



MALAYSIA DEBT VENTURES BERHAD  
(578113-A)



# ANNUAL REPORT 2015

# INSIDE

## T H I S   R E P O R T

### MALAYSIA DEBT VENTURES BERHAD REPORT 2015

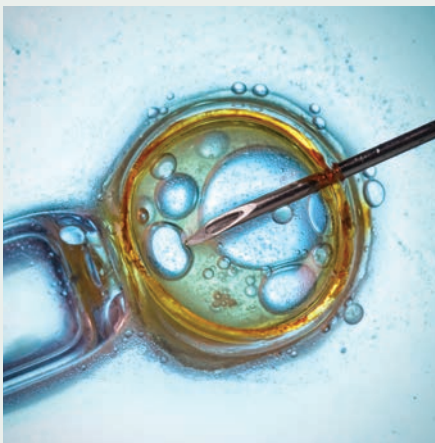
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**YOUR  
LEADING  
TECHNOLOGY  
FINANCIER**

As the nation's leading technology financier, our objective is to support the country's technology agenda and increase Malaysian technology companies' probability of success. This can be achieved through innovative financing solutions, specialised funding programmes as well as providing expertise and advisory services. With our recent financing portfolio expanded to include new growth areas, we are paving the way for more opportunities for technology companies and SMEs in the technology sector to develop and grow.





# About Us

## Our History

**The Information and Communications Technology (ICT) industry in Malaysia began its nascent growth with the launch of the Multimedia Super Corridor in 1997 – the country's designated ICT zone, designed to leapfrog Malaysia into the information and knowledge economy.**

A funding infrastructure was developed to support the industry's research, development and commercialisation activities. Growth and expansion stage ICT companies, however, found difficulty in accessing financing from financial institutions or fulfilling their credit criteria.

To fill this funding gap, Malaysia Debt Ventures Berhad (MDV) was established, to provide Project Financing facilities to ICT companies to finance procurement of the necessary project inputs, capital expenditure and working capital. Through MDV's Partner Banks, MDV provides trade and guarantee facilities as required by the project or contract. A second key role is to function as development facilitators of key identified technology sectors.

MDV's first fund was sourced from The Japan Bank for International Cooperation (JBIC), through the Ministry of Finance. The first fund totalled RM1.6 billion, for the purpose

of providing project financing facilities to ICT companies. In 2007, Ministry of Finance (MOF) approved RM2.5 billion for MDV's Second Fund. The first phase of the Second Fund entailed MDV setting up an Islamic Medium Term Note (iMTN) facility of RM1.5 billion in 2008.

The Second Fund was also raised via the Islamic Capital Market among others, to expand the depth and breadth of Islamic financing programmes and to support the Government's and MOF's objectives of positioning Malaysia as an Islamic Financial Center.

On 3rd May 2011, MDV officially launched its expanded mandate, to cover Green Technology Financing marking MDV's third focus area after ICT upon MDV's inception in 2002 and Biotechnology in 2008. To further support the Government's technology agenda, MDV subsequently expanded its financing mandate further in December 2014, to include Emerging Technology.



## Company Overview

MDV was established by the Government of Malaysia in 2002 with the objective of providing flexible and innovative credit financing to developing high-impact and technology-driven sectors of the economy, identified and prioritised by the Government as future engines of growth. This segment of the credit market is generally underserved by commercial financial institutions, creating a funding gap faced by companies from within these sectors, particularly for the technology-based Small and Medium-Sized Enterprises (SMEs).

To fill this funding gap, MDV's role is to provide Project Financing facilities to ICT companies to finance procurement of the necessary project inputs, capital expenditure and working capital. Through MDV's Partner Banks, MDV provides trade and guarantee facilities as required by the project or contract. A second key role is to undertake as development facilitators of key identified technology sectors.

As one of the agencies in Malaysia solely focusing on technology-related sectors, MDV envisions as the leading technology financier in the country. Since its establishment more than a decade ago, MDV has financed numerous

technology projects in various sectors as it strives to fulfil its mandate and developmental role in the technology industry including various eGovernment systems, telecommunications infrastructure, renewable energy projects, photonics, cloud computing, education portals and eCommerce. MDV will continue to play a vital role in supporting the Government's aspiration to promote high value technology and innovation as a path to a high income nation.

**“MDV will continue to play a vital role in supporting the Government's aspiration to promote high value technology and innovation as a path to a high income nation.”**

# Our Vision

The Nation's leading technology financier

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# Our Mission

To support the Nation's technology agenda and increase Malaysian technology companies' probability of success through:

- Innovative and flexible financing solutions
- Specialised funding programmes
- Industry expertise and advisory services
- Nurturing young companies

To remain financially sustainable while fulfilling our developmental role

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# MDV's Values

MDV's core operating values since the commencement of operations include MDV's business philosophy of Transparency, Trustworthiness and Timeliness to ensure good governance, credibility and meeting the needs of clients. This philosophy is complemented by MDV's mindset of 'Harmony' as the foundation of MDV's relationships, 'Think' customers to enhance MDV's commitment to business building and being 'Deliverable Oriented' in its working environment. The final component of MDV's values comprises MDV's corporate identity of being a high performance, high discipline, highly cohesive, highly innovative and a highly ethical organisation.



# Marketing Positioning & Strategic Objectives

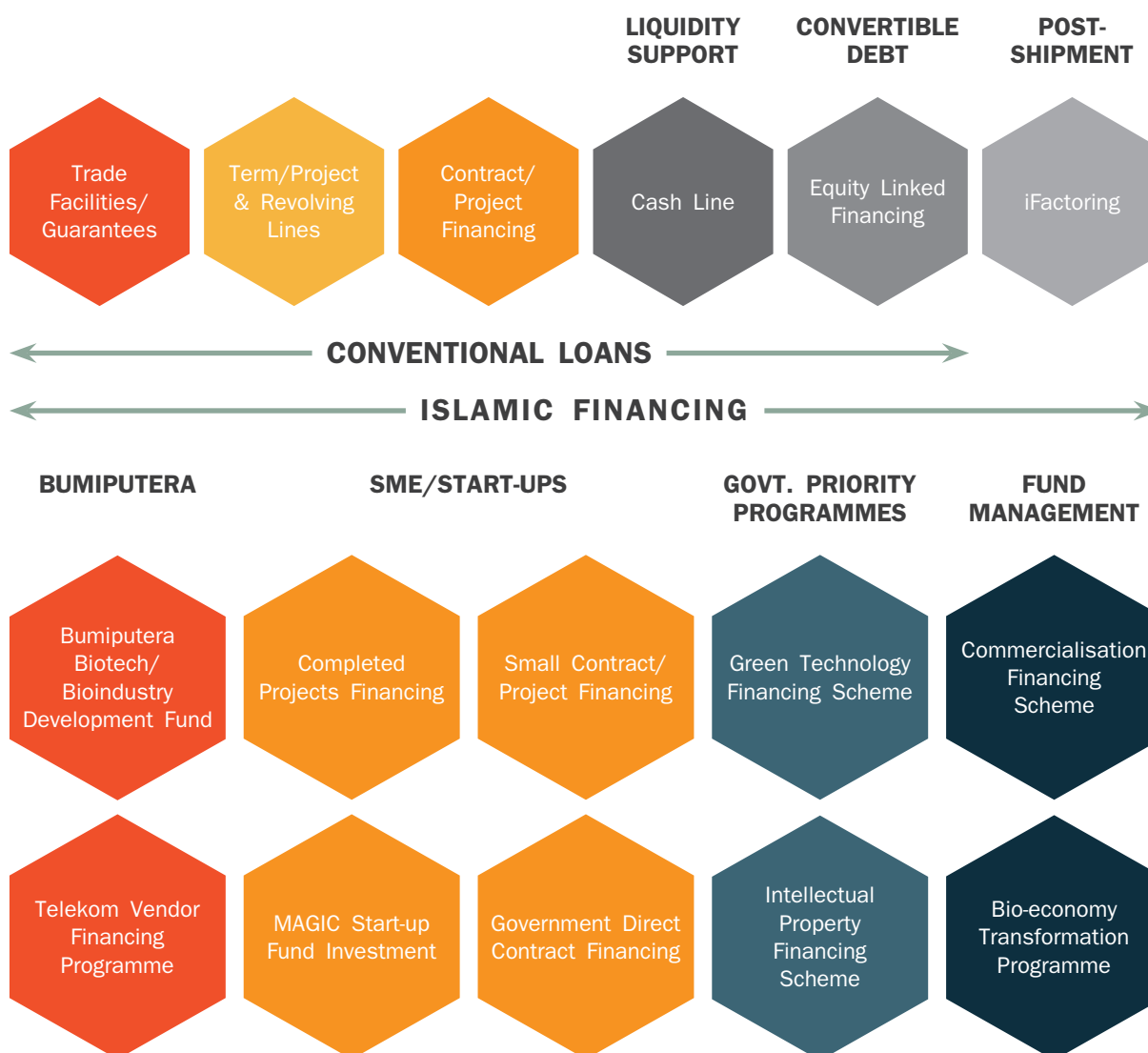
MDV's strategic objectives, consistent with its mandate from the Government, is to provide financing to technology based companies/projects/contracts for their business needs, particularly for SME companies that have difficulty or are unable to access traditional financing platforms due to their novel business model, lack of track record and/or lack of collateral. To achieve these strategic objectives, MDV may utilise relevant financial instrument to provide the required financing to increase the probability of success for the company financed.



## RANGE OF PRODUCTS

To fulfil its role of spurring and accelerating the growth of technology companies, MDV offers a comprehensive range of financing products from trade financing and guarantees to project and contract financing, working capital and asset financing as well as growth and acquisition financing. To further extend MDV's ability to fund nascent companies we also extend cash-lines and factoring facilities, the latter to assist companies that have yet to develop the required credit histories to secure credit lines. These products are offered in both Islamic and conventional principles to ensure MDV's ability to finance a wide range of technology financing needs. To serve as a comprehensive financier of technology companies, MDV also offers niche financing solutions that include mezzanine financing, acquisition financing and convertible debt financing.

In addition to MDV's direct financing solutions, MDV also manages dedicated targeted financing programmes initiated by the Government. These comprise the MDV Technology Acquisition and Commercialisation Scheme (MDV-TACT) programme for the commercialisation of technology products and services, the Bumiputera Biotechnology & Bio-industry Development Fund (B3DF) and TERAJU SUPERB programme for Bumiputera economic development, the Intellectual Property Financing Scheme to enable technology companies to utilise their intellectual property as collateral for financing as well as the Bio-economy Transformation Programme to promote investments and development of the Bio-economy sector of the national economy.

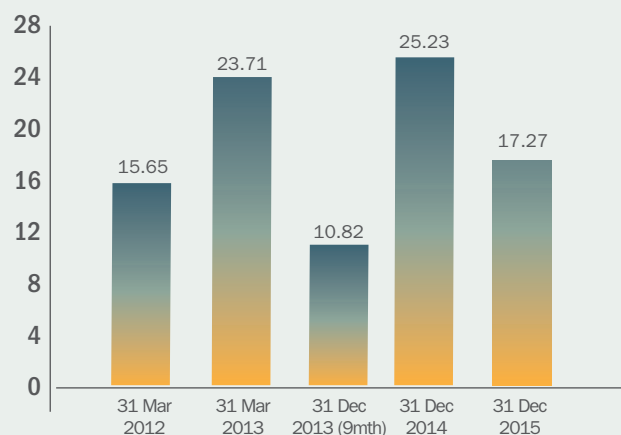




## FINANCIAL HIGHLIGHTS

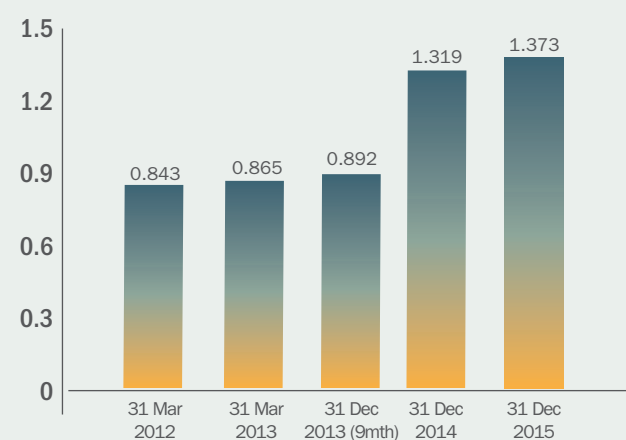
### NET PROFIT

RM million



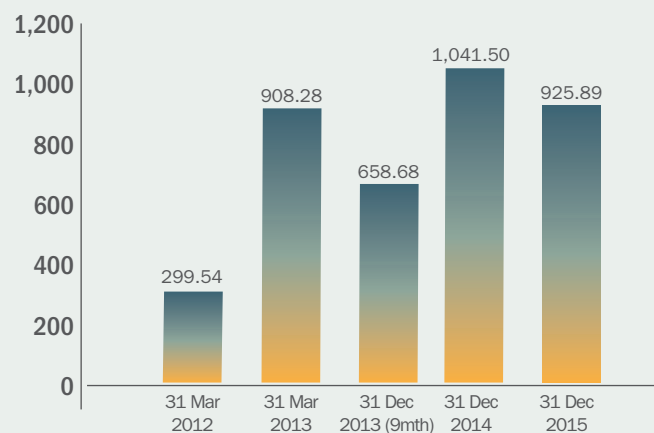
### TOTAL LOANS & FINANCING (GROSS)

RM billion



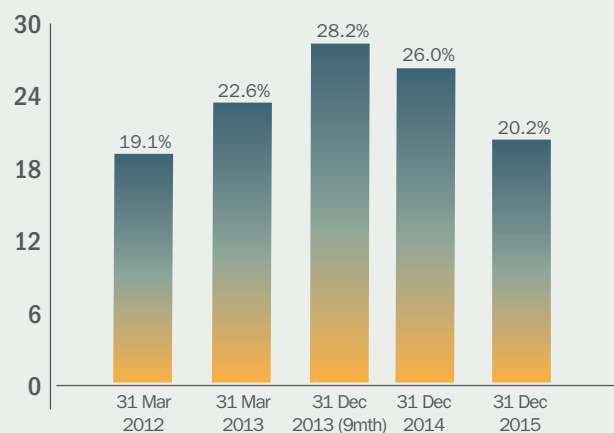
### LOAN/FINANCING APPROVAL

RM million



### COST INCOME RATIO

%



# History & Milestones

## • 2002 April

Debt Ventures (its original branding name) was established to fill the gap in financing emerging ICT companies.

## • 2006 June

Company was rebranded from Debt Ventures to Malaysia Debt Ventures Berhad (MDV).

## • 2008 May

MDV's mandate was expanded to serve Biotechnology companies as the Government promotes the growth of the Biotechnology sector.

## • 2008 October

Commenced Islamic Financing to support Government's initiative to make Malaysia an Islamic Finance hub.

## • 2010 February

Launched the Bumiputera, Biotechnology & Bio-Industry Development Fund (B3DF) programme to support the development of Bumiputera SMEs in Biotech sector.

## • 2010 June

MDV collaborated with Telekom Malaysia Berhad (TM) on the Jadual Kadar Harga (JKH) programme to support Bumiputera SME development.

## • 2011 May

MDV expanded into Green Technology financing in line with the Government's focus on achieving sustainable development.

## • 2011 December

Launched the Commercialisation Financing Programme under the 10th Malaysia Plan to enhance the technology financing ecosystem, particularly to the underserved financing space for commercialisation requirements.

## • 2013 April

MDV participated in the Green Technology Financing Scheme (GTFS) to further promote investments in the Green Technology sector.

## ● 2013 December

Launched the Intellectual Property Financing Scheme (IPFS) to further encourage innovation and increase productivity.

## ● 2014 May

Financing portfolio surpassed RM1.0 billion mark.

## ● 2014 July

Launched the Bio-economy Transformation Programme (BTP) in collaboration with Malaysian Biotechnology Corporation to channel and maximise commercial opportunities in bio-based industries and help transform Malaysia into a high income, inclusive and sustainable economy.

## ● 2014 December

Launched the New Corporate Strategy to catalyse opportunities in emerging technology and new high-growth sectors.

## ● 2015 May

In recognition of MDV's expertise in providing sustainable credit financing for commercialisation of technology based products and/or services, MDV was entrusted to implement the MDV Technology Acquisition and Commercialisation Scheme (MDV-TACT) as part of the Eleventh Malaysia Plan, to run from 2016 to 2020.

## ● 2015 August

MDV launched acquisition financing for technology companies to acquire equity interests in other complementary companies to facilitate the increase of operational scale and scope to improve competitiveness.

## ● 2015 June

MDV collaborated with Unit Peneraju Bumiputera (TERAJU) to develop and operate a Bumiputera Technology Fund to offer credit financing to Bumiputera technology entrepreneurs involved in the high-technology sectors of the Malaysian economy.

## ● 2015 October

In recognition of MDV's expertise in providing sustainable credit financing to young technology companies, MDV was entrusted by the Government to implement the Technology and Innovation Acceleration Scheme (TIERS) under the Budget 2016 to boost innovation and entrepreneurship in Malaysia.





## YOUR LEADING TECHNOLOGY FINANCIER





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## CHAIRMAN'S STATEMENT



**Tan Sri Zarinah Anwar**  
*Chairman*

In the year under review, we continued to fulfil our mandate of nurturing Malaysia's technology companies, despite challenging economic conditions. Although the prevailing operating environment required us to evaluate financing applications more cautiously, we were still able to provide technology-based SMEs access to financing and identify a number of viable projects deserving of our assistance. As a result, our financing portfolio reached a record of RM1.37 billion.

MDV was also identified as one of the top five financiers of green technology for 2015 based on participation in the Government's Green Technology Financing Scheme (or GTFS). This puts us on par with the country's largest commercial banks in terms of green technology financing and signals our crucial role in the development of the technology industry, which requires a unique and specialised outlook and assessment of technology companies and projects.

Against this backdrop, MDV has been able to develop and offer a comprehensive range of financing products to aid companies in the technology sector, be it through trade financing and guarantees, project and contract financing, working capital and asset financing, or growth and acquisition

financing. As a result, the year 2015 saw us enter the syndicated financing space, participating in our first three club deals with other financial institutions to expand our reach in financing larger technology projects.

We also continued to work closely with our strategic partners to channel financing to high-potential technology companies particularly those that have difficulty accessing or are unable to access traditional financing platforms. This has become increasingly important as the year 2020 approaches and the country nears its deadline of transforming into a high-income economy.

### Nation-Building Through Technology Innovation

As a leading technology financier, MDV works closely with the Government and its agencies to identify and develop new financing programmes to uplift the technology sector. Our efforts in this area were bolstered further with an allocation from Budget 2016, announced in October 2015, to promote the expansion of domestic technology SMEs into the ASEAN region in line with the Government's target to build regional champions.

We also secured a mandate under the 11th Malaysia Plan, unveiled in May 2015, to finance commercialisation and technology acquisition for operational scale and scope. Concurrently, we collaborated with the Public Works Department (Jabatan Kerja Raya - JKR) and the Malaysian Green Technology Corporation to be the preferred financier for Energy Performance Contracting in the domestic market.

These new initiatives towards broadening the breadth and depth of MDV's financial offering were further supplemented by new strategic partnerships with Government agencies such as Unit Peneraju Agenda Bumiputera (TERAJU), the Malaysian Biotechnology Corporation (BiotechCorp), and SME Corporation Malaysia (SME Corp) to develop and implement specific programmes for our partners' constituents and stakeholders.

Achievements recorded so far include those pursuant to our partnership with TERAJU, in which we manage the disbursement of funds and provide mentoring to selected entrepreneurs participating in the Skim Permulaan Usahawan Bumiputera (SUPERB) programme. The programme is designed to develop quality entrepreneurs and in 2015, nine entrepreneurs were placed under the guidance and mentorship of MDV to receive funding of up to RM500,000 each. Together with TERAJU, the SUPERB programme provides developmental services and commercialisation support which includes mentorship, training for competency building and access to venture funding. As part of MDV's commitments under the programme, we provided real-world analysis and advice on participants' project plans, R&D components and milestones, as well as vendor management.



MDV also collaborated with BiotechCorp to manage the Bioeconomy Transformation Programme (BTP) Fund, a trigger fund which provides financing for up to 10% of the total project cost. The fund is designed to spur investments in bioeconomy and enables companies to commence the pre-commercialisation stage of their biotech projects. BTP aims to further develop bio-based industries due to inherent competitive advantages and natural resource availability.

As at the end of 2015, RM32.85 million of the BTP Fund has been approved for qualified BTP companies spearheading bioeconomy projects across the country, comprising identified BTP Entry Point Projects to develop biomass and biogas power generation capabilities, to cultivate and produce high value-added algae extract and to cultivate and process honey.

## Capacity Building for A Better Future

Over the course of 2015, MDV also undertook efforts to strengthen our internal systems, processes and develop staff capabilities in efforts to enhance our capacity and strengthen our effectiveness in fulfilling our mandated role.

This follows the implementation of our Transformation Plan launched in 2014, aimed at enhancing our customer service, simplifying our credit process and improving our asset quality. The Transformation Plan encompasses our Business, Risk Management and Credit Administration divisions, while we have also redesigned our Human Resources system to bolster our human capital capabilities.

2015 saw the implementation of a reengineered Credit Origination and Assessment Infrastructure and Processes towards strengthening the quality of our loan and financing portfolio. Our post-approval monitoring practices were also improved to allow for early intervention of distressed loans and financings extended. Our Risk Management division has also embarked on a review and validation of our Credit Risk Policy and Processes, as well as Credit Grading framework as we continuously seek to protect the integrity of our financing portfolio.

In addition, MDV also undertook other risk management activities including reviewing and updating our policies and standard operating procedures. These include the re-introduction of our Code of Conduct and providing updates on the Whistleblowing Policy and Procedures and the Anti-Fraud Policy.

These efforts are in line with MDV's commitment to upholding the highest standards of corporate governance as we continue to advocate transparency, accountability, responsibility and integrity according to the principles and best practices of corporate governance and primary legislative and regulatory provisions.

The year 2015 also saw major efforts invested in the development of MDV's core, leadership and technical competency framework. The framework which covers all our business and operational functions is aimed at nurturing a high-performance culture within MDV by developing organisational capabilities and behaviours that will significantly enhance efficiency and effectiveness, enable skills-building through defining skill sets, and allow gap identification and structuring of requisite development programmes that will facilitate talent development and succession planning.

## Scaling Greater Heights

MDV's continued transformation programme will ensure the resilience and sustainability of our business and operations amidst a challenging operating environment. The streamlining of credit and attendant operations and enhanced risk management functions and processes has enabled incorporation of sound credit risk practices to ensure quality accounts, efficient credit administration operations and improved customer relationship management.

Moving forward, MDV has identified a range of strategies to remain in the forefront of technology financing. These include plans to launch our third fund to further expand our financing portfolio. We also plan to accelerate our syndication strategy and secure more syndicated financing deals.

In closing, I would like to take this opportunity to express my gratitude for the guidance and unwavering support of the Ministry of Finance and members of the Board of Directors. I also extend my utmost appreciation to the management and employees of MDV for their relentless effort and dedication in delivering on MDV's mandated role.

**Tan Sri Zarinah Anwar**  
Chairman

## MANAGING DIRECTOR/CEO'S STATEMENT



**Datuk Md Zubir Ansori Yahaya**  
*Managing Director/Chief Executive Officer*

MDV continued to achieve profitability in 2015, recording a net profit of RM17.27 million amidst uneven growth in the external sector and fluctuations in the currency and commodity prices which impacted domestic economic and business conditions.

Most importantly, although we exercised more caution in evaluating financing applications, we did not curtail funding for viable technology projects and continued to diversify our financing portfolio in line with our New Corporate Strategy launched in 2014. In cooperation with our strategic partners, we have also achieved significant strides in expanding our reach as Malaysia's leading technology financier and going forward, remain optimistic on the prospects for the country's technology sector.

### Financial Review

For the financial year ended 31st December 2015 (FYE2015), the Company recorded its sixth consecutive profitable year with a net profit of RM17.27 million, exceeding the corresponding target of RM14.62 million. This was achieved on the back of higher revenue of RM132.50 million (FYE2014: RM126.09 million), although this was offset by a higher cost

of funds, mainly due to the new RM400 million Islamic Medium-Term Notes issued during the year and higher allowances for loan loss of RM34.34 million (FYE2014: RM19.16 million). As a result, the Company's profit reduced from RM25.23 million in FYE2014.

As at 31st December 2015, the Company's NTA (net tangible assets) grew by 687.24% from RM39.20 million to RM308.60 million, giving a weighted average annualised return on capital of 3.5%. The significant increase was mainly contributed by the formalisation of the loan-to-equity conversion of RM250 million during the year increasing MDV's paid-up capital to RM500 million as well as from the net profit generated. Loan growth for the year was rather subdued, partly as a result of moderating growth in the economy, resulting in a significant portion of loans approved not being drawn down due to project deferral. Nonetheless, MDV still achieved a decent 4% growth in its loan portfolio from RM1.32 billion in 2014 to a record RM1.37 billion in 2015.

### Operational Review

In view of challenges in the economic and operating landscape in 2015, MDV recorded lower loan disbursements during the year. Our total gross disbursements were RM737.547 million (2014: RM1,150.36 million). This was mainly as the projects to be financed were deferred due to the prevailing market and economic conditions, causing our customers to delay project implementation.

Nonetheless, our financing portfolio continued to thrive during the year as we remained committed to supporting the development of Malaysia's technology companies. In the year under review, MDV's portfolio rose 4% year-on-year to RM1.37 billion, the largest it has ever been in the company's history.

While IT and Communications remain one of MDV's mandated technology areas, green technology projects, in particular renewable energy projects, represented the most active segment of our portfolio, accounting for around 34%. In fact, during the year MDV was named among Malaysia's top five financial institutions in funding green technology projects. Considering MDV's loan portfolio against that of the banking industry's loan assets, we see this as a significant achievement. It also solidifies the need for MDV to sustain its mandated role, as commercial financial institutions remain cautious on technology funding. Given this, MDV continued to be one of the leading financiers for the Green Technology Financing Scheme (GTFS), justifying the Ministry of Finance's trust and confidence in MDV as the only non-financial institution to participate in the programme.

Going forward, we expect the green technology segment to match the ICT segment in our portfolio. We also see an expanding customer base in our telecommunications portfolio. Furthermore, MDV has recorded encouraging progress in the high-technology growth areas identified under our New Corporate Strategy unveiled in 2014.

These new sectors, comprising nanotechnology, advanced materials, robotics & artificial intelligence, electrical & electronics, aviation & aerospace, oil & gas, and transportation, have aided MDV in further diversifying its portfolio and thus mitigated the slowdown in other sectors resulting from the economic and business conditions during the year.

In an effort to expand access to financing the country's technology companies, as well as to contribute to economic growth through activities aligned with the Government's policies, MDV has also maintained its strategic partnerships with Unit Peneraju Agenda Bumiputera (TERAJU), the Malaysian Biotechnology Corporation (BiotechCorp), Multimedia Development Corporation (MDeC), Malaysian Green Technology Corporation (GreenTech Malaysia) and SME Corporation Malaysia (SME Corp). These collaborations are aimed at channelling financial aid to high-potential technology companies and we are encouraged to note that these partnerships have proven fruitful hitherto.

These collaborations include our partnership with TERAJU on the SUPERB programme. The SUPERB programme supports Bumiputera entrepreneurs and start-ups in commercialising their products and taking their businesses to the next level. Through MDV's participation in this programme, we manage the disbursement of funds as well as coach and mentor selected recipients. In 2015, nine entrepreneurs were identified as winners, and will receive funding of up to RM500,000 each.

We have also established a strategic partnership with BiotechCorp, through which we manage the BTP Fund. The BTP Fund is a trigger fund offered to selected companies participating in the country's Bioeconomy Transformation Programme. Recipients are offered financing of up to 10% of the eligible cost to spur investments in bioeconomy, enabling companies to embark on pre-commercialisation of their biotech products and projects while also receiving financing from other commercial financiers. As at 31 December 2015, the programme has approved applications amounting to RM21.85 million which supports new investments of RM388.65 million.

In 2015, MDV also endeavoured to expand its reach by launching our syndication strategy, and worked with other financial institutions on our inaugural club deals. By year-end, MDV had participated in three syndicated financing deals worth a total of RM 169.2 million. Apart from managing risk, the club deals also helped to raise MDV's stature as the Nation's leading technology financier, as our partner financial institutions leverage our expertise in evaluating technology projects.

## Moving Forward

MDV remains positive on the growth prospects of Malaysia's technology sector going forward, given national economic development plans to drive innovation and entrepreneurship,

and amidst continued growth momentum of the economy in 2016. In anticipation of this uptick of activities in the technology and innovation sectors, MDV commenced planning in 2015 the launch of our third fund to finance our operations and financing portfolio going forward.

The third fund follows the full drawdown of our first fund, comprising RM1.8 billion sourced from the Japan Bank for International Cooperation, and our second fund, obtained through the issuance of a RM1.0 billion Islamic Medium-Term Note. Additionally, our utilisation of the initial funding (First Fund) was subject to certain restrictions. Our second and third fund allow for financing of all technology sectors and will therefore be instrumental in allowing MDV to expand its scope of financing, and is envisioned to sustain our operations until 2018.

It is important to note that of MDV's first two funds, the company was able to disburse financing of RM9.5 billion to technology companies, representing a funding velocity of 3.4 times, while still being able to repay our lenders, achieve profitability and pay dividends. As a result, our stakeholders have been pleased with our performance thus far and have pledged their continued support in fundraising for MDV.

At the same time, however, we remain cognisant of the need to diversify our sources of funding and reduce our reliance on the Government. To this end, MDV has commenced discussions to secure funding from other sources, including partner GLCs, as we seek to position the company as a funding programme manager focusing on Islamic financing, debt financing and debt equity financing.

Our plans going forward will also include strengthening our syndicated financing capabilities as we seek to lend our expertise to more club deals.

## Acknowledgements

I would like to take this opportunity to express MDV's gratitude to the Malaysian Government, in particular the Ministry of Finance, for their support and guidance. I would also like to thank our esteemed Chairman and the Board of Directors for their advice and stewardship of MDV, as well as the Management team for their contributions in leading the company.

My appreciation also goes to our strategic partners and clients for their continued support, while my deepest gratitude is extended to the employees of MDV, who have been instrumental in helping the company grow immensely.

**Datuk Md Zubir Ansori Yahaya**  
*Managing Director/Chief Executive Officer*





YOUR **LEADING** TECHNOLOGY FINANCIER





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## Board of Directors

*from left to right (seated):* Dato' Siti Zauyah Md Desa, Tan Sri Zarinah Anwar, Datuk Noripah Kamso.

*from left to right (back):* En Abdul Rahim Abdul Hamid, Datuk Md Zubir Ansori Yahaya, Dato' M. Santhanaban, En Johari Abdul Muid, Dato' Rajadorai Muthan, En Ng Chih Kaye.



## PROFILE OF BOARD OF DIRECTORS

**Tan Sri Zarinah Anwar**  
*Non-Executive Chairman*



Tan Sri Zarinah Anwar was appointed as Chairman of Malaysia Debt Ventures Berhad on 22 July 2013.

She is the former Chairman of the Securities Commission Malaysia (SC), a position she held for six years until her retirement in March 2012. She had served as the Deputy Chief Executive of the SC since December 2001.

While at the helm of the SC, Zarinah had served as Vice Chairman of the Emerging Markets Committee of the International Organisation of Securities Commissions and served two terms as Chairman of the ASEAN Capital Markets Forum, established under the auspices of the ASEAN finance ministers to discuss policy issues on ASEAN capital market development.

Prior to joining the SC, Zarinah had spent 22 years with the Shell Group, serving in various capacities across Shell's diverse business

interests in Malaysia. She was the Deputy Chairman of Shell Malaysia before leaving to join the SC at the end of 2001.

Zarinah is currently a member of the Board of Directors of PEMANDU and BFR Institute, a subsidiary of PEMANDU. She is also a member of the Board of Directors of Petronas and a Trustee of the Razak School of Government, Yayasan Hasanah and the Jeffrey Cheah Foundation, and is a member of the Academic Advisory Council of Universiti Teknologi Petronas.

Zarinah is one of the Founding Chairs of the 30% Club, Malaysia and serves as a member of the National Advisory and Consultative Council on Women.

Zarinah holds the Abdullah bin Abdulaziz Fellowship at the Oxford Centre for Islamic Studies, United Kingdom and is a member of the Advisory Board of the Emirates Securities & Commodities Authority.

Zarinah graduated with an LLB (Hons) from the University of Malaya and started her career in the government's Legal and Judicial service before joining Shell in 1979.

## PROFILE OF BOARD OF DIRECTORS



from left to right

**Datuk Md Zubir Ansori Yahaya**

*Managing Director/Chief Executive Officer*

**Dato' M. Santhanaban**

*Independent Non-Executive Director*

### **Datuk Md Zubir Ansori Yahaya**

*Managing Director/Chief Executive Officer*

Datuk Md Zubir Ansori Yahaya is currently the Managing Director and Chief Executive Officer of MDV, a position he has held since 2005. Prior to that, he was MDV's Vice President for Operations.

He has more than 30 years of management experience in various sectors including Financial Services, Aviation, Transportation and Cargo Logistics, Information & Communications Technology, Trading and Corporate Consultancy.

He started his career as an Assessment Officer at the Department of Inland Revenue before joining Malaysian Airline System Berhad (MAS) in 1983.

Zubir spent 15 years with MAS, serving in various capacities across the airline's Finance & Treasury Division where he managed to gain extensive experience in managing the Airline's Finances.

The departments that he were assigned to include General Cost Accounting, Management Accounting, Passenger Revenue Accounting, Freight Revenue Accounting and Credit Control Accounting.

In 1990 he was posted to the UK as the Regional Accounts Manager Europe where he controlled the MAS Accounting Offices throughout Europe. Upon his return to Malaysia in 1994, he was appointed as the Head of Finance and Admin of Malaysia Airlines Cargo Sdn. Bhd. (MASKargo), a fully owned subsidiary of MAS where he was primarily responsible for the setting up of the Cargo's subsidiary company and led the Company through major negotiations with MAS. During his tenure as the Head of Finance & Admin, Maskargo was acknowledged as one of the most profitable subsidiary of MAS.

He left MAS in 1998 for a short stint in entrepreneurship before joining Capital Risk Management Sdn Bhd (CRM), a corporate consultancy firm where his expertise was to manage start-up businesses and turnaround management.

In 1999, he joined Telekom Smart School Sdn. Bhd. (TSS) where he held the position of Finance & Administration Director. At TSS, he was primarily responsible to negotiate contracts with 8 major outsourced partners for the Flagship projects including multinational companies.

He holds a Bachelor of Accountancy (Hons) from National University of Malaysia (UKM) and Certificate of Banking and Managerial Process from Asian Institute of Management (AIM), Manila. He is also a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA).

Zubir currently sits on the Local Advisory Panel for MSC Malaysia, Funding and Enabler Sub-Committees in Biotech Corporation, NEF Advisory Committee and Executive Council MyLab project for Ministry of Education.

### **Dato' M. Santhanaban**

*Independent Non-Executive Director*

Dato' M. Santhanaban was appointed as Director to the Board of MDV on 22 December 2008.

Prior to that, he had a long career at the Malaysian Ministry of Foreign Affairs from September 1972. His first overseas posting was to Lagos, Nigeria as Second Secretary in early 1975 and subsequently he had postings in Hong Kong and Washington DC. In 1981, he was assigned to Vientiane as Counsellor and later served as Charge d' Affaires there. He also held various positions in the Ministry of Foreign Affairs between these postings. In 1994 he was appointed High Commissioner to Papua New Guinea. He has also served as Ambassador to Argentina (1999-2003) and to the Republic of Korea (2003-2008).

He holds a Bachelors Degree (Hons.) (International Relations) from Universiti Malaya.

from left to right

**Encik Abdul Rahim Abdul Hamid**  
*Independent Non-Executive Director*

**Dato' Siti Zauyah Md Desa**  
*Non-Independent Non-Executive Director*



**Encik Abdul Rahim Abdul Hamid**  
Independent Non-Executive Director

Encik Abdul Rahim Abdul Hamid was appointed as Director to the Board of MDV on 15 June 2011.

Abdul Rahim qualified as a Professional Accountant and started his career in Coopers & Lybrand in 1971. He grew in the firm to eventually become its Managing Partner & Chief Executive in 1993. When the firm merged with Price Waterhouse in 1998 to establish PricewaterhouseCoopers, he served as its Deputy Executive Chairman until he retired in June 2004.

He is the Principal at ARH Associates, a Professional Services & Business Advisory Consultancy. He served as the President of the Malaysian Institute of Accountants for 2 terms; 2005 – 2007 and 2009 – 2011 and as President of the ASEAN Federation of Accountants 2010 – 2011.

He represents the Ministry of Finance Incorporated on the Boards of Malaysia Venture Capital Management Berhad and Technology Park Corporation Sdn Bhd. He also sit as an Independent Non-Executive Director on the Boards of MIDF Amanah Asset Management Berhad, Petra Energy Berhad, AEON CO (M) Bhd, Encorp Berhad, Ire-Tex Corporation Bhd and Asian Finance Bank Berhad.

**Dato' Siti Zauyah Md Desa**  
Non-Independent Non-Executive Director

Dato' Siti Zauyah Md Desa was appointed as Director to the Board of MDV on 26 March 2013.

She started her career as a Quantity Surveyor with the Public Works Department in 1982 after graduating from the University of Reading, United Kingdom with Bachelor of Science (Honours) in Quantity Surveying, and later moved on to hold several other positions with a higher learning institution and several private sectors before pursuing her Diploma in Public Administration from the National Institute of Public Administration (INTAN). Upon graduation, she joined the Ministry of Finance Malaysia (MOF) and served in the Contract Management Division as Assistant Secretary from 1989 to 1993 before pursuing her Master in Business Administration (International Banking) at University of Manchester, United Kingdom.

She continued to serve as Assistant Secretary with the Tax Division and Finance Division at MOF before being promoted as Principal Assistant Secretary in 2001. In 2003, she was seconded to the Asian Development Bank, Manila as Director's Advisor until August 2006. Upon her return, she continued her service with MOF and was appointed as the Deputy Secretary (Economy), Investment, MOF (Inc.) & Privatisation Division in April 2008. She was promoted as Secretary, Loan Management Division in November 2012 and later assumed the position of Secretary, Government Investment Company Division on 13 January 2014. On 12 December 2014, she was promoted as the Director of National Budget Office and on 2 February 2016, was further promoted to her current position as Deputy Secretary General (Policy) to the Treasury.

She currently holds directorships in Johor Corporation, Majlis Amanah Rakyat, Bank Kerjasama Rakyat Malaysia Berhad, DanaInfra Nasional Berhad, Employees Provident Fund, Pension Trust Fund and National Trust Fund.

## PROFILE OF BOARD OF DIRECTORS



*from left to right*

**Dato' Rajadorai Muthan**  
*Independent Non-Executive Director*

**Datuk Noripah Kamso**  
*Independent Non-Executive Director*

### **Dato' Rajadorai Muthan** Independent Non-Executive Director

Dato' Rajadorai Muthan was appointed as Director to the Board of MDV on 26 March 2013.

He is a Fellow of CPA Australia and a Chartered Accountant of Malaysia of the Malaysian Institute of Accountants. He graduated with a Bachelor of Economics (Hons) degree from the University of Malaya and a Masters of Business Administration (Distinction) from the Manchester Business School, University of Manchester, United Kingdom.

He is currently the Group Chief Financial Officer of Teras Dara Konsortium Sdn Bhd and a Director of TDK Khidmat Sdn Bhd. Also serves as Alternate Directors in Teras Dara Konsortium Sdn Bhd and Sawira Sdn Bhd.

He has been appointed as a Member of the Disciplinary Committee Panel by the Advocates & Solicitors Disciplinary Board, Malaysia for a period of 2 years from 17 June 2014. Currently, he also sits in the Management Committee of the Royal Pahang Golf Club as an appointed member by DYTM Tengku Mahkota of Pahang, the President of Royal Pahang Golf Club.

### **Datuk Noripah Kamso** Independent Non-Executive Director

Datuk Noripah Kamso was appointed as Director to the Board of MDV on 17 September 2014.

Upon completing her role as Advisor of CIMB Islamic in 2014, she accepted the offer to be a Global Practitioner in Residence in 2015 in the Principal Financial Group Center for Global Citizenship in Drake University in Des Moines, Iowa, United States of America (USA). As the founding Chief Executive Officer of CIMB Principal Islamic Asset Management Sdn Bhd (CPIAM) since 2007, she has successfully established a global platform for CPIAM to extend its reach to the United Kingdom (UK), Europe, Asia, USA and Australia. CPIAM acts as a global partner to global institutional investors, providing a range of Shariah Investment Portfolios. She pioneered the listing of the world's first Regional ASEAN Exchange Traded Fund, "CIMB ASEAN 40 ETF", listed in Singapore in 2007.

Her fine leadership persona has led her to be listed in the "Top 10 women listed in Islamic Finance" by the Dubai-based publication, Islamic Business and Finance. She was deemed a two-time winner of the "Marketing Personality of the Year" award (for 2006 and 2005) by Asia Asset Management for the Asia Pacific region, CEO of the Year for Malaysia (2007) and Personal Achievement award for contribution to Islamic asset management by International Takaful Summit, London (2012). She is a member of the Honor Society for International Scholars, PHI BETA DELTA – Zeta Gamma Chapter, Northern Illinois University. In 2014, Universiti Utara Malaysia honored her as an Adjunct Professor under the School of Economic, Finance and Banking.

While she was the past President of the Malaysian Futures Brokers Association, she is now the Chairman of the Islamic Finance Council of the Malaysia-US Chamber of Commerce based in Washington DC. She currently sits as a Board Member of Top Glove Corporation Berhad, BIMB Investment Management Berhad and Federation Investment Managers Malaysia (FIMM). She is also a member of the Appeal Committee of Securities Industries Dispute Resolution Centre (SIDREC).

Her second book, "Investing in Islamic Funds: A Practitioners Perspective", published by WILEY & Sons of New York in 2013 and targeted for international readers has obtained global praise and readership.



from left to right

**Mr Ng Chih Kaye**

*Independent Non-Executive Director*

**Encik Johari Abdul Muid**

*Independent Non-Executive Director*



**Mr Ng Chih Kaye**

*Independent Non-Executive Director*

Mr Ng Chih Kaye was appointed as Director to the Board of MDV on 18 September 2015.

He began his career at Blinkhorn, Lyon & Golding, Chartered Accountants, London and later at KPMG, Kuala Lumpur. He then served Maybank for 25 years with his last position as Executive Vice President and was a Board Member of Mayban Allied Credit & Leasing Berhad. Mr Ng is a member of the Malaysian Institute of Accountants (MIA) and a Fellow of the Association of Chartered Certified Accountants (ACCA). He currently sits on the Board of Bank Pertanian Malaysia Berhad and CapitaLand Malaysia Mall REIT Management Sdn Bhd.

**Encik Johari Abdul Muid**

*Independent Non-Executive Director*

Encik Johari Abdul Muid was appointed as Director to the Board of MDV on 20 November 2015.

He is currently a Board Member of Nomura Asset Management Malaysia Sdn Bhd and Nomura Islamic Asset Management Malaysia Sdn Bhd. He also serves on the Investment Panel of KWAP. He started his career in investment at CIMB Bank Berhad as Head of Treasury, he then joined CIMB Securities Sdn Bhd as the Senior Vice President for Institutional Sales. After serving CIMB for 20 years, he then joined Valuecap Sdn Bhd as the Chief Investment Officer for a year before joining the Employees Provident Fund (EPF), as the Chief Investment Officer. He was promoted to Deputy CEO Investment Division and later became the Deputy CEO of Pension Policy and Corporate Planning. After 8 years of serving the EPF, he left to join RHB Bank Berhad as the Chief Executive Officer and retired in 2013.

He is a Fellow of the Chartered Institute of Management Accountants, United Kingdom.



**Datuk Md Zubir Ansori Yahaya**  
*Managing Director/Chief Executive Officer*

## Senior Management



**Nizam Mohamed Nadzri**  
*Senior Vice President, Corporate Services*



**Adrian Khor Yew Meng**  
*Senior Vice President, Risk Management*



**Aimi Aizreen Nasharuddin**  
*Senior Vice President, Business*



**Nazli Abdul Hamid**  
*Vice President, Asset Management*



**Engku Husain Hazmi Engku Embong**  
*Vice President, Credit Management*



**Rizal Fauzi**  
*Vice President, Risk Management*



**Angie Law Lee Cheng**  
*Vice President, Business*



**Amiruddin Kemat**  
*Vice President, Corporate Planning*



**Mohd Sharizal Mustapah Kamil**  
*Vice President, Business & Technology  
Advisory*



**Mohd Nazarul Haizan Md Dom**  
*Vice President, Business*



**Hanim Kassim**  
*Head, Human Resources*



**Rozita Khamsiah Othman**  
*Head, Legal & Secretarial*



**Alfian Othman**  
*Head, Finance & Administration*



**Siti Rashidah Adam**  
*Head, Internal Audit*



## HUMAN CAPITAL DEVELOPMENT

To further grow and strengthen MDV against today's economic backdrop, the Human Resource (HR) Department has always prioritised employees' competency to drive profitable success. To ensure this, the year 2015 saw the development of a competency framework for MDV employees and a suitable credit culture within the organisation. The journey started with the HR Department appointing the most suited consultants to help develop the framework and ensure it would serve its intended purpose. Development of the framework was then centered on three areas, i.e. Core, Leadership and Technical competencies.

The HR Department has done an extensive search for the best consultants to help out with the competency framework project. Consultants were invited to bid and propose on the project prior to the selection. Each proposal went through a thorough evaluation process by an Evaluation Committee which not only studied the proposals, but also attended the presentation and interviewed with a group of shortlisted consultants vying for the project. The plan was for the project to be run in 2 phases, starting with the Core & Leadership framework and based on its success, to be followed by the Technical framework. Throughout the project, a number of activities had taken place which involved numerous meetings, discussions, workshops, focus groups and town-halls. Getting the right data and feedback was crucial to the success of the project and various methods have been applied to get the needed information. Also, the consultants and the HR Department worked rigorously through meetings, interviews, focus groups and blind-tests to identify the most important competencies that fit MDV's DNA.

The Core competencies were envisioned as the binding factor bringing together all employees. The five competencies encompass all the attributes needed for MDV to maintain its successful momentum are Result Orientation, Customer Focus, Communicates Effectively, Fosters Collaboration and Models Professionalism. Result Orientation focuses on striving to exceed set targets consistently without losing sight of high standard of work ethics from employees. Customer Focus demands the highest standard of service for customers as they are top priority whereas Communicates Effectively as the name suggests upholds the importance of communication in a working environment. Fosters Collaboration promotes interdependencies internally and externally, simultaneously encouraging good rapport and mutual respect with all stakeholders in achieving set goals. With all that comes the need to act professionally at all times. Models Professionalism intends to further support MDV of being highly regarded in the market as a pillar of integrity and fair play.

MDV constantly seeks ways to elevate the level of leadership across the organisation. Thus, it is crucial for MDV to possess a comprehensive leadership competency framework which reflects the organisation's leadership philosophy. Through lengthy discussions, HR Department and the appointed consultants have designed a 6-pronged leadership competency framework comprising 6 key elements that aim to guide employees to become a group of highly motivated individuals. Under this framework, MDV urge leaders to advocate innovation with hopes to drive creativity and innovation within MDV. In nurturing future talents, leaders in

### MDV Core and Leadership Framework





MDV aspire towards personal accountability in building the team's capabilities to ensure MDV's long-term sustainability. Apart from that, under this leadership framework, leaders would need to continuously align their division's effort towards a common purpose and organisational goal, thus providing them with the direction that they need in achieving that. To further enrich and empower managers in MDV in assessing and foreseeing their contribution towards MDV holistically, they are constantly encouraged to develop their strategic thinking skills. Lastly, the leadership framework also focuses on decision making whereby decisions are to be adequately analysed to produce logical, timely and rational solutions.

Apart from the Core & Leadership competencies, Technical competencies have been drafted for all functions in the organisation.

Following the development of the competency framework, in October 2015, HR Department organised a town hall session for all staff. Intended as a venue for direct interaction between the staff, HR Department and the Management, it also served as the launching platform to introduce the newly-established Core & Leadership competencies. During the town hall session, a company-wide competency gap identification exercise was launched, which has since been successfully completed.

With the above foundation in place, HR Department is looking forward to the following in 2016;

- a. To complete and finalise the framework and conduct gap identification exercise in Technical Competency Framework;
- b. Integration of competency framework into HR Department's process and procedures;
- c. Learning & Development consolidation and linkage to competency framework;
- d. Integration of competency framework into recruitment function;
- e. Initiation of companywide Job Evaluation project.

In addition to the development of staff's competency, MDV's Risk Management Division has also developed an appropriate credit culture within the organisation to complement efforts in increasing staff's competency level. MDV places high importance on credit quality, and this is echoed and practiced throughout the organisation, through both communications and actions. Given this, a strong credit system and controls on credit approvals, credit rating and review, and credit audit and portfolio management are in place. Over-arching these is the credit culture established and inculcated throughout the organisation.

MDV's credit culture represents MDV's extensive experience in financing projects in the ICT, Green Technology, Biotechnology and Emerging Technology sectors, and best practices in venture financing and banking industries. Such a culture facilitates in developing a strong credit and risk assessment capabilities. This is done through continuous and regular board and management assessment of the compliance and consistency of credit practices against MDV's risk appetite and adherence to MDV's Credit Policy.

MDV's credit culture is a unique combination of our credit values, beliefs, and practices which has been embedded into a corporate culture and management attitudes that befits our mandate in financing mandated technology sectors and vision in ensuring a sustainable organisation. Our credit culture defines and governs MDV's lending/financing environment and determines the lending/financing behaviour.

As part of the overall framework, strong management is in place at the top of the credit function, and accepts responsibility for credit quality and encourages sound lending or financing practices from the credit officers. This is achieved through clear accountability by every personnel involved in the origination and management of credit risk.

In addition to board and management oversight, MDV's Credit Policy has been documented in a clear and concise written format and enforced by an authority that is independent of the business origination function to facilitate monitoring and compliance. Measures are taken to ensure that communication of credit standards, the Credit Policy, and business plan are consistent to eliminate conflict in understanding and priorities.

Regular monitoring of competency levels is undertaken and is reflected in credit staff's performance evaluation. Rewards are not excessive and commensurate with the level of responsibility and competencies.

Credit Policy exceptions seldom occur. If they should arise, they are supported with proper justifications and documentation, and presented to the appropriate approving committee.

To ensure compliance and awareness, regular training on embracing risk, and credit analysis are undertaken at all stages of a credit officer's development. There is extensive indoctrination on the credit culture, policy and operational procedures and communications and knowledge sharing are done to ensure that the same credit risk and vocabulary is used throughout the organisation.

The development and implementation of these competency frameworks and instilling risk awareness amongst employees through our credit culture will ensure a robust loan and financing portfolio and sustainable business and operations going forward.



YOUR **LEADING** TECHNOLOGY FINANCIER





# PERFORMANCE REVIEW

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## SECTORIAL & PRODUCT REVIEW

### Technology Outlook

#### ICT Industry Outlook

The Information Technology ("IT") business landscape is evolving and changing every year, with more than 30% of IT vendors will undergo mergers, acquisition, rightsizing or even go out of business by 2020. With this shifting landscape, only those adapting resilient business models and viable technology will survive<sup>1</sup>.

As such, technology businesses are beginning to think more strategically about adapting their business models and operations and creating new revenue opportunities<sup>2</sup>.

Companies across the entire IT services landscape are changing how they deliver their offerings, shifting towards services which allow customers the flexibility to consume and pay for products and services based on need and usage.

Locally, the focus is in the current trending technologies such as the evolution of cloud computing, big data, Internet of Things and telecommunications. This is spearheaded by Government agencies such as Malaysia Digital Economy Corporation ("MDEC") and Malaysian Institute of Microelectronic Systems ("MIMOS").

It is predicted that the major public cloud providers will gain strength, with Amazon Web Services, IBM's SoftLayer, and Microsoft's Azure capturing a greater share of the global business cloud services market. Despite having excellent technology and scale, Google will only begin to develop momentum in large-enterprise business in 2016.<sup>3</sup>

Many local Small and Medium Enterprise (SMEs) in the tech sectors are developing a multitude of solutions utilising cloud. There is an emergence of applications for various industry verticals that harness the cloud, for example cloud-based Point of Sales solutions, customer relationship management (CRM) and parking management solutions to name a few.

This ties-in closely to the evolution of big data as the huge amount of information stored on the cloud has provided unprecedented analytical opportunities. Big data analytics is one of the key industry events held by MDEC on a regular basis to energise this tech focus area.

MIMOS launched the National Internet of Things Strategic Roadmap in 2015 with 2 short-term strategies and 3 long-term strategies which are:

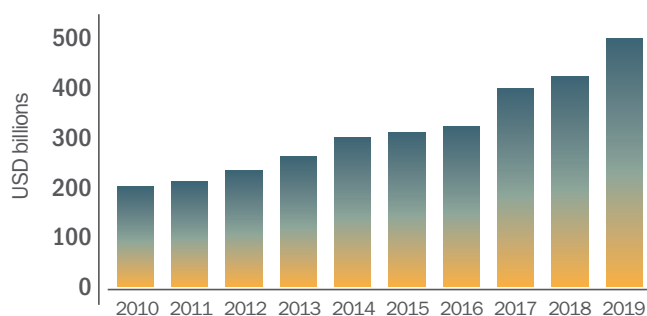
- Short-Term Strategy 1: Transformational steps for the development of IoT as an industry
- Short-Term Strategy 2: Alignment with existing initiatives through pilot projects
- Long-Term Strategy 1: Formation of IoT Malaysia

- Long-Term Strategy 2: Establishment of the Open Innovation Framework
- Long-Term Strategy 3: Creation of the Open Community Data Framework

These focus areas will require a solid infrastructure to be in place in order to support successful adoption of the technologies mentioned. The future for these technologies looks well, as Cisco has also predicted that 50 billion devices will be connected to the Internet by the year 2020.

#### Biotech Industry Outlook

The life sciences sector witnessed rapid Mergers and Acquisitions (M&A) activity in 2015, reaching a record high of US\$462.2 billion. This represented a 44% increase from US\$319.5 billion in 2014<sup>4</sup>. According to PricewaterhouseCoopers, by the end of the third quarter of 2015, biotech companies had already raked in \$5.8 billion, with \$2.1 billion of that coming in the third quarter alone<sup>5</sup>. In the biotech and pharmaceutical verticals, the market is expected to experience volatility in 2016, with the top 500 companies projected to record \$17 billion in sales losses. In 2017, this figure will jump to \$21 billion due to expiry of most of their patents<sup>6</sup>. In addition, biotech's share of worldwide prescription drug and over-the-counter pharmaceuticals sales is projected to increase from 23% in 2014 to 26% in 2019. This is shown in the figure below.



**Figure 2: Global biotech market estimate**

Source: D TTL Life Sciences and Health Care Industry Group analysis of Industry Report: Global Biotechnology, IBISWorld, January 2015



Over the longer term, Deloitte expects the pharmaceuticals and drugs market such as vaccines to continue to gain traction in the life sciences sector with biotech drug sales projected to grow to US\$445 billion by 2019 from US\$300 billion in 2014<sup>7</sup>. The market dynamics of the uncertain economic conditions are forcing global pharmaceutical companies to seek expansion in China despite the economic slowdown. Population aging also remains a long-term growth driver. The combination of population aging and increased life expectancy — up from an estimated 72.3 years in 2014 to 73.3 years in 2019 — will bring the number of people aged 65-plus to almost 11% of the total global population.

Here at home, the Malaysian Biotechnology Corp (BiotechCorp) had reported that the sector had contributed an estimated RM20 billion to national revenue and RM29.1 billion to investments due to the National Biotechnology Policy (NBP). The NBP contributed 2.2% to gross domestic product (GDP) by end-2010. With the introduction and implementation of bioeconomy initiatives, the bioeconomy contribution to GDP is expected to be 8% to 10% in 2020<sup>8</sup>. Malaysia raked in about RM4 billion in 2015 on biotech investment. For next year, the investment was expected to decline to RM2 billion. Going forward, BiotechCorp would focus on 48 Bioeconomy Transformation Programme projects, with total investment of RM18.2 billion, of which 15 were high-impact projects which are expected to contribute RM3 billion to the country's gross national income next year. For next year, they foresee 70% of the investments would be domestic and 30% foreign direct investment<sup>9</sup>.

BiotechCorp also plays a big role in the biotechnology small and medium enterprises (SME) landscape through its BioNexus-status companies, which have contributed significantly to the country's bioeconomy. There are a total of 268 BioNexus-status companies with 76 that have foreign interest and accumulated approved investments amounting to RM2.92 billion.

## Green Technology Industry Outlook

The global green technology or renewables market, especially the US and Asian regions are strengthened by government policies to reduce carbon emissions. This has encouraged the continued growth of companies in this sector. Solar remains the leading growth area for this sector.

Global solar installations will reach 64.7 Giga Watt (GW) in 2016 according to Mercom Capital Group, a clean energy communications and research firm based in Texas. China is expected to continue leading the global Photo Voltaic (PV) market, while the US will show the most robust growth in 2016 due to the solar Investment Tax Credit (ITC). The ITC is a 30% tax credit for solar systems on residential and commercial properties. The existence of the ITC through 2023 provides market certainty for companies to develop long-term investments that drive competition and technological innovation, which in turn, lowers costs for consumers.

According to Sustainable Energy Development Authority ("SEDA"), Malaysia is set to record over 2,000 megawatts (MW) of energy from the renewable energy (RE) sources by 2020 following two new mechanisms approved by the government, namely net-metering and utility scale solar farms.

According to SEDA, the developments surrounding RE have been encouraging since the introduction of the feed-in-tariff (FiT) in 2011, with 400 MW or 40% already having been connected to the solar power grid, out of the targeted 1,000 MW in 2015.

However, RE sources from the small hydro and biomass sectors have lagged as limited success has curtailed further investment.

A total of 4,425 qualified solar PV applications, equivalent to 40.72 MW, have been received for the e-balloting (individual) exercise of up to 12 kilowatts for 2016. A total of 15 MW have been allocated for the 2016 quota release.

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7 "2016 Global life sciences outlook : Moving forward with cautious optimism," Deloitte <<https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Life-Sciences-Health-Care/gx-lshc-2016-life-sciences-outlook.pdf>>.

8 Lidiana Rosli, "National biotech policy gears up for crucial phase" *New Straits Times Online* <<http://www.nst.com.my/news/2016/01/124846/national-biotech-policy-gears-crucial-phase>>

9 "Export revenue of biotech products set to hit RM2b next year," *The Star Online* <<http://www.thestar.com.my/business/business-news/2015/12/18/export-revenue-of-biotech-products-set-to-hit-rm2b-next-year/>>

## SECTORIAL & PRODUCT REVIEW

### Product Structure

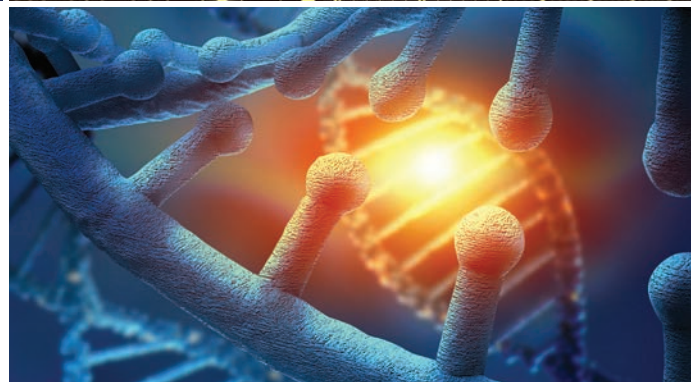
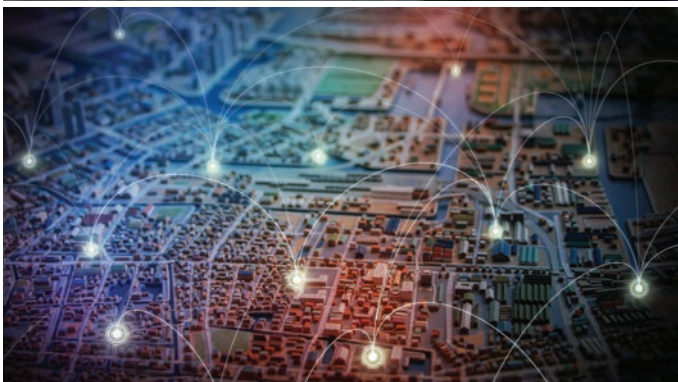
#### Convertible Financing

As part of its product suite to extend accessibility of financing and offer more flexible financing solutions to customers, MDV had in 2008 commenced offering convertible debt financing to selected customers. The objective behind the introduction of the product was to be able to offer financing to customers who were outside MDV's traditional risk appetite (for e.g. due to their youth or unproven nature of their business model/product) but nevertheless exhibited significant potential for high-value growth in the future. By having the option to be converted into equity in the event of a favourable future scenario and earning a higher return, MDV was move able to meet its mandate in providing financing to younger companies with high potential while still adhering to its mission of sustainable operations.

As a development facilitator MDV has strived to offer convertible financing as favourable to customer as possible. In this the pricing for convertibles is determined close to the point of potential exit via an IPO or acquisition of the company, which allows promoters to retain a significant part of the value they have built in the company. Additionally, because MDV remains as a creditor for most of the financing relationship, MDV does not intervene in any decisions of the company nor reserve any operational matters that must be

approved by MDV. MDV also restricts its convertible feature to the extent that any conversion exercise by MDV will not result in MDV owning more than 20% of the enlarged equity in a customer, which leaves the promoters as the majority driving force of the company. Further, MDV's convertible option is designed in such a manner that MDV will exit any equity position, as a result of conversion, only in the event that the customer's promoters are also exiting either partially or wholly thorough an IPO or sale of shares. MDV's offered convertible financing also serves as tool only to enhance returns and not as a mechanism to seize control of companies that may not be performing well/have become non-performing.

With convertible financing as a further tool for MDV to deploy, more flexible financing solutions can be offered to closely match the cash flow or balance sheet structure needs of customers by offering conversion as an alternative to cash out flow via repayment and as a means to adjust the leverage in customers.



## FINANCIAL REVIEW



2015 was a year of significant developments with far-reaching implications. The recovery of the global economy has remained modest, amid slowing trade, moderating growth in the emerging economies and the ongoing concerns on the durability of the economic recovery in the advanced economies.

Despite a lower gross disbursement for the FY2015 of RM737.55 million (FY2014: RM1,150.36 million), MDV managed to record a moderate year-on-year (YoY) growth of 4% on its financing portfolio, growing from RM1.32 billion in 2014 to RM1.37 billion in 2015. New financing approvals in FY2015 remain strong at RM925.88 million surpassing the set target of RM900.00 million and will form a strong base for future financing portfolio growths.

Total revenue for the FY2015 recorded a YoY growth of 17.7% from RM119.42 million for the FY2014 to RM132.5 million for the FY2015 on the back of strong disbursements carried forward from the FY2014 as well as higher other operating income. Profit from Islamic financing continued to be the main driver behind the revenue growth in tandem with the Islamic financing portfolio accounting for more than 84% of total gross financing portfolio.

Cost of Financing remains stable enabling MDV to offer affordable financing to its customers primarily from the small and medium sized industry. During the FY2015, MDV repaid RM300 million of its existing RM1.5 billion Islamic Medium Term Notes Facility and is currently working on a new Sukuk Programme to cater for its future portfolio growth requirements.

Despite an increase in its financing portfolio and revenue, MDV managed to record a decrease in its operating expenditure by 8.8% from RM29.3 million for the FY2014 to RM26.7 million for the FY2015 on the back of cost saving measures and prudent financial management. This resulted in a leaner and more efficient Cost-Income Ratio of 20.2% for FY2015 against 26.0% for the FY2014.

Gross impaired financing ratio increased from 15.0% for the FY2014 to 24% for the FY2015 whilst allowance for loan and financing impairment recorded in the Income Statement increased from RM19.2 million for the FY2014 to RM34.3 million for the FY2015 as MDV made specific allowances for loans and financings for which the recoverability remains uncertain at the close of the year. MDV remains committed and is proactively working to recover these impaired financing.

Despite the challenging economic environment, MDV was still able to record a commendable Net Profit of RM17.3 million for the FY2015 (RM25.2 million in FY2014), its sixth consecutive profit making year and will continue to be self-sustainable whilst serving its nation building mandate and development facilitator role.

MDV's financial position remains resilient with strong support from the Government of Malaysia and in particular, the Ministry of Finance, in driving the technology agenda of the country towards a high-income knowledge nation. MDV strengthened its paid-up share capital during the financial year from RM250 million to RM500 million in line with its expansion plan.



## DEVELOPMENT FINANCING/NATION BUILDING

### Development Facilitation

In FY2015, MDV's portfolio grew by 4% year-on-year (y-o-y), as MDV's portfolio reached a record of RM1.37 billion. With respect to MDV's financing flows for the year, the bulk of net disbursements went towards Green Technology financing (18% y-o-y increase), particularly the financing of new renewable energy projects, supported by SEDA licenses and REPPAs with Tenaga Nasional Berhad. Although ICT sector financing remained the largest segment of MDV's portfolio, there was a slight net repayment of this sector in 2015 (-6% y-o-y growth).

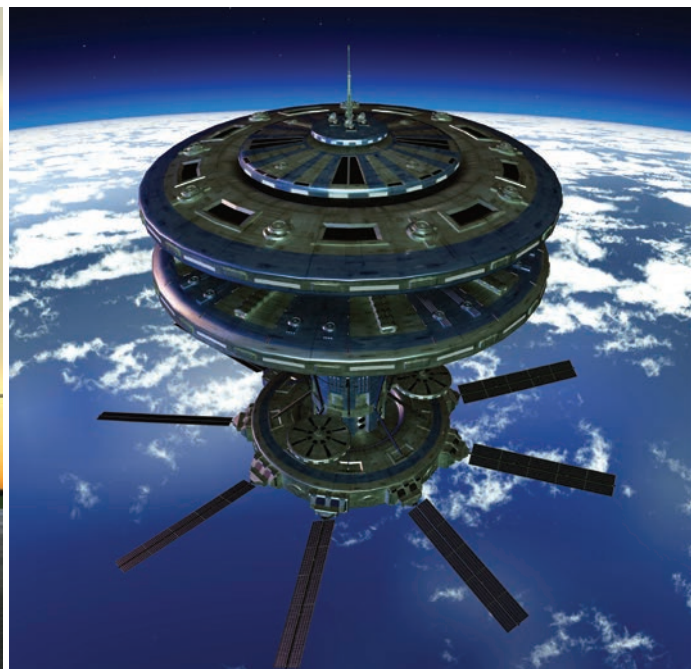
In terms of value, direct financing to biotechnology applicants remained the smallest portion of MDV's financing activity in 2015, although net disbursements amounted to RM3.4 million (6% y-o-y increase). This trend was due to the current nature of the Biotechnology industry, which typically requires growth capital rather than project or contract financing. Nonetheless, MDV also continued to facilitate financing to the sector via development programmes, namely MDV's Commercialisation Fund, Bumiputera Biotechnology & Bio-industry Development Fund (B3DF) and the Bio-economy Transformation Programme (BTP) Fund, through which more than RM21.9 million in financing facilities were approved in 2015. Across all 5 of MDV's development programmes comprising the B3DF, GTFS, IPFS, RMK-10 and Biotechnology Transformation Programme MDV approved RM250.2 million in financing facilities during the year.

MDV's product range has continued to expand in response to growing market needs and Government initiatives. In the year under review, MDV developed 5 new financing programmes, comprising the Bumiputera Technology Fund (with TERAJU),

financing for technology-based foreign direct investment into Malaysia, financing to support Malaysian technology companies to implement projects/contracts overseas, financing for energy efficiency projects and financing for corporate equity acquisitions related to productive purposes.

FY2015 also represents the first year of the full implementation of MDV's New Corporate Strategy, which saw MDV's mandated role expanded to new high-technology areas, including nanotechnology, advanced materials, robotics, artificial intelligence, electrical & electronics, aviation & aerospace, oil & gas and transportation. During the course of the year, MDV had approved financing of RM233.7 million to companies from these new sectors, reflecting MDV's success in implementing the New Corporate Strategy. A further component of the strategy was for MDV to increase its financing footprint to include financing for corporate and equity acquisitions, including management buy-outs. Subsequently, a formal acquisition financing programme was implemented in 2015 and to date 2 financing facilities have been approved under this niche business line.

As part of MDV's ongoing efforts to enhance its financing footprint and role as the Nation's leading technology financier, MDV continued to identify and develop new financing programmes to meet the emerging needs of technology companies. This resulted in a new programme for technology commercialisation and up scaling, the MDV Technology Accelerator & Commercialisation Scheme (MDV-TACT) under the 11th Malaysian Plan, and the Technology & Innovation Acceleration Scheme Programme (TIERS) for creating regional technology champions as announced in the Federal Budget for 2016.





## Nurturing Programme

As a forward-thinking financier, MDV seeks to adapt and explore ways to engage with businesses to expand its business opportunities. MDV also looks beyond maximising profit and increasing shareholder values by creating value to the funding ecosystem by expanding its development facilitator role. Visualising this, in 2016, MDV will embark into its Nurturing Programme as part of the company's Corporate Entrepreneurship Responsibility initiative. MDV has been tasked with engaging start-ups and young companies with great potential to grow bigger and successful in their respective ventures.

MDV will be offering a twelve month nurturing programme that is hoped to bring value and bankability to these companies. MDV will leverage on its own resources using its own capacity, capability and experience as well as collaborate with the players and partners in its ecosystem to groom, coach and mentor these companies.

This Nurturing Programme will be seeking technology companies that are commercial-ready with a technology-based product or service that is already generating some revenue. These companies will be able to leverage off MDV's value proposition such as market access to MDV's network and ecosystem, one-to-one personal mentoring and coaching from MDV's senior management and financial assistance in terms of subsidised legal or documentation fees.

Interested participants are expected to go through two-tier assessments by MDV: a rating process through MDV's proprietary credit scoring framework and a pitching session to the senior management of MDV.

The Nurturing Programme is one of MDV's initiatives to continually support Government's technology sector agenda towards developed nation status with high income. Technology and technology companies are fast becoming disruptive and rule changers for new growth sources. This MDV Nurturing Programme is hoped to be able to create a more robust ecosystem for the technology sector by providing support and assistance to potential companies.

## Future Technology Landscape

Frost & Sullivan highlighted key emerging technologies where one area of focus is **Cybersecurity** where the trend will focus on improving financial digital transactions and better encryption technology to improve cloud security. Cybernetic Global Intelligence predicted that there will be 4.6 billion cloud users by 2020. Ransomware has proven to be a lucrative area of exploitation as McAfee reported an increase of over 165% of cases in 2015.

Frost & Sullivan also highlighted the rising usage of **biosensors** in both preventative and post-diagnostic monitoring. A panel at the New York Academy of Sciences found that the use of mobile devices could improve clinical trial protocols, reduce inefficiencies in patient recruitment, reduce the time clinicians spend with patients, and reduce the need for expensive infrastructure at clinical care facilities. This will spur cheaper trials, new endpoints, and novel designs which in turns leads to more effective clinical research.

**Speech technology** will fast track development of sophisticated conversational interfaces. A growing number of China's 691 million smartphone users now regularly dispense with swipes, taps, and tiny keyboards when looking things up on the country's most popular search engine, Baidu. China is an ideal place for voice interfaces to take off, because Chinese characters were hardly designed with tiny touch screens in mind. But people everywhere should benefit as Baidu advances speech technology and makes voice interfaces more practical and useful.

Baidu is making particularly impressive progress, especially with the accuracy of its voice recognition, and it has the scale to advance conversational interfaces even further. The company is China's answer to Google, which is currently blocked there. It dominates the country's domestic search market, with 70% of all queries directed through its site.

Microsoft's experimental Mandarin-language bot, Xiaolce, lives inside a smartphone and has intimate conversations with its users, because the programme is able to remember details from previous conversations. It also mines the Chinese internet for human conversations in order to synthesize chat sessions.

The Malaysian Industry-Government Group for High Technology (MIGHT) is also exploring the potential of **Ocean Thermal Energy Conversion (OTEC)**, through which new renewable energy (RE) sources such as wind, geothermal and ocean energy will be explored. Malaysia should take advantage of its geographical position which is surrounded by the sea to leverage on ocean energy especially OTEC, since it is clean, sustainable and can produce by-products such as fresh water, aquaculture and agriculture.



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# **CORPORATE GOVERNANCE & ACCOUNTABILITY**

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## CORPORATE GOVERNANCE

### Governance Framework

The Board of Directors of MDV is committed to upholding good corporate governance by continuously advocating transparency, accountability, responsibility and integrity, in line with the principles and best practices of corporate governance and primary legislative and regulatory provisions.

### Board of Directors

#### Roles and Responsibilities

The Board is charged with leading and managing MDV in an effective and responsible manner. Each Director has a legal duty to act in the best interest of MDV. The Board sets MDV's values and standards and ensures that its obligations to its shareholders and other stakeholders are understood and met. The roles and responsibilities of the Board are governed by the Companies Act 1965, the Memorandum and Articles of Association of MDV, and any relevant guidelines as may be issued by the relevant authorities from time to time.

The Board is also guided by its Board Charter which defines the matters that are specifically reserved for the Board and the delegation of day-to-day management of MDV to the Managing Director/Chief Executive Officer (MD/CEO).

### Risk Management Function

The Board has established an organisational structure with clearly defined lines of accountability, authority limits and responsibility aligned to business and operational requirements. This has been undertaken within the ambit of supporting the maintenance of a robust control environment while recognising MDV's Nation-building role for growth and the high-risk financing environment in which the Company operates. The Board also outlines the guiding principles and the accountabilities for effective risk-taking by establishing an appropriate control structure and process for identifying, evaluating, monitoring, managing and responding to various significant risks faced by the Company.

The risk governance structure is aligned across all business units through the implementation of an enterprise risk management framework. The framework is implemented across all business and support functions to create continuous risk awareness mindset, understanding of procedures and controls and thus enhance our risk management and risk culture. Risk management principles, policies, procedures and practices are updated regularly to ensure relevance and compliance with current/applicable laws and best practices, and are made available to all employees. MDV has also adopted the anti-fraud and whistle-blowing policy, providing an avenue for employees to report actual or suspected malpractice, misconduct or violations of the Company's policies and regulations in a safe and confidential manner.

Operationally, MDV manages its risk based on the three lines of defence approach: risk taking functions, risk control functions and internal audit. At the first level, the risk taking functions, which comprise the operating business and support units, are responsible for the day-to-day management of risks inherent in the various business activities. Risk control functions, at the second level, are responsible for setting the risk management policies and guidelines, including developing relevant tools and methodologies for the identification, measurement, mitigation, monitoring and control of risks. Thirdly, the internal audit function complements the risk management functions by reviewing and evaluating significant exposures to risk and contributing towards the improvement of the risk management and control systems. The internal audit function also provides independent assurance of the adequacy and effectiveness of the Company's risk management framework.

#### Board Risk Management Committee

The Board has also delegated the responsibility of reviewing the effectiveness of risk management to the Board Risk Management Committee (BRMC). The BRMC primarily assists the Board in:

- ensuring that overall corporate risks are measured and thresholds are controlled within pre-determined limits;
- ensuring that there are sufficient internal controls and clear mitigation plans for major risks and these plans include accountabilities and timeliness; and
- ensuring that a culture of identifying and managing risks exists throughout the organisation.

The BRMC is assisted by the Risk Management Committee (RMC) and the Risk Management Division on an ongoing basis to ensure the effectiveness of the risk management system is monitored and evaluated. Any approved policy and framework formulated to identify, measure and monitor various risk components will be reviewed and recommended by the RMC to the BRMC and subsequently approved by the Board. Additionally, the RMC reviews and assesses the adequacy of these risk management policies and ensures proper infrastructure, resources and systems for risk management are in place.

### Remuneration and Nomination Committee

The role of the Remuneration and Nomination Committee is to recommend to the Board suitable remuneration policies for Directors, evaluate the performance of the MD/CEO and Senior Management, and establish pay-for-performance plans to achieve alignment with the Ministry of Finance's expectations.

The Committee also works with the Chairman to assess the Board composition and skills, and recommends candidates for the Chairman, MD/CEO and key company positions taking into account the views of the Ministry of Finance.



## AUDIT COMMITTEE STATEMENT

The Board is responsible for MDV's system of internal control and for reviewing its adequacy and integrity. The Board recognises that MDV's system of internal control is designed to manage the risks within its acceptable risk profile and not eliminate the risk of failure to achieve MDV's objectives. Hence, it can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

The Board has appointed the Board Audit Committee (AC) comprising independent directors to provide independent oversight and equips the Directors and Management in effectively discharging their duties and responsibilities in relation to the compliance with the rules and regulations, in particular compliance with the requirements of the Ministry of Finance, accounting policies, and financial reporting. In this regard, the AC assists the Board with supervision of the integrity of MDV's financial statement and financial reporting processes, the systems of internal accounting and financial controls, the performance of internal audit function, compliance with ethics-related policies, legal and regulatory requirements, as well as all transactions are executed in accordance with the Management's general and specific authorisation.

The AC also plays a valuable role in assisting the Board to ascertain that the Company's policies and procedures are reasonable and are adhered to, and that management is effective and efficient in discharging their duties. In addition, the AC provides a line of communication between the Board and the auditors by way of regular meetings.

### Duties and Responsibilities

The primary duties and responsibilities of the AC, amongst others, are;

#### Financial Reporting

Review the year-end financial statement, prior to submission to the Board for approval to ensure fair and transparent reporting and prompt publication of the financial accounts. In this regard, the AC focuses on changes in or implementation of major accounting policy changes, significant and unusual events, and compliance with accounting standards and other legal requirements.

#### Internal Audit

- (a) Ensures compliance with the minimum requirements for auditing such as;
  - review the internal audit function's independence and that it has the necessary authority to carry out its work
  - review the internal audit plan to ensure the scope of coverage is adequate
  - ensure adequate and technically competent resources for effective discharge of responsibilities
  - ensure appropriate actions have been taken by Management on the recommendations made by the internal auditors
  - appoint, evaluate the performance and decide on the transfer or dismissal of the Head of Internal Audit
  - determine the remuneration package of the internal auditors.
- (b) Review the effectiveness and of internal controls and risk management processes.

#### External Audit

- (a) Recommend to the Board for the external auditors' appointment and audit fee payable including any decision on removal.
- (b) Review the external auditors' audit plan, its evaluation of the systems of internal control and the audit report.
- (c) Review the external auditors' management letter; and Management's responses on weaknesses in internal accounting procedures and controls.
- (d) Assess objectivity, performance and independence of external auditors.
- (e) Review any letter of resignation from the external auditors of MDV.
- (f) Review whether there is reason (supported grounds) to believe that MDV's external auditors are not suitable for reappointment.
- (g) Approve provision of non-audit services by external auditors and ensure adequacy of proper checks and balances such that the provision of non-audit services does not impair the independence and objectivity of the external auditors.

#### Related Party Transactions

The Committee shall review any related party transaction and conflict of interest situation that may arise within MDV including any transaction, procedure or course of conduct that raises questions of management integrity.

Appendix 2

## Terms of Reference for Audit Committee (AC)

### Definition and Interpretation

Except where the context otherwise requires, the following definition shall apply throughout this Terms of Reference:

|                      |  |
|----------------------|--|
| “Act”                | The Companies Act, 1965 as amended from time to time;                                  |
| “Company” or “MDV”   | Malaysia Debt Ventures Berhad (578113-A);  |
| “Board”              | The Board of Directors of MDV;   |
| “Committee”          | Audit Committee;   |
| “Company Secretary”  | Company Secretary of MDV;  |
| “Director”           | A Director of MDV, as defined in the Companies Act 1965, as amended from time to time; |
| “Member”             | A member of the Committee as appointed pursuant to this TOR;                           |
| “Secretary”          | Secretary of the Committee;  |
| “Terms of Reference” | The terms of reference of the Committee or "TOR".                                      |

### Objective

The primary objectives of the Audit Committee are as follows:

- (a) To equip the Directors and the Management in effectively discharging their duties and responsibilities in relation to the compliance with the rules and regulations in particular compliance with the requirements of the Japan Bank for International Cooperation (“JBIC”) and the Ministry of Finance, accounting policies, and financial reporting.
- (b) To provide independent oversight of the Company’s financial reporting and internal control system as well as ensuring checks and balances within the organisation.
- (c) To assist the Board to ascertain that the Company’s policies and procedures are reasonable and are being adhered to and management is effective and efficient in discharging their duties.
- (d) To provide, by way of regular meetings, a line of communication between the Board and the auditors.

### Composition of Audit Committee

The Company must appoint an audit committee from amongst its directors who fulfils the following requirements:

- (a) The audit committee must be composed of no fewer than 3 members;
- (b) A majority of the audit committee must be independent directors;
- (c) The Chairman shall be an independent director; and
- (d) At least one member of the audit committee:
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least 3 years’ working experience and:
    - (aa) he/she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
    - (bb) he/she must be a member of one of the associations of accountants specified in Part 11 of the 1st Schedule of the Accountants Act 1967.

The Company must ensure that no alternate director is appointed as a member of the audit committee.

### **Chairman of The Audit Committee**

The Board shall appoint the Chairman of the Committee from among their members who shall be an independent director.

If at any meeting the Chairman is not present within ten minutes after the time appointed for holding the meeting, the members present may choose one of their members to be the Chairman of the meeting.

### **Written Term of Reference**

An audit committee must have written term of reference, which deals with its authority and duties.

### **Roles and Responsibility**

Without limiting the generality paragraph 5.0 above, the duties and responsibilities of the Committee amongst others are to:

1. Review the quarterly results and year-end financial statement, prior submission to the Board of Directors for approval to ensure fair and transparent reporting and prompt publication of the financial accounts, focusing particularly on:-
  - (a) Changes in or implementation of major accounting policy changes;
  - (b) Significant and unusual events; and
  - (c) Compliance with accounting standard and other legal requirements;
2. Oversee the effectiveness of the internal audit function and ensure compliance with the minimum requirements for auditing such as:
  - (a) Review of the scope of audit plan, audit programme and processes.
  - (b) Ensure adequate and technically competent resources for effective discharge of responsibilities.
  - (c) Review the effectiveness of infrastructure for ensuring Shariah compliance.
  - (d) To ensure appropriate actions have been taken by management on the recommendations made by the internal auditors.
  - (e) To appoint, evaluate the performance and decide on the transfer or dismissal of the Head of Internal Audit.
  - (f) To determine the remuneration package of the internal auditors.
3. Ensure that the internal audit function is well placed to undertake investigations on behalf of the Committee.
4. Review the effectiveness of internal controls and risk management processes.
5. External Auditors
  - (a) Recommend to the board for the external auditors' appointment and audit fee payable including any decision on removal.
  - (b) Review the external auditors' audit plan and his evaluation of the system of internal controls;
  - (c) Review the external auditors' management letter; and management's response on weaknesses of internal accounting procedures and controls.
  - (d) Assess objectivity, performance and independence of external auditors.
  - (e) Review any letter of resignation from the external auditors of the Company.
  - (f) Whether there is reason (supported grounds) to believe that the Company's external auditor is not suitable for reappointment.
  - (g) Approve provision of non-audit services by external auditors and ensure adequacy of proper checks and balances such that the provision of non-audit services does not interfere with the external auditors' exercise of independent judgement.
6. Management is responsible for reviewing all related party transactions to ensure that they have been established at arms length terms.

The Committee shall review any significant transactions that are not within the normal course of business and where potential conflict of interest may arise between related parties.

7. Ensure oversight of ethics and integrity, and the preservation of the Company's reputation by receiving reports relating to conduct or behaviour that could create a liability for the Company. The reports can be received from internal auditors, external auditors and/or whistle-blowers.

### **Audit Committee Report**

1. The Company must ensure that its Board of Directors prepares an audit committee report at the end of each financial year that complies with subparagraphs (2) and (3) below.
2. The audit committee report must be clearly set out in the annual report for the Company.
3. The audit committee report shall include the following:-
  - (a) The composition of the audit committee, including the name, designation (indication the chairman) and directorships of members (indicating whether the directors are independent or otherwise);
  - (b) The terms of reference of the audit committee;
  - (c) The number of the audit committee held during the financial year and details of attendance of each audit committee member;
  - (d) A summary of the activities of the audit committee in the discharge of its functions and duties for that financial year of the Company; and
  - (e) The existence of an internal audit function or activity and where there is such a function or activity, a summary of the activities does not exist, an explanation of the mechanisms that exist to enable the audit committee to discharge its functions effectively.

### **Reporting of Breaches To The Ministry of Finance**

Where the audit committee is of the view that any matters reported to the Board of Directors of the Company has not been satisfactorily resolved resulting in non compliance to these requirements, the audit committee must promptly report such matters to the Ministry of Finance.

### **Rights of The Audit Committee**

The Company must ensure that whatever necessary and reasonable for the performance of its duties, an audit committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:

- (a) Have authority to investigate any matter within its terms of reference;
- (b) Have the resources which are required to perform its duties;
- (c) Have full access to and co-operation from management and full discretion to invite any director or executive officer to attend its meetings.
- (d) Have direct communication channel with internal and external auditors.
- (e) Have full and unrestricted access to information and the authority to obtain independent professional advice.
- (f) Be able to convene meetings with external auditors without the presence of management, at least annually.

### **Quorum of The Audit Committee**

No business shall be transacted at any meeting of the Committee unless a quorum is present. Two (2) members of the Committee, of whom at least one is an independent director, shall constitute a quorum.

### **Frequency of Meeting**

Meetings shall be held not less than 4 times a year. Additional meetings may be convened monthly or as and when required.



### **Reporting Procedures**

Detailed audit reports prepared by the Internal Auditors are deliberated by the Audit Committee of the Board and recommendations are duly acted upon by the Management.

The minutes of the Committee will be tabled at the next Board meeting.

### **Attendance of Other Directors and Employees**

In addition to the Committee members, the Managing Director/Chief Executive Officer and the Head of Internal Audit shall attend meetings by invitation of the Committee.

Any person who may possess information that would be useful to the Committee in carrying out its duties may also be invited by the Chairman to attend any meeting of the Committee.

### **Retirement and Resignation**

In the event of any vacancy in an audit committee resulting in the non-compliance of subparagraph 3(a) above, the Company must fill the vacancy within 3 months.

### **Review of The Audit Committee**

The Board of Directors of the Company must review the term of office and performance of an audit committee and each of its members at least once every 3 years to determine whether such audit committee and its members have carried out their duties in accordance with their terms and reference.



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# **CORPORATE SOCIAL RESPONSIBILITY**

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## CORPORATE SOCIAL RESPONSIBILITY

# Enhancing Community



### CSR Rumah Anak Yatim Opah Hasnah

One of our notable Corporate Social Responsibility (CSR) programmes would be the collaboration between MDV, the Treasury Club of the Ministry of Finance and Commerce Dot Com Sdn Bhd (CDC) when visiting Rumah Anak Yatim Opah Hasnah at Kampung Bukit Kuda, Klang. This CSR initiative was carried out in the presence of the Secretary General of Treasury, YBhg Tan Sri Dr Mohd Irwan Serigar bin Abdullah during the month of Ramadhan in July. It was done with the objective of giving volunteers a humbling experience of

helping the unfortunate, help nurture the feeling of empathy and sensitivity in today's generation and also provide opportunity for our employees to work with shettters charitable organisations in Malaysia. Aside from donating basic needs items, MDV together with CDC helped restore the house, buy basic furnitures and appliances for both the house and the 'surau'. 'Duit Raya' and cookies were also handed out to the orphans to commemorate the coming of Eid-ul-Fitr.





## Buka Puasa with Anak Anak Maahad Tahfiz Miftahul Ulum

During Ramadhan 2015 in July, MDV organised a Buka Puasa with Anak Anak Maahad Tahfiz at Menara Bank Pembangunan. The event started with the giving of Duit Raya to the orphaned kids, continued with Jemaah Maghrib and Isyak prayers and followed by Tarawikh prayers. Earlier during the day, MDV took the liberty of bringing the kids to purchase new attire at the Jakel store, before proceeding to bringing them for the Buka Puasa event. The event was done as one of MDV's CSR efforts in observing the holy month of Ramadhan which is to encourage bonding to instil goodness by performing the prayers together and to also cultivate social welfare in returning back to the community.



## Donation and Distribution of Dates to Underprivileged Homes in Chaah, Johor

MDV also supported another notable CSR programme in the month of Ramadhan with underprivileged homes in Chaah, Johor. Donation of dates to the underprivileged household and buka puasa session with the residents hosted by the Deputy Finance Minister, Datuk Chau Tee Yong were part of the programme. Also present in the event were YB Mohd Azahar Ibrahim, ADUN of Tenang and En Amiruddin Kemat, Vice President of the Corporate Planning and Communications Divisions together with the rest of MDV communications team.



## Donations to Yayasan Toh Puan Zurina and Persatuan Cina Muslim Malaysia (MACMA)

In conjunction with MDV's 8th Golf Championship October 2015, as a form of goodwill and part of MDV's CSR initiative, a sum of RM10,000 each was donated to both Yayasan Toh Puan Zurina and Persatuan Cina Muslim Malaysia (MACMA). Yayasan Toh Puan Zurina was established in November 2009

that provides haemodialysis treatment to the destitute while MACMA focuses on welfare, preaching and missionary work to fulfil strategically important role to the nation and Muslims of Malaysia since 1994.



## MDV SPORTS & RECREATION CLUB 2015



*Our Board members letting down their hair during MDV Annual Dinner and Staff Awards Night: A Night at the Rock Opera.*

Malaysia Debt Ventures Berhad's Sports and Recreation Club ("MDV SRC") was created to foster greater relations amongst employees through recreational and sporting activities. Through this association, employees are able to independently organise and carry out internal events such as the Annual Dinner and Staff Awards Night, company trip and Family Day. In 2015, MDV SRC decided not to focus only on its core activities of sports and recreation but also charity and spiritual activities, to strengthen our sense of compassion whilst trying to create positive change to the community. All activities were planned around these themes.

One of the three main events organised by MDV SRC was "A Night at the Rock Opera" themed Annual Dinner, held in April at the Double Tree Hilton, attended by the board members, senior management and staff with their respective spouses. Through this event, MDV also awarded exemplary employees who performed above their course of duties.

During the earthquake in June that hit the Sabah coastal city, all employees together with their families had the opportunity to travel to Kota Kinabalu for the annual company trip. Our thoughts and prayers are with everyone who have been affected by the dreadful disaster.



In November, all MDV employees and their family members have the opportunity to enjoy themselves in a carnival themed MDV Family Day held at Padang Merbok, Putrajaya. The day was filled with fun-filled tele-matches, colouring contest for the children and other enjoyable activities featuring bouncing castles, games stalls and clown.

For Sports, MDV SRC started the year with pool and darts tournament in February. The Committee also organised a bowling tournament, which remained a favourite recreation for MDV staff, in the third quarter of the year.

MDV SRC also collaborated with Feeding the Needy, an NGO providing meals, support, help and comfort items for the homeless in Kuala Lumpur. They sponsored meals, basic needs items and volunteered once every quarter from second quarter onwards.



MDV staff and family in Kota Kinabalu for some R&R for our annual Company Trip.



MDV staff and family during 2015 Family Day held at Padang Merbok, Putrajaya Wetlands.



Datuk Md Zubir Ansori Yahaya, our Managing Director/Chief Executive Officer handing our prizes to the lucky kids during or Family Day.



[www.mdv.com.my](http://www.mdv.com.my)

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