



The Khazanah Report 2016 outlines the goals, strategies and vision embraced by Khazanah Nasional Berhad (Khazanah) in our role as the strategic investment fund of the Government of Malaysia.

Khazanah is a Malay word of Arabic origin, meaning "treasure". The same word can also be found in many other languages and carries the same meaning. The name Khazanah Nasional, meaning "national treasure", and the design of Khazanah's logo, which draws inspiration from the *cembul*, a traditional Malay jewellery box, represent the organisation's role as one of the trustees of the nation's commercial assets. The criss-cross of lines represents our investments across multiple sectors and geographies, and highlights our role as a catalyst for new and strategic ventures. Seen as a whole, the logo embodies the holistic role Khazanah plays as the strategic investment fund of the Government.

The theme Sharing True Value is reflected on the cover of this report, primarily through the ubiquitous share icon .

The overall graphic design symbolises how we build and share true value at many levels via an interconnected and broad-ranging network, encompassing the operations and activities of Khazanah and the multiple stakeholders that we work with.

This report is available online at www.khazanah.com.my



"Seduit dibelah tujuh, sirih sehelai dicabik-cabik"

is an old Malay proverb that literally means "a coin divided by seven, a betel leaf divided into pieces". Its underlying message is to encourage sharing for the benefit of everyone in a group or community. This message lends itself to being applied broadly, from the smallest village, to the nation at large with all its people, as well as organisations such as Khazanah.

As the strategic investment fund of the Government of Malaysia, we strive for long-term value creation that can deliver financial, strategic and societal returns for the country. Building and sharing true value goes hand-in-hand in many aspects of the work we do, exemplified in how we approach, structure, and execute our value creation and distribution activities. Internally, we share core values that guide us in our work.

In fulfilling our mandate, we collaborate and partner with multiple stakeholders to help harness potential, create opportunities, and chart new frontiers in our shared nation-building efforts. Together, we collectively contribute towards transforming Malaysia into a developed nation with a high-income, sustainable and inclusive economy.

SHARING TRUE VALUE



The theme of *The Khazanah Report 2016* (TKR2016) is *Sharing True Value*. It builds on how we describe the essence of our work at Khazanah, *Building True Value*, which has been the overarching theme of The Khazanah Reports since the inaugural edition published in 2013.

Khazanah is primarily an investment house focused on long-term value creation to generate financial returns that, among other things, enable us to undertake value distribution activities. As a strategic investment fund with an overall financial, strategic and societal mandate, the element of sharing is present in how we approach our value creation and in our value distribution efforts and initiatives. We highlight both facets of sharing true value throughout this report.

Sharing True Value is also reflected on the report's cover, where the overall graphic design illustrates how we build and share true value at many levels. It symbolises the interconnected and broad-ranging network that encompasses the activities of Khazanah and the multiple stakeholders that we work with.

To provide further insight into the theme, the following pages also feature call-outs on activities, and quotes from our staff and partners. The theme is further demonstrated through three case studies, which elaborate on our broad efforts in the education sector, the landmark transaction taking toll highway operator PLUS Malaysia private in 2011, and the *Kembara* Khazanah journey that our senior staff undertake every year.



"Khazanah has an important role to ensure that it not only focuses on financials, but also the long term sustainable growth and societal needs of the country."

> Dato' Sri Mohd Najib Abdul Razak Chairman, Khazanah Nasional Berhad

(Excerpt from Chairman Message, The Khazana Report 2016 Khazanah is primarily an investment house focused on long-term value creation that, among other things, enable us to undertake value distribution activities.

2004 - 2016

Cumulative **Profit Before Tax**



As at December 2016

From May 2004

to 31 December 2016

Realisable Asset Value

CAGR per annum | CAGR per annum

Net Worth Adjusted

RM145.3b RM102.1b 8.6% 9.3%







Proceeds from Gains on

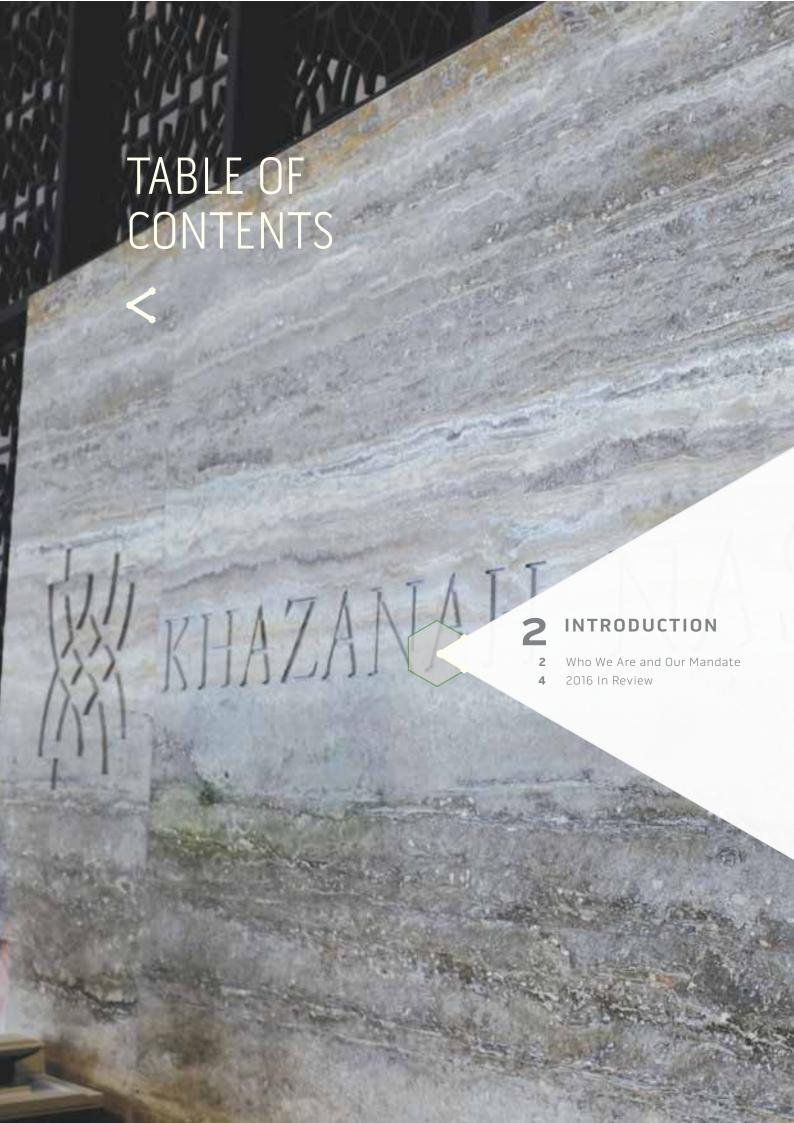
Total

RM 52.8b RM 24.9

From 2004 - 2016







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WHO WE ARE



Khazanah Nasional Berhad (Khazanah) is the strategic investment fund of the Government of Malaysia.

Khazanah holds and manages selected commercial assets of the Government and undertakes strategic investments on behalf of the nation. We play a catalytic role in driving various strategic industries and national initiatives.

We are involved in sectors such as power, telecommunications, finance, healthcare, aviation, infrastructure, leisure and tourism, and property, amongst others. Our listed portfolio includes Axiata Group Berhad, CIMB Group Holdings Berhad, Tenaga Nasional Berhad, IHH Healthcare Berhad, UEM Sunrise Berhad, Telekom Malaysia Berhad and Malaysia Airports Holdings Berhad.

Khazanah was incorporated under the Companies Act 1965 in Malaysia on 3 September 1993 as a public limited company and commenced operations a year later. Khazanah is owned by the Ministry of Finance Incorporated, except for one share held by the Federal Land Commissioner.

In 2004, Tan Sri Dato' Azman Mokhtar, the present Managing Director, was appointed to lead Khazanah and undertake a strategic revamp based on its new mandate. He reports to the Board of Directors, chaired by Malaysia's Prime Minister and Minister of Finance, Dato' Sri Mohd Najib Tun Abdul Razak.



technology companies, it is either to help Malaysian is either to help Malaysia tech companies grow and expand globally, or in overseas companies with the aim of getting technology or high end manufacturing into Malaysia. These technologies frequently also provide opportunities

Tengku Dato' Sri Azmil Raja Abdul Aziz

OUR **MANDATE**

Khazanah's vision is to be a leading strategic investment house that creates sustainable value for a globally competitive Malaysia. Our proactive investment approach includes the management of our core investments, leveraging on our global footprint for new growth sectors, as well as undertaking catalytic investments that strategically boost the country's economy. We are also involved in the active development of human, social and knowledge capital for the country.



"At the heart of our work, my team and I thrive on putting together a strategy to achieve sustainable returns that would ultimately create a better tomorrow for everyone."

Siti Safinah Salleh Senior Vice President, Managing Director's Office (Siti Safinah is in the Strategic Management Unit)

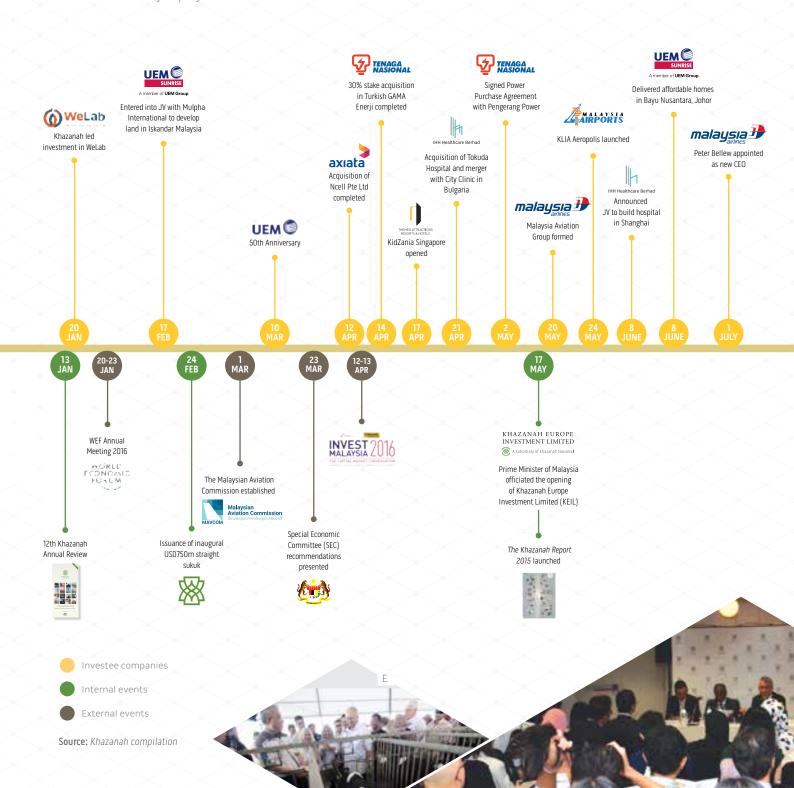


This illustration encapsulates Khazanah's mandate, with the roof representing our vision, supported by four pillars that define our work, anchored on our core foundations.

2016 IN REVIEW



2016 saw several key transactions that further underlined our role as a strategic investment fund. These include corporate exercises, restructuring activities, investments, strategic divestments to support national development objectives, acquisitions to tap into new growth areas and launch of catalytic projects.







Khazanah continues to grow as an institution, underpinned by a robust governance and accountability framework. Our Board of Directors, led by our Chairman, Dato' Sri Mohd Najib Tun Abdul Razak, guides the efforts of our management in executing our mandate.

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MESSAGE FROM THE CHAIRMAN



Malaysia is still on track to achieve its aspiration of becoming a high-income nation on the back of a sustainable and inclusive economy.

Alhamdulillah, Malaysia has been able to weather through 2016 despite several headwinds that included the slump in crude oil prices and weakening of the ringgit against the US dollar. We registered a decent GDP growth of 4.2% supported by private consumption, which grew 6.1% on the back of steady income growth and supportive fiscal measures.

Our financial system remains resilient against the backdrop of global uncertainties over policy adjustments in the major economies. External events including Brexit and the outcome of the US Election have raised uncertainties globally, as a result the ringgit has been weakened further. Nevertheless, the central bank has been quick to respond with prudent measures to curb outflow and the movement of the ringgit has since been stabilised.

Our domestic banking system is well-capitalised, with ample liquidity to support the financing needs of businesses and households. As a responsible Government, we had to make some hard decisions such as widening the tax base by introducing a Goods and Services Tax (GST) back in 2015, as well as rationalising or removing subsidies. They were not popular moves but necessary to strengthen our economy at a time when we needed it the most.

On the upside, the New Economic Model (NEM) introduced in 2010 is progressing well. Between 2010 and 2016, Gross National Income (GNI) has increased by nearly 50%

- A Tan Sri Azman and Dato' Sri Mohd Najib at the Board Retreat in Iskandar Puteri, Johor in December 2016
- **B** Dato' Sri Mohd Najib, Dato' Sri Mustapha Mohamed and Tan Sri Azman cheering with other attendees at the Yayasan Khazanah 10th Anniversary Gala Dinner after witnessing badminton ace Dato' Lee Chong Wei's victory against China's Lin Dan at the 2016 Olympics. The match was streamed live at the event.





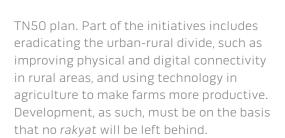
with 1.8 million jobs created. Inflation remains low while Foreign Direct Investment (FDI) has grown steadily at 6% annually. The NEM is driven by a national development strategy that is focused on creativity and innovation. In this regard, Khazanah has, over the years, ventured into new growth segments and catalytic investments including telecommunications, healthcare, innovation and technology, agrifood, life sciences and creative and media, amongst others. The opening of Khazanah's London office, which I officiated in May last year, is anticipated

"Our domestic banking system is well-capitalised, with ample liquidity to support the financing needs of businesses and households."

to enhance investments as well as provide opportunities for Khazanah to expand into new sources of growth.

Over the years, Khazanah has continued to record strong financial and resilient performance, and this puts it in a good position to deliver its mandate as a strategic investment fund of Malaysia. Its strategic investment in Iskandar Malaysia, for instance, has seen the area transform into a vibrant economic region, attracting RM221 billion of investments and creating more than 700,000 jobs in the past one decade. Khazanah's core investments in key national assets have seen companies like CIMB Group Holdings Berhad, Tenaga Nasional Berhad and Telekom Malaysia Berhad expanding their respective presence regionally, putting Malaysia on the global map as reputable investors and businesses.





"In my Budget 2017 speech, I introduced the Transformasi Nasional 50 (TN50) initiative, as a mechanism to embrace and shape the future of Malaysia sustainably."

In this regard, Khazanah has an important role to ensure that it not only focuses on financials, but also the long term sustainable growth and societal needs of the country. I am pleased to note that The Holstein Milk Company, an investee company of Khazanah, engages contract farmers at a premium price to help them sustain their operations, as well as offers business opportunities for Malaysians to become one of their homebased dealers. Collaboration such as this is in line with the Government's inclusion efforts, and one that is a win-win situation for all. Khazanah's involvement in scholarship programmes via Yayasan Khazanah (YK) and Skim Latihan 1Malaysia (SL1M) have respectively provided students opportunities to

A Dato' Sri Mohd Najib planting seeds at the launch of the Taman Tugu Project

Dato' Sri Mohd Najib with fellow Board members and Senior
Leadership Team of Khazanah during the Board Retreat in Iskandar
Puteri. Johor

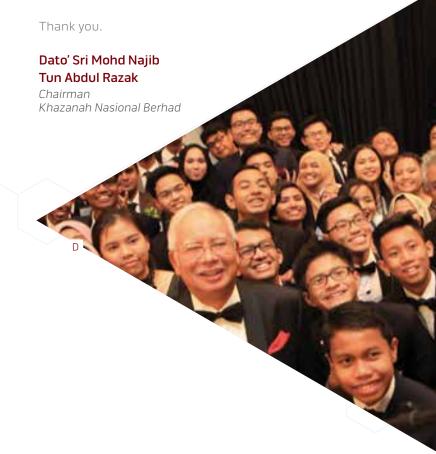
© Dato' Sri Mohd Najib chatting with the Mayor of London, Sadiq Khan (left) and the United Kingdom's Secretary of State for Business, Innovation and Skills, Sajid Javid (right), during the opening of Khazanah Europe Investment Limited's office in London

D Dato' Sri Mohd Najib with scholars during the Yayasan Khazanah 10th Anniversary Gala Dinner

further their studies and graduates to hone their skills. Since YK's inception until end 2016, a total of 646 students have benefited from its scholarships programmes while between 2015 and 2016, a total of 5,160 graduated from the SL1M programme under Khazanah.

As Chairman of Khazanah, I would like to take the opportunity to thank all the staff of Khazanah for their dedication and hard work. I would also like to extend my appreciation to my fellow Board members for their collective efforts and contribution in steering Khazanah to greater heights.

We remain committed in *Building True Value* for the nation, *insya-Allah*, with perseverance and focus, our efforts will bear further fruit.



OUR GOVERNANCE AND ACCOUNTABILITY FRAMEWORK



We are guided by a framework that establishes a clear responsibility, authority and governance structure

The Board of Directors governs our operations. It consists of representatives from the Government and the corporate sector with diverse professional backgrounds and expertise. Dato' Sri Mohd Najib Tun Abdul Razak, the Prime Minister of Malaysia and Minister of Finance, is the Chairman of our Board.

The Board meets regularly and is ultimately accountable and responsible for Khazanah's overall governance – this includes both performance and conformance matters. A Board Charter sets out the roles and responsibilities of the Board in overseeing the management of Khazanah. The Board is assisted by two subcommittees – the Executive Committee (EXCO) and the Audit and Risk Committee (ARC). The four-member EXCO comprises three Non-Executive Directors and an Executive Director, while the ARC consists of three Independent Directors.

Khazanah, as an organisation incorporated under the Companies Act 1965, uphold rigorous standards of transparency and accountability. Our governance and accountability framework establishes a clear responsibility, authority and governance structure. These perimeters guide our overall operations. Internal systems and controls in the form of policies, procedures and guidelines on matters ranging from risk management and investment approvals to corporate values and ethical standards further strengthen our governance practice.

We operate within the framework of a clearly defined mandate that is aligned with national development objectives of the Government, our ultimate shareholder. Our Governance and Risk Management Framework serves as a guide for the effective management of risks, and to inculcate a culture of good corporate governance and risk management throughout the institution.

The framework comprises a Risk Management Policy, Schedule of Matters for the Board, Limits of Authority for the Management, Code of Conduct as well as Policies

and Procedures, which guide our employees in their actions and behaviours.

We make appropriate disclosures of our performance and operations, be they required by law and the relevant authorities or voluntary dissemination of information to our stakeholders, including the public, across various platforms and forums.

We comply with statutory public disclosure requirements concerning our investments, divestments, and capital-raising exercises. Financial data are disclosed to our shareholders (Minister of Finance, Inc), Bank Negara Malaysia and the Department of Statistics on a regular basis.

Our accounts are audited by an independent external auditor, and the audited financial statements are submitted to the Companies Commission of Malaysia. We have shared key information to the Public Accounts Committee (PAC) and have been audited by the National Audit Department. We also made public key information on our official website and through annual publications including The Khazanah Report.

Stakeholder engagement remains a priority for us. Various outreach programmes are organised for media, analysts and fund managers, government agencies, parliamentarians and civil society organisations, to inform them of our operations, activities and performance. This is intended to enhance their understanding about Khazanah.

In our ongoing efforts to improve our governance and accountability framework, in 2017 we became signatories of the United Nations supported Principles for Responsible Investment (UNPRI), the Malaysian Code for Institutional Investors spearheaded by the Institutional Investor Council Malaysia (IIC) and the Malaysian Anti-Corruption Commission's (MACC) Corporate Integrity Pledge - all of which promote good governance, strong risk management, zero tolerance for corruption and long-term sustainability. Additionally, we also publish our self-assessment against the 24 generally accepted principles and practices for sovereign wealth funds, referred to as the "Santiago Principles" promoted by the International Forum of Sovereign Wealth Funds (IFSWF). The requirements of these committments will be reflected in The Khazanah Report 2017.





DATO' SRI NAZIR TUN ABDUL RAZAK

Director

Dato' Sri Nazir is the Chairman of CIMB Group Holdings Berhad, a member of the Employees Provident Fund's Investment Panel and the Chairman of the Investment Panel Risk Committee. He is also a trustee of Rahah Foundation. He was formerly the Group Managing Director/Chief Executive Officer of CIMB Group between November 2006 and August 2014 after having joined the banking group in 1989.

DATO' DR NIRMALA MENON

Director

Dato' Dr Nirmala was Executive Vice President, Head of Designated Markets & Health Asia at MetLife Asia Pacific Ltd, where she was responsible for operations in Hong Kong, Australia, Malaysia, Vietnam, Bangladesh, Nepal, and Myanmar. Prior to joining MetLife, she served as Head of South Asia at ING Asia Pacific Ltd, and before that, she was President and CEO of ING Malaysia Berhad, becoming the first woman CEO in the life insurance industry in Malaysia.

3 TAN SRI ANDREW SHENG LEN TAO

Director and Audit and Risk Committee (ARC) Member

Tan Sri Andrew is the Chief Adviser to the China Banking Regulatory Commission. His previous senior appointments include Chairman of the Securities and Futures Commission of Hong Kong, Deputy Chief Executive of Hong Kong Monetary Authority, and Chief Economist and Assistant Governor of Bank Negara Malaysia.

RAJA TAN SRI DATO' SERI ARSHAD RAJA TUN UDA

Director and Audit and Risk Committee (ARC) Chairman

Raja Tan Sri Arshad is the Chairman of Maxis Berhad, Ekuiti Nasional Berhad and Yayasan Raja Muda Selangor. He was formerly the Executive Chairman and Senior Partner of PricewaterhouseCoopers Malaysia for 18 years.



5 TAN SRI DATO' AZMAN MOKHTAR

Managing Director

Tan Sri Dato' Azman is the Managing Director of Khazanah and chairs and sits on the Boards of several key Khazanah investee companies. He is also the co-founder and former Managing Director of BinaFikir Sdn Bhd, and was previously Director and Head of Research at Salomon Smith Barney and Union Bank of Switzerland in Malaysia.

6 TAN SRI DATO' SERI UTAMA NOR MOHAMED YAKCOP

Deputy Chairman and Executive Committee (EXCO) Chairman

Tan Sri Nor was formerly Minister in the Prime Minister's Department in charge of the Economic Planning Unit. He had also previously served as Minister of Finance II and Special Economic Adviser to the Prime Minister, and spent over 30 years with Malaysia's central bank, Bank Negara Malaysia in various capacities.

8 DATUK SERI JOHARI ABDUL GHANI

Director

Datuk Seri Johari is the current Minister of Finance II. He was formerly the Deputy Minister of Finance. He has extensive corporate sector experience serving as Managing Director and Chairman in several public listed companies.

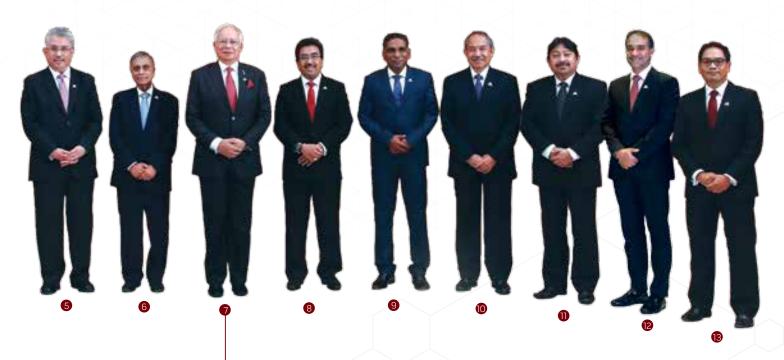


Photo taken at Khazanah's 82nd Board of Directors meeting on 18 April 2017

DATO' SRI MOHD NAJIB TUN ABDUL RAZAK

Chairman

Dato' Sri Mohd Najib is the current Prime Minister of Malaysia and Minister of Finance. He previously held various ministerial posts including Minister of Culture, Youth and Sports, Minister of Defence, and Minister of Education, as well as Deputy Prime Minister from 2004 to 2009. He also served as the Chief Minister of Pahang from 1982 to 1986.

9 TAN SRI DR MOHD IRWAN SERIGAR ABDULLAH

Director

Tan Sri Dr Mohd Irwan is Secretary General of Treasury, Ministry of Finance. He serves on the Board of Directors of several key organisations including Permodalan Nasional Berhad, Petroliam Nasional Berhad, Lembaga Tabung Haji, Mass Rapid Transit Corporation Sdn Bhd, and Bank Negara Malaysia. He is also Chairman of Retirement Fund (Incorporated), Inland Revenue Board of Malaysia, Cyberview Sdn Bhd and Malaysian Global Innovation & Creativity Centre.

(1) TAN SRI MD NOR MD YUSOF

Director and Executive Committee (EXCO) Member

Tan Sri Md Nor is the Chairman of Malaysian Airlines Berhad, and sits on various Boards, including Pelaburan Hartanah Berhad and several key investee companies. He sits on the Board of Trustee of Yayasan Khazanah and was formerly the Executive Chairman of the Securities Commission and Adviser to the Minister of Finance.

11 DATO' MOHAMMED AZLAN HASHIM

Director and Executive Committee (EXCO) Member

Dato' Mohammed Azlan is Chairman and Board member of several public listed companies and Government-related organisations. He was formerly Chief Executive of Bumiputra Merchant Bankers Berhad, Group Managing Director of Amanah Capital Malaysia Berhad, and Executive Chairman of Bursa Malaysia Berhad.

TAN SRI MOHAMED AZMAN YAHYA

Director and Audit and Risk Committee (ARC) Member

Tan Sri Mohamed Azman is the founder and Group Chief Executive of Symphony House Sdn Bhd, and Executive Chairman of Symphony Life Berhad. He also sits on the Boards of Ekuiti Nasional Berhad and several Khazanah investee companies. He was formerly the Chief Executive of Danaharta and Chairman of the Corporate Debt Restructuring Committee.

DATO' MOHAMED NASRI SALLEHUDDIN

Company Secretary

MESSAGE FROM THE MANAGING DIRECTOR



Welcome to The Khazanah Report 2016 (TKR 2016), the fifth annual edition of The Khazanah Report since the inaugural one in 2013. After five years, the publication of the report has become an institutionalised component of our practices in transparency and accountability, as we continue to build true value for Malaysia.

The theme of TKR 2016 is Sharing True Value, which takes our value creation activity to its end point of value distribution. The theme is reflected in the design and elements that constitute the report, which we hope you will find useful and informative.

2016 was a challenging and volatile year, and in line with weakness in most benchmark equity markets and currencies, Khazanah's portfolio Net Worth Adjusted (NWA) declined slightly, posting an unrealised decrease of 6.2% to RM102.1 billion as at 31 December 2016. The weak conditions notwithstanding, we recorded stronger Profit Before Tax of RM1.57 billion, an increase of 33% over the previous year. The overall uptrend in our portfolio NWA since May 2004 remained intact, with a compounded annual growth rate (CAGR) of 9.3% per annum. Fundamentally, long-term value creation across our financial, economic, strategic and societal activities progressed unabated. Despite the challenging operating environment, we continued to support domestic growth, drive further



"Fundamentally, long-term value creation across our financial, economic, strategic and societal activities progressed unabated."

internationalisation including among investee companies, and maintain a strong focus on new sources of growth such as innovation and technology. Alhamdulillah.

REALISABLE ASSET VALUE (RAV)

Our RAV represents the total value of all of our investments on a markedto-market basis.

As at 31 December 2016

NET WORTH ADJUSTED (NWA)

measuring the value created in our portfolio. NWA is RAV less total liabilities and adjusted to measure value created.

As at 31 December 2016

TAN SRI DATO' **AZMAN MOKHTAR**

Managing Director Khazanah Nasional Berhad

> The official opening of Khazanah Europe Investment Limited's office in London on 18 May 2016

A major milestone in 2016 was Iskandar Malaysia celebrating its 10th anniversary amidst continued growth and development.

Over the 10 years, there has been much progress to both be thankful for and to serve as inspiration for everyone involved to drive Iskandar Malaysia forward. Our catalytic investments there in the leisure & tourism, education, wellness, creative industries, property development sectors, among others, continued to show further progress. We have also committed RM71 million for social development initiatives in Iskandar Malaysia, in the areas of affordable housing, capacity building, entrepreneurship development and livability enhancement. In conjunction with the 10th anniversary, several events were held including Iskarnival 2016, which comprised three uniquely themed festivals showcasing culture, arts and creativity in Iskandar Puteri.

Additionally on the domestic front, Khazanah's investee companies launched several key projects, including the launch of KLIA Aeropolis by Malaysia Airports and Telekom Malaysia's Broadband Improvement Plan. We also further enhanced our support for Malaysia as a centre for Islamic Finance, issuing a USD750 million straight sukuk and a USD399 million sukuk exchangeable into Beijing Enterprises Water Group Limited shares.

In parallel, the five-year 12-point MAS Recovery Plan (MRP) remains on track and on schedule, about half-way through since its launch on 29 August 2014. Another milestone recorded last year was the appointment of Peter Bellew as the Chief Executive Officer of Malaysia Airlines Berhad. There is undoubtedly much to do before Malaysia Airlines can regain its former glory but as it stands, there are encouraging signs that the airline is



headed towards full recovery, as both management and employees continue to work hard and hand-in-hand in this great effort.

Globally, Khazanah and our investee companies made further strides in 2016. The Khazanah Europe Investment Limited office in London was officially opened by Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak in May 2016. The office extends Khazanah's international presence, which also includes Beijing, Mumbai, Istanbul and San Francisco. To further create long-term value through multiple sources including new



areas of growth, Khazanah made several investments in innovation and technology in the United States, United Kingdom, India, China and Singapore.

In the drive towards greater performance and enhanced competitiveness, our investee companies also expanded their international reach. These companies include IHH Healthcare, which acquired new healthcare assets in Bulgaria, and is developing new hospitals in Myanmar and China; the completion of Tenaga Nasional's acquisition of stakes in energy producers in Turkey and Bangladesh; the completion of

Axiata's acquisition of Ncell in Nepal and the merger of Robi Axiata and Airtel Bangladesh in Bangladesh; CIMB Group's strategic partnership with China Galaxy Securities and the award of a banking license to CIMB Bank (Vietnam) Limited; UEM Edgenta's acquisition of Asia Integrated Facility Solutions in Singapore; and Themed Attractions Resorts & Hotel's launch of Kidzania Singapore.





It was also a busy year in terms of our value distribution activities, in which we continued to deliver societal returns through corporate responsibility efforts, primarily led by Yayasan Hasanah. Last year, the Trust Schools Programme saw the addition of 21 schools, bringing the total to 83 schools in 10 states. Meanwhile, Yayasan Khazanah awarded 111 scholarships under its existing scholarship programmes and launched two new scholarships, Rhodes Scholarship, for Malaysia and the Chevening-Khazanah Scholarship.

Khazanah also launched the Taman Tugu Project, which is a public-private-civil society partnership initiative to develop an urban rainforest park in Kuala Lumpur and stitch the urban fabric of the city. Our involvement in the Skim Latihan 1Malaysia (SL1M) Programme continued in 2016, bringing the total spent on the programme since 2015 to RM89 million.

In the area of knowledge, the Khazanah Megatrends Forum 2016 explored the theme of Geography As Destiny: Reaping the Dividends of Good Stewardship, while the 12th Khazanah Global Lecture in 2016 featured Dame Dr Jane Goodall, who gave an inspiring lecture on Caring for the Earth: Reasons for Hope. Meanwhile, Khazanah Research Institute published The State of Households II, which examines the latest available data on the state of Malaysian households, and Climbing the Ladder: Socio-economic Mobility in Malaysia, a study of inter-generational social mobility in Malaysia.

There has clearly been much hard work put into fulfilling the mandate entrusted upon us, and I thank everyone involved for their efforts and the achievements they have made. Khazanah will continue to build and share true value for the nation, as we move forward in the years to come.

Tan Sri Dato' Azman Mokhtar

Managing Director Khazanah Nasional Berhad

10 May 2017

STRATEGIC **PLANNING GROUP**



SENIOR LEADERSHIP TEAM (Effective 1 June 2017)



TAN SRI DATO' AZMAN MOKHTAR Managing Director

The team is led by Tan Sri Dato' Azman Mokhtar, who has served as Managing Director since his initial appointment to the post in June 2004.



DATUK BEN CHAN Executive Director, Investments and Co-Head of Investments (Transactions)

Datuk Ben joined Khazanah in 2005. He was formerly Director of Research at several investment houses in Malaysia, covering Malaysia and Singapore. Previously, he was head of China research with Cazenove & Co and ING Barings, based in Hong Kong.

We draw on the broad experience and capabilities of our people for the work that we do

The Strategic Planning Group (SPG) represents a team of about 100 senior staff from Senior Vice Presidents to Executive Directors. The diverse group of individuals, from a broad range of industries and areas of specialisation, brings to Khazanah a wealth of knowledge and experience.

The SPG, which includes the Senior Leadership Team (SLT), helps to collectively ensure the implementation and delivery of our strategic and commercial objectives, based on the direction from our Board, and in line with our mandate.



DATO' NOORAZMAN ABDUL AZIZ Executive Director, Investments and Co-Head of Investments (Divisional Management)

Dato' Noorazman joined Khazanah in 2010 from Fajr Capital Ltd based in Dubai, where he was the Managing Director. Previously, he held various international banking and finance positions, including with Citigroup, Bank Islam, Kuala Lumpur Stock Exchange and Labuan Offshore Financial Services Authority.



DATUK DOMINIC SILVA Executive Director, Investments (Head of Investments until 31 May 2017)

Datuk Dominic joined Khazanah in 2008 after 18 years in the banking sector, 12 of which were with ABN AMRO in several regional and international capacities. Prior to that, he worked with a major Japanese group's corporate finance division in Asia.



DATUK HISHAM HAMDAN

Executive Director, Investments and Head of Khazanah Research & Investment Strategy

Datuk Hisham joined Khazanah in 2011 from Sime Darby Berhad, where he served in various senior capacities, covering strategy and business development, healthcare, energy and utilities, and China. He also has significant prior experience in equity research and investment banking.



JIV SAMMANTHAN

Executive Director, Managing Director's Office and Head of Managing Director's Office

Jiv joined Khazanah in 2010. Prior to Khazanah, he spent 18 years with PricewaterhouseCoopers in their Birmingham, London and Kuala Lumpur offices.



AHMAD ZULQARNAIN ONN

Executive Director, Investments and Head of Strategic Management Unit

Zulgarnain joined Khazanah in 2014. He has over 18 years in both the banking and corporate sectors, including tenures with UBS Warburg, Pengurusan Danaharta Nasional Berhad, CIMB Group, and Symphony Group.



DATO' MOHAMED NASRI SALLEHUDDIN

Executive Director and Head of Corporate & Support Services, Company Secretary and Head, Legal

Dato' Nasri joined Khazanah in 2009. Previously he was a partner with a leading law firm in Malaysia, advising clients on corporate law and the legal aspects of corporate restructuring, take-overs and mergers.



MOHD IZANI ASHARI

Executive Director, Managing Director's Office and Head of Special Projects Office

Izani joined Khazanah in 2009 and is responsible for leading Khazanah's work on the GLC Transformation Programme. He spent a considerable number of years with large multinationals and corporations, including Shell, Maybank, Sime Darby, Petronas, and Malaysian Airline System Berhad.



DATO' CHARON MOKHZANI

Executive Director, Managing Director's Office and Managing Director of Khazanah Research Institute

Dato' Charon joined Khazanah in 2013. Previously he was the Deputy Chief Executive Officer, Investment Banking of CIMB Group, and Chief Executive Officer of CIMB Investment Bank. Prior to that he was the Managing Partner of Messrs. Zaid Ibrahim & Co.



JAVIER SANTISO

Executive Director, Investments and Head of Khazanah Europe Investment Limited

Javier joined Khazanah in 2015. He was previously the Managing Director for Global Affairs and New Ventures at Telefonica. He also served as Director General and Chief Economist at OECD Development Centre.



ZAIDA KHALIDA SHAARI

Executive Director, Investments

Zaida joined Khazanah in 2007. Previously, she was Company Secretary and Head of Legal at Permodalan Nasional Berhad after spending several years in legal practice.



CHINTA BHAGAT

Executive Director, Investments and Head of Khazanah India Advisors Private Limited

Chinta joined Khazanah in 2015. He was previously the Managing Partner at McKinsey & Co in Singapore. Prior to McKinsey, he held various positions at an Indian engineering and construction firm, culminating in his role as Chief Executive Officer.



TENGKU DATO' SRI AZMIL ZAHRUDDIN **RAJA ABDUL AZIZ**

Executive Director, Investments and Overseeing Executive Director of Khazanah Americas Inc.

Tengku Dato' Sri Azmil joined Khazanah in 2011 from Malaysian Airline System Berhad where he was Managing Director and Chief Executive Officer. Prior to that, he was Managing Director and Chief Executive Officer of Penerbangan Malaysia Berhad. He has also worked at PricewaterhouseCoopers in London and Hong Kong.



KENNETH SHEN

Executive Director, Investments

Ken joined Khazanah in 2011 from Qatar Investment Authority (QIA) where he held several senior positions, including Adviser to the Chief Executive Officer and member of the Board of Qatar Holding LLC. Prior to QIA, he was with Salomon Brothers in Hong Kong and Lehman Brothers in New York.



DATO' MOHD IZANI GHANI

Executive Director, Investments and Overseeing Executive Director of Khazanah Turkey Regional Office (Chief Financial Officer until 31 May 2017)

Dato' Izani joined Khazanah in 2005. Prior to joining Khazanah, he was with Putrajaya Holdings Sdn Bhd and Renong Group.





Khazanah Investment Europe Limited (from left)

Irwan Shahrin Ismail

Hazman Hilmi Sallahuddin

Marika Svardstrom

Senior Vice President

▲ London

▲ Istanbul

Javier Santiso

San Francisco



Khazanah Americas Inc. (from left)

Wong Wai Seng Senior Vice President

Shahril Ibrahim Director

Sundhiraj Sharma

Justin Hashim Senior Vice Presiden



Khazanah Turkey Regional Office (from left)

Can Bahadirli Senior Vice President

Zafer Sonmez

Abang Rahmat Yusuf

Al-Azmy Azizi Senior Vice President

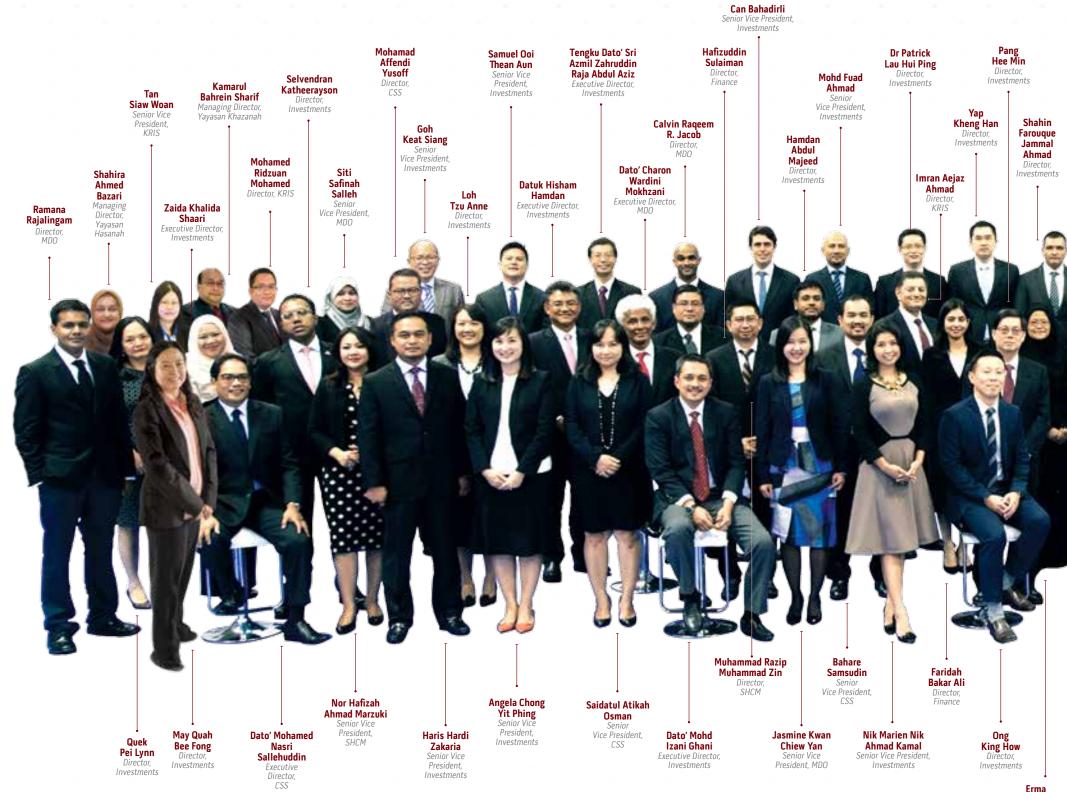
Legend

CSS: Corporate & Support Services

KRIS: Khazanah Research & Investment Strategy

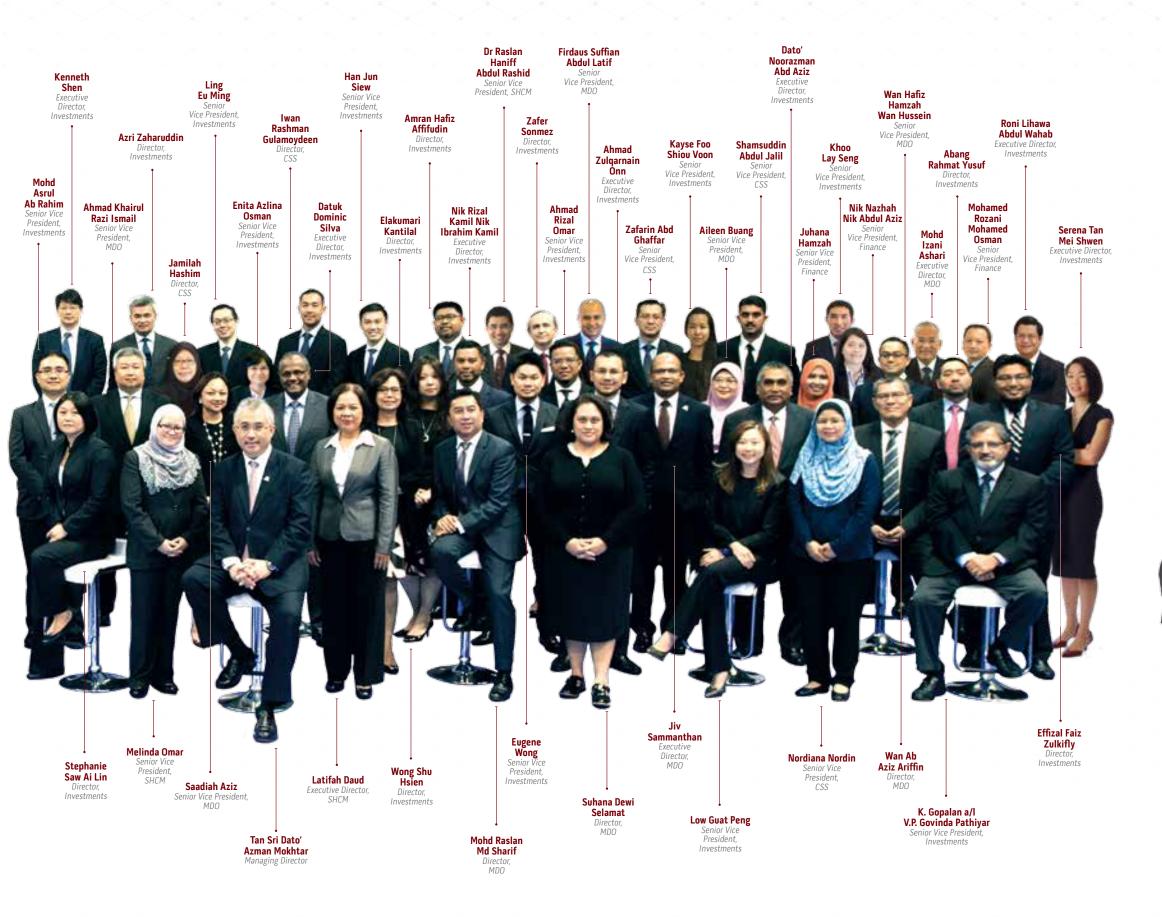
MDO: Managing Director's Office

SHCM: Strategic Human Capital Management



Erma Surianee Malek

Vice President, Finance



We would like to welcome the following members to the Strategic Planning Group:



(from left)

Amelia Wardah Kassim Senior Vice President, MDO

Ahmad Fariz Ali

Senior vice President, Khazanah Investment Europe Limited

Azzam Mohamed Senior Vice President, Investments

Michelle Lim Sue Ting Senior Vice President, Investments

Nurazeyan Khalis Mohd Khalis

Khalis Senior Vice President, Investment

Nicholas Khaw Hock-Lu Senior Vice President, KRIS

Mohd Hasri Haron Senior Vice President, Finance



Khazanah Nasional Consulting (Beijing)
Company Limited

(from left)

Stanley Ooi Kok Leong

Lim Kooi June

Ben Chan Wei Beng

Kenneth Woo Zhi Ying

Bryan Lim Tsin Lin



Khazanah India Advisors Private Limited (from left)

> Vishal Argawal Senior Vice President

Babar Ali Khan Director

Chinta Bhagat Executive Director Pushkar Jauhari

Senior Vice President

Manish Daga
Senior Vice President

▲ Beijing

umbai ▲

Penang

Khazanah Koridor Utara (from left)

Hamdan Abdul Majeed

K. Gopalan a/l V.P. Govinda Pathiyar Senior Vice President



SERENA TAN MEI SHWEN
Executive Director, Investments

Serena joined Khazanah in 2005. Prior to Khazanah, she was with Boston Consulting Group and McKinsey & Co. She has also served with Lippo Bank in Indonesia, under secondment from Khazanah for two years.



NIK RIZAL KAMIL NIK IBRAHIM KAMIL

Executive Director, Investments

Nik Rizal joined Khazanah in 2011. He started his professional career as an accountant and auditor with Coopers & Lybrand United Kingdom before joining Arthur Andersen & Co. He has also served several Royal Dutch Shell companies in the region and the United Kingdom.



RONI LIHAWA ABDUL WAHAB
Executive Director, Investments

Roni rejoined Khazanah in May 2017 from HSBC Bank Malaysia Berhad where he was Head of Global Banking. Prior to this, he has worked in both banking and corporate sectors including with Credit Suisse, J.P. Morgan, Capstar Partners and UEM Group.



LATIFAH DAU

Executive Director and Head of Strategic Human Capital Management

Latifah joined Khazanah in 2015. She has over 20 years of experience in Human Resources in multinational companies including Honeywell Inc., and Motorola/Freescale Semiconductor. She has also worked in a Singapore-based consulting firm as well as Hatibudi Nominees/ Renong Group and Arab Malaysian Bank.



SUHANA DEWI SELAMAT

Director, Managing Director's Office and Chief Risk Officer

Suhana joined Khazanah in 2012. She has more than 20 years of experience in legal, regulatory and compliance roles. Previously, she was the Director/ Country Head of Compliance with Credit Suisse in Malaysia.



FARIDAH BAKAR ALI

Director, Finance and Chief Financial Officer

Faridah joined Khazanah in 2006. Prior to joining Khazanah, she was with PricewaterhouseCoopers Malaysia and BP Malaysia Berhad.

We would like to extend our gratitude and appreciation to the following former Senior Leadership Team members for their contribution to Khazanah. ROHAYATI OTHMAN

Director, Managing Director's Office and Chief Risk Officer

Rohayati left Khazanah in January 2017 after serving eight years with Khazanah.

AHMAD FAROUK MOHAMMED

Executive Director, Investments Farouk left Khazanah in April 2017 after serving 11 years with Khazanah.

FINANCIAL REVIEW

Strong financial capability and sustainable financial growth are vital towards fulfilling our commercial and strategic roles.



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FINANCIAL **HIGHLIGHTS**



Resilience and long-term progress across financial, strategic and value distribution performance

Realisable asset value (RAV) and net worth adjusted (NWA) are the two indicators used to measure Khazanah's performance. RAV represents the total value of our investment portfolio while NWA measures the value created in our portfolio.

As at 31 December 2016. Khazanah's RAV stood at RM145.3 billion. This represents a marginal drop of 3.2% from RM150.2 billion at the end of 2015. Meanwhile, NWA stood at RM102.1 billion, a decrease of 6.2% from RM108.9 billion at the end of 2015.

The overall uptrend in Khazanah's portfolio remains solid. As at 31 December 2016, RAV had increased by RM94.4 billion, or 2.9 times from the RM50.9 billion recorded in May 2004, with a compounded annual growth rate (CAGR) of 8.6% per annum. 2004 was the year Khazanah received our new mandate. Similarly, our NWA had gained RM68.8 billion, or 3.1 times from RM33.3 billion over the same period, with a CAGR of 9.3% which is in tandem with the FBM KLCI's CAGR of 9.4% (see Portfolio Net Worth Adjusted Against FBM KLCI Since May 2004 Chart on page 32).

Amidst a volatile and challenging year for equity and currency markets, Khazanah recorded a stronger profit before tax of RM1.57 billion in 2016, an increase of 33.0% from RM1.18 billion in 2015. Khazanah declared dividends of RM650 million in 2016, bringing total dividends declared since May 2004 to RM9.11 billion. Our shareholders' funds rose to RM37.8 billion in 2016 from RM36.4 billion in 2015, while liabilities remained manageable at RM50.6 billion.

Our capital position remains strong with asset cover and net gearing standing at 2.9 times and 1.2 times, respectively. These financial ratios are a result of comprehensive risk management and prudential measures put in place to ensure our portfolio is strong and resilient in volatile environments.



Lai Wei Ming

RAV:

Market value of all equities, securities and cash held. Where no market price is available, a conservative estimate of value



(NWA)

NWA

RAV less total adjusted to measure value created.

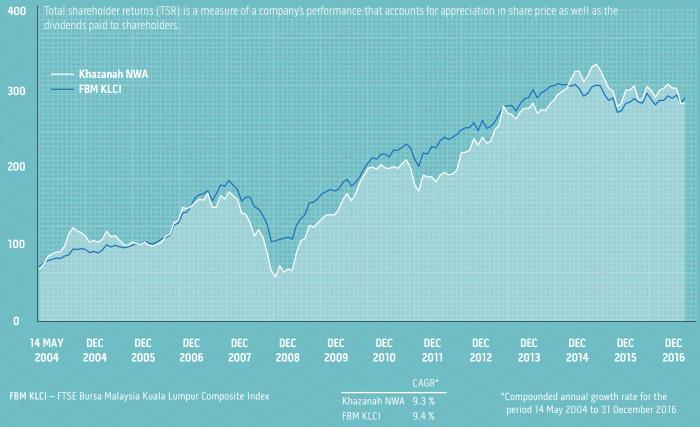
Movement NWA (2004 to 2016)



Year-on-Year Change

(6.2%) (1.6%) 9.1% 16.8% 24.2% (7.0%)39.9% 68.3% (49.8%)23.7% 26.9% (13.5%)40.9%

PORTFOLIO NWA AGAINST FBM KLCI SINCE MAY 2004



Source: Bloomberg: Khazanah analysis

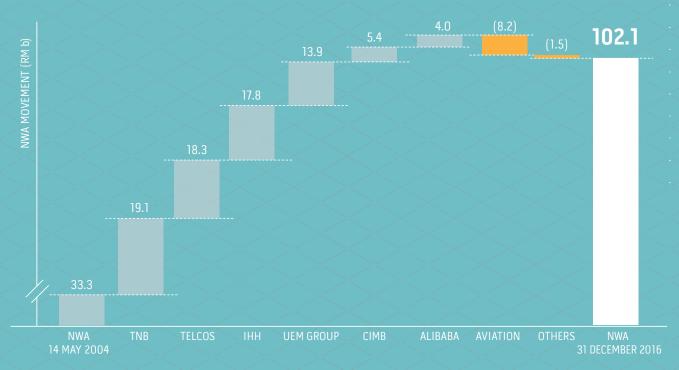
KEY PORTFOLIO AND OTHER INDICATORS

As at 31 Dec	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
RAV (RM m)	145,336	150,169	145,491	135,114	121,466	108,194	112,624	91,224	67,908	87,071	78,212	63,731	65,323
NWA (RM m)	102,115	108,890	110,716	101,513	86,901	69,957	75,223	53,770	31,955	63,611	51,437	40,549	46,868
Shareholders' Funds (RM m)	37,831	36,352	35,339	29,387	26,980	25,625	21,409	17,638	17,139	17,866	13,041	12,244	13,202
RAV / Liabilities (x)	2.9	3.1	3.6	3.7	3.3	2.9	2.9	2.4	1.9	3.6	2.9	2.7	3.5
Number of Employees	458	452	465	476	419	411	373	320	296	256	203	126	53
Number of Offices	8	8	7	7	5	5	5	5	4	2	1	1	1
	~ / _	77	- N//				· /					7/	

Note: From 14 May 2004 to 31 December 2016 Source: Bloomberg; Khazanah analysis

PORTFOLIO MOVEMENT ANALYSIS

NWA MOVEMENT SINCE MAY 2004



Note: In RM terms | Source: Bloomberg; Khazanah analysis

K-8 AGGREGATE EARNINGS (RM b)



K-8 includes CIMB, Malaysia Airports Holdings Berhad (MAHB), Malaysia Airlines System Berhad (Malaysia Airlines Berhad from 2015), Telekom Malaysia (TM), Tenaga Malaysia Berhad (TNB), UEM Group, Axiata (from 2007) and IHH Healthcare Berhad (from 2010)

Source: Bloomberg; Khazanah analysis

INDEPENDENT **AUDITORS'** REPORT



To the directors of Khazanah Nasional Berhad (Incorporated in Malaysia)

Report on the summary financial information

Opinion

The summary financial information, which comprises the summary balance sheets as at 31 December 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005 and 2004, the summary income statements for the years then ended, and related notes, are derived from the audited financial statements of Khazanah Nasional Berhad and the management accounts for the years ended 31 December 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, 2007, 2006, 2005 and 2004.

In our opinion, the accompanying summary financial information are consistent, in all material respects, with those audited financial statements and those management accounts, in accordance with the basis described on pages 35 and 36.

Summary financial information

The summary financial information does not contain all the disclosures required by the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. Reading the summary financial information and the auditors' report thereon, therefore, is not a substitute for reading the audited financial statements of Khazanah Nasional Berhad and the auditors' report thereon. The summary financial information and those audited financial statements do not reflect the effects of events that

occurred subsequent to the date of our report on those audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on those audited financial statements in our reports for the respective years.

Directors' responsibility for the summary financial information

Directors are responsible for the preparation of the summary financial information in accordance with the basis described on pages 35 and 36.

Auditors' responsibility

Our responsibility is to express an opinion on whether the summary financial information are consistent, in all material respects, with those audited financial statements and those management accounts based on our procedures, which were conducted in accordance with Malaysian Approved Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".

18 April 2017 Kuala Lumpur

Sur Con

SELECTED FINANCIAL **INDICATORS**

INCOME STATEMENTS (RM million) For the years ended 31 December

	2016	2015	2014	2013
Revenue	6,210	5,763	7,949	7,685
Profit / (loss) before taxation	1,566	1,181	3,217	3,128
Taxation	(129)	(126)	(129)	53
Net profit / (loss) for the year	1,437	1,055	3,088	3,181
Dividends declared				
- Ordinary dividend	(650)	(650)	(650)	(650)
- Special dividend	_	(400)	(250)	-
Net profit / (loss) for the year	787	5	2,188	2,531
after dividends				
BALANCE SHEETS (RM million)				
As at 31 December				
	2016	2015	2014	2013
Current assets	5,071	6,089	5,214	4,451
Non-current assets	83,378	78,253	72,687	61,497
Total assets	88,449	84,342	77,901	65,948
Current liabilities	10,338	13,575	13,282	6,894
Non-current liabilities	40,280	34,414	29,280	29,667
Total liabilities (see Note A)	50,618	47,989	42,562	36,561
Share capital	6,644	6,644	6,644	8,444
Share premium	3,840	3,840	3,840	3,840
Retained profits	16,983	16,010	16,004	15,616
Other reserves	10,364	9,859	8,851	1,487
Shareholders' fund	37,831	36,353	35,339	29,387
Total equity and liabilities	88,449	84,342	77,901	65,948
Note A - Included in total liabilities are borrowings as follows:				
BORROWINGS (RM million)				
As at 31 December	2016	2015	2014	2013
Khazanah's Government-guaranteed bonds	14,373	15,683	15,019	13,430
Other bonds and notes	17,253	17,123	14,760	14,734
Term loans	5,286	4,215	3,397	3,310
Exchangeable sukuk	4,826	3,423	3,748	2,127
Commercial paper	, , ,		_	_
Revolving credit facilities	7,525	6,012	_	_

The above income statements and balance sheets are derived from Khazanah's Proforma Financial Statements, which refers to consolidation of the financial statements of Khazanah (Company) and its Special Purpose Vehicles (SPVs). These SPVs are wholly-owned subsidiaries of Khazanah, which have been set up to actively hold investments or as funding vehicles of the Company.

SELECTED FINANCIAL **INDICATORS**

INCOME STATEMENTS (RM million) For the years ended 31 December

2012	2011	2010	2009	2008	2007	2006	2005	2004
5,324	9,445	6,237	3,594	5,087	7,683	2,269	2,267	3,395
2,077	5,342	2,081	791	127	5,110	1,014	(831)	282
(188)	(66)	(28)	25	(350)	(195)	(224)	(126)	(73)
1,889	5,276	2,053	816	(223)	4,915	790	(957)	209
(650)	(500)	(500)	(100)	(100)	(1,000)	(100)	(30)	(30)
(350)	(2,500)	_	_	_	_	_	_	_
889	2,276	1,553	716	(323)	3,915	690	(987)	179
	5,324 2,077 (188) 1,889 (650) (350)	5,324 9,445 2,077 5,342 (188) (66) 1,889 5,276 (650) (500) (350) (2,500)	5,324 9,445 6,237 2,077 5,342 2,081 (188) (66) (28) 1,889 5,276 2,053 (650) (500) (500) (350) (2,500) -	5,324 9,445 6,237 3,594 2,077 5,342 2,081 791 (188) (66) (28) 25 1,889 5,276 2,053 816 (650) (500) (500) (100) (350) (2,500) - -	5,324 9,445 6,237 3,594 5,087 2,077 5,342 2,081 791 127 (188) (66) (28) 25 (350) 1,889 5,276 2,053 816 (223) (650) (500) (500) (100) (100) (350) (2,500) - - -	5,324 9,445 6,237 3,594 5,087 7,683 2,077 5,342 2,081 791 127 5,110 (188) (66) (28) 25 (350) (195) 1,889 5,276 2,053 816 (223) 4,915 (650) (500) (500) (100) (100) (1,000) (350) (2,500) - - - - -	5,324 9,445 6,237 3,594 5,087 7,683 2,269 2,077 5,342 2,081 791 127 5,110 1,014 (188) (66) (28) 25 (350) (195) (224) 1,889 5,276 2,053 816 (223) 4,915 790 (650) (500) (500) (100) (100) (1,000) (100) (350) (2,500) - - - - -	5,324 9,445 6,237 3,594 5,087 7,683 2,269 2,267 2,077 5,342 2,081 791 127 5,110 1,014 (831) (188) (66) (28) 25 (350) (195) (224) (126) 1,889 5,276 2,053 816 (223) 4,915 790 (957) (650) (500) (500) (100) (100) (1,000) (100) (30) (350) (2,500) - - - - - - -

BALANCE SHEETS (RM million)

As at 31 December

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Current assets	7,784	8,795	3,381	4,656	6,871	3,225	6,817	4,822	4,031
Non-current assets	56,571	56,377	56,050	50,883	46,560	38,758	33,605	31,137	26,103
Total assets	64,355	65,172	59,431	55,539	53,431	41,983	40,422	35,959	30,134
Current liabilities	7,731	9,352	6,852	7,900	8,002	5,813	10,116	7,634	760
Non-current liabilities	29,644	30,195	31,170	30,001	28,290	18,304	17,265	16,081	16,172
Total liabitities (see Note A)	37,375	39,547	38,022	37,901	36,292	24,117	27,381	23,715	16,932
Share capital	8,444	8,444	5,444	5,444	5,444	5,444	5,404	5,404	5,404
Share premium	3,840	3,840	3,840	3,840	3,840	3,840	3,300	3,300	3,300
Retained profits	13,084	12,194	10,016	8,553	7,837	8,060	4,245	3,511	4,498
Other reserves	1,612	1,147	2,109	(199)	18	522	92	29	_
Shareholders' funds	26,980	25,625	21,409	17,638	17,139	17,866	13,041	12,244	13,202
Total equity and liabilities	64,355	65,172	59,431	55,539	53,431	41,983	40,422	35,959	30,134

Note A - Included in total liabilities are borrowings as follows:

BORROWINGS (RM million)

As at 31 December

As at 31 December									
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Khazanah's Government-guaranteed bonds	12,128	8,833	8,442	8,313	7,452	7,943	8,106	8,994	7,738
Other bonds and notes	16,106	18,240	14,151	9,600	7,312	6,969	4,963	1,177	915
Term loans	5,754	6,052	6,064	8,821	8,545	1,600	6,900	9,227	8,069
Exchangeable sukuk	1,292	1,889	6,117	7,815	8,528	6,149	3,604	1,568	_
Commercial paper	_	_	_	_	489	_	994	_	_
Revolving credit facilities	917	952	1,613	2,699	3,460	_	2,118	1,885	-
	36,197	35,966	36,387	37,248	35,786	22,661	26,685	22,851	16,722

The above income statements and balance sheets are derived from Khazanah's Proforma Financial Statements, which refers to consolidation of the financial statements of Khazanah (Company) and its Special Purpose Vehicles (SPVs). These SPVs are wholly-owned subsidiaries of Khazanah, which have been set up to actively hold investments or as funding vehicles of the Company.



ISLAMIC FINANCE AND CAPITAL AND LIABILITY MANAGEMENT



Khazanah maintains sound capital and liability management while pushing for greater innovation in Islamic finance

Khazanah continues to innovate and deepen its pool of Islamic finance products while maintaining a strong balance sheet and sufficient financial safety nets. Innovation and adaptability are central to our capital and liability management strategy.

Since 2005, our fundraising activities have expanded and redefined the landscape of Islamic finance. We structured and issued the first exchangeable sukuk with TM and Axiata in 2006, the first Singapore dollardenominated sukuk in 2010, and the world's first Renminbi-denominated sukuk in 2011.

In August 2016, we offered our seventh underlying security via an USD398.8 million Exchangeable sukuk, exchangeable into Beijing Enterprise Water Group shares. The exchangeable sukuk format serves as a funding instrument as well as a means for us to gradually divest the underlying security in a uniform manner over the tenor of the sukuk.

We are prudent in managing our liability and actively match our borrowings with our assets. Khazanah's capital market activities are strictly driven by investment requirements with the nation's long-term economic interest in mind. We also have a disciplined approach to divestment enabling us to reinvest monetised value from our portfolio into new sectors and geographies.

Although Khazanah does not receive regular infusions of capital from the Government, we diligently assist the Government to reduce its contingent liabilities. In March 2016, we issued a USD750 million sukuk to refinance



Azri Zaharuddin

Penerbangan Malaysia Berhad's USD1.0 billion guaranteed notes. In December 2016, we redeemed the first RM2.0 billion Khazanah Government Guaranteed sukuk out of our RM20.0 billion programme. We shall continue the redemption of the sukuk in years to come until the final redemption date in 2032.

Khazanah issued Malaysia's first Sustainable and Responsible Investment (SRI) sukuk in June 2015. The SRI sukuk combines the concepts of sukuk financing with philanthropy. This is in line with our key philosophy that Islamic finance must be linked to real economic activities, which emphasises socioeconomic development through innovative and fair financial policies and products. Continuing this effort, Khazanah plans to issue the second tranche of SRI sukuk in 2017.

As the world's biggest Islamic debt market, Malaysia accounts for 46.4% of the total value of global sukuk issuance as at end December 2016¹. Khazanah, as a key player, together with our investee companies such as Axiata and TNB continue to pave the development of Islamic capital markets by embracing Islamic finance as a preferred method to raise capital.

In a volatile market backdrop, Khazanah's robust credit standing and strong reputation have been fundamental in preserving our capability to secure competitive funding allowing us to stay on track towards meeting our long-term goals.

Source: MIFC 2016 Global Sukuk Market Snapshot 27 March 2017

KHAZANAH'S SUKUK ISSUANCES

2016

US Dollar-Denominated Straight Sukuk

- Size: USD750 million
- First USD straight sukuk issuance by Khazanah
- Third foreign currency issuance under its Multicurrency Islamic Securities Programme
- Attracted demand of 1.5x booksize

Beijing Enterprises Water Group Limited (BEWG) Exchangeable Sukuk

- Size: USD398.8 million
- First sukuk to offer exposure into China's growing water utility sector
- Highest exchange premium achieved for an exchangeable sukuk by Khazanah
- Achieved the highest exchange premium for a zero coupon and zero yield exchangeable sukuk since 2007
- Received 1 award to date



Most Innovative Islamic Finance Deal of the Year 2016 in Southeast Asia

2015

Sustainable and Responsible Investment Sukuk (SRI)

- Size: RM100 million
- World's first RM-denominated SRI sukuk
- Received 9 awards to date

2014

Tenaga Exchangeable Sukuk

- Size: USD500 million
- First internationally distributed sukuk structured based on Mudarabah & Murabahah Principle
- Received 3 awards

2013

IHH Healthcare Exchangeable Sukuk

- Size: SGD600 million
- First SGD-denominated exchangeable sukuk
- First exchangeable sukuk in Asia offering exposure to the healthcare sector
- Oversubscribed by 5.5 times
- Achieved tightest end of pricing and premium guidance
- Received 7 awards

Parkson Exchangeable Sukuk

- Size: USD357.8 million
- Achieved tightest end of pricing and premium guidance
- World's first sukuk to be priced at negative yield
- First Malaysian equity-linked deal since early 2010
- Oversubscribed by 3 times
- Received 3 awards

Islamic Medium Term Notes Issued by Danga Capital Bhd

- Size: CNY500 million
- World's First Offshore CNY sukuk
- First CNY offering by an ASEAN quasi-sovereign issuer
- Oversubscribed by 3.6 times
- Upsized from CNY300 million to CNY500 million due to investor demand
- Received 6 awards

Islamic Medium Term Notes Issued by Danga Capital Bhd

- Size: SGD1.5 billion
- Largest sukuk issuance in Singapore
- Largest SGD issuance by a foreign issuer in Singapore
- First SGD sukuk issuance out of the Malaysian International Islamic Financial Centre initiative
- Longest-tenured SGD sukuk
- Largest sukuk to date by Khazanah
- Received 8 awards

2009

Multicurrency Islamic Securities Issuance Programme by Danga Capital Berhad

- Size: RM10 billion
- Structure: Musyarakah (Profit Sharing Agreement) and Wakalah (Agency Agreement)

2008

Parkson Exchangeable Sukuk

- Combined offering of USD550 million exchangeable sukuk and USD97 million equity placement
- o 11 times book cover attracting more than 200 investors reflecting strong demand for quality Malaysian credit
- The first sukuk that offers Islamic investors exposure to China's retail consumption growth story, continuing the innovation in structured Islamic financial products
- Received 11 awards

2007

PLUS Exchangeable Sukuk

- Size: USD850 million
- o 13 times book cover and priced at the tightest end of the range
- Tight pricing was achieved despite being priced amidst an environment of volatile interest rates
- Largest equity-linked issue of Malaysia in 2007
- Third largest equity-linked issue out of Asia-Pacific excluding Japan/Australia in 2007
- Received 3 awards

2006

TM/Axiata Exchangeable Sukuk

- Size: USD750 million
- World's first Shariah compliant exchangeable sukuk
- Received 17 awards



Khazanah adopts an active role and macro-management approach as shareholder in its drive for transformative results. We partner our investee companies in a collaborative manner to venture into new markets and work with public and private sector entities to help catalyse growth and development of Malaysia.

03

Investing in Growth and Development 42

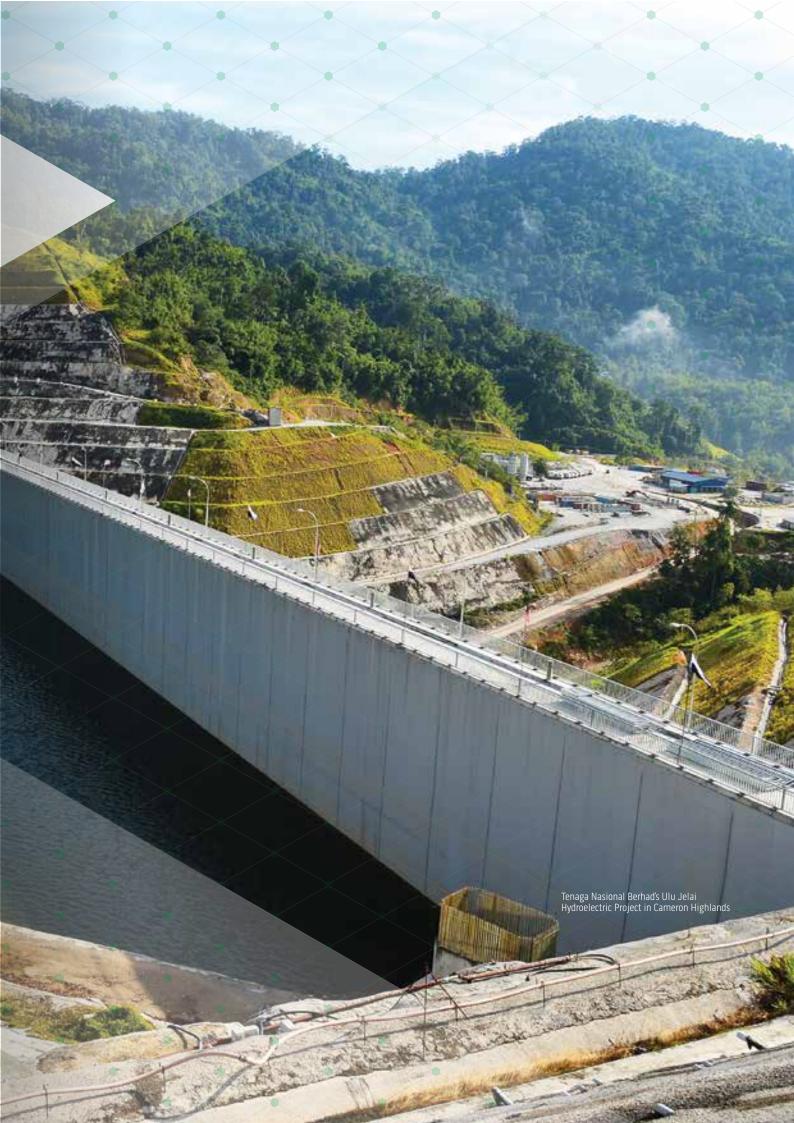
Empowering Our Companies 44

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Government-Linked Companies (GLC) Contribution Towards Nation Building 66



INVESTING IN **GROWTH AND** DEVELOPMENT



Khazanah's investment strategy is aligned to the national development agenda

Our approach is driven by our mission to create sustainable value for a globally competitive Malaysia.

Our investments are primarily commercially driven, anchored on financial value creation while also taking into account economic contribution, in terms of job creation, technological content, societal returns and other forms of economic multipliers.

Our investments cut across different types of transactions, from corporate exercises to large-scale development projects. All investments are rigorously evaluated and submitted to the Board of Directors for consideration and approval.

Part of our investment strategy can be seen in efforts to further strengthen our Core Investments, which are chiefly the Government's commercial assets that we hold and manage. Our investee companies are some of Malaysia's largest companies and leading players in their respective sectors.

We are active shareholders, collaborating with our investee companies, supporting them where necessary to help achieve their strategic objectives, including becoming regional players in their own right.

To support the country's aspiration to become a developed nation, we also participate in a broad array of Catalytic Investments on the home front. These investments include those that are able to deliver financial as well as strategic and societal returns to develop new areas, build capacity for the nation and



We highly appreciate our partnership with Khazanah especially as we share the same aspiration and values. Our partnership is based on mutual respect not financials. As a team, we work together day and night to achieve our goal-"Do business for a better world". Our long term relationship will continue to grow for further future successes.





REGIONAL PRESENCE

A growing theme of our investment is regionalisation, which enables us to tap into growth in markets



ACTIVE INVESTOR

Since 2004, we have invested RM81.6 billion in our companies including 161 discrete new investments



OUR INVESTMENTS

Our investments are broadly categorised into Core Investments, Growth Investments and Catalytic Investments



STRATEGIC DIVESTMENTS

We undertake strategic divestments to enhance private sector participation and build entrepreneurial capacity in key economic sectors

effect transformative changes in the economy in the long term. This can be seen in our initiatives in Iskandar Malaysia in Johor, where we invested significant resources into the growth corridor's development, as well as various strategic and developmental sectors.

We also invest – both directly and through our investee companies – in new sectors and geographies that offer strong potential to help build the country's long-term competitiveness. These Growth Investments, as they are called, include investments that we believe will shape the economy of the future, provide strategic linkages, and enable the nation to tap into new sources of growth.

For example, our investments in the Innovation & Technology (I&T) sector are part of our mandate to create long-term value for Malaysia. While there are certain risks ascribed to I&T investments, our I&T portfolio is prudently managed to mitigate those risks.

Overall, our investment strategy has allowed us to have a robust investment portfolio that is well-balanced and poised for growth. The net worth adjusted (NWA) of our portfolio stood at RM102.1 billion as at 31 December 2016, having grown at compounded annual growth rate of 9.3% per annum since 2004. This growth has been achieved by balancing an appropriate risk appetite and return-on-investments outlook with the national strategic imperative of having strong, sustainable and inclusive economic growth.

- (A) An artist impression of Acibadem Altunizade Hospital, the healthcare group's newest investment in Turkey
- **B** The launch of Nepal's Ncell new branding as an Axiata company
- C An aerial view of Puteri Harbour in Iskandar Puteri
- Tan Sri Azman with Dato' Sri Mohd Najib at Iskandar Malaysia's 10-year Anniversary celebrations



"We help create value by identifying individuals and firms with long term growth potential and share the value created with the government, employees, suppliers, clients, other stakeholders and the society at large. It is important to share the value created to give everyone an opportunity to develop their ideas, helping set off a multiplier effect bringing enormous benefits to all."

Dominic Savio Oscar Dcosta Vice President, Investments nazanah India Advisors Private Limited



RAV increased 2.9 times to

RM 145.3

From May 2004 to 31 December 2016

EMPOWERING OUR COMPANIES



Khazanah collaborates with investee companies to drive greater performance



We place emphasis on a Five-Point Engagement Framework that guides the collaborative investment approach with our investee companies.

As an active shareholder, we help to ensure that there is strong and capable leadership within each investee company that will execute the appropriate business strategies. We work with their board and management to implement key systems and controls such as governance and risk management frameworks and talent and performance management systems.

We also contribute to and support the development of regulatory structures and competitive environments, while promoting collaborations and synergies between our investee companies.

The Framework helps us to monitor the progress of the companies while empowering them to become highperforming entities.









LEADERSHIP BENCH

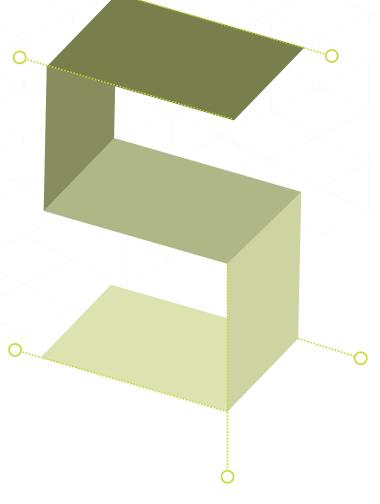
Assist in ensuring the presence of a professional, capable, and experienced Board of Directors and Senior Management Team.



SYSTEMS & CONTROL

Help put key systems and controls in place to underwrite growth and value creation through governance, risk management, performance management, talent management, procurement, internal audit, and investor relations.

FIVE-POINT ENGAGEMENT FRAMEWORK





MONITOR PERFORMANCE MANAGEMENT & EMPOWER

Provide for continuous monitoring, performance management through KPIs and endorsement of management.



STRATEGY

Help drive high-quality business strategy and implementation through boards and management.



INDUSTRY STRUCTURE

Leverage synergies within the company and contribute towards optimal competitive environment and regulatory structure.

DRIVING **PERFORMANCE** AND CHARTING **NEW PATHS**

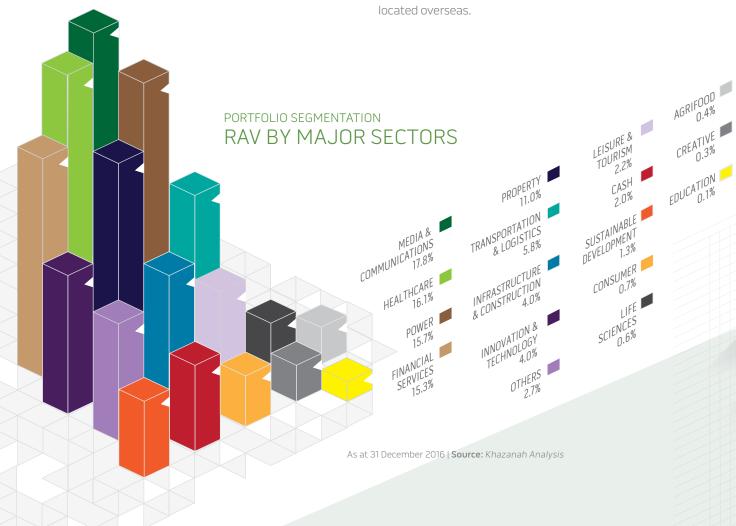


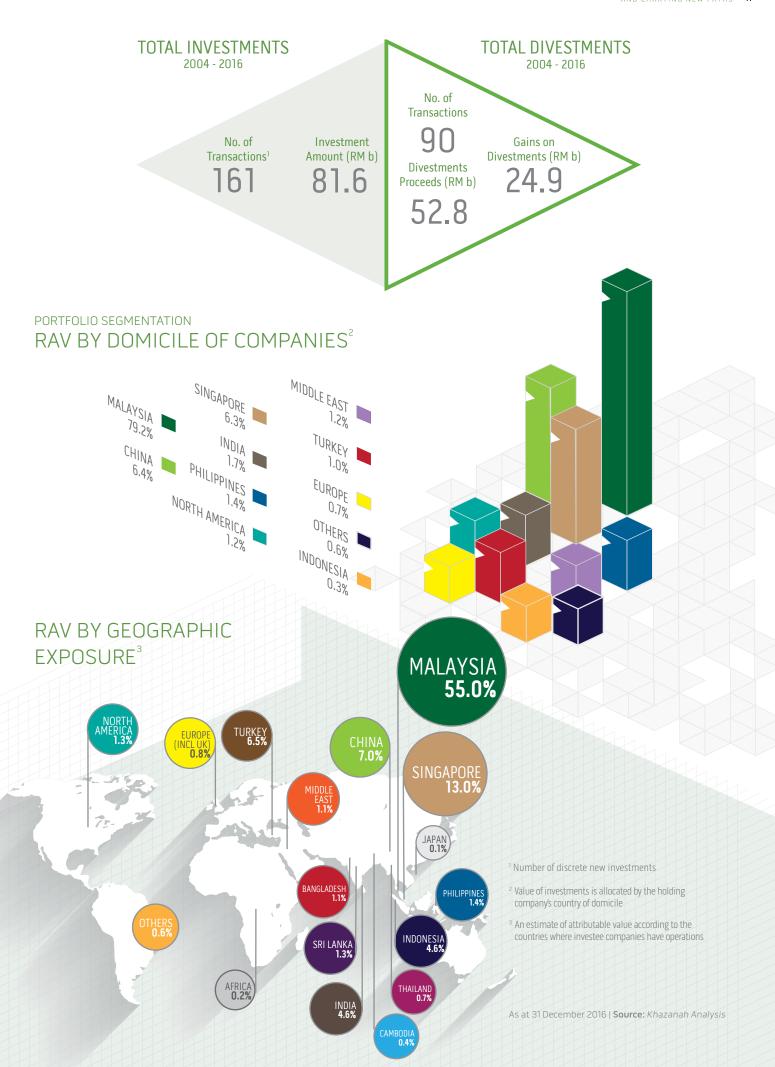


Nordiana Nordin Senior Vice President, Corporate & Support

Khazanah's investee companies are involved in a wide range of economic and business activities

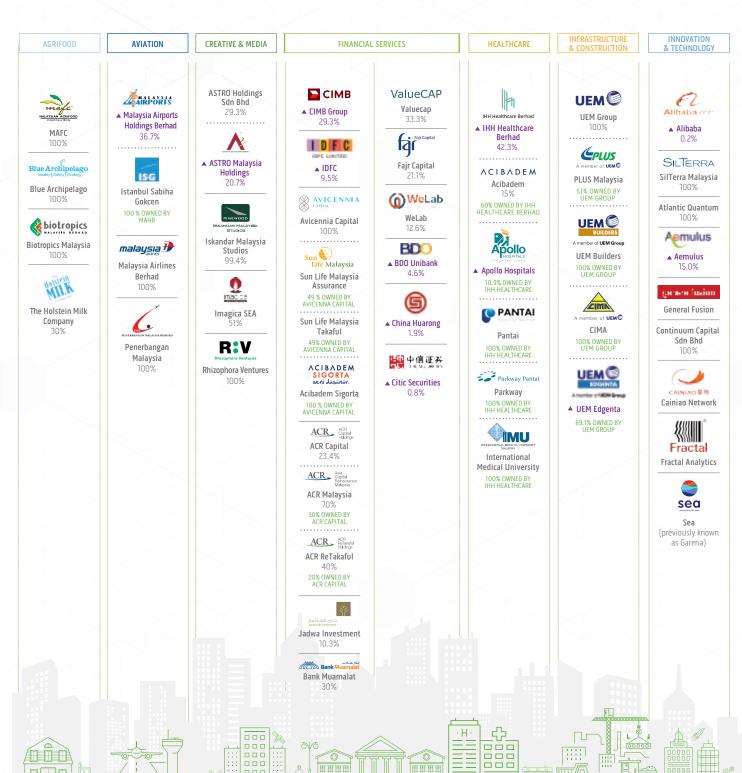
Our investment portfolio comprises interests in more than 100 companies across multiple sectors, industries and geographies, either directly or indirectly through ownership of shares. This diverse portfolio reflects the work we do to create value, economic impact and linkages for Malaysia. Approximately 55% of our Realisable Asset Value (RAV) by geographic exposure is in Malaysia, with the remaining 45%





SELECTED PORTFOLIOS

As at 31 December 2016 | List is not exhaustive



LIFE SCIENCES

LEISURE & TOURISM

POWER

PROPERTY

SUSTAINABLE DEVELOPMENT

TELE-COMMUNICATIONS

OTHERS

XERAYA *

Xeraya Capital 100%



100%

Themed Attractions

Resorts & Hotels

100%

TENAGA NASIONAL

▲ Tenaga Nasional 28.9%



Shuaibah Water and Electricity Company 12%

6% OWNED BY TENAGA NASIONAL

UEM © SUNRISE A member of **UEM Group**

▲ UEM Sunrise

66.1 % OWNED BY UEM GROUP



Iskandar Investment Berhad 60%

Iskandar Ventures 100%

MEDINI

Medini Iskandar Malaysia

40% OWNED BY ISKANDAR VENTURES AND 20% OWNED BY ISKANDAR INVESTMENT BERHAD

m+s M+S Pte Ltd 60%

SUNWAY ISKANDAR

Sunway Iskandar

40%

ρί]ν Pulau Indah Ventures



Southern Marina 30%



Putrajaya Holdings 15.6%

8990

▲ 8990 Holdings

STLR 100%



Cenviro 100%



Cenergi SEA 92.9%

▲ Beijing Enterprises Environment

Group 23.1%



▲ Beijing Enterprises Water Group

redT

RedT Energy 13.3%



▲ Axiata 37.6%



▲ Telekom Malaysia 26.2%

> Pulau Kapas Ventures 30%

TIME ▲ TIME dotCom

> 11.3% 31.3% OWNED BY PULAU KAPAS VENTURES



▲ John Keells

10.2%



LeapEd 100%



i2M Ventures 100%



Source: Khazanah Analysis





CORE INVESTMENTS



Khazanah's portfolio includes some of the most significant companies in Malaysia, as measured by their strategic importance to the nation. They are GLCs that are involved in diverse sectors such as aviation, financial services, healthcare, power, property and telecommunications.



POWER



Tenaga Nasional Berhad (TNB) is Malaysia's national electric supply company, with RM133 billion worth of assets across its generation, transmission and distribution business units. In 2016, TNB served an estimated 9.2 million customers nationwide, while also beginning to widen its international footprint.

www.tnb.com.my





UEM Sunrise Berhad is a public-listed company and one of Malaysia's leading property developers. Its core competencies include macro township development and high-rise residential, commercial, retail and integrated developments. UEM Sunrise is the master developer of Iskandar Puteri, one of the five flagship zones and a key driver of Iskandar Malaysia. It also has developments in Canada and Australia. UEM Sunrise is also the appointed Project Manager (Marketing) for M+S Pte. Ltd. for its Marina One and DUO mixed-use developments in Singapore.

www.uemsunrise.com



Axiata Group Berhad (Axiata) is one of the leading telecommunications groups in Asia with approximately 320 million subscribers in 10 countries. Axiata has controlling interests in six mobile operators in Malaysia, Indonesia, Sri Lanka, Bangladesh, Cambodia and Nepal, with strategic interests in India and Singapore. The Group's infrastructure company, 'edotco', operates in five countries to deliver telecommunications infrastructure services. It also operates and manages a regional portfolio of over 25,000 towers. Catering to the growing digital lifestyle, 'Axiata Digital', was established in 2012. It now has a portfolio of 29 digital brands including three subsidiaries and seven joint ventures, servicing growing demands in mobile money, mobile advertising, e-commerce, entertainment and education.

www.axiata.com



Telekom Malaysia Berhad (TM) is Malaysia's leading converged communications service provider with 2.4 million broadband customers. It offers a comprehensive range of communications services covering broadband, data, fixed-line, ICT, mobile, and business process outsourcing (BPO). www.tm.com.my



FINANCIAL SERVICES



CIMB Group Holdings Berhad, is a leading ASEAN universal bank, operating in 16 markets around the globe. CIMB operates across ASEAN under several corporate entities including CIMB Bank, CIMB Islamic, CIMB Investment Bank, CIMB Niaga, CIMB Securities and CIMB Thai. Its main markets of Malaysia, Indonesia, Singapore, and Thailand primarily focus on Consumer, Commercial and Wholesale Banking.

www.cimb.com



Charmaine Chin Nga Mun

Assistant Vice President, Investments,

An artist impression of UEM Sunrise's affordable housing project, Denai Nusantara in Iskandar Malaysia, which consists of five 12-storey blocks, each with 1,109 units

CORE INVESTMENTS 51

- **B** Telekom Malaysia officially launched webe, its digital mobility services provider in August 2016
- © UEM Group in cooperation with the Ministry of Works built 58 new homes in Kuala Krai for flood victims in Kelantan under the Rumah Kekal Baharu programme
- CIMB Group Chief Executive Officer Tengku Dato' Sri Zafrul Aziz (standing, centre) at the launch of CIMB Bank's first branch in Vietnam









Malaysia Airlines Berhad (MAB) is one of Asia's largest airlines, servicing 40,000 guests on 330 flights to more than 50 destinations daily. As a member of the oneworld alliance, MAB offers passengers seamless travel to close to 900 destinations in more than 150 countries worldwide.

www.malaysiaairlines.com



Malaysia Airports Holdings Berhad (MAHB) manages and operates 39 airports in Malaysia and one international airport in Istanbul, Turkey. The 39 airports in Malaysia consist of five international airports, 16 domestic airports and 18 Short Take-off and Landing (STOL) ports. It also provides airport management and technical services for the development, operation, maintenance and management in overseas international airports. www.malaysiaairports.com.my





IHH Healthcare Berhad

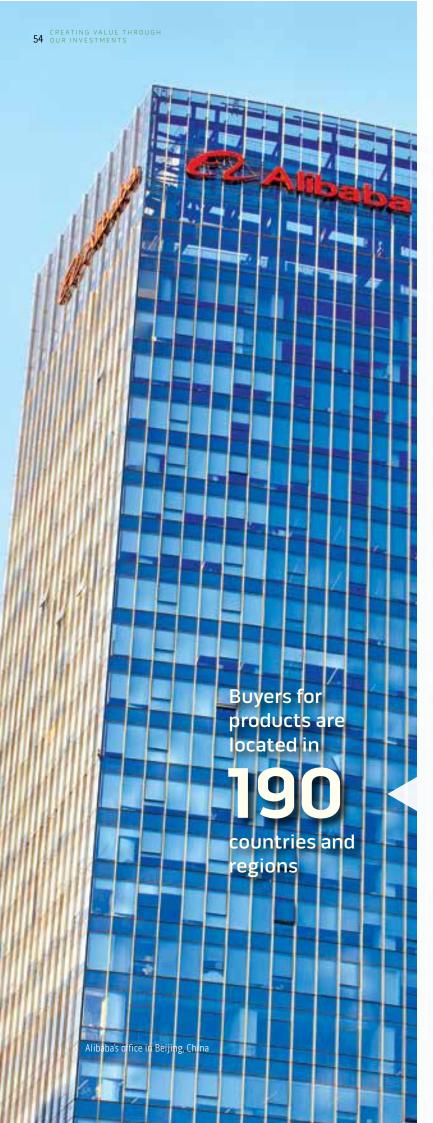
IHH Healthcare Berhad (IHH), a leading premium healthcare provider is listed on the Main Market of Bursa Malaysia and Main Board of SGX-XT. Employing more than 35,000 people, it operates a global healthcare network of 50 hospitals with over 10,000 licensed beds across 10 countries worldwide. The Group offers a full spectrum of integrated healthcare services from clinics to hospitals to quaternary care and ancillary healthcare businesses. It also operates International Medical University (IMU) and International Medical College (IMC) in Malaysia which focus on health science education.

www.ihhhealthcare.com

"As Khazanah expands its geographical footprint, we ensure that the essence of Sharing True Value are reflected in our interactions, engagements and investment decisions in the countries that we operate in – building sustainable long term value not just for Khazanah and Malaysia, but also benefiting the countries that we invest in."

Lim Kooi June Director, Investments, Khazanah Nasional Consulting (Beijing) Company Limited

- A MAB Chief Executive Officer Peter Bellew and fellow colleagues celebrating the company's first anniversary
- Lawas Short Take-Off and Landing port (STOLport) is one of 18 STOLports operated by MAHB located in rural communities in hilly and remote areas nationwide, mostly located in Sabah and Sarawak
- C An artist impression of Gleneagles Hospital in Hong Kong





GROWTH INVESTMENTS



We explore opportunities in new growth sectors that can compliment our existing investee companies. We aim to make investments that have strategic value to Malaysia as well as enhance our existing portfolio.



INNOVATION & TECHNOLOGY



Alibaba Group's mission is to make it easy to do business anywhere. The company provides the fundamental technology infrastructure and marketing reach to help merchants, brands and other businesses that provide products, services and digital content to leverage the power of the internet to engage with their users and customers. Alibaba's businesses are comprised of core commerce, cloud computing, digital media and entertainment, innovation initiatives and others. Through investee affiliates, it also participates in the logistics and local services sectors.

www.alibaba.com



Aemulus Holdings Berhad is a listed company on Bursa Malaysia principally involved in the design, engineering and development of automated test equipment. Its products are used by semiconductor manufacturers and outsourced semiconductor assembly and test (OSAT) companies to test semiconductor wafer and packaged devices, before they are shipped for final assembly into various electronic devices and gadgets.

www.aemulus.com



Cainiao Network (formerly known as China Smart Logistics), the logistics affiliate of Alibaba Group, is dedicated to meeting the current and future logistics demands of China's online and mobile commerce sector. It operates a logistics information platform which provides real-time access to information for both buyers and sellers, as well as information that allows delivery service providers to improve the efficiency and effectiveness of their services. www.global.cainiao.com



Fractal Analytics is a strategic analytics partner to Fortune 500 companies globally and helps them power decisions in the enterprise by bringing analytics and artificial intelligence (AI) to the decision. Fractal Analytics has more than 1,000 people across 12 global locations including the United States, UK and India and has been named a "Cool Vendor in Analytics" and a "Vendor to watch" by Gartner. The company is privately held and has investors including Khazanah and TA Associates.

www.fractalanalytics.com



Our partnership is a model of success in the Asia insurance industry. Our shared values and the close working relationship we have enjoyed with Khazanah have transpired to delivering real value for our clients. This is evident from, among other things, the financial performance of Sun Life Malavsia who has doubled sales and more than doubled net income since the partnership was formed.





Sea, headquartered in Singapore, was founded in 2009 by Forrest Li with the mission to better the lives of consumers and small businesses in the region with technology. Since its inception, Sea, previously known as Garena, has grown swiftly to become a leading platform provider for online PC and mobile digital content, e-commerce and payments across Southeast Asia and Taiwan, serving millions of users.



generalfusion

General Fusion is involved in the development of the fastest and most practical path to commercial fusion energy. The company was established in 2002 and is supported by a global syndicate of energy venture capital funds, industry leaders, and technology pioneers, including Chrysalix Energy Venture Capital, Bezos Expeditions, Khazanah, Cenovus Energy, Growthworks, Braemar Energy Ventures, BDC, Entrepreneurs Fund, SET Ventures, and Sustainable Development Technology Canada. www.generalfusion.com







ACR Capital Holdings Pte. Ltd. specialises in providing reinsurance solutions for large and specialist risks in the Pan-Asian region. Its whollyowned subsidiary Asia Capital Reinsurance Group is one of the world's top 50 insurers.

www.asiacapitalre.com

ACIBADEM SIGORTA seni düşünür.

Acibadem Sigorta is a leading health insurance services provider in Turkey. Headquartered in Istanbul, it has the second largest market share in the industry and operates six regional offices across the country.

www.acibademsigorta.com.tr



Sun Life Malaysia is a provider of a comprehensive range of life insurance and Takaful products and services. It distributes these products through a range of distribution channels including bancassurance, direct marketing, telemarketing and government and corporate business.

www.vmalaysia.com

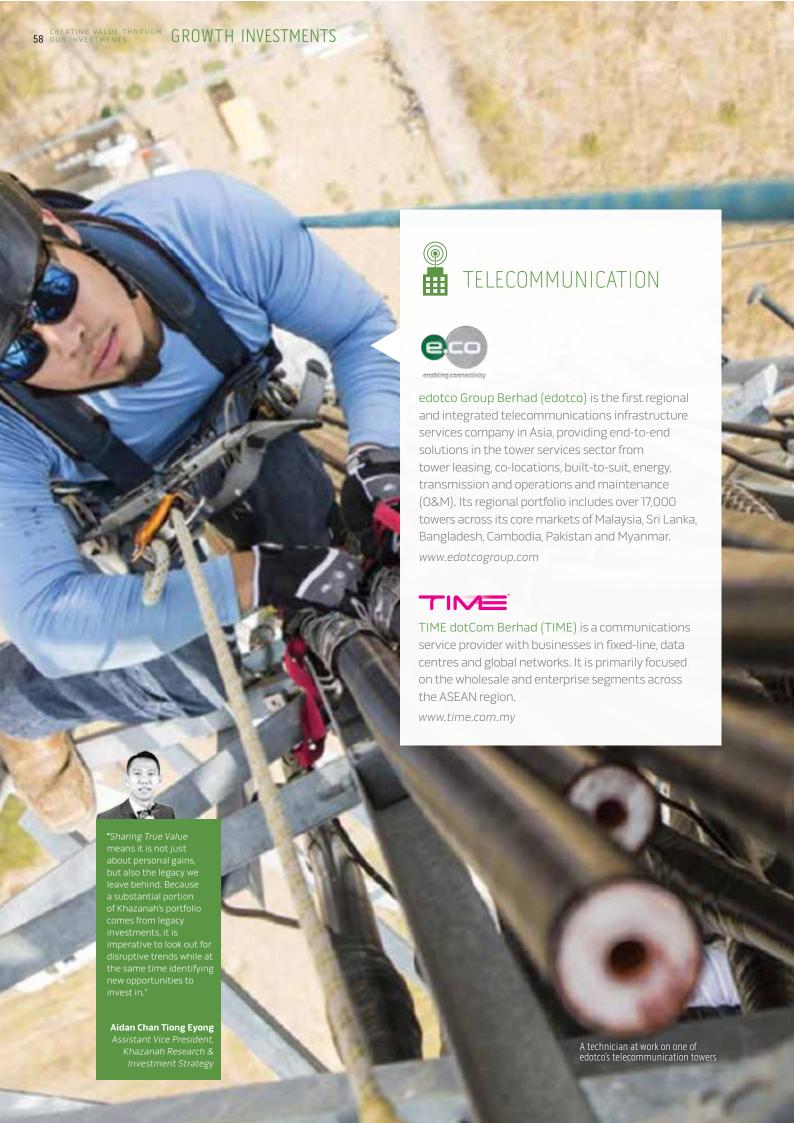


ACIBADEM

Acibadem Healthcare Group is a leading private healthcare services provider in Turkey and Bulgaria. It provides integrated and ancillary healthcare businesses services across 21 hospitals and 17 outpatient clinics in Turkey, Bulgaria, Macedonia and Northern Iraq.

www.acibadem.com.tr





We aim to make investments that have strategic value to Malaysia as well as enhance our existing portfolio.



8990 HOLDINGS, INC.

8990 Holdings is a leading mass housing developer in the Philippines. It caters to demand for affordable housing from the lower income population. The company has development projects throughout the country and is listed on the Philippine Stock Exchange. www.8990holdings.com





Astro Malaysia Holdings Berhad (AMH) is a leading content and consumer group in Malaysia and ASEAN with a focus on ideation, creation, aggregation, distribution and monetisation of content. AMH serves 20 million individuals through its DTH Satellite TV, IPTV and OTT platforms.

www.astromalaysia.com.my







CATALYTIC INVESTMENTS



In supporting Malaysia's aspiration to become a developed nation, Khazanah embarks on a broad array of catalytic investments that seek to generate commercial returns, develop strategic advantages, and build capacity for the nation, especially on the domestic front.





The Holstein Milk Company Sdn Bhd (Holstein) is one of the leading integrated dairy companies in Malaysia, producing premium grade dairy products marketed under the brand Farm Fresh and Nubian. The company's operations cover the full breadth of the dairy value chain (from grass to glass). Holstein is the appointed anchor company for the NKEA Entry Point Project 13 for the dairy industry, which aims to reduce Malaysia's dependence on imported fresh milk.



Biotropics Malaysia Berhad develops and commercialises Malaysia's bio-resources into superior natural health products. Its products include proprietary standardised extracts, all natural dietary supplements, ingredients for nutraceutical, functional food and cosmeceutical applications, all scientifically tested and verified to meet the highest quality, safety and efficacy standards.

www.biotropicsmalaysia.com

Blue Archipelago

Blue Archipelago Berhad (BAB) is a shrimp aquaculture company dedicated to the production of premier quality seafood for the global market. The business is built on the foundations of high quality standards, food safety, ecological sustainability and social responsibility. BAB's ultimate aim is to develop a Malaysian seafood brand that is associated with wholesomeness and integrity.

www.bluearchipelago.com



Malaysian Agrifood Corporation Berhad (MAFC) is a fully-integrated food supply chain management company. It produces fresh and high quality highland vegetables under the brand Lushious, and distributes to retailers via its integrated cold chain logistics subsidiary. MAFC creates value by collaborating with relevant government agencies and industry players with the aim of supplying safe and top quality fresh produce for healthier living.

www.mafc.com.my





Xeraya Capital is a private equity and venture investor in life sciences that focuses on medical technologies, healthcare biotechnology, biorenewables and bio-industrials.

www.xeraya.com



SILTERRA

SilTerra Malaysia Sdn Bhd is a wafer foundry provider that offers complementary metal-oxide semiconductor (CMOS) wafer technology to global semiconductor partners. It was established in 1995 to promote front-end semiconductor manufacturing and to be a catalyst for hightechnology investments in Malaysia.

www.silterra.com



is a philosophy that underscores strategic Malaysia and Agrifood sector. Our robust and strategic approach enables long-term wider society through direct job creation and

Ariff Abu Bakar

Blue Archipelago's integrated aquaculture park in Setiu, Terengganu provides employment opportunities to the local community









Rhizophora Ventures Sdn Bhd is an investment holding company in creative and media content, with three focus areas - content, ecosystem and infrastructure. It supports the development of the Malaysian creative industry towards becoming a world-class industry player.



Pinewood Iskandar Malaysia Studios is a state-ofthe-art integrated media production studio facility offering 100,000 sq ft of film stages, 24,000 sq ft of TV studios, a full range of post-production services, 72,000 sq ft of workshop and production office space, backlots for outdoor filming, as well as interior and exterior water filming tanks. www.pinewoodmalaysiastudios.com





LeapEd Services Sdn Bhd (LeapEd), a whollyowned subsidiary of Khazanah, is Malaysia's first home-grown education services provider. It is a social enterprise with a mission to innovate and enable implementation of education transformation in the interest of unleashing all children's potential to grow in the challenging global landscape. Since its incorporation in 2010, LeapEd has impacted 188 Government schools, more than 5,000 teachers and over 100 districts all over Malaysia. Its flagship programme is working in partnership with Yayasan AMIR and Ministry of Education in implementing the nation's pioneer public school transformation programme, Yayasan AMIR Trust Schools Programme (YATSP). The YATSP is a comprehensive school transformation model that sustainably improves student outcomes through four strategic goals focusing on school leadership, teachers, students, and parents and community. It is currently being implemented across 83 public schools in 10 states.

www.leapedservices.com





Cenviro Sdn Bhd is a leading integrated environmental waste management solutions provider. Through its subsidiary, Kualiti Alam Sdn Bhd. Cenviro has been operating Malaysia's first integrated waste management



Low Guat Peng Senior Vice President, Investments

to catalyse growth of the still nascent sector in

centre in Negeri Sembilan since 1998. It is also involved in municipal solid waste management and public cleansing through its joint-venture company, E-Idaman Sdn Bhd and electronic waste management via its associate company, Shan Poornam Metals Sdn Bhd. Cenviro continues to provide innovative and sustainable waste management and renewable energy solutions through its Environmental Preservation and Innovation Centre (EPIC), Scheduled Waste-to-Energy Plant, Secured Vertical Landfill and Recycle for Life Programme.

www.cenviro.com



Cenergi SEA develops and invests in clean energy projects, with particular focus on biogas, biomass and energy efficiency projects in Malaysia and Southeast Asia. It is one of the largest grid-connected palm oil mill effluent biogas players in the country. It currently operates three plants with a combined generation capacity of 4MW and another 1.5MW biogas plant to be commissioned in 2017. Cenergi is also executing a RM40 million Built- Own-Transfer (BOT) energy savings contract with a local university in 2017.

www.cenergi-sea.com



RedT Energy, which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange, is a developer and supplier of energy storage systems based on vanadium redox flow battery technology. www.redtenergy.com



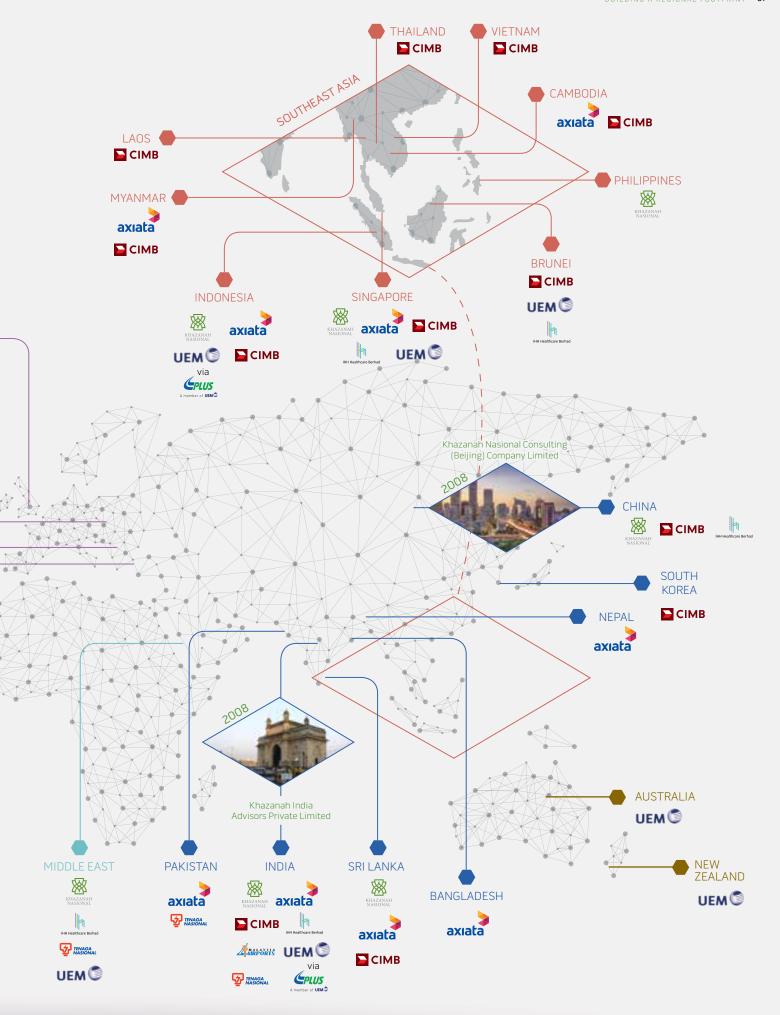


BUILDING A REGIONAL **FOOTPRINT**

World Economic Forum

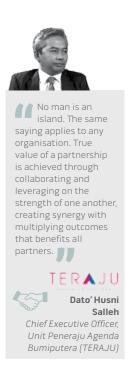


We have established a presence in key markets abroad, which enables us to tap into regional economic growth, identify opportunities that promote the regionalisation of our investee companies and contribute towards UNITED KINGDOM building the nation's long-term competitiveness. **□** CIMB Khazanah Europe Investment Limited CANADA **UEM** BULGARIA NORTH **AMERICA** MACEDONIA **□** CIMB Khazanah Americas Inc. Khazanah is a highly valued and Khazanah Turkey Regional Office respected partner of the World Economic Forum. Khazanah's leadership is deeply committed to building 'True Value', as demonstrated by its contributions to the Forum's many research areas and initiatives. TURKEY In particular, Khazanah has worked closely with the Forum to promote new models for inclusive growth and played a significant role in SOUTHEAST ASIA shaping our priorities in ASEAN to build regional ASIA prosperity. **AIRPORTS** EUROPE MIDDLE EAST TENAGA NASIONAL NORTH AMERICA Justin Wood AUSTRALIA AND NEW ZEALAND Head of Asia Pacific CANADA and Member of the Executive Committee



GOVERNMENT-LINKED COMPANIES (GLC) CONTRIBUTION TOWARDS NATION BUILDING





Beyond the Government-Linked Companies Transformation (GLCT) **Programme**

The GLCT Programme was launched on 29 July 2005 to drive large scale transformation of GLCs through a programme management approach, with the participation of 20 GLCs (also known as the G20) controlled by five Government-Linked Investment Companies (GLIC). Khazanah was the Secretariat of the 10-year programme, which was completed in 2015.

GLCs today are stronger institutions with wellmanaged balance sheets and greater regional and international presence. Nevertheless, GLCs continue to face new challenges, such as:

- operating in a tougher external environment, facing intense competition
- dealing with heightened pace of globalisation, liberalisation and regulation
- facing greater demand to assist with nation building and stakeholder needs
- needing to overcome impediments to find the next wave of growth

There is a need for GLCs to remain vigilant, continue to aim for greater competitiveness and even reinvent themselves in the run-up towards 2020 and beyond. This realisation complemented the findings of a previous strategic review of the GLCT Programme, where many GLIC and G20 Chairmen and CEOs felt that the network effect created by the GLCT Programme should continue, post-programme. This resulted in the idea of creating a Successor Entity (SE) to the GLCT Programme, to achieve this objective. During the final meeting in August 2015, Putrajaya Committee on GLC High Performance (PCG) endorsed Telekom Malaysia (TM) to be the first chair of the SE to the GLCT Programme, with broad level objectives to:

- continue upholding the 3 Underlying Principles of the GLCT Programme so that the spirit of the Programme remains active
- help shape and contribute to Malaysia's ambition of becoming a developed country by 2020
- foster business collaboration in going regional and global, and build knowledge capital through the sharing of best practices amongst the members of the successor entity

TM established and organised GLC forums in 2016, which was actively participated by G20 and Khazanah.

GLCS IN ADVANCING BUMIPUTERA AGENDA ARE GUIDED BY:

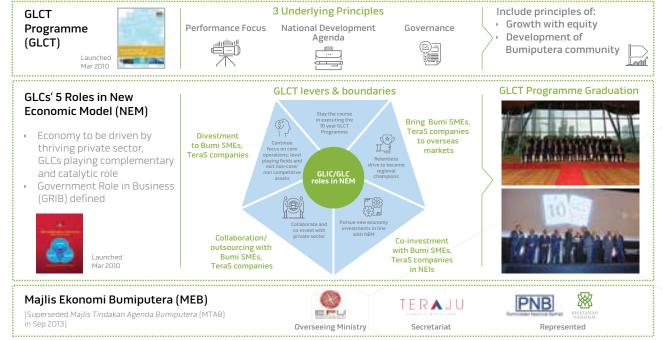


Figure 1

Note: TeraS - High Performing Bumiputera Companies

Continuous Support in Nation Building through Bumiputera Empowerment Agenda (BEA)

The GLCT Programme implemented from 2004 to 2015 had three underlying principles, one of which is the National Development Agenda. The Bumiputera Agenda is part of this (Figure 1), where the G20 implemented various initiatives towards nation building.

Following the launch of the Bumiputera Economic Empowerment Agenda in 2015, PCG established the Bumiputera Empowerment Agenda (BEA) to continue with the nation building initiatives.

With the graduation of the GLCs from the GLCT programme in July 2015, Khazanah was mandated by the Government to continue its role as the Secretariat of the BEA Programme until 2020.

In executing the intention and to facilitate effective programme management, the implementation of the BEA programme was planned over three (3) phases. Figure 2 illustrates the aspirations, expected outcomes and level of engagement required during each phase of the programme.

The first phase included establishment of policies and getting the programme started in the first two years of the

programme. Under this phase, specific KPIs were set out and imposed where the various initiatives were successfully implemented by the GLICs and G20. With the BEA programme now in Phase 2, the main focus is to strengthen and deepen the initiatives to provide the impact to the targeted stakeholders and the Bumiputera community.

PROGRAMME MANAGING GLCs ON BEA



WAWASAN 2020 "Malaysia must be a developed country developed economically, developed politically. developed socially and culturally,



- National unity High income
- Sustainability

Figure 2

BUMIPUTERA EMPOWERMENT AGENDA (BEA) MANDATE CHART

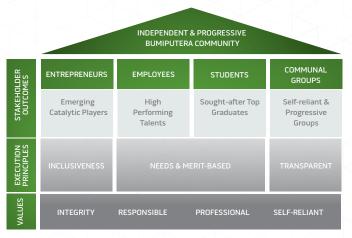


Figure 3

Enhancing the BEA Programme

Realising the need to enhance the programme further, a holistic approach was developed and four key levers were identified in order to quantum leap the BEA and ensure better delivery of the outcomes and the intended impact by 2020.

Lever 1: BEA Mandate Chart

The Mandate Chart (Figure 3) was developed as the overarching guide to the focus areas and the intended outcomes for the targeted stakeholders. The chart is also to promote common understanding, clarity and consistency of the programme.

Lever 2: Robust and Intense Governance

The BEA governance is structured such that the programme is given serious commitment, rigour and intensity. Robust and intense governance, which include White Room sessions (one-on-one, closed door sessions between the Government and the GLICs & G20 leaderships) and regular reporting to the Majlis Ekonomi Bumiputera (MEB) chaired by the Prime Minister to assure commitments and delivery of the intended outcomes of the programme.

Lever 3: BEA Plans to 2020

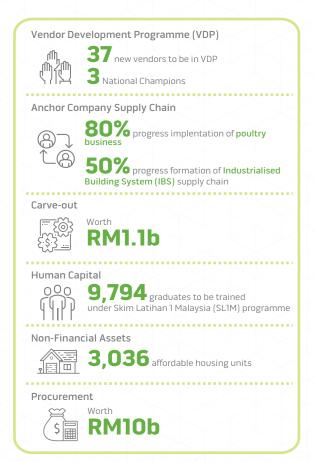
The BEA Plans to 2020 are being developed and outlined as future guide and direction for the GLICs and G20 as such that it needs to create impact by 2020. Such plans require new shifts, new thinking and game-changing initiatives to elevate the Bumiputera. GLICs and G20 are also encouraged to embark on collective and collaborative initiatives that can provide complementary advantage for the companies and also for the various stakeholders.

Lever 4: Orchestrated Engagements

In order to garner support and advocacy from various stakeholders, BEA engagements need to be orchestrated, paced and sequenced to ensure increasing understanding and commitments towards institutionalisation of BEA. Leadership-led key engagements via multiple platforms are also key to strengthen and reinforce messaging to various key stakeholders.

Overall BEA Achievements Thus Far

The overall BEA programme showed encouraging results (Figure 4) with GLICs and G20 delivering KPIs above 90.0% in 2014 and 2015.

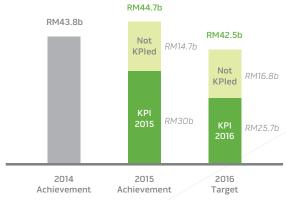


Source: BEA Secretariat analysis

Figure 4

For 2016, GLICs and G20 activities for the Bumiputera community under the BEA KPI and non-KPI initiatives are targeted to value approximately RM42.5 billion (Figure 5). Lower value of initiatives for 2016 was planned in view of the challenging business environment. Nonetheless, GLICs and G20 are expected to repeat the overall performance as in 2015. Figure 6 illustrates some of the key commitments and achievements by GLICs and G20.

ANALYSIS OF COMMITMENTS BY YEARS (BASED ON SUBMISSIONS)



Note: Values calculated exclude Amanah Saham Bumiputera 2, corporate equity and other non-monetary value KPIs (e.g number of affordable homes, SL1M trainees expenditure, etc.)

Figure 5

KEY BEA KPI COMMITMENTS IN 2016 KEY BEA KPI ACHIEVEMENTS FROM JANUARY TO SEPTEMBER 2016

Vendor Development Programme (VDP)



79 new vendors in VDP

70 new vendors to be in VDP

8 National Champions

Anchor Company Supply Chain



8 supply chains established

Implementation of poultry business Formation of Industrialised Building System (IBS) supply chain

Carve-out



worth RM10.5b

Carve-out value worth

RM1.2b

Human Capital



8,365 graduates trained under the SL1M programme

11,400 graduates to be trained under SL1M programme

Non-Financial Assets



2,281

affordable housing units **2,860** affordable housing units

Procurement



worth RM25.1b

Procurement value worth RM11b

Source: BEA Secretariat analysis

Khazanah's Contribution to the BEA

At the company level, Khazanah has supported the BEA through initiatives like Yayasan AMIR Trust Schools, Yayasan Khazanah Scholarships, SL1M and other contributions via Yayasan Hasanah and its collaborative partners. In 2015, 32 new trust schools were rolled out with the beneficiaries being almost 80% Bumiputera. Through Yayasan Khazanah, at least 75% out of the total scholarship awarded went to for Bumiputera students.

Since its introduction, Khazanah has been a strong supporter of the SL1M programme. For 2015 and 2016, Khazanah had trained 5,160 graduates with expenditure of RM89 million benefiting many Bumiputera graduates.

Moving Forward

As the Secretariat of the BEA, Khazanah will continue to work with the GLICs and G20 to identify new and innovative initiatives while undertaking the mandate to manage the programme and deliver the intended outcomes.





Khazanah's mandate goes beyond value creation in the financial and strategic spheres. We are also tasked with delivery of societal returns, as part of our role in helping Malaysia to achieve developed nation status with a high-income, sustainable and inclusive economy.

04

Inclusion and Sustainability 74

Selected Highlights of Corporate Responsibility Initiatives in 2016 **78**

Supporting National Transformation 80



INCLUSION AND SUSTAINABILITY



For Khazanah, long-term investments are not just about financial returns, but also take into account ethical and lasting value creation. We do so by balancing the capital economy with the people economy, which ultimately would lead to higher quality of life for the rakyat. Below are selected Khazanah driven initiatives that promote inclusion and sustainability.

Value Distribution through Yayasan Hasanah

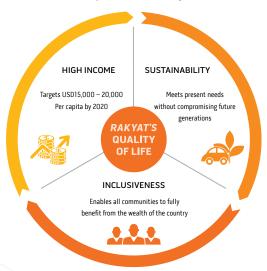
Incorporated in December 2013, Yayasan Hasanah (Hasanah) is set up to lead Khazanah's corporate responsibility (CR) initiatives, an enhanced and strategic approach to value distribution to the nation for years to come. Hasanah's mandate is to support the development and implementation of solutions that empower communities, encourage social inclusivity and improve local environments.

Yearly, Hasanah's budget is financed through an annual return that is generated from the RM3 billion endowment fund provided by Khazanah. This is largely channelled towards supporting and funding the programmes of its partners, with an appropriate allocation for the operations of Hasanah.

Hasanah works through an ecosystem of partners that include civil society, communities, corporates, and government agencies to ensure that its efforts result in meaningful impact. It also provides strategy and business advice, training and workshops, knowledge-sharing, sector best practices and networking opportunities to help build capacity among civil society organisations.

For more info on Yayasan Hasanah, visit www.yayasanhasanah.org

Balancing Capital Economy and People Economy





Leading foundation that promotes Malaysia's global sustainability through solutions that empower communities, encourage social inclusivity and improve the environment











EDUCATION

promote equity and increase access

ARTS, HERITAGE &

Help transform
Malaysia into
a distinctive
destination for
AHC by enabling
and supporting
AHC-led

KNOWLEDGE

To support sound and

HORIZONTALS
Capacity Building of Civil Society, Social Enterprises and Public Spaces

OUR COMMITMENT TO STAKEHOLDERS Transparency, Innovation, Empowerment, Inclusivenes

FOUNDATIONA focus on long-term nation-building

⚠ Khazanah Deputy Chairman and Khazanah Research Institute (KRI) Chairman Tan Sri Nor Mohamed Yakcop (centre) with Tan Sri Azman (far left), Managing Director of KRI Datuk Charon Mokhzani (second right), Board of Trustee Khazanah Research Institute Dr Nungsari Ahmad Radhi (far right) and Director of Research Dr Mohammed Khalid (second left) at the launch of KRI's publication *The State of Household II*

Dikir Barat Arjunasukma performing at the Masjid Jamek LRT station, a part of Think City's Arts On The Move initiative to bring public arts and cultural activities to rejuvenate public spaces

© Yayasan Khazanah scholars and Managing Director Kamarul Bahrein Sharif at the foundation's 10th Anniversary Gala Dinner "I am blessed to be able to wear two hats, as the Executive Director for Think City and a Director in Khazanah. Aside from delivering commercial returns, Khazanah's work through Think City touches people in the most human of ways. For me the value lies in their daily life by improving the

SOCIAL INCLUSION

thinkcity REJUVENATING THE CITY TOGETHER

Driving Urban Rejuvenation

Think City, a wholly-owned subsidiary of Khazanah established in 2009, is a community-based urban regeneration body that spearheaded

the rehabilitation of the George Town UNESCO World Heritage Site. In 2015, it was given the mandate to expand similar efforts to Kuala Lumpur, Butterworth and Johor Bahru. Think City works closely with the government, local and international agencies and various communities to build local capacity for the protection and development of living heritage, culture and architecture. It also aims to encourage sustainable development and the creation of a more liveable environment.

For more info on Think City, visit www.thinkcity.com.my

KHAZANAH RESEARCH INSTITUTE

Evidence-based Policy Research

Khazanah Research Institute (KRI), which started operations in the first quarter of 2014, aims to undertake analyses and research on the pressing issues of the nation, and based on the research, provide actionable policy recommendations. KRI's publication *The State of Households II*, launched in August 2016, examined the state of households as well as women in the workforce and the ageing population. Similarly, *Climbing the Ladder: Socio-economic Mobility in Malaysia*, launched in October 2016, is the first large-scale representative study of inter-generational social mobility in Malaysia, which focuses not only on income mobility between child and parent, but also on educational and occupational mobility.

For more info on KRI, visit www.krinstitute.org

EDUCATION



Nurturing Tomorrow's Leaders

Yayasan Khazanah (YK) is entrusted to select, support, groom and nurture exceptional individuals who will eventually take on high-level positions in the best organisations including GLCs in Malaysia. Apart from offering scholarships at premier universities around the world or in Malaysia, YK also provides a broad range of activities for Khazanah scholars including leadership and character development programmes, volunteering opportunities with non-governmental or non-profit making bodies and job attachment in companies including GLCs, GLICs or Government Agencies.

For more info on Yayasan Khazanah, visit www.yayasankhazanah.com.my



Raising Our Nation's Education Standards

Yayasan AMIR is a not-for-profit foundation incorporated on 26 October 2010 by Khazanah to improve accessibility of quality education in Malaysian Government schools through a Public-Private Partnership with the Ministry of Education.

The Yayasan AMIR Trust Schools Programme aims to be a leading network of Trust Schools across Malaysia, with the goal of setting up a replicable school transformation model on a nationwide scale. Yayasan AMIR Trust Schools are holistic in nature, inclusive and representative of Malaysia's diverse ethnic background. We aim to transform student outcomes by promoting enhanced school management practices, and championing improvements to curriculum and delivery of education.

For more info on Yayasan AMIR, visit www.yayasanamir.org.my





Khazanah is involved in the promotion of public spaces as part of its contribution towards creating more sustainable and liveable cities.



The Cruyff Courts Programme

Malaysia is the second Asian country after Japan to have the Cruyff Courts Programme, a collaboration between Yayasan Hasanah and the Johan Cruyff Foundation. Cruyff Court Iskandar Malaysia was launched in 2012 while Cruyff Court Kuala Lumpur in Brickfields was opened in 2013. The programme provides a unique football experience to disadvantaged children, youths and the larger community. Cruyff Courts brings old playing fields that are lost to urbanisation back to the community to restore social unity, as they serve as playing fields as well as meeting places where themes like mutual respect, health, integration, development and teamwork are nurtured. In 2017, two new courts will be available at Projek Perumahan Rakyat (PPR) Air Panas & PPR Seri Semarak in Setiawangsa, Kuala Lumpur.



Taman Tugu Project

The Taman Tugu Project is a multicomponent not-for-profit corporate social responsibility (CSR) initiative led by Khazanah in collaboration with Dewan Bandaraya Kuala Lumpur (DBKL) with the support of various stakeholders including Ministry of Federal Territories, Ministry of Natural Resources and Environment, Economic Planning Unit (EPU), Public Private Partnership Unit (UKAS), Forest Research Institute of Malaysia (FRIM) and Malaysian Nature Society (MNS).

- A Children at a football training session at Cruyff Court Kuala Lumpur
- B Dato' Sri Mohd Najib at the launch of the Taman Tugu Project together with Federal Territories Minister Datuk Seri Tengku Adnan Tengku Mansor and Tan Sri Azman



Up to RM650 million has been set aside for the project covering the following components:

- Conserving and activating a 66-acre urban forest park (approx. RM190 million)
- Connecting the surrounding area with approximately 2-kilometers of sheltered pedestrian friendly walkways (approx.RM175 million)
- Development of a learning and innovation centre (approx.RM185 million)
- Establishment of a National Public Trust including operations, maintenance, partnerships and community development up to 2030 (RM100 million)

Since its launch in September 2016, the project team has conducted over 30 open dialogues, discussions with special interest groups such as environmental NGOs, architect and landscape associations, running and cycling communities, tourism councils, educational institutions, government ministries as well as with Members of Parliament. An online survey and 'Rakyat Touch Points' which are engagement booths set up at various shopping malls and LRT stations were also organised to ensure the general public had a clearer picture of the project and for them to provide their input.

The project is slated for completion on a milestone basis starting with parts of the park by end of third quarter of 2018.

For more info on the Taman Tugu Project, visit www.tamantuguproject.com.my

Development of Iskandar Puteri Public Transport System

The next phase of development for Iskandar Puteri in Johor is the setting up of a bus service system that inter-connects all key nodes in the area. The Bus Rapid Transit is a system that utilises dedicated bus lanes, universal access stations, integrated pedestrian access, rapid boarding and high service frequency aspects.

Affordable Housing in Iskandar Malaysia

UEM Sunrise has earmarked its landbank at Gerbang Nusajaya, the second wave of development after Iskandar Puteri, for affordable housing to be built for Malaysians.

SUSTAINABILITY

Impact Investing

Khazanah is constantly on the look-out for investments that fulfil the commercial mandate while at the same time create a high social development and inclusion impact. Our impact investments include 8990 Holdings, which focuses on building homes for lower income groups in the Philippines; Cenviro, which is involved in sustainable waste management; and Cenergi SEA in the clean energy sector.

In 2015, Khazanah combined education and Islamic finance along with socially responsible investments through the issuance of the world's first Ringgit-denominated Sustainable and Responsible Investment Sukuk. This innovative structure, while relatively new, is a powerful concept as investor awareness and responsiveness are expected to increase over time.

Responsible Investment

Beyond financial returns, Khazanah is also working to quantify the holistic impact of investments to include areas such as environment, human capital and industrial harmony, economic multipliers like job creation, technology and knowledge formation; and development of a supplier base.



SELECTED HIGHLIGHTS OF CORPORATE RESPONSIBILITY INITIATIVES IN 2016

EDUCATION





RAISING OUR NATION'S EDUCATION STANDARDS

83 Trust Schools across 10 states

94.4% average increase in holistic student development through co-curricular activities

6.1% average increase in SPM Gred Purata Sekolah (Grade Point Average)

4.3% average increase in UPSR passing rate



REDUCING EDUCATIONAL INEQUALTY

83% based on **56** responses from principals rated Teach For Malaysia (TFM) Fellows are effective (2016 School Satisfaction Survey)

98 TFM Fellows in **53** secondary schools, impacting **14,700** students

31% of **221** alumni stayed on as teachers in



NURTURING TOMORROW'S LEADERS

111 scholarships awarded in 2016

Since 2006, **646** Yayasan Khazanah scholarships have been awarded:

- → **296** Khazanah Global Scholarship
- → **140** Khazanah Watan Scholarship
- → **137** Khazanah Asia Scholarship
- → **73** Khazanah Bestari Scholarship



CONNECTING RURAL SCHOOLS TO CORPORATE MALAYSIA

483 schools adopted (2007-2016)

172 active schools in 2016 adopted by Corporates

724,000 students impacted since inception

 $\bf 99\%$ of school satisfaction rate on PINTAR School Adoption Programme

Two PINTAR Mobile Learning Units (PMLU) reached out to: Total **61,896** visitors through:

- → 215 schools nationwide including
- → **120** active PINTAR schools and
- → **82** schools which have completed their adoption period



CONNECTING THE ARTISTIC AND CULTURAL COMMUNITY

Conducted initial

scoping of the creative

economy and industry

in Malaysia together

ARTS, HERITAGE AND CULTURE (AHC)





PROMOTING ARTS, HERITAGE AND CULTURAL AWARENESS IN EARLY AGE EDUCATION

Overall programme attendance:

Young Chef - **63%** Theatre: Mask and

Movement - **74.1%** Alam Gamelan - **50%**

A showcase was held on all three programmes at the centre on 20 November 2016 for parents, care givers, and children from other programmes



PUBLIC SPACES



SAFE, INCLUSIVE AND ACCESSIBLE PUBLIC SPACES

Replication of the George Town Grants Programme's success to Butterworth, Kuala Lumpur and Johor

99 projects at various stages of implementation:

30 - George Town

34 - Butterworth

32 - Kuala Lumpur

3 - Johor

34 urban spaces intervention programmes in place

57% programmes are involved or led by local community partners, public and anivate sector



CREATING SAFE PLAYING FIELDS IN URBAN NEIGHBOURHOODS

Exceeded 100% target utilisation rate of 190 hours per month





SEJ@HTERA

ALLEVIATING POVERTY, IMPROVING LIVES

20 adults and **20** youths have been identified for urban livelihood programmes in a low cost housing area in Klang

Embarked on the initial phase of a community development programme for the rural community in Kampung Pinggan Jaya, Kuching, Sarawak that aims to establish a "gula apong" hub in the village

35 primary and 20 secondary school children have begun the initial phase of tuition classes organised by Sejahtera



ENTREPRENEURSHIP SKILLS TRAINING AND MICRO LOANS TO LOW-INCOME WOMEN

152 women attended entrepreneurship training by WOW, a prerequisite before they can receive their micro loans

170 low-income women from the Klang Valley and Keningau, Sabah received RM2,000 micro loans to enhance their small businesses



INCOME GENERATING SKILLS TRAINING TO IMPROVE SKILLSETS OF NON-ACADEMICALL INCLINED YOUTHS

25 students passed vocational training and are involved in high-skilled labour



ORPHANCARE (OC) (CIVIL SOCIETY PARTNER ORGANISATION)

Supporting orphans and abandoned babies, and the 'Deinstitutionalisation of Children' (DI):

8 children successfully reintegrated with their families

13 out of 26 women decided to keep their babies

139 abandoned babies matched with adoptive

109 couples attended training on parenting

260 civil society and government participants attended the DI conference



PROVIDING AT-RISK CHILDREN A SAFE SPACE

An average of 155 children attended YCK's Pusat Aktiviti Kanak-Kanak

29 YCK students are on track academically (maintain at least a B pass rate in school)

Hasanah supported YCK to grow into a sustainable organisation and to plan its advocacy role





HUMANITARIAN AND DISASTER RELIEF

Emergency Response

Supporting the needs of Syrian refugees in Lebanon

Assisted approximately 20,000 Syrian beneficiaries in refugee camps via a winterisation programme which provided among others, food baskets, blankets, medicines

Recovery assistance for flood affected areas in Democratic Republic of North Korea



KHAZANAH RESEARCH INSTITUTE

EVIDENCE-BASED RESEARCH

The World in 2050 Report launched in June 2016

The State of the Households II and Map of Malaysia Report launched in August 2016

Climbing the Ladder: Socio-Economic in Malaysia Report launched in October 2016

Malaysian-French International Conférence "Malaysian Capitalism in Comparative Perspective" held in November

"KRI Morning Talk" co-hosted with Think City in Penang held in November 2016





TREAT EVERY ENVIRONMENT SPECIAL (TREES) (CIVIL SOCIETY PARTNER ORGANISATION)

Empowering secondary students to implement recycling projects in schools

YV4C program:

30 secondary schools participated in the YV4C program, reaching out to over **32,500** students

240 students trained to develop recycling projects in their respective school

126.46 tonnes of recyclable wastes (paper, plastic, steel tins, and aluminium) collected from 30 schools

36.1% of targeted students from each school participated in the recycling project

Over 17,000 students participated in recycling activities in their school.



CONSERVING RAINFOREST, FRESH WATER AND MARINE ECOSYSTEM

Developing a Marine Managed Area (MMA) roadmap for Mantanani:

31 community members and tourism industry representatives participated in the marine ecosystem mapping and use profiling conducted











SUPPORTING NATIONAL **TRANSFORMATION**



Khazanah supports and contributes to the Government's national transformation initiatives

Khazanah was part of the working team supporting the National Economic Advisory Council in developing the New Economic Model (NEM). Khazanah helped the formation of the Performance Management and Delivery Unit (PEMANDU), which was established to oversee the implementation of the Economic Transformation Programme (ETP) and Government Transformation Programme (GTP), two of the NEM's key pillars.

Some of Khazanah's corporate responsibility programmes and those undertaken by GLCs fall under the GTP's National Key Result Areas (NKRAs) related to education and raising the standards of living of low-income households. As a strategic investor, Khazanah and its investee companies are involved in nine of the ETP's 12 National Key Economic Areas (NKEAs), including tourism, education, and healthcare. In addition, Khazanah's initiatives in Iskandar Malaysia are in support of the Government's growth corridor concept.



The genesis of our relationship began at the very onset in defining the "heart and soul" for the new mandate of Khazanah. This ethos of humility, integrity, and service to the nation became the guiding principles for its actions and deeds till today. That moral compass of human values and societal impact also became our true shared value of our partnership.

HayGroup

Dato' Tharuma Rajah Managing Director, Asia Pacific Korn Ferry Hay Group **TalentCorp**



















Khazanah supports the Bumiputera Economic Transformation Programme managed by Unit Peneraju Agenda Bumiputera (TERAJU) via various programmes (covering vendor, student, employee and society) while promoting business opportunities at our investee companies, and through strategic divestment under Bumiputera Economic Council's initiatives to encourage Bumiputera entrepreneurship and equity growth. Through our role as the Secretariat of the Bumiputera Empowerment Agenda (BEA), Khazanah helps to develop KPIs which are implemented by G20 and GLICs under the Government's Bumiputera Economic Empowerment Agenda.

Khazanah Deputy Chairman Tan Sri Dato' Seri Utama Nor Mohamed Yakcop and Managing Director Tan Sri Azman and Board members Tan Sri Mohamed Azman Yahya, Tan Sri Andrew Sheng and Dato' Sri Nazir Tun Abdul Razak were members of the Special Economic Committee set up by the Government in August 2015 to develop immediate and mediumterm measures to strengthen the country's economic fundamentals amid global economic volatility.





CASE STUDIES

Every year, The Khazanah Report presents case studies to illustrate and provide more clarity and depth on how we approach the demands of our mandate. This year, we discuss how Khazanah, as a strategic investment fund of Malaysia, plays a three-prong role of delivering not just financials but also strategic and societal returns to benefit its rakyat and transforming the country.

TAKING PLUS PRIVATE – SHARING RETURNS WITH THE RAKYAT

DATO' NOORAZMAN ABDUL AZIZ

Executive Director, Investments and Co-Head of Investments (Divisional Management)

TRANSFORMING EDUCATION, HARNESSING POTENTIAL

ZAIDA KHALIDA SHAARI

Executive Director, Investments

and

SHAHIRA AHMED BAZARI

Managing Director, Yayasan Hasanah

ASSESSING IMPACT AND TRUE VALUE CREATION THROUGH KEMBARA KHAZANAH

AHMAD ZULQARNAIN ONN

Executive Director, Investments and Head of Strategic Management Unit

and

AILEEN BUANG

Senior Vice President, Managing Director's Office

TAKING PLUS PRIVATE – SHARING RETURNS WITH

THE RAKYAT

As the strategic investment fund of Malaysia, Khazanah's mandate includes delivering financial, strategic and societal returns. The initative to take PLUS Malaysia Berhad (PLUS) private in 2011 is a reflection of how we strived to balance between commercial and societal needs.

The Sungai Buaya interchange is located along PLUS' North-South Expressway, an important backbone for Peninsular Malaysia

Dato' Noorazman Abdul Aziz Executive Director, Investments and Co-Head of Investments (Divisional Management)



he challenge for us was to find the most suitable custodian of a nationally strategic infrastructure asset, and forging a partnership that would benefit the *rakyat* ultimately.

PLUS is the biggest highway concessionaire in Malaysia with a total of 986.5 kilometres of roads under its purview. It operates the longest highway in the country, the North-South Expressway ("NSE"), which spans the length of Peninsular Malaysia from Bukit Kayu Hitam in the north, near the Thai border, to the southern city of Johor Bahru, which borders Singapore. The NSE remains an important backbone for Peninsular Malaysia, greatly enhancing the rate of development for towns along the west-coast states of Peninsular Malaysia. Besides the NSE, PLUS also operates several shorter highways including the North Klang Valley Expressway (NKVE).



The Jalan Duta toll plaza on the PLUS New Klang Valley Expressway

Toll rates have always been a controversial subject in Malaysia, and PLUS concession terms have been restructured many times in the past. The last time PLUS had a rate hike was in January 2005 when toll rates increased by 10% to 13.6 sen per kilometre. There were no further increases and by 2010, the accumulated cash compensation due to PLUS in lieu of the toll increases amounted to around RM800 million each year.



A stall at the Sungai Perak Rest and Service Area along the North-South Expressway. The stalls at PLUS highways provide income opportunities for surrounding communities.

It was clear that PLUS' tolls needed to be restructured to help ease the burden on the *rakyat*. At the same time, given that this was a key strategic national asset, some element of Government of Malaysia influence or ownership remained desirable. There was also a need to restructure the ownership of PLUS to ensure greater alignment of interest between PLUS' shareholders and the general public.

For a restructuring of such scale to take place, it was deemed to be best that PLUS, which was public listed at the time, be taken private. In finding a suitable partner for the privatisation, the Employees Provident Fund (EPF), which has over 14 million members, was considered as the ideal candidate, as the collection of tolls would indirectly flow back to the *rakyat*. PLUS' assets were also deemed as an attractive investment to EPF as they were seen as a brownfield investment and provide a steady stream of income.

With EPF on board, we were able to structure a transaction that ultimately benefited public interests yet made good business sense. The transaction involved a RM23 billion cash offer for the assets and liabilities of PLUS, with eventually UEM Group, which is wholly-owned by Khazanah, holding 51% of PLUS and EPF 49%.

The privatisation of PLUS was a landmark transaction as it was the second largest M&A deal in corporate Malaysian history and the largest for a single company. The sukuk raised for the transaction amounted to RM30.6 billion, making it the largest single sukuk issuance in the world. More significantly, it also involved a restructuring of concession agreements that resulted in a five-year moratorium on toll increases built into the agreements.

SUMMARY OF BENEFITS TO STAKEHOLDERS



RAKYAT

- Reasonable future toll rates
- Tolls paid accrue back to the rakyat (EPF contributors)
- Safe highways with quality preserved
- No extension in concession life



GOVERNMENT

- Save on toll compensation and reduction in toll hikes
- Preservation of a national asset



CAPITAL **MARKET**

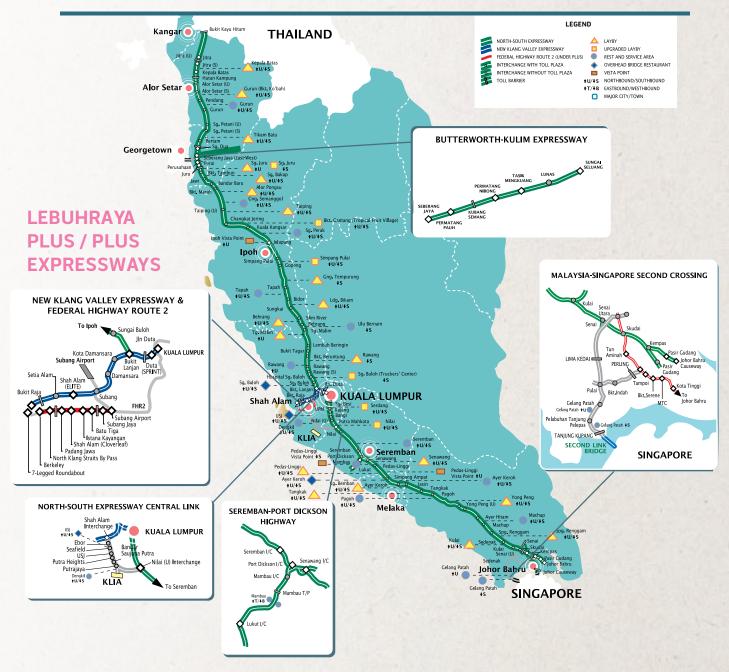
- Fair exit price for shareholders
- Bondholders' interests protected



STAKEHOLDERS

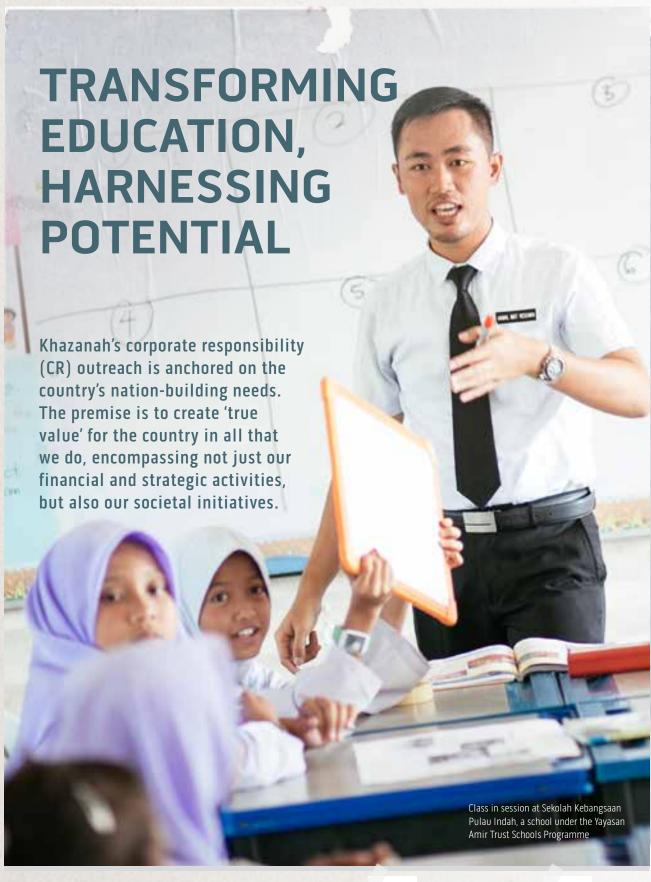
- Strong, stable cash generating asset
- **UEM track record in** toll roads preserved

There were several key takeaways from this deal. For a transaction involving a major public asset such as PLUS, it is important to put public interest at the heart of the matter. From a stakeholder perspective, the rakyat benefited from a moderated rate of toll increases with the freeze on toll increases effective for five years following the deal. Secondly, securing the deal on a good public platform has led to a positive outcome not only in commercial terms but for the rakyat – the ownership by EPF meant that its share of tolls collected would effectively accrue back to the rakyat as EPF contributors. Finally, it is also crucial to identify the most efficient financial instrument and strategy to bring about a mutually beneficial conclusion to the transaction.



BENEFICIARIES OF PLUS PRIVATISATION









Shahira Ahmed Bazari Managing Director, Yayasan Hasanah





hazanah's CR foundation, Yayasan Hasanah (Hasanah), carries out our social initiatives focusing in five areas which are Education, Community Development, Environment, Arts, Heritage and Culture including Public Spaces and Knowledge.

"Education is the premise of progress, in every society, in every family."

Kofi Annan, Seventh Secretary-General of the **United Nations**

Despite a significant amount spent on education, student performance data from 2010 indicates that Malaysia still lags behind other countries with similar or lower levels of expenditure per student1. This prompted Khazanah to establish Yayasan AMIR in 2010, to develop a comprehensive and scalable public school transformation model that sustainably improves student outcomes.

SCHOOL MANAGEMENT



Yayasan AMIR (YA) anchors Khazanah and Hasanah's comprehensive school transformation programme in primary and secondary schools. Yayasan AMIR Trust Schools Programme is a model that aims to sustainably improve student outcomes through four strategic goals focusing on school leadership, teachers, students, and parents and community. It was conceived as a long-term commitment to improve accessibility to quality education through a Public-Private Partnership with the Ministry of Education. Trust Schools are chosen on a good representation of Malaysian schools; comprising both primary and secondary, vernacular and multi-racial schools in urban as well as rural areas.

They employ five-year strategic Trust School Roadmaps and annual Trust School Improvement Plans that are introduced at each of the schools and overseen by Yayasan AMIR. A priority at the Trust Schools is to provide a rich and engaging learning environment, so students can fulfil their personal and scholastic potential.

HOW IT WORKS WHAT MAKES YAYASAN AMIR TRUST SCHOOLS **DIFFERENT?** One of the standout changes suggested in the Blueprint is allowing schools to take responsibility for making decisions such as how their budget is spent and how the syllabus is taught. Under Yayasan AMIR Trust Schools Programme (YATSP), school leaders take charge of: Staffing Procurement Pupil policies **HOW ARE SCHOOLS SELECTED?** STAGE 1 YATSP Yayasan AMIR and the MOE engage with school principals to determine alignment in vision and interest in the programme. STAGE 2 Yayasan AMIR conducts public dialogue sessions with the rest of the school's community including teachers, parents and students to better gauge the response on the ground. SELECTION CRITERIA **YEARS** GEOGRAPHICAL LOCATION School selection is based on several criteria such as geographical locations dimensions of the schools and school types. YATSP takes into consideration To transform the learning experience to be more additional factors such as schools with student centric, Trust Schools the greater transformational potential, are entrusted to Yavasan a combination of rural and urban areas, AMIR for a period of five (5) high and low-performing schools and also a balanced social equity. **GRADUAL RELEASE MODEL PHASE TASK PROGRESS** MODELING & SHARING OFF TRANSFORMING PHASE **MODELING** BEST PRACTICE AND MONITOR FAR5 YEAR4 YEAR3 YEAR2 PERFORMANCE OF SCHOOL & SHARED PRACTICE SOLIDIFYING PHASE **GUIDED** PRACTICE SCHOOL STAFF TAKES TRANSITIONING PHASE INDEPENDENT PRACTICE OWNERSHIP. SCHOOL EMBED ACTIVITIES & BEST PRACTICES **BEYOND THE** SCHOOL STAFF ONLY YAYASAN AMIR TRUST SCHOOLS PROGRAMME

¹ Malaysia Education Blueprint 2013 - 2025, Ministry of Education



Yayasan AMIR engages LeapEd Services Sdn Bhd (LeapEd), a home-grown education service provider and a wholly-owned subsidiary of Khazanah Nasional, to develop content and assign dedicated Teaching and Learning Advisors (TLAs) for the Trust Schools. The TLAs act as coaches and mentors for the teachers and Senior Leadership Teams (SLTs) of the Trust Schools, helping them to execute their strategic plans in pursuit of attaining holistic student outcomes.



In addition, Yayasan Hasanah (YH) partners with Teach for Malaysia to maximise student potential in high-needs secondary schools. The programme recruits the country's future leaders to teach as Fellows for two years, directly impacting students and their communities. After the Fellowship, Alumni continue to drive education transformation within and beyond the classroom.

TALENT DEVELOPMENT



Yayasan Khazanah (YK) is Khazanah's foundation for scholarships. Set up in 2006, it is entrusted to select based on merit, develop and groom the next generation of talent pipeline for the nation. This is in line with Khazanah's commitment to actively develop human capital to help enhance Malaysia's competitiveness on the global stage. YK sources for scholars with exceptional academic achievements and leadership traits.

Its flagship programme, the Khazanah Global Scholarship, provides scholars the opportunity to pursue undergraduate or postgraduate programmes at selected premier universities in the United Kingdom, United States and Australia. The programme includes the Khazanah-Oxford Centre of Islamic Studies Merdeka Scholarship for postgraduate studies at Oxford University and the Khazanah-Cambridge Scholarship for students pursuing undergraduate or postgraduate studies at Cambridge University. In addition, YK has three local scholarships, namely Khazanah Watan Scholarship, Khazanah Asia Scholarship, and Khazanah Bestari Scholarship. In 2016, it launched two new scholarships, namely Rhodes Scholarship for Malaysia and Chevening-Khazanah Scholarship programme.

KHAZANAH-WOLFSON PRESS FELLOWSHIP

Since 2013, Khazanah has sponsored Malaysian mainstream journalists to undergo a 10-week programme organised by Wolfson College, University of Cambridge. The objective is to help develop wellrounded journalists, who can in turn contribute to the nation-building agenda through their reporting.

"Coming from a middleincome family; I had never imagined that I would be granted the opportunity to pursue my interest in Materials Engineering.

With the support of YK I am truly blessed to be given the chance to study at Imperial College

Throughout my journey as a YK scholar, I have received constant engagement, leadership training, words of encouragement - all of which made who

I am today. I have gained much confidence in my own abilities and have had the chance to engage in research at several top institutions in the world.

Now I have been offered a place in MIT to pursue PhD in Materials Science Engineering under the MIT scholarship, yet another milestone in my life made possible through YK - a bridge that has led me to hope and reach my dream."

Irina Mahmad Rasid, 24,



Tan Sri Azman (centre), New Straits Times Press (NSTP) Chief Executive Officer, Datuk Abdul Jalil Abdul Hamid (left) and Press Fellow recipient, NST journalist Lidiana Rosli (right) during the Wolfson Press Fellowship 2017 Award presentation ceremony

COMMUNITY INVOLVEMENT



Student transformation is not just limited to the school as the entire community also plays a role. PINTAR (Promoting Intelligence, Nurturing Talent and Advocating Responsibility) is an initiative by the Ministry of Finance that stemmed from the Government-Linked Companies (GLC) Transformation Programme to help improve socio-economic standards through educational achievement.

Through PINTAR Foundation, Hasanah drives the PINTAR School Adoption Programme, in which GLCs adopt public schools in rural areas with underserved students, for a period of three years and support them through financial and non-financial contributions. Employees of these companies are involved in implementing various activities in the adopted schools by following a modular framework that ensures programmes support the holistic development of the students.

IMPACT INVESTING

To further demonstrate our commitment to transforming the education system and reducing the education inequity gap, Khazanah is constantly in a quest of introducing new and innovative financial solutions to help fund this cause.

In 2015, Khazanah took a huge step forward by debuting the country's first socially responsible investment (SRI) ringgitdenominated Islamic bond. The proceeds of the issuance are channelled to Yayasan AMIR to manage its cashflow for the deployment of the Trust Schools Programme for 20 schools identified in 2015, in Kuala Lumpur, Johor and Sarawak.

The structure is unique in a sense that it targets investors who are keen on giving back to society. The SRI Sukuk is dedicated for education only and has key performance indicators (KPIs) that affect the returns from the Sukuk investment. If the KPIs are not met, investors will get normal returns as per the launch date, but if the KPIs are met, investors will be gifting away the returns. Another unique feature of the SRI Sukuk is that investors can choose to waive their principal that will effectively go to the trust schools.









53 secondary schools, impacting

14,700 students



scholarships awarded in 2016

646 scholarships awarded since 2006



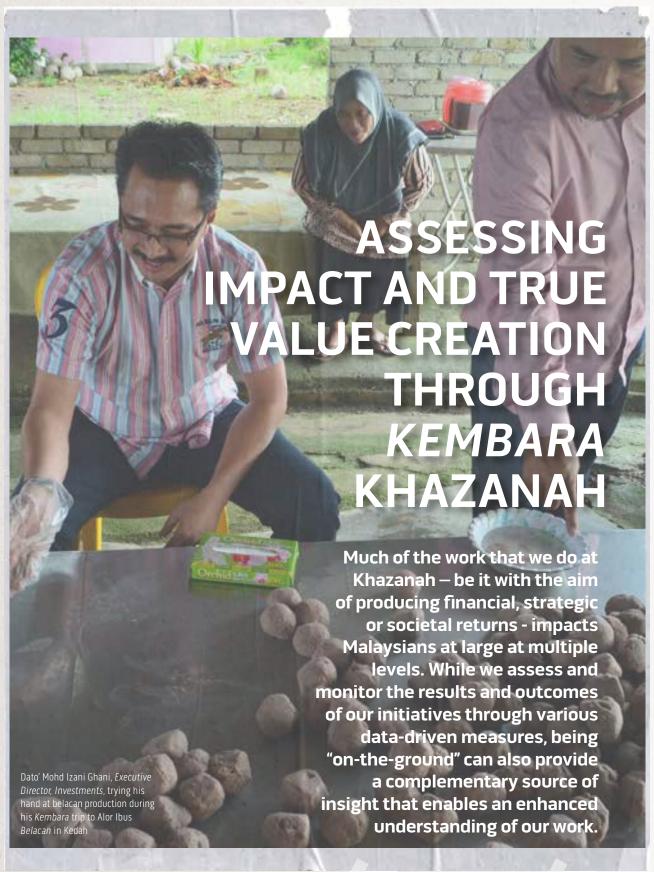
483 schools adopted (2007 - 2016)

> 724,000 students impacted since inception

83 Trust Schools in 10 states since 2011

21 Trust Schools

rolled out in 2016



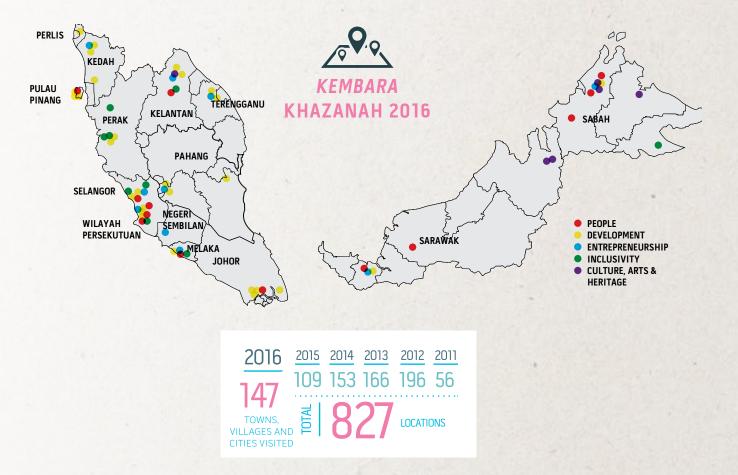
Ahmad Zulgarnain Onn Executive Director, Investments and Head of Strategic Management Unit



Aileen Buang Senior Vice President, Managing Director's Office



n 2011, Khazanah Nasional started the *Kembara* Khazanah (*Kembara*) initiative for its senior staff, aimed at obtaining first-hand observations of the impact of our work and assess whether our aspiration of building true value for Malaysia was being felt "on-the-ground". The word "*Kembara*" is a Malay word that means "expedition" and "exploration", which entails an openness to new knowledge and new experiences. In effect, *Kembara* seeks to understand better the needs of our ultimate stakeholders, who are the people of Malaysia.



EVERY YEAR SINCE ITS INAUGURAL, SEVERAL TEAMS OF WARGA KHAZANAH WOULD EMBARK ON FIVE-DAY KEMBARA TRIPS TO VARIOUS LOCATIONS IN MALAYSIA

Every year, teams consisting of primarily senior staff members would embark on five-day *Kembara* trips to various locations in Malaysia. The trips are based on a theme of their choice, selected from five that are pertinent to our efforts in assessing the different segments of value creation - "Inclusivity and Growth", "People", "Infrastructure and Development", "Entrepreneurship", as well as "Culture, Arts, and Heritage". In enhancing the spirit of *Kembara* and facilitating greater engagement with stakeholders, teams have to use public transport throughout their trip and stay in accommodation rated no higher than 3 stars. In its inaugural year, the *Kembara* initiative commenced with teams led by the Senior Leadership Team, which was then extended to the Strategic Planning Group comprising senior staff in the following years.

KEY STATISTICS

2015 2014 2013 2012 2011 **TEAMS**

2016 2015 2014 2013 2012 2011 PARTICIPANTS | 75

OVER THE PAST SIX YEARS, MORE THAN **200,000 KM HAS BEEN COVERED BY 178 TEAMS.** WITH MORE THAN 800 **TOWNS, VILLAGES, AND** CITIES VISITED

DISTANCE COVERED (km)



2016 29,090 2015 42,279 2014 46.520 2013 53,449 2012 20,301 2011

TOTAL 225,550

Over the past six years, more than 200,000km has been covered by 178 teams, with more than 800 towns, villages, and cities visited. The overall Kembara journey thus far has covered a broad range of topics. For example, several teams over the years have covered the topic of affordable housing as well as property developments by our investee companies, to explore issues related to affordability and the demands and requirements of the market. Other Kembara teams have explored areas currently outside of the Khazanah sphere, such as eco-tourism in Sabah, in an attempt to identify how Khazanah could potentially play a role in further boosting the sector. Some teams have also visited the customer touch-points of investee companies to experience and observe first-hand the services that these companies provide to Malaysians. In addition, teams have also undertaken trips to explore issues such as poverty, education and unemployment in identified localities, in order to understand better the problems faced by the affected communities and enable us to propose potential solutions. In 2014, the Kembara Contribution Fund was set aside for teams to directly contribute to deserving beneficiaries met during their Kembara trip.



Tan Sri Azman visiting an *Orang Asli* Trust School in Johor during one of his *Kembara* trips



Kembara Khazanah 2016 brought Dato' Charon Mokhzani, Executive Director, Managing Director's Office (far right) and wildlife photographer Omar Ariffin into the forests of Perak to visit Orang Asli villages and to explore the Lenggong Valley, a UNESCO World Heritage site

At the end of their *Kembara* trips, teams prepare a report and share their findings during an internal *Kembara* Fest held each year. Key points and action items highlighted by the teams would then be linked back to what we do and can do as the nation's strategic investment fund. Potential follow-up initiatives can be undertaken by Khazanah itself, our foundations Yayasan Hasanah and Yayasan Khazanah, or through our investee companies, where relevant and appropriate.

Over the past six years, the *Kembara* Khazanah initiative has enabled our staff to directly experience, learn and understand the impact and identify any gaps in the broad-ranging initiatives that we undertake to deliver financial, strategic and societal returns to the nation. As we continue our *Kembara* journey in the years to come, there will undoubtedly be more insights that we can and will learn from our trips across the country.

KEMBARA ALLOWED KHAZANAH
TO GAUGE THE DEPTH OF
TRUE VALUE CREATION "ONTHE-GROUND" BASED ON THE
ANECDOTAL FINDINGS OF THE
TEAMS



Nik Rizal Kamil Nik Ibrahim Kamil, Executive Director, Investments and Mohd Raslan Md Sharif, Director, Managing Director's Office, checking out Kuala Lumpur's pedestrian walkways





KHAZANAH AS A LEARNING ORGANISATION



Khazanah is committed to continuous learning among employees and stakeholders via various platforms created for active networking, which we believe would enable a dynamic exchange of views and information, and connecting us more widely to the business and academic world, and society in general

"What attracts me to Khazanah is its mandate as a strategic investment fund.
Therefore, it's not enough to generate financial returns, Khazanah must prioritise strategic and societal returns as well as building and sharing true value. My role as a development economist is to help figure out how to optimise strategic and societal returns while performing as a topnotch financial house."

Nicholas Khaw Hock-Lu Senior Vice President, Khazanah Research &

DR VIEWS AT ITU

ONNECTING

THE BUSINESS

CL, and

DR JOSEPH
STIGHTY
STIGHTY

COLLABORATION

WITSLOAM
PROGRAMME
STIGHTY
STUDIES

WHAZAMAH
RESEARCH
INSTITUTE

RESEARCH
RESEARC

EVENTS

Khazanah hosts several series of knowledge events throughout the year.





The Khazanah Megatrends Forum (KMF) is held annually, preceding Khazanah's strategy and business planning cycle. This prestigious conference brings together thought leaders from around the world – in front of an invited audience of the most influential members of Malaysia's business, academic, and socio-political communities – and conducts in-depth discussions of current critical issues from four key perspectives: markets, firms, society and people. The Forum entered its 12th annual installment in 2016 with the theme "Geography as Destiny – Reaping the Dividends of Good Stewardship: The Political Economy of Location, Environment, Demographics". It explored along the four perspectives on how the various markets are affected, what does the theme mean to firms and society in general, and what are the imperatives of leadership.



Khazanah Global Lectures (KGL) are delivered by outstanding individuals of global repute, who have influenced the way people live, work and think. In 2016, Khazanah was honoured to host world-renowned primatologist, ethologist, conservationist and United Nations Messenger of Peace Dr Jane Goodall DBE as speaker at the KGL. Past speakers include Boris Johnson, Mary Robinson, Sir John Bond, the late Dr A.P.J. Abdul Kalam, Tun Abdullah Hj Ahmad Badawi, Carlos Ghosn, Professor Joseph Stiglitz, Dr Muhammad Yunus and Kofi Annan.

Tea Talks is a long tradition dating back to 2005 whereby speakers from various backgrounds are invited to speak to Khazanah staff on topics of interest. Some of the well-known speakers who have given Tea Talks include: Sir Bob Geldof, Tan Sri Michelle Yeoh, the late Johan Cruyff, Jeff Immelt, Frank Gardner, Professor Sir Michael Barber and Professor KS Jomo.

Khazanah Knowledge Exchanges are internal events that enable different teams or units within Khazanah to share experience, knowledge and analysis.

A Ahmad Izham Omar, Chief Executive Officer of Primeworks Studio, at a Tea Talk session on "Making A Difference"

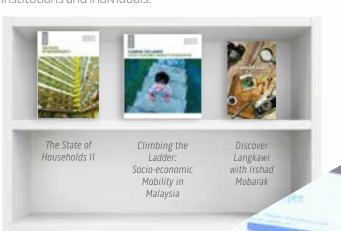
Tan Sri Azman, Dr Jane Goodall DBE and Sultan Nazrin Shah of Perak at the
12th Khazanah Global Lecture





PUBLICATIONS

Khazanah, in collaboration with selected authors, publishes a number of books each year, relevant to Malaysian business, education, or culture. This includes publications by Khazanah Research Institute. We also support relevant documentation projects by other institutions and individuals.



Being a Khazanah Fellow has enabled me to share the story of Langkawi and create more awareness on the island's rich biodiversity. I'm blessed that the partnership with Khazanah is built on mutual respect for the environment and the importance of conservation. In Islam, it is said planting trees is an act of everlasting charity as its benefits can be enjoyed by generations to come.

Irshad Mobarak Naturalist. Conservationist, Educator and Author of "Discovering Langkawi with Irshad Mobarak"

KHAZANAH RESOURCE CENTRE

The Khazanah Resource Centre maintains a wellstocked business library, provides leading-edge information sources, and compiles regular news and information updates.

- 🖪 Tan Sri Azman delivering his opening address at Khazanah Megatrends Forum (KMF) 2016
- B Musician Dato' Zainal Abidin performing at KMF 2016 Special Event: "Belantara: A Secret Life"
- © The KMF 2016 Special Event, curated by composer and music historian Datin Saidah Rastam (far left), brought together five people who draw inspiration from Malaysia's natural heritage in their respective work: Irshad Mobarak (second left), naturalist and Khazanah Fellow 2016-2017; Datuk Sam Mannan (third left), Director of the Sabah Forestry Development; Dr Nigel Osborne (far right), composer and Professor Emeritus of Music, University of Edinburgh; Omar Ariff (fourth left) wildlife photographer and Dato' Zainal Abidin (second right)
- A participant experiencing virtual reality at KMF 2016
- E Dato' Charon Mokhzani, Managing Director of Khazanah Research Institute (KRI), speaking at the launch of KRI's publication The State of Households II







- from Khazanah India Advisors Private Limited in Mumbai, India
- **B** Latifah Daud, *Executive Director, Strategic Human Capital Management* moderating a Tea Talk session on "Being A Wife, A Mother, and A Corporate Leader"
- C Tan Sri Azman presenting the 'Best Dressed Male' award at Khazanah's annual dinner
- Sarah Wang Yongjuan, Executive Assistant from Khazanah Nasional Consulting (Beijing) Company Limited in Beijing, China
- E Mohamed Azzedine Mohamed Tarmizi, Associate, Khazanah Research & Investment Strategy, giving his all at the Bursa Bull Charge 2016
- F Hamdan Abdul Majeed, Executive Director, Think City with Think City staff in Penang
- **G** Children having fun at the Khazanah Family Retreat 2017 in Port Dickson
- (From left) Jennifer Yeh Xiao Yuen, Intern; Christopher Ng, Associate; and Austin Miller, Associate; all from Khazanah Americas Incorporated in San Francisco, United States
- 🔳 Rosnah Md Noor, Executive Assistant, Khazanah Research & Investment Strategy, participating in Khazanah Sports & Recreation Club's (KSRK) pool tournament







DILIGENCE

We strive for speed and accuracy. We give every task our full degree of care and commitment, and attend to matters with a sense of immediacy. We boldly seek out new opportunities in pursuit of our nation's economic interests while ensuring sustainability in each of our investments and initiatives.

INTEGRITY

We do what is right without exception. We believe in good governance and operate ethically; always staying within the letter and spirit of the law.

PROFESSIONALISM

We are accountable and responsible for all that we do. Timeliness is fundamental to our work processes: we always keep to our word and promises made. To ensure the best value possible for our partners and stakeholders, we do not wait for opportunities to arise but take pro-active measures to make them happen.

- A Khazanah employees sweating it out in a badminton tournament organised by Khazanah Sports & Recreation Club (KSRK)
- **B** Staffs competing with one another in a game of chess during the Chess & Scrabble tournament held in conjunction with the KSRK Sports Carnival 2016
- © Zu Khairunnisa Zainurdin, Executive Assistant, Managing Director's Office distributing goodie bags at the Ministry of Finance (MoF) Open Day 2017 in Putrajaya



OUR ALUMNI

Our alumni numbers more than 400 people, many of whom have gone on to explore new fields and record significant personal and professional achievements. This is testimony to not only the talent available at Khazanah, but also our efforts to develop highly-motivated, high performance human capital, guided by our values of teamwork, mutual respect, diligence, integrity and professionalism.

From CEOs of large listed companies and important national agencies to social entrepreneurs and authors, our alumni are beginning to significantly and positively shape the growth and development of the socioeconomic, institutional and cultural landscape of Malaysia and beyond. This is in line with the fourth strategic pillar of our mandate to help develop strong human capital for the nation and for the countries that we invest in.

A selection of our Alumni...





TPG



AZMIR ZAIN

Azmir currently helms Malaysian Aviation Commission (MAVCOM) as its Chief Operating Officer. He formulates and drives the strategic direction of the commission within the parameters of the Malaysian Aviation Commission Act 2015 and leads the management team in its industry development and regulatory efforts.

Previous position in Khazanah: Director, Investments May 2011 – May 2016

DATUK GANEN SARVANANTHAN

Datuk Ganen is a Partner of TPG, one of the largest private investment firms in the world. He is also a Managing Partner for TPG Capital Asia and heads Southeast Asia for TPG's funds. Prior to Khazanah, he worked at UBS Investment Bank based in London, Hong Kong and Singapore.

Previous position in Khazanah: Executive Director, Head of Investments October 2004 – April 2014

RAJA AZURA RAJA MAHAYUDDIN



Raja Azura is the Chief Executive of Yayasan Peneraju Pendidikan Bumiputera (Yayasan Peneraju), an initiative under the Bumiputera Economic Transformation Roadmap led by Unit Peneraju Agenda Bumiputera (TERAJU). After a 15-year track record in Arthur Andersen, Malaysia Airlines and Khazanah, she now works on grooming Bumiputera talents through academic, vocational and professional pathways leading to high income employment and prepare them to be globally competitive.

Previous position in Khazanah: Senior Vice President, Strategic Human Capital Management July 2009 – June 2010



AHMAD SALLEH

MOHAMAD SHUKOR ## BlackBerry

Mohamad Shukor is the Technical Solutions Manager, South Asia Team at BlackBerry Singapore Pte. Ltd. Besides providing senior technical expertise and knowledge, Shukor also develops and maintains relationships and accounts with IT professionals and key C-level contacts. At Khazanah, he managed and led the Network, Security & Collaboration Unit.

Previous position in Khazanah: Assistant Vice President, Corporate & Support Services (Network, Security & Collaboration) April 2005 – December 2014

ARIFF WAMBECK #FUNDEAVOUR

Ariff is the Co-founder, Chief Technology Officer and Chief Financial Officer at Fundeavour, an online social platform that helps gamers get a headstart in eSports, Youtube and streaming. At Khazanah, he started as an associate with Corporate & Support Services division before being transferred to do equity research in the Investments

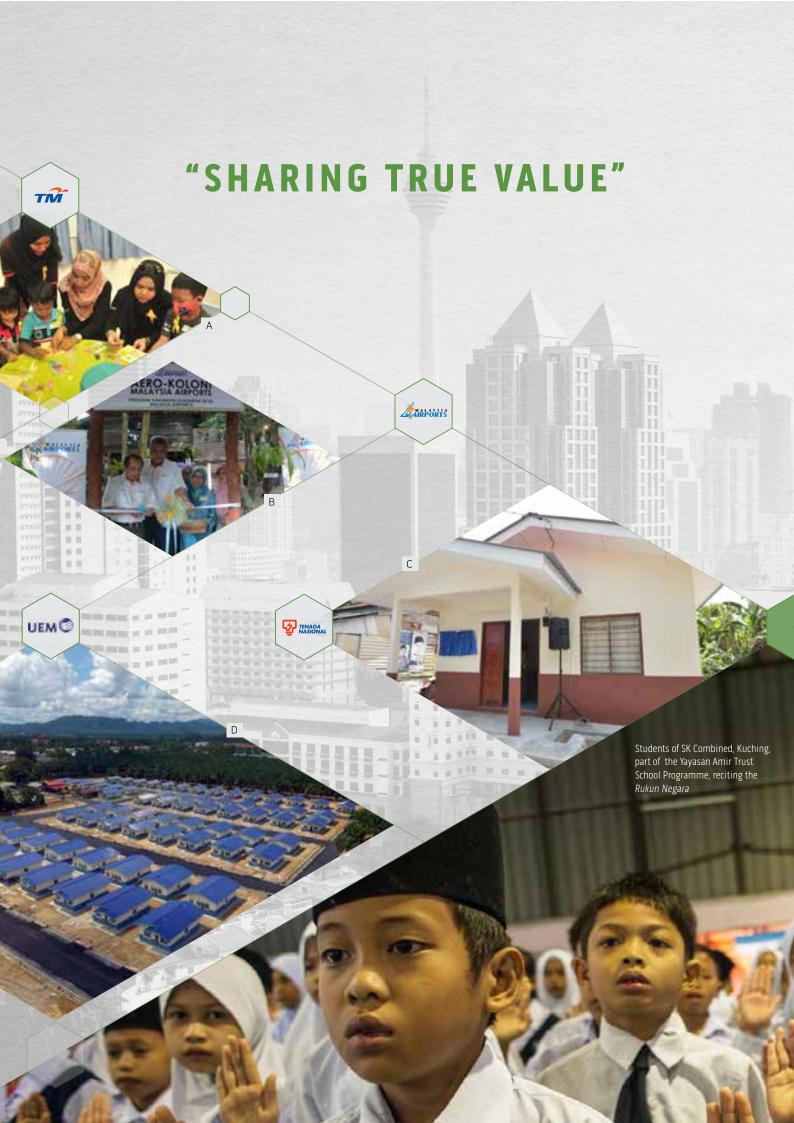
Previous position in Khazanah: Associate, Investments October 2012 - March 2016

CHEN WEI JIA

Wei Jia is a Software Engineer and Product Manager at Fave Group, one of Southeast Asia's fastest growing startup groups. Wei Jia is also a self-taught Full Stack Developer who co-founded NoNonsense Solutions Ltd., a web development studio that helps startups develop creative web and mobile applications. At Khazanah, she was an analyst covering the telecommunications aviation and creative and media sectors.

Previous position in Khazanah: Associate, Investments

January 2011 - September 2014









Khazanah Nasional Berhad 275505-K Level 33, Tower 2, Petronas Twin Towers Kuala Lumpur City Centre 50088 Kuala Lumpur, Malaysia T +603 2034 0000 www.khazanah.com.my