

A woman and a young child are looking at a plant with long green leaves. They are surrounded by warm, glowing bokeh lights, suggesting a festive or cozy atmosphere. The woman is smiling and looking down at the plant, while the child is looking intently at it.

**MALAKOFF**

A Member of  **MMC Group**

# TOGETHER FOR A *better future*

ANNUAL REPORT 2020

# ABOUT THIS REPORT

**Malakoff Corporation Berhad's ("Malakoff") Annual Report 2020 has been developed to present a comprehensive account of our business activities and outcomes for the Financial Year Ended 31 December 2020 ("FY2020"), in line with our commitment to create value for all stakeholders by ensuring sustainable long-term business growth.**

## REPORTING PHILOSOPHY AND APPROACH

This Annual Report provides information on the business environment Malakoff operated within, challenges encountered and our response to these through the operationalisation of our strategy, and risk management and mitigation actions. It presents highlights of our achievements within our core business segments of Power Generation and Water Desalination, Operations & Maintenance ("O&M"), Electricity Distribution & Chilled Water Supply, and Waste Management & Environmental Services.

In preparing this Annual Report, we have adhered to the highest standards of corporate governance and ethics, by ensuring that all information is presented in an accountable and transparent manner. Through this Annual Report, we have endeavoured to provide a balanced and comprehensive account and analysis of our strategy, performance and prospects in relation to financial, economic, social, environmental and governance issues that affect our business and all stakeholders. Our sustainability performance presents material topics that affect the long-term development of our business, and takes into account any significant impacts our operations may have on the Economic, Environmental and Social ("EES") aspects of our business footprint.

## BOUNDARY AND REPORTING PERIOD

This Annual Report refers to the period covering 1 January 2020 to 31 December 2020, unless otherwise indicated, and:


- Refers to all activities of Malakoff, including principal subsidiaries;
- Addresses all operations of Malakoff; and
- Unless otherwise specified, reports on quantitative and qualitative data for a three-year period on all indicators presented in order to highlight trends and changes in performance.

## REPORTING FRAMEWORKS

This Annual Report is aimed at a broad audience of stakeholders, that include but not limited to our employees, local communities, shareholders, customers, Government authorities, law enforcement agencies, rating agencies and financial institutions, as well as contractors and suppliers. Our disclosures adhere to the requirements of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"), the Companies Act 2016 and the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). Our Sustainability Statement has been prepared in accordance to the Global Reporting Initiative ("GRI") Standards 2016: Core Option, Bursa Malaysia FTSE4Good Index and Bursa Malaysia Sustainability Reporting Guidelines (2<sup>nd</sup> Edition).

The Report has been developed with oversight by the Board of Directors, who have given their collective assurance and approval for its content. Our financial reporting is audited by an independent third party, KPMG PLT who also audited our Financial Statements and approved them free of qualification.

 This Report should be read in conjunction with our Corporate Governance Report.

The hard copy of this Report is available to all stakeholders upon request. A soft copy is publicly available on our website.  [www.malakoff.com.my](http://www.malakoff.com.my)

## FORWARD-LOOKING STATEMENTS

Throughout this Annual Report, we present forward-looking statements in relation to our future outlook and prospects. Forward-looking statements should be taken with a degree of caution as they are reliant on various events, risks, uncertainties and other factors beyond our control. These statements can be identified through the use of key words such as "believes", "intend", "will", "plans", "outlook" and other similar words in conjunction with discussions on future operating or financial performance.

## FEEDBACK

We welcome all inquiries, comments and feedback on our Annual Report. This is in line with our corporate objective of practicing open and transparent lines of communication with all our stakeholders. We will take into account all feedback received to improve our reporting outcomes in the future.

All communication can be directed to the following channels:

 +603 2263 3388  [cacomm@malakoff.com.my](mailto:cacomm@malakoff.com.my)

# INSIDE THIS REPORT



## TOGETHER FOR A BETTER FUTURE

All the most meaningful journeys are done with those that matter the most. Here at Malakoff, we firmly believe in progressing into the future hand-in-hand with our valued stakeholders.

We have embedded our belief into every facet of our business. Our power plants are fuelling industries and communities as they go about daily activities and lives to build promising futures for their business growth and families. Malakoff's expansion into the renewable energy sector demonstrates our commitment to contribute to the global call for action to combat climate change and bring about a greener future. Through our waste management & environmental services, we are providing Malaysians from all walks of life an opportunity to contribute towards a sustainable community by participating in the 5R (Refuse, Reduce, Reuse, Repurpose and Recycle) efforts. Together, with all our stakeholders, we are continuing on course with our journey for A Better Future.

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**15<sup>th</sup>**  
**ANNUAL GENERAL  
MEETING**



**Fully Virtual Meeting at  
Broadcast Venue**

Boardroom, Level 7, Block 4  
Plaza Sentral, Jalan Stesen Sentral 5  
50470 Kuala Lumpur



**Date & Time**

Wednesday, 28 April 2021  
10.00 A.M.

## WE ARE MALAKOFF

## ABOUT US

## A Multinational Power and Water Company & the Largest Independent Power Producer in Malaysia

Incorporated on

**9 October 1975**Listed on Bursa  
Malaysia for the second  
time since**May 2015**

Total employees of

**3,981**  
(as at 31 December 2020)

### VISION

To be a **premier global** power and water company

### MISSION

Aspiring to become the **preferred employer** of choiceDeliver **superior shareholder value**Sought after as a **partner**Sustaining best in class **operating discipline**Earning respect as a **good corporate citizen**

### CORPORATE VALUES

Integrity

Teamwork

Innovation

Harmony

Excellence



# WE ARE MALAKOFF

## CORE BUSINESS SEGMENTS



### Power Generation and Water Desalination

Please refer to more information on page 26.



### Operations & Maintenance

Please refer to more information on page 32.



### Electricity Distribution & Chilled Water Supply

Please refer to more information on page 34.



### Waste Management & Environmental Services

Please refer to more information on page 36.

## CRITICAL STRENGTH

Project  
Development  
& Execution

License to  
Operate  
Power Plants

Financial  
Discipline

Strong  
Governance  
Structure

## DOMESTIC AND INTERNATIONAL FOOTPRINT

AS AT 22 FEBRUARY 2021

Malakoff operates in **4 countries** around the world**6,410 MW**Total Effective Power  
Generation Capacity**472,975 m<sup>3</sup>/day**Total Effective Water  
Production Capacity**4,145 tonnes/day**Total Solid Waste  
Management Volume\*

## INTERNATIONAL FOOTPRINT

## Al-Hidd IWPP

Effective Capacity: **372 MW**Effective Capacity: **164,000 m<sup>3</sup>/day**

## Shuaibah Phase 3 IWPP

Effective Capacity: **216 MW**Effective Capacity: **211,200 m<sup>3</sup>/day**

## Shuaibah Phase 3 Expansion IWP

Effective Capacity: **35,700 m<sup>3</sup>/day**

Saudi Arabia

Bahrain

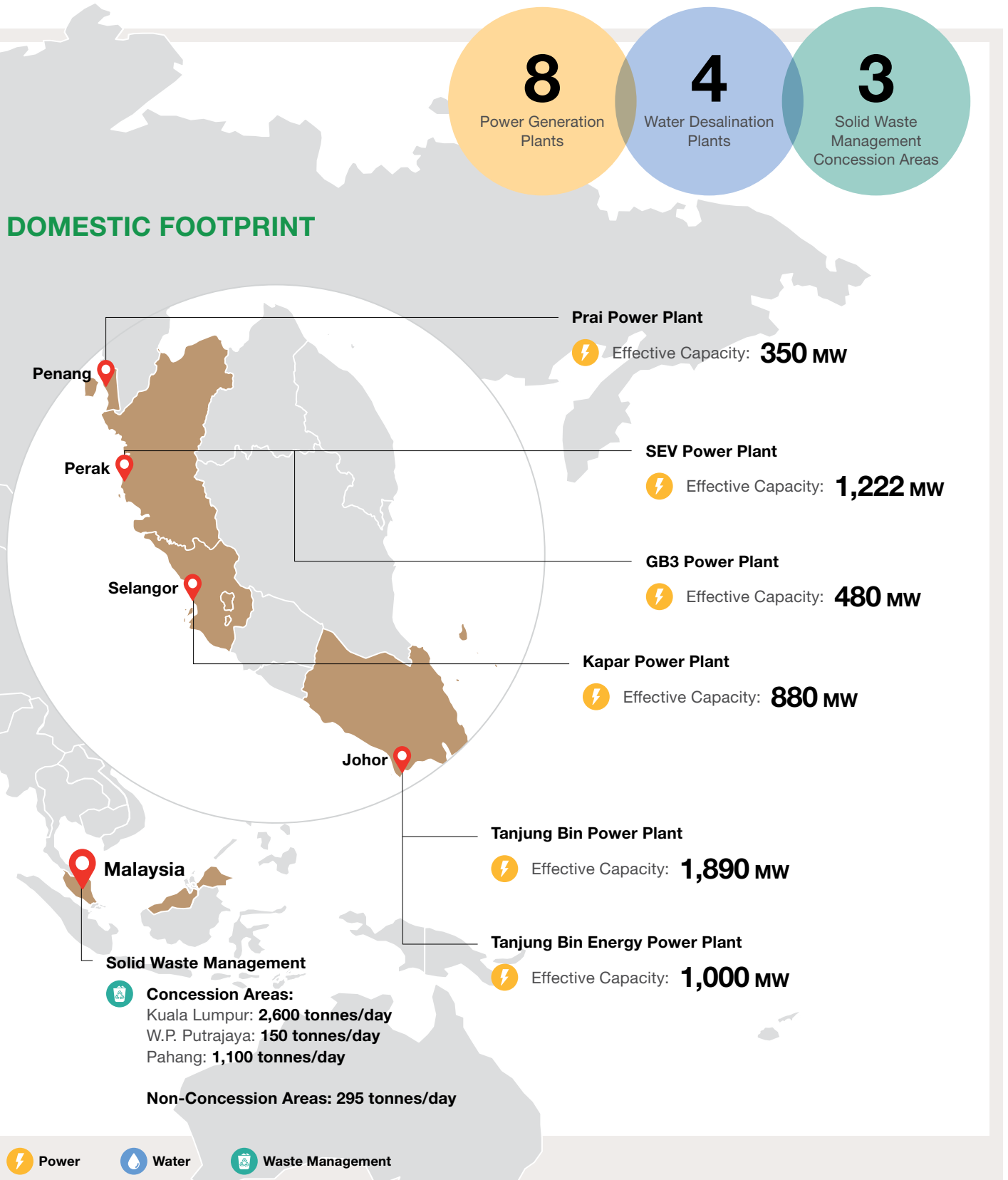
Oman

## Al-Ghubrah IWP

Effective Capacity: **62,075 m<sup>3</sup>/day****Notes:** IWP - Independent Water Project IWPP - Independent Water and Power Project \* inclusive of Concession and Non-Concession Areas

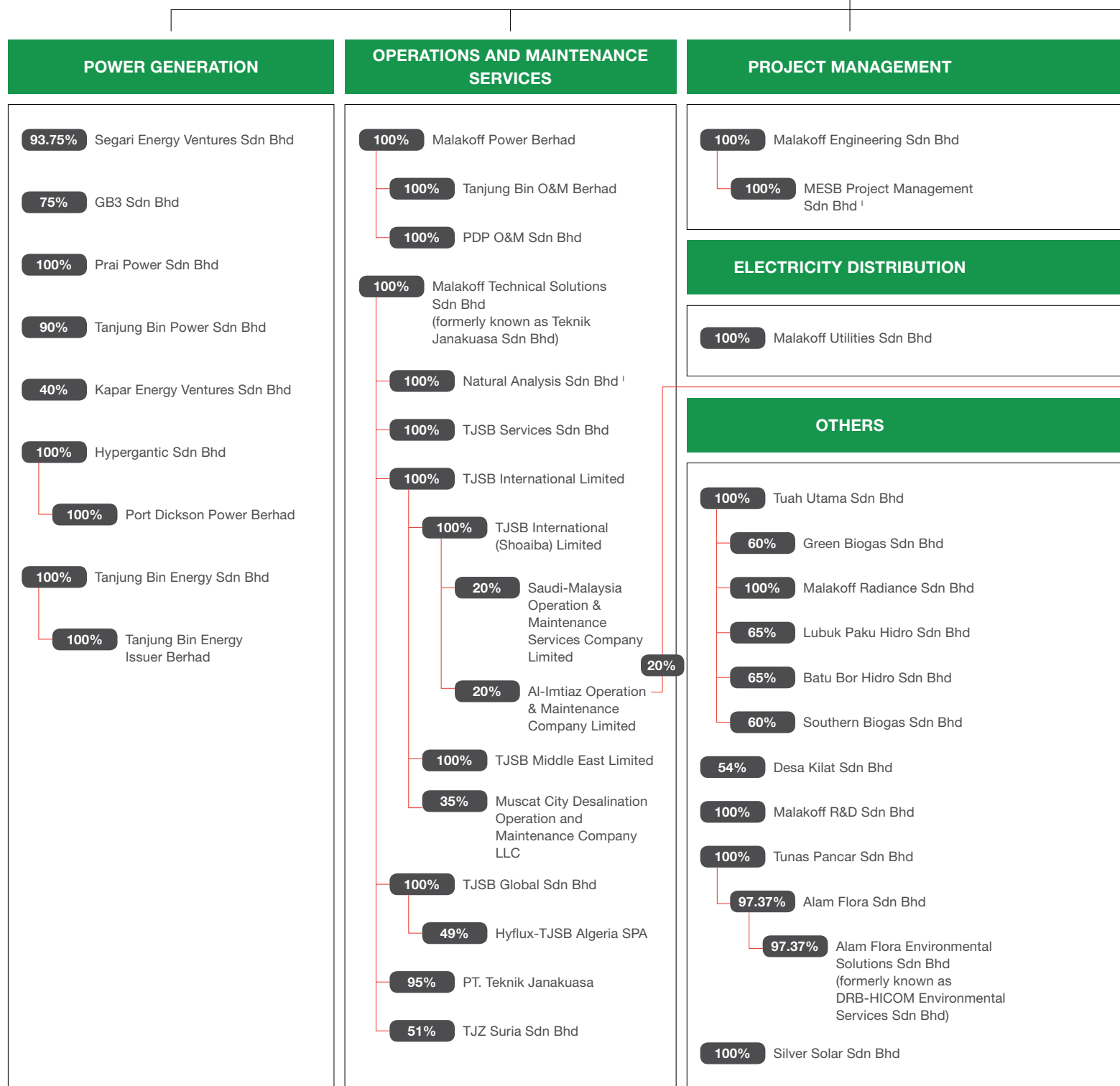
## DOMESTIC AND INTERNATIONAL FOOTPRINT

AS AT 22 FEBRUARY 2021



## CORPORATE STRUCTURE

AS AT 22 FEBRUARY 2021

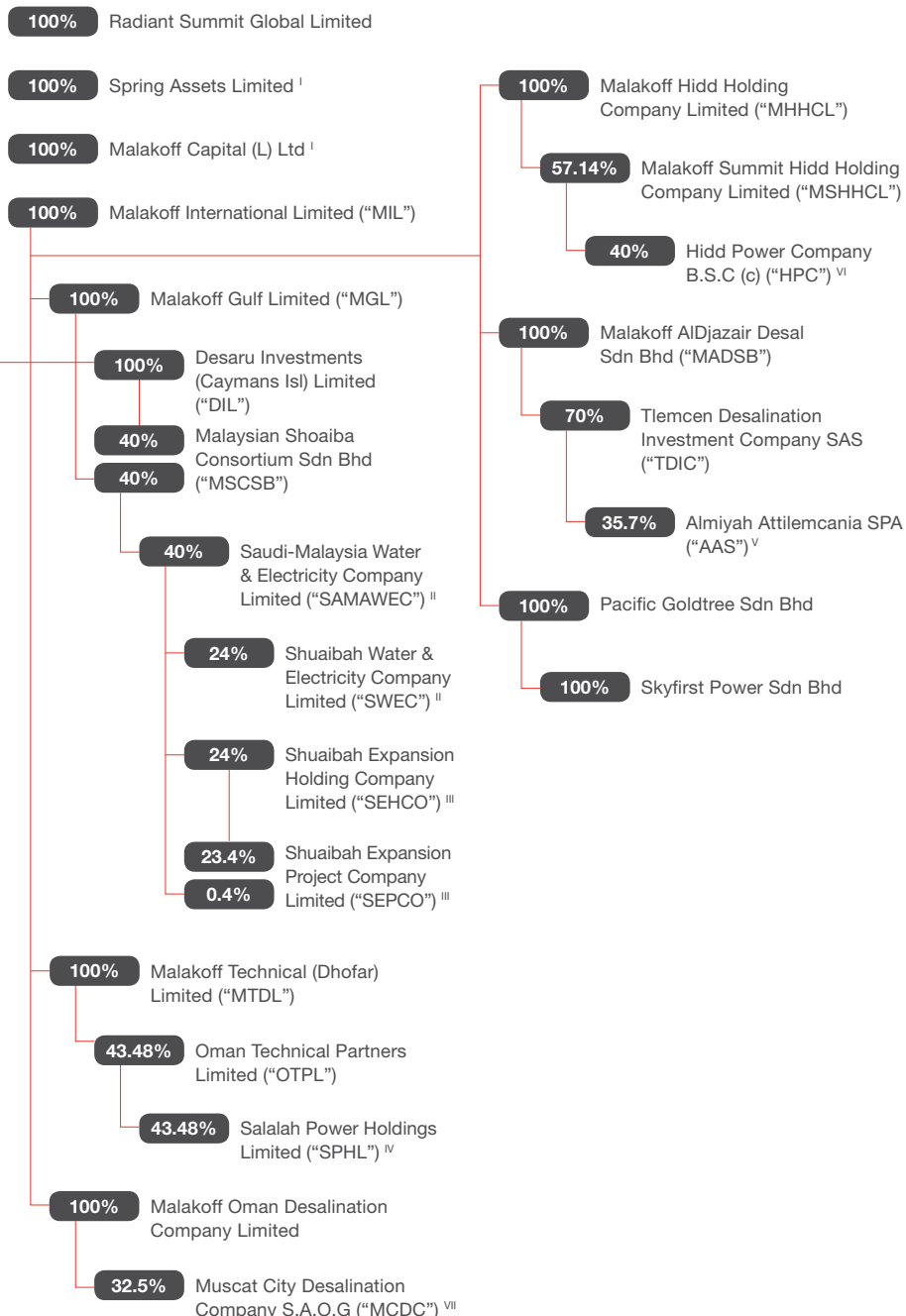




## CORPORATE STRUCTURE

AS AT 22 FEBRUARY 2021

## INTERNATIONAL



The percentage of shareholdings in the diagram represents effective equity interest of Malakoff in the respective companies

## I. Dormant

II. Malakoff's effective equity interest of 40% and 24% in SAMAWEC and SWECE respectively is held via MGL and DIL which respectively holds 40% equity interest in MSCSB which in turn holds 50% equity interest in SAMAWEC. SAMAWEC holds 60% equity interest in SWECE.

III. Malakoff's effective equity interest of 23.8% in SEPCO is held via MGL and DIL which respectively holds 40% equity interest in MSCSB which in turn holds 50% equity interest in SAMAWEC. SAMAWEC holds 60% in SEHCO which in turn holds 97.5% equity interest in SEPCO. SAMAWEC also holds a direct equity interest of 1% in SEPCO.

IV. Malakoff's effective equity interest of 43.48% in SPHL is held via MTDL which holds a direct 43.48% equity interest in OTPL which in turn holds 100% equity interest in SPHL.

V. Malakoff's effective equity interest of 35.7% in AAS is held via MADSB which holds 70% equity interest in TDIC which in turn holds 51% equity interest in AAS.

VI. Malakoff's effective interest of 40% in HPC is held via MHHCL which holds 57.14% equity interest in MSHHCL which in turn holds 70% equity interest in HPC.

VII. MCDC is a company listed on the Muscat Securities Market since 2 January 2018.

## CORPORATE INFORMATION

## BOARD OF DIRECTORS

**DATUK HAJI HASNI HARUN**

Independent Non-Executive Chairman

**ANWAR SYAHRIN ABDUL AJIB**

Managing Director/Chief Executive Officer

**DATO' SRI CHE KHALIB MOHAMAD NOH**

Non-Independent Non-Executive Director

**CINDY TAN LER CHIN**

Non-Independent Non-Executive Director

**DATUK OOI TEIK HUAT**

Non-Independent Non-Executive Director

**DATUK DR. SYED MUHAMAD SYED ABDUL KADIR**

Independent Non-Executive Director

**DATUK IDRIS ABDULLAH**

Independent Non-Executive Director

**DATUK ROZIMI REMELI**

Independent Non-Executive Director

## COMPANY SECRETARIES

**Noor Raniz Mat Nor**

(MAICSA 7061903)

**Cheryl Rinai Kalip**

(LS 0008258)

## BOARD AUDIT COMMITTEE

**Datuk Dr. Syed Muhamad Syed Abdul Kadir**Independent Non-Executive Director  
(Chairman)**Datuk Ooi Teik Huat**

Non-Independent Non-Executive Director

**Datuk Idris Abdullah**

Independent Non-Executive Director

**Datuk Rozimi Remeli**

Independent Non-Executive Director

BOARD NOMINATION AND  
REMUNERATION COMMITTEE**Datuk Haji Hasni Harun**Independent Non-Executive Director  
(Chairman)**Dato' Sri Che Khalib Mohamad Noh**

Non-Independent Non-Executive Director

**Datuk Dr. Syed Muhamad Syed Abdul Kadir**

Independent Non-Executive Director

**Datuk Idris Abdullah**

Independent Non-Executive Director

BOARD RISK AND INVESTMENT  
COMMITTEE**Datuk Idris Abdullah**Independent Non-Executive Director  
(Chairman)**Cindy Tan Ler Chin**

Non-Independent Non-Executive Director

**Datuk Dr. Syed Muhamad Syed Abdul Kadir**

Independent Non-Executive Director

**Datuk Rozimi Remeli**

Independent Non-Executive Director

## BOARD PROCUREMENT COMMITTEE

**Datuk Rozimi Remeli**Independent Non-Executive Director  
(Chairman)**Cindy Tan Ler Chin**

Non-Independent Non-Executive Director

**Datuk Ooi Teik Huat**

Non-Independent Non-Executive Director

## AUDITORS

**KPMG PLT**Level 10, KPMG Tower  
No. 8, First Avenue  
Bandar Utama,  
47800 Petaling Jaya  
Selangor Darul Ehsan

## PRINCIPAL BANKERS

CIMB Bank Berhad  
Malayan Banking Berhad  
RHB Bank Berhad  
AmBank (M) Berhad

## SHARE REGISTRAR

**Boardroom Share Registrars Sdn Bhd**Registration No: 199601006647 (378993-D)  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel : +603-7890 4700  
Fax : +603-7890 4670

## COMPANY ADDRESS

Level 7, Block 4, Plaza Sentral  
Jalan Stesen Sentral 5  
50470 Kuala Lumpur  
Tel : +603-2263 3388  
Fax : +603-2263 3333  
Website : www.malakoff.com.my

## REGISTERED OFFICE

Level 12, Block 4, Plaza Sentral  
Jalan Stesen Sentral 5  
50470 Kuala Lumpur  
Tel : +603-2263 3388  
Fax : +603-2263 3333

## FINANCIAL STATISTICS

	Group				
	2020 RM'000	2019 RM'000 (Restated)	2018 RM'000	2017 RM'000	2016 RM'000
<b>KEY OPERATING RESULTS</b>					
Revenue	<b>6,276,308</b>	7,422,272 <sup>1</sup>	7,348,230	7,130,440	6,098,420
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	<b>2,266,557</b>	2,415,655 <sup>1</sup>	2,430,386	2,722,062	2,871,278
Profit before tax (PBT)	<b>444,599</b>	534,047 <sup>1</sup>	559,173	574,506	637,541
Net profit attributable to owners of the Company (PATMI)	<b>286,581</b>	323,396	274,433	295,931	355,463
<b>KEY BALANCE SHEET ITEMS</b>					
Property, plant and equipment	<b>12,391,428</b>	12,881,334	13,443,183	13,976,303	14,604,469
Cash and cash equivalents	<b>1,062,600</b>	2,745,389	1,515,147	2,355,529	3,006,802
Other investments (deposit placements with more than 3 months maturity)	<b>3,378,157</b>	2,509,476	3,582,478	2,641,829	1,403,801
Total assets	<b>24,188,723</b>	26,538,975	28,982,069	29,879,856	30,263,536
Total borrowings	<b>10,882,094</b>	12,398,145	15,200,432	15,830,981	17,536,848
Total liabilities	<b>17,744,012</b>	19,863,728	22,317,615	23,001,336	24,132,241
Share capital	<b>5,693,055</b>	5,693,055	5,693,055	5,693,055 <sup>2</sup>	500,000
(Accumulated losses)/Retained profits	<b>(348,468)</b>	(237,857)	(82,425)	(19,007)	112,335
Shareholders' equity	<b>5,307,909</b>	5,509,731	5,644,768	5,852,950	5,915,712
<b>SHARES INFORMATION</b>					
Basic earnings per share (sen) <sup>3</sup>	<b>5.86</b>	6.62	5.56	5.92	7.11
Diluted earnings per share (sen) <sup>3</sup>	<b>5.86</b>	6.62	5.56	5.92	7.11
Dividend (sen)	<b>5.10</b>	6.55	5.60	6.20	7.00
Net assets per share (RM) <sup>4</sup>	<b>1.09</b>	1.13	1.15	1.17	1.18
<b>FINANCIAL RATIOS</b>					
Return on assets (%)	<b>1.18</b>	1.22	0.95	0.99	1.17
Return on equity (%)	<b>5.40</b>	5.87	4.86	5.06	6.01
EBITDA margin (%)	<b>36.11</b>	32.55	33.07	38.18	47.08

<sup>1</sup> 2019 key operating results include the results of Malakoff Australia Pty. Ltd ("MAPL") group presented as discontinued operations in the Financial Statements.

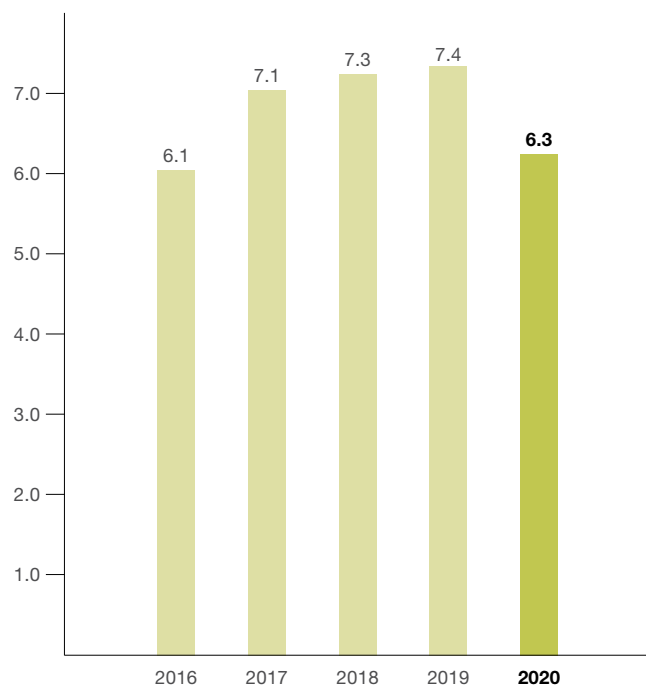
<sup>2</sup> In accordance with section 618(2) of the Companies Act 2016, all amount outstanding to the credit of the Company's share premium and capital redemption reserves accounts have been consolidated into share capital account.

<sup>3</sup> Based on weighted average number of ordinary shares of 4,886,961,300 (2019: 4,887,313,000; 2018: 4,932,031,000; 2017: 4,999,937,000; 2016: 5,000,000,000).

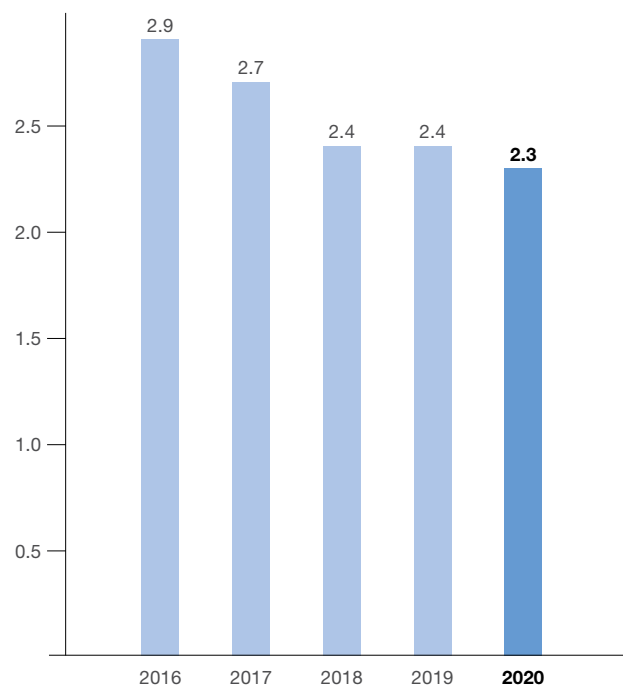
<sup>4</sup> Based on number of ordinary shares of 4,886,961,300 (2019: 4,886,961,300; 2018: 4,888,221,000; 2017: 4,998,175,600; 2016: 5,000,000,000).

## FINANCIAL STATISTICS

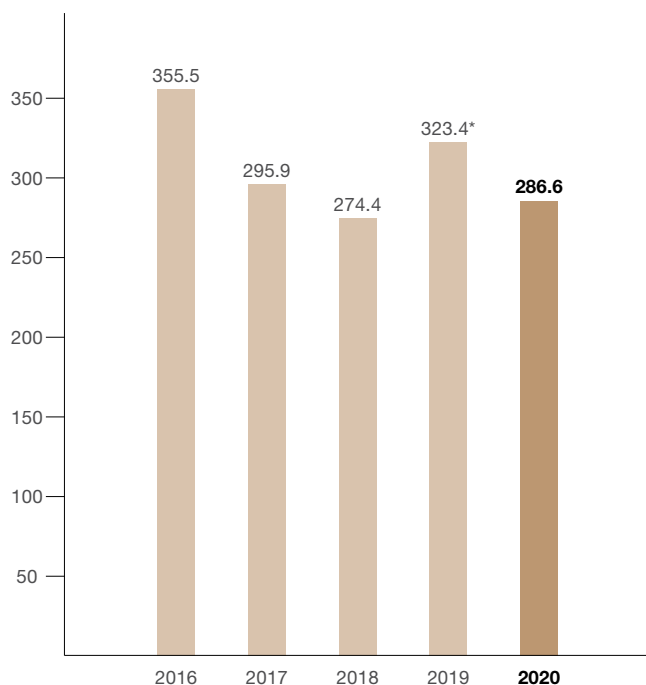
REVENUE (RM billion)



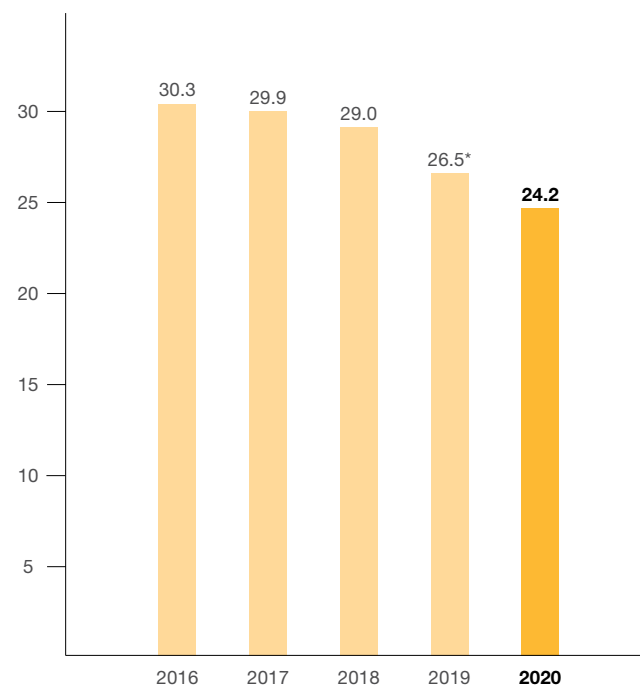
EBITDA (RM billion)



PATMI (RM million)



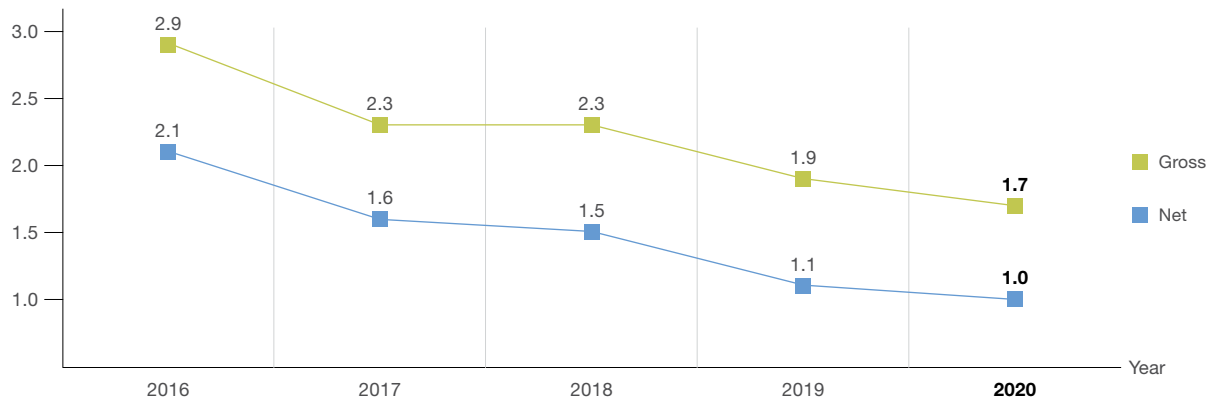
TOTAL ASSETS (RM billion)



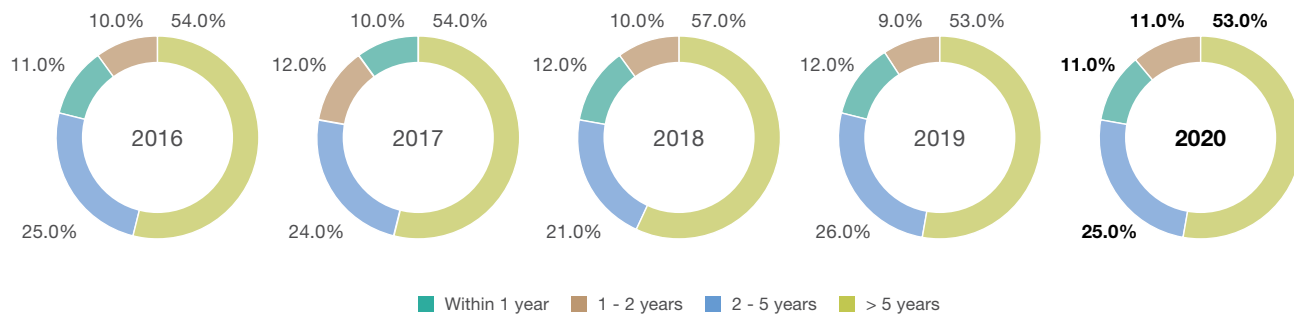
\* Following completion of the purchase price allocation for the acquisitions of a subsidiary and a joint venture as disclosed in Note 43 of the financial statements.

## FINANCIAL STATISTICS

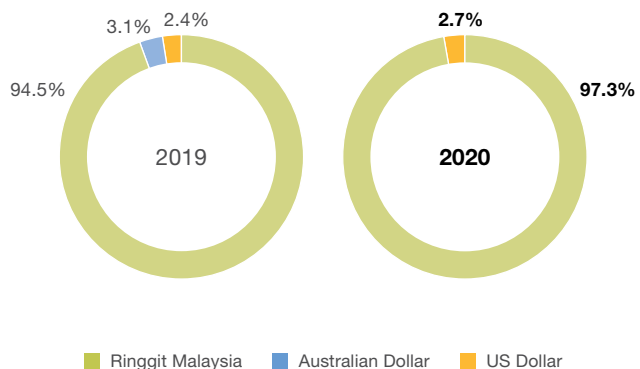
## GEARING RATIO (x)



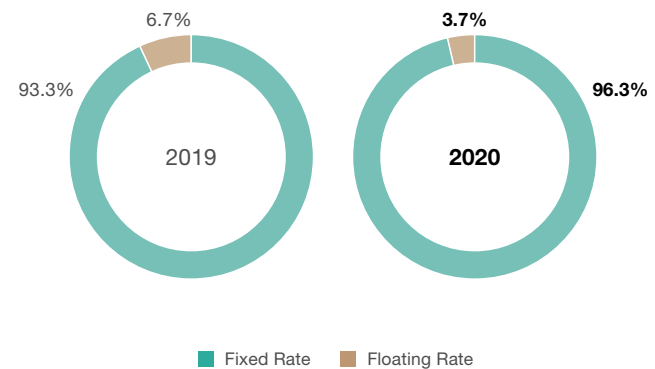
## DEBT MATURITY (%)



## DEBT PROFILE BY FOREIGN CURRENCY (%)



## DEBT PROFILE BY INTEREST RATE TERMS (%)





## CHAIRMAN'S STATEMENT

## DEAR SHAREHOLDERS,

On behalf of the Board of Directors ("the Board"), I am pleased to present to you Malakoff Corporation Berhad's ("Malakoff" or "the Group") Annual Report 2020 and audited financial statements for the financial year ended 31 December 2020 ("FY2020").

Despite the intense and unprecedented challenges that the world faced as a result of the Covid-19 pandemic, Malakoff continued on course with measures and plans we had charted within the ambit of its three Strategic Pillars to record a resilient performance in FY2020. We have relied on our robust business fundamentals to continue to create sustainable value for our ecosystem of stakeholders, as we focused on growing our profitability.

### RESILIENT BUSINESS MODEL

2020 has been one of the most challenging years thus far, as both businesses and communities grappled with the far-reaching impacts of the Covid-19 pandemic. In Malaysia, the Government announced a Movement Control Order ("MCO") on 18 March 2020 which resulted in the shutdown of industries and businesses, except for those considered as essential services. As an energy provider, the Group was considered as an "essential services" business, and therefore continued with its operations throughout various cycles of the MCO.

The Group responded in a timely manner to the new norm by implementing its Business Continuity Plan ("BCP"), across all its business units, which outlined their responses and recovery activities during the crisis to ensure the continuity of business functions and operations. We also relied on the Pandemic Response Procedure, which was the Standard Operating Procedures ("SOPs") to manage the Covid-19 outbreak at our offices and plants. We developed SOPs that laid out comprehensive preventive measures to safeguard the well-being of our workers who were required to continue with onsite work throughout the pandemic.

The nationwide lockdown had led to a reduction in commercial demand for energy, which unfortunately was not offset by the increase in demand from the residential segment. Against this difficult landscape, the Group's FY2020 revenue reduced by 15.44%



## CHAIRMAN'S STATEMENT

## REVENUE

(RM million)

**6,276.31**

## PATMI

(RM million)

**286.58**

## DIVIDEND

(sen)

**5.10**

Year-on-Year ("YoY") to RM6,276.31 million. This was mainly due to lower energy payments from Tanjung Bin Power Sdn Bhd ("TBP") and Tanjung Bin Energy Sdn Bhd ("TBE") coal plants as a result of a reduction in the Applicable Coal Price ("ACP"). The decline in revenue was also attributed to lower energy payments from Segari Energy Ventures Sdn Bhd ("SEV") gas plant which was impacted by a decrease in the dispatch factor. However, these were partially cushioned by revenue contribution from Alam Flora Sdn Bhd ("Alam Flora"), the newly acquired subsidiary. Profit After Tax and Minority Interests ("PATMI") reduced by 11.39% YoY to RM286.58 million as a result of the absence of one-off gains from the Macarthur Windfarm ("Macarthur") disposal and the re-measurement of investment upon acquisition of an additional 12.0% equity interest in Shuaibah Phase 3 Independent Water and Power Project ("IWPP"). Both transactions were completed in FY2019.

Malakoff's diversified business portfolio, which encompasses power and water production, now includes waste management & environmental services, a key business sector undertaken by its subsidiary Alam Flora. In FY2020, Alam Flora was able to leverage on its expertise in offering cleaning services within its concession areas of Kuala Lumpur, Putrajaya and Pahang, by successfully pivoting its business model to capture new opportunities in providing disinfection and sanitisation services to assist the Government in containing the spread of the Covid-19 pandemic.

Since inception, the Group has been at the forefront of contributing towards powering national growth through its power generation plants in Malaysia. In line with energy trends that are redefining the world towards a low carbon economy and a greener future that mitigates the impacts of climate change, we are firmly committed to transitioning our business to the lower carbon world, and develop solutions aligned with our sustainability ambitions.

A key expansion strategy Malakoff is focusing on to provide clean energy solutions is venturing into the Renewable Energy ("RE") segment. We secured three key rooftop solar projects during the year, the 2.66 MW project for Johor Port Berhad on 10 June 2020, the 4.93 MW project for Northport (Malaysia) Berhad on 4 September 2020, and the 2.34 MW project for PMB Properties Sdn Bhd on 30 October 2020. Following the Feed-In-Tariff ("FiT") approvals for two small hydro projects that were awarded to our Special Purpose Vehicles ("SPVs") Batu

Bor Hidro Sdn Bhd and Lubuk Paku Hidro Sdn Bhd by the Sustainable Energy Development Authority ("SEDA") in December 2019, these SPVs have now entered into its respective Renewable Energy Power Purchase Agreement ("REPPA") with Tenaga Nasional Berhad ("TNB") with a targeted project completion date of April 2025. We were also successful in the bid for a second biogas power plant in Johor by our subsidiary, Southern Biogas Sdn Bhd ("SBSB") in November 2020.

## DIVIDENDS

At the Group's half-year results, the Board declared an interim dividend of 2.80 sen per ordinary share, which was paid in October 2020.

Given the resilient performance of the Company throughout the year under exceptional circumstances, the Board has approved a final dividend of 2.30 sen per ordinary share. The final dividend will be paid in June 2021. This distribution will bring the total dividends in respect of FY2020 to 5.10 sen per ordinary share, translating to a total dividend payout of RM249.24 million.

The Board remains committed in delivering sustainable dividends, in line with the Group's dividend policy of distributing not less than 70.0% of its consolidated PATMI.

## STRENGTHENING CORPORATE GOVERNANCE

Malakoff has always maintained an unswerving commitment to the highest levels of good corporate governance. With FY2020 presenting a host of challenges on several fronts, the Board stepped up on its governance function to maintain strict overview of all matters relating to the strategic growth of the Group.

A key move during the year was enhancing our governance and integrity in line with the new Section 17A of the Malaysian Anti-Corruption Commission Act. Section 17A came into effect in June 2020, imposing corporate liability for commercial organisations. We have established an Integrity and Governance Unit ("IGU") which is responsible for the implementation of the integrity and anti-bribery function and provides independent reporting to the Board of Directors on these matters.

We were certified by SIRIM for ISO 37001:2016 Anti-Bribery Management System ("ABMS") in November 2020. As part of the move towards obtaining the certification, we conducted Corruption Risk Assessment Workshops for all our business units and power plants, to identify any gaps and further enhance the existing control measures.

## CHAIRMAN'S STATEMENT

### DRIVING OUR SUSTAINABILITY AGENDA

As a responsible and sustainable business, Malakoff has been taking positive steps towards mitigating its business' environmental impact. In order to combat the effects of climate change, cleaner energy is an imperative for the future we are gearing towards. The Group's focus on RE growth is premised in answering this sustainability need.

Alam Flora's addition into the fold has further strengthened the Group's ability to deliver on its sustainability agenda. As one of the leading integrated environmental management companies in Malaysia, Alam Flora and its subsidiary, Alam Flora Environmental Solutions Sdn Bhd ("AFES", formerly known as DRB-HICOM Environmental Services Sdn Bhd), have been steadily implementing various green initiatives and programmes that embrace environmentally friendly cleaning activities, encourage the public to recycle, and promote the growth of the circular economy. Our efforts support the Government's National Cleanliness Policy, as well as national targets that have been set for recycling.

Among the key initiatives in FY2020 was the launch of the *Fasiliti Inovasi Kitar Semula* ("FIKS") in Putrajaya. A first of its kind in Malaysia, FIKS is a 5R (Refuse, Reduce, Reuse, Recycle and Recovery) awareness and education centre which also houses an Integrated Recycling Facility ("IRF") that functions to collect and segregate recyclable waste such as papers, plastics, aluminium and even used cooking oil, for repurposing activities. As part of its Waste-to-Energy ("WTE") initiatives, the IRF also processes food waste into biofuel, using the 'anaerobic digestion' process.

Leveraging on FIKS' sustainability efforts, Alam Flora has also developed an integrated waste management model for Malaysia Airport Holdings Berhad ("MAHB"), being one of its sustainability partners. Tons of waste collected daily from the Kuala Lumpur International Airport ("KLIA"), are sent to its Material Recovery Facility ("MRF") for recyclable waste recovery and other recycling purposes. Through these innovative solutions, Malakoff is contributing towards a greener future for all. We intend to maintain our momentum in this space, and moving into the future, will be focusing on WTE as another source of green energy.

### CONTRIBUTING TO OUR COMMUNITIES

The Covid-19 pandemic had adverse impacts on our communities, as the economic recession has led to many businesses floundering and people losing their employment. As part of its Corporate Social Responsibility ("CSR") commitment, the Group has always maintained its efforts to contribute towards uplifting the lives of communities in need. In FY2020, we continued to channel our philanthropic donations to disadvantaged and needy communities, by providing them with essential items such as food, face masks and sanitisers. To show our appreciation towards the medical front liners who put themselves at risk to attend to the health needs of the nation, we also made donations and contributions in kind to front liners at Hospital Sg Buloh.

On another front, our wholly owned subsidiary Malakoff Utilities Sdn Bhd ("MUSB") applied for and received the Financial Operation Discount

announced by the Government as part of the Conditional MCO ("CMCO") Relief Claim. The RM2.48 million claim which was approved by the EC, was subsequently distributed to all MUSB customers, to provide them some financial relief during economically trying times.

### AWARDS AND ACCOLADES

In FY2020, the Group was honoured with a spectrum of awards, testament to its ability to create sustainable value, whilst maintaining the highest standards of operational excellence.

Malakoff won a total of four awards at the Alpha Southeast Asia's 10<sup>th</sup> Annual Institutional Investor Corporate Awards 2020. The Group emerged as the winner in the 'Most Improved Investor Relations' and 'Best Strategic Corporate Social Responsibility' categories, and clinched second place in the 'Most Organised Investor Relations' and 'Best Senior Management IR Support' categories, making it one of the top winners from Malaysia. The awards were based on the first and only investor poll in Southeast Asia, with votes coming from institutional investors and analysts across the region as well as the United States and Europe. The awards recognise the Group's stellar performance and leadership in financial management, investor relations, corporate governance and CSR.

Malakoff was also honoured with two Gold Awards at the Regional Innovation Showcase on Team Excellence ("RISTEx") 2020 organised by Malaysia Productivity Corporation ("MPC") on 30 September 2020. The awards were in recognition of two of our plant projects, namely TBP Minor Outage Cost Optimisation and Lumut Power Plant ("LPP") Inventory Value Optimisation. The recognition is indeed timely as we have been at the forefront of conducting several operational efficiency initiatives Group-wide. These two projects were also recognised at the Annual Productivity and Innovation Conference and Exposition 2020 held on 27 November 2020, where we received 5 STAR Awards.

Validating our exemplary health and safety culture, Malakoff received a number of recognitions at the Malaysian Society of Occupational Safety and Health Awards 2020 in October. Prai Power Sdn Bhd ("Prai") obtained the 'Gold Merit' award, while LPP received the 'Gold Class I' award. As for TBP and TBE, both were awarded with the 'Gold Class II' award.

Meanwhile, Alam Flora was honoured with the 'Best Practices Award 2020 Malaysia Waste Management Company of The Year (Asia Pacific)', by renowned global research and consulting firm, Frost and Sullivan. Alam Flora was also bestowed with two awards at the Global Business Leadership Awards 2020 organised by the Asia Pacific Business Council for Sustainability and its international partner, Institute of Sustainability. Alam Flora was conferred with the 'Excellence in Waste Management' award while its subsidiary AFES was honoured with the 'Excellence in Facilities Management' award.

Adding to this, Alam Flora won the River of Life Public Outreach Programme Phase 5 Award 2020 under the 'Industry, Corporate and Developers' category. The award was presented by the Department of

## CHAIRMAN'S STATEMENT



- **Most Improved Investor Relations (1<sup>st</sup> Place)**
- **Best Strategic Corporate Social Responsibility (1<sup>st</sup> Place)**
- **Most Organised Investor Relations (2<sup>nd</sup> Place)**
- **Best Senior Management Investor Relations Support (2<sup>nd</sup> Place)**

Alpha Southeast Asia's 10<sup>th</sup> Annual Institutional Investor Corporate Awards 2020

- **5 STAR Awards**

By the Annual Productivity and Innovation Conference and Exposition 2020

- **Best Practices Award 2020  
Malaysia Waste Management Company  
of The Year (Asia Pacific)**

By Frost and Sullivan

Irrigation and Drainage ("DID") Malaysia and the Global Environment Centre ("GEC") during a virtual awards ceremony held on 9 November 2020. The award recognises Alam Flora's contribution to enhancing, protecting and contributing positive impact environmentally towards the River of Life initiative.

## PROSPECTS

As we head into FY2021, we are hopeful that the dissemination of vaccines throughout the world and in Malaysia will lead to an uptick in the global economy. The World Bank has projected 6.70% growth for Malaysia in the year ahead, to bounce back from an economic contraction of 5.80% in 2020. RE has been identified as one of the key areas of growth in the energy industry, both internationally as well as within Malaysia. The demand for power will continue to increase, as consumption increases in the longer term. Within Malaysia, the number of WTE plants are also set to expand, as the Government has announced its target of six WTE plants in the country by 2025.

Leveraging on our stellar reputation in the market place as a sustainable energy player, the Group will capture opportunities available in the next normal. Among the new growth areas, we will focus our strategic expansion in securing bids for RE and WTE plants. As for our international business especially in the Middle East and North Africa ("MENA") region, we will continue to explore and pursue potential investments in the power and water industry which will provide lucrative returns.

Complementing our business development drive is our continued focus on strengthening our risk management approach to augment our business resilience. In order to continue creating value within our operations and for our stakeholders, we will maintain strict focus on our cost savings and operations optimisation programmes.

We remain optimistic that our focused strategic execution will continue to build long-term and meaningful value for our shareholders and stakeholders.

## ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to convey our gratitude to our previous Chief Executive Officer ("CEO"), Dato' Ahmad Fuaad Kenali for his years of service at Malakoff. Dato' Ahmad Fuaad has left the Group effective 31 October 2020 in order to pursue other career opportunities. Taking his place is our new Managing Director/Chief Executive Officer ("MD/CEO") Encik Anwar Syahrin Abdul Ajib, whom I would like to welcome on board to the Malakoff family. We look forward to his leadership, as he leverages on his business acumen and industry insights to propel the Group forward in its growth trajectory.

We also wish to record our deepest appreciation to our valued shareholders and stakeholders, especially governmental and regulatory authorities, for their sustained support and trust in the Group. To all Warga Malakoff, we thank you from the bottom of our hearts for your perseverance and dedication to your job, especially during the challenging circumstances that FY2020 presented.

On behalf of the Group, I would like to record my sincere appreciation to my fellow Board members, for their continued commitment to steer the Group forward through stormy waters, by sharing their valuable insights and perspectives.

The Group firmly believes that it is well positioned to sustain its future growth in the years to come, based on the strength of its business fundamentals and its organisational fortitude. We look forward to continuing with our value creation journey with all our stakeholders.

Thank you and wasalam.

## DATUK HAJI HASNI HARUN

Chairman



## MANAGEMENT DISCUSSION &amp; ANALYSIS

## DEAR SHAREHOLDERS,

The Group recorded a satisfactory performance for FY2020, demonstrating its business resilience in the face of adverse headwinds that arose as a result of the Covid-19 pandemic during the year. Our robust business fundamentals enabled us to maintain our positive growth trajectory, as we continued with our endeavours to create sustainable value to ensure long-term business growth and profitability.

Notwithstanding the challenging business environment, the Group posted a revenue and PATMI of RM6,276.31 million and RM286.58 million, respectively for FY2020 driven by the maiden full-year contribution from Alam Flora and higher contribution from its associates.

Our steady performance across both our international and domestic operations was the outcome of our focused approach in furthering our strategy towards achieving our vision to be a premier global power and water company. Our strategic business decisions and operational improvements have augmented our business fundamentals, whilst contributing to our long-term business sustainability.



### A CHALLENGING OPERATING LANDSCAPE

The Covid-19 pandemic has caused enormous uncertainties in terms of public health and safety. Global lockdowns led to the closure of almost all industrial operations as well as public and business premises, except for those designated within the category of “essential services”. The global economy spiralled into a depression, with Gross Domestic Product (“GDP”) contracting by 3.50%<sup>1</sup> according to the International Monetary Fund.

In the international power industry, global energy demand significantly dropped by 6.0% YoY, with lockdowns resulting in weaker electricity demand in both the industrial and commercial sectors. Wholesale electricity prices were lower across the board, increasing pressure on power generating companies worldwide. Disruptions in the global supply chain led to delays in the progress of RE projects due to a lack of availability of equipment as well as capital. There were also constraints in terms of workers’ travel due to restrictions in movement.



## MANAGEMENT DISCUSSION &amp; ANALYSIS

**PBT**

(RM million)

**444.60****EBITDA**

(RM million)

**2,266.56****Earnings Per Share**

(sen)

**5.86**

Closer to home, the overall electricity consumption in Peninsular Malaysia fell by 4.90% in 2020 as businesses halted their economic activities in adherence to the Government's stay-at-home directive. While residential demand for electricity increased with people spending more time at home as they pivoted to Work From Home ("WFH") arrangements implemented by companies in line with social distancing requirements and movement restriction orders, the rise in residential demand was outweighed by the significant slump in commercial and industrial demand. By the third quarter of FY2020, energy demand started normalising as regional economies slowly started resuming business and social activities, as lockdowns eased.

Despite these multi-faceted challenges, Malakoff was not substantially impacted by the pandemic, as the Group was designated as an "essential services" provider by the Government during the MCO period that was initially announced in March 2020. However, there were some operational impacts as a result of the potential risk of infection and travel restrictions. In particular, travel restrictions affected Scheduled Outage works planned for the year, placing limitations in terms of obtaining local resources, equipment, chemical supplies and technical expertise. In order to minimise the risk of infection, Malakoff implemented Split-Team Working ("STW") and WFH arrangements for its employees at its headquarters in Kuala Lumpur ("KLHQ") and its power plants in Prai, Lumut and Tanjung Bin aside from those who are directly involved in operations. The Group implemented strict SOPs in adherence to the Government guidelines issued to contain the spread of the virus.

Notwithstanding the short-term impacts of the pandemic, within the global power industry, three key trends have emerged that are shaping sectoral transformation. These comprise decarbonisation, the greater utilisation of decentralised energy networks, and digitalisation. The move towards decarbonisation is fuelled by climate change concerns, along with power generation companies seeking lower operating costs as they pivot towards a more sustainable business model. In the international landscape, distributed energy networks are becoming increasingly decentralised, with consumers preferring to manage their own energy portfolio.

Through advanced technologies rolled out under the Fourth Industrial Revolution ("IR 4.0"), automation is now playing a much greater role as power companies leverage on analytics to manage demand-supply metrics and chains. As a result of these trends, it is estimated that by 2050, the share of RE in overall electricity generation will rise to 85.0% from 20.0% in 2017, mostly through growth in solar and wind power generation<sup>2</sup>. The pandemic has accelerated the shift towards RE, in line with aspirations for a low carbon economy. As a result of this, the very nature of the power value chain is being redefined, encompassing electricity generation, distribution and global trade.

In Malaysia, SEDA has outlined the National Renewable Energy Policy to achieve 20.0% RE capacity mix by 2025. SEDA is driving this through a variety of different programmes, such as implementing Enhanced Net Energy Metering ("NEM"), Large Scale Solar ("LSS") Programmes and establishing RE Facilitation Programmes within the country. Towards strengthening the transition towards RE, SEDA has also laid out the Renewable Energy Transition Roadmap ("RETR") 2035 as the strategic roadmap to achieve this objective. As at end FY2020, the domestic power mix was approximately 42.0% for coal, 40.0% for gas, 9.0% for RE, 8.0% for hydro and 1.0% for others<sup>3</sup>.

**Sources:**<sup>1</sup> IMF World Economic Outlook Update, Jan 2021<sup>2</sup> IRENA<sup>3</sup> EC's 2019 Generation Development Plan

## MANAGEMENT DISCUSSION & ANALYSIS

### ENSURING BUSINESS CONTINUITY

On 18 March 2020, the Malaysian Government announced the MCO, the first in various ongoing cycles of lockdowns and movement restrictions that were implemented to ensure public health and safety. All business and industrial premises were ordered to be closed down, except for those considered as “essential services” providers, of which Malakoff was one of them.

The Group responded swiftly to the change in circumstances by forming the Covid-19 Task Force as part of its BCP. We prioritised the safety and well-being of our employees and their families in the new normal, as we continued with our plant operations to generate power for the nation, as well as provide waste management and public cleaning services. While our power plants and waste collection services operated as usual, the reduction in electricity demand affected the dispatch of electricity during this period.

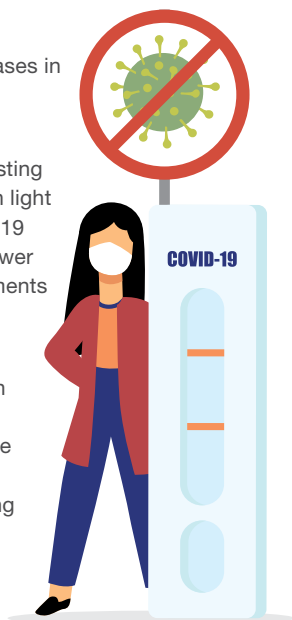
In addition to maintaining its solid waste management activities, Alam Flora was also actively involved in providing sanitisation and disinfection services to support the Government’s efforts to contain the spread of the Covid-19 pandemic.



#### COVID-19 TASK FORCE

Malakoff formed the Covid-19 Task force as soon as the National Security Council announced the MCO on 18 March 2020. Members of the Task Force comprised representatives from a cross-section of departments, namely Health, Safety, Security and Environment (“HSSE”), Risk Management, Corporate Communications, Human Capital, Business Process Improvement and Plant Operations, to ensure that the Group would be able to identify and assess Covid-19 related risks in a holistic manner throughout the entire organisation, and across all aspects of its business and operations. The Task Force was responsible for Malakoff’s Covid-19 response and management approach which included the following aspects:

- ✓ Monitor and update the development of Covid-19 cases in areas of our operation
- ✓ Review the adequacy of existing Business Continuity Plans in light of the impacts of the Covid-19 pandemic, including manpower planning and work arrangements
- ✓ Implemented Pandemic Response Procedures which included:
  - Covid-19 Prevention at the Workplace
  - Covid-19 Social Distancing Advisory
  - Covid-19 Contact Tracing Procedure



#### What We Did to Safeguard Our Employees

We implemented STW arrangements for all employees located at our headquarters in KLHQ who either held supporting roles or were not directly involved in our operations and projects. STW involved segregating employees into different working teams, that would rotate between working at the office and WFH. The scheduling of the teams and their rotations was managed by the respective Heads of Divisions/Departments based on their business requirements. The Heads of Divisions/Departments were required to submit their respective split teams’ plan and schedule to the Human Capital Division for record and reference purposes.

Employees on STW and WFH arrangements were subject to normal working hours in accordance with our Employee Handbook and were required to do so in adherence to the WFH guidelines developed. Should any critical need arise, Management made it clear to employees that they would be required to return to the office during the WFH period. Online meetings and work collaborations were effected through Microsoft Teams which was utilised to share documents, conduct discussions, meetings, online training sessions, webinars and other business communication purposes. Training and support for Microsoft Teams’ was provided by Microsoft’s support teams, as coordinated by the Information Technology (“IT”) Department.

Additionally, we also enhanced our HSSE initiatives to ensure the health and safety of our employees. These included awareness programmes and work guidelines such as “HSSE Alert: A Quick Reminder In The Workplace During Covid-19” and “HSSE Awareness: A Novel Coronavirus Outbreak Alert and Work Guidelines During CMCO”, among others. Our Corporate Communications Department also provided daily Covid-19 updates to our employees to increase awareness and remind employees on the SOPs and preventive measures.

## MANAGEMENT DISCUSSION &amp; ANALYSIS

## FINANCIAL REVIEW

In FY2020, Malakoff's revenue declined by 15.44% YoY to RM6,276.31 million, as a result of lower energy payments from TBP and TBE coal plants on the back of a reduction in the Applicable Coal Price ("ACP"). Revenue was also impacted by lower energy payments from the SEV gas plant which was impacted by a decrease in the dispatch factor. However, these were partially cushioned by revenue contribution from Alam Flora, the newly acquired subsidiary.

The Group's PATMI for the year under review declined by 11.39% YoY to RM286.58 million due to the absence of one-off gains from the disposal of Macarthur and the re-measurement of investment upon acquisition of an additional 12.0% equity interest in Shuaibah Phase 3 IWPP. These were partially offset by the absence of the effects of net impairment loss on the carrying value of the Group's investment in its 40.0%-owned associate Kapar Energy Ventures Sdn Bhd ("KEV") in December 2019. It was also moderated by higher contributions from associates and joint ventures primarily

due to the absence of KEV's share of losses and better earnings from Shuaibah following the increase in the Group's indirect equity interest from 12.0% to 24.0%. Additionally, we had registered a full-year contribution from our newly acquired subsidiary Alam Flora.

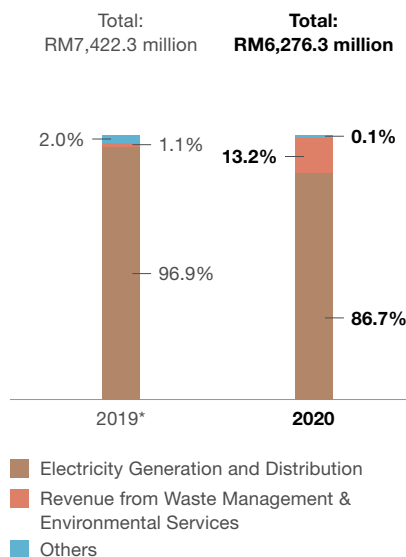
Correspondingly, the Group's earnings per share decreased by 11.48% YoY to 5.86 sen per share. We continued with our focused approach towards prudent cost management. The Group maintained a resilient balance sheet as a result of stringent capital management to maintain its gearing at healthy levels of 1.7x for Gross Gearing Ratio and 1.0x for Net Gearing Ratio. Our cash balance remains strong at RM4.44 billion as at 31 December 2020.

The majority of our capital expenditure for the year was spent on the maintenance of the SEV, Prai and TBP power plants, at approximately RM206.50 million, while another RM196.30 million was spent mainly on replacing assets and plant improvement initiatives at TBP as well as purchase of land for planned RE projects.

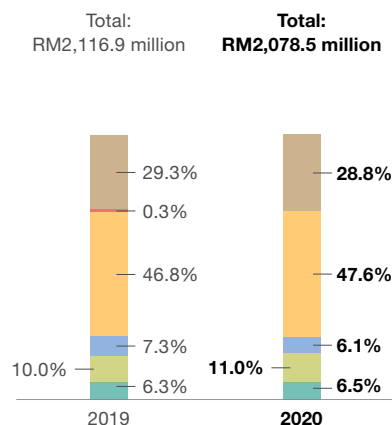
## Our Revenue Mix in FY2020

Our overall revenue is derived from Power Generation and Distribution, Service Concession Agreements and Others. Revenue within the Power Generation and Distribution consist of Capacity Income, Energy Income, Daily Utilisation Payment and Revenue from MUSB. As for Others segment, this is largely presented by Finance Lease Income, Rental Income and O&M Fees.

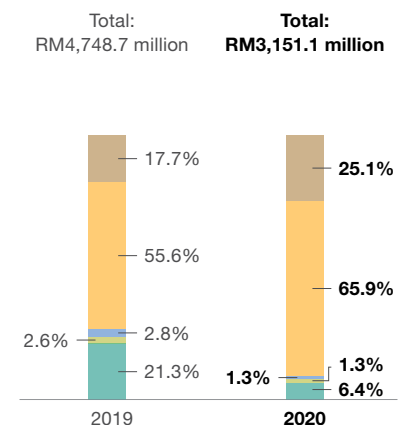
## Revenue (%)



## Capacity Income (%)



## Energy Income (%)



\* FY2019 revenue includes MAPL group financial results which is presented as discontinued operations in the financial statements.

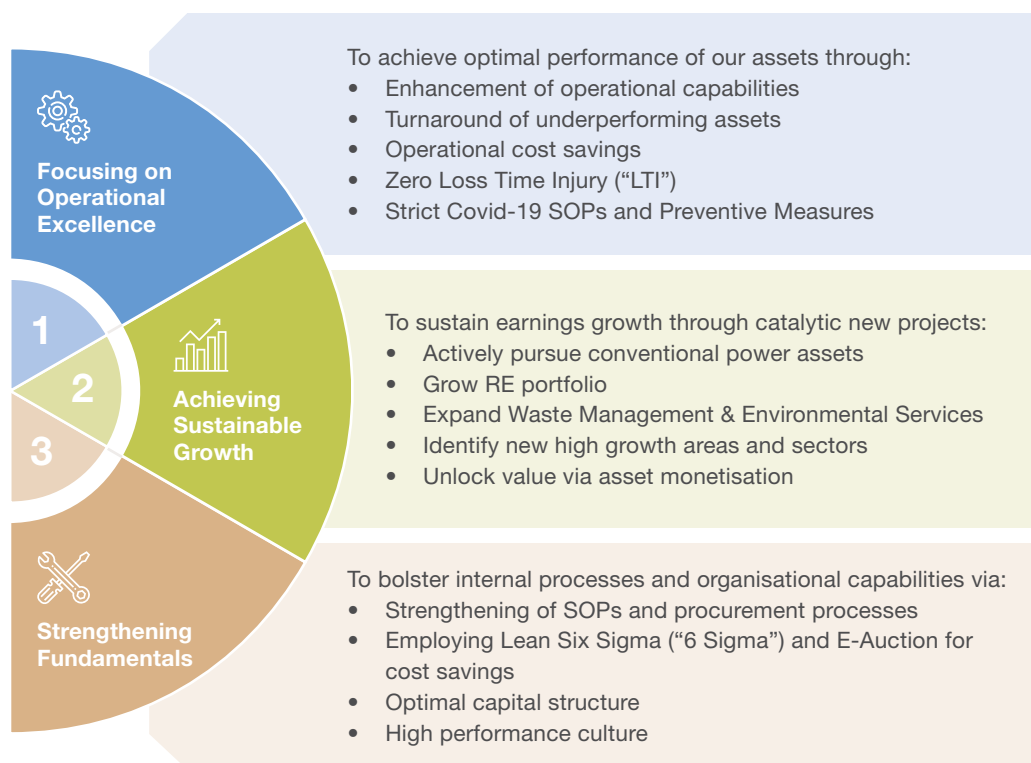
## MANAGEMENT DISCUSSION &amp; ANALYSIS

## ACHIEVING OUR STRATEGIC OBJECTIVES

The Group has crafted three Strategic Pillars that guide it towards achieving its vision to become a premier global power and water company, namely, Focusing on Operational Excellence, Achieving Sustainable Growth and Strengthening Fundamentals. In line with this, we have set ourselves strategic targets of achieving 10,000 MW of power generation capacity, 1,000,000 m<sup>3</sup>/day of water production capacity, 1,000 MW of RE capacity and 10,000 tonnes/day of solid waste management volume.

## STRATEGIC PILLARS

In FY2020, the Group continued to execute its strategic business plan as outlined by the three Strategic Pillars. We refined our strategy in response to the risks and impacts of the Covid-19 pandemic, to fortify our value creation abilities within our three Strategic Pillars as follows:



## LONG-TERM ASPIRATIONAL TARGETS



**Power**  
10,000 MW



**Water**  
1,000,000 m<sup>3</sup>/day



**Renewable Energy**  
1,000 MW



**Solid Waste Management**  
10,000 tonnes/day

## MANAGEMENT DISCUSSION &amp; ANALYSIS

## Our Key Achievements in FY2020

As outlined in the table below, we have recorded a number of significant achievements during the year in line with our strategic objectives.



Please refer to the Operational Review within this Management Discussion & Analysis ("MD&A") section and our Sustainability Statement on page 38 of this Annual Report.



## FOCUSING ON OPERATIONAL EXCELLENCE

- Implementation of various initiatives to ensure continuous improvements in plant availability and reliability:
  - Adopted state-of-the-art tools such as Condition Based Maintenance, Reliability Centred Maintenance and Root Cause Analysis in failure investigations to avoid recurrences
  - Conducted Reliability Centred Spares, Risk Based Inspection, Process Safety Management, and Hazard and Operability Study
  - Conducted forced outage management benchmarking activities for all our plants
- Operational Cost Optimisation through structured initiatives across all plants resulted in operational cost savings of RM19.60 million
- Embedded innovative new technology within our waste management & environmental services segment to record cost savings and increase productivity and efficiency
- Achieved Zero LTI for overall operations in FY2020



## ACHIEVING SUSTAINABLE GROWTH

- Secured FiT approval from SEDA for the development of a 2.40 MW biogas power plant in Ulu Sebol, Johor
- Acquisition of 71.44 Ha of land located at Alor Gajah, Melaka for future development of power projects
- Successfully secured several rooftop Solar Power Purchase Agreements ("SPPAs") for a total of 9.93 MW, expected to be completed in the third quarter of 2021 as follows:
  - Johor Port Berhad - 2.66 MW
  - Northport (Malaysia) Berhad - 4.93 MW
  - PMB Properties Sdn Bhd - 2.34 MW
- Alam Flora successfully completed the development of a Port Recovery Facility at Northport, with a capacity of 400 tonnes/month
- Malakoff Technical Solutions Sdn Bhd ("MTSSB", formerly known as Teknik Janakuasa Sdn Bhd) successfully secured an O&M contract for Q-Sentral's solar rooftop



## STRENGTHENING FUNDAMENTALS

- The Group entered into a collaboration with a renowned US-based research institute to keep abreast of technological advancements, best practices and to minimise technical risks associated with plant operations
- Successfully completed the 6 Sigma Green Belt Batch 2 training at TBP
- Launched our third cohort of the Management Development Programme ("MDP") in September 2020, with a total of 20 participants from TBP and TBE
- Organised the Malakoff Technical Conference ("MATECON") 2020 through a virtual platform
- Launched the Executive Development Programme at Alam Flora in July 2020, with a total of 18 executives participating
- Implemented 20 cost-savings projects Group-wide including:
  - Warehouse Value Optimisation
  - District Cooling Plant Ratio Improvement
  - Minor Overhaul Cost Optimisation
  - Preventive Maintenance Programme
  - Routine Maintenance Cost Improvement
  - Continuous Blowdown Optimisation
- Carried out strategic cost containment through 6 Sigma and E-Auction, resulting in savings of RM9.0 million and RM14.40 million, respectively
- Successfully achieved ISO 37001 Anti-Bribery Management System certification for the Group
- Improved our Employee Engagement (Response Rate) from 76.0% in FY2019 to 97.0% in FY2020



## MANAGEMENT DISCUSSION &amp; ANALYSIS

## STRENGTHENING OUR RISK ASSESSMENTS AND MITIGATIONS

Bearing in mind the extremely challenging landscape that Malakoff operated within in FY2020, we continuously assessed the impacts of the operating environment as well as the Covid-19 pandemic on our business during the year, to ensure the sustenance of our operations in line with our strategic imperatives and organisational priorities. The table below outlines key risks and mitigations identified for the Group.



Please refer to the Statement of Risk Management and Internal Control ("SORMIC") on page 97 to 100 of this Annual Report.

Area	Key Risks and Challenges	How We Mitigated Against Them
Industry	<ul style="list-style-type: none"> <li>Covid-19 Pandemic</li> <li>Limited new local projects or plants</li> <li>Regulatory and policy changes</li> <li>Uncertainty on Malaysian Electricity Supply Industry ("MESI") 2.0</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of policy and procedures in accordance with the Business Continuity Management Policy and Framework</li> <li>Aggressively pursued the RE expansion strategy</li> <li>Continued close engagements with key stakeholders</li> </ul>
Strategic	<ul style="list-style-type: none"> <li>A few Power Purchase Agreements ("PPAs") are expected to expire with no possibility of being extended</li> <li>Limited overseas expansion opportunities</li> <li>Challenges in forming a strong partnership to bid for overseas projects</li> <li>Stiff competition by strong industry players for new projects</li> </ul>	<ul style="list-style-type: none"> <li>Bid for new projects and pursued Mergers and Acquisitions ("M&amp;A") opportunities</li> <li>Diversification of service lines</li> <li>Evaluated projects in accordance with the Group's investment policies and expected returns</li> </ul>
Financial	<ul style="list-style-type: none"> <li>Earnings growth</li> <li>Sustainable dividend payout</li> <li>High borrowings and tax</li> <li>Increasing costs</li> </ul>	<ul style="list-style-type: none"> <li>Sustained stable cash flows</li> <li>Undertook aggressive cost saving initiatives</li> <li>Maintained healthy balance sheet and optimal capital structure</li> <li>Practiced tax efficiency</li> </ul>
Operational	<ul style="list-style-type: none"> <li>Managing ageing assets</li> <li>Manpower planning due to expiring PPAs</li> <li>Changes in operating landscape</li> </ul>	<ul style="list-style-type: none"> <li>Continuously reviewed operational strategy</li> <li>Implemented Plant Improvement Programmes</li> <li>Conducted impairment of non-performing assets</li> <li>Manpower optimisation</li> </ul>
Environmental, Social and Governance ("ESG")	<ul style="list-style-type: none"> <li>Greater concerns surrounding coal operations and climate change</li> <li>Management of bottom ash at our plants</li> </ul>	<ul style="list-style-type: none"> <li>Pursue growth via RE projects and Waste Management &amp; Environmental Services</li> <li>Strict adherence to emission regulations and improvements in plant efficiency</li> </ul>

## MANAGEMENT DISCUSSION &amp; ANALYSIS

## FY2021 MARKET OUTLOOK

As we advance into the future, we are cautiously optimistic of a better year ahead with the potential production and distribution of vaccines scheduled to begin worldwide in the first quarter of FY2021. As global infection rates begin to stabilise, movement and travel restrictions will correspondingly ease, to spur the rejuvenation of the domestic and global economy.

Within the energy sector, the multinational investment bank and financial services company Goldman Sachs has forecasted that RE projects will become the largest area of energy spending in 2021, with investments in the clean energy sector to hit USD16.0 trillion by 2030. There is no doubt that RE is the energy of the future, both on the international as well as the domestic stage.

In Malaysia, RE is expected to account for 20.0% of the capacity mix by 2025, a significant increase from 9.0% in 2020. Conversely, coal-based power is expected to reduce to 29.0% in 2030, from 42.0% in 2020. According to the EC's Report on Peninsular Malaysia Generation Development Plan 2019 (2020 – 2030) published in February 2020, it is envisaged that in Malaysia, electricity demand will average at 1.80% in terms of annual growth and an additional 9,321 MW will be required in terms of new capacity to meet this demand growth. The reserve margin is projected to reach below 25.0% by 2030.

Within our international MENA footprint, we are witnessing rapid growth in the regional demand for power, due to exponential population growth coupled with increased activities in the industrial and construction segments. Therefore, there is a greater need to meet the region's minimum reserve margin of 15.0% in line with increased consumption demands.

Additionally, MENA's water desalination sector is expected to hit USD4.30 billion by 2022. According to Siemens Middle East Outlook 2035, annual power demand is expected to grow at the average rate of 3.30% in the region, with a total additional capacity of 277 GW required by then. With the region as one of the most water-stressed in the world, the water desalination sector will continue to thrive, with a five-year growth of 37.0% forecasted for seawater desalination market in Gulf Cooperation Council ("GCC") countries between 2021 and 2025.



There are sizeable opportunities within the waste and environmental services sector in Malaysia, with the Government announcing its intention to have six WTE plants in the country by 2025. Under the 12<sup>th</sup> Malaysia Plan (2020 – 2025), the target is to close 14 non-sanitary landfills, and build five sanitary landfills along with 29 transfer stations. The 12<sup>th</sup> Malaysia Plan has also set a recycling rate of 40.0% by 2025, from 30.67% in 2020. All these objectives and targets will be met through a comprehensive National Cleanliness Policy.

With these developments in mind, there are opportunities for Alam Flora to avail of within the municipal, industrial hazardous and medical hazardous waste sectors in Malaysia. The municipal solid waste and industrial hazardous waste sectors account for over 60.0% of the country's total waste market value, with medical hazardous waste expected to grow the fastest in the medium-term future.

## MANAGEMENT DISCUSSION & ANALYSIS

### OUR MOVING FORWARD STRATEGY

As we move into the new landscape in a post-Covid-19 world, Malakoff will leverage on the strength and expertise we have garnered since our inception to sustain our strategic growth and long-term profitability. Our core strengths lie in the extensive experience we possess in developing and managing power generation and water desalination plants, as well as the rich capability and wide experience we have in operating and maintaining these facilities. We will leverage on our proven track record, along with our technical and commercial insights, to effectively participate in bidding exercises for greenfield and brownfield projects, as well as acquisition of existing power and water desalination assets that will complement our business capabilities and strengthen our capacities. As a result of our diversification into the waste management & environmental services sector through the acquisition of Alam Flora in 2019, we have augmented our core strengths, to enable more seamless and synergistic collaborations between the Group and its subsidiary for potential projects in the future, especially those within the WTE space.

Bearing in mind these factors, the Group has identified four key focus areas to chart its future growth as follows:

- 1 To pursue growth opportunities in the conventional power generation and water production segments, both done domestically and overseas
- 2 To expand the Group's RE portfolio, particularly in solar, small hydro, biogas and WTE
- 3 To grow the Waste Management & Environmental Services sector, both in the concession and non-concession businesses
- 4 To explore new, high growth areas, in line with key trends identified in the energy sector



The Group will continue to explore potential greenfield and brownfield power generation and water desalination assets in Malaysia as well as other high growth countries and regions.

Expansion in the RE segment will be a key priority as the Group pursues solar, small hydro, biogas and WTE projects, in line with the Government's target to increase the country's RE capacity mix to 20.0% by 2025.

## MANAGEMENT DISCUSSION &amp; ANALYSIS



Waste Management & Environmental Services provides significant growth potential across key segments and the Group will leverage on Alam Flora's capabilities to capitalise on the broader opportunities that exist along the value chain, particularly in industrial hazardous waste, material recovery, recycling and e-waste.

The Group will ramp up its existing capabilities to prepare itself to be a key player in high growth areas in line with future market reforms, while leveraging on emerging technologies, digitalisation and analytics to drive performance.

We remain confident that our purpose-driven future strategic plans will augment Malakoff's long-term business sustainability and profitability, as we continue to create value for all our stakeholders.

## ACKNOWLEDGEMENTS

As we come out of what has been an extremely challenging year, I would like to take this opportunity to thank each and every one of our stakeholders, including our employees, local communities, shareholders, customers, authorities as well as bankers. In particular, our gratitude to the Government and various regulators and local authorities who worked closely with us to keep our business running as an "essential services" sector. Your continued faith and trust, and generous support, has been instrumental in ensuring our continued success, through both good and challenging times.

On behalf of everyone at Malakoff, I would also like to thank my predecessor, Dato' Ahmad Fuaad Mohd Kenali for his leadership and invaluable contributions to the Group.

As we move into 2021, we are imbued with a renewed sense of optimism and hope, and reaffirm our commitment to push Malakoff to even greater heights, as we capture new opportunities to ensure the sustainable growth and development of our company.

## ANWAR SYAHRIN ABDUL AJIB

Managing Director/  
Chief Executive Officer



## MANAGEMENT DISCUSSION &amp; ANALYSIS



### POWER GENERATION AND WATER DESALINATION

OPERATIONS &  
MAINTENANCE

ELECTRICITY DISTRIBUTION &  
CHILLED WATER SUPPLY

WASTE MANAGEMENT &  
ENVIRONMENTAL SERVICES

In FY2020, Malakoff continued to operate as normal despite the prolonged lockdown due to its role as an “essential services” provider. We generated 37,204.42 GWh of power in 2020, which was 5.68% lower than in 2019 due to the impact of the MCO. Unfortunately, we were also faced with some challenges at our power generation plants which resulted in some Forced Outages that involved the breakdown of machinery, where we encountered difficulties to source suitable spare parts and equipment for repair works. We had to ensure the ongoing reliability of all our plants, especially those that were aged. We implemented measures relating to plant operations, fuel consumption, machinery upgrades, and refurbishment plans to improve our plant reliability.

At our water production facilities, our focus was on sustaining a continuous supply of water production and delivery, whilst ensuring that the water was safe for consumption in accordance to water quality levels stated in our contracts. We also improved the efficiency of our water islands by incorporating new sustainable technology into our operations.



Full-Year of Operations  
**without any LTI and Loss  
Time Accident (“LTA”)**  
for all assets



Successfully upgraded the OHSAS  
18001 Occupational Health and  
Safety Management System to  
**ISO 45001 Occupational Health  
and Safety (OH&S)** in 2020



## MANAGEMENT DISCUSSION &amp; ANALYSIS

## DOMESTIC OPERATIONS

## Domestic IPP Operations

Malakoff is Malaysia's largest Independent Power Producer ("IPP"), with a generating capacity of 5,822 MW. The electricity we generate accounts for a total of 23.50% of Peninsular Malaysia's total power generation. In FY2020, our domestic IPP operations contributed 84.82% to our total Group revenue.

Throughout FY2020, our coal-fired power plants continued with its sustainable and reliable performance, on the back of improvements we had made to plant operations. TBP's Equivalent Availability Factor ("EAF") increased from 81.54% in 2019 to 92.03% in 2020 and TBE's 2020 EAF was higher at 90.23% against 72.28% in 2019, both due to lower planned and unplanned outages in the year under review compared to the previous year.

Our gas-fired plants recorded a generally high EAF throughout the year on the back of lower planned and unplanned outages during the year under review, save for Prai Power Plant which underwent planned outages for Hot Gas Path Inspection ("HGPI") during the beginning of the year.

All plants recorded low Capacity Factor in FY2020 as compared to our earlier target. This resulted from lower grid demand, following the closure of several economic sectors due to the pandemic. Following the resumption of industrial manufacturing and public sector activities in June 2020 once the MCO restrictions eased, we recorded an uptake in energy demand from the off-taker for our gas-fired plants.



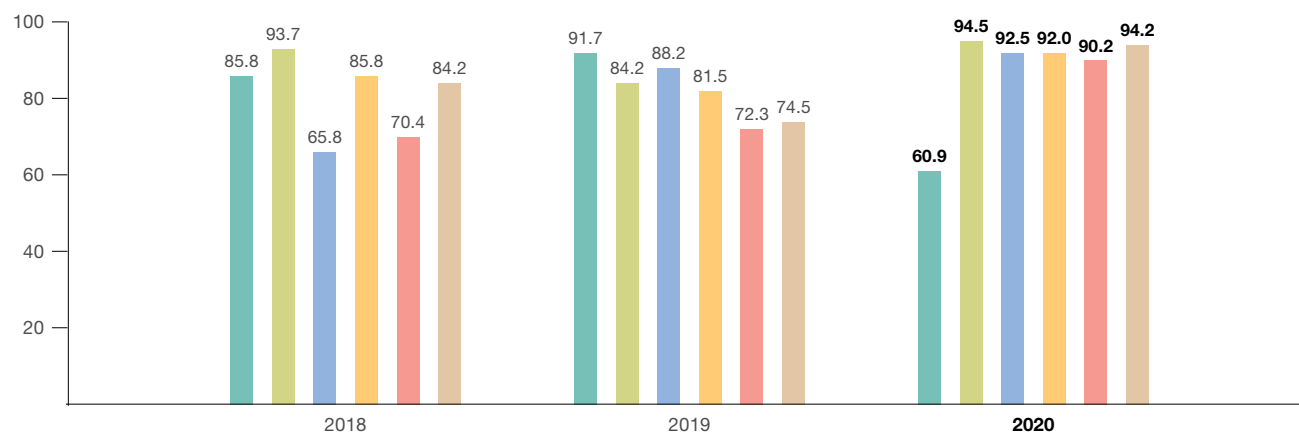
## MANAGEMENT DISCUSSION &amp; ANALYSIS

## Total Effective Power Generation in FY2020

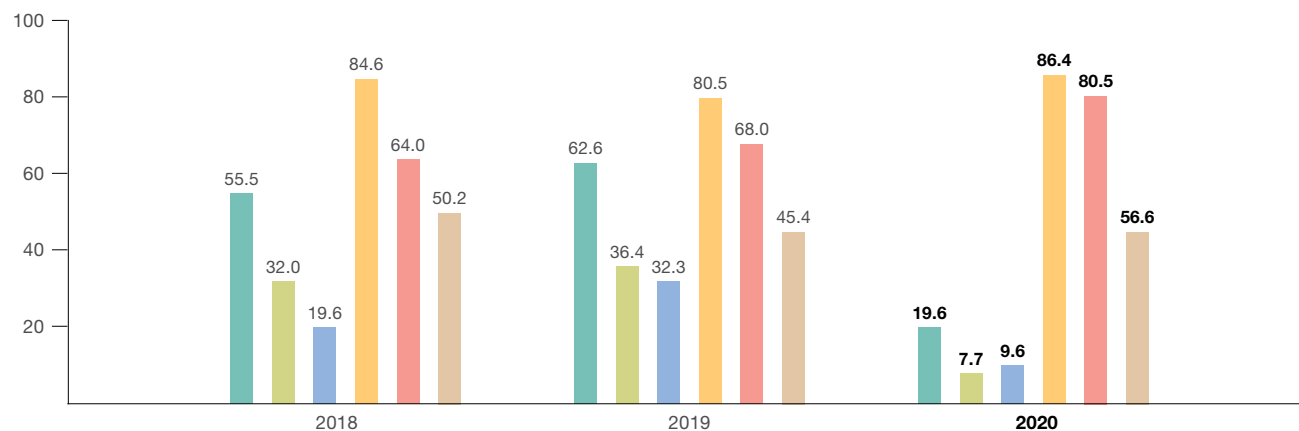
Plant	Location	Plant Type	PPA Expiration	Generating Capacity (MW)	Effective Equity Participation	Effective Capacity (MW)
Prai Power Plant	Penang	CCGT	2024	350	100.0%	350
SEV Power Plant	Perak	CCGT	2027	1,303	93.8%	1,222
GB3 Power Plant	Perak	CCGT	2022	640	75.0%	480
Tanjung Bin Power Plant	Johor	Coal	2031	2,100	90.0%	1,890
Tanjung Bin Energy Power Plant	Johor	Coal	2041	1,000	100.0%	1,000
Kapar Power Plant ("GF1-3")	Selangor	Multi-fuel	2029	2,200	40.0%	880

**Note:** CCGT - Combine Cycle Gas Turbine

## Equivalent Availability Factor in FY2020 (%)



## Capacity Factor in FY2020 (%)



## Plant

Prai Power Plant

SEV Power Plant

GB3 Power Plant

Tanjung Bin Power Plant

Tanjung Bin Energy Power Plant

Kapar Power Plant ("GF1-3")

**Note:** GF - Generating Facility

## MANAGEMENT DISCUSSION &amp; ANALYSIS

## Electricity Sold and Generated in FY2020




Plant	Power Generated (GWh)			Electricity Sold (GWh)		
	2018	2019	2020	2018	2019	2020
Prai Power Plant	1,686.8	1,934.2	<b>613.9</b>	1,662.6	1,901.0	<b>603.2</b>
SEV Power Plant	3,711.3	4,190.8	<b>905.0</b>	3,651.5	4,151.4	<b>877.4</b>
GB3 Power Plant	1,136.7	1,845.6	<b>558.8</b>	1,101.1	1,807.8	<b>539.1</b>
Tanjung Bin Power Plant	16,390.6	15,593.3	<b>16,767.4</b>	15,566.2	14,808.4	<b>15,913.9</b>
Tanjung Bin Energy Power Plant	5,861.6	6,243.9	<b>7,459.7</b>	5,609.0	5,955.9	<b>7,045.9</b>
Kapar Power Plant ("GF1-3")	10,715.1	9,635.6	<b>10,899.6</b>	9,966.0	9,028.0	<b>10,193.1</b>
<b>Total</b>	<b>39,502.1</b>	<b>39,443.4</b>	<b>37,204.4</b>	<b>37,556.4</b>	<b>37,652.5</b>	<b>35,172.6</b>

## Domestic Renewable Energy Operations

In line with global energy trends, Malakoff has identified RE as one of the key areas that will drive our sustainable future growth. Our RE projects and developments are primarily within the areas of solar, small hydro, biogas and WTE. We had also established Malakoff Radiance Sdn Bhd in 2019 to aggressively venture into potential rooftop solar projects with various commercial and industrial sector customers.

We have enhanced and upskilled our employees' capabilities, competencies and expertise in the area of RE through training and certifications such as Registered Electrical Manager, Green RE Manager and Green Building Index ("GBI") Facilitator. This has enabled the Group to propose energy efficiency initiatives to its existing base of clients, thus adding value to RE projects. We also continued to participate in tenders and submitted proposals during the year to potential clients, in our quest to expand this segment of our business.

In FY2020, despite the challenging business landscape, the Group maintained its strategic growth journey through project wins and successful business development opportunities as depicted in the table below.

RE Project Type	Key Wins in FY2020
 Biogas	<ul style="list-style-type: none"> <li>Our 60.0%-owned indirect subsidiary, SBSB, obtained FiT approval from SEDA on 18 November 2020 to undertake the development of a 2.40 MW Biogas Power Plant in Ulu Sebol, Kota Tinggi, Johor. SBSB is currently conducting preparatory work to initiate the project implementation stage in order to secure financial closure by July 2021.</li> <li>We have progressed with the 2.40 MW biogas project at Sg Kachur Palm Oil Mill, Johor where the FiT from SEDA was successfully secured by Green Biogas Sdn Bhd ("GBSB"), a 60.0% indirect subsidiary of Malakoff, in December 2019. The Engineering, Procurement and Construction ("EPC") contract was awarded to a contractor in March 2020. The original targeted date for completion was December 2021. However, due to the enforcement of the MCO which has caused delays to the project, an application for extension of time has been sent to SEDA.</li> </ul>
 Small hydro	<ul style="list-style-type: none"> <li>Two of our SPVs were awarded with FiT approval for two small hydro projects by SEDA in December 2019. These were our 65.0%-owned SPVs Batu Bor Hidro Sdn Bhd and Lubuk Paku Hidro Sdn Bhd, where both had secured FiT for hydro projects with capacities of 30.0 MW and 25.0 MW respectively, located along Sg Pahang. Since then, the SPVs have entered into REPPA with TNB. Currently, project development activities such as finalising the EPC contract, land matters, securing financing, conducting Environmental Impact Assessment ("EIA") study, and obtaining the development order and the Water Rights Agreement ("WRA") are ongoing. As a result of the MCO, there were some delays encountered on the project. However, an extension of time for a period of 114 days has been granted by SEDA. The targeted date for project completion is April 2025.</li> </ul>
 Rooftop solar	<ul style="list-style-type: none"> <li>The Group entered into three SPPAs as follows:               <ul style="list-style-type: none"> <li>Johor Port Berhad on 10 June 2020 with 2.66 MW</li> <li>Northport (Malaysia) Berhad on 4 September 2020 with 4.93 MW</li> <li>PMB Properties Sdn Bhd on 30 October 2020 with 2.34 MW</li> </ul> </li> </ul>

## MANAGEMENT DISCUSSION &amp; ANALYSIS



## INTERNATIONAL OPERATIONS

We maintained positive traction on our international assets in FY2020. The Shuaibah Phase 3 IWPP recorded a slight reduction in power generation mainly due to operational conditions and Scheduled Outages. The Shuaibah Phase 3 Expansion International Water Project (“Shuaibah Phase 3 Expansion IWP”) performed sustainably throughout the year, maintaining its performance from the previous year. As for Al-Hidd IWPP, there was a slight drop in power generation for the year due to Scheduled Outages. The plant also recorded higher water production during the year under review, with no occurrence of any major outages. The Al-Ghubrah IWP maintained sustainable performance throughout FY2020, in line with its performance in FY2019.

## International Operations in FY2020

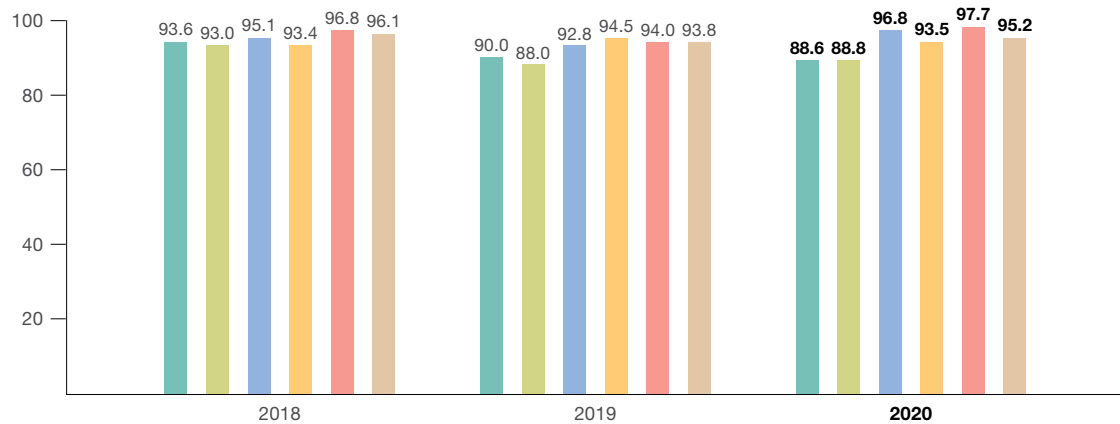
Plant	Location	Plant Type	PPA/WPA/ PWPA Expiration	Generating Capacity	Effective Equity Participation	Effective Capacity in FY2020
Shuaibah Phase 3 IWPP	Saudi Arabia	Water & Power	2030	Water: 880,000 m <sup>3</sup> /day Power: 900 MW	24.0%	Water: 211,200 m <sup>3</sup> /day Power: 216 MW
Shuaibah Phase 3 Expansion IWP	Saudi Arabia	Water	2029	Water: 150,000 m <sup>3</sup> /day	23.8%	Water: 35,700 m <sup>3</sup> /day
Al-Hidd IWPP	Bahrain	Water & Power	2027	Water: 410,000 m <sup>3</sup> /day Power : 929 MW	40.0%	Water: 164,000 m <sup>3</sup> /day Power: 372 MW
Al-Ghubrah IWP	Oman	Water	2034	Water: 191,000 m <sup>3</sup> /day	32.5%	Water: 62,075 m <sup>3</sup> /day

**Note:** PPA - Power Purchase Agreement WPA - Water Purchase Agreement PWPA - Power and Water Purchase Agreement

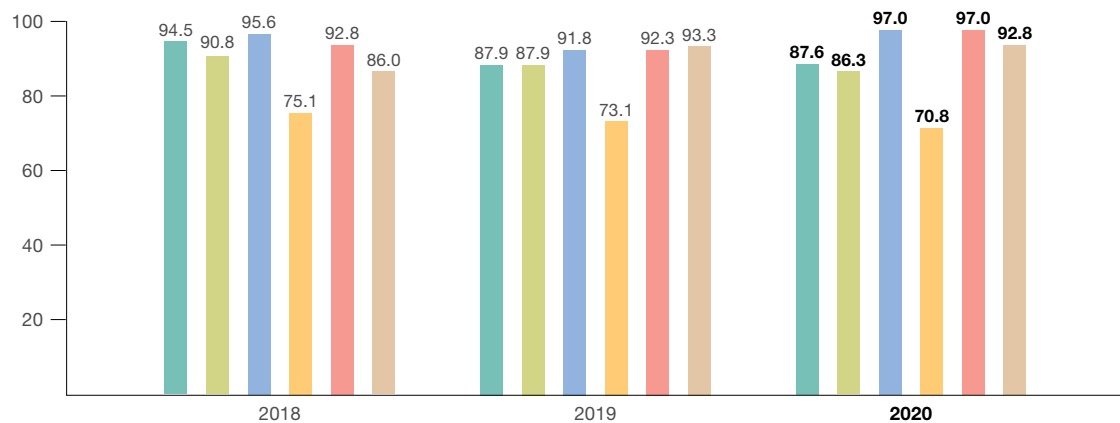
## MANAGEMENT DISCUSSION &amp; ANALYSIS



Equivalent Availability Factor in FY2020 (%)



Capacity Factor in FY2020 (%)



## Plant

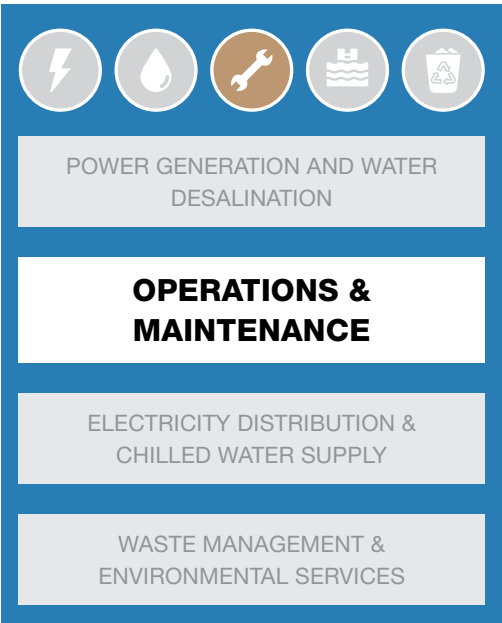
Shuaibah Phase 3 IWPP – Power  
Al-Hidd IWPP – Power

Shuaibah Phase 3 IWPP – Water  
Al-Hidd IWPP – Water

Shuaibah Phase 3 Expansion IWP – Water  
Al-Ghubrah IWP – Water



MANAGEMENT DISCUSSION & ANALYSIS



The Group established its O&M division in order to manage its own plants to ensure consistent and uninterrupted energy and water delivery to its base of customers. This approach also ensured we were able to maximise our value, as well as centralise our plant operations and maintenance strategy. Our O&M division has built a substantial bank of experience and knowledge in managing Combined Cycle Gas Turbine (“CCGT”), Open Cycle Gas Turbine (“OCGT”) and coal-fired power plants as well as multi-stage flash desalination plants, reverse osmosis plants and multi-effect distillation and cogeneration plants.

With its strong track record of proven skills, the Group has ventured to market its O&M services to other power and water asset operators, thus diversifying the Group’s revenue stream. Our O&M services are provided through our wholly-owned subsidiaries, Malakoff Power Berhad (“MPower”), Tanjung Bin O&M Berhad (“TBOM”) and MTSSB. We have been steadily building our reputation and credibility in the marketplace, gaining recognition as an O&M service leader within our niche. MPower and TBOM provides O&M services for the Group’s power plants in Malaysia, while MTSSB extends its services to the Group’s associates, joint venture partners as well as third party clients, both domestically and internationally.



As at FY2020, Malakoff, via MTSSB is a registered energy services company, with a suite of O&M services as follows:

- 1

O&M for CCGT, OCGT and coal-fired power plants, water desalination plants and solar photovoltaic plants
- 2

Providing technical and simulator training - certified by the Human Resource Development Fund (“HRDF”) as a technical training provider in the O&M field that offers training programmes and a competency development consultancy, along with comprehensive programmes on public technical courses relating to the power industry
- 3

Maintenance, Repair and Overhaul (“MRO”) services – providing scheduled and ad-hoc maintenance services, including both minor and major overhaul services for thermal and gas turbines



## MANAGEMENT DISCUSSION &amp; ANALYSIS



Fully Took Over  
**ZEC Solar's  
O&M**



First Foray into  
**Rooftop  
Solar O&M**






Received

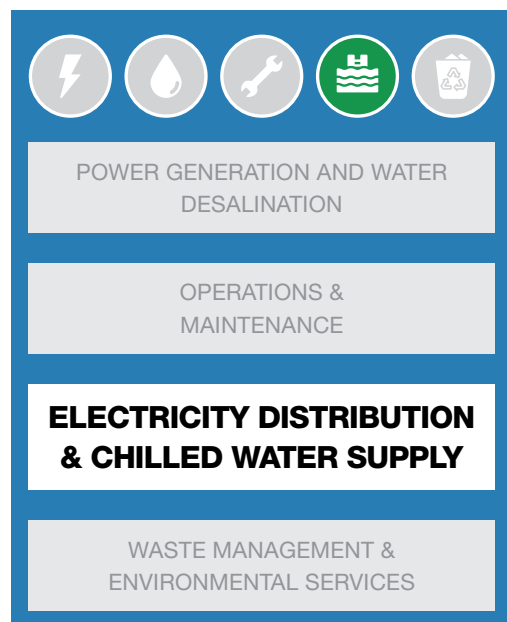
**Energy Services  
Company (ESCO) status**  
from Energy Commission

There were a number of projects that were postponed in two of our main target markets, namely Indonesia and Bangladesh. In Indonesia, the implementation of the new 35.0 GW plant up programme was deferred. The estimated date of completion on all related projects were also duly postponed to a later date. The plant simulator project was halted as a result of the requirement for social distancing. MRO activities at Cambodia Energy Limited were also impacted due to quarantine and screening requirements. In 2020, MTSSB took over ZEC Solar's O&M from the EPC Contractor, CMEC-Mattan, for full scale solar photovoltaic O&M services.

In FY2020, our O&M division was able to record the following achievements within its main service areas.

O&M Area	Key Wins in FY2020
 Domestic and International O&M Business	<ul style="list-style-type: none"> <li>Laid the groundwork to embark into sustainable energy solutions, namely in the field of energy audits</li> <li>Embarked on plans to introduce plant operability review as one of the O&amp;M related services</li> <li>Ventured into O&amp;M of rooftop solar at Q-Sentral building in Kuala Lumpur</li> <li>First foray into O&amp;M for LSS at ZEC Solar Kota Tinggi Farm in Kulai, Johor</li> <li>Both these ventures signify a milestone for the O&amp;M business which has now expanded to include both conventional and RE power generation</li> <li>Embarked on exploring international opportunities in O&amp;M services in Laos and Myanmar</li> </ul>
 MRO	<ul style="list-style-type: none"> <li>Continued to ensure that technical specialists were available to provide the required technical support for our clients</li> <li>Continued to provide field maintenance services including electrical, mechanical and water chemistry to all types of electro-mechanical rotating machines, static equipment and power equipment</li> <li>Expanded our MRO services to adjacent industries such as oil and gas, and port facilities</li> <li>Secured Hydraulic Workpack contract at Jimah Energy Ventures</li> <li>Secured electrical inspection and services for all Petronas stations in the central region</li> <li>Secured contract for generator inspection at Nur Power Plant</li> <li>Secured online partial discharge monitoring contract at Tenaga Perlis Consortium ("TTPC")</li> <li>Secured the rootcause analysis contract at Port of Tanjung Pelepas</li> </ul>
 Technical Training	<ul style="list-style-type: none"> <li>Completed the following public courses:               <ul style="list-style-type: none"> <li>Transformer and Generator Training</li> <li>Theoretical and On-job training for Kimanis Power Plant's operator</li> <li>Heat Recovery Steam Generator ("HRSG") Inspection Course</li> </ul> </li> </ul>

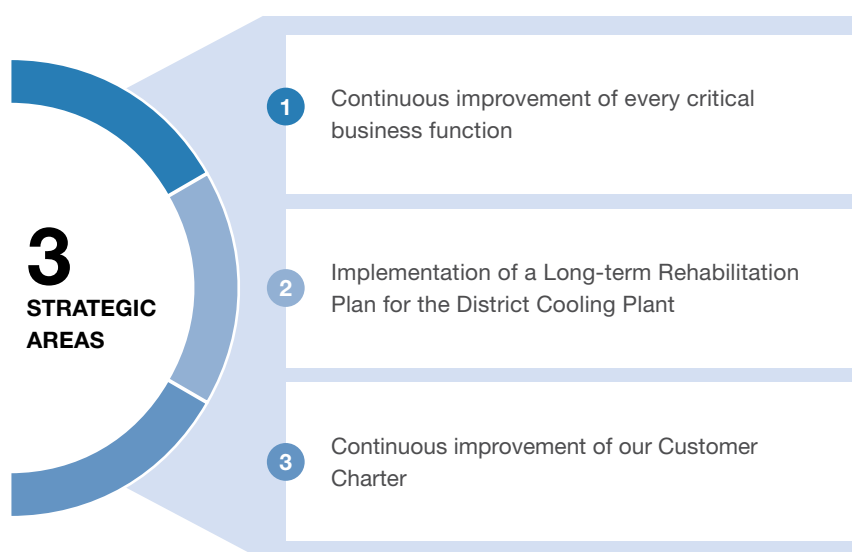
## MANAGEMENT DISCUSSION &amp; ANALYSIS



MUSB is a wholly owned subsidiary of Malakoff, and is one of the leading electricity distribution and district cooling plant infrastructure owners and operators in Malaysia. MUSB holds the exclusive license to distribute electricity within Kuala Lumpur Sentral ("KL Sentral"), a prestigious 72-acre development in the centre of Kuala Lumpur, with a licensed capacity to meet offtake of up to 153.0 MW.

In FY2020, MUSB's revenue was significantly affected by the Covid-19 pandemic, and it consequently recorded a 18.0% decline in revenue YoY. During the year, MUSB received the Financial Operation Discount announced by the Government as part of the CMCO Relief Claim, which was approved by the EC for approximately RM2.48 million. These funds were distributed to all MUSB customers during the CMCO period.

Notwithstanding the challenging operating environment, MUSB retained its focus on the following strategic areas in FY2020



## MANAGEMENT DISCUSSION &amp; ANALYSIS

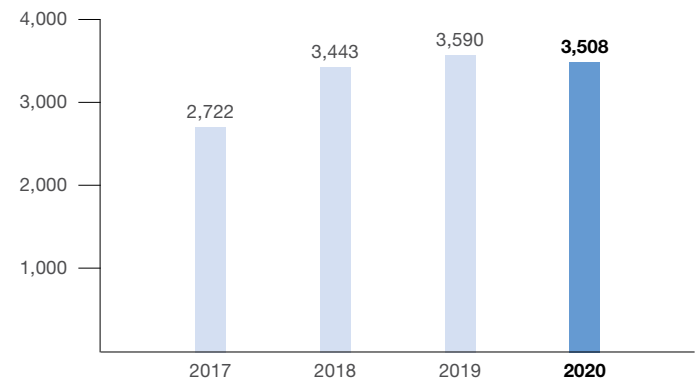


MUSB had commenced the supply of chilled water to KL Sentral in 2001. In 2011, MUSB upgraded to the latest Thermal Energy Storage (“TES”) technology. The district cooling supply which delivers to multiple blocks of combined commercial and office spaces has a capacity of 17,000 Initialise Refrigeration Tonne (“RT”) with a Long Term Rehabilitation Plan in place to ensure the district cooling plant is utilising the latest technology in its operations.

We continued to expand our customer base in tandem with the ongoing development of KL Sentral as a business and transportation hub. Although our customers decreased from 3,590 in FY2019 to 3,508 in FY2020 due to the impact of Covid-19 pandemic and the various iterations of the MCO, our customer base had registered a 28.88% increase as compared to FY2017 due to our continuous improvement over the years.

For instance, as part of new innovation of our operations process, we had deployed the Robotic Process Automation (“RPA”) system to enable our customers to access their bills via e-mail in July 2020.

Number of Customer



MUSB had also conducted a key engagement exercise during the year by launching the bi-annual Customer Satisfaction Survey, in compliance with ISO 9001:2015. As a result, in 2020, MUSB received a total of 1,578 responses and achieved Customer Satisfaction Index of 98.50%. The comparison table below shows details of the survey scope and improvements from the previous survey conducted in 2018.

2018 Total Average Satisfaction	Categories	2020 Total Average Satisfaction
94.0%	Customer Care Experience	100.0%
82.0%	Billing Experience	99.8%
81.0%	Technical Experience	94.5%
91.0%	Inquiries & Complaints Experience	100.0%
<b>348.0%</b>	Total Overall Satisfaction	<b>394.3%</b>
<b>87.0%</b>	Average Satisfaction	<b>98.5%</b>

MUSB continues to gain its customers’ trust and confidence with the ISO 9001:2015 certification, which reflects adherence to international standards on quality management systems.

## MANAGEMENT DISCUSSION &amp; ANALYSIS



The Group's acquisition of Alam Flora in December 2019 for a sum of RM869.0 million marked its expansion into the high growth Waste Management & Environmental Services sector. In FY2020, Alam Flora recorded its maiden full-year of revenue contribution to Malakoff, which has boosted the Group's income generation abilities.

#### IMPACT OF COVID-19 AND OPPORTUNITIES THAT AROSE

The Covid-19 pandemic did not significantly impact Alam Flora, as it was considered an "essential services" provider by the Government during the MCO implemented on 18 March 2020. Alam Flora continued providing waste management and public cleansing services in its concession areas. It also pivoted its business to provide Covid-19 disinfection and sanitisation services for the Government. As work continued for the company, we had to ensure the safety of our workforce to protect them from the risk of Covid-19 infection. In line with this, we provided our workers with Personal Protective Equipment ("PPE") such as face masks, hand sanitisers and thermometers to record their temperature. We also issued rotation STW arrangements for our support staff in line with social distancing



requirements, while ensuring our operational continuity. Alam Flora established the Crisis Recovery Committee to coordinate and consolidate all information regarding Covid-19 including the issuance of updated SOPs and prevention plans.

A key achievement in FY2020 was Alam Flora's ability to leverage on its sanitisation expertise and knowledge to provide Covid-19 disinfection services by working with the local authorities. Alam Flora's services were provided as part of the Government's multi-agency effort to disinfect Covid-19 hotspots throughout the country to contain the outbreak. Our expertise was sought by the Government and Alam Flora workers were part of the front liners who put their skills to good use for the benefit of the nation. The disinfection services we provided included the use of High Pressure Jetter, Tailgate and Triton vehicles to disinfect public roads.



## MANAGEMENT DISCUSSION &amp; ANALYSIS



## Number of Vehicles

1,500



## Total Solid Waste Management Volume

4,145 tonnes/day

## CONTRIBUTING TOWARDS A GREENER FUTURE

In July 2020, Alam Flora launched the Innovative Recycling Facility, FIKS in Putrajaya, the country's first ever awareness and education centre focusing on waste management and recycling. FIKS aims to promote 5R (Refuse, Reduce, Reuse, Recycle and Recovery) to all Malaysians, as well as to help reduce the amount of recyclable waste sent to landfills.

Housed within the FIKS campus is the IRF where all recyclable items are sorted, treated and sent for the recovery process. Besides supporting the Government's goal of achieving a recycling rate of 35.0% by 2025, FIKS also supports *Perbadanan Putrajaya*'s mission to become a Green City within the same period.

Various initiatives and programme were initiated by Alam Flora in support of the Government's National Cleanliness Policy which includes embracing environmentally friendly cleaning activities, encouraging recycling and promoting the circular economy. Among the programmes initiated were:

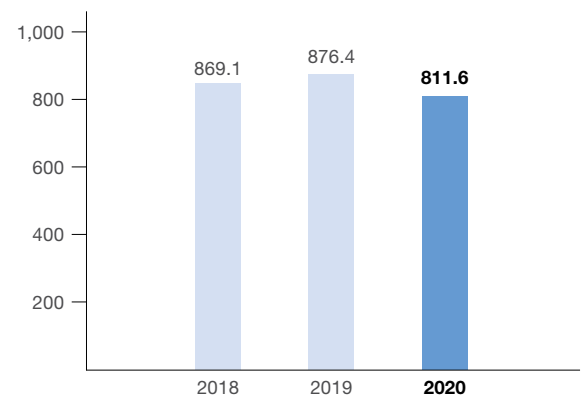
- Improvement in quality of service and a better environment by using eco-friendly equipment
- Introduction of the RewardsS@S programme to complement the existing Buy Back Centres ("BBC") in KL, Putrajaya and Pahang, and to encourage members of the public to take up recycling
- Introduction of wealth-sharing initiatives by AFES termed 'ECO-Duta' in order to stimulate recycling
- Introduction of the country's first 'Port Reception Facilities' which handles waste from sea vessels docking at Northport
- Continuation of the Recovery Used Cooking Oil ("RUCO") project

## ENHANCING OUR OFFERINGS THROUGH DIGITALISATION

During the year, we focused on digitalisation initiatives to enhance our business through the adoption of IR 4.0 technologies. In particular, we adopted a technology that remotely monitors and pinpoints the location of all our operational vehicles by using the Automated Vehicle Locating System ("AVLS") and Global Positioning System ("GPS") technology. This system enables live 24/7 monitoring to ensure that all activities are done according to schedule.

Additionally, we have developed two main products which incorporates cloud-based web applications, namely mflora™ TELEMATICS and mflora™ SUPERVISORS for the use of in-house and private contractors under Alam Flora. This move has increased our productivity and efficiency, and enabled us cost savings of RM600,000 per annum.

## Waste Generation in FY2020 (000 tonnes)



As at end FY2020, there was a total of 811,564 tonnes of waste generated denoting a 7.98% reduction from FY2019, due to a reduction in commercial waste as business activities declined during the MCO.

## SUSTAINABILITY STATEMENT

## MD/CEO'S MESSAGE

GRI 102-14, 102-15

## DEAR SHAREHOLDERS,

Despite the intense challenges we faced as a result of the Covid-19 pandemic, Malakoff remained true to our value creation ideals, and continued with its sustainability centred programmes and initiatives to create meaningful and tangible benefits for our ecosystem of stakeholders.

Our sustainability agenda demonstrates our commitment towards being a business that practises the principles of sustainable development, in line with contributing to the United Nations' Sustainable Development Goals ("SDGs"). Malakoff's sustainability agenda is underlined by the global mega trends that are shaping the global power industry, most notably the energy transition shift towards clean energy sources in line with combating the impacts of climate change.



The future is rapidly shifting towards a world of electric vehicles, digitalisation and grid-scale energy storage, all key trends that are having an even greater impact on the power sector. The global move towards greener energy is being led by the adoption of new technologies that are enabling more sustainable power generation operations. These changes in power generation and consumption will in turn impact the energy value chain in terms of distribution, storage and protection.

Technological innovation, RE deployment, new energy regulations and changing consumer behaviour are driving national energy policies. Coupled with this are increasing stakeholder expectations for greater levels of disclosure in terms of corporate sustainability reporting and performance measurements, as investors, communities and other stakeholder groups gear towards a more sustainable and eco-friendly future.



## SUSTAINABILITY STATEMENT



Combating climate change, developing greener energy solutions and promoting the circular economy are all issues which are close to Malakoff's heart, and represent the integral focus of our sustainability agenda. We have actualised our sustainability beliefs and commitment by embedding sustainability into our business strategy, as well as implementing concrete actions, programmes and measures throughout the Group. Additionally, we are deeply committed to helping communities with their journey towards a greener and more sustainable future, by providing them platforms they can use to contribute to eco-friendly and environmental initiatives.

I am pleased to present to you our account of our sustainability journey in FY2020 with our Sustainability Statement. This Statement provides a transparent narrative of how the Group is supporting the national Government's agenda towards achieving 20.0% RE generation by 2025 and promoting the circular economy, as we maintain our focus on ensuring optimised operations that provide both reliable and continuous energy supply whilst we minimise our business' impact on the environment. It also provides an account of our employee-facing initiatives, as well as the measures we have in place to build a strong and ethical governance culture Group-wide.

On behalf of the Group, I would like to express our collective appreciation to all our stakeholders for their continued interest and support towards our sustainability agenda.

**Anwar Syahrin Abdul Ajib**

Managing Director/Chief Executive Officer



## SUSTAINABILITY GOVERNANCE

GRI 102-11, 102-18, 102-19, 102-20, 102-32, 102-49

Malakoff's sustainability agenda is driven by a robust governance structure that ensures all material topics are identified, monitored, assessed and deliberated in a holistic manner throughout the Group. Our robust Group-wide governance framework enables high levels of accountability, internal controls, risk mitigation, oversight and management of EES related matters.

Our sustainability ethos is centered on our commitment towards the highest level of corporate governance, as denoted by our accountability, transparency, due diligence, independence, robust risk management policies, anti-corruption and anti-bribery policies, and the development of a corporate culture based on uncompromising business ethics.

The Board and Senior Management form the apex of our governance structure. This sets a strong tone from the top, with the Board and Senior Management having direct oversight on all sustainability-related matters. This top down approach has been the driving force behind Malakoff's sustainability oriented organisational culture as an essential component of the Group's DNA.

SUSTAINABILITY STATEMENT

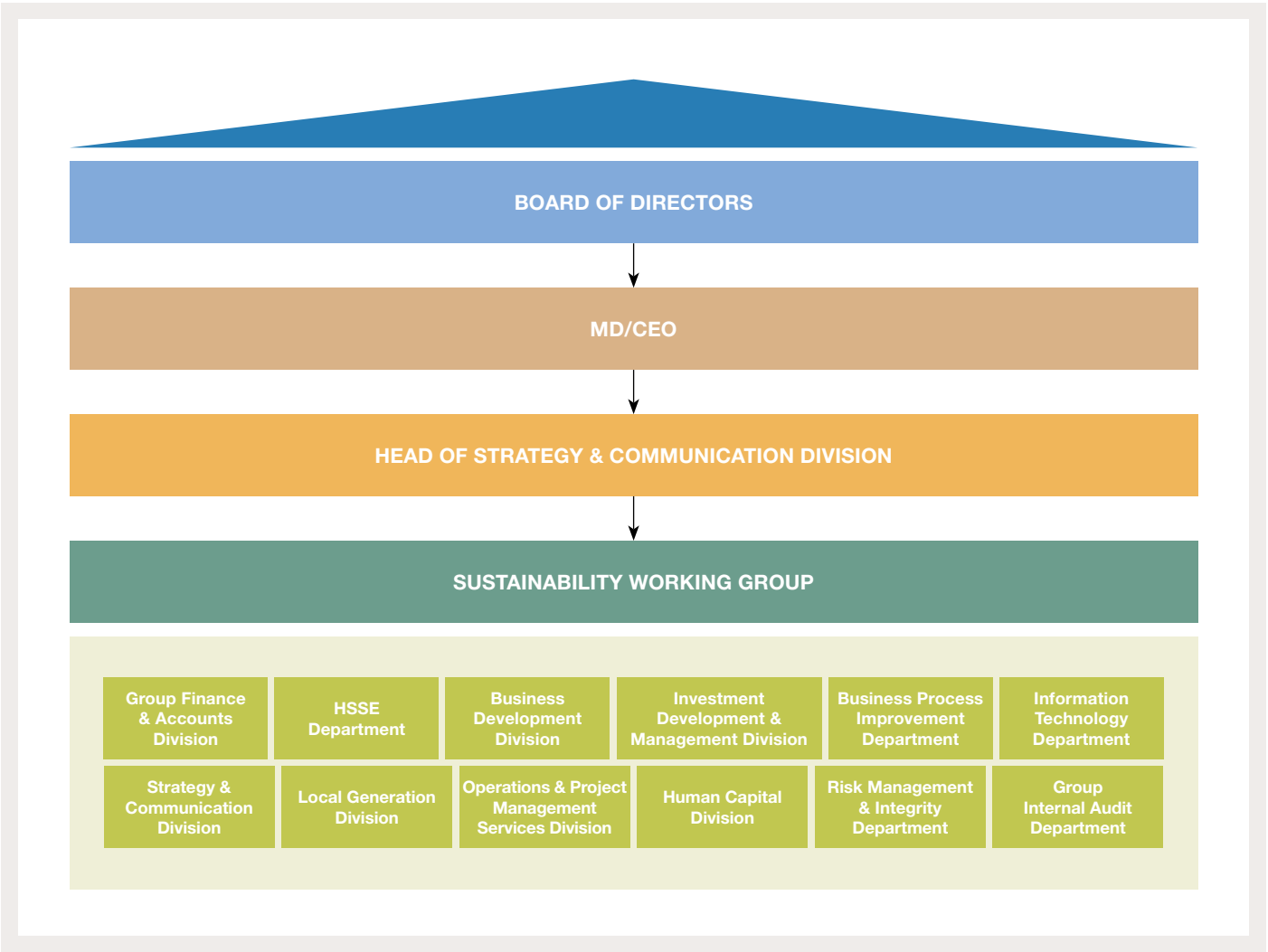
Lines of reporting and accountability have been drawn for sustainability-related issues to be escalated up the chain of command, to facilitate strategic decision making, and the identification and implementation of action plans and programmes that are effectively implemented at ground level.

The Sustainability Working Group (“SWG”) plays a vital role in monitoring, gathering data and providing regular sustainability reports to the Head of Strategy and Communication Division, who reports directly to the MD/CEO. Heads of Divisions/Departments are required to authorise all inputs and performance disclosures, which are then verified by the SWG to ensure compliance with the MMLR of Bursa Malaysia. We have also strived to meet global benchmarks by following the GRI Standards on sustainability reporting.

All EES matters have been integrated into the Group’s business strategies, as deliberated upon by the Board and Senior Management. Operational decisions are made in line with the Board and Senior Management directives, which seek to balance the Group’s business objectives against EES matters and our stakeholder perspectives.

In addition to our formalised governance structure, Malakoff’s sustainability governance is also premised upon the following policies and procedures:

- Board Charter (inclusive of Terms of Reference (“TOR”) for all respective Board Committees)
- Group Anti-Bribery Policy (“AB Policy”)
- Whistle-blowing Policy
- Procurement Policy
- Environmental Policy
- IT Governance and Security Policy











## SUSTAINABILITY STATEMENT

## STAKEHOLDER ENGAGEMENT

GRI 102-21, 102-40, 102-42, 102-43, 102-44, 102-48

We conduct our stakeholder engagements in order to identify and address their concerns, especially with regards to sustainability-related matters. Our stakeholder ecosystem comprises both internal and external stakeholders who play a significant role in the continuity of our business operations. We believe our focused stakeholder engagements enable us to proactively address EES matters that have a material impact on our business.

In FY2020, we conducted the following stakeholder engagements:

Stakeholder Group	Description	Engagement Channels	Material Topics
 Employees	Individuals who are hired by an employer to do a specific job, barter his or her skills, knowledge, experience, and contribution in exchange for compensation from an employer	<ul style="list-style-type: none"> <li>Townhalls</li> <li>Virtual meetings</li> <li>Surveys</li> <li>Company intranet/newsletters</li> </ul>	<b>M14</b> Employee Engagement & Well-being <b>M15</b> Occupational Safety and Health <b>M18</b> Effective Communication
 Local Communities	A group of interacting people living in a common location	<ul style="list-style-type: none"> <li>Surveys</li> <li>Community events</li> <li>Interviews</li> </ul>	<b>M13</b> Community Investment & Development <b>M9</b> Natural Disaster/Pandemic <b>M14</b> Employee Engagement & Well-being
 Shareholders/Investors	Also referred to as a stockholder, is a person, company, or institution that owns at least one share of a company's stock, which is known as equity/a person or organisation that puts money into financial schemes, property, etc. with the expectation of achieving a profit	<ul style="list-style-type: none"> <li>Virtual meetings/briefings</li> <li>AGM</li> <li>Quarterly/annual reports</li> <li>Website updates</li> </ul>	<b>M9</b> Natural Disaster/Pandemic <b>M2</b> Strategy Implementation <b>M1</b> Economic Performance
 Customers	The individuals and businesses that purchase goods and services from another business	<ul style="list-style-type: none"> <li>Virtual engagements</li> <li>Surveys</li> <li>Social engagement activities</li> </ul>	<b>M6</b> RE <b>M9</b> Natural Disaster/Pandemic <b>M13</b> Community Investment & Development
 Government Authorities	Any governmental entity, department, commission, board, agency or instrumentality, and any court, tribunal or judicial or arbitral body, whether federal, state, local or foreign	<ul style="list-style-type: none"> <li>Surveys</li> <li>Corporate events</li> <li>Dialogues</li> </ul>	<b>M5</b> Governance, Ethics and Integrity <b>M4</b> Regulatory Compliance <b>M13</b> Community Investment & Development
 Law Enforcement Agencies	Numerous law enforcement agencies which generally comes under the direct purview of the Royal Malaysia Police, the main Government agency entrusted with the maintenance of law and order in the country	<ul style="list-style-type: none"> <li>Surveys</li> <li>Virtual meetings</li> </ul>	<b>M7</b> Energy Sources <b>M2</b> Strategic Implementation <b>M3</b> Operational Excellence
 Rating Agencies and Financial Institutions	A company that assesses the financial strength of companies and Government entities, especially their ability to meet principal and interest payments on their debts/a company engaged in the business of dealing with financial and monetary transactions such as deposits, loans, investments, and currency exchange	<ul style="list-style-type: none"> <li>Surveys</li> <li>Virtual meetings/briefings</li> </ul>	<b>M3</b> Operational Excellence <b>M1</b> Economic Performance <b>M2</b> Strategic Implementation
 Contractors and Vendors	The party that exist on the other side of the procurement value chain. The party that is contractually bound to deliver the Supplies, Works or Consultancy Services in accordance with the terms of the Contract	<ul style="list-style-type: none"> <li>New vendors registration</li> <li>Vendors registration updates</li> </ul>	<b>M3</b> Operational Excellence <b>M2</b> Strategic Implementation <b>M9</b> Natural Disaster/Pandemic

SUSTAINABILITY STATEMENT

MATERIALITY

GRI 102-29, 102-31, 102-33, 102-34, 102-47

In FY2020, we reviewed and confirmed our material topics and aspects based on the availability of new information as well as the latest feedback and perspectives obtained from our stakeholders.

The Group’s Heads of Divisions/Departments captured the relevant data, which is then provided to the SWG for further analysis and disclosure. Through this process, we were able to continuously assess our list of material topics and aspects, and make adjustments where necessary. We have categorised our material topics into EES themes, respectively.



## SUSTAINABILITY STATEMENT



## ECONOMIC

GRI 200, 102-11, 103-1, 103-2, 103-3



**We believe that good governance is an essential component of any successful organisation. It is the key driver guiding the Group and its people towards achieving their business objectives and goals, thus providing the foundations for a high performing organisation that preserves and strengthens stakeholder confidence.**

## REGULATORY COMPLIANCE

GRI 307-1

We believe in ensuring strict regulatory compliance with all the various legislations pertaining to the power sector. In FY2020, Malakoff continued with its stellar track record on regulatory compliance, recording zero incidents of non-compliance pertaining to environmental, social, legal, and health and safety regulations. This was the result of our comprehensive operating procedures, processes and frameworks that were developed and implemented to ensure strict compliance with all the relevant laws, regulations and other requirements.

We have a regulatory compliance management system in place, which consists of a series of internal audits that are conducted regularly across the Group. The audits include the Quality, Health, Safety and Environment ("QHSE") Audit and the Group's HSSE Audit and Inspection. Through the outcomes of the audits, we are able to assess our compliance and performance levels, identify gaps and solutions, and implement these accordingly.



## SUSTAINABILITY STATEMENT



In FY2020, we conducted a total of five audits as follows:

- TBP for two days from 23 - 24 June 2020
- TBE for two days from 25 - 26 June 2020
- LPP for two days on 29 - 30 June 2020
- Prai for two days from 2 - 3 July 2020
- KLHQ for one day on 15 July 2020

All the audit findings have been identified and appropriate actions were taken for further improvements.

Our Occupational Safety and Health (“OSH”) policies have been developed in compliance with the relevant legislation. Our policies aim to foster a preventive based workplace health and safety culture. We continuously review, update and improve on our OSH policies to ensure its relevance and effectiveness. Our reviews and improvements take into account the feedback and concerns raised by our stakeholders, especially our employees. During the year, we have achieved a successful transition from OHSAS 18001:2008 to ISO 45001:2018 – OHSMS.

#### COMPLIANCE WITH NEW ENVIRONMENTAL QUALITY (CLEAN AIR REGULATIONS) 2014

##### GRI 307-1

The Group has maintained its strict compliance of emission levels as provided by the Environmental Quality (Clean Air Regulations) 2014 (“CAR 2014”). We monitor our Hydrogen Fluoride (“HF”), Hydrogen Chloride (“HCl”) and Polychlorinated Dibenzodioxins (“PCDD”)/ Polychlorinated Dibenzofurans (“PCDF”) emission levels in line with CAR 2014 requirements. We have also ensured compliance with the lower limits of Carbon Monoxide (“CO”) and Mercury (“Hg”) emissions for coal plants, along with the new emission limits of CO and opacity monitoring for gas plants as stipulated in CAR 2014. Compliance to the emission regulations are managed through each plants’ Environmental Management Plan. As at end of December 2020, no non-compliance notices were issued by the Department of Environment (“DOE”) to any of Malakoff’s plants.



## SUSTAINABILITY STATEMENT

## ANTI-BRIBERY COMPLIANCE

## GRI 102-16, 102-17, 205-2

In line with the Group Anti-Bribery Policy and the requirements of the new Section 17A of the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018, we established IGU which provides independent reporting to the Board on integrity related matters. In November 2020, Malakoff successfully obtained certification from SIRIM for ISO 37001:2016 ABMS. Currently, Malakoff has 37 trained ABMS auditors to carry out ABMS Audits in order to ensure compliance among our staff and business associates who deal directly and indirectly with Malakoff Group.

During the year, we conducted a series of online Bribery Risk Assessment Workshops for all business units. These sessions were conducted as part of our efforts to continuously improve and further identify and assess the potential bribery risks for the company and its current controls and mitigation plans. Additionally, two of our employees attended the Certified Integrity Officer ("CeIO") Programme for the private sector that was organised by the Malaysian Anti-Corruption Academy ("MACA") on 22 September - 15 October 2020.

## WHISTLE-BLOWING POLICY

## GRI 205-3

The Whistle-blowing Policy sets out avenues for employees and third parties dealing with the Group with proper procedure to disclose cases of improper conduct such as criminal offences, fraud, corruption, breach of Group Policies and Code of Conduct or other malpractices.


A Whistle-blower is assured confidentiality of identity, to the extent that is reasonably practicable. This includes protecting the Whistle-blowers from detrimental actions that may result from the disclosure of improper conduct, provided that the disclosure is made in good faith. The Whistle-blowing Policy is also to ensure that fair treatment is provided to both the Whistle-blower and the alleged wrongdoer when a disclosure of improper conduct is made.

Disclosure of improper conduct can be made verbally or in writing to the Chairman of the Board Audit Committee through a letter or via e-mail to [whistleblowing@malakoff.com.my](mailto:whistleblowing@malakoff.com.my).

The Chief Internal Auditor is responsible for the administration, interpretation and application of the Whistle-blowing Policy. Any amendment to the Policy shall be effected by the Chief Internal Auditor, and is subject to the final approval of the MD/CEO, the Board Audit Committee and the Board of Directors.

For FY2020, four cases were reported through the Whistle-blowing channel and appropriate actions were taken in accordance with the Policy.

The salient terms of the Whistle-blowing Policy are available on our corporate website at:

 <http://www.malakoff.com.my/About-Us/Whistleblowing-Policy/>

## SECURITY OF SUPPLY AND PLANT SECURITY

## GRI 201-1, 203-1

Energy security is an issue that plays a huge role in the socio-economic development of a country. The continuous and uninterrupted supply of energy through the National Grid is required to power industries, businesses and homes. In order to ensure that Malakoff is able to deliver on its promise of continuous and uninterrupted energy supply, we have in place Scheduled Outage plans that are collaboratively reviewed with the Grid System Operator on a regular basis to ensure that our plants are available to support the national grid system without compromising on plant integrity, as stipulated in the PPA.

In FY2020, all of our plants were successfully audited by the *Jabatan Sasar Penting Negara* ("JSPN"). Recommendations were given to strengthen security at critical plants categorised as "*Sasaran Penting Keutamaan Satu*". JSPN oversees infrastructure that is considered to be of national importance to maintain the security of the country and the economy. We continued to implement our operations and maintenance initiatives in line with optimising our plants' availability and performance reliability.

To ensure continuous improvements in plant availability and reliability, we have implemented various O&M initiatives and adopted state-of-the-art tools such as Condition Based Maintenance, Reliability Centered Maintenance, Root Cause Analysis in failure investigations to avoid recurrences, Reliability Centered Spares, Risk-Based Inspection, Process Safety Management, and Hazard and Operability Study. We also conducted Forced Outage Management, and benchmarking activities for all the plants to ensure that the initiatives and its outcomes are on the right track.



Please refer to the MD&A section on page 28 of this Annual Report for detailed disclosure on Malakoff Plant Equivalent Availability Factor.

## SUSTAINABILITY STATEMENT

### INFORMATION SECURITY

#### GRI 201-1, 203-1

Cyber security has become a crucial element of the security of an organisation, as increasingly more company confidential data and business processes are accessible remotely through Cloud and/or online. In FY2020, with WFH measures effected by organisations to maintain business continuity throughout the Covid-19 pandemic, there was an even greater shift to online platforms and technologies as key enablers keeping business operations running.

To address ongoing cyber security concerns and to ensure a robust and resilient network architecture, we have in place an IT Governance and Cyber Security Framework that was developed according to international standards and best practices which utilises a holistic approach in managing cyber risks. Based on the framework, we continue to strengthen our existing cyber defence technologies equipped with Artificial Intelligence (“AI”) based software to detect and respond to unknown threats. Malakoff has also invested in an asset and automated patch management solution to ensure timely update of security patches, implemented Privilege Access Management (“PAM”), Enterprise Mobile Management (“EMM”) and Vulnerability Management (“VM”) solutions as part of our cyber defence improvements. As we move into 2021 and our quest to achieve greater cyber resilience, we will be embarking on the Phase III of the Cybersecurity Enhancement Programme and implement proactive cyber security solutions that will enhance our cyber security capabilities.

As for our digitalisation programme which is in line with the Government’s call to meet the challenges of IR 4.0, Malakoff plans to extend the RPA programme following the successful roll-out of the pilot phase in 2020 and the implementation of mobile applications. This programme will increase productivity by eliminating repetitive tasks, and improve accuracy and speed. We will also seek to enhance the way we engage with our stakeholders, namely our customers, through a new customer portal and mobile applications that will offer more information and convenience, such as online payment, billing information, and real-time announcements.

Moving into the year ahead, beyond accomplishing our 2021 IT Strategic Plans, we also aim to facilitate the effective and equitable use of IT resources, improve overall efficiency to create optimal value and continue maintaining our ISO 27001:2013 Information Security Management System (ISMS) certification in preserving the Confidentiality (C), Integrity (I) and Availability (A) of the company’s information, and there retain our resilience.

### STRATEGIC BUSINESS DEVELOPMENT

#### GRI 201-1, 203-1

Our strategic business development agenda is strictly aligned with our vision to be a premier global power and water company. In line with this, we have set ourselves strategic targets of achieving 10,000 MW of power generation capacity, 1,000,000 m<sup>3</sup>/day of water production capacity, 1,000 MW of RE capacity and 10,000 tonnes/day of solid waste management volume.

In FY2020, we remained on course with our strategic endeavours through various business development initiatives. These include submitting tenders and bids for RE projects, as well as securing new contracts throughout our various businesses.



Please refer to the MD&A section on page 20 of this Annual Report for detailed disclosure on our business development plans, key highlights for FY2020 and our future business and strategic orientation.

### BUSINESS PROCESS IMPROVEMENT

#### GRI 201-1

Malakoff practices continuous business process improvement which involves identifying, analysing and improving existing business processes to optimise our performance, meet best practice standards, and improve the user experience for customers and end-users. In FY2020, we recorded a number of achievements during the year in terms of BPI, with 20 process improvement projects implemented Group-wide.

This included coordinating the implementation of the Alam Flora Process Integration. As a new subsidiary of the Group, Alam Flora’s core administrative and support service processes such as Procurement, IT, Human Capital, Finance, and Risk Management, are now in line with the Group’s practices and approach. This was captured by reviewing all the relevant processes and documentation.

Among others, we enhanced the procurement process with respect to compliance to ABMS requirements such as the declaration of conflict of interest and vendor due diligence. Alignment of the procurement process between Malakoff and Alam Flora has been successfully completed through a joint effort between both Procurement and BPI Departments through a series of briefings, trainings and gap analysis sessions. In FY2020, Malakoff managed to record savings of RM14.40 million as a result of the implementation of E-Auction through I-Valua.

Additionally, as the Group shifted to WFH in light of the Covid-19 pandemic, we concurrently moved to utilise virtual platforms such as Microsoft Teams to enable this smooth transition for our workforce.

## SUSTAINABILITY STATEMENT

## LEAN SIX SIGMA

## GRI 201-1

We have consistently relied on the 6 Sigma approach to collaboratively improve our performance. In FY2020, we continued to implement measures identified under the LSS Project Implementation. These involved two key projects, namely Inventory Optimisation by the LPP Team, and Minor Outage Optimisation by the TBP Team.

As a result of various 6 Sigma initiatives, we achieved RM9.0 million in cost savings during the year. We participated in the Regional Innovation Showcase on Team Excellence 2020 organised by MPC on 3-4 September 2020 which showcased these two projects. The projects also qualified for the Annual Productivity and Innovation Conference and Exposition 2020 organised by MPC on 17-19 November 2020.

## GREEN 5S

## GRI 201-1

Having introduced the Green 5S (“G5S”) Guideline in FY2019, in FY2020 we continued to gain traction with this initiative. G5S is an initiative launched by SIRIM to promote the concept of “Go Green” in Malaysia. It is also key to implementing initiatives centred on health and safety, towards ensuring high productivity, promoting a green environment and deriving energy efficiencies. Moving into 2021, BPI will continue to implement the current initiatives, policy and strategies.

## OPERATIONAL EXCELLENCE

## GRI 201-1

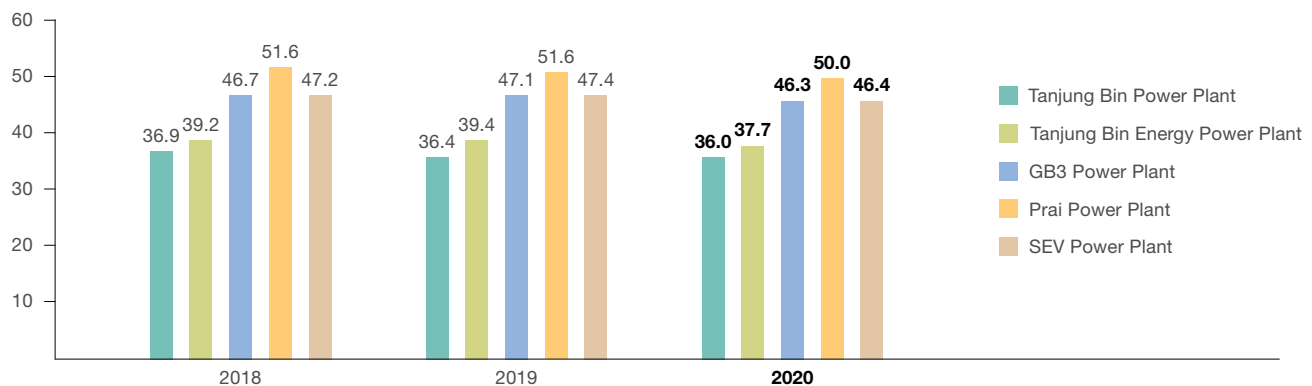
As the first strategic pillar of our business strategy, Achieving Operational Excellence is a key priority for the Group. Ensuring the operational excellence of our plants is key towards providing a continuous and reliable supply of electricity to our customers. Malakoff has developed a culture of continuous improvement to drive our operational excellence capabilities as overseen by the Engineering Department, Local Generation Division (“LGD”).

This involves processes and measures that have been implemented to identify performance gaps, forecast potential risks, and conduct remedial and corrective actions. These are affected through periodic performance reviews carried out throughout the year, as well as quarterly reviews that are done to identify gaps and operational issues. Based on the outcomes of our reviews, we then schedule plant outages and implement rectification plans accordingly.

In FY2020, LGD continued to lend its engineering expertise in various aspects of O&M such as risk management, failure prevention, strategic planning, and cost optimisation to achieve our performance targets. The Division also manages the power plants’ operational and performance (thermal and emissions) activities and process improvements.

For local power plants, we set thermal efficiency goals for execution with a dedicated thermal performance monitoring programme consisting of performance gap identification, remedy plans and potential risk forecasts. Periodic performance is being done internally, by LGD throughout the year. The periodic review identifies gaps and potential operational issues. It also helps our plants to properly plan tasks to rectify any defects and schedule the required outage.

Thermal Performance in FY2020 (%)



## SUSTAINABILITY STATEMENT

### RENEWABLE ENERGY

GRI 201-1, 201-2

The generation of electricity is one of Malakoff's main activities. As part of its commitment to mitigate the impacts of climate change, the Group has committed to transition towards a cleaner energy future by developing RE assets within the areas of solar, small hydro, biogas and WTE. This is in line with our desire to be an energy-efficient manufacturer and in support of the Government's target to achieve 20.0% RE capacity in the national energy mix by 2025.



In FY2020, we continued to grow our base of RE assets as follows:

<b>Biogas</b>	<ul style="list-style-type: none"> <li>Obtained FiT approval from SEDA on 18 November 2020 to undertake the development of a 2.40 MW Biogas Power Plant in Ulu Sebol, Kota Tinggi, Johor</li> </ul>
<b>Small hydro</b>	<ul style="list-style-type: none"> <li>Progressed with two small hydro projects with capacities of 25.0 MW and 30.0 MW located along Sg Pahang, which we had obtained FiT in December 2019</li> </ul>
<b>Rooftop solar</b>	<ul style="list-style-type: none"> <li>Entered into SPPA as follows:               <ul style="list-style-type: none"> <li>Johor Port Berhad on 10 June 2020 of 2.66 MW.</li> <li>Northport (Malaysia) Berhad on 4 September 2020 of 4.93 MW.</li> <li>PMB Properties Sdn Bhd on 30 October 2020 of 2.34 MW.</li> </ul> </li> </ul>

Moving into FY2021, we are preparing to venture into the WTE segment besides continuing to explore potential acquisition or joint venture in RE projects, both locally and abroad.



Please refer to the MD&A section on page 29 of this Annual Report for RE development activities.



## SUSTAINABILITY STATEMENT



## ENVIRONMENTAL

GRI 300, 201-2, 307-1

**As the largest IPP in Malaysia, Malakoff is keenly aware of its corporate responsibility in leading the vanguard to mitigate climate change. We have embedded a holistic environmental management approach throughout all aspects of our business that focuses on preventing environmental degradation and minimising our business' impacts on the environment.**

Leveraging on innovation and technology, we use our industry insights to identify new solutions to environmental issues, that strike at the heart of concerns raised by our various stakeholder groups. Our goal is to meet society's expectations for sustainable development and a greener future, as we transition our business into a clean energy provider.



The environmental management of our operations employs a three pronged approach as follows:



## GOVERNING ENVIRONMENTAL MATTERS

Protecting the environment in which we operate is one of our key priorities to maintain business sustainability. In view of the importance of environmental conservation, our LGD is certified with ISO 14001:2015 Environmental Management System. Our environmental performance is overseen by the Environmental Management Committee ("EMC"), which comprises the Environmental Performance Monitoring Committee ("EPMC") and the Environmental Regulatory Compliance Monitoring Committee ("ERCMC").



## NATURAL RESOURCES MANAGEMENT

The nature of our business requires us to utilise natural resources, mainly fuel and water, on a large scale. These resources are essential to generate electricity, and we are aware of the importance of managing our consumption not just for business sustainability, but the impact that it has on the environment. Our natural resource management is in compliance with ISO 14001:2015.



## WASTE MANAGEMENT

We seek to practice optimal waste management including reducing waste generation within our businesses and its safe disposal, where applicable. All waste and effluents generated from the Group's power plants are managed, disposed and/or discharged as per the relevant regulatory requirements.



## SUSTAINABILITY STATEMENT

### EMISSIONS MANAGEMENT

GRI 305-2, 305-5

In line with our efforts to combat climate change, Malakoff has in place an emissions management system which strives to reduce greenhouse gas (“GHG”) and non-GHG emissions throughout all our plants. These emissions are the consequence of the consumption of fuel such as coal and gas, as well as the combustion processes. We ensure the strictest compliance with all pertinent regulations.

All our plants enforce an emissions-control equipment maintenance schedule to ensure their optimal operational efficiency. This approach has enabled the Group to comply with all the prescribed emission limits. In addition, we provide regular emissions data reports to the DOE as facilitated by our Continuous Emissions Monitoring System (“CEMS”).

In order to manage our non-GHG emissions, our coal plants are equipped with particulate matter (“PM”) reduction equipment. In particular, TBP is equipped with an electrostatic precipitator while TBE has a fabric filters. Besides that, there is a Flue Gas Desulphurisation (“FGD”) in place to reduce Sulfur Oxide (“SOx”) emissions, and stage combustion to reduce Nitrogen Oxide (“NOx”) emissions.

In order to minimise our coal emissions, we have implemented a stringent coal selection process that is aligned with the Coal Supply and Transportation Agreement (“CSTA”). Our plant process optimisation initiatives as well as green initiatives such as 3R (Reduce, Reuse, Recycle) programmes aim to reduce GHG emissions throughout our operations.

Throughout 2020, we have continuously focused on maintaining the reliability of our emission control equipment to ensure continuous compliance to the regulations.

Considering its abundant reserves and competitive pricing, coal will likely maintain its market dominance as the biggest single source of energy for electricity production globally, despite the growing concern on Carbon Dioxide (“CO<sub>2</sub>”) emissions. Our strategy is to move towards balancing our energy mix, which means shifting our focus towards RE for the middle to long-term horizon. In the meantime, we have deployed advanced and clean technologies which will help to significantly reduce emissions.

### ENERGY CONSUMPTION AND EFFICIENCY

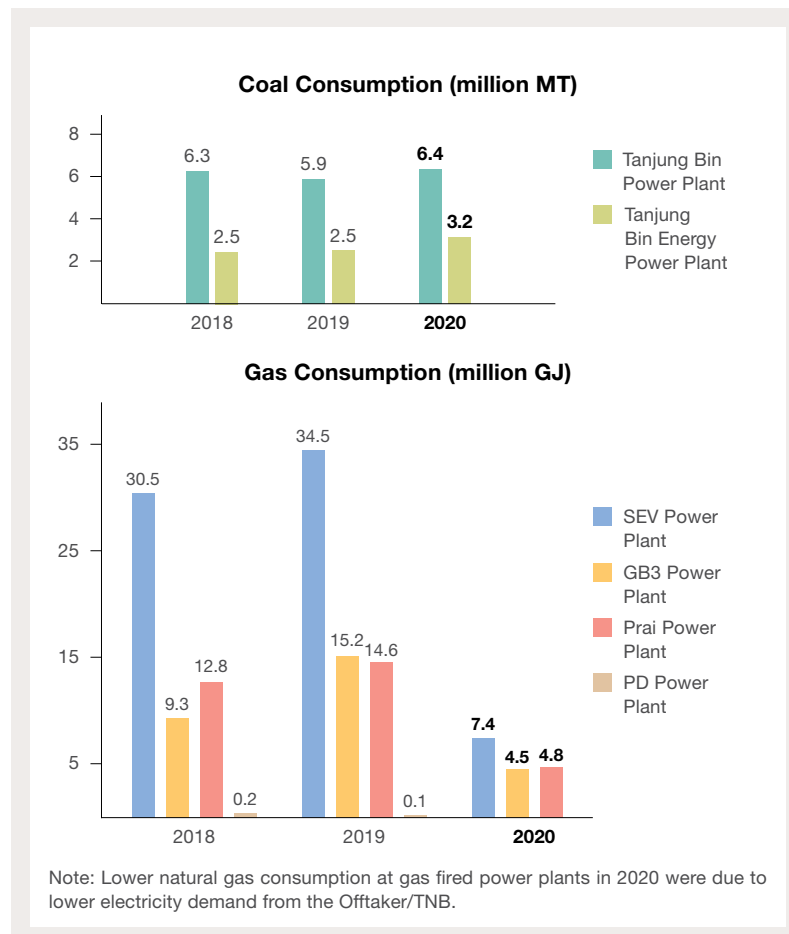
GRI 301-1, 302-1, 302-4

#### Energy Consumption at Our Plants

In FY2020, the Group sustained its efforts to consume scarce resources in a responsible manner by focusing on initiatives that would enhance its plants’ energy intensity. Thus, we reduced our wastage as much as possible and improved the overall operational efficiency of our plants through optimisation initiatives. The coal selection process we utilise which is in alignment with the CSTA has also resulted in greater efficiencies in terms of plants’ energy consumption.

Beginning August 2020, LGD through the 6 Sigma initiative, optimised the Prai import energy by shutting down the Boiler Feed Pump (“BFP”) and Cooling Water Pump (“CWP”) after the plant had been on standby for 24 hours. In 2020, the successful implementation of the initiative resulted in standby operating cost savings of RM1.70 million, and import energy gain savings of RM0.39 million.

We also developed a more detailed plan on the TBP Energy Efficiency Pilot Project, which we plan to implement in the near term future.

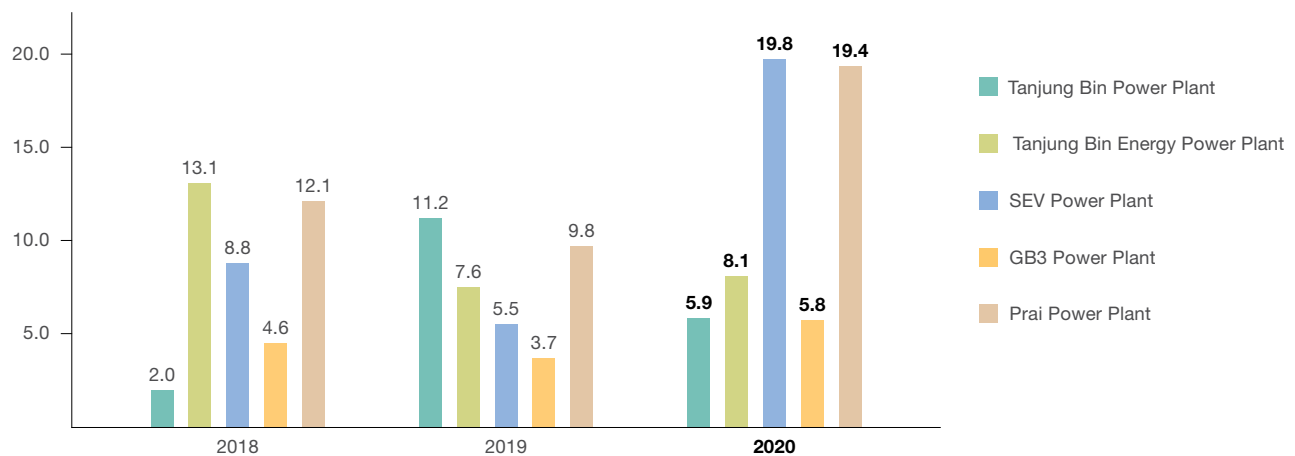


## SUSTAINABILITY STATEMENT

## Energy Consumption at Our Office Premises

At our office premises, we have in place various initiatives in order to manage our energy consumption. We continued to gain traction with our LED light replacement programme, which we kickstarted in FY2019 throughout all offices at KLHQ, the Malakoff Academy of Excellence (“MAX”) training centre as well as other office building owned by MUSB. As a result of the installation of LED lightings during the year at Level 7 to Level 13 at KLHQ, MAX and MUSB buildings, we have gained average monthly electricity savings of approximately 13.0%. Motion sensors have been successfully installed in the toilets at KLHQ to optimise energy usage in these areas in line with our ambition to be have a greener work environment.

Import Power Consumption in FY2020 (GWh)



The company continued to support energy efficiency initiatives, in line with the Government’s aim to ensure productive energy usage in the country.

As a continuation to the successful implementation of the previous LED lamps replacement, a similar initiative was intended to be implemented at TBP. The proposed area for the energy efficiency implementation covers the new ash pond, main warehouse, and turbine hall.

The company has also embarked on exploring potential opportunities to implement of energy efficiency at Wisma Budiman, Proton Manufacturing Plant and Plaza Sentral with the objective of providing comprehensive solutions on energy optimisation and potential savings on electricity consumption.

To increase Malakoff’s internal expertise and upskilling of internal resources, the company’s key personnel have also attained relevant certificants such as the Registered Electrical Energy Managers

(“REEMs”) which is required under the Efficient Management of Electrical Energy Regulation 2008 (“EMEER 2008”), Certified Energy Manager (“CEM”) and Green Building Index Facilitator.

We have submitted an Energy Audit proposal to Proton Tanjung Malim (“Proton”) for its chiller plants. We are expecting to conduct the energy audit followed by the implementation of energy conservation measures to help Proton to reduce their energy consumption. Additionally, we are also exploring energy efficiency related service opportunities with Senai Airport and Pos Aviation.

We are also embracing the proposed Energy Efficiency and Conservation Act (“EECA”) which is currently at the stage of drafting and collecting public views. We would expect that the EECA will be tabled to parliament and will be gazetted to encourage sustainable development. By having energy efficiency capabilities, Malakoff would be future proofed to embrace the upcoming changes in the sector.

## SUSTAINABILITY STATEMENT

## WATER USE IMPACT

GRI 303-1, 303-3

In line with our commitment to responsibly manage our consumption of scarce resources, our water management initiatives aim to reduce the impact of our operations' use of water. The Group's plants generally utilise seawater in its cooling down process, and raw water to replace water and steam that is dispersed to the air during the electricity generation process.

Our raw water supply is obtained from the respective state water supply networks that our plants are located in. These are *Perbadanan Bekalan Air Pulau Pinang* ("PBAPP"), *Syarikat Air Johor* ("SAJ") and *Lembaga Air Perak* ("LAP"). We have also installed rainwater harvesting systems at TBP.

In FY2020, we recorded a reduction of approximately 8.0% in annual water costs, contributed by lower dispatch and water conservation initiatives. These included the management of ash pond water at TBP.

We embarked on a feasibility study on the implementation of a desalination (reverse osmosis) plant at TBP which would supply 50.0% of service water required. The study is currently ongoing, and we expect to complete it in FY2021.

At TBE, we implemented a plant improvement initiative to channel wastewater from the boiler sump, drained from the main process area to the boiler submerged scraper conveyor system. Additionally, we have also initiated a valve repair exercise on our steam and feedwater line to minimise any leakages and wastages. This is a common practice throughout the Malakoff fleet.



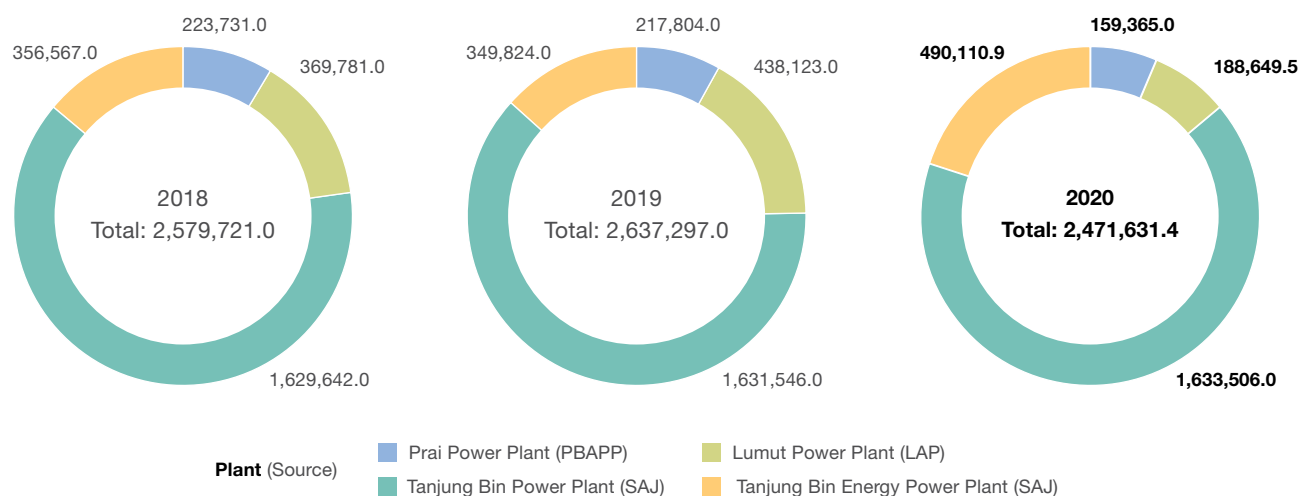
As for LPP, in order to minimise demineralised water wastage, we have been shutting down the blowdown manual valves when the unit is on standby. Other proactive actions we have taken include continuously monitoring the water and steam pipeline integrity, undertaking scheduled replacements, ensuring all drain valves are shut tightly and controlling water usage especially for cleaning and housekeeping purposes in order to achieve optimum levels.

Our plants' raw water consumption correlates with the Capacity Factor. During the year, our CCGT plants comprising Prai, SEV and GB3 Sdn Bhd ("GB3") power plants registered lower Capacity Factor due to Covid-19 pandemic related impacts. This led to a reduction in raw water consumption for FY2020. Both TBE and TBP recorded higher Capacity Factor in 2020 as compared to 2019.



Please refer to the MD&A section on page 27 for Domestic IPP Operations.

Raw Water Consumption in FY2020 (m³)



## SUSTAINABILITY STATEMENT

## WASTE MANAGEMENT

## GRI 301-2, 306-2

The nature of our business as an IPP results in waste by-products due to our plant operations. This comprises mostly of fly ash and bottom ash which form during the coal combustion process.

In order to responsibly manage our plants' waste, we conduct regular assessments of our waste management processes, and identify and implement new waste management methods in order to reduce and recycle scheduled waste generated from our plant operations. This is particularly important to ensure that we are able to reduce and, as much as possible, eliminate ground, water and air contamination that may arise from our coal ash disposal process. As such, we have in place properly managed disposal channels, that conform to regulatory requirements.

One of the sustainability initiatives we have in place is the third party offtake agreement relating to the recycling of ash generated from TBP into construction material such as sand replacement, as practiced in developed nations such as Japan and countries in Europe. TBP and TBE are coal-fired power plants that have a combined generation capacity of 3,100 MW that produce about 45,000 MT of fly ash and 8,000 MT of bottom ash every month. We have a coal ash disposal procedure that helps us manage our ground, water and air contamination as we recognise the risks associated with coal ash disposal from our coal-fired power plants.

In addition, the internal waste (domestic waste) and internally generated scheduled waste such as used lube oil, distillate and contaminated solid waste are collected by appointed approved domestic contractors and sent for either landfill or incineration disposal.

Besides propagating sound environmental practices that contribute towards the mitigation of climate change, our efforts to recycle coal ash has reduced the need for us to build a new ash pond.

In FY2020, the Life Cycle Assessment tool was used for environmental assessment of Scheduled Waste Management at TBE. The aim was to analyse and evaluate any potential alternatives to 3R (Reduce, Reuse, Recycle) current scheduled wastes rather than disposal which leads to adverse environmental impacts and incurs cost to the company. The life cycle assessment of the current scheduled wastes in TBE was conducted and compared with four typical type of treatment namely, Reduce, Reuse, Recycle and Disposal. The potential method of treatment was obtained based on sources of generated waste. During the assessment, current and potential actions and challenges were identified to reduce and minimise environmental and cost impacts for further evaluation.



At TBP, we had engaged a third-party assessor to assist in the development of Life Cycle Assessment of Waste. However, this was put on hold due to the Covid-19 pandemic.

In FY2020, we sent all our waste oil to approved DOE premises for recovery purposes as follows:

Plant	Recovery Purposes
Prai Power Plant	From a total of 77.88 MT waste generated, 63.55 MT of waste oil was sent to approved DOE premises for recovery (filtration and reused for another oil product).
Lumut Power Plant	LPP generated 9.71 MT of waste oil, of which 8.69 MT was sent to the prescribed premises. The balance will be carried forward to the 2021 inventory.
Tanjung Bin Power Plant	TBP generated and disposed 51.55 MT of spent lubricating oil/waste oil and 15.13 MT of spent hydraulic oil to prescribed premises.
Tanjung Bin Energy Power Plant	TBE generated and disposed 4.72 MT of waste oil and 0.40 MT of oily water to prescribed premises.

We ensure full compliance with all the relevant environmental regulations and standards when we dispose of our effluents and other waste materials. All the scheduled waste maintenance sites that Prai, LPP, TBP and TBE power plants utilised, were in full compliance with the Environmental Quality Act ("EQA") (Scheduled Waste) Regulations 2005. Scheduled waste was disposed via licensed contractors with Prescribed Premises in accordance to DOE regulations.



## SUSTAINABILITY STATEMENT



## SOCIAL

GRI 400, 103-1, 103-2, 103-3



**At Malakoff, people are very important to organisation. We view our human capital as one of our greatest strengths, in driving our business journey towards achieving our vision of becoming a premier global power and water company. As for our communities, they are key to our social licence to operate.**

## DIVERSITY AND EQUAL OPPORTUNITIES

GRI 401-1, 405-1, 406-1

We believe in employing a diverse workforce, who have a significant range of skills, experience and expertise, that are complemented by their unique perspectives and insights, in carrying out their job functions and role every single day. Our employees are the life force of our organisation, and we believe in providing them with the supporting tools and mechanisms they require to develop their talent, upskill themselves and manage their work-life balance effectively.

Malakoff is an equal opportunities employer, with hiring policies and career advancement opportunities that are merit-based. We foster fair recruitment practices by embracing diversity and inclusion in the workforce and offer employees fair compensation and benefits.

We have a zero tolerance policy towards discrimination in any form, be it of ethnicity, gender, age, disability or status. Health and safety is our utmost priority, and we are continuously upgrading our health and safety protocols to protect our employees' well-being.

Our skilled workforce is a pivotal part of Malakoff's business. We believe that our engaged, diverse, and innovation driven employees contribute to the success of the Group. Over the past three years, we have implemented a manpower optimisation programme that enables us to effectively manage overhead costs moving forward.

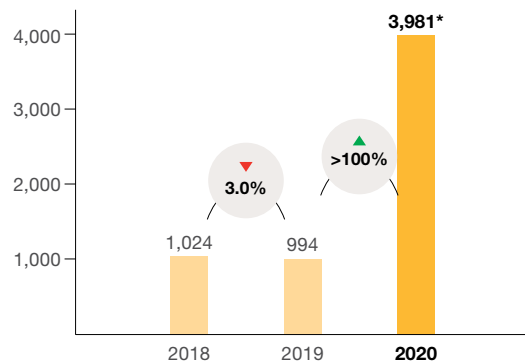
In FY2020, the numbers of employees increased from 942 to 3,981 as a result of the inclusion of our newly acquired subsidiary, Alam Flora. The ratio of male to female employees remained at 84:16.



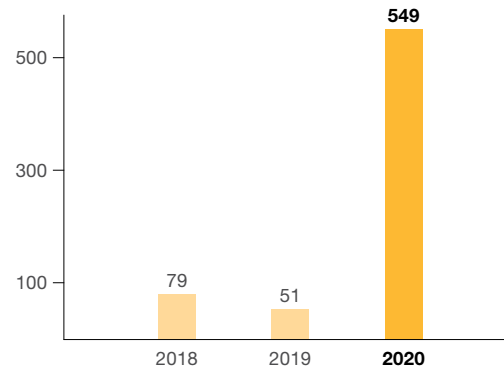
## SUSTAINABILITY STATEMENT

## Our Employees

Total Number of Employees

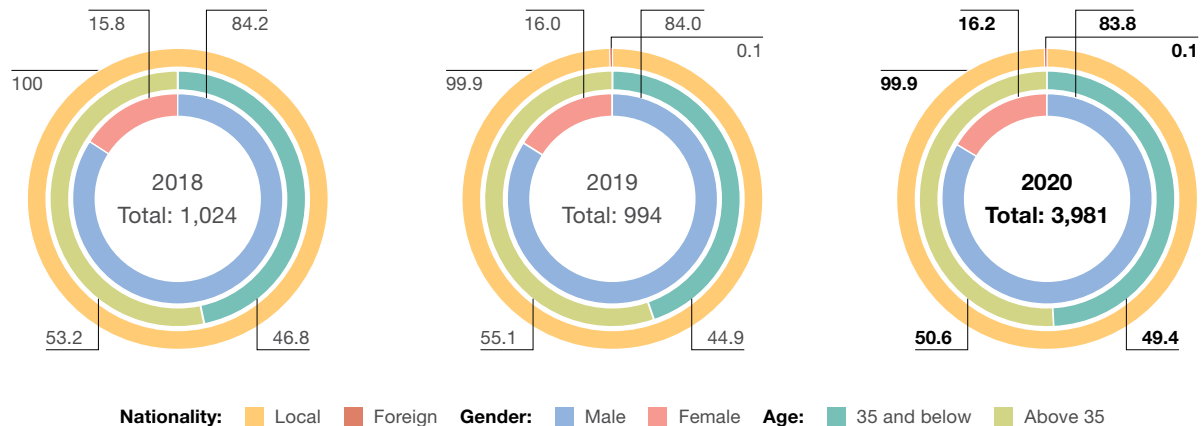


Number of New Hires

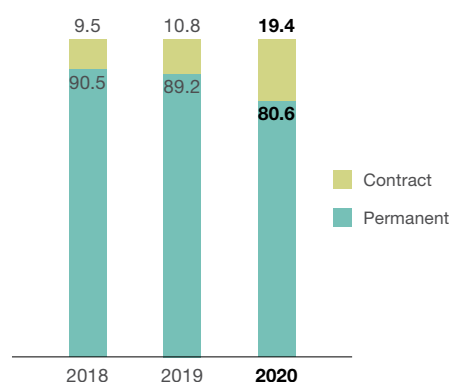


\*Note: Increase in headcount number in 2020 due to the acquisition of Alam Flora in December 2019

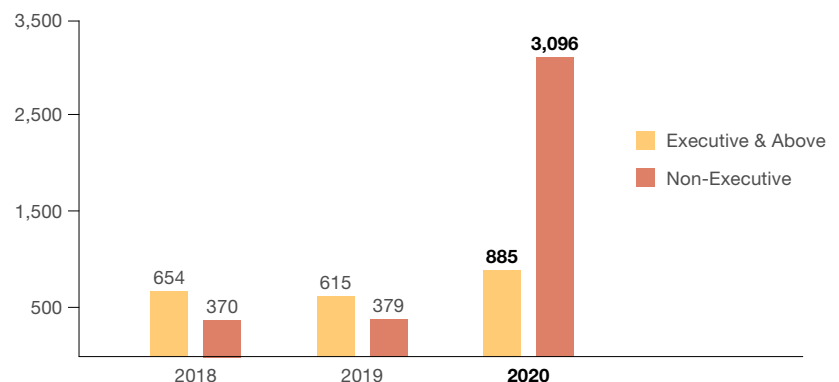
Nationality, Gender Distribution and Age Group (%)



Employment Type (%)

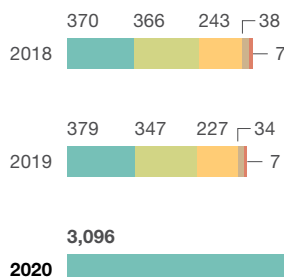


Employee Group

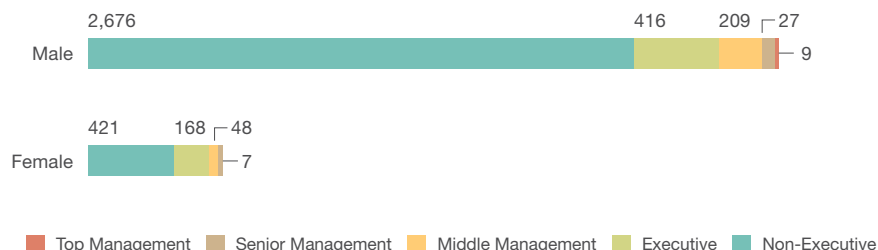


## SUSTAINABILITY STATEMENT

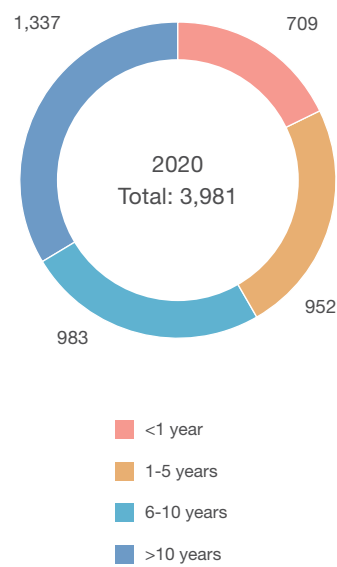
## Employee by Job Category



## Job Category vs Gender in 2020



## Years of Service in 2020



## HUMAN CAPITAL FRAMEWORK

Our Human Capital Framework has been developed in alignment with our business strategy, to ensure that our people are best positioned to deliver on our expectations of their performance. Our Human Capital Framework comprises the following four key aspects:

## Optimise Manpower and Cost

- Manpower analysis and benchmarking for Malakoff and Alam Flora
- Manpower optimisation in Malakoff and Alam Flora to remain efficient and lean, based on business needs
- Continuously monitoring manpower costs

## Strengthen Capabilities

- Implement Leadership/Management Development Programmes
- Identification of successors for CEO-2 and CEO-3 critical positions
- Leadership readiness assessments for successors and potential talents
- Facilitate and monitor the performance of successors and potential talents

## Improve Operational Efficiency

- Continuously improve SOPs
- Enhance Human Capital system to improve its service delivery
- Improve employee interaction through engagement programmes

## Performance Culture

- Inculcate Performance Management Process and Key Performance Indicators ("KPIs")
- Knowledge sharing by subject matter experts/project leaders
- Encourage employees' participation in business improvement initiatives/innovation

## SUSTAINABILITY STATEMENT



### Total Number of Employees



3,337



644

### EMPLOYEE WELFARE

GRI 401-2, 404-2, 404-3

We provide a wide range of welfare and benefits to our workers based on our organisational belief that engenders employee satisfaction, and thus promotes an efficient, healthy, loyal and satisfied labour force. Among the various benefits we provide our people are paid leave, medical benefits and various other employment related benefits.

All our employees are given annual job appraisals, and they have the right to raise any issues or concerns through a clearly defined grievance mechanism process that has been developed and managed by the Group's Human Capital Division.



**23** Participants

completed 6 Sigma Programme

In addition to health and insurance benefits, we provide our employees with allowances and overtime payments. We also provide for employee's bereavement and wreath, and an employee education assistance programme. In FY2020, we expanded our employee benefits by organising an Influenza Vaccination Programme in January 2020 for all our employees. The vaccinations were conducted onsite at all our plants and office premises nationwide. We conducted the vaccination programme in order to safeguard our people's health by minimising the risk of infection during the influenza outbreak as part of Malakoff Employees Wellness programme.



**97.0%**

Employee Engagement  
(Response Rate)

## SUSTAINABILITY STATEMENT



## SUPPORTING OUR PEOPLE THROUGH COVID-19

## GRI 402-1

FY2020 was an intensely challenging year for our people, as they put themselves at risk in order to provide continuous power for the nation. To support our people through these trying times, we implemented the following initiatives.

**Daily Workplace Temperature Screening**

In compliance with the SOPs imposed by the Government as a preventive measure during the Covid-19 pandemic, we made it compulsory for all employees to scan and register their body temperature before entering the workplace. The Workplace Temperature Screening booth was located at receptionist and front desk at all locations.

**Webinar/Health Talk Series**

The Human Capital Division organised a series of online webinars to educate and create awareness amongst our employees of issues surrounding the Covid-19 pandemic. The webinars that were rolled out were as follows:

- Managing Transition After Covid-19
- How to Stay Competitive at the Workplace to Avoid Being Laid-off
- Looking Great After Covid-19
- Preparing Mentally For Post-MCO (Return To Workplace)
- Adapting with Covid-19: Our New Normal
- Acupressure for Self-Healing and General Wellness
- Dengue Amid Covid-19 (Truths and Myths)
- Simple Routines to Combat other Work-Related Aches and Pains

**Covid-19 Screening Program**

To keep our people safe and assure them that we had their interests at heart, the Human Capital Division organised Covid-19 tests for our workforce under the SOCSO Prihatin Screening Programme ("PSP"). Conducted in June 2020 at all our locations, the screening was conducted by "BP Healthcare - Doctor2U" which was the SOCSO appointed service provider. None of our employees tested positive for Covid-19.

**Effectuated Work From Home Measures**

We effectuated WFH measures for employees with job functions that could be performed remotely from their home. All engagements, meetings, trainings and awareness session were conducted through online Microsoft Teams.

For KLHQ employees in supporting roles, or for those who were not directly involved in operations and projects, the Management implemented the STW arrangement. STW involved employees being split into different working groups which would rotate between working in the office and WFH. The scheduling of the groups and rotations would be managed by the respective Heads of Divisions/Departments based on business requirements. Employees on the STW and WFH arrangements would be subject to normal working hours in accordance with our Employee Handbook.

**Conducted COVID-19 Drills at Our Plants**

At our plants, we conducted Covid-19 drills to ensure our preparedness should an employee is tested positive with Covid-19. We also provided daily updates of new cases reported nationwide.



Please refer to our MD&A on page 18 of this Annual Report for more information on support we provided for our employees, as well as our WFH arrangements.

## SUSTAINABILITY STATEMENT

## Leave Benefits

## GRI 401-3

All our employees are entitled to a range of different types of paid leave benefits, including marriage, Hajj leave and study/exam leave. We offer paid maternity leave of up to 60 days for our female employees, and paternity leave of three days for new fathers.

## Employee Engagement

We believe that a highly engaged workforce is more likely to include discretionary effort in conducting their jobs, and form the basis of a harmonious and productive workplace. In FY2020, the Covid-19 pandemic placed some restrictions on our employee engagement activities. Nevertheless, we conducted two main employee engagement activities during the year as follows:

## Management Get Together – Malakoff and Alam Flora

Malakoff organised a Management Get Together with Alam Flora on 18 September 2020 at Holiday Inn Kuala Lumpur, Glenmarie. A total of 35 management committee members from both companies attended the event. The objective of the programme was to foster a good relationship, with it forming an ice breaking session between the management committee of Malakoff and Alam Flora. The highlight of the event was the corporate presentation by Dato' Ahmad Fuaad Kenali, the previous CEO of Malakoff, followed by Dato' Haji Mohd Zain Hj Hassan, CEO of Alam Flora, respectively. The event subsequently continued with the introduction of each management member from both companies.

## Human Capital Roadshow

In October 2020, Malakoff's Human Capital Division organised a roadshow at TBP as part of the annual engagement conducted with our plant-based employees. Among the topics that were discussed at the roadshow were employees claims, Competency Allowance Procedure, leave entitlement, benefit claims, Personal Information Update via SAP Adobe, SOCSO claims, employee exit form and process, retirement benefit scheme/gratuity, contract renewal and loan applications. The event was well received by our staff.

## Employee Engagement Survey

The Human Capital Division had organised a series of internal surveys throughout FY2020 in order to obtain our employees' feedback. We organised these surveys as we believe that in order to create a great company culture and making Malakoff a great place to work, we should enhance our employee engagement activities and outcomes. Among the surveys that we conducted were :

- Employee Provident Fund ("EPF") Survey 2020
- PMCare Awareness and Satisfaction Survey Feedback 2020
- MMC Group Employee Engagement Survey 2020

The main objectives of the Group's Employee Engagement Survey were as follows:

- To provide insights to the level of employee engagement and disengagement within the organisation and its subsidiaries
- To identify strengths and weaknesses for opportunities of improvement
- To provide data to support organisational development through enhanced employee engagement
- To build clear links of survey findings to Malakoff's KPIs and outcomes

Conducted from 16-27 November 2020, the online survey consisted of 56 multiple choice questions and one open-ended question which recorded an impressive rate of 97.0%, with 913 out of 943 employees providing their feedback.

## Malakoff Employee Engagement (Response Rate)

	2007	2009	2011	2016	2018	2019	2020
Target Number of Respondents	520	564	672	1,005	1,035	1,001	943
Survey Completed	356	323	569	812	915	759	913
Response Rate	67.0%	57.0%	85.0%	81.0%	88.0%	76.0%	97.0%

**Note:** The Management had decided for Alam Flora to not participate in the FY2020 MMC Group Employee Engagement Survey



## SUSTAINABILITY STATEMENT



## 20 Participants

Third cohort of the MDP with participants from TBP and TBE



## 22 Speakers

MATECON2020 presented by speakers from KLHQ and site offices engineers

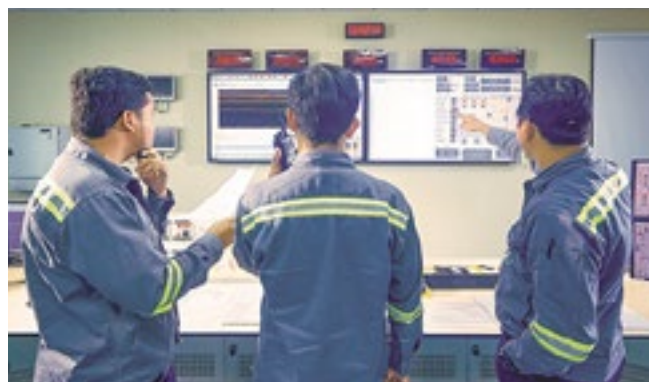
## TALENT DEVELOPMENT

GRI 404-2, 404-3

Although the Covid-19 pandemic required us to shift the majority of our training and development programmes to the online space, we continued to provide our people with the support they required to pursue their talent development journey.

There was a significant reduction on the amount spent on talent development programmes in FY2020 as these were affected by the pandemic. A sizeable number of training programmes had to be postponed or cancelled during the MCO period due to restrictions in movement and social distancing requirements.

Nevertheless, we pushed through to provide the following talent development programmes in FY2020.



### 6 Sigma Programme

The 6 Sigma programme has been identified as one of the Group's strategies to streamline its system and processes towards optimising the way it conducts its business. In January 2020, Malakoff successfully completed the 6 Sigma Green Belt Batch 2 training at TBP. A total of 23 participants completed the training programme.

### Malakoff Management Development Programme

We successfully launched our third cohort of the MDP in September 2020, with a total of 20 participants from TBP and TBE. The objective of the programme is to develop potential talents in the middle management level to continuously support Malakoff's growth into the future. The MDP is a nine-month intensive training course that exposes participants to the themes of managing self, managing others and managing business.

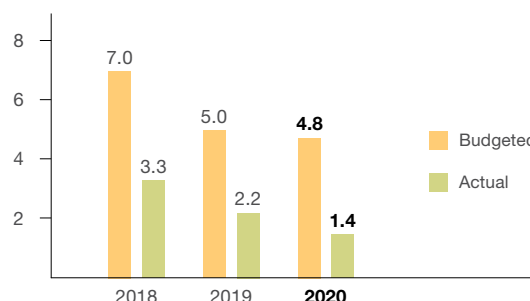
### Technical Training

We continued to develop our people's technical skills through a series of competency and certification training programmes throughout 2020 at all locations. For the second time in a row, the technical training department successfully organised the Malakoff Technical Conference 2020 ("MATECON2020") in September and October 2020 through an online webinar. The six-day conference consisted of 20 topics presented by a total of 22 speakers from KLHQ and site offices engineers.

### Executive Development Programme - Alam Flora

The purpose of the programme was to enhance the capability of Alam Flora executives in managing and delivering their tasks effectively and efficiently. The programme also helped participants to improve their leadership, people management and technical skills. A total of 18 executives participated in the programme that started in July 2020 and is expected to end with the graduation in July 2021.

### Amount Spent on Talent Development (RM million)



## SUSTAINABILITY STATEMENT

## OCCUPATIONAL SAFETY AND HEALTH

## GRI 403-2

We prioritise our employees' occupational, safety, health and well-being as it not only facilitates higher workplace productivity but also builds their sense of confidence and security in our organisation. The unprecedented Covid-19 pandemic required employers to swiftly pivot from traditional OSH approaches, to incorporate new health and safety measures that undertook to minimise the risk of infection.

We conducted a Covid-19 Specific Risk Assessment at all our locations where we evaluated the activities our employees were undertaking in the course of performing their job. We assessed the risks posed by Covid-19 both in terms of the generic risks which will be relevant to all operations, as well as specific risks posed by a particular activity. In line with this, we then developed a series of Covid-19 advisories, which among others included the Covid-19 Social Distancing Advisory, Covid-19 Disinfection SOPs, Covid-19 Procedure for Contact Tracing and the development of a Pandemic Response Procedure.

Our HSSE management systems and programmes continued to provide an effective safety framework for our operations. Through our safety awareness programmes and activities, we developed a strong safety culture amongst our employees at all our locations. As a result of our focused approach, we recorded

95.0% completion of the HSSE Programme and Zero Loss Time Injury Frequency Rate ("LTIFR") for operations. Our total number of incidents reduced from 20 in FY2019 to 8 in FY2020 as a result of the good underlying HSSE systems we had in place, and a strong workplace safety culture that supports our workers.

During the year, Malakoff participated in the Systematic Occupational Health Enhancement Level Programme ("SOHELP"), which is a strategic partnership with the Department of Safety and Health ("DOSH") to increase the occupational health competency amongst HSE practitioners. This year, five of our power plants were involved in the programme.

We regret to report that in FY2020, there were four fatalities for the year, involving waste management contractors. We extend our heartfelt condolences to their families for their loss. We stepped up on our efforts to mitigate these unfortunate incidents and increase employee safety awareness by conducting retraining exercises. We also took steps to improve workplace safety and reviewed our safety procedures to ensure that such incidents do not recur.

We were also able to renew our annual Fire Certificate, DOSH Pressure Vessel Permits, DOSH Lifting Equipment Permits and the "Permit Penyimpanan Diesel" from the Ministry of Domestic Trade and Consumer Affairs in a timely manner. We successfully migrated from OHSAS 18001:2008 to ISO 45001:2018 – Occupational Safety Health Management System.



As a result of our focused approach to upholding good levels of OSH, we were honoured with the following awards in FY2020 at the Malaysian Society of Occupational Safety and Health Awards:



**Prai – Gold Merit**



**LPP – Gold Class I**



**TBP – Gold Class II**



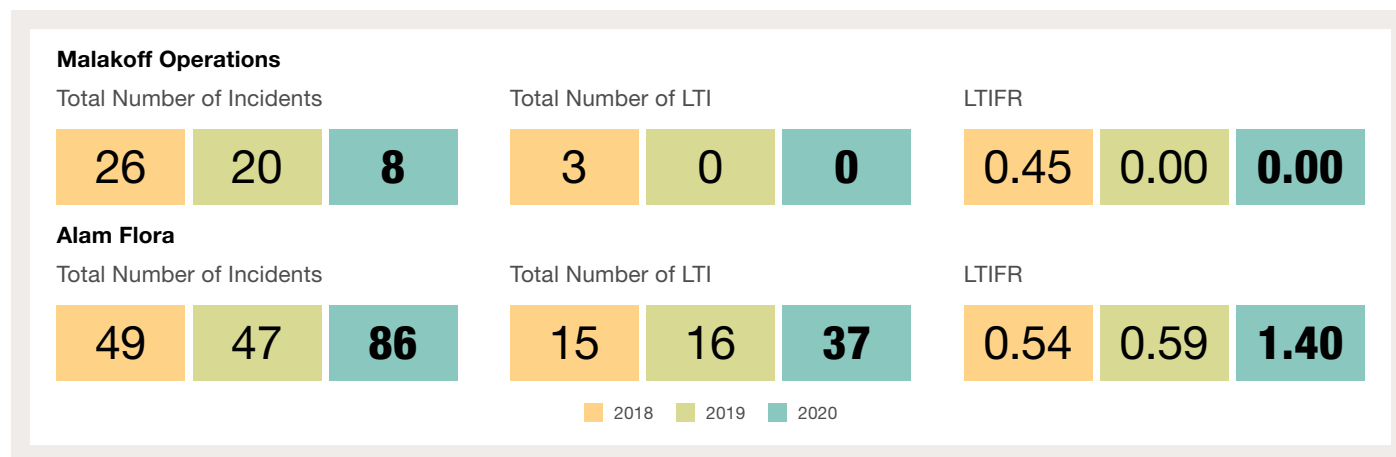
**TBE – Gold Class II**

## SUSTAINABILITY STATEMENT

## HEALTH, SAFETY, SECURITY AND ENVIRONMENT

Category	Description	Includes (Malakoff)			Includes (Alam Flora)		
		2018	2019	2020	2018	2019	2020
Fatality	Immediate death or death within one year from the date of the accident, occupational disease.	0	0	0	0	0	1
LTI (Operations)	An injury is assessed to be on LTI when the injured person cannot return for duty during next shift or next day.	3	0	0	15	16	37
Medical Treatment Injury	Includes treatment of injuries at administered by registered medical personnel.	5	1	2	3	0	4
First Aid Injury	Any one-time treatment and subsequent observation of minor injury which do not ordinarily require medical care.	1	1	0	1	1	1
Fire Incident	A fire that occurred within the plant premises	6	9	2	0	1	4
Property Damage	An instance where either company property or equipment are damaged.	5	0	2	30	29	39
Near Misses	An incident where no injury, ill health or property damage occurred, having been barely avoided.	5	8	2	0	0	0
Security incident	Any incident related to security breach	0	1	0	0	0	0

## LTIFR Performance in FY2020



## COMMUNITY INVESTMENT AND DEVELOPMENT

## GRI 203-1, 203-2

We strongly believe that the success of the Group is inextricably linked to the welfare of its communities. As power producers, the electricity we generate enables communities to conduct their daily lives and businesses. In order to engender long-term relationships of trust with the local communities, Malakoff has steadfastly maintained our support of the community through numerous contributions that focus primarily on education and the environment. In FY2020, we extended our support to programmes that assisted vulnerable communities deal with the socio-economic and health impacts of the Covid-19 pandemic.

## Measures to Improve Likelihood of Community and Job Opportunities

Our commitment to lend support to the underprivileged continued with our annual contribution through *Wakalah Zakat* for the development of community welfare and well-being. In FY2020, Malakoff contributed to the positive welfare of a total of 473 poor and needy people, or *Asnaf Fakir and Miskin*, by providing them with financial support to improve their quality of life and help with their daily needs.

## SUSTAINABILITY STATEMENT

## Supporting Communities to Get Through the COVID-19 Pandemic

When the MCO was announced in March 2020, only businesses considered as “essential services” were allowed to continue with their physical operations. While larger companies were able to transition their business to a digital model, the majority of SMEs and microenterprises were not able to. Consequently, a significant portion of the population lost their jobs, or their income streams. Those with families, in particular, struggled to get food on the table to sustain their loved ones. Cognisant of the severe hardships these vulnerable communities were facing, Malakoff contributed essential items to local communities to make a positive difference in their lives as follows:

<b>Apr 2020</b>	<ul style="list-style-type: none"> <li>Handover of essential items to the local community:               <ul style="list-style-type: none"> <li>Kawasan 1, Mukim Serkat</li> <li>Prai and surrounding areas</li> <li>Segari, Lumut</li> </ul> </li> <li>Contributions to <i>Tabung Musaadah Khaira PPZ</i></li> </ul>
<b>Jun 2020</b>	<ul style="list-style-type: none"> <li>Handover of CSR Contributions to the underprivileged at Pekan</li> </ul>
<b>Sep 2020</b>	<ul style="list-style-type: none"> <li>Providing face masks and hand sanitisers to the local community at Mukim Serkat</li> </ul>
<b>Oct 2020</b>	<ul style="list-style-type: none"> <li>Providing hand sanitisers to the Segari and Prai Local Authorities</li> </ul>

## Contributing to Front Liners

During the year, we also contributed to medical front liners, to support them in the fight against Covid-19 as follows:

<b>Mar 2020</b>	<ul style="list-style-type: none"> <li>Handover of 250pcs of <i>Beras Wangi Jasmine</i> 10kg to <i>Hospital Sungai Buloh</i> front liners</li> </ul>
<b>Apr 2020</b>	<ul style="list-style-type: none"> <li>Contributions to <i>Institut Latihan Kementerian Kesihatan Malaysia (Kejururawatan)</i>, Muar</li> </ul>
<b>Jun 2020</b>	<ul style="list-style-type: none"> <li>Handover of three washing machines for the Covid-19 Quarantine Centre in Pontian</li> </ul>

## CSR Activities that Reinforce our Social License to Operate

While the majority of our philanthropic contributions in FY2020 were targeted at helping communities in need through the Covid-19 pandemic, we also reached out to touch the lives of other segments of the community during the year as follows:

<b>Jan 2020</b>	<ul style="list-style-type: none"> <li>Contributions to the local community at <i>Kawasan 1</i>, Mukim Serkat</li> <li>Contributions to <i>Lembaga Tabung Haji</i> for the <i>Program Sahabat Korporat TH 1441H</i></li> <li>Supporting the Anti-Drug Programme in Mukim Serkat</li> </ul>
<b>Feb 2020</b>	<ul style="list-style-type: none"> <li>Save Our Sea Programme in collaboration with <i>Jabatan Perikanan Negeri Perak</i></li> </ul>
<b>Jul 2020</b>	<ul style="list-style-type: none"> <li>Handover of <i>Lembu Korban</i> at <i>Masjid Khairul Jariah Segari</i>, <i>Masjid Padang Lallang</i>, Prai and Mukim Serkat</li> </ul>

## ALAM FLORA SDN BHD

## GRI 302-1, 306-2

Alam Flora continued to maintain strong engagements with the community through a host of outreach programmes that were focused on providing a clean and healthy environment. These outreach activities not only served as an important channel for its CSR commitments, but also served as a platform through which Alam Flora employees could personally give back to society and contribute to environmental preservation, in line with its corporate tagline of ‘Appreciating LIFE’, where ‘LIFE’ is an acronym for ‘Living In a Fulfilling Environment’.

Alam Flora has also introduced the RewardS@S programme as to help support the Government’s ‘Separation at Source’ programme (“S@S”). This involved the use of a bar coding system for the collection of PETRONAS’s Mesra retail points and placement of collection bins at non-landed residential areas and offices.

In line with SDG 17, Alam Flora has entered into various collaborative partnerships with PETRONAS, Prolintas, Northport and MAHB, to name a few. These partnerships involved various on-the-ground activities consisting of awareness, education and entertainment (edutainment) programmes led by its very own ‘3R on Wheels’ (“3RoW”), the first of the country’s such mobile recycling awareness and collecting centre. The 3RoW is a locally fabricated six-wheeler, seven-tonne truck which had been fitted with a giant LED screen on its side and a retractable stage for organising talks and demonstrations on S@S. For the first time ever and in adhering to the new norm, Alam Flora held its annual 3R fashion competition, “Waste is Amaze”, virtually and managed to successfully attract even more participants and viewers beyond the Klang Valley. Through the programme, the participants used their creativity to transform recycable materials to become unique and beautiful fashion designs, based on the given theme.

During the year, Alam Flora also set up composting centres in Putrajaya for food waste from restaurants, hotels and residences in the vicinity. This green initiative in turn supports the Local Agenda 21 project, which includes community urban farming and a garden. In addition, Alam Flora helped set up a composting centre in PPR Seri Alam, Kuala Lumpur which is run by the community. During the Covid-19 pandemic, Alam Flora played an integral role as front liners involved in national sanitisation operations, where more than 100 of its workers cleaned and sanitised Covid-19 affected areas in the Klang Valley.



## SUSTAINABILITY STATEMENT

### Youth Education and Development

GRI 413-1, 413-2

The Malakoff Edufund Programme is our signature CSR programme focusing on education. Established in 2002, the programme provides financial support to 11 adopted schools in the states of Perak, Pulau Pinang and Johor. In FY2020, we continued our comprehensive CSR Education Programme in Mukim Serkat, Johor through activities such as “*Jom Sarapan with Malakoff*”, tuition classes and book donation. The initiative is aimed at not only providing the school children with nutritious breakfasts to improve their focus in class, but also to encourage them to come early to school. The programme benefited 953 school children from the seven primary schools located in Mukim Serkat, Johor.

Due to the pandemic, many schools were shut down for physical learning for most part of the year in order to keep students safe from the Covid-19 virus. In line with this, we had contributed 15 boxes of hand sanitisers and 20 boxes of face masks to 15 schools in Mukim Serkat, Johor to ease the burden of the students and their parents in keeping with the Government’s compliance at schools during these unprecedented times. Approximately 3,150 students had benefitted from this contribution.

In fulfilling the Government call for corporate organisations to support local higher education institutions, Malakoff continued to support Universiti Tenaga Nasional (“UNITEN”), University Malaysia Pahang (“UMP”) and Universiti Teknologi Mara (“UiTM”) to carry out students related activities in the respective universities.

### Environmental Awareness

GRI 413-1, 413-2

We spent a significant amount of our effort and time on programmes that were aimed at creating greater public awareness on environmental issues that concern the global community. These events and activities were targeted towards local communities, youth and school children. The programme consisted of activities such as talks and seminars, and *gotong-royong* initiatives to clean up the surrounding areas held in conjunction with local municipalities, local communities and schools. In FY2020 however, the national lockdown that was imposed to contain the spread of the pandemic affected our efforts to carry out more such programmes.



The Save Our Sea programme was held in 22 February 2020 with the collaboration between Malakoff and *Jabatan Perikanan Negeri Perak*. We were able to conduct a key event before the MCO imposed at Dataran Teluk Senangin, Lumut, Perak. The event was aimed at supporting the marine biodiversity conservation efforts by creating environmental awareness amongst local communities and the general public, in line with promoting a culture of maintaining the cleanliness of our beaches, oceans and rivers.

More than 300 participants comprising non-governmental organisations (“NGOs”) and local communities participated in the event where some 200 one-month old turtles were released into the sea. The event was well received by the public, and we look forward to resuming similar activities once normalcy resumes in the future.

In FY2020, Alam Flora conducted more than 40 activities under its CSR ambit, which included ongoing public awareness and public education initiatives, especially through the FIKS in Putrajaya, the country’s first such facility focussing on creating awareness and educating the public on recycling and recovery processes.



## SUSTAINABILITY STATEMENT

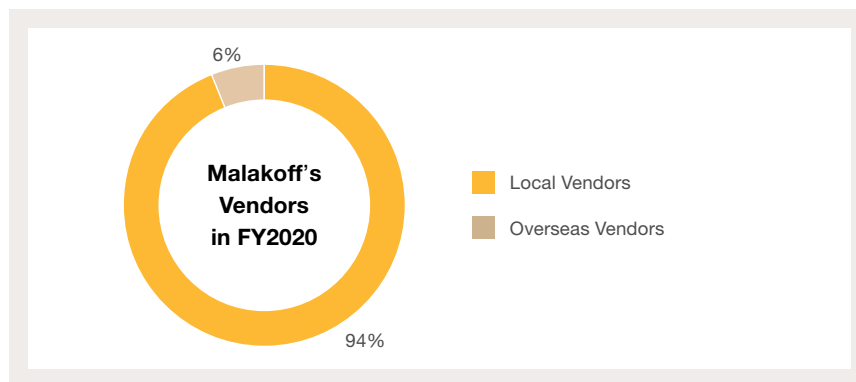
**Responsible Subcontracting and Procurement**

GRI 204-1

We have continuously maintained a fair and ethical approach in our vendor and supplier selection process. As an important part of our supply value chain, we believe in a merit-based selection process that hinges on the strength of their value proposition along with their proven track record, industry expertise and experience, as well as their commitment to sustainability and good corporate governance.

In FY2020, we continued to engage with our vendors for their updates in our vendor registry database which is a crucial aspect in our vendor management process. Due to the unprecedented Covid-19 pandemic and in compliance with the various preventive measures outlined by Government agencies, such constraints had inevitably limited our vendors' ability to provide their services in the same manner as before and had also limited the vendors' participation in the vendor selection process, which has resulted in an increase in procurement cost.

The Covid-19 pandemic which impacted the global supply chain also affected some of our sourcing activities in particular from countries which have imposed various lockdown activities throughout FY2020. As a result, alternative sourcing activities were embarked upon which have also contributed to higher cost of procurement.

**Human Rights**

GRI 102-41, 406-1

In line with our commitment to the International Labour Organisation ("ILO") and the Universal Declaration of Human Rights, we are firmly committed to upholding human rights across all aspects of our operations. All our policies have been formulated to ensure that we do not infringe on the basic rights of employees and the various communities in which we operate in. In FY2020, there were no incidents of human rights violations recorded throughout the Group.

**OUTLOOK FOR SUSTAINABILITY**

As we progress into the year ahead, we remain firmly dedicated to see through our sustainability commitments which are embedded within our strategy and business operations, as well as our CSR outreach efforts. Our long-term goal is to be a sustainable clean energy provider that has invested our organisational heart and soul in furthering the interests of our surrounding communities.

With Alam Flora now a core component of our business, we are well placed to further the 5R (Refuse, Reduce, Reuse, Repurpose and Recycle) agenda in Malaysia, and promote the adoption of a circular economy in the nation. Our future focus with regards to our business expansion is to expand our RE asset base, as we build our capabilities to pivot to new clean energy sources. Within our existing plant operations, we are committed to drive operational and energy consumption efficiencies through continuous innovations and improvements.

We believe our approach of embedding the triple bottom line into our business operations, objectives and goals, ensures that the Group will remain relevant in the longer term. It ensures our future profitability within a rapidly changing world, especially bearing in mind the mega trends that are shaping the global power industry.



Please refer to the GRI Content Index for full disclosure on page 285 to 291 of this Annual Report.

## BOARD OF DIRECTORS' PROFILE

## DATUK HAJI HASNI HARUN

Independent Non-Executive Chairman

Age:  
64Gender:  
MaleNationality:  
Malaysian

DATE APPOINTED TO THE BOARD: 20 June 2017

ATTENDED BOARD MEETINGS IN 2020: 10/10

## ACADEMIC/PROFESSIONAL QUALIFICATIONS:

Datuk Haji Hasni holds a Master's Degree in Business Administration from United States International University San Diego, California and a Bachelor of Accounting (Hons.) Degree from University of Malaya. He is also a member of the Malaysian Institute of Accountants.

## PAST APPOINTMENTS/EXPERIENCES:

Datuk Haji Hasni held several senior positions in the Accountant General's Office from 1980 to 1994. He was the Senior General Manager of the Investment Department at the Employees Provident Fund Board from 1994 to 2001 and the Managing Director of RHB Asset Management Sdn Bhd from 2001 until 2006. He then joined DRB-HICOM Berhad ("DRB-HICOM") as Group Chief Financial Officer until December 2006. In January 2007, he joined MMC Corporation Berhad ("MMC") as the Group Chief Operating Officer. In March 2008, he was appointed as the Chief Executive Officer of MMC, prior to his appointment as the Group Managing Director of MMC in May 2010 until June 2013.

## OTHER CURRENT APPOINTMENTS:

Datuk Haji Hasni is currently the Chairman of Gas Malaysia Berhad.

## NOTE:

He does not hold any interest in the securities of the Company or its subsidiaries.

## MEMBERSHIP OF BOARD COMMITTEES:

BAC	<b>BNRC</b>	BRIC	BPC
	Chairman		

## ANWAR SYAHRIN ABDUL AJIB

Managing Director/Chief Executive Officer ("MD/CEO")

Age:  
48Gender:  
MaleNationality:  
Malaysian

DATE APPOINTED TO THE BOARD: 1 December 2020

ATTENDED BOARD MEETINGS IN 2020: 2/2

## ACADEMIC/PROFESSIONAL QUALIFICATIONS:

Anwar Syahrin obtained a Master in Business Administration from University of Salford, United Kingdom and a Bachelor of Engineering in Mechanical Engineering from Imperial College of Science, Technology and Medicine, London, United Kingdom. He is a Fellow Chartered Accountant of the Institute of Chartered Accountants England and Wales, United Kingdom and a Member of the Malaysian Institute of Accountants.

## PAST APPOINTMENTS/EXPERIENCES:

Anwar Syahrin started his career with Shell Malaysia Trading Sdn Bhd in 1996 as an executive in Fleet Distribution where he gained considerable experience in transport and logistics. Subsequent thereto, he assumed a position of Senior Associate (Assurance and Business Advisory) in Arthur Andersen Manchester, United Kingdom from 1998 to 2001. He then joined Arthur Andersen/Ernst & Young Kuala Lumpur as Senior Associate/Chartered Accountant (Assurance and Business Advisory) in 2002. Anwar Syahrin left the practice to become the MD/Consultant of Business Associates Consulting Sdn Bhd providing strategy and management consulting services from December 2002 to March 2006. In April 2006, Anwar Syahrin was appointed as the Chief Financial Officer ("CFO") of Pelabuhan Tanjung Pelepas Sdn Bhd until May 2008 before his appointment as Director, Finance/Group CFO of MMC in June 2008. He had also assumed the position of Group Head, Ports and Logistics Division of MMC from January to August 2014. Prior to joining Malakoff, Anwar Syahrin was the MD/CEO of UEM Sunrise Berhad ("UEM Sunrise") from 1 September 2014 until 30 October 2020. He also served as a Board member of the key subsidiaries of UEM Sunrise, amongst others, UEM Land Berhad and Sunrise Berhad.

## OTHER CURRENT APPOINTMENTS:

Other than being the MD/CEO of Malakoff, Anwar Syahrin also sits on the Board of Alam Flora Sdn Bhd, Malakoff Power Berhad and several other subsidiaries and associate companies under the Malakoff Group. He is the Deputy Chairman of Muscat City Desalination Company S.A.O.G., an associate company of Malakoff which is listed on the Muscat Securities Market.

He also sits on the Board of Universiti Teknologi MARA ("UiTM").

## NOTE:

He does not hold any interest in the securities of the Company or its subsidiaries.

## MEMBERSHIP OF BOARD COMMITTEES:

BAC	<b>BNRC</b>	BRIC	BPC

## BOARD OF DIRECTORS' PROFILE

**DATO' SRI CHE KHALIB MOHAMAD NOH**

Non-Independent Non-Executive Director

**Age:**

56

**Gender:**

Male

**Nationality:**

Malaysian

**DATE APPOINTED TO THE BOARD:** 1 July 2013**ATTENDED BOARD MEETINGS IN 2020:** 10/10**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

A qualified accountant, Dato' Sri Che Khalib is a Member of the Malaysian Institute of Accountants (CA, M) and a Fellow Member of the Association of Chartered Certified Accountants (FCCA, UK), United Kingdom.

**PAST APPOINTMENTS/EXPERIENCES:**

Dato' Sri Che Khalib began his career with Messrs. Ernst & Young in 1989 and later joined Bumiputra Merchant Bankers Berhad. Between 1992 and 1999, he served in several companies within the Renong Group. In June 1999, Dato' Sri Che Khalib joined Ranhill Utilities Berhad as Chief Executive Officer. He then assumed the position of Managing Director and Chief Executive Officer of KUB Malaysia Berhad. Dato' Sri Che Khalib was appointed as the President/Chief Executive Officer of Tenaga Nasional Berhad on 1 July 2004 where he served eight years until the completion of his contract on 30 June 2012. He then joined DRB-HICOM as the Chief Operating Officer of Finance, Strategy and Planning in July 2012. Dato' Sri Che Khalib was previously a member of the Board and the Executive Committee of Khazanah Nasional Berhad between 2000 and 2004. He also served as a Board member within the United Engineers Malaysia Group of Companies and Bank Industri & Teknologi Malaysia Berhad. Dato' Sri Che Khalib was the Managing Director of Malakoff and had been re-designated as Non-Independent Non-Executive Director since 9 December 2014.

**OTHER CURRENT APPOINTMENTS:**

Dato' Sri Che Khalib is currently the Group Managing Director of MMC. He also sits on the Board of Gas Malaysia Berhad, Johor Port Berhad, MMC Engineering Group Berhad, Aliran Ihsan Resources Berhad, Bank Muamalat Malaysia Berhad, NCB Holdings Berhad, Kontena Nasional Berhad, Northport (Malaysia) Bhd and several private limited companies.

**NOTE:**

He holds 420,000 ordinary shares in the Company and none in the Company's subsidiaries.

**MEMBERSHIP OF BOARD COMMITTEES:**

BAC	<b>BNRC</b>	BRIC	BPC
	Member		

**CINDY TAN LER CHIN**

Non-Independent Non-Executive Director

**Age:**

61

**Gender:**

Female

**Nationality:**

Malaysian

**DATE APPOINTED TO THE BOARD:** 9 August 2007**ATTENDED BOARD MEETINGS IN 2020:** 10/10**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

Cindy Tan obtained an Honours Degree in Economics, majoring in statistics, from Universiti Kebangsaan Malaysia in 1984 and a Certified Diploma in Accounting and Finance, accorded by the Chartered Association of Certified Accountants in 1991. In 1995, she attended the Wharton-National University of Singapore Banking Programme.

**PAST APPOINTMENTS/EXPERIENCES:**

Cindy Tan joined Employees Provident Fund ("EPF") in 1984. Since then, she has served in the Finance Department, Treasury Department, Fund Management Function, Fixed Income Investment and Investment Compliance and Settlement Department until 2019. In April 2019, she was appointed as the Head of Risk Management Department of EPF.

**NOTE:**

She does not hold any interest in the securities of the Company or its subsidiaries.

**MEMBERSHIP OF BOARD COMMITTEES:**

BAC	BNRC	<b>BRIC</b>	<b>BPC</b>
		Member	Member

## BOARD OF DIRECTORS' PROFILE

**DATUK OOI TEIK HUAT**

Non-Independent Non-Executive Director

**Age:**

61

**Gender:**

Male

**Nationality:**

Malaysian

**DATE APPOINTED TO THE BOARD:** 1 January 2012**ATTENDED BOARD MEETINGS IN 2020:** 10/10**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

Datuk Ooi obtained a Bachelor's Degree in Economics from Monash University, Melbourne, Australia in 1984 and is a Member of the Malaysian Institute of Accountants and CPA Australia.

**PAST APPOINTMENTS/EXPERIENCES:**

Datuk Ooi began his career with Messrs. Hew & Co., Chartered Accountants in 1984. After leaving Messrs. Hew & Co. in June 1989, he joined Malaysian International Merchant Bankers Berhad until August 1993. He joined Pengkalan Securities Sdn Bhd in August 1993 as Head of Corporate Finance, before leaving in September 1996 to set up Meridian Solutions Sdn Bhd where he is presently a director.

**OTHER CURRENT APPOINTMENTS:**

Datuk Ooi also sits on the Boards of MMC, Tradewinds (M) Berhad, DRB-HICOM, Zelan Berhad, Johor Port Berhad, Gas Malaysia Berhad and several private limited companies.

**NOTE:**

He holds 420,000 ordinary shares in the Company and none in the Company's subsidiaries.

**MEMBERSHIP OF BOARD COMMITTEES:**

<b>BAC</b>	<b>BNRC</b>	<b>BRIC</b>	<b>BPC</b>
Member			Member

**DATUK DR. SYED MUHAMAD SYED ABDUL KADIR**

Independent Non-Executive Director

**Age:**

74

**Gender:**

Male

**Nationality:**

Malaysian

**DATE APPOINTED TO THE BOARD:** 11 December 2012**ATTENDED BOARD MEETINGS IN 2020:** 10/10**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

Datuk Dr. Syed Muhamad graduated with a Bachelor of Arts (Hons.) from Universiti Malaya in 1971. He obtained a Masters of Business Administration from the University of Massachusetts, USA, in 1977 and proceeded to obtain a PhD (Business Management) from Virginia Polytechnic Institute and State University, USA in 1986. In 2005, he obtained a Bachelor of Jurisprudence (Hons.) from the University of Malaya. He obtained the Certificate in Legal Practice in 2008 from the Malaysian Professional Legal Board. He was admitted as an Advocate and Solicitor of the High Court of Malaya in July 2009, and obtained the Master of Law (Corporate Law) from Universiti Teknologi MARA in December 2009. In June 2011, he became a Member of the Chartered Institute of Arbitrators, United Kingdom and in May 2012, he became the Fellow of the said institute.

**PAST APPOINTMENTS/EXPERIENCES:**

Datuk Dr. Syed Muhamad started his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration (INTAN) and held various positions before his final appointment as Deputy Director (Academic). In November 1988, he joined the Ministry of Education as Secretary of Higher Education and thereafter assumed the post of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management), Finance Division of Federal Treasury. Between June 1993 to June 1997, he joined the Board of Directors of Asian Development Bank, Manila, Philippines, first as Alternate Executive Director and later as an Executive Director. In July 1997, he joined the Ministry of Finance as Secretary (Tax Division) and subsequently became the Deputy Secretary General (Operations) of Ministry of Finance. Prior to his retirement, he was Secretary General, Ministry of Human Resources from August 2000 to February 2003.

**OTHER CURRENT APPOINTMENTS:**

Datuk Dr. Syed Muhamad is currently the Chairman of Sun Life Malaysia Assurance Berhad and Sun Life Malaysia Takaful Berhad. He also sits on the Board of Directors of Solution Engineering Holdings Berhad, BSL Corporation Berhad, Export-Import Bank of Malaysia Berhad and several private limited companies.

**NOTE:**

He holds 150,000 ordinary shares in the Company and none in the Company's subsidiaries.

**MEMBERSHIP OF BOARD COMMITTEES:**

<b>BAC</b>	<b>BNRC</b>	<b>BRIC</b>	<b>BPC</b>
Chairman	Member	Member	



## BOARD OF DIRECTORS' PROFILE

**DATUK IDRIS ABDULLAH**

Independent Non-Executive Director

Age:  
64Gender:  
MaleNationality:  
Malaysian**DATE APPOINTED TO THE BOARD:** 11 December 2012**ATTENDED BOARD MEETINGS IN 2020:** 10/10**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

Datuk Idris graduated from Universiti Malaya in 1981 with a LLB. (Hons.) Degree and is currently a Partner in a legal firm in Kuching, Sarawak.

**PAST APPOINTMENTS/EXPERIENCES:**

Datuk Idris is a former Commission Member of the Companies Commission of Malaysia from 2007 to 2014 and a Commission Member of the Malaysian Communications and Multimedia Commission from 2011 to 2015. He was a Director of Bank Pembangunan Berhad (Malaysian Development Bank Berhad) from 2010 to 2014.

**OTHER CURRENT APPOINTMENTS:**

Datuk Idris currently sits on the Board of NCB Holdings Berhad, DRB-HICOM, Pos Malaysia Berhad and several private limited companies.

**NOTE:**

He does not hold any interest in the securities of the Company or its subsidiaries.

**DATUK ROZIMI REMELI**

Independent Non-Executive Director

Age:  
64Gender:  
MaleNationality:  
Malaysian**DATE APPOINTED TO THE BOARD:** 16 October 2017**ATTENDED BOARD MEETINGS IN 2020:** 10/10**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

Datuk Rozimi obtained a Diploma in Electrical Engineering from Universiti Teknologi Malaysia in 1979, a Bachelor in Engineering from Northrop University, USA in 1984 and a Master in Business Administration (MBA) from Universiti Sains Malaysia in 1996.

**PAST APPOINTMENTS/EXPERIENCES:**

Datuk Rozimi has over 32 years of extensive leadership experience in the energy industry. He began his career with Tenaga Nasional Berhad ("TNB") since 1979, holding various positions until his retirement in January 2016. In 2006, he was appointed as a General Manager in the Asset Maintenance Department, Transmission Division. In 2007, he was promoted to Senior General Manager where he was primarily responsible for effectively managing transmission project management to ensure adherence to contractual specifications, costing and timely completion. In 2010, he was promoted to Vice President (Transmission) where he was entrusted with the overall performance of TNB transmission business which focuses on transporting electricity, managing the division's assets and operating and maintaining the transmission network.

**OTHER CURRENT APPOINTMENTS:**

Datuk Rozimi also sits on the Board of Sarawak Cable Berhad and several private limited companies.

**NOTE:**

He does not hold any interest in the securities of the Company or its subsidiaries.

**MEMBERSHIP OF BOARD COMMITTEES:**

<b>BAC</b>	<b>BNRC</b>	<b>BRIC</b>	<b>BPC</b>
Member	Member	Chairman	

**MEMBERSHIP OF BOARD COMMITTEES:**

<b>BAC</b>	<b>BNRC</b>	<b>BRIC</b>	<b>BPC</b>
Member		Member	Chairman

**LEGEND****BAC:** Board Audit Committee**BRIC:** Board Risk and Investment Committee**BNRC:** Board Nomination and Remuneration Committee**BPC:** Board Procurement Committee

Additional information in relation to the Board of Directors

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

## SENIOR LEADERSHIP PROFILES



**ANWAR SYAHRIN  
ABDUL AJIB**

Managing Director/Chief  
Executive Officer

**Management Committee**

Age: 48

Gender: Male

Nationality: Malaysian

**DATE OF JOINING:** 1 December 2020

**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

- Master in Business Administration from University of Salford, United Kingdom.
- Bachelor of Engineering in Mechanical Engineering from Imperial College of Science, Technology and Medicine, London, United Kingdom.
- Fellow Chartered Accountant of the Institute of Chartered Accountants England and Wales, United Kingdom.
- Member of Malaysian Institute of Accountants.

**PAST APPOINTMENTS/EXPERIENCES:**

- Started his career with Shell Malaysia Trading Sdn Bhd in 1996 as an executive in Fleet Distribution where he gained considerable experience in transport and logistics.
- Subsequent thereto, he assumed a position of Senior Associate (Assurance and Business Advisory) in Arthur Andersen Manchester, United Kingdom from 1998 to 2001.
- Joined Arthur Andersen/Ernst & Young Kuala Lumpur as Senior Associate/Chartered Accountant (Assurance and Business Advisory) in 2002.
- Became Director/Consultant of Business Associates Consulting Sdn Bhd providing strategy and management consulting services from December 2002 to March 2006.
- Appointed as the Chief Financial Officer ("CFO") of Pelabuhan Tanjung Pelepas Sdn Bhd from April 2016 until May 2008 before his appointment as Director, Finance/Group CFO of MMC Corporation Berhad ("MMC") in June 2008.
- Assumed the position of Group Head, Ports and Logistics Division of MMC from January to August 2014.
- Prior to joining Malakoff, he was the Managing Director/Chief Executive Officer ("MD/CEO") of UEM Sunrise Berhad ("UEM Sunrise") from 1 September 2014 until 30 October 2020.
- Served as a board member of the key subsidiaries of UEM Sunrise, amongst others, UEM Land Berhad and Sunrise Berhad.
- Currently sits on the Board of Alam Flora Sdn Bhd, Malakoff Power Berhad and several other subsidiaries and associate companies under the Malakoff Group.
- Sits on the Board of Universiti Teknologi MARA ("UiTM").
- He is the Deputy Chairman of Muscat City Desalination Company S.A.O.G., an associate company of Malakoff which is listed on the Muscat Securities Market.

**NOTE:**

- Anwar does not hold any interest in the securities of the Company.



**CLIVE ANTHONY  
SMITH**

Chief Operating Officer

**Management Committee**

Age: 57

Gender: Male

Nationality: British

**DATE OF JOINING:** 16 September 2020

**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

- Bachelor of Science (Hons) in Electrical/Electronic Engineering from The Open University, United Kingdom.
- Higher Diploma in Industrial Instrumentation and Control, United Kingdom.
- Chartered Engineer and Fellow of the Institution of Engineering and Technology.

**PAST APPOINTMENTS/EXPERIENCES:**

- Started his career as an Instrumentation trainee with the Central Electricity Generating board at Aberthaw Coal Fired Power Station, Wales, United Kingdom and has more than 42 years of working experience in the power industry, both in the UK and overseas.
- Following the completion of his traineeship, he progressed through various Engineering, Operational and Maintenance positions at numerous power plants and Headquarter based within the United Kingdom and abroad.
- Appointed as Plant Manager at the age of 36 at a modern CCGT Power Plant North of England, United Kingdom.
- Held numerous Power Plant Manager positions within the United Kingdom, employed by CEGB Successor Companies, National Power, Innogy N Power and RWE.
- Assumed the position of Group Manager of an 8,000 MW portfolio of Power Plant within the United Kingdom.
- Appointed as Plant Manager at Malakoff's Tanjung Bin power plant for a period of 30 months, leading on Strategic challenges and improving overall business performance.
- Prior to re-joining Malakoff in 2020, he was the Executive Director of O&M (Coal Business Unit) at Aboitiz Power Corporation, in the Philippines.
- As the COO, he plays a key role in ensuring that the Group achieves its strategic objectives and results from both the operational and financial perspectives.

**NOTE:**

- Clive does not hold any interest in the securities of the Company.

## SENIOR LEADERSHIP PROFILES



**MOHD NAZERSHAM MANSOR**

Chief Financial Officer

**Management Committee**

Age: 47

Gender: Male

Nationality: Malaysian

**DATE OF JOINING:** 1 December 2017

**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

- Degree in Accounting & Finance from De Montfort University, United Kingdom.
- Fellow of the Association of the Chartered Certified Accountants ("FCCA"), United Kingdom.
- Member of Malaysian Institute of Accountants.

**PAST APPOINTMENTS/EXPERIENCES:**

- Began his career with KPMG, Malaysia in 1997 as an auditor and later joined MMC in the year 2000 as Group Accountant.
- Between 2004 and 2012, he served Sapura Group of Companies and was the General Manager, Corporate Strategy & Development, his last position before he joined Petra Energy Berhad.
- Assumed the position of General Manager of MMC Group from 2014 to 2016 and was previously the CFO for MMC Port Holdings Sdn Bhd.
- Covered the provision of services for accounting, financial management, taxation, treasury and corporate finance in his 20 years of experience.
- Currently sits on the board of key subsidiaries/associate companies under Malakoff Corporation Berhad.

**NOTE:**

- Mohd Nazersham holds 16,000 ordinary shares in the Company.



**DATO' MOHD ZAIN HASSAN**

Chief Executive Officer  
Alam Flora Sdn Bhd

**Management Committee**

Age: 54

Gender: Male

Nationality: Malaysian

**DATE OF JOINING:** 1 February 2020

**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

- Graduated in Technology in Education from Universiti Sains Malaysia ("USM").
- Diploma in English as a Second language from Universiti Malaya.
- Executive Education Programme from Harvard Business School.

**PAST APPOINTMENTS/EXPERIENCES:**

- Currently helms the country's largest solid waste management company, Alam Flora Sdn Bhd and its wholly-owned subsidiary, Alam Flora Environmental Solutions Sdn Bhd. Alam Flora is one of the three concessionaires appointed by the Government, under the full-privatisation of the solid waste management of the country.
- With over 20 years of hands-on experience serving various positions in Alam Flora, from field operations to top management, he currently leads a strong team of more than 9,000 workers that are responsible for the cleansing and collection of solid waste in its concession areas of Kuala Lumpur, Putrajaya and Pahang Darul Makmur. He was also instrumental in Alam Flora's previous venture into the Middle East, Kingdom of Bahrain and Abu Dhabi, UAE.
- Prior to Alam Flora, he was the Deputy General Manager at E-Idaman Sdn Bhd, one of the three concessionaires in Malaysia.
- In recognition of his years of dedication and able stewardship in leading Alam Flora and serving the communities through managing and reducing solid waste with minimal environmental impact, he was conferred with the Darjah Indera Mulia Pahang by the state of Pahang in 2017, which carries the title Dato'.

**NOTE:**

- Dato' Zain does not hold any interest in the securities of the Company.

## SENIOR LEADERSHIP PROFILES



**VINCENT  
YAP LENG KHIM**

Senior Vice President  
Corporate Services  
Division

**Management Committee**

Age: 47

Gender: Male

Nationality: Malaysian

**DATE OF JOINING:** 1 December 2017

**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

- Bachelor of Laws (Hons) from University of Nottingham, United Kingdom.
- Barrister-at-Law, Lincoln's Inn, United Kingdom.
- Advocate & Solicitor, High Court of Malaya.

**PAST APPOINTMENTS/EXPERIENCES:**

- Started his career in the legal profession as an Advocate & Solicitor at Chooi & Company Cheang & Ariff in 1998.
- Joined OCBC Bank (Malaysia) Berhad as Legal Counsel in 2003.
- Admitted as a Partner of Chor Pee Anwarul & Company, Advocates & Solicitors, in 2004.
- Admitted as a Partner of Albar & Partners, Advocates & Solicitors, in 2006.
- Joined Zelan Berhad as Head of Group Legal in 2009 and appointed as Director of Corporate Services in 2011.
- Currently sits on the board of key subsidiaries/associate companies under Malakoff Corporation Berhad.

**NOTE:**

- Vincent does not hold any interest in the securities of the Company.



**MOHAMMED AZMIL  
ISMAL**

Senior Vice President  
Local Generation Division

**Management Committee**

Age: 51

Gender: Male

Nationality: Malaysian

**DATE OF JOINING:** 1 November 1994

**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

- Bachelor of Science in Mechanical Engineering from The George Washington University, Washington D.C., United States of America.
- Senior Management Development Programme, Harvard Business School.

**PAST APPOINTMENTS/EXPERIENCES:**

- Started his career as a Gas Turbine Maintenance Engineer with Tenaga Nasional Berhad ("TNB") in September 1992.
- Joined Malakoff and held various positions at Lumut Power Plant ("LPP"), with the last being the Head of Maintenance & Engineering prior to his appointment as the Plant Manager of Prai Power Plant in 2008.
- Assigned to an Operations and Maintenance ("O&M") project in Kuwait as the Plant Manager of Azzour EPP Plant from 2008 to 2013 and Plant Manager of Azzour CCGT2 Plant, Kuwait from 2013 to 2015.
- Appointed as the Plant Manager of LPP from 2015 to 2016 upon his return to Malaysia.
- Appointed as the Head of Engineering, Local Generation Division in 2016 and assumed his current role as Senior Vice President of Local Generation Division in February 2019.
- Currently sits on the board of key subsidiaries/associate companies under Malakoff Corporation Berhad.

**NOTE:**

- Mohammed Azmil holds 68,000 ordinary shares in the Company.



## SENIOR LEADERSHIP PROFILES



**RAJA ISKANDAR  
BIN RAJA  
MUKHTARUDDIN**

Head, Human Capital  
Division

**Ex Officio**

Age: 56

Gender: Male

Nationality: Malaysian

**DATE OF JOINING:** 1 February 2021

**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

- Bachelor of Science in Business Administration (Management) from California State University, Sacramento, United States of America.
- Management Development Programme, Asian Institute of Management in Manila, the Philippines.

**PAST APPOINTMENTS/EXPERIENCES:**

- Started his career with Mobil Oil Corporation in 1988 as a sales representative under its graduate scheme programme. He later joined Malaysia Tourism Promotion Board from December 1989 until May 1995 as an Assistant Director based in Kuala Lumpur and later at its regional office in London, United Kingdom.
- Pursued a new career in Gas Malaysia as an Assistant Manager, Residential & Commercial Sales in August 1997, and later served in various capacities within the company's marketing function.
- Led the Human Resource ("HR") department in 2008 and later promoted in 2013 as General Manager, HR and Administration where he reorganized the company's structure as the company prepared to enter the market liberalisation era.
- In 2020, he was made Director of Human Resource and Administration, during the Government's eventual push for the liberalisation of Malaysia's natural gas industry which led to the implementation of the Third Party Access regime. He was tasked with the reorganisation of Gas Malaysia Berhad's structure which, upon approval from the Energy Commission ("EC"), led to the successful formation of Gas Malaysia Distribution Sdn Bhd and Gas Malaysia Energy and Services Sdn Bhd, re-deploying over 500 employees into various companies within Gas Malaysia Group.
- Continues to work closely with the HR fraternities both within the MMC Group as well as externally, leveraging on the Group's common interest in Talent Management and Succession Planning.
- Currently a Fellow at the Malaysian Institute of Management and has also been appointed as the External Advisory Member at Sunway University's Business School.

**NOTE:**

- Raja Iskandar does not hold any interest in the securities of the Company.



**SUBRINA  
THIAGARAJAH**

Head, Operations &  
Project Management  
Services Division

**Ex Officio**

Age: 50

Gender: Female

Nationality: Malaysian

**DATE OF JOINING:** 27 June 1994

**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

- Bachelor of Engineering (Chemical) (Hons) from University Technology of Malaysia ("UTM").

**PAST APPOINTMENTS/EXPERIENCES:**

- Started her career with Malakoff in 1994, as a Project Executive in Technical Services & QA department.
- During her 27-year career in Malakoff, she gained vast experience and leadership skills in the power and water industry both in Malaysia and internationally.
- Prior to being seconded to a Malakoff associated company in Oman, she was the Vice President of Commercial, Asset Management Division. Her duties mainly focused on asset management, commercial negotiations and contractual management of the key project agreements with the relevant utilities, Government authorities and O&M contractors, where Malakoff's operating assets were located.
- Thereafter, she was involved in the commercial review and negotiations for Malakoff's business development initiatives in power and water projects in South East Asia, South Asia and the Middle East, with her latest achievement being the Project Director of the winning bid for the Ghubrah Independent Water Plant in Oman in 2012.
- Seconded to Muscat City Desalination Company ("MCDC") in Muscat, Oman as its CEO for a period of five years until 31 October 2020.
- At MCDC, she led the successful Initial Public Offering ("IPO") of the company on the Muscat Securities Market ("MSM") in 2018.
- After her stint in Oman, she has now returned to the Company as the Head of Operations & Project Management Services ("OPMS") Division commencing from 1 November 2020.

**NOTE:**

- Subrina does not hold any interest in the securities of the Company.

## SENIOR LEADERSHIP PROFILES

**MOHD HELMY IBRAHIM**

Head, Investment  
Development &  
Management Division

**Ex Officio****Age: 50****Gender: Male****Nationality: Malaysian****DATE OF JOINING:** 6 August 2012**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

- Bachelor of Engineering in Chemical Engineering (Hons) from University of Leeds, United Kingdom.
- ASEAN Senior Management Development Program, Harvard Business School.

**PAST APPOINTMENTS/EXPERIENCES:**

- Joined Malakoff in 1994 as a Chemical/Performance Engineer at the 1303 MW Segari Energy Ventures ("SEV") Combined Cycle Power Plant where he was involved in the design review and commissioning of the plant.
- Over the years, he was promoted within the core O&M team for the plant. Whilst holding the post of Assistant Operation Manager, he was redeployed to Malakoff's HQ into the then newly set up, Technical Services Group ("TSG") as its Senior Manager, to provide technical and commercial support to all Malakoff's plants for strategic medium and long-term areas.
- Joined a small team that founded Rangkaian Positif Sdn Bhd ("RPSB") in 2001, a company that spearheaded the development of the 3 x 700 MW Coal Fired TBPP. At RPSB he contributed to the successful development of the project up to securing its Power Purchase Agreement ("PPA") and Financial Close ("FC").
- When Malakoff acquired TBPP in 2006, he opted to leave RPSB and joined Jimah Energy Ventures ("JEV") which was the Special Project Vehicle ("SPV") for the development of a 2 x 700 MW Coal Fired Power Plant in Negeri Sembilan.
- He was among the core team that successfully delivered JEV's PPA and FC, within time and targeted cost. He left JEV as General Manager after 2 years of its commercial operations in 2012 to set up Fergana Resources Sdn Bhd as its Director of Origination.
- Re-joined Malakoff in 2012 as a Vice President Technical/Commercial in the Ventures Division.
- Promoted as the Head of Business Development under the Ventures Division in 2017.
- Reassigned as the Head of Strategy & Investment Management Division where he oversees strategy, investment monitoring and international assets in 2019.
- Reassigned as the Head of Investment Development & Management Division where he oversees investment monitoring, international assets and development of Renewable Energy projects in 2020.
- Currently sits on the board of key subsidiaries/associate companies under Malakoff Corporation Berhad.

**NOTE:**

- Mohd Helmy does not hold any interest in the securities of the Company.

**SHAJARATUDDUR MOHD IBRAHIM**

Head, Business  
Development Department

**Ex Officio****Age: 46****Gender: Male****Nationality: Malaysian****DATE OF JOINING:** 1 October 2012**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

- Bachelor of Laws (Hons) from University of Nottingham, United Kingdom.

**PAST APPOINTMENTS/EXPERIENCES:**

- Started his career with TNB in September 1997, as a legal executive, handling projects and business development matters.
- During his 16- year tenure in TNB, he was instrumental in various key projects and ventures, including TNB's tariff reviews and PPA renegotiation exercises, privatization of Lembaga Letrik Sabah, divestments of TNB's local power plants and coal mine in Indonesia.
- His last position in TNB was as a General Manager in the President's/CEO's Office, before leaving for the role of Senior Vice President of Investment at Khazanah Nasional in February 2010, to oversee the power sector and Iskandar Development Region.
- Joined Malakoff in October 2012, as an Assistant Vice President of Special Projects. Since joining Malakoff, he had led a number of corporate and investment exercises leading to the successful bid for PD Power's extension of PPA concession, acquisition of interest in a large scale solar project in Johor, winning bids for the development of two small hydro power projects in Pahang with total capacity of 55 MW and two (2) biogas projects in Johor. The most recent corporate exercise that he has steered is the completion of the acquisition of 97.37% equity interest in Alam Flora Sdn Bhd from DRB-HICOM Group.
- One of the key team members in formulating the current Malakoff's investment policy and strategic plan.
- In his capacity and current role as the Head of Business Development Department in Malakoff, he will continue to explore and pursue potential investments or growth opportunities for the company, locally and internationally.
- Currently sits on the board of key subsidiaries/associate companies under Malakoff Corporation Berhad.

**NOTE:**

- Shajaratuddin holds 26,000 ordinary shares in the Company.

## SENIOR LEADERSHIP PROFILES

**IDZAM YUHAIZI  
MOHD YUNOS**

Head, Risk & Process  
Improvement Division

**Ex Officio**

Age: 48

Gender: Male

Nationality: Malaysian

**DATE OF JOINING:** 1 March 2020

**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

- Bachelor of Arts in Economics and Social Studies with Honours from University of Manchester, United Kingdom.
- Certified Enterprise Risk Manager (“ERM”) and an Associate Business Continuity Professional (“ABCP”).
- Certificate of Internal Auditor for Financial Institution (“CIAFIN”).
- Leadership Development Programme, ICLIF International Learning Center.

**PAST APPOINTMENTS/EXPERIENCES:**

- Served as the Head, Group Risk Management Department of MMC Corporation Berhad for 8 years prior to joining Malakoff. He oversees several portfolios under him namely Enterprise Risk Management, Business Continuity Management, Health, Safety and Environment and Corporate Integrity, where he has established several policies related to his portfolios and lead the implementation of these policies throughout the MMC Group.
- Prior to joining MMC, he has had more 16 years of working experience in various industries ranging from banking, manufacturing, research, oil & gas, engineering and construction assuming various roles and positions.
- Currently sits on the board of key subsidiaries/associate companies under Malakoff Corporation Berhad.

**NOTE:**

- Idzam does not hold any interest in the securities of the Company.

**SARAVANAN  
DESIGAMANIE**

Head, Strategy &  
Communication Division

**Ex Officio**

Age: 39

Gender: Male

Nationality: Malaysian

**DATE OF JOINING:** 1 June 2018

**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

- Master of Business Administration (Finance) and Bachelor of Information Technology (Hons) (Software Engineering) from Multimedia University (“MMU”), Malaysia.
- Certificate in Investor Relations (“CIR”) of the Investor Relations (“IR”) Society (United Kingdom).

**PAST APPOINTMENTS/EXPERIENCES:**

- A recipient of the Sime Darby Foundation Scholarship award, he began his career in Sime Darby Berhad in 2004 as a software analyst before being appointed to the role of Special Officer to the Executive Vice President, Group Strategy & Business Development of Sime Darby in 2008.
- Assigned as the Special Officer to the MD of Sime Darby Energy & Utilities, while serving under the MD’s Office as well as the Programme Management Office in 2010.
- Appointed as Assistant Vice President, IR in 2012. As part of the IR unit of Sime Darby, he was a key pioneering member who was instrumental in engaging the ESG investors, particularly in Europe.
- Assumed the role of Strategy & Innovation Manager of Sime Darby Plantation Berhad in 2017, working closely with the Chief Strategy & Innovation Officer to build innovation culture and carry out innovation capability building programmes across the corporation.
- Throughout his 14-year tenure with Sime Darby, he has worked in various capacities within the plantation, property, industrial, motors, energy & utilities and healthcare divisions.
- Joined Malakoff in June 2018 as the Head of IR, spearheading the Group’s engagement with the investment community.
- Appointed as the Head, Strategy & Communication Division in February 2020, overseeing the Group’s corporate strategy, investor relations, corporate communications and stakeholder management units.
- Currently sits on the board of key subsidiaries/associate companies under Malakoff Corporation Berhad.

**NOTE:**

- Saravanan does not hold any interest in the securities of the Company.

## SENIOR LEADERSHIP PROFILES



**MOHD HADI  
MOHAMED ANUAR**

Chief Internal Auditor,  
Group Internal Audit

**Chief Internal Auditor**

**Age: 43**

**Gender: Male**

**Nationality: Malaysian**

**DATE OF JOINING:** 25 February 2016

**ACADEMIC/PROFESSIONAL QUALIFICATIONS:**

- Bachelor of Arts (Hons) in Accounting and Finance from the Manchester Metropolitan University, United Kingdom.
- Associate Member of the Association of Certified Fraud Examiners and the Institute of Internal Auditors Malaysia ("AIIA").

**PAST APPOINTMENTS/EXPERIENCES:**

- More than 20 years of audit experience and currently leads the Group Internal Audit of Malakoff which is responsible to support the Board of the Company through the Board Audit Committee in discharging its duties and governance responsibilities of maintaining a sound internal control system within the organization.
- Started his career as an auditor with Arthur Andersen/Ernst & Young from 2000 to 2004.
- Subsequent thereto, he joined Petroliaam Nasional Berhad ("PETRONAS") in 2005 where he assumed the role of Audit Manager in the Group Internal Audit Division of PETRONAS until 2011.
- During his tenure with PETRONAS, he was also assigned to KLCC Holdings Berhad ("KLCC") to set up the Group Internal Audit Division of KLCC Group and was the acting Head of the Division for almost 2 years before returning to PETRONAS.
- Prior to joining Malakoff, he was the Head of Joint Venture Audit Department of PETRONAS Carigali Sdn Bhd from 2012 to 2016 and was responsible to oversee all joint venture audits on the company's joint ventures with other oil and gas companies/partners in Malaysia and international upstream business operations worldwide.

**NOTE:**

- Mohd Hadi holds 42,400 ordinary shares in the Company.

Additional information in relation to the Management Committee Members and Chief Internal Auditor

- None of the Management Committee Members and Chief Internal Auditor has any family relationship with any Director and/or major shareholder of the Company nor any conflict of interest with the Company.
- Other than traffic offences, none of the Management Committee Members and Chief Internal Auditor has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year under review.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

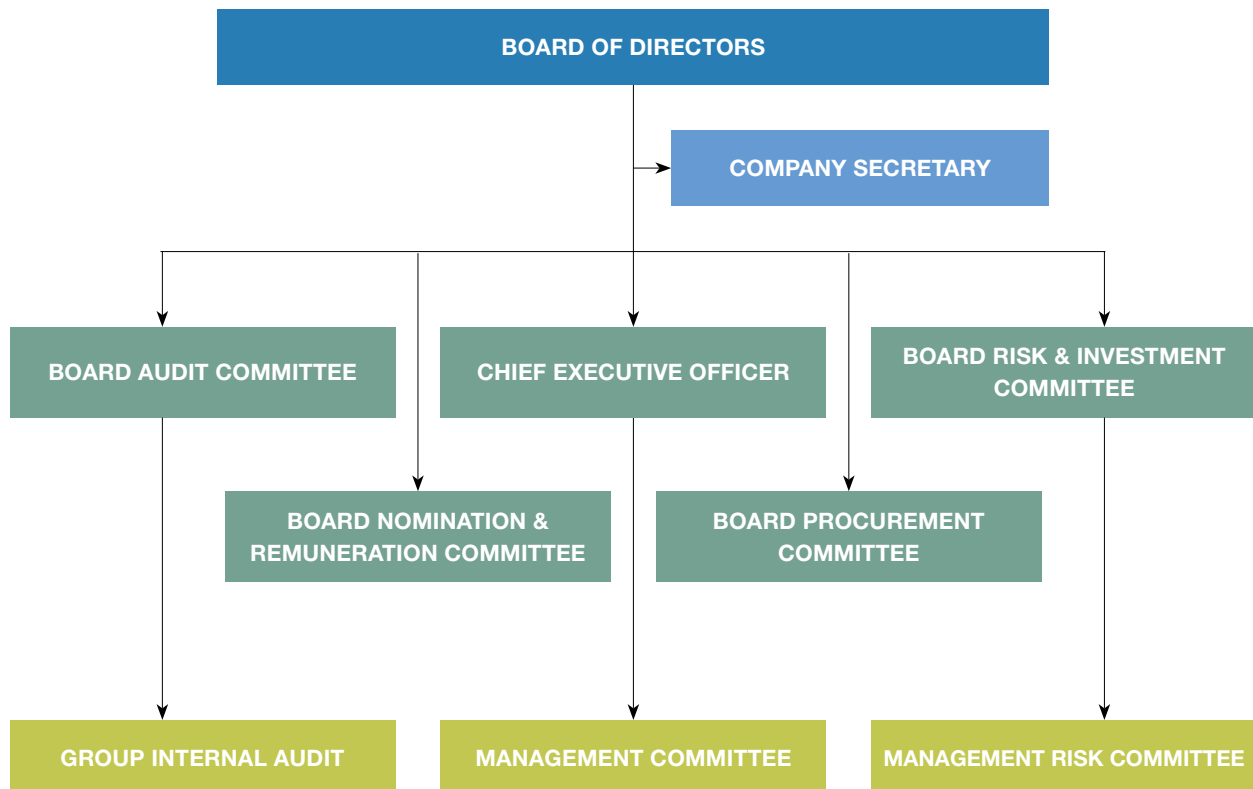
The Board of Directors (“**Board**”) of Malakoff Corporation Berhad (“**Malakoff**” or “**the Company**”) is committed to sustainable business practices and fulfilling its corporate governance obligation in leading the Company towards achieving its growth target and enhancing the shareholders’ value. Despite the challenging operating environment in year 2020 and the impact of the outbreak of Covid-19 pandemic, the Board continues to fulfil its responsibilities under the Malaysian Code on Corporate Governance 2017 (“**MCCG 2017**”) without compromising its efforts, where possible, in applying the principles of good corporate governance prescribed in the MCCG 2017.

This corporate governance overview is prepared up to 11 March 2021 and was approved by the Board on even date. This statement details the key aspects of the governance framework and practices during the financial year as well as future priorities of Malakoff. The Company regularly reviews its governance framework and practices so as to ensure it consistently reflects market practice and stakeholders’ expectations. The application of each of the practices set out in the MCCG 2017 is also disclosed in our Corporate Governance Report which is available on Malakoff’s corporate website at [www.malakoff.com.my](http://www.malakoff.com.my).

Malakoff’s Corporate Governance Framework, as illustrated in the diagram below, is premised upon the following statutory provisions, best practices and guidelines:

Companies Act 2016 (“**Act**”)

MCCG 2017

Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## BOARD LEADERSHIP AND EFFECTIVENESS

## i Board Activities

The principal role of the Board of Malakoff (“**Malakoff Board**”) is to govern and set the strategic direction of the Group, to guide and exercise oversight over management of Malakoff and its businesses in accordance with the purpose, value and approved strategic plans of the Malakoff Group. The strategic plans are reviewed periodically by the Board and Management to ensure their relevance to the Company’s current operating environment including any changes to the Government’s policies for the power industry.

The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders including employees, customers, suppliers and the wider community. In performing its role, the Board sets the Group’s core values, adopts proper standards to ensure that the Group operates with integrity, and complies with the relevant rules and regulations. The roles and responsibilities of the Board are set out in the Board Charter which is available on the Malakoff’s corporate website at [www.malakoff.com.my](http://www.malakoff.com.my).

The Board Charter has clearly set out the roles and responsibilities of the Malakoff Board and those matters delegated to senior management. Amongst other matters, the Senior Management is responsible for instilling and reinforcing the Group’s values, implementing sound risk management and controls which accord with the risk appetite set by the Board. The Board receives reports and information about the Group from the Senior Management to enable the Board to discharge its responsibilities. The Board holds the management accountable for the performance of its delegated functions and has constructively challenged management’s proposals tabled for its review and approval. This will foster a culture of accountability throughout the Group.

The Board is assisted by four Board Committees in the review and monitoring of the above functions. The Board Committees, namely Board Audit Committee (“**BAC**”), Board Nomination and Remuneration Committee (“**BNRC**”), Board Risk and Investment Committee (“**BRIC**”) and Board Procurement Committee (“**BPC**”), work within their delegated authority and respective terms of reference approved by the Board.

## Chairman of the Board

The Chairman of the Board, Datuk Haji Hasni Harun, who is an Independent Non-Executive Director (“**INED**”), leads the Board and manages the Board’s effectiveness by focusing on strategy, governance and compliance. The Board appreciates the distinct roles and responsibilities between the Chairman of the Board and the Managing Director/Chief Executive Officer. Hence, the division of responsibilities is clearly established and stated in the Company’s Board Charter to ensure a balance of power and authority.

Managing Director/Chief Executive Officer (“**MD/CEO**”)

The Company had appointed Encik Anwar Syahrin Abdul Ajib as the new MD/CEO of the Company effective 1 December 2020 subsequent to Dato’ Ahmad Fuaad Mohd Kenali relinquishing his position as CEO on 31 October 2020. The MD/CEO has the responsibility for the day-to-day management of Malakoff and its businesses with the support of the management team. Details of the members of Malakoff Management Committee (“**ManCo**”) and ex-officio are set out on pages 66 to 75 of the Company’s 2020 annual report and on the Company’s website at [www.malakoff.com.my](http://www.malakoff.com.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Company Secretaries

The Board is supported by the Company Secretaries who are competent and qualified under the Act. The Company Secretaries advise the Board on corporate governance related matters and the Board policies and procedures, and ensure the Board complies with the relevant rules and regulatory requirements as well as updates issued by the relevant regulatory authorities from time to time.

The Board maintains ultimate responsibility for strategy and control of Malakoff and its businesses. In fulfilling its roles and responsibilities, the key focus areas of the Board during the financial year 2020 included:

1. Overseeing management's performance in strategy implementation including evaluating growth opportunities to complement the existing portfolio;
2. Reviewing business operations and the development plans of the Company as a whole to ensure long-term shareholders' value are preserved during the critical period in year 2020 and to mitigate the impact of Covid-19 to the Company;
3. Reviewing and considering the Company's investment and divestment options or other strategies for value creation to Malakoff;
4. Reviewing and providing guidance on the implementation of strategy to address areas of underperformance and reposition the portfolio to deliver growth for the Company;
5. Monitoring the Group's operating performance and financial position;
6. Reviewing the Group's risk management framework and monitoring the Group's operation with due regard to the risk appetite set by the Board;
7. Monitoring the Group's health, security, safety and environment performance and overseeing the implementation of strategies to improve safety performance and enhance workplace safety awareness;
8. Reviewing talent management and development and the appointments of MD/CEO and two company secretaries during the year; and
9. Reviewing the Company's framework, policies and procedures including but not limited to the following:

(a) Code of Conduct

Malakoff is committed to upholding the highest standards of ethical conduct, integrity and accountability in all the business activities and operations. The Code of Conduct, which was adopted by the Board in November 2015, is published on the Company's website. It plays a crucial role in determining how the Company conducts its business and operations.

(b) Whistleblowing Policy

The Whistleblowing Policy was established by the Board to provide employees and third parties with proper avenue and procedure to disclose cases of improper conduct such as criminal offences, fraud, corruption, breach of Group policies and Code of Conduct or other malpractices without fear of reprisal.

In implementing this policy, a whistle-blower is assured confidentiality of identity to the extent reasonably practicable. This includes protecting the whistle-blowers from detrimental actions that may result from the disclosure of improper conduct, provided that the disclosure is made in good faith. The Whistleblowing Policy is also to ensure that fair treatment is provided to both the whistle-blower and the alleged wrongdoer when a disclosure of improper conduct is made.

Disclosure of any improper conduct can be made verbally or in writing to the Chairman of the BAC via a letter or e-mail to [whistleblowing@malakoff.com.my](mailto:whistleblowing@malakoff.com.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## ii Board Composition

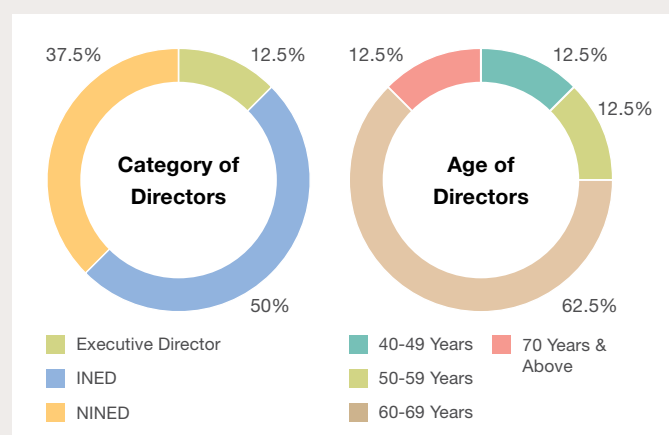
## Board Size and Structure

Malakoff recognises an effective Board composition that continues to include directors who collectively bring an appropriate mix of skills, commitment and diversity (including gender diversity) to Board decision-making. The Board takes cognizance of the benefits of having a diverse range of skills, knowledge, experience, background and gender among its members which would promote effective Board deliberations and robust decision making where matters are viewed from wider and broader perspectives. Since the adoption of diversity policy on 21 November 2016, the Board regularly reviews the current and desired skills and experience of each Director and the Board as a whole, taking into consideration the specialised and changing environment that the Company operates within.

The Board currently comprises eight directors with seven non-executive directors and one newly appointed executive director, who is the Managing Director (“MD”) of the Company. Four out of the seven non-executive directors are INED and the remaining three are non-independent and non-executive directors (“NINED”).

The composition of the Board meets the MMLR of Bursa Malaysia which requires a minimum of two or one-third, whichever is the higher, as independent directors (“ID”) including the Chairman. The current Board comprises at least 50% IDs and has met the practice as set out in MCGG 2017. The Board considers the current Board size to be optimal in ensuring swift decision making and at the same time, effective discharge of its duties and responsibilities.

The summary of Board Composition as at 31 December 2020 is set out below:



The Board is of the view that the tenure profile of each of its directors is appropriately balanced and Board succession and renewal planning is properly managed over the medium to longer term including the appointment of additional women directors to fulfil the 30% proposed threshold under the MCGG 2017.

## Re-election and Re-appointment of Directors

Pursuant to the Company's Constitution, all Directors must submit themselves for re-election at least once every three years. The Company's Constitution also mandates one-third of the Board shall retire from office every year and shall be eligible for re-election at the Annual General Meeting (“AGM”) of the Company. In this respect, two non-executive directors (“NED”) namely Datuk Haji Hasni Harun and Dato' Sri Che Khalib Mohamad Noh, would be retiring at the forthcoming AGM together with the newly appointed MD/CEO, Encik Anwar Syahrin Abdul Ajib. They have offered themselves for re-election at the said AGM.

In determining the eligibility of the retiring Directors to stand for re-election, the BNRC considered the performance and contribution of the Directors seeking re-election before the names of these Directors are submitted and recommended by the Board to the shareholders for re-election into office. For the financial year in review, this was done through a Board assessment with the facilitation of the Company Secretary whereby Board members were required to conduct a peer assessment of other Directors in areas amongst others, his/her knowledge, skills, qualifications and contributions to Board proceedings.

As for the MD/CEO, the BNRC and Board had reviewed his educational background and working experience in detail prior to the proposed appointment of Encik Anwar Syahrin. The BNRC and Board are of the view that the MD/CEO should be given the opportunity to prove his ability of stewardship with a longer period of observance and, hence, recommended the MD/CEO be re-elected at the forthcoming AGM.

The BNRC's recommendations on the Directors standing for re-election at the forthcoming AGM are stated in Explanatory Note 2 under the Notice of the 15<sup>th</sup> AGM.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Board Independence**

IDs bring views and judgment to the Board deliberation and decision which are independent of the management and free from any business or other relationship that could be perceived to materially interfere with the exercise of objective, unfettered or independent judgement. The Board will ensure the selection of IDs is premised on the basis that the candidate is independent of management, free of any interests, position, association, business or other relationship that might influence, or could reasonably be perceived to influence, the independent exercise of their judgement.

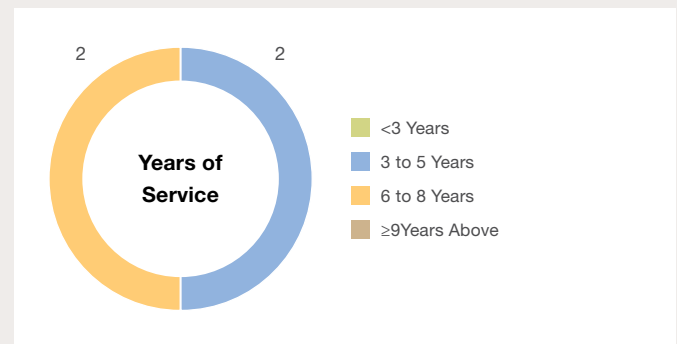
Prior to accepting any new director on the Board, each new INED is required to declare his/her interests and relationship to the Board through the submission of an independent assessment form, which information will form the basis for the Board's consideration of accepting the ID to the Board.

The Board also reviews the interests declared by the Directors regularly and considers all business relationships between Malakoff Group and the Directors or companies in which they are directors or substantial shareholders. In each of these business relationships, the interested Directors would abstain from all deliberations and decisions on the proposal. The Board takes due consideration of any changes to the NEDs' interests, positions, associations or relationships that could bear upon their independence.

The Board conducts formal assessment on Directors' independence annually to ensure that there are independent elements that fit the Company's objectives and strategic goals. The results of the independent assessment for IDs will be tabled at the Board for discussion.

In terms of Term Limit and Retirement Age of IDs, these had been reflected in the Company's Policy on Independent Non-Executive Directors Tenure ("**INED Policy**"). An INED who has reached the cumulative nine-year limit may, subject to thorough assessment

of the BNRC and approval of the Board, be recommended for retention as INED by shareholders' approval annually, or the INED will be re-designated as a Non-ID of the Company. The tenures of Malakoff's IDs have not exceeded a cumulative term of nine years since its listing in May 2015 and will only be due in May 2024. The years of service of the IDs as at 31 December 2020 are summarised below:



The Board has reviewed the position and relationship of all Directors in office as at the date of the 2020 annual report and considered that all four INEDs fulfilled the independence criteria as IDs and are independent.

**Succession Planning**

The Board recognises that succession planning is an integral part of the Board's corporate governance practices to ensure continuity in meeting the Group's long-term goals and objectives. Hence, in sourcing for candidates, the BNRC reviews the recommendations from the major shareholders, who have better understanding of the needs and complexity of the Company, enabling the recruitment of new director(s), and also engages external search firms to find appropriate candidates if necessary.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## iii Board Meetings

The Board convened ten Board meetings during the year, five of which are scheduled meetings and the other five are on ad hoc basis to consider urgent matters. All Directors have full attendance to the scheduled Board meetings.

Details of each Director's attendance to the Board meetings held during the year are tabulated below:-

Name of Directors	No. of meetings attended
Datuk Haji Hasni Harun	10 of 10
Anwar Syahrin Abdul Ajib ( <i>appointed on 1 December 2020</i> )	2 of 2
Dato' Sri Che Khalib Mohamad Noh	10 of 10
Cindy Tan Ler Chin	10 of 10
Datuk Ooi Teik Huat	10 of 10
Datuk Dr. Syed Muhamad Syed Abdul Kadir	10 of 10
Datuk Idris Abdullah	10 of 10
Datuk Rozimi Remeli	10 of 10

The Board is committed to meet at least four times a year after the end of each financial quarter where the unaudited quarterly results would be reviewed and approved before being released to Bursa Malaysia. Meeting dates for the whole year are scheduled in advance and the calendar for the Board and Board Committees' meetings is circulated to the Directors before the commencement of each financial year to enable the Directors to plan their schedule in advance.

Every effort is made to ensure timely circulation of notices, agenda and meeting materials to the Board to provide sufficient time for the Directors to prepare for Board meetings and to facilitate effective Board discussion. All deliberations and decisions made at the Board meetings are recorded by the Company Secretaries where the minutes of meetings would be circulated to the Board for review before the minutes of meeting are confirmed at the next Board meeting.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## iv BNRC

The composition of BNRC of Malakoff remains with four members with a majority being INEDs. The Chairman of the BNRC, Datuk Haji Hasni Harun, is an INED. The roles and responsibilities of BNRC are set out in its terms of reference which are available on the Company's website.

The BNRC held six meetings during the FY2020 to review the nomination and remuneration matters related to the Board and Management and make the necessary recommendations to the Board for approval. The Chairman of BNRC reports to the Board after each BNRC meeting.

The key activities of the BNRC during FY2020 are summarised below:-

## Nominating Matters

## (a) Board Composition and Succession Planning

- reviewed the size and composition of the Board and Board Committees as well as the Boards of the subsidiaries.
- made recommendation on the composition of the Boards of subsidiaries and appropriate nominees to represent Malakoff on the Boards of these companies.
- reviewed the succession planning for CEO-1 positions.

## (b) Recruitment/Appointment of Directors

- reviewed the skills, expertise, knowledge and experience of an executive director for appointment on the Board as MD/CEO (Encik Anwar Syahrin).
- identified and evaluated candidacy of director and made the necessary recommendations to the Board for approval.

## (c) Nomination of New Nominees on the Boards of the Subsidiaries/Associate Companies

- reviewed the background, skills, expertise, knowledge and experience of the management team proposed by the CEO to be in the pool for nominee directors for selection to the Boards of Malakoff's local and overseas subsidiaries and associates.
- evaluated the candidacy of directors to the Boards of local and overseas subsidiaries and associates and made the necessary recommendations to the Board.

## (d) Directors' Retiring by Rotation

- reviewed the performance of the Directors retiring by rotation and recommended to the Board on the re-election of Directors.
- two NEDs and the new MD are subject to retirement and re-election at this AGM.
- recommended the re-election of directors based on the results of the peer review assessment on their performance on the Board for FY2020 and observance of the new Director's ability of adaption and performance.

## (e) Board Evaluation

- conducted the Board evaluation exercise in respect of the effectiveness of the Board and the Board Committees for FY2020.
- reviewed the results of the Board evaluation and proposed appropriate action plans to improve on areas of weaknesses and increase effectiveness of the Board.
- reviewed the training needs of the Directors.

## (f) Organisation Restructuring

- reviewed and recommended the organisation restructuring proposed by the CEO for the Board's approval.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Remuneration Matters

## (a) Remuneration for the Malakoff Group

- recommended bonus pool for the Group based on the achievement of the Corporate KPIs.
- recommended salary increments and bonus quantum for the Group as well as the CEO and his target group.

## (b) Directors' Remuneration Framework

The remuneration package for the executive director is structured to link rewards to corporate and individual performance. It comprises salary, allowances, bonuses and other customary benefits as accorded by comparable companies. The MD/CEO's bonuses are determined by the performance during the year against individual KPIs approved by the Board. The executive director recuses himself from deliberation and voting on his remuneration at the Board meeting. The BNRC reviews the performance of the executive director annually and submits its views/recommendations to the Board on adjustments in remuneration and/or rewards to reflect the executive director's contributions towards the Group's achievements for the year.

The NEDs are remunerated through fixed monthly fees or allowances, meeting allowances and benefits-in-kind, such as annual leave passage and the reimbursement of business peripherals. The level of remuneration of NEDs reflects the current demanding challenges in discharging their fiduciary duties, roles and responsibilities, whether individually or collectively, as well as the complexity of the Company's operations and the industry and to also reflect the experience and level of responsibilities undertaken by the NEDs of Malakoff. The remuneration of NEDs is not based on commission, percentage of profits, or turnover and does not include commission based on the percentage of turnover of the Company. Based on the above, a proposed increase of fixed monthly fees for the NEDs (except of the Non-Executive Chairman) had been tabled and approved by the shareholders at the 14<sup>th</sup> AGM of the Company.

The details of the remuneration received by the MD/CEO and NEDs for the financial year ended 31 December 2020 are set out in the table below:

MD/CEO (ED) (Appointed on 1 December 2020)									
Name of Director	Salaries* (RM)	Other Allowances* (RM)		Meeting Allowances of Board and Board Committees(RM)		Other Emoluments* (RM)	Estimated Monetary Value of Benefits-in- Kind (RM)	Total (RM)	
		Company	Subsidiaries	Company	Subsidiaries			Company	Subsidiaries
Anwar Syahrin Abdul Ajib	110,000.00	1,000.00	-	-	6,500.00 **	6,000.00	2,333.57	119,333.57	6,500.00
Sub-total for ED	110,000.00	1,000.00	-	-	6,500.00 **	6,000.00	2,333.57	125,833.57	

\* Salaries, other emoluments and allowances are paid to the MD/CEO as per his employment remuneration package.

\*\* Meeting allowances for Board meetings payable by the subsidiaries of Malakoff, Malaysian Shoaiba Consortium Sdn Bhd ("MSCSB") and Alam Flora Sdn Bhd ("Alam Flora") are shared on an equal basis between Malakoff and the ED.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

NED								
Name of Director	Directors' fees (RM)	Board Committee/ Subsidiary Monthly Allowances (RM)		Meeting Allowances (RM)		Other Allowances <sup>a</sup>	Monetary Value of Benefits-in-Kind (RM)	Total (RM)
		Company	Subsidiaries	Company	Subsidiaries			
Datuk Haji Hasni Harun	360,000.00	36,000.00	-	39,500.00	21,000.00 <sup>b</sup>	25,000.00	36,156.09 <sup>c</sup>	517,656.09
Dato' Sri Che Khalib Mohamad Noh <sup>d</sup>	100,050.00	24,000.00	52,241.40 <sup>e</sup>	39,500.00	2,000.00 <sup>e</sup>	29,962.50 <sup>f</sup>	-	247,753.90
Cindy Tan Ler Chin	100,050.00 <sup>g</sup>	24,000.00 <sup>g</sup>	-	47,500.00	-	5,000.00	-	176,550.00
Datuk Dr. Syed Muhamad Syed Abdul Kadir	100,050.00	96,000.00	-	64,500.00	-	5,000.00	-	265,550.00
Datuk Idris Abdullah	100,050.00	90,000.00	60,000.00 <sup>e</sup>	64,500.00	2,000.00 <sup>e</sup>	5,000.00	-	321,550.00
Datuk Ooi Teik Huat	100,050.00	30,000.00	-	52,500.00	-	-	-	182,550.00
Datuk Rozimi Remeli	100,050.00	54,000.00	-	67,500.00	-	-	-	221,550.00
<b>Sub-total for NED</b>	<b>960,300.00</b>	<b>354,000.00</b>	<b>112,241.40</b>	<b>375,500.00</b>	<b>25,000.00</b>	<b>69,962.50</b>	<b>36,156.09</b>	<b>1,933,159.99</b>
<b>Notes:</b>								
a. Other allowances paid by Malakoff to the NEDs comprising annual leave passage and annual supplemental fees.								
b. Meeting allowances for Board meetings payable by the subsidiary of Malakoff, MSCSB.								
c. Benefits-in-kind paid to the Chairman of Malakoff comprising company car and reimbursement of petrol.								
d. Directors' remuneration is shared on an equal basis between MMC Corporation Berhad ("MMC") and the NED who is nominated by MMC.								
e. Monthly allowances and meeting allowances payable by the subsidiary of Malakoff, Alam Flora.								
f. Annual leave passage & supplemental fees claimed for year 2019 and 2020.								
g. Directors' fees and Board Committee allowances are shared on an equal basis between Employees Provident Fund Board ("EPF") and the NED who is nominated by EPF.								
<b>Total (ED &amp; NEDs)</b>	<b>1,070,300.00</b>	<b>355,000.00</b>	<b>112,241.40</b>	<b>375,500.00</b>	<b>31,500.00</b>	<b>75,962.50</b>	<b>38,489.66</b>	<b>2,058,993.56</b>
Total remuneration at Group level	1,070,300.00	467,241.40		407,000.00		75,962.50	38,489.66	2,058,993.56

The approval of shareholders on the remuneration and benefits payable to the Directors for the next term would be sought at the 15<sup>th</sup> AGM.

## V Board Effectiveness

The Board through the BNRC reviews its performance and the performance of individual directors on a yearly basis. Since the listing of the Company in 2015, this process was led by an external consultant for three years. In the subsequent years when a consultant is not engaged, the yearly Board assessment exercise was conducted internally and facilitated by the Company Secretaries to evaluate the overall effectiveness of the Board and individual Directors for FY2018 to FY2020.

The evaluation was carried out through the feedback obtained from each Board member who is required to complete a set of customised questionnaires, designed to evaluate the current Board composition and activities. This Board assessment covers the evaluation of the Board effectiveness in terms of its structure, Board operation and interaction, Board communication and its roles and responsibilities as well as a combination of self and peer assessment. The Board's responses and feedback to the questionnaires are collated and thereafter analysed for formulation of action plans with a view to improve on areas identified by the Board to require more focus and room for improvement. The BNRC, upon discussion of the results of the assessment, had presented the findings to the Board.

Nevertheless, the Board would consider engaging an independent consultant to facilitate periodic review of the Board's performance for Malakoff as recommended by the MCG 2017.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## vi Directors' Training

The Board is always mindful of the importance of continuous education for its members to update their knowledge and enhance their skills so that they are sufficiently equipped to perform their duties and be more ready to address and meet the challenges faced by the Company and the Board.

During the year, the Board members (including the new MD/CEO) attended in-house training organised by MMC Corporation Berhad entitled "Cyber Security Awareness and Budget Tax 2021 Proposals". The Company Secretary also circulates regular updates on training programmes from various organisations to the Directors on periodic basis for their consideration for participation.

All Directors had attended at least one training session, in compliance with paragraph 15.08(2) and Appendix 9C (Part A, paragraph 28) of the MMLR of Bursa Malaysia. Details of the trainings attended by Board members are as follows:-

Name of Directors	Conference/Training Programmes Attended	Date
Datuk Haji Hasni Harun (Chairman)	1. Managing Recurrent Related Party Transactions	27 October 2020
	2. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
Anwar Syahrin Abdul Ajib (MD/CEO)	1. Raising Defences: Section 17A, MACC Act	8 January 2020
	2. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
Dato' Sri Che Khalib Mohamad Noh	1. Shariah Governance and Shariah Compliant Culture in Islamic Financial Institutions	30 June 2020
	2. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
Cindy Tan Ler Chin	1. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
	2. Managing Performance Session	21-24 December 2020
Datuk Ooi Teik Huat	1. The Quiet Transformation of Corporate Governance	3 December 2020
	2. Malaysia Budget 2021 – Presentation by Ernst & Young	9 December 2020
	3. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
Datuk Idris Abdullah	1. Epidemics, Pandemics and Outbreaks	1 April 2020
	2. Digital Transformation	13 April 2020
	3. How to be an Effective Non-Executive Director in Disruptive World	21 September 2020
	4. Artificial Intelligence in Marketing	16 December 2020
	5. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
Datuk Dr. Syed Muhamad Syed Abdul Kadir	1. Briefing on the Corporate Liability Provision under Section 17A MACC Act	28 May 2020
	2. FIDE Forum on Risks: A Fresh Look from the Board's Perspective	8 July 2020
	3. FIDE Forum Seminar on Digital Financial Institutions Series: Managing Virtual Banking and Insurance Businesses	21 July 2020
	4. MACC 2018 under Section 17A on Corporate Liability	13 August 2020
	5. BNM-FIDE Forum on Annual Dialogue with Governor of BNM	3 September 2020
	6. How to be an Effective Non-Executive Director in Disruptive World	21 September 2020
	7. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020
Datuk Rozimi Remeli	1. Business Foresight Forum – Evolutionary Change to Revolutionary Impact	18-19 November 2020
	2. Fraud Risk Management Workshop by PricewaterhouseCoopers PLT	1 December 2020
	3. Cyber Security Awareness and Budget Tax 2021 Proposals	16 December 2020



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Induction Programme**

In 2020, the Company has conducted a comprehensive induction programme to ease the new MD/CEO into his new roles and to assist him in understanding the Group's business strategy and operational matters. This has been the norm for new directors to attend the induction programme as soon as practicable after they are appointed to the Board. The induction programme includes briefings by each division head of key aspects of their respective section and the challenges currently faced by the Group.

**EFFECTIVE AUDIT AND RISK MANAGEMENT****i BAC**

The Board places great emphasis on the effectiveness and independence of the BAC to provide additional assurance and oversight relating to financial reporting process, internal controls, risk management and governance for the Group due to the substantial amount of risk and compliance matters that may stem from the Group's operations in the highly regulated industry.

The BAC assists the Board in relation to oversight of the following:

- External audit, including prudential audit requirements;
- Internal audit function;
- The integrity of statutory financial reporting including financial reporting principles, policies, controls and procedures;
- The effectiveness of the internal control and risk management framework;
- The completeness of related party transactions and recurrent related party transaction process to ensure the said transactions are fair, within arm's length and not detrimental to the minority shareholders' interests.

Other responsibility of BAC includes ensuring proper policies and processes are in place for the reporting of whistleblower matters and oversight of the internal audit issues.

The BAC comprises solely of NEDs where three out of four members are IDs. The BAC is chaired by an INED, Datuk Dr. Syed Muhamad Syed Abdul Kadir. One of the BAC members is a member of the Malaysian Institute of Accountants (MIA) thus fulfilling the requirement under paragraph 15.09(1)(c)(i) of the MMLR of Bursa Malaysia. Furthermore, each of the BAC member is financially literate in accordance with the definition suggested by the Corporate Governance Guide 3<sup>rd</sup> Edition 2017 ("**CG Guide**").

Under the CG Guide, continuous development programmes have been recommended for BAC members in relation to four areas namely core functions, skills development, role and purpose of the audit committee and topical updates. During the financial year under review, the BAC members have attended trainings for their continuous professional development to keep themselves abreast of the relevant developments in the industry which covered topics on cyber security and latest trend in waste management and implication on Malaysia.

**Assessment of External Auditors**

The BAC oversees the external audit function. This includes reviewing and approving the external audit plan and assessing the performance of the external auditor. The BAC performs annual assessment of the processes and performance of the External Auditors ("**EA**") and had during the year assessed the quality of audit encompassing the performance of KPMG, the quality processes/performance of the engagement team, audit team independence, objectivity and professionalism, audit scope and planning, audit fees, audit communication and interaction. Assessment questionnaires were used as a tool to obtain input from each BAC member and the Management.

Independence of the EA is important to the integrity of the audit function. In dealing with auditor independence, the BAC would assess the EA through a non-audit services policy approved by the Board on 23 May 2017. Under this policy, approval of the BAC is required for the engagement of the Group's EA for non-audit services, if the cumulative non-audit fees for the year reaches 50% of prior year's audit fees (including the fees for limited quarterly review). KPMG had provided a written assurance to the BAC that they had been independent throughout the audit engagement for FY2020 in accordance with the terms of all relevant professional and regulatory requirements. The Management had also ensured that necessary safeguards were in place when engaging KPMG to carry out non-audit services for the Group.

Details on the BAC are also elaborated in the BAC Report on pages 92 to 96 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Internal Audit Function**

The Group Internal Audit (“GIA”) supports the Board through the BAC in discharging its duties and governance responsibilities of maintaining a sound internal control system within the organisation. The internal audit function is considered an integral part of the assurance framework and GIA’s mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. At the same time, GIA also assists the BAC and Management to achieve the Company’s goals and objectives by bringing a systematic and disciplined approach in evaluating and improving the effectiveness of the governance, risk management and control processes within the Group.

With its independent status within the Group, GIA reports directly and functionally to the BAC and administratively to the MD/CEO. GIA is also independent of the activities and functions that it audits and performs its duties in accordance with the Internal Audit Charter, as approved by the BAC, which establishes the framework for the effective and efficient functioning of GIA. The BAC also reviews and approves the appointment and removal of the Chief Internal Auditor, the Annual Internal Audit Plan, budget and organisation structure of GIA to ensure that it is adequately resourced with competent staff to perform its role and function effectively.

The standards and practices adopted by GIA are aligned to the International Professional Practices Framework issued by the Institute of Internal Auditors. As at 31 December 2020, the total number of personnel in GIA was nine including the Chief Internal Auditor. The name, credential and work experience of the Chief Internal Auditor of GIA are disclosed on page 76 of this Annual Report.

Details of the internal audit function and activities are presented in the BAC Report on page 96 of this Annual Report.

**ii Risk Management and Internal Control Framework**

Malakoff has established a Group risk management framework which forms the basis of the risk management strategy in managing a broad range of financial and non-financial risks that the Group is exposed to its operating environment.

The Board always emphasises the importance of maintaining a sound risk management and internal control system in the organisation. The Enterprise Risk Management Policy & Framework (“**ERMPF**”) ensures a structured risk management process is adopted across the Group. The ERMPF incorporates process relating to the identification, analysis, evaluation, treatment, monitoring, review, communication and consultation of the Group’s risks and controls.

In overseeing the risk management and internal control governance for the Malakoff Group, the Board has delegated its responsibility to the BRIC. The BRIC comprises four NEDs, a majority of which are IDs, and chaired by an INED. The BRIC assists the Board to oversee the risk management activities and to support the Board in fulfilling its responsibility for identifying significant risks and ensuring the implementation of appropriate controls and systems to manage the overall risk exposure of the Group. The BRIC reports to the Board on a quarterly basis and provide reasonable assurance that any identified risk that may have adverse impact on the Group’s objectives are mitigated and managed.

BRIC is also delegated with the responsibility to review and recommend investment proposals submitted by the Management. Under this purview, the Board had given authority to the BRIC to review and recommend the Group’s major investments,

including bidding for power, water generation and waste management projects. BRIC is responsible in assessing the key risks including funding options and costs as well as investment returns in accordance with the Group’s Core Investment Policy and Guidelines.

Malakoff continues to uphold the highest standards of ethical conduct, integrity and accountability in all our business activities and operations. With the adoption of Malakoff Group Anti-Bribery Policy (“**ABP**”), the Group applies zero-tolerance policy towards any form of bribery by, or of, its employees or any persons or companies acting for or on behalf of the Group. The Integrity & Governance Unit was established to support the implementation of the ABP, with direct access to the Board and Senior Management on issues concerning bribery and integrity.

In 2020, Covid-19 pandemic has impacted all aspects of our lives and the Group is not spared through this unprecedented time. It affects how Malakoff Group works and manages its businesses. The Board and Senior Management are always on high alert on the pandemic condition and ensure the Group’s working policies and procedures are in adherence to the Government directives in managing the pandemic. Stringent measures are implemented throughout the Malakoff Group to prevent infection at the workplace and premises to minimise the disruptions and ensure continuity of the Group’s businesses and operations.

Details of the Company’s risk management framework and internal control system are set out in the Statement on Risk Management and Internal Control on pages 97 to 100 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## COMMUNICATING WITH OUR SHAREHOLDERS

Malakoff recognises the necessity of balancing the expectations of our shareholders and the Group's capabilities in creating value. Hence, it is important to provide the shareholders and the broader investment community with facilities to access up-to-date information, participate in shareholders' decision of the Company and provide avenues for two-way communication between the Company, the Board and shareholders. Malakoff has developed an investor engagement platform for engaging with shareholders, the media and the broader investment community.

In 2020, we continued our investor engagement efforts, focusing on building a better market understanding and a strong foundation with the shareholders. We believe that consistent and transparent engagement are essential towards achieving a fair market valuation of the Group. Malakoff's Investor Relations ("IR") unit facilitates a two-way communication between the Group and the investment community via the following channels:

- Corporate Website - provides an essential platform for investors and other stakeholders to access information periodically through the Investor Relations section at [www.malakoff.com.my](http://www.malakoff.com.my);
- Annual/Extraordinary General Meeting - offers an opportunity to our shareholders to raise their questions and concerns on the Group's performance directly to our Board and Management;
- One-on-One and Group Meetings/Investor Conferences/Roadshows - throughout the year, we held meetings with major institutional investors, individual shareholder groups and financial analysts to share and discuss the Group's business performance and its strategic plan; and
- Annual Report - our Annual Report provides a comprehensive report on the Group's financial results, business operations and strategic direction.

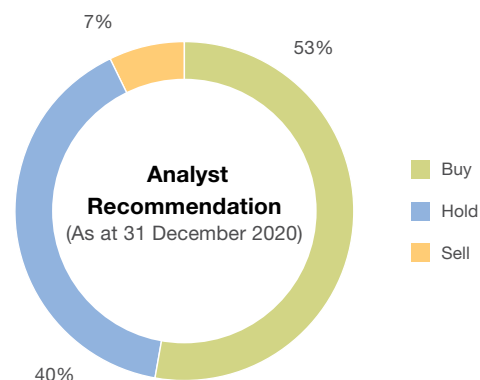
Through these channels, Malakoff's financial and operational performance, its strategic direction, as well as industry trends and prospects, are consistently communicated to manage investor expectations on the Group's current and future performance. We also provide constant feedback to the Board and the Management in creating a thorough understanding of the investor sentiment and sector trends within the wider investment landscape.

Malakoff's Corporate Disclosure Policy provides the proper framework and guidelines to govern the release of material and sensitive information, in line with disclosure requirements. The Head of Investor Relations and/or a member of the Senior Management usually represent Malakoff in its communication with the investment community.

**Analyst Briefings**

Concurrent with the release of the Group's quarterly results announcement to Bursa Malaysia, Malakoff would conduct an analyst briefing session to give further insights into the financial results, business operations and strategic direction for the year under review. The briefings are normally through face-to-face interaction with conference call facilities to ensure full access to the intended audience. However, unprecedented times called for digital channels to be adopted, with continued communications through virtual briefings. Following the previous practice, the CEO of Malakoff would present the quarterly performance to the audience before proceeding with the Question and Answer ("Q&A") session.

As of end-December 2020, a total of 15 research houses provided coverage on the Group. This reflects strong interest from the investment community and shows that Malakoff is closely tracked by domestic and international sell-side research houses as well as buy-side investors. The analyst recommendation as at 31 December 2020 is provided in the chart for reference:



(Source from 15 Research Houses)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

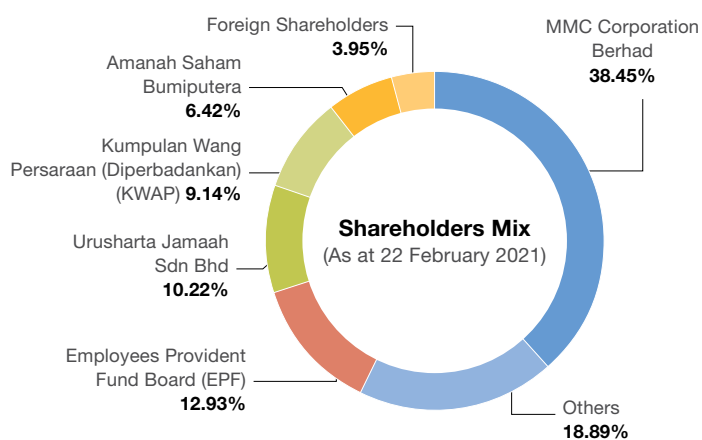
We also tabulated the analyst briefing dates for 2020 as follows:-

Date	Event	Analyst Briefing	Total Participants
19 February 2020	4Q 2019 Financial Results	Direct Meeting/Conference Call	35
21 May 2020	1Q 2020 Financial Results	Virtual via Microsoft Teams	33
19 August 2020	2Q 2020 Financial Results	Virtual via Microsoft Teams	33
24 November 2020	3Q 2020 Financial Results	Virtual via Microsoft Teams	37

## Investor Relations Activities

During the year under review, we increased our engagements with the investment community and conducted more than 50 one-to-one and group meetings. During these engagements, the Group would address their concerns, where possible, to deliver sustainable value to its shareholders. In 2020, there were increased engagements with the Environmental, Social and Governance (“ESG”) investors due to the higher focus on sustainability matters. Additionally, we are actively engaged with other IR stakeholders such as Bursa Securities, Malaysia Investor Relations Association (“MIRA”), and other IR service providers to ensure the Group practices the highest standards of transparency and disclosure.

	Number of Events
Briefings to Analysts and Fund Managers (Direct Meeting/Conference Calls)	4
Investor Conferences	4
One-on-One Meetings at Investor Conferences	10
In-house Investor Meetings	55
ESG Engagements	4
Engagement with IR Stakeholders (e.g. Bursa Malaysia, MIRA, Regulators, IR Service Providers)	6



Shareholders are welcome to raise queries or concerns regarding the Group at any time throughout the year. Communication and feedback from the shareholders can be directed to our IR team through the following contact:

**Head of Investor Relations**

Malakoff Corporation Berhad  
Level 11, Block 4, Plaza Sentral,  
Jalan Stesen Sentral 5, 50470 Kuala Lumpur



**Tel:** +603 2263 3240

**Fax:** +603 2263 3377



**Email:** [ir@malakoff.com.my](mailto:ir@malakoff.com.my)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## KEY FOCUS AREAS AND FUTURE PRIORITIES

As the Company continues with its power and water projects in 2020, the Company has also been actively embarking into Renewable Energy in line with its objective of securing new synergistic businesses during the year. With the expansion of the Group into waste management and environmental services section through Alam Flora Sdn Bhd Group, the Board will continue to refine its corporate governance practices and procedures throughout the Group to ease the integration of work processes and practices and to ensure all the existing and new businesses of the Group are operating in an orderly manner and in the best interests of all stakeholders of Malakoff.

To further enhance the Group's capability to compete in this challenging business environment, the Board will look into sharpening its competitive edge and prioritise its succession planning to establish a bigger pool of talents from which new candidates will be assessed and identified to take on the senior positions in the Group.

## CORPORATE GOVERNANCE REPORT

The Corporate Governance Report as prescribed by Bursa Malaysia for the application of each practice set out in the MCCG 2017 can be downloaded from the Company's website at [www.malakoff.com.my](http://www.malakoff.com.my).

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

(Pursuant to paragraph 15.26(a) of the MMLR of Bursa Malaysia)

The Board has given its assurance that the financial statements are prepared in accordance with the Act and the applicable approved accounting standards for each financial year which gives a true and fair view of the state of affairs of the Group and the Company in a transparent manner at the end of the financial year and of the results and cash flows for the financial year.

The Directors' Report for the audited financial statements of the Company and the Group is outlined on pages 105 to 109 of this Annual Report together with the details of the Company and the Group financial statements for the financial year ended 31 December 2020 which are set out on page 105 to 263 of this Annual Report.

## COMPLIANCE STATEMENT BY THE BOARD ON THE CORPORATE GOVERNANCE OVERVIEW STATEMENT

This statement on the Company's corporate governance practices is made in compliance with paragraphs 15.25 and 15.08A of the MMLR of Bursa Malaysia.

Having reviewed and deliberated this statement, the Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the MCCG 2017 as well as the relevant paragraphs under the MMLR of Bursa Malaysia for the financial year under review. Any practices in the MCCG 2017 which have not been implemented during the financial year would be reviewed by the Board and be implemented where practical and relevant to the Group's business.

This statement has been presented and approved by the Board at its meeting held on 11 March 2021.



## BOARD AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) of Malakoff Corporation Berhad (“MCB” or “Company”) is pleased to present the Board Audit Committee (“BAC” or “Committee”) Report for the financial year (“FY”) 2020.

## COMPOSITION AND ATTENDANCE

The BAC comprises four (4) members as follows, all of whom are Non-Executive Directors (“NEDs”); three (3) being Independent NEDs and one (1) Non-Independent NED. This meets the requirements of paragraph 15.09(1)(a), (b) and (c) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

MEMBERS OF BAC	No. of Meetings Attended
<b>Datuk Dr. Syed Muhamad Syed Abdul Kadir</b> <i>Chairman   Independent Non-Executive Director</i>	6/6
<b>Datuk Idris Abdullah</b> <i>Member   Independent Non-Executive Director</i>	6/6
<b>Datuk Ooi Teik Huat</b> <i>Member   Non-Independent Non-Executive Director (Member of the Malaysian Institute of Accountants)</i>	6/6
<b>Datuk Rozimi Remeli</b> <i>Member   Independent Non-Executive Director</i>	6/6

## MEETINGS

The BAC met six (6) times during the FY2020. The BAC also met with the External Auditors and Chief Internal Auditor separately on two (2) occasions, without Management’s presence and had accordingly complied with the frequency of meeting requirement under its Terms of Reference (“TOR”).

The Managing Director/Chief Executive Officer (“MD/CEO”), Chief Operating Officer, Chief Financial Officer and Chief Internal Auditor were invited to attend all BAC meetings. The involvement of senior management in the BAC meetings enabled direct communication and discussion between the BAC members and senior management so that matters pertaining to the Company’s and its subsidiaries’ (collectively “Group”) financial results, operational issues, internal control, governance and internal audit matters are better appreciated by the BAC.

The External Auditors were engaged to conduct a limited review of the Group’s quarterly financial statements, where applicable and these limited reviews provided assurance to the BAC on the reliability and consistency of the Group’s quarterly financial

statements announced to Bursa Malaysia as well as compliance with applicable Financial Reporting Standards. Representatives of the External Auditors were also invited to attend the BAC meetings on quarterly basis, as and when the BAC considered appropriate.

The Company Secretaries act as the Secretary of the BAC. The Minutes of each BAC meeting upon confirmation of the BAC, were circulated to the Board for information and notation. The Chairman of the BAC also highlights key matters discussed at each BAC meeting to the Board.

## ANNUAL PERFORMANCE ASSESSMENT OF BAC

The performance and effectiveness of the BAC and its members is assessed annually through the Board Committee effectiveness evaluation. The Board is satisfied that the BAC and its members have been able to discharge their functions, duties and responsibilities in accordance with the BAC’s TOR in supporting the Board in ensuring that the Group upholds appropriate Corporate Governance standards. The TOR of the BAC is available for reference under the “Investor Relations/Corporate Governance” section of the Company’s website at [www.malakoff.com.my](http://www.malakoff.com.my).

## BOARD AUDIT COMMITTEE REPORT

## SUMMARY OF ACTIVITIES FOR THE FY2020

## i Financial Reporting

The BAC reviewed all four (4) quarterly financial statements of the Company with Management before making recommendation to the Board for its consideration and approval to release the same to Bursa Malaysia.

The BAC also reviewed the consolidated annual audited financial statements of the Company for the FY2019, any audit issues and reservations arising from the statutory audit with the External Auditors, prior to making recommendation to the Board for its consideration and approval.

The quarterly financial statements were prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting and Appendix 9B (Part A) of the MMLR of Bursa Malaysia while the consolidated annual audited financial statements were prepared in accordance with MFRS, International Financial Reporting Standards and the requirements under the Companies Act 2016.

During the review of the financial statements, the following tasks were carried out by the BAC:

- (a) discussed and reviewed with Management and External Auditors the accounting policies adopted and applied consistently by the Group to ensure compliance with the applicable approved accounting standards, including the appropriateness of the accounting provisions and compliance with accounting standards and other statutory and regulatory requirements;
- (b) reviewed the declaration of the final and interim dividends of the Company including the solvency test required under the Companies Act 2016, ensuring that the Company has adequate resources to continue in operation for the next 12 months, before such declaration of dividends were recommended to the Board for approval;
- (c) reviewed the key audit matters and their implications to the Group; and how these matters were addressed from the audit, going concern considerations and the Auditors’ Report that were included in the Company’s Annual Report;
- (d) reviewed the BAC Report and Corporate Governance Overview Statement and Report to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval; and
- (e) discussed, on quarterly basis, any corrected material misstatements in the accounts and reviewed the summary of the unadjusted audit differences for the Group.

## ii External Audit

Where applicable, at each quarterly meeting of the BAC for the FY2020, the following were reviewed and discussed with the BAC by the External Auditors, Messrs. KPMG PLT (“KPMG”):

- (a) reviewed quarterly reports on new and recurring significant audit findings arising from the limited review including financial reporting issues, significant judgements made by Management and unusual events or transactions. Also included in the report, were Management’s responses to the findings and their action plans to address the issues raised by the External Auditors, for BAC’s notation and feedback, where necessary;
- (b) reviewed and monitored the nature and extent of the non-audit services provided by the External Auditors in accordance with the policy on non-audit services to ensure that the independence and objectivity of KPMG in performing its duties as the Group’s External Auditors are safeguarded and any potential conflict of interest is being managed;

## BOARD AUDIT COMMITTEE REPORT

- (c) reviewed the External Auditors' 2020 Audit Plan prior to the commencement of the statutory audit for FY2020, highlighting amongst others, the engagement team involved in the statutory audit review, audit timeline, scope and nature of the audit and emphasised areas of key audit matters for the statutory audit. The potential key audit matters identified for the Group were in respect of the review of purchase price allocation of newly acquired subsidiaries and joint ventures, recoverability of investment in associates, recoverability of intangible assets, review of residual value of power plants and contingent liability and legal proceedings;
- (d) discussed and recommended the proposed fees for the statutory audit for the Board's approval;
- (e) discussed and reviewed the results of the annual assessment evaluated by the BAC and Management in respect of the quality of audit, covering the External Auditor's performance, suitability and its independence

as the Company's External Auditor for FY2019. The results of the assessment for FY2019 were noted and recommended by the BAC for KPMG's re-appointment as the External Auditors of the Company for FY2020. The Board at its meeting held on 6 March 2020 approved the BAC's recommendation, and subsequently shareholders' approval was obtained at the 14<sup>th</sup> Annual General Meeting ("**AGM**").

On 11 March 2021, the Board approved BAC's recommendation for the re-appointment of KPMG as the External Auditors of the Company for FY2021, subject to approval by the shareholders at the forthcoming 15<sup>th</sup> AGM.

- (f) held two (2) private sessions with the External Auditors in February and November 2020, without the presence of the Management. The meetings provided an open and unrestricted forum for the External Auditors to discuss with the BAC the areas of concern and findings related to the Group's financial statements for the attention of BAC.

The fee for non-audit services provided by KPMG for FY2020 amounted to RM640,606 of which RM490,606 was approved by the Chief Financial Officer in line with Clause 7.4.1 of the non-audit services policy of the Company, whereas the remaining RM150,000 was approved by the BAC. The non-audit services were mainly related to tax compliance and other advisory services largely related to review of the purchase price allocation pursuant to the Group's acquisitions of a subsidiary and a joint venture which were completed in 2020 as well as loan financing activity.

KPMG also, pursuant to the Company's policy on non-audit services, had undertaken the necessary measures to ensure that each non-audit service engagement would not result in conflict of interest nor impair the independence and objectivity of the External Auditors. Management had also ensured that necessary safeguards were in place when engaging KPMG to carry out non-audit services for the Group. With the measures taken by KPMG and Management, the BAC was satisfied that the non-audit services provided during the FY complied with applicable rules and standards of independence for auditors, as well as the provisions stipulated in the non-audit services policy.

KPMG had provided a written assurance to the BAC that it had implemented a number of firm wide ethics and independence systems to monitor compliance with their policies in relation to independence and ethics and had been independent throughout the audit engagement for FY2020.

## BOARD AUDIT COMMITTEE REPORT

## iii Internal Audit ("IA")

During the FY2020, the BAC had carried out the following:

- (a) reviewed and approved the Annual IA Plan for FY2021 to ensure adequacy of audit scope, coverage, budget, resources and authority for Group Internal Audit ("GIA") to carry out its work effectively and independently;
- (b) reviewed and deliberated on the IA reports tabled during the year by GIA which highlighted key control issues together with the root causes, risks, audit recommendations for improvement and Management's action plans to address the control deficiencies;
- (c) reviewed and deliberated on the follow-up audit reports tabled during the year by GIA on the adequacy and effectiveness of the action plans or corrective actions undertaken by Management in addressing audit issues or control deficiencies highlighted from prior year audit reports to ensure non-recurrence;
- (d) reviewed and deliberated on the results from ad-hoc special review assignments or audit investigations performed based on Management's request or complaints received through whistle-blowing channels and recommended appropriate remedial actions/ measures to be taken;
- (e) reviewed and monitored the progress and status of action plans or corrective actions undertaken by Management to ensure audit issues or control deficiencies highlighted by GIA are being addressed and rectified in a timely manner;
- (f) reviewed and assessed the effectiveness and performance of the IA function for FY2019 in respect of audit quality, scope, adequacy of resources and competency; and
- (g) held two (2) private sessions with the Chief Internal Auditor in February and November 2020 without the presence of Management to ensure that there were no restrictions on GIA's scope of work and to discuss any other matters that GIA wishes to escalate to the BAC.

## iv Related Party Transactions ("RPTs")

The BAC had reviewed and recommended three (3) RPTs entered into with the Company's related parties in accordance with the RPT policies and procedures of the Company, for the Board's approval, to ensure that these transactions were fair and reasonable, undertaken in the Company's best interest and on normal commercial terms as well as not detrimental to the interest of the minority shareholders.

The Group's RPTs and recurrent related party transactions ("RRPTs") for the preceding 12 months up to each reporting quarter as well as the forecasted RPTs and RRPTs for the next 12 months period from the quarterly reporting period were also reported to the BAC and the Board on a quarterly basis. The reporting of these transactions by the Group was coordinated through the Corporate Secretarial Department with all the respective subsidiaries, departments and business units within the Group, before the same were collated and presented to the BAC and the Board. The threshold limit of the RPTs and RRPTs were also monitored accordingly to ensure compliance with the MMLR.

The GIA also assists the BAC by conducting reviews of the Group's RPTs and RRPTs to provide assurance that the transactions reported to the BAC were accurate, complete, in compliance with the MMLR and undertaken on arm's length basis and normal commercial terms.

## BOARD AUDIT COMMITTEE REPORT

### INTERNAL AUDIT FUNCTION

The GIA was established to support the Board through the BAC in discharging its duties and governance responsibilities of maintaining a sound internal control system within the organization.

The IA function is considered an integral part of the assurance framework and GIA's mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight. At the same time, GIA assists the BAC and Management to achieve the Company's goals and objectives by bringing a systematic and disciplined approach in evaluating and improving the effectiveness of governance, risk management and control processes within the Group. This function serves as an important source of support for the BAC in identifying weaknesses or deficiencies in internal processes and to facilitate appropriate remedial measures to be taken by the Company.

The purpose, authority, responsibility, independence and objectivity of GIA are formally defined in the IA Charter, as approved by the BAC, which establishes the framework for the effective and efficient functioning of GIA. The standards and practices adopted by GIA are aligned to the International Professional Practices Framework issued by the Institute of Internal Auditors.

GIA has an independent status within the Group and is independent of the activities and functions that it audits. GIA reports directly and functionally to the BAC and administratively to the MD/CEO. The BAC also reviews and approves the appointment and removal of the Chief Internal Auditor, the Annual IA Plan, budget and organization structure of GIA to ensure that it is adequately resourced with competent staff to perform its role and function effectively and independently.

Amongst the roles and responsibilities of GIA are as follows:

- (a) provide an independent and objective assessment and assurance to the BAC and Management on the adequacy and effectiveness of key internal control system, governance, risk management and control processes of the organization;
- (b) develop a risk based Annual IA Plan that is aligned to the Company's strategic objectives and takes into consideration of past audit history, criticality, inputs and feedback on any risk and control concerns from the BAC and Management;
- (c) carry out IA assignments in accordance with the approved Annual IA Plan and report to the BAC on key control issues, root causes, risks, audit recommendations for improvement, along with Management's responses and agreed action plans;
- (d) perform follow-up audits to determine whether the agreed action plans or corrective actions undertaken by Management in addressing audit issues or control deficiencies highlighted from past audit reports have been correctly implemented and adhered to consistently;

- (e) undertake ad-hoc IA assignments, special reviews or audit investigations as requested by the BAC or Management and present the results to the BAC and Management;

- (f) monitor the progress of Management's agreed action plans or corrective actions in addressing the audit issues or control deficiencies highlighted by GIA;

- (g) maintain professional audit staff with sufficient knowledge, experience and skills.

In addition, GIA is also responsible for the administration of the Group's Whistle-blowing Policy which provides an avenue for employees and third parties dealing with the Company to disclose cases of improper conduct such as criminal offences, fraud, corruption, breach of policies and procedures or other malpractices to the Company. Any disclosure of improper conduct can be made verbally or in writing to the Chairman of the BAC via letter or e-mail to [whistleblowing@malakoff.com.my](mailto:whistleblowing@malakoff.com.my).

For the FY2020, GIA conducted various IA assignments in accordance with the Annual IA Plan that is consistent with the Company's goals, complexity and risks of its activities. During the year, GIA had carried out six (6) full audits and six (6) follow-up audits covering the areas of plant operation, maintenance, inventory and warehouse management, procurement, finance, human resource, and health, safety, security and environment. In addition, GIA had also carried out an additional seven (7) special review assignments including investigations.

The IA reports were tabled and presented to the BAC for deliberation, highlighting key control issues together with root causes, risks, audit recommendations for improvement, along with Management's responses and agreed action plans to be implemented. The progress of these action plans is monitored by GIA and reported to the BAC on a quarterly basis.

As at 31 December 2020, the total number of personnel in GIA was nine (9) including the Chief Internal Auditor. The name, credential and work experience of the Chief Internal Auditor of GIA are disclosed on page 76 of the Annual Report.

The GIA has a sufficient mix of internal auditors with various knowledge, skills and competencies to perform its function and GIA is committed to equip its auditors with adequate knowledge and proficiencies to discharge their duties and responsibilities effectively. The Company is also a corporate member of the Institute of Internal Auditors Malaysia which enables the internal auditors in GIA to keep abreast of latest developments in the IA practices and attend relevant trainings organized by the Institute of Internal Auditors Malaysia. The total cost incurred by GIA for FY2020 was RM2.1 million.

This BAC Report is made in accordance with the resolution of the Board duly passed on 11 March 2021.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“Board”) of Malakoff Corporation Berhad is committed to embedding an effective risk management and internal control system into Malakoff Corporation Berhad and its subsidiaries (“Group”). The Statement on Risk Management and Internal Control is made in accordance with Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the revised guidelines on the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers. This is also in line with the Malaysian Code on Corporate Governance (“MCCG”) 2017 which requires public listed companies to maintain a sound system of risk management and internal controls to provide assurance and safeguard shareholders’ investments, customers’ interests and company assets.

## BOARD’S RESPONSIBILITY

The Board is responsible for the overall tone and culture towards an effective risk management and internal control system in the Group. The Board is also responsible for reviewing the adequacy and effectiveness of the Group’s risk management and internal controls processes. The Group’s risk management processes are designed such that all key risk areas are effectively managed to enable the Group to achieve its business objectives. The Board is aware that the risk management and internal control system can only provide reasonable and not absolute assurance against the risk of material loss or occurrence of unforeseeable circumstances.

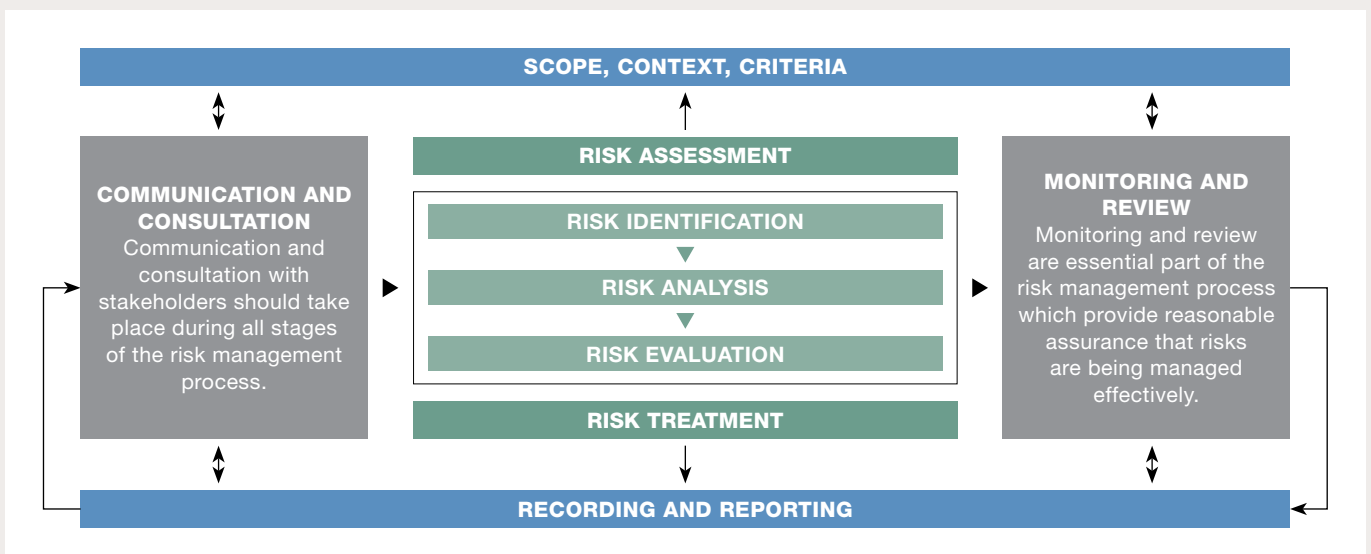
## RISK MANAGEMENT

The Group acknowledges that risk management is fundamental in providing sound corporate governance practice. A holistic approach of risk management strengthens the overall internal control, decision making and the resource allocation processes within the Group. Risk management enables proactive and structured risk identification and evaluation process, and where required, management actions will be identified to mitigate the risk to enable the Group to achieve its business objectives.

## Risk Management Framework

The Board is committed to ensure sustainable growth of the Group and recognizes the significance of risk management and policies in safeguarding the interest of the Group and its shareholders. The Board Risk and Investment Committee (“BRIC”) oversees the Group’s risk oversight responsibilities and framework. The Management Risk Committee (“MRC”) supports the BRIC in integrating risk management strategies, risk appetite as well as reviewing the application of risk management practices across Malakoff Corporation Berhad, in accordance with the Group’s Enterprise Risk Management Policy and Framework (“ERMPF”). Our ERMPF has been revised in 2020 to reflect the changes from the updated version of ISO 31000:2018 Risk Management Guidelines. The ERMPF has included the Plant Risk Committee (“PRC”) which has been established to identify, discuss and manage operational risks at the respective power plants.

The ERMPF incorporates the process relating to the identification, analysis, evaluation, treatment, monitoring, review, recording, reporting, communication and consultation of the Group’s risks and controls. The main elements of the Group’s risk management process are as follows:



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group defines risk as events that could affect its objectives. It is measured by the likelihood of the risk occurring and the impact if the risk occurs. The ERMPF will ensure that the risk assessment process of identifying, analysing, evaluating and treating risk are in place to protect the Group from material losses. It will assist the Group in making decisions and prioritising the implementation of the risk treatment.

The risk matrix depicts the likelihood and impact parameters used to measure and assess the Group's risk level:

LIKELIHOOD	Almost Certain					
	Likely					
	Possible					
	Unlikely					
	Rare					
		Insignificant	Minor	Moderate	Major	Catastrophic
		IMPACT				

### Corporate Digital Assurance

To enhance the Group's risk management practices, a Corporate Digital Assurance module had been employed in the Enterprise Risk Management System ("ERMS"). The scorecard owners, risk owners, control owners and action plan owners are required to provide assurance with respect to the status of all material risks, controls and management actions.

The respective owners will provide assurance that they have reviewed and updated the Corporate Risk Scorecard system with the status of all material risks, controls and management actions.

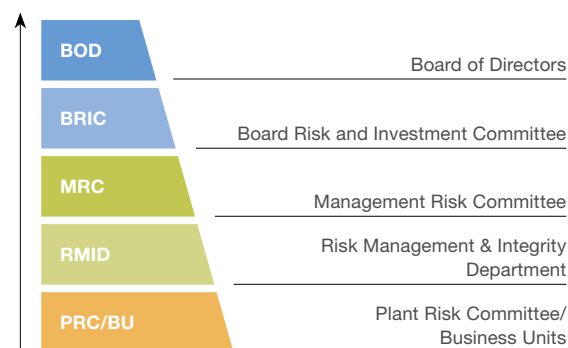
In relation to the Risk Management process, the owners also certify that:

- The risks, controls and management actions information within the Corporate Risk Scorecard are accurate and complete.
- Where exposure is considered acceptable, they have documented and validated that the control activities are in place and are effective.
- Where an individual risk has been assessed as unacceptable, management actions have been formulated and individuals have been identified as owners, with accompanying due dates to address the risk.
- To the extent that an individual risk is not perceived to be within their control (either directly or as delegated to the immediate Management team), it will be documented and elevated to the appropriate level of Management within the Group.

In addition, the owners also confirm that the risk management process has been complied with and the information for which they are responsible for under Corporate Risk Scorecard fairly reflects the position of the Group.

### Risk Reporting

On a quarterly basis, the identified risks are discussed and deliberated at the MRC meeting chaired by the Managing Director ("MD")/Chief Executive Officer ("CEO"). The reports are subsequently tabled to the BRIC for deliberation and recommendations. The Board notes the report on the risks faced by the Group and actions taken by Management to mitigate the risks. The overview of the Group's reporting structure is provided in the table below:



Risk management is integrated into the Group's day to day business activities while risk-based evaluation is incorporated into its decision-making process. This demonstrates the emphasis placed by the Board on the risk management agenda and underlines the importance of a well-managed risk management programme. Echoing the tone of the Board, the MRC continues to reinforce risk management principles among employees to ensure continuous improvement at all levels.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTERNAL CONTROL SYSTEM

The key features of the Group control structure that provide reasonable assurance against the occurrence of events that could prevent the achievement of business objectives are as follows:

**The Board**

The Board of Malakoff Corporation Berhad provides direction and oversight on internal controls. The terms of reference and responsibilities are defined together with the Board Charter. The specific lines of responsibility, accountability and delegation of authority as approved by the Board to facilitate the Group's operations is the obligation of the MD/CEO and MRC.

**Business Plan, Budget and Reporting**

Malakoff Corporation Berhad establishes annual business plans and budgets that have been recommended by Management and approved by the Board before commencement of the new financial year.

The Board reviews the result against budget on a quarterly basis in conjunction with the public announcement of the Group's quarterly financial result under the Main Market Listing Requirements of Bursa Securities.

The Board also reviews Malakoff's Sustainability Statement which summarises the management of material aspects of operations in particular, economic, environment and risks, as well as opportunities.

**Policies and Procedures**

Documented internal policies and procedures are in place to ensure compliance with internal controls and the relevant rules and regulations. They are reviewed regularly to ensure that the gaps in controls are addressed and where required, policies and procedures are revised to meet with the business condition.

**Limits of Authority**

The Limits of Authority sets out the level of authority under key business areas (financial and non-financial) of the Group. The authorisation limits in respect of organisational requirements such as procuring goods and services, cash transactions and contracting are clearly defined and documented. The limits are reviewed and updated regularly to reflect the current business environment, operational and structural changes of the Group.

**Internal Audit**

The Group Internal Audit ("GIA") provides assurance on the existence, adequacy and effectiveness of governance, risk management and control processes designed to improve and add value to the Group. This function serves as an important source of support for the Board Audit Committee ("BAC") in identifying weaknesses or deficiencies in internal processes and to facilitate appropriate remedial measures to be taken by the Company.

GIA reports directly and functionally to the BAC and administratively to the MD/CEO. GIA is independent from the functions and activities that it audits and performs its duties in accordance with the Internal Audit Charter as approved by the BAC and the International Professional Practices Framework by the Institute of Internal Auditors.

Details of the internal audit function and activities are presented in the BAC Report on page 96 of this Annual Report.

**Whistle-Blowing**

The Group's Whistle-blowing Policy sets out avenues for employees and third parties dealing with the Group with proper procedure to disclose cases of improper conduct such as criminal offences, fraud, corruption, breach of Group policies and Code of Conduct or other malpractices.

A whistle-blower is assured confidentiality of identity, to the extent reasonably practicable. This includes protecting the whistleblowers from detrimental actions that may result from the disclosure of improper conduct, provided that the disclosure is made in good faith. The Whistle-blowing Policy is also to ensure that fair treatment is provided to both the whistle-blower and the alleged wrongdoer when a disclosure of improper conduct is made.

Disclosure of any improper conduct can be made verbally or in writing to the Chairman of the BAC via a letter or e-mail to [whistleblowing@malakoff.com.my](mailto:whistleblowing@malakoff.com.my).

The Chief Internal Auditor is responsible for the administration, interpretation and application of the Whistle-blowing Policy and any amendment to this Policy shall be affected by the Chief Internal Auditor, subject to the approval of the MD/CEO, the Chairman of the BAC and the Board.

**Anti-Bribery Policy**

The Group's Anti-Bribery Policy was approved and adopted on 3<sup>rd</sup> October 2019. This Policy was then revised and approved on 24<sup>th</sup> November 2020. The revision includes the formation of an Integrity & Governance Unit and establishment of the role of Integrity Coordinators. The implementation of the policy will further strengthen our corporate governance and ensure commitment from all stakeholders to uphold the highest standards of ethical conduct, integrity and accountability in all our business activities and operations. This is also in line with the Malaysian Anti-Corruption Commission ("MACC") Amendment Act 2018 ("the Act") which requires commercial organisations to establish adequate procedures to avert corruption as a defence against corporate liability under the Act.

**Joint Venture and Associates**

Malakoff Corporation Berhad ensures that investment and interest in material joint ventures and/or associates, are protected by having board representation at the respective joint ventures and/or associates. The management of the joint ventures and/or associates is also responsible to oversee the operation and performance of the joint venture and/or associates.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM EFFECTIVENESS

The Board reviews the effectiveness of the risk management and internal control system through the following monitoring and assessment mechanisms:

- A quarterly review of the Group's actual financial and operational performance against planned performance and other key financial and operational performance indicators;
- The Risk Management & Integrity Department presents the Risk Management Report to the BRIC every quarter to provide an overview of the Group's key risks and action plans in mitigating the risks. The BRIC provides its views which are then communicated to the respective risk owners by the Risk Management & Integrity Department. The report is then escalated to the Board upon deliberation by BRIC; and
- BAC deliberates and discusses reports issued by the Internal Audit report and external auditors pertaining to financial, operational, governance, risk management and control matters. The status of preventive and corrective actions for issues discussed are also updated to the BAC to enable monitoring of the actions.

### COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS

The risk management and internal control defined above have been in place for the year under review and up to the date of approval of this statement for inclusion in the annual report.

In making this statement, the Board had received assurance from the MD/CEO, Chief Financial Officer and Head of Risk & Process Improvement Division that the risk management and internal control processes are operating adequately and effectively, in all material aspects for the reporting period.

The Board is of the opinion that the risk management and internal control are adequate and effective in providing reasonable assurance for the year under review.

There was no major internal control weakness identified during the year under review that may result in any material loss that would require disclosure in this statement.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2020, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This statement is made in accordance with the resolution of the Board dated 11 March 2021.

## ADDITIONAL COMPLIANCE INFORMATION

## UTILISATION OF PROCEEDS

During the financial year, the utilisation of proceeds are as below:

SUBSIDIARY	DEBT RAISED	UTILISATION OF PROCEEDS
Malakoff International Limited	Term Loan facility of up to USD72 million ("USD term loan")	All proceeds raised from the USD term loan had been utilised to refinance the financial indebtedness under the existing facility

## AUDIT FEES AND NON-AUDIT FEES

The fees paid/payable to the external auditors, KPMG PLT and its affiliates ("KPMG") in relation to the audit and non-audit services to the Group and the Company for the financial year ended 31 December 2020 are as follows:

	Group	Company
	2020	2020
	RM'000	RM'000
Audit fees	1,366	574
Non-audit fees	641*	304
	2,007	878

\* The non-audit fees paid/payable to KPMG were mainly related to tax compliance and other advisory services largely related to review of purchase price allocation pursuant to the acquisitions of a subsidiary and a joint venture which were completed in 2020 as well as loan financing activity.

## MATERIAL CONTRACTS

- (i) On 20 May 2020, Batu Bor Hidro Sdn Bhd ("BBHSB") and Lubuk Paku Hidro Sdn Bhd ("LPHSB") had separately entered into Renewable Energy Power Purchase Agreements ("REPPAs") with Tenaga Nasional Berhad ("TNB") for the sale and purchase of renewable energy generated from the two proposed small hydro projects in Pahang ("Projects") for a period of 21 years. The REPPAs regulate and govern the rights and obligations of TNB and BBHSB, and TNB and LPHSB, respectively in relation to the Projects. Both BBHSB and LPHSB are 65%-owned indirect subsidiaries of MCB, with the remaining 35% interest owned by Touch Meccanica Sdn Bhd.
- (ii) On 30 June 2020, Tanjung Bin Energy Sdn Bhd and Tanjung Bin Energy Issuer Berhad (collectively referred to as "Owner"), wholly owned subsidiaries of Malakoff, entered into a settlement agreement ("Settlement Agreement") with Alstom

Power Systems and GE Power Services (Malaysia) Sdn Bhd (collectively referred to as "GE") in order to resolve and settle the claims ("Claims") arising from the failure events at the 1 x 1000 MW coal fired power plant located in Tanjung Bin, Johor, Malaysia ("Plant") that occurred between April 2017 and June 2019 (collectively referred to as "Failure Events") upon the terms and conditions of the Settlement Agreement.

The Owner had earlier raised the Claims against GE under the Engineering, Procurement and Construction Contract dated 23 February 2012 in relation to the losses and damages that the Owner suffered as a result of the Failure Events. Pursuant to the Settlement Agreement, the Owner and GE agreed to waive, release and relinquish all their respective rights or interest in the Claims in consideration of the agreed settlement package which comprises, inter alia, supply and provision of parts, services and training by GE to the Owner, either without any charge or at discounted rates.

- (iii) On 22 September 2020, Malakoff R&D Sdn Bhd, a wholly-owned subsidiary of Malakoff, entered into a Sale and Purchase Agreement ("SPA") with Eksklusif Pesona Sdn Bhd to acquire a plot of freehold land of approximately 71.44 hectares or 176.5 acres in size held under title No. GRN 57532, Lot 16277, located in Mukim Pulau Sebang, Daerah Alor Gajah, Melaka for a purchase consideration of Ringgit Malaysia One Hundred and Fifty Million (RM150,000,000.00), subject to any adjustment thereto in accordance with the terms of the SPA.
- (iv) On 18 November 2020, Southern Biogas Sdn Bhd ("SBSB"), a 60%-owned indirect subsidiary of Malakoff, had received the Feed-in Tariff approval from the Government of Malaysia through Sustainable Energy Development Authority ("SEDA") to undertake the development of 2.4 MW Biogas Power Plant in Ulu Sebol, Kota Tinggi, Johor Darul Takzim ("Project"). SBSB had participated in a competitive e-bidding exercise for the Project and submitted its bid to SEDA on 5 June 2020 ("Bid"). SEDA has accepted SBSB's Bid and selected SBSB as the successful bidder.



## ADDITIONAL COMPLIANCE INFORMATION

## RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

Malakoff Corporation Berhad ("Malakoff" or "the Company") had at its 14<sup>th</sup> Annual General Meeting ("AGM") held on 9 June 2020 obtained the shareholders' mandate to allow Malakoff Group to enter into RRPT with related parties that are necessary for the day-to-day operations of the Group. The RRPT mandate is valid until the conclusion of the forthcoming 15<sup>th</sup> AGM of the Company.

In accordance with Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, the details of the RRPT conducted during the financial year ended 31 December 2020 pursuant to the said shareholders' mandate are as follows:

				Value of transaction from 1 January 2020 to 31 December 2020 (RM'000)	
No.	Malakoff and/or its subsidiary companies	Transacting related parties	Nature of relationship	Nature of transactions	
Expenses to Malakoff Group					
1	Tuah Utama Sdn Bhd (“TUSB”) Group	MMC Corporation Berhad (“MMC”) Group	MMC is a major shareholder of Malakoff	Technical, engineering, consultancy, construction & procurement services in relation to power supply infrastructure project(s) by MMC Group	Nil
2	Alam Flora Sdn Bhd (“Alam Flora”) Group	DRB-HICOM Berhad (“DRB”) Group	DRB is a 55.92%-owned subsidiary of Etika Strategi Sdn Bhd (“ESSB”), a company in which Tan Sri Dato’ Seri Syed Mokhtar Shah Syed Nor (“TSSM”) is a major shareholder	Supply of maintenance of motor vehicle services by DRB Group	1,310
				Supply of scrap materials/any assets (i.e. bins, automotive, scrap loose ferrous, etc) by DRB Group	7,418
				Payment of event, utilities and logistics cost and/or miscellaneous expenses to DRB Group	287
				Provision of rental services (i.e. buildings, building service charges, motor vehicle, etc) by DRB Group	2,276
				Purchase of machineries, motor vehicles and bins	443
3	Alam Flora Group	MMC Group	MMC is a major shareholder of Malakoff	Payment of utilities cost and/or miscellaneous expenses to MMC Group	370
4	Alam Flora Group	Tradewinds Corporation Berhad (“Tradewinds”) Group	A wholly-owned subsidiary of Perspective Lane (M) Sdn Bhd (“PLSB”), a company in which TSSM is an indirect major shareholder	Provision of insurance broker for direct insurance and reinsurance business by Tradewinds Group	3,286
				Provision of travel related services by Tradewinds Group	82

## ADDITIONAL COMPLIANCE INFORMATION

No.	Malakoff and/or its subsidiary companies	Transacting related parties	Nature of relationship	Nature of transactions	Value of transaction from 1 January 2020 to 31 December 2020 (RM'000)
<b>Revenue to Malakoff Group</b>					
5	TUSB Group	MMC Group	MMC is a major shareholder of Malakoff	Proposed development of rooftop solar photovoltaic project at customers' premises to MMC Group	Nil
6	TUSB Group	DRB Group	DRB is a 55.92%-owned subsidiary of ESSB, a company in which TSSM is a major shareholder	Proposed development of rooftop solar photovoltaic project at customers' premises to DRB Group	Nil
7	TUSB Group	Padiberas Nasional Berhad ("Padiberas") Group	Padiberas is a wholly-owned subsidiary of PLSB, a company in which TSSM is an indirect major shareholder	Proposed development of rooftop solar photovoltaic project at customers' premises to Padiberas Group	Nil
8	Alam Flora Group	DRB Group	DRB is a 55.92%-owned subsidiary of ESSB, a company in which TSSM is a major shareholder	Supply of maintenance of building services to DRB Group	3,059
				Provision of all kinds of services related to cleaning, collection and cleansing to DRB Group	4,441
9	Alam Flora Group	MMC Group	MMC is a major shareholder of Malakoff	Supply of equipment, machinery, transport and labour for cleansing services to MMC Group	341
				Provision of all kinds of services related to cleaning, collection, cleansing and landscaping to MMC Group	3,199

Notwithstanding the related party disclosures already presented in the audited financial statements in accordance with Malaysian Financial Reporting Standard 124: *Related Party Disclosure* ("**MFRS 124**"), the above disclosures are made in order to comply with Paragraph 10.09 of the MMLR with regard to the value of RRPT conducted in accordance with the shareholders' mandate during the financial year, as the scope of related party relationships and disclosures contemplated by the MMLR are, to a certain extent, different from those of MFRS 124.

The shareholdings of the respective interested major shareholders as shown above are based on information disclosed in the Circular to Shareholders dated 24 March 2020 in relation to the proposed shareholders' mandate for RRPT.

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors are pleased to submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	286,581	117,320
Non-controlling interests	43,488	-
	330,069	117,320

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) a final dividend of 4.11 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM200,854,109 in respect of the financial year ended 31 December 2019 on 12 June 2020.
- ii) an interim dividend of 2.80 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM136,834,916 in respect of the financial year ended 31 December 2020 on 16 October 2020.

The Board of Directors has approved a final dividend of 2.30 sen per ordinary share on the 4,886,961,300 ordinary shares, in respect of the financial year ended 31 December 2020, totalling RM112,400,110.

The final dividend will be accounted for in the shareholders' equity as appropriation of retained profits in the financial year ending 31 December 2021.

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

### DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Datuk Haji Hasni bin Harun (Chairman)  
 Dato' Sri Che Khalib bin Mohamad Noh  
 Tan Ler Chin  
 Datuk Ooi Teik Huat  
 Datuk Idris bin Abdullah  
 Datuk Dr. Syed Muhamad bin Syed Abdul Kadir  
 Datuk Rozimi bin Remeli  
 Anwar Syahrin bin Abdul Ajib (Appointed on 1 December 2020)

### DIRECTORS OF THE SUBSIDIARIES

The following is a list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this report:

Mohd Nazersham bin Mansor  
 Mohammed Azmil bin Ismail  
 Yap Leng Khim  
 Mohd Helmy bin Ibrahim  
 Mohamad Lutfi bin Samsudin  
 Dato' Mohamad bin Saif @ Saib  
 Dato' Haji Mohd Zain bin Hassan  
 Azri bin Zaharuddin  
 Mimi Aisyah Chye binti Abdullah (Alternate Director to Azri bin Zaharuddin)  
 Tengku Dato' Abdul Aziz bin Tengku Ibrahim  
 Dato' Azman bin Omar  
 Tan Sri Datuk Seri Mohd Hussin bin Abdul Hamid  
 Datuk Khairuddin bin Mohd Hussin  
 Dato' Nor Azman bin Mufti @ Jaafar  
 Harun bin Halim Rasip  
 Hamid Hamraoui  
 Rajendran Nagulusamy  
 James Philips Morsen  
 Saravanan A/L Desigamanie (Appointed on 5 March 2020)  
 Saiful bin Azlan Mahmud (Appointed on 24 March 2020)  
 Shajaratuddur bin Mohd Ibrahim (Appointed on 30 March 2020)  
 Ir. Roslan bin Abd Rahman (Appointed on 6 April 2020)  
 Idzam Yuhaizi bin Mohd Yunos (Appointed on 16 April 2020)  
 Khairul Anuar bin Ghazahari (Alternate Director to Tengku Dato' Abdul Aziz bin Tengku Ibrahim) (Appointed on 18 May 2020)  
 Tengku Dato' Muhamad Mazlan bin Tengku Putera Zainal Abidin (Alternate Director to Dato' Azman bin Omar) (Appointed on 18 May 2020)  
 Hafiz bin Ismail (Alternate Director to Dato' Nor Azman bin Mufti @ Jaafar) (Appointed on 19 June 2020)  
 Lim Fu Yen (Appointed on 28 August 2020)  
 Mohd Mokhtaruddin bin Mohd Tajiee (Appointed on 25 November 2020)  
 Tan Sri Abu Kassim bin Mohamed (Appointed on 1 February 2021)  
 Dato' Sri Mohd Zakaria bin Ahmad (Appointed on 1 February 2021)  
 Norazni binti Mohd Isa (Resigned on 6 April 2020)



## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

## DIRECTORS OF THE SUBSIDIARIES (CONTINUED)

The following is a list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this report (continued):

Ruswati binti Othman (Resigned on 5 June 2020)  
 Sirajul Huda bin Mohamad Zain (Alternate Director to Dato' Nor Azman bin Mufti @ Jaafar) (Resigned on 19 June 2020)  
 Habib bin Husin (Resigned on 19 June 2020)  
 Azhari bin Sulaiman (Resigned on 4 August 2020)  
 Nazmi bin Othman (Resigned on 28 August 2020)  
 Ahmad Mukhlas bin Ibrahim (Resigned on 25 November 2020)  
 Dato' Ahmad Fuaad bin Mohd Kenali (Resigned on 2 December 2020)

## DIRECTORS' INTERESTS IN SHARES

The interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares		
	At 1.1.2020	Bought	Sold
Direct interests in the Company:			
Dato' Sri Che Khalib bin Mohamad Noh	420,000	-	-
Datuk Ooi Teik Huat	420,000	-	-
Datuk Idris bin Abdullah	172,100	-	(172,100)
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	150,000	-	-

None of the other Directors holding office at 31 December 2020 had any interest in the shares of the Company and of its related corporations during the financial year.

The interests and deemed interests in the shares of the Company and of its related corporations of those who were Directors of the subsidiaries of the Company at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares		
	At 1.1.2020/ date of appointment	Bought	Sold
Direct interests in the Company:			
Mohd Nazersham bin Mansor	16,000	-	-
Mohammed Azmil bin Ismail	68,000	-	-
Mimi Aisyah Chye bin Abdullah	37,000	-	-
Mohamad Lutfi bin Samsudin	38,000	-	-
Saiful bin Azlan Mahmud	32,900	-	-

None of the other Directors of the subsidiaries holding office at 31 December 2020 had any interest in the shares of the Company and of its related corporations during the financial year.

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares of the Company or any other body corporate.

### ISSUE OF SHARES

At the Fourteenth Annual General Meeting ("AGM") of the Company held on 9 June 2020, the Company had obtained its shareholders' approval for the renewal of authority for the Company to purchase up to ten percent (10%) of its total number of issued shares. During the financial year, the Company did not repurchase any ordinary shares from the open market. The previously repurchased shares are held as treasury shares in accordance with Section 127 of the Companies Act 2016. None of these treasury shares have been cancelled during the financial year. As at 31 December 2020, the total number of treasury shares held is 2.26% of the total number of issued shares of the Company.

There were no changes in the issued and paid-up capital of the Company during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

### INDEMNITY AND INSURANCE COSTS

The total amount of insurance costs effected for Directors and Officers of the Group during the financial year is RM79,600.

There was no indemnity given to or insurance effected for the auditors of the Company.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### OTHER STATUTORY INFORMATION (CONTINUED)

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or in the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

#### SIGNIFICANT EVENTS

Significant events during the year are disclosed in Note 39 to the financial statements.

#### AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 29 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Datuk Haji Hasni bin Harun**  
 Chairman

.....  
**Dato' Sri Che Khalib bin Mohamad Noh**  
 Director

Kuala Lumpur  
 11 March 2021

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
<b>Assets</b>					
Property, plant and equipment	3	12,391,428	12,881,334	36,650	42,887
Investment properties	4	15,300	15,300	-	-
Concession assets	5	167,837	204,283	-	-
Intangible assets	6	3,144,168	3,453,653	-	-
Investments in subsidiaries	7	-	-	7,774,841	7,461,139
Investments in associates	8	798,841	744,991	-	-
Investments in joint ventures	9	668,364	635,383	-	-
Other investments	14	23,999	21,515	23,999	21,515
Derivative financial assets	10	231,170	327,643	-	-
Trade and other receivables	11	480,666	526,419	215,353	215,353
Deferred tax assets	12	194,583	146,498	-	-
<b>Total non-current assets</b>		<b>18,116,356</b>	<b>18,957,019</b>	<b>8,050,843</b>	<b>7,740,894</b>
Trade and other receivables	11	884,184	1,501,259	1,168,443	2,410,425
Inventories	13	591,799	693,058	-	-
Current tax assets		90,627	67,774	17,154	14,920
Other investments	14	3,378,157	2,509,476	110,060	-
Cash and cash equivalents	15	1,062,600	2,745,389	126,837	43,204
Assets classified as held for sale	16	65,000	65,000	-	-
<b>Total current assets</b>		<b>6,072,367</b>	<b>7,581,956</b>	<b>1,422,494</b>	<b>2,468,549</b>
<b>Total assets</b>		<b>24,188,723</b>	<b>26,538,975</b>	<b>9,473,337</b>	<b>10,209,443</b>
<b>Equity</b>					
Share capital	17	5,693,055	5,693,055	5,693,055	5,693,055
Treasury shares	17	(98,647)	(98,647)	(98,647)	(98,647)
Reserves	17	61,969	153,180	-	-
(Accumulated losses)/Retained profits		(348,468)	(237,857)	2,213,141	2,437,860
<b>Equity attributable to owners of the Company</b>		<b>5,307,909</b>	<b>5,509,731</b>	<b>7,807,549</b>	<b>8,032,268</b>
Perpetual sukuk	18	800,000	800,000	-	-
Non-controlling interests		336,802	365,516	-	-
<b>Total equity</b>		<b>6,444,711</b>	<b>6,675,247</b>	<b>7,807,549</b>	<b>8,032,268</b>

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
<b>Liabilities</b>					
Loans and borrowings	19	9,717,431	10,889,063	-	-
Lease liabilities		6,746	11,622	616	3,945
Employee benefits	20	100,483	107,159	15,965	27,079
Provision for decommissioning cost	21	99,893	93,724	-	-
Provision for concession assets	22	267,715	253,590	-	-
Deferred income	23	3,357,888	3,661,066	-	-
Derivative financial liabilities	10	15,381	10,013	-	-
Deferred tax liabilities	12	1,200,943	1,273,966	464	262
<b>Total non-current liabilities</b>		<b>14,766,480</b>	<b>16,300,203</b>	<b>17,045</b>	<b>31,286</b>
Trade and other payables	24	1,360,268	1,593,219	1,645,796	2,140,067
Current tax liabilities		16,894	39,742	-	-
Loans and borrowings	19	1,164,663	1,509,082	-	-
Lease liabilities		6,616	12,144	2,947	5,822
Provision for decommissioning cost	21	11,809	17,800	-	-
Provision for concession assets	22	26,691	197	-	-
Deferred income	23	390,591	391,341	-	-
<b>Total current liabilities</b>		<b>2,977,532</b>	<b>3,563,525</b>	<b>1,648,743</b>	<b>2,145,889</b>
<b>Total liabilities</b>		<b>17,744,012</b>	<b>19,863,728</b>	<b>1,665,788</b>	<b>2,177,175</b>
<b>Total equity and liabilities</b>		<b>24,188,723</b>	<b>26,538,975</b>	<b>9,473,337</b>	<b>10,209,443</b>

The notes on pages 120 to 258 are an integral part of these financial statements.



## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
<b>Continuing operations</b>					
Revenue	25	6,276,308	7,278,457	544,541	838,177
Cost of sales		(5,133,800)	(6,091,680)	-	-
<b>Gross profit</b>		<b>1,142,508</b>	<b>1,186,777</b>	<b>544,541</b>	<b>838,177</b>
Other income		72,486	686,134	1,848	5,343
Administrative expenses		(232,437)	(226,990)	(69,883)	(92,333)
Impairment loss on investments in subsidiaries		-	-	(317,069)	(269,874)
Net impairment loss on investment in an associate		-	(407,979)	-	(749,753)
Impairment loss on financial instruments		(19,996)	(25,309)	(18,363)	(25,309)
Other operating expenses		(108,566)	(102,385)	-	-
<b>Results from operating activities</b>		<b>853,995</b>	<b>1,110,248</b>	<b>141,074</b>	<b>(293,749)</b>
Finance income	26	163,522	234,926	67,745	85,557
Finance costs	27	(744,696)	(840,907)	(80,692)	(80,632)
<b>Net finance (costs)/income</b>		<b>(581,174)</b>	<b>(605,981)</b>	<b>(12,947)</b>	<b>4,925</b>
Share of profit/(loss) of equity-accounted associates and joint ventures, net of tax		171,778	(21,623)	-	-
<b>Profit/(Loss) before tax</b>		<b>444,599</b>	<b>482,644</b>	<b>128,127</b>	<b>(288,824)</b>
Tax expense	28	(114,530)	(149,534)	(10,807)	(14,836)
<b>Profit/(Loss) from continuing operations</b>		<b>330,069</b>	<b>333,110</b>	<b>117,320</b>	<b>(303,660)</b>
<b>Discontinued operations</b>					
<b>Profit from discontinued operations, net of tax</b>	42	-	44,819	-	-
<b>Profit/(Loss) for the year</b>	29	<b>330,069</b>	<b>377,929</b>	<b>117,320</b>	<b>(303,660)</b>

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
<b>Profit/(Loss) for the year</b>	29	<b>330,069</b>	377,929	<b>117,320</b>	(303,660)
<b>Continuing operations</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurement of defined benefit liabilities	30	(12,471)	23,884	(4,350)	4,710
<b>Items that may be reclassified subsequently to profit or loss</b>					
Cash flow hedge	30	(71,206)	(68,192)	-	-
Share of loss on hedging reserves of equity-accounted associates and joint ventures	30	(20,000)	(16,796)	-	-
Foreign currency translation differences for foreign operations	30	(5)	(18,766)	-	-
<b>Other comprehensive (expense)/income from continuing operations</b>		<b>(103,682)</b>	(79,870)	<b>(4,350)</b>	4,710
<b>Discontinued operations</b>					
<b>Other comprehensive expense from discontinued operations</b>		-	(39,939)	-	-
<b>Total comprehensive income/(expense) for the year</b>		<b>226,387</b>	258,120	<b>112,970</b>	(298,950)
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company					
- From continuing operations		286,581	278,577	117,320	(303,660)
- From discontinued operations		-	44,819	-	-
		286,581	323,396	117,320	(303,660)
Non-controlling interests		43,488	54,533	-	-
<b>Profit/(Loss) for the year</b>		<b>330,069</b>	377,929	<b>117,320</b>	(303,660)
<b>Total comprehensive income/(expense) attributable to:</b>					
Owners of the Company					
- From continuing operations		182,899	198,707	112,970	(298,950)
- From discontinued operations		-	4,880	-	-
		182,899	203,587	112,970	(298,950)
Non-controlling interests		43,488	54,533	-	-
<b>Total comprehensive income/(expense) for the year</b>		<b>226,387</b>	258,120	<b>112,970</b>	(298,950)
<b>Earnings per ordinary share (sen)</b>					
Basic/Diluted					
- From continuing operations	31	5.86	5.70		
- From discontinued operations	31	-	0.92		
		5.86	6.62		

The notes on pages 120 to 258 are an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Group	Note	Share capital RM'000	Treasury shares RM'000	Reserves				Perpetual sukuk RM'000	Non-controlling interests RM'000	Total RM'000
				Translation RM'000	Hedging RM'000	Accumulated losses RM'000	Total RM'000			
<b>At 1 January 2019</b>		5,693,055	(97,606)	3,650	128,094	(82,620)	5,644,573	800,000	219,686	6,664,259
Remeasurement of defined benefit liabilities	30	-	-	-	-	23,884	23,884	-	-	23,884
Foreign currency translation differences for foreign operations	30	-	-	(24,206)	-	-	(24,206)	-	-	(24,206)
Cash flow hedge	30	-	-	-	(102,691)	-	(102,691)	-	-	(102,691)
Share of loss on hedging reserves of equity-accounted associates and joint ventures	30	-	-	-	(16,796)	-	(16,796)	-	-	(16,796)
Reclassification of reserves to accumulated losses upon disposal of a subsidiary	42	-	-	7,904	157,225	(165,129)	-	-	-	-
Other comprehensive (expense)/income for the year		-	-	(16,302)	37,738	(141,245)	(119,809)	-	-	(119,809)
Profit for the year, restated		-	-	-	-	323,396	323,396	-	54,533	377,929
<b>Comprehensive (expense)/income for the year, restated</b>		-	-	(16,302)	37,738	182,151	203,587	-	54,533	258,120
Profit distribution of perpetual sukuk		-	-	-	-	(47,071)	(47,071)	-	-	(47,071)
Acquisition of subsidiaries, restated		-	-	-	-	-	-	-	167,943	167,943
Dividends to owners of the Company	32	-	-	-	-	(290,317)	(290,317)	-	-	(290,317)
Dividends to non-controlling interests	6	-	-	-	-	-	-	-	(50,000)	(50,000)
Redemption of preference shares to non-controlling interests		-	-	-	-	-	-	-	(26,646)	(26,646)
<b>Total distribution to owners</b>		-	-	-	-	(290,317)	(290,317)	-	(76,646)	(366,963)
Purchase of treasury shares	17	-	(1,041)	-	-	-	(1,041)	-	-	(1,041)
<b>At 31 December 2019, restated</b>		5,693,055	(98,647)	(12,652)	165,832	(237,857)	5,509,731	800,000	365,516	6,675,247

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Group	Note	Reserves					Non-		
		Share capital	Treasury shares	Translation	Hedging	Accumulated losses	Perpetual sukuk	controlling interests	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2020, restated</b>		5,693,055	(98,647)	(12,652)	165,832	(237,857)	5,509,731	800,000	365,516
Remeasurement of defined benefit liabilities	30	-	-	-	-	(12,471)	(12,471)	-	-
Foreign currency translation differences for foreign operations	30	-	-	(5)	-	-	(5)	-	(5)
Cash flow hedge	30	-	-	-	(71,206)	-	(71,206)	-	(71,206)
Share of loss on hedging reserves of equity-accounted associates and joint ventures	30	-	-	-	(20,000)	-	(20,000)	-	(20,000)
Other comprehensive (expense)/income for the year		-	-	(5)	(91,206)	(12,471)	(103,682)	-	(103,682)
Profit for the year		-	-	-	-	286,581	286,581	-	43,488
<b>Comprehensive (expense)/income for the year</b>		-	-	(5)	(91,206)	274,110	182,899	-	43,488
Profit distribution of perpetual sukuk		-	-	-	-	(47,032)	(47,032)	-	-
Additional investments in subsidiaries		-	-	-	-	-	-	665	665
Incorporation of a subsidiary		-	-	-	-	-	-	20	20
Dividends to owners of the Company	32	-	-	-	-	(337,689)	(337,689)	-	(337,689)
Dividends to non-controlling interests	7	-	-	-	-	-	-	(66,510)	(66,510)
Redemption of preference shares to non-controlling interests		-	-	-	-	-	-	(6,377)	(6,377)
<b>Total distribution to owners</b>		-	-	-	-	(337,689)	(337,689)	-	(72,887)
<b>At 31 December 2020</b>		5,693,055	(98,647)	(12,657)	74,626	(348,468)	5,307,909	800,000	336,802
									6,444,711

The notes on pages 120 to 258 are an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Company	Note	Share capital RM'000	Treasury shares RM'000	Retained profits RM'000	Total RM'000
<b>At 1 January 2019</b>		5,693,055	(97,606)	3,027,127	8,622,576
Remeasurement of defined benefit liabilities	30	-	-	4,710	4,710
Other comprehensive income for the year		-	-	4,710	4,710
Loss for the year		-	-	(303,660)	(303,660)
<b>Comprehensive expense for the year</b>		-	-	(298,950)	(298,950)
Dividends to owners of the Company	32	-	-	(290,317)	(290,317)
Purchase of treasury shares	17	-	(1,041)	-	(1,041)
<b>At 31 December 2019</b>		<b>5,693,055</b>	<b>(98,647)</b>	<b>2,437,860</b>	<b>8,032,268</b>
Remeasurement of defined benefit liabilities	30	-	-	(4,350)	(4,350)
Other comprehensive expense for the year		-	-	(4,350)	(4,350)
Profit for the year		-	-	117,320	117,320
<b>Comprehensive income for the year</b>		-	-	112,970	112,970
Dividends to owners of the Company	32	-	-	(337,689)	(337,689)
<b>At 31 December 2020</b>		<b>5,693,055</b>	<b>(98,647)</b>	<b>2,213,141</b>	<b>7,807,549</b>

The notes on pages 120 to 258 are an integral part of these financial statements.



## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>					
Profit/(Loss) before tax					
- From continuing operations		<b>444,599</b>	482,644	<b>128,127</b>	(288,824)
- From discontinued operations	42	-	51,403	-	-
		<b>444,599</b>	534,047	<b>128,127</b>	(288,824)
<i>Adjustments for:</i>					
Allowance for diminution in value of consumables		<b>29,161</b>	-	-	-
Amortisation of intangible assets		<b>321,175</b>	287,737	-	-
Amortisation of transaction costs of hedging instruments		<b>10,482</b>	10,367	-	-
Amortisation of concession assets		<b>20,525</b>	1,133	-	-
Depreciation of property, plant and equipment		<b>870,019</b>	878,688	<b>3,292</b>	2,934
Depreciation for the right-of-use assets		<b>18,583</b>	12,768	<b>5,189</b>	5,643
(Gain)/Loss on disposal of property, plant and equipment		<b>(416)</b>	(313)	<b>16</b>	(17)
Net gain on lease modification		<b>(146)</b>	-	<b>(146)</b>	-
Expenses related to retirement benefit plans		<b>8,338</b>	14,495	<b>1,359</b>	3,690
Finance costs		<b>743,633</b>	925,322	<b>80,377</b>	79,929
Finance income		<b>(163,522)</b>	(235,397)	<b>(67,745)</b>	(85,557)
Finance costs on lease liabilities		<b>1,063</b>	990	<b>315</b>	703
Gain arising from change in fair value of derivative financial instruments		<b>(18,374)</b>	(20,746)	-	-
Property, plant and equipment written off		<b>6,772</b>	11,545	-	-
Impairment loss on concession assets		<b>5,858</b>	-	-	-
Concession assets written off		<b>16,510</b>	-	-	-
Net impairment loss on investment in an associate		-	407,979	-	749,753
Impairment loss on investments in subsidiaries		-	-	<b>317,069</b>	269,874
Impairment loss on financial instruments		<b>19,996</b>	25,309	<b>18,363</b>	25,309
Reversal of impairment loss on trade receivables		<b>(1,644)</b>	(605)	-	-
Share of (profit)/loss of equity-accounted associates and joint ventures, net of tax		<b>(171,778)</b>	21,623	-	-
Gain on derecognition of an associate		-	(29,842)	-	-
Bargain purchase on acquisition of a joint venture		-	(2,958)	-	-
Net unrealised foreign exchange loss/(gain)		<b>8,179</b>	(13,634)	-	-
<b>Operating profit before changes in working capital</b>		<b>2,169,013</b>	2,828,508	<b>486,216</b>	763,437

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
<b>Cash flows from operating activities</b>					
Net change in deferred income		(303,928)	135,325	-	-
Net change in employee benefits		(24,253)	(35,600)	(16,823)	(3,478)
Net change in inventories		72,098	69,044	-	-
Net change in provision for decommissioning cost		(5,991)	15,310	-	-
Net change in provision for concession assets		40,619	(1,101)	-	-
Net change in trade and other receivables		644,645	541,766	650,894	(1,209,505)
Net change in trade and other payables		(253,419)	(778,931)	(574,648)	421,179
<b>Cash generated from/(used in) operations</b>		<b>2,338,784</b>	<b>2,774,321</b>	<b>545,639</b>	<b>(28,367)</b>
Tax paid		(312,026)	(406,802)	(15,403)	(20,923)
Tax refund		27,529	56,742	2,564	-
<b>Net cash from/(used in) operating activities</b>		<b>2,054,287</b>	<b>2,424,261</b>	<b>532,800</b>	<b>(49,290)</b>
<b>Cash flows from investing activities</b>					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	40	-	(398,278)	-	-
Acquisition of a joint venture, net of cash and cash equivalents acquired	41	-	(294,347)	-	-
Change in investments in subsidiaries		-	-	18	(11)
Disposal of discontinued operations, net of cash and cash equivalents disposed	42	-	976,431	-	-
Change in other investments		(868,681)	1,073,002	(110,060)	30,000
Dividends received from associates		10,761	19,797	-	-
Dividends received from joint ventures		35,889	141,157	-	-
Interest received		159,471	248,051	9,681	8,546
Other investment in redeemable cumulative convertible preference share		(2,484)	(5,267)	(2,484)	(5,267)
Purchase of property, plant and equipment		(402,783)	(269,963)	(3,117)	(3,652)
Purchase of concession assets		(6,447)	(1,083)	-	-
Proceeds from disposal of property, plant and equipment		550	388	100	18
<b>Net cash (used in)/from investing activities</b>		<b>(1,073,724)</b>	<b>1,489,888</b>	<b>(105,862)</b>	<b>29,634</b>

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
<b>Cash flows from financing activities</b>					
Distribution to perpetual sukuk holder		(47,032)	(47,071)	-	-
Dividends paid to owners of the Company	32	(337,689)	(290,317)	(337,689)	(290,317)
Dividends paid to non-controlling interests		(66,510)	(50,000)	-	-
Redemption of preference shares to non-controlling interests		(6,377)	(26,646)	-	-
Interest paid		(650,787)	(794,010)	-	-
Proceeds from issuance of shares to non-controlling interests		685	414	-	-
Proceeds from redemption of preference shares		-	8,455	-	-
Purchase of treasury shares		-	(1,041)	-	(1,041)
Repayment of borrowings		(1,541,790)	(1,475,127)	-	-
Payment of lease liabilities		(13,852)	(8,564)	(5,616)	(6,214)
<b>Net cash used in financing activities</b>		<b>(2,663,352)</b>	<b>(2,683,907)</b>	<b>(343,305)</b>	<b>(297,572)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,682,789)</b>	<b>1,230,242</b>	<b>83,633</b>	<b>(317,228)</b>
Cash and cash equivalents at 1 January	15	2,745,389	1,515,147	43,204	360,432
<b>Cash and cash equivalents at 31 December</b>	15	<b>1,062,600</b>	<b>2,745,389</b>	<b>126,837</b>	<b>43,204</b>

## Cash outflows for leases as a lessee

		Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Included in net cash from/(used in) operating activities</b>					
Payment relating to short-term leases		(4,909)	-	-	-
Payment relating to leases of low-value assets		(304)	(141)	-	(141)
Payment relating to variable leases payments not included in the measurement of lease liabilities		(4,515)	-	-	-
<b>Included in net cash from financing activities</b>					
Payment of lease liabilities		(13,852)	(8,564)	(5,616)	(6,214)
<b>Total cash outflows for leases</b>		<b>(23,580)</b>	<b>(8,705)</b>	<b>(5,616)</b>	<b>(6,355)</b>

The notes on pages 120 to 258 are an integral part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Malakoff Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

### Principal place of business and registered office

Level 12, Block 4  
Plaza Sentral  
Jalan Stesen Sentral 5  
50470 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates and joint ventures.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 11 March 2021.

### 1. BASIS OF PREPARATION

#### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION (CONTINUED)

## (a) Statement of compliance (continued)

***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company have early adopted the Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*.

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021, except for Amendments to MFRS 4, *Insurance Contracts* which is not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)* which is not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17, *Insurance Contracts* which is not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

## (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

## (c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

## (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION (CONTINUED)

## (d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following:

## (i) Residual value of power plant and machinery

## a) Gas fired power plant

The residual values of gas fired power plant and machinery are the estimated amount that the Group's subsidiaries would be able to generate at the end of the power plant's useful life. The residual values are based on the valuations prepared by independent professional valuers.

Estimating the residual values of power plant and machinery involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the balance sheet date. The actual residual values of the power plant and machinery however, may be different from expected. The Group's subsidiaries use recoverable values of the power plant and machinery based on the valuations derived by the valuers using the assumptions as disclosed in Note 3.2.

## b) Coal fired power plant

The residual values of coal fired power plant and machinery are the estimated amount that the Group's subsidiaries would be able to generate at the end of the Power Purchase Agreements ("PPAs") tenure. The residual values are estimated based on the assumption that the PPAs will be extended for a period of ten (10) years. The residual values reflect the discounted cash flows that the power plant and machinery will generate during the 10-year extension.

Estimating the residual values of the power plant and machinery involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the balance sheet date. The actual residual values of the power plant and machinery however, may be different from expected. The Group's subsidiaries considered and adopted the recoverable values of the power plant and machinery based on the expected discounted cash flows derived using the assumptions as disclosed in Note 3.2.

## (ii) Provision for retirement benefits

The provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, future salary increase, mortality rates, resignation rate and normal retirement age. As such, the estimated provision amount is subject to significant uncertainty. The assumptions used to estimate the provision are as disclosed in Note 20.

## (iii) Intangible assets

Measurement of recoverable amounts of cash generating units is derived based on value in use or fair value less cost to sell of the cash generating unit. Significant assumptions used to derive value in use are as disclosed in Note 6.

## (iv) Provision for concession assets

Estimating the provision for concession assets involves significant judgement, selection of variety of methods and assumptions that are normally based on past costs incurred. The actual costs, however, may be different from expected.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

The Group and the Company have early adopted the Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*. The amendment introduces an optional practical expedient for leases in which the Group and the Company are lessee – i.e. for leases to which the Group and the Company apply the practical expedient, the Group and the Company are not required to assess whether eligible rent concessions that are a direct consequence of the Covid-19 coronavirus pandemic are lease modification. There is no material impact from the early adoption of Amendment to MFRS 16.

**(a) Basis of consolidation****(i) Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

**(ii) Business combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisition, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (continued)

##### (ii) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### (iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

##### (iv) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of consolidation (continued)****(iv) Associates (continued)**

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

**(v) Joint arrangements**

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

**(vi) Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

**(vii) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) Foreign currency

##### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

##### (ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2009 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Financial instruments****(i) Recognition and initial measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

**(ii) Financial instrument categories and subsequent measurement*****Financial assets***

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

**(a) *Amortised cost***

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (c) Financial instruments (continued)

## (ii) Financial instrument categories and subsequent measurement (continued)

*Financial assets (continued)*

## (b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as 'at fair value through profit or loss' if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2(l)(i)).

*Financial liabilities*

The categories of financial liabilities at initial recognition are as follows:

## (a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (i) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (ii) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel; or
- (iii) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement (continued)*****Financial liabilities (continued)*****(a) Fair value through profit or loss (continued)**

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

**(b) Amortised cost**

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

**(iii) Regular way purchase or sale of financial assets**

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group or the Company, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Financial instruments (continued)

##### (iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

##### (v) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

##### **Cash flow hedge**

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Financial instruments (continued)****(v) Hedge accounting (continued)*****Cash flow hedge (continued)***

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

**(vi) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**(vii) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (d) Property, plant and equipment

## (i) Recognition and measurement

Items of property, plant and equipment are measured at costs less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” or “costs of sales” respectively in profit or loss.

## (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Property, plant and equipment (continued)****(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use except for inspection costs, which is depreciated based on actual running hours of the power plant should future inspection is planned. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. All spare parts which are expected to be used for more than one period are classified under inspection costs within property, plant and equipment. Spare parts will be depreciated from the date that they are used.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings and improvements	5 - 50 years
• Inspection costs	3 - 10 years
• Power plant and machinery	5 - 31 years
• Office equipment and furniture	3 - 5 years
• Motor vehicles	5 - 10 years
• Computers	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted where appropriate.

**(e) Leases****(i) Definition of a lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group or the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (e) Leases (continued)

## (ii) Recognition and initial measurement

## (a) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments less any incentives receivable.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## (b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Leases (continued)****(iii) Subsequent measurement****(a) As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's or the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group or the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Covid-19-related rent concessions**

The Group and the Company have applied Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*. The Group and the Company apply the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Covid-19 pandemic are lease modifications. The Group and the Company apply the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group and the Company choose not to apply the practical expedient, or that do not qualify for the practical expedient, the Group and the Company assess whether there is a lease modification.

**(b) As a lessor**

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's and the Company's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see Note 2(l)(i)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (f) Intangible assets

## (i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

## (ii) Other intangible assets

Intangible assets, other than goodwill that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

## (iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

## (iv) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that goodwill may be impaired.

Other intangible assets with a finite useful life are amortised from the date that they are available for use. Amortisation is recognised in profit or loss based on straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

• Interest over Power Purchase Agreements	2 – 25 years
• Interest over Power and Water Purchase and Water Purchase Agreements	10 – 15 years
• Interest over Operation and Maintenance Agreements	2 – 25 years
• Interest over Service Concession Agreement	13.75 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(g) Investment properties****(i) Investment properties carried at fair value**

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured at fair value, representing open-market values determined annually by independent qualified valuer with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

**(ii) Reclassification to/from investment properties**

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(h) Service concession arrangement****(i) Concession assets**

Concession assets arise from a service concession arrangement whereby the Group has the right to charge users of the public services. The estimated useful life of concession assets is the period the Group is able to charge users of the public services.

Subsequent costs and expenditures relate to infrastructure and equipment costs arising from the commitment to the concession contract are recognised as additions to the concession assets and are stated at costs. All other repair and maintenance expenses that are routine in nature, are expensed and recognised in the profit or loss as incurred.

**(ii) Provision for concession assets**

A provision is recognised based on the contractual obligations that the Group must fulfil as a condition of the Group's license to maintain the infrastructure to a specified standard and to restore the infrastructure which has deteriorated below specific conditions as stated under Service Concession Agreement.

The liability is recognised once an obligation crystallises in the period when a reasonable estimate can be made. Subsequently, the Group accretes the discount to profit or loss using the effective interest rate method. The unwinding of the discount is recognised as cost of sales.

**(i) Inventories**

Inventories are measured at the lower of costs and net realisable values.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**(j) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Non-current asset held for sale**

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment loss on initial classification as held for sale or distribution and subsequent gain or loss on remeasurement are recognised in profit or loss. Gain is not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint ventures ceases once classified as held for sale or distribution.

**(l) Impairment****(i) Financial assets**

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(l) Impairment (continued)****(i) Financial assets (continued)**

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

**(ii) Other assets**

The carrying amounts of other assets (except for inventories, deferred tax assets, investment properties measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment loss is recognised in profit or loss. Impairment loss recognised in respect of cash-generating units is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating units (groups of cash-generating units) on a *pro rata* basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(l) Impairment (continued)****(ii) Other assets (continued)**

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment loss recognised in prior periods is assessed at the end of each reporting period for any indication that the loss has decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment loss are credited to profit or loss in the financial year in which the reversals are recognised.

**(m) Equity instruments**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

**(i) Ordinary shares**

Ordinary shares are classified as equity.

**(ii) Perpetual sukuk**

Perpetual sukuk is classified as equity as there is no contractual obligation to redeem the instrument. The perpetual sukuk is redeemable only at the option of the Company's subsidiary.

Profit distribution on perpetual sukuk is recognised in the consolidated statement of changes in equity in the period in which it is declared.

**(iii) Repurchase, disposal and reissue of share capital (treasury shares)**

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statements of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(n) Employee benefits****(i) Short-term employee benefits**

Short-term employee benefits obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) State plans**

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**(iii) Defined benefit plans**

The Group's and the Company's net obligations in respect of defined benefit plans are calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group and the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group and the Company determine the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group and the Company recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(o) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**Provision for decommissioning cost**

Provision for decommissioning cost which arises principally in connection with the power plant is measured by independent professional valuers whereby the present value is calculated using amounts discounted over the existing PPAs. The liability is recognised (together with a corresponding amount as part of the power plant) once an obligation crystallises in the period when a reasonable estimate can be made. Subsequently, the Group accretes the discount to profit or loss using the effective interest rate method. The unwinding of the discount is recognised as finance cost.

The provision is based on the valuation reports by independent professional valuers. The present value is derived by discounting the decommissioning cost over the remaining useful lives of the power plants based on the discount rates ranging from 5.9% to 6.8% (2019: 5.9% to 6.8%).

**(p) Contingencies****(i) Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(ii) Contingent assets**

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (q) Revenue and other income

## (i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when or as it transfers control over a product or service to customer. An asset is transferred when or as the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) The customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) The Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) The Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

## (ii) Capacity payment

Revenue is recognised on a straight-line basis where the PPAs are considered to be or to contain an operating lease.

## (iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

## (iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

## (v) Lease income

Lease income is recognised in profit or loss by using effective interest method over the term of the lease.

## (vi) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

## (r) Deferred income

Deferred income comprises the difference between capacity payments received from Tenaga Nasional Berhad and capacity payments recognised in profit or loss in relation to the PPAs. The amount is recognised in profit or loss on a straight-line basis over the term of the respective PPAs.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(s) Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

**(t) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for temporary differences in the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g)(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (t) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that are not a tax base of an asset, are recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

#### (u) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

#### (v) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

#### (w) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision-maker, which in this case is the Managing Director/Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(x) Fair value measurements**

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Asset under construction RM'000	Power plants RM'000	Inspection costs RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Right-of-use assets RM'000	Total RM'000
										(Note 3(a))	
<b>Cost</b>											
<b>At 1 January 2019</b>	115,516	36,882	199,276	19,329,129	1,942,485	131,459	149,132	14,847	96,031	146,423	22,161,180
Acquisition through business combination, restated	15,000	-	6,478	-	-	5,213	8,117	1,196	4,336	38,694	79,034
Additions	-	8	73,990	56,847	117,051	1,322	3,873	453	6,942	9,477	269,963
Disposals	-	-	-	-	-	(147)	(221)	(217)	(1,589)	(251)	(2,425)
Write-off	-	-	-	(15,088)	(1,101)	(280)	(1,553)	(175)	-	-	(18,197)
Reclassifications	-	-	(274,161)	274,161	-	(1,399)	1,300	99	-	-	-
Transfer to assets classified as held for sale	-	-	-	(675,559)	(3,200)	-	-	-	-	-	(678,759)
<b>At 31 December 2019, restated</b>	130,516	36,890	5,583	18,969,490	2,055,235	136,168	160,648	16,203	105,720	194,343	21,810,796
Additions	154,488	-	473	22,735	196,878	7,660	10,358	1,562	8,629	3,576	406,359
Disposals	-	-	-	-	-	(129)	(1,711)	(799)	(1,904)	-	(4,543)
Write-off	-	-	-	(6,947)	-	(1,786)	(20)	-	-	-	(8,753)
Reclassifications	-	-	(3,212)	86	3,126	(115)	115	-	-	-	-
Modification of lease	-	-	-	-	-	-	-	-	-	(757)	(757)
<b>At 31 December 2020</b>	285,004	36,890	2,844	18,985,364	2,255,239	141,798	169,390	16,966	112,445	197,162	22,203,102

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Buildings RM'000	Asset under construction RM'000	Power plants RM'000	Inspection costs RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Right-of-use assets RM'000 (Note 3(a))	Total RM'000
<b>Accumulated depreciation</b>											
<b>At 1 January 2019</b>	-	30,567	-	6,888,875	1,356,408	70,769	131,060	11,874	92,172	63,321	8,645,046
Acquisition through business combination	-	-	-	-	-	322	4,242	218	1,735	9,204	15,721
Depreciation for the year, restated	-	1,404	-	714,704	144,354	6,802	7,184	1,227	3,013	12,768	891,456
Disposals	-	-	-	-	-	(88)	(210)	(217)	(1,584)	(251)	(2,350)
Write-off	-	-	-	(4,686)	(96)	(255)	(1,440)	(175)	-	-	(6,652)
Reclassifications	-	-	-	-	-	(1,036)	944	92	-	-	-
Transfer to assets classified as held for sale	-	-	-	(613,759)	-	-	-	-	-	-	(613,759)
<b>At 31 December 2019, restated</b>	-	31,971	-	6,985,134	1,500,666	76,514	141,780	13,019	95,336	85,042	8,929,462
Depreciation for the year	-	1,405	-	721,155	120,885	9,394	9,814	1,234	6,132	18,583	888,602
Disposals	-	-	-	-	-	(124)	(1,698)	(691)	(1,896)	-	(4,409)
Write-off	-	-	-	(698)	-	(1,265)	(18)	-	-	-	(1,981)
Reclassifications	-	-	-	-	-	(97)	97	-	-	-	-
Modification of lease	-	-	-	-	-	-	-	-	-	-	-
<b>At 31 December 2020</b>	-	33,376	-	7,705,591	1,621,551	84,422	149,975	13,562	99,572	103,625	9,811,674
<b>Carrying amounts</b>											
At 1 January 2019	115,516	6,315	199,276	12,440,254	586,077	60,690	18,072	2,973	3,859	83,102	13,516,134
At 31 December 2019, restated	130,516	4,919	5,583	11,984,356	554,569	59,654	18,868	3,184	10,384	109,301	12,881,334
<b>At 31 December 2020</b>	<b>285,004</b>	<b>3,514</b>	<b>2,844</b>	<b>11,279,773</b>	<b>633,688</b>	<b>57,376</b>	<b>19,415</b>	<b>3,404</b>	<b>12,873</b>	<b>93,537</b>	<b>12,391,428</b>

\* During the financial year, there was no interest expense capitalised included in the additions to property, plant and equipment of the Group (2019: RM4,118,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

## (a) Right-of-use assets

Group	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
<b>Cost</b>						
<b>At 1 January 2019</b>	129,458	16,965	-	-	-	146,423
Acquisition through business combination, <i>restated</i>	20,072	12,343	2,827	3,333	119	38,694
Additions	-	9,477	-	-	-	9,477
Disposals	-	-	(251)	-	-	(251)
<b>At 31 December 2019, restated</b>	149,530	38,785	2,576	3,333	119	194,343
Additions	-	2,115	1,461	-	-	3,576
Modification of lease	-	(757)	-	-	-	(757)
<b>At 31 December 2020</b>	<b>149,530</b>	<b>40,143</b>	<b>4,037</b>	<b>3,333</b>	<b>119</b>	<b>197,162</b>
<b>Accumulated depreciation</b>						
<b>At 1 January 2019</b>	60,213	3,108	-	-	-	63,321
Acquisition through business combination	270	3,673	2,207	3,017	37	9,204
Depreciation for the year, <i>restated</i>	4,822	7,750	161	33	2	12,768
Disposals	-	-	(251)	-	-	(251)
<b>At 31 December 2019, restated</b>	65,305	14,531	2,117	3,050	39	85,042
Depreciation for the year	5,734	11,544	1,029	252	24	18,583
<b>At 31 December 2020</b>	<b>71,039</b>	<b>26,075</b>	<b>3,146</b>	<b>3,302</b>	<b>63</b>	<b>103,625</b>
<b>Carrying amounts</b>						
<b>At 1 January 2019</b>	69,245	13,857	-	-	-	83,102
<b>At 31 December 2019, restated</b>	84,225	24,254	459	283	80	109,301
<b>At 31 December 2020</b>	<b>78,491</b>	<b>14,068</b>	<b>891</b>	<b>31</b>	<b>56</b>	<b>93,537</b>

## 3.1 Securities

At 31 December 2020, certain Group's property, plant and equipment with a total carrying amount of RM9,905,051,000 (2019: RM10,381,761,000) were charged as securities for debt securities issued by subsidiaries (see Note 19 – loans and borrowings).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

## 3.2 Residual values

Estimating the useful lives and residual values of the power plant and machinery involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the balance sheet date. The actual residual values of the power plant and machinery, however, may be different from expected.

The residual values of power plant and machinery are as below:

PPA Owner	Year of expiry	Residual values	
		RM' million 2020	RM' million 2019
<b>Gas fired power plant</b>			
Segari Energy Ventures Sdn. Bhd.	2027	170.0	170.0
GB3 Sdn. Bhd.	2022	90.0	90.0
Prai Power Sdn. Bhd.	2024	50.0	50.0
		310.0	310.0
<b>Coal fired power plant</b>			
Tanjung Bin Energy Sdn. Bhd.	2041	1,433.0	1,433.0
Tanjung Bin Power Sdn. Bhd.	2031	1,924.0	1,924.0
		3,357.0	3,357.0

In assessing the appropriateness of the residual values adopted, management considered the recoverable values of the power plant and machinery based on the following methods:

## a) Valuation by an independent professional valuer for gas fired power plant

The valuation by an independent professional valuer was derived using the following critical assumptions:

- 1) All plant and equipment will be removed only at the end of the power supply agreement;
- 2) The recoverable steel within the power house and tank farm will be sold in the local market; and
- 3) All metals of value will be recovered.

A 5% increase/(decrease) in the residual value would have resulted in a (decrease)/increase in depreciation charge of RM3,192,000 per annum.

## b) The discounted cash flow method for coal fired power plant

The discounted cash flows were derived using the following critical assumptions:

- 1) The PPAs will be extended for ten (10) years at the end of the initial concession period, in view of:
  - i) the expected useful life of a coal fired power plant;
  - ii) increase in demand for power; and
  - iii) Tenaga Nasional Berhad's continued reliance on Independent Power Producers.
- 2) An estimated Variable Operating Rate ("VOR") during the extension period which management deems to be reasonable based on the expected demand and the VOR rate at the end of the PPAs;
- 3) An average despatch factor of 82% to 87% to reflect the future demand for power; and
- 4) The pre-tax discount rate of 10% per annum.

A 5% increase/(decrease) in the residual value would have resulted in a (decrease)/increase in depreciation charge of RM11,563,000 per annum.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Right-of- use assets		Total RM'000
							- Land RM'000	- Buildings RM'000	
<b>Cost</b>									
<b>At 1 January 2019</b>	21,516	17,055	154	19,935	1,797	22,878	5,515	21,283	110,133
Additions	-	-	-	28	16	3,608	-	-	3,652
Disposals	-	-	-	-	-	(1,522)	-	-	(1,522)
<b>At 31 December 2019</b>	21,516	17,055	154	19,963	1,813	24,964	5,515	21,283	112,263
Additions	-	-	-	126	113	2,878	-	-	3,117
Disposals	-	-	-	-	(641)	(115)	-	-	(756)
Write-off	-	-	-	(1,631)	-	-	-	-	(1,631)
Modification of lease	-	-	-	-	-	-	-	(757)	(757)
<b>At 31 December 2020</b>	<b>21,516</b>	<b>17,055</b>	<b>154</b>	<b>18,458</b>	<b>1,285</b>	<b>27,727</b>	<b>5,515</b>	<b>20,526</b>	<b>112,236</b>
<b>Accumulated depreciation</b>									
<b>At 1 January 2019</b>	-	12,798	154	19,688	1,433	20,377	1,229	6,641	62,320
Depreciation for the year	-	801	-	92	202	1,839	58	5,585	8,577
Disposals	-	-	-	-	-	(1,521)	-	-	(1,521)
<b>At 31 December 2019</b>	-	13,599	154	19,780	1,635	20,695	1,287	12,226	69,376
Depreciation for the year	-	801	-	84	73	2,334	58	5,131	8,481
Disposals	-	-	-	-	(533)	(107)	-	-	(640)
Write-off	-	-	-	(1,631)	-	-	-	-	(1,631)
<b>At 31 December 2020</b>	<b>-</b>	<b>14,400</b>	<b>154</b>	<b>18,233</b>	<b>1,175</b>	<b>22,922</b>	<b>1,345</b>	<b>17,357</b>	<b>75,586</b>
<b>Carrying amounts</b>									
At 1 January 2019	21,516	4,257	-	247	364	2,501	4,286	14,642	47,813
At 31 December 2019	21,516	3,456	-	183	178	4,269	4,228	9,057	42,887
<b>At 31 December 2020</b>	<b>21,516</b>	<b>2,655</b>	<b>-</b>	<b>225</b>	<b>110</b>	<b>4,805</b>	<b>4,170</b>	<b>3,169</b>	<b>36,650</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. INVESTMENT PROPERTIES

	Group	
	2020 RM'000	2019 RM'000
At fair value		
At 1 January	15,300	-
Acquisition through business combination (Note 40)	-	15,300
At 31 December	15,300	15,300

Investment properties comprise of lands and buildings that are leased to third parties.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2020 RM'000	2019 RM'000
Lease income	139	149
Direct operating expenses:		
- income generating investment properties	25	14
- non-income generating investment properties	111	75

Investment properties of the Group with carrying amount of RM5,100,000 were charged as securities for term loan acquired by the subsidiary (see Note 19.9).

**Fair value information**

Fair value of investment properties is categorised as follows:

	Group Level 3	
	2020 RM'000	2019 RM'000
Lands and buildings	15,300	15,300

Fair value of investment properties was based on valuations by an independent qualified valuer and derived using the market comparison approach. Sales price of comparable properties in close proximity are adjusted for difference in key attribute such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. CONCESSION ASSETS

	Note	Group	
		2020 RM'000	2019 RM'000
<b>Cost</b>			
At 1 January		315,949	-
Acquisition through business combination	40	-	314,866
Additions		6,447	1,083
Write-off	5.2	(28,482)	-
At 31 December		293,914	315,949
<b>Accumulated amortisation</b>			
At 1 January		111,666	-
Acquisition through business combination	40	-	110,533
Amortisation for the year		20,525	1,133
Write-off	5.2	(11,972)	-
Impairment loss		5,858	-
At 31 December		126,077	111,666
<b>Carrying amount</b>			
At 1 January		204,283	-
At 31 December		167,837	204,283

## 5.1 Concession assets – Alam Flora Sdn. Bhd. (“AFSB”)

AFSB entered into a Service Concession Agreement with the Federal Government of Malaysia and Solid Waste and Public Cleansing Management Corporation (“Corporation”) to undertake the Collection Services and Public Cleansing Management Services in the states of Pahang, Federal Territories of Kuala Lumpur and Putrajaya for a period of 22 years commencing from 1 September 2011.

The Corporation shall pay AFSB monthly payment of agreed fees in consideration of AFSB's obligations under the Service Concession Agreement. The fees are subject to review on the seventh (7th) year anniversary and thereafter on the fourteenth (14th) year anniversary of the concession.

Upon expiry of the concession period, AFSB shall hand over all assets as required by the Corporation in operational conditions specified under the Service Concession Agreement.

5.2 During the financial year, AFSB revised its concession asset plan and as a result, certain concession assets were written off, amounting to RM16,510,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. INTANGIBLE ASSETS

	Subsidiaries				Associates and Joint Ventures			
Group	Goodwill RM'000	Interest over Power Purchase and Operation Maintenance Agreements RM'000	Interest over Service Concession Agreement RM'000	Total RM'000	Goodwill RM'000	Interest over Power Purchase, Power and Water Purchase and Water Purchase Agreements RM'000	Total RM'000	
Cost								
At 1 January 2019	8,232	7,752,609	-	7,760,841	359,576	939,073	1,298,649	
Acquisitions through business combinations (Note 40 and 41), restated	152,784	-	501,776	654,560	-	66,500	66,500	
Effect of movements in exchange rate	-	-	-	-	(3,738)	-	(3,738)	
At 31 December 2019/1 January 2020, restated	161,016	7,752,609	501,776	8,415,401	355,838	1,005,573	1,361,411	
Effect of movements in exchange rate	-	-	-	-	(6,607)	-	(6,607)	
At 31 December 2020	161,016	7,752,609	501,776	8,415,401	349,231	1,005,573	1,354,804	
Amortisation and impairment loss								
At 1 January 2019	8,232	4,678,435	-	4,686,667	-	836,484	836,484	
Accumulated amortisation	-	4,678,435	-	4,678,435	-	372,838	372,838	
Accumulated impairment loss	8,232	-	-	8,232	-	463,646	463,646	
Amortisation for the year, restated	-	272,007	3,074	275,081	-	12,656	12,656	
Impairment loss	-	-	-	-	-	51,013	51,013	
At 31 December 2019/1 January 2020, restated	8,232	4,950,442	3,074	4,961,748	-	900,153	900,153	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. INTANGIBLE ASSETS (CONTINUED)

	Subsidiaries				Associates and Joint Ventures			
	Interest over Power Purchase and Operation and Maintenance Agreements	Goodwill	Interest over Service Concession Agreement	Total	Goodwill	Interest over Power Purchase and Water Purchase and Water Purchase Agreements	Goodwill	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Amortisation and impairment loss (continued)</b>								
<b>At 31 December 2019/1 January 2020, restated</b>	<b>8,232</b>	<b>4,950,442</b>	<b>3,074</b>	<b>4,961,748</b>	<b>-</b>	<b>900,153</b>	<b>-</b>	<b>900,153</b>
Accumulated amortisation	-	4,950,442	3,074	4,953,516	-	385,494	-	385,494
Accumulated impairment loss	8,232	-	-	8,232	-	514,659	-	514,659
<b>Amortisation for the year</b>	<b>-</b>	<b>272,666</b>	<b>36,819</b>	<b>309,485</b>	<b>-</b>	<b>11,690</b>	<b>-</b>	<b>11,690</b>
<b>At 31 December 2020</b>	<b>-</b>	<b>5,223,108</b>	<b>39,893</b>	<b>5,263,001</b>	<b>-</b>	<b>397,184</b>	<b>-</b>	<b>397,184</b>
Accumulated amortisation	8,232	-	-	8,232	-	514,659	-	514,659
Accumulated impairment loss	8,232	5,223,108	39,893	5,271,233	-	911,843	-	911,843
<b>Carrying amounts</b>								
At 1 January 2019	-	3,074,174	-	3,074,174	359,576	102,589		462,165
At 31 December 2019, restated	152,784	2,802,167	498,702	3,453,653	355,838	105,420		461,258
<b>At 31 December 2020</b>	<b>152,784</b>	<b>2,529,501</b>	<b>461,883</b>	<b>3,144,168</b>	<b>349,231</b>	<b>93,730</b>		<b>442,961</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**6. INTANGIBLE ASSETS (CONTINUED)****Intangible assets arising from interest over Power Purchase, Power and Water Purchase, Water Purchase and Operation and Maintenance Agreements**

The Group's revenue is substantially derived from the generation and sale of electricity energy and generating capacity in Malaysia, which is governed by the Power Purchase Agreements ("PPAs") (together with the Independent Power Producer Licences ("IPP Licences") issued by the Ministry of Energy, Water and Communications), Power and Water Purchase Agreements ("PWPAs") and Water Purchase Agreement ("WPA") held by the subsidiaries, associates and joint venture. The Operation and Maintenance Agreements ("OMAs") held by certain subsidiaries engaged in operation and maintenance are associated with the Independent Power Producers within the Group.

Upon acquisition of the subsidiaries, associates and joint venture, the Group has determined the expected cash flows to be generated from the PPAs, OMAs (together with the IPP Licences), PWPAs and WPA.

The PPAs and OMAs held by subsidiaries in Malaysia are recognised as a single asset in accordance with MFRS 138, *Intangible Assets*, in view that they are required for the generation, operation and maintenance, sale of electricity energy and generating capacity in Malaysia.

There are five (5) PPAs (together with the respective IPP Licences) held by the Group's power producing subsidiaries namely Segari Energy Ventures Sdn. Bhd. ("SEV"), GB3 Sdn. Bhd. ("GB3"), Prai Power Sdn. Bhd. ("PPSB"), Tanjung Bin Power Sdn. Bhd. ("TBP") and an associate, Kapar Energy Ventures Sdn. Bhd. ("KEV"). There are five (5) OMAs held by the Group's operation and maintenance subsidiaries, namely Malakoff Power Berhad ("MPB") and Tanjung Bin O&M Berhad ("TBOM").

The PWPAs and WPA held by associates and joint venture are recognised as part of the carrying amount in the investments in associates and joint venture.

There are one (1) PWPA held by an associate, namely Hidd Power Company B.S.C. (c) ("HPC"), one (1) PWPA and one (1) WPA held indirectly by a joint venture, namely Saudi-Malaysia Water & Electricity Company Limited ("SAMAWEK").

The PPAs, PWPAs and OMAs are the key documents that govern the underlying strength of the Group's cash flows, which provide for, inter alia, the electricity tariff, supply, operations and maintenance and all other terms to be met by the subsidiaries, associates and joint venture.

**Initial measurement**

The fair values of the Intangible Assets arising from the PPAs, PWPAs, OMAs, and WPA were measured using the Multi-Period Excess Earnings Method ("MEEM") under the income method. The underlying rationale in the MEEM was that the fair value of Intangible Assets represents the present value of the net income after taxes attributable to the Intangible Assets. The net income attributable to the Intangible Assets was the excess income after charging a fair return on all the assets that are necessary (contributory assets) to realise the net income. The contributory asset charges ("CAC") were based on the fair value of each contributory asset and represent the return on the assets. The assumption in calculating the CAC was that the owner of the Intangible Asset "rents" or "leases" the contributory assets from a hypothetical third party in an arm's length transaction in order to be able to derive income from the Intangible Assets. The present value of the expected income attributable to the Intangible Assets less CAC and taxes represents the value of the Intangible Assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. INTANGIBLE ASSETS (CONTINUED)

**Intangible assets arising from interest over Power Purchase, Power and Water Purchase, Water Purchase and Operation and Maintenance Agreements (continued)****Initial measurement (continued)**

The management had applied the following key assumptions in deriving the present value of the net income after taxes attributable to the Intangible Assets at the acquisition date:

• Remaining useful life of PPAs/PWPAs/OMAs	2 – 25 years (in accordance with the respective PPAs, PWPAs and OMAs)
• Dependable Capacity (“DC”):	
- Power	350 MW – 2,420 MW
- Water	17,047 m <sup>3</sup> /hour
• Capacity Factor:	
- Power	10% – 75% of DC
- Water	91% – 99% of DC
• Net Output:	
- Electrical (million kW/hour)	213 – 11,197
- Water (thousand m <sup>3</sup> )	67,370 – 73,771
• Capacity Rate:	
- Power (RM/kW/month)	11.35 – 50.00
- Water (RM/m <sup>3</sup> /month)	1,222 – 1,339
• Fixed Operating Rate under Revenue (RM/kW/month)	4.00 – 10.50
• Variable Operating Rate under Revenue:	
- Power (RM/kW/month)	0.013 – 4.775
- Water (RM/m <sup>3</sup> /month)	58.20 – 116.40
• Fuel price (RM/mmBtu)	4.60 – 13.70
• CAC	17.77% – 28.00% of revenue

In applying the MEEM valuation methodology, the expected cash flows were discounted to their present value equivalent using a rate of return that reflects the relative risk of the cash flows, as well as the time value of money. This was calculated by weighing the required returns on debt and equity in proportion to their assumed percentages. The applied pre-tax discount rate ranges from 7.5% to 9% per annum.

**Intangible assets including goodwill arising from interest over Service Concession Agreement****Initial measurement**

The Group also generates revenue from the integrated solid waste collection and cleansing public management services in the states of Pahang, Federal Territory of Kuala Lumpur and Putrajaya under the Service Concession Agreement (“SCA”) held by Alam Flora Sdn. Bhd. (“AFSB”), the concession asset holder.

During the year, the Group completed the Purchase Price Allocation (“PPA”) and the adjustments were made to the fair value of the net assets, intangible assets and goodwill as set out in Note 40.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**6. INTANGIBLE ASSETS (CONTINUED)****Intangible assets including goodwill arising from interest over Service Concession Agreement (continued)****Initial measurement (continued)**

The fair value of the Intangible Assets arising from the SCA were measured using the Multi-Period Excess Earnings Method ("MEEM") under the income method. The underlying rationale in the MEEM was that the fair value of Intangible Assets represents the present value of the net income after taxes attributable to the Intangible Assets. The net income attributable to the Intangible Assets was the excess income after charging a fair return on all the assets that are necessary (contributory assets) to realise the net income. The contributory asset charges ("CAC") were based on the fair value of each contributory asset and represent the return on the assets. The assumption in calculating the CAC was that the owner of the Intangible Asset "rents" or "leases" the contributory assets from a hypothetical third party in an arm's length transaction in order to be able to derive income from the Intangible Assets. The present value of the expected income attributable to the Intangible Assets less CAC and taxes represents the value of the Intangible Assets.

The management had applied the following key assumptions in deriving the present value of the net income after taxes attributable to the Intangible Assets at the acquisition date:

- Remaining useful life of SCA                      13.75 years (in accordance with the SCA)
- Revenue    Tariff rate revision takes place on 1 January 2022 and 1 September 2026 with an annualised growth rate of 2%
- Cost of sales                                        Private contractor cost based on past experience at 53% of total concession business revenue
- Capital expenditures ("CAPEX")              Expenses on concession assets replacement costs for existing SCA business

In applying the MEEM valuation methodology, the expected cash flows were discounted to their present value equivalent using a rate of return that reflects the relative risk of the cash flows, as well as the time value of money. This was calculated by weighing the required returns on debt and equity in proportion to their assumed percentages. The applied pre-tax discount rate was 18.65% per annum.

**Intangible assets arising from interest over Power and Water Purchase and Water Purchase Agreements****Initial measurement**

The Group's revenue is also derived from the generation and sale of desalinated water and electricity in the Kingdom of Saudi Arabia, which is governed by the Power and Water Purchase Agreements ("PWPA") and Water Purchase Agreement ("WPA").

During the year, the Group completed the Purchase Price Allocation ("PPA") and the adjustments were made to the fair value of the net assets, intangible assets and goodwill as set out in Note 41.

The fair value of the Intangible Assets arising from the PWPA and WPA were measured using the Multi-Period Excess Earnings Method ("MEEM") under the income method. The underlying rationale in the MEEM was that the fair value of Intangible Assets represents the present value of the net income after taxes attributable to the Intangible Assets. The net income attributable to the Intangible Assets was the excess income after charging a fair return on all the assets that are necessary (contributory assets) to realise the net income. The contributory asset charges ("CAC") were based on the fair value of each contributory asset and represent the return on the assets. The assumption in calculating the CAC was that the owner of the Intangible Asset "rents" or "leases" the contributory assets from a hypothetical third party in an arm's length transaction in order to be able to derive income from the Intangible Assets. The present value of the expected income attributable to the Intangible Assets less CAC and taxes represents the value of the Intangible Assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. INTANGIBLE ASSETS (CONTINUED)

#### Intangible assets arising from interest over Power and Water Purchase and Water Purchase Agreements (continued)

##### Initial measurement (continued)

The management had applied the following key assumptions in deriving the present value of the net income after taxes attributable to the Intangible Assets at the acquisition date:

- |                                  |   |
|----------------------------------|---|
| • Contracted tariff              | Agreed tariff as per PWPA and WPA   |
| • Residual value                 | 10% of Engineering, Procurement, and Construction Cost ("EPCC") net of decommissioning cost as the terminal value |
| • Capital expenditures ("CAPEX") | Expenses on power plants and machinery replacement  |

In applying the MEEM valuation methodology, the expected cash flows were discounted to their present value equivalent using a rate of return that reflects the relative risk of the cash flows, as well as the time value of money. This was calculated by weighing the required returns on debt and equity in proportion to their assumed percentages. The applied pre-tax discount rate was 44% per annum.

##### Subsidiaries

#### Interest over Power Purchase and Operation and Maintenance Agreements

Interest over Power Purchase and Operation and Maintenance Agreements of subsidiaries have finite useful lives and are subject to impairment assessment only if there is an indication of impairment. There is no indication of impairment during the financial year.

#### Impairment testing for cash-generating unit containing goodwill

Goodwill was allocated to AFSB at the completion of the acquisition of AFSB by the Group. The provisional goodwill represents the cash-generating unit ("CGU") within the Group at which the goodwill was monitored for internal management purposes. The cash-generating unit relates to collection and cleansing management services. The Group has exercised significant judgment in assessing the CGU recoverable amount using value in use.

The impairment test of the above CGU was based on the value in use, determined by discounting future cash flows to its present values equivalent using a rate of return that reflects the relative risk of the cash flows, as well as the time value of money. This is calculated by weighing the required returns on debt and equity in proportion to its assumed percentages. The applied pre-tax discount rate was 15% per annum. The discount rate reflected the current market assessment of the time value of money and was based on the estimated cost of capital.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**6. INTANGIBLE ASSETS (CONTINUED)****Subsidiaries (continued)****Impairment testing for cash-generating unit containing goodwill (continued)**

The following table shows the valuation techniques used in the determination of value in use, as well as the significant assumptions used in the valuation model.

• Remaining useful life of SCA	13.75 years (in accordance with the SCA)
• Revenue	Tariff rate revision takes place on 1 January 2023 and 1 September 2027 with an annualised growth rate of 2%
• Cost of sales	Private contractor cost based on past experience at 53% of total concession business revenue
• Capital expenditures ("CAPEX")	Expenses on concession assets replacement costs for existing SCA business
• Pre-tax discount rate	15%

The values assigned to the key assumptions represent management's assessment of future trends in the solid waste management industry and were based on external sources and internal sources (historical data).

The estimated recoverable amount exceeds the carrying amount of the above CGU and no impairment loss is recognised. However, any adverse change in a key assumption may result in an impairment loss to be recognised.

The above estimate is particularly sensitive to the assumption that the Group will successfully achieve tariff rate revisions which are scheduled to be finalised on 1 January 2023 and 1 September 2027, respectively. A delay in the tariff rate revision of up to 3 years would result in an impairment loss by approximately RM31,270,000.

**Joint venture****Interest over Power and Water Purchase Agreement and Water Purchase Agreement in SAMAWEC**

Interest over Power and Water Purchase Agreement and Water Purchase Agreement in SAMAWEC has finite useful lives and is subject to impairment assessment only if there is an indication of impairment. There is no indication of impairment during the financial year.

**Associates****Interest over Power and Water Purchase Agreement in HPC**

Interest over Power and Water Purchase Agreement in HPC has finite useful life and is subject to impairment assessment only if there is an indication of impairment. There is no indication of impairment during the financial year.

**Impairment testing for cash-generating unit ("CGU") interest over Power Purchase Agreement in KEV**

In the previous financial year, KEV recorded an impairment loss on its finance lease receivables, and consequently, the Group has performed an impairment assessment on intangible asset of KEV.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. INTANGIBLE ASSETS (CONTINUED)

## Associates (continued)

## Impairment testing for cash-generating unit ("CGU") interest over Power Purchase Agreement in KEV (continued)

The carrying amount of the interest over the Power Purchase Agreement was allocated as follows:

	Carrying amount 2019 RM'000
<b>Interest over PPA</b>	
<b>CGU – Interest over PPA</b>	
KEV – multi-fuelled power generation	56,287
Less: Amortisation for the year	(5,274)
Less: Impairment loss on intangible asset	(51,013)
Total intangible asset	-
Less: Intangible asset in an associate	-
	-

The impairment test of the above CGU was based on the value in use, determined by discounting future cash flows to its present values equivalent using a rate of return that reflects the relative risk of the cash flows, as well as the time value of money. This was calculated by weighing the required returns on debt and equity in proportion to its assumed percentages. The applied pre-tax discount rate for 2019 was 9% per annum. The discount rate reflected the current market assessment of the time value of money and was based on the estimated cost of capital.

The management had applied the following key assumptions in deriving the value in use within Level 3 attributable to the Intangible Assets:

• Remaining useful life of PPA	10 years (in accordance with the PPA)
• Dependable Capacity ("DC")	282 MW – 468 MW
• Capacity Factor	1% – 80% of DC
• Net Output (million kW/hour)	3,707 – 10,953
• Capacity Rate (RM/kW/month)	11.61
• Fixed Operating Rate under Revenue (RM/kW/month)	5.44 – 6.60
• Variable Operating Rate under Revenue (RM/kW/month)	0.0061 – 0.0101
• Fuel price (RM/mmBtu)	15.55 – 31.40

The values assigned to the key assumptions represent management's assessment of future trends in the power and utilities industry and are based on external sources and internal sources (historical data). Consequent to the impairment assessment, an impairment loss of RM51,013,000 was recognised in profit or loss during the financial year ended 31 December 2019.

The above estimates were particularly sensitive in an increase/(decrease) of the discount rate used. A one (1) percentage point decrease in the discount rate used would have increased the recoverable amount of interest on PPA of the CGU by RM38,937,000.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. INVESTMENTS IN SUBSIDIARIES

	Note	Company	
		2020 RM'000	2019 RM'000
<b>At cost</b>			
Unquoted shares		<b>8,134,741</b>	8,134,741
Unquoted preference shares	7.1	<b>702,171</b>	71,382
Amount due from a subsidiary	7.2	<b>109,343</b>	109,361
Less: Accumulated impairment losses	7.3	<b>(1,171,414)</b>	(854,345)
		<b>7,774,841</b>	7,461,139

- 7.1 During the financial year, the Company subscribed 6,307,888 Redeemable Preference Shares ("RPS") in Tunas Pancar Sdn. Bhd. ("TPSB"), a wholly-owned subsidiary at an issue price of RM100 each. The total subscription price payable to TPSB of RM630,788,800 was netted against the amount due from TPSB.

The features of the RPS are as follows:

- i) The RPS shall have no fixed dividend and the dividend shall be non-cumulative; and
  - ii) The RPS shall have no fixed redemption date and the subsidiary has an option to redeem all or part the RPS at any given time.
- 7.2 Amount due from a subsidiary is non-trade, unsecured and non-interest bearing. The amount has no fixed payment date and the subsidiary has the right to defer the payment.
- 7.3 During the financial year, the Company continued to assess the recoverability of its investments in subsidiaries which have 10 years or less remaining in the terms of their PPAs. Consequent to the impairment test carried out, the Company recognised an impairment loss amounting to RM317,069,000 (2019: RM269,874,000) in the profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows:

		Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%)		
No.	Name of companies		2020	2019	
Direct subsidiaries					
1.	Segari Energy Ventures Sdn. Bhd.	Malaysia	93.75	93.75	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
2.	GB3 Sdn. Bhd.	Malaysia	75	75	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
3.	Prai Power Sdn. Bhd.	Malaysia	100	100	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
4.	Tanjung Bin Power Sdn. Bhd.	Malaysia	90	90	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 2,100 MW coal-fired electricity generating facility and sale of electrical energy and generating capacity of the power plant
5.	Hypergantic Sdn. Bhd.	Malaysia	100	100	Investment holding
6.	Tanjung Bin Energy Sdn. Bhd.	Malaysia	100	100	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 1,000 MW coal-fired electricity generating facility
7.	Malakoff Technical Solutions Sdn. Bhd. (formerly known as Teknik Janakuasa Sdn. Bhd.)	Malaysia	100	100	Investment holding company and provision of operation and maintenance and any related services
8.	Malakoff Utilities Sdn. Bhd.	Malaysia	100	100	Build, own and operate an electricity distribution system and a centralised chilled water plant system
9.	Malakoff Engineering Sdn. Bhd.	Malaysia	100	100	Provision of engineering and project management services
10.	Spring Assets Limited	British Virgin Islands	100	100	Dormant

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%)		
No.	Name of companies		2020	2019	Principal activities
Direct subsidiaries (continued)					
11.	Malakoff Capital (L) Limited	Federal Territory of Labuan, Malaysia	100	100	Dormant
12.	Malakoff International Limited	Cayman Islands	100	100	Offshore – Investment holding
13.	Tuah Utama Sdn. Bhd.	Malaysia	100	100	Investment holding
14.	Desa Kilat Sdn. Bhd.	Malaysia	54	54	Land reclamation, development and/or sale of reclaimed land
15.	Malakoff Power Berhad	Malaysia	100	100	Operation and maintenance of power plants
16.	Malakoff R&D Sdn. Bhd.	Malaysia	100	100	Promoting, developing, acquiring and enhancing the Group’s capacity and innovation in the energy business
17.	Tunas Pancar Sdn. Bhd.	Malaysia	100	100	Investment holding
18.	Silver Solar Sdn. Bhd.	Malaysia	100	100	Developing, operating and maintaining solar photovoltaic projects
19.	Radiant Summit Global Limited	British Virgin Islands	100	-	Investment holding
Indirect subsidiaries					
Held through Tanjung Bin Energy Sdn. Bhd.					
20.	Tanjung Bin Energy Issuer Berhad	Malaysia	100	100	Administer and manage the development of a 1,000 MW coal-fired electricity generating facility
Held through Malakoff Technical Solutions Sdn. Bhd. (formerly known as Teknik Janakuasa Sdn. Bhd.)					
21.	Natural Analysis Sdn. Bhd.	Malaysia	100	100	Dormant
22.	TJSB Services Sdn. Bhd.	Malaysia	100	100	Provision of maintenance, repair and overhaul and any related services to power plants and any other plants of similar main and auxiliary operating systems
23.	TJSB International Limited	Cayman Islands	100	100	Offshore – Investment holding
24.	TJSB Global Sdn. Bhd.	Malaysia	100	100	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%)		
No.	Name of companies		2020	2019	Principal activities
Indirect subsidiaries (continued)					
Held through Malakoff Technical Solutions Sdn. Bhd. (formerly known as Teknik Janakuasa Sdn. Bhd.) (continued)					
25.	PT. Teknik Janakuasa^	Indonesia	95	95	Provision of operation and maintenance services to power plant and/or other utility plants
26.	TJZ Suria Sdn. Bhd.	Malaysia	51	51	Provision of operation, maintenance and repair services of the solar photovoltaic energy generating facility (“Facility”) and the associated transmission line and facilities for the development and operation of the Facility
Held through TJSB International Limited					
27.	TJSB International (Shoaiba) Limited	British Virgin Islands	100	100	Offshore – Investment holding
28.	TJSB Middle East Limited	British Virgin Islands	100	100	Operation and maintenance of power plant
Held through Malakoff Engineering Sdn. Bhd.					
29.	MESB Project Management Sdn. Bhd.	Malaysia	100	100	Dormant
Held through Malakoff International Limited					
30.	Malakoff Gulf Limited	British Virgin Islands	100	100	Offshore – Investment holding
31.	Malakoff Technical (Dhofar) Limited	British Virgin Islands	100	100	Offshore – Investment holding
32.	Malakoff AIDjazair Desal Sdn. Bhd.	Malaysia	100	100	Investment holding
33.	Malakoff Oman Desalination Company Limited	British Virgin Islands	100	100	Offshore – Investment holding
34.	Malakoff Hidd Holding Company Limited	Guernsey	100	100	Asset, property, investment, intellectual property and other holding companies
35.	Pacific Goldtree Sdn. Bhd.	Malaysia	100	100	Investment holding

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%)		
No.	Name of companies		2020	2019	Principal activities
Indirect subsidiaries (continued)					
Held through Tuah Utama Sdn. Bhd.					
36.	Green Biogas Sdn. Bhd.	Malaysia	60	60	Developing, operating and maintaining biogas power plant project
37.	Malakoff Radiance Sdn. Bhd.	Malaysia	100	100	Developing, operating and maintaining rooftop solar projects
38.	Batu Bor Hidro Sdn. Bhd.	Malaysia	65	65	Construction of hydro power plants, operation of transmission, distribution and sales of electricity and operation of generation facilities that produce electric energy
39.	Lubuk Paku Hidro Sdn. Bhd.	Malaysia	65	65	Construction of hydro power plants, operation of transmission, distribution and sales of electricity and operation of generation facilities that produce electric energy
40.	Southern Biogas Sdn. Bhd.	Malaysia	60	-	Developing, operating and maintaining biogas power plant project
Held through Malakoff AIDjazair Desal Sdn. Bhd.					
41.	Tlemcen Desalination Investment Company SAS <sup>∞</sup>	France	70	70	Offshore – Investment holding
Held through Malakoff Hidd Holding Company Limited					
42.	Malakoff Summit Hidd Holding Company Limited	Guernsey	57.14	57.14	Asset, property, investment, intellectual property and other holding companies
Held through Malakoff Power Berhad					
43.	Tanjung Bin O&M Berhad	Malaysia	100	100	Operation and maintenance of power plant
44.	PDP O&M Sdn. Bhd. <sup>o</sup>	Malaysia	100	100	Operation and maintenance of power plant

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

		Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%)		
No.	Name of companies		2020	2019	Principal activities
Indirect subsidiaries (continued)					
Held through Hypergantic Sdn. Bhd.					
45.	Port Dickson Power Berhad <sup>o</sup>	Malaysia	100	100	Independent power producer licensed by the Government to supply electricity exclusively to Tenaga Nasional Berhad
Held through Pacific Goldtree Sdn. Bhd.					
46.	Skyfirst Power Sdn. Bhd.	Malaysia	100	100	Investment holding
Held through Tunas Pancar Sdn. Bhd.					
47.	Alam Flora Sdn. Bhd. <sup>o</sup>	Malaysia	97.37	97.37	Provision of integrated solid waste collection and public cleansing management services
Held through Alam Flora Sdn. Bhd.					
48.	Alam Flora Environmental Solutions Sdn. Bhd. (formerly known as DRB-HICOM Environmental Services Sdn. Bhd.) <sup>o</sup>	Malaysia	97.37	97.37	Provision of integrated solid waste management services, recycling and integrated facility management services
Held through Malakoff Gulf Limited					
49.	Desaru Investments (Cayman Isl.) Limited <sup>∞</sup>	Cayman Islands	100	100	Offshore – Investment holding
50.	Malaysian Shoaiba Consortium Sdn. Bhd.	Malaysia	80	80	Investment holding

<sup>^</sup> Not audited by member firms of KPMG International

<sup>∞</sup> No requirement to be audited

<sup>o</sup> Not audited by member firms of KPMG International in prior year



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Group	Segari Energy Ventures Sdn. Bhd. RM'000	GB3 Sdn. Bhd. RM'000	Tanjung Bin Power Sdn. Bhd. RM'000	Alam Flora Sdn. Bhd. RM'000	Malaysian Shoaiba Consortium Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
<b>2020</b>							
NCI percentage of ownership interest and voting interest	6.25%	25%	10%	2.63%	20.0%		
Carrying amount of NCI	40,333	77,685	90,614	19,740	113,804	(5,374)	336,802
(Loss)/Profit allocated to NCI	(5,712)	8,267	39,553	2,505	(618)	(507)	43,488
<b>Summarised financial information before intra-group eliminations</b>							
<b>As at 31 December</b>							
Non-current assets	1,440,847	328,301	4,587,341	293,231	454,845		
Current assets	311,848	162,150	60,210	562,896	270		
Non-current liabilities	(1,095,051)	(110,498)	(96,793)	(274,412)	(18)		
Current liabilities	(12,320)	(69,214)	(43,573)	(376,979)	-		
Net assets	645,324	310,739	4,507,185	204,736	455,097		
<b>Year ended 31 December</b>							
Revenue	334,503	270,077	3,160,860	827,261	35,225		
(Loss)/Profit for the year	(91,397)	33,066	395,527	95,250	32,133		
Total comprehensive (expense)/income	(91,397)	33,066	395,527	95,250	32,133		
Cash flows from operating activities	115,424	126,945	765,442	96,221	(3,072)		
Cash flows (used in)/from investing activities	(163,559)	(49,589)	244,964	(378,876)	33,464		
Cash flows used in financing activities	(60,000)	(80,723)	(1,100,986)	(270,311)	(32,255)		
Net decrease in cash and cash equivalents	(108,135)	(3,367)	(90,580)	(552,966)	(1,863)		
Dividends paid to NCI	-	20,000	40,000	6,510	-	-	66,510
Redemption of Preference Shares to NCI	-	-	-	-	6,377	-	6,377

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (continued):

Group	Segari Energy Ventures Sdn. Bhd. RM'000	GB3 Sdn. Bhd. RM'000	Tanjung Bin Power Sdn. Bhd. RM'000	Alam Flora Sdn. Bhd. RM'000	Malaysian Shoaliba Consortium Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
<b>2019</b>							
NCI percentage of ownership interest and voting interest	6.25%	25%	10%	2.63%	20%		
Carrying amount of NCI	46,045	89,418	90,967	23,745	120,799	(2,069)	368,905
(Loss)/Profit allocated to NCI	(3,710)	11,493	46,471	273	-	6	54,533
<b>Summarised financial information before intra-group eliminations</b>							
<b>As at 31 December</b>							
Non-current assets	1,301,276	439,421	4,838,622	312,132	454,845		
Current assets	747,061	175,198	3,820,514	677,804	2,172		
Non-current liabilities	(131,997)	(181,563)	(6,393,830)	(262,017)	-		
Current liabilities	(1,179,619)	(75,383)	(1,355,641)	(371,106)	(2,172)		
Net assets	736,721	357,673	909,665	356,813	454,845		
<b>Year ended 31 December</b>							
Revenue	1,142,395	337,341	3,812,134	78,984	141,157		
(Loss)/Profit for the year	(59,360)	45,973	464,712	10,382	134,741		
Total comprehensive (expense)/income	(59,360)	45,973	464,712	10,382	134,741		
Cash flows from operating activities	126,425	57,716	1,275,878	111,502	533		
Cash flows from/(used in) investing activities	44,493	(11,485)	365,699	(14,452)	137,850		
Cash flows used in financing activities	(120,625)	(80,723)	(1,610,250)	(40,233)	(157,285)		
Net increase/(decrease) in cash and cash equivalents	50,293	(34,492)	31,327	56,817	(18,902)		
Dividends paid to NCI	-	20,000	30,000	-	-	-	50,000
Redemption of Preference Shares to NCI	-	-	-	-	26,646	-	26,646

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At cost</b>				
Unquoted shares:				
- in Malaysia	471,258	471,258	1,112,228	1,112,228
- outside Malaysia	72,073	72,073	-	-
Unquoted loan stocks:				
- in Malaysia	307,430	307,430	307,430	307,430
Pre-acquisition reserves	100,592	100,592	-	-
Share of post-acquisition reserves	35,214	(30,501)	-	-
Accumulated impairment loss	(572,764)	(572,764)	(1,419,658)	(1,419,658)
	413,803	348,088	-	-
<b>Add: Intangible assets</b>				
Goodwill	349,231	355,838	-	-
Interest over PPA and PWPA	939,073	939,073	-	-
	1,288,304	1,294,911	-	-
<b>Less: Amortisation of intangible assets</b>				
At 1 January	(383,349)	(372,838)	-	-
Amortisation for the year	(5,258)	(10,511)	-	-
At 31 December	(388,607)	(383,349)	-	-
<b>Less: Accumulated impairment loss on intangible assets</b>				
At 1 January	(514,659)	(463,646)	-	-
Impairment loss for the year	-	(51,013)	-	-
At 31 December	(514,659)	(514,659)	-	-
	798,841	744,991	-	-

In 2019, the Group had performed an impairment assessment on the carrying amount of its investment in an associate which has 10 years or less remaining in the terms of the PPA. The impairment test was based on the value in use, by applying pre-tax discount rate of 9% per annum. Consequent to the impairment test carried out, the Group and the Company had recognised an impairment loss on its investment in an associate of RM623,777,000 and RM965,551,000, respectively in the profit or loss. As a result of the impairment assessment, the Group and the Company had made provision up to the carrying amount of the investment in the associate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of associates are as follows:

		Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%)		
No.	Name of companies		2020	2019	Principal activities
Direct associate					
1.	Kapar Energy Ventures Sdn. Bhd.	Malaysia	40	40	Generation and sale of electricity
Indirect associates					
2.	Oman Technical Partners Limited	British Virgin Islands	43.48	43.48	Offshore - Investment holding
3.	Salalah Power Holdings Limited	Bermuda	43.48	43.48	Dormant
4.	Al-Imtiaz Operation and Maintenance Company Limited	Kingdom of Saudi Arabia	40	40	Implementation of operation and maintenance contracts for stations of electrical power generation and water desalination
5.	Hyflux-TJSB Algeria SPA	Algeria	49	49	Operation and maintenance of water desalination plant
6.	Hidd Power Company B.S.C. (c)	Bahrain	40	40	Building, operation and maintenance of power and water stations for special purposes (specific supply only)
7.	Muscat City Desalination Operation and Maintenance Company LLC	Sultanate of Oman	35	35	Operation and maintenance of pump stations and pipelines, installation and repair of electric power and transformer plants and telecommunications and radar plants, export and import offices, and laying and maintenance of all kinds of pipes, business agencies (excluding portfolio and securities) and wholesale of industrial chemicals
8.	Muscat City Desalination Company S.A.O.G	Sultanate of Oman	32.5	32.5	Desalination of water
9.	Saudi-Malaysia Operation & Maintenance Services Company Limited	Kingdom of Saudi Arabia	20	20	Operation and maintenance of power and water desalination plant

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates.

Group	Hidd Power Company B.S.C. (c) RM'000 40%	Muscat City Desalination Company S.A.O.G RM'000 32.5%
<b>2020</b>		
<b>Summarised financial information</b>		
<b>As at 31 December</b>		
Non-current assets	3,107,515	930,911
Current assets	1,022,110	58,198
Non-current liabilities	(2,460,151)	(810,917)
Current liabilities	(732,086)	(62,386)
Net assets	937,388	115,806
<b>Year ended 31 December</b>		
Profit for the year	181,311	20,069
Other comprehensive expense	(7,250)	(27,615)
Total comprehensive income/(expense)	174,061	(7,546)
<b>Included in the total comprehensive income/(expense) are:</b>		
Revenue	1,951,772	182,794
Depreciation and amortisation	(224,330)	(26,988)
Finance costs	(130,478)	(32,270)
Tax expense	-	(5,675)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates (continued).

Group	Hidd Power Company B.S.C. (c) RM'000	Muscat City Desalination Company S.A.O.G RM'000	Other individually immaterial associates RM'000	Total RM'000
<b>2020</b>				
<b>Reconciliation of net assets to carrying amount</b>				
<b>As at 31 December</b>				
Group's share of net assets	374,955	37,637	1,211	413,803
Goodwill	349,231	-	-	349,231
Intangible assets	35,807	-	-	35,807
Carrying amount in the statements of financial position	759,993	37,637	1,211	798,841
<b>Group's share of results</b>				
<b>Year ended 31 December</b>				
Group's share of profit for the year	72,524	6,522	9,306	88,352
Group's share of other comprehensive expense	(2,900)	(8,975)	-	(11,875)
Group's share of total comprehensive income/ (expense)	69,624	(2,453)	9,306	76,477
<b>Other information</b>				
Dividend received	-	(8,991)	(1,770)	(10,761)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates (continued).

Group	Kapar Energy Ventures Sdn. Bhd.* RM'000 40%	Malaysian Shoaiba Consortium Sdn. Bhd.** RM'000 40%	Hidd Power Company B.S.C. (c) RM'000 40%	Muscat City Desalination Company S.A.O.G RM'000 32.5%
<b>2019</b>				
<b>Summarised financial information</b>				
<b>As at 31 December</b>				
Non-current assets	1,671,033	7,429,273	3,223,524	956,929
Current assets	1,646,075	482,046	651,893	36,708
Non-current liabilities	(1,756,974)	(4,654,527)	(2,765,164)	(816,482)
Current liabilities	(1,152,972)	(862,721)	(346,931)	(53,802)
Net assets	407,162	2,394,071	763,322	123,353
<b>Year ended 31 December</b>				
(Loss)/Profit for the year	(325,773)	235,054	134,491	15,965
Other comprehensive expense	-	(48,825)	(25,818)	(27,545)
Total comprehensive (expense)/income	(325,773)	186,229	108,673	(11,580)
<b>Included in the total comprehensive income/ (expense) are:</b>				
Revenue	1,784,915	753,950	1,814,396	180,845
Depreciation and amortisation	(4,128)	(218,287)	(219,182)	-
Finance income	18,859	-	-	-
Finance costs	(160,734)	(206,726)	(141,170)	(33,813)
Tax income/(expense)	4,793	(14,996)	-	(7,423)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates (continued).

Group	Kapar Energy Ventures Sdn. Bhd.* RM'000	Malaysian Shoaiba Consortium Sdn. Bhd.** RM'000	Hidd Power Company B.S.C. (c) RM'000	Muscat City Desalination Company S.A.O.G RM'000	Other individually immaterial associates RM'000	Total RM'000
<b>2019</b>						
<b>Reconciliation of net assets to carrying amount</b>						
<b>As at 31 December</b>						
Group's share of net assets	-	-	305,329	40,090	2,669	348,088
Goodwill	-	-	355,838	-	-	355,838
Intangible assets	-	-	41,065	-	-	41,065
Carrying amount in the statements of financial position	-	-	702,232	40,090	2,669	744,991
<b>Group's share of results</b>						
<b>Year ended 31 December</b>						
Group's share of (loss)/profit for the year	(130,309)	22,036	53,796	5,189	6,563	(42,725)
Group's share of other comprehensive expense	-	(5,859)	(10,327)	(8,952)	(1,336)	(26,474)
Group's share of total comprehensive (expense)/income	(130,309)	16,177	43,469	(3,763)	5,227	(69,199)
<b>Other information</b>						
Dividend received	-	-	(14,804)	(4,381)	(612)	(19,797)

\* Investment in KEV has been fully impaired in the previous financial year, and accordingly the share of net assets of the associate had been written down to nil.

\*\* In the previous financial year, consequent to the acquisition of an increased equity interest in Malaysian Shoaiba Consortium Sdn. Bhd., the entity ceased to be an associate and became a subsidiary of the Group.

**Unrecognised share of losses**

The Group has not recognised losses from Kapar Energy Ventures Sdn. Bhd. ("KEV"), totalling RM28,076,000 for the financial year ended 31 December 2020 since the Group's share of losses exceeds its interest in KEV. Hence, the Group has no further obligation in respect of the losses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9. INVESTMENTS IN JOINT VENTURES

Group	2020 RM'000	2019 RM'000 Restated
<b>At cost</b>		
Unquoted shares, outside Malaysia	427,994	427,994
Pre-acquisition reserves	317,528	317,528
Share of post-acquisition reserves	(135,081)	(174,494)
	610,441	571,028
Add: Intangible assets acquired through business combination (Note 6)		
Intangible assets, <i>restated</i>	66,500	66,500
	66,500	66,500
Less: Amortisation of intangible assets		
At 1 January	(2,145)	-
Amortisation for the year, <i>restated</i>	(6,432)	(2,145)
At 31 December	(8,577)	(2,145)
	668,364	635,383

- (i) In 2016, the Group made provision up to the carrying amount of its investment in Almiyah Attilemcania SPA ("AAS"), totalling RM64,118,000, consequent to a dispute as disclosed in Note 37.
- (ii) In 2019, Malakoff Gulf Limited, a wholly-owned indirect subsidiary of the Company, had entered into a Share Sale Agreement with Khazanah Nasional Berhad to acquire the entire equity interest in Desaru Investment (Cayman Isl.) Limited ("DIL"). Following the acquisition, the Company's effective equity interest in Malaysian Shoaiba Consortium Sdn. Bhd. ("MSCSB"), an associate of DIL, increased from 40% to 80%. MSCSB has a 50% equity interest in Saudi-Malaysia Water & Electricity Company Limited ("SAMAWEK"). The Group has classified SAMAWEC as a joint venture of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Details of joint ventures are as follows:

No.	Name of companies	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%)		Principal activities
			2020	2019	
Indirect joint ventures					
1.	Almiyah Attilemcania SPA	Algeria	35.7	35.7	Construction, operation and maintenance of a desalination plant and marketing of desalinated water produced
2.	Saudi-Malaysia Water & Electricity Company Limited (“SAMAWEK”)	Kingdom of Saudi Arabia	40	40	Offshore – Investment holding
Associates held by SAMAWEK					
3.	Shuaibah Water & Electricity Company Limited (“SWEC”)	Kingdom of Saudi Arabia	24	24	Design, construction, commissioning, testing, possession, operation and maintenance of crude oil fired power generation and water desalination plant
4.	Shuaibah Expansion Holding Company Limited (“SEHCO”)	Kingdom of Saudi Arabia	24	24	Development, construction, ownership, operation and maintenance of the Shuaibah Phase 3 Expansion independent water producer (“IWP”), transport and sale of water and undertake all works and activities related thereto, directly or through another company holding most of its shares or stock
5.	Shuaibah Expansion Project Company Limited (“SEPCO”)	Kingdom of Saudi Arabia	23.8	23.8	Development, construction, possession, operation and maintenance of the Shuaibah Phase 3 Expansion IWP, transfer and sell water and all relevant works and activities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table summarises the information of the Group's material joint venture, SAMAWEC, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the joint venture.

	Group	
	2020 RM'000	2019 RM'000 Restated
<b>Summarised financial information</b>		
<b>As at 31 December</b>		
Non-current assets	7,026,042	7,631,517
Current assets	409,376	495,357
Non-current liabilities	(4,143,021)	(4,851,174)
Current liabilities	(747,345)	(886,463)
Net assets	2,545,052	2,389,237
<b>Year ended 31 December</b>		
Profit for the year	369,623	113,038
Other comprehensive income	(33,948)	40,498
Total comprehensive income	335,675	153,536
<b>Included in the total comprehensive income/(expense) are:</b>		
Revenue	1,348,373	457,014
Depreciation and amortisation	(367,413)	(124,687)
Interest expense	(307,750)	(110,715)
Income tax expense	(17,421)	(11,021)
<b>Reconciliation of net assets to carrying amount</b>		
<b>As at 31 December</b>		
Group's share of net assets	610,441	571,028
Intangible assets	57,923	64,355
Carrying amount in the statements of financial position	668,364	635,383
<b>Group's share of results</b>		
<b>Year ended 31 December</b>		
Group's share of profit for the year	83,426	21,102
Group's share of other comprehensive (expense)/income	(8,124)	9,679
Group's share of total comprehensive income	75,302	30,781
<b>Other information</b>		
Dividend received	35,889	141,157

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 10. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	2020		2019	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<b>Non-current</b>				
Derivatives at fair value through profit or loss				
- Interest rate swaps	-	(15,381)	-	(10,013)
- Cross currency swap	231,170	-	327,643	-
	<b>231,170</b>	<b>(15,381)</b>	327,643	(10,013)

Interest rate and cross currency swaps are used to achieve an appropriate mix of fixed and floating interest rates exposure within the Group's policy. The Group entered into interest rate and cross currency swaps, to hedge its interest rate and foreign exchange risks. The interest rate and cross currency swaps are entered into for a period of 5 to 17 years.

## 11. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current</b>					
Other receivables	11.1	50,324	60,777	-	-
Amount due from an associate – non-trade	11.2	255,724	240,662	255,724	240,662
Accumulated impairment allowances	11.2	(40,371)	(25,309)	(40,371)	(25,309)
Net amount due from an associate – non-trade		215,353	215,353	215,353	215,353
Deferred expense		214,939	250,239	-	-
Other assets		50	50	-	-
		<b>480,666</b>	526,419	<b>215,353</b>	215,353
<b>Current</b>					
<b>Trade</b>					
Trade receivables	11.3	565,549	1,160,167	-	-
Less: Allowance for impairment loss		(3,195)	(3,168)	-	-
		<b>562,354</b>	1,156,999	-	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-trade</b>					
Amounts due from subsidiaries	11.4	-	-	1,162,670	2,404,223
Amounts due from associates	11.4	50,695	51,132	708	-
Amounts due from related parties	11.4	19,510	18,340	-	-
Other receivables		139,875	187,720	1,380	1,756
Deposits and prepayments		111,750	87,068	3,685	4,446
		321,830	344,260	1,168,443	2,410,425
		884,184	1,501,259	1,168,443	2,410,425
		1,364,850	2,027,678	1,383,796	2,625,778

## 11.1 Other receivables – non-current

Other receivables represent transaction costs arising from derivative instruments which will be amortised systematically over the tenure of the hedged item.

## 11.2 Amount due from an associate – non-current

Amount due from an associate is unsecured, stated at amortised cost and is expected to be repaid in the next nine (9) years in line with the remaining PPA tenure. During the financial year, the Company re-assessed the recoverability of the amount due from an associate. The impairment test of the amount due from an associate is based on the expected loss model, determined by discounting the cash shortfalls over the expected life of the amount due from an associate using the effective interest rate of 7%.

As a result of the impairment assessment, the Group and the Company recognised an impairment loss on amount due from the associate amounting to RM15,062,000 (2019: RM25,309,000) for the year ended 31 December 2020.

## 11.3 Trade receivables

Included in trade receivables of the Group is an amount owing from an entity that is under significant influence of the Government of Malaysia (a party that has an indirect significant influence on the Group) as at the reporting period as follows:

	Gross balance outstanding	
	2020 RM'000	2019 RM'000
Tenaga Nasional Berhad	399,407	1,065,658

Trade receivables are subjected to negotiated terms.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

## 11.4 Amounts due from subsidiaries, associates and related parties - current

Amounts due from subsidiaries, associates and related parties are unsecured, interest free and repayable on demand except for amounts of RM684,417,000 (2019: RM725,693,000) due from subsidiaries, which are subject to interest rates ranging from 3.5% - 5.9% (2019: 4.7% - 5.9%) per annum and amounts of RM49,944,000 (2019: RM51,132,000) due from associates, which are subject to interest rate of 2% (2019: 2%) per annum.

## 11.5 Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set-off for presentation purpose:

Company	Note	Gross amount RM'000	Balances that are set-off RM'000	Net carrying amount in the statements of financial position RM'000
<b>2020</b>				
Amounts due from subsidiaries		<b>1,387,430</b>	<b>(224,760)</b>	<b>1,162,670</b>
Amounts due to subsidiaries	24	<b>(1,856,720)</b>	<b>224,760</b>	<b>(1,631,960)</b>
<b>2019</b>				
Amounts due from subsidiaries		2,654,608	(250,385)	2,404,223
Amounts due to subsidiaries	24	(2,367,560)	250,385	(2,117,175)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 12. DEFERRED TAX ASSETS/(LIABILITIES)

## Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
<b>Group</b>						
Property, plant and equipment	-	-	(2,366,141)	(2,301,713)	(2,366,141)	(2,301,713)
Lease liabilities	2,596	5,660	-	-	2,596	5,660
Right-of-use assets	-	-	(5,082)	(7,361)	(5,082)	(7,361)
Investment properties	-	-	(204)	(120)	(204)	(120)
Concession assets	-	-	(35,653)	(42,470)	(35,653)	(42,470)
Provisions	171,973	157,439	-	-	171,973	157,439
Intangible assets	-	-	(646,467)	(714,096)	(646,467)	(714,096)
Unutilised tax losses	23,883	-	-	-	23,883	-
Unutilised capital allowances	1,009,533	871,680	-	-	1,009,533	871,680
Deferred income	897,742	971,061	-	-	897,742	971,061
Deferred expenses	-	-	(58,540)	(67,548)	(58,540)	(67,548)
Tax assets/(liabilities)	2,105,727	2,005,840	(3,112,087)	(3,133,308)	(1,006,360)	(1,127,468)
Set-off of tax	(1,911,144)	(1,859,342)	1,911,144	1,859,342	-	-
Net tax assets/(liabilities)	194,583	146,498	(1,200,943)	(1,273,966)	(1,006,360)	(1,127,468)
<b>Company</b>						
Property, plant and equipment	-	-	(558)	(432)	(558)	(432)
Right-of-use assets	-	-	(761)	(2,174)	(761)	(2,174)
Lease liabilities	855	2,344	-	-	855	2,344
Tax assets/(liabilities)	855	2,344	(1,319)	(2,606)	(464)	(262)
Set-off of tax	(855)	(2,344)	855	2,344	-	-
Net tax assets/(liabilities)	-	-	(464)	(262)	(464)	(262)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movements in temporary differences during the year:

Group	Recognised in profit or loss, restated		Recognised in other comprehensive /income		Arising from business combination, restated		Disposal of a subsidiary (Note 42)	At 31.12.2019/ 1.1.2020	Recognised in profit or loss (Note 28)	Recognised comprehensive /income (Note 30)	At 31.12.2020
	At 1.1.2019	RM'000	RM'000	RM'000	RM'000	RM'000					
Deferred tax assets											
Lease liabilities	-	3,769	-	-	1,891	-	-	5,660	(3,064)	-	2,596
Provisions	118,929	4,467	14,549	72,909	(53,415)	-	-	157,439	17,766	(3,232)	171,973
Unutilised tax losses	-	-	-	-	-	-	-	-	23,883	-	23,883
Unutilised capital allowances	735,695	135,985	-	-	-	-	-	871,680	137,853	-	1,009,533
Deferred income	939,190	31,871	-	-	-	-	-	971,061	(73,319)	-	897,742
Tax assets	1,793,814	176,092	14,549	74,800	(53,415)	-	-	2,005,840	103,119	(3,232)	2,105,727
Set-off of tax	(1,650,451)	(160,780)	-	(48,111)	-	-	-	(1,859,342)	(51,802)	-	(1,911,144)
Net tax assets	143,363	15,312	14,549	26,689	(53,415)	-	-	146,498	51,317	(3,232)	194,583
Deferred tax liabilities											
Property, plant and equipment	(2,263,670)	(37,053)	-	(990)	-	-	-	(2,301,713)	(64,428)	-	(2,366,141)
Right-of-use assets	-	(5,530)	-	(1,831)	-	-	-	(7,361)	2,279	-	(5,082)
Investment properties	-	1,632	-	(1,752)	-	-	-	(120)	(84)	-	(204)
Concession assets	-	201	-	(42,671)	-	-	-	(42,470)	6,817	-	(35,653)
Intangible assets	(660,932)	72,608	-	(125,772)	-	-	-	(714,096)	67,629	-	(646,467)
Deferred expense	(76,554)	9,006	-	-	-	-	-	(67,548)	9,008	-	(58,540)
Others	-	(3,694)	-	-	-	3,694	-	-	-	-	-
Tax liabilities	(3,001,156)	37,170	-	(173,016)	3,694	-	-	(3,133,308)	21,221	-	(3,112,087)
Set-off of tax	1,650,451	160,780	-	48,111	-	-	-	1,859,342	51,802	-	1,911,144
Net tax liabilities	(1,350,705)	197,950	-	(124,905)	3,694	-	-	(1,273,966)	73,023	-	(1,200,943)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movements in temporary differences during the year (continued):

Company	At 1.1.2019 RM'000	Recognised in profit or loss (Note 28) RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss (Note 28) RM'000	At 31.12.2020 RM'000
Property, plant and equipment	35	(467)	(432)	(126)	(558)
Right-of-use assets	(3,514)	1,340	(2,174)	1,413	(761)
Lease liabilities	3,666	(1,322)	2,344	(1,489)	855
Provisions	986	(986)	-	-	-
Net tax assets/(liabilities)	1,173	(1,435)	(262)	(202)	(464)

## Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item (stated at gross):

	Group	
	2020 RM'000	2019 RM'000
Unutilised tax losses:		
As at 31 December	138,283	138,101
Tax at 24% (2019: 24%)	33,188	33,144

In accordance with the provision of Finance Act 2018 requirement, the unutilised tax losses are available for utilisation in the next seven (7) years, for which, any excess at the end of the seventh (7th) year, will be disregarded. Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits.

The expiry of the unutilised tax losses is as follows:

	Group	
	2020 RM'000	2019 RM'000
Year of assessment 2025	127,590	127,590
Year of assessment 2026	10,511	10,511
Year of assessment 2027	182	-
	138,283	138,101

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 13. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
<b>At cost</b>		
Consumables	272,025	322,396
Coal	270,553	309,707
Diesel fuel	49,221	60,955
	591,799	693,058
Recognised in profit or loss:		
Allowance for diminution in value of consumables	29,161	-

The allowance for diminution in value of consumables is included in cost of sales.

## 14. OTHER INVESTMENTS

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current</b>					
Investment in Redeemable Cumulative Convertible Preference Shares ("RCCPS")	14.1	23,999	21,515	23,999	21,515
<b>Current</b>					
Deposits with licensed banks and other licensed corporations					
- amortised cost		2,381,810	1,877,683	110,060	-
- fair value through profit or loss		996,347	631,793	-	-
		3,378,157	2,509,476	110,060	-

## 14.1 Investment in RCCPS

In 2018, the Group invested in RCCPS issued by a company which is engaged in the installation of non-electric solar energy collectors and wholesale of variety of goods. The issuer may redeem the RCCPS subject to the approval of the Company. The RCCPS are subject to dividend rate of 11% per annum.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits with licensed banks and other licensed corporations	404,565	1,514,130	100,190	18,000
Cash and bank balances	658,035	1,231,259	26,647	25,204
	1,062,600	2,745,389	126,837	43,204

## 16. ASSETS CLASSIFIED AS HELD FOR SALE

On 11 December 2019, Port Dickson Power Berhad ("PDP"), a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Pacific Energy Company Limited, Nigeria to dispose four (4) units of used gas turbines and generators, related auxiliaries and spare parts ("collectively referred to as power plant assets").

The disposal of the power plant assets is expected to be completed by the second quarter of 2021. Accordingly, these power plant assets are reclassified as current assets.

At 31 December 2020, the assets classified as held for sale are as follows:

	Note	Group	
		2020 RM'000	2019 RM'000
<b>Assets classified as held for sale</b>			
Property, plant and equipment	(a)	65,000	65,000

**Note (a)**

Property, plant and equipment held for sale comprise the following:

	Note	Group	
		2020 RM'000	2019 RM'000
Cost	3	678,759	678,759
Less: Accumulated depreciation	3	(613,759)	(613,759)
		65,000	65,000

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 17. CAPITAL AND RESERVES

## Share capital

Group and Company	Number of shares 2020 '000	Amount 2020 RM'000	Number of shares 2019 '000	Amount 2019 RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January/31 December	5,000,000	5,693,055	5,000,000	5,693,055

## Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

## Treasury shares

In 2019, the Company repurchased a total of 1,259,700 ordinary shares from the open market for a total consideration of RM1,040,912 at an average cost of RM0.83 per share. The repurchased transactions were financed by internally generated funds. The repurchased shares were held as treasury shares in accordance with Section 127 of the Companies Act 2016.

During the financial year, the Company did not repurchase any ordinary shares from the open market. As at 31 December 2020, the total number of treasury shares held is 2.26% of the total number of issued shares of the Company.

Group and Company	Number of shares 2020 '000	Amount 2020 RM'000	Number of shares 2019 '000	Amount 2019 RM'000
<b>Treasury shares</b>				
At 1 January	113,039	98,647	111,779	97,606
Purchase during the year	-	-	1,260	1,041
At 31 December	113,039	98,647	113,039	98,647

## Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

## Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 18. PERPETUAL SUKUK

Group	2020 RM'000	2019 RM'000
<b>Nominal value</b>		
At 1 January/31 December	<b>800,000</b>	800,000

In 2017, Tanjung Bin Energy Sdn. Bhd., a wholly-owned subsidiary of the Company had issued unrated perpetual sukuk of RM800 million in nominal value in accordance with Shariah principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah") with an unconditional and irrevocable subordinated cash deficiency support from the Company.

Details of the Sukuk Wakalah are as follows:

- The perpetual sukuk has no fixed redemption date and the subsidiary has an option to redeem all or part of the perpetual sukuk at the end of the seventh year from date of issuance and thereafter on each subsequent periodic distribution date;
- The perpetual sukuk is unsecured and carries a periodic distribution rate of 5.9% per annum, payable semi-annually from year 1 to year 7. Thereon, the periodic distribution rate shall be 1% above the prevailing periodic distribution rate;
- The subsidiary has the right to defer the payment of the periodic distribution amount by giving the required deferral notice. Deferred periodic distribution, if any, will be cumulative but will not earn additional profits thus, there will be no compounding effect; and
- The holder of perpetual sukuk shall have no voting rights at any general meeting of the shareholders of the subsidiary.

Based on the underlying issuing terms, the perpetual sukuk has been classified as equity in the financial statements of the subsidiary.

## 19. LOANS AND BORROWINGS

	Note	Group	
		2020 RM'000	2019 RM'000
<b>Non-current</b>			
<b>Secured</b>			
AUD term loan 1	19.1	-	358,423
Sukuk Ijarah medium term notes	19.2	<b>2,501,254</b>	2,779,008
Sukuk medium term notes	19.3	<b>2,219,351</b>	2,674,976
Sukuk Wakalah	19.4	<b>235,000</b>	290,000
Senior Sukuk Murabahah	19.5	<b>2,935,000</b>	3,005,000
Senior RM term loan	19.6	<b>353,920</b>	438,130
Senior USD term loan	19.7	<b>1,181,801</b>	1,313,526
USD term loan	19.8	<b>261,105</b>	-
<b>Unsecured</b>			
Redeemable Preference Shares	19.10	<b>30,000</b>	30,000
		<b>9,717,431</b>	10,889,063

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19. LOANS AND BORROWINGS (CONTINUED)

	Note	Group	
		2020 RM'000	2019 RM'000
<b>Current</b>			
<b>Secured</b>			
AUD term loan 1	19.1	-	28,676
Sukuk Ijarah medium term notes	19.2	320,000	500,000
Sukuk medium term notes	19.3	500,000	410,000
Sukuk Wakalah	19.4	55,000	-
Senior Sukuk Murabahah	19.5	70,000	75,000
Senior RM term loan	19.6	84,210	79,450
Senior USD term loan	19.7	107,334	106,745
USD term loan	19.8	28,119	294,696
RM term loan	19.9	-	14,515
		<b>1,164,663</b>	1,509,082
		<b>10,882,094</b>	12,398,145

## 19.1 AUD term loan 1 drawdown by Malakoff International Limited ("MIL")

*Security*

The AUD term loan 1 was secured over a first ranking share pledge over the investments in subsidiaries and assignment of MIL's rights under certain inter-company loans. During the financial year, the AUD term loan 1 was fully settled subsequent to the disposal of the Group's investment in Malakoff Wind Macarthur Pty. Limited in December 2019.

## 19.2 Sukuk Ijarah medium term notes issued by Tanjung Bin Power Sdn. Bhd. ("TBP")

*Security*

The Sukuk Ijarah medium term notes are secured over property, plant and equipment with a carrying amount of RM4,383,950,000 (2019: RM4,605,145,000).

*Significant covenant*

TBP is required to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of at least 1.25 times.

## 19.3 Sukuk medium term notes issued by Malakoff Power Berhad ("MPB")

*Security*

The Sukuk medium term notes are secured over an irrevocable and unconditional guarantee under the principle of Kafalah from the Company, an assignment and charge over MPB's designated accounts and a third party assignment and charge over the Company's disposal proceeds account.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**19. LOANS AND BORROWINGS (CONTINUED)****19.3 Sukuk medium term notes issued by Malakoff Power Berhad ("MPB") (continued)***Significant covenant*

MPB is required to maintain an aggregated debt-to-equity ratio of not more than 1:1 and a Group debt-to-equity ratio of not more than 5.5:1.

**19.4 Sukuk Wakalah issued by Tanjung Bin O&M Berhad ("TBOM")***Security*

The Sukuk Wakalah is secured over the Operation and Maintenance Agreement, Sub Operation and Maintenance Agreement and Asset Sales Agreement held by TBOM and all the balances in TBOM's designated accounts.

*Significant covenant*

TBOM is required to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of at least 1.25 times.

**19.5 Senior Sukuk Murabahah issued by Tanjung Bin Energy Issuer Berhad ("TBEI")***Security*

The Senior Sukuk Murabahah is secured over Tanjung Bin Energy Sdn. Bhd. ("TBE")'s property, plant and equipment with a carrying amount of RM5,520,984,000 (2019: RM5,725,930,000).

*Significant covenant*

TBEI is required to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of not less than 1.05:1.

**19.6 Senior RM term loan drawdown by TBEI***Security*

The Senior RM term loan is secured over TBE's property, plant and equipment as disclosed in Note 19.5.

*Significant covenant*

TBEI is required to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of not less than 1.05:1.

**19.7 Senior USD term loan drawdown by TBEI***Security*

The Senior USD term loan is secured over TBE's property, plant and equipment as disclosed in Note 19.5.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**19. LOANS AND BORROWINGS (CONTINUED)****19.7 Senior USD term loan drawdown by TBEI (continued)***Significant covenant*

TBEI is required to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of not less than 1.05:1.

**19.8 USD term loan drawdown by MIL***Security*

During the financial year, MIL has refinanced its USD term loan. The refinanced USD term loan is secured over MIL's designated account and its investment in a subsidiary.

*Significant covenant*

The Guarantor (the Company) is required to maintain a debt-to-equity ratio of not more than 1:1 and a Group debt-to-equity ratio of not more than 5.5:1.

**19.9 RM term loan drawdown by Alam Flora Sdn. Bhd. ("AFSB")***Security*

During the financial year, the RM term loan that was secured by way of fixed and floating charges charged over AFSB's total assets has been fully settled.

**19.10 Redeemable Preference Shares issued by TBP**

In 2018, TBP had converted its subordinated loan notes of RM30,000,000 into Redeemable Preference Shares ("RPS").

The features of the RPS are as follows:

*(i) Dividend*

- (a) Holder of the RPS shall be entitled to receive an annual fixed dividend of 7.5% per annum.
- (b) Dividends on the RPS shall be non-cumulative.
- (c) Dividends on the RPS shall be payable on the date that the dividends are paid on ordinary shares issued by the issuer.

*(ii) Redemption of RPS*

The holder has the discretion to redeem the RPS at any time from the Issue Date up to the Maturity Date, subject to issuer meeting the requirements stated under the Companies Act.

*(iii) Voting*

The RPS shall carry no right to vote at any general meeting of the issuer except on a resolution for the winding up and on any resolution that may affect the rights and privileges of the RPS holder.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 19. LOANS AND BORROWINGS (CONTINUED)

## 19.11 Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1 January 2020 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movements RM'000	Others RM'000	At 31 December 2020 RM'000
AUD term loan 1	387,099	(380,700)	(6,399)	-	-
Sukuk Ijarah medium term notes	3,279,008	(500,000)	-	42,246	2,821,254
Sukuk medium term notes	3,084,976	(410,000)	-	44,375	2,719,351
Sukuk Wakalah	290,000	-	-	-	290,000
Senior Sukuk Murabahah	3,080,000	(75,000)	-	-	3,005,000
Senior RM term loan	517,580	(79,450)	-	-	438,130
Senior USD term loan	1,420,271	(82,125)	(49,011)	-	1,289,135
USD term loan	294,696	-	(5,472)	-	289,224
RM term loan	14,515	(14,515)	-	-	-
Redeemable Preference Shares	30,000	-	-	-	30,000
	12,398,145	(1,541,790)	(60,882)	86,621	10,882,094

Group	At 1 January 2019 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movements RM'000	Others RM'000	At 31 December 2019 RM'000
AUD term loan 1	409,178	(14,191)	(7,888)	-	387,099
AUD term loan 2	1,417,913	(20,297)	(40,791)	(1,356,825)*	-
Sukuk Ijarah medium term notes	3,756,019	(525,000)	-	47,989	3,279,008
Sukuk medium term notes	3,707,175	(670,000)	-	47,801	3,084,976
Sukuk Wakalah	290,000	-	-	-	290,000
Senior Sukuk Murabahah	3,145,000	(65,000)	-	-	3,080,000
Senior RM term loan	592,550	(74,970)	-	-	517,580
Senior USD term loan	1,538,261	(78,473)	(39,517)	-	1,420,271
USD term loan	314,336	(16,762)	(2,878)	-	294,696
RM term loan	-	(10,434)	-	24,949	14,515
Redeemable Preference Shares	30,000	-	-	-	30,000
	15,200,432	(1,475,127)	(91,074)	(1,236,086)	12,398,145

\* The amount was in relation to the disposal of the entire 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia held by Malakoff Wind Macarthur Pty. Limited as disclosed in Note 42.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20. EMPLOYEE BENEFITS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Defined benefit obligations	102,013	109,298	16,236	27,721
Fair value of plan assets	(1,530)	(2,139)	(271)	(642)
Net defined benefit liabilities	100,483	107,159	15,965	27,079

The Company's Staff Retirement Benefits Scheme ("the Scheme") provides pension benefits for eligible employees upon retirement. Malakoff Corporation Berhad, Malakoff Technical Solutions Sdn. Bhd. (formerly known as Teknik Janakuasa Sdn. Bhd.), Malakoff Utilities Sdn. Bhd., Malakoff Engineering Sdn. Bhd. and Malakoff Power Berhad (collectively referred to as "employer") participate and contribute to the Scheme.

The following table shows the reconciliation from the opening balance to the closing balance for the net defined benefit liabilities and its components:

## Movements in defined benefit obligations

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Defined benefit obligations at 1 January	109,298	129,068	27,721	31,802
<b>Included in profit or loss</b>				
Current service costs	5,852	8,299	1,066	2,188
Curtailment costs	(1,343)	-	(600)	-
Interest costs	4,062	6,196	949	1,558
	8,571	14,495	1,415	3,746
<b>Included in other comprehensive expense/(income)</b>				
Actuarial loss/(gain) arising from:				
- Experience	-	(12,653)	-	(3,124)
- Financial assumptions	6,608	(11,401)	1,420	(2,388)
	6,608	(24,054)	1,420	(5,512)
<b>Others</b>				
Benefits paid directly by the employer	(865)	(6,732)	(586)	(4,697)
Benefits paid by the plan	(3,705)	(3,479)	(2,374)	(3,048)
Settlement	(17,894)	-	(11,360)	-
Inter-company transfer	-	-	-	5,430
	(22,464)	(10,211)	(14,320)	(2,315)
Defined benefit obligations at 31 December	102,013	109,298	16,236	27,721

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20. EMPLOYEE BENEFITS (CONTINUED)

## Movements in fair value of plan assets

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Plan assets at 1 January	(2,139)	(804)	(642)	(225)
<b>Included in profit or loss</b>				
Interest income	(233)	-	(56)	(56)
	(233)	-	(56)	(56)
<b>Included in other comprehensive expense/(income)</b>				
Return on scheme assets lesser than discount rate	2,631	170	2,930	802
	2,631	170	2,930	802
<b>Others</b>				
Benefits paid by the plan	3,705	3,479	2,374	3,048
Employer contributions	(16,054)	(4,984)	(13,634)	(4,211)
Settlement	10,560	-	8,757	-
	(1,789)	(1,505)	(2,503)	(1,163)
Plan assets at 31 December	(1,530)	(2,139)	(271)	(642)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20. EMPLOYEE BENEFITS (CONTINUED)

## Movements in net defined benefit liabilities

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net defined benefit liabilities at 1 January	107,159	128,264	27,079	31,577
<b>Included in profit or loss</b>				
Current service costs	5,852	8,299	1,066	2,188
Curtailment costs	(1,343)	-	(600)	-
Interest costs	3,829	6,196	893	1,502
	8,338	14,495	1,359	3,690
<b>Included in other comprehensive expense/(income)</b>				
Actuarial loss/(gain) arising from:				
- Experience	-	(12,653)	-	(3,124)
- Financial assumptions	6,608	(11,401)	1,420	(2,388)
Return on scheme assets lesser than discount rate	2,631	170	2,930	802
	9,239	(23,884)	4,350	(4,710)
<b>Others</b>				
Benefits paid directly by the employer	(865)	(6,732)	(586)	(4,697)
Employer contributions	(16,054)	(4,984)	(13,634)	(4,211)
Inter-company transfer	-	-	-	5,430
Settlement	(7,334)	-	(2,603)	-
	(24,253)	(11,716)	(16,823)	(3,478)
Net defined benefit liabilities at 31 December	100,483	107,159	15,965	27,079

The Group expects to pay RM4,826,000 (2019: RM25,202,000) in contributions to the defined benefit plan in 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20. EMPLOYEE BENEFITS (CONTINUED)

## Plan assets

The major categories of plan assets are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Equity instruments	402	1,061	72	319
Malaysian government securities	408	436	73	131
Foreign investments	103	370	18	111
Cash and cash equivalents	601	261	106	78
Others	16	11	2	3
	1,530	2,139	271	642

## Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period:

	Group		Company	
	2020	2019	2020	2019
Discount rate	3.50%	4.20%	3.50%	4.20%
Salary inflation	7.00%	7.00%	7.00%	7.00%

As at 31 December 2020, the weighted average duration of the Scheme is estimated to be 10 years (2019: 8 years).

## Sensitivity analysis

Reasonably possible changes at the reporting date to the significant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Impact on the defined benefit obligations</b>				
<b>Discount rate</b>				
One percentage point increase	(9,266)	(8,455)	(1,994)	(1,850)
One percentage point decrease	10,537	9,646	2,239	2,084
<b>Salary inflation</b>				
One percentage point increase	11,320	9,363	2,436	2,032
One percentage point decrease	(10,108)	(8,381)	(2,202)	(1,842)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21. PROVISION FOR DECOMMISSIONING COST

	Group	
	2020 RM'000	2019 RM'000
At 1 January	111,524	96,214
Provision made during the year	-	7,235
Provision used during the year	(5,991)	-
Unwinding of discount	6,169	8,075
At 31 December	111,702	111,524
Non-current	99,893	93,724
Current	11,809	17,800
	111,702	111,524

Provision for decommissioning cost is the estimated cost that the Group will have to incur in removing or dismantling the power plants at the end of their respective PPA terms.

The provision is based on valuation reports prepared by a professional valuer. The present value is derived by discounting the decommissioning cost over the remaining useful life of the power plant based on the appropriate discount rates.

## 22. PROVISION FOR CONCESSION ASSETS

	Group	
	2020 RM'000	2019 RM'000
At 1 January	253,787	-
Acquisition through business combination (Note 40)	-	254,888
Provision made during the year	39,276	1,527
Unwinding of discount	14,573	952
Provision used during the year	(2,797)	(3,580)
Change in estimate	(10,433)	-
At 31 December	294,406	253,787
Non-current	267,715	253,590
Current	26,691	197
	294,406	253,787

The Group has contractual obligations to maintain the assets required to provide collection services and public cleansing services to a specified standard under the Service Concession Agreement.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23. DEFERRED INCOME

	Group	
	2020 RM'000	2019 RM'000
At 1 January	4,052,407	3,917,082
Additions	87,573	222,599
Recognised in profit or loss	(391,501)	(87,274)
At 31 December	3,748,479	4,052,407
Non-current	3,357,888	3,661,066
Current	390,591	391,341
	3,748,479	4,052,407

## 24. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Trade</b>					
Trade payables	24.1	675,171	839,404	-	-
<b>Non-trade</b>					
Other payables		112,150	120,565	4,885	7,856
Accrued expenses	24.2	569,385	633,250	8,951	15,036
Amounts due to subsidiaries	24.3	-	-	1,631,960	2,117,175
Amounts due to related parties	24.3	3,562	-	-	-
		685,097	753,815	1,645,796	2,140,067
		1,360,268	1,593,219	1,645,796	2,140,067

## 24.1 Trade payables

Included in trade payables of the Group are amounts owing to entities that are under significant influence of the Government of Malaysia (a party that has an indirect significant influence on the Group) as at the reporting date as follows:

	Gross balance outstanding	
	2020 RM'000	2019 RM'000
Petroleum Nasional Berhad	11,972	101,147
TNB Fuel Services Sdn. Bhd.	427,876	492,983
Tenaga Nasional Berhad	7,876	10,613
	447,724	604,743

Trade payables are subjected to negotiated terms.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24. TRADE AND OTHER PAYABLES (CONTINUED)

## 24.2 Accrued expenses

As at 31 December 2020, included in accrued expenses of the Group are interest expense payable of RM115,212,000 (2019: RM118,010,000) and provision for CESS fund of RM41,071,000 (2019: RM47,251,000).

## 24.3 Amounts due to subsidiaries and related parties

Amounts due to subsidiaries and related parties are unsecured, interest free and repayable on demand except for amounts of RM1,193,336,000 (2019: RM1,271,326,000) due to subsidiaries, which are subject to interest rates ranging from 5.50% - 6.90% (2019: 5.50% - 6.90%) per annum.

## 25. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b><u>Continuing operations</u></b>				
Revenue from contracts with customers	4,101,311	4,978,757	-	-
<b>Other revenue</b>				
- Capacity income	2,172,331	2,297,863	-	-
- Project management fees	329	1,355	329	1,355
- Rental income from estate	2,337	482	2,337	482
- Dividends from subsidiaries	-	-	511,000	819,300
- Management fees from subsidiaries	-	-	30,875	17,040
	2,174,997	2,299,700	544,541	838,177
	6,276,308	7,278,457	544,541	838,177
<b><u>Discontinued operations</u></b>				
<b>Other revenue</b>				
- Finance lease income	-	143,815	-	-
<b>Total revenue</b>	<b>6,276,308</b>	<b>7,422,272</b>	<b>544,541</b>	<b>838,177</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25. REVENUE (CONTINUED)

## 25.1 Disaggregation of revenue

Group	Local		Foreign		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Major products and services</b>						
Energy income	3,151,149	4,748,742	-	-	3,151,149	4,748,742
Electricity distribution	121,082	148,564	-	-	121,082	148,564
Operation and maintenance fees	1,325	1,029	494	1,438	1,819	2,467
Revenue from concession business	724,892	67,366	-	-	724,892	67,366
Solid waste, tipping fees and recycling	69,129	7,590	-	-	69,129	7,590
Integrated facility management	26,793	2,945	-	-	26,793	2,945
Construction contracts	6,447	1,083	-	-	6,447	1,083
	4,100,817	4,977,319	494	1,438	4,101,311	4,978,757
<b>Timing and recognition</b>						
Over time	3,280,003	4,899,418	494	1,438	3,280,497	4,900,856
At a point in time	820,814	77,901	-	-	820,814	77,901
	4,100,817	4,977,319	494	1,438	4,101,311	4,978,757
<b>Revenue from contracts with customers</b>	4,100,817	4,977,319	494	1,438	4,101,311	4,978,757
<b>Other revenue</b>	2,174,997	2,299,700	-	143,815	2,174,997	2,443,515
<b>Total revenue</b>	6,275,814	7,277,019	494	145,253	6,276,308	7,422,272

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25. REVENUE (CONTINUED)

## 25.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods and services	Timing of recognition or method used to recognise revenue	Significant payment terms
Energy income	Revenue is recognised over time as the customer simultaneously receives and consumes the electricity provided by the entity.	Credit period of 30 days from invoice date.
Electricity distribution	Revenue is recognised over time as the customer simultaneously receives and consumes the electricity provided by the entity.	Credit period of 30 days from invoice date.
Operation and maintenance fees	Revenue is recognised over time as and when the operation and maintenance services are performed by the entity.	Credit period of 30 days from invoice date.
Revenue from concession business	Revenue is recognised at a point in time when the services are performed by the entity.	Credit period of 30 to 60 days from invoice date.
Solid waste, tipping fees and recycling	Revenue is recognised at a point in time when the services are performed by the entity.	Credit period of 30 to 60 days from invoice date.
Integrated facility management	Revenue is recognised at a point in time when the services are performed by the entity.	Credit period of 30 to 60 days from invoice date.
Construction contracts	Revenue is recognised over time as and when the services are performed by the entity.	Credit period of 30 to 60 days from invoice date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26. FINANCE INCOME

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Continuing operations</u></b>				
Interest income on financial assets calculated using the effective interest method				
– at amortised cost	132,903	163,500	67,745	85,200
Interest income on financial assets that are measured at fair value through profit or loss	30,619	72,527	-	357
	163,522	236,027	67,745	85,557
<b><u>Discontinued operations</u></b>				
Interest income on financial assets calculated using the effective interest method				
– at amortised cost	-	471	-	-
	163,522	236,498	67,745	85,557
Recognised in profit or loss				
- From continuing operations	163,522	234,926	67,745	85,557
- From discontinued operations	-	471	-	-
	163,522	235,397	67,745	85,557
Capitalised on qualifying assets				
- Property, plant and equipment	-	1,101	-	-
	163,522	236,498	67,745	85,557

## 27. FINANCE COSTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b><u>Continuing operations</u></b>				
Interest expense of financial liabilities that are not at fair value through profit or loss				
– at amortised cost	737,464	837,061	80,377	79,929
Interest expense on lease liabilities	1,063	990	315	703
Other finance costs	6,169	8,075	-	-
	744,696	846,126	80,692	80,632
<b><u>Discontinued operations</u></b>				
Interest expense of financial liabilities that are not at fair value through profit or loss				
– at amortised cost	-	85,405	-	-
	744,696	931,531	80,692	80,632

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 27. FINANCE COSTS (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Recognised in profit or loss				
- From continuing operations	744,696	840,907	80,692	80,632
- From discontinued operations	-	85,405	-	-
	744,696	926,312	80,692	80,632
Capitalised on qualifying assets				
- Property, plant and equipment	-	5,219	-	-
	744,696	931,531	80,692	80,632

## 28. TAX EXPENSE

## Recognised in profit or loss

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
			Restated		
Tax expense on continuing operations		114,530	149,534	10,807	14,836
Tax expense on discontinued operations	42	-	6,584	-	-
		114,530	156,118	10,807	14,836
<b>Current tax expense</b>					
Malaysian – current year		236,003	378,556	9,540	11,948
Overseas – current year		10	4,988	-	-
Under/(Over) provision in prior year		2,857	(14,164)	1,065	1,453
		238,870	369,380	10,605	13,401

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 28. TAX EXPENSE (CONTINUED)

## Recognised in profit or loss (continued)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
	Restated			
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(125,147)	(216,706)	227	235
Overseas – current year	-	(4,047)	-	-
Under/(Over) provision in prior year	807	7,491	(25)	1,200
	(124,340)	(213,262)	202	1,435
Total tax expense	114,530	156,118	10,807	14,836
<b>Reconciliation of tax expense</b>				
Profit/(Loss) for the year	330,069	377,929	117,320	(303,660)
Total tax expense	114,530	156,118	10,807	14,836
Profit/(Loss) excluding tax	444,599	534,047	128,127	(288,824)
Income tax calculated using				
Malaysian tax rate of 24% (2019: 24%)	106,704	128,171	30,750	(69,318)
Non-taxable income	(13,182)	(125,323)	(102,332)	(170,960)
Non-deductible expenses	58,571	151,669	81,349	252,461
Effect of tax rates in foreign jurisdictions	-	3,084	-	-
Effect of share of results of associates and joint ventures	(41,227)	5,190	-	-
Under/(Over) provision in prior year				
- current tax	2,857	(14,164)	1,065	1,453
- deferred tax	807	7,491	(25)	1,200
	114,530	156,118	10,807	14,836

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 29. PROFIT/(LOSS) FOR THE YEAR

	Group		Company	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
<b>Profit/(Loss) for the year is arrived at after charging/(crediting):</b>				
Auditors' remuneration:				
Audit fees				
- KPMG	1,366	1,266	574	624
- Other audit firms	300	898	-	354
Non-audit fees*				
- KPMG	641	790	304	11
- Other audit firms	722	292	587	79
<b>Material expenses/(income)</b>				
Allowance for diminution in value of consumables	29,161	-	-	-
Amortisation of intangible assets	321,175	287,737	-	-
Amortisation of transaction costs of hedging instruments	10,482	10,367	-	-
Amortisation of concession assets	20,525	1,133	-	-
Depreciation of property, plant and equipment	870,019	878,688	3,292	2,934
Depreciation of right-of-use assets	18,583	12,768	5,189	5,643
(Gain)/Loss on disposal of property, plant and equipment	(416)	(313)	16	(17)
Personnel expenses (including key management personnel):				
- Contribution to Employees Provident Fund	31,580	19,644	5,379	5,021
- Expenses related to retirement benefit plans	8,338	14,495	1,359	3,690
- Wages, salaries and others	265,024	150,929	33,230	37,493
Property, plant and equipment written off	6,772	11,545	-	-
Expenses related to Voluntary Separation Scheme ("VSS")/Mutual Separation Scheme ("MSS")	5,052	16,360	-	7,242
Impairment loss on investment in an associate	-	623,777	-	965,551
Gain arising from derecognition of financial assets measured at amortised cost	-	(215,798)	-	(215,798)
Net impairment loss on investment in an associate**	-	407,979	-	749,753
Impairment loss on investments in subsidiaries	-	-	317,069	269,874
Impairment loss on financial instruments	19,996	25,309	18,363	25,309
Contribution and corporate social responsibility	12,446	12,459	446	459

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 29. PROFIT/(LOSS) FOR THE YEAR (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000
<b>Profit/(Loss) for the year is arrived at after charging/(crediting) (continued):</b>				
Realised foreign exchange (gain)/loss	(3,813)	10,528	94	(537)
Unrealised foreign exchange loss/(gain)	8,179	(13,634)	-	-
Zakat expenses	5,536	1,226	1,220	1,226
Impairment loss on concession assets	5,858	-	-	-
Concession assets written off	16,510	-	-	-
Net gain on lease modification	(146)	-	(146)	-
Gain arising from change in fair value of derivative financial instruments	(18,374)	(20,746)	-	-
Reversal of impairment loss on trade receivables	(1,644)	(605)	-	-
Gain on disposal of a subsidiary***	-	(556,620)	-	-
Gain on derecognition of an associate	-	(29,842)	-	-
Bargain purchase on acquisition of a joint venture	-	(2,958)	-	-
<b>Expenses arising from leases</b>				
Expenses relating to short-term leases	4,909	-	-	-
Expenses relating to leases of low-value assets	304	141	-	141
Expenses relating to variable leases payments not included in the measurement of lease liabilities	4,515	-	-	-

\* The non-audit fees paid/payable to KPMG for the current financial year mainly related to tax compliance and other advisory services largely related to review of purchase price allocation pursuant to the acquisitions of a subsidiary and a joint venture which were completed in 2020 as well as loan financing activity. In the previous financial year, the non-audit fees were mainly related to tax due diligence and advisory works for the disposal of the entire 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia.

\*\* Net impairment loss on investment in an associate recognised in the previous financial year was in relation to the impairment loss recognised on Kapar Energy Ventures Sdn. Bhd. as disclosed in Note 6 and 8.

\*\*\* The gain on disposal of a subsidiary recognised in the previous financial year was in relation to the disposal of the entire 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia as disclosed in Note 42.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30. OTHER COMPREHENSIVE (EXPENSE)/INCOME

Group	Before tax RM'000	Tax credit RM'000	Net of tax RM'000
<b>2020</b>			
<b><u>Continuing operations</u></b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liabilities	(9,239)	(3,232)	(12,471)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cash flow hedge - Loss arising during the year	(71,206)	-	(71,206)
Share of loss on hedging reserves of equity-accounted associates and joint ventures	(20,000)	-	(20,000)
Foreign currency translation differences for foreign operations			
- Loss arising during the year	(5)	-	(5)
	(91,211)	-	(91,211)
	(100,450)	(3,232)	(103,682)
<b>2019</b>			
<b><u>Continuing operations</u></b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liabilities	23,884	-	23,884
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cash flow hedge - Loss arising during the year	(68,192)	-	(68,192)
Share of loss on hedging reserves of equity-accounted associates and joint ventures	(16,796)	-	(16,796)
Foreign currency translation differences for foreign operations			
- Loss arising during the year	(18,766)	-	(18,766)
	(103,754)	-	(103,754)
	(79,870)	-	(79,870)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30. OTHER COMPREHENSIVE (EXPENSE)/INCOME (CONTINUED)

Group (continued)	Before tax RM'000	Tax credit RM'000	Net of tax RM'000
<b>2019</b>			
<b><u>Discontinued operations</u></b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Cash flow hedge - Loss arising during the year	(49,048)	14,549	(34,499)
Foreign currency translation differences for foreign operations			
- Loss arising during the year	(5,440)	-	(5,440)
	(54,488)	14,549	(39,939)
<b>Company</b>			
<b>2020</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liabilities	(4,350)	-	(4,350)
<b>2019</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit liabilities	4,710	-	4,710

## 31. EARNINGS PER SHARE

## Basic/Diluted earnings per ordinary share

The calculation of basic/diluted earnings per ordinary share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2020	2019 Restated
Profit attributable to ordinary shareholders (RM'000)		
- From continuing operations	286,581	278,577
- From discontinued operations	-	44,819
	286,581	323,396
Weighted average number of ordinary shares at 31 December ('000)	4,886,961	4,887,313
Basic/Diluted earnings per ordinary share (sen)		
- From continuing operations	5.86	5.70
- From discontinued operations	-	0.92
	5.86	6.62

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**32. DIVIDENDS**

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
<b>2020</b>			
Final 2019 ordinary share	4.11	200,854	12 June 2020
Interim 2020 ordinary share	2.80	136,835	16 October 2020
Total amount		337,689	
<b>2019</b>			
Final 2018 ordinary share	3.50	171,075	31 May 2019
Interim 2019 ordinary share	2.44	119,242	11 October 2019
Total amount		290,317	

The Board of Directors has approved a final dividend of 2.30 sen per ordinary share on the 4,886,961,300 ordinary shares, in respect of the financial year ended 31 December 2020, totalling RM112,400,110.

The final dividend will be accounted for in the shareholders' equity as appropriation of retained profits in the financial year ending 31 December 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**33. OPERATING SEGMENTS**

As the Group continues to explore and diversify its assets portfolio, both domestically and internationally, the Management, for the purpose of making informed decisions, monitors and reports the operating results, of which the Managing Director/Chief Executive Officer (“the chief operating decision-maker”) regularly reviews and analyses the operating results of local and foreign segments in a manner consistent with the Group’s internal reporting.

The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Segment operating results, assets and liabilities are from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

**Segment assets**

The segment assets consist of property, plant and equipment, investment properties, concession assets, intangible assets, other investments, derivative financial assets, trade and other receivables, deferred tax assets, inventories, current tax assets, cash and cash equivalents and assets classified as held for sale of the segment. Investments in associates and joint ventures are excluded from the segment assets. The segment assets are presented in a manner that is consistent with the internal reporting provided to the Management for the allocation of resource and assessment of segment performance.

**Segment liabilities**

The segment liabilities consist of loans and borrowings, lease liabilities, employee benefits, provision for decommissioning costs, provision for concession assets, deferred income, derivative financial liabilities, deferred tax liabilities, trade and other payables and current tax liabilities of the segment. The segment liabilities are presented in a manner that is consistent with the internal reporting provided to the Management for the allocation of resource and assessment of segment performance.

**Segment capital expenditure**

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 33. OPERATING SEGMENTS (CONTINUED)

	Local			Foreign		Eliminations <sup>(A)</sup>		Consolidated	
	2020	2019	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		Restated	Restated		Restated		Restated		Restated
<b>Continuing operations</b>									
<b>Business segments</b>									
Revenue from external customers	6,275,814	7,277,019	1,438	494		-	-	6,276,308	7,278,457
Inter-segment revenue	1,960,179	2,566,428	847,819	60,247		(2,020,426)	(3,414,247)	-	-
	8,235,993	9,843,447	849,257	60,741		(2,020,426)	(3,414,247)	6,276,308	7,278,457
<b>Discontinued operations<sup>1</sup></b>									
<b>Business segments</b>									
Revenue from external customers	-	-	143,815	-		-	-	-	143,815
<b>Total segment revenue</b>	8,235,993	9,843,447	993,072	60,741		(2,020,426)	(3,414,247)	6,276,308	7,422,272
<b>Profit after tax</b>									
- From continuing operations	758,459	1,436,601	690,649	16,830		(445,220)	(1,794,140)	330,069	333,110
- From discontinued operations	-	-	50,473	-		-	(5,654)	-	44,819
	758,459	1,436,601	741,122	16,830		(445,220)	(1,799,794)	330,069	377,929

Note 1: Discontinued operations referred to the disposal of 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia held by Malakoff Macarthur Pty. Limited, completed on 18 December 2019. Details were disclosed in Note 42.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 33. OPERATING SEGMENTS (CONTINUED)

	Local		Foreign		Eliminations <sup>(A)</sup>		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		Restated		Restated		Restated		Restated
<b>Segment assets</b>	<b>37,425,191</b>	40,036,090	<b>1,855,599</b>	2,650,909	<b>(16,559,272)</b>	(17,528,398)	<b>22,721,518</b>	25,158,601
Investments in associates	-	-	65,887	65,887	732,954	679,104	798,841	744,991
Investments in joint ventures	-	-	516,959	526,450	151,405	108,933	668,364	635,383
<b>Segment liabilities</b>	<b>25,763,410</b>	28,889,004	<b>1,103,374</b>	1,472,483	<b>(9,122,772)</b>	(10,497,759)	<b>17,744,012</b>	19,863,728
<b>Capital expenditure</b>	<b>402,783</b>	272,896	-	-	-	(2,933)	<b>402,783</b>	269,963

<sup>(A)</sup> Inter-segment transactions are eliminated on consolidation.

	Local		Foreign		Consolidated	
	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		Restated		Restated		Restated
<b>Non-cash (expense)/income items:</b>						
Allowance for diminution in value of consumables	(29,161)	-	-	-	(29,161)	-
Amortisation of intangible assets	(309,485)	(280,349)	(11,690)	(7,388)	(321,175)	(287,737)
Amortisation of transaction costs of hedging instruments	(10,482)	(10,367)	-	-	(10,482)	(10,367)
Amortisation of concession assets	(20,525)	(1,133)	-	-	(20,525)	(1,133)
Depreciation of property, plant and equipment	(870,019)	(878,688)	-	-	(870,019)	(878,688)
Depreciation for the right-of-use assets	(18,583)	(12,768)	-	-	(18,583)	(12,768)
Gain on disposal of property, plant and equipment	416	313	-	-	416	313
Net gain on lease modification	146	-	-	-	146	-
Expenses related to retirement benefit plans	(8,338)	(14,495)	-	-	(8,338)	(14,495)
	<b>(1,266,031)</b>	<b>(1,197,487)</b>	<b>(11,690)</b>	<b>(7,388)</b>	<b>(1,277,721)</b>	<b>(1,204,875)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 33. OPERATING SEGMENTS (CONTINUED)

	Local		Foreign		Consolidated	
	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated	2020 RM'000	2019 RM'000 Restated
<b>Non-cash (expense)/income items (continued):</b>						
Gain arising from change in fair value of derivative financial instruments	18,374	20,746	-	-	18,374	20,746
Property, plant and equipment written off	(6,772)	(11,545)	-	-	(6,772)	(11,545)
Impairment loss on concession assets	(5,858)	-	-	-	(5,858)	-
Concession assets written off	(16,510)	-	-	-	(16,510)	-
Impairment loss on financial instruments	(19,996)	(25,309)	-	-	(19,996)	(25,309)
Reversal of impairment loss on trade receivables	1,644	605	-	-	1,644	605
Net unrealised foreign exchange (loss)/gain	(369)	(868)	(7,810)	14,502	(8,179)	13,634
	(29,487)	(16,371)	(7,810)	14,502	(37,297)	(1,869)
	(1,295,518)	(1,213,858)	(19,500)	7,114	(1,315,018)	(1,206,744)

**Geographical information**

The local and foreign segments are managed on a worldwide basis, with operating facilities in Malaysia, Indonesia, Middle East and Australia.

Geographic revenue information is based on geographical location of the customers. Geographic non-current assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in associates and joint ventures) and deferred tax assets.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 33. OPERATING SEGMENTS (CONTINUED)

## Geographical information (continued)

Group	Revenue	Non-current	Revenue	Non-current
	2020	assets	2019	assets
	RM'000	2020	RM'000	2019
		RM'000		RM'000
				Restated
<b>Geographical information</b>				
<b><u>Continuing operations</u></b>				
Malaysia	6,275,814	15,718,733	7,277,019	16,554,570
Indonesia	494	-	1,020	-
Middle East	-	-	418	-
	<b>6,276,308</b>	<b>15,718,733</b>	<b>7,278,457</b>	<b>16,554,570</b>
<b><u>Discontinued operations<sup>1</sup></u></b>				
Australia	-	-	143,815	-
	<b>6,276,308</b>	<b>15,718,733</b>	<b>7,422,272</b>	<b>16,554,570</b>

Note 1: Discontinued operations referred to the disposal of 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia held by Malakoff Macarthur Pty. Limited, completed on 18 December 2019. Details were disclosed in Note 42.

## Major customer

The following is a major customer with revenue equal or more than 10% of the Group's total revenue:

Group	Revenue	
	2020	2019
	RM'000	RM'000
Tenaga Nasional Berhad	<b>5,323,480</b>	7,046,605

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS

## 34.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- a) Fair value through profit or loss ("FVTPL")
  - Mandatorily required by MFRS 9
  - Designated upon initial recognition ("DUIR")
- b) Amortised cost ("AC")

Group	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	FVTPL- DUIR RM'000
<b>2020</b>				
<b>Financial assets</b>				
Trade and other receivables*	938,276	938,276	-	-
Other investments	3,402,156	2,381,810	1,020,346	-
Cash and cash equivalents	1,062,600	1,062,600	-	-
Derivative financial assets	231,170	-	-	231,170
	<b>5,634,202</b>	<b>4,382,686</b>	<b>1,020,346</b>	<b>231,170</b>
<b>Financial liabilities</b>				
Loans and borrowings	(10,882,094)	(10,882,094)	-	-
Trade and other payables*	(1,352,701)	(1,352,701)	-	-
Derivative financial liabilities	(15,381)	-	-	(15,381)
	<b>(12,250,176)</b>	<b>(12,234,795)</b>	<b>-</b>	<b>(15,381)</b>

Company	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
<b>2020</b>			
<b>Financial assets</b>			
Trade and other receivables*	1,383,036	1,383,036	-
Other investments	134,059	110,060	23,999
Cash and cash equivalents	126,837	126,837	-
	<b>1,643,932</b>	<b>1,619,933</b>	<b>23,999</b>
<b>Financial liabilities</b>			
Trade and other payables	(1,645,796)	(1,645,796)	-
	<b>(1,645,796)</b>	<b>(1,645,796)</b>	<b>-</b>

\* Excludes non-financial instruments

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.1 Categories of financial instruments (continued)

Group	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	FVTPL- DUIR RM'000
<b>2019</b>				
<b>Financial assets</b>				
Trade and other receivables*	1,577,829	1,577,829	-	-
Other investments	2,530,991	1,877,683	653,308	-
Cash and cash equivalents	2,745,389	2,745,389	-	-
Derivative financial assets	327,643	-	-	327,643
	7,181,852	6,200,901	653,308	327,643
<b>Financial liabilities</b>				
Loans and borrowings	(12,398,145)	(12,398,145)	-	-
Trade and other payables*	(1,584,198)	(1,584,198)	-	-
Derivative financial liabilities	(10,013)	-	-	(10,013)
	(13,992,356)	(13,982,343)	-	(10,013)
<b>Company</b>				
<b>2019</b>				
<b>Financial assets</b>				
Trade and other receivables*	2,624,615	2,624,615	-	-
Other investments	21,515	-	-	21,515
Cash and cash equivalents	43,204	43,204	-	-
	2,689,334	2,667,819	-	21,515
<b>Financial liabilities</b>				
Trade and other payables	(2,140,067)	(2,140,067)	-	-
	(2,140,067)	(2,140,067)	-	-

\* Excludes non-financial instruments

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Financial assets measured at amortised cost	<b>118,364</b>	343,436	<b>49,382</b>	276,226
Financial liabilities measured at amortised cost	<b>(745,643)</b>	(903,612)	<b>(80,471)</b>	(79,930)
Fair value through profit or loss				
- Designated upon initial recognition	<b>18,374</b>	20,746	-	-
- Mandatorily required by MFRS 9	<b>31,074</b>	72,527	<b>455</b>	357
	<b>(577,831)</b>	(466,903)	<b>(30,634)</b>	196,653

## 34.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

## 34.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

## Trade receivables

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables ageing.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to the enforcement activities.

There are no significant changes as compared to previous year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.4 Credit risk (continued)

## Trade receivables (continued)

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on significant customers requiring credit over a certain amount. The Group and the Company do not require collateral in respect of trade receivables.

*Concentration of credit risk*

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade debts due from Tenaga Nasional Berhad, representing approximately 43% (2019: 68%) of the total receivables of the Group.

The exposure to credit risk for trade receivables at the end of the reporting period by geographic region are as follows:

	Group	
	2020 RM'000	2019 RM'000
Domestic	562,354	1,156,999

*Recognition and measurement of impairment losses*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days. The Group's debt recovery process is as follows:

- Above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the commercial team; and
- Above 90 days past due, the Group will initiate a legal proceeding against the customer.

The Group uses an allowance matrix to measure Expected Credit Losses ("ECLs") of trade receivables.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are not significant for the purpose of impairment calculation for the year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.4 Credit risk (continued)

## Trade receivables (continued)

*Recognition and measurement of impairment losses (continued)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>2020</b>			
Not past due	484,535	(105)	484,430
Past due 0 – 30 days	34,086	(122)	33,964
Past due 31 – 120 days	39,258	(422)	38,836
Past due more than 120 days	7,670	(2,546)	5,124
	<b>565,549</b>	<b>(3,195)</b>	<b>562,354</b>
<b>2019</b>			
Not past due	1,149,689	-	1,149,689
Past due 0 – 30 days	1,810	-	1,810
Past due 31 – 120 days	2,120	(43)	2,077
Past due more than 120 days	6,548	(3,125)	3,423
	<b>1,160,167</b>	<b>(3,168)</b>	<b>1,156,999</b>

The movements in the allowance for impairment in respect of trade receivables during the financial year are shown below:

Group	Lifetime ECL RM'000
At 1 January 2019	969
Acquisition through business combination	2,804
Reversal of impairment loss	(605)
At 31 December 2019/1 January 2020	<b>3,168</b>
Impairment loss during the year	<b>1,671</b>
Reversal of impairment loss	<b>(1,644)</b>
At 31 December 2020	<b>3,195</b>

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is probable, the amount considered irrecoverable is written off against the receivables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.4 Credit risk (continued)

**Cash and cash equivalents**

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material.

**Other receivables**

Credit risk on other receivables mainly arises from interest receivables, deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease term. The Group manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Interest receivable is due from banks and financial institutions that have a low credit risk. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material.

The movements in the allowance for impairment in respect of other receivables during the financial year are shown below:

	Group RM'000	Company RM'000
<b>Lifetime ECL</b>		
At 1 January 2019/31 December 2019/1 January 2020	<b>12,237</b>	<b>5,516</b>
Impairment loss during the year	<b>3,263</b>	-
Amounts written off	<b>(203)</b>	-
At 31 December 2020	<b>15,297</b>	<b>5,516</b>

**Financial guarantees***Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**34. FINANCIAL INSTRUMENTS (CONTINUED)****34.4 Credit risk (continued)****Financial guarantees (continued)***Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM3,008,575,000 (2019: RM3,766,771,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

*Recognition and measurement of impairment loss*

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

**Related company loans and advances***Risk management objectives, policies and processes for managing the risk*

The Group and the Company provide loans and advances to related companies. The Group and the Company monitor the results of the related companies regularly, as well as their ability to repay the loans and advances on an individual basis.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Related company loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.4 Credit risk (continued)

## Related company loans and advances (continued)

*Recognition and measurement of impairment loss*

Generally, the Group and the Company consider related company loans and advances to have low credit risk. It is assumed that there is a significant increase in credit risk when a related company's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the related company's loans and advances when they are payable, loans and advances are considered to be in default when the related companies are not able to pay when demanded. A related company's loans and advances are considered to be credit impaired when:

- a) the related company is unlikely to repay its loans or advances to the Company in full;
- b) the related company's loans and advances are overdue for more than 365 days; or
- c) the related company is continuously loss making and has a deficit in shareholders' fund.

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for related companies' loans and advances.

	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
<b>Group</b>			
<b>2020</b>			
Significant increase in credit risk	255,724	(40,371)	215,353
<b>2019</b>			
Significant increase in credit risk	240,662	(25,309)	215,353
<b>Company</b>			
<b>2020</b>			
Low credit risk	1,013,042	-	1,013,042
Significant increase in credit risk	475,996	(110,307)	365,689
	1,489,038	(110,307)	1,378,731
<b>2019</b>			
Low credit risk	2,400,905	-	2,400,905
Significant increase in credit risk	310,619	(91,948)	218,671
	2,711,524	(91,948)	2,619,576

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.4 Credit risk (continued)

## Related company loans and advances (continued)

*Recognition and measurement of impairment loss (continued)*

The movements in the allowance for impairment in respect of related companies' loans and advances during the financial year are as follows:

	Group RM'000	Company RM'000
<b>Lifetime ECL</b>		
At 1 January 2019	(949)	(67,588)
Amount written off	949	949
Impairment loss during the year	(25,309)	(25,309)
At 31 December 2019/1 January 2020	<b>(25,309)</b>	<b>(91,948)</b>
Impairment loss during the year	<b>(15,062)</b>	<b>(18,363)</b>
Amounts written off	-	4
At 31 December 2020	<b>(40,371)</b>	<b>(110,307)</b>

## 34.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis in relation to the Group's and the Company's financial liabilities could occur significantly earlier, or at significantly different amounts.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.5 Liquidity risk (continued)

## Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest):

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2020</b>							
<b>Financial liabilities</b>							
<b>Secured</b>							
Sukuk Ijarah medium term notes	2,821,254	4.79 - 5.45	3,818,670	474,404	439,076	1,345,274	1,559,916
Sukuk medium term notes	2,719,351	5.25 - 6.25	3,928,098	667,655	481,405	974,510	1,804,528
Sukuk Wakalah	290,000	4.80 - 5.60	362,906	69,966	67,326	42,413	183,201
Senior Sukuk Murabahah	3,005,000	5.08 - 6.20	4,524,752	246,206	218,949	820,040	3,239,557
Senior RM term loan	438,130	3.48 - 5.80	486,180	104,892	124,970	256,318	-
Senior USD term loan	1,289,135	5.80	1,871,537	200,529	227,041	789,355	654,612
		Libor + margin					
USD term loan	289,224	1.40	295,849	32,616	263,233	-	-
	10,852,094		15,287,992	1,796,268	1,822,000	4,227,910	7,441,814
<b>Unsecured</b>							
Redeemable Preference Shares	30,000	7.50	44,430	2,250	2,250	6,750	33,180
Trade and other payables <sup>^</sup>	1,352,701	-	1,352,701	1,352,701	-	-	-
Lease liabilities	13,362	3.99 - 6.80	17,441	7,172	2,358	1,468	6,443
	12,248,157		16,702,564	3,158,391	1,826,608	4,236,128	7,481,437

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.5 Liquidity risk (continued)

*Maturity analysis (continued)*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest) (continued):

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2019</b>							
<b>Financial liabilities</b>							
<b>Secured</b>							
AUD term loan 1	387,099	BBSY*+margin 1.43	407,205	37,478	36,786	332,941	-
Sukuk Ijarah medium term notes	3,279,008	4.66 - 5.45	4,496,374	677,704	474,404	1,332,508	2,011,758
Sukuk medium term notes	3,084,976	5.15 - 6.25	4,527,386	599,287	667,655	1,220,685	2,039,759
Sukuk Wakalah	290,000	4.80 - 5.60	377,914	15,007	69,966	100,859	192,082
Senior Sukuk Murabahah	3,080,000	4.97 - 6.20	4,780,093	255,340	246,206	744,892	3,533,655
Senior RM term loan	517,580	4.84 - 5.80	595,417	106,108	106,239	383,070	-
Senior USD term loan	1,420,271	5.80	1,815,177	186,186	182,479	615,767	830,745
USD term loan	294,696	Libor + margin 1.20	298,241	298,241	-	-	-
RM term loan 2	14,515	5.73	15,010	15,010	-	-	-
	12,368,145		17,312,817	2,190,361	1,783,735	4,730,722	8,607,999
<b>Unsecured</b>							
Redeemable Preference Shares	30,000	7.50	46,680	2,250	2,250	6,750	35,430
Trade and other payables <sup>^</sup>	1,584,198	-	1,584,198	1,584,198	-	-	-
Lease liabilities	23,766	5.50 - 6.80	24,191	12,506	11,610	75	-
	14,006,109		18,967,886	3,789,315	1,797,595	4,737,547	8,643,429

<sup>^</sup> Excludes non-financial instruments

\* Bank Bill Swap Bid Rate ("BBSY")

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.5 Liquidity risk (continued)

*Maturity analysis (continued)*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest) (continued):

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
<b>2020</b>						
<b>Financial liabilities</b>						
<b>Unsecured</b>						
Other payables and accruals <sup>^</sup>	13,836	-	13,836	13,836	-	-
Amounts due to subsidiaries	1,193,336	5.50 – 6.90	1,268,676	1,268,676	-	-
Amounts due to subsidiaries	438,624	-	438,624	438,624	-	-
Lease liabilities	3,563	3.99 – 5.50	3,661	3,026	635	-
	<b>1,649,359</b>		<b>1,724,797</b>	<b>1,724,162</b>	<b>635</b>	<b>-</b>
<b>2019</b>						
<b>Financial liabilities</b>						
<b>Unsecured</b>						
Other payables and accruals	22,892	-	22,892	22,892	-	-
Amounts due to subsidiaries	1,271,326	5.50 – 6.90	1,352,047	1,352,047	-	-
Amounts due to subsidiaries	845,849	-	845,849	845,849	-	-
Lease liabilities	9,767	5.50	10,275	6,215	3,425	635
	<b>2,149,834</b>		<b>2,231,063</b>	<b>2,227,003</b>	<b>3,425</b>	<b>635</b>

<sup>^</sup> Excludes non-financial instruments

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

**Currency risk**

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Australian Dollar ("AUD"), Indonesian Rupiah ("IDR"), Kuwait Dinar ("KWD"), Swiss Franc ("CHF") and US Dollar ("USD").

*Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period is as follows:

	AUD RM'000	IDR RM'000	KWD RM'000	CHF RM'000	USD RM'000
<b>2020</b>					
Deposits with licensed banks	780	6,893	893	-	107,521
Loans and borrowings	-	-	-	-	(289,224)
Trade and other payables	-	-	-	-	(3,035)
<b>Net exposure</b>	<b>780</b>	<b>6,893</b>	<b>893</b>	<b>-</b>	<b>(184,738)</b>
<b>2019</b>					
Deposits with licensed banks	410,838	4,396	890	-	66,007
Loans and borrowings	(387,099)	-	-	-	(294,696)
Trade and other payables	-	-	-	(18,172)	(25,663)
<b>Net exposure</b>	<b>23,739</b>	<b>4,396</b>	<b>890</b>	<b>(18,172)</b>	<b>(254,352)</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.6 Market risk (continued)

## Currency risk (continued)

*Currency risk sensitivity analysis*

Foreign currency risk arises from Group entities which have functional currencies other than Ringgit Malaysia ("RM"). A 10% (2019: 10%) strengthening of the RM against the following currencies would have increased/(decreased) post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	Profit or loss	
	2020 RM'000	2019 RM'000
AUD	(59)	(1,804)
IDR	(524)	(334)
KWD	(68)	(68)
CHF	-	1,381
USD	14,040	19,331
	13,389	18,506

A 10% (2019: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

## Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

*Risk management objectives, policies and processes for managing the risk*

In managing interest rate risk, the Group maintains a balanced portfolio consisting mainly fixed rated instruments. All interest rate exposures are monitored and managed proactively by the Group's management.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.6 Market risk (continued)

## Interest rate risk (continued)

*Exposure to interest rate risk*

The interest rate profile of the Group's and the Company's interest-bearing financial instruments, based on carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Fixed rate instruments</b>				
- Financial assets	4,157,697	4,717,202	935,568	780,944
- Financial liabilities	(10,496,699)	(11,596,206)	(1,196,899)	(1,281,093)
<b>Floating rate instruments</b>				
- Financial liabilities	(398,757)	(825,705)	-	-

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bps") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss		Equity	
	100 bps increases RM'000	100 bps decreases RM'000	100 bps increases RM'000	100 bps decreases RM'000
<b>2020</b>				
Floating rate instruments	(3,988)	3,988	-	-
Interest rate swaps	-	-	6,750	(6,960)
Cross currency swap	-	-	(6,207)	6,330
Cash flow sensitivity (net)	(3,988)	3,988	543	(630)
<b>2019</b>				
Floating rate instruments	(7,912)	7,912	-	-
Interest rate swaps	-	-	9,839	(10,217)
Cross currency swap	-	-	46,037	(42,241)
Cash flow sensitivity (net)	(7,912)	7,912	55,876	(52,458)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**34. FINANCIAL INSTRUMENTS (CONTINUED)****34.7 Hedging activities****Currency risk – Transactions in foreign currency**

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the Group. The functional currency of Group companies is primarily the Ringgit Malaysia ("RM"). The currency in which these transactions are primarily denominated is the US Dollar ("USD").

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

**Interest rate risk**

To manage interest rate risk exposure, the Group partly enter into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.7 Hedging activities (continued)

## Cash flow hedge

The Group entered into various interest rate swaps (“IRS”) and cross currency swap (“CCS”) in order to hedge the interest rate risk and foreign exchange risk in relation to the variability in cash flows on the floating rate RM, AUD and USD loans.

The Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

Group	Maturity			
	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
<b>2020</b>				
<b>Foreign currency risk</b>				
Cross currency swap				
Net exposure	(1,743)	10,736	98,002	140,518
Fixed foreign exchange rate (RM/USD)	3.149	3.149	3.149	3.149
<b>Interest rate risk</b>				
Interest rate swaps				
Net exposure	(7,086)	(5,218)	(3,472)	-
Fixed interest swaps	5.80%	5.80%	5.80%	-
<b>2019</b>				
<b>Foreign currency risk</b>				
Cross currency swap				
Net exposure	7,805	7,986	45,265	88,231
Fixed foreign exchange rate (RM/USD)	3.149	3.149	3.149	3.149
<b>Interest rate risk</b>				
Interest rate swaps				
Net exposure	(3,659)	(3,116)	(3,802)	-
Fixed interest swaps	5.80%	5.80%	5.80%	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.7 Hedging activities (continued)

## Cash flow hedge (continued)

The amounts relating to items designated as hedged items as at reporting date are as follows:

Group	Change in value used for calculation of hedge ineffectiveness RM'000	Cash flow hedge reserve RM'000
<b>2020</b>		
<b>Foreign currency risk</b>		
Cross currency swap	18,374	65,837
<b>Interest rate risk</b>		
Interest rate swaps	-	5,369
<b>2019</b>		
<b>Foreign currency risk</b>		
Cross currency swap	20,674	(65,180)
<b>Interest rate risk</b>		
Interest rate swaps	72	(37,511)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.7 Hedging activities (continued)

## Cash flow hedge (continued)

The amounts relating to items designated as hedging instruments as at reporting date are as follows:

Group	Nominal amount RM'000	Carrying amount		Line item in the statement of financial position where the hedging instrument is included
		Assets RM'000	Liabilities RM'000	
<b>2020</b>				
<b>Foreign currency risk</b>				
Cross currency swap	(1,010,613)	231,170	-	Derivative financial assets
<b>Interest rate risk</b>				
Interest rate swaps	(328,741)	-	(15,381)	Derivative financial liabilities
<b>2019</b>				
<b>Foreign currency risk</b>				
Cross currency swap	(1,092,703)	327,643	-	Derivative financial assets
<b>Interest rate risk</b>				
Interest rate swaps	(388,185)	-	(10,013)	Derivative financial liabilities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.7 Hedging activities (continued)

## Cash flow hedge (continued)

The amounts relating to hedge effectiveness as at reporting date are as follows:

Group	Changes in the value of hedging instrument recognised RM'000	Hedge ineffectiveness recognised in profit or loss RM'000	Line item in profit or loss that includes hedge ineffective- ness
<b>2020</b>			
<b>Foreign currency risk</b>			
Cross currency swap	(96,473)	18,374	Other operating expenses
<b>Interest rate risk</b>			
Interest rate swaps	(5,368)	-	Other operating expenses
<b>2019</b>			
<b>Foreign currency risk</b>			
Cross currency swap	(84,933)	20,674	Other operating expenses
<b>Interest rate risk</b>			
Interest rate swaps	195,798	72	Other operating expenses



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.7 Hedging activities (continued)

## Cash flow hedge (continued)

The following table provides reconciliation by risk category of components of equity and analysis of other comprehensive income items, net of tax, resulting from cash flow hedge accounting.

Group	Hedging reserve	
	2020 RM'000	2019 RM'000
At 1 January	165,832	128,094
<i>Changes in fair value:</i>		
Cross currency swap	(65,837)	(65,180)
Interest rate swaps	(5,369)	(37,511)
Share of hedging reserve of equity-accounted associates and joint ventures	(20,000)	(16,796)
Transfer to retained earnings upon disposal of subsidiaries	-	157,225
At 31 December	74,626	165,832

## 34.8 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.8 Fair value information (continued)

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>2020</b>										
<b>Non-current Financial assets</b>										
<b>Derivative financial assets:</b>										
Gross currency swap	-	231,170	-	231,170	-	-	-	-	231,170	231,170
<b>Other investments</b>	-	-	23,999	23,999	-	-	-	-	23,999	23,999
	-	231,170	23,999	255,169	-	-	-	-	255,169	255,169
<b>Financial liabilities</b>										
<b>Derivative financial liabilities:</b>										
Interest rate swaps	-	(15,381)	-	(15,381)	-	-	-	-	(15,381)	(15,381)
<b>Loans and borrowings</b>										
<b>Secured:</b>										
Sukuk Ijarah medium term notes	-	-	-	-	-	(3,274,168)	-	(3,274,168)	(3,274,168)	(2,821,254)
Sukuk medium term notes	-	-	-	-	-	(3,264,167)	-	(3,264,167)	(3,264,167)	(2,719,351)
Sukuk Wakalah	-	-	-	-	-	(312,727)	-	(312,727)	(312,727)	(290,000)
Senior Sukuk Murabahah	-	-	-	-	-	(3,456,890)	-	(3,456,890)	(3,456,890)	(3,005,000)
Senior RM term loan	-	-	-	-	-	-	(430,607)	(430,607)	(430,607)	(438,130)
Senior USD term loan	-	-	-	-	-	-	(1,476,079)	(1,476,079)	(1,476,079)	(1,289,135)
USD term loan	-	-	-	-	-	-	(286,631)	(286,631)	(286,631)	(289,224)
<b>Unsecured:</b>										
Redeemable Preference Shares	-	-	-	-	-	-	(30,031)	(30,031)	(30,031)	(30,000)
	-	(15,381)	-	(15,381)	-	(10,307,952)	(2,223,348)	(12,531,300)	(12,546,681)	(10,897,475)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.8 Fair value information (continued)

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>2019</b>										
<b>Non-current</b>										
<b>Financial assets</b>										
<b>Derivative financial assets:</b>										
Gross currency swap	-	327,643	-	327,643	-	-	-	-	327,643	327,643
<b>Other investments</b>	-	-	21,515	21,515	-	-	-	-	21,515	21,515
	-	327,643	21,515	349,158	-	-	-	-	349,158	349,158
<b>Financial liabilities</b>										
<b>Derivative financial liabilities:</b>										
Interest rate swaps	-	(10,013)	-	(10,013)	-	-	-	-	(10,013)	(10,013)
<b>Loans and borrowings</b>										
<u>Secured:</u>										
AUD term loan 1	-	-	-	-	-	-	(386,479)	(386,479)	(386,479)	(387,099)
Sukuk Ijarah medium term notes	-	-	-	-	-	(3,693,168)	-	(3,693,168)	(3,693,168)	(3,279,008)
Sukuk medium term notes	-	-	-	-	-	(3,603,975)	-	(3,603,975)	(3,603,975)	(3,084,976)
Sukuk Wakalah	-	-	-	-	-	(303,959)	-	(303,959)	(303,959)	(290,000)
Senior Sukuk Murabahah	-	-	-	-	-	(3,420,243)	-	(3,420,243)	(3,420,243)	(3,080,000)
Senior RM term loan	-	-	-	-	-	-	(507,836)	(507,836)	(507,836)	(517,580)
Senior USD term loan	-	-	-	-	-	-	(1,606,964)	(1,606,964)	(1,606,964)	(1,420,271)
<u>Unsecured:</u>										
Redeemable Preference Shares	-	-	-	-	-	-	(30,091)	(30,091)	(30,091)	(30,000)
	-	(10,013)	-	(10,013)	-	(11,021,345)	(2,531,370)	(13,552,715)	(13,562,728)	(12,098,947)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**34. FINANCIAL INSTRUMENTS (CONTINUED)****34.8 Fair value information (continued)****Level 2 fair value*****Derivatives***

The Interest Rate Swap (“IRS”) and Cross Currency Swap (“CCS”) instruments entered by a subsidiary in Malaysia are not actively traded therefore market-based prices are not readily available. The fair values of the instruments are calculated based on the present value of future principal and interest cash flows. The spot rates, forward rates and foreign exchange rates used to calculate present value are directly observable from the market.

For IRS entered by a subsidiary in Australia, the fair value of IRS is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account of the credit risk of certain Group’s subsidiaries and counterparties where appropriate.

***Non-derivative financial liabilities***

Fair value of the long term borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

***Transfers between Level 1 and Level 2 fair values***

There has been no transfer between Level 1 and 2 fair values during the financial year (2019: no transfer in either directions).

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as the key unobservable inputs used in the valuation models.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## 34.8 Fair value information (continued)

## (a) Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Finance lease receivable	Discounted cash flows using a rate based on current market rate of borrowings of a subsidiary
Loans and borrowings	Discounted cash flows using applicable and prevailing rates at the reporting date

## (b) Financial instruments carried at fair value

Type	Description of valuation technique and inputs used
Other investments	As the investee has not commenced operations, the net assets value at reporting date is used

## Valuation process applied by the Group for Level 3 fair value

The Group has an established control framework with respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

## 35. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to maintain a strong capital base and to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants.

## 35.1 The Company's debt-to-equity ratio is applied to the following loans and borrowings:

## a) Sukuk medium term notes issued by Malakoff Power Berhad ("MPB")

For Sukuk medium term notes issued by MPB, the Company is required to maintain an aggregated debt-to-equity ratio of not more than 1:1.

The debt-to-equity ratios at 31 December 2020 and at 31 December 2019 were as follows:

	2020	2019
Company debt-to-equity ratio	0.44:1	0.51:1

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35. CAPITAL MANAGEMENT (CONTINUED)

## 35.1 The Company's debt-to-equity ratio is applied to the following loans and borrowings: (continued)

- b) USD term loan for Malakoff International Limited ("MIL")
- c) AUD term loan 1 for MIL

For USD term loan and AUD term loan 1, held by MIL, the Company is required to maintain its debt-to-equity ratio of not more than 1:1. The AUD term loan 1 has been fully settled during the financial year.

The debt-to-equity ratios at 31 December 2020 and at 31 December 2019 were as follows:

	2020	2019
Company debt-to-equity ratio	0.42:1	0.50:1

## 35.2 The Group's debt-to-equity ratio is applied to the following loans and borrowings:

- a) Sukuk medium term notes issued by MPB
- b) USD term loan for MIL
- c) AUD term loan 1 for MIL

For Sukuk medium term notes issued by MPB, USD term loan and AUD term loan 1 held by MIL, the Group is required to maintain its debt-to-equity ratio of not more than 5.5:1. The AUD term loan 1 has been fully settled during the financial year.

The debt-to-equity ratios at 31 December 2020 and at 31 December 2019 were as follows:

	2020	2019
Group debt-to-equity ratio	1.77:1	1.96:1

Debt covenants in relation to subsidiaries are disclosed in Note 19.

There were no changes in the Group's approach to capital management during the financial year.

## 36. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Plant and equipment</b>				
Authorised but not contracted for	813,441	510,664	4,661	7,044
Authorised and contracted for	72,432	106,848	-	-
	885,873	617,512	4,661	7,044

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**37. CONTINGENCIES****Contingent liabilities not considered remote****Litigations***(i) Proceedings by the Public Prosecutor of Algeria against Almiyah Attilemcania SPA ("AAS")*

On 4 September 2014, AAS, a joint venture of the Group, was charged in the Court of Ghazouet in the district of Tlemcen, Algeria, for an alleged breach of foreign exchange regulations concerning a sum of USD26.9 million. The Group holds an indirect effective interest of 35.7% in AAS via Tlemcen Desalination Investment Company SAS ("TDIC"), an indirect subsidiary of Malakoff International Limited.

In 2009, it was discovered that there was a considerable gap ("Invoice Gap") between the value of the equipment received as per the invoices declared to the Algerian Customs and the value of the milestone payments made by AAS to the supplier cum contractor ("Contractor"). AAS wrote to the Contractor seeking clarifications as the Contractor was responsible for resolving tax and customs issues. However, as the Invoice Gap was not resolved by the Contractor, the Algerian Customs initiated investigations and thereafter filed a charge against AAS for repression of foreign exchange regulations.

The Court had on 24 December 2014 convicted AAS and had subsequently imposed a penalty of DZD3,929,038,151 (approximately RM148.3 million at the exchange rate of RM1: DZD26.5) ("Penalty"). The Group's liability arising from the Penalty, in proportion to the Group's 35.7% effective interest in AAS via TDIC, which may impact the profit of the Group, amounts to DZD1,402,666,620 (approximately RM52.9 million). The Court of Appeal upheld the decision and the Penalty imposed by the Court on 2 March 2016.

Notwithstanding the decision of the Court, AAS has been advised by its attorney in Algeria that the Penalty would not be enforced until the exhaustion of all rights to appeal by AAS in respect of the proceedings.

In 2016, the Group's carrying amount of investment in AAS has been fully impaired.

AAS' attorney had updated AAS on 31 December 2019 that the appeal at the Supreme Court has not yet been assigned to any chamber and therefore no hearing date has been scheduled.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 37. CONTINGENCIES (CONTINUED)

## Contingent liabilities not considered remote (continued)

## Litigations (continued)

- (ii) *International Chamber of Commerce International Court of Arbitration (“ICC”) Arbitration No. 24250/DDA between Algerian Energy Company SPA (“AEC” or “Claimant”) and (1) Tlemcen Desalination Investment Company SAS (“TDIC”), (2) Hyflux Limited (“Hyflux”) and (3) Malakoff Corporation Berhad (“MCB”) in relation to the Souk Tleta Seawater Desalination Plant in the District of Tlemcen, Algeria (“Plant”)*

On 19 March 2019, AEC filed a request for Arbitration (“Request”) at ICC, Paris, against TDIC, Hyflux and MCB (collectively referred to as “Respondents”) in relation to the Water Purchase Agreement dated 9 December 2007 (“WPA”), Framework Agreement of December 2007 (“FA”), Joint Venture Agreement dated 28 March 2007 (“JVA”) and Dispute Resolution Protocol dated 9 December 2007 (“DRP”) (collectively referred to as “Contract Documents”).

In the Request, the Claimant has alleged, amongst others, that the Respondents:

- a) Are liable for breaches of contract and negligence in the design, operation and maintenance of the Plant; and
- b) Wrongly objected to the termination of the WPA, transfer of AAS shares to AEC and conduct of a technical audit of the Plant under the FA.

In this regard, the reliefs sought by the Claimant from the arbitral tribunal include, inter alia:

- a) A declaration that the Respondents have breached their contractual obligations under the Contract Documents;
- b) An order that the WPA was validly terminated for events of default;
- c) An order for TDIC to transfer its shares in AAS to AEC at the price of 1 Algerian Dinar;
- d) An order for the Respondents to indemnify AEC for damages incurred as a result of their breaches, estimated on an interim basis at 80 Million Euro;
- e) An order for the Respondents to pay all costs of the Plant rehabilitation to be completed by a third party to be selected by AEC; and
- f) An order for the Respondents to guarantee the payment or reimburse the fine of 3,929 million Algerian Dinar (imposed on AAS by the Algerian courts for the Invoice Gap, which is currently pending outcome of AAS’ appeal to the Algerian Supreme Court).

The Respondents filed their respective answers to the Request at the ICC in May 2019. On 17 January 2020, the Respondents filed their respective submissions on jurisdictional objections against AEC’s claims. The Claimant filed its reply on 28 February 2020 and the Respondents submitted their reply on 15 April 2020.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 37. CONTINGENCIES (CONTINUED)

**Contingent liabilities not considered remote (continued)****Litigations (continued)**

- (ii) *International Chamber of Commerce International Court of Arbitration (“ICC”) Arbitration No. 24250/DDA between Algerian Energy Company SPA (“AEC” or “Claimant”) and (1) Tlemcen Desalination Investment Company SAS (“TDIC”), (2) Hyflux Limited (“Hyflux”) and (3) Malakoff Corporation Berhad (“MCB”) in relation to the Souk Tleta Seawater Desalination Plant in the District of Tlemcen, Algeria (“Plant”) (continued)*

On 15 June 2020, the arbitral tribunal conducted a virtual hearing of the Respondents’ jurisdictional objections. On 16 January 2021, MCB was informed by its counsel that the arbitral tribunal had issued its award on the Respondents’ jurisdictional objections and decided that it has jurisdiction to review and decide on AEC’s claims under the JVA and FA, and reserves its decision regarding the issues under the WPA. The ICC arbitration will now progress to the next phase where the merits of the claims and defences will be heard and deliberated.

On 25 February 2021, the arbitral tribunal invited the parties to provide updates on the procedural timetable for the rest of the arbitral proceedings. On 26 February 2021, AEC’s solicitors informed the arbitral tribunal that parties will provide an update regarding the timetable for the proceedings by 11 March 2021.

ICC also reminded AEC about the payment of the outstanding portion of the advance on costs of USD151,668 and ICC’s power to direct the arbitral tribunal to suspend its work and set a time limit, on the expiry of which AEC’s claims shall be considered as withdrawn.

- (iii) *Singapore International Arbitration Centre (“SIAC”) Arbitration No. 278 of 2018 between Prai Power Sdn. Bhd. (“Claimant”), a wholly-owned subsidiary of Malakoff Corporation Berhad (“MCB”), and (1) GE Energy Parts Inc, (2) GE Power Systems (Malaysia) Sdn. Bhd., (3) General Electric International Inc and (4) General Electric Company (collectively “Respondents”), where MCB and Malakoff Power Berhad (“MPB”) have been joined as third parties to the arbitration*

MCB was notified on 9 January 2020 that GE Energy Parts, Inc (“1st Respondent”), GE Power Systems (Malaysia) Sdn. Bhd. (“2nd Respondent”), General Electric International, Inc (“3rd Respondent”), and General Electric Company (“4th Respondent”) had filed an application (“Joinder Application”) to join MCB and MPB as parties to the Respondents’ Counterclaim in the arbitration initiated by Allianz General Insurance Company (Malaysia) Berhad (“AGI”) on 24 September 2018 as a subrogated action in the name of the Claimant in relation to an incident on or around 18 July 2015 (“2015 Incident”) which resulted in damage to a gas turbine at the Claimant’s 350 MW Combined Cycle Gas Turbine Power Plant situated in Prai, Penang (“Prai Power Plant”).

The Claimant alleged, among others, that the Respondents had failed to exercise reasonable care and skill to properly design, manufacture, supply and install a GE 109FA single shaft gas turbine at the Prai Power Plant and therefore claimed for, among others, loss and damage in the sum of RM72,094,050 from the Respondents.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**37. CONTINGENCIES (CONTINUED)****Contingent liabilities not considered remote (continued)****Litigations (continued)**

- (iii) *Singapore International Arbitration Centre ("SIAC") Arbitration No. 278 of 2018 between Prai Power Sdn. Bhd. ("Claimant"), a wholly-owned subsidiary of Malakoff Corporation Berhad ("MCB"), and (1) GE Energy Parts Inc, (2) GE Power Systems (Malaysia) Sdn. Bhd., (3) General Electric International Inc and (4) General Electric Company (collectively "Respondents"), where MCB and Malakoff Power Berhad ("MPB") have been joined as third parties to the arbitration (continued)*

On 22 April 2019, the Respondents filed a Counterclaim against the Claimant, seeking damages for breach of the Settlement and Release Agreement between the Respondents, Claimant, MCB and MPB which was entered into on 12 December 2012 ("SRA") for resolution of disputes in relation to two incidents at the Prai Power Plant which occurred in 2006 and 2009 and the agreement between the Claimant and the 1st and 2nd Respondents which was entered into on 19 December 2000 ("Agreement by the Claimant") in relation to a Long Term Service Agreement between MPB and the 1st and 2nd Respondents.

In the Joinder Application, the Respondents alleged that:

- a) The commencement of the arbitration constitutes a breach of the Settlement and Release Agreement between the Respondents, Claimant, MCB and MPB dated 12 December 2012 ("SRA");
- b) Under the SRA, MCB and MPB are liable to indemnify the Respondents against the arbitration;
- c) Under the Long Term Service Agreement between MPB and the 1st and 2nd Respondents dated 19 December 2000 ("LTSA"), MPB is liable to indemnify the Respondents against the arbitration;
- d) MPB has breached its insurance obligations under the LTSA; and
- e) If the Respondents are found liable for the 2015 Incident, MPB is liable for contributory negligence as the operator of Prai Power Plant.

Following MCB's and MPB's submission against the Joinder Application, the Respondents had on 2 October 2019 withdrawn the Joinder Application with liberty to file afresh and commenced amicable dispute resolution process with MCB and MPB.

The representatives of GE, MCB and MPB had a without prejudice meeting on 25 October 2019 whereby the parties agreed to refer the dispute to the parties' higher management for further negotiation.

GE has refiled the application to join MCB and MPB as parties to GE's Counterclaim, since GE, MCB and MPB had conducted and completed the dispute resolution process under the SRA and LTSA without any successful resolution of the dispute.

Following the meeting of senior management between the parties on 21 November 2019, in the interest of cost, the parties agreed to waive the requirement for non-binding mediation as prescribed under the dispute resolution provision in the LTSA/SRA.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 37. CONTINGENCIES (CONTINUED)

**Contingent liabilities not considered remote (continued)****Litigations (continued)**

- (iii) *Singapore International Arbitration Centre (“SIAC”) Arbitration No. 278 of 2018 between Prai Power Sdn. Bhd. (“Claimant”), a wholly-owned subsidiary of Malakoff Corporation Berhad (“MCB”), and (1) GE Energy Parts Inc, (2) GE Power Systems (Malaysia) Sdn. Bhd., (3) General Electric International Inc and (4) General Electric Company (collectively “Respondents”), where MCB and Malakoff Power Berhad (“MPB”) have been joined as third parties to the arbitration (continued)*

On 20 June 2020, the arbitral tribunal decided in its discretion to grant the Joinder Application to join MCB and MPB as parties to the arbitration. The arbitral tribunal did not find it necessary to decide on the merits of the claims at this juncture, which will instead be decided at the merits hearing of the SIAC Arbitration.

Subsequent to the above, the Respondents filed their Statement of Claim dated 7 September 2020 against MCB and MPB alleging:

- a) Breach of the SRA by both MCB and MPB, in that the Claimant’s claim is extinguished by the SRA;
- b) MCB and MPB are required to indemnify the Respondents against the Claimant’s claim under the SRA and LTSA;
- c) Breach of insurance obligations by MPB under the LTSA, in allegedly failing to procure the required waiver of subrogation; and
- d) MPB ought to be liable for the 2015 Incident, in full or by way of contributory negligence, as the operator of the plant.

On 26 October 2020, MCB and MPB submitted their Statement of Defence, pleading inter alia the following defences:

- a) MCB’s and MPB’s obligation to indemnify under the SRA does not arise because the 2015 Incident is fundamentally different from the 2006 and 2009 Incidents. Further, any finding by the arbitral tribunal that the Claimant’s claim is a breach of the SRA will result in the dismissal of the Claimant’s claim, and thus there will be no indemnifiable loss incurred by the Respondents;
- b) MPB has no obligation to indemnify the 3rd and 4th Respondents under the LTSA as they are not parties to the LTSA. Further, the Claimant’s claim, being a claim for negligence in inter alia design, does not arise out of the LTSA;
- c) MPB did not breach its insurance obligations under the LTSA, as MPB procured insurance which complied with the requirements of the LTSA; and
- d) MPB is not liable for contributory negligence in operating the Prai Power Plant, as MPB had fulfilled its operations and maintenance obligations.

On 30 November 2020, the Respondents submitted its Statement of Reply.

On 15 February 2021, parties to the Third Party Claim exchanged lists of the documents on which each party intends to rely on in the arbitration.

The parties to the Third Party Claim may request the other party to disclose any additional documents or categories of documents which are relevant and material to the outcome of the Third Party Claim by 15 March 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 37. CONTINGENCIES (CONTINUED)

## Contingent liabilities not considered remote (continued)

## Litigations (continued)

- (iv) *Asian International Arbitration Centre ("AIAC") Arbitration No. ADM-831-2020 between Tanjung Bin Energy Sdn. Bhd. ("Claimant") and Consortium HSL-TGE-GASB ("Respondent" or "Contractor"), comprising HSL Constructor Pte Ltd, HSL Constructor Sdn. Bhd., Tecgates Engineering (M) Sdn. Bhd. and Gema Antara Sdn. Bhd.*

Tanjung Bin Energy Sdn. Bhd. ("TBE"), a wholly-owned subsidiary of the Company, had on 12 March 2020, commenced arbitration against Consortium HSL-TGE-GASB ("Respondent" or "Contractor"), an unincorporated joint venture comprising (a) HSL Constructor Pte Ltd; (b) HSL Constructor Sdn. Bhd.; (c) Tecgates Engineering (M) Sdn. Bhd.; and (d) Gema Antara Sdn. Bhd. in relation to disputes arising from the Engineering, Procurement, Construction and Commissioning Contract dated 9 June 2017 ("EPCC Contract") for the New Coal Unloading Jetty and Associated Bulk Material Handling System at 1x1000 MW Coal Fired Power Plant at Tanjung Bin, Johor.

TBE had identified multiple breaches by the Contractor of its contractual duties under the EPCC Contract, including inter alia the following:

- a) The Contractor failed to complete all work which is stated in the EPCC Contract as required for the work to be considered as completed for the purposes of taking over under the EPCC Contract by 6 March 2019, the stipulated Time for Completion. Accordingly, the Contractor is obligated to pay to TBE the sum of RM36,335,779, being the delay damages ("Delay Damages") under the EPCC Contract; and
- b) The Contractor failed to deliver to TBE a warranty bond of RM12,111,926, being 5% of the contract price, in accordance with the requirements under the EPCC Contract, following the issuance of the Taking Over Certificate dated 25 July 2019 by TBE ("Warranty Bond").

TBE therefore seeks the following reliefs and remedies against the Contractor in the arbitration:

- a) A declaration that TBE is entitled to the full payment of RM36,335,779 as Delay Damages;
- b) An order that the Contractor pay the sum of RM7,900,568 (being Delay Damages of RM36,335,779 less remaining milestone claims of RM28,435,211);
- c) An order that the Contractor forthwith deliver the Warranty Bond;
- d) In the alternative for c) above, an order that the Contractor pay the amount required to be guaranteed by the Warranty Bond, i.e. RM12,111,926;
- e) Costs; and
- f) Such further or other relief(s) as the arbitral tribunal deems fit.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**37. CONTINGENCIES (CONTINUED)****Contingent liabilities not considered remote (continued)****Litigations (continued)**

- (iv) *Asian International Arbitration Centre ("AIAC") Arbitration No. ADM-831-2020 between Tanjung Bin Energy Sdn. Bhd. ("Claimant") and Consortium HSL-TGE-GASB ("Respondent" or "Contractor"), comprising HSL Constructor Pte Ltd, HSL Constructor Sdn. Bhd., Tecgates Engineering (M) Sdn. Bhd. and Gema Antara Sdn. Bhd. (continued)*

The Contractor submitted its Response to Notice of Arbitration on 10 April 2020, denying TBE's claims and counterclaiming the milestone payments of RM28,435,211.

On 9 December 2020, AIAC had issued its confirmation on the registration of the commencement of the arbitration. AIAC further instructed TBE and the Contractor to pay a provisional advance deposit ("Deposit") totalling USD101,833 in two equal portions by 30 December 2020. TBE had paid its portion of the Deposit while the Contractor had yet to pay its portion.

**38. RELATED PARTIES****Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associates, a joint venture and key management personnel.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 38. RELATED PARTIES (CONTINUED)

## Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the following transactions are shown in Notes 11 and 24.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>i. Associates</b>				
Interest income on unsecured subordinated loan notes	15,062	35,658	15,062	35,658
Dividends	10,761	19,797	-	-
<b>ii. Joint venture</b>				
Dividends	35,889	141,157	-	-
<b>iii. Subsidiaries</b>				
Management fees	-	-	30,875	17,040
Dividends	-	-	511,000	819,300
Interest income on advances to subsidiaries	-	-	42,540	41,160
Interest expense on advances from subsidiaries	-	-	(80,377)	(79,929)
Rental income	-	-	-	3,463
<b>iv. Entities that are under significant influence of the Government of Malaysia (a party that has direct or indirect significant influence on the Group and the Company)</b>				
Tenaga Nasional Berhad				
- Sales of capacity and energy	5,017,025	7,179,418	-	-
- Purchase of electricity bulk supply	(102,588)	(125,094)	-	-
Petroliam Nasional Berhad				
- Purchase of gas	(238,846)	(1,070,382)	-	-
TNB Fuel Services Sdn. Bhd.				
- Purchase of coal	(2,583,517)	(3,168,400)	-	-
Energy Commission				
- CESS fund contribution	(21,798)	(28,511)	-	-
Malaysian Resources Corporation Berhad				
- Sales of centralised chilled water and electricity	24,410	27,388	-	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 38. RELATED PARTIES (CONTINUED)

## Significant related party transactions (continued)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>v. Related parties</b>				
Sales	23,066	20,485	-	-
Purchases	(20,144)	(13,467)	-	-
<b>vi. Key management personnel</b>				
Directors				
- Salary	110	-	110	-
- Fees	960	982	960	982
- Meeting allowances	451	392	376	364
- Other allowances	76	130	76	130
- Other remuneration	574	535	355	350
- Estimated monetary value of benefit-in-kind	39	54	39	40
	2,210	2,093	1,916	1,866

## 39. SIGNIFICANT EVENTS DURING THE YEAR

## (a) Incorporation of subsidiaries

- (i) On 3 June 2020, Tuah Utama Sdn. Bhd. ("TUSB"), a wholly-owned subsidiary of the Company together with Concord Alliance Sdn. Bhd. ("Concord") jointly incorporated Southern Biogas Sdn. Bhd. ("SBSB"), a private company limited by shares under the Companies Act 2016 of which TUSB and Concord hold 60% and 40% equity interest, respectively. SBSB was incorporated as the special purpose company to carry out the business of developing, operating and maintaining a biogas power plant. The share capital of SBSB is RM50,000 comprising 50,000 ordinary shares which have been issued and fully paid-up.
- (ii) On 28 May 2020, the Company subscribed two (2) ordinary shares of Radiant Summit Global Ltd. ("RSG"), a special purpose vehicle company to facilitate the Company's participation in offshore investment projects. The share capital of RSG is USD2 comprising two (2) ordinary shares which have been issued and fully paid-up.

## (b) Acquisition of a freehold land located in Mukim Pulau Sebang, Daerah Alor Gajah, Melaka

On 22 September 2020, Malakoff R&D Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement ("SPA") with Eksklusif Pesona Sdn. Bhd. to acquire a plot of freehold land of approximately 71.44 hectares or 176.5 acres in size held under title No. GRN 57532, Lot 16277, located in Mukim Pulau Sebang, Daerah Alor Gajah, Melaka for a purchase consideration of RM150 million subject to any adjustment thereto in accordance with the terms of the SPA.

Upon completion of the land acquisition, MCB Group will be well positioned to undertake the development of renewable energy projects in the future.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**39. SIGNIFICANT EVENTS DURING THE YEAR (CONTINUED)****(c) Award of Feed-in Tariff Approval for a 2.4 MW Biogas Power Project in Ulu Sebol, Kota Tinggi, Johor Darul Takzim**

On 18 November 2020, Southern Biogas Sdn. Bhd. ("SBSB"), a 60%-owned indirect subsidiary of the Company, received approval for the Feed-in Tariff ("FiT") from the Government of Malaysia through Sustainable Energy Development Authority ("SEDA") to undertake the development of a 2.4 MW Biogas Power Plant in Ulu Sebol, Kota Tinggi, Johor Darul Takzim. The FiT is for a period of 21 years from the commencement operation date ("COD"), November 2023.

**40. ACQUISITION OF A SUBSIDIARY****Acquisition of 97.37% equity interest in Alam Flora Sdn. Bhd. ("AFSB")**

On 5 December 2019, Tunas Pancar Sdn. Bhd., a wholly-owned subsidiary of the Company, completed the acquisition of 97.37% equity interest in Alam Flora Sdn. Bhd. ("AFSB") for a total cash consideration of RM869,000,000. AFSB had contributed revenue of RM78,984,000 and profit of RM7,011,000 to the Group for the one-month period leading to the financial year ended 31 December 2019. If the acquisition had occurred on 1 January 2019, management estimated that consolidated revenue and profit for the financial year ended 31 December 2019 would have been RM8,260,527,000 and RM371,285,000, respectively.

**Fair value of consideration transferred**

	<b>Group 2019 RM'000</b>
Cash and cash equivalents	869,000

Completion of purchase price allocation ("PPA") for acquisition of AFSB

At the acquisition date, the Group had estimated the provisional goodwill and intangible assets at RM84,947,000 and RM606,703,000, respectively.

During the financial year, the Group completed the purchase price allocation in accordance with MFRS 3, *Business Combinations* and adjustments were made to the fair value of net assets, provisional intangible assets and goodwill recorded at the date of the acquisition.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 40. ACQUISITION OF A SUBSIDIARY (CONTINUED)

## Acquisition of 97.37% equity interest in Alam Flora Sdn. Bhd. ("AFSB") (continued)

*Completion of purchase price allocation ("PPA") for acquisition of AFSB (continued)*

The effect of the adjustments is set out below:

Group	Preliminary assessment RM'000	Adjustments during measurement period RM'000	Final assessment RM'000
Property, plant and equipment	56,011	7,302	63,313
Investment properties	15,300	-	15,300
Concession assets	204,333	-	204,333
Intangible assets	607,215	(105,439)	501,776
Deferred tax assets	26,689	867	27,556
Trade and other receivables	204,344	-	204,344
Inventories	1,298	-	1,298
Cash and cash equivalents	470,722	-	470,722
Loans and borrowings	(24,949)	-	(24,949)
Lease liabilities	(7,874)	-	(7,874)
Provision for concession assets	(254,888)	-	(254,888)
Deferred tax liabilities	(145,609)	25,306	(120,303)
Trade and other payables	(341,716)	-	(341,716)
Current tax liabilities	(3,351)	-	(3,351)
<b>Fair value of identifiable net assets</b>	<b>807,525</b>	<b>(71,964)</b>	<b>735,561</b>

The above fair value adjustments were recorded with effect from the date of acquisition. As a result, certain balances on the consolidated statement of financial position as at 31 December 2019 and consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019 were restated as disclosed in Note 43.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 40. ACQUISITION OF A SUBSIDIARY (CONTINUED)

## Acquisition of 97.37% equity interest in Alam Flora Sdn. Bhd. ("AFSB") (continued)

*Completion of purchase price allocation ("PPA") for acquisition of AFSB (continued)*

The effect of the adjustments made upon the completion of PPA is set out below:

Group	Preliminary assessment RM'000	Adjustments during measurement period RM'000	Final assessment RM'000
Fair value of consideration transferred	869,000	-	869,000
Non-controlling interests, based on their proportionate interest in the net identifiable assets acquired	23,472	(4,127)	19,345
<b>Cost of business combination</b>	<b>892,472</b>	<b>(4,127)</b>	<b>888,345</b>
Adjusted net assets acquired	(346,431)	(8,169)	(354,600)
Fair value of intangible assets	(606,703)	105,439	(501,264)
Deferred tax liabilities	145,609	(25,306)	120,303
<b>Fair value of identifiable net assets</b>	<b>(807,525)</b>	<b>71,964</b>	<b>(735,561)</b>
<b>Goodwill</b>	<b>84,947</b>	<b>67,837</b>	<b>152,784</b>

## Net cash outflow arising from acquisition of a subsidiary

	Group 2019 RM'000
Purchase consideration settled in cash and cash equivalent	(869,000)
(-) Cash and cash equivalents acquired	470,722
	(398,278)

## Fair value measurement

The intangible assets and goodwill arising from the acquisition amounting to RM501,264,000 and RM152,784,000, respectively were measured and accounted for using the Multi-Period Excess Earning Method ("MEEM") under the income method.

## Acquisition-related costs

The Group incurred acquisition-related costs of RM4,799,000 related to stamp duty, external legal fees and due diligence costs. The stamp duty, legal fees and due diligence costs were included in administrative expenses for the financial year ended 31 December 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41. ACQUISITION OF A JOINT VENTURE

On 12 September 2019, Malakoff Gulf Limited, a wholly-owned indirect subsidiary of the Company, entered into a Share Sale Agreement with Khazanah Nasional Berhad to acquire the entire equity interest in Desaru Investment (Cayman Isl.) Limited ("DIL"). Following the acquisition, the Company's effective equity interest in Malaysian Shoaiba Consortium Sdn. Bhd. ("MSCSB"), an associate of DIL, increased from 40% to 80%. MSCSB had a 50% equity interest in Saudi-Malaysia Water & Electricity Company Limited ("SAMAWEK"). The Group had classified SAMAWEK as a joint venture of the Group.

For the financial year ended 31 December 2019, the share of profit recognised from SAMAWEK was RM21,102,000. If the acquisition had occurred on 1 January 2019, management estimated that the share of profit from SAMAWEK for the financial year ended 31 December 2019 would have been RM68,788,000.

**Fair value of consideration transferred**

	<b>Group 2019 RM'000</b>
Cash and cash equivalents	294,891

Completion of purchase price allocation ("PPA") for acquisition of Desaru Investment (Cayman Isl.) Limited ("DIL")

At the acquisition date, the Group had estimated the provisional intangible assets at RM63,282,000.

During the financial year, the Group completed the purchase price allocation in accordance with MFRS 3, *Business Combinations* and adjustments were made to the fair value of net assets and provisional intangible assets recorded at the date of the acquisition.

The effect of the adjustments is set out below:

<b>Group</b>	<b>Preliminary assessment RM'000</b>	<b>Adjustments during measurement period RM'000</b>	<b>Final assessment RM'000</b>
Investments in joint ventures	738,739	9,165	747,904
Cash and cash equivalents	544	-	544
Deferred tax liabilities	-	(5,469)	(5,469)
Trade and other payables	(2,055)	-	(2,055)
<b>Fair value of identifiable net assets</b>	<b>737,228</b>	<b>3,696</b>	<b>740,924</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41. ACQUISITION OF A JOINT VENTURE (CONTINUED)

*Completion of purchase price allocation ("PPA") for acquisition of Desaru Investment (Cayman Isl.) Limited ("DIL") (continued)*

The above fair value adjustments were recorded with effect from the date of acquisition. As a result, certain balances on the consolidated statement of financial position as at 31 December 2019 and consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019 were restated as disclosed in Note 43.

The effect of the adjustments made upon the completion of PPA is set out below:

Group	Preliminary assessment RM'000	Adjustments during measurement period RM'000	Final assessment RM'000
Fair value of consideration transferred	294,891	-	294,891
Fair value of existing interest	294,891	-	294,891
Non-controlling interests, based on their proportionate interest in the net identifiable assets acquired	147,446	738	148,184
<b>Cost of business combination</b>	<b>737,228</b>	<b>738</b>	<b>737,966</b>
Adjusted net assets acquired	(673,946)	(5,947)	(679,893)
Fair value of intangible assets	(63,282)	(3,218)	(66,500)
Deferred tax liabilities	-	5,469	5,469
<b>Fair value of identifiable net assets</b>	<b>(737,228)</b>	<b>(3,696)</b>	<b>(740,924)</b>
<b>Bargain purchase</b>	<b>-</b>	<b>(2,958)</b>	<b>(2,958)</b>

**Net cash outflow arising from acquisition of a joint venture**

	Group 2019 RM'000
Purchase consideration settled in cash and cash equivalent	(294,891)
(-) Cash and cash equivalents acquired	544
	(294,347)

**Fair value measurement**

The intangible assets and bargain purchase arising from the acquisition amounting to RM66,500,000 and RM2,958,000, respectively were measured and accounted for using the MEEM under the income method.

The derecognition of MSCSB as an associate, following the increased in the Group's effective interest from 40% to 80%, resulted in a gain of RM29,842,000 which was included in other income for the financial year ended 31 December 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**41. ACQUISITION OF A JOINT VENTURE (CONTINUED)****Acquisition-related costs**

The Group had incurred acquisition-related costs of RM749,000 related to external legal fees and due diligence costs. The legal fees and due diligence costs were included in administrative expenses for the financial year ended 31 December 2019.

**42. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY**

On 18 December 2019, Skyfirst Power Sdn. Bhd., a wholly-owned indirect subsidiary of the Company completed the disposal of its entire 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia held by Malakoff Wind Macarthur Pty. Limited for a cash consideration of RM976,000,000, resulted in a gain on disposal of RM556,620,000 to the Group. The consolidated statement of profit or loss and other comprehensive income have been presented as discontinued operations for the financial year ended 31 December 2019. The discontinued operations were presented separately from continuing operations as follows:

**Results of discontinued operations**

	<b>Group 2019 RM'000</b>
Revenue	143,815
<b>Gross profit</b>	143,815
Administrative expenses	(366)
Other operating expenses	(7,112)
<b>Results from operating activities</b>	136,337
Finance income	471
Finance costs	(85,405)
<b>Profit before tax</b>	51,403
Income tax expense	(6,584)
<b>Profit from discontinued operations</b>	44,819
<b>Other comprehensive expense, net of tax</b>	
<b>Items that may be reclassified subsequently to profit or loss</b>	
Cash flow hedge	(34,499)
Foreign currency translation differences for foreign operations	(5,440)
Other comprehensive expense, net of tax	(39,939)
<b>Total comprehensive income for the year from discontinued operations</b>	4,880

The profit from discontinued operations of RM44,819,000 for the financial year ended 31 December 2019 was attributable entirely to the owners of the Company.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 42. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY (CONTINUED)

## Results of discontinued operations (continued)

Effects of the disposal on the consolidated statement of cash flows of the Group were as follows:

	Group 2019 RM'000
<b><u>Cash flows from/(used in) discontinued operations</u></b>	
Net cash from operating activities	38,124
Net cash from investing activities	471
Net cash used in financing activities	(19,363)
<b>Net increase in cash and cash equivalents</b>	<b>19,232</b>

Effects of the disposal on the consolidated statement of financial position of the Group were as follows:

	Group 2019 RM'000
<b><u>Assets/(Liabilities) disposed:</u></b>	
Finance lease receivable	1,984,367
Deferred tax assets	53,415
Other receivables	5
Tax recoverable	1,260
Cash and cash equivalents	99
Other payables	(14,642)
Derivative financial liabilities	(247,062)
Borrowings	(1,356,825)
Deferred tax liabilities	(3,694)
Translation differences	(19,976)
<b>Net assets and liabilities</b>	<b>396,947</b>
Cash and cash equivalents disposed	(99)
Gain on disposal of a subsidiary	556,620
Transaction costs	22,963
<b>Net cash inflow on sale of discontinued operations</b>	<b>976,431</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 43. COMPARATIVE FIGURES

*Completion of purchase price allocation for acquisitions of Alam Flora Sdn. Bhd. ("AFSB") and Desaru Investment (Cayman Isl.) Limited ("DIL")*

Following completion of the PPA for the acquisitions of AFSB and DIL during the financial year, the Group adjusted the fair values of certain identifiable assets and liabilities. The fair values were adjusted retrospectively.

The restatement of comparatives as at 31 December 2019 are as follows:

(a) Consolidated statement of financial position as at 31 December 2019

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
<b>Non-current assets</b>			
Property, plant and equipment	12,874,076	7,258	12,881,334
Intangible assets	3,490,922	(37,269)	3,453,653
Investments in joint ventures	626,322	9,061	635,383
Deferred tax assets	146,498	-	146,498
<b>Equity</b>			
Accumulated losses	(241,100)	3,243	(237,857)
Non-controlling interests	368,905	(3,389)	365,516
<b>Non-current liabilities</b>			
Deferred tax liabilities	1,294,770	(20,804)	1,273,966

(b) Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Costs of sales	(6,091,865)	185	(6,091,680)
Other income	683,176	2,958	686,134
Tax expense	(156,218)	100	(156,118)

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 110 to 258 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....  
**Datuk Haji Hasni bin Harun**

Chairman

.....  
**Dato' Sri Che Khalib bin Mohamad Noh**

Director

Kuala Lumpur

11 March 2021

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Mohd Nazersham bin Mansor**, the officer primarily responsible for the financial management of Malakoff Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 110 to 258 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Mohd Nazersham bin Mansor, NRIC: 730416-14-5671, MIA CA34453, at Kuala Lumpur in the Federal Territory on 11 March 2021.

.....  
**Mohd Nazersham bin Mansor**

Before me:

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAKOFF CORPORATION BERHAD  
(REGISTRATION NO. 200601011818/731568-V)  
(INCORPORATED IN MALAYSIA)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Malakoff Corporation Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 110 to 258.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAKOFF CORPORATION BERHAD  
(REGISTRATION NO. 200601011818/731568-V)  
(INCORPORATED IN MALAYSIA)

### Key Audit Matter

Key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company for the current year. The matter was addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

### Group

#### Valuation of goodwill of Alam Flora Sdn. Bhd.

Refer to Note 2 - Significant accounting policy: Intangible assets and in Note 6 – Intangible assets

The key audit matter	How the matter was addressed in our audit
<p>The Group has goodwill amounting to RM152,784,000 as at 31 December 2020 arising from the acquisition of Alam Flora Sdn. Bhd. ("AFSB").</p> <p>We focused on goodwill of the Group as the carrying amount is material and the impairment test is sensitive to a possible change in assumptions.</p> <p>There is significant judgement involved in forecasting and discounting of future cash flows, which is the basis of assessment of the recoverability of goodwill.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• We evaluated management's cash flow projections and the process by which they were developed. We compared the projections to Board's approved business plans and also compared previous projections to actual results to assess the performance of the business and the accuracy of the forecasting;</li> <li>• We obtained confirmation that the key assumptions were subject to oversight from the Directors;</li> <li>• We evaluated and challenged the following key assumptions used in the cash flows: <ul style="list-style-type: none"> <li>- Contracted tariff – we agreed the contracted tariff used in the projections to the contracted tariff;</li> <li>- Cost of sales – we assessed the private contractor costs based on past experience;</li> <li>- Capital expenditure ("CAPEX") – we compared CAPEX assumption in the cash flows to the budget approved by the Directors; and</li> <li>- Discount rate – our own specialist compared the discount rate used to industry practice and external sources.</li> </ul> </li> <li>• We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.</li> </ul>

### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAKOFF CORPORATION BERHAD

(REGISTRATION NO. 200601011818/731568-V)

(INCORPORATED IN MALAYSIA)

### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MALAKOFF CORPORATION BERHAD  
(REGISTRATION NO. 200601011818/731568-V)  
(INCORPORATED IN MALAYSIA)

### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

**Foong Mun Kong**  
Approval Number: 02613/12/2022 J  
Chartered Accountant

Petaling Jaya

11 March 2021

## LIST OF PROPERTIES

## PROPERTIES OWNED BY MALAKOFF CORPORATION BERHAD'S GROUP

The details of lands and buildings owned by us are set out below:

No	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Approximate age of buildings (years)	Built-up area/Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2020 RM
1.	Malakoff  PN 356979 Lot 12248, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia  Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia  Leasehold for a period of 99 years, expiring on 30 July 2096	Industrial land/The land is currently tenanted by Digi Telecommunications Sdn Bhd and is used as at base transceiver station for the operation of Digi Telecommunications Sdn Bhd's cellular telephone network.	N/A	480 sq metre/ 14.5 Ha	The land cannot be transferred, charged, leased without prior approval of the Menteri Besar of Perak.	4,170,284  Refer to note (2)
2.	Malakoff  Refer to note (3)  Windsor Estate, Ulu Sepetang 34010 Taiping, Perak Darul Ridzuan, Malaysia  Freehold	Refer to note (3)/The lands are currently used for oil palm cultivation.	N/A	N/A/ 735.5 Ha	Nil	21,516,000  Refer to note (2)
3.	Malakoff  Parcel no. 2A-8-1, 2A-8-2, 2A-9-1 and 2A-9-2, Plaza Sentral  Level 8 and Level 9, Block 2A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (4)	Four office units on the 8 <sup>th</sup> and 9 <sup>th</sup> floor of a commercial building/Level 8 is vacant and Level 9 is tenanted.	19	1,228 sq metre	N/A	1,571,548
4.	Malakoff  Parcel no. CS/3B/12-3, CS/3B/12- 3A, CS/3B/12-5, CS/3B/12-6, CS/3B/12-7, CS/3B/13-3, CS/3B/13- 3A, CS/3B/13-5, CS/3B/13-6 and CS/3B/13-7, Plaza Sentral  Level 12 and Level 13, Block 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (4)	Ten office units on the 12 <sup>th</sup> and 13 <sup>th</sup> floor of a commercial building/ Currently is vacant.	19	1,986 sq metre	N/A	1,086,065



## LIST OF PROPERTIES

## PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

No	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Approximate age of buildings (years)	Built-up area/Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2020 RM
5.	SEV  HSD 29841 PT 6325, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia  Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia  Leasehold for a period of 99 years, expiring on 12 January 2094	Industrial land/The land is currently used for the SEV Power Plant, which includes an administration building, a single- storey simulator training building, a single-storey clubhouse, a guard house, a gas turbine building, a steam turbine building, a fuel oil tank farm, a warehouse and a black start diesel generator building.	25	26,787 sq metre/ 148,400 sq metre	The land cannot be transferred, charged, leased without prior approval of the Menteri Besar of Perak.	3,849,000  Refer to note (2)
6.	GB3  HSD 29843 PT 6327, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia  Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia  Leasehold for a period of 99 years, expiring on 12 January 2094	Industrial land/The land is currently used for the GB3 Power Plant which includes an administration building, ten units of cooling tower, workshop building and a gas and steam turbine building.	19	12,384 sq metre/ 111,600 sq metre	The land cannot be transferred, charged, leased without prior approval of the Menteri Besar of Perak.  Lease of part of the land registered in favour of GB3 on 22 June 2001 for a period of 21 years from 21 June 2001 until 21 June 2022.	Refer to notes (2) and (5)
7.	GB3  HSD 29845 PT 6329, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia  Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia  Leasehold for a period of 99 years, expiring on 12 January 2094	Industrial land/The land is currently used for the Lumut Power Plant, which includes the PETRONAS Energy & Gas Trading Sdn Bhd gas metering equipment station. It also has the interconnection facilities such as gas pipelines and venting equipment to supply gas to the Lumut Power Plant.	19	N/A/ 12,100 sq metre	The land cannot be transferred, charged, leased without prior approval of the Menteri Besar of Perak.  Lease of part of the land registered in favour of GB3 on 22 June 2001 for a period of 21 years from 21 June 2001 until 21 June 2022	Refer to notes (2) and (5)

## LIST OF PROPERTIES

## PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

No	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Approximate age of buildings (years)	Built-up area/Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2020 RM
8.	GB3  HSD 23550, PT 4034 PN 356978 Lot 12247, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia  GB3 Sdn Bhd, Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia  Leasehold for a period of 99 years, expiring on 30 July 2096	Industrial land/The land is currently used for storage of diesel tanks and erected with a chemical storage building and a fuel oil pump station used by the GB3 Power Plant.	19	1,095 sq metre/ 1.69 Ha	The land cannot be transferred, charged, leased without prior approval of the Menteri Besar of Perak.	Refer to notes (2) and (5)
9.	PD Power  GRN 237771 Lot 13409, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Commercial or industrial land for power plant/The land is currently used for the Port Dickson Power Plant which includes a building to house four units of gas turbine, a fuel oil tank farm, a warehouse and a black start diesel generator.	26	5,560 sq metre/94,210 sq metre	The land cannot be transferred, charged, leased without prior approval of the state authority.	Refer to note (6)
10.	PD Power  GRN 237773 Lot 13411, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Commercial or industrial land for electrical substation/The land is currently used for TNB switch yard and transmission for interconnection facilities.	26	N/A/ 5,459 sq metre	The land cannot be transferred, charged, leased without prior approval of the state authority.	Refer to note (6)
11.	PD Power  GRN 237774 Lot 13412, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for office building/The land is currently used for double- storey administration office building for the Port Dickson Power Plant.	26	510 sq metre/ 4,654 sq metre	The land cannot be transferred, charged, leased without prior approval of the state authority.	Refer to note (6)

## LIST OF PROPERTIES

## PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

No	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Approximate age of buildings (years)	Built-up area/Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2020 RM
12.	PD Power  GRN 237776 Lot 13415, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Commercial or industrial land for gas station/The land is currently used for PETRONAS Energy & Gas Trading Sdn Bhd gas metering equipment station and interconnection facilities.	26	N/A/ 7,392 sq metre	The land cannot be transferred, charged, leased without prior approval of the state authority.	Refer to note (6)
13.	PD Power  GRN 237768 Lot 13406, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for residential/ Vacant land.	26	N/A/ 1,684 sq metre	The land cannot be transferred, charged, leased without prior approval of the state authority.	Refer to note (6)
14.	PD Power  GRN 237769 Lot 13407, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for residential/ Vacant land.	26	N/A/ 6,143 sq metre	The land cannot be transferred, charged, leased without prior approval of the state authority.	Refer to note (6)
15.	PD Power  GRN 237770 Lot 13408, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Agriculture land/ Vacant land and pond.	26	N/A/ 6.641 Ha	The land cannot be transferred, charged, leased without prior approval of the state authority.	Refer to note (6)

## LIST OF PROPERTIES

## PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

No	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Approximate age of buildings (years)	Built-up area/Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2020 RM
16.	PD Power  GRN 237775 Lot 13414, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for kids' playground/The land is currently used for public children playground.	26	N/A/ 5,345 sq metre	The land cannot be transferred, charged, leased without prior approval of the state authority.	Refer to note (6)
17.	PD Power  GRN 237777 Lot 13416, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for residential/ The land is currently used for single-storey guard house building for the Port Dickson Power Plant.	26	42 sq metre/ 3,225 sq metre	The land cannot be transferred, charged, leased without prior approval of the state authority.	Refer to note (6)
18.	PD Power  HSD 21135 Lot 484, Mukim and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for multipurpose hall/The land is currently used for multipurpose public hall.	26	760 sq metre/ 0.554 Ha	Nil	Refer to note (6)
19.	PD Power  HSD 21134 Lot 483, Mukim and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building land for recreational field/The land is currently used for public football field and multipurpose court.	26	N/A/ 1.897 Ha	Nil	Refer to note (6)

## LIST OF PROPERTIES

## PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

No	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Approximate age of buildings (years)	Built-up area/Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2020 RM
20.	PD Power  23 parcels of land held under GRN 35822 Lot 6976 to GRN 35830 Lot 6984, GRN 35832 Lot 6986 to GRN 35837 Lot 6991 and GRN 35884 Lot 7041 to GRN 35891 Lot 7048, all located at Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  No. 1 to 9, No. 11 to 16, No. 117 to 124, Jalan Tun Sambanthan, Taman NLFCS, Tg. Gemuk, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia  Freehold	Building lands for low cost residential/The land is currently erected with 23 units of low cost houses which are currently tenanted.	26	65 sq metre for each house/ 213 sq metre for GRN 35884 and 111 sq metre for each of the other lot	Nil	Nil
21.	TJSB  Parcel no. CS/3B/13A-3, CS/3B/13A-4, CS/3B/13A-5, CS/3B/13A-6 and CS/3B/13A-7, Plaza Sentral  Level 13A, Block 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (7)	Five office units on the 13 <sup>th</sup> floor of a commercial building. Currently is vacant.	19	975 sq metre/ N/A	N/A	167,020
22.	M Utilities  Level no. Minus 9M, Building no. 4, Plaza Sentral  Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (9)	The underground level of a commercial building/ Currently used for centralised chilled water plant system.	19	2,507 sq metre/ N/A	N/A	Refer to note (8)

## LIST OF PROPERTIES

## PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

No	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Approximate age of buildings (years)	Built-up area/Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2020 RM
23.	M Utilities  Level no. 0M, Building no. 4, Plaza Sentral  Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (9)	The ground level of a commercial building/ Currently used as an office space.	19	970 sq metre/ N/A	N/A	Refer to note (8)
24.	M Utilities  Level no. 5.4M and 4.7M, Building no. 4, Plaza Sentral  Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (9)	The lower ground level of a commercial building/ Currently used to house electrical equipment for the Main Distribution Substation.	19	983 sq metre/ N/A	N/A	Refer to note (8)
25.	M Utilities  Level Minus 6.5M, Building no. 4, Plaza Sentral  Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia  Freehold  Refer to note (9)	The underground level of a commercial building/ Currently used as the central control room and centralised chilled water plant room.	19	272 sq metre	N/A	Refer to note (8)
26.	DKSB  HSD 30118 PT 34621, Mukim of Sitiawan, Perak Darul Ridzuan, Malaysia  Near Jalan Teluk Rubiah, 32040 Seri Manjung, Perak, Malaysia  Leasehold for a period of 99 years, expiring on 17 January 2109	Building land for residential/ Vacant land.	N/A	N/A/ 11,684 sq metre	The land cannot be transferred, charged, leased without prior approval of the state authority.	Refer to note (10)

## LIST OF PROPERTIES

## PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

No	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Approximate age of buildings (years)	Built-up area/Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2020 RM
27.	TBE  HSD 14674 PTD 2263, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia  Leasehold for a period of 60 years, expiring on 17 September 2077	Industrial land for permanent jetty and any structure related thereto.	5	N/A/ 0.9454 Ha	The land cannot be transferred, charged, leased without the prior approval of the State Authority	Refer to note (11)
28.	TBE  HSD 14673 PTD 2264, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia  Leasehold for a period of 60 years, expiring on 17 September 2077	Industrial land for permanent jetty and any structure related thereto.	5	N/A/ 0.3753 Ha	The land cannot be transferred, charged, leased without the prior approval of the State Authority	Refer to note (12)
29.	AFSB  HSD 51058 Lot PT No. 6108, Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan, Malaysia  No. 74, Jalan SS21/39, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia  Freehold	Industrial land/The land is erected with one (1) unit of 3 ½ storey intermediate terrace shop office storey building for commercial building and currently is tenanted.	30	1,650 sq ft/ 153,285 sq metre	N/A	5,100,000
30.	AFSB  Pajakan Negeri 17254, Lot 40326, Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan; Lot 40326, Section U5 Shah Alam, Selangor Darul Ehsan, Malaysia  No. 2, Jalan Utarid U5/18A, Mutiara Subang, Section U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia  Leasehold for a period of 80 years expiring on 11 December 2096	Industrial land Depot for AFSB Wilayah Persekutuan Kuala Lumpur Service Area.	N/A	N/A/ 15,506 sq metre	N/A	17,853,312

## LIST OF PROPERTIES

## PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

No	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Approximate age of buildings (years)	Built-up area/Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2020 RM
31.	AFSB  HSD 4497, PT 26, District of Pekan, Pahang Darul Makmur, Malaysia  Lot No. G-02, First Floor, Bangunan UMNO Pekan, Jalan Teng Que, 26600 Pekan, Pahang Darul Makmur, Malaysia  Leasehold for a period of 99 years expiring on 6 September 2097	1 <sup>st</sup> floor of a commercial building for administration and operation office for AFSB Pahang Service Area.	12	3,329.75 sq ft/ 309.34 sq metre	N/A	1,541,333
32.	AFSB  HSM 16205, No. PT 22739, Mukim of Sungai Karang, District of Kuantan, Pahang Darul Makmur, Malaysia  Leasehold for a period of 99 years expiring on 23 August 2115	Industrial land Depot for AFSB Kuantan Service Area.	N/A	N/A/ 36,420 sq metre	N/A	1,576,753
33.	AFSB  Lot 2619, 2622, 215, 961, 1272, 1273, 1602 & 1791 in Mukim of Bentong, District of Bentong, Pahang Darul Makmur, Malaysia  Freehold	Vacant agricultural land.	N/A	N/A/ 52.21 acres	N/A	15,000,000
34.	AFSB  Lot Type C, No 90 Rompin, Held Under Individual Title HSM 943, PT No. 1460, Mukim of Bebar, District of Rompin, Muadzam Shah, Pahang Darul Makmur, Malaysia  No. 3, Jalan Makmur 7, Presint Niaga, Bandar Satelit Muadzam Shah, 26700 Muadzam Shah, Pahang Darul Makmur, Malaysia  Leasehold for a period of 99 years expiring on 7 November 2111	Double- storey building for office use.	9	1,431.65 sqft/ 133 sq metre	N/A	472,033



## LIST OF PROPERTIES

## PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

No	Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure	Description of property/ Existing use	Approximate age of buildings (years)	Built-up area/Land area	Restriction in interest/ encumbrances	Audited Net book value as at 31 December 2020 RM
35.	AFES  Title No. Pajakan Negeri 2879, Lot 95, Mukim Ulu Telom, District of Cameron Highlands, Pahang Darul Makmur, Malaysia  Leasehold for a period of 99 years expiring on 13 September 2039	Vacant land.	N/A	N/A/ 3,968 sq metre	N/A	101,589
36.	AFES  Title No. GM 2289, Lot 2901 and Title No. GM 2335, Lot 2950 both at Mukim 06, District Seberang Perai Tengah, Pulau Pinang, Malaysia  No. 1, Jalan Nagasari 4, Taman Nagasari, 13600 Prai, Pulau Pinang, Malaysia  Freehold	Industrial land/The land is erected with one and a half (1½) storey semi-detached factory which is currently vacant.	9	7,750 sq ft/ 1375 sq metre	N/A	2,500,000
37.	AFES  Title No. HSD 493845 PTD 76034 of Mukim Tebrau, District of Johor Bahru, Johor Darul Takzim, Malaysia  No. 7, Jalan Firma 3/1, Lot PLO 255, Kawasan Perindustrian Tebrau IV, 81200 Johor Bahru, Johor Darul Takzim, Malaysia  Freehold	Industrial land/The land is erected with a three (3) storey office building with an annexed single storey warehouse building which is currently vacant.	5	52,780 sq ft/ 107,593 sq ft	N/A	7,700,000
38.	MRAD  Title No. GRN 57532 of Mukim Pulau Sebang, District of Alor Gajah, Melaka, Malaysia  Lot 16277, Mukim Pulau Sebang, Alor Gajah, Melaka, Malaysia  Freehold	Freehold agriculture land together with oil palm cultivation.	N/A	N/A/ 71.44 Ha	N/A	154,487,847

## LIST OF PROPERTIES

## PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

**Notes:**

- 1) *These industrial lands are occupied by third parties.*
- 2) *Excluding buildings and fixtures on the land.*
- 3) *Malakoff is the registered proprietor of 37 parcels of land ("Windsor Lands") which are collectively known as the Windsor Estate. The Windsor Estate is currently managed by Tradewinds Plantech Sdn Bhd (commencing from 1 June 2020 until 31 May 2021 via letter of award for the provision of palm oil plantation, operation and management services dated 1 June 2020). Among the 37 parcels of Windsor Lands, the following 34 parcels of the said lands are used as agricultural land for commercial planting - oil palm, which are consistent with the express conditions in their respective issue document of title:*

No	Land titles no
	GM 297 Lot 4615, GM 7229 Lot 4309, GRN 49012 Lot 5408, GRN 53898 Lot 5538, GRN 53899 Lot 5539, GRN 59198 Lot 2665, GRN 59203 Lot 446, GRN 66379 Lot 4136 and GRN 66619 Lot 2790
i.	All lands are located at Mukim of Batu Kurau, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia
No	Land titles no
	GM 445 Lot 315, GM 446 Lot 332, GM 448 Lot 317, GM 451 Lot 316, GM 454 Lot 364, GM 459 Lot 359, GM 460 Lot 361, GM 507 Lot 421, GM 511 Lot 437, GM 512 Lot 440, GM 516 Lot 473, GM 517 Lot 474, GM 518 Lot 475, GM 519 Lot 476, GM 520 Lot 477, GM 521 Lot 480, GM 522 Lot 481, GM 523 Lot 490, GM 549 Lot 629, GRN 45878 Lot 462, GRN 45879 Lot 690, GRN 45880 Lot 691, GRN 60574 Lot 504, GRN 62453 Lot 502 and GRN 65982 Lot 408
ii.	All lands are located at Mukim of Kamunting, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia

Pursuant to a letter dated 18 December 2013 issued by Pejabat Pengarah Tanah dan Galian Negeri Perak to Pejabat Daerah dan Tanah Larut, Matang dan Selama, the remaining three parcels of Windsor Lands are subject to Government compulsory acquisition ("Said Windsor Lands"). The Said Windsor Lands are currently pending completion of Government compulsory acquisition. As such, the express condition of the Said Windsor Lands has yet to be reflected in their respective issue document of title to reflect the existing use of the Said Windsor Lands. Further details of the Said Windsor Lands are as follows:

No	Land titles no.	Description of property/Existing express condition
	GRN 49011 Lot 5407 and GRN 59202 Lot 2825	
i.	Both lands are located at Mukim of Batu Kurau, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia	Agricultural land for agricultural purposes
ii.	GRN 48916 Lot 505, Mukim of Kamunting, District of Larut and Matang, Perak Darul Ridzuan, Malaysia	Agricultural land for commercial planting - rubber

- 4) Pursuant to the sale and purchase agreements dated 3 December 1999 and 21 June 2005 between Kuala Lumpur Sentral Sdn Bhd and Malakoff, respectively, the parcels identified above are held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles.
- 5) The audited NBV as at 31 December 2020 of the properties under item no. 6 to item no. 8 is RM1,797,000. The respective properties were not audited on an individual basis.

## LIST OF PROPERTIES

**PROPERTIES OWNED BY OUR GROUP (CONTINUED)**

The details of lands and buildings owned by us are set out below (continued):

**Notes (continued):**

- 6) *The audited NBV as at 31 December 2020 of the properties under item no. 9 to item no. 19 is RM12,896,000. The respective properties were not audited on an individual basis.*
- 7) *Pursuant to the sale and purchase agreement dated 17 December 1996 between Kuala Lumpur Sentral Sdn Bhd and TJSB, the parcel identified above is held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles.*
- 8) *The audited NBV as at 31 December 2020 of the properties under item no. 22 to item no. 25 is RM728,084. The respective properties were not audited on an individual basis.*
- 9) *Pursuant to the sale and purchase agreement dated 14 April 2005 between Kuala Lumpur Sentral Sdn Bhd and M Utilities, the parcels identified above are held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles.*
- 10) *The audited NBV of the property under item no. 26 as at 31 December 2020 is RM1, as the cost of the land was charged out as part of our project expense.*
- 11) *The NBV of the property under item no. 27 as at 31 December 2020 is RM670,928. The land recognised as part of Jetty asset and were not audited on an individual basis.*
- 12) *The NBV of the property under item no. 28 as at 31 December 2020 is RM360,500. The land recognised as part of Jetty asset and were not audited on an individual basis.*

*None of the properties disclosed above are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. No valuations have been conducted on any of the properties disclosed above.*

## LIST OF PROPERTIES

## PROPERTIES LEASED/TENANTED BY OUR GROUP

The details of material properties leased/tenanted by us are set out below:

No	Name of lessor/lessee or landlord/ tenant or grantor/grantee/Lot. no./ Postal address	Description of property/ Existing use	Approximate age of buildings (years)	Built-up area/Land area	Tenure/Date of expiry	Rental RM
1.	TNB (as lessor)/PPSB (as lessee)  HSD 50349 PT 10, Bandar Prai, District of Seberang Perai Tengah, Pulau Pinang, Malaysia  Prai Power Plant, Prai Power Station, Jalan Perusahaan, 13600 Prai, Pulau Pinang, Malaysia	Industrial land for power station/The land is currently used for the Prai Power Plant complex which includes turbine building, demineralisation plant, chemical lab, pump room, chlorination room, guard house, hydrogen cylinder store, H-boiler pump power station, fuel gas station, fuel oil pump house, foam station, programmable logic controller, building and electric fuel gas, inflammable material store, administration building and sheds. Land of approximately 2,088.706 sq metre is sub-leased to PETRONAS Energy & Gas Trading Sdn Bhd as per Sub Lease Agreement dated 5 July 2006.	18	6,954 sq metre/ 46.168 acres	A lease for a period of 24 years, expiring on 7 November 2024	Lump sum payment of 16,000,000
2.	Seaport (as lessor)/TBP (as lessee)  HSD 11438 PTD 1859, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for heavy industries of power station only/The land is currently used for the Tanjung Bin Power Plant complex and other related purpose.	15	238,716 sq metre/ 69.963 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
3.	Seaport (as lessor)/TBP (as lessee)  HSD 10927 PTD 1773, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Building land for coal ash disposal pond/Vacant land with mudflat area.	15	N/A/ 156.533 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)

## LIST OF PROPERTIES

## PROPERTIES LEASED/TENANTED BY OUR GROUP (CONTINUED)

The details of material properties leased/tenanted by us are set out below (continued):

No	Name of lessor/lessee or landlord/ tenant or grantor/grantee/Lot. no./ Postal address	Description of property/ Existing use	Approximate age of buildings (years)	Built-up area/Land area	Tenure/Date of expiry	Rental RM
4.	Seaport (as lessor)/TBP (as lessee)  HSD 10924 PTD 1771, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Commercial or industrial land for permanent jetty and any structure related thereto/The land is currently erected with a permanent jetty and the structures related thereto including conveyor belt and coal unloaders.	15	N/A/ 1.730 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
5.	Seaport (as lessor)/TBP (as lessee)  HSD 13031 PTD 2098, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for coal ash disposal pond/The land is currently used as ash pond for the Tanjung Bin Power Plant.	15	N/A/ 91.024 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
6.	Seaport (as lessor)/TBP (as lessee)  HSD 13032 PTD 2099, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for coal ash disposal pond/The land is currently used as ash pond for the Tanjung Bin Power Plant.	15	N/A/ 0.597 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
7.	Seaport (as lessor)/TBE (as lessee)  HSD 13028 PTD 2095, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for power station and other related purposes only/The land is currently used for the Tanjung Bin Energy Power Plant.	5	N/A/ 8.118 Ha	A lease for a period of 45 years, expiring on 31 January 2048  Refer to note (2)	Refer to note (1) plus a nominal value of 10
8.	Seaport (as lessor)/TBE (as lessee)  HSD 13029 PTD 2096, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for coal yard/ The land is currently used for the coal yard of the Tanjung Bin Energy Power Plant	5	N/A/ 21.996 Ha	A lease for a period of 45 years, expiring on 31 January 2048  Refer to note (2)	Refer to note (1) plus a nominal value of 10

## LIST OF PROPERTIES

## PROPERTIES LEASED/TENANTED BY OUR GROUP (CONTINUED)

The details of material properties leased/tenanted by us are set out below (continued):

No	Name of lessor/lessee or landlord/ tenant or grantor/grantee/Lot. no./ Postal address	Description of property/ Existing use	Approximate age of buildings (years)	Built-up area/Land area	Tenure/Date of expiry	Rental RM
9.	SWW (as lessor)/TBE (as lessee)  HSD 13393 PTD 2150, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia  Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for the petrochemical centre and the maritime industry/The land will be used for any other contingency to the Tanjung Bin Energy Power Plant.	5	N/A/ 0.444 Ha	A lease commencing from 7 March 2012 to the day before 21 March 2041.  Refer to note (3)	Nil  Refer to note (3)
10.	Lembaga Tabung Haji (as landlord)/ Malakoff (as tenant)  Part of GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur, Level 7 to Level 13, Building no. 4, Plaza Sentral, Brickfields, Kuala Lumpur, Malaysia  Level 7 to Level 13, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia	Seven office units each on the 7 <sup>th</sup> , 8 <sup>th</sup> , 10 <sup>th</sup> , 11 <sup>th</sup> , 12 <sup>th</sup> and 13 <sup>th</sup> floor of a commercial building/ Currently used as office space by Malakoff.	19	7,854 sq metre/ N/A	Period of tenancy from 1 July 2018 until 30 June 2021	464,965 per month (up to March 2020)  398,541 per month (from April 2020)
11.	Lembaga Tabung Haji (as landlord)/ M Utilities (as tenant)  Part of GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur, Level Ground, Building no. 4, Plaza Sentral, Brickfields, Kuala Lumpur, Malaysia  Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia	The ground level of a commercial building/ Currently used as office space and as a Customer Service Center by M Utilities.	19	349 sq metre/ N/A	Period of tenancy from 1 July 2018 until 30 June 2021	35,720 per month

## Notes:

- 1) Pursuant to the lease agreement dated 18 February 2003 and its supplemental agreements dated 1 October 2003 and 19 August 2014, respectively, between Seaport and TBP, the total rental of the lease for all four lots (and a parcel of land held under PTD 1858, which has been transferred to and registered with TNB in 2006 pursuant to the terms of the TBP PPA and is currently erected with a switchyard used for the Tanjung Bin Power Plant) is RM102,050,000 and has been paid by TBP in the manner as set out in the said agreements, with the final payment made on 14 March 2005 (i.e. prior to the registration of the lease). A portion of land title no. HSD 11438 PTD 1859 is sub-leased to TBE pursuant to a sub-lease agreement dated 29 February 2012 between TBP and TBE.
- 2) A presentation for registration of lease in favour of TBE and creation of charge over the lease in favour of TBE's financing parties for Lot PTD 2095 and PTD 2096 have been made to the Johor Land Office on 11 February 2015. The issuance of the new document of titles to TBE have completed on 12 March 2015.

## LIST OF PROPERTIES

**PROPERTIES LEASED/TENANTED BY OUR GROUP (CONTINUED)**

The details of material properties leased/tenanted by us are set out below (continued):

**Notes (continued):**

- 3) Pursuant to the land lease agreement entered into between TBE and SWW dated 6 January 2016, a presentation for registration of lease in favour of TBE and creation of charge over the lease in favour of TBE's financing parties for Lot PTD 2150 have been made to the Johor Land Office on 16 February 2016. The issuance of new document of title to TBE has completed on 16 March 2016. The consideration for the lease of RM1,194,794 has been paid by TBE to SWW.

Save as disclosed above, where an application has been made to change the conditions of the land use, none of the properties disclosed above are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties.

**MATERIAL EQUIPMENT**

The material plants and equipment used by our operations are set out below:

Description	Audited NBV as at 31 December 2020
	RM'000
The building, plant and machinery of the SEV Power Plant	973,391
The building, plant and machinery of the GB3 Power Plant	294,155
The building, plant and machinery of the Prai Power Plant	285,453
The building, plant and machinery of the TBP Power Plant	4,356,592
The building, plant and machinery of the Port Dickson Power Plant	65,000 <sup>1</sup>
The building, plant and machinery of the TBE Power Plant	5,474,920
<b>Total</b>	<b>11,449,511</b>

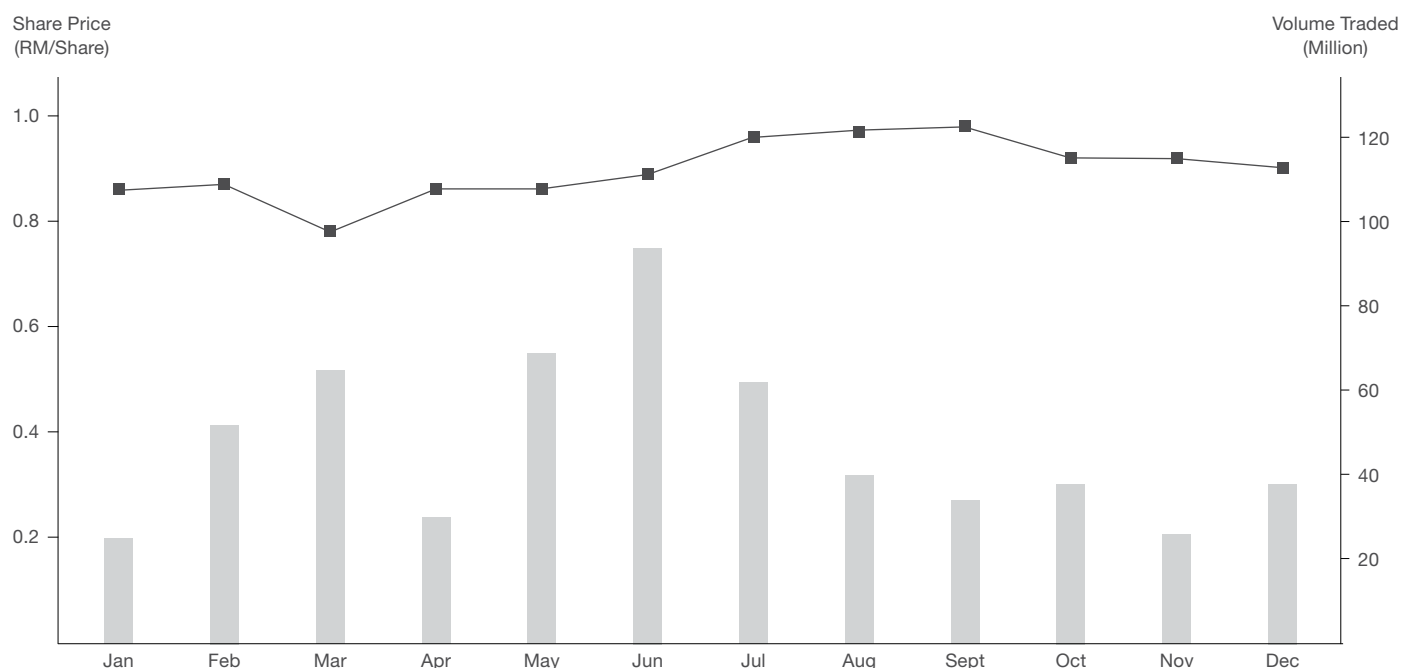
Note 1: The amount is classified as asset held for sale in the financial statements.

Save for PD Power, the material equipment of the respective IPPs have been secured under the financing facilities taken up by the respective IPPs for purposes of the relevant construction of power plant. The financing facilities taken up by SEV, PPSB and GB3 in relation to construction of the SEV, PPSB and GB3 power plants have been fully repaid.

## SHARE PRICE MOVEMENT AND FINANCIAL CALENDAR

### MALAKOFF SHARE PRICE MOVEMENT 2020

■ Average Share Price    ■ Volume Traded



	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020
Highest Share Price (RM/Share)	0.88	0.90	0.88	0.89	0.89	0.95	1.00	1.00	1.00	0.95	0.95	0.91
Lowest Share Price (RM/Share)	0.82	0.82	0.66	0.81	0.82	0.86	0.92	0.94	0.95	0.90	0.90	0.89
Average Share Price (RM/Share)	0.86	0.87	0.78	0.86	0.86	0.89	0.96	0.97	0.98	0.92	0.92	0.90
Volume Traded (Million)	25.3	51.9	65.3	29.6	69.0	94.0	62.0	40.2	34.0	38.1	25.5	38.3

### FINANCIAL CALENDAR 2020

#### Quarterly Results

##### 19 February 2020

Announcement of the unaudited consolidated results for the 4<sup>th</sup> quarter ended 31 December 2019.

##### 20 May 2020

Announcement of the unaudited consolidated results for the 1<sup>st</sup> quarter ended 31 March 2020.

##### 18 August 2020

Announcement of the unaudited consolidated results for the 2<sup>nd</sup> quarter ended 30 June 2020.

##### 24 November 2020

Announcement of the unaudited consolidated results for the 3<sup>rd</sup> quarter ended 30 September 2020.

#### Annual Audited Accounts

##### 24 March 2020

Announcement of the Annual Audited Accounts for the financial year ended 31 December 2019 and issuance of Annual Report 2019.

#### Annual General Meeting

##### 23 March 2020

Notice of the Fourteenth Annual General Meeting.

##### 6 May 2020

Notice of postponement of the Fourteenth Annual General Meeting and to be held via Virtual Meeting.

##### 9 June 2020

Fourteenth Annual General Meeting via Virtual Meeting.

#### Dividends

##### 12 June 2020

Payment of single tier final dividend of 4.11 sen per ordinary share for the financial year ended 31 December 2019.

##### 16 October 2020

Payment of single tier interim dividend of 2.80 sen per ordinary shares for the financial year ended 31 December 2020



## SHAREHOLDINGS STATISTICS

AS AT 22 FEBRUARY 2021

Class of Securities	:	Ordinary shares
Issued and Paid-up Share Capital	:	RM500,000,000 with total number of issued shares of 5,000,000,000 ordinary shares (Inclusive of treasury shares of 113,038,700)
Voting Rights	:	One vote per ordinary share
Number of Shareholders	:	18,744

## ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	214	1.14	2,249	0.00
100 to 1,000	2,993	15.97	1,729,085	0.04
1,001 to 10,000	9,368	49.98	49,567,860	1.01
10,001 to 100,000	5,387	28.74	170,302,001	3.48
100,001 to less than 5% of issued shares	776	4.14	895,040,588	18.31
5% and above of issued shares	6	0.03	3,770,319,517	77.16
<b>TOTAL</b>	<b>18,744</b>	<b>100.00</b>	<b>4,886,961,300*</b>	<b>100.00</b>

\* Excluding treasury shares of 113,038,700

## DIRECTORS' INTERESTS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

## Directors' Interest in the Company

Name	Direct		Indirect	
	No. of shares	%	No. of shares	%
Datuk Haji Hasni Harun	-	-	-	-
Anwar Syahrin Abdul Ajib	-	-	-	-
Dato' Sri Che Khalib Mohamad Noh	420,000	0.01	-	-
Datuk Ooi Teik Huat	420,000	0.01	-	-
Datuk Idris Abdullah	-	-	-	-
Datuk Dr Syed Muhamad Syed Abdul Kadir	150,000	0.00	-	-
Cindy Tan Ler Chin	-	-	-	-
Datuk Rozimi Remeli	-	-	-	-

## SHAREHOLDINGS STATISTICS

AS AT 22 FEBRUARY 2021

## Substantial Shareholders according to the Register of Substantial Shareholders

No.	Name	Direct		Indirect	
		No. of shares	%	No. of shares	%
1	Anglo-Oriental (Annuities) Sdn Bhd ("AOA") <sup>(1)</sup>	981,341,460	20.08	-	-
2	MMC Corporation Berhad ("MMC")	897,695,630	18.37	981,341,460 <sup>(2)</sup>	20.08
3	Employees Provident Fund Board <sup>(3)</sup>	631,642,133	12.93	-	-
4	Urusharta Jamaah Sdn Bhd <sup>(4)</sup>	499,498,760	10.22	-	-
5	Kumpulan Wang Persaraan (Diperbadankan) <sup>(5)</sup>	446,629,634	9.14	-	-
6	Amanah Saham Bumiputera <sup>(6)</sup>	313,511,900	6.42	-	-
7	Seaport Terminal (Johore) Sdn Bhd ("Seaport") <sup>(7)</sup>	-	-	1,879,037,090	38.45
8	Indra Cita Sdn Bhd ("ICSB") <sup>(8)</sup>	-	-	1,879,037,090	38.45
9	Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor <sup>(9)</sup>	-	-	1,879,037,090	38.45

## Notes:

<sup>(1)</sup> Of which 200,957,230 shares held through its own account and 780,384,230 shares held through Bank Muamalat Malaysia Berhad.

<sup>(2)</sup> Deemed interested in 981,341,460 shares held by AOA in Malakoff by virtue of its 100% direct shareholding in AOA.

<sup>(3)</sup> Of which 631,642,133 shares held through Citigroup Nominees (Tempatan) Sdn. Bhd.

<sup>(4)</sup> Of which 499,498,760 shares held through Citigroup Nominees (Tempatan) Sdn. Bhd.

<sup>(5)</sup> Of which 421,916,534 shares held through its own account and 24,713,100 shares held through various Citigroup Nominees (Tempatan) Sdn Bhd CDS accounts.

<sup>(6)</sup> Of which 313,511,900 shares held through Amanahraya Trustees Berhad.

<sup>(7)</sup> Deemed interested by virtue of its direct major shareholdings in MMC.

<sup>(8)</sup> Deemed interested through Seaport.

<sup>(9)</sup> Deemed interested through ICSB.

## SHAREHOLDINGS STATISTICS

AS AT 22 FEBRUARY 2021

## 30 Largest Shareholders

No.	Name of Shareholders	No. of Shares	% of Issued Share Capital
1	MMC CORPORATION BERHAD	897,695,630	18.37
2	BANK MUAMALAT MALAYSIA BERHAD PLEDGED SECURITIES ACCOUNT FOR ANGLO-ORIENTAL (ANNUITIES) SDN BHD	780,384,230	15.97
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	617,284,533	12.63
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (1)	499,162,760	10.21
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	421,916,534	8.63
6	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA	313,511,900	6.42
7	ANGLO-ORIENTAL (ANNUITIES) SDN BHD	200,957,230	4.11
8	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 2 - WAWASAN	111,235,600	2.28
9	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA	73,977,500	1.51
10	LEMBAGA TABUNG HAJI	65,331,300	1.34
11	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	34,052,900	0.70
12	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	31,681,300	0.65
13	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	28,687,413	0.59
14	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 2	26,261,800	0.54
15	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 3 – DIDIK	24,567,400	0.50
16	AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 3	20,473,600	0.42
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	19,741,100	0.40
18	SERAIMAS BINA SDN. BHD.	14,753,300	0.30
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	14,357,600	0.29
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN TAKAFUL BERHAD (CREDIT TAKAFUL PIA)	11,361,600	0.23
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	10,994,100	0.22
22	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND 64DY FOR INTERNATIONAL SMALL CAP PORTFOLIO (BERNSTEIN FUND)	10,224,200	0.21

## SHAREHOLDINGS STATISTICS

AS AT 22 FEBRUARY 2021

## 30 Largest Shareholders (continued)

No.	Name of Shareholders	No. of Shares	% of Issued Share Capital
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK) (412183)	9,000,000	0.18
24	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II	8,681,200	0.18
25	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND WTAS FOR WISDOMTREE EMERGING MARKETS HIGH DIVIDENDFUND	8,433,300	0.17
26	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	8,196,284	0.17
27	WENDY LAU SIE SIE	8,000,000	0.16
28	AMANAHRAYA TRUSTEES BERHAD ASN IMBANG (MIXED ASSET BALANCED) 1	6,903,400	0.14
29	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND TCTD FOR CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	6,667,400	0.14
30	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR VANGUARD FTSE ALL-WORLD EX-US SMALL- CAP INDEX FUND	6,631,900	0.14
<b>TOTAL</b>		<b>4,291,127,014</b>	<b>87.80</b>

## GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or URL(s)
<b>GRI 101: Foundation 2016</b>		
<b>General Disclosures</b>		
<b>GRI 102: General Disclosures 2016</b>	<b>Organizational profile</b>	
	102-1 Name of the organisation	Cover page Annual Report FY2020
	102-2 Activities, brands, products, and services	We Are Malakoff (page 2-3)
	102-3 Location of headquarters	Corporate Information (page 8)
	102-4 Location of operations	Domestic and International Footprint (page 4-5)
	102-5 Ownership and legal form	Corporate Structure (page 6-7)
	102-6 Markets served	We Are Malakoff (page 3-5)
	102-7 Scale of the organisation	Corporate Structure (page 6-7)
	102-8 Information on employees and other workers	Sustainability Statement: Social (page 55-56)
	102-9 Supply chain	AR2020 excludes supply chain disclosures till more accurate and meaningful data can be collected
	102-10 Significant changes to the organisation and its supply chain	
	102-11 Precautionary Principle or approach	Sustainability Statement (page 39-48)
	102-12 External initiatives	About This Report
	102-13 Membership of associations	Corporate Information (page 8)
	<b>Strategy</b>	
	102-14 Statement from senior decision-maker	Management Discussion & Analysis (page 16-37), MD/CEO's Message (page 38-39)
	102-15 Key impacts, risks, and opportunities	Management Discussion & Analysis (page 16-37), MD/CEO's Message (page 38-39)
	<b>Ethics and integrity</b>	
	102-16 Values, principles, standards, and norms of behavior	Sustainability Statement (page 45)
	102-17 Mechanisms for advice and concerns about ethics	Sustainability Statement (page 45)
	<b>Governance</b>	
	102-18 Governance structure	Sustainability Governance Structure (page 39-40)
	102-19 Delegating authority	Sustainability Governance Structure (page 39-40)
	102-20 Executive-level responsibility for economic, environmental, and social topics	Sustainability Governance Structure (page 39-40)
	102-21 Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement (page 41)
	102-22 Composition of the highest governance body and its committees	Corporate Information (page 8)
	102-23 Chair of the highest governance body	Board of Directors' Profile (page 66-69)
	102-24 Nominating and selecting the highest governance body	Corporate Governance Overview Statement (page 77-91)

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GRI Standard	Disclosure	Page number(s) and/or URL(s)
<b>GRI 101: Foundation 2016 (continued)</b>		
<b>General Disclosures (continued)</b>		
<b>GRI 102: General Disclosures 2016 (continued)</b>	<b>Organizational profile (continued)</b>	
	102-26 Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Overview Statement (page 77-91)
	102-27 Collective knowledge of highest governance body	Board of Directors' Profile (page 66-69)
	102-28 Evaluating the highest governance body's performance	Corporate Governance Overview Statement (page 77-91)
	102-29 Identifying and managing economic, environmental, and social impacts	Sustainability Statement: Materiality (page 42)
	102-30 Effectiveness of risk management processes	Statement of Risk Management and Internal Control (page 97-100)
	102-31 Review of economic, environmental, and social topics	Sustainability Statement: Materiality (page 42)
	102-32 Highest governance body's role in sustainability reporting	Sustainability Governance Structure (page 40)
	102-33 Communicating critical concerns	Sustainability Statement: Materiality (page 42)
	102-34 Nature and total number of critical concerns	Sustainability Statement: Materiality (page 42)
	102-35 Remuneration policies	Corporate Governance Overview Statement: BNRC (page 83-85)
	102-36 Process for determining remuneration	Corporate Governance Overview Statement: BNRC (page 83-85)
	102-37 Stakeholders involvement in remuneration	Corporate Governance Overview Statement: BNRC (page 83-85)
	102-38 Annual total compensation ratio	Corporate Governance Overview Statement: BNRC (page 83-85)
	102-39 Percentage increase in annual total compensation ratio	Corporate Governance Overview Statement: BNRC (page 83-85)
	<b>Stakeholder engagement</b>	
	102-40 List of stakeholder groups	Stakeholder Engagement (page 41)
	102-41 Collective bargaining agreements	Sustainability Statement: Human Rights (page 65)
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement (page 41)
	102-43 Approach to stakeholder engagement	Stakeholder Engagement (page 41)
	102-44 Key topics and concerns raised	Stakeholder Engagement (page 41)
	<b>Reporting practice</b>	
	102-45 Entities included in the consolidated financial statements	Financial Statements (page 105-263)
	102-46 Defining report content and topic Boundaries	About This Report
	102-47 List of material topics	Sustainability Statement: Materiality (page 42)
	102-48 Restatements of information	Stakeholder Engagement (page 41)

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GRI Standard	Disclosure	Page number(s) and/or URL(s)
<b>GRI 101: Foundation 2016 (continued)</b>		
<b>General Disclosures (continued)</b>		
<b>GRI 102: General Disclosures 2016 (continued)</b>	<b>Reporting practice (continued)</b>	
	102-49 Changes in reporting	Sustainability Governance (page 40)
	102-50 Reporting period	About This Report
	102-51 Date of most recent report	About This Report
	102-52 Reporting cycle	About This Report
	102-53 Contact point for questions regarding the report	About This Report
	102-54 Claims of reporting in accordance with the GRI Standards	About This Report Sustainability Governance (page 40)
	102-55 GRI content index	Sustainability Statement: GRI Content Index Table (page 285-291)
	102-56 External assurance	About This Report
<b>Material Topics</b>		
<b>GRI 200 Economic Standard Series</b>		
<b>Economic Performance</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Sustainability: Economic (page 43-48)
	103-2 The management approach and its components	Sustainability: Economic (page 43-48)
	103-3 Evaluation of the management approach	Sustainability: Economic (page 43-48)
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Management Discussion and Analysis (page 16-37) Sustainability: Security of Supply & Plant Security (page 45), Strategic Business Development (page 46), Business Process Improvement (page 46), Lean Six Sigma (page 47), Green 5S (page 47), Operational Excellence (page 47), Renewable Energy (page 48)
	201-2 Financial implications and other risks and opportunities due to climate change	Chairman's Statement (page 12-15) and Sustainability Statement: Renewable Energy (page 48), Environmental (page 49)
<b>Market Presence</b>		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Management Discussion and Analysis (page 16-37)
	103-2 The management approach and its components	Management Discussion and Analysis (page 16-37)
	103-3 Evaluation of the management approach	Management Discussion and Analysis (page 16-37)

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GRI Standard	Disclosure	Page number(s) and/or URL(s)
<b>Material Topics (continued)</b>		
<b>GRI 200 Economic Standard Series (continued)</b>		
<b>Indirect Economic Impacts</b>		
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	103-2	The management approach and its components Sustainability: Social (page 54-65)
	103-3	Evaluation of the management approach Sustainability: Social (page 54-65)
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported Economic: Security of Supply and Plant Security (page 45), Information Security (page 46) Sustainability: Social (page 63-64)
	203-2	Significant indirect economic impacts Sustainability: Social (page 63-65)
<b>Procurement Practices</b>		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary Social: Responsible Subcontracting & Procurement (page 65)
	103-2	The management approach and its components Social: Responsible Subcontracting & Procurement (page 65)
	103-3	Evaluation of the management approach Social: Responsible Subcontracting & Procurement (page 65)
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers Social: Responsible Subcontracting & Procurement (page 65)
<b>Anti-corruption</b>		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary Economic: Anti-Bribery Compliance (page 45)
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	103-3	Evaluation of the management approach Economic: Anti-Bribery Compliance (page 45)
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures Economic: Anti-Bribery Compliance (page 45)
	205-3	Confirmed incidents of corruption and actions taken Economic: Whistle-Blowing Policy (page 45)
<b>GRI 300 Environmental Standards Series</b>		
<b>Materials</b>		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary Environmental: Energy Consumption and Efficiency (page 50-51)
	103-2	The management approach and its components Environmental: Energy Consumption and Efficiency (page 50-51)
	103-3	Evaluation of the management approach Environmental: Energy Consumption and Efficiency (page 50-51)
GRI 301: Materials 2016	301-1	Materials used by weight or volume Environmental: Energy Consumption and Efficiency (page 50-51)
	301-2	Recycled input materials used Environmental: Waste Management (page 53)



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GRI Standard	Disclosure		Page number(s) and/or URL(s)
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Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Environmental: Energy Consumption and Efficiency (page 50-51)
	103-2	The management approach and its components	Environmental: Energy Consumption and Efficiency (page 50-51)
	103-3	Evaluation of the management approach	Environmental: Energy Consumption and Efficiency (page 50-51)
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Environmental: Energy Consumption and Efficiency (page 50-51), Alam Flora (page 63)
	302-4	Reduction of energy consumption	Environmental: Energy Consumption and Efficiency (page 50-51)
Water			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Environmental: Water Use Impact (page 52)
	103-2	The management approach and its components	Environmental: Water Use Impact (page 52)
	103-3	Evaluation of the management approach	Environmental: Water Use Impact (page 52)
GRI 303: Water 2016	303-1	Water withdrawal by source	Environmental: Water Use Impact (page 52)
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Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Environmental: Emissions Management (page 50)
	103-2	The management approach and its components	Environmental: Emissions Management (page 50)
	103-3	Evaluation of the management approach	Environmental: Emissions Management (page 50)
GRI 305: Emissions 2016	305-2	Energy indirect GHG emission	Environmental: Emissions Management (page 50)
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Environmental: Waste Management (page 53)
	103-2	The management approach and its components	Environmental: Waste Management (page 53)
	103-3	Evaluation of the management approach	Environmental: Waste Management (page 53)
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Environmental: Waste Management (page 53), Alam Flora (page 63)
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Economic: Regulatory Compliance (page 43)
	103-2	The management approach and its components	Economic: Regulatory Compliance (page 43)
	103-3	Evaluation of the management approach	Economic: Regulatory Compliance (page 43)
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Economic: Regulatory Compliance (page 43) Compliance with New Environmental Quality (“CAR 2014”) (page 44), Sustainability: Environmental (page 49)

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<b>Employment</b>		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary
	103-2	The management approach and its components
	103-3	Evaluation of the management approach
GRI 401: Employment 2016	401-1	New employee hires and employee turnover
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
	401-3	Parental leave
<b>Labor/Management Relations</b>		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary
	103-2	The management approach and its components
	103-3	Evaluation of the management approach
GRI 402: Labor/Management Relations	402-1	Minimum notice periods regarding operational changes
<b>Occupational Health and Safety</b>		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary
	103-2	The management approach and its components
	103-3	Evaluation of the management approach
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
<b>Training and Education</b>		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary
	103-2	The management approach and its components
	103-3	Evaluation of the management approach
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs
	404-3	Percentage of employees receiving regular performance and career development reviews

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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary
	103-2	The management approach and its components
	103-3	Evaluation of the management approach
GRI 405: Diversity and Equal Opportunities 2016	405-1	Diversity of governance bodies and employees
<b>Non-discrimination</b>		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary
	103-2	The management approach and its components
	103-3	Evaluation of the management approach
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken
<b>Local Communities</b>		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary
	103-2	The management approach and its components
	103-3	Evaluation of the management approach
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs
	413-2	Operations with significant actual and potential negative impacts on local communities

## NOTICE OF 15<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 15<sup>TH</sup> ANNUAL GENERAL MEETING (“**AGM**”) OF MALAKOFF CORPORATION BERHAD (“**COMPANY**”) WILL BE HELD AS A FULLY VIRTUAL GENERAL MEETING AT THE BROADCAST VENUE AT THE BOARDROOM, LEVEL 7, BLOCK 4, PLAZA SENTRAL, JALAN STESEN SENTRAL 5, 50470 KUALA LUMPUR, MALAYSIA ON **WEDNESDAY, 28 APRIL 2021 AT 10.00 A.M.** FOR THE PURPOSE OF CONSIDERING AND, IF THOUGHT FIT, PASSING THE FOLLOWING RESOLUTIONS:

### ORDINARY BUSINESS

1. “**THAT** the Audited Financial Statements of the Company for the financial year ended 31 December 2020 and the Directors’ Report and Auditors’ Report thereon be and are hereby received.”

*(Please refer to Explanatory Note 1)*

2. “**THAT** the following Directors who retire in accordance with Article 105 of the Company’s Constitution be and are hereby re-elected as the Directors of the Company:

- (i) Datuk Haji Hasni Harun
- (ii) Dato’ Sri Che Khalib Mohamad Noh”

**Resolution 1**  
**Resolution 2**

*(Please refer to Explanatory Note 2)*

3. “**THAT** Encik Anwar Syahrin Abdul Ajib who retires in accordance with Article 111 of the Company’s Constitution be and is hereby re-elected as the Director of the Company”

**Resolution 3**

*(Please refer to Explanatory Note 2)*

4. “**THAT** the payment of Directors’ fees up to an amount of RM1,230,000 to the Non-Executive Directors (“**NED**”) with effect from the conclusion of the 15<sup>th</sup> AGM until the next AGM of the Company be and is hereby approved.”

**Resolution 4**

*(Please refer to Explanatory Note 3)*

5. “**THAT** the payment of the following Directors’ benefits with effect from the conclusion of the 15<sup>th</sup> AGM until the next AGM of the Company be and is hereby approved:

- (i) Directors’ benefits up to an amount of RM1,260,000 to all NEDs by the Company; and
- (ii) Directors’ benefits up to an amount of RM250,000 by the subsidiaries of the Company to the Directors.”

**Resolution 5**  
**Resolution 6**

*(Please refer to Explanatory Note 3)*

6. “**THAT** Messrs. KPMG PLT, who are eligible and have given their consent for re-appointment, be and are hereby re-appointed as Auditors of the Company until the conclusion of the next AGM, AND THAT the remuneration to be paid to them be fixed by the Board of Directors.”

**Resolution 7**

NOTICE OF 15<sup>TH</sup> ANNUAL GENERAL MEETING**SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:

**7. Proposed Renewal of Authority for the Company to Purchase Its Own Shares****Resolution 8**

**“THAT** subject to provisions of the Companies Act 2016 (**“Act”**), the Constitution of the Company, the Main Market Listing Requirements (**“MMLR”**) of Bursa Malaysia Securities Berhad (**“Bursa Securities”**) and all prevailing laws, rules, regulations, orders, guidelines and requirements for the time being in force, approval and authority be and are hereby given to the Directors of the Company (**“Directors”**), to the extent permitted by law, to purchase such number of ordinary shares in the Company (**“Shares”**) as may be determined by the Directors, from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the best interest of the Company, provided that:

- a) the maximum aggregate number of Shares purchased or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time;
- b) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the amount of the retained profits of the Company at the time of purchase; and
- c) the authority conferred by this resolution shall be effective immediately after the passing of this resolution and shall continue to be in force until:
  - (i) the conclusion of the next annual general meeting of the Company at which time the authority will lapse unless the authority is renewed by a resolution passed at that meeting, either conditionally or unconditionally;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
  - (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting of the Company,

whichever occurs first;

**THAT** the Directors be and are hereby authorised to deal with the Shares so purchased, at their discretion, in the following manner:

- (i) cancel the Shares so purchased;
- (ii) retain the Shares so purchased as treasury shares; or
- (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder of the Shares;

**THAT** where such Shares are held as treasury shares, the Directors be and are hereby authorised to deal with the treasury shares in their absolute discretion, in the following manner:

- (i) distribute the Shares as dividends to shareholders, such dividends to be known as “shares dividends”;
- (ii) resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Securities;
- (iii) transfer the Shares or any of the Shares for the purposes of or under an employees’ share scheme;
- (iv) transfer the Shares or any of the Shares as purchase consideration;
- (v) cancel the Shares or any of the Shares; or
- (vi) sell, transfer or otherwise use the Shares for such other purposes as the Minister may by order prescribe;

## NOTICE OF 15<sup>TH</sup> ANNUAL GENERAL MEETING

**AND THAT** the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps as necessary or expedient (including opening and maintaining a Central Depository System account) and to enter into and execute, on behalf of the Company, any instrument, agreement and/or arrangement with any person, and with full power to assent to any condition, modification, variation and/or amendment as may be imposed by Bursa Securities or any relevant regulatory authority, and/or as may be required in the best interest of the Company and to take all such steps as the Directors may deem fit, necessary and expedient in the best interest of the Company in order to implement, finalise and give full effect to the purchase by the Company of its Shares.”

*(Please refer to Explanatory Note 4)*

### 8. **Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders’ Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)** **Resolution 9**

“**THAT**, subject to Paragraph 10.09 of the MMLR of Bursa Securities, the Company and its subsidiaries (“**Group**”) be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in Section 2.4 of the Circular to Shareholders dated 29 March 2021, PROVIDED THAT such transactions are necessary for the Group’s day-to-day operations and are in the ordinary course of business of the Group and at arm’s length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

**THAT** such approval shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which this Ordinary Resolution shall be passed, at which time it will lapse, unless by a resolution passed at the general meeting, the authority conferred by this resolution is renewed;
- (ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier;

**AND THAT** the Directors of the Company and its subsidiaries be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders’ Mandate as authorised by this Ordinary Resolution.”

*(Please refer to Explanatory Note 5)*

- 9. To transact any other business of which due notice shall have been given in accordance with the Act and the Company’s Constitution.

NOTICE OF 15<sup>TH</sup> ANNUAL GENERAL MEETING**NOTICE OF BOOK CLOSURE AND NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

NOTICE IS ALSO HEREBY GIVEN THAT shareholders who are registered in the Record of Depositors at the close of business on 21 May 2021 shall be entitled to the final dividend which will be paid on 18 June 2021.

A depositor shall qualify for dividend entitlement only in respect of:

- a) Shares transferred into the Depositor's securities account before 4.30 p.m. on 21 May 2021 in respect of ordinary transfers; and
- b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

**BY ORDER OF THE BOARD**

**Noor Raniz bin Mat Nor (MAICSA 7061903)**

**Cheryl Rinai Kalip (LS 0008258)**

Company Secretaries

Kuala Lumpur  
29 March 2021

**Notes:**

As a shareholder, you are encouraged to leverage on the Remote Participation and Voting Facilities to participate and vote remotely at the Company's 15<sup>th</sup> AGM to be held fully virtual without a physical meeting venue.

1. The broadcast venue is strictly for the compliance with Section 327(2) of the Companies Act 2016 that requires the Chairman of the meeting to be present at the main venue of the meeting. No member and proxy from the public should be physically present nor admitted at the broadcast venue on the day of the 15<sup>th</sup> AGM.
2. Members and proxies are encouraged to go online, participate and vote at the 15<sup>th</sup> AGM using the Remote Participation and Voting ("RPV") facilities via live webcast and online remote voting provided by the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd through its Boardroom Smart Investor Online Portal at <https://www.boardroomlimited.my/>. Members are advised to read the Administrative Details on the procedures to participate in this 15<sup>th</sup> AGM remotely.
3. Only depositors whose names appear on the Record of Depositors as at 21 April 2021 shall be entitled to register and participate in the meeting or appoint proxies to participate and/or vote on their behalf.
4. A member of the Company entitled to participate and vote at this meeting is entitled to appoint a proxy or proxies or attorney or other duly authorised representative to participate and vote at his stead. A member of the Company may appoint up to two (2) proxies to participate at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
5. In case of a corporation, the proxy form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
6. In the case of joint holders, the signature of any one of them will suffice.
7. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless it specifies the proportion of its shareholding to be represented by each proxy.
8. Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.
9. The proxy form, to be valid, must be deposited at the office of Boardroom Share Registrars Sdn Bhd, 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for the meeting or any adjournment thereof. Alternatively, the proxy form can be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Online Portal at <https://www.boardroomlimited.my/> before the proxy form lodgment cut-off time as mentioned above.
10. Members'/proxies' login to the virtual meeting portal will commence at 9.00 a.m. on the day of the meeting and shall remain open until the conclusion of the 15<sup>th</sup> AGM or such time as may be determined by the Chairman of the meeting.

## NOTICE OF 15<sup>TH</sup> ANNUAL GENERAL MEETING

### Explanatory Notes on Ordinary Business:

#### 1. Explanatory Note 1

##### **Audited Financial Statements for the financial year ended 31 December 2020**

This agenda item is meant for discussion only as provided under Section 340(1) of the Act and the Company's Constitution. The Audited Financial Statements do not require the shareholders' approval and hence, the matter will not be put forward for voting.

#### 2. Explanatory Note 2

##### **Re-election of Directors retiring in accordance with Articles 105 and 111 of the Company's Constitution**

The proposed ordinary resolutions 1 and 2 under Agenda 2 and ordinary resolution 3 under Agenda 3 of the 15<sup>th</sup> AGM are to seek the shareholders' approval on the re-election of the Directors standing for re-election in accordance with the Company's Constitution, who have offered themselves for re-election.

##### **i) Datuk Haji Hasni Harun and Dato' Sri Che Khalib Mohamad Noh retire in accordance with Article 105**

In deliberating the re-election of the retiring Directors at the 15<sup>th</sup> AGM, the Board Nomination and Remuneration Committee ("BNRC") had taken into consideration of the performance and contribution of each Director based on the annual Board assessment conducted for the financial year 2020, and the criteria on qualification of Directors pursuant to Paragraph 2.20A of MMLR of Bursa Securities. The retiring Directors met the performance criteria required for an effective and high performance Board.

##### **ii) Encik Anwar Syahrin Abdul Ajib retires in accordance with Article 111**

As a new Managing Director/Chief Executive Officer ("MD/CEO") of the Company, the BNRC's recommendation to re-elect Encik Anwar Syahrin was mainly supported by his vast experience in various fields such as transport, logistics, property development, finance and accounting as well as his ability of stewardship gained from his senior management positions in both the private and public companies. This would enable him to provide the necessary leadership to the Board with his insightful and in-depth knowledge of diverse areas.

The Board, after having considered the recommendations of the BNRC, is recommending the re-election of the abovementioned Directors for the shareholders' approval.

#### 3. Explanatory Note 3

##### **Directors' Remuneration**

Section 230(1) of the Act stipulates that the fees and any benefits payable to the directors of a listed company and its subsidiaries shall be tabled at a general meeting for the shareholders' approval.

The proposed ordinary resolutions 4, 5 and 6, if passed, will allow the payment of the following Directors' remuneration to the Directors on a monthly basis and/or as and when incurred within the approval period after the Directors have discharged their responsibilities and rendered their services to the Company and the subsidiaries.

##### **(i) Directors' remuneration payable by the Company to all NEDs comprises the following:**

- a) Directors' fees; and
- b) Benefits such as Board Committee allowances, meeting allowances, annual leave passage and/or annual supplemental fees, including benefits-in-kind to the Chairman;



NOTICE OF 15<sup>TH</sup> ANNUAL GENERAL MEETING

The shareholders had, at the 14<sup>th</sup> AGM of the Company held on 9 June 2020, approved the revision of the Directors' fees from RM7,500 to RM9,000 per month per NED effective from the conclusion of the 14<sup>th</sup> AGM. Save for the approved revised Directors' fees, all other benefits for the NEDs remain unchanged since the listing of the Company in May 2015.

The current Directors' remuneration payable to the NEDs are summarised in the table below:

Board/Board Committees	Directors' fees/allowances (per member)		Meeting Allowances (per member)	
	Non-Executive Chairman ("NEC")/ per month (RM)	NED/ per month (RM)	NEC/ per meeting (RM)	NED/ per meeting (RM)
i) Board	30,000	9,000	2,500	2,500
ii) Board Audit Committee	4,000	2,500	2,500	2,500
iii) Board Nomination & Remuneration Committee	3,000	2,000	2,000	2,000
iv) Board Risk & Investment Committee	3,000	2,000	2,000	2,000
v) Board Procurement Committee	N/A	N/A	3,000	2,000

Items	Other benefits	
	NEC (RM)	Per NED RM)
i) Annual leave passage & annual supplemental fees	25,000 per annum	25,000 per annum
ii) Benefits-in-kind (Board only)	up to 3,500 per month (as claimed)	N/A

(Note: each of the foregoing payments being exclusive of the others)

(ii) Directors' benefits payable by the subsidiaries of the Company to the Directors, comprising fixed allowances, meeting allowances or any other benefits.

The details of the Directors' fees and benefits paid to each Director for the financial year 2020 are disclosed in the Corporate Governance Overview Statement in the Annual Report 2020.

## NOTICE OF 15<sup>TH</sup> ANNUAL GENERAL MEETING

### Explanatory Notes on Special Business:

#### 4. **Explanatory Note 4**

##### **Proposed Renewal of Share Buy-Back Authority**

The proposed resolution 8, if passed, will empower the Directors to purchase the Company's own shares of up to ten percent (10%) of its total number of issued shares subject to Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase(s).

Please refer to the Share Buy-Back Statement to Shareholders dated 29 March 2021 for further information.

#### 5. **Explanatory Note 5**

##### **Proposed Shareholders' Mandate for Recurrent Related Party Transactions ("RRPTs")**

The proposed resolution 9, if passed, will empower the Company and its subsidiaries ("**Group**") to enter into RRPTs of a revenue or trading nature with the related parties as set out in Section 2.4 of the Circular to Shareholders dated 29 March 2021 which are necessary for the Group's day-to-day operations and/or in the ordinary course of business of the Group on normal commercial terms and to facilitate the conduct of the Group's business in a timely manner.

The proposal includes the proposed renewal of the existing shareholders' mandate for RRPTs of a revenue or trading nature that was approved by the shareholders at the 14<sup>th</sup> AGM and proposed new shareholders' mandate for additional RRPTs of a revenue or trading nature.

Details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 29 March 2021 which is issued together with the Annual Report 2020 of the Company.

#### 6. **Abstention from Voting**

The Directors who are shareholders of the Company shall abstain from voting on the resolution in respect of their own re-election, resolutions concerning remuneration of the Directors and the Proposed Shareholders' Mandate (applicable to interested directors only), at the 15<sup>th</sup> AGM.

## STATEMENT ACCOMPANYING NOTICE OF THE 15<sup>TH</sup> AGM

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

The Directors retiring in accordance with the Company's Constitution and seeking for re-election are as follows:

#### Pursuant to Article 105 of the Company's Constitution

1. Datuk Haji Hasni Harun
2. Dato' Sri Che Khalib Mohamad Noh

#### Pursuant to Article 111 of the Company's Constitution

1. Encik Anwar Syahrin Abdul Ajib

The profiles of the abovenamed Directors are stated in the Directors' Profile on page 66 to 67 of the Annual Report 2020.

## ADMINISTRATIVE DETAILS

**ADMINISTRATIVE DETAILS FOR THE 15<sup>TH</sup> ANNUAL GENERAL MEETING (“AGM”) OF MALAKOFF CORPORATION BERHAD (“COMPANY”) TO BE HELD AS A FULLY VIRTUAL MEETING AT THE BROADCAST VENUE AT THE BOARDROOM, LEVEL 7, BLOCK 4, PLAZA SENTRAL, JALAN STESEN SENTRAL 5, 50470 KUALA LUMPUR ON WEDNESDAY, 28 APRIL 2021 AT 10.00 A.M.**

**1. Remote Participation and Voting at A Fully Virtual 15<sup>th</sup> AGM**

Having regard to the well-being and safety of the Company's shareholders, employees and advisers who will attend the 15<sup>th</sup> AGM and as a precautionary measure amid COVID-19, the Company will conduct its 15<sup>th</sup> AGM as a fully virtual meeting via Remote Participation and Voting (“RPV”) Facilities, without a physical meeting venue, on 28 April 2021.

The shareholders are strongly encouraged to participate using the RPV webcast which is available at <https://boardroomlimited.my>, to login, register and sign up as a user. **No shareholder/proxy/ corporate representative from the public should be physically present nor admitted at the broadcast venue at the date of the 15<sup>th</sup> AGM of the Company.** The broadcast venue is meant for the compliance with Section 372(2) of the Companies Act 2016 that the Chairman shall be present at the main venue of the AGM.

With the use of RPV Facilities, the shareholders may exercise your rights to participate, speak (in the form of real time submission of typed texts) and vote at the general meeting from different location without physically present at the meeting venue, including to pose questions to the Board or Management of the Company.

The closing time to submit your request to access the RPV webcast is at 10.00 a.m. on 26 April 2021 (48 hours before the 15<sup>th</sup> AGM).

Depending on the evolving COVID-19 situation in Malaysia from time to time, the Company will inadvertently require to change the arrangements of its 15<sup>th</sup> AGM with short notice to cope with the situation. Kindly be informed of the latest updates on the 15<sup>th</sup> AGM (if any) at the Company's website or announcement by the Company. The Company will continue to observe the guidelines issued by Ministry of Health of Malaysia and will take all necessary precautionary measures as advised.

**2. General Meeting Record of Depositors (“ROD”)**

Only depositors whose names appear on the ROD as at **21 April 2021** shall be entitled to participate in the 15<sup>th</sup> AGM or appoint proxies to register and vote on their behalf.

**3. Proxy**

If an individual shareholder is unable to attend the 15<sup>th</sup> AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form (enclosed together with the Notice of 15<sup>th</sup> AGM dated 29 March 2021) (“**Proxy Form**”) in accordance with the notes and instructions printed therein.

For the shareholders who have submitted Proxy Forms appointing their proxies, you may register your intention to participate via <https://boardroomlimited.my>. The proxy appointment will be deemed revoked upon your registration to personally participate remotely in the 15<sup>th</sup> AGM.

Corporate shareholders that wish to appoint a representative to participate and vote remotely at the 15<sup>th</sup> AGM may refer to details set out under item 6 or contact the share registrars, Boardroom Share Registrars Sdn Bhd (“**Boardroom**”), with the details set out under item 9 below for assistance and will be required to provide the following documents to Boardroom not later than **Monday, 26 April 2021 at 10.00 a.m.:**

- (i) original certificate of appointment of its corporate representative or Proxy Form under the seal of the corporation or under the hand of a duly authorised officer/ attorney;
- (ii) copy of the corporate representative's or proxy's MyKad (front and reverse) or passport; and
- (iii) corporate representative's or proxy's email address and mobile phone number.

Boardroom shall respond to you on your request for remote participation.

The corporate shareholder (through corporate representative(s) or appointed proxy(ies) who is unable to attend the 15<sup>th</sup> AGM) is encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instructions in the Proxy Form in accordance with the notes and instructions printed therein.

In respect of the beneficiaries of the shares under a nominee company's CDS account (“**NC members**”) who wish to participate and vote remotely at the 15<sup>th</sup> AGM, the NC member(s) can request its nominee company to appoint him/her as a proxy to participate and vote remotely at the 15<sup>th</sup> AGM.

## ADMINISTRATIVE DETAILS

The nominee company may refer to details set out under item 6 or contact Boardroom's officer with the details set out under item 9 below for assistance and will be required to provide the following documents to Boardroom not later than **Monday, 26 April 2021 at 10.00 a.m.:**

- (i) original Proxy Form under the seal of the nominee company;
- (ii) copy of the proxy's MyKad (front and reverse) or passport; and
- (iii) proxy's email address and mobile phone number.

Boardroom shall respond to you on your request for remote participation.

### 4. Shareholders' Right to Speak

The shareholders may use the query box facility on the RPV webcast to transmit your question to the Chairman/Board. The Chairman/Board will try to address and answer the relevant questions during the Questions and Answers session.

### 5. Poll Voting

The voting at the 15<sup>th</sup> AGM will be conducted by way of poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Company's share registrars/poll administrator, Boardroom, will assist to conduct the poll by way of electronic voting and the independent scrutineers will verify and validate the poll results. Upon the completion of the voting session for the 15<sup>th</sup> AGM, the scrutineers will verify the poll results followed by the Chairman's announcement whether the resolutions are duly passed.

### 6. RPV Facilities

Please note that this option is available to **(i) individual shareholders; (ii) corporate shareholders; (iii) Authorised Nominee; and (iv) Exempt Authorised Nominee.**

If you choose to participate in the meeting online, you will be able to view live webcast of the meeting, submit questions to the Chairman and submit your votes in real time whilst the meeting is in progress.

Kindly follow the steps below on how to request for login ID and password.

#### Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only)

*[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2. Submit request for Remote Participation user ID and password.]*

- a. Access website <https://boardroomlimited.my>
- b. Click <<**Login**>> and click <<**Register**>> to sign up as a user.
- c. Complete registration and upload softcopy of MyKad (front and back) or Passport in JPEG or PNG format.
- d. Please enter a valid email address and wait for Boardroom's email verification.
- e. Your registration will be verified and approved within one business day and an email notification will be provided.

#### Step 2 – Submit Request for Remote Participation User ID and Password

*[Note: The registration for remote access will be opened on **29 March 2021**]*

##### Individual Shareholders

- Login to <https://boardroomlimited.my> using your user ID and password above.
- Select "**VIRTUAL MEETING**" from main menu and select the correct Corporate Event "**Malakoff Corporation Berhad 15<sup>th</sup> Annual General Meeting**".
- Read and agree to the Terms & Conditions and confirm the Declaration.
- Enter your CDS account number and thereafter submit your request.

##### Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee

- Write in to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Proxy Form (as the case may be) to submit the request.
- Please provide a copy of corporate representative's MyKad/ Identification Card (front and back) or Passport in JPEG or PNG format as well as his/her email address.

## ADMINISTRATIVE DETAILS

- a. You will receive a notification from Boardroom that your request has been received and is being verified.
- b. Upon system verification against the AGM's Record of Depositories, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
- c. You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
- d. Please note that the closing time to submit your request is at **10.00 am on 26 April 2021** (48 hours before the 15<sup>th</sup> AGM).

**Step 3 – Login to Virtual Meeting Portal**

*[Please note that the quality of the connectivity to Virtual Meeting Portal for live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]*

- a. The Virtual Meeting portal will be open for login starting **one hour (1 hour) before the commencement of the 15<sup>th</sup> AGM at 10.00 a.m. on 28 April 2021**.
- b. Follow the steps given to you in the email along with your remote access user ID and password to login to the Virtual Meeting portal. (Refer to Step 2 above).
- c. The steps will also guide you how to view live web cast, ask questions and vote.
- d. The live web cast will end and the Messaging window will be disabled the moment the Chairman announces the closure of the AGM.
- e. You can now logout from the Virtual Meeting Portal.

**7. F&B & Door Gift**

There will be **NO distribution of food voucher or door gift** to shareholders.

**8. Annual Report 2020 and Other Documents for AGM**

The Notice of 15<sup>th</sup> AGM, Proxy Form, administrative details and the request form for hard copy of the following documents ("**Request Form**") are included in the Abridged Annual Report 2020 which will be sent by ordinary post to the shareholders. The same (except for Request Form) have also been incorporated in the Annual Report 2020 that are available on the Company's website at [www.malakoff.com.my](http://www.malakoff.com.my) together with items (ii) and (iii):

- (i) The Company's Annual Report 2020;
- (ii) Circular to Shareholders in relation to Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature ("**Circular**"); and
- (iii) Share Buy-Back Statement to Shareholders in relation to the Proposed Renewal of Authority for the Company to Purchase Its Own Shares ("**Statement**").

Should you require a printed copy of item (i), (ii) or (iii) stated above, please send the completed Request Form to Boardroom Share Registrars Sdn Bhd or contact the personnel as stated in item 9 for assistance/clarification.

**9. Enquiry**

If you have any enquiry prior to the 15<sup>th</sup> AGM, please contact the following officers during office hours from 9.00 a.m. to 5.00 p.m. (Mondays to Fridays):

**Boardroom Share Registrars Sdn Bhd**

(Registration No. 199601006647/378993-D)

11<sup>th</sup> Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13, 46200 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia

General Line : +603-7890 4700

Fax No. : +603-7890 4670

Officers : Encik Zulkernaen Abd Samad  
+603-7890 4741

(Zulkernaen.Samad@boardroomlimited.com)

Puan Rozleen Monzali

+603-7890 4739

(Rozleen.Monzali@boardroomlimited.com)



# PROXY FORM

## Malakoff Corporation Berhad

(Registration No. 200601011818/731568-V)

No. of Ordinary Share(s) Held	
CDS Account No.	

I/We \_\_\_\_\_ NRIC/Passport No: \_\_\_\_\_

of \_\_\_\_\_ Tel No: \_\_\_\_\_  
(Full name in block letters)  
(Address in full)

being a member/members of Malakoff Corporation Berhad, hereby appoint

	Name/NRIC No.	No. of Shares	Percentage (%)	
Proxy 1	_____	_____	_____	and/or failing him/her
Proxy 2	_____	_____	_____	or failing him/her,

the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the 15<sup>th</sup> Annual General Meeting ("AGM") of the Company to be held as a fully virtual general meeting at the broadcast venue at the Boardroom, Level 7, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia on Wednesday, 28 April 2021 at 10.00 a.m. and at any adjournments thereof, on the following resolutions referred to in the Notice of the 15<sup>th</sup> AGM:

(Please indicate with an "X" in the space provided below how you wish your votes to be cast on the resolutions specified in the notice of meeting. If you do not do so, the proxy/proxies will vote or abstain from voting on the resolutions as he/she may think fit).

1.	To receive the Audited Financial Statements of the Company for the Financial Year Ended 31 December 2020 and the Directors' Report and Auditors' Report thereon		
<b>ORDINARY BUSINESS</b>		<b>For</b>	<b>Against</b>
2.	Re-election of Datuk Haji Hasni Harun who retires in accordance with Article 105 of the Company's Constitution (Resolution 1)		
3.	Re-election of Dato' Sri Che Khalib Mohamad Noh who retires in accordance with Article 105 of the Company's Constitution (Resolution 2)		
4.	Re-election of Encik Anwar Syahrin Abdul Ajib who retires in accordance with Article 111 of the Company's Constitution (Resolution 3)		
5.	Payment of Directors' fees to the Non-Executive Directors with effect from the conclusion of the 15 <sup>th</sup> AGM until the next AGM of the Company (Resolution 4)		
6.	Payment of Directors' benefits to the Non-Executive Directors with effect from the conclusion of the 15 <sup>th</sup> AGM until the next AGM of the Company (Resolution 5)		
7.	Payment of Directors' benefits by the subsidiaries to the Directors with effect from the conclusion of the 15 <sup>th</sup> AGM until the next AGM of the Company (Resolution 6)		
8.	Re-appointment of Messrs. KPMG PLT as Auditors of the Company (Resolution 7)		
<b>SPECIAL BUSINESS</b>			
9.	Proposed Renewal of Authority for the Company to Purchase Its Own Shares (Resolution 8)		
10.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of A Revenue or Trading Nature (Resolution 9)		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Signature of member / Common Seal

### Notes:

As a shareholder, you are encouraged to leverage on the Remote Participation and Voting Facilities to participate and vote remotely at the Company's 15<sup>th</sup> AGM to be held fully virtual without a physical meeting venue.

- The broadcast venue is strictly for the compliance with Section 327(2) of the Companies Act 2016 that requires the Chairman of the meeting to be present at the main venue of the meeting. No member and proxy from the public should be physically present nor admitted at the broadcast venue on the day of the AGM.
- Members and proxies are encouraged to go online, participate and vote at the AGM using the Remote Participation and Voting ("RPV") facilities via live webcast and online remote voting provided by the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd through its Boardroom Smart Investor Online Portal at <https://www.boardroomlimited.my/>. Members are advised to read the administrative details on the procedures to participate in this AGM remotely.
- Only depositors whose names appear on the Record of Depositors as at 21 April 2021 shall be entitled to participate in the AGM or appoint proxies to participate and/or vote on their behalf.
- A member of the Company entitled to participate and vote at this meeting is entitled to appoint a proxy or proxies or attorney or other duly authorised representative to participate and vote at his stead. A member of the Company may appoint up to two (2) proxies to participate at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

- In case of a corporation, the proxy form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- In the case of joint holders, the signature of any one of them will suffice.
- Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless it specifies the proportion of its shareholding to be represented by each proxy.
- Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.
- The proxy form, to be valid, must be deposited at the office of Boardroom Share Registrars Sdn Bhd, 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for the meeting or any adjournment thereof. Alternatively, the proxy form can be deposited electronically through the Share Registrar's website, Boardroom Smart Investor Online Portal at <https://www.boardroomlimited.my/> before the proxy form lodgement cut-off time as mentioned above.
- Members'/proxies' login to the virtual meeting portal will commence at 9.00 a.m. on the day of the meeting and shall remain open until the conclusion of the AGM or such time as may be determined by the Chairman of the meeting.

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**Malakoff Corporation Berhad**  
15<sup>th</sup> Annual General Meeting

Stamp

**To : Boardroom Share Registrars Sdn Bhd**  
(Registration No. 199601006647/378993-D)  
11<sup>th</sup> Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,  
46200 Petaling Jaya, Selangor Darul Ehsan,  
Malaysia

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**MALAKOFF CORPORATION BERHAD**

(Registration No. 200601011818 / 731568-V)

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