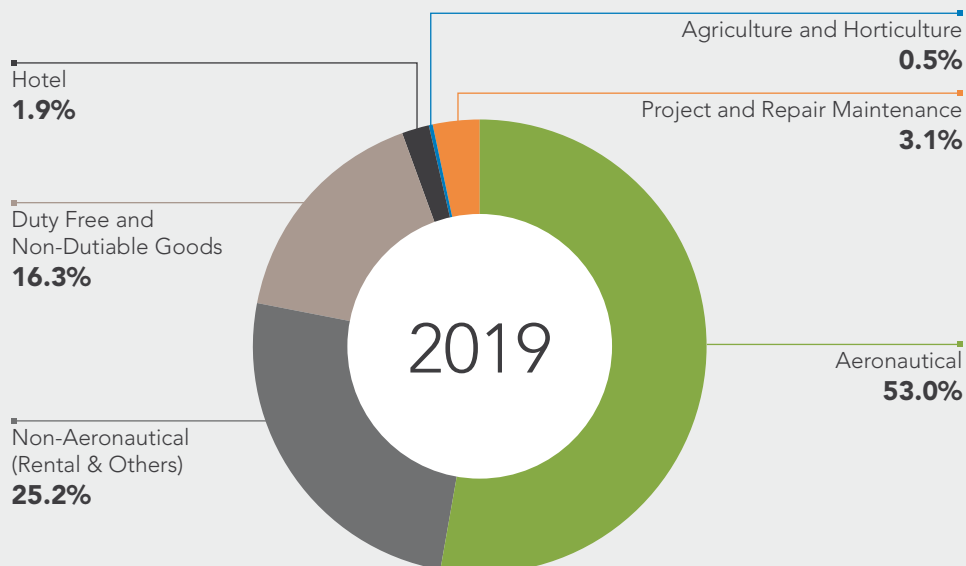
Note: The group revenue segmental analysis excludes inter-segment transactions and consolidated adjustments  
 @ Other segmental profit before taxation includes inter-segment eliminations and consolidation entries.

## GROUP SEGMENTAL ANALYSIS

### REVENUE 2020 RM1,866.3 MILLION



### REVENUE 2019 RM5,213.1 MILLION



## STATEMENT OF INCOME DISTRIBUTION

	2020 RM Million	2019 RM Million
<b>Current income available for distribution<sup>1</sup></b>	2,041.0	5,513.4
<b>To suppliers</b>		
Purchase of goods and services	1,139.8	1,805.1
<b>To employees</b>		
Employment costs	742.6	920.0
<b>To financiers</b>		
Finance costs	663.8	726.0
<b>To government</b>		
User fee and taxation	(499.2) <sup>2</sup>	583.6
<b>Utilisation of assets</b>		
Depreciation, impairment and amortisation	1,110.1	941.6
<b>Retained for re-investment, future growth and dividend payment</b>		
Net (reduction)/addition in retained profits	(1,116.2)	537.0
	2,041.0	5,513.4

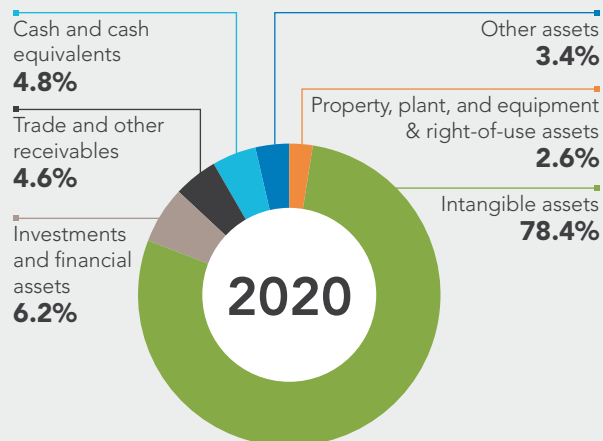
<sup>1</sup> Current income available for distribution includes revenue, other income and share of results of associates & joint ventures.

<sup>2</sup> The distribution to the government is as a result of tax credits that were largely due to the recognition of tax recoverable and deferred tax assets.

## STATEMENT OF FINANCIAL POSITION

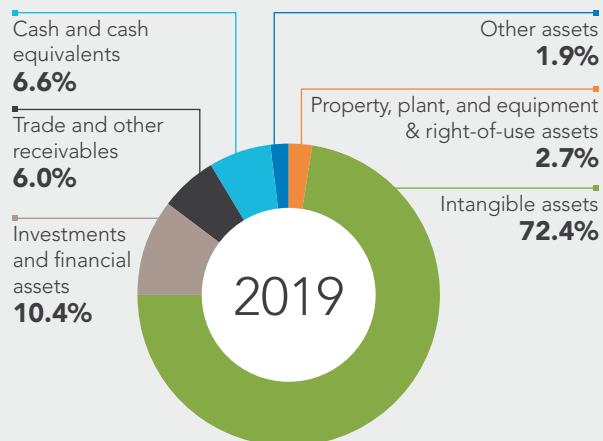
### TOTAL ASSETS 2020

RM20,278.9 MILLION



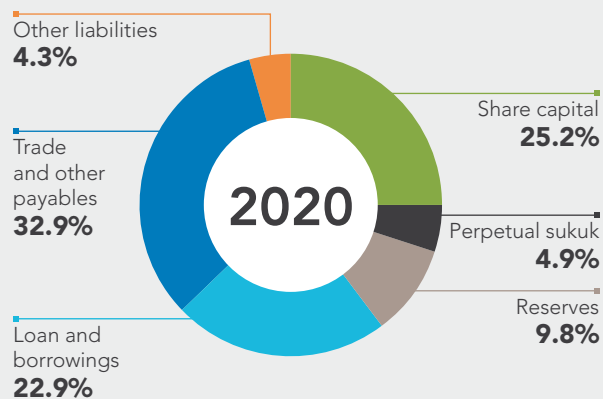
### TOTAL ASSETS 2019

RM22,182.7 MILLION



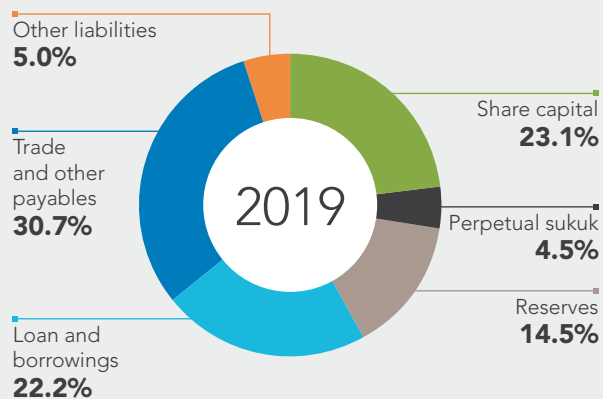
### EQUITY AND LIABILITIES 2020

RM20,278.9 MILLION



### EQUITY AND LIABILITIES 2019

RM22,182.7 MILLION



## BOARD OF DIRECTORS' PROFILE



**DATO' SERI DIRAJA  
DR. ZAMBRY ABD KADIR**  
NON-INDEPENDENT  
NON-EXECUTIVE CHAIRMAN

**DATE OF APPOINTMENT**  
12 AUGUST 2020

**GENDER**  
MALE

**AGE** 59 **NATIONALITY**  
MALAYSIAN

### Academic/ Professional Qualification(s)

- Bachelor of Economics (Hons.), International Islamic University Malaysia (IIUM)
- Master of Arts, IIUM
- Master of Arts, Temple University, USA
- Doctor of Philosophy, Temple University, USA
- Honorary Doctorate of Business Administration, Royal Docks School of Business & Law, University of East London
- Honorary Doctorate, Pukyong National University South Korea
- Harvard Leadership Program at Kennedy School of Government, Harvard University, USA

### Present Directorship(s)

#### Listed Issuer:

- Malaysia Airports Holdings Berhad

#### Other Public Companies:

- None

### Membership of Board Committee(s)

- None

### Present Appointment(s)

- State Assemblyman for Pangkor, Perak since 2004 until present
- Adjunct Professor at Universiti Sultan Azlan Shah, Perak

### Past Experience

- Served as the Chief Minister of Perak from February 2009 until May 2018
- Served as a member of the Perak State Executive Council for Education, Economic Development, Science and Technology from 2004 until 2008
- Adjunct Professor at Department of Political Science, IIUM in 2015 until 2018
- Appointed as Professor in Practice at Putra Business School, Universiti Putra Malaysia from 2017 until 2019
- Appointed as the Chief Executive Officer of Mind Institute from 2000 until 2004

- Served as Visiting Professor, Institut Agama Islam Negeri at Pekan Baru, Indonesia from 1997 to 1998
- Appointed as the Chief Executive Officer of Centre for Leadership and Development Studies from 1996 until 1998

### Number of Board Meetings

#### Attended for the Year Under Review

- 7 out of 7 (100%)



## BOARD OF DIRECTORS' PROFILE



**DATO' ZAMZURI  
ABDUL AZIZ**  
NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR

**DATE OF APPOINTMENT**  
10 FEBRUARY 2020

**GENDER**  
MALE

**AGE** 51 **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 Companies:

- 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
- Board Member of SPNB Mesra Sdn. Bhd.
- Member of Supervision & Monitoring Committee of Syarikat Jaminan Pembiayaan Perniagaan Berhad (JPPB)
- Member of Construction Industry Development Board (CIDB) Malaysia
- Chairman of MAB Agriculture-Horticulture Sdn. Bhd.

### Past Experience

- Started career as an Assistant Director at the Malaysian Investment Development Authority in 1995
- Joined the Administrative & Diplomatic Service and later appointed as Assistant Secretary at the Ministry of Domestic Trade & Consumer Affairs
- Joined the Ministry of Finance (MOF) in 1998 as the Assistant Secretary in the Administration Division and 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 the 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

- 12 out of 12 (100%)

## NORMAH OSMAN

NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR

**DATE OF APPOINTMENT**  
26 APRIL 2021

**GENDER**  
FEMALE

**AGE** 53      **NATIONALITY**  
MALAYSIAN

### Academic/ Professional Qualification(s)

- Bachelor of Business Administration (Hons.), National University of Malaysia
- Diploma in Public Administration, National Institute of Public Administration (INTAN)
- Master of Arts (Management), Claremont Graduate University, California, USA

### Present Directorship(s)

#### Listed Issuer:

- Malaysia Airports Holdings Berhad

#### Other Public Companies:

- None

### Membership of Board Committee(s)

- None

### Present Appointment(s)

- Deputy Secretary General (Policy), Ministry of Transport
- Board Member of Penang Port Sdn. Bhd.
- Board Member of Port Klang Free Trade Zone Sdn. Bhd.
- Board Member of Ipoh Cargo Terminal
- Committee Member of Kumpulan Wang Pusat Perdagangan Laut

### Past Experience

- Joined the Ministry of International Trade & Industry (MITI) as Assistant Secretary from 1995 to 2003 and as Chief Assistant Secretary from 2003 to 2006
- Served as Advisor for Economic Affairs of Singapore, MITI in 2006
- Served as Director (Stock & Company Organisation Division), MITI in 2007

- Served as Senior Director of Bilateral Economic & Trade Relations Division, MITI from 2015 to 2017
- Served as Senior Director of Multilateral Policy and Negotiation Division, MITI from August 2017 until July 2018
- Appointed as Senior Director at Deputy Secretary General's Office (Policy & Entrepreneurial Strategy), Ministry of Entrepreneur Development and Cooperatives from July 2018 to January 2019
- Appointed as Division Secretary of Policy Planning and Coordination Division, Ministry of Education from January 2019 to February 2020

### Number of Board Meetings

#### Attended for the Year Under Review

- N/A



## BOARD OF DIRECTORS' PROFILE



**WONG SHU HSIEN**  
**NON-INDEPENDENT**  
**NON-EXECUTIVE DIRECTOR**

**DATE OF APPOINTMENT**  
**7 MARCH 2019**

**GENDER**  
**FEMALE**

**AGE**                      **NATIONALITY**  
**48**                              **MALAYSIAN**

**Academic/ Professional Qualification(s)**

- Masters of Arts in Economics, Cambridge University, UK
- Masters of Science in Economics, London School of Economics and Political Science, UK
- Chartered Financial Analyst

**Present Directorship(s)**

**Listed Issuer:**

- Malaysia Airports Holdings Berhad

**Other Public Companies:**

- PLUS Malaysia Berhad
- UEM Group 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)**

- Head of Infrastructure, Khazanah Nasional Berhad

**Past Experience**

- Attached to BinaFikir Sdn. Bhd. prior to joining Khazanah Nasional Berhad in 2005
- Served in a private equity firm, Emerging Markets Partnership

**Number of Board Meetings**

**Attended for the Year Under Review**

- 16 out of 16 (100%)

**DATO' MOHAMAD  
NASIR AB LATIF**  
NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR

**DATE OF APPOINTMENT**  
1 OCTOBER 2020

**GENDER**  
MALE

**AGE** 63  
**NATIONALITY** MALAYSIAN

**Academic/ Professional  
Qualification(s)**

- Bachelor's Degree in Social Science (Economics), Universiti Sains Malaysia
- Master of Science in Investment Analysis, University of Stirling, UK
- Certified Diploma in Accounting and Finance, Association of Chartered Certified Accountants (ACCA)

**Present Directorship(s)**

**Listed Issuer:**

- Malaysia Airports Holdings Berhad
- RHB Bank Berhad
- United Plantations Berhad
- Malaysian Resources Corporation Berhad
- Yinson Holdings Berhad

**Other Public Companies:**

- PLUS Malaysia Berhad
- RHB Islamic Bank Berhad

**Membership of Board Committee(s)**

- Chairman of Board Risk Management Committee
- Member of Board Finance & Investment Committee

**Present Appointment(s)**

- Chairman of Investment Panel of Kumpulan Wang Persaraan (Diperbadankan)

**Past Experience**

- Started his career with the Employees Provident Fund (EPF) and held several positions including as State Enforcement Officer (1990 to 1995), Senior Research Officer, Investment and Economics Research Department (1995 to 1998), Senior Manager, Corporate Surveillance Department (1998 to 2008) and Senior Manager Equity Investment Department (2008 to 2009)

- Held the position of General Manager, International Equity Department, EPF from 2009 until 2013
- Appointed as the Deputy Chief Executive Officer of Investment Division, EPF from 2013 until retirement in December 2019

**Number of Board Meetings  
Attended for the Year Under Review**

- 4 out of 4 (100%)



## BOARD OF DIRECTORS' PROFILE



### DATUK SERI YAM KONG CHOY SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

**DATE OF APPOINTMENT**  
1 DECEMBER 2013

**GENDER**  
MALE

**AGE** 68 **NATIONALITY**  
MALAYSIAN

#### Academic/ Professional Qualification(s)

- Post-Graduate Diploma in Building and Management Studies, University of Westminster, UK
- DUniv, Honorary Doctorate of the Heriot-Watt University, UK
- 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 Companies:

- None

#### Membership of Board Committee(s)

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

#### Present Appointment(s)

- Global Vice President of Chartered Institute of Building (CIOB)
- Chairman of Malaysia Airports (Niaga) Sdn. Bhd.
- Chairman of K.L. Airport Hotel Sdn. Bhd.
- Board Member of KLIA Aeropolis Sdn. Bhd.
- Director of Kwasa Utama 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
- MD/CEO of Impetus Alliance Advisors Sdn. Bhd.

#### Past Experience

- Served as a building engineer in the United Kingdom with various companies and the Works Department of the NHS
- 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. In the last 12 years prior to 2008, he also helmed 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

- 16 out of 16 (100%)



**DATUK ZALEKHA HASSAN**  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR

**DATE OF APPOINTMENT**  
1 JANUARY 2014

**GENDER**  
FEMALE

**AGE** 68  
**NATIONALITY** MALAYSIAN

**Academic/ Professional  
Qualification(s)**

- Bachelor of Arts (Hons.), 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

**Other Public Companies:**

- 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**

- 16 out of 16 (100%)



## BOARD OF DIRECTORS' PROFILE



### **ROS LI ABDULLAH** INDEPENDENT NON-EXECUTIVE DIRECTOR

**DATE OF APPOINTMENT**  
1 JANUARY 2014

**GENDER**  
MALE

**AGE** 68      **NATIONALITY**  
MALAYSIAN

#### **Academic/ Professional Qualification(s)**

- Bachelor of Economics (Hons.), University of Malaya
- Post-Graduate Diploma in Accounting, University of Malaya
- Master in Business Administration, National University of 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 Companies:**

- 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 İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.
- Board Member of SGC Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

#### **Past Experience**

- Held various positions in 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 to 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 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**

- 16 out of 16 (100%)



**DATO' IR MOHAMAD  
HUSIN**  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR

**DATE OF APPOINTMENT**  
15 AUGUST 2016

**GENDER**  
MALE

**AGE** 67 **NATIONALITY**  
MALAYSIAN

**Academic/ Professional  
Qualification(s)**

- Bachelor of Science (Hons.) in Civil Engineering, University of Southampton, UK
- 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 Companies:**

- None

**Membership of Board Committee(s)**

- Member of Board Audit Committee
- Member of Board Procurement Committee
- Member of Board Information Technology 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.
- Board Member of Bridgex Sdn. Bhd.

**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 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
- Whilst 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**

- 16 out of 16 (100%)

## BOARD OF DIRECTORS' PROFILE



### DATUK AZAILIZA MOHD AHAD INDEPENDENT NON-EXECUTIVE DIRECTOR

**DATE OF APPOINTMENT**  
8 NOVEMBER 2016

**GENDER**  
FEMALE

**AGE** 60 **NATIONALITY**  
MALAYSIAN

#### Academic/ Professional Qualification(s)

- Bachelor of Laws, University of Malaya

#### Present Directorship(s)

##### Listed Issuer:

- Malaysia Airports Holdings Berhad

##### Other Public Companies:

- 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
- Board Member of Malaysia Airports Sdn. Bhd.
- Board Member of KLIA Aeropolis Sdn. Bhd.
- Chairman of Whistleblowing Independent Committee of Malaysia Airports

#### 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

- 16 out of 16 (100%)



**RAMANATHAN  
SATHIAMUTTY**  
INDEPENDENT NON-EXECUTIVE  
DIRECTOR

**DATE OF APPOINTMENT**  
1 JANUARY 2019

**GENDER**  
MALE

**AGE** 57 **NATIONALITY**  
MALAYSIAN

**Academic/ Professional  
Qualification(s)**

- Bachelor of Engineering (Electrical & Electronic) (Hons.), National University of 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 Companies:**

- None

**Membership of Board Committee(s)**

- Chairman of Board Information Technology Oversight Committee
- Member of Board Risk Management Committee
- Member of Board Procurement Committee

**Present Appointment(s)**

- Board Member of Malaysia Airports (Sepang) Sdn. Bhd.
- Chairman of İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş.
- Chairman of SGC Havalimanı İşletmeleri Ticaret ve Turizm A.Ş.

**Past Experience**

- Started career as a systems 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
- He then served as Chief Transformation Officer at Celcom Axiata Berhad from 2016 and a former Advisor to Chief Executive Officer of Celcom Axiata Berhad

**Number of Board Meetings**

**Attended for the Year Under Review**

- 16 out of 16 (100%)

## BOARD OF DIRECTORS' PROFILE



**DATO' DR.  
AMIRUDDIN MUHAMED**  
ALTERNATE DIRECTOR TO DATO'  
ZAMZURI ABDUL AZIZ

**NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

**DATE OF APPOINTMENT**  
10 FEBRUARY 2020

**GENDER**  
MALE

**AGE** 49 **NATIONALITY**  
MALAYSIAN

### Academic/ Professional Qualification(s)

- Bachelor of Accounting (Hons.), National University of Malaysia
- Master of Economics (Economic Development), National University of Malaysia
- Doctor of Philosophy (Accounting and Finance), Durham University, UK

### Present Directorship(s)

#### Listed Issuer:

- Malaysia Airports Holdings Berhad

#### Other Public Companies:

- 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 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.

- Board Member of Railway Assets Corporation (RAC)
- Board Member of Sinergi Perdana Sdn. Bhd.

### Past Experience

- Served as Chief Executive Officer of Majlis Agama Islam dan Adat Melayu Perak
- 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 Board of Directors:

- No family relationship with any other Director and/or major shareholder of Malaysia Airports;
- No conflict of interests with Malaysia Airports;
- No conviction for offences other than traffic offences for the past 5 years;
- No public sanction or penalty imposed by any regulatory bodies during the financial year ended 31 December 2020;
- Does not hold more than 5 directorships in listed issuers.

# GROUP SENIOR MANAGEMENT

## KEY SENIOR MANAGEMENT



**DATO' MOHD SHUKRIE  
MOHD SALLEH**

Group Chief Executive Officer



**MOHAMED RASTAM  
SHAHROM**

Group Chief Financial Officer



**AZMAN SHAH MOHAMED**  
Chief Human Capital Officer



**MOHD ARIF JAAFAR**  
Senior General Manager,  
MA (Sepang)



**HANI EZRA HUSSIN**  
Senior General Manager,  
Commercial Services



**MEGAT ARDIAN WIRA  
MOHD AMINUDDIN**  
Senior General Manager,  
Strategy



**KAMARUZZAMAN RAZALI**  
General Manager, MASB



Additional information on Key Senior Management

Unless stated in their profiles, none of them 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**  
GROUP CHIEF EXECUTIVE OFFICER

**DATE OF PRESENT APPOINTMENT: 2 MARCH 2020**

GENDER	AGE	NATIONALITY
MALE	47	MALAYSIAN

### Academic/Professional Qualifications

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

### 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., as well as Chief Executive Officer, Principal Controller, Chief Financial Officer and Chief Operating Officer of entities within the DRB-HICOM Group. He is also currently a Director on the Airports Council (ACI) Asia-Pacific Regional Board.



**MOHAMED RASTAM SHAHROM**  
GROUP CHIEF FINANCIAL OFFICER

**DATE OF PRESENT APPOINTMENT: 17 APRIL 2020**

GENDER	AGE	NATIONALITY
MALE	50	MALAYSIAN

### Academic/Professional Qualifications

- BSc (Honours) in Accounting and Finance, University of Wales, Aberystwyth, UK
- Chartered Accountant with the Malaysian Institute of Accountants (MIA)
- 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 fields of finance, investment appraisal, fundraising, financial analysis and planning, finance operations, international JVs and statutory reporting.

Prior to that, he was the Senior Vice President of Enterprise Solutions and Vice President, Finance at Celcom Axiata. He also served as Vice President, Corporate Finance and Advisory at Affin Investment Bank, and before that as Assistant Vice President at Hwang-DBS Investment Bank, and both capacities worked on multiple initial public offerings and mergers and acquisitions.

He had also served as Vice President Finance, at an oil and gas company, overseeing the Engineering & Construction Division and Drilling Services. During his tenure there, he was instrumental in driving several initiatives, including automating and streamlining the finance operations, cost reduction programmes business and asset acquisitions and international project financing.



**AZMAN SHAH MOHAMED**  
CHIEF HUMAN CAPITAL OFFICER

**DATE OF PRESENT APPOINTMENT: 17 APRIL 2020**

GENDER	AGE	NATIONALITY
MALE	56	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**  
CHIEF INFORMATION OFFICER

**DATE OF PRESENT APPOINTMENT: 1 APRIL 2020**

GENDER	AGE	NATIONALITY
MALE	51	MALAYSIAN

**Academic/Professional Qualifications**

- Degree in Business Computing, 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 28 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 were 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



**IBRAHIM CHANG BOON TECK**  
CHIEF PROCUREMENT OFFICER

**DATE OF PRESENT APPOINTMENT: 1 JANUARY 2021**

GENDER	AGE	NATIONALITY
MALE	55	MALAYSIAN

### Academic/Professional Qualifications

- Honors Degree in Econometrics, Universiti Kebangsaan Malaysia
- Member of Chartered Institute of Procurement & Supply

### Experience

Ibrahim first joined Malaysia Airports 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.

Through his journey and exposure in multiple industries ranging from oil and gas to fast-moving consumer goods, he possessed a vast and rich body of knowledge, perspective and experience in procurement operations, contract management, cost optimisation, value engineering, project procurement and logistics.



**DR NOR AZLINA MOHD ISA**  
HEAD OF TECHNICAL SERVICES

**DATE OF PRESENT APPOINTMENT: 1 FEBRUARY 2021**

GENDER	AGE	NATIONALITY
FEMALE	46	MALAYSIAN

### Academic/Professional Qualifications

- Doctorate of Business Administration, Arshad Ayub Graduate Business School, Universiti Teknologi MARA (UiTM)
- Master of Business Administration, Universiti Utara Malaysia
- Post Graduate Diploma in Airport Engineering Management, National University of Singapore
- B. Engineering (Hons) in Civil Engineering, University of Malaya

### Experience

Dr. Nor Azlina joined Malaysia Airports in 2002 as a civil engineer. Over the course of her career with Malaysia Airports, she rose to be the General Manager of Planning and Development in 2011, and Head of Engineering of MA (Sepang) in 2016. She left Malaysia Airports in 2018 to expand her horizons and rejoined in 1 February 2021 as Head of Technical Services.

She has been accredited as an International Airport Professional in 2011, and has contributed as an instructor for Airport Planning, Development & Environmental Management module under the ACI-ICAO Airport Management Professional Accreditation Programme. Dr. Nor Azlina is also a certified Project Management Professional (PMP).



## HANI EZRA HUSSIN

SENIOR GENERAL MANAGER, COMMERCIAL SERVICES

DATE OF PRESENT APPOINTMENT: 1 MARCH 2020

GENDER	AGE	NATIONALITY
FEMALE	46	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 and was appointed as Senior General Manager, Commercial Services on 1 March 2020. Prior to this, she was General Manager Commercial Business.

She 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.



## MEGAT ARDIAN WIRA MOHD AMINUDDIN

SENIOR GENERAL MANAGER, STRATEGY

DATE OF PRESENT APPOINTMENT: 1 MARCH 2020

GENDER	AGE	NATIONALITY
MALE	49	MALAYSIAN

### Academic/Professional Qualifications

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

### Experience

Megat joined Malaysia Airports in 2018 and prior to his present appointment, he was General Manager of Corporate Planning, and Transformation, focusing on the Group's strategic planning, growth, transformation 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 then joined Malaysia Airlines Berhad (MAS) as part of the Transformation Management Team to facilitate MAS' turnaround campaign. He was also Chief Commercial Officer at Flynas, a low-cost carrier based in Riyadh, Saudi Arabia.

Megat had also provided consulting and training for the International Air Transport Association 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



**MOHAMED SALLAUDDIN MOHAMED SHAH**  
GENERAL MANAGER, AVIATION MARKETING AND DEVELOPMENT

**DATE OF PRESENT APPOINTMENT: 1 FEBRUARY 2008**

GENDER	AGE	NATIONALITY
MALE	58	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 2020.

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 an Executive Committee Member of PATA Malaysia Chapter as well as Sector Leader (Airline) for Business Events Council Malaysia.



**NIK ANIS NIK ZAKARIA**  
GENERAL MANAGER, CORPORATE COMMUNICATIONS

**DATE OF PRESENT APPOINTMENT: 1 JUNE 2009**

GENDER	AGE	NATIONALITY
FEMALE	57	MALAYSIAN

### Academic/Professional Qualifications

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

### Experience

Nik Anis joined Malaysia Airports as General Manager of Corporate Communications in 2009. Before that, she was attached to Mesiniaga Berhad, a public-listed IT company.

She has more than 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.



**NORNAJIHAH ISMAIL**  
GENERAL MANAGER, FINANCE BUSINESS PARTNER

**DATE OF PRESENT APPOINTMENT: 1 JANUARY 2018**

GENDER	AGE	NATIONALITY
FEMALE	51	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.

During her tenure with Malaysia Airports, Nornajihah was General Manager, Finance for Malaysia Airports from 2010 to 2017 and was also entrusted to cover the role and responsibilities of 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**  
GENERAL MANAGER, AIRPORT FIRE AND RESCUE SERVICE

**DATE OF PRESENT APPOINTMENT: 7 MAY 2012**

GENDER	AGE	NATIONALITY
MALE	60	MALAYSIAN

#### Academic/Professional Qualifications

- Diploma in Mechanical Engineering, Universiti Teknologi MARA (UiTM)
- 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.

He is also an Exco member of the IMDEMM (The Institution of Masters in Disaster and Emergency Management Malaysia), the organisation that mainly comprises Emergency Response Personnel to handle the proper mitigation and investigation on any emergency response.



## GROUP SENIOR MANAGEMENT



### DATUK ABDULLAH KADIR BACHA

GENERAL MANAGER, STAKEHOLDER RELATIONS AND REGULATORY AFFAIRS

DATE OF PRESENT APPOINTMENT: 12 DECEMBER 2017

GENDER	AGE	NATIONALITY
MALE	68	MALAYSIAN

#### Academic/Professional Qualifications

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

#### Experience

Datuk Abdullah initially joined Malaysia Airports in 2014 as a Consultant on Government Affairs. Later in 2016, he was appointed as General Manager, Stakeholder Relations & Regulatory Affairs. Datuk Abdullah has a good mixture of government, academia, and private sector experience.

He served the Government of Malaysia and government-related agencies (MDeC, Universiti Utara Malaysia and The International Islamic University Malaysia) for a total of 33 years. This included a six-year stint as an aide in the private office of former Prime Minister of Malaysia, YABhg Tun Dr Mahathir Mohamad.

In the field of information technology whilst serving MDeC he was able to successfully penetrate Middle Eastern Countries through numerous initiatives that he spearheaded. Datuk Abdullah brought Malaysian IT Companies and products to the attention of Middle Eastern Governments especially those in Saudi Arabia, Iran, UAE, Syria and Lebanon. Many local IT companies benefitted from his efforts.



### LEE AI VIN

GENERAL MANAGER, CORPORATE FINANCE AND TREASURY

DATE OF PRESENT APPOINTMENT: 1 JUNE 2017

GENDER	AGE	NATIONALITY
FEMALE	45	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 to her current position as General Manager of Corporate Finance and Treasury in 2017.

Prior to joining Malaysia Airports, Ai Vin worked in Transaction Advisory Services of Ernst & Young LLP London. She has also worked in banking and financial advisory sectors in Malaysia and 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, and merger and acquisitions.



### HAIRUZZAMAN SAGI

GENERAL MANAGER, HUMAN CAPITAL BUSINESS PARTNER

DATE OF PRESENT APPOINTMENT: 17 APRIL 2020

GENDER	AGE	NATIONALITY
MALE	51	MALAYSIAN

#### Academic/Professional Qualifications

- Master's Degree in Human Resource Management, Universiti 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 as well as HRDF Elite 20 Outreach Club.



### ANIFRUZAIDI AB. RAHIM

GENERAL MANAGER, PROJECT MANAGEMENT OFFICE

DATE OF PRESENT APPOINTMENT: 1 MARCH 2019

GENDER	AGE	NATIONALITY
MALE	52	MALAYSIAN

#### Academic/Professional Qualifications

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

#### Experience

Anifruzaiddi joined Malaysia Airports in 2019 with more than 27 years of experience in construction, airport development consultancy and airport operations.

Covering both local and international airport projects he has experience with various reputable companies including Ranhill Bersekutu Sdn. Bhd., Malaysian Japanese Airport Consortium (MJAC), Deutsche AeroConsult GmbH, Malaysia Airports, Frankfurt Airport GmbH, Leading Edge Aviation Planning Professional (LEAPP), Hill International and Landrum & Brown.

Anifruzaiddi has been involved in major international airport projects in the fields of project management, Operational Readiness and Transfer (ORAT), and Facility Management.

## GROUP SENIOR MANAGEMENT



**MOHAMMAD AZMEL HARUN RASHEED**  
GENERAL MANAGER, OPERATIONAL EXCELLENCE & GUEST EXPERIENCE

DATE OF PRESENT APPOINTMENT: 1 JANUARY 2021

GENDER	AGE	NATIONALITY
MALE	45	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 as General Manager, Operational Excellence & Guest Experience in January 2021. He has over 20 years of experience in local and international organisations such as PETRONAS, Goodyear and Schlumberger Business Consulting.

He has led various operational improvement projects and strategic transformation programmes via proven methodologies such as Lean Six Sigma, Design Thinking and Agile project management.

Prior to Malaysia Airports, he was employed by Malaysia Petroleum Resources Corporation as Vice President of Innovation. He led nationwide industry development programmes, working closely with industry players and government agencies to develop and market indigenous technology innovation to solve industry challenges.



**AZRINA ABDUL SAMAT**  
GENERAL MANAGER, REGULATORY ASSET BASE

DATE OF PRESENT APPOINTMENT: 4 SEPTEMBER 2019

GENDER	AGE	NATIONALITY
FEMALE	48	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 Regulation (IBR) tariff frameworks which share fundamental similarities with the Regulated Asset Base framework proposed for Malaysia Airports as well as spearheading the unbundling of Gas Malaysia Berhad for the gas supply industry Third Party Access (TPA) liberalisation.

Her 20 years of experience in the energy sector particularly in power and fuel purchase contracts, implementation of macro policies & pricing 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 the power sector's fuel macro policies for natural gas, coal and LNG.



## KHOR SOON KHENG

GENERAL MANAGER, IT ARCHITECTURE AND STRATEGY

DATE OF PRESENT APPOINTMENT: 1 NOVEMBER 2019

GENDER	AGE	NATIONALITY
MALE	55	MALAYSIAN

### Academic/Professional Qualifications

- Degree in Computer Science and Master of Arts, University of Dublin, Trinity College, Ireland
- Chartered Engineer, Engineers Ireland
- Project Management Professional (PMP), Project Management Institute, USA

### Experience

Khor Soon Kheng, PMP®, is a Project Management expert, Chartered Engineer, System Engineer & Airport System Specialist who has successfully delivered seven complex multi-million/billion airport projects and complex multi-agency Software programs and Railway Communication Systems.

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 Management System, IATA Fast Track Initiative, and flights operations related ICT systems.

He was also part of the original team that designed and implemented the Total Airport Management System (TAMS) for KUL back in 1996, a world's first, fully integrated airport management system which interfaces and integrates the majority of ICT systems within the airport, to assure maximum flow of information, providing an efficient and cost effective operations and management as well as providing enhanced airport security and greater passenger experiences.



## VIJAY KUMAR DAYINDE

GENERAL MANAGER IT DELIVERY

DATE OF PRESENT APPOINTMENT: 1 DECEMBER 2019

GENDER	AGE	NATIONALITY
MALE	42	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 21 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. He 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**  
GENERAL MANAGER, AVIATION SECURITY

DATE OF PRESENT APPOINTMENT: 16 MARCH 2020

GENDER	AGE	NATIONALITY
MALE	63	MALYSIAN

### 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**  
GENERAL MANAGER, LEGAL

DATE OF PRESENT APPOINTMENT: 1 APRIL 2020

GENDER	AGE	NATIONALITY
FEMALE	52	MALYSIAN

### Academic/Professional Qualifications

- Bachelor of Laws (LL.B Hons), 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. 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 operation.

Aida brings with her a wealth of experience particularly in the aviation industry as prior to joining Malaysia Airports, she has served 10 years in Malaysia Airlines holding various positions.

Aida has over 25 years of experience as an in-house legal counsel, serving in Government-Owned and Government-Linked Companies, as well as public listed companies.



**ZAWARDI SALLEH@MOHAMED SALLEH**  
GENERAL MANAGER, COMPANY SECRETARIAL

**DATE OF PRESENT APPOINTMENT: 1 JANUARY 2021**

GENDER	AGE	NATIONALITY
MALE	50	MALAYSIAN

#### Academic/Professional Qualifications

- Diploma in Public Administration, Universiti Teknologi MARA (UiTM)
- Executive Master of Business Administration, UiTM
- Holder of Practising Certificate from Companies Commission of Malaysia
- Chartered Secretary with The Malaysian Association of Institute of Chartered Secretaries & Administrators

#### Experience

Zawardi joined Malaysia Airports as Senior Manager, Company Secretarial in October 2018 and was later appointed as Covering General Manager/Company Secretary in June 2019. He assumed his current role as General Manager/Company Secretary of Malaysia Airports on 1 January 2021. He is also the Company Secretary of all local subsidiaries of Malaysia Airports.

Zawardi has approximately 25 years of experience in company secretarial, corporate governance, compliance, and public practice secretarial service, including 18 years as Company Secretary of public listed companies.

His career journey has brought him to serve companies in various industries such as oil and gas, shipping, land transportation, automotive, heavy equipment and engineering, construction and property, telecommunication, utilities, and airport operation.



**AINON MAHAT**  
ACTING GENERAL MANAGER, INTERNAL AUDIT

**DATE OF PRESENT APPOINTMENT: 1 JANUARY 2019**

GENDER	AGE	NATIONALITY
FEMALE	49	MALAYSIAN

#### Academic/Professional Qualifications

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

#### 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 close to 25 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.



## GROUP SENIOR MANAGEMENT



### MOHD ZUBIR BIN MOHD MEERAH

ACTING GENERAL MANAGER, PLANNING, DEVELOPMENT, STANDARD & SAFETY

DATE OF PRESENT APPOINTMENT: 1 MARCH 2020

GENDER	AGE	NATIONALITY
MALE	56	MALAYSIAN

#### Academic/Professional Qualifications

- Bachelor in Civil Engineering (Hons.), University of Malaya
- Master in Business Administration (Aviation), Universiti Teknologi MARA (UiTM)
- Certified ACI-ICAO International Airport Professional

#### Experience

Mohd Zubir joined Malaysia Airports in 1994 and was appointed to his current position on 1 March 2020.

He has 27 years of experience in the aviation industry, where he had overseen the development and maintenance of airports in Sarawak and also the management, operations, maintenance and development of the Senai Airport.

During his tenure with Malaysia Airports, he was in charge of the operations division, led the technical excellence business unit, and provided technical and specialist advice on technical requirements, standard practices and developing technical initiatives.

Currently, he is also representing Malaysia Airports in ICAO Aerodromes Operations and Planning Sub-Group and ACI Asia-Pacific Regional Operational Safety Committee.



### BADRUL ASRI BIN AHMAD

ACTING GENERAL MANAGER, COMMERCIAL OPERATIONS

DATE OF PRESENT APPOINTMENT: 16 NOVEMBER 2020

GENDER	AGE	NATIONALITY
MALE	54	MALAYSIAN

#### Academic/Professional Qualifications

- Diploma in Business Studies, Universiti Teknologi MARA (UiTM)
- Bachelor of Science in Marketing, University of Bridgeport, Connecticut, USA

#### Experience

Badrul was Head of Non-Aero Commercial with MA (Sepang) prior to his current position as the Acting General Manager of Commercial Operations.

His experience spans across the financial, insurance and telecommunications sectors. He had amassed a wealth of experience during his previous tenure with Syarikat Takaful Malaysia Berhad and Hong Leong MSIG Takaful.

His current responsibilities require him to deliver end to end customer experience through innovative business process re-engineering, operational efficiencies and risk management for all MA (Sepang) and MASB commercial operations.

## SUBSIDIARIES SENIOR MANAGEMENT

### MALAYSIA AIRPORTS (SEPANG) SDN. BHD.



#### MOHD ARIF JAAFAR

SENIOR GENERAL MANAGER, MALAYSIA AIRPORTS (SEPANG) SDN. BHD.

DATE OF PRESENT APPOINTMENT: 1 JANUARY 2021

GENDER	AGE	NATIONALITY
MALE	56	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 1 January 2021. He has almost 27 years of 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.

### MALAYSIA AIRPORTS (SEPANG) SDN. BHD.



#### SHAHRUNNIZAM ABDUL JAMIL

GENERAL MANAGER, OPERATIONS KLIA, MALAYSIA AIRPORTS (SEPANG) SDN. BHD.

DATE OF PRESENT APPOINTMENT: 1 JANUARY 2021

GENDER	AGE	NATIONALITY
MALE	49	MALAYSIAN

#### Academic/Professional Qualifications

- Corporate Diploma in Airport Management, Universiti Teknologi MARA (UiTM)
- Bachelor of Science in Horticulture (Landscape), Universiti Putra Malaysia
- Landscape Maintenance at Royal Botanical Garden Sydney and Melbourne, Australia

#### Experience

Shahrunnizam joined Malaysia Airports in 1999 as a senior executive with MA (Sepang) Sdn. Bhd. and was appointed to his current position on 1 January 2021.

Shahrunnizam had over 20 years of experience working with Malaysia Airports, and he had held various responsibilities within the organisation. This includes senior positions in landscaping and grounds beautification at KUL, Formula 1 management at Sepang International Circuit and various landside operations and management roles at KUL.

Prior to joining Malaysia Airports, Shahrunnizam was a Landscape Construction Manager with Arkitek Jururancang Malaysia where he was part of the team that contributed to the completion of KL International Airport in 1998.

## SUBSIDIARIES SENIOR MANAGEMENT

### MALAYSIA AIRPORTS (SEPANG) SDN. BHD.



**BIBI SABRENA SAKANDAR KHAN**  
PROJECT DIRECTOR, CLIENT OFFICE KLIA

DATE OF PRESENT APPOINTMENT: 1 FEBRUARY 2021

GENDER	AGE	NATIONALITY
FEMALE	43	MALYSIAN

#### Academic/Professional Qualifications

- Bachelor's Degree in Engineering (Civil), Universiti Teknologi MARA (UiTM)
- Master's Degree in Facility Management, Universiti Teknologi MARA (UiTM)
- Corporate Diploma in Airport Management
- Professional Technologist, Malaysia Board of Technologists (MBOT)

#### Experience

Bibi Sabrena joined Malaysia Airports in 2006 and was appointed to her current role as the Project Director, Client Office KLIA on 1 February 2021.

She began her career with Malaysia Airports, and had shouldered the responsibilities as an Engineer at MA (Sepang) Sdn. Bhd., and Senior Manager, Engineering Business Intelligence at Malaysia Airports' Engineering Division.

### MALAYSIA AIRPORTS (SEPANG) SDN. BHD.



**IR AZMAN BIN YUSUF**  
ACTING GENERAL MANAGER, ENGINEERING MA (SEPANG) SDN. BHD.

DATE OF PRESENT APPOINTMENT: 16 NOVEMBER 2020

GENDER	AGE	NATIONALITY
MALE	48	MALYSIAN

#### Academic/Professional Qualifications

- Graduate Diploma in Business Administration, National University of Singapore
- Degree in Engineering (Civil), Universiti Sains Malaysia
- Professional Engineer with Practicing Certificate (PEPC) (P.Eng), Board of Engineers Malaysia
- Member, The Institution of Engineers, Malaysia (IEM)

#### Experience

Ir. Azman Yusuf is a Professional Engineer with a Practicing Certificate (PEPC) and a member of the Board of Engineers Malaysia (BEM) and The Institution of Engineers, Malaysia (IEM). He holds a Degree in Civil Engineering from Universiti Sains Malaysia (USM) and a Diploma in Business Administration from National University of Singapore.

Ir Azman joined Malaysia Airports in 1999 as an Engineer and was appointed to his current position on 16 November 2020. A man with vast experience in the civil engineering industry, prior to Malaysia Airports, Ir Azman started his career with a consultant firm involved in Lebuhraya Pantai Timur (LPT) and construction company for KL Sentral.

His diverse experience covers almost all professional engineering services, such as consulting, construction, operation and maintenance (O&M) and management of engineering works and projects.

**MALAYSIA AIRPORTS SDN. BHD.**

**KAMARUZZAMAN RAZALI**  
GENERAL MANAGER, MALAYSIA AIRPORTS SDN. BHD.

---

**DATE OF PRESENT APPOINTMENT: 1 APRIL 2019**

---

GENDER	AGE	NATIONALITY
MALE	57	MALAYSIAN

**Academic/Professional Qualifications**

- Degree in Business Administration, Universiti Teknologi MARA (UiTM)
- Diploma Business Study, Mara Institute of Technology (ITM)
- 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.

**ISG & SGC**

**MOHAMMAD NAZLI ABDUL AZIZ**  
EXECUTIVE DIRECTOR, ISG & SGC

---

**DATE OF PRESENT APPOINTMENT: 1 JUNE 2020**

---

GENDER	AGE	NATIONALITY
MALE	54	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 the property, F&B and healthcare industries both in Malaysia and in Southeast Asia.

## SUBSIDIARIES SENIOR MANAGEMENT

### ISG & SGC



#### ZULHIKAM AHMAD

DEPUTY CEO/ HEAD OF CORPORATE SERVICES, ISG & SGC

DATE OF PRESENT APPOINTMENT: 1 JUNE 2020

GENDER	AGE	NATIONALITY
MALE	49	SINGAPOREAN

#### Academic/Professional Qualifications

- Bachelor's Degree (Hons) in Accountancy, Nanyang Technological University, Singapore
- Fellow Chartered Accountant of Singapore

#### 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 for 5 years, where he had transformed their operations, profitability 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 his 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.

In his last role before his secondment to ISG, he turned around the profitability, operations and business process of MA Niaga from 2015 to 2020 through close collaboration with partners, operations excellence, discount management and cost optimisation measures.

### ISG & SGC



#### AHMAD RIZAL OMAR

CHIEF FINANCIAL OFFICER AND HEAD, STRATEGIC PLANNING & TREASURY MANAGEMENT, ISG & SGC

DATE OF PRESENT APPOINTMENT: 22 DECEMBER 2020

GENDER	AGE	NATIONALITY
MALE	45	MALAYSIAN

#### Academic/Professional Qualifications

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

#### Experience

Ahmad Rizal Omar joined Malaysia Airports on 2 January 2018 as General Manager of Financial Planning and Shared Service. He was Malaysia Airports' covering Chief Financial Officer from 1 February 2019 to 30 December 2019. Prior to his appointment, he was the Senior Vice President, Investments at Khazanah Nasional Berhad.

Ahmad Rizal has close to 23 years of working experience in investments evaluation and management, corporate finance, and chartered accountancy experience across the Asia Pacific region with Khazanah Nasional, Axiata Group, Ernst & Young and Telekom Malaysia.

## ISG &amp; SGC

**BERK ALBAYRAK**

COVERING CHIEF EXECUTIVE OFFICER, ISG &amp; SGC

**DATE OF PRESENT APPOINTMENT: 28 APRIL 2021**

GENDER	AGE	NATIONALITY
MALE	50	TURKISH

**Academic/Professional Qualifications**

- B.S Civil Engineering, Middle East Technical University, Turkey
- M.S Civil Engineering, Middle East Technical University, Turkey

**Experience**

Berk joined the company in 2009 as Chief Operating Officer and was appointed as Technical Services Director in 2018 before assuming his current position as Covering Chief Executive Officer. Before that, he served as a Department Manager with the joint venture responsible for the construction of the International Terminal Building and Apron at SAW.

He had also served in the General Directorate of State Airports Authority of Turkey (DHMI) from 1998 till 2007 in various capacities including as Director of its construction division. During his tenure with DHMI, he supervised large construction projects at Atatürk Airport, Antalya Airport, Izmir Adnan Menderes Airport, Ankara Esenboğa Airport and Siirt Airport.

A civil engineer by training, Berk started his career as a Site Engineer for the Baki Group of Companies.

## KLIA AEROPOLIS SDN. BHD.

**RANDHILL SINGH**

HEAD OF KLIA AEROPOLIS SDN. BHD.

**DATE OF PRESENT APPOINTMENT: 1 JANUARY 2021**

GENDER	AGE	NATIONALITY
MALE	44	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 as the Head of KLIA Aeropolis on 1 January 2021, overseeing KLIA Aeropolis' development and real estate development across airports in Malaysia including the Subang Airport Regeneration initiative. He is responsible for the execution of Malaysia Airports' cross-border joint ventures relating to real estate and non-airport development within Malaysia which includes joint ventures with Mitsui Fudosan, Alibaba and Boustead Projects (Singapore).

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.



## SUBSIDIARIES SENIOR MANAGEMENT

### MALAYSIA AIRPORTS CONSULTANCY SERVICES MIDDLE EAST LLC



#### AHMAD TARMIZI MOHD HASHIM

EXECUTIVE DIRECTOR, MALAYSIA AIRPORTS CONSULTANCY SERVICES  
MIDDLE EAST LLC (MACS ME)

DATE OF PRESENT APPOINTMENT: 1 FEBRUARY 2016

GENDER	AGE	NATIONALITY
MALE	61	MALAYSIAN

#### Academic/Professional Qualifications

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

#### Experience

Ahmad Tarmizi started his career as an Air Traffic Controller with the Department of Civil Aviation (now known as CAAM). He joined Malaysia Airports in 1992 and was assigned as a Project Manager for the KLIA project in 1993.

He left the company in 1998 to pursue international consulting jobs in many parts of the world. Some of the companies he was attached to are XYBASE INC., Omega Alpha Aviation, TAV Airports Holding and the International Air Transport Association (IATA).

Ahmad Tarmizi rejoined Malaysia Airports in 2012 and served in several senior positions including Technical Director, Senior Airport Consultant and the General Manager of Malaysia Airports Consulting Services. He was appointed to his current position in 2016 as the Executive Director of Malaysia Airports Consultancy Services Middle East LLC.

With over 30 years of experience in the aviation industry, Ahmad Tarmizi has been involved in more than 40 airport projects worldwide.

### MAB AGRICULTURE-HORTICULTURE SDN. BHD.



#### AZHAR ARSHAD

GENERAL MANAGER, MAB AGRICULTURE-HORTICULTURE SDN. BHD.

DATE OF PRESENT APPOINTMENT: 1 JUNE 2018

GENDER	AGE	NATIONALITY
MALE	54	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 the 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 was posted to estates in Peninsular Malaysia focussing on oil palm and rubber plantations.

**URUSAN TEKNOLOGI WAWASAN SDN. BHD.****NURSHUHAILA MOHD AMIN**

GENERAL MANAGER, URUSAN TEKNOLOGI WAWASAN SDN. BHD.

**DATE OF PRESENT APPOINTMENT: 1 NOVEMBER 2018**

GENDER	AGE	NATIONALITY
FEMALE	47	MALAYSIAN

**Academic/Professional Qualifications**

- Master Degree in Business Administration from Open University of Malaysia
- Degree in Computer Studies, University of Glamorgan, Wales, UK
- Diploma in Computer Science, Universiti Teknologi MARA (UiTM)
- Registered Professional Technologist with the Malaysia Board of Technologists

**Experience**

Nurshuhaila was appointed to her current role in 2018. She has close to 20 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 KLIA****SUNDRALINGAM KULENDRA**

GENERAL MANAGER, SAMA-SAMA HOTELS KLIA

**DATE OF PRESENT APPOINTMENT: 16 APRIL 2019**

GENDER	AGE	NATIONALITY
MALE	57	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 and 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Malaysia Airports (the Board) maintains high level of commitment to carrying out its oversight roles on the strategic direction, management activity, and remains dedicated to promoting sound corporate governance practices and a culture of integrity as well as transparency throughout the Group. The Board believes that good corporate governance is of utmost importance for charting MAHB Group's (the Group) strategic direction and guiding decision-making processes, and to continuously achieving sustainable long-term value for the stakeholders.

During the year under review, Malaysia Airports upheld compliance with the following statutory and regulatory requirements, guidelines, and governance best practices:

- Companies Act 2016.
- Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities).
- Malaysian Code on Corporate Governance 2017 (MCCG 2017).
- Corporate Governance Guide 3rd Edition 2017 (CG Guide) published by Bursa Securities.
- The Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on Government -Linked Companies (GLC) High Performance.
- Minority Shareholder Watch Group (MSWG)'s Malaysia-ASEAN Corporate Governance Scorecard.
- Corporate Disclosure Guide issued by Bursa Securities; and
- Developments in market practice and regulations.

As recognitions of its consistency and continuous efforts in enhancing high standards of corporate governance and

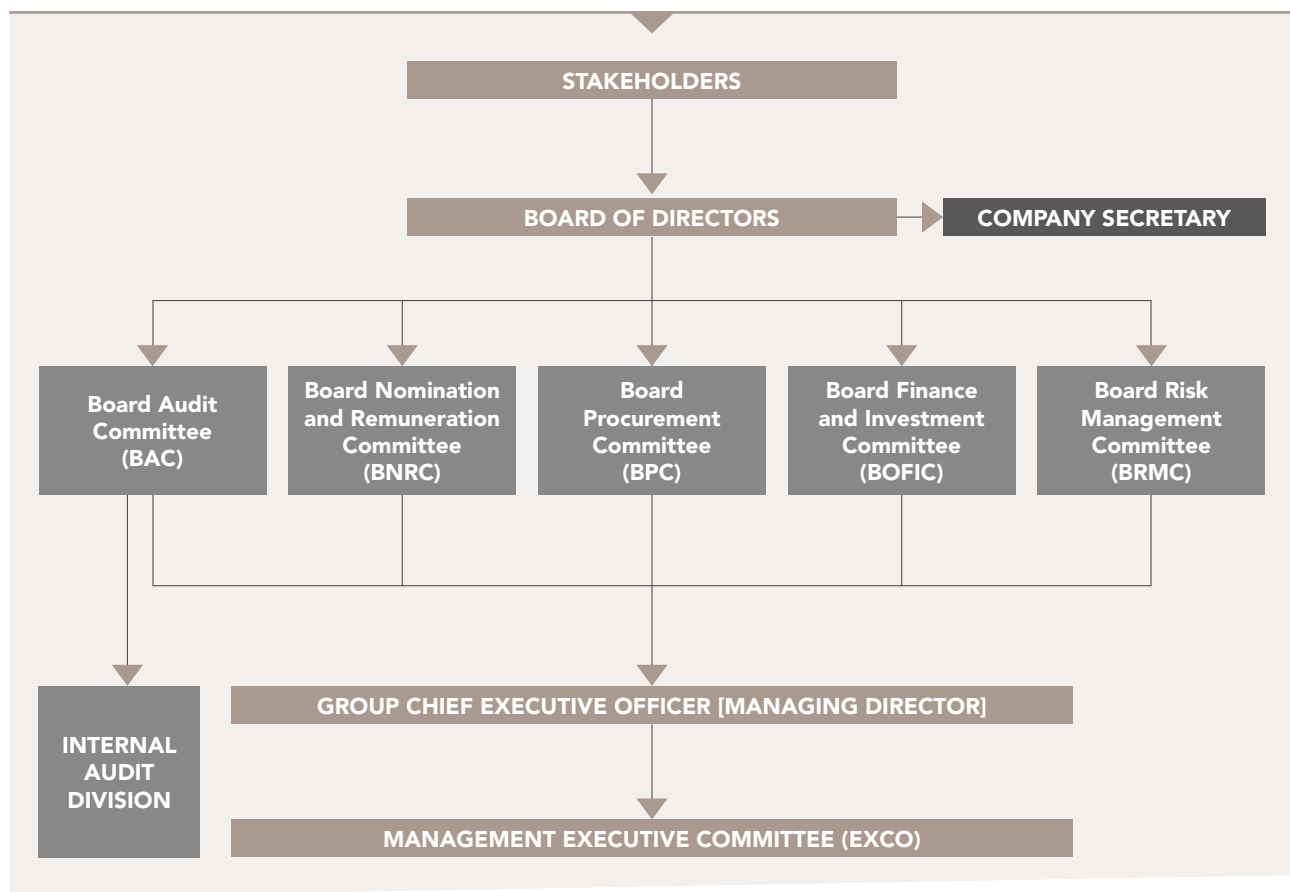
ethical conduct, Malaysia Airports had been conferred with, amongst others, the following awards in 2020:

- 2019 ASEAN Corporate Governance Scorecard Award & ASEAN Asset Class PLCs by Minority Shareholders Watch Group (MSWG).
- Sustainability & CSR Malaysia Award by CSR Malaysia.
- Malaysia Law Awards 2020, Transportation, and Logistic. In-House Team of the Year by Asian Legal Business (ALB).
- International ARC Awards, Non-Traditional Annual Report (Gold) by ARC Awards.
- International Annual Report Design Awards, IADA 2020 (Silver) by The International Annual Report Design Awards (IADA).

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 made.

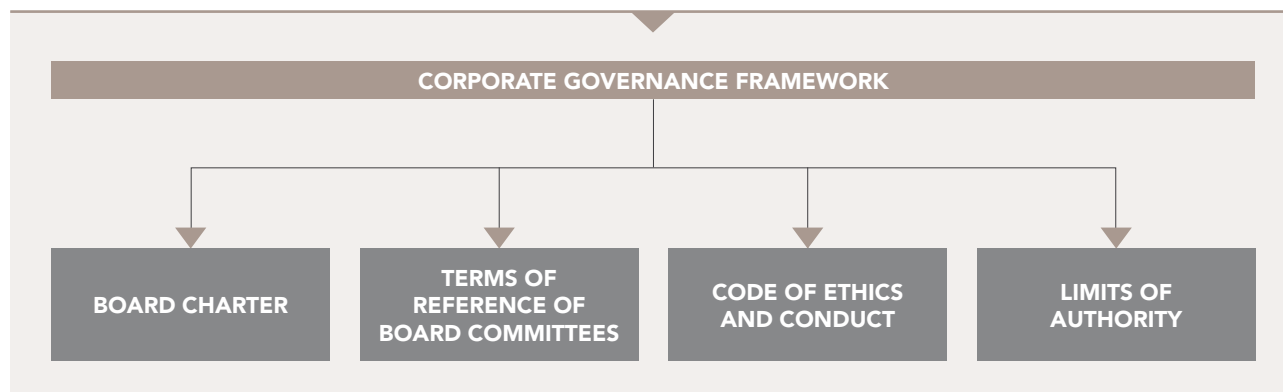
## CORPORATE GOVERNANCE FRAMEWORK

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 Group. Responsibility for good governance lies with the Board, and to ensure the effective discharge of its functions and responsibilities, the Board delegates its powers to the relevant Board Committees and Group Chief Executive Officer [Managing Director] as well as the Management Executive Committee (EXCO). The Board, in implementing corporate governance, ensures its accountability to the Company's shareholders and other stakeholders. Malaysia Airports' Corporate Governance Framework can be illustrated as follows:



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The following are 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 to keep abreast with developments in regulatory environment, international best practices, as well as the Company's business needs.

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

#### 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 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:

- To determine the Company's long-term direction, formulate business objectives and strategies, including strategies that promote sustainability.
- To ensure that it has adequate resources to meet its objectives and that it maintains an effective/sound risk management framework.
- To review and implement the Company's internal control system.
- To monitor its performance and ensure that it acts ethically in meeting its responsibilities to shareholders and other stakeholders.
- To decide and approve matters relating to long-term strategy and objectives, capital and operating plans, major investments and disposals, funding and dividend strategy, as well as quarterly and annual financial results and statements.

#### Chairman, Group Chief Executive Officer (GCEO) [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 ensure objectivity between the functions of the Board and Senior Management.

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

### ROLES OF CHAIRMAN



**DATO' SERI DIRAJA DR. ZAMBRY ABD. KADIR**  
CHAIRMAN

- Lead the Board in setting values and governance standards of the Company.
- Maintain a relationship of trust with and between Board members.
- Ensure the provision of accurate, timely and clear information to Directors.
- Ensure effective communication with shareholders and other 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] which the performance of the Company can be monitored; and
- consensus is obtained in Board meetings and when necessary, to call for vote.
- Arrange regular evaluation of the performance of the Board, Board Committees and GCEO [MD].
- Facilitate effective contribution from Board members and ensure constructive relations be maintained between them.
- Create the conditions required for the effectiveness of the 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.
- Delegate responsibilities to other Directors, Board Committees and Senior Management.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### ROLES OF SENIOR INDEPENDENT DIRECTOR



**DATUK SERI  
YAM KONG CHOY**  
SENIOR INDEPENDENT DIRECTOR

- Serve as a point of contact for shareholders and other stakeholders to voice their concerns relating to the affairs of the Group.
- Chair Board meetings when the Chairman is absent or fail to 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.
- Lead the Board Performance Evaluation on the Chairman.
- Advise the Board if there is any potential conflict of interest by the Chairman.
- Perform such duties as the Board may establish; and
- Encourage dialogue session between Independent Directors and Senior Management.

The Senior Independent Director can be contacted via e-mail at [sid@malaysiaairports.com.my](mailto:sid@malaysiaairports.com.my).

### ROLES OF GCEO [MD]



**DATO' MOHD  
SHUKRIE MOHD  
SALLEH**  
GROUP CHIEF EXECUTIVE  
OFFICER

- Not a member of the Board.
- Lead the day-to-day management of the Group and chairs the EXCO. The EXCO meets regularly to deliberate on matters pertaining to the running and managing of the Company 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 operations and strategic plan.
- Answerable to the Board for the achievement of the agreed goals within the limits of authority granted by the Board.
- Report to and advise the Board on: -
  - all matters that materially affect the Company and its performance including any potential strategic or significant development prospects.
  - any underperforming business or 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 placed.
- Regularly review the succession plan for Senior Management with the Chairman and Board members.
- Represent the Company to major customers, employees, suppliers, and professional associations.

## Board Committees

In order to provide effective oversight and leadership, our Board is assisted by five (5) Board Committees. 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 their 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 Board or Board Committees' membership, structure, responsibilities, and effectiveness; reviews the term of office and performance of the Board, Board Committees, individual Director, and GCEO [MD]; formulates and reviews the policies and procedures on human resource with regards to recruitment, appointment, promotion, and transfer of Senior Management.

Reviews, assesses, and recommends to the Board, remuneration packages of GCEO [MD], Company Secretary 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 (3) members, all of whom shall be Non-Executive Directors (NEDs) with majority being Independent Non-Executive Directors (INEDs). Majority of BNRC members currently consist of INEDs.

### 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*

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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. Reviews related party transactions.

### Composition

BAC shall comprise no fewer than four (4) members, all of whom are NEDs with majority being INEDs. At least one (1) member must be a member of the Malaysian Institute of Accountants or possesses the working experience and qualification as prescribed under Paragraph 15.09(1)(c)(ii) of the Listing Requirements of Bursa Securities.

BAC currently comprises majority INEDs and its 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*
- **Dato' Mohamad Nasir Ab Latif**  
*Non-Independent Non-Executive Director*
- **Datuk Azailiza Mohd Ahad**  
*Independent Non-Executive Director*

### Key Functions

Reviews and monitors financial investment portfolio of the Group; reviews, evaluates, and assesses prospective investments/divestments, new businesses, projects, and overseas ventures, taking into consideration factors such as strategic rationale, return on investment and resource requirements of those prospects, and make appropriate recommendations to the Board.

Reviews and monitors the progress of all capital projects against the approved project schedule and budget to ensure all deliverables are within schedule and budget. Capital projects include construction of new airports, land development projects and any other expansion projects for domestic and foreign airports.

### Composition

BOFIC shall comprise no fewer than four (4) members and at least one (1) member must be an INED. The composition of BOFIC currently consists of two (2) INEDs.

### BOARD PROCUREMENT COMMITTEE (BPC)



#### CHAIRMAN

**Datuk Zalekha Hassan**

*Independent Non-Executive Director*

#### MEMBERS

- **Dato' Zamzuri Abdul Aziz**  
*Non-Independent Non-Executive Director*
- **Dato' Ir. Mohamad Husin**  
*Independent Non-Executive Director*
- **Ramanathan Sathiamutty**  
*Independent Non-Executive Director*

### Key Functions

Reviews and approves the Group's procurement value of above RM10 million up to RM200 million, tender evaluation criteria and selection tendering methods and list of selected tenderers. Reviews and recommends to the Board any of the Group's procurement value of above RM200 million.

Reviews and approves procurement policies, procedures, and limits as well as oversees and monitors the efficiency and effectiveness of procurement processes, and support of national development objectives.

### Composition

BPC shall comprise at least three (3) members made up of both INEDs and Non-Independent Non-Executive Directors (NINEDs). The BPC currently comprises a majority of INEDs.

### BOARD RISK MANAGEMENT COMMITTEE (BRMC)



#### CHAIRMAN

**Dato' Mohamad Nasir Ab. Latif**

*Non-Independent Non-Executive Director*

#### MEMBERS

- **Datuk Zalekha Hassan**  
*Independent Non-Executive Director*
- **Rosli Abdullah**  
*Independent Non-Executive Director*
- **Ramanathan Sathiamutty**  
*Independent Non-Executive Director*

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Key Functions

Reviews and recommends to the Board on the strategies, framework and policies of the Group in relation to risk management and compliance framework, occupational safety and health, safety management system, aviation security, information security, and cybersecurity.

Reviews and recommends to the Board the corporate risk profile, enterprise risk management framework, business continuity plan, cybersecurity, and IT incident management plan, including relevant insurance, policies, and systems.

Oversees Senior Management's responsibility in managing risks and ensure that risk monitoring process is in place and functioning.

### Composition

BRMC shall comprise at least four (4) members made up of both INEDs and NINEDs. BRMC currently comprises a majority of INEDs.

---

The Terms of Reference (TOR) of each Board Committee are available at Malaysia Airports' website at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my). The summary of the TOR and activities of BAC during the year under review are set out in the BAC Report on pages 189-192 of this Annual Report.

Except for BAC which reviews its TOR on an annual basis, other Board Committees review their TOR once in two years.

The Chairmen and members of each Board Committee are appointed by the Board. As part of the Company's corporate governance practice, during each Board meeting, the Chairmen of the respective Board Committees will brief on the deliberation and outcome of the Board Committee meetings held prior to each Board meeting. The minutes of the Board Committee meetings would be tabled to the Board for information. This would enable the Board to provide its comments or views on all deliberations and decisions of the Board Committees.

### Information on Board and Board Committees' meetings and attendance in 2020

#### Attendance at the Board Meetings

Throughout 2020, all Board members attended more than 50% of the Board meetings held during the financial year and complied with Paragraph 15.05 (3)(c) of the Listing Requirements and the provision of the Constitution of the Company. The calculation of percentage of attendance is based on each Director's date of appointment.

Board 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. As and when required, Special Board meetings may be held to consider urgent proposals or matters that require urgent decision or deliberation by the Board. Special Board meetings are normally held without tabling the minutes or matters arising from previous meetings.

As a permanent agenda of Board and Board Committee meetings, the Directors have a duty to declare should they have any interest, whether directly or indirectly, on any agenda item or transaction proposed to be entered into by the Company. An interested Director shall abstain from deliberation and decision making on the said agenda item or transaction. In the event a corporate proposal is required to be approved by the shareholders, any interested Director 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.

In 2020, there were sixteen (16) Board meetings held, of which six (6) were Special Board meetings. The attendance of Directors at the Board meetings held during the financial year ended 31 December 2020 is as tabulated below:

Directors	Number of Board Meetings attended/held (during the Directors' Tenure)
Dato' Seri Diraja Dr. Zambry Abd. Kadir <sup>1</sup> <i>Non-Independent Non-Executive Chairman</i>	7 out of 7
Tan Sri Datuk Zainun Ali <sup>2</sup> <i>Non-Independent Non-Executive Chairman</i>	9 out of 9
Dato' Zamzuri Abdul Aziz <sup>3</sup> <i>Non-Independent Non-Executive Director</i> (or his alternate, Dato' Dr. Amiruddin Muhamed)	12 out of 12
Dato' Jana Santhiran Muniayan <sup>4</sup> <i>Non-Independent Non-Executive Director</i>	15 out of 16
Wong Shu Hsien <i>Non-Independent Non-Executive Director</i>	16 out of 16
Hajah Jamilah Dato' Hashim <sup>5</sup> <i>Non-Independent Non-Executive Director</i>	12 out of 12
Dato' Mohamad Nasir Ab. Latif <sup>6</sup> <i>Non-Independent Non-Executive Director</i>	4 out of 4
Datuk Seri Yam Kong Choy <i>Senior Independent Non-Executive Director</i>	16 out of 16
Datuk Zalekha Hassan <i>Independent Non-Executive Director</i>	16 out of 16
Rosli Abdullah <i>Independent Non-Executive Director</i>	16 out of 16
Dato' Ir. Mohamad Husin <i>Independent Non-Executive Director</i>	16 out of 16
Datuk Azailiza Mohd Ahad <i>Independent Non-Executive Director</i>	16 out of 16
Ramanathan Sathiamutty <i>Independent Non-Executive Director</i>	16 out of 16

**Notes:**

1. Appointed with effect from 12 August 2020.
2. Resigned with effect from 11 August 2020.
3. Appointed with effect from 10 February 2020.
4. Resigned with effect from 4 January 2021.
5. Resigned with effect from 30 September 2020.
6. Appointed with effect from 1 October 2020.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Attendance at Board Committee Meetings

The attendance of members at the Board Committee meetings held during the financial year ended 31 December 2020 is as detailed below:

Director	BAC	BNRC	BOFIC	BRMC	BPC
Non-Independent Non-Executive Director	Attendance				
Dato' Zamzuri Abdul Aziz <sup>1</sup> (or his alternate, Dato' Dr. Amiruddin Muhamed)	-	-	5/5	-	9/10
Dato' Jana Santhiran Muniayan <sup>2</sup>	-	-	-	5/5	-
Wong Shu Hsien	7/7	8/8	6/6	-	-
Hajah Jamilah Dato' Hashim <sup>3</sup>	-	-	-	4/4	9/9
Dato' Mohamad Nasir Ab. Latif <sup>4</sup>	-	-	-	1/1	-
Senior Independent Non-Executive Director					
Datuk Seri Yam Kong Choy	-	8/8	6/6	-	-
Independent Non-Executive Director					
Datuk Zalekha Hassan	-	8/8	-	5/5	12/12
Rosli Abdullah	7/7	-	-	5/5	-
Dato' Ir Mohamad Husin <sup>5</sup>	7/7	-	1/1	-	12/12
Datuk Azailiza Mohd Ahad	7/7	8/8	6/6	-	-
Ramanathan Sathiamutty <sup>6</sup>	-	-	1/1	5/5	10/10
<b>Number of meetings held in financial year 2020</b>	<b>7</b>	<b>8</b>	<b>6</b>	<b>5</b>	<b>12</b>

#### Notes:

1. Appointed as Member of BOFIC and BPC with effect from 28 February 2020.
2. Resigned as Member of BRMC with effect from 4 January 2021.
3. Resigned as Chairman of BRMC and Member of BPC with effect from 30 September 2020.
4. Appointed as Chairman of BRMC and Member of BOFIC with effect from 30 November 2020.
5. Resigned as Member of BOFIC with effect from 28 February 2020.
6. Appointed as Member of BPC with effect from 28 February 2020 and resigned as Member of BOFIC with effect from 28 February 2020.



Activities performed by the Board and Board Committees during the financial year ended 31 December 2020 include:

Main Board/Board Committees	Main Areas of Oversight	Activities
<p>Board</p> <ul style="list-style-type: none"> <li>Comprises ten (10) members of whom six (6) are INEDs</li> </ul>	<p>The Board is responsible for the following:</p> <ul style="list-style-type: none"> <li>Overall strategy, vision, values, and governance framework of the Group.</li> <li>The Company's Annual Audited Financial Statements and Quarterly Financial Statements.</li> <li>Approval of payment of dividend and the Company's dividend policy.</li> <li>The Group's annual budget and any amendment to allocation, borrowing and security, acquisitions and disposals of tangible/non-tangible assets and capital expenditure over a specified amount.</li> <li>Company's long-term financial plan and annual capital expenditure programme.</li> <li>Approval of any significant change in accounting policies and practices.</li> <li>Approval of all circulars, resolutions and corresponding documentation sent to stakeholders.</li> <li>Approval of changes in the capital structure of the Company with regards to issuance or allotment of shares or other securities, or its status as a public listed company.</li> <li>Appointment or removal of the GCEO [MD] and the Company Secretary.</li> <li>Recommendation to shareholders for the appointment, re-appointment, or removal of the external auditors.</li> <li>Appointment, re-appointment, or removal of Directors and recommendation for re-election prior to tabling to shareholders during Annual General Meetings.</li> <li>Approval for establishment of Board Committees, their terms of reference, review of their activities and where appropriate, ratification of their decisions.</li> </ul>	<p>Sixteen (16) meetings were held in 2020 to deliberate, amongst others, on the following:</p> <ul style="list-style-type: none"> <li>Malaysia Airports' Group Budget.</li> <li>Malaysia Airports Group 5-Year Strategy and Transformation Plan.</li> <li>Cumulative full year results for the financial year ended 31 December 2019 and approve the Directors' Report and Audited Accounts for the financial year ended 31 December 2019.</li> <li>Quarterly Result Announcements.</li> <li>Group performance and capital expenditure.</li> <li>Group's strategy including airport and business expansion plan.</li> <li>Corporate Risk Profile.</li> <li>Malaysia Airports Cash Recovery Program.</li> <li>Revision of Internal Policies.</li> <li>Change of Limit of Authority.</li> <li>Big Data Analytics and Digital Moving Forward Strategy.</li> <li>Corporate Scorecard and Key Performance Indicators (KPIs) of the Senior Management for 2020 and 2021.</li> <li>Board Performance Evaluation for 2019 as well as review the Board Improvement Plan.</li> <li>Major litigation claims and issues with substantial financial impact.</li> <li>Updates on stakeholder communications and engagement strategy.</li> </ul>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Main Board/Board Committees	Main Areas of Oversight	Activities
<p>Board Nomination and Remuneration Committee (BNRC)</p> <ul style="list-style-type: none"> <li>Comprises four (4) members of whom three (3) are INEDs</li> </ul>	<p>BNRC is responsible for the following:</p> <ul style="list-style-type: none"> <li>Composition of Board, Board Committees and Boards of subsidiaries.</li> <li>Review and implement Board Performance Evaluation.</li> <li>Review Succession Planning for Board, Board Committees, GCEO [MD] and Senior Management.</li> <li>Review the Malaysia Airports Group's overall organisational structure.</li> <li>Review remuneration packages and benefits for the Directors, GCEO [MD] and Senior Management.</li> <li>Review Malaysia Airports' Corporate Scorecard and Key Performance Indicator ("KPI") for CEO [MD] and Senior Management.</li> <li>Review and approve matters relating to employees of Malaysia Airports Group, limited to Collective Agreement for Non-Executives, Terms and Conditions of Executives and staff bonus and annual salary increment.</li> </ul>	<p>Eight (8) meetings were held in 2020 to deliberate, amongst others, on the following:</p> <ul style="list-style-type: none"> <li>Composition of Board, Board Committees and Boards of subsidiaries.</li> <li>Board Performance Evaluation.</li> <li>Review the Board Improvement Plan, Directors trainings and Board Governance matter.</li> <li>Remuneration of Board, GCEO and Senior Management.</li> <li>Establishment of Senior Management positions.</li> <li>Corporate Scorecard and Senior Management KPI setting.</li> <li>Board and Board Committee Succession Plan.</li> <li>Senior Management Succession Plan.</li> </ul>

Main Board/Board Committees	Main Areas of Oversight	Activities
<p>Board Audit Committee (BAC)</p> <ul style="list-style-type: none"> <li>Comprises of four (4) members of whom three (3) are INEDs</li> </ul>	<p>BAC is responsible for the following:</p> <ul style="list-style-type: none"> <li>Review the quarterly results and year-end financial statements of the Company and the Group prior to submission to the Board.</li> <li>Review and monitor the financial position and performance of the Group.</li> <li>Recommend to the Board the appointment of the external auditors, the audit fee and any questions of resignation or dismissal.</li> <li>Annual evaluation of the external auditors' performance to ensure continued independence, objectivity, and quality of audits.</li> <li>Oversee the internal audit functions, direct any special investigations to be carried out by the Internal Audit Division and consider major findings of internal investigations and management's response.</li> <li>Review and approve any related party transactions and conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of integrity.</li> <li>As an oversight of the whistleblowing programme.</li> <li>All matters pertaining to ethics, integrity, corruption, abuse of power and other scope covered under the MACC Act 2009 (including but not limited to that dealt with/ by Whistleblowing Independent Committee) shall be reported to BAC via Corporate Integrity Division.</li> <li>Assess the internal process for determining and managing key risks.</li> <li>Review the Statement of Risk Management and Internal Control prior to submission to the MAHB Board.</li> </ul>	<p>Seven (7) meetings were held in 2020 to deliberate, amongst others, on the following:</p> <ul style="list-style-type: none"> <li>Review of Board Audit Committee Report and Statement on Risk Management and Internal Control for Annual Report 2019.</li> <li>Review of quarterly results and financial statements for financial year ended 31 December 2019 of the Group.</li> <li>Review of performance of subsidiary companies.</li> <li>Revision of Terms of Reference Board Audit Committee.</li> <li>Internal Audit Plan 2020.</li> <li>Internal Audit Activities Progress 2020.</li> <li>Internal Audit New Reports.</li> <li>Follow Up Audit Activities – Outstanding Issues.</li> <li>Revision of Internal Audit Charter.</li> <li>Corporate Integrity Division Plan 2020 and Corporate Integrity Division Activity Report.</li> <li>Revision to Terms of Reference of Corporate Integrity Division.</li> <li>Report on Integrity Assessment and Integrity Plan Gap Analysis.</li> <li>Related Party Transactions.</li> <li>Performance Report on Anti-Bribery Management System.</li> <li>Status Update on Whistleblowing Programme.</li> <li>Appointment of New Whistleblowing Independent Committee Member.</li> <li>Revision of Whistleblowing Policy.</li> <li>Overall Big Data Analysis Project Status and Key Findings.</li> <li>Performance on Adequate Procedure for Prevention of Corruption.</li> <li>Corruption Risk Management Report.</li> <li>Organisation Anti-Corruption Plan Initiatives.</li> <li>Audit Plan 2021.</li> </ul>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Main Board/Board Committees	Main Areas of Oversight	Activities
<p>Board Finance and Investment Committee (BOFIC)</p> <ul style="list-style-type: none"> <li>Comprises five (5) members of whom two (2) are INEDs</li> </ul>	<p>BOFIC is responsible for the following:</p> <ul style="list-style-type: none"> <li>Review and monitor the financial investment policy and portfolios of the Group.</li> <li>Review, evaluate and assess prospective investments/divestments, new businesses, projects, and overseas ventures.</li> <li>Review and monitor the progress of all capital projects against the approved project schedule and budget.</li> <li>Review and monitor the performance of the overseas ventures.</li> <li>Review the Limit of Authority.</li> <li>Oversee current and future capital and financial resource requirement.</li> </ul>	<p>Six (6) meetings were held in 2020 to deliberate, amongst others, on the following:</p> <ul style="list-style-type: none"> <li>Land Development at KLIA Aeropolis and Subang Airport.</li> <li>Operationalisation of Digital Free Trade Zone.</li> <li>Concession of Gas District Cooling Plant in KL International Airport.</li> <li>Aviation Development Support Programme.</li> <li>Group's Limits of Authority.</li> <li>Performance Review of Overseas Ventures.</li> <li>Performance of Local Investment Portfolio.</li> <li>Terms of Reference of BOFIC.</li> </ul>
<p>Board Procurement Committee (BPC)</p> <ul style="list-style-type: none"> <li>Comprises four (4) members of whom three (3) are INEDs</li> </ul>	<ul style="list-style-type: none"> <li>Review and recommend any changes to the Procurement Policies, Procedures &amp; Guidelines to the Board, e.g., Procurement Financial Limit of Authority, Tender Procedure, Tender Evaluation Criteria.</li> <li>Review and approve procurement plan/mode and tendering method for procurement value above RM10 million to RM200 million.</li> <li>Recommend to the Board on award of tender above RM200 million.</li> <li>Review and approve extension of time (EOT) of projects.</li> <li>Approve the appointment of consultants above RM3 million and up to RM10 million.</li> </ul>	<p>Twelve (12) meetings were held in 2020 to deliberate, amongst others, on the following:</p> <ul style="list-style-type: none"> <li>Development of Digital Free Trade Zone.</li> <li>New Aircraft Parking Apron.</li> <li>Rehabilitation works of Runway 1.</li> <li>Replacement Plan Track Transit System.</li> <li>Baggage Handling System.</li> <li>Airport Collaborative Decision Making.</li> <li>Single Token Solution.</li> <li>Airport Integrated Security and Safety System.</li> <li>Toilet Facelift and Other Associated Works to Existing Passenger Toilets.</li> <li>Development of Airport Master Plan for Sultan Abdul Aziz Shah Airport.</li> <li>Tenancy of Retail/Service Outlets.</li> <li>Rental Relief and Remedies for Airport Business Operations and the Fast-Track Commercial Reset International Airport Tenants.</li> <li>Review on Procurement Plan.</li> </ul>

Main Board/Board Committees	Main Areas of Oversight	Activities
<p>Board Risk Management Committee (BRMC)</p> <ul style="list-style-type: none"> <li>Comprises of four (4) members of whom three (3) are INEDs</li> </ul>	<p>BRMC is responsible for the following:</p> <ul style="list-style-type: none"> <li>Provide guidance to Senior Management to ensure effective risk management systems are in place.</li> <li>Review and recommend to the Board on the strategies, framework, and policies of the Group in relation to risk management and compliance, occupational safety and health, safety management, aviation security, information security and cyber security.</li> <li>Review and recommend to the Board the Corporate Risk Profile, Enterprise Risk Management Framework, Business Continuity Plan, Cybersecurity, and IT Incident Management Plan, including relevant insurance, policies, and systems.</li> </ul>	<p>Five (5) meetings were held in 2020 to deliberate, amongst others, on the following:</p> <ul style="list-style-type: none"> <li>Business Continuity Management Plan.</li> <li>Corporate Risk Profile 2020.</li> <li>Statement on Risk Management and Internal Control.</li> <li>Occupational Safety &amp; Health.</li> <li>Corporate Quality Management.</li> <li>Airport Standard &amp; Safety.</li> <li>Aviation Security.</li> <li>Compliance with Malaysian Aviation Commission's Quality of Service at KL International Airport.</li> <li>KLIA Network Disruption and Mitigation Actions.</li> <li>Impact of COVID-19 to MAHB Group and Risk Mitigation Initiatives.</li> <li>Insurance Renewal for MAHB Group.</li> <li>Terms of Reference of BMRC.</li> </ul>

## Board Composition

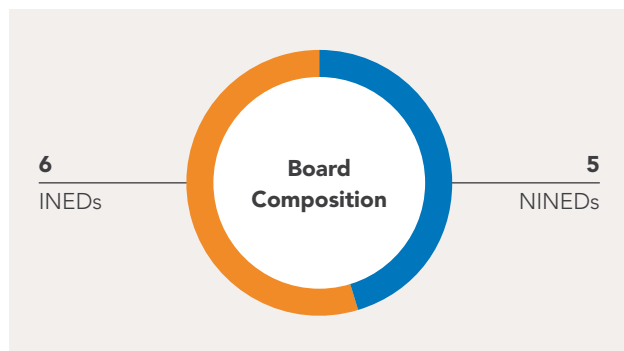
The Board currently comprises five (5) NINEDs and six (6) INEDs. The current Board composition complies with the provision of the Company's Constitution and exceeds the minimum requirement one-third for INEDs as set out in the Listing Requirements of Bursa Securities. The Board composition also complies with Practice 4.1 of MCCG 2017 that recommends board composition of Large Companies, as defined by MCCG 2017, comprises majority INEDs. The Directors' profiles are available on pages 121-132 of this Annual Report.

The composition of the Board fairly reflects the interest of the Government through the Minister of Finance (Incorporated) (MOF Inc.), 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, one (1) of the NINEDs is a nominee director from Khazanah Nasional Berhad (KNB), the major shareholder of the Company. Another NINED is a nominee director from Employees Provident Fund (EPF), another major shareholder. The INEDs on the Board represent the minority shareholders' interest and their independent voice carry significant weight in the Board's decision-making process.

On 10 February 2020, Malaysia Airports welcomed YBhg. Dato' Zamzuri Abdul Aziz, a representative of MOF Inc. to the Board. Thereafter, on 11 August 2020, the Company bade farewell to YBhg. Tan Sri Datuk Zainun Ali who resigned as Chairman and welcomed YB. Dato' Seri Diraja Dr. Zambry Abd. Kadir who was appointed on 12 August 2020 as the new Chairman of the Board, representing MOF Inc. On 30 September 2020, Hajah Jamilah Dato' Hashim resigned from the Board as a representative of KNB, and YBhg. Dato' Mohamad Nasir Ab. Latif was appointed as a representative of EPF on 1 October 2020. Malaysia Airports also bade farewell to YBhg. Dato' Jana Santhiran Muniayan, a representative of MOF Inc. from Ministry of Transport (MOT), who resigned from the Board on 4 January 2021 and welcomed Puan Normah Osman on 26 April 2021. Puan Normah Osman is a representative of MOF Inc. from MOT.

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. In conclusion, the Board and Board Committees are satisfied with their existing composition and are of the view that, with the current mix of skills, knowledge, experience and strength of the existing Directors, the Board and respective Board Committees are able to discharge their duties effectively.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT



### Nomination and Appointment of Directors

The nomination and appointment of Directors is a vital process as it determines the Board composition and the quality and competency that each member brings to the Board. In this relation, BNRC is entrusted by the Board to review candidates for new appointments to the Board and determine the criteria for the selection of new Director. In making its recommendation, BNRC 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' networks, shareholders' recommendation, and industry database to source for potential candidates for appointment to the Board. A list of potential candidates of INEDs is maintained and regularly reviewed by BNRC. To ensure a structured approach in appointment of INEDs, the Company adopts a Framework for Appointment of Independent Non-Executive Directors which provides step by step procedures from the point of nomination up to the appointment of the INEDs.

### 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 appointment.

The Board, via BNRC, reviews the performance of 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.

At the forthcoming 22<sup>nd</sup> AGM of the Company, the Directors who have been the longest in office and subject to re-election are YBhg. Dato' Ir. Mohamad Husin, YBhg. Datuk Azailiza Mohd Ahad, and Mr. Ramanathan Sathiamutty, whilst the newly appointed Directors who are subject to re-election are YB. Dato' Seri Diraja Dr. Zambry Abd. Kadir and YBhg. Dato' Mohamad Nasir Ab. Latif and Puan Normah Osman.

### Balance, Diversity and Skills

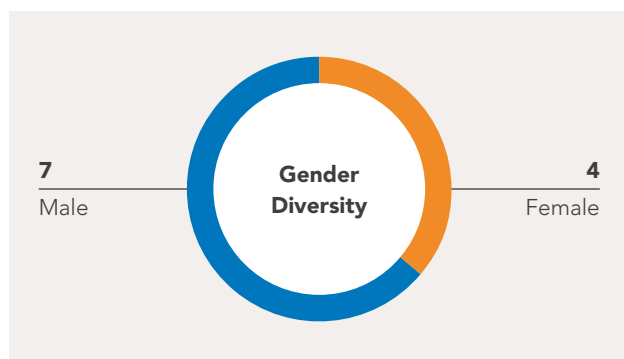
The Board believes that a balance of experience, skills, competency, expertise, diversity, and knowledge are the key elements for introducing different perspectives into the Boards' discussions and to ensure better analysis of risks and opportunities in leading a long-term sustainable business. With 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 ethnicity 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.

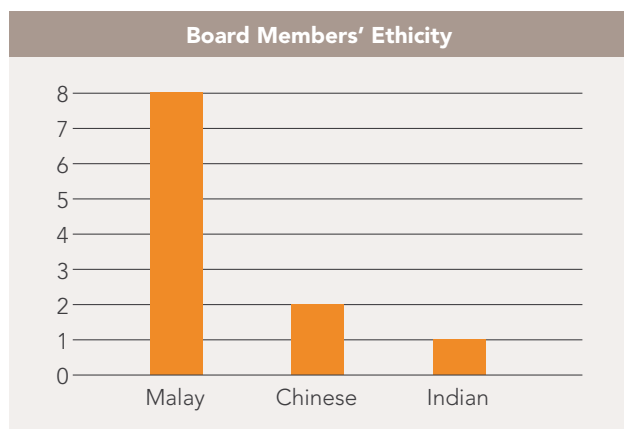
Malaysia Airports has always been supportive of the MCCG 2017's recommendation that Large Companies should have at least 30% Women Directors. Currently, the Board has representation of four (4) Women Directors out of the total of eleven (11) Directors which make up exactly 30% of the Board composition. A Board Gender Diversity Policy has also been established since 2018 where it is provided that the Board will maintain at least three (3) Women Directors at all times and the minimum 30% Women Directors 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 the Group's recruitment and promotion processes.

Whilst having regard to gender diversity, the Board also recognises that diversity should also be considered from other aspects such as cultural background, industry expertise, international and regional exposures.



Range (Age) in 2020	No of Directors
40-49	1
50-59	5
60-69	5
<b>Total</b>	<b>11</b>



### Independent Directors and their Tenure

The Board has established an independence standard to be met by the INEDs where it considers "independence" to be a matter of individual judgment and conscience. A Director is independent only when he or she is free from any business or other relationship that might interfere with the exercise of his or her independent judgment.

In 2020, BNRC carried out a review of the Director's independence. It concluded that each of the six (6) INEDs were independent 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 any conflicting interests, relationships or circumstances that could potentially affect their independence.

The following provisions 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 so 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; and
- 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 INEDs are adequate to promote the independence of the Board and to safeguard the rights of the minority shareholders.

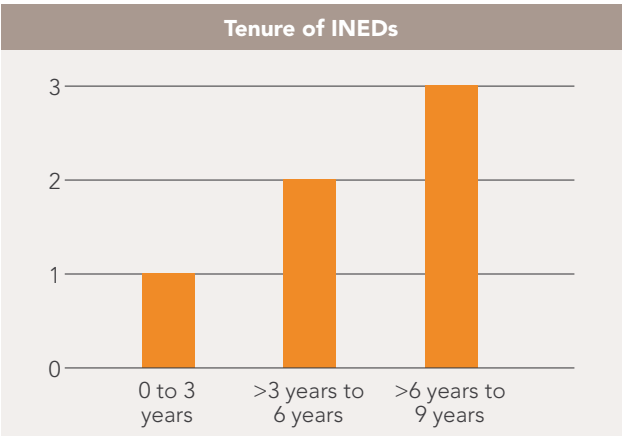
The independence of the Directors is determined in accordance with the independence criteria in Paragraph 1.01 of the Listing Requirements. In 2020, all the six (6) INEDs satisfied the independence criteria.

The MCGG 2017 provides a cumulative term of nine (9) years as a limit for the tenure of an INED, after which the Company may either seek the shareholders' approval for the Director to continue on the Board as an INED, or the Company may



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

re-designate the said Director as a NINED. However, the Company's Board Charter provides that the tenure of 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 or attain the age of 75 years.



### Director's Commitment

The Board recognises it is important for all Directors to be able to dedicate sufficient time to the Company in discharging their responsibilities. Therefore, all Directors are expected to commit their time to the Company. With regards to external appointments, the Board Charter provides that all Board members shall notify the Chairman of the Board before accepting any 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. 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.

### 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 available on the Company's website at [www.malaysiaairports.com.my](http://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. To ensure the Board has sufficient time to read and digest 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 assists the Chairman to ensure that the process of disseminating all Board papers and other information is always effective and reliable.

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 Board members 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 ensures the Directors' continued development by facilitating induction programme of new Directors, arranging internal training programme, and coordinating Directors' attendance of external training programme for existing Directors.

Other than the Mandatory Accreditation Programme as required by Listing Requirements of Bursa Securities, 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 Company's business as well as an overview of the Company's compliance with corporate governance best practices. The Directors are also encouraged to attend continuous professional development programme to ensure they keep abreast with the latest developments and legislations in the relevant areas 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 programme covering various topics ranging from governance, changes in statutory and regulatory requirements and industry trends. In order to equip the Directors with specific knowledge relating to the operations of the Group, the Directors also attended familiarisation programme on airport operations and aviation that were intended to enhance their deliberations on matters brought to Board and Board Committee meetings. Collectively, the Board members spent eighty-seven (87) days for attending and participating in trainings during the year under review.

The following is a summary of training courses attended by Directors:

List of Training Attended	Duration in day(s)
<b>Leadership and Strategy</b>	
• Courage Talk Leadership Series: Purposeful Leadership in Times of Crisis	1
• Climate Action: The Board's Leadership in Greening the Financial Sector	1
• Working from Home Experience - Preferences & Sentiments	1
<b>Management and Business</b>	
• Malaysia Budget 2021 Review	1
• Multi Sector Real Estate Market Outlook	1
• New Generation Patrol Craft (NGPC) and Offshore Patrol Vessel (OPV) Ship Construction Project	1
<b>Finance</b>	
• Financial Institutions Directors' Education (FIDE) Core Module 'A' for Banks	9
• Islamic Finance for Board of Directors and Senior Management	2
• Program Ministerial Talk Series with Deputy Minister of Finance 1	1
• Islamic Finance for Board of Directors	1
• Financial Institutions Directors' Education (FIDE) Core Programme Module 'B' for Banks	5
<b>IT Strategy &amp; Governance</b>	
• Digital Economy & Market Outlook	1
• Information Security Awareness	1
<b>Accounting and Audit</b>	
• Malaysian Financial Reporting Standards (MFRS) - Accounting & Tax Updates	1
• Financial COVID-19 Impact and Reporting	1
• MPSAS 26 Impairment of Cash Generating Assets	1
• ISA540 (Revised): An Illustrated Guide to Implementing Auditing, Accounting Estimates and Related Disclosures	1
• Audit Committee Conference 2021	2

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

List of Training Attended	Duration in day(s)
<b>Governance and Integrity</b>	
• Awareness Session on Anti-Corruption	1
• Anti-Money Laundering and Counter Financing of Terrorism	1
• Anti-Bribery and Corruption	1
• Fraud and Financial Scandals: Trends, Red Flags, and Mitigations	1
<b>Regulatory and Legal</b>	
• Mandatory Accreditation Programme for Director of Public Listed Companies in Malaysia	3
• Enlightenment on the Syariah Resolutions issued by Syariah Advisory Council of Bank Negara Malaysia (BNM) 2020	1
• Key Disclosure Obligations of a Listed Company	1
• Section 17A Malaysian Anti-Corruption Commission (MACC) - Anti-Bribery & Corruption - Policy & Procedures Training	1
• Corporate Liability in Compliance with Section 17A MACC Act 2009	1
<b>Airport/Aviation</b>	
• Walkabout and Familiarisation on Operations of KLIA Baggage Handling System	1
• Visit and Familiarisation on the Operations of Kuala Lumpur Air Traffic Control Centre	1
• Operating Agreement (OA) Mini Workshop	1
<b>Procurement</b>	
• Procurement Contract for Six (6) Ship Second Generation Patrol Vessel	2
• Implementation of Policy for the Use of Local Goods in Government Procurement	3
<b>Property and Development</b>	
• COVID-19 & its Impact in Managing Tax Concerns for Property Developers	1
• Property Developers versus Inland Revenue Board	1
• Master of Real Estate Program - Overview of Malaysia Real Estate	1
• Post COVID-19 Strategic Plan for Construction Industry: Challenges and Solution	1
• Tenancies, Leases, Other Land Transactions & Caveats	1
• BMS Webinar on Current Developments & Opportunities in Property Investment in the UK & Malaysia	1
• Malaysia Webinar Series: The Role of Infrastructure in Economic Recovery	1
<b>Risk Management</b>	
• Governance and Risk - An Uncertain World. A Riskier Landscape	1
• The New Normal, Impact of COVID-19 on Oil and Gas and Future of Renewable Energy	1
• Recovery and Resolution Plan	1
• Impact of COVID-19 on the Aviation Industry	1
<b>Operational Excellence/Process Improvement</b>	
• Lean Six Sigma (LSS) Journey & Project Walkthrough	1

**Time spent on training in 2020:**

Directors	Time Spent (day)
Dato' Seri Diraja Dr. Zambry Abd. Kadir	7
Dato' Zamzuri Abdul Aziz	11
Wong Shu Hsien	7
Dato' Mohamad Nasir Ab. Latif	23
Datuk Seri Yam Kong Choy	17
Datuk Zalekha Hassan	3
Rosli Abdullah	8
Dato Ir. Mohamad Husin	6
Datuk Azailiza Mohd Ahad	3
Ramanathan Sathiamutty	2
Dato' Dr. Amiruddin Muhamed (Alternate Director to Dato' Zamzuri Abdul Aziz)	12

**Board Performance Evaluation (BPE)**

The Company's BPE is implemented via Evaluation Questionnaires which has been developed as tools to evaluate the Board, Board Committees, and individual Directors covering the following areas, among others:

- Board Composition.
- Board's Roles and Functions.
- Information Management.
- Monitoring Company Performance.
- Board Priorities.
- Corporate Governance and Ethics.
- GCEO [MD] Performance Evaluation and Succession Plan.
- Directors' Development.
- Risk Management.
- Board Committee Evaluation; and
- Directors' 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 effectiveness of the Board. This will form the basis to formulate a Board Performance Improvement (BPI) Plan for the following year.

The BPE framework is reviewed periodically to ensure that the relevant analysis is able 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 has the prescribed qualification to act as secretary under the Companies Act, 2016. He is equipped with the skills and expertise to provide sound governance advice and ensure adherence to the relevant policies and procedures with regards to corporate governance issues, corporate secretarial and compliance matters. The Directors have direct access to the advice and services of the Company Secretary.

The functions of the Company Secretary are as follows:

- 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 periods, 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.
- Advise the Board on its responsibilities to disclose material information to the shareholders and financial markets on a timely basis.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Ensure high standard of corporate governance by keeping abreast of the latest development in corporate governance and changes in the legal and regulatory framework.
- 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.
- Monitor compliance with the principles and recommendations of MCCG 2017 and inform the Board of any non-compliance.

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 programme attended by the Company Secretary in the financial year 2020 are as follows:

- Discovering the Technical and Practical of Beneficial Ownership Framework under Companies Act 2016 by MAICSA.
- MCCG 2017: The “Step Up” Practices by MAICSA.
- Corporate Governance Case Studies by MAICSA.
- Everything About Dividend by MAICSA.

- Visit and Familiarisation on the Operations of Kuala Lumpur Air Traffic Control Centre organised by MAHB.
- MFRS - Tax Updates and Accounting Considerations of COVID-19 organised by MAHB.
- Courage Talk Leadership Series: Purposeful Leadership in Times of Crisis organised by MAHB.
- Anti-Corruption Awareness organised by MAHB.
- Walkabout and Familiarisation on the Operations of KLIA Baggage Handling System organised by MAHB.

### 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 Board members serving the Company is essential in upholding the high standards of corporate governance practised by the Company.

The Chairman and other Board members received the following fees for the financial year ended 31 December 2020:

1. MAHB			
No.	FEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
1.	<b>Directors’ Fee</b>	Monthly: RM18,000 Annually: RM216,000	Monthly: RM12,000 Annually: RM144,000
2.	<b>Meeting Allowance</b> 2.1 Board Meeting 2.2 Board Committee Meeting	RM5,000/meeting RM4,000/meeting	RM3,000/meeting RM2,000/meeting
3.	<b>Senior Independent Director Allowance</b>		Monthly: RM1,000 Annually: RM12,000

2. Subsidiaries of Malaysia Airports			
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 (ISG) and SGC Airport Operations Trade and Tourism Inc. (SGC)*		
	Meeting Allowance		
1.	Malaysia Airports Sdn Bhd	RM1,500 per meeting	RM1,200 per 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 (ISG) and SGC Airport Operations Trade and Tourism Inc. (SGC)*		

3. Committee of Malaysia Airports' Subsidiaries			
No.	FEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
<b>Meeting Allowance</b>			
1.	ISG and SGC*	RM2,500 per meeting	RM2,000 per meeting

4. Management Committee of Malaysia Airports			
No.	FEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
<b>Meeting Allowance</b>			
1.	Whistleblowing Independent Committee	RM1,500 per meeting	RM1,000 per meeting

\* To be paid to one subsidiary only (i.e ISG).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of remuneration received by the Directors for the financial year ended 31 December 2020 are summarised below:

Category	Directors' Fees		Directors' Other Emoluments^		Benefits-in-Kind ^ ^		Total  (RM)
	MAHB (a)	Subsidiary (b)	MAHB (c)	Subsidiary (d)	MAHB (e)	Subsidiary (f)	
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	
Non-Executive Directors							
Dato' Seri Diraja Dr. Zambry Abd. Kadir (Appointed with effect from 12 August 2020)	83,612.90	0.00	118,017.74	0.00	8,722.25	0.00	210,352.89
Tan Sri Datuk Zainun Ali (Resigned with effect from 11 August 2020)	132,387.10	0.00	64,356.68	0.00	43,228.23	0.00	239,972.01
Tan Sri Dato' Seri Syed Anwar Jamalullail (Resigned with effect from 17 January 2019)	0.00	0.00	0.00	0.00	10,000.00	0.00	10,000.00
Dato' Zamzuri Abdul Aziz (Appointed with effect from 10 February 2020)	128,275.86	0.00	47,350.00	0.00	7,000.00	0.00	182,625.86
Dato' Dr. Amiruddin Muhamed (Alternate Director to Dato' Zamzuri Abdul Aziz) (Appointed as alternate with effect from 10 February 2020)	0.00	0.00	20,350.00	0.00	5,000.00	0.00	25,350.00
Datuk Siti Zaayah Md Desa (Resigned with effect from 30 November 2019)	0.00	0.00	0.00	0.00	10,000.00	0.00	10,000.00
Dato' Jana Santhiran Muniayan (Resigned with effect from 4 January 2021)	144,000.00	30,200	55,050.00	4,350.00	14,899.00	0.00	248,499.00
Tan Sri Mohd Khairul Adib Abd Rahman (Resigned with effect from 31 January 2019)	0.00	0.00	0.00	0.00	10,000.00	0.00	10,000.00
Wong Shu Hsien*	144,000.00	0.00	96,000.00	0.00	0.00	0.00	240,000.00
Dato' Mohd Izani Ghani (Resigned with effect from 28 February 2019)	0.00	0.00	0.00	0.00	10,000.00	0.00	10,000.00
Dato' Mohamad Nasir Ab. Latif (Appointed with effect from 1 October 2020)	36,000.00	0.00	16,350.00	0.00	7,000.00	0.00	59,350.00
Datuk Seri Yam Kong Choy	144,000.00	132,000.00	103,700.00	15,600.00	19,461.53	0.00	414,761.53
Datuk Zalekha Hassan	144,000.00	96,000.00	125,350.00	15,350.00	17,000.00	0.00	397,700.00
Rosli Abdullah	144,000.00	120,000.00	91,350.00	40,300.00	17,350.00	0.00	413,000.00
Dato' Ir. Mohamad Husin	144,000.00	96,000.00	107,350.00	12,000.00	15,000.00	0.00	374,350.00
Datuk Azailiza Mohd Ahad	144,000.00	84,000.00	122,850.00	3,600.00	10,000.00	0.00	364,450.00
Ramanathan Sathiamutty	144,000.00	79,163.44	115,350.00	24,400.00	10,000.00	0.00	372,913.44
Hajah Jamilah Dato' Hashim (Resigned with effect from 30 September 2020)	108,000.00	90,000.00	84,050.00	12,000.00	22,000.00	0.00	316,050.00
Grand Total	1,640,275.86	727,363.44	1,167,474.42	127,600.00	236,661.01	0.00	3,899,374.73

This disclosure is for the payment to the respective Directors in financial year 2020.

\* Total remuneration paid to Khazanah Nasional Berhad, the major shareholder of the company, in respect of service rendered to the Company by Ms. Wong Shu Hsien.

<sup>^</sup> Directors' Other Emoluments comprises Senior Independent Director allowance, meeting allowance, car allowance<sup>°</sup>, personal assistant allowance<sup>°</sup>, entertainment allowance<sup>°</sup> and out-of-pocket expenses.

<sup>^^</sup> Benefits-in-kind comprises car<sup>°°</sup>, petrol<sup>°°</sup>, toll<sup>°°</sup>, driver<sup>°°</sup>, IT & telecommunication devices, club<sup>°°</sup> and professional membership, and Directors' appreciation gift.

<sup>°</sup> For Chairman only.

<sup>°°</sup> For Chairman only.



In line with the provision of the Board Charter, a review of the Directors' total remuneration is conducted 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. However, due to the unfavourable economic impact from COVID-19 pandemic, the review was deferred until such time the situation returns to normalcy.

### 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 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 each year and at the beginning of the following year.

## PRINCIPLE B : EFFECTIVENESS AUDIT AND RISK MANAGEMENT

Board Audit Committee and Board Risk Management Committee are primarily responsible for risk management and internal control oversight:

- **Board Audit Committee**

Board Audit Committee (BAC) plays a key role in the Company's corporate governance framework. 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 shall 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. BAC comprised of majority INEDs.

During the year, the BAC members had attended professional development courses in accounting and auditing standards to keep themselves abreast with the changes in the regulatory environment.

The BAC report is available on pages 191-194 of this Report.

- **Board Risk Management Committee**

Board Risk Management Committee (BRMC) was established to oversee the Company's risk management framework and policies. BRMC 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 lifted to the Board for approval. The risks are categorised into several areas namely strategic, regulatory, operational, human capital, information technology, reputational and financial.

## INTEGRITY AND AUDIT

### Ensuring Quality in Financial Reporting

In presenting the annual audited financial statements and quarterly financial results to the shareholders, the Directors ensures that the information presented contains a balanced and comprehensive assessment of the Group's financial position and prospects. The Board is assisted by BAC in reviewing the information disclosed in the financial statements 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 all companies in the Group have adopted the relevant MFRSs applicable for the financial year ended 31 December 2020.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Risk Management and Internal Controls

The effectiveness of the Company's internal control system is reviewed from time to time. The Board Committees have been entrusted under their respective 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 as intended.

### INTEGRITY AND ETHICS

#### Corporate Integrity

Pursuant to Section 17A of the Malaysia Anti-Corruption Commission Act 2009 (MACC Act 2009), the Guidelines on Adequate Procedures was launched by the the Malaysian Anti-Corruption Commission in December 2018 to assist commercial organisations in formulating the adequate procedures that should be implemented to prevent corrupt practices.

In 2020, Corporate Integrity Division (CID) introduced the signing of the Statement of Annual Assurance (the Statement) that confirms the commitment by Senior Management to comply with principles under Guidelines on Adequate Procedures. Management of the respective business areas is required to sign the Statement based on the five (5) principles of Guidelines on Adequate Procedures, i.e., Top-Level Commitment, Risk Assessment, Undertake Control Measures, Systematic Review, Monitoring and Enforcement and Training and Communication. In addition, in collaboration with the Human Capital Division, CID had launched the online sign-off of Corruption Free Pledge and Certification of Compliance to Code of Ethics and Conduct for all employees.

According to Guidelines on Adequate Procedures, a corruption risk assessment should form the basis of an organisation's anti-corruption effort. As such, a commercial organisation should conduct corruption risk assessments periodically as and when there is a change in law or circumstance of the business to identify, analyse, assess, and prioritise the internal and external

corruption risks of the organisation. In 2020, in collaboration with the Institut Integriti Malaysia (IIM), CID had organised the Corruption Risk Management workshops. All operating companies in the Group and divisions under the Company were required to identify and assess corruption risks at their respective business areas. Subsequently, corruption risks for each entity and division were registered in Malaysia Airports risk scorecard (MARs). In summary, a total of 510 corruption risks were registered in MARs.

On 17 June 2020, CID issued a Guideline on Anti-Corruption Due Diligence for the Group to guide the relevant companies or divisions in fulfilling the requirement of Principle III of Guidelines on Adequate Procedures. Under the principle, a commercial organisation should put in place the appropriate controls and contingency measures which are reasonable and proportionate to the nature and size of the organisation to address any corruption risks arising from weaknesses in the organisation's governance framework, processes, and procedures. CID had also revised the Standard Operating Procedure (SOP) of its Whistleblowing, Corruption Risk Management, and Investigation on Corruption to further describe and improve the processes.

Malaysia Airports' procurement processes were certified with ISO 37001:2016 Anti-Bribery Management Systems in 2019. On 24 November 2020 to 27 November 2020, the Company and its subsidiary, Malaysia Airports (Sepang) Sdn Bhd underwent the Anti-Bribery Management Systems (ABMS) ISO 37001:2016 Surveillance Audit. The scope of the ABMS certification was expanded to cover all process, as compared to only procurement processes in 2019. The surveillance audit was conducted by ABMS certification body, i.e., SIRIM QAS. The audit was carried out to ensure regular reviews are conducted to assess the performance, efficiency, and effectiveness of the anti-corruption programme, and ensure the programme is enforced as outlined in the Guidelines of Adequate Procedures and requirement of ABMS ISO 37001:2016 Certification.

Due to the COVID-19 pandemic, CID has deferred the physical e-learning awareness session on anti-corruption. In 2020, 99% of Malaysia Airports' employees completed the anti-corruption e-learning. Besides the e-learning, CID also disseminated the information related to integrity, corruptions, and whistleblowing on printed materials such as posters and buntings.

CID also launched the “Serve with #Integrity” button badge. It is a personalised campaign aimed at inspiring employees to demonstrate integrity, honesty, sincerity, and commitment in serving Malaysia Airports’ guests and stakeholders. The campaign was launched on 8 May 2020. All employees are required to wear “Serve with #Integrity” button badge while on duty.

Additionally, CID organised a briefing session on Corporate Liability (Section 17A of MACC Act 2009) for Senior Management.

### Whistleblowing Policy

Bursa Securities had amended the Listing Requirements to incorporate anti-corruption and whistleblowing measures that came into effect from 1 June 2020. The new amended Listing Requirements in relation to anti-corruption and whistleblowing are provided under Paragraph 15.29 as follows: -

A listed issuer and its board of directors must ensure that: -

- (a) the following are established and maintained for the listed issuer and its subsidiaries (Group): -
  - (i) policies and procedures on anti-corruption that are, at a minimum, guided by the Guidelines on Adequate Procedures issued pursuant to section 17A (5) of the MACC Act 2009; and
  - (ii) policies and procedures on whistleblowing.
- (b) the policies and procedures in subparagraph (a) above are reviewed periodically to assess their effectiveness, and in any event, at least once every three (3) years; and
- (c) corruption risk is included in its annual risk assessment of the Group.

A listed issuer must also publish on its website: -

- (a) its policy on anti-corruption; and
- (b) its policy and procedures on whistleblowing.

The current Company’s Whistleblowing Policy was approved by the Board in 2016. The Whistleblowing Policy has been revised to incorporate the requirement that the policy be reviewed at least once every three (3) years to ensure compliance with

subparagraph 15.29(1)(b) of the Listing Requirements. The revised Whistleblowing Policy was approved by the Board on 30 November 2020.

Complaints can be channelled online on the Company’s website at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my) via the Whistleblowing Programme Reporting of Concern Form, or emailed to [wic\\_secretariat@malaysiaairports.com.my](mailto:wic_secretariat@malaysiaairports.com.my), or by calling the hotline at 03-8777 7314 or 019-659 2263.

## 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. Several 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 Investor Relation Division. The Company’s Investor Relation 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](mailto: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 assuring the following:

- All announcements on quarterly financial results, change in the composition of the Board and Principal Officers, etc., are disclosed to Bursa Securities within the stipulated timeframe and immediately made available on the Company’s website.
- All information released to the stakeholders will be placed on Malaysia Airports’ website promptly following the release.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Clear, accurate and sufficient information to enable shareholders and investors to make informed investment decisions; and
- All formal queries by Bursa Securities and other regulatory authorities are expeditiously responded to.

### Conduct of General Meeting

The Board is equally interested in the concerns of minority shareholders and mandated the Company Secretary to oversee the communication with this group of 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 its 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 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 Securities. 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.

As guided by MCCG 2017, in facilitating greater shareholder participation, the Board has taken proactive measure in leveraging technology during the Company's 21<sup>st</sup> AGM held in 2020 via voting in absentia and remote shareholders' participation.

The Board will maintain good dialogue with shareholders by proactively arranging meetings, presentations, and events, to better understand the views of the shareholders on a range of issues from strategy to corporate governance.

### COMPLIANCE STATEMENT

The Board considers that the Company has complied to a large extent with the MCCG 2017. For further information on the application of practices stipulated in the Principles of MCCG 2017 during the financial year under review, please refer to Corporate Governance Report 2020 of the Company which is accessible on Malaysia Airports' website at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my).

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 26 February 2021.

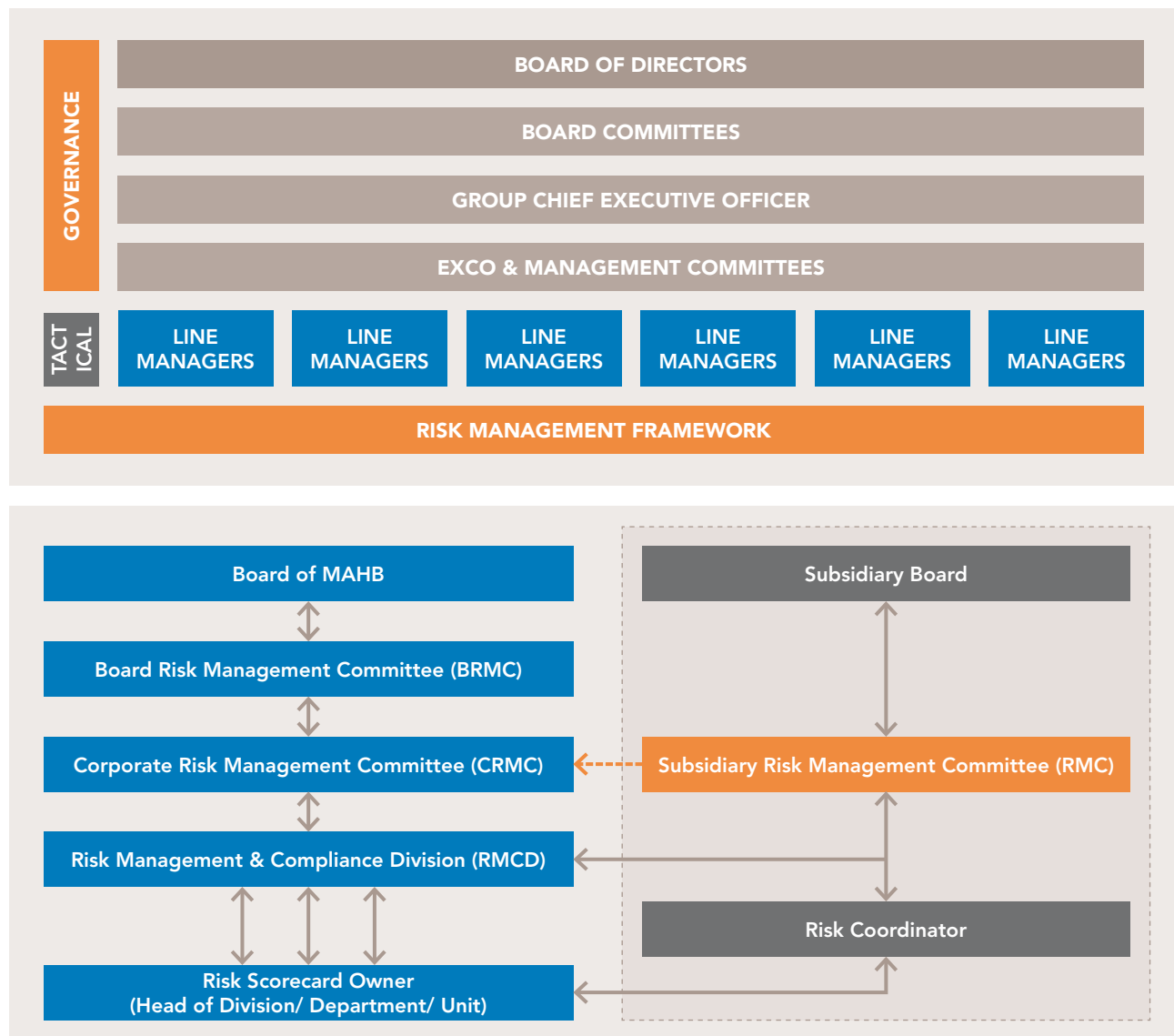
# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In line with Para 15.26(b) of Bursa Malaysia's Main Market Listing Requirements, the Board of Directors (the Board) of Malaysia Airports Holdings Berhad (MAHB) has prepared a statement on the state of risk management and internal controls within Malaysia Airports.

Requirements of the Malaysian Code of Corporate Governance 2017 (MCCG 2017) whereby the Board of a listed issuer is to establish and maintain a sound risk management framework and internal control system has also been met.

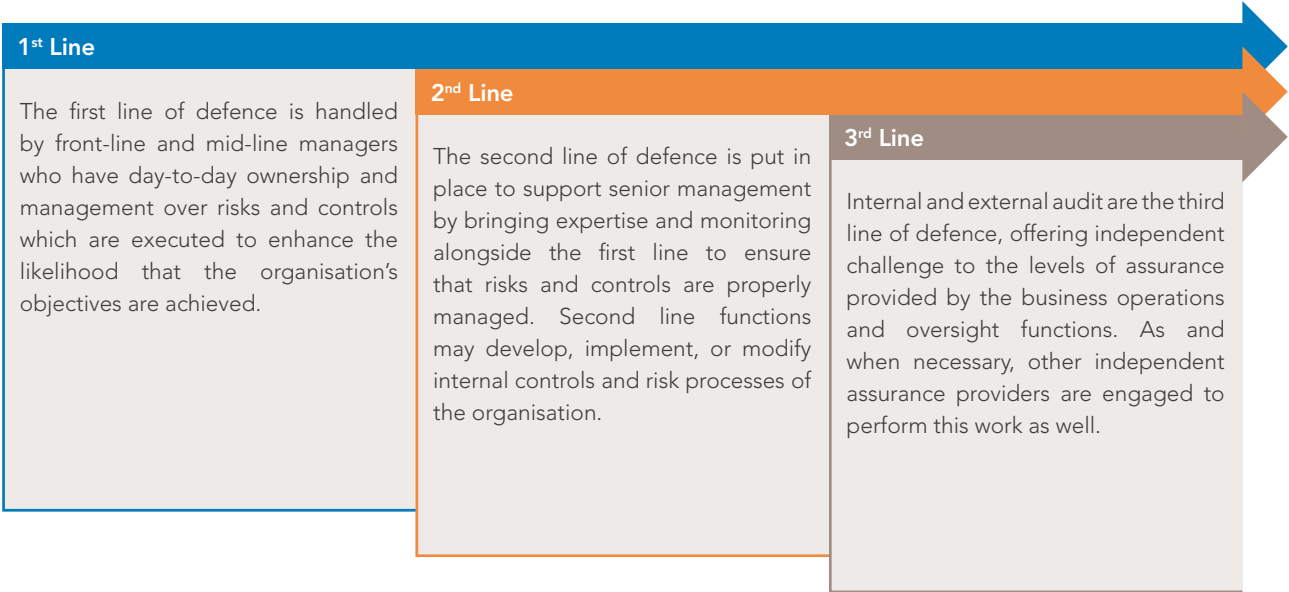
## GOVERNANCE AND RESPONSIBILITY

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.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Malaysia Airports continues to practice the three lines of defense model:

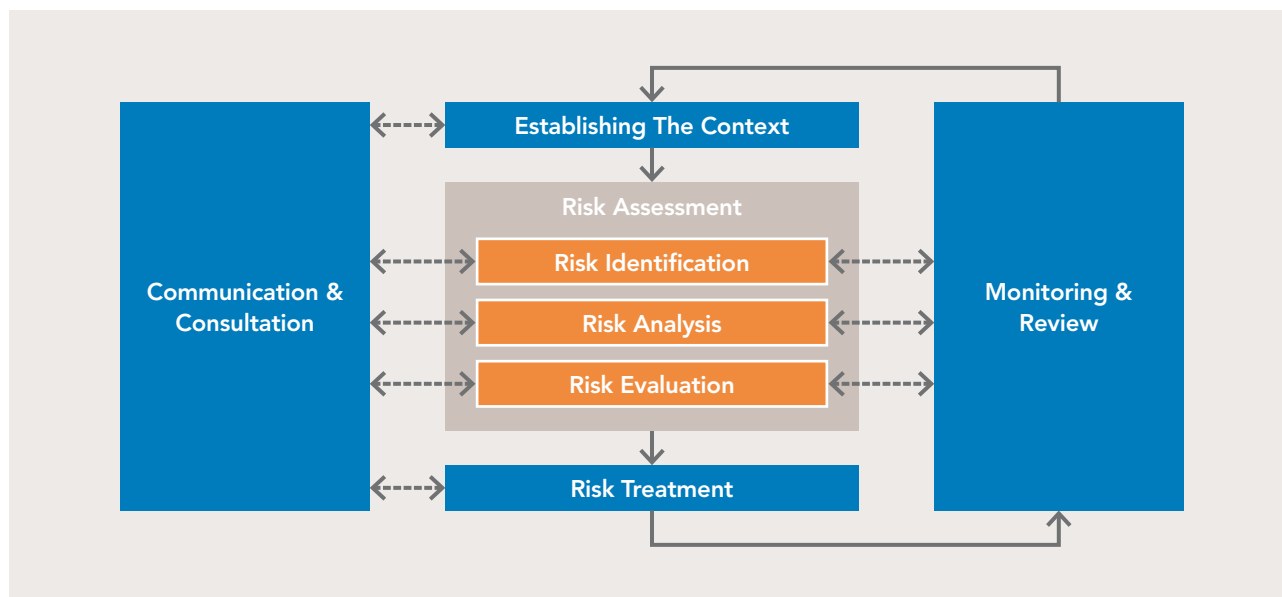


RISK MANAGEMENT FRAMEWORK & PROCESS

The rationale for the implementation of the Enterprise Risk Management (ERM) framework is to:

- Safeguard people, asset, property and the environment
- Uphold Malaysia Airports’ image and reputation
- Enhance effectiveness, efficiency and continuity of our business management
- Encourage proactive rather than reactive management
- Provide a basis for strategic planning
- Ensure compliance with mandatory requirements and standards
- Provide assurance to stakeholders that risk identification and management of risks play a key role in the delivery of Malaysia Airports’ business objectives
- Ensure that there is adequate financial provision in the event of loss by having a structured risk financing 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.



## KEY RISK AREAS

Key risks are risks deemed as having significant and material impact to the Malaysia Airports. Throughout 2020 and continuing through 2021 to date, the permeating peril was the global impact of the COVID-19 pandemic and the specific negative impacts it has on the aviation industry, in particular for Malaysia Airports, as an airport operator.

Among the major consequences of the spread of COVID-19 was international border closures worldwide and travel restrictions. For 2020, there was a severe drop in passenger traffic in our airports (a decrease of 69.6% Groupwide against 2019) which consequently impacted both our Aero (e.g. Passenger Service Charge (PSC) and Landing and Parking Charges) and non-Aero revenues (e.g. Retail & Commercial Rentals). Malaysia Airports' business partners were also not spared by the pandemic which in turn brought into focus the continued sustainability of the partnerships and the recoverability of amounts owed to Malaysia Airports. During this time, there were several planned replacements and refurbishments requiring significant CAPEX particularly at the main airport i.e. KLIA. Thus, in ensuring better management of the cashflows, these projects have undergone prioritisation as well as negotiations through a number of workshops in staging out the CAPEX over a few years.

Equal concern was also accorded in ensuring the continued health and safety of customers of Malaysia Airports' facilities and the employees who are serving them. With the continued spread of COVID-19, efforts were not spared in carrying out Malaysia Airports' role as the guardian of Malaysia's gateways.

Realising the importance and significance of being able to rapidly anticipate and respond to arising related issues due to COVID-19, since March 2020, i.e. start of the Movement Control Order (MCO) in Malaysia, the leadership held weekly COVID-19 meetings to better manage key risks. The Committee is headed by the Group Chief Executive Officer (GCEO) and permanent members comprise of all Executive Committee (ExCo) members. The following are highlights of the key risk areas.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### FINANCIAL

#### CHALLENGES:

##### Liquidity Risk

This refers to the risk that Malaysia Airports was unable to meet its future cash payments or other financial obligations. Among others, this related to major commitments such as undertakings for significant CAPEX investments, concession and User Fee payments due and maturity of the Sukuk financings.

##### Credit Risk

There was concern over the recoverability of amounts due to Malaysia Airports from its business partners due to prolonged impact of COVID-19 on their business conditions.

#### MITIGATION MEASURES:

##### Governance: Established COVID-19 Crisis Management Team

One of the main actions in managing this risk was the establishment of the COVID-19 Crisis Management Team as mentioned above in order to facilitate faster deliberation on arising related issues and decision-making.

Implemented measures to strengthen financial position and manage liquidity risk:

##### a) Operational expenses containment and cash conservation

In order to conserve cash reserves, measures as below were taken:

- Recalibrated operational efficiencies
- Rebased cost
- Prioritised capital expenditure

##### b) Addressing Liquidity Risk

At the onset of the year 2020, Malaysia Airports was on a strong liquidity position entering into the COVID-19 pandemic. Nonetheless, it has since undertaken several stress tests on its liquidity position and taken pre-emptive measures to ensure continued liquidity. These measures included securing additional credit facilities, refinancing initiatives resulting in lower costs of financing and renegotiated favourable terms to existing financing facilities.

##### c) Cash Recovery

Malaysia Airports proactively initiated a cash recovery plan on trade and other receivables outstanding, working closely with the Government of Malaysia, airlines and commercial tenants.

##### d) Divestment Strategy

Malaysia Airports aimed to divest its non-strategic assets upon achieving the desired price consideration.

##### Creation of New Revenue Stream

- shopMYairports e-Commerce platform was developed and launched in Quarter 4 2020
- Hastening of commercial reset programme
- Conducted several airport megasales
- Sama Sama Hotels organised airport staycation programme

##### Supporting Initiatives

- Social media channels covering Twitter, Facebook and Instagram for Malaysia Airports were key in creating awareness of not only activities at the airports but also on upcoming sales drive to assist in commercial initiatives carried out. In Quarter 4 2020, the shopMYairports Instagram account was created to support the e-Commerce platform. Promotional adverts online were also deployed to targeted members of the public.

## HEALTH & SAFETY

### CHALLENGES:

#### Health & Safety Risk

Ensuring staff and stakeholders' wellbeing in times of COVID-19.

### MITIGATION MEASURES:

Malaysia Airports was and is diligent in ensuring Government's directives and Standard Operating Procedures (SOPs) regarding COVID-19 were being followed. At the start of the pandemic, the Multi-agency Airport Crisis Management Teams were activated at the airports.

Sanitisation activities both at the airports as well as in the offices were ramped up. High touch areas' cleaning schedules were increased whilst detective equipment such as thermal / temperature scanners were installed. Protective equipment such as sneeze guards at counters were also installed at the airports. Operationally, the 'New Normal' was in place which includes minimising the numbers of staff being deployed in line with the directives.

Fast-tracking of contactless technology implementation timelines i.e. single token and facial recognition technology.

## OPERATIONAL

### CHALLENGES:

#### Assets, and Technology – Ageing Assets and Parts Obsolescence

Optimal working conditions of critical assets and facilities were paramount in meeting service quality standards and operational performance for the comfort and convenience of airport users.

### MITIGATION MEASURES:

Continuous efforts to review, monitor and replace assets to ensure optimal operations. In the meantime, planned preventive maintenance and optimisation programmes took place.

Successfully replaced the Total Airport Management Systems (TAMS) Network.

Ongoing programmes and audits on safety and security aspects.

Client Office was set-up in 2020 to focus on the Baggage Handling System (BHS) and Track Transit System (TTS) projects for KLIA with RM400m being earmarked for CAPEX in 2021. BHS project updates became a standing agenda item in the Executive Committee (ExCo) meetings.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### STRATEGIC

#### CHALLENGES:

##### **Operating Agreement (OA) – Unfavourable Terms**

Terms of the new OA have a significant bearing to MAHB's business model. Thus, this may impact the operations and financials of the Group if the terms were unfavourable.

##### **Preservation of the networked-based operating model of Malaysia Airports**

The airports under Malaysia Airports is managed on a cross subsidisation model as more than 75% of the networked airports were not commercially viable. Any model whereby a profitable airport(s) or business is taken out of the network would jeopardise the ability of the Group to cross subsidise the rest.

#### MITIGATION MEASURES:

Malaysia Airport have been continuously engaging relevant stakeholders i.e. Ministry of Transport, Ministry of Finance, Malaysian Aviation Commission (MAVCOM), Civil Aviation Authority of Malaysia (CAAM) etc. regarding the OA on an ongoing basis. Expected target for the new OA to be signed is the second half of 2021.

Besides this, Malaysia Airports also continuously ensured alignment with key stakeholders on Malaysia Airports' corporate priorities and constantly on the look out to identify and establish new relationships and opportunities with potential key stakeholders.

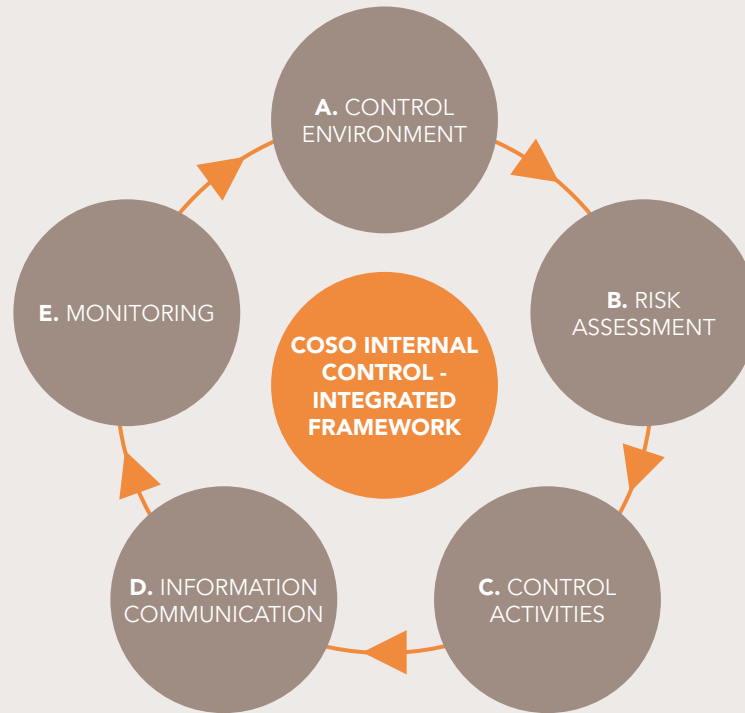
Achieving awards and recognitions from international industry organisations and via independent surveys that reflected Malaysia Airports' solid operational capabilities and credibility in managing airports.

The Board through the BRMC and other relevant Board Committees, monitors and reviews the controls and action plans taken by Management to address the key risks at a minimum on quarterly basis.

### KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL

The Group's internal control system is embedded within the operating activities and Board's review of internal control effectiveness, centred on the 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.



#### 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 MAHB employees in their professional conduct with fellow employees, and the Group's representatives including agents, consultants, contractors and suppliers.
- Vendors of Malaysia Airports 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, divisions and units conduct risk assessments prior to engaging in initiatives as well as for their unit on a quarterly basis. This is signed-off digitally using the Malaysia Airports Risk Scorecard system.

#### C. CONTROL ACTIVITIES

- The Group's Limit of Authority (LOA) is reviewed and updated periodically to ensure that financial limits and guidelines are current to facilitate effective and efficient decision-making. Latest version came into effect on 15 June 2020.
- 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, provides 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### D. INFORMATION & 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 2020.

### 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 2020 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

In compliance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), 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 2020.

The function of BAC is to assist the Board in fulfilling its oversight roles. The Terms of Reference of BAC sets out its composition, authority, duties, and responsibilities in compliance with the requirements of the MMLR and Malaysian Code of Corporate Governance 2017 ("MCCG 2017"). The Terms of Reference of the BAC is available on the Company's official website at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my).

The BAC comprises four (4) Non-Executive Directors, of whom three (3) are Independent Directors. The membership and record of meeting attendance of BAC members during the year under review are as follows:

Name of Director	Attendance
Rosli bin Abdullah (Chairman) Independent Non-Executive Director	7/7
Datuk Azailiza binti Mohd Ahad Independent Non-Executive Director	7/7
Dato' Ir Mohamad bin Husin Independent Non-Executive Director	7/7
Wong Shu Hsien Non-Independent Non-Executive Director	7/7

None of the members of BAC is an alternate director and the above composition complies with Paragraph 15.09(1)(b) of the MMLR and MCCG 2017.

The Terms of Reference of BAC requires it to meet at least six (6) times a year. However, during the year under review, the BAC met seven (7) times. BAC meetings were also attended by the Acting General Manager of IAD and the Company Secretary, who also serves as the Secretary to the BAC. Representatives of the Senior Management were also invited to provide feedbacks on matters related to their purview. Representatives of the Company's external auditors, Messrs Ernst & Young, were invited to attend the meetings as and when required. During the year under review, BAC also held two (2) private discussions with the external auditors. Minutes of BAC meetings were circulated to all members of the Board, whilst material issues relating to functions of BAC were discussed at Board meetings.

The Chairman of BAC is a member of the Malaysian Institute of Accountants. He is also the Chairman of Audit & Risk Committee (ARC) of the Company's subsidiaries in Turkey, i.e., İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım Ve İşletme A.Ş. ("İSG") and SGC Havalimanı İşletmeleri Ticaret ve Turizm A.Ş. ("SGC") (formerly known as LGM Havalimanı İşletmeleri Ticaret Ve Turizm A.Ş.).

All members of BAC are financially literate and have sufficient level of understanding of the Company's business. They have also attended relevant trainings and continuous professional development during the year under review. In addition, BAC practises a cooling-off period of two (2) years for a former audit partner before being appointed as a member of the BAC.

During the financial year under review, the performance and effectiveness of BAC were evaluated by the Board. Having reviewed the BAC's performance, the Board is satisfied that BAC members had discharged their functions, duties, and responsibilities in accordance with its Terms of Reference.

## BOARD AUDIT COMMITTEE REPORT

### SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR 2020

Main activities undertaken by 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 MAHB Group ("the Group") on a quarterly basis.
- Reviewed the quarterly financial results of the Group before recommending the same to the Board for approval.
- Reviewed the audited financial statements of the Group with the external auditors before recommending the same to the Board for approval.
- Ensured compliance with the MMLR, 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.
- Reviewed the Statement on Risk Management and Internal Controls which was supported by an independent review by Messrs Ernst & Young.
- Reviewed Related Party Transactions and Recurrent Related Party Transactions on a quarterly basis.

#### **Internal Audit**

- Reviewed and approved the revision of the Internal Audit Charter.
- Reviewed and approved the IAD's Risk-based Internal Audit Plan, budget, and manpower requirements to ensure the adequacy of resources, competencies, and coverage on key risk areas. During the year under review, BAC had also reviewed and approved the revised Audit Plan for 2020 which was proposed by IAD after considering the risk and impact of COVID-19 pandemic on the Company's businesses and operations.
- Reviewed audit reports issued by IAD on the effectiveness and adequacy of governance, risk management, operational and compliance processes. BAC then considered those recommendations including Management's responses, before proposing that the control weaknesses are 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 for improvements.
- Reviewed the ARC Minutes of Meeting for ISG and SGC.

#### **External Audit**

- Evaluated the performance, suitability, objectivity, and independence of external auditors and recommended to the Board on the appointment and audit fees.
- Reviewed the external auditors' scope of work and audit plan for the financial year.
- Reviewed with the external auditors, their management letter together with the Management responses.

#### **Whistleblowing and Corporate Integrity**

- Deliberated on 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 the Whistleblowing Policy, its TOR, appointment of new WIC members and status reports on the Whistleblowing Programme.
- Reviewed status updates on the Anti Bribery Management System (ABMS) and Adequate Procedures.
- Reviewed and approved Corporate Integrity Division (CID)'s revised TOR, Annual Plan, and Budget and status updates on CID activities during the year.

#### **Annual Report**

- Reviewed the BAC Report and Statement of Risk Management and Internal Control for onward approval by the Board for publication in the 2020 Annual Report.



### **Other Activities**

- Approved relevant mandatory announcements to Bursa Malaysia in compliance with MMLR.
- Reviewed the revised Terms of Reference of BAC for approval by the Board.
- Being updated on BURSA thematic review findings and key takeaway.
- Being briefed on MFRS, tax updates and accounting considerations on COVID-19.

### **INTERNAL AUDIT FUNCTION**

BAC is supported by IAD in discharging its duties and responsibilities. The internal audit authority, responsibilities and scope of work are defined in the Internal Audit Charter as approved by BAC. The Internal Audit Charter is in line with the standards and principle outlined in the International Professional Practices Framework (IPPF) issued by The Institute of Internal Auditors (The IIA).

In determining the priorities for internal audit activities, IAD applies a risk-based approach, and the annual audit plan is reviewed periodically, taking into consideration changes in risk exposure and operating environment. In view of the associated risks arising from the Covid-19 pandemic, significant impacts to business and the obligation to strictly adhere to the regulatory requirements in managing the spread of the disease, IAD had revisited the Annual Audit Plan 2020 which was initially approved by BAC. A Revised Audit Plan was proposed to ensure that the Audit Plan addresses the material issues and risks faced by the Company. IAD at the same time adjusted the audit activities to suit the movement restrictions during the pandemic.

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 that IAD conforms to the Standards and deliver value-added services.

The IAD audit universe includes functions on governance, risk management and review of controls in the areas of, but not limited to corporate, governance and compliance, information systems, airports (operations, engineering, revenue management, safety and security) and other subsidiaries' business in aviation services, airport commercial and retail, facilities & infrastructure management, hospitality management, airport consultancy, agriculture, and aeropolis.

Apart from the existing audit universe, advisory engagements were conducted specifically on COVID-19 related matters. This includes infection control, passenger movement management at airports, and compliance with the Standard Operating Procedures (SOP) and Guidelines as issued by the Ministry of Health.

Since the enforcement of the first Movement Control Order ("MCO") by the Government in March 2020, the capability to work remotely has become significant. Therefore, IAD had conducted an assessment on the readiness of Remote Work within the Company and recommended improvements to the existing facilities as well as suggested for the management to explore opportunities and plan for the readiness of future remote working.

Periodically, IAD presented to the BAC the updates on its activities comprising key highlights of areas reviewed, follow-up of outstanding issues, progress of the 2020 Annual Audit Plan and ad hoc assignments. The Internal Audit function at ISG and SGC reports to the Acting General Manager IAD of MAHB, and relevant updates on the activities undertaken were presented to the ARC of ISG and SGC.

Group IAD performed its audits which include among others the following key areas in accordance with the Audit Plan:

#### **Corporate**

Enterprise Risk Management, Human Resource Business Partnering, and Business Sustainability (Retail & Commercial) during COVID-19 pandemic.

#### **Governance**

Procurement-to-Pay, Group Asset Management, Covid-19 Pandemic Management, Data Governance (Aeronautical and Commercial) and Limit of Authority.

## BOARD AUDIT COMMITTEE REPORT

### **Information Technology**

Cybersecurity, Management of Intelligent Assets, Innovation & Big Data, Revenue Management System and Airport Operation Systems

### **Operation**

Commercial, Airport Operations, Corporate Development & External Business, F&B, Hotel and Office Mobility

### **Financial**

Debt Collection & Monitoring, and Treasury

### **Others\***

Related Party Transactions, Investigations, Special Reviews, and Projects

\* Request from the Board, Board Committees, Management or arising from whistleblowing programmes.

During the financial year under review, Group IAD issued a total of forty-seven (47) Internal Audit reports, including two (2) for ISG and three (3) for SGC.

The above reports were issued to Management for their responses and remedial actions. Management is responsible to ensure that corrective actions are taken on the reported improvement areas within the stipulated timeframe. Subsequently, Internal Audit Management Committee meetings were held to deliberate on matters of concern prior to tabling to BAC and to the respective Boards of subsidiary companies, where applicable.

As of 31 December 2020, IAD had a total of 21 auditors from the following backgrounds:

Discipline	No. of Internal Auditors	Percentage (%)
Accounting, Actuarial, Finance and Business	12	57
Information Technology and Business	4	19
Engineering	4	19
Operations	1	5
<b>Total</b>	<b>21</b>	<b>100</b>

All IAD staff are required to pledge adherence to the Code of Ethics and to disclose any relationship or conflict of interest situation on an annual basis to safeguard the audits against any potential impairment of objectivity and independence.

Since 2008, the Company has appointed a qualified independent reviewer once every five (5) years to conduct an external quality assessment to ensure that audit works performed by the internal auditors are in line with The IIA standards. Based on the external quality assessment conducted by The IIA Malaysia in 2018, IAD was found to have fulfilled the key objectives in accordance with the IIA's International Standards for Professional Practice of Internal Auditing with a rating of "Generally Conform".

For financial year ended 31 December 2020, the total internal audit expenditure incurred by the Company was RM 2.62 million (2019: RM 3.46 million), whilst for ISG and SGC, the total internal audit expenditure was TL 390,570 (2019: TL 613,758) [equivalent to RM 211,600 (2019: RM 439,029)].

For the financial year under review, the BAC is of the view that the Company is in compliance with the MMLR.

### **Rosli bin Abdullah**

Chairman

Board Audit Committee

# 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 department 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 on 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 presentations. 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

### • COVID-19 Response

The unprecedented impact and challenging operating environment due to the outbreak of COVID-19 posed a threat towards the Group's operations, putting pressure on the Company's share price performance. Whilst the Group strives to overcome the tough climate, the Investor Relations team continues to proactively engage with the investment community in order to provide accurate, relevant, and reliable information of the Group's position in a clear and transparent manner. The Investor Relations team aims to safeguard the shareholders' interest and to

ensure continuous and accurate information flows to the relevant users and market participants reflecting the true and up-to-date position of the Group.

### • One-on-one Meetings, Conference Calls and Investor Conferences

The senior management and Investor Relations team have been actively participating in meetings and conference calls with institutional investors, fund managers, analysts and rating agencies held in Malaysia as well as abroad. We participated in over 660 engagements, 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 Growth in Profit After Tax over Three Years (Transportation and Logistics) at The Edge Billion Ringgit Club 2020
- 8<sup>th</sup> place for Best Company for Investor Relations (Large Cap) at the Malaysia Investor Relations Association Awards
- 7<sup>th</sup> place for Best Investor Relations Business Knowledge & Insights (All Cap) at the Malaysia Investor Relations Association Awards
- 7<sup>th</sup> place for Best Investor Relations Professional (Large Cap) at the Malaysia Investor Relations Association Awards
- 9<sup>th</sup> place for Best Investor Relations Website (Large Cap) at the Malaysia Investor Relations Association Awards

### • Investor Relations Portal

In further efforts to enhance access by various stakeholders, the Investor Relations department maintains an Investor Relations portal, on the company's website, <http://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 the key financial highlights, annual reports, financial results, investor presentation, press releases, and disclosures to Bursa Malaysia Securities Berhad.

### • Investor Feedback

To further strengthen the relationship with the investing community, the Investor Relations team values feedback or enquiries which can be communicated directly via the following dedicated email address [ir@malaysiaairports.com.my](mailto: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.

## INVESTOR RELATIONS

### MALAYSIA AIRPORTS CREDIT RATING

Malaysia Airports is committed towards sound financial position and robust balance sheet. In 2020, Malaysia Airports continues to exhibit strong financial and operating fundamentals; as evident by its strong investment grade credit ratings:

Rating Agency	Credit Rating
RAM	AAA
Moody's	A3

Malaysia Airports is committed to maintain the above ratings, which is achieved via prudent and pragmatic capital management approach taken by the Group in the course of doing its business.

### Equity Research Coverage

Affin Hwang Investment Bank Berhad
AllianceDBS Research Sdn Bhd
AmInvestment Bank Bhd
CGS-CIMB Securities Sdn Bhd
Citi Research
CLSA Limited
Credit Suisse Securities (Malaysia) Sdn Bhd
Hong Leong Investment Bank Berhad
JPMorgan Securities (Malaysia) Sdn Bhd
KAF Equities 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 Investment Bank Berhad
TA Securities Holdings Berhad
The Hongkong and Shanghai Banking Corporation Limited
UBS Securities Malaysia Sdn Bhd
UOB Kay Hian Private Limited

### Conferences, Roadshows and Events in 2020

<b>7 January</b>	CIMB Annual Malaysia Corporate Day, Malaysia
<b>9 January</b>	DBS Pulse of Asia Conference, Singapore
<b>11 March</b>	Credit Suisse ASEAN Virtual Corporate Day
<b>12 March</b>	UBS Virtual Conference
<b>23 March</b>	CLSA Virtual Conference
<b>1 April</b>	UBS Virtual APAC Transport and Logistics Day
<b>2 April</b>	CGS-CIMB Virtual Conference
<b>7 April</b>	Nomura Malaysia Focus Virtual Conference
<b>30 April</b>	Credit Suisse Virtual Conference
<b>27 May</b>	CLSA Virtual Conference
<b>10 June</b>	Affin Hwang Transport & Logistics Day
<b>10 June</b>	UBS Virtual Malaysia Corporate Day
<b>18 June</b>	Minority Shareholders Watch Group Engagement
<b>6 July</b>	Maybank Kim Eng's Invest ASEAN Malaysia Week
<b>7 July</b>	DBS Vickers ASEAN Tourism Conference
<b>8-9 September</b>	CITIC CLSA Investors' Forum
<b>10 September</b>	Citi's GEMS Conference
<b>24 September</b>	UBS OneASEAN Virtual Conference
<b>25 September</b>	Nomura Regional Industrials Corporate Day
<b>29 September</b>	Malaysia Airports Non-deal Roadshow
<b>22 October</b>	CLSA Virtual Conference
<b>27 October</b>	CGS-CIMB Virtual Conference
<b>2 December</b>	JPMorgan Virtual Conference
<b>7-8 December</b>	Nomura Investment Forum

### Investor Relations Contact:-

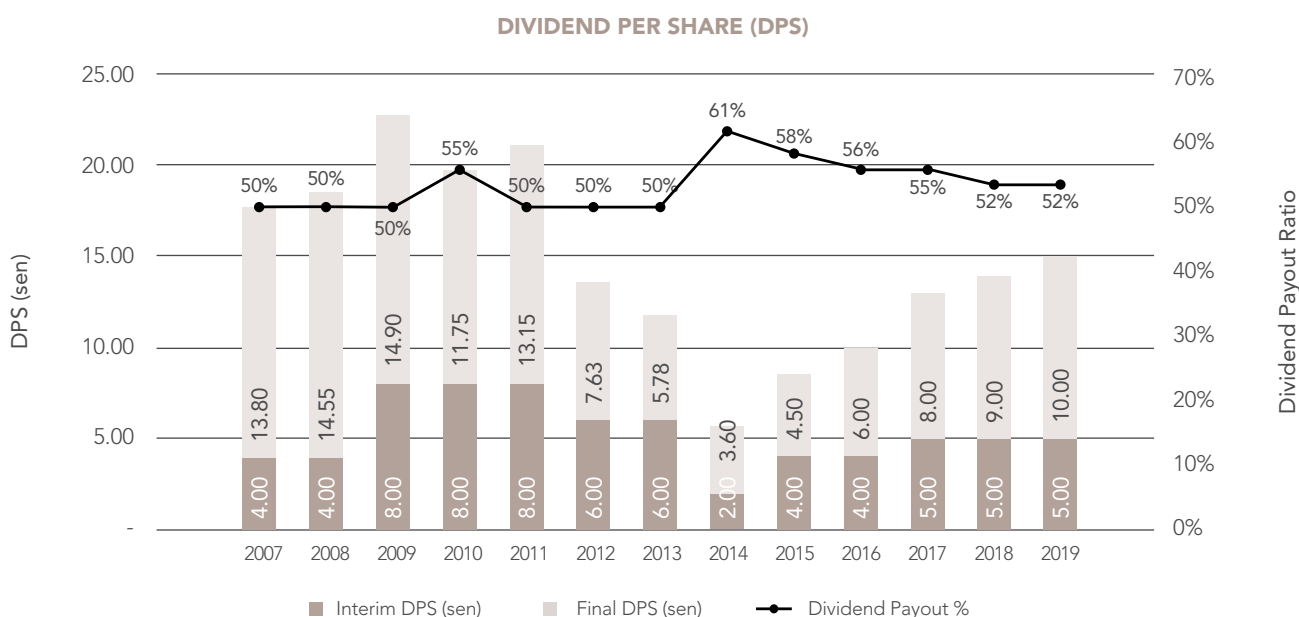
Zeid Abdul Razak, Investor Relations  
 Tel: +603 8777 7495  
 Fax: +603 8777 7830  
 E-Mail: [ir@malaysiaairports.com.my](mailto:ir@malaysiaairports.com.my)

# 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



## DIVIDEND POLICY

### DIVIDEND REINVESTMENT PLAN

In our commitment to reward shareholders as well as to strengthen the Group's capital base, Malaysia Airports had established a dividend reinvestment plan (DRP). The DRP allows shareholders of Malaysia Airports to reinvest their dividends into new ordinary share(s) in Malaysia Airports. The rationale for the DRP is as follows:

- (i) enhance shareholders' value via the subscription of new Malaysia Airports shares where the new Malaysia Airports shares issued typically bears a discount
- (ii) provide the shareholders with greater flexibility in meeting their investment objectives by providing a choice of receiving cash or reinvesting in Malaysia Airports
- (iii) dividends that are reinvested are utilised to fund the continuing business growth of the Group; and
- (iv) improve liquidity of Malaysia Airports' shares traded on the Main Market of Bursa Malaysia Securities Berhad

The details of the past DRP exercises completed by the Company is as shown in the table below:

Financial Year	Type of dividend	Dividend per share	Total dividend amount (RM Million)	Number of shares made available for investment	Number of shares re-invested	Subscription (%)
<b>2012</b>	Interim	6.00	72.60	15,343,229	7,088,046	46.2%
	Final	7.63	92.86	18,060,421	15,355,833	85.0%
<b>2013</b>	Interim	6.00	73.95	9,169,678	8,102,473	88.4%
	Final	5.78	78.87	10,901,346	9,553,502	87.6%
<b>2014</b>	Interim	2.00	27.48	4,479,556	2,391,485	53.4%
	Final	3.60	59.47	9,909,098	7,342,222	74.1%

## 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 2020.

### 2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid to the External Auditors, Messrs Ernst & Young during the financial year ended 31 December 2020 are as follows:-

	Company (RM)	%	Group (RM)	%
Audit Fee	315,000	91.3	1,106,232	90.9
Non-audit Fee	30,000	8.7	111,210	9.1
<b>Total</b>	<b>345,000</b>	<b>100</b>	<b>1,217,442</b>	<b>100</b>

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 2020 or entered into since the end of the previous financial year ended 31 December 2019.

### 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 2020.

### 5. Employees Share Option Scheme

There were no Employees Share Option Scheme granted by the Company during the financial year ended 31 December 2020.

### 6. Corporate Social Responsibility

Please refer to our Sustainability Report 2020.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Seri Diraja Dr. Zambry**

**Abd. Kadir**

(Chairman)

(Non-Independent Non-Executive)

**Dato' Zamzuri Abdul Aziz**

(Non-Independent Non-Executive)

**Normah Osman**

(Non-Independent Non-Executive)

**Wong Shu Hsien**

(Non-Independent Non-Executive)

**Dato' Mohamad Nasir Ab. Latif**

(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)

**Dato' Mohamad Nasir Ab. Latif**

(Non-Independent Non-Executive)

**Datuk Azailiza Mohd Ahad**

(Independent Non-Executive)



## BOARD PROCUREMENT COMMITTEE

**Datuk Zalekha Hassan**  
(Chairman)  
(Independent Non-Executive)

**Dato' Zamzuri Abdul Aziz**  
(Non-Independent Non-Executive)

**Dato' Ir. Mohamad Husin**  
(Independent Non-Executive)

**Ramanathan Sathiamutty**  
(Independent Non-Executive)

## BOARD RISK MANAGEMENT COMMITTEE

**Dato' Mohamad Nasir Ab. Latif**  
(Chairman)  
(Non-Independent Non-Executive)

**Datuk Zalekha Hassan**  
(Independent Non-Executive)

**Rosli Abdullah**  
(Independent Non-Executive)

**Ramanathan Sathiamutty**  
(Independent Non-Executive)

## COMPANY SECRETARY

**Zawardi Salleh**  
SSM Practising Certificate No.  
202008003088  
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](mailto:zawardi@malaysiaairports.com.my)

## WEBSITE

[www.malaysiaairports.com.my](http://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

01

**THE EDGE BILLION RINGGIT CLUB 2020 – HIGHEST GROWTH IN PROFIT AFTER TAX OVER THREE YEARS**

02

**2019 ASEAN CORPORATE GOVERNANCE SCORECARD AWARD & ASEAN ASSET CLASS PLCS – ISSUED BY MINORITY SHAREHOLDERS WATCH GROUP**

03

**INTERNATIONAL CUSTOMER EXPERIENCE AWARD, SILVER AWARD – BY AWARDS INTERNATIONAL AND CUSTOMER EXPERIENCE PROFESSIONALS ASSOCIATION (CXPA)**

04

**RISTEX 2020 (REGIONAL INNOVATION SHOWCASE TEAM EXCELLENCE) – GOLD AWARD & INDUSTRY 4.0 AWARD**

05

**APIC 2020 (ANNUAL PRODUCTIVITY AND EXPOSITION & CONFERENCE) – TOP 20 SERVICES SECTOR AND 5 STAR AWARD**

06

**ISO 45001:2018 OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM**

07

**MALAYSIA LAW AWARDS 2020, TRANSPORTATION AND LOGISTICS IN-HOUSE TEAM OF THE YEAR – BY ASIAN LEGAL BUSINESS (ALB)**

08

**SUSTAINABILITY & CSR MALAYSIA AWARD – BY CSR MALAYSIA**

09

**INTERNATIONAL ARC AWARDS, NON-TRADITIONAL ANNUAL REPORT, GOLD AWARD – BY ARC AWARDS**

10

**INTERNATIONAL ANNUAL REPORT DESIGN AWARDS, IADA 2020, SILVER AWARD – THE INTERNATIONAL ANNUAL REPORT DESIGN AWARDS (IADA)**

11

**AWARD RECIPIENT UNDER THE ANTI BRIBERY MANAGEMENT SYSTEM (ABMS) CERTIFICATION SCHEME BY SIRIM**

12

**2020 HAUTE GRANDEUR GLOBAL HOTEL AWARDS FOR BEST AIRPORT HOTEL ON GLOBAL LEVEL**

13

**2020 WORLD LUXURY HOTEL AWARDS FOR LUXURY AIRPORT HOTEL GLOBAL WINNER**

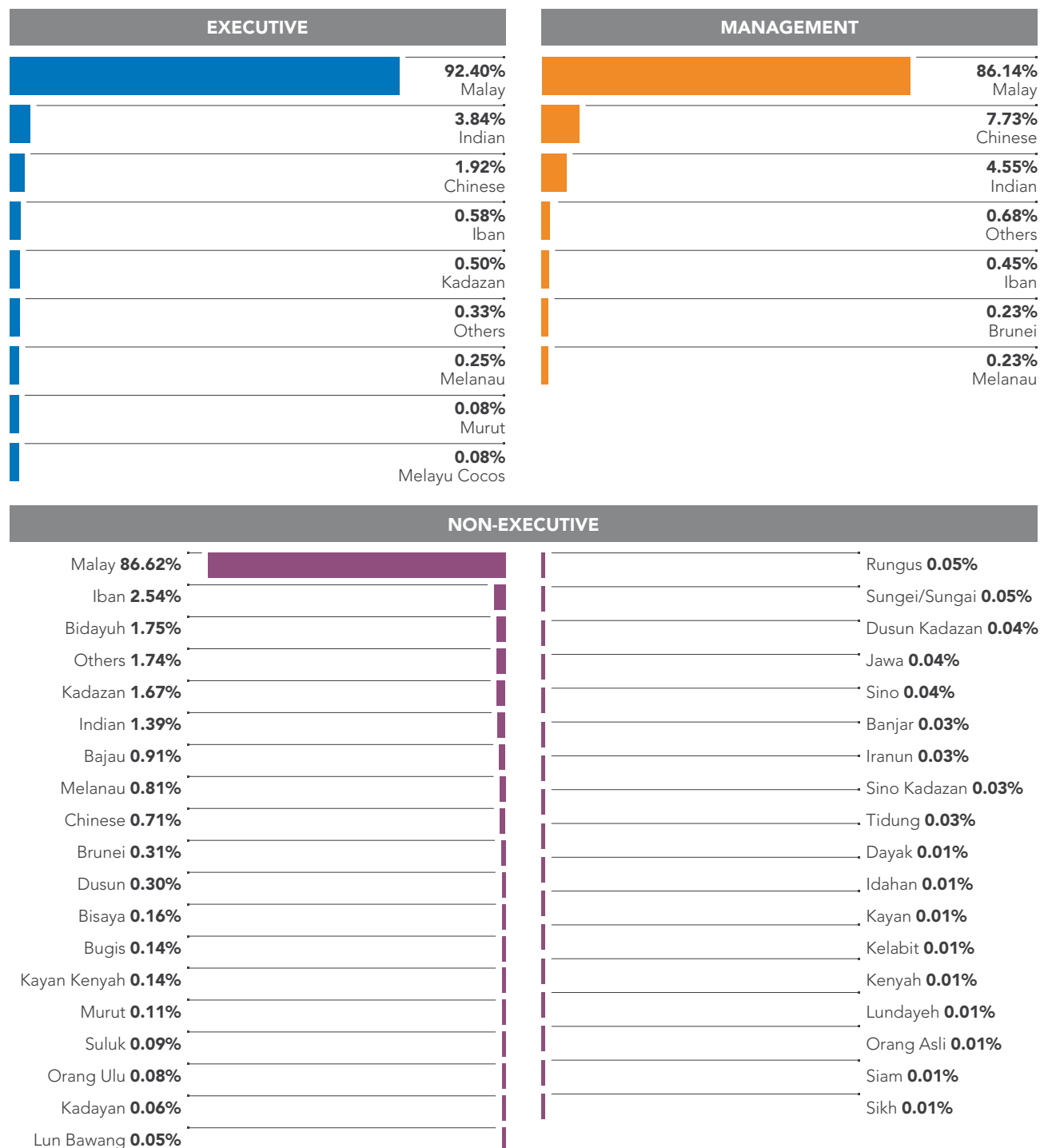
14

**2020 TRIPADVISOR TRAVELLER'S CHOICE BEST OF THE BEST HOTEL**



Scan here for more info.

# STATEMENT OF WORKFORCE



# AIRPORTS STATISTICS

## TOTAL MAHB GROUP TRAFFIC 2020

PASSENGER MOVEMENTS		2020	2019	+/-
MY passengers	[international]	9,497,037	53,285,807	-82.2%
	[domestic]	16,264,125	51,976,759	-68.7%
	<b>[Total]</b>	<b>25,761,162</b>	<b>105,262,566</b>	<b>-75.5%</b>
ISG passengers	[international]	5,336,764	14,234,482	-62.5%
	[domestic]	11,869,464	21,718,823	-45.3%
	<b>[Total]</b>	<b>17,206,228</b>	<b>35,953,305</b>	<b>-52.1%</b>
<b>Total MAHB Group</b>		<b>42,967,390</b>	<b>141,215,871</b>	<b>-69.6%</b>
AIRCRAFT MOVEMENTS		2020	2019	+/-
MY commercial aircraft	[international]	99,357	351,038	-71.7%
	[domestic]	249,430	542,405	-54.0%
	<b>[Total]</b>	<b>348,787</b>	<b>893,443</b>	<b>-61.0%</b>
ISG commercial aircraft	[international]	41,184	97,885	-57.9%
	[domestic]	81,609	132,394	-38.4%
	<b>[Total]</b>	<b>122,793</b>	<b>230,279</b>	<b>-46.7%</b>
<b>Total commercial aircraft</b>		<b>471,580</b>	<b>1,123,722</b>	<b>-58.0%</b>
MY All other aircraft		124,898	152,780	-18.2%
ISG All other aircraft		3,595	5,189	-30.7%
<b>Total MAHB Group</b>		<b>600,073</b>	<b>1,281,691</b>	<b>-53.2%</b>
CARGO MOVEMENTS [tonnes]		2020	2019	+/-
MY cargo movements	[international]	606,067	757,687	-20.0%
	[domestic]	188,240	186,095	1.2%
	<b>[Total]</b>	<b>794,307</b>	<b>943,782</b>	<b>-15.8%</b>
ISG cargo movements	[international]	31,251	49,870	-37.3%
	[domestic]	9,160	9,452	-3.1%
	<b>[Total]</b>	<b>40,411</b>	<b>59,322</b>	<b>-31.9%</b>
<b>Total MAHB Group</b>		<b>834,718</b>	<b>1,003,104</b>	<b>-16.8%</b>

Note : MY - MAHB Airports  
ISG - Istanbul Sabiha Gökçen International Airport, Turkey

## TRAFFIC 2020 MALAYSIA OPERATIONS

## PASSENGER MOVEMENTS

		2020	2019	+/-
Terminal passengers	[international]	9,450,661	53,195,236	-82.2%
Terminal passengers	[domestic]	16,250,556	51,962,942	-68.7%
Transit passengers		59,945	104,388	-42.6%
<b>Total passenger movements</b>		<b>25,761,162</b>	<b>105,262,566</b>	<b>-75.5%</b>

## AIRCRAFT MOVEMENTS

		2020	2019	+/-
Commercial aircraft	[international]	99,357	351,038	-71.7%
Commercial aircraft	[domestic]	249,430	542,405	-54.0%
<b>Total commercial aircraft</b>		<b>348,787</b>	<b>893,443</b>	<b>-61.0%</b>
All other aircraft		124,898	152,780	-18.2%
<b>Total aircraft movements</b>		<b>473,685</b>	<b>1,046,223</b>	<b>-54.7%</b>

## CARGO MOVEMENTS [tonnes]

		2020	2019	+/-
Cargo movements	[international]	591,398	745,096	-20.6%
Cargo movements	[domestic]	187,574	182,837	2.6%
Transit cargo		15,335	15,849	-3.2%
<b>Total cargo movements</b>		<b>794,307</b>	<b>943,782</b>	<b>-15.8%</b>

## MAIL MOVEMENTS [tonnes]

		2020	2019	+/-
Mail movements	[international]	15,929	27,516	-42.1%
Mail movements	[domestic]	1,143	1,108	3.1%
Transit mail		181	102	76.8%
<b>Total mail movements</b>		<b>17,253</b>	<b>28,726</b>	<b>-39.9%</b>



Scan here for  
Airport Statistics 2020

# STATEMENT OF SHAREHOLDINGS

AS AT 31 MARCH 2021

## 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 26 of the Audited Financial Statements.

## ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2021

### A. DISTRIBUTION OF SHAREHOLDINGS (MALAYSIAN & FOREIGN)

Size of Holdings	No. of Holders		No. of Holdings		Percentage	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 – 99	698	18	9,327	304	0.00	0.00
100 – 1,000	5,776	86	4,257,528	44,078	0.26	0.00
1,001 – 10,000	6,124	127	18,553,647	571,696	1.12	0.03
10,001 – 100,000	675	262	18,896,889	11,552,074	1.14	0.70
100,001 – 82,959,590 (*)	158	326	443,497,540	421,570,231	26.73	25.41
82,959,591 and above (**)	2	0	740,238,514	0	44.61	0.00
<b>Total</b>	<b>13,433</b>	<b>819</b>	<b>1,225,453,445</b>	<b>433,738,383</b>	<b>73.86</b>	<b>26.14</b>
<b>Grand Total</b>	<b>14,252</b>		<b>1,659,191,828</b>		<b>100.00</b>	

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.



**B. LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2021**

(without aggregating securities from different securities accounts belonging to the same person)

Name of Shareholders	No. of Holdings	Percentage
1. KHAZANAH NASIONAL BERHAD	533,176,288	32.13
2. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	207,062,226	12.48
3. AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	81,199,400	4.89
4. KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	75,704,700	4.56
5. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	35,709,883	2.15
6. CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR RBC INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)	26,853,501	1.62
7. CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	26,135,300	1.58
8. CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	20,251,463	1.22
9. HSBC NOMINEES (ASING) SDN BHD TNTC FOR THE GENESIS GROUP TRUST FOR EMPLOYEE BENEFIT PLANS	19,528,600	1.18
10. HSBC NOMINEES (ASING) SDN BHD TNTC FOR NEW ZEALAND SUPERANNUATION FUND	16,009,491	0.96
11. AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 – WAWASAN	14,993,400	0.90
12. CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	13,716,666	0.83
13. HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	12,520,330	0.75
14. HSBC NOMINEES (ASING) SDN BHD JPMBL SA FOR STICHTING DEPOSITARY APG EMERGING MARKETS EQUITY POOL	12,518,107	0.75
15. HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	11,792,739	0.71
16. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	11,230,700	0.68
17. HSBC NOMINEES (ASING) SDN BHD TNTC FOR COMMONWEALTH SUPERANNUATION CORPORATION	10,508,028	0.63

## STATEMENT OF SHAREHOLDINGS

AS AT 31 MARCH 2021

Name of Shareholders	No. of Holdings	Percentage
18. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)</i>	9,216,566	0.56
19. HSBC NOMINEES (ASING) SDN BHD <i>HSBC BK PLC FOR KUWAIT INVESTMENT OFFICE (KIO)</i>	8,990,428	0.54
20. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)</i>	8,976,500	0.54
21. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR CGS-CIMB SECURITIES SDN BHD (SBL-KNB)</i>	8,928,570	0.54
22. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KHAZANAH NASIONAL BERHAD</i>	8,858,570	0.53
23. CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PAMB FOR PRULINK EQUITY FUND</i>	7,936,900	0.48
24. CITIGROUP NOMINEES (ASING) SDN BHD <i>CBHK FOR HOSTPLUS POOLED SUPERANNUATION TRUST (NORTHCAPE CAP)</i>	7,872,688	0.47
25. PERMODALAN NASIONAL BERHAD	7,814,000	0.47
26. AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA</i>	7,418,600	0.45
27. HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR TCORPIM EMERGING MARKET SHARE FUND</i>	7,196,534	0.43
28. DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>BNYM SA/NV FOR PEOPLE'S BANK OF CHINA (SICL ASIA EM)</i>	7,141,406	0.43
29. HSBC NOMINEES (ASING) SDN BHD <i>NTGS LUX FOR THE GENESIS EMERGING MARKETS INVESTMENT COMPANY</i>	6,703,500	0.40
30. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)</i>	6,645,500	0.40

**C. HOLDER OF SPECIAL RIGHTS REDEEMABLE PREFERENCE SHARE AS AT 31 MARCH 2021**

1. The Minister of Finance (Incorporated)

**D. SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2021**

(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	237,903,492	-	14.34
Kumpulan Wang Persaraan (Diperbadankan)	90,754,306	-	5.47

**E. DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2021**

(as shown in the register of directors' shareholdings)

Name of Directors	No. of Shares		Percentage
	Direct	Indirect	
1. Dato' Seri Diraja Dr. Zambry Abd Kadir	-	-	-
2. Dato' Zamzuri Abdul Aziz	-	-	-
3. Wong Shu Hsien	-	-	-
4. Dato' Mohamad Nasir Ab Latif	-	-	-
5. Datuk Seri Yam Kong Choy	-	-	-
6. Datuk Zalekha Hassan	-	-	-
7. Rosli Abdullah	-	-	-
8. Dato' Ir. Mohamad Husin	-	-	-
9. Datuk Azailiza Mohd Ahad	-	-	-
10. Ramanathan Sathiamutty	-	-	-
11. 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

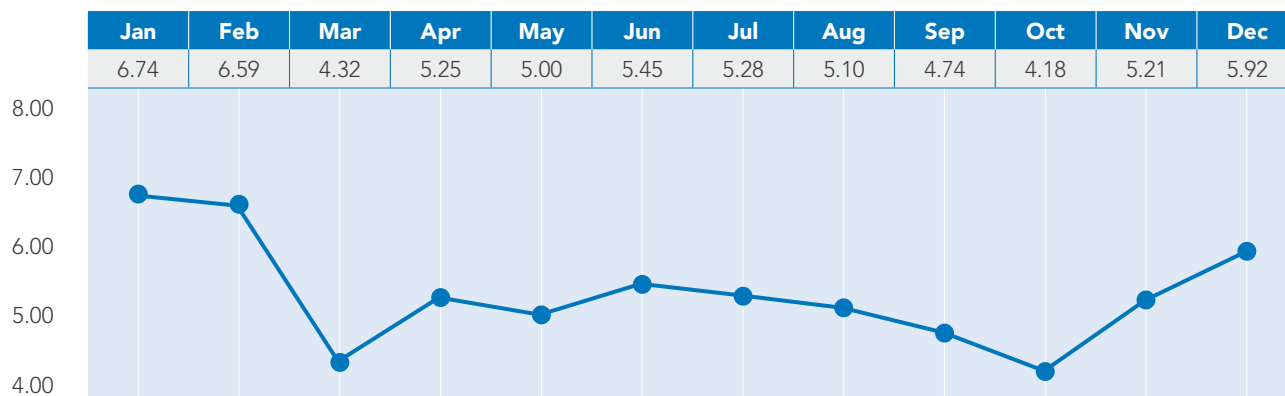
Single tier dividend received by shareholders will be exempted from tax in Malaysia.

### ANNUAL REPORT

The 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

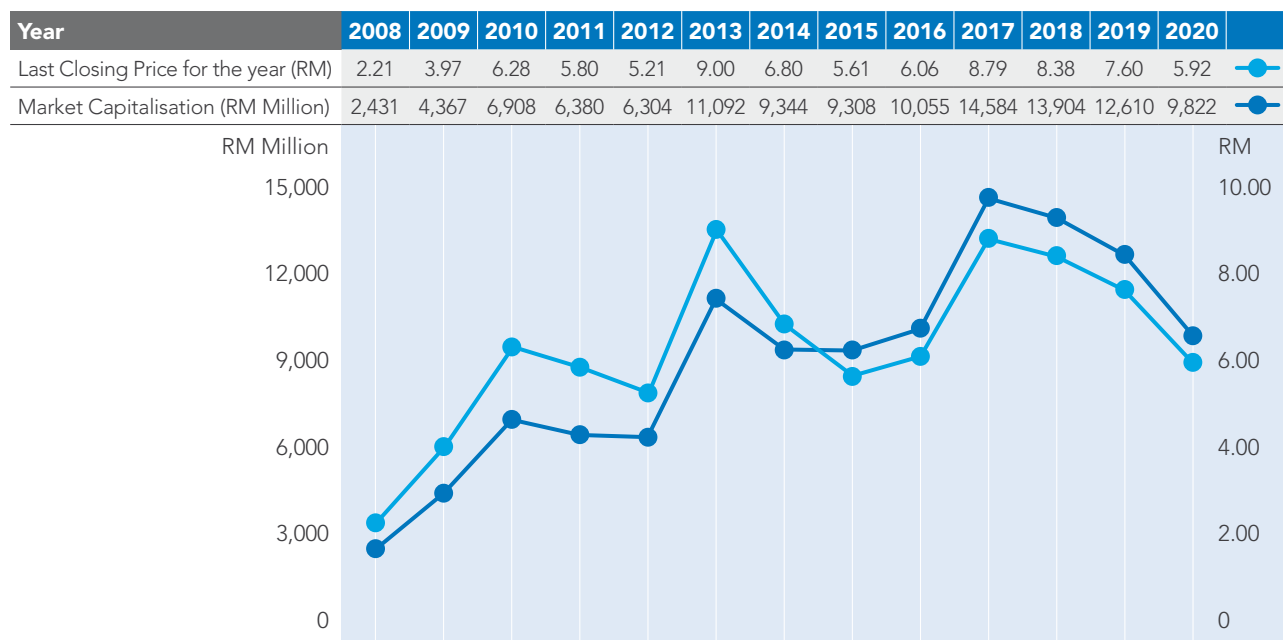
## 2020 SHARE PRICE MOVEMENT



## 2020 MONTHLY TRADING VOLUME & SHARE PRICE STATISTICS

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Volume (Million)	73.1	75.4	100.6	104.5	70.9	92.7	38.1	34.2	32.5	32.6	57.3	49.5
High (RM)	7.67	7.20	6.58	5.69	5.27	6.20	5.95	5.46	5.29	4.80	5.94	6.30
Low (RM)	6.18	6.46	3.92	4.28	4.70	4.88	4.95	4.96	4.73	4.05	4.11	5.26
Closing Price (RM)	6.74	6.59	4.32	5.25	5.00	5.45	5.28	5.10	4.74	4.18	5.21	5.92

## CLOSING PRICE AND MARKET CAPITALISATION



FINANCIAL CALENDAR

GENERAL MEETING	
<div><div>30 April 2021</div><div>Notice of 22<sup>nd</sup> Annual General Meeting</div></div>	<div><div>2 June 2021</div><div>22<sup>nd</sup> Annual General Meeting</div></div>
FINANCIAL YEAR 2020 QUARTERLY RESULTS ANNOUNCEMENTS	DIVIDEND
<div><div>22 May 2020</div><div>Unaudited consolidated results for the 1<sup>st</sup> quarter ended 31 March 2020</div></div>	<div><div>10.0 sen per ordinary share</div><div>Single-Tier Final Dividend FY2019</div></div>
<div><div>27 August 2020</div><div>Unaudited consolidated results for the 2<sup>nd</sup> quarter ended 30 June 2020</div></div>	<div><div>17 April 2020</div><div>Notice of book closure date</div></div>
<div><div>30 November 2020</div><div>Unaudited consolidated results for the 3<sup>rd</sup> quarter ended 30 September 2020</div></div>	<div><div>6 May 2020</div><div>Entitlement date</div></div>
<div><div>26 February 2021</div><div>Unaudited consolidated results for the 4<sup>th</sup> quarter ended 31 December 2020</div></div>	<div><div>21 May 2020</div><div>Payment date</div></div>

## LIST OF PROPERTIES

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2020 (RM'000)
<b>MALAYSIA AIRPORTS (SEPANG) SDN. BHD. FEDERAL LAND COMMISSIONER</b>	KLIA	25 years (Expiry date - 11 February 2034)	22,165 acres	-	-
Location: District Of Sepang, Selangor Malaysia					
<b>MALAYSIA AIRPORTS HOLDINGS BHD. FEDERAL LAND COMMISSIONER**</b>	Sultan Abdul Aziz Shah Airport	60 years (Expiry date - 31 December 2066)	1,122 acres	-	-
Location: District of Petaling, Selangor Malaysia					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Penang International Airport	25 years (Expiry date - 11 February 2034)	826.99 acres	-	-
Location: District of Barat Daya, Penang Malaysia					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Langkawi International Airport	25 years (Expiry date - 11 February 2034)	409.15 acres	-	-
Location: District of Langkawi, Kedah					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Kuching International Airport	25 years (Expiry date - 11 February 2034)	322.43 acres	-	-
Location: District of Kuching, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Sultan Abdul Halim Shah Airport	25 years (Expiry date - 11 February 2034)	294.42 acres	-	-
Location: District of Alor Setar, Kedah					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	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 2020 (RM'000)
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Batu Berendam Airport, Melaka	25 years (Expiry date - 11 February 2034)	239.70 acres	-	-
Location: District of Batu Berendam, Melaka					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Sultan Ahmad Shah Airport	25 years (Expiry date - 11 February 2034)	86.27 acres	-	-
Location: District of Kuantan, Pahang					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Sultan Mahmud Airport	25 years (Expiry date - 11 February 2034)	365.54 acres	-	-
Location: District of Kuala Terengganu, Terengganu					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Sultan Ismail Petra Airport	25 years (Expiry date - 11 February 2034)	895.28 acres	-	-
Location: District of Kota Bharu, Kelantan					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Miri Airport	25 years (Expiry date - 11 February 2034)	1,722.31 acres	-	-
Location: District of Miri, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Sibu Airport	25 years (Expiry date - 11 February 2034)	1,138.87 acres	-	-
Location: District of Sibu, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Bintulu Airport	25 years (Expiry date - 11 February 2034)	1,512.28 acres	-	-
Location: District of Bintulu, Sarawak					

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2020 (RM'000)
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Limbang Airport	25 years (Expiry date - 11 February 2034)	651.45 acres	-	-
Location: District of Limbang, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Mulu Airport	25 years (Expiry date - 11 February 2034)	576.31 acres	-	-
Location: District of Miri, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Bario STOLport	25 years (Expiry date - 11 February 2034)	74.52 acres	-	-
Location: District of Miri, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Ba'kelalan STOLport	25 years (Expiry date - 11 February 2034)	14.81 acres	-	-
Location: District of Limbang, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Long Lellang STOLport	25 years (Expiry date - 11 February 2034)	28.14 acres	-	-
Location: District of Miri, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Long Banga STOLport	25 years (Expiry date - 11 February 2034)	36.45 acres	-	-
Location: District of Miri, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	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 2020 (RM'000)
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Mukah STOLport	25 years (Expiry date - 11 February 2034)	6.63 acres	-	-
Location: District of Mukah, Sarawak Malaysia					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Redang STOLport	25 years (Expiry date - 11 February 2034)	33.51 acres	-	-
Location: District of Kuala Terengganu, Terengganu Malaysia					
<b>MALAYSIA AIRPORTS (NIAGA) SDN. BHD.</b>	48 units of apartments	Freehold	-	3,791	1,868
Location: Desa Cempaka, Bandar Baru Nilai Mukim Nilai, District of Seremban Negeri Sembilan, Malaysia					
<b>MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.</b>	4 units of apartments	Freehold	-	342	610
Location: Genting Permai Park & Resort District of Bentong, Pahang Malaysia					
<b>MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.</b>	14 units of apartments	Freehold	-	774	715
Location: Teluk Dalam, Pulau Pangkor District of Manjung, Perak Malaysia					

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2020 (RM'000)
<b>MALAYSIA AIRPORTS SDN. BHD.</b>  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	-
<b>MALAYSIA AIRPORTS SDN. BHD. 70021493</b>  Location: CL 205359593 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Residential)	Leasehold of 99 years (Expiry date - 31 December 2090)	0.9 acres	-	196
<b>MALAYSIA AIRPORTS SDN. BHD. 70046297</b>  Location: CL 205317951 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Agricultural)	Leasehold of 99 years (Expiry date - 31 December 2077)	1.04 acres	-	167
<b>MALAYSIA AIRPORTS SDN. BHD. 70023359</b>  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	5,840
<b>MALAYSIA AIRPORTS SDN. BHD. 70041246</b>  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	469

## LIST OF PROPERTIES

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2020 (RM'000)
<b>MALAYSIA AIRPORTS SDN. BHD. 70041247</b>	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
Location: District of Subang, Selangor Malaysia					
<b>MALAYSIA AIRPORTS HOLDINGS BHD. 70001251</b>	Malaysia Airports Corporate office KLIA	A total right of occupation of 25 years (Expiry date - 11 February 2034)	3 acres	9,997	14,470
Location: District of Sepang, Selangor Malaysia					
<b>MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD. 70001818-1825</b>	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
Location: District of Sepang, Selangor Malaysia					

### 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)

### **KLIA AEROPOLIS SDN BHD**

Registration No. 201601041450 (1212392-H)

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:  
4<sup>th</sup> Floor, Airport Management Centre  
Kuala Lumpur International Airport  
64000 KLIA, Sepang  
Selangor Darul Ehsan  
Tel : +603-8778 5500/5501  
Fax: +603-8776 8111

### **MALAYSIA AIRPORTS (NIAGA) SDN BHD**

Registration No. 199301026572 (281310-V)

Business Address:  
3<sup>rd</sup> Floor, Airport Management Centre  
Kuala Lumpur International Airport  
64000 KLIA, Sepang  
Selangor Darul Ehsan  
Tel : +603-8776 8600  
Fax: +603-8787 3747

### **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 5555

### **MAB AGRICULTURE-HORTICULTURE SDN BHD**

Registration No. 199801011774 (467902-D)

Business Address:  
4<sup>th</sup> Floor, Airport Management Centre  
Kuala Lumpur International Airport  
64000 KLIA, Sepang  
Selangor Darul Ehsan  
Tel : +6019-356 4366

### **URUSAN TEKNOLOGI WAWASAN SDN BHD**

Registration No. 199801003752 (459878-D)

Business Address:  
1<sup>st</sup> Floor, Civil Engineering Building  
Engineering Complex  
Kuala Lumpur International Airport  
64000 Sepang  
Selangor Darul Ehsan  
Tel : +603-8776 7002  
Fax: +603-8787 2455

### **İSTANBUL SABİHA GÖKÇEN ULUSLARARASI HAVALİMANI YATIRIM YAPIM VE İŞLETME A.Ş.**

(656447)

Business Address:  
Sanayi Mahallesi  
Havaalanı iç yolu Caddesi Kapı No:1  
İstanbul Sabiha Gökçen Uluslararası  
Havalimanı  
Terminal Binası Yönetim Katı  
Pendik 34906 İstanbul - Türkiye  
Tel : +90 216 588 80 00  
Fax: +90 216 588 80 10

### **SGC HAVALİMANI İŞLETMELERİ TİCARET VE TURİZM A.Ş.**

(660779)

Business Address:  
Sanayi Mahallesi  
Havaalanı iç yolu Caddesi Kapı No:1  
İstanbul Sabiha Gökçen Uluslararası  
Havalimanı  
Terminal Binası Yönetim Katı  
Pendik 34906 İstanbul - Türkiye  
Tel : +90 216 588 50 00  
Fax: +90 216 588 50 05

# 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 22<sup>ND</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 22<sup>nd</sup> Annual General Meeting (“22<sup>nd</sup> AGM” or “the Meeting”) of Malaysia Airports Holdings Berhad (“MAHB” or “the Company”) will be held fully virtual via remote participation and electronic voting from the Broadcast Venue at Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Wednesday, 2 June 2021 at 11.00 a.m. to transact the following businesses:

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.  
**Please refer to Explanatory Note A**
2. To approve the payment of Directors’ fees and benefits of an amount up to RM5,000,000.00 to the Non-Executive Directors (“NED”) of the Group with effect from 3 June 2021 until the next AGM in 2022.  
**Please refer to Explanatory Note B** **Ordinary Resolution 1**
3. To re-elect Dato’ Seri Diraja Dr. Zambry Abd Kadir who retires in accordance with Rule 132 of the Constitution of the Company and being eligible, offers himself for re-election.  
**Please refer to Explanatory Note C** **Ordinary Resolution 2**
4. To re-elect Dato’ Mohamad Nasir Ab Latif who retires in accordance with Rule 132 of the Constitution of the Company and being eligible, offers himself for re-election.  
**Please refer to Explanatory Note D** **Ordinary Resolution 3**
5. To re-elect Normah Osman who retires in accordance with Rule 132 of the Constitution of the Company and being eligible, offers herself for re-election.  
**Please refer to Explanatory Note E** **Ordinary Resolution 4**
6. To re-elect Dato’ Ir. Mohamad Husin who retires in accordance with Rule 134 of the Constitution of the Company and being eligible, offers himself for re-election.  
**Please refer to Explanatory Note F** **Ordinary Resolution 5**
7. To re-elect Datuk Azailiza Mohd Ahad who retires in accordance with Rule 134 of the Constitution of the Company and being eligible, offers herself for re-election.  
**Please refer to Explanatory Note G** **Ordinary Resolution 6**
8. To re-elect Ramanathan Sathiamutty who retires in accordance with Rule 134 of the Constitution of the Company and being eligible, offers himself for re-election.  
**Please refer to Explanatory Note H** **Ordinary Resolution 7**
9. To re-appoint Ernst & Young PLT (“EY”) as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.  
**Please refer to Explanatory Note I** **Ordinary Resolution 8**

## NOTICE OF THE 22<sup>ND</sup> ANNUAL GENERAL MEETING

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution with or without modifications:

10. **Proposed renewal of the authority to allot and issue new ordinary shares in MAHB ("MAHB Shares") for the purpose of the Company's Dividend Reinvestment Plan ("DRP") that provides the Shareholders of MAHB ("Shareholders") the option to elect to reinvest their cash dividend in MAHB Shares**

**Ordinary  
Resolution 9**

"THAT pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting ("EGM") held on 30 November 2012 and subject to the approval of the relevant authority (if any), approval be and is hereby given to the Company to allot and issue such number of new MAHB Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next AGM in such number and to such person and upon such terms and conditions as the Directors may, in their sole and absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new MAHB Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price ("VWAP") of MAHB Shares immediately before the price-fixing date. The 5-day VWAP of MAHB Shares shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of such new MAHB Shares;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments or at the discretion of the Directors in the best interest of the Company."

**Please refer to Explanatory Note J**

11. To transact any other business of which due notice shall have been received in accordance with the Companies Act 2016 ("CA 2016") and the Constitution of the Company.

By Order of the Board

### ZAWARDI BIN SALLEH

SSM Practising Certificate No. 202008003088

MAICSA 7026210

Company Secretary

Selangor, Selangor Darul Ehsan

30 April 2021

## NOTES TO THE NOTICE OF THE 22<sup>ND</sup> AGM

### Remote Participation and Voting

1. In upholding the best health and physical health practices in light of the Coronavirus Disease 2019 ("Covid-19") pandemic, the 22<sup>nd</sup> AGM will be held fully virtual through live streaming and entirely via remote participation and electronic voting facilities via Securities Services e-Portal ("e-Portal") at <https://sshsb.net.my/> provided by SS E Solutions Sdn Bhd 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 5 March 2021) ("SC Guidance Note"). Kindly refer to the AGM Administrative Guide on the conduct of a fully virtual 22<sup>nd</sup> AGM for further details.
2. The Broadcast Venue of the 22<sup>nd</sup> 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, the shareholders/proxies/authorised representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 22<sup>nd</sup> 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 the 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 appointments 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 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 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 forty-eight (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 e-Portal. Kindly refer to the AGM Administrative Guide on the procedure to submit the instrument appointing a proxy electronically.

### Voting by Poll

7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), all resolutions set out in the Notice of the 22<sup>nd</sup> AGM would be put to vote by way of poll.

### Annual Report 2020

8. The Annual Report 2020 and other accompanying documents:
  - a. are available online on the Company's website at <https://mahb.listedcompany.com/ar.html>;
  - 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.

## NOTICE OF THE 22<sup>ND</sup> ANNUAL GENERAL MEETING

### Members Entitled to Participate

9. In determining a member who shall be entitled to participate in the 22<sup>nd</sup> 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 of 24 May 2021. Only a depositor whose name appears on the Record of Depositors as of 24 May 2021 shall be entitled to participate and vote at the Meeting or appoint proxies to participate and/or vote on his/her behalf.
10. The 22<sup>nd</sup> 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.
11. 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 MAHB Shares for multiple beneficial owners in one (1) securities account ("Omnibus Account") to appoint multiple proxies in respect of each Omnibus Account it holds.

### Explanatory Note A

12. The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the CA 2016 and meant for discussion only as they 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 Note B for Ordinary Resolution 1

13. 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 22<sup>nd</sup> AGM on the Directors' fees and benefits payable with effect from 3 June 2021 until the next AGM in 2022 ("Relevant Period").
14. Shareholders' approval is to be sought on the payment of Directors' fees and benefits of an amount up to RM5,000,000.00 to the NED throughout the Relevant Period as follows:

- a. The payment of Directors' fees for NED for the Relevant Period is based on the following fee structure:

No.	Description	Chairman	NED
1.	Directors' fees for the Company	RM18,000 per month	RM12,000 per month
2.	Directors' fees for the Company's subsidiaries	RM4,000 per month	RM3,000 per month

- b. The Directors' benefits payable for NED for the Relevant Period comprises the following:

No.	Description	Chairman	NED
1.	Senior Independent Director 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
iii.	Other Committees	RM1,500	RM1,000
b.	Board of the Company's Subsidiaries	RM1,500	RM1,200

No.	Description	Chairman	NED
c.	Board Committees of the Company's Subsidiaries		
(i)	İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. ("ISG"); and SGC Havalimanı İşletmeleri Ticaret ve Turizm A.Ş. ("SGC")#	RM2,500	RM2,000
3.	Other Benefits and Entitlements	Directors' appreciation gift, out of pocket expenses, car allowance*, entertainment allowance*, personal assistance allowance*, petrol, toll, IT and telecommunication devices, club membership*, professional membership, privilege cards and other customary benefits such as insurance and medical coverage.	

\* 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.

- c. In determining the estimated total amount of Directors' fees and benefits payable for the NED 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 a contingency for future appointment of NED on the Boards of the Company's subsidiaries and increase in the number of Board and Board Committees meetings.
- d. Payment of the Directors' fees and benefits to the NED will be made on a monthly basis and/or as and when they are incurred subject to the passing of the proposed Ordinary Resolution 1 at the 22<sup>nd</sup> AGM.
- e. The Board is of the view that it is just and equitable for the NED to be paid the Directors' fees and benefits payable on a monthly basis and/or as and when they are incurred, particularly after the Directors have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the Relevant Period.
- f. In the event where the payment of Directors' fees and benefits during the Relevant Period exceeds the estimated amount sought to be approved in the 22<sup>nd</sup> AGM, a shareholders' approval shall be sought at the next AGM in 2022 on the payment of the additional amount.
- g. Ordinary Resolution 1 is proposed in accordance with Rule 114 of the Constitution of the Company, and if passed, shall take effect from 3 June 2021.

#### Explanatory Notes C, D and E for Ordinary Resolutions 2, 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 and shall be eligible for re-election.
16. On 11 August 2020, the Board approved the appointment of Dato' Seri Diraja Dr. Zambry Abd Kadir as the Chairman/ Non-Independent Non-Executive Director of the Company. Dato' Seri Diraja Dr. Zambry Abd Kadir was nominated by the Minister of Finance (Incorporated), the Special Shareholder of the Company, as its representative. His appointment took effect on 12 August 2020.
17. On 24 September 2020, the Board approved the appointment of Dato' Mohamad Nasir Ab Latif as the Non-Independent Non-Executive Director of the Company. Dato' Mohamad Nasir Ab Latif was nominated by the Employees Provident Fund as its representative. His appointment took effect on 1 October 2020.

## NOTICE OF THE 22<sup>ND</sup> ANNUAL GENERAL MEETING

18. On 23 April 2021, the Board approved the appointment of Normah Osman as the Non-Independent Non-Executive Director of the Company. Normah Osman was nominated by the Minister of Finance (Incorporated), the Special Shareholder of the Company, as a representative of the Ministry of Transport. Her appointment took effect on 26 April 2021.
19. Pursuant to Rule 132, Dato' Seri Diraja Dr. Zambry Abd Kadir, Dato' Mohamad Nasir Ab Latif and Normah Osman are standing for re-election at the 22<sup>nd</sup> AGM.
20. The Board has conducted an assessment on the Directors who are seeking re-election under Rule 132 at the 22<sup>nd</sup> AGM inclusive of their skills, experience, character, integrity, competency and contribution. The Board 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 Dato' Seri Diraja Dr. Zambry Abd Kadir, Dato' Mohamad Nasir Ab Latif and Normah Osman at the 22<sup>nd</sup> AGM.
21. The profiles of Dato' Seri Diraja Dr. Zambry Abd Kadir, Dato' Mohamad Nasir Ab Latif and Normah Osman are available in the "Board of Directors' Profile" section of the Annual Report 2020.

### Explanatory Notes F, G and H for Ordinary Resolutions 5, 6 and 7

22. Rule 134 of the Constitution of the Company expressly states that at the AGM in every subsequent year, at least one-third of the Directors for the time being or the number nearest to one-third shall retire from office. The retiring Directors shall be eligible for re-election and shall act as the Directors throughout the meeting at which he or she retires.
23. Pursuant to Rule 134, Dato' Ir. Mohamad Husin, Datuk Azailiza Mohd Ahad and Ramanathan Sathiamutty, who are retiring from office, are standing for re-election at the 22<sup>nd</sup> AGM.
24. The Board has conducted an assessment on the independence of the Directors who are seeking re-election under Rule 134 at the 22<sup>nd</sup> 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 Dato' Ir. Mohamad Husin, Datuk Azailiza Mohd Ahad and Ramanathan Sathiamutty at the 22<sup>nd</sup> AGM.
25. The profiles of Dato' Ir. Mohamad Husin, Datuk Azailiza Mohd Ahad and Ramanathan Sathiamutty are available in the "Board of Directors' Profile" section of the Annual Report 2020.

### Explanatory Note I for Ordinary Resolution 8

26. 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.

### Explanatory Note J for Ordinary Resolution 9

27. As of the date of the Notice, the Company has issued a total of 49,833,561 MAHB Shares pursuant to the implementation of the DRP as approved by the shareholders at the EGM held on 30 November 2012. The authority to allot MAHB Shares pursuant to the DRP was first granted on 30 November 2012 and subsequently at the 14<sup>th</sup>, 15<sup>th</sup> and 16<sup>th</sup> AGM held on 28 March 2013, 20 March 2014 and 5 May 2015, respectively.
28. The above proposed Ordinary Resolution, if passed, would allow the Company to allot and issue new MAHB Shares pursuant to the DRP from the 22<sup>nd</sup> AGM until the convening of the next AGM. It would also allow the Directors to fix the issue price of such new MAHB Shares at a discount of up to 10% of the adjusted five (5)-day VWAP of MAHB Shares immediately before the price-fixing date. The 5-day VWAP of MAHB Shares shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of such new MAHB Shares.
29. The above proposed Ordinary Resolution, if passed, would allow the Directors and the Company Secretary to act on behalf of the Company in executing and giving effect to all the relevant and necessary transactions, arrangements and documents pertaining to the implementation of the DRP in the interest of expedience and efficiency subject always to the best interest of the Company.

## STATEMENT ACCOMPANYING NOTICE OF THE 22<sup>ND</sup> 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. Dato' Seri Diraja Dr. Zambry Abd Kadir;
  - b. Dato' Mohamad Nasir Ab Latif; and
  - c. Normah Osman.
  
2. Directors who are retiring pursuant to Rule 134 of the Constitution of the Company and seeking re-election are:
  - a. Dato' Ir. Mohamad Husin;
  - b. Datuk Azailiza Mohd Ahad; and
  - c. Ramanathan Sathiamutty.

The profiles of the above Directors and details of their interest in the securities of the Company are set out in the section titled "Board of Directors' Profile" and "Statement of Shareholdings" of the Annual Report 2020.



## AGM ADMINISTRATIVE DETAILS

### 22<sup>ND</sup> ANNUAL GENERAL MEETING ("22<sup>ND</sup> AGM" OR "THE MEETING") OF MALAYSIA AIRPORTS HOLDINGS BERHAD ("MAHB" OR "THE COMPANY")

Date	: Wednesday, 2 June 2021
Time	: 11:00 a.m.
Broadcast Venue	: Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan

#### Precautionary Measures Against the Coronavirus Disease 2019 ("COVID-19")

- To ensure the best health and physical distancing practices as part of the precautionary measures in light of the COVID-19 pandemic, the 22<sup>nd</sup> AGM will be conducted on a fully virtual basis through live streaming and remote participation and voting facilities via Securities Services e-Portal ("e-Portal") at <https://sshbsb.net.my> provided by SS E Solutions Sdn Bhd ("SSES") 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 5 March 2021) ("SC Guidance Note").
- The Broadcast Venue of the 22<sup>nd</sup> AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and SC Guidance Note which require the Chairman of the Meeting to be present at the main venue of the Meeting. Having regard to the well-being and safety, the shareholders/proxies/authorised representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 22<sup>nd</sup> AGM.

#### Refreshment and Door Gift

There will be no refreshment and door gifts provided for participation in the 22<sup>nd</sup> AGM.

#### Procedures for Remote Participation and Voting via e-Portal

- Please follow the procedures below to engage in remote participation and voting at the 22<sup>nd</sup> AGM via e-Portal:
  - Before the day of the 22<sup>nd</sup> AGM

PROCEDURE	ACTION
<p>Sign up for a user account if you do not have a user account with the e-Portal</p> <ul style="list-style-type: none"> <li>To register for remote participation at the 22<sup>nd</sup> AGM, please sign up for a user account by <b>Monday, 31 May 2021</b>.</li> <li>To submit the e-Proxy Form, please sign up for a user account by <b>Thursday, 27 May 2021</b>, failing which you may only be able to submit the hard copy proxy form.</li> </ul> <p>(If you already have a user account, you are not required to register again.)</p>	<ul style="list-style-type: none"> <li>Visit <a href="https://sshbsb.net.my/login.aspx">https://sshbsb.net.my/login.aspx</a></li> <li>Click "<b>Register Now</b>" to sign up for a user account.</li> <li>Wait for a notification e-mail that will be sent within one (1) working day.</li> <li>Verify your user account within seven (7) days upon receipt of the notification e-mail and log in, failing which will require you to re-register.</li> <li>Note that the e-Portal is available to:               <ul style="list-style-type: none"> <li>Individual shareholder; and</li> <li>Authorised representative of a corporate shareholder.</li> </ul> </li> </ul>

PROCEDURE	ACTION
Register for remote participation at the 22 <sup>nd</sup> AGM	<ul style="list-style-type: none"> <li>• Log in to <a href="https://sshsb.net.my/login.aspx">https://sshsb.net.my/login.aspx</a> with your registered e-mail and password.</li> <li>• Look for <b>"Malaysia Airports Holdings Berhad"</b> under Company Name and <b>"22<sup>nd</sup> AGM on 2 June 2021 at 11:00 a.m. - Registration for Remote Participation"</b> under Corporate Exercise/Event and click "&gt;".</li> <li>• Check if you are attending as: <ul style="list-style-type: none"> <li>- Individual shareholder; or</li> <li>- Corporate or authorised representative of a body corporate.</li> </ul> <p><i>For body corporates, the appointed corporate or authorised representative must 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 must be accompanied by a certified translation in English in one (1) file. The <u>original</u> evidence of authority and translation thereof, if required, have to be submitted to SSES at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification by Monday, 31 May 2021 at 11:00 a.m.</i></p> </li> <li>• Read and agree to the Terms &amp; Conditions of Use and Privacy Policy and submit your registration.</li> <li>• A copy of your e-Registration for remote participation can be accessed via <b>"My Records"</b> (refer to the left navigation panel).</li> <li>• Your registration will apply to <b>all the CDS account(s)</b> of each individual shareholder or body corporate shareholder that you represent. If you are both an individual shareholder and representative of body corporate(s), you need to register as an individual and also as a representative for each body corporate.</li> <li>• System will send an e-mail notification that the request for remote participation is received and will be verified.</li> <li>• After verification of your registration against the Record of Depositors as of 24 May 2021, the system will send you an e-mail to approve or reject your registration for remote participation.</li> </ul>

## AGM ADMINISTRATIVE DETAILS

PROCEDURE	ACTION
Submit e-Proxy Form <ul style="list-style-type: none"> <li>• <i>Submission would close on <b>Monday, 31 May 2021 at 11:00 a.m.</b></i></li> </ul>	<ul style="list-style-type: none"> <li>• Log in to <a href="https://sshsb.net.my/login.aspx">https://sshsb.net.my/login.aspx</a> with your registered e-mail and password.</li> <li>• Look for “<b>Malaysia Airports Holdings Berhad</b>” under Company Name “<b>22<sup>nd</sup> AGM on 2 June 2021 at 11:00 a.m. – Submission of Proxy Form</b>” under Corporate Exercise/Event and click “&gt;”.</li> <li>• Check if you are submitting as:               <ul style="list-style-type: none"> <li>- Individual shareholder; or</li> <li>- Corporate or authorised representative of a body corporate.</li> </ul> <p><i>For body corporates, the appointed corporate or authorised representative must 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 must be accompanied by a certified translation in English in one (1) file. The <u>original</u> evidence of authority and translation thereof, if required, have to be submitted to SSES at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for verification by Monday, 31 May 2021 at 11:00 a.m.</i></p> </li> <li>• Enter the CDS account number. Then enter the information of your proxy(ies) and the proportion of your securities to be represented by your proxy(ies).</li> <li>• You need to submit your e-Proxy Form for <b>every CDS account</b> you have or represent.</li> <li>• <b>You are strongly encouraged to appoint the Chairman of the Meeting as your proxy if you are not able to participate remotely.</b></li> <li>• Proceed to indicate how your votes are to be cast against each resolution.</li> <li>• Review and confirm your proxy form details before submission.</li> <li>• Read and agree to the Terms &amp; Conditions of Use and Privacy Policy and submit.</li> <li>• A copy of your submitted e-Proxy Form can be accessed via “<b>My Records</b>” (refer to the left navigation panel).</li> </ul>

b. On the 22<sup>nd</sup> AGM Day

PROCEDURE	ACTION
<p>Join the Live Stream Meeting ("eLive")</p> <ul style="list-style-type: none"> <li>Assess to eLive will open on <b>Wednesday, 2 June 2021 at 10:30 a.m.</b></li> </ul>	<ul style="list-style-type: none"> <li>Log in to <a href="https://sshsb.net.my/login.aspx">https://sshsb.net.my/login.aspx</a> with your registered e-mail and password.</li> <li>Look for "<b>Malaysia Airports Holdings Berhad</b>" under Company Name "<b>22<sup>nd</sup> AGM on 2 June 2021 at 11:00 a.m. – Live Stream Meeting</b>" and click "&gt;".</li> <li>Read and agree to the Terms &amp; Conditions of Use and Privacy Policy and proceed to the live stream meeting.</li> <li>Use the text box of the live streaming video to transmit your question to the Chairman/Board. The Chairman/Board will endeavour their best to broadcast your question and its answer related to the financial performance and resolutions tabled at the 22<sup>nd</sup> AGM.</li> <li>Take note that the quality of the live streaming is dependent on the stability of the internet connection at the location of the user.</li> </ul>
<p>Vote online remotely during the Meeting ("eVoting")</p> <ul style="list-style-type: none"> <li>Assess to eVoting will open on <b>Wednesday, 2 June 2021 at 11:00 a.m.</b> and close as directed by the Chairman of the Meeting.</li> </ul>	<ul style="list-style-type: none"> <li>If you are already accessing the eLive, click "<b>Proceed to Vote</b>" under the live stream player on your screen; or</li> <li>If you are not accessing from the eLive and have just logged in to the e-Portal, look for "<b>Malaysia Airports Holdings Berhad</b>" under Company Name and "<b>22<sup>nd</sup> AGM on 2 June 2021 at 11:00 a.m. – Remote Voting</b>" under Corporate Exercise/Event and click "&gt;".</li> <li>Cast your votes for each resolution by clicking on the radio button under "<b>For</b>", "<b>Against</b>" or "<b>Abstain</b>".</li> <li>Read the Terms &amp; Conditions of Use and Privacy Policy and check "✓" to confirm that you acknowledge and agree to the Terms &amp; Conditions of Use and Privacy Policy.</li> <li>Review your indicated votes.</li> <li>Confirm and submit the votes.</li> <li>Your votes cast will apply throughout <b>all the CDS accounts</b> 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.</li> <li>A copy of your submitted eVoting can be accessed via "<b>My Records</b>" (refer to the left navigation panel).</li> </ul>

- Participants of the 22<sup>nd</sup> AGM will need to ensure to be connected to the internet at all times in order to participate and vote throughout the entire proceedings of the 22<sup>nd</sup> AGM.
- Please note that the e-Portal is best viewed on the latest versions of Chrome, Firefox, Edge and Safari browsers.
- Participants of the 22<sup>nd</sup> AGM are reminded that strictly no recording or photography of the proceedings of the 22<sup>nd</sup> AGM is allowed.

## AGM ADMINISTRATIVE DETAILS

### Entitlement to Participate and Vote

Only a depositor whose name appears on the Record of Depositors as of 24 May 2021 shall be eligible to participate and vote at the 22<sup>nd</sup> AGM or appoint proxies to participate and/or vote on his/her behalf.

### Voting at the 22<sup>nd</sup> AGM

- The voting at the 22<sup>nd</sup> 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 votes at any time from the commencement of the 22<sup>nd</sup> AGM at 11:00 a.m.

### Results of the Voting

Results of the voting on the resolutions proposed at the 22<sup>nd</sup> AGM will be announced at the Meeting and subsequently, via an announcement made by the Company through Bursa Malaysia Securities Berhad's website at <https://www.bursamalaysia.com/>

### Annual Report 2020

The Annual Report 2020 and other accompanying documents:

- are available online on the Company's website at <https://mahb.listedcompany.com/ar.html>
- 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 e-mail address in the Record of Depositors with Bursa Malaysia Depository Sdn Bhd.

### Enquiry

Should you require any assistance or clarification prior to the 22<sup>nd</sup> AGM, please do not hesitate to contact the following during office hours on Monday to Friday from 8:30 a.m. to 5:30 p.m. (except on public holidays):

- a. e-Portal
  - Mr. Wong Piang Yoong at +603 2084 9168
  - Ms. Lee Pei Yeng at +603 2084 9169
  - Ms. Rachel Ou at +603 2084 9161
  - General line at +603-2084 9000
- b. MAHB at +603-8777 7000

# PROXY FORM

Malaysia Airports Holdings Berhad  
Registration No. 199901012192 (487092-W)  
Incorporated in Malaysia



Hosting  
Joyful  
Connections

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 ("MAHB" or "the Company"), 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 22<sup>nd</sup> Annual General Meeting ("22<sup>nd</sup> AGM" or "the Meeting") of the Company to be held fully virtual via remote participation and electronic voting from the Broadcast Venue at Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Wednesday, 2 June 2021 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 on the resolutions at his/her discretion.)

NO.	RESOLUTIONS		FOR	AGAINST
1.	ORDINARY RESOLUTION 1	To approve the payment of Directors' fees and benefits of an amount up to RM5,000,000.00 to the Non-Executive Directors ("NED") of the Group with effect from 3 June 2021 until the next AGM in 2021.		
2.	ORDINARY RESOLUTION 2	To re-elect Dato' Seri Diraja Dr. Zambry Abd Kadir who shall retire in accordance with Rule 132 of the Constitution of the Company and who being eligible, offers himself for re-election.		
3.	ORDINARY RESOLUTION 3	To re-elect Dato' Mohamad Nasir Ab Latif who retires in accordance with Rule 132 of the Constitution of the Company and being eligible, offers himself for re-election.		
4.	ORDINARY RESOLUTION 4	To re-elect Normah Osman who retires in accordance with Rule 132 of the Constitution of the Company and being eligible, offers herself for re-election.		
5.	ORDINARY RESOLUTION 5	To re-elect Dato' Ir. Mohamad Husin who retires in accordance with Rule 134 of the Constitution of the Company and being eligible, offers himself for re-election.		
6.	ORDINARY RESOLUTION 6	To re-elect Datuk Azailiza Mohd Ahad who retires in accordance with Rule 134 of the Constitution of the Company and being eligible, offers herself for re-election.		
7.	ORDINARY RESOLUTION 7	To re-elect Ramanathan Sathiamutty who retires in accordance with Rule 134 of the Constitution of the Company and being eligible, offers himself for re-election.		
8.	ORDINARY RESOLUTION 8	To re-appoint Ernst & Young PLT ("EY") as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
9.	ORDINARY RESOLUTION 9	To approve the proposed renewal of the authority to allot and issue new ordinary shares in MAHB ("MAHB Shares"), for the purpose of the Company's Dividend Reinvestment Plan ("DRP") that provides the Shareholders of MAHB ("Shareholders") the option to elect to reinvest their cash dividend in MAHB Shares.		

As witness my/our hands this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

Signature of Member/Common Seal

**Notes:**

1. In upholding the best health practices in light of the Coronavirus Disease 2019 ("COVID-19") pandemic, the 22<sup>nd</sup> AGM will be held fully virtual through live streaming and entirely via remote participation and electronic voting facilities via Securities Services e-Portal ("e-Portal") at <https://sshsb.net.my/> provided by SS E Solutions Sdn Bhd 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 5 March 2021) ("SC Guidance Note"). Kindly refer to the AGM Administrative Guide on the conduct of a fully virtual 22<sup>nd</sup> AGM for further details.
2. The Broadcast Venue of the 22<sup>nd</sup> 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, shareholders/proxies/ authorised representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 22<sup>nd</sup> 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 appointments 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 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 or you may fax to +03-8777 7512 not less than forty-eight (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 e-Portal.
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 and holds MAHB Shares in the Company for multiple beneficial owners in one (1) 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



## ANNUAL REPORT REQUISITION FORM



*Hosting  
Joyful  
Connections*

Dear Shareholders,

Thank you for your continued support for Malaysia Airports Holdings Berhad (MAHB). We are pleased to inform you that the full version of the Annual Report 2020 of MAHB is also available in printed copy. Should you require a printed copy of the Annual Report 2020, please complete this form and return it to the address below or fax to (+603) 8777 7512. A full version of the Annual Report 2020 shall be couriered to you within four market days from the date of receipt of your request.

---

To : THE COMPANY SECRETARY  
**Malaysia Airports Holdings Berhad**  
Malaysia Airports Corporate Office  
Persiaran Korporat KLIA  
64000 KLIA, Sepang  
Selangor Darul Ehsan

I/We, am/are a Shareholder of MAHB and wish to request for a printed copy of the Annual Report 2020. Please send me/us a printed copy of the Annual Report 2020 of MAHB at the following address:

Name of Shareholder : \_\_\_\_\_

NRIC No./Passport No./Company No.: \_\_\_\_\_

CDS Account No. : \_\_\_\_\_

Address : \_\_\_\_\_

Tel. No. : \_\_\_\_\_

---

Signature of Shareholder

Date:

---

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](http://www.malaysiaairports.com.my)

**MALAYSIA AIRPORTS HOLDINGS BERHAD**

Registration No. 199901012192 (487092-W)

Malaysia Airports Corporate Office,  
Persiaran Korporat KLIA,  
64000 KLIA, Sepang,  
Selangor Darul Ehsan, Malaysia.

Tel : +603-8777 7000

Fax : +603-8777 7778

 Malaysia Airports

 @MY\_Airports

 malaysiaairports

 Malaysia Airports



*This Annual Report was printed entirely on environment-friendly paper*