Enhancing Life,
Enriching Communities.

malakoff

Driving
SUSTAINABLE GROWTH
FOR A GREENER FUTURE

INTEGRATED ANNUAL REPORT **2022**

What's INSIDE THIS REPORT

17th Annual General Meeting

Date
11 May 2023, Thursday

Time
10.00 am

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

p.030
Chairman's Message to Shareholders

p.56
Strategic Review

p.174
Sustainability Report

COVER STORY

Driving Sustainable Growth for a Greener Future

At Malakoff, we are committed to leveraging our expertise, capabilities, and assets to drive the transition towards cleaner energy and efficient environmental management. We recognise that this is the new frontier of nation-building, and we are committed to doing our part.

To mitigate the effects of climate change, we have shifted towards a cleaner, greener energy future. We have accomplished this by developing renewable energy assets in areas such as solar, small hydro, biogas, biomass and waste-to-energy, and we are working towards creating sustainable solutions that enhance people's lives.

Our commitment is consistent with our goal of being an energy-efficient manufacturer, and it aligns with the government's target to achieve 31% renewable energy capacity in the national energy mix by 2025. This will pave the way for a cleaner and greener future, and help deliver positive outcomes for our communities and create sustainable tomorrows for all.

The cover design features a stylised circular economy icon and the elements of ESG to symbolise a greener future. It aims to communicate a message of hope and action towards a more sustainable world, one that is mindful of its environmental impact, fosters social equity, and promotes responsible governance.

FEEDBACK

We welcome all inquiries, comments and feedback on our Integrated Annual Report in order to clarify issues and to further improve our reporting. Please communicate with us through:

Tel : +603 2263 3388
Email : cacomm@malakoff.com.my

This Annual Report is available at
https://www.malakoff.com.my/

About
THIS REPORT

Welcome to Malakoff Corporation Berhad ("Malakoff")'s second integrated report. In line with the principles of the Integrated Reporting Framework under the aegis of the International Financial Reporting Standards ("IFRS") Foundation, this report has been prepared to provide a balanced and accurate narrative about Malakoff's performance and prospects based on our strategy, taking into account the challenges posed by the operating environment and other key risks impacting the industries we operate in. The report is intended primarily for providers of capital, but is also relevant to all stakeholders who would like to understand how we seek to create value in the short, mid and long term through good governance, balancing our vision for growth against environmental and social imperatives.

MATERIALITY

Information disclosed is relevant to our material matters, which have been determined by extensive stakeholder engagement as well as internal evaluation. These material matters reflect existing and emerging risks and opportunities, which could affect our ability to create value and deliver on our core purpose.

NAVIGATING THIS REPORT

OUR CAPITALS

- Financial Capital
- Manufactured Capital
- Human Capital
- Intellectual Capital
- Social and Relationship Capital
- Natural Capital

OUR STAKEHOLDERS

- Employees
- Communities/ General Public
- Shareholders/ Analysts/Investment Community
- Customers/Clients
- Government
- Rating Agencies & Financial Institutions
- Contractors & Vendors
- Media

OUR STRATEGIC PILLARS

- Thermal Power Generation
- Renewable Energy
- Environmental Solutions
- Water Desalination
- Strategic Bets

REPORTING FRAMEWORK

Our integrated reporting process, as well as the contents of this report, is guided by the principles and requirements of the International <IR> Framework, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia, the Corporate Governance Guide (Fourth Edition) issued by Bursa Malaysia, the Companies Act 2016 ("CA 2016"), the Malaysian Code on Corporate Governance ("MCCG") 2021, the Malaysian Financial Reporting Standards ("MFRS"), and the International Financial Reporting Standards ("IFRS").

Our Sustainability Statement has been guided by the Global Reporting Initiative ("GRI") Standards, Bursa Malaysia's Sustainability Reporting Guide (Second Edition), and the United Nations' Sustainable Development Goals ("UN SDGs").

SCOPE AND BOUNDARY

In this report we focus on activities, initiatives and key events that took place during the financial year from 1 January to 31 December 2022, unless stated otherwise. The report covers all companies in the Group in which we have a majority shareholding and substantial influence, including our operations in Saudi Arabia, Bahrain and Oman.

COMBINED ASSURANCE

Contents of the report have been read and approved by the Management and Board of Directors.

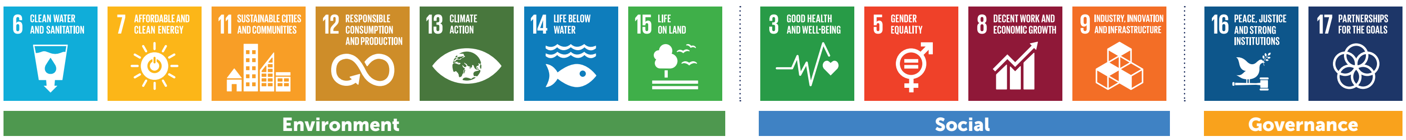
FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements relating to future performance. Such statements are premised on current assumptions and circumstances, which could change, hence they necessarily involve uncertainty. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of Malakoff acknowledges responsibility for ensuring the integrity of Malakoff's Integrated Report 2022. In our opinion, the report presents a fair assessment of the Group's performance and addresses all key matters that are material to our ability to create value. This report was approved by the Board on 13 March 2023.

SUSTAINABLE DEVELOPMENT GOALS



RISK & MITIGATION

- R1 Health & Safety
- R2 Talent Management
- R3 Cyber Security
- R4 Policies and Regulations
- R5 Environmental, Social, and Governance ("ESG") Risk
- R6 Emergence of New Technologies
- R7 Challenges in Getting New Business
- R8 Fraudulent, Illegal or Unethical Acts

MATERIAL MATTERS

Environmental

- M1 Renewable Energy
- M2 Biodiversity Impact
- M3 Waste Management
- M4 Water Management
- M5 Energy Consumption

Social

- M6 Occupational Safety and Health
- M7 Employee Engagement and Well-being
- M8 Community Development
- M9 Talent Management
- M10 Human Rights and Labour Relations

Governance

- M11 Governance, Ethics and Integrity
- M12 Regulatory Compliance
- M13 Economic Performance

Introducing THE NEW malakoff CORPORATE IDENTITY

The energy and environmental sectors are undergoing a transition towards a low-carbon and circular economy future with accelerated growth of Renewable Energy ("RE"), shifting weather patterns arising from climate change, integration of Environmental, Social and Governance ("ESG") considerations into business strategy, and growing awareness of green consumerism.

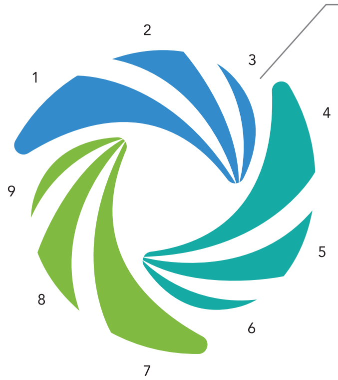
Malakoff is currently known as the largest Independent Power Producer ("IPP") in Malaysia and has posted strong dividends over the years, earning a reputation as a stable and profitable company. However, the evolving industry dynamics necessitate a change in the business direction and strategy to maintain not just growth but also relevance in the future.

The company has embarked on a transformation journey to develop a new business direction as it enters the new era, placing emphasis and focus on renewable energy and environmental solutions, particularly through the acquisition of Alam Flora in 2019.

As a result of this ongoing transformation, Malakoff today has a diversified portfolio of businesses with key focus in RE (solar, small hydro, biogas, biomass, waste-to-energy), integrated environmental services, carbon-free mobility infrastructure and water desalination.

To reflect the Group's redefined value proposition, renewed identity, the evolving market landscape and the strategic direction moving forward, Malakoff has embarked on a rebranding exercise. This rebranding is vital as the Company moves away from the traditional IPP image towards becoming a global RE and environmental player guided by clear sustainability/ESG considerations.

The renewed direction is premised upon the Group's new purpose, *Enhancing Life, Enriching Communities,* which relates to delivering dependable energy, efficient environmental management and innovative green solutions to better the lives of communities across the world.



9 Stripes

The *number 9* is considered special since it is the last single-digit number with the highest value and hence connotes perfection, completion but not finality. It is also significant as representing the energy of endings and new beginnings or representative of permanence and evolution.

The number 9 is also *associated with wisdom and compassion.*

Old

MALAKOFF

Alamflora Appreciating LIFE

NEW

malakoff

alamflora a malakoff company

The icon represents the **PEOPLE**, **PLANET** centricity of Malakoff and its role in collaborating with people and partners with the objective of achieving a circular economy for future **PROSPERITY**. It also shows momentum and progress.

The **vitalising lime green** signifies sustainability as the key pillar for Malakoff and how its initiatives could impact yet enhance people's lives. The **blue** represents Malakoff's spirit of innovation in creating forward-thinking solutions for the betterment of the planet. The **dark green** represents growth and prosperity in the future, as a result.

The New Brand

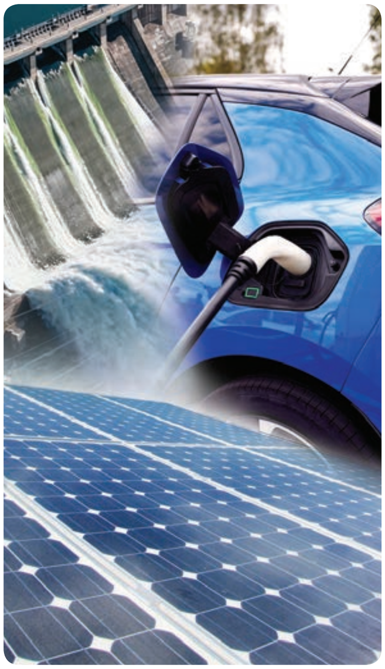
Architecture

malakoff

Tier 1 Holding/Group

Tier 2 Brand Entities

malakoff Green Solutions



Renewable Energy Solutions

Solar, Biogas, Biomass, Small Hydro, Battery Storage, Carbon-free Mobility Infrastructure (EV Charging)

malakoff Environmental Solutions

alamflora a malakoff company

afes a malakoff company

Concession

Solid Waste Management & Public Cleansing

Non-Concession

Infrastructure Cleaning & Waste Solutions, Integrated Facility Management, Waste Management Facilities, Marine & Scheduled Waste Facilities

Waste-to-Energy

malakoff Energy

SEPCO

Prai Power

HPC

SEV

Tanjung Bin Power

Tanjung Bin Energy

malakoff Power

malakoff Technical Solutions

malakoff Utilities

Thermal Generation

Existing assets - domestic and international power and water plants, future gas projects

O&M

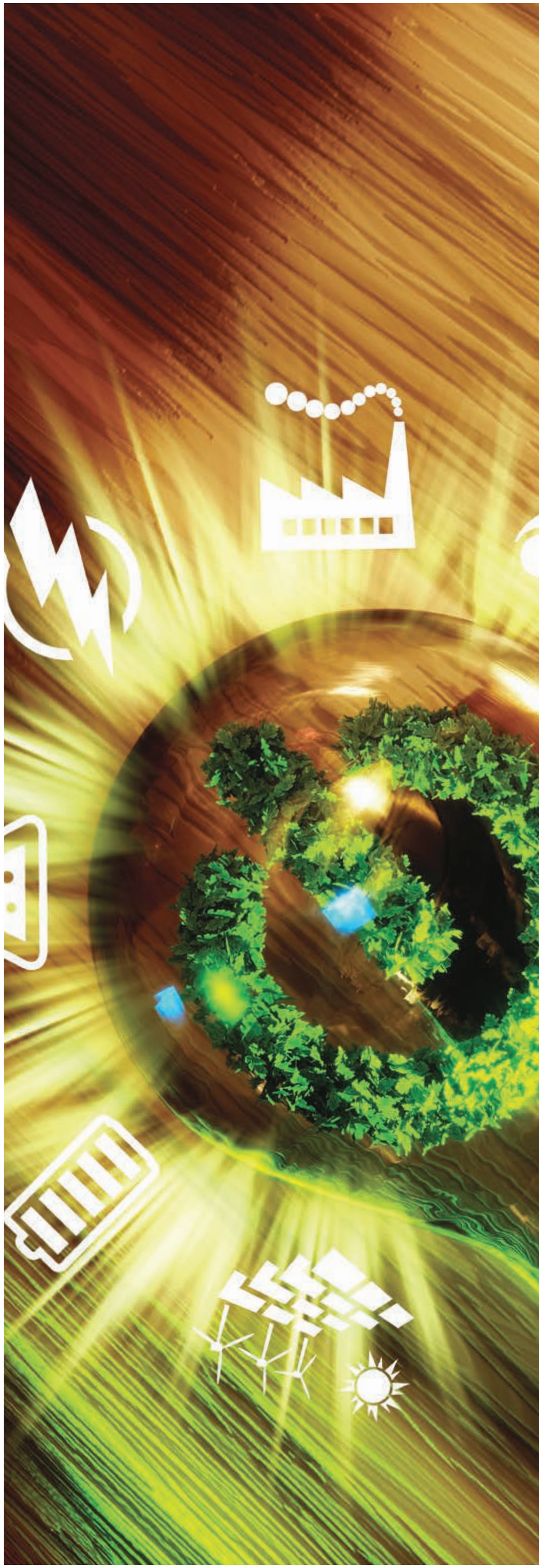
Malakoff Power Berhad, Malakoff Technical Solutions Sdn Bhd

Electricity Distribution & District Cooling

Malakoff Utilities Sdn Bhd

Note: *No change in legal structure*

Sustainability @ Malakoff



OUR APPROACH TO SUSTAINABILITY

Given the nature of our core businesses in energy and environmental solutions, Malakoff has a significant impact on Malaysians and communities globally where we operate. As a responsible organisation, we seek to enhance the lives that we touch by creating economic, environmental and social value, supported by sound corporate governance.

We are driven to maintain profitable operations not just for our business sustainability, but to create economic value for our shareholders, suppliers, partners and investors. Environmentally, we are embedding green considerations into the heart of our operations, as reflected in the Malakoff 2.0 Strategic Transformation that we launched in early 2021. In line with Malakoff 2.0, we are no longer just enhancing energy and waste management efficiencies, we are greening our core businesses themselves – decarbonising our power generation, accelerating our Renewable Energy ("RE") ventures and diversifying into sustainable environmental solutions that promote a circular economy.

At the same time, we maintain our social licence to operate by empowering our employees through an energised, diverse and engaging workplace that rewards high performance. Within the community, we continue to give back to society in ways that are meaningful.

Good corporate governance underlines our entire approach to sustainability, ensuring that we uphold the principles of transparency and integrity as we create value for our stakeholders. We are guided in this regard by the Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission Malaysia as well as the Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia Berhad.

Today, sustainability has become a catchphrase in the corporate world, with investors, regulators and society demanding that organisations play our part in issues of increasing urgency. We fully acknowledge our stakeholders' expectations and are driven not just to meet but indeed exceed them, driven by the fact that contributing to positive Environmental, Social and Governance ("ESG") outcomes is not just good but the ethically appropriate response given the world that we live in.

OUR SUSTAINABILITY COMMITMENTS

Our sustainability platform has been guided by sustainability imperatives as highlighted by frameworks such as the United Nations' Sustainable Development Goals ("SDGs"); the expectations of our stakeholders; and risks that face our organisation. These factors are taken into consideration in a comprehensive materiality assessment that enables us to identify our material matters, which shape our sustainability initiatives and commitments. For more details on our 13 material matters, please refer to page 62 of this Integrated Annual Report.

In the table below, we map our sustainability commitments to our material matters and 13 SDGs where we can make a significant impact.

Our ESG strategy

Focus	Commitment	Material Matters	Related SDGs
1 ENVIRONMENT	We are committed to act on climate change by reducing our carbon emissions and advancing the transition to a cleaner energy and circular economy future.	• Renewable Energy • Energy Consumption • Biodiversity Impact • Waste Management • Water Management	6, 7, 11, 12, 13, 14, 15
2 SOCIAL	We will enrich communities and cultivate an inclusive culture in an agile organisation with equal opportunities for all our people to grow professionally within a safe and healthy work environment.	• Occupational Safety and Health • Employee Engagement and Well-being • Community Development • Talent Management • Human Rights and Labour Relations	3, 5, 8, 9
3 GOVERNANCE	We will enforce and observe the highest corporate compliance standards in all units and activities of the Group (goal: zero misconduct).	• Governance, Ethics and Integrity • Regulatory Compliance • Economic Performance	16, 17

Our Own Sustainability Targets

1 Carbon Emissions

- Achieve Net Zero Emissions by 2050, in line with the 1.5°C scenario analysis based on SBTi Sectoral Decarbonisation Approach*
- Reduce our Greenhouse Gas ("GHG") emissions intensity by 30% by 2031 from a 2019 baseline
- No new coal investments

2 Renewable Energy

- Achieve an RE capacity of 1,400 MW by 2031
- Increase revenue contribution from RE & Environmental Solutions to at least 50% in the next 10 years

3 Waste Management

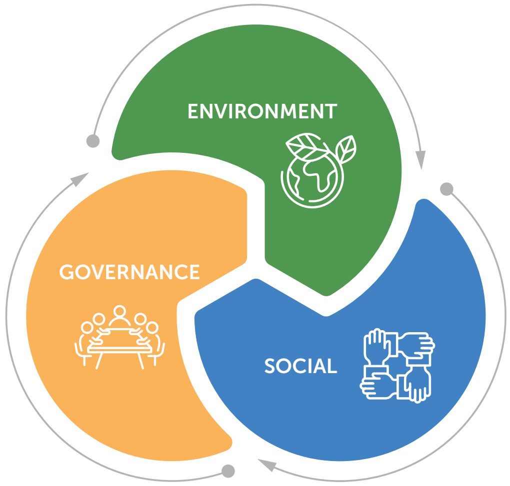
- Collect, handle and manage waste volume of 10,000 tonnes per day by 2031
- Achieve 15-20% recycling rate by 2025, from waste collected by Alam Flora
- Towards achieving a Zero Waste Circular Economy goal

* *Science Based Target initiative (SBTi) refers to emissions reduction in line with the Paris Agreement goal of limiting global warming to 1.5°C*

Sustainability @ Malakoff

OUR SUSTAINABILITY FRAMEWORK

In 2021, along with Malakoff 2.0 Strategic Transformation, we rolled out a Sustainability Framework to ensure adherence to our sustainability commitments as we work towards achieving our sustainability goals.



Malakoff's
Sustainability Framework

Transitioning to a Cleaner Energy and Circular Economy Future

Climate Change
Reducing our Greenhouse Gas ("GHG") emissions and moving towards a low-carbon system by transitioning to Renewable Energy ("RE") and Environmental Solutions

Circular Economy
Reducing overconsumption, designing out waste, regenerating the ecosystem and promoting reuse of new raw materials.

Water Security
Improving the efficiency of water usage and long-term supply of water in water-stressed regions

Empowering Our People and Supporting Our Communities

Diversity
Fostering a culture of diversity & inclusion

Health, Safety, Security & Environment ("HSSE")
Creating a safe working environment and prioritising the well-being of the workforce

Corporate Social Responsibility ("CSR")
CSR Pillars working hand-in-hand with various stakeholders

Embedding Sustainable, Innovative Business Practices and Acting with Integrity

Corporate Governance
Maintaining an effective governance & decision-making structure

Risk Management
Identifying material risks and ensuring effective mitigation as well as strong internal controls

Compliance & Integrity
Acting with integrity and ensuring regulatory compliance

ESG Roadmap

This framework is accompanied by a roadmap that has been developed to guide us towards our transformation into a sustainability conscious company. The roadmap sets clear mileposts that will take us progressively closer to our sustainability goals while contributing to the nation's transition towards a low-carbon, circular economy.

2022 – 2023

Laying the Foundation

- Establishment of clear sustainability governance across the Group
- Inculcate the sustainability DNA in all Malakoff employees
- Identify key relevant sustainability performance indicators
- Grow RE team to capture market share
- Commence research on new green technologies
- Embark on an enhanced sustainability disclosure
- Assessment and qualitative evaluation of material issues and risks and opportunities

2023 – 2026

Accelerate Transition

- Reduce emissions and promote green fuel conversion
- Establish Go-To-Market strategy and implementation of green strategic bets
- Continuously be aggressive in capturing the RE market
- Continue expanding social initiatives
- Increase engagement with ESG institutions to improve sustainability disclosure

2026 onwards

Sustainable Growth

- Explore new markets and business segments to increase revenue growth from sustainability-driven services/solutions
- Increase the communication on the value of sustainability of the business through continuous tracking of sustainability metrics
- Championing ESG through a wider initiative and strategic collaboration with industry partners

A Sustainability Conscious Company

Our roadmap is mapped against the ESG pillars.

GHG Reduction

- Reduce GHG emissions produced by business activity through the value chain

Efficiency Improvement
– Technical heat rate margin and improvement of maintenance programme inclusive of planned and unplanned outages

GHG Compensation

- Extract carbon from atmosphere through natural GHG removal and technologies to compensate for business emissions

Tree Planting Programme (one tree reduces 21 kg of CO_2 a year)

Options to retrofit with carbon capture technology

Fuel Switching to Ammonia/ Hydrogen

Fly Ash (Green Option for Offtakers)

Workforce Equalisation

- Analysis of existing compensation structures and packages
- Clear policies of inclusion and equality

Launch of social and human rights charter

Retention and Progression

- Focused talent management efforts to retain and reward employees without discrimination or bias

Culture Transformation Programme

Recruitment

- Increase gender-equal pipeline through strategic recruitment campaigns

Increased Employee Engagement

Enhanced Human Rights and Labour Standards

Risk Assessment

- Further review specific Company risks and review current practices
- Mitigation of bribery risks

Sensitisation

- Run training courses and implement programmes to increase awareness among employees on the Company's governance policies

Enforcement & Compliance

- Reporting of incidents and auditing of reports with documented remediation and disciplinary procedures

Environmental Social Governance

VISION

To be a **premier global power, water and environmental solutions** company

MISSION

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

WE ARE

CORPORATE VALUES

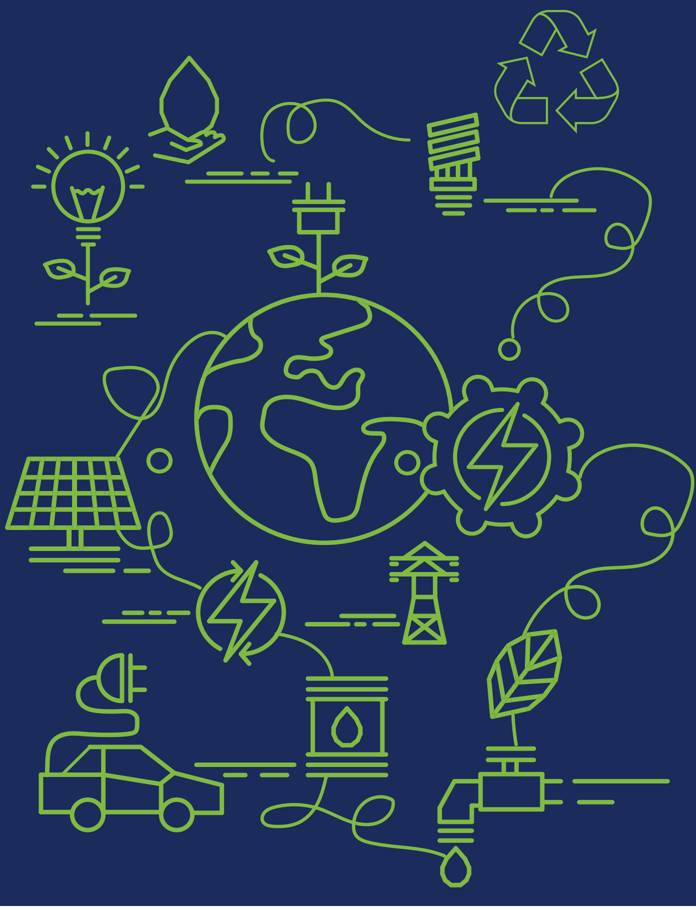
Integrity
We conduct our business with a sense of honesty, truthfulness and transparency in all situations

Teamwork
Our interdependence brings togetherness and strengthens relationships to accomplish our Vision & Mission

Innovation
Our creativity and ability to look at things differently are the platforms for our advancement

Excellence
We strive for perfection and conduct ourselves in a professional manner

Harmony
We respect our people, care for the environment and uphold governance



WHO WE ARE

Malaysia's Largest Independent Power Producer & Environmental Management Company

MALAKOFF CORPORATION BERHAD ("MALAKOFF"), incorporated in 1975, is a multinational power, water and environmental solutions organisation focused on Thermal Power Generation, Renewable Energy (solar, small hydro, biogas, biomass, Waste-to-Energy), Environmental Solutions and Water Desalination.

In Malaysia, **MALAKOFF** is the largest Independent Power Producer ("IPP") with an effective generating capacity of 5,342 MW. Through Alam Flora Sdn. Bhd., **MALAKOFF** is also the country's biggest environmental services company, managing 5,748 tonnes of waste per day.

Through power and water ventures in Saudi Arabia, Bahrain and Oman, our international operations have an effective power generation capacity of 588 MW and water desalination capacity of 472,975 m^3/day. We employ a total of 3,980 people across our global operations.

Market Capitalisation	Total Assets	Total Employees
RM3.18 Billion (as at 30 December 2022)	**RM21,984 Million**	**3,980**

Our Investment Case

Financial Highlights

Strength & Stability

Revenue
RM10.36 Billion

(2021: RM6.46 Billion)

EBITDA
RM2.56 Billion

(2021: RM2.32 Billion)

Dividend Per Share
5.25 Sen

(2021: 5.10 Sen)

Earnings Per Share
5.22 Sen

(2021: 4.36 Sen)

PATMI
RM302.2 Million

(2021: RM260.4 Million)

Profit Before Tax
RM736.8 Million

(2021: RM469.6 Million)

Business Highlights

Growing Our Business

Signed an MoU with **ITOCHU Corporation** to study the feasibility of co-firing our coal plants with hydrogen/ammonia

Signed a Solar PPA with Senai Airport to develop and operate a solar PV facility with a generating capacity of **0.615 MWp**

Launched the **country' first privately established Inert Waste Management facility** in Kuantan to manage construction, renovation and demolition waste

Rolled out a **Digital Blueprint and a 5-Year Roadmap** as part of **Malakoff 2.0 Strategic Transformation**

(in 2022) installed **8 rooftop solar PV** projects for C&I customers with a total capacity of **17.1 MWp**

Inked an MoU to **supply Petronas Chemicals** with plastic waste to be repurposed for food packaging, healthcare and industrial applications

Our Investment Case

Powering Brighter Lives

Sustainability Highlights

Partnered with Nestle Malaysia to launch a **curbside recycling programme** in 15 townships in Greater Kuala Lumpur

Contributed **RM107,400** to educational institutions & **RM437,575** to other social and environmental causes

Employees received an average of **21.87 hours of training**

Organised **Save the Sea campaign** in Lumut together with the Perak Fisheries Department

Published the Group's Sustainability Commitments and Approach towards achieving **Net Zero Emissions** by 2050

Introduced a **new Succession Planning Framework & Assessment** identifying four mission critical positions and 28 succession planning positions

Tanjung Bin and Prai Power Plants received **Gold Merits** at the **MSOSH Awards 2021**

Rolled out **EDGILE,** a **digital Learning Management System** offering employees more than 700 online courses for continuous learning and development

Collected **51,248 kg** of recyclables from 60 recycling programmes under 3R on Wheels

Enhanced our **Maternity, Paternity & Hospitalisation leave** entitlement and offer employees flexi working hours

Awards, Recognition & Certifications

AWARDS

FROST AND SULLIVAN

Waste Management
Company of the Year

Best Practices Awards 2022

(Alam Flora)

CSR MALAYSIA

Company of the Year Waste Management

(Central Region) Excellence in CSR Initiatives

(Alam Flora)

FROST AND SULLIVAN

Malaysia Integrated Environmental Solutions
Company of the Year

Best Practices Awards 2022

(Alam Flora Environmental Solutions)

UN GLOBAL COMPACT NETWORK MALAYSIA AND BRUNEI (UNGCMYB)

The Sustainability Performance Awards 2022

Pioneer Sustainable Development Action Recognition

(Alam Flora)

MALAYSIAN SOCIETY OF OCCUPATIONAL SAFETY AND HEALTH ("MSOSH")

Gold Class and Silver Class Category Awards for the Service Sector category

AEON 1000 SUPPLIER AWARDS & PARTNERS CONFERENCE 2022

Presented the

ESG Partner 2021/2022 Award

HUMAN RESOURCE DEVELOPMENT CORPORATION

Human Resource Development Awards 2022

Large Employers Category

(Alam Flora)

CERTIFICATIONS

WATER DESALINATION

Al Ghubrah IWP

ISO 22301:2019 Certification

Our Competitive Strengths

Our 10 Competitive Strengths

Diversified portfolio of businesses that provide essential services: conventional power generation, renewable energy, integrated waste management & environmental solutions and water desalination

Strong Board composition, with more than 55% of directors being independent

Geographically diversified, with operations in Malaysia, Saudi Arabia, Bahrain and Oman

Sustainability roadmap to become a low-carbon, resource-efficient organisation that respects human rights and is supported by good governance

Strong balance sheet, stable returns and reliable cash flows supported by long-term concessions and high credit quality counterparties

High dividend yields, dividend payout of not less than 70% of Net Profit

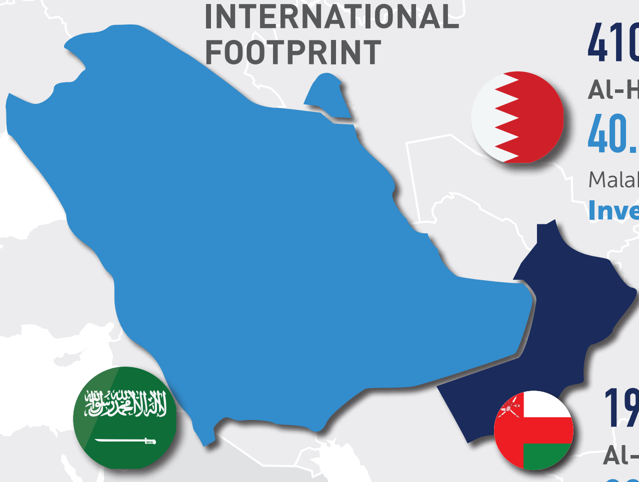
Venturing into high-growth sectors such as renewable energy and sustainable environmental solutions including the conversion of waste to energy

Credible list of institutional investors, including Permodalan Nasional Berhad ("PNB"), the Employees Provident Fund ("EPF") and Retirement Fund (Incorporated) or KWAP

Experienced team with solid execution capabilities, supported by strong strategic partnerships

Established, extensive, and successful track record in both greenfield and brownfield projects

Our Market Leadership



INTERNATIONAL FOOTPRINT

410,000 m³/day, 929 MW

Al-Hidd IWPP

40.0%

Malakoff's **Largest Overseas Investment** in Water Desalination

191,000 m³/day,

Al-Ghubrah IWP

32.5%

Oman's **Second Largest** Water Desalination Plant

880,000 m³/day, 900 MW

Shuaibah Phase 3 IWPP

24.0%

150,000 m³/day

Shuaibah Phase 3 Expansion IWP

23.8%

One of the **Largest IWPP projects** in the MENA region, **First IWPP** in Saudi Arabia

Alam Flora is the largest environmental management company in Malaysia – managing **2.1 million tonnes** annually in Pahang, KL & Putrajaya

MALAYSIA FOOTPRINT

1

350 MW

Prai Power Plant

100%

One of the **Most Efficient Gas-Fuelled Power Plants in Malaysia**

2

1,303 MW

SEV Power Plant

93.8%

The **Second Largest IPP-owned CCGT power plant** in Malaysia

3

2,200 MW

Kapar Power Plant

40.0%

The first & only triple fuel firing power plant in Malaysia (gas, oil, coal)

4

2,100 MW

Tanjung Bin Power Plant

90.0%

The First Private Coal-fired Plant in Malaysia and one of the **Biggest Coal-fired IPPs** in South East Asia

Our Credit Ratings

Long Term

Malakoff Power Berhad by MARC

AA-*IS*/Stable

Long Term

Tanjung Bin O&M Berhad by MARC

AA-*IS*/Stable

Long Term

Tanjung Bin Power by RAM

AA2/Stable

Long Term

Tanjung Bin Energy by RAM

AA3/Stable

Long Term

Alam Flora Sdn Bhd by MARC

AA*IS*/Stable

Long Term

MARC-1*IS*/Stable

Notes:

MARC – Malaysian Rating Corporation Berhad
RAM – Rating Agency Malaysia

Strategic Business Alliances

JohorPort

NORTHPORT

GAS MALAYSIA

POS MALAYSIA

UMW

PETRONAS

AEON

DRB-HICOM

ITOCHU

Group Corporate Structure

as at 3 March 2023

malakoff

Thermal Power Generation

- 100% Prai Power Sdn Bhd
- 93.75% Segari Energy Ventures Sdn Bhd
- 90% Tanjung Bin Power Sdn Bhd
- 75% GB3 Sdn Bhd
- 40% Kapar Energy Ventures Sdn Bhd
- 100% Hypergantic Sdn Bhd
  - 100% Port Dickson Power Berhad
- 100% Tanjung Bin Energy Sdn Bhd
  - 100% Tanjung Bin Energy Issuer Berhad

Renewable Energy

- 100% Tuah Utama Sdn Bhd
  - 100% Malakoff Radiance Sdn Bhd
  - 100% Green Biogas Sdn Bhd
  - 100% Southern Biogas Sdn Bhd
- 49% ZEC Solar Sdn Bhd

Environmental Solutions

- 100% Tunas Pancar Sdn Bhd
  - 97.37% Alam Flora Sdn Bhd
    - 97.37% Alam Flora Environmental Solutions Sdn Bhd

Electricity Distribution & District Cooling System

- 100% Malakoff Utilities Sdn Bhd

Operations and Maintenance

- 100% Malakoff Power Berhad
  - 100% Tanjung Bin O&M Berhad
  - 100% PDP O&M Sdn Bhd
- 100% Malakoff Technical Solutions Sdn Bhd
  - 100% Natural Analysis Sdn Bhd [1]
  - 100% TJSB Services Sdn Bhd
    - 100% TJSB Global Sdn Bhd
      - 49% Hyflux-TJSB Algeria SPA
    - 95% PT. Teknik Janakuasa
    - 51% TJZ Suria Sdn Bhd
    - 51% Malakoff Gas Malaysia Cogen O&M Sdn Bhd
  - 100% TJSB International Limited
    - 100% TJSB Middle East Limited
    - 50% Muscat City Desalination Operation and Maintenance Company LLC
    - 100% TJSB International (Shoaiba) Limited
      - 20% Saudi-Malaysia Operation & Maintenance Services Company Limited
      - 20% Al-Imtiaz Operation & Maintenance Company Limited
        - 20%

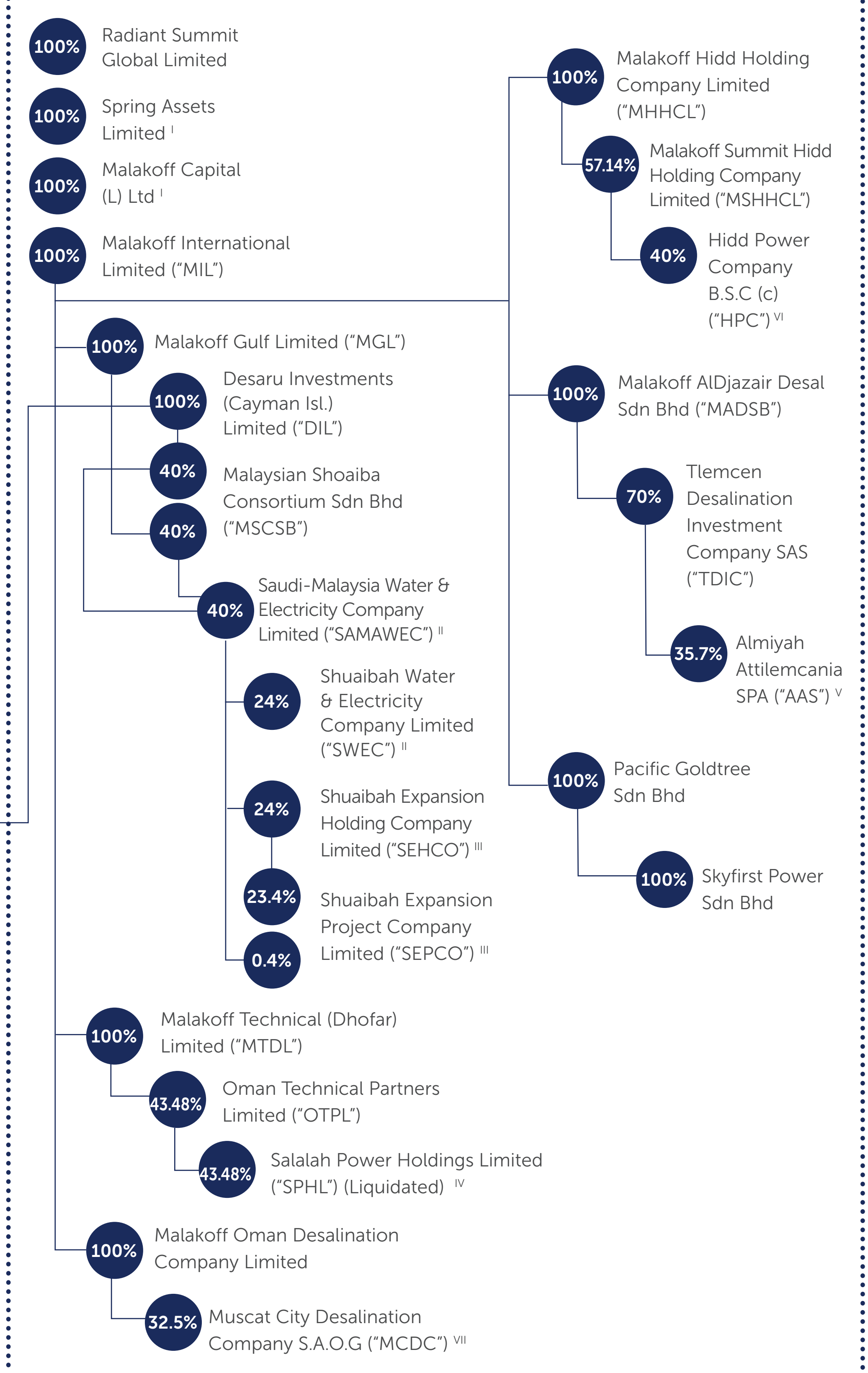
Project Management Services

- 100% Malakoff Engineering Sdn Bhd
  - 100% MESB Project Management Sdn Bhd [1]

Others

- 100% Malakoff R&D Sdn Bhd
- 100% Malakoff Solar Sdn Bhd
- 100% Yan Energy Ventures Sdn Bhd
- 54% Desa Kilat Sdn Bhd

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 SWEC, respectively, is held via MGL and DIL, which respectively hold 40% equity interest in MSCSB, which in turn holds 50% equity interest in SAMAWEC. SAMAWEC holds 60% equity interest in SWEC.

III. Malakoff's effective equity interest of 23.8% in SEPCO is held via MGL and DIL, which respectively hold 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, which had been liquidated on 14 February 2023.

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.

What We Do

Our core expertise includes Thermal Power Generation, Renewable Energy (solar, small hydro, biogas, biomass, waste-to-energy), Environmental Solutions, Water Desalination, Electricity Distribution & District Cooling System, Operations & Maintenance and Project Management Services.

THERMAL POWER GENERATION

We fully or partly own power plants in Malaysia – the Segari, Kapar, GB3, Prai, Tanjung Bin and Tanjung Bin Energy Power Plants – which together have a total generating capacity of 5,822 MW. In addition, we operate two independent water and power plants ("IWPPs") – Al-Hidd IWPP in Bahrain (372 MW) and Shuaibah Phase 3 IWPP (216 MW) in Saudi Arabia. Following the expiry of GB3's Power Purchase Agreement ("PPA") on 30 December 2022, the total generating capacity was reduced to 5,342 MW.

Read more on page 88

ENVIRONMENTAL SOLUTIONS

Through Alam Flora Sdn. Bhd. ("Alam Flora"), we are a leading environmental management company in Malaysia. We have a concession to provide solid waste management services in Kuala Lumpur, Putrajaya and Pahang. Meanwhile, through Alam Flora Environmental Solutions ("AFES"), a wholly-owned subsidiary of Alam Flora, we offer facility management, infrastructure cleansing and waste solutions, waste management facilities, and marine and scheduled waste facilities to corporations, government agencies and institutions.

Read more on page 96

RENEWABLE ENERGY

Through wholly-owned Malakoff Technical Solutions Sdn. Bhd. ("MTSSB") and consortium partner Zelleco Engineering Sdn. Bhd. ("Zelleco"), we have signed a 21-year contract with ZEC Solar Sdn. Bhd. to maintain ZEC Solar's large-scale solar ("LSS") installation in Kota Tinggi, Johor, which has a generation capacity of 29 MW. While our wholly-owned Malakoff Radiance Sdn. Bhd. focuses on growing the solar PV business for commercial and industrial customers. We are also growing our RE portfolio by exploring opportunities in the small hydro, biogas, biomass and WTE segments.

Read more on page 92

WHAT?

To be a **leading energy generation**, **environmental** and **waste management player**, shaping a **better future** through **innovation** and **sustainability best practices**

WATER DESALINATION

Malakoff is involved in Independent Water and Power Plants ("IWPPs") and Independent Water Plants ("IWPs") in the Middle East – through Shuaibah Phase III IWPP and Expansion IWP in Saudi Arabia; Al Hidd IWPP in Bahrain; and Al Ghubrah IWP in Oman.

Read more on page 100

ELECTRICITY DISTRIBUTION & DISTRICT COOLING SYSTEM

Our wholly-owned subsidiary, Malakoff Utilities Sdn. Bhd. ("MUSB"), holds an exclusive license to distribute electricity to premises within the 72-acre Kuala Lumpur Sentral ("KL Sentral"). Meanwhile, MUSB's district cooling plant supplies chilled water to 10 buildings in Kuala Lumpur Sentral: Plaza Sentral Blocks 1, 2, 3, 4, NU Sentral Mall, Menara Shell, Ascott Sentral, Aloft Hotel, and NU Tower 1 & 2.

Read more on page 104

OPERATIONS & MAINTENANCE ("O&M")

O&M services are provides by two wholly-owned subsidiaries, Malakoff Power Berhad ("MPower") and Malakoff Technical Solutions Sdn. Bhd. ("MTSSB"). MPower services the Group's power plants in Malaysia while MTSSB is a full-fledged global O&M provider for power and water desalination plants, with 30 years of O&M experience and proven track record of operating different types of power plants.

Read more on page 106

PROJECT MANAGEMENT SERVICES

Wholly-owned subsidiary, Malakoff Engineering Sdn. Bhd. ("MESB") provides project management services for in-house projects. These include the design, installation, testing and commissioning, as well as the technical review and negotiation of contracts for the development of Open Cycle Gas Turbines ("OCGT"), Combined Cycle Gas Turbines ("CCGT"), coal-fired power plants, electricity distribution systems & chilled water systems and LSS.

Read more on page 108

Our Presence

MALAKOFF operates in 4 COUNTRIES around the world

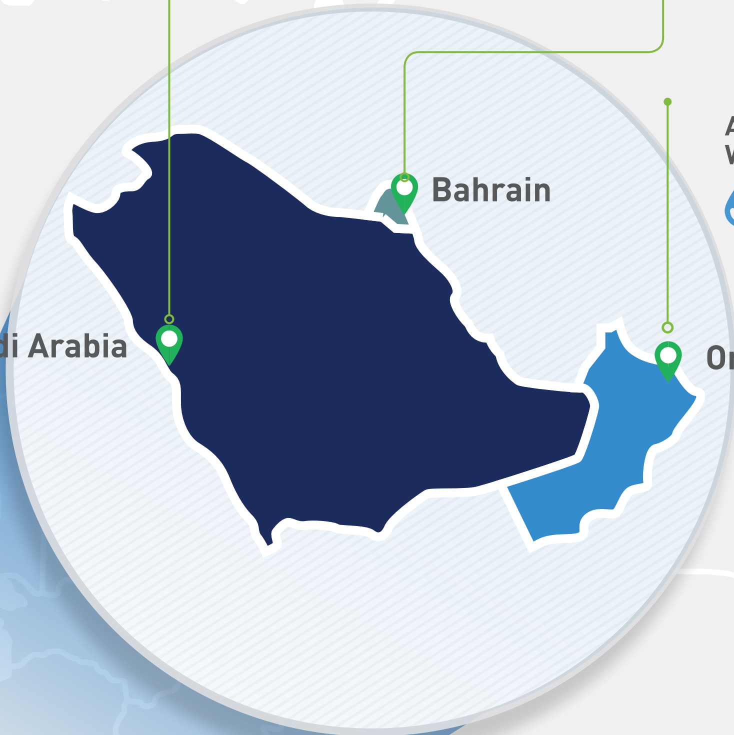
Shuaibah Phase 3 Independent Water & Power Plant
216 MW
211,200 m^3/day

Shuaibah Phase 3 Independent Water Plant
35,700 m^3/day

Al-Hidd Independent Water & Power Plant
372 MW
164,000 m^3/day

Al-Ghubrah Independent Water Plant
62,075 m^3/day

SEV Power Plant
1.222 MW



INTERNATIONAL FOOTPRINT

Selangor

UMW Aerospace Sdn Bhd
1.25 MW (RTS)

Pusat Mel Nasional
2.20 MW (RTS)

NorthPort (Malaysia) Berhad
2.40 MW (RTS)

Kapar Power Plant
880 MW

Environmental Solutions
Concession Areas:
Kuala Lumpur: 2,187 tonnes/day
W.P. Putrajaya: 125 tonnes/day
Pahang: 889 tonnes/day

Non-Concession Areas: 2,532 tonnes/day
Recyclable Material: 14.5 tonnes/day

DOMESTIC FOOTPRINT

Notes:

IWP – Independent Water Plant
IWPP – Independent Water and Power Plant
LSS – Large Scale Solar
RTS – Rooftop Solar

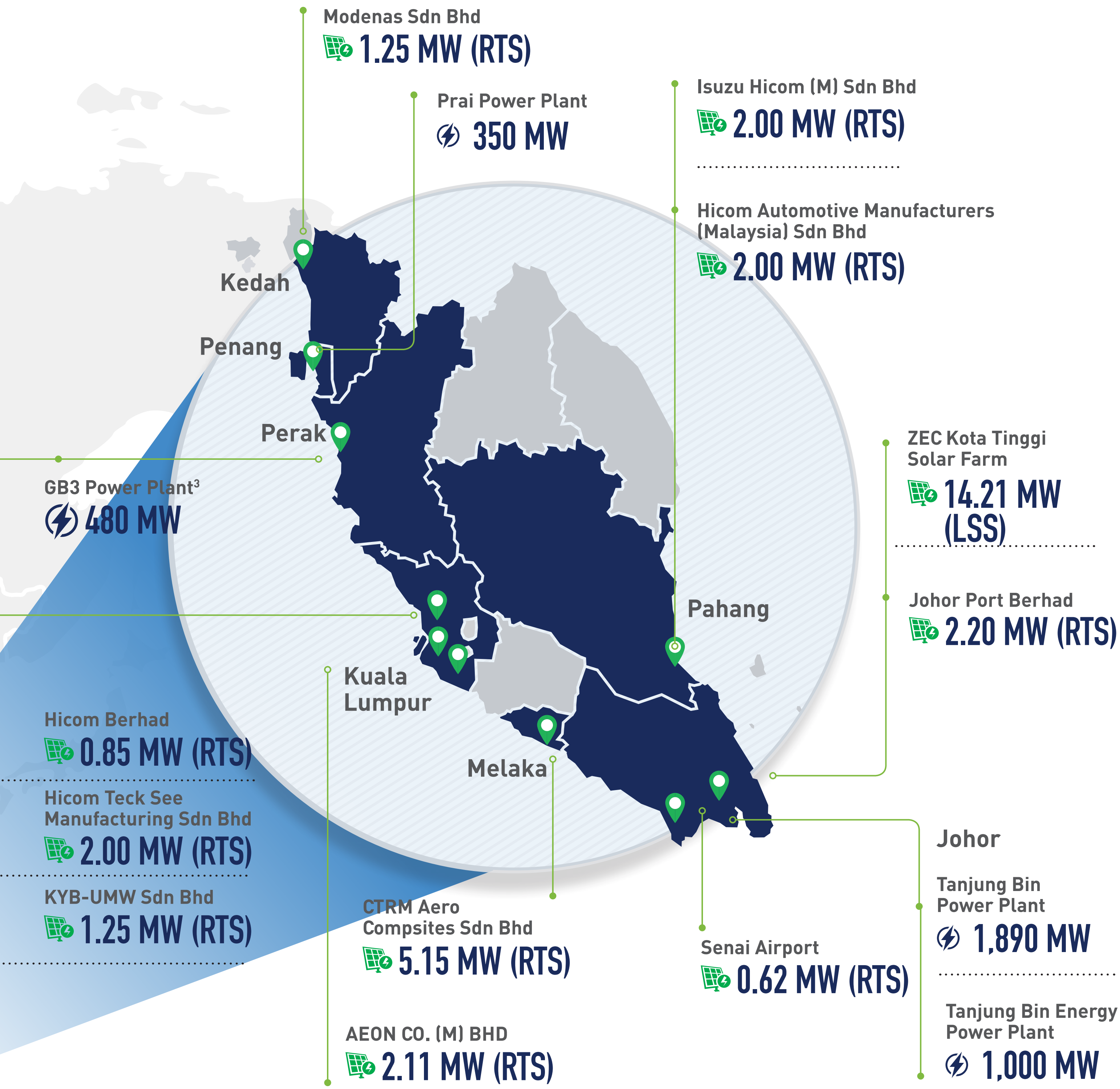
Power | Renewable Energy | Water | Environmental Solutions

6,410 MW
Total Effective Thermal Power Generation Capacity

40 MW
Total Effective Renewable Energy Generating Capacity[1]

472,975 m³/day
Total Effective Water Production Capacity

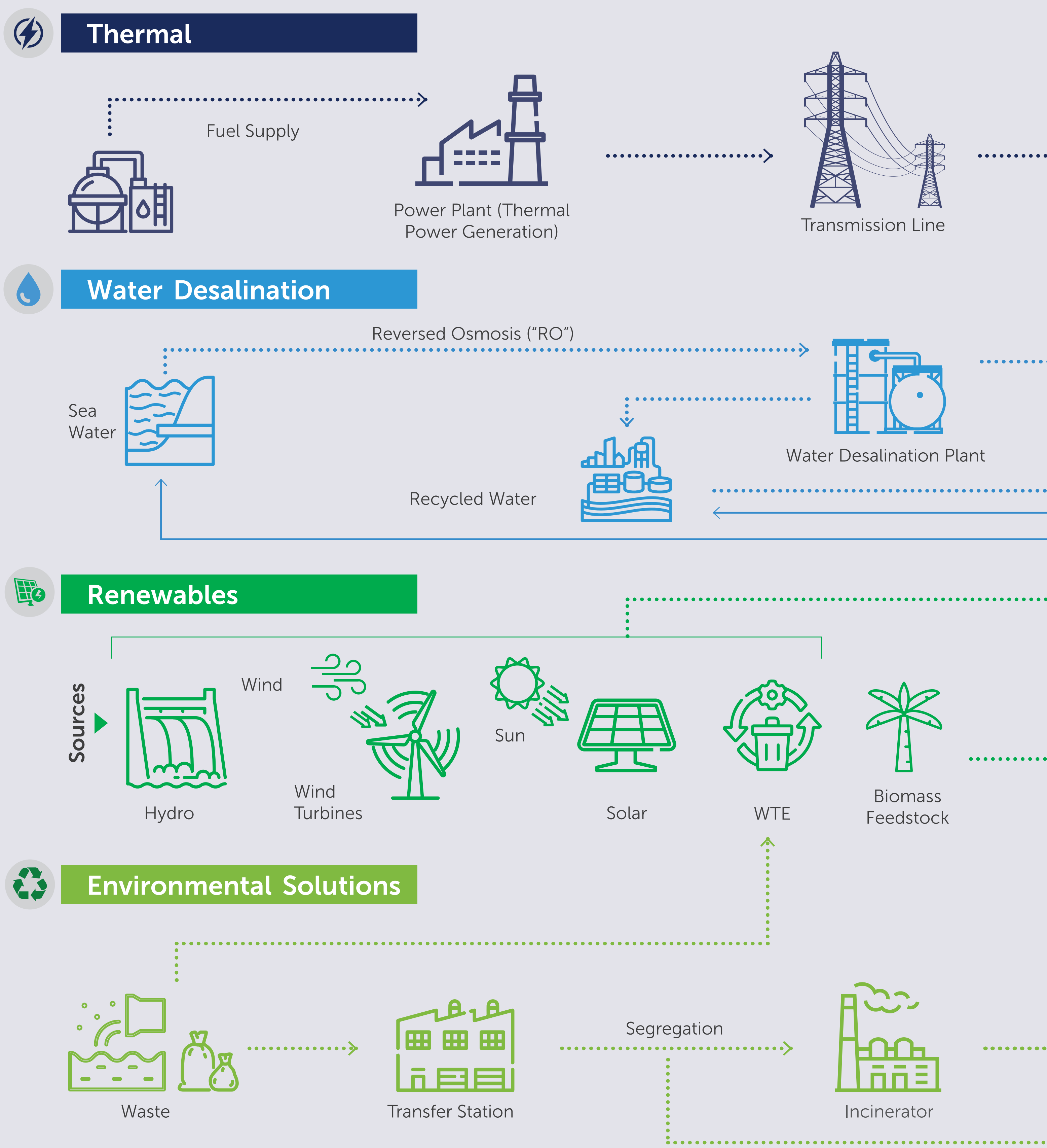
5,578 tonnes/day
Total Solid Waste Management Volume[2]

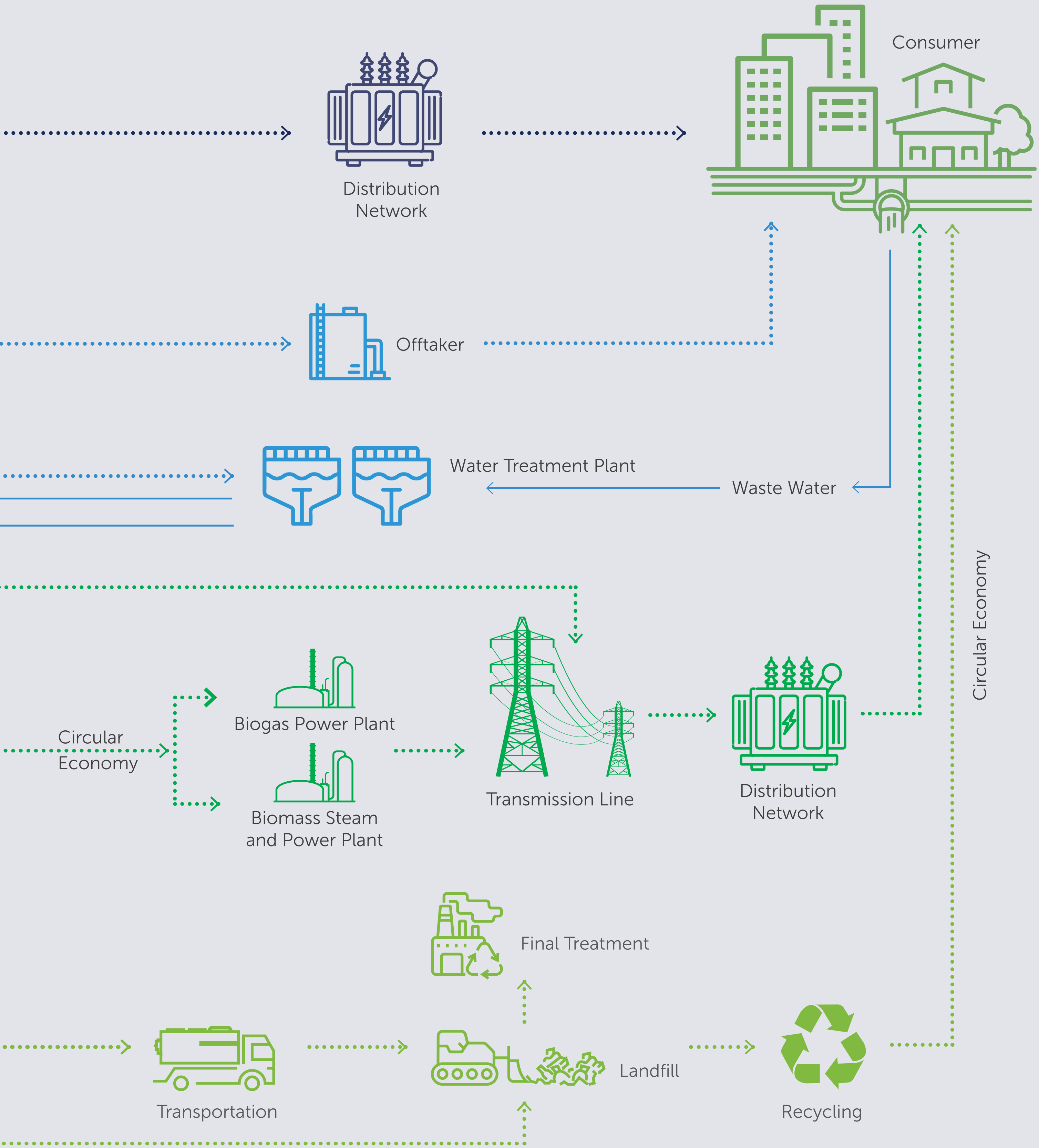


Notes:

[1] Inclusive of ongoing projects
[2] Inclusive of concession and non-concession areas
[3] Expired on 30 December 2022

Our Business Value Chain





Distribution Network
Consumer
Offtaker
Water Treatment Plant
Waste Water
Circular Economy
Circular Economy
Biogas Power Plant
Biomass Steam and Power Plant
Transmission Line
Distribution Network
Final Treatment
Transportation
Landfill
Recycling

Our Shareholding Structure

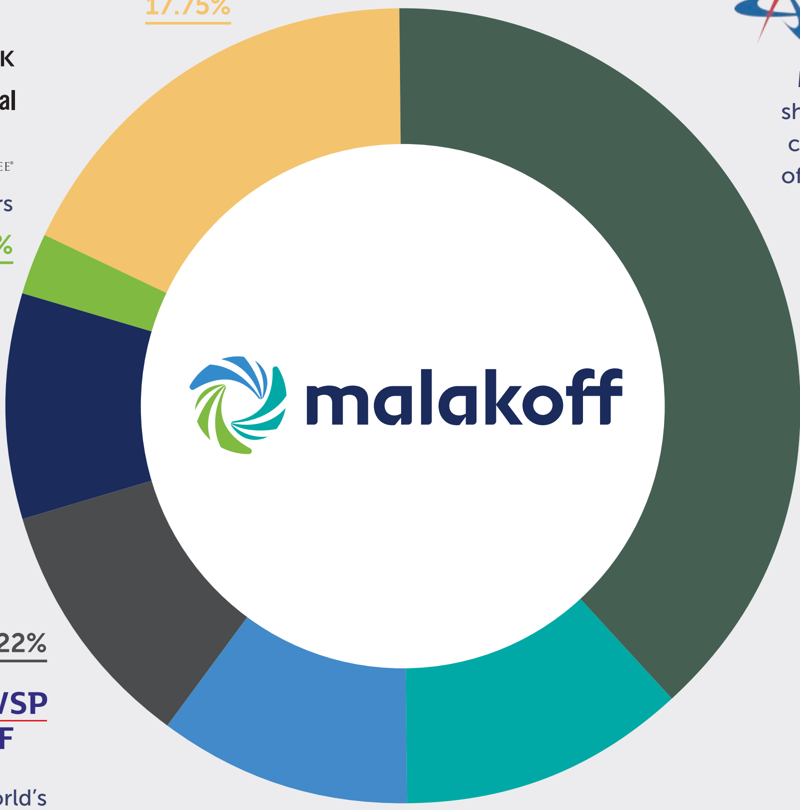
as at 31 December 2022

Local Corporations & Retail Shareholders

17.75%

Foreign Shareholders

2.41%



MMC

Malakoff's largest shareholder with a combined interest of 38.45% (directly and through its wholly-owned subsidiary Anglo Oriental (Annuities) Sdn. Bhd.)

38.45%

9.13%

KWAP

Malaysia's largest public services pension fund

10.22%

KWSP EPF

One of the world's top 15 largest pension funds

10.23%

An SPV wholly-owned by the Ministry of Finance

11.81%

PNB Permodalan Nasional Berhad

Malaysia's largest fund manager

2022 Significant Events

April

Memorandum of Understanding ("MoU") between Malakoff and ITOCHU Corporation (Japan) to conduct a feasibility study on decarbonisation via utilisation of hydrogen/ ammonia in Johor, Malaysia.

June

AFES and Petronas Chemicals entered into a MoU to collaborate on the supply of plastic and food waste.

August

Malakoff participated in the 5th International Sustainable Energy Summit ("ISES") organised by the Sustainable Energy Development Authority ("SEDA") at the KL Convention Centre. The event was attended by around 4,500 visitors.

September

The launch of Pulau Bunting Integrated Development of Gas Supply Centre & Power Plant in Yan, Kedah

October

Kuantan Mayor, Dato' Hamdan Hussein officially launched AFES' Inert Waste Management facility in Kuantan-Kemaman bypass to reduce illegal disposal of waste in the city.

December

Signing of SPPA with Senai Airport to develop and operate a solar PV facility for a period of 15 years.

"Underlying our transition into a more **ESG-focused organisation** is a sound framework of Corporate Governance, **upholding integrity in everything we do**"

Malakoff ended the year with a **60.2%** increase in revenue from RM6,463.1 million in 2021 to **RM10,355.2 million** in 2022

Dear Shareholders,

It gives me great pleasure to present Malakoff Corporation Berhad ("Malakoff")'s Integrated Annual Report 2022. The year under review will be remembered for a long time as marking the end of the pandemic which had disrupted both lives and livelihoods across the world since March 2020. Along with this significant event, we witnessed a resumption in economic and social activities here in Malaysia, leading to increased energy consumption and waste generation, two key areas that the Group is involved in. The result was a surge in demand for our services which, complemented by an increase in the Applicable Coal Price ("ACP") due to geopolitical volatilities, and especially the Russia-Ukraine impasse, saw both our revenue and profit grow substantially.

Malakoff ended the year with a 60.2% increase in revenue from RM6,463.1 million in 2021 to RM10,355.2 million; and a 16.1% year-on-year increase in Profit After Tax and Minority Interests ("PATMI") from RM260.4 million to RM302.2 million. During the second quarter results announcement, the Board approved an interim dividend in respect of the financial year ended 31 December 2022 ("FY2022") of 2.80 sen per ordinary share, which was subsequently paid in October 2022. In addition, the Board approved a final dividend in respect of FY2022 of 2.45 sen per ordinary share, which will be paid in May 2023. This brings the total dividend for the year to 5.25 sen per ordinary share, translating into a payout of 85% equivalent to approximately RM256.6 million. Shareholder value creation is something that the Board takes very seriously, and our dividends represent one way in which we demonstrate this commitment with regard to our shareholders.

CHAIRMAN'S Message

TAN SRI DATUK DR. IR. AHMAD TAJUDDIN ALI
Chairman

Chairman's Message

ONGOING TRANSFORMATION

More than our strong financial performance, the Board has been pleased to see Malakoff make good headway in its ongoing transformation journey, Malakoff 2.0. This strategy was developed in response to shiftSG") principles.

Operationally, we are steadily decarbonising our energy portfolio by looking into ways to inject renewable or green energy into our thermal assets, while rapidly building our rooftop solar PV business. Going forward, we are exploring different possibilities in expanding our Renewable Energy ("RE") portfolio, particularly in the small hydro, waste-to-energy ("WTE"), biomass and biogas segments. We are also placing greater emphasis on effectively managing and recycling waste through Alam Flora Sdn. Bhd., which indirectly contributes towards lower carbon emissions as waste in landfills release significant amounts of methane, a carbon-based and potent greenhouse gas ("GHG").

At the same time, we are supporting the transition of our business into cleaner energy and more sustainable waste solutions with community programmes that further build our environmental and social outcomes.

CREATING VALUE THROUGH SUSTAINABILITY

While Malakoff has always been conscious of the need to protect the environment and care for the well-being of local communities, today we are formalising the integration of ESG into our day-to-day operations and decisions via a strengthened Sustainability Framework. In 2022, we set up a dedicated Sustainability Team and published the Group's Sustainability Commitments and Approach towards achieving Net Zero Emissions by 2050. The Sustainability Team is already working on more granular ESG targets which will be cascaded across the organisation and incorporated into the Group's performance indicators.

Headline sustainability targets that have already been set are to reduce our GHG emissions intensity by 30% from a 2019 baseline and increase our total RE generation capacity to 1,400 MW by 2031; as well as to achieve a recycling rate of 15%-20% by 2025 via waste collected by Alam Flora. During the year itself, we installed a total solar PV capacity of 17.1 MWp, and achieved an increase of 16% recyclables collected in comparison to year 2021. While the emissions and RE targets will be driven primarily by Malakoff's transition towards greener operations, we are supporting our recycling target through various community programmes.

In 2022, Alam Flora Sdn. Bhd. ("Alam Flora")'s subsidiary, Alam Flora Environmental Solutions ("AFES"), ran no less than 60 programmes under its 3R on Wheels platform, collecting 51,248 kg of recyclables. It also partnered with Nestle Malaysia to launch a kerbside recycling programme in 15 townships in Greater Kuala Lumpur to recover post-consumer plastics and enhance consumer awareness of how to recycle plastic effectively. These were over and above more engaging community events such as the Waste is Amazing Fashion Competition and Upcycling Contest, Alam Flora Cyber Eco Hunt and Sustainability Hunt by Alam Flora. Such community programmes will go a long way towards creating the awareness that is needed to increase the recycling rate in Malaysia to 40%, in line with the Government's aspiration.

"In 2022, we set up a dedicated Sustainability Team and published the Group's Sustainability Commitments and Approach towards achieving Net Zero Emissions by 2050"

Other than recycling, our community initiatives support another important environmental agenda, namely the preservation of biodiversity. In 2022, a key marine conservation programme that we organised was the Save the Sea campaign in Lumut, Perak, in collaboration with the Perak Fisheries Department. The programme, which included a beach clean up and an environmental awareness talk, was mainly aimed at providing awareness of the marine ecosystem and the detrimental effects of single-use plastics and overfishing to marine wildlife.

In addition, we have continued to enhance our social citizenry through various programmes focused on education and closing the gaps with marginalised communities. Since 2011, we have been providing financial support to 11 adopted schools via the Malakoff Edufund Programme. Through #ShareOurLove, we run various CSR programmes targeting the underprivileged. We also contribute to flood relief efforts every year. Overall, in 2022, we contributed RM107,400 to educational institutions and RM437,575 to community investment and development, including our environmental activities.

SOUND GOVERNANCE AT THE CORE

Underlying our transition into a more ESG-focused organisation is a sound framework of corporate governance which ensures Malakoff upholds the principles of integrity and transparency in everything we do. We continue to be guided towards this end by the Malaysian Code on Corporate Governance ("MCCG") as well as best practices promulgated by the regulators in all the other countries where we operate.

In line with MCCG 2021, we have created greater diversity on the Board with the inclusion of two new independent directors. By welcoming Dr Norida Abdul Rahman and Datuk Prakash Chandran Madhu Sudanan as of 1 August 2022 and 1 March 2023 respectively, we have increased our number of independent directors to six out of 10, i.e. 60%. We also stand to benefit from broader and deeper Board expertise as Dr Norida brings with her more than 25 years of experience in investment, industrial development and corporate strategy, while Datuk Prakash is an engineering veteran of more than 35 years. Nevertheless, we recognise the need to further increase women representation and will be working diligently towards this end.

In June 2022, the Board also approved a Fit and Proper Policy to enhance the process of appointing and re-electing Directors to the Boards of Malakoff and our subsidiary companies. Complying with Paragraph 15.01A of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia, the Policy guides our Nomination and Remuneration Committee in its (re)-appointment of Directors based on their character and integrity, experience and competence, and ability to make the time and commitment required to fulfil their roles satisfactorily.

ACKNOWLEDGEMENTS

Malakoff's very commendable performance in 2022 is testament to the Group having nurtured a very supportive ecosystem of investors/shareholders, business partners and vendors, whom I would like to acknowledge. Each stakeholder group has contributed in different yet equally valuable ways to our ongoing journey. I would also like to extend my appreciation to the governments and regulators in the countries where we operate for continuing to shape healthy regulatory environments for power and environmental management players. Most of all, I would like to express my deep gratitude to the entire #TeamMalakoff for continuing to demonstrate that we have the agility and capability to transition into the Malakoff 2.0 that we envision.

On behalf of the rest of the Board, I would like to warmly welcome Dr Norida and Datuk Prakash. We look forward to working with them in guiding Malakoff's ongoing transformation. I would also like to thank our Managing Director/Chief Executive Officer ("MD/CEO") Anwar Syahrin Abdul Ajib and the rest of the Management Team for their strong leadership; and our whole workforce for sharing our values and demonstrating an unrelenting commitment to achieving our corporate vision. Together, we will continue our focus on *Driving Sustainable Growth for a Greener Future*.

TAN SRI DATUK DR. IR. AHMAD TAJUDDIN ALI
Chairman

Managing Director/ CHIEF EXECUTIVE OFFICER'S Statement

DEAR STAKEHOLDERS,

Ever since we embarked on the Malakoff 2.0 Strategic Transformation, there have been significant changes in the organisation – from the way we approach our business to the kinds of businesses that we are in. In keeping with this spirit of change, we have decided to adopt the question-and-answer format for my statement this year. The objective is to create greater clarity on Malakoff's strategy, our performance and what we hope to achieve in the next few years.

ANWAR SYAHRIN ABDUL AJIB
Managing Director/Chief Executive Officer

Revenue
RM10.4 billion

Net Profit
RM302.2 million

After two years of the Covid-19 pandemic, Malaysian corporations heaved a sigh of relief when the Government declared the transition to the endemic phase. How would you describe the year for Malakoff?

Overall, it was a very encouraging year for Malakoff, as economic recovery from the second quarter onwards meant an increase in energy demand as well as that for waste management services, which we were able to cater to via our core energy and environmental solutions businesses.

In the thermal power business, we also stood to gain from the surge in fuel prices due to the global energy crisis. This increased the Applicable Coal Price ("ACP") which was passed through to our selling price for electricity generated at our coal-powered plants in Johor, resulting in substantial top and bottom-line growth. The year was also significant as it marked the end of our GB3 Power Purchase Agreement ("PPA"), which expired on 30 December 2022. While preparing to halt operations, we were able to maintain a high level of availability at the plant, which continued to contribute to our full-year performance.

Operationally, Malakoff exported 18.95 TWh of electricity to the National Grid, compared to 20.35 TWh in 2021. The reduced supply was mainly due to the outages at Tanjung Bin Energy Power Plant ("TBE") during the year under review, which has since been fully addressed.

Beyond thermal power, we have pressed ahead with our Renewable Energy ("RE") and Environmental Solutions businesses as we transform into a more Environmental, Social and Governance ("ESG")-focused organisation. With growing awareness of the criticality of environmental issues, we are seeing increasing demand for solar-powered energy as well as sustainable waste management initiatives, which contributed to enhanced performance of our RE and Environmental Solutions businesses.

Malakoff generated a total of 37.34 GWh of electricity from RE assets during the year, and this figure continues to rise as we accelerate the completion of our upcoming RE projects, particularly in the rooftop solar segment. In 2022, Alam Flora collected and managed 2.1 million tonnes of waste, similar to the previous year. Total waste handled by the non-concession business of Alam Flora and recylable material collected during the year increased by 4% and 16% year-on-year, respectively.

The Group continues to be a partner of choice among clients who are embarking on a green journey. We are also collaborating with various strategic partners to grow Malaysia's circular economy. In the Middle East, where we operate one of the biggest water desalination projects, overall production kept pace with demand.

Managing Director/Chief Executive Officer's Statement

Could you explain the Malakoff 2.0 Transformation Strategy, and the reasoning or rationale behind this new journey?

The Transformation Strategy represents our third iteration as Malakoff – the first being as a plantation company when we started out, the second as an Independent Power Producer when we ventured into the power sector driven by the surge in the country's electricity demand, and now as an ESG-centric organisation focused on clean/renewable energy and environmental solutions. We launched our current transformation journey in September 2021, so the year 2022 is the first full year of its implementation. We embarked on this comprehensive transformation given the urgency of global environmental issues, particularly climate change and waste management. As we were already in the energy and waste management businesses, it was a natural extension for us to look for ways to evolve our existing businesses into high-growth sectors that, moreover, will contribute to a more sustainable environment for current and future generations. We were cognisant of the fact that our PPAs would be expiring in the next few years, giving us the opportunity to transition our plants to cleaner energy sources and plug the earnings gap with new growth projects.

Through our transformation, we seek to contribute towards various environmental-related aspirations of the Malaysian Government, specifically for the National Recycling Rate to be at least 40% by 2025; for RE to account for 40% of installed energy capacity by 2035; and, most importantly, for Malaysia to be a carbon neutral country by 2050.

Our own goals are to achieve a 15%-20% recycling rate from waste collected by Alam Flora Sdn. Bhd.; and increase our RE capacity to 1,400 MW by 2025; reduce our GHG emissions intensity by 30% by 2031; and to be a Net-Zero Emissions organisation by 2050.

We recognise that these are quite ambitious targets but are confident of achieving them given our conviction that growing sustainably is not just the responsible thing to do but represents Malakoff's most viable option. Moreover, we believe that Malakoff as an organisation is sufficiently nimble, and our people are sufficiently agile to take the lead in Malaysia's energy transition as we adapt our business to environmental imperatives.

And speaking of people, I can't stress enough the importance of building human capital in achieving our transformation targets. Everything from company culture to internal workflow systems and procedures heavily impact employee well-being, along with our ability to harness our talent in the workforce. As a performance-driven company, we continue to place deeper focus on the nuances of developing and managing our people as we want to bring out their best and channel their efforts into results.

"Through our transformation, we seek to contribute towards various environmental-related aspirations of the Malaysian Government, specifically for the National Recycling Rate to be at least 40% by 2025"

What key achievements can you share regarding Malakoff's transformation in 2022?

Our transformation is anchored in two key areas: decarbonising our energy generation, leveraging gas as a transition fuel while developing RE sources; and investing into innovative mechanisms to promote a circular economy.

In terms of decarbonisation, on 24 April 2022, we signed a Memorandum of Understanding ("MoU") with ITOCHU Corporation (Japan) to study the feasibility of co-firing our coal plants in Johor with hydrogen/ammonia. ITOCHU, one of the largest Japanese general trading and investment companies, is a key player in the hydrogen ecosystem and this partnership is expected to play a big role in the country's energy transition. It is also worth mentioning that this project is supported by the Japanese Ministry of Economy, Trade and Industry ("METI").

The feasibility study marks the first step towards the development of an ammonia-receiving terminal, and a new combined cycle gas turbine power plant that utilises high hydrogen content fuel. Hydrogen and ammonia are deemed to be vital transitional fuels in energy generation and this strategic alliance gives us an opportunity to leverage the strength and knowledge of both organisations to deliver a low-carbon, sustainable energy system.

At the same time, we are also exploring the utilisation of biomass co-firing at our Tanjung Bin Power Plant. This renewable alternative efficiently and cleanly converts biomass to electricity by adding biomass as a partial substitute fuel in high-efficiency coal boilers. I'm pleased to share that the trial burn on 28 December 2022 was completed successfully utilising oil palm empty fruit bunch ("EFB") pellets.

As gas is a relatively clean fuel, we are focused on developing more gas-fuelled plants until lower-carbon options become feasible. In this regard, we are eyeing a number of projects and will be part of the Pulau Bunting Integrated gas supply and power plant in Yan, Kedah, which was announced on 1 September 2022. The development will include a combined cycle gas turbine power plant with a capacity of 1,400 MW.

Building on our rooftop solar PV business, in 2022 we completed the installation of eight projects for Commercial and Industrial ("C&I") customers with a total capacity of 17.1 MWp. In addition, we successfully completed the signing of a Solar PPA ("SPPA") with Senai Airport to develop and operate a solar PV facility with a generating capacity of 0.615 MWp. With an electricity generation of 800 MWh annually, this project will result in a carbon reduction of 555.2 tCO_2e/year which is equivalent to the carbon sequestration of 14,236 trees.

Tasked with expanding our RE business, Malakoff Green Solutions is going all out to garner more RE projects while growing our SPPA and Virtual PPA ("VPPA") portfolios. It is also exploring the Battery Energy Storage System ("BESS") and carbon-free mobility infrastructure segments via Electric Vehicle ("EV") charging stations and will take the lead in participating in future Large Scale Solar ("LSS") tenders.

Further building our Environmental Solutions, on 30 June 2022, Alam Flora Environmental Solutions ("AFES") signed an MoU with Petronas Chemicals Group Bhd ("PCG") to supply plastic waste – specifically polyethylene and polypropylene – which PCG will repurpose into products that can be used in food packaging, healthcare and industrial applications. In addition, AFES will supply organic and food waste for research and development ("R&D") on fertilisers production. Finally, under the agreement, both parties will explore the potential of building more waste segregation facilities in the country.

We are also developing niche facilities to ensure different types of waste are managed in the most environmentally-friendly manner. Towards this end, on 26 October 2022, AFES officially launched an Inert Waste Management facility in Kuantan to manage construction, renovation and demolition waste. The 3.64 ha facility has an estimated capacity of 120-170 tonnes per day and a lifespan of seven to 10 years. As the first privately established construction and demolition facility in the country, it will play a significant role in promoting the 'Green and Sustainable City' concept. Waste disposed at the facility will be recycled and used again in the construction industry, serving as a catalyst in transforming from a linear to a circular economy.

> **"In pursuing the energy transition, we continue to face the energy trilemma of finding a balance between energy security, affordability and sustainability."**

Completed the installation of 8 projects for C&I customers in 2022

Total Capacity of

17.1 MWp

Carbon Reduction

8,407.5 tCO_2e/year

Managing Director/Chief Executive Officer's Statement

Do you envision any challenges or roadblocks in your transformation journey?

In pursuing the energy transition, we continue to face the energy trilemma of finding a balance between energy security, affordability and sustainability. That the supply of clean and/or renewable fuel used to generate power needs to be reliable and affordable continues to be a huge issue as, currently, no existing fuel ticks all the boxes.

Many believe that in a country such as Malaysia, solar is an obvious solution. However, the price of solar panels is unstable, as proven during the pandemic, and there is a need to develop more affordable batteries for energy storage given that solar panels can only produce electricity during the day, with intermittent availability. The criticality of decarbonising the energy sector has seen the inflow of significant investments into R&D, which lends reason to believe that reliability and cost issues will eventually be resolved. In the meantime, energy producers such as Malakoff will have to make the transition gradually, as we are doing now – injecting incremental increases of RE into our fuel mix, investing more into gas-based power plants and building our solar portfolio.

In the Environmental Solutions space, although awareness is growing, much more needs to be done to motivate people to segregate waste at source, failing which the entire process of recycling becomes less efficient and cost-effective. Even with Waste-To-Energy ("WTE") initiatives, which we are looking into, the business model works best if recyclable items are separated from municipal solid waste, leaving the non-recyclable waste to be burnt to generate energy. In this regard, we will continue to work with the Government and various other parties to change the public's approach to waste and its management.

No doubt Malakoff is leveraging digital technologies to drive your transformation. Could you describe how the Group is embedding digital advancements in its strategy moving forward?

Malakoff's digital journey began some years back and has been accelerating more recently as we recognise that digitalisation is no longer just good to do, but critical to our operational and cost efficiencies, and the ability to stay relevant. Digital technologies and systems are being implemented across our operations to facilitate access and sharing of information and documents; to enhance the monitoring of key performance indicators leading to better governance; and provide greater access of real-time data by all levels in the organisation to enhance decision-making.

In 2022, the Group established and rolled out a Digital Blueprint and a 5-Year Roadmap that is part of the Malakoff 2.0 Strategic Transformation with digital as a key enabler throughout the organisation. This covers key areas such as digital modernisation, digital transformation and digital enterprise security. These focus areas will be crucial for us as an organisation to embed technology and innovation, in line with evolving norms, to unlock and extend the way of doing business today with new potentials at a realistic pace.

> "Malakoff will have to make the transition gradually, as we are doing now – injecting incremental increases of RE into our fuel mix, investing more into gas-based power plants and building our solar portfolio."

Further, as part of our efforts to champion the Fourth Industrial Revolution ("IR 4.0"), we are leveraging Internet of Things ("IOT") to implement technologies to monitor people, processes and machines under our Alam Flora business which encompasses the management of a wide ranging fleet and assets. This is being done by our in-house Centralised Monitoring System ("CEMOS") software that integrates Waste Management Facilities, Asset Facilities Management and the Energy Monitoring System through a central command centre.

We have also further digitalised learning and development within the Group by implementing EDGILE, a digital Learning Management System ("LMS") that provides our employees with continuous learning and development opportunities. Accessible through various devices, EDGILE offers more than 700 online courses covering a wide range of topics related to leadership and management, soft skills, team and interpersonal skills, business improvement, quality management and other individual development areas.

How well is the team at Malakoff adapting to these changes and how will the Group's rebranding help the cause?

In the past, we were primarily an IPP with long-term PPAs to deliver secured and reliable electricity supply to the country. Today, these PPAs are expiring, hence things will necessarily change, whether we like it or not. Our people recognise this and know there is no longer any room for complacency at Malakoff. There is an urgent need to be more innovative, more dynamic and more willing to try out new things, learning from our mistakes as we move along. We require nothing less than the adoption of a new mindset to transition smoothly into the ESG-focused Malakoff 2.0.

For our part, Management is creating greater awareness of our new ESG-centric focus while supporting our employees on their own journeys of change. The rebranding exercise that we have undertaken is significant to signal this change to the market as we move away from our image as a traditional IPP towards becoming a global renewable energy and environmental solutions player. The rebranding strategy is in line with the Group's new purpose of "Enhancing Life, Enriching Communities" which serves as a catalyst in advancing the transition to a low-carbon, circular economy future.

Malakoff's refreshed logo and design reflect our aspiration to be a leading energy generation and environmental player, shaping the future through innovation and best-in-class sustainability practices as we drive the transition to greener energy sources. The new icon represents our people and planet-centricity, as well as our role in collaborating with society to achieve a circular economy for future prosperity. We want to enhance the quality of life by reducing carbon emissions and meeting everyone's need for a clean, green environment while ensuring that we deliver reliable access to power, water and intgrated environmental management.

Managing Director/Chief Executive Officer's Statement

What does Sustainability mean to Malakoff?

Sustainability to Malakoff is about creating ESG value for our stakeholders. While our business diversification into green growth areas clearly demonstrates our commitment towards this end, there is still a need for us to supplement our business with ESG initiatives to strengthen our outcomes. The implementation of energy-efficient systems and processes throughout our operations, for example, will support our aspiration to become a Net-Zero organisation by 2050, in line with the 1.5°C Scenario.

As the Company champions the transition to clean energy, it's not just about providing innovative and sustainable solutions but also ensuring that we build and support our communities, empower our people, care for the environment and nurture our employees for excellence.

The Group's Sustainability Framework and Approach outlines our commitment to acting on climate change by reducing carbon emissions as we gradually move away from fossil fuels to renewables. We are also cognisant of the importance of cultivating an inclusive culture in an agile organisation as we create a safe and healthy working environment. And, without a doubt, strong corporate governance will serve as a core foundation for us to enforce the highest compliance standards across the organisation.

The Group's accelerated efforts towards a circular economy is based on the principles of reduce, reuse and recycle to minimise solid waste generation at source and maximise the use of resources, thereby reducing carbon emissions. Malakoff's transformation agenda is aligned with the United Nations' Sustainable Development Goals ("UN SDGs") as we contribute to a sustainable world.

As the Group continues to carry out focused efforts to decarbonise towards achieving Net Zero Carbon Emissions by 2050, we have made good progress through the trial co-firing of carbon-free alternative fuel such as biomass, growth of our renewables to offset carbon and acceleration of recycling ventures in transitioning to a circular economy. In 2022, we lowered our absolute carbon emissions by 5% compared to the previous year, encompassing both Scope 1 and Scope 2 emissions. This was done through enhanced efficiency by improving our heat rate margins at the power plants and lowering fuel usage. Our RE capacity currently stands at 40 MW and we are pursuing key projects in the small hydro and WTE segments to grow our clean and green energy portfolio. The Group aims to lower emissions intensity by 30% by 2031, and groundwork is being carried out to assess and identify key focus areas upon completion of our carbon inventory.

Through our sustainability platform we are also driving greater awareness of responsible waste management among our employees and the public. Among initiatives undertaken during the year, we ran an e-Waste Recycling Drive in Tanjung Bin Power Plant; we collaborated with AFES to run a Jom Kitar Semula campaign to encourage the public in Mukim Serkat, Johor, to reduce, re-use and recycle; and Alam Flora organised its annual Waste is Amazing Fashion Competition 2022. We also organised sustainability themed hunts to highlight environmental sustainability efforts and issues.

In addition, we continue to play our part in narrowing social inequities through our community outreach programmes. In 2022 alone, we contributed RM107,400 to educational institutions and another RM437,575 to other social and environmental causes.

Educational Institutions Contribution

RM107,400

Social and Environmental Causes Contribution

RM437,575

> The Group's ESG-driven action plan enables a low-carbon, resource-efficient sustainability agenda that supports long-term growth as we accelerate the transition to a decarbonised society.

What is Malakoff's outlook for 2023, and what will your key priorities be for the year?

Other than the achievements mentioned above, in 2022 we put in the groundwork for various RE initiatives in the small hydro, biogas, biomass and WTE segments, which should come into fruition in 2023. Hence, we look forward to sustaining our performance in 2023 amidst global macroeconomic volatilities, with new revenue streams from ESG-related businesses. At the same time, we will continue to build our clean/green energy portfolio as well as our environmental solutions and water management businesses to meet growing demand in Malaysia and elsewhere.

The Malaysian Government has identified the need to optimise the country's power generation mix based on the energy trilemma under the National Energy Policy 2022-2040, leveraging gas as a transitional fuel. We will continue to tap into our established track record and competencies by capitalising on our proven abilities and expertise in this space. As our plants will be retiring, we offer the opportunity for lower-cost capacity leveraging existing infrastructure. We are also exploring acquisition opportunities while being open to collaboration with strategic partners in order to meet the country's energy needs reliably, affordably and sustainably. In addition, we will continue with efforts to decarbonise our existing thermal assets through biomass and hydrogen/ammonia co-firing while exploring other new technologies as these arise.

In the RE space, we have created a strong momentum in rooftop solar projects which we will continue to build upon. Meanwhile, we will participate in all ground-based solar competitive bids in Malaysia while looking out for potential merger and acquisition ("M&A") opportunities. We have also identified other RE ventures for the near future, including the development of BESS and EV charging infrastructure, the latter in support of the government's target of setting up 10,000 public charging stations by 2025 under the Low Carbon Mobility Blueprint 2021-2030.

The environmental solutions segment will be the key growth area in the coming years. Alam Flora has been actively promoting the circular economy concept ensuring the public, in particular, have access to sustainable waste management facilities and services. With the advancement of modern technologies on waste and public cleansing, Alam Flora has initiated a pilot programme to replace conventional vehicles and apparatus with more environmentally-friendly machinery which will contribute to more responsible environmental management.

Finally, we believe that there is very strong potential to further grow our expertise in energy, environmental management and water desalination overseas. All the services that we offer are critical to daily life. Our ultimate objective is to provide these services efficiently, reliably and affordably to stakeholders in Malaysia and the rest of the world. The Group's ESG-driven action plan enables a low-carbon, resource-efficient sustainability agenda that supports long-term growth as we accelerate the transition to a decarbonised society. Malakoff's diversified portfolio continues to drive the Group's growth, as the Group champions the transition to clean energy while delivering innovative environmental solutions to create a better world to live in.

ANWAR SYAHRIN ABDUL AJIB
Managing Director/Chief Executive Officer

Our Approach to Value Creation

HOW WE CREATE VALUE

ASSESS AND ANALYSE OUR OPERATING LANDSCAPE

We recognise that our performance and ability to create value are impacted by various factors in the operating environment, especially economic, regulatory, social, environmental and competitive dynamics. We therefore monitor trends in our operating context and analyse how these could affect our financial and non-financial performance.

Read more on page 56

IDENTIFY AND MANAGE OUR RISKS

Acknowledging that risks are integral to any business, we seek to identify our operational, financial, regulatory, market, digital and sustainability risks in order to monitor and manage them. The objective is to maintain all risks within our risk appetite so as not to prevent Malakoff from attaining our corporate goals.

- **R1** Health & Safety
- **R2** Talent Management
- **R3** Cyber Security
- **R4** Policies and Regulations
- **R5** Environmental, Social, and Governance ("ESG") Risk
- **R6** Emergence of New Technologies
- **R7** Challenges in Getting New Business
- **R8** Fraudulent, Illegal or Unethical Acts

Read more on page 70

DEVELOP AND STRENGTHEN OUR RELATIONSHIPS

Our stakeholders – namely our shareholders, suppliers, business partners, employees and the community – play an important part in our sustainable growth. Recognising their importance, we strive to build a strong relationship with them by understanding their needs and striving to exceed their expectations.

- Employees
- Communities/ General Public
- Shareholders/ Analysts/Investment Community
- Customers/Clients
- Government
- Ratings Agencies & Financial Institutions
- Contractors & Vendors
- Media

Read more on page 48

DEFINE AND MANAGE OUR MATERIAL MATTERS

Material matters are those that are key to fulfilling our financial and non-financial imperatives. We identify our material matters in order to generate optimum value for us and our stakeholders. The process involves intense engagement with our stakeholders, which contributes to a better understanding of their expectations.

Environmental

- **M1** Renewable Energy
- **M2** Biodiversity Impact
- **M3** Waste Management
- **M4** Water Management
- **M5** Energy Consumption

Social

- **M6** Occupational Safety & Health
- **M7** Employee Engagement and Well-being
- **M8** Community Development
- **M9** Talent Management
- **M10** Human Rights and Labour Relations

Economic & Governance

- **M11** Governance, Ethics & Integrity
- **M12** Regulatory Compliance
- **M13** Economic Performance

Read more on page 62

APPLY SOUND GOVERNANCE

THE VALUE WE CREATE

Formulate Our Business Strategy

Malakoff 2.0 Strategic Transformation outlines the growth strategy of the Group by integrating Environmental, Social and Governance ("ESG") considerations into our business. The key objectives are to achieve positive outcomes from existing operations, grow our ESG-focused portfolio through investments in RE, Environmental Solutions and other profitable green ventures.

Allocate Our Resources

The execution of our strategy relies on the disciplined allocation of the following six capitals:

- Financial Capital
- Human Capital
- Social and Relationship Capital
- Manufactured Capital
- Intellectual Capital
- Natural Capital

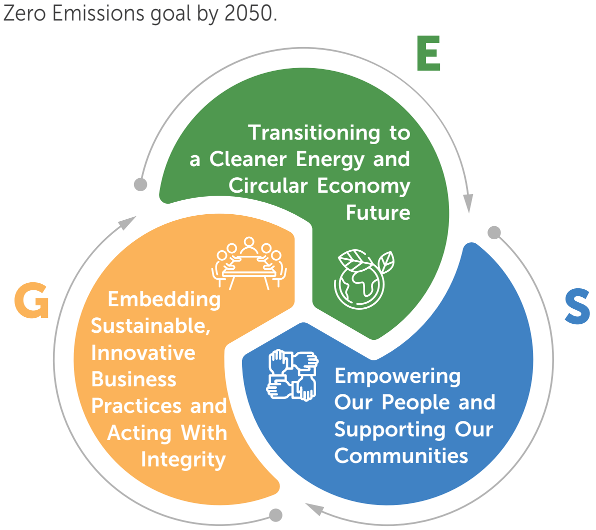
Business Model

Our diversified business model allows us to contribute to a more sustainable environment as we deliver dependable energy and integrated environmental management to meet the needs of the community.

Read more on page 46

Sustainability Framework

Our Sustainability Framework is aligned with the ESG pillars which are aimed at providing easy access to reliable power, clean water and effective waste management as we embark on the transition to a low-carbon and circular economy future. We have also stepped up our climate action by establishing a Net Zero Emissions goal by 2050.



COMMUNITY/GENERAL PUBLIC

- Delivery of safe, secured and affordable supply of electricity to meet the Nation's energy requirements
- Quality waste management and recycling facilities, with incentives for community recycling
- Engagement with the local communities through on-the-ground developmental initiatives and educational programmes while contributing to their socioeconomic development.

EMPLOYEES

- Competitive remuneration and benefits, benchmarked against the industry
- Continuous training and development programmes, and opportunities for career advancement
- Regular engagement programmes and focus on work-life balance

SHAREHOLDERS & ANALYSTS

- High dividend payouts to shareholders
- Timely disclosure of financial and operational performance
- Maintain an effective, two-way communication with the investment community to ensure fair valuation of the Company

CUSTOMERS/CLIENTS

- Provision of innovative and sustainable suite of green solutions
- Commitment to the delivery of efficient, high quality and competitive products and services

GOVERNMENT

- Timely payment of annual taxes
- Contribution to the Government's RE and recycling targets in meeting the country's Nationally Determined Contributions (NDCs) to reduce emissions.

CONTRACTORS & VENDORS

- Fair, ethical and transparent business dealings
- High standards of governance including transparency and integrity

MEDIA

- Transparent financial and non-financial disclosures
- Continuous engagement with the media fraternity and enhanced external communication activities

Our governance framework supports our value creation, guiding us to make choices aligned with our purpose, vision, values and strategic objectives, while being transparent and upholding the principles of integrity.

Our Key Capitals

Our subsidiaries and associate companies make use of various resources and relationships in conducting their businesses. These resources and relationships comprise our capitals. As they are essential to us, we seek to grow their stock for the continued and sustainable growth of the Group. Although inter-related, these capitals are broadly categorised as financial, manufactured, intellectual, human, social & relationship, and natural.

FINANCIAL CAPITAL

This comprises the pool of funds available for our day-to-day operations and growth initiatives, and includes debt, retained earnings and equity funding. Our financial capital is critical to the success of Malakoff 2.0 Strategic Transformation as it will enable investments into emerging technologies, as well as capacity and competency-building. Our objective is to maintain strong cash flow and a robust balance sheet while continuing to be agile in responding to opportunities and mitigating risks.

Total Assets
RM 21.98 billion

Share Capital
RM 5.69 billion

Shareholders' Equity
RM 5.56 billion

MANUFACTURED CAPITAL

This is represented by all the physical assets that we own or use in carrying out our operations across the Group. It comprises our power plants, desalination facilities, solar installations and waste management facilities among others. We maintain and manage these assets to derive optimum value from them.

8
Power Thermal Generation Plants

11
Renewable Energy Assets*

4
Water Desalination Plants

5
Waste Management Facilites

** Achieved COD*

HUMAN CAPITAL

We are only as good as the 3,980 employees we have across the Group, who represent our human capital. Our people are extremely important to our day-to-day operations and to ensuring the success of our strategies. We therefore invest significantly into their safety and well-being as well as their continued professional development. Our objective is for them to realise their full potential and to drive a high-performance culture in Malakoff.

Average Hours of Training Per Year Per Employee
21.87

Introduced EDGILE, a digitalised learning interactive platform for talent development

Agile and diverse workforce bridging organisational silos to achieve operational excellence

INTELLECTUAL CAPITAL

This refers to our intangible assets such as the knowledge and capability intrinsic to our organisation, the organisational systems and processes that support our operations, our reputation, and the strong brands we have developed. We continue to build our intellectual capital through exploration of new Research and Development ("R&D") into green technologies and various strategic partnerships.

Developed and rolled-out **a Digital Blueprint & Roadmap 2023-2037** by deploying next generation core systems to support the Malakoff 2.0 Strategic Transformation

Introduced and utilised **Power BI**, used for day-to-day data visualisation for Malakoff employees to design interactive reports that enable faster insight and recommendations

Data and digital analytics and predictive maintenance platform made accessible to operations

SOCIAL & RELATIONSHIP CAPITAL

This comprises the relationships and partnerships we have developed with our network of stakeholders, including customers, employees, business partners, suppliers, regulators and policy makers, and the community at large. We seek to engage with, understand and meet the needs of each stakeholder group. In this manner, we build trust-based relationships that support the creation of two-way value.

Procurement budget channelled to local suppliers

Malakoff	Alam Flora
96%	**99%**

2,324 beneficiaries

benefited through community programmes and initiatives

NATURAL CAPITAL

Our natural capital is represented by all the renewable and non-renewable resources that are used throughout the Group. It includes fuel and water, among others. Given the energy transition, we are cognisant of the need to minimise the use of carbon-based fuels while promoting the use of cleaner and greener energy. We also play our part to use water responsibly.

Environment management with **environmentally-friendly policies**

GHG reduction technologies and waste and water management

Preserving the environment through **conservation efforts**

Carbon footprint inventory that ensures further **emissions reduction**

Business Model

VISION

To be a premier global power, water and environmental solutions company

VALUE

- Integrity
- Teamwork
- Innovation
- Excellence
- Harmony

OUR CAPITALS... ... ENABLE VALUE-ADDING

INPUTS

FINANCIAL CAPITAL

- Cash Balance: RM2.23 billion*
- Total Assets: RM21.98 billion
- Total Borrowings: RM8.74 billion

* *includes deposit placements classified as other investments*

MANUFACTURED CAPITAL

- Total thermal installed capacity: 6,470 MW
  – Domestic: 5,822 MW
  – International: 588 MW
- Total capacity of rooftop solar PV installed & commissioned to date: 23 MWp
- Total capacity of Inert Waste Management facility in Kuantan: 120-170 tonnes per day
- Total capacity of mini-incinerators: 60 tonnes per day

HUMAN CAPITAL

- Total Employees: 3,980
  Malakoff: 923
  Alam Flora: 3,057
  – 82% Male | 18% Female
  - Malaysians: 3,977
  - Non Malaysians: 3
  - Permanent Employees: 3,113
  - Non Permanent Employees: 867

INTELLECTUAL CAPITAL

- Licensed to distribute up to 153.0 MW of electricity in KL Sentral
- Strong network with 10 global business partners
- Established brand equity over the past 48 years

SOCIAL & RELATIONSHIP CAPITAL

- Total No. of suppliers: 3,229
  - Local: 93.8% (Malakoff) | 99.9% (Alam Flora)
- Total Customers:
  MUSB: 2,517 customers
  AFES: 134 customers
- Embracing sustainable development as well as responsible ESG practices

* *Based on equity approach*

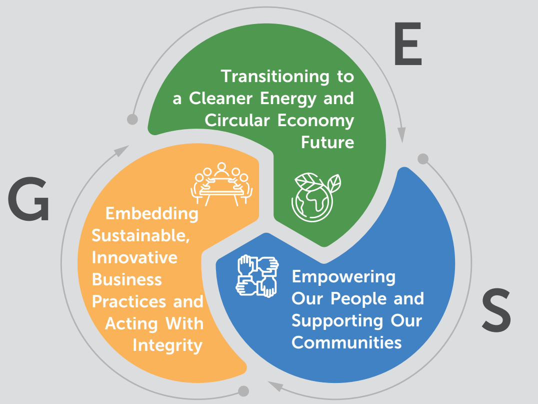
NATURAL CAPITAL*

- Electricity consumption across operations: 118.76 GWh
- Water consumption across operations: 2,344,412.96 m^3

MALAKOFF 2.0 STRATEGIC TRANSFORMATION PLAN

5 Key Strategic Growth Pillars	Key Enablers
Thermal Power Generation	International Expansion
Renewable Energy	Operational Excellence
Environmental Solutions	Sustainability Focused
Water Desalination	Organisational Transformation
Strategic Bets	Digital Enablement

SUSTAINABILITY AGENDA



MATERIAL MATTERS

Environmental

- M1 Renewable Energy
- M2 Biodiversity Impact
- M3 Waste Management
- M4 Water Management
- M5 Energy Consumption

Social

- M6 Occupational Safety and Health
- M7 Employee Engagement and Well-being
- M8 Community Development
- M9 Talent Management
- M10 Human Rights and Labour Relations

Governance

- M11 Governance, Ethics & Integrity
- M12 Regulatory Compliance
- M13 Economic Performance

MARKET TRENDS

- Volatility in Energy Commodity Prices
- Addressing Climate Change
- Demand For Renewable Energy
- Workforce Challenges

Underpinned By **OUR OVERARCHING GOVERNANCE**

MISSION

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

ACTIVITIES THAT CREATE... ... VALUE FOR OUR STAKEHOLDERS

- Compliance and Regulatory Landscape
- Digitalisation and Technological Development
- Strengthening Infra and Security

- Premised on the Shariah Principles, we commit to uphold the highest level of integrity in our everyday decisions and actions, in our efforts to uplift our communities and our nation.

OUTPUTS

19,675.6 GWh total energy generated (TBP, TBE, GB3, SEV & PPP and Solar)

International Power Generated: 12,775 GWh

Total waste managed by Alam Flora and AFES: 2,098,031.68 tonnes

17.1 MWp roooftop solar PV capacity installed and commissioned in 2022

Total GHG emissions based on equity approach for assets owned & operated by Malakoff in Malaysia (Scope 1 and Scope 2): 16.88 million tCO_2e inclusive of Alam Flora's fuel and electricity consumption

OUTCOMES

FINANCIAL CAPITAL

- Revenue: RM10,355.2 million (2021: RM6,463.1 million)
- PATMI: RM302.2 million (2021: RM260.4 million)
- EBITDA: RM2,561.4 million (2021: RM2,315.3 million)
- Earnings Per Share: 5.22 sen (2021: 4.36 sen)
- Net Assets Per Share: RM1.14 (2021: RM1.10)
- Dividend Per Share: 5.25 sen (2021: 5.10 sen)
- ROE: 5.43% (2021: 4.83%)

MANUFACTURED CAPITAL

- Net Energy Sold inclusive of chilled water supply by MUSB
  - 2022 (overall: 18,950.2 GWh, equity approach: 17,618.8 GWh)
  - 2021 (overall: 20,351.7 GWh, equity approach: 18,916.9 GWh)
- Fifth largest water desalination developer in the Middle East, supplying 472,975 m^3/day to the Kingdom of Saudi Arabia, Oman and Bahrain

HUMAN CAPITAL

- Lost Time Injury Frequency Rate ("LTIFR") Malakoff: 0.16 Alam Flora: 0.75
- Employee attrition rate: 11.56%
- Employees that received EDGILE core skills training: 532
- Alam Flora Sdn Bhd named a winner at the Human Resources Development Awards 2022 (HRD Awards 2022)

INTELLECTUAL CAPITAL

- Expansion of services in providing solar technologies to clients who are transitioning to cleaner energy sources
- Maintained 99% availability of our critical systems and recorded zero major cybersecurity incident
- ISO Certifications Achieved:
  - 9001: Quality
  - 14001: Environmental
  - 45001: OHSMS
  - 37001: ABMS
  - 27001: ISMS

SOCIAL & RELATIONSHIP CAPITAL

- Contribution to educational institutions: RM107,400 (2021: RM37,800)
- Community investment and development: RM437,575 (2021: RM779,240 including Wakalah Zakat)
- Taxation paid: RM397.95 million (2021: RM263.29 million)
- Contracts to Vendors and Suppliers: RM382.60 million

NATURAL CAPITAL

- Reduction of 4.78% in overall water consumption for local assets (MCB & AF) (2021: 5.32% reduction)
- 5.38% reduction for Scope 1 and Scope 2 absolute carbon emissions (2021: 17.28% average reduction)
- 37.34 GWh overall energy generated from renewable sources (2021: 21.5 GWh overall)

STAKEHOLDERS

Stakeholder Engagement

Our key stakeholders are those who impact and/or are impacted by our operations. Because of their relationship with Malakoff, we seek to understand our stakeholders' expectations of us, and address their interests. This is integral to our value creation process.

FREQUENCY OF ENGAGEMENT

A Annually | P Periodically | Q Quarterly | R On Request | O Ongoing

Employees

Why We Engage

- To understand the workplace environment and sentiment and identify opportunities for improvement
- To ensure we have the right compensation and benefit structures to attract, maintain and retain the best talents
- To clarify expectations, set objectives, identify goals and provide feedback

How We Engage

- Townhalls Q
- Employee Engagement Sessions ("Jom Sembang with MD/CEO") Q
- Intranet O
- Newsletter P
- Performance Appraisals A
- Malakoff Employee Pulse Survey Q
- Employee Engagement Survey A

Value Created for Employees

- Competitive remuneration – salary and benefits
- Continuously enhanced rewards programmes
- Periodic performance feedback through Balanced Scorecard approach
- Ability for career progression in a rewarding, meritocratic work environment

Value Created for Malakoff

- Creation of an energised and innovative work culture, reducing staff turnover and increasing productivity
- Better employee relationships, better profits
- Engaged employees make valuable contributions to deliver on business strategy
- Creation of a diverse and inclusive employee profile

Key Concerns Raised

- Competitive pay and benefits
- Recognition and rewards besides remuneration to encourage good performance
- Understanding the performance appraisal process

Risks

- Non-engagement or non-performance impacting Malakoff's deliverables
- Dissatisfaction leading to staff attrition
- Inability to meet high expectations of people-centred brand promise
- Losing track of new expectations from the younger generation and changing dynamics of the workforce

Our Responses

- Implement strategies and policies to reward people fairly, equitably and consistently in like with their value to the Group
- Ensure the right compensation and benefit structures to attract, maintain and retain the best talent
- Track employees' performance consistently and reward contributions towards organisational growth
- Clarify expectations, objectives and goals by providing feedback to ensure performance is fairly evaluated
- Recognise employees for their excellent performance
- Achieve leadership excellence through world-class talent and succession management programmes

Opportunities

- Embracing technology, communication channels and change management programmes to stay ahead of the curve
- Increase the skills and experience of our employees to remain relevant

Value Creation Metrics

- Total Investment in Talent Development
- No. of Employee Engagement Programmes
- Employee Engagement Survey ("EES") Index Score & Response Rate
- Total Training Hours for Soft and Technical Skills
- Employee Turnover Rate

Communities/General Public

Why We Engage

- To build trust, public buy-in and support
- Gain higher rates of public participation in community programmes
- Increase visibility and understanding of the Group's business and its positive socioeconomic impact
- Ensure welfare of local communities is taken care of
- Address growing awareness on green consumerism

How We Engage

- Engagement sessions with local communities Q
- Corporate Social Responsibility ("CSR") Programmes P
- Mainstream print and electronic media O
- Social media – Facebook, Instagram, YouTube, Twitter and company website O
- Awareness/educational programmes related to Environmental, Social and Governance ("ESG"), energy and environmental solutions O

Value Created for Communities/General Public

- Greater awareness on environmental issues and initiatives
- Provision for a sustainable and safe environment
- Incentives for recycling through reward points and cash

Value Created for Malakoff

- Positive public and brand image
- Increased public awareness on sustainability and environmental impact
- Increase in recycling rate and recyclables tonnage

Key Concerns Raised

- Environmental impact on our operations
- Quality of services provided
- Employment opportunities

Risks

- Community complaints and negative media coverage
- Wrong information provided to the public
- Losing Government concessions due to failure in meeting Key Performance Indicators ("KPIs")

Our Responses

- Organise environmental programmes for public participation
- Promote Fasiliti Inovasi Kitar Semula ("FIKS") where the Integrated Recycling Facility ("IRF") is located to create awareness of recycling and waste recovery activities
- Provide continuous operational improvement programmes and activities
- Adoption of green initiatives such as green machinery – electric vehicles and equipment and use of bio-degradable plastic
- Communicate sustainability initiatives being undertaken e.g. recycling and waste management
- Provide employment opportunities for local communities

Opportunities

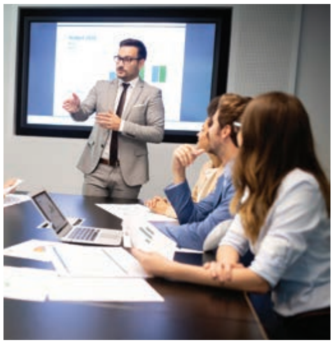
- New developments in recycling and sustainable waste solutions
- Growth within a controlled environment due to being a concession business

Value Creation Metrics

- No. of Recycling Programmes with the General Public
- National Recycling Rate
- Total Volume of Recyclable Materials
- Corporate Social Responsibility ("CSR") Investment
- Socioeconomic Improvement

Stakeholder Engagement

Shareholders/Analysts/Investment Community



Why We Engage

- To share the latest company updates and projects/roadmap to achieve sustainable growth
- To effectively deliver a fair valuation of the company and maintain a resilient shareholder base
- To communicate the Group's Sustainability Commitments

How We Engage

- Analyst briefings Q
- Financial reports Q
- Site visits P
- Group/One-to-one meetings with analysts/fund managers R
- Annual General Meetings ("AGMs") A

Value Created for Shareholders/Analysts/ Investment Community

- Timely reporting to facilitate informed investment decisions
- Enhance long-term investment value with transparent disclosures

Value Created for Malakoff

- Promote healthy and transparent two-way communication between the company and stakeholders
- Board and Management are kept apprised of investment community sentiment

Key Concerns Raised

- Malakoff's growth prospects
- Dividend payout ratio as shareholders expect high yields
- Long and short-term mileposts to achieve Net Zero Carbon Emissions by 2050

Risks

- Inaccurate financial analyses and forecasts by analysts may impact investment decisions
- Incorrect valuation of the company
- Insufficient communication on the company's growth prospects

Our Responses

- Malakoff is aggressively pursuing merger and acquisition ("M&A") opportunities in Malaysia and overseas in the Renewable Energy ("RE") space
- We continue to commit to pay out a dividend of at least 70% of Profit After Tax and Minority Interests ("PATMI")
- A sustainability department has been set up to look into the mileposts and periodic disclosures of the Group's sustainability progress is made

Opportunities

- Greater scope and transparency of disclosure for stakeholders including Environmental, Social and Governance ("ESG") aspects
- More direct engagement with the investment community

Value Creation Metrics

- No. of Analysts Covering Malakoff
- Stock Recommendation
- Credit/ESG Rating
- Share Price Movement
- Shareholder Base

Customers/Clients

Why We Engage

- To build and maintain relationships with clients, and to encourage loyalty and trust in the Malakoff brand and services provided
- To boost sales and revenue
- To improve operational deliverables

How We Engage

- Communication with sales personnel P
- Site visits P
- Sustainability collaboration O
- Memorandum of Understanding ("MoU") signings P
- Launches and informal events P
- Company website O
- Local and international conferences P

P

Value Created for Customers/Clients

- Provision for sustainable services using green equipment and Internet of Things ("IoT")
- High level of customer experience
- Technical experience and expertise

Value Created for Malakoff

- Enhance brand and sales success
- Increase in customers' loyalty and trust
- Valuable feedback and testimony on our services

Key Concerns Raised

- Customer experience
- Sustainability initiatives
- Health, Safety and Environment ("HSE")

Risks

- Legal and political forces can change regulations, which affect marketing efforts
- Post-pandemic inflation

Our Responses

- Malakoff has established strategic partnerships with companies such as Nestle and Petronas Chemicals on curb-side recycling and plastic and food waste recycling, through its environmental solutions arm, Alam Flora Environmental Solutions ("AFES")

Opportunities

- Modern digitalisation enables monitoring of site activities remotely
- New developments for recycling and sustainable waste solutions
- Leverage environmentally-friendly solutions and electric equipment to conduct services

Value Creation Metrics

- Customer Satisfaction Index
- No. of Monthly Sales Engagement Activities
- National Recycling Rate
- Brand Loyalty

Stakeholder Engagement

Government

Why We Engage

- To forge stronger ties with key Government and regulatory agencies
- To keep updated on and gain greater insights into new regulations
- Enhance public-private partnership

How We Engage

- On-ground collaborations P
- Face-to-face meetings P
- Participation in Government/public programmes P
- Corporate events P

Value Created for Government

- Better understanding of the Company's value proposition and contribution to the country's economy
- Ability to leverage the corporate sector to support key national targets
- Security and reliability of eletricity supply and effective waste management

Value Created for Malakoff

- Increased customer loyalty and trust
- Valuable feedback and testimony on our services

Key Concerns Raised

- Post-pandemic stability and business continuity
- Sustainability of our operations
- Compliance with laws and regulations
- Management of environmental issues

Risks

- Being unprepared for changes in Government policy
- Unexpected increase in costs due to post-pandemic inflation

Our Responses

- Compliance with law and regulations set by the Government
- Steadfast support towards the Government's national-level Sustainability Targets
- Collaboration through programmes such as 'Jom E-waste with DoE' and 'Let's Hangout and Recycle with AFES'

Opportunities

- Contribution to nation-building and enhancing the quality of life through dependable energy and integrated waste management
- Invest in areas that support Government's sustainability goals

Value Creation Metrics

- No. of Engagement Programmes with the Government
- Regulatory Compliance
- Malakoff's Corporate Key Performance Indicators in Support of National Targets

Rating Agencies & Financial Institutions

Why We Engage

- To secure financing for working capital requirements, business expansion and future growth
- To obtain best possible ratings for new sukuk issuance and maintain ratings for existing sukuk

How We Engage

- Virtual and physical meetings P
- Engagement sessions with financial institutions O
- Surveys/ Questionnaires on credit rating P

Value Created for agencies/institutions

- Ability to always meet our obligations to re-pay our loans/borrowings (principal and interest)
- ESG compliance imposed for green/ sustainability linked financing

Value Created for Malakoff

- Ability to raise financing from financial institutions for business expansion and Capital Expenditures ("CAPEX") requirements
- Obtained desired ratings for new sukuk while maintaining ratings for existing sukuk at better rates
- Improved market perception towards the company with ESG aspirations

Key Concerns Raised

- Damaged turbine blade at Tanjung Bin Energy Power Plant ("TBE") causing major outage and raising concerns on financial performance, insurance claim, Applicable Coal Price ("ACP") losses, repair works and ability to maintain credit rating
- Ability to meet sukuk covenants (Finance Service Reserve Account ("FSRA") balances, Finance Service Cover Ratio ("FSCR") ratio, etc)
- Cash flow management and projections
- ESG initiatives undertaken towards meeting Net Zero Carbon Emissions by 2050
- Future business direction in view of expiring Power Purchase Agreements ("PPAs")

Risks

- Risk of not being able to comply with covenants imposed by financial institutions and repay borrowings when due
- Risk of not maintaining sukuk ratings

Our Responses

- TBE managed to comply with financial covenants, hence, maintaining its credit rating.
- Ability to meet our short-term obligations
- Business expansion into RE and environmental solutions to replace income losses from expiring PPAs
- Malakoff is on track to meet with ESG aspirations

Opportunities

- Further improve our ESG agenda to enhance perception of Malakoff, hence, facilitation in securing new financing/refinancing with better rates

Value Creation Metrics

- Compliance with Financial Covenants
- Solid Credit Ratings
- Access to Competitive Financing Options

Stakeholder Engagement

Contractors & Vendors

Why We Engage

- Business continuity and competitive terms in supply chain involve numerous suppliers and vendors in making sure our operations are not disrupted
- Mitigate risk and increase visibility to effectively reduce supplier risks

How We Engage

- Efficient procurement process
- Vendor engagement sessions
- Face-to-face and online meetings
- Site visits
- Advertisements

O A R P P

Value Created for Contractors/Vendors

- High standards of corporate governance, integrity and ethics
- Awareness sessions on latest company policy and input from authorities eg Malaysian Anti-Corruption Commission ("MACC")
- Fair, transparent and confidential dealings

Value Created for Malakoff

- Credible vendors coming onboard to maintain quality, safety, sustainable and cost effective operations
- Enhance management of intricate business alliances

Key Concerns Raised

- Supply chain disruptions
- Integrity and ethics in ensuring impartial and transparent procurement practices
- Increased cost of operations due to procurement costs
- Sourcing strategy and network enhancement

Risks

- Disruption to business due to non-performance of vendors
- Lack of updated vendor information could lead to wrong selection of vendors
- Adverse impact to the company's image and reputation

Our Responses

- Vendor performance assessment
- Enforcement of Anti-Bribery Management Systems ("ABMS") and Vendor Code of Conduct in procurement
- Yearly vendor awareness event for knowledge sharing and feedback
- Pre-qualification assessment

Opportunities

- Best industry solutions provided by vendors will improve operations eg servicing, maintenance and design while reducing operational expenditure
- Organisational stability and global expansion

Value Creation Metrics

- Revenue from Existing and New Business Vendors
- Supplier Scorecard
- Efficient Procurement Practices ("SOPs")

Media

Why We Engage

- Media plays a crucial role in dissemination of precise and correct information to stakeholders and the public
- Media can be a strong factor in building brand awareness
- Media can manage and strengthen Malakoff's value and credibility among shareholders, stakeholders and the public

How We Engage

- Media engagement/ networking sessions Q
- CSR programmes Q
- Festival wishes A
- Site visits P
- Participation in advertising packages/ industry advertorials R

Value Created for Media

- Transparency in our financial and non-financial reporting
- Concerns are addressed transparently
- Correct information shared with stakeholders

Value Created for Malakoff

- Increased publicity and visibility
- Enhanced brand value
- Effective public relations and communication strategy

Key Concerns Raised

- Update on business portfolio/strategies
- ESG concerns
- Governance
- Leadership
- Business partnerships
- Financial performance

Risks

- Information shared with public could be ruined by negative or inaccurate media coverage
- Negative social media comments may hurt public image

Our Responses

- Transparent information shared with stakeholders
- FAQs, statements, press conferences and media briefings
- Share current updates on business strategies, financial and non-financial, and collaborative initiatives via press releases

Opportunities

- Enhancing relationships with key media members will assist to channel accurate information to stakeholders

Value Creation Metrics

- Media Coverage on Different Platforms
- Advertisement Value
- Public Relations Value
- No. of Media Mentions (to measure Brand Awareness Post-events)

A. STRATEGIC REVIEW

Operating Landscape

Our operations and performance are impacted by various factors in our operating environment. We therefore monitor key trends and incorporate them into our strategies as well as day-to-day decision-making. The objective is to manage risks and optimise opportunities in order to create value for Malakoff and our stakeholders.

Volatility In Energy Commodity Prices

The year 2022 saw the price of both natural gas and coal increase significantly compared to 2021, with the Henry Hub spot for natural gas averaging USD6.45/MMBtu, more than 54% higher than the average in 2021; and the price of coal averaging USD361.57 per tonne, 172% higher than USD132.95 per tonne in 2021, hitting a historical record of USD430 per tonne in October 2022. The surge in natural gas prices was due to declining production from Russia and the US, accompanied by high weather-driven demand in Europe and the US, exacerbated by uncertainties surrounding working natural gas storage injections. The increase in the price of natural gas shifted demand towards coal, resulting in the price for this commodity to also increase.

POTENTIAL IMPACT

The global hike in coal market prices affected the Applicable Coal Price ("ACP") paid by coal-powered plants in Malaysia, including Tanjung Bin Power Plant ("TBP") and Tanjung Bin Energy Power Plant ("TBE"), with the ACP increasing from around RM20/GJ in 2021 to a record high of RM73/GJ in November 2022.

The gas price in Malaysia, meanwhile, is based on the Malaysia Reference Price ("MRP"), which refers to Malaysia's liquefied natural gas ("LNG") unit export price (Weighted Average Price of LNG Free on Board, ie LNG FOB WAP). From the beginning of 2022, the government announced that the regulated gas price would be capped between RM24/MMBtu and RM30/MMBtu, based on the Second Regulatory Period ("RP2").

This meant that, bucking historical trends, LNG was a cheaper source of fuel in 2022 than coal. Accordingly, despatch requirements from the Grid for gas-fired power were higher than usual.

HOW WE RESPONDED

- Frequent engagement with relevant stakeholders, i.e. authorities and regulators, that determine the supply of fuel for the power sector.
- Prepared business plan according to targeted despatch in view of fuel prices to maximise generation of revenue.
- Prepared our assets to ensure operating units were ready for despatch to meet the demands of the Grid, in line with changing despatch patterns.
- Continuously monitor the movement of fuel prices.

Outlook

The Henry Hub natural gas spot price is expected to average at about USD3 per MMBtu in 2023, down by more than 50% from 2022. In line with this normalisation, the price of coal is also expected to moderate to around USD190 per tonne in 2023 and to further decrease to an average of USD170 per tonne from 2024-2026.

Source :

US Energy Information Administration (EIA) Independent Statistics and Analysis Jan 2023, Bloomberg, McCloskey Weekly Report (Newcastle coal price), Internal Reports

Addressing Climate Change

With more than 70% of the world's carbon emissions coming from the production and use of energy, the transition to a sustainable energy system is at the core of combating climate change. Demonstrating its commitment to global energy transition trends, the Malaysian Government recently announced various decarbonising targets in its National Energy Policy 2022-2040 ("NEP"), inclusive of a reduction in coal-installed capacity from 31.4% of the total in 2018 to 18.6% by 2040.

POTENTIAL IMPACT

The Government's commitment to decarbonising the energy industry means that it will be looking to reduce demand/dispatch from coal-fired power plants. Meanwhile, the cost of compliance with tighter environmental standards is rising, pushing the need for all relevant stakeholders to engage in outlining a feasible energy transition.

HOW WE RESPONDED

- Launch of Malakoff 2.0 Strategic Transformation which, among others, seeks to reduce our Greenhouse Gas ("GHG") emissions intensity by 30% by 2031
- Improve the energy efficiency of existing equipment
- Invest in co-firing and fuel switching studies
- Look into options of supplying carbon credits as part of the Group's decarbonisation efforts
- Expand waste management sector to achieve carbon neutrality for Malakoff
- Conduct frequent engagement sessions with relevant stakeholders

Outlook

Along with greater urgency of climate change action and increasing investments into low-carbon technologies, we expect the cost of low-carbon operations to reduce substantially in the coming years, which would greatly support Malakoff's transition into a Net Zero Emissions organisation by 2050.

Demand For Renewable Energy

Along with the energy transition, there is increasing demand for Renewable Energy ("RE") from organisations, especially RE100 companies, i.e. companies that have committed to the Climate Group and Carbon Disclosure Project ("CDP")'s target to a future that is 100% powered by RE. In Malaysia, the trend is further boosted by the NEP under which the Government has stated the intention of increasing the total RE capacity in the country from 7,597 MW in 2018 to 18,431 MW by 2040 with RE's composition in the Total Primary Energy Supply ("TPES") to increase from 7.2% in 2018 to 17% by 2040.

POTENTIAL IMPACT

Increase in demand for RE, including solar energy, as well as Renewable Energy Certificates ("REC"), will draw even greater investment into different types of RE, helping to reduce the cost of greener, lower-carbon energy.

HOW WE RESPONDED

- Set the target to expand our RE effective capacity from 40 MW currently to 1,400 MW by 2031.
- Look into options of supplying RECs to customers seeking to reduce their emissions.
- Grow our presence in the RE space by exploring opportunities in the small hydro, biogas, biomass and Waste-to-Energy segments.

Outlook

Demand for RE will continue to grow as the urgency of mitigating climate change becomes more pressing. This demand will be supported by government policies such as the NEP 2022-2040 and the Malaysia Renewable Energy Roadmap, both of which support efforts to decarbonise the electricity sector in Malaysia.

Operating Landscape

Workforce Challenges

In May 2022, the Malaysian Government increased the minimum wage by 25% from RM1,200 per month to RM1,500 per month. This was followed by amendments to the Employment Act 1955 effective 1 January 2023 requiring overtime to be paid to workers earning RM4,000 and below, compared to RM2,000 and below previously. Added to this, along with economic recovery post pandemic, businesses that were forced to lay off employees earlier are now recruiting actively, hence there is greater competition for talent.

POTENTIAL IMPACT

The increase in minimum wages and the new overtime ceiling has meant a hike in operating cost for most business sectors, while competition for talent is making it more difficult to recruit suitable talent.

HOW WE RESPONDED

- Explore options of contracts of service instead of contracts for service.
- Carry out benefits and salary package review for employees.
- Investment on digitalisation for trainings.
- Enhance branding of the company as the employer of choice
- Increase pull-factor by providing competitive incentives and ensuring a conducive working environment to attract and retain talent.

Outlook

Competition for talent retention remains high for the energy and environmental sector. Nevertheless, we will continue to invest in people development to increase the skills and competencies of our employees.

Compliance and Regulatory Landscape

The New National Energy Policy (2020-2040) was launched to ensure the energy sector in Malaysia develops in line with global energy transition trends. This has been further supported by the 12th Malaysia Plan (2021-2025), under which a feasibility study is under way on carbon pricing tools, i.e. carbon tax and emissions trading schemes ("ETS"), with the aim of recommending a suitable carbon taxation system to assist Malaysia to achieve carbon neutrality by 2050. One option could be to start small by applying the carbon tax on heavy emitters above a certain emissions threshold and/or on a particular sector or activity and increase the scope of coverage over time.

POTENTIAL IMPACT

This could lead to the early retirement of coal assets and an accelerated transition towards cleaner energy and renewable energy ("RE"). At the same time, there will be reduced financing opportunities and investors for players operating with high revenue share of coal assets. The carbon tax, meanwhile, would impact the profits of heavy net emitters and encourage greater efficiencies in thermal and environmental solutions to minimise waste while supporting a circular economy.

HOW WE RESPONDED

- Continue to seek sustainability linked financing and green bonds for new projects which are aligned with the Group's ESG framework.
- Transition towards cleaner and green sources of income to reduce coal dependent revenue.
- Carry out feasibility studies and pilot projects to reduce the net emissions of coal plants while exploring and expanding our green/environmental solutions.
- Work together with off-takers and partner with industry experts on circular economy solutions.

Outlook

Stronger increase in fossil prices and increase loading in the operating cost causes the Government to reduce the fuel subsidy provided which leads to reduced dependency of coal fired power plants. Nevertheless, economic recovery requires higher energy supply thus creates a need for low-cost energy supply.

While creating a roadmap for the Malaysian energy market, the Government has to ensure the new energy plans developed meet the requirements of energy security, affordability and environmental sustainability. This provides growing opportunities in sustainability linked financing provided by financial institutions to support the transition towards carbon intensity reduction and net zero emissions ("NZE").

Operating Landscape

Digitalisation and Technological Development

Digitalisation has a role to play in increasing efficiencies in any business by making data readily available and analysable. While most organisations had already started on the process of digitalisation pre-Covid, the pandemic accelerated the process with the objective of facilitating access to and sharing of information by people unable to meet physically. In every industry and sector, digital technologies are making systems more connected, intelligent, efficient, reliable and sustainable. They are improving the way we use and manage energy, water and other resources while contributing towards the discovery of solutions to decarbonise our processes using modern sensors, big data, artificial intelligence, and the internet of things ("IoT").

POTENTIAL IMPACT

Companies or corporations at the leading edge of digitalisation will enjoy more streamlined processes, greater cost and operational efficiencies, as well as better communication and engagement with stakeholders, than counterparts that are lagging in the sphere. As digital technologies become more advanced, the gap between the digitalised and non-digitalised will become more damaging in terms of business performance and prospects for organisations that are not up to date with developments.

HOW WE RESPONDED

During the year, we embarked on developing a Digital Blueprint and Roadmap 2023-2027 to align Malakoff's digital capabilities with our overall business goals. Key initiatives include:

- Advanced analytics to drive strategic decision-making and enable predictive analysis
- Enterprise Data Warehouse to enable mining of data based on various sources to support analytical reporting
- Intelligent Customer to promote customer centricity, and mobile-enabled capabilities to enrich the customer experience
- Environmental, Social and Governance ("ESG") performance monitoring to strengthen commitment towards SDGs
- Enterprise Core Platform to enable common back office processing
- Enterprise document and archiving repository
- Intelligent Process Automation to enhance productivity
- Digital workplace to enable a digital collaboration ecosystem
- Digital/ IT governance and functions to enable better synergies

Outlook

Our Digital Blueprint and Roadmap will support the development of a sustainable and agile workforce; re-engineer and improve our business processes and operations; redefine our customer experience goals to reflect what actually matters to customers; and, most importantly, transform Malakoff into a data-driven organisation that is able to leverage cross-functional data to generate insights for better and more timely decisions.

Strengthening Infra and Security

Along with increasing digitalisation the world over, there has been an increase in the frequency as well as the sophistication of cyberattacks. According to a study conducted on 1,200 companies across 13 industries in 16 countries, the number of cyberattacks and data breaches increased by 15.1% in 2021 from the previous year. Another study indicates that cybercrime cost US businesses more than USD6.9 billion in 2021.[4]

POTENTIAL IMPACT

Cyberattacks have the potential of compromising data integrity or loss of data, which would disrupt business operations, leading to huge financial as well as reputational loss.

HOW WE RESPONDED

- Deployed Security Operation Centre ("SOC") as a centralised function employing people, processes and technology to continuously monitor and improve Malakoff's security posture .
- Implemented multi-factor authentication to reduce the risk of account takeovers and provide additional security for users and their accounts.
- Continuous training and simulation to deepen employees' awareness and ability to reduce the risk of cyberattacks while having the knowledge on how to respond to a cybersecurity incident.

Outlook

As cyber threats evolve, organisations will need to keep enhancing their cybersecurity initiatives. At Malakoff, we are adopting a Cloud Strategy to enable a scalable network infrastructure to fit in with evolving technologies deployed. At the same time, we will continue to build our infrastructure resilience through intelligent identity protection based on user behaviour.

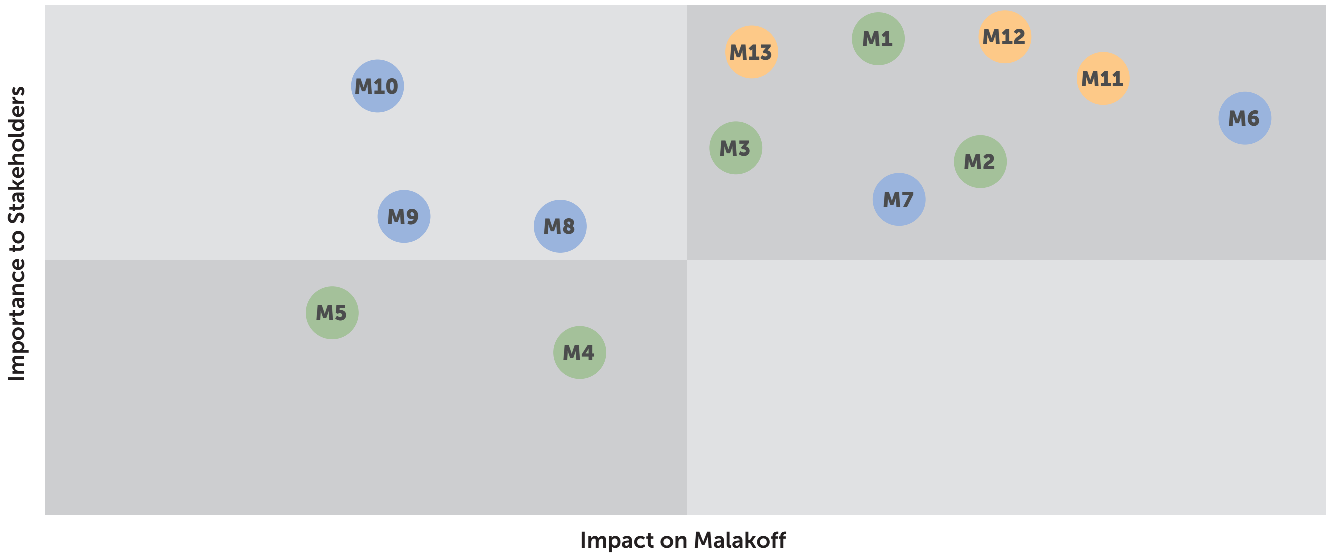
[4] *Alarming Cyber Statistics for Mid-Year 2022 That You Need to Know, Forbes, 3 June 2022*

Material Matters

Material matters are those that are important to our stakeholders and to Malakoff's ability to create value. It is important to understand what these matters are as they enable us to focus on issues that are pertinent to the sustainability of our external environment while advancing our own corporate aspirations.

In 2022, we reviewed the material matters that had been established based on a comprehensive assessment in 2021, and made a few changes in order to streamline our matters for more effective management as well as reporting. As a result of the review, we now have 13 material matters under the Environmental, Social and Economic/Governance categories as depicted below. For each category, we have itemised the material matters according to their priority.

Materiality Matrix



Environmental

- M1 Renewable Energy
- M2 Biodiversity Impact
- M3 Waste Management
- M4 Water Management
- M5 Energy Consumption

Social

- M6 Occupational Safety & Health
- M7 Employee Engagement & Well-being
- M8 Community Development
- M9 Talent Management
- M10 Human Rights & Labour Relations

Governance

- M11 Governance, Ethics & Integrity
- M12 Regulatory Compliance
- M13 Economic Performance

RENEWABLE ENERGY ("RE")

What It Is

Increasing use of non-carbon based RE sources in generating power, for example solar, biogas, biomass, hydro, ammonia/hydrogen, among others.

Why It Is Important

It is important to shift away from an over-dependence on hydrocarbon-based energy in order to contribute towards the energy transition, and support global efforts to develop a low-carbon economy. Investments into RE would also contribute towards Malaysia achieving its goals for RE to make up 31% of the fuel mix by 2025 and to reduce its GHG intensity of GDP by 45% from the 2005 baseline by 2030.

Risks

Neglecting RE in our fuel mix would result in loss of interest from institutional investors seeking ESG-friendly stocks, and difficulty in obtaining financing from banks looking to increase their ESG portfolios. We would also face reputational issues as a major net carbon emitter.

Opportunities

- Rapid development of new technologies such as battery storage, carbon-free fuel (e.g. hydrogen/ammonia), EV chargers.
- Increasing demand for RE from commercial, industrial and residential sectors.
- More financing options available for green or sustainability-linked infrastructure/projects.

Our Response

- We have a total RE capacity of 40 MW through investment into large-scale solar and rooftop solar projects
- Expansion of RE to residential areas through rooftop solar projects
- Studying opportunities for investment in lower carbon sources, clean energy and RE, including biomass and new energies such as hydrogen and ammonia, energy storage, etc.
- Exploring virtual power purchase agreements ("VPPAs") and renewable energy certificates ("RECs") for customers interested in RE

Value Creation Metrics:

- Total RE capacity

WASTE MANAGEMENT

What It Is

Promoting responsible consumption and management of waste, including effluents, in compliance with regulations.

Why It Is Important

Proper waste management plays a crucial role in minimising pollution to land and water sources, thereby safeguarding the environment and promoting the well-being of both humans and biodiversity.

Risks

Inefficient or improper management of scheduled waste from plants/business sectors will pollute the environment, while also damaging the Company's reputation.

Opportunities

- Invest in circular economy to reduce waste and exploration of new raw materials.
- Increased resource efficiency and decreased waste generation will reduce our operational costs.

Our Response

- Leverage emerging technologies for circular economy and waste management i.e. port reception facilities, construction, demolition waste collection, anaerobic digester, reduce and reuse or leachate water at incinerators, etc.
- Disposal of all scheduled waste in accordance with regulatory requirements.
- Collaborate with fly ash off-takers who utilise it as raw material for cement production, and studying the potential of brick production as well as sand replacement for roadworks using bottom ash.
- Increase recycling capacity and rate in Alam Flora in line with national targets.
- Promote technological innovation, together with a strong focus on recycling, supply chain resilience and sustainability.

Value Creation Metrics:

- Recycling rate
- Waste handling capacity in tonnage per day ("TPD")
- Volume of fly ash collected by off-takers

Material Matters

BIODIVERSITY IMPACT

What It Is

Conserving or restoring the natural environment to help preserve the country's rich biodiversity, including monitoring/managing greenhouse gas ("GHG") emissions.

Why It Is Important

Biodiversity plays a key role in maintaining the integrity of forests, grasslands and marine ecosystems, and provides important adaptation functions such as buffering from climate extremes, reducing food insecurity and providing options for economic diversification.

Risks

In addition to the loss of biodiversity, Malakoff's failure to protect the environment would jeopardise our reputation, lead to higher insurance premiums as a high polluter, and lose valuable sources of funding from loss of investor interest.

Opportunities

- Collaborate with experts on ways to preserve the environment.
- Invest in R&D on the development of new technologies to enhance waste management.
- Undertake projects to preserve the environment at the locations of business operations.

Our Response

- We are guided by an Environmental Policy that guides us in minimising our environmental impact.
- Installation of electrostatic precipitators, fabric filters and Flue Gas Desulfurisation ("FGD") at coal plants; combustion tuning at all plants; recycling of fly ash instead of direct dumping/stacking at ash pond.
- Rainwater harvesting at TBPP, mustering points, depot and other facilities; and reuse of treated leachate water in incinerator for flue gas cooling to reduce raw water consumption.
- Responsible management of solid waste, including use of Anaerobic Digestor and extensive recycling programmes.
- Fasiliti Inovasi Kitar Semula ("FIKS"), where we operate a recycling and buy-back centre, the Integrated Recycling Facility ("IRF"), an Anaerobic Digester, a recycling knowledge hub and a 3R boutique.
- CSR projects in biodiversity conservation, i.e mangrove planting, turtle conservation, etc.
- Carbon accounting exercise across all business units operated and maintained by Malakoff and its subsidiaries in Malaysia.

Value Creation Metrics:

- % Of Total Waste Recycled
- No. Of Environmental Projects Carried Out
- Compliance with Clean Air Regulation ("CAR") for power plants
- Net Carbon Emission for Malakoff Group

WATER MANAGEMENT

What It Is

Managing water consumption efficiently, involving efforts to monitor and improve efficient use of water across the value chain, such as water consumption in the production process and water resources risk management.

Why It Is Important

Water is a limited resource and critical to sustaining life. It is therefore important to use water responsibly and to protect water sources from pollution to ensure sustainable supply for surrounding communities.

Being an independent power producer, providing environmental services solutions, district cooling services and water business (desalination), our water usage and release back to the environment becomes a concern.

Risks

Inefficient water management would increase our operational cost, while any water pollution from our effluents would result in environmental fines and loss of reputation.

Opportunities

- Invest in the latest technologies to reduce water consumption and increase equipment efficiency to meet the same demand/ production.
- Continuously monitor water consumption and explore ways to enhance consumption efficiencies.
- Continuously monitor effluents and ensure quality meet the standards and requirements by the Department of Environment ("DOE").

Our Response

- We provide water desalination services in the Middle East to ensure security of water supply to the local population.
- Look into emerging technologies to reduce raw water consumption for internal consumption (e.g. housekeeping, domestic use).
- Recycle water at our plants, plug leakages, and harvest rainwater for non-essential use such as housekeeping activities and dust suppression system usage.
- Ensure effluents are properly treated and meet the DOE's standards prior to being released into the environment.

Value Creation Metrics:

- Raw water consumption monitoring
- Quality of effluents
- Capacity of clean water production at water stressed regions

ENERGY CONSUMPTION

What It Is

Managing our energy consumption to minimise our emissions and therefore our environmental impact.

Why It Is Important

Energy consumption contributes to carbon emissions and therefore climate change. In order to avert irreparable damage to the planet from climate change, experts have cautioned that the world will need to limit the increase in temperature to below 2°C from pre-industrial level, and preferably below 1.5°C.

Risks

High energy consumption would increase our costs in addition to increasing our carbon footprint, derailing efforts to transition to a low-energy organisation.

Opportunities

- Invest in the latest technologies to reduce our emissions as we work towards become a Net Zero organisation by 2050, supporting the national agenda.
- Explore opportunities to sell RECs for other companies to meet their target of Net Zero carbon emissions.

Our Response

- Enhance efficiencies at our power plants to optimise our heat rate performance thus reduce coal and gas consumption for our thermal power plants.
- Monitor energy usage in our power production, office buildings, electricity distribution system and District Cooling System and implement energy efficiency initiatives – such as combustion tuning, mill optimisation, sea water pump optimisation, etc – to reduce our internal consumption and losses
- Conserve electricity usage in our office premises with energy efficient systems such as LED lighting, motion sensors, etc.

Value Creation Metrics:

- Energy consumption across the Group
- Heat rate margin

Material Matters

OCCUPATIONAL SAFETY & HEALTH

What It Is

Ensuring the health and safety of our employees and all contractors as well as business partners.

Why It Is Important

Health and safety are fundamental human rights, which we take very seriously. By prioritising the safety and well-being of employees and stakeholders, we demonstrate the value that we place in them which, in turn, engenders their trust and confidence in Malakoff. Safety at the workplace is also critical to maintaining a high level of productivity.

Risks

Accidents and/or health and safety-related incidents could lead to Lost Time Injury ("LTI") or even death, which would be costly to Malakoff, damaging our reputation while also impacting productivity.

Opportunities

- Engage with the Department of Occupational Safety & Health ("DOSH"), BOMBA (training on Emergency Response Team, First Aider) and other safety experts to run safety training and other programmes.
- Instil a behavioural culture of safety in which everyone takes responsibility for his/her safety and that of colleagues.
- Share constant messages emphasising individual accountability for safety.

Our Response

- Have in place a robust Occupational Health and Safety ("OHS") Policy to prevent injuries due to work hazards.
- Accredited with the ISO 45001:2018 Occupational Health and Safety standard.
- Provide constant training to ensure everyone at our work sites has the knowledge to carry out their functions safely.
- Yearly internal and external audits on QHSE programmes and documentations.

Value Creation Metrics:

- No. of fatalities, LTI, fire incidents, property damage, near misses

EMPLOYEE ENGAGEMENT AND WELL-BEING

What It Is

Managing benefits, rewards and recognition for employees; as well as improving diversity, flexibility and inclusiveness within the workforce to promote employee well-being across all of Malakoff's operations.

Why It Is Important

Employees who are engaged are more invested in the company and its performance. They are therefore motivated to perform to the best of their ability, enhancing productivity and supporting the attainment of corporate goals.

Risks

Low employee engagement would result in a high attrition rate, low morale and staff productivity.

Opportunities

- Create more opportunities for the leadership to engage with employees to share the Company's values, strategies and aspirations.
- Ensure employees are aware of measures taken to enhance the work environment based on their comments in the Employee Engagement Survey ("EES").
- Keep enhancing Malakoff's employee value proposition by understanding and meeting the expectations of employees.
- Develop a corporate culture that is engaging and that inspires a sense of connectedness with Malakoff.

Our Response

- We engage frequently with the staff to keep them involved, engaged and informed of the company's progress and plans through frequent townhall sessions.
- We offer competitive salaries and benefits that are benchmarked against industry standards.
- We promote diversity and inclusivity in the workplace and do not tolerate any discrimination.
- We promote work-life balance, and invite external professionals to provide sharing sessions on finance, health and wealth management.
- We undertake an annual survey ("EES") to understand concerns that employees have and address these.

Value Creation Metrics:

- EES score
- Attrition rate

COMMUNITY DEVELOPMENT

What It Is

Strategic programmes and corporate contributions that positively impact local communities.

Why It Is Important

Investing in the community will garner support, strengthen trust and cement our long-term relationship with the local communities. It is in the Company's interest to ensure the community grows together with us.

Risks

Communities that are underserved or marginalised present potential risks of social instability. Further, if Malakoff is not seen to contribute to the community, the Company would suffer reputational damage.

Opportunities

- Safeguard concession-based business as local concerns are protected and well taken care of.
- Reduce operational costs by allowing more local vendors to participate in procurement exercise.
- Build Malakoff's reputation as a leader in responsible waste management and environmental protection through sound environmental solutions arm and effective CSR initiatives.

Our Response

- Invest in programmes to develop technical skills, enhance community development, inculcating competitive spirit and taking measures to conserve the environment.
- Undertake community engagement activities and implement welfare programmes to improve socioeconomic conditions.
- Established Malakoff Edufund Programme to support 11 adopted schools in the vicinity of our operations in Perak, Penang and Johor.
- Actively invest in the needs of local communities.

Value Creation Metrics:

- Investment in CSR activities
- Number of social engagement programmes

TALENT MANAGEMENT

What It Is

Investing in the long-term development of employees through talent attraction, retention, training and development, as well as succession planning.

Why It Is Important

Our employees determine our overall performance and ability to achieve our corporate objectives. It is therefore important to attract the best talent and to provide opportunities for them to fully realise their potential. This will also enable Malakoff to create a sustainable talent pipeline for critical leadership positions.

Risks

Loss of key talents in Malakoff would impact our business operations and the continuity of strategies to meet our corporate objectives.

Opportunities

- Develop a high-performance work culture by attracting high calibre talent through attractive employee value proposition.
- Retain good talent through attractive career development opportunities in addition to high level of employee engagement.
- Further develop succession planning to safeguard continuity of programmes and strategies.

Our Response

- Organise training to fill in competency gaps in the organisation.
- Develop a highly skilled pool of managers through the Malakoff Management Development Programme.
- Identified two levels of successors for each critical position, and planned training programmes for the talents.
- All executive and mid-management level staff are enrolled in an online learning management system to develop their soft and functional skills.

Value Creation Metrics:

- Total training hours and average training hours per employee
- No. of employees who undergo training
- No. of talents identified as high-potential
- No. of Talents in the Group's Succession Planning programme

Material Matters

HUMAN RIGHTS AND LABOUR RELATIONS

What It Is

Ensuring working conditions are non-exploitative by implementing human rights frameworks, such as the Universal Declaration on Human Rights ("UDHR") and the International Labour Organisation ("ILO") Core Conventions.

Why It Is Important

Respecting human rights is fundamental to operating as an ethical and responsible organisation. This commitment underlines all other policies related to caring for the safety and well-being of our employees and contract workers.

Risks

Any unethical or unjust treatment of employees, contract workers would have legal repercussions and lead to reputational damage, impacting Malakoff's image as an employer.

Opportunities

- Instil a culture that respects human rights through regular awareness creation.
- Establish Malakoff as an ethical organisation in order to sustain the supply of employees and contract workers.

Our Response

- Ensure we meet all requirements of Malaysia's Employment Act, 1955 and international labour standards such as those promoted by ILO and UDHR.
- Our salaries adhere to the Minimum Wages as stipulated by the National Wages Consultative Council.
- We fully embrace the principle of freedom of association, enabling employees to join industry unions.
- Establishment of Staff Sports and Recreational Club for Malakoff employees.
- Based on the principles of diversity and inclusion, we ensure ethical and fair treatment of all employees.
- Employees are protected by a Staff Handbook; and any grievances can be channelled via the Group's intranet, MACNET.
- Contractors are required to adhere to the Employment Act and all relevant labour laws in Malaysia.

Value Creation Metrics:

- No. of whistleblowing cases regarding human rights

GOVERNANCE, ETHICS & INTEGRITY

What It Is

Organisation's commitment to integrity as demonstrated by its values, principles, standards and norms, such as code of conduct and ethics.

Why It Is Important

Sound governance and upholding integrity at all times are key to ensuring that we respect the interests of our stakeholders and create value for them, while increasing our market reputation as an organisation that can be trusted always to deliver.

Risks

Bribery/corruption often leads to financial and reputational loss with long-term implications in terms of business and investment opportunities, as well as the ability to attract calibre talent.

Opportunities

- Create a culture of integrity through constant reinforcement of governance communication.
- Leadership sets the tone from the top in demonstrating Zero Tolerance for unethical behaviour.
- Organise talks and events highlighting the importance of integrity.

Our Response

- Guide all employees on the right way to deal with internal and external stakeholders through our Code of Conduct and Ethics.
- Attained ISO37001 Anti-Bribery Management System ("ABMS") certification for Malakoff, with ongoing preparations for Alam Flora's certification.
- Under the ABMS, we have developed a bribery risk register to evaluate the suitability and effectiveness of the Group's current controls to prevent bribery and corruption.
- Support the ABMS with a Whistleblowing Policy, Code of Conduct and Ethics, and Limits of Authority which define the authority limits of the Board and Management.

Value Creation Metrics:

No of whistleblowing cases

ECONOMIC PERFORMANCE

What It Is

Generating sustainable economic value and creating wealth for stakeholders by maintaining profitable operations and a healthy balance sheet.

Why It Is Important

It is important for Malakoff to sustain our profitability in order to meet our financial commitments to various stakeholders, especially our shareholders, investors, business partners, suppliers, employees and the Government (taxes).

Risks

Not meeting our financial goals would result in the inability to fulfil our commitments to stakeholders, drop in share price and loss of reputation among investors, business partners, suppliers and employees.

Opportunities

- Develop models to create a profitable business from new, cleaner sources of energy such as Renewable Energy Certificate ("REC"), Battery Energy Storage System ("BESS"), hydrogen, ammonia and Waste-to-Energy ("WTE").
- Explore offsetting mechanisms such as Renewable Energy Certificates ("RECs") and carbon credits which include reforestation and conversation.
- Invest in newer, more efficient technologies in waste management.
- Maintain an optimal capital structure and a strong financial position to ensure sufficient funds for business development and growth as well as to reward shareholders.

Our Response

- Development and implementation of clear strategies – eg Malakoff 2.0 Strategic Transformation – to guide the Company towards our corporate goals.
- Aggressive expansion of business into high-growth sectors, such as green and clean energy (solar, small hydro, ammonia/hydrogen/biomass) and waste management services (recycling/WTE).
- Partnerships with technology leaders to develop and introduce new technologies for more efficient operations.
- Digitalisation across the Group to enhance efficiencies and reduce human error.

Value Creation Metrics:

Value distributed in terms of:
- Dividend
- Amount paid to government in taxes
- Total salaries
- Investment in new technologies

REGULATORY COMPLIANCE

What It Is

Compliance with all applicable laws and regulations in the different countries where we operate in relation to labour rights, health, safety, governance and quality.

Why It Is Important

Compliance with local regulatory requirements helps us to ensure that we are operating responsibly and ethically, in line with national interest.

Risks

Non-compliance with local regulatory requirements could result in fines, stop work orders or even a revocation of our licence to operate.

Opportunities

- Development of closer relationship with the authorities or regulators in order to keep abreast of the regulatory environment.
- Increased productivity from improved labour, health and safety, and quality procedures.

Our Response

- Frequent engagement with authorities and regulators to understand regulatory policies and any changes relevant to our operations.
- Establishment of a compliance function within the Group, which is supported by our internal auditors.
- Regular audits on various functions that are subject to regulation, such as work safety, risk management, and policies and procedures that govern the implementation of the regulatory requirements.

Value Creation Metrics:

No. of summons or non-compliance reports issued to Malakoff

Key Risks and Mitigation

We recognise that there are inherent risks in the industries that Malakoff and its Group of Companies are involved in, and that we are not able to eliminate all of them. However, we are committed to minimising our risks in order to protect our business and the value we create. Key risks and our efforts to mitigate them are described in the next pages. For fuller details on Malakoff's risk management, please refer to our Statement on Risk Management and Internal Control on page 165.

Snapshot of the Enterprise Risk Management Process Flow

1 Risk Identification & Assessment

Continuous risk assessment at the Financial and Operational levels through the corporate risk scorecard

2 Risk Treatment

Five core response strategies: Terminate, Reduce, Accept, Pass, and Spread

3 Risk Reporting

Key risks, mitigating actions or controls carried out and target rating are highlighted to the Risk Management Committee on a quarterly basis

Likelihood \ Impact	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	6	7	8	9	10
Likely	5	6	7	8	9
Possible	4	5	6	7	8
Unlikely	3	4	5	6	7
Rare	2	3	4	5	6

Table 1: Risk Matrix

Terminate	By deciding not to process or avoid the activity likely to generate risks.
Reduce	Introducing controls or action plans to reduce the significance of the risks.
Accept	Using the abilities of the Group to accept the risks in order to build a competitive edge over competitors.
Pass	By transferring the consequences of risks to third parties e.g. insurance, hedging, etc.
Spread	By sharing the occurrence of risks with third parties e.g. joint ventures, outsourcing, etc.

Table 2: Risk Treatment

RISK TREND

INCREASED DECREASED STABLE

RISK IMPACT

INSIGNIFICANT MINOR MODERATE MAJOR CATASTROPHIC

R1 HEALTH & SAFETY – OPERATIONAL RISK

DESCRIPTION AND IMPLICATION ON VALUE CREATION

Risks relating to or arising from an unsafe working environment for personnel could lead to injury or even fatality during operations. Contagious diseases pose another risk as infected employees would have to take time off to recover. This was evident during the COVID-19 pandemic which exposed the Company to various risks related to our business, strategies, operations, financial position, supply chain and technology as well as regulatory compliance and reputation.

RESPONSE AND MITIGATING ACTIONS

- Instil a Health, Safety and Environment ("HSE") culture, promoting best practices among all employees via Health, Safety, Security and Environment ("HSSE") programmes and activities
- Conduct emergency drills to assess organisational readiness for any emergency
- Regular reviews of Hazard Identification Risk Analysis Control ("HIRAC") and Environmental Aspect Impact Assessment ("EAIA") to ensure their continued relevance
- Develop and implement procedures/guidelines in line with the Department of Occupational Safety and Health ("DOSH"), Ministry of Health ("MOH") and other regulatory requirements
- Vaccination support programme

OPPORTUNITIES ARISING FROM THIS RISK

- Enhanced policies, procedures and risk practices to improve Malakoff's reputation among stakeholders
- Invest in advanced digital systems that will help to reduce health and safety risks
- Develop a high level of safety competencies within the organisation
- Improve company reputation

STABLE MODERATE

R2 TALENT MANAGEMENT – OPERATIONAL RISK

DESCRIPTION AND IMPLICATION ON VALUE CREATION

Risks relating to or arising from lack or ineffective talent management process. Without sufficient talent, companies in the Group would suffer from reduced productivity, as well as substandard services and output. Meanwhile, employees who are not invested in the Company or do not uphold our values could tarnish our reputation.

RESPONSE AND MITIGATING ACTIONS

- Implementation of various development programmes for all categories of employees
- Regular communication on manpower requirements
- Talent retention programme
- Salary review/adjustment to remain competitive

OPPORTUNITIES ARISING FROM THIS RISK

- Expand recruitment platforms to reach a broader pool of talent
- Develop a strong employee value proposition to attract high-calibre talent
- Engage with talents to create a sense of belonging and to instil a corporate culture in employees
- Provide training and development opportunities to realise the potential of talent

STABLE MODERATE

RISK TREND

INCREASED DECREASED STABLE

RISK IMPACT

INSIGNIFICANT MINOR MODERATE MAJOR CATASTROPHIC

R3 CYBER SECURITY – OPERATIONAL & REPUTATIONAL RISK

DESCRIPTION AND IMPLICATION ON VALUE CREATION

Risks relating to or arising from attempts by external parties or hackers to damage, hijack or infiltrate the Company's digital infrastructure/system. This could result in loss or corruption of data or even damage to the Company's digital infrastructure, leading to financial as well as reputational loss.

RESPONSE AND MITIGATING ACTIONS

- Established Information Management policy and procedures which are enforced on all users in the organisation
- Attained ISO 27001:2013 Information Security Management System ("ISMS") certification to ensure sufficient safeguards to protect Malakoff's data
- Conduct continuous cybersecurity awareness training and simulation exercises to strengthen employees' knowledge and ability to respond to any cybersecurity incident
- Subscribed to cyber insurance in the event of any cybersecurity incident

OPPORTUNITIES ARISING FROM THIS RISK

- Develop in-house cybersecurity knowledge and expertise to strengthen our cybersecurity ecosystem
- Ensure employees are aware of cyber risks and play their part to keep our systems safe
- Enhance stakeholders' trust in the Company's data security
- Secure company information from any threat

STABLE MODERATE

R4 POLICIES AND REGULATIONS – REPUTATIONAL RISK

DESCRIPTION AND IMPLICATION ON VALUE CREATION

Risks relating to non-compliance with any regulations and laws related to the different aspects of our operations – from energy production and sales to waste collection and disposal, human resources management, employee health and safety, data privacy, carbon emissions, data privacy, corporate governance, corporate disclosures, tax payments, etc. Non-compliance would affect the Company's image and lead to litigation proceedings, adversely impacting our business operations, financial condition and/or reputation.

RESPONSE AND MITIGATING ACTIONS

- Keep abreast of all regulatory policies and requirements in the different countries where we operate
- Frequent engagement with relevant stakeholders/ authorities on current and future regulatory landscape
- Review Malakoff's policies and procedures for alignment with any changes in regulations

OPPORTUNITIES ARISING FROM THIS RISK

- Enhance company image with regulatory body
- Build Malakoff's image and reputation as a responsible corporate citizen
- Build a strong compliance function in the organisation
- Ensure all employees are aware of and comply with regulations and laws relevant to their roles

STABLE MAJOR

RISK TREND

INCREASED DECREASED STABLE

RISK IMPACT

INSIGNIFICANT MINOR MODERATE MAJOR CATASTROPHIC

R5 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG") RISK – REPUTATIONAL & SUSTAINABILITY RISK

DESCRIPTION AND IMPLICATION ON VALUE CREATION

Risks relating to or arising from environmental, social and governance variables that could affect the Company's reputation, performance and financial position. The two most pertinent risks currently are environmental – 1) climate change, which has increased pressure on energy producers to switch to greener sources of fuel; and 2) environmental degradation from the inefficient management of waste.

RESPONSE AND MITIGATING ACTIONS

- Established and implemented an ESG Framework and Strategy focused on key sustainability impacts related to our operations – including climate change and waste management
- Investments into cleaner/greener energy sources such as solar, biogas/biomass, mini-hydro and Waste-to-Energy ("WTE")
- Exploring different options in issuing Renewable Energy Certificates ("RECs")
- Working to increase the recycling rate from waste collected from Alam Flora to 15% - 20% by 2025

OPPORTUNITIES ARISING FROM THIS RISK

- Possibility of being offered competitive interest rates from financial institutions
- Access to green funds from the government
- Setting and meeting our own carbon neutral and net zero carbon targets, thus contributing significantly towards Malaysia achieving its Net Zero Carbon Emissions by 2050
- Establish Malakoff as a leader in waste reduction and segregation

INCREASED MAJOR

R6 EMERGENCE OF NEW TECHNOLOGIES – OPERATIONAL RISK

DESCRIPTION AND IMPLICATION ON VALUE CREATION

Risks relating to or arising from the emergence of new technologies in the industry that may pose a threat to the Company's performance.

RESPONSE AND MITIGATING ACTIONS

- Explore strategic alliances with technology partners that are disrupting the industry
- Continuous investment into new technologies in the market/industry
- Participate in international forums and other knowledge-sharing platforms to keep abreast of technology developments
- Constantly upskill our employees to be adept with digital and other technologies

OPPORTUNITIES ARISING FROM THIS RISK

- Ability to offer customers efficient and reliable service
- Enhance cost and operational efficiencies throughout the Group, enhancing our financial position and shareholder returns
- Safeguard our business continuity and minimise operational downtime
- Establish Malakoff as an innovator and disruptor in the industries where we have a presence

STABLE MODERATE

RISK TREND

INCREASED DECREASED STABLE

RISK IMPACT

INSIGNIFICANT MINOR MODERATE MAJOR CATASTROPHIC

R7 CHALLENGES IN GETTING NEW BUSINESS – SUSTAINABILITY RISK

DESCRIPTION AND IMPLICATION ON VALUE CREATION

Risks relating to or arising from the Company's capacity to swiftly respond to disruptions while sustaining business operations and protecting its people, assets, and equity.

RESPONSE AND MITIGATING ACTIONS

- Development of a long-term business plan (i.e. investment and pre-development expenses over five years)
- Continuously monitoring the potential of exporting our expertise to countries in the Middle East, where we have a presence; as well as in ASEAN, where we have a good understanding of local cultures
- Diversification into new high-growth areas such as renewable/green energy and sustainable waste management
- Strengthen our competitive edge through innovation, the most cost-effective solutions, and excellent customer service

OPPORTUNITIES ARISING FROM THIS RISK

- Adoption of new technologies such as WTE and utilisation of hydrogen/ammonia in power plants
- Establish stronger footprint in international markets
- Become a thought leader in the transition to cleaner energy
- Strengthen our relationships with stakeholders, especially existing customers, to develop more business
- Ensure financial stability and sustainable return to stakeholders

INCREASED MAJOR

R8 FRAUDULENT, ILLEGAL OR UNETHICAL ACTS – REPUTATIONAL & BRIBERY RISK

DESCRIPTION AND IMPLICATION ON VALUE CREATION

Risks relating to soliciting, giving, accepting or receiving gratification, either in the form of money, services or valuable goods as an inducement or reward.

RESPONSE AND MITIGATING ACTIONS

- Developed Corruption Risk Assessment ("CRA") which is conducted quarterly
- Developed the Anti-Bribery Management Systems ("ABMS") Manual, Anti-Bribery Policy, whistleblowing procedures and whistleblowing hotlines
- Attained ISO 37001:2016 ABMS certification
- Continuous training and communication on upholding integrity, i.e. Anti-Bribery Training (onboarding and refresher), Newsletters and Integrity Talk

OPPORTUNITIES ARISING FROM THIS RISK

- Solidify Malakoff's reputation as an organisation that upholds transparency and accountability
- Development of proper and effective anti-corruption programmes
- Establishment of systems and processes that enable constant monitoring of the risk of fraud/corruption and early detection of corruption risk
- Compliance with Anti-Bribery and Corruption related laws and regulations

STABLE MODERATE

Our Strategy

In 2021, we launched a new long-term strategy, Malakoff 2.0 Strategic Transformation, to ensure sustainability of the Group by fully integrating Environmental, Social and Governance ("ESG") considerations into our business. Under the Malakoff 2.0 Strategic Transformation, the Group embarked on a renewed purpose of *Enhancing Life, Enriching Communities*. The aim was mainly to diversify and grow our portfolio of businesses, underlined by ESG, materiality and sustainable returns. We intend to achieve positive ESG outcomes from existing operations, to grow an ESG-focused portfolio through investments into Renewable Energy ("RE"), environmental solutions and invest in other profitable green ventures.

We have identified five key growth areas under our Strategic Transformation – thermal power generation, RE, environmental solutions, water desalination and strategic bets (ie disruptive new green technologies). These key areas are supported by five key enablers – international expansion, operational excellence, sustainability initiatives, organisational transformation and digitalisation.

In 2022, we continued to make good progress in all five focus areas and have set our priorities for 2023, as indicated in the table below.

Strategic Pillar / Focus Area	2022 Key Initiatives	2022 Achievements	2023 Outlook & Priorities
Thermal Power Generation	• Securing new greenfield gas power plants • Working on reducing greenhouse gas emissions for thermal plants	• Progress made in growing our gas-powered generation capacity in Peninsular Malaysia • Trial run on biomass cofiring was completed succesfully • Memorandum of Understanding ("MoU") signed with ITOCHU Corporation for a feasibility study of co-firing our thermal plants with ammonia/hydrogen	• Intensify efforts to secure new capacity in CCGT plants • Seek opportunities and ways to reduce carbon emissions at our thermal plants • Utilise our technical expertise to grow our presence locally and internationally
Renewable Energy	• Grow presence in solar, small hydro and Waste-to-Energy ("WTE") • Secure rooftop solar contracts that are in the pipeline	• Completed the installation of eight rooftop solar projects with a total capacity of 17.1 MWp • Continued to expand our rooftop solar projects in Peninsular Malaysia • ZEC Solar exceeded our performance obligations for the year 2022	• Participate in Large-Scale Solar ("LSS") projects • Explore Virtual Power Purchase Agreements ("VPPAs") and rooftop solar businesses • Further explore opportunities in the small hydro, biomass and biogas segments
Environmental Solutions	• Grow our concession and non-concession businesses	• Operationalised our Recovery Initiative Sustainable i.e. Eco Facility (RISE@KL) in February 2022 • Began commercial operations of our first construction and demolition waste facility in Kuantan, Pahang in September 2022 • Successfully secured sites for our Port Recovery Facilities at Johor Port and Penang Port	• Continue to expand our presence and services in our current concession areas • Continue to expand our non-concession business and recycling facilities
Water Desalination	• Grow our water desalination business overseas	• Recorded commendable plant availability performance at all our water desalination assets in the Middle East and North Africa ("MENA") region.	• Continue to deliver reliable plant availability performance • Participate in selective opportunities in water desalination projects in water-stressed countries
Strategic Bets	• Offer sustainable green solutions to the market	• Deployed integrated sustainable solutions packages for commercial and industrial players in 2022, combining solar powered electricity and environmental solutions management	• Continue to explore and deploy potentially viable green technologies for Malakoff, particularly in the carbon-free mobility infrastructure space

B. PERFORMANCE REVIEW

5-Year Financial Highlights

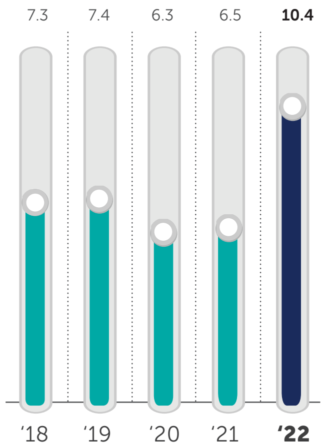
FINANCIAL STATISTICS

	Group				
	2022 RM'000	**2021 RM'000**	**2020 RM'000**	**2019 RM'000**	**2018 RM'000**
KEY OPERATING RESULTS					
Revenue	**10,355,150**	6,463,084	6,276,308	7,422,272	7,348,230
Results from Operating Activities	**982,973**	848,012	853,995	1,246,585	1,197,661
Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA")	**2,561,353**	2,315,282	2,266,557	2,415,655	2,430,386
Profit Before Tax ("PBT")	**736,771**	469,567	444,599	534,047	559,173
Net Profit Attributable to Equity Holders of the Company ("PATMI")	**302,225**	260,416	286,581	323,396	274,433
KEY BALANCE SHEET ITEMS					
Property, Plant and Equipment	**10,956,764**	11,555,382	12,391,428	12,881,334	13,443,183
Cash and Cash Equivalents	**1,539,630**	1,568,819	1,062,600	2,745,389	1,515,147
Other Investments (Deposit Placements with More Than 3 Months Maturity)	**692,740**	2,617,093	3,378,157	2,509,476	3,582,478
Total Assets	**21,983,829**	23,082,674	24,188,723	26,538,975	28,982,069
Total Borrowings	**8,743,408**	9,845,768	10,882,094	12,398,145	15,200,432
Total Liabilities	**15,288,011**	16,575,948	17,744,012	19,863,728	22,317,615
Share Capital	**5,693,055**	5,693,055	5,693,055	5,693,055	5,693,055
Accumulated Losses	**(358,471)**	(399,172)	(348,468)	(237,857)	(82,425)
Shareholders' Equity	**5,561,073**	5,395,038	5,307,909	5,509,731	5,644,768
SHARES INFORMATION					
Basic Earnings Per Share (Sen)[1], Restated	**5.22**	4.36	4.90	5.65	4.60
Diluted Earnings Per Share (Sen)[1], Restated	**5.22**	4.36	4.90	5.65	4.60
Dividend Per Share (sen)	**5.25**[2]	5.10	5.10	6.55	5.60
Net Assets Per Share (RM)[3]	**1.14**	1.10	1.09	1.13	1.15
FINANCIAL RATIOS					
Return On Assets (%)	**1.37**	1.13	1.18	1.22	0.95
Return On Equity (%)	**5.43**	4.83	5.40	5.87	4.86
EBITDA Margin (%)	**24.74**	35.82	36.11	32.55	33.07
Gearing (X)	**1.31**	1.51	1.69	1.86	2.28
Net Gearing (X)	**0.97**	0.87	1.00	1.07	1.52

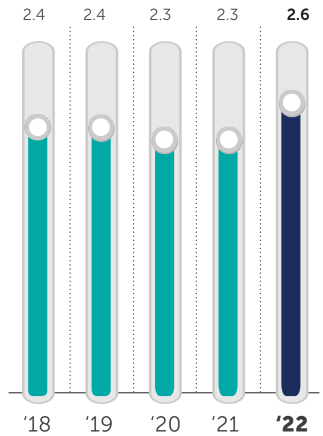
Notes:

1. *Based on weighted average number of ordinary shares of 4,886,961,300 (2020-2021: 4,886,961,300; 2019: 4,887,313,000; 2018: 4,932,031,000).*
2. *Based on interim dividend paid of 2.80 sen and proposed final dividend of 2.45 sen for dividend payment in respect of financial year ended 31 December 2022.*
3. *Based on number of ordinary shares of 4,886,961,300 (2019-2021: 4,886,961,300; 2018: 4,888,221,000).*

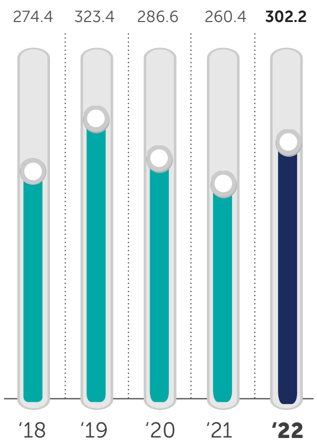
Revenue
(RM Billion)



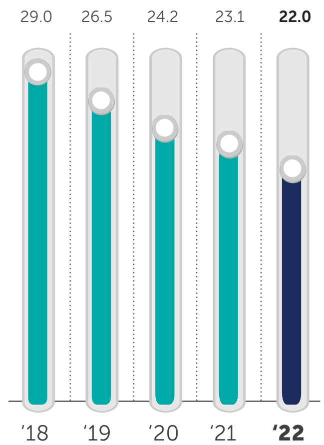
EBITDA
(RM Billion)



PATMI
(RM Million)

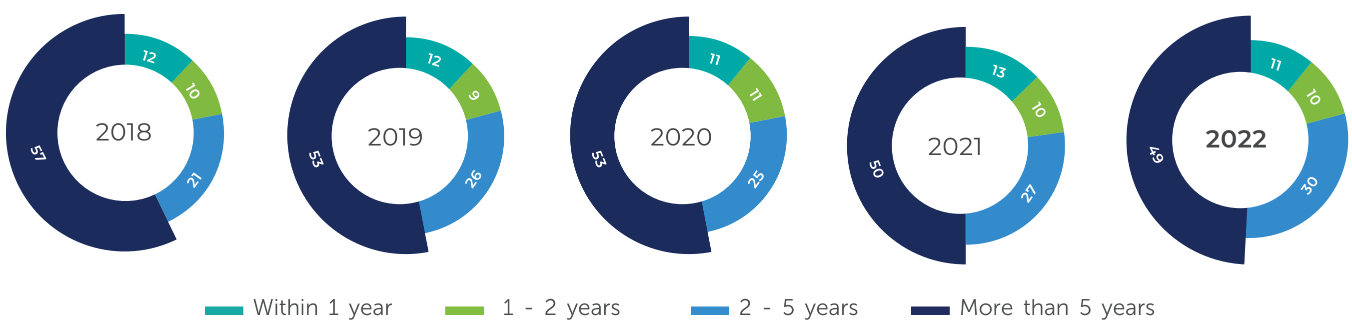


Total Assets
(RM Billion)



DEBT MATURITY (%)

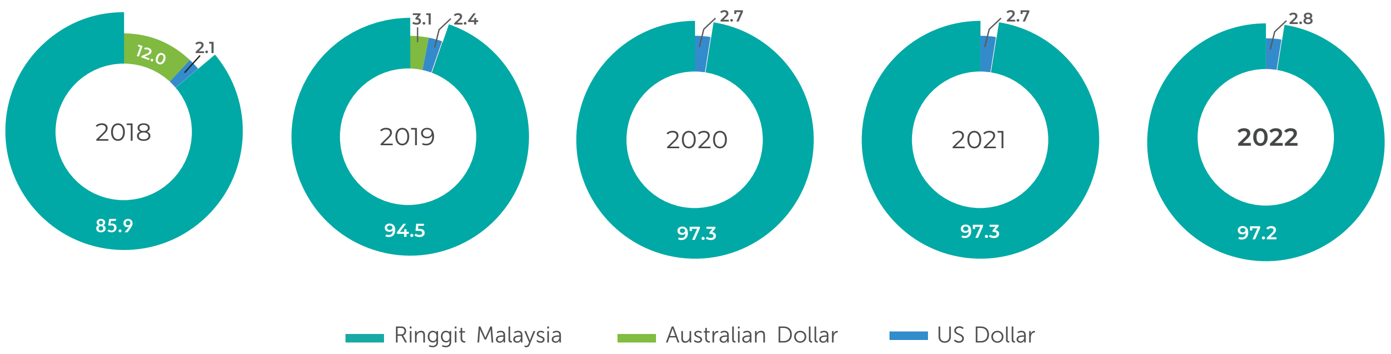
Based on scheduled repayment of the loans and borrowings.



5-Year Financial Highlights

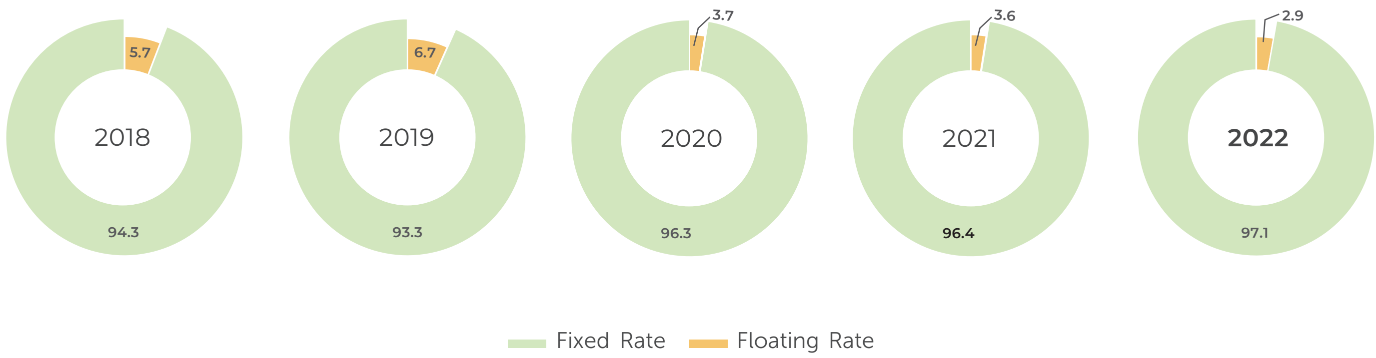
DEBT PROFILE BY CURRENCY EXPOSURE (%)

Predominately denominated in Ringgit Malaysia for local thermal developments with long-term PPAs.



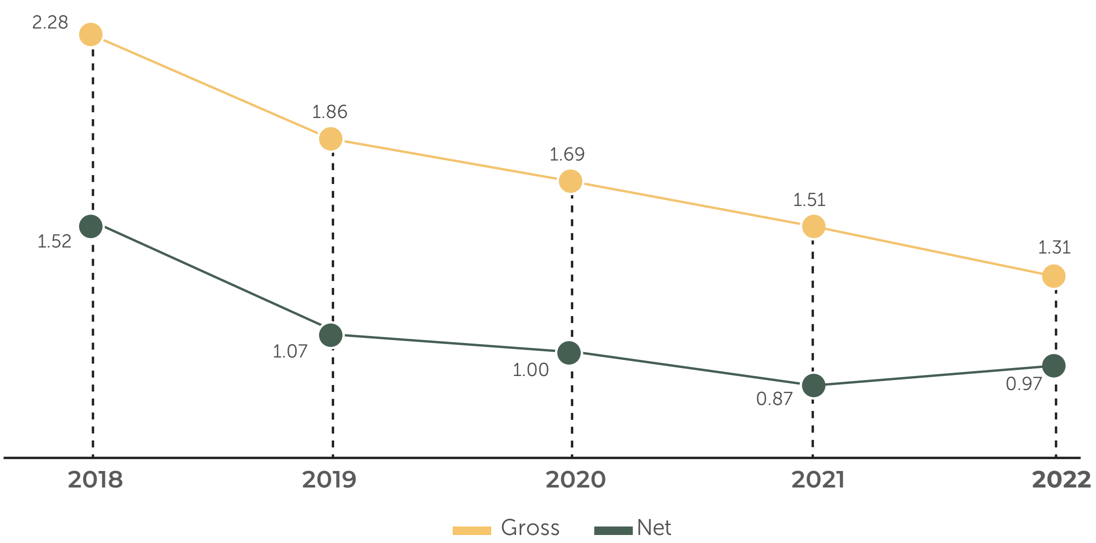
DEBT PROFILE BY INTEREST RATE MIX (%)

Fixed rate is largely under shariah compliant sukuk programmes.



GEARING RATIO (X)

Improved gearing ratio following scheduled repayment of sukuk programmes and term loans.



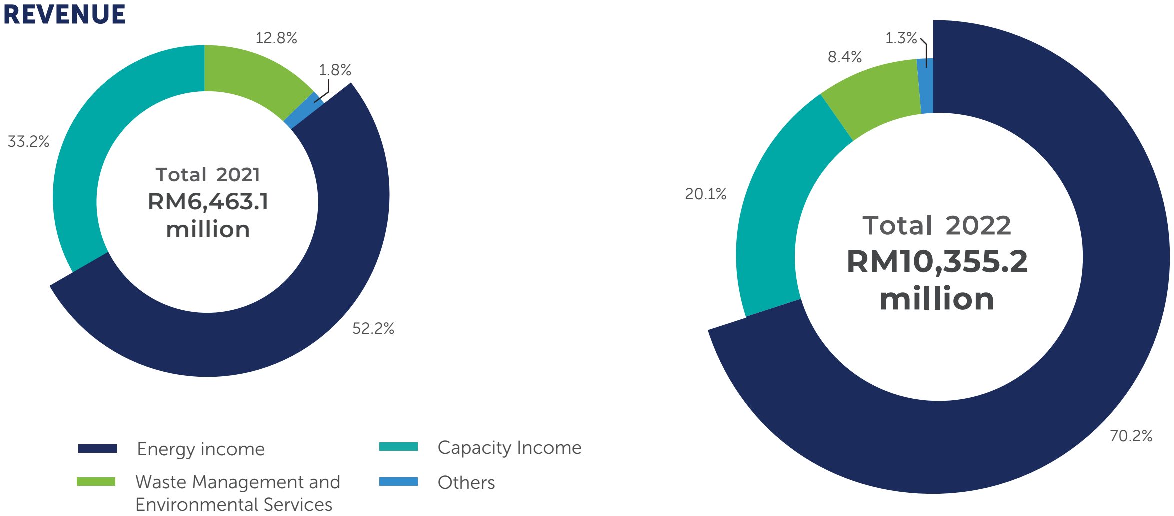
Group Quarterly Financial Performance

	FY2022				
	Q1 RM'000	Q2 RM'000	Q3 RM'000	Q4 RM'000	Year RM'000
Revenue	1,883,774	2,318,476	3,180,178	2,972,722	10,355,150
Results From Operating Activities	184,244	273,425	357,173	168,131	982,973
Profit Before Tax ("PBT")	98,181	196,608	280,650	161,332	736,771
Net Profit Attributable To Equity Holders Of The Company ("PATMI")	50,881	119,145	90,335	41,864	302,225
Basic Earnings Per Share (Sen)	0.56	2.44	1.36	0.86	5.22
Dividend Per Share (Sen)	–	2.80	–	2.45	5.25

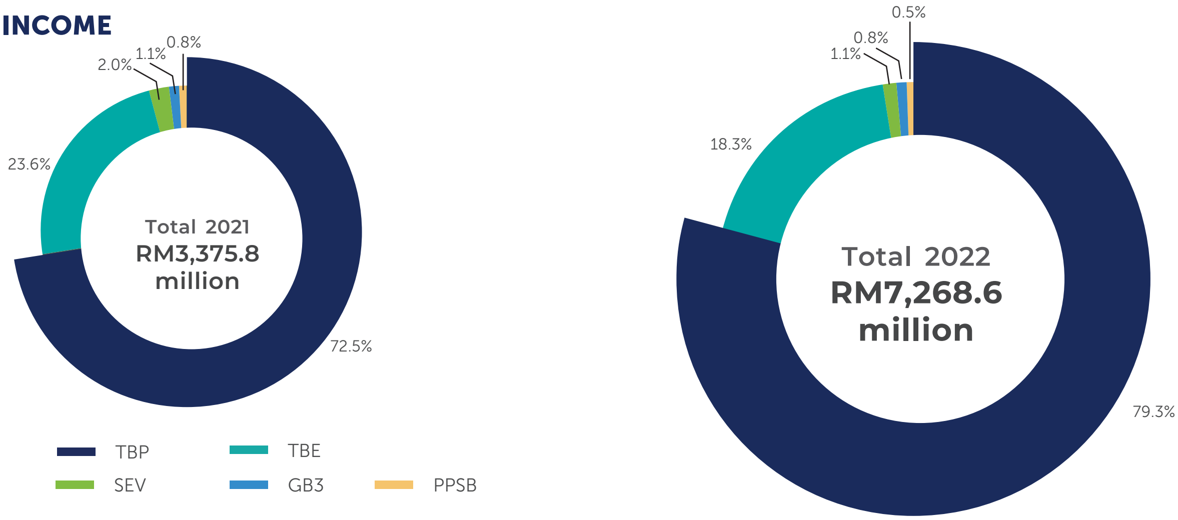
	FY2021				
	Q1 RM'000	Q2 RM'000	Q3 RM'000	Q4 RM'000	Year RM'000
Revenue	1,351,177	1,584,439	1,583,751	1,943,717	6,463,084
Results From Operating Activities	211,391	268,833	205,157	162,631	848,012
Profit Before Tax ("PBT")	96,682	189,694	118,584	64,607	469,567
Net Profit Attributable To Equity Holders Of The Company ("PATMI")	60,444	117,734	67,160	15,078	260,416
Basic Earnings Per Share (Sen), Restated	0.75	2.41	0.89	0.31	4.36
Dividend Per Share (Sen)	–	3.10	–	2.00	5.10

Revenue Mix

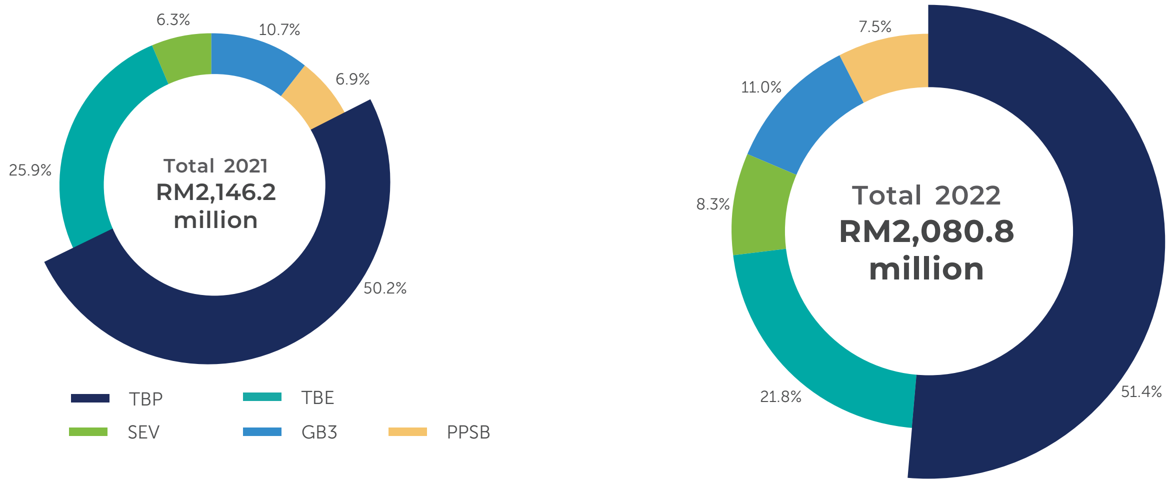
TOTAL REVENUE



ENERGY INCOME

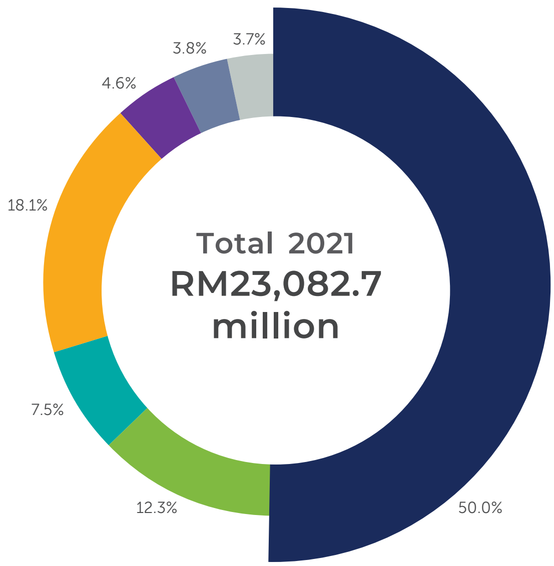


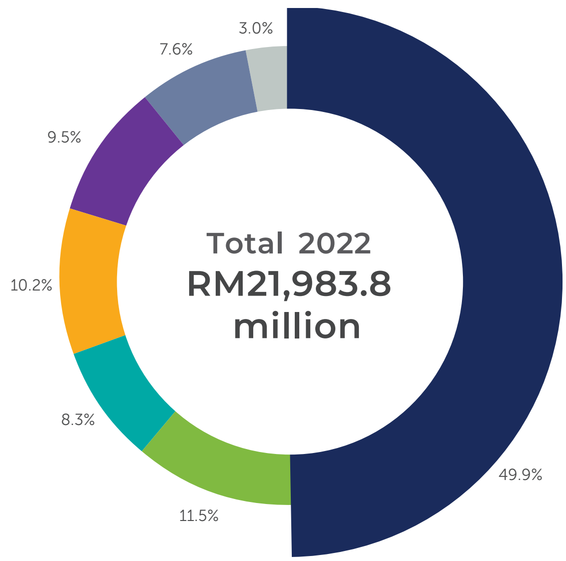
CAPACITY INCOME



Simplified Group Statements of Financial Position

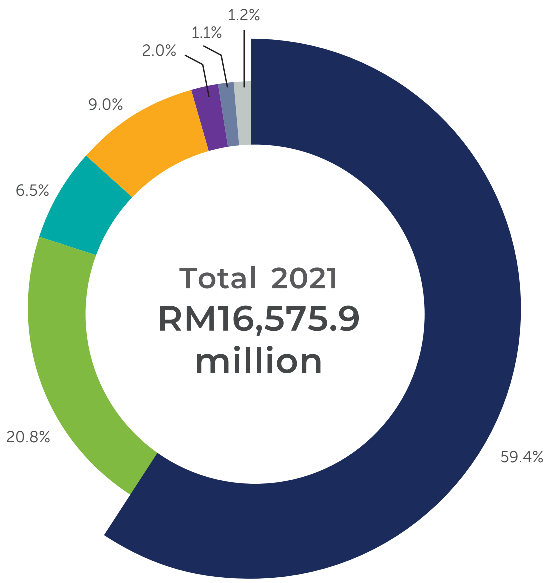
TOTAL ASSETS

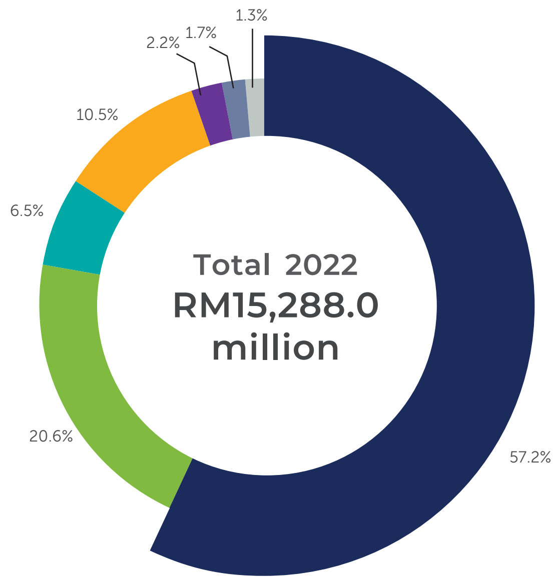




- Property, plant and equipment
- Intangible assets
- Investments in associates and joint ventures
- Cash and cash equivalents (including other investments)
- Trade and other receivables
- Inventories
- Other assets

TOTAL LIABILITIES





- Loans and borrowings
- Deferred income
- Deferred tax liabilities
- Trade and other payables
- Provision for concession asset
- Provision for decommissioning costs
- Other liabilities

Financial Calendar

Announcement of Consolidated Results

23 February 2022
Unaudited consolidated results for the fourth (4th) quarter ended 31 December 2021

23 August 2022
Unaudited consolidated results for the second (2nd) quarter ended 30 June 2022

24 May 2022
Unaudited consolidated results for the first (1st) quarter ended 31 March 2022

29 November 2022
Unaudited consolidated results for the third (3rd) quarter ended 30 September 2022

23 February 2023
Unaudited consolidated results for the fourth (4th) quarter ended 31 December 2022

Dividends

Final Single-Tier Dividend of 2.00 sen per ordinary share for the Financial Year ended 31 December 2021

9 May 2022
Entitlement Date

Interim Single-Tier Dividend of 2.80 sen per ordinary share for the Financial Year ended 31 December 2022

29 September 2022
Entitlement Date

2 June 2022
Payment Date

27 October 2022
Payment Date

Annual General Meetings

28 March 2022
Notice of 16th Annual General Meeting and Issuance of Integrated Annual Report for the Financial Year ended 31 December 2021

11 April 2023
Notice of 17th Annual General Meeting and Issuance of Integrated Annual Report for the Financial Year ended 31 December 2022

28 April 2022
16th Annual General Meeting

11 May 2023
17th Annual General Meeting

Investor Relations

Malakoff highly values our investors and maintains open channels of communication through our Investor Relations function in order to provide the investment community with accurate and timely updates on our financial and non-financial performance. We recognise this is important in order to maintain investors' trust and confidence in our stock.

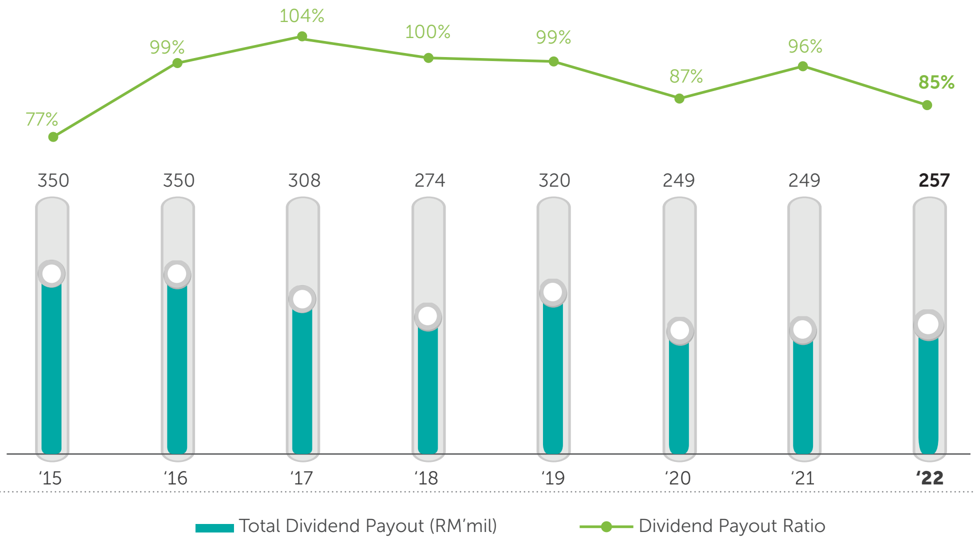
IR Engagement Audiences

- Institutional Investors
- Sell-side and Buy-side Analysts
- Fund Managers
- Current Shareholders
- Potential New Investors
- ESG Analysts

IR Engagement Channels

- Annual/Extraordinary General Meeting
- Quarterly Analyst Briefings
- Group/One-to-One Meetings/ Investor Conferences (Physical/Virtual)
- Site Visits
- Corporate Website
- Annual Report

Investment Community's Feedback	Malakoff's Response
Business performance and earnings	Malakoff's business performance at the beginning of 2022 was impacted by damage to a turbine blade at Tanjung Bin Energy Power Plant ("TBE"), causing concern among our investors and shareholders. A scheduled outage was carried out from October to December 2022 for the purpose of turbine blade replacement. TBE is now running at full capacity. At the same time, performance was buoyed by higher-than-expected fuel margins given the elevated Applicable Coal Price ("ACP").
Business pipelines to replace multiple upcoming gas power plants expiry	Malakoff's Power Plant GB3 in Lumut officially ceased operations on 30 December 2022 following the expiry of its 21-year Power Purchase Agreement ("PPA") with TNB. GB3, with a 640 MW generating capacity, contributed close to 3% of the Group's revenue, while the Prai Power Plant ("PPP") and SEV Power Plant ("SEV"), for which the PPAs expire in 2024 and 2027 respectively, contribute to a total of slightly above 4% of the Group's revenue. The Group continues to explore opportunities to secure thermal and Renewable Energy ("RE") projects to plug the earnings gap from the expiry of PPAs, with a target of securing 10,000 MW of thermal power generation and 1,400 MW of RE generation by 2031.
Dividend payout	Malakoff continues to commit to a dividend policy of not less than 70% of its consolidated profits attributable to owners of our Company. Since its listing, Malakoff has been distributing well above 70% of its Net Profit.



Investor Relations

QUARTERLY ANALYST BRIEFINGS

4Q FY2021	24 February 2022
1Q FY2022	25 May 2022
2Q FY2022	24 August 2022
3Q FY2022	30 November 2022
4Q FY2022	24 February 2023

ANALYST COVERAGE LIST

	Organisation
1.	Affin Hwang Investment Bank Berhad
2.	AmInvestment Bank Berhad
3.	BIMB Securities Sdn. Bhd.
4.	CGS-CIMB Securities Sdn. Bhd.
5.	Credit Suisse Securities (Malaysia) Sdn. Bhd.
6.	KAF Equities Sdn. Bhd.
7.	Kenanga Investment Bank Berhad
8.	Maybank Investment Bank Berhad
9.	Public Investment Bank Berhad
10.	TA Securities Holdings Berhad
11.	RHB Investment Bank Berhad
12.	UOB Kay Hian Securities (M) Sdn. Bhd.

SUMMARY OF ANALYSTS' RECOMMENDATIONS

Buy	10
Hold	0
Sell	2

CREDIT RATINGS

Malakoff Power Berhad by MARC

Long Term	AA-$_{IS}$/Stable

Tanjung Bin O&M Berhad by MARC

Long Term	AA-$_{IS}$/Stable

Tanjung Bin Power by RAM

Long Term	AA2/Stable

Tanjung Bin Energy by RAM

Long Term	AA3/Stable

Alam Flora Sdn Bhd by MARC

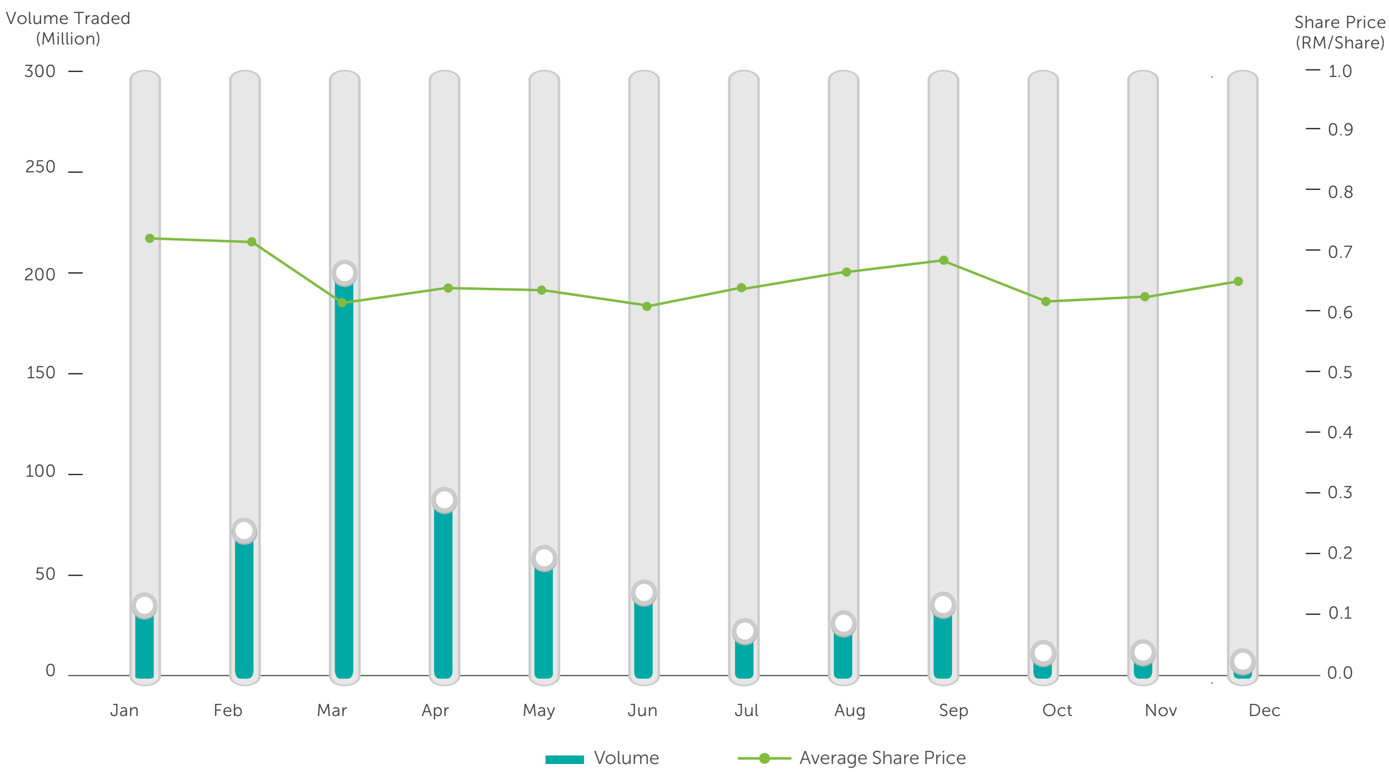
Long Term	AA$_{IS}$/Stable
Short Term	MARC-1$_{IS}$/Stable

Notes:
MARC – Malaysian Rating Corporation Berhad
RAM – Rating Agency Malaysia

SHAREHOLDING STRUCTURE

Notes:
1. *Foreign Shareholders*
2. *Local Corporations and Retail Shareholders*

Share Price Movement



Month/2022	RM /Share Highest Share Price	RM /Share Lowest Share Price	RM /Share Average Share Price	Million Volume
Jan	0.750	0.695	0.722	42.10
Feb	0.745	0.680	0.716	79.52
Mar	0.660	0.585	0.616	204.32
Apr	0.665	0.610	0.637	94.50
May	0.650	0.610	0.633	64.57
Jun	0.630	0.585	0.610	46.22
Jul	0.665	0.625	0.643	29.24
Aug	0.700	0.650	0.670	33.33
Sep	0.710	0.615	0.683	40.39
Oct	0.620	0.595	0.615	19.26
Nov	0.645	0.620	0.627	18.45
Dec	0.665	0.635	0.655	13.46


Brighter
tomorrows
begin with
a better today

THERMAL POWER GENERATION

WHO WE ARE & WHAT WE DO

We generate electricity at six thermal power plants in Malaysia with a total effective power generation capacity of 5,822 MW. All our plants supply energy to Tenaga Nasional Berhad ("TNB") under individual Power Purchase Agreements ("PPAs"). Details of these power plants are as follows:

Plant	Location	Plant Type	Fuel Type	PPA Expiration	Generating Capacity (MW)	Effective Equity Participation	Effective Capacity (MW)
Prai Power Plant ("Prai")	Penang	CCGT	Gas	2024	350	100.00%	350
SEV Power Plant ("SEV")	Perak	CCGT	Gas	2027	1,303	93.75%	1,222
GB3 Power Plant ("GB3")	Perak	CCGT	Gas	2022	640	75.00%	480
Kapar Power Plant ("Kapar")	Selangor	Multi Fuel	Gas/Coal/Oil	2029	2,200	40.00%	880
Tanjung Bin Power Plant ("TBP")	Johor	Coal	Coal	2031	2,100	90.00%	1,890
Tanjung Bin Energy Power Plant ("TBE")	Johor	Coal	Coal	2041	1,000	100.00%	1,000
Total Effective Power Generation Capacity (MW)							**5,822**

Notes:
CCGT – Combined Cycle Gas Turbine

KEY FOCUS AREAS

Under the Malakoff 2.0 Strategic Transformation, our key focus areas are to:

- Increase the reliability and resilience of all of our power plants via predictive maintenance, enhanced technical capabilities and failure prevention
- Improve financial contribution and plant efficiencies via process improvements, enhanced technical know-how, and cost optimisation and recovery
- Collaborate with local and international entities to explore new technologies to reduce our carbon emissions intensity

BUSINESS ENVIRONMENT

The year was marked by lower demand from the Grid mainly because of the slow recovery from the pandemic, with commercial and industrial operations picking up only in the second half of the year. Despite high availability at our gas plants, the total power generated was lower year on year. Meanwhile, offtake from Tanjung Bin Power Plant decreased as the spike in coal prices shifted demand to more economical energy sources. In addition to lower generation capacity, our overall capacity factor was impacted by scheduled outages at our plants. The year also marked the expiry of GB3's PPA; however, as the expiry was in December 2022, there was no significant impact on our overall operational or financial performance.

OPERATIONAL RESULTS

CAPACITY FACTOR, CF (%)

Plant	2019	2020	2021	2022
TBP	80.50	86.36	72.19	**67.29**
TBE	67.99	80.54	66.20	**62.74**
SEV	36.37	7.68	2.23	**1.82**
GB3	32.25	9.63	6.49	**4.73**
Prai	62.55	19.62	12.43	**17.21**
Kapar	45.37	56.55	34.08	**42.13**

AVAILABILITY FACTOR, AF (%)

Plant	2019	2020	2021	2022
TBP	83.82	94.63	93.92	**86.69**
TBE	78.04	97.54	90.41	**84.93**
SEV	87.63	95.51	94.82	**94.37**
GB3	97.20	95.90	94.46	**96.16**
Prai	95.15	80.34	92.73	**95.33**
Kapar	90.03	94.67	78.85	**86.68**

ELECTRICITY SOLD AND GENERATED

	Power Generated (GWh)				Electricity Sold (GWh)			
Plant	**2019**	**2020**	**2021**	**2022**	**2019**	**2020**	**2021**	**2022**
TBP	15,593	16,767	14,104	**13,118**	14,808	15,931	13,279	**12,424**
TBE	6,244	7,460	6,117	**5,486**	5,956	7,074	5,800	**5,192**
SEV	4,191	905	263	**217**	4,151	879	257	**211**
GB3	1,846	559	376	**277**	1,808	542	364	**268**
Prai	1,934	614	390	**537**	1,901	603	381	**525**
Kapar	9,676	10,852	6,609	**8,396**	9,028	10,193	6,150	**7,659**
TOTAL (GWh)	39,484	37,157	27,859	**28,031**	37,652	35,222	26,231	**26,279**

Thermal Power Generation

PERFORMANCE REVIEW

Under the Malakoff 2.0 Strategic Transformation, we have identified 21 initiatives to address key focus areas, of which 16 are still ongoing. Highlights are indicated below.

OBJECTIVES	INITIATIVES	PROGRESS/OUTCOMES
Decarbonisation of the Group's coal assets	• Reduce carbon emissions from TBP and TBE power plants	• Successfully completed trial run of biomass co-firing at TBP • Ongoing feasibility study with ITOCHU (one of the largest globally integrated companies from Japan) to explore ammonia/hydrogen co-firing
Digital operations for greater efficiencies	Leverage digital analytics and predictive maintenance to: • prevent disruptions to existing and supporting systems • optimise work and create greater resource efficiencies	• Investment in suitable software to undertake data analysis, while studies are ongoing on further investments to enhance operations and maintenance at the Group's power plants
Achieve agreed minimum standards of availability while optimising all aspects of associated maintenance costs	• Enhanced plant maintenance strategy	• Identification of critical systems and current maintenance practices • Alternative approaches for plant maintenance are being explored • Reviews are being undertaken on enhancing reporting practices
Improved planning, management and execution of plant outages	• Develop scheduled outage plans and strategies for each location and reduce the cost of outages	• Outage planning processes and best practices for the Group's thermal plants (short and long-term) have been finalised • Developed recommendations/suggestions for the different plants to adopt
Deliver high-level performance across our asset base	• Improve technical capabilities & resource optimisation • Support the development of broader technologies and deliver Operations and Maintenance ("O&M") capability outside of Malakoff, thus reducing reliance on Original Equipment Manufacturers ("OEMs")	• Overall manpower requirements have been identified to facilitate staff optimisation and strategise the required training and development programmes to build internal capabilities • Appointment of subject matter experts across plant operations to serve as catalysts in knowledge sharing and cascading of technical skills throughout the workforce • Identification of technical gaps in key departments followed by relevant mitigation and intervention actions • Ensure alignment with the Group's technical training programmes
Improve in thermal plant efficiency and safety requirements	• Improve thermal performance reporting • Enhance performance measurement and gap identification for optimised thermal performance • Increase safety awareness and promote company-wide positive Health, Safety and Environment ("HSE") culture via HSE Campaign • Reduce downtime due to accidents and injuries	• Improvement in operational reporting (digitalisation, etc) and enhanced frequency of reporting to allow timely intervention as required • Completion of combustion tuning activities at TBE • Pilot implementation of HSE Digital Systems at Alam Flora and extension to the Group's power plants

OBJECTIVES	INITIATIVES	PROGRESS/OUTCOMES
Cost optimisation and improvement of procurement practices	• Review operational strategy and approach to cost management, subsequently, chart the course for future budgeting exercises • Improve current practices, good governance and performance within generation assets and associated support services	• Successful cost optimisation of key activities at the plants, in line with the Group's corporate key performance indicators on value management • Completion of analysis of existing procedures and gaps identification to improve the Group's procurement process

FINANCIAL PERFORMANCE

All our plants recorded better financial performance compared to FY2021. TBP recorded a 65.40% increase in profit before tax on the back of better efficiency from heat rate margins. Although we had suffered blade damages at TBE in 2021, the team has managed to minimise forced outages via operational improvements by running the plant at less than 6% of derated power generation. This, coupled with insurance compensation, helped to minimise the impact on our financials.

Our gas plants performed better financially due to lower provisions for obsolete stocks.

CHALLENGES & MITIGATING ACTIONS

CHALLENGES	MITIGATING ACTIONS
Maximise value from closure of GB3 asset	• Staff planning, movement review and redeployment • Initiated pre-PPA expiry operations and maintenance strategies • Reviewed options for resale and leasing of unused asset and inventories • Task force set up for disposal of assets & inventories
Ensuring completion of all scheduled outages on time	• Multiple engagements with Grid System Operator ("GSO"), Single Buyer, third party contractors and internal employees to ensure optimum time spent on all planned scheduled outages in 2022 • Detailed planning of work to be done during scheduled outages • Daily meetings, ensuring all issues are addressed or escalated immediately

ACHIEVEMENTS

- Successfully completed trial run of biomass cofiring at TBP.
- Achieved RM104.1 million in cost improvement and recovery, mainly driven by claims received from TBE's blade failures.
- Completed enhancement of our cyber security measures at the Tanjung Bin complex.

OUTLOOK

We are optimistic of a slightly better year in 2023 as the country recovers fully from the pandemic. Despite global uncertainties relating to the Russia-Ukraine war and climate change, we expect our coal plants to generate at similar if not slightly higher capacity factors than in 2022. Reliability at our plants will be enhanced by scheduled outages for maintenance, increasing their ability to contribute to stable electricity supply for the country.

RENEWABLE ENERGY

WHO WE ARE & WHAT WE DO

Although Malakoff has been involved in renewables since 2019, the Renewable and New Energy ("RNE") Division was formed only in 2022 under the Malakoff 2.0 Strategic Transformation. Prior to the formation of the RNE Division, Malakoff has a 49% investment in ZEC Solar Sdn Bhd and has been involved in operations and maintenance ("O&M") for the 29 MWp Kota Tinggi Large Scale Solar under a 21-year contract starting December 2018. In addition, we are furthering the Group's rooftop solar energy business, partnering with Commercial and Industrial ("C&I") companies to install solar photovoltaic ("PV") systems via Solar Power Purchase Agreements ("SPPAs"). As of 2022, our partners include Johor Port Berhad, AEON Co. (M) Berhad, DRB-HICOM Group, UMW Aerospace Sdn. Bhd. and KYB UMW Malaysia Sdn. Bhd. As of end 2022, our total effective installed RE capacity stands at 40 MWp.

KEY FOCUS AREAS

- Rooftop solar PV for C&I customers
- Large utility-scale solar
- Battery Energy Storage System ("BESS")
- Biogas
- Biomass
- Waste-to-Energy ("WTE")
- Carbon-free Mobility Infrastructure

BUSINESS ENVIRONMENT

The solar PV market has been growing steadily over the years as businesses and individuals seek to adopt more sustainable lifestyles. The trend is further accelerated by Government incentives such as the Net Energy Metering ("NEM") programme, which allows customers to install solar PV system primarily for their own use and the excess of energy (kWh) to be exported to the grid and to be offset against kWh from the energy provided by the electricity supply company (TNB) thus providing savings on electricity cost to the customers, as well as the Green Investment Tax Allowance ("GITA") and Green Income Tax Exemption ("GITE"). Although in the last couple of years the cost of PV modules has increased due to supply chain disruptions, demand has not been badly affected. Malakoff, for example, installed a total solar PV capacity of 17.1 MWp in 2022 as compared to 3.5 MWp in 2021.

Further promoting solar energy adoption, in November 2022, the Government introduced the Corporate Green Power Programme ("CGPP"), which allows solar power producers to develop and operate utility-scale solar with capacities up to 30 MW, and sell the RE to corporate buyers through Virtual Power Purchase Agreements ("VPPAs"). In other words, corporates are able to purchase solar energy without installing any solar PV facility at their premises, hedging against any increase in electricity costs while enjoying zero-carbon energy.

PERFORMANCE REVIEW

OBJECTIVES	INITIATIVES	PROGRESS/OUTCOMES
Revenue enhancement	• Identify new potential customers and participate in bidding exercises	• Signed SPPA with Senai Airport for solar PV capacity of 0.62 MW. • Awarded with 12 new rooftop solar projects with a total capacity of 10.4 MW and the respective SPPAs are expected to be signed in 2023. • Completed the commissioning of additional 17.1 MWp rooftop solar PV projects for eight clients.
Product/solutions innovation	• Develop new sustainable energy products and solutions	• Offer value added services for C&I customers such as Battery Energy Storage Systems ("BESS"), Electric Vehicle Chargers ("EVC") and aggregation of Renewable Energy Certificates ("RECs"). • Expanding solar PV system solutions to the residential segment.
Delivery of operational excellence	• Ensure projects are delivered on time while meeting quality specifications • Ensure completed solar PV facilities perform according to design and SPPAs	• All projects were delivered within the agreed timeframe with clients without any Liquidated and Ascertained Damages ("LAD"). • Achieved performance ratio (actual generation over expected generation) of more than 75%. • Monthly bills were issued on time, within five days of the calendar month. • Achieved total generation of 17,795,855 kWh in 2022, equivalent to 10,410 tonnes CO_2 avoidance.

FINANCIAL PERFORMANCE

In 2022, RNE achieved a revenue of RM3.40 million, which was almost 60 times more than RM58,046 registered in 2021, while also turning around our loss of RM78,131 into a PBT of RM2.21 million. This was due to the completion of eight solar PV installations compared to only two in 2021. Total generation capacity installed, of 17,795,855 kWh, was more than 70 times higher than 247,134 kWh in 2021.

CHALLENGES & MITIGATING ACTIONS

CHALLENGES	MITIGATING ACTIONS
Increasing competition in the solar PV space with the entry of many new players who are also driving down prices, narrowing the margin	• Promotional activities to enhance our visibility and increase awareness of our products and services. • Maintain profitability and competitiveness through operational efficiency and effective supply chain management. • Develop strong customer relationships to retain customers and capture additional capacity within the existing customers' portfolios. • Pursue new markets with less competitors.
Inability to secure new projects impacting capacity and revenue growth	• Strategic partnerships to expand capacity with existing customers. • Improve our marketing and sales strategies to increase brand awareness, reach new potential clients, and improve client conversion rates. • Diversify our service offerings related to solar PV to attract new clients and enhance our revenue stream.
Delays in project delivery leading to Liquidated Ascertained Damages ("LAD") claims from client	• Ensure site risks are fully considered in committing to project delivery dates. • Implement good project management practices to ensure projects are delivered within contractual period.

Renewable Energy

CHALLENGES	MITIGATING ACTIONS
Inability to meet forecasted energy generation impacting sales revenue	• Incorporate digital solutions such as Solar PV Monitoring System to manage solar PV facilities' performance.
Customer default or delayed payment of monthly bills	• Ensure bills are issued within seven days of the beginning of every month. • Continuous client engagement for timely payments.

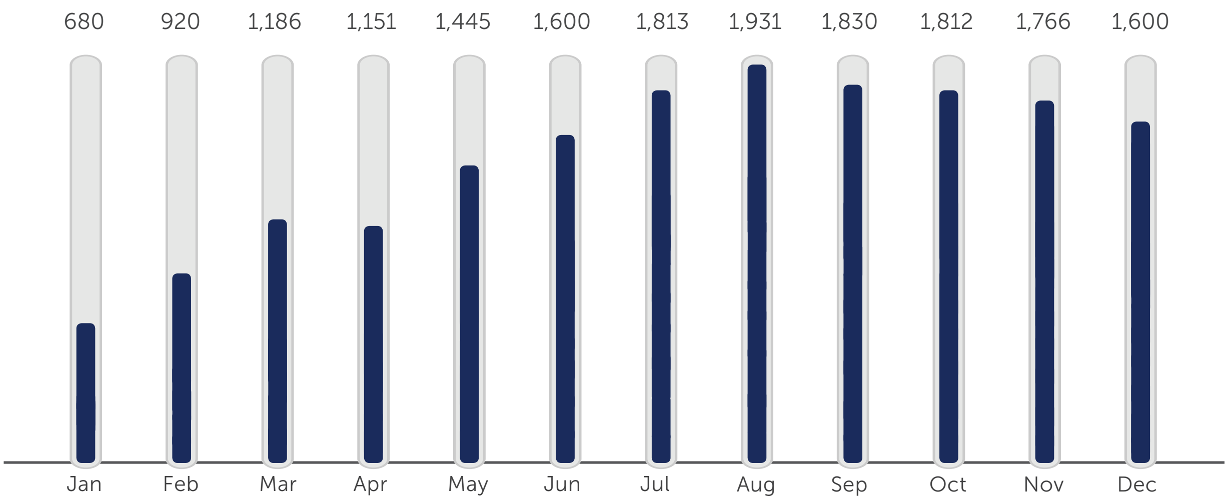
OPERATIONAL RESULTS

- Completed the installation of eight projects with a total solar PV capacity of 17.1 MWp

Client	CTRM	UMW KYB	UMW Aerospace	Hicom Teck See	Aeon Maluri	Isuzu Hicom	Hicom Auto	Johor Port
Capacity (MWp)	5.15	1.25	1.25	2.00	2.11	2.00	2.00	1.34
COD Date	13 Jan	26 Jan	29 Jan	16 April	01 May	01 May	01 July	01 Dec

- 17,796 MWh energy generated from 20.6 MWp rooftop solar PV facilities in operation, reducing CO_2 emissions by 10,410 tonnes

Solar PV Generation in 2022
(MWh)



ACHIEVEMENTS

Presented the ESG Partner 2021/2022 Award at AEON 1000 Supplier Awards & Partners Conference 2022

OUTLOOK

The outlook for RE in Malaysia, particularly solar PV, is expected to grow exponentially from 2023 onwards due to demand from the C&I and residential segments. Global fuel prices which has contirubted to a five-fold increase in Malaysia's energy tariff from 3.7 sen/kWh in 2022 to 20 sen/kWh effective Jan 2023. The newly launched National Energy Policy 2022-2040, which reinforces the Government's aspiration to transition to a low-carbon economy, will contribute significantly towards this growth. The Government has set a target for RE to account for 31% of the country's fuel mix by 2025, up from 8% in 2020. To achieve its goal, the Government will continue to promote solar energy – which is currently the most economically viable RE source in Malaysia – making its adoption more attractive. We are expecting to install additional 11 MWp of rooftop solar PV in 2023. Moving forward, we will be launching Home Solar Solutions to cater to the residential segment. In addition to solar, we will continue to explore other RE options such as biogas, biomass, small hydro, BESS, and carbon free mobility infrastructure.

ENVIRONMENTAL SOLUTIONS

WHO WE ARE & WHAT WE DO

Through Alam Flora Sdn Bhd ("Alam Flora" or "AFSB") and its wholly-owned subsidiary Alam Flora Environmental Solutions Sdn Bhd ("AFES"), we provide total environmental solutions for commercial and residential customers throughout Malaysia. Alam Flora has a concession to carry out solid waste collection and public cleansing services for Federal Territory of Kuala Lumpur and Putrajaya, as well as Pahang. Meanwhile, AFES provides holistic non-concession solutions – including Asset Facilities Management, Waste Management Facilities and Infrastructure Cleansing and Waste Solutions – to corporations, government agencies and institutions. In 2019, AFES also ventured into the provision of energy audits and consultancy.

We operate one landfill, two incinerators (in Cameron Highlands & Pulau Pangkor), and the largest-capacity (2,500 tonnes/day) waste transit facility in ASEAN known as Kuala Lumpur Transfer Station ("KLTS"). We also operate five and operate five leachate treatment plants, a newly established material recovery facility ("MRF"), nine buy-back centres, and an anaerobic digester.

We have set the target of collecting 10,000 tonnes of waste per day with a recycling rate of 15%-20% by 2025.

KEY FOCUS AREAS

Cost optimisation and savings through:

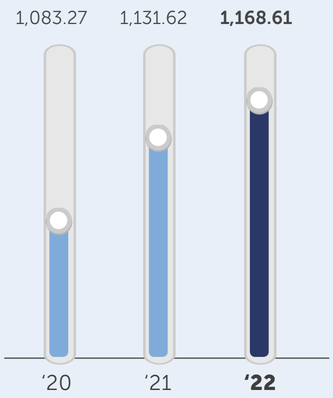
- Mechanisation of road sweeping and drain cleaning
- Digitalisation transformation
- 1 Supervisor 1 Transformation programme ("ISIT")
- Lean Six Sigma ("LSS") programme

BUSINESS ENVIRONMENT

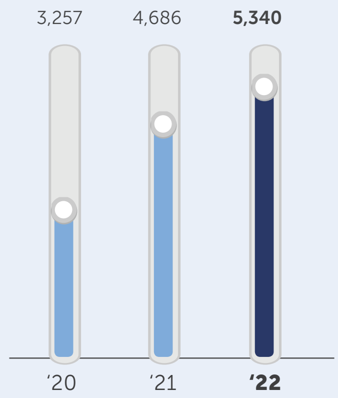
Demand for waste management will always increase along with population growth, increased consumption and waste generation. In addition to municipal solid waste collection, however, there is increasing demand for recycling and upcycling, as well as interest in the conversion of waste into energy, along with increased awareness of environmental issues and recognition of the importance of reducing waste to landfills. This has been reflected in our recycling business expanding in 2022, with total recycling tonnage collected and recovered from concession areas increasing by 14% as compared to 2021.

OPERATIONAL RESULTS

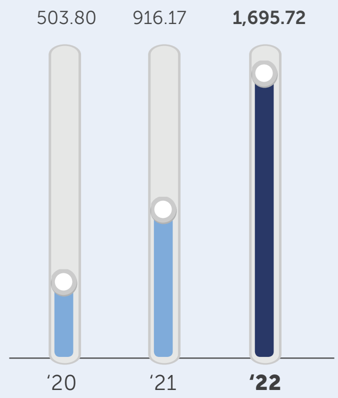
Domestic Waste Collected
('000 MT)



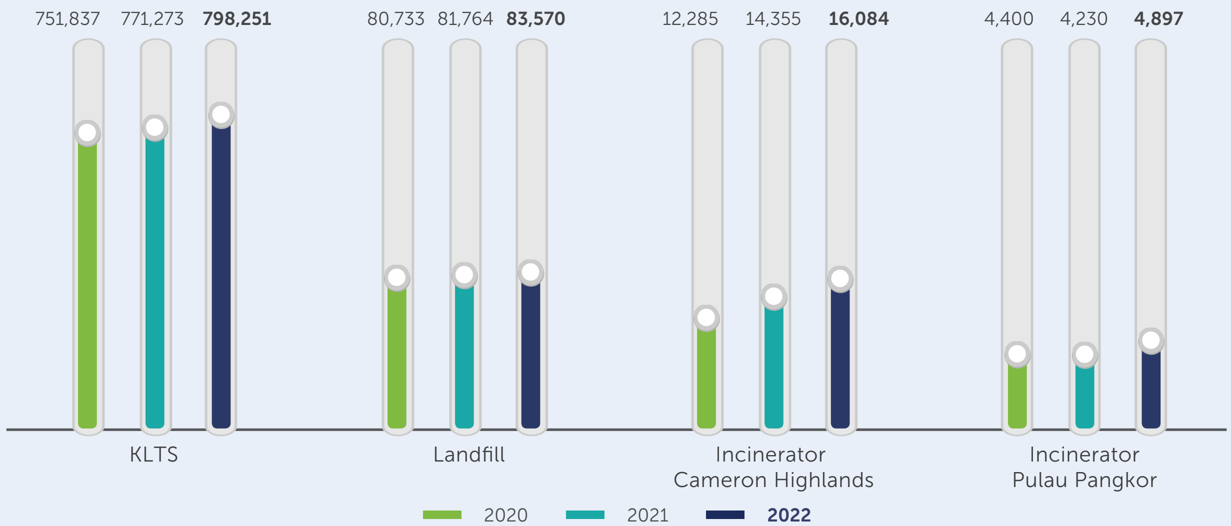
Recycling Tonnage for Kuala Lumpur, Putrajaya, Pahang
('000 MT)



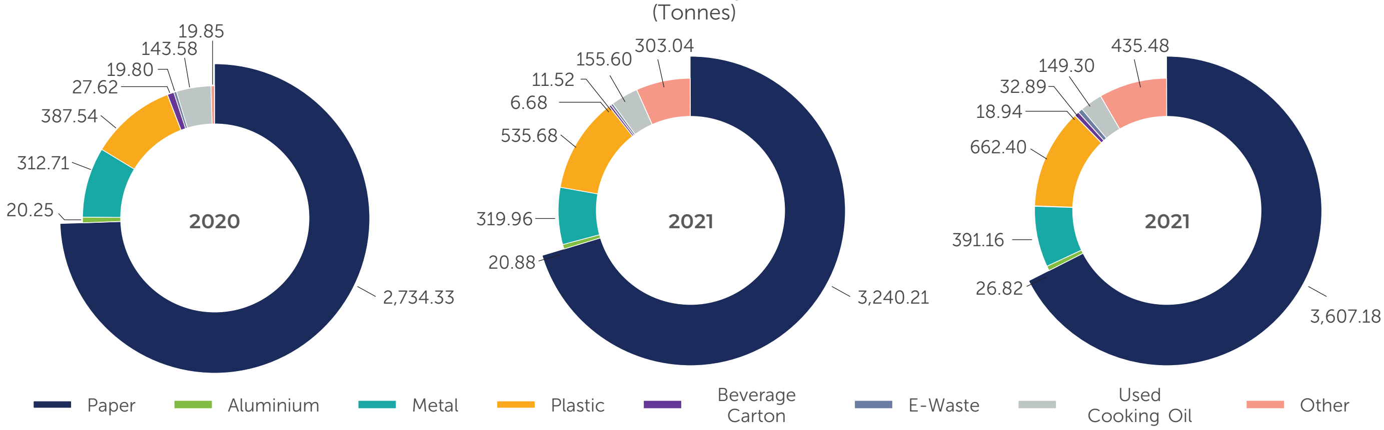
Waste handled at Port Reception Facilities
('000 MT)



Waste Handled in Transfer Stations, Landfills and Incinerators
('000 MT)



Non-Industrial Materials – Recyclable Items Collected
(Tonnes)



Environmental Solutions

PERFORMANCE REVIEW

OBJECTIVES	INITIATIVES	OUTCOMES
Increase recycling rate	• Promote or develop programmes that contribute to circular economy	• On 30 June 2022, AFES entered into a partnership with PETRONAS Chemicals Group Berhad ("PCG") to: – supply plastic (polyethylene and polypropylene) waste to be upcycled into food packaging, healthcare and industrial applications – supply organic waste for research and development ("R&D") on the manufacture of fertilisers – explore the potential of building waste segregation facilities
	• Development of Recycling Education hub and Integrated Recycling Facility	• Collaboration with KLOTH Care to find solutions for used clothes/textiles; and with Perintis Alam Sdn Bhd for glass • Operationalised Fasiliti Inovasi Kitar Semula ("FIKS") as an educational centre and collection centre for recyclables
	• Upgrades to Revolutionary Innovation for Sustainable Engines ("RISE") KL	• Renovation of Operation Area and Sustainable Zone; installation of weighbridge, sorting line machine, press machines, and enzyme sprinkler system
Enhance and Ensure Sustainable Waste Management	• Develop more waste management and treatment facilities	• On 26 October 2022 we launched new 9-acre Construction & Demolition Waste Facility with a capacity of 120-170 tonnes/day in Kuantan. • Installed one unit of 50 kg Anaerobic Digester ("AD") which is a technology to process food waste in biogas, for WMF Ventures, a contractor to Kuala Terengganu City Council
	• Provide service to more clients	• Signed MoA with Nestle Malaysia for curbside recycling programme in scheme 11 to increase tonnage of recyclables for Separation @ Source (S@S)
Grow Asset Facilities Management ("AFM") Business	• Actively engage potential customers to win new contracts	• Awarded nine new contracts from customers including Maybank, Senai Airport, Ayamas and KTMB
Expand Energy Audit Portfolio	• Actively engage potential customers to win new contracts for audits/ consultancy	• Awarded three-year Electrical Energy Audit for Sabah & Sarawak region by Petronas Dagangan Berhad, starting in 2023 • Energy consultant to Pos Mel Nasional Shah Alam and Senai International Airport, Johor Bahru (for compliance with EMEER 2008 regulation)
Cost Optimisation And Savings	• Implement digitalisation transformation initiatives	• Implementation of Contractor Attendance Management System ("CAMS"), mfloraTM TELEMATICS • Establishment of e-systems such as Asset Management System, Job Portal and Contractors Performance Evaluation System
	• Implement Lean Six Sigma ("LSS") initiatives	• Improving bin management system, optimising repair and maintenance costs and enhancement of RORO bins lifespan

FINANCIAL PERFORMANCE

- In the year under review, Alam Flora recorded a profit after tax ("PAT") of RM103 million, marking a 54% decrease against the last financial year. Revenue was up by 5% to RM869 million compared to the year before.

CHALLENGES & MITIGATING ACTIONS

CHALLENGES	MITIGATING ACTIONS
Insufficient awareness among public on responsible waste management resulting in insufficient feedstock received at RISE Kuala Lumpur	• Carry out our own Communication, Education, and Public Announcement ("CEPA") initiatives and support government agencies' CEPA programmes such as SWCorp, JPSPN, DBKL, Perbadanan Putrajaya and local municipalities • Collaboration with consumer packaged goods companies such as Nestle on curbside recycling programme in scheme 11 to increase tonnage of recyclables for Separation @ Source ("S@S"). This includes Nestle's recyclable waste, if any, when doing collection for S@S from 10,000 selected households in Kuala Lumpur. This is to support Nestle's zero waste target going into landfills.
Lack of off-takers for hard-to-recycle items such as single-use plastics, styrofoam, tyres, etc	• To identify and explore potential off-takers for 'hard-to-recycle' items in the market
Expiry of Integrated Facilities Management ("IFM") contracts with Maybank Group Customer Care ("MGCC") and Immigration, Customs, Quarantine and Security ("ICQS")	• Proposed competitive price in new MGCC tender; and to negotiate with Northern Gateway Sdn Bhd ("NGSB") on extension of the existing IFM management, based on performance record
Public does not separate waste before disposal, resulting in waste that cannot be burned	• Educate the public on separation at source

ACHIEVEMENTS

Malaysia Waste Management Company of the Year (for 4th consecutive year)
- **Best Practices Awards, Frost & Sullivan Awards 2022**

Malaysia Integrated Environmental Solutions Company of the Year
- **Best Practices Awards, Frost & Sullivan Awards 2022**

CSR Malaysia Awards 2022
- **Company of The Year for Waste Management (Central Region), Excellence in CSR initiatives**,

The Sustainability Performance Awards 2022,
UN Global Compact Network Malaysia & Brunei ("UNGCMYB")
- **Recognition for Pioneer Sustainable Development Action**

Human Resource Minister Award
- **Large Employers Category, Human Resource Development Awards 2022**

OUTLOOK

The government has set the target of increasing the recycling rate to 40% by 2025. This augurs well with Alam Flora as it is in line with our 'beyond waste management' approach through which we are placing greater emphasis and channelling more resources towards recycling and waste diversion initiatives including Waste-to-Energy ("WTE"). In 2023 and the following years, we will focus on growing our business through key partnerships/alliances, mergers and acquisitions, as well as geographic diversification. At the same time, we will remain competitive by enhancing our operational efficiencies and passing through the savings to our customers.

WATER DESALINATION

WHO WE ARE & WHAT WE DO

International Assets and Investment Development, a core department in Malakoff, manages the Group's investments in Independent Water Plants ("IWPs") and Independent Water and Power Plants ("IWPPs") in Saudi Arabia, Bahrain and Oman, which together have a total effective capacity of 472,975 cubic metres a day. We also support Malakoff's business growth via acquisitions and greenfield projects, and the disposal of physical assets fully or partially owned by the Group.

Water desalination portfolio

Name	Location	Effective Capacity (m^3/day)
Shuaibah Phase 3 IWPP ("SIWPP")	Saudi Arabia	211,200
Shuaibah Phase 3 Expansion IWP ("SIWEP")	Saudi Arabia	35,700
Al-Hidd IWPP	Bahrain	164,000
Al-Ghubrah IWP	Oman	62,075

KEY FOCUS AREAS

- Pursuing growth in desalination portfolio to replace expiring Power/Water Purchase Agreements ("P/WPAs") by actively exploring Merger and Acquisition ("M&A") opportunities as well as greenfield projects
- Pursuing opportunities in Renewable Energy ("RE") based desalination projects internationally
- Establish strategic partnerships in water/power markets in the Middle East and North Africa ("MENA") region to grow our operational capabilities

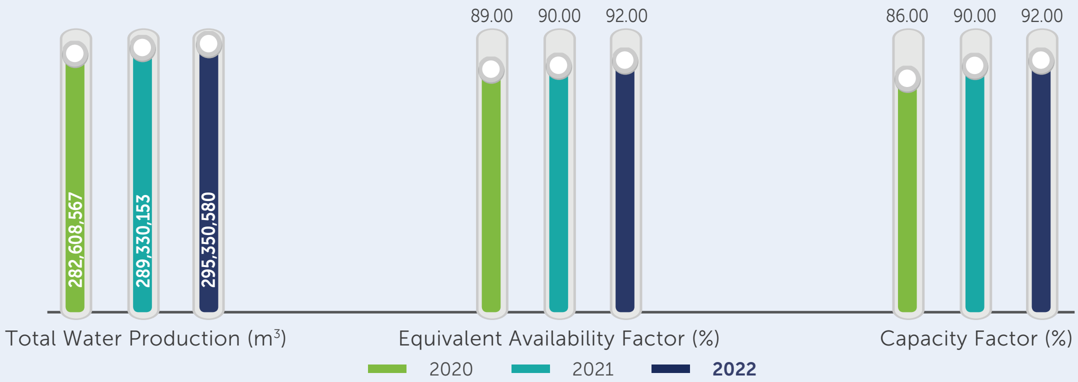
BUSINESS ENVIRONMENT

In all our Middle Eastern markets, there is a discernible shift in demand for cleaner energy in utilities industry. At the same time, our P/WPAs are expiring in a few years' time, leading to negotiations on extension as the team also explores the potential of new contracts within the MENA region. The need for desalination services will continue to be in high demand as the area is water-stressed and depends on desalination of seawater to serve the local populations.. To reduce our geographic concentration risk, we are also looking to extend our services to other markets beyond MENA region.

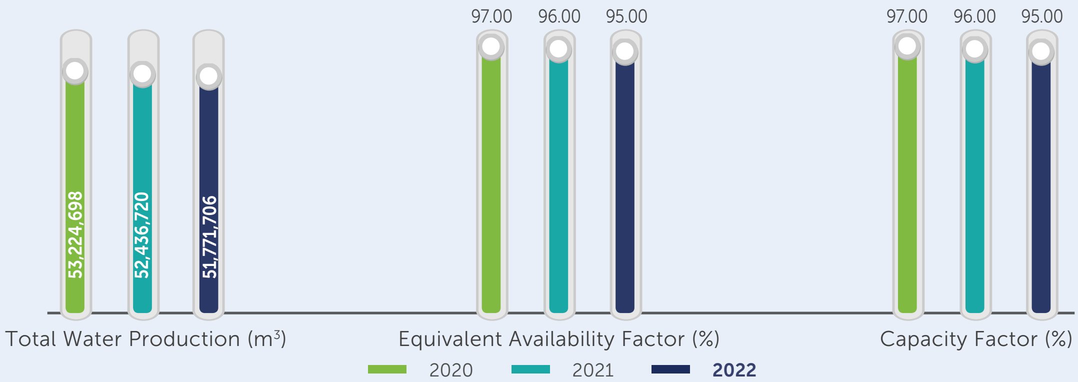
OPERATIONAL RESULTS

In 2022, total production and Equivalent Availability Factor ("EAF") improved at the Shuaibah Phase 3 IWPP and Al-Ghubrah IWP, however asset/operational issues at other facilities led to slightly decreased performance year on year.

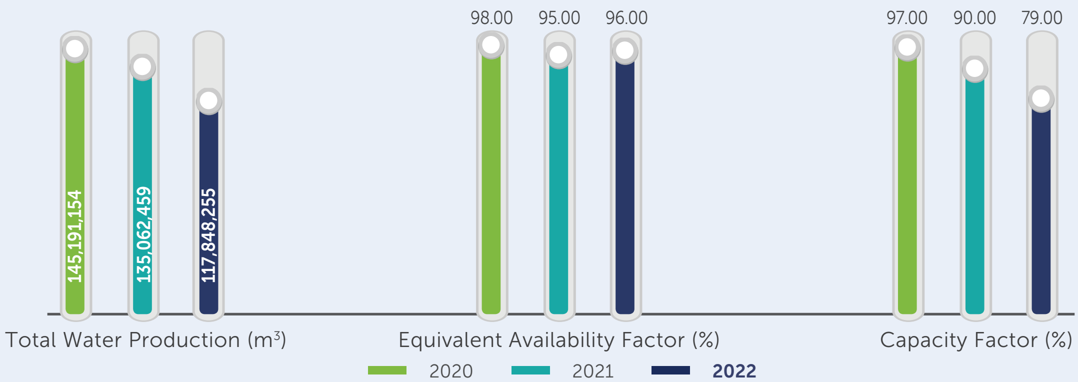
Shuaibah Phase 3 IWPP, Saudi Arabia



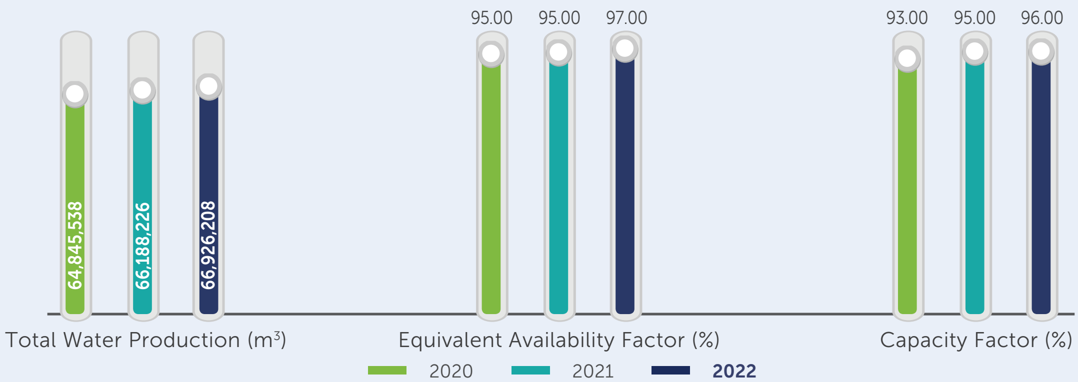
Shuaibah Phase 3 Expansion IWP, Saudi Arabia



Al-Hidd IWPP, Bahrain



Al-Ghubrah IWP, Oman



Water Desalination

PERFORMANCE REVIEW

OBJECTIVES	INITIATIVES	PROGRESS/OUTCOMES
Business Expansion	• Actively explored strategic M&A opportunities	• Submitted an unsolicited desalination proposal in one of the Gulf countries and in active negotiations with the authorities • Prequalified in the following desalination projects: - UAE Hassyan IWP - UAE Abu Dhabi Islands IWP • Participated in Request for Qualifications ("RFQ") for the following projects, for which results are pending: - UAE Hamriyah IWP - Kuwait's Al Khairan Phase 1 IWPP - Kuwait's Az Zour North Phase 2 and Phase 3 IWPP
	• Explored strategic partnerships	• Established strategic alliances with international market players for collaboration in upcoming desalination and power projects in MENA region
Contract Renewal	• Actively explored contracts extension for existing assets	• Ongoing communication with the off-takers
Cost Management	• Explored cheaper financing options • Increased operational efficiencies	• Completed refinancing exercise for Shuaibah Phase 3 IWPP, with favourable heat rate margin • Achieved lower specific energy consumption at Shuaibah Phase 3 Expansion IWP and Al-Ghubrah IWP • Achieved favourable fuel margin at Al-Hidd IWPP

FINANCIAL PERFORMANCE

- Despite recording a 24% reduction in revenue, SIWPP reported a 6% increase in net profit mainly contributed by lower finance costs and interest charges on cashflow hedge as well as insurance claim received.
- For the year, SIWEP's revenue increased by 0.3%, however, its net profit decreased by 11% due to higher staff and consultancy costs.
- Similarly, Al-Hidd IWPP saw its revenue decrease by 2% while its net profit decreased by 12% due to higher operating costs.
- Meanwhile, Al-Ghubrah IWP recorded a 3% increase in revenue, and 4% increase in net profit due to higher output and increased plant efficiency.

CHALLENGES & MITIGATING ACTIONS

CHALLENGES	MITIGATING ACTIONS
Fierce competition from large utilities companies, international trading houses and emergence of new players	• Exploring strategic alliances with suitable partners to enhance our competitive edge • Actively engaging with local and international financial institutions and export credit agencies
More regulatory and governmental attention on Seawater Reverse Osmosis energy consumption and impact on marine environment	• Progressively building internal capabilities to be innovative and resilient in adapting to key trends
Challenges in penetrating new markets (including but not limited to political risk, changes in policies, market risks, etc in the country/region)	• Continuously monitoring the energy policies and opportunities in different markets • Active discussions/forums with stakeholders • Focusing more on target countries/regions and taking calculated risks against returns

ACHIEVEMENTS

- No Lost Time Injury ("LTI") or Lost Time Accident ("LTA") at any of the assets
- Attained ISO 22301:2019 Certification for Al-Ghubrah IWP

OUTLOOK

Although global growth in 2023 is likely to be plagued by fiscal challenges and continuing uncertainties due to geo-politics, we expect the countries in which we have water desalination operations to maintain their post-pandemic recovery momentum. Along with this, demand for the services provided by our IWPs and IWPPs is likely to increase. While focusing on enhancing operations at these facilities, we will also be looking for new potential investments in the MENA region.

ELECTRICITY DISTRIBUTION AND DISTRICT COOLING SYSTEM

WHO WE ARE & WHAT WE DO

Malakoff Utilities Sdn Bhd ("MUSB"), a wholly-owned subsidiary of Malakoff, is one of the leading electricity distribution and district cooling plant infrastructure owners and operators in Malaysia. We hold the exclusive licence to distribute electricity within the 72-acre Kuala Lumpur Sentral ("KL Sentral"), with a capacity to meet offtake of up to 153.0 MW.

We also own and operate a district cooling plant within KL Sentral which supplies chilled water for the air conditioning needs of 10 buildings within the commercial/residential transit hub.

KEY FOCUS AREAS

- Enhance overall operational efficiency of our District Cooling Plant
- Continue to improve our customer charter
- Continued digitalisation to improve efficiencies

BUSINESS ENVIRONMENT

In the year under review, demand for electricity and chilled water improved by 10% and 9% respectively as compared to the previous year. However, the overall consumption in year 2022 has yet to reach pre-pandemic level in year 2019.

The lower demand is mainly attributed by lesser demand of office rental space due to implementation of hybrid working conditions whereby certain companies have reduced the number of staff working in their offices.

PERFORMANCE REVIEW

OBJECTIVES	INITIATIVES	PROGRESS/OUTCOMES
Operational Efficiencies	• Ensure asset maintenance and replace old assets when needed • Improve equipment reliability	• Replaced two old chillers with new state-of-the-art models, each with 3,000 refrigeration tonnes capacity, to improve the overall efficiency of our District Cooling Plant • Implemented Conditional Based Monitoring ("CBM") initiatives for our Electricity Distribution System ("EDS") and District Cooling System ("DCS") equipment to improve equipment reliability
Billing and Credit Control	• Enhance efficiency of payment collection • Stepped up efforts to engage more effectively with customers	• Implemented automated payment reconciliation through Robotic Process Automation ("RPA") to enhance efficiency of payment collection • Stepped up efforts to engage more effectively with customers, resulting in lower debtor turnover
Enhanced Customer Service	• Updated our customer charter to be in line with industry standards	• Allows us to instill contidence in customers while helping to manage their expectations. • Enhanced handling of customer service standards, customer right and responbilities offer better engagement and helps to build trust.

FINANCIAL PERFORMANCE

As the country transitioned into endemic phase starting 1 April 2022, MUSB's revenue has significantly improved and it consequently recorded a 18.0% increase in revenue YoY. The removal of all restrictions on business operating hours and reopening of international borders have improved the consumption of electricity and chilled water for commercial and domestic customers.

CHALLENGE & MITIGATING ACTIONS

CHALLENGE

Maintenance costs have generally escalated mainly due to logistics difficulties contributed by the ongoing Russia-Ukraine war, and the continued impact of COVID-19.

MITIGATING ACTIONS

Undertook extensive cost conservation initiatives to keep overall maintenance costs at an acceptable level.

ACHIEVEMENTS

- Outstanding operational performance and reliability in terms of electricity supply with zero System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI")
- Customer Satisfaction Index of 99% based on ratings of 2,517 customers, constituting more than 50% of MUSB's total numbers of customers.

OUTLOOK

We expect the demand for utilities within KL Sentral to improve as the pace of economic recovery picks up in 2023. Along with increased demand, our focus will be to further enhance efficiencies of the district cooling plant as well as the reliability and availability of electricity supply to customers.

On the customer service front, we will be conducting a feasibility study on the use of kiosks for cash payments and looking to upgrade our website, possibly incorporating a smart app for our customers.

OPERATIONS AND MAINTENANCE

WHO WE ARE & WHAT WE DO

Malakoff Technical Solutions ("MTSSB") and its various subsidiaries provides operations and maintenance ("O&M") as well as maintenance, repair and overhaul ("MRO") services, and technical training services to companies within and outside of Malakoff, both locally and internationally. While the bulk of our business is from power facilities located in Malaysia, we have also established a good track record in other countries such as Kuwait, Indonesia and Bangladesh. More recently, we have successfully diversified into the provision of O&M and MRO services for cogeneration plants and port facilities, as well as the oil & gas and biomass industries. As an ISO 9001:2015 certified company, MTSSB Group strives to deliver consistently high-quality service at competitive rates.

BUSINESS ENVIRONMENT

Both O&M and MRO services picked up during the year, especially from June 2022 onwards when the ability to travel enabled MTSSB to re-establish our presence in the international markets following the relaxation of restrictions on travelling. While representatives from the Company travelled to Bangladesh and Indonesia to assess O&M opportunities, we also received requests for project support and assistance from several O&M players. Within the Group, we have been approached to provide O&M services for several renewable energy initiatives including Waste-to-Energy, solar rooftop and solar photovoltaic projects.

In the MRO segment, we have successfully acquired more than 40 projects in 2022, of which 18 were from third parties.

KEY FOCUS AREAS

- Grow our capabilities and competencies to expand the range of technical services offered to Malakoff and third parties
- Enter into strategic joint ventures to diversify into new growth areas
- Explore opportunities to take our expertise to countries in the region
- Retain existing clients and renew expiring contracts for recurring income while approaching and offering services to new clients.

PERFORMANCE REVIEW

OBJECTIVES	INITIATIVES	PROGRESS/OUTCOMES
Operational Excellence	• Identify and further strengthen the Company's core competencies • Gain expertise to offer wider range of O&M, MRO and technical training services	• Achieved client satisfaction level of >80% Ventured into various new segments: • O&M: biomass plant, GE'S H class and Mitsubishi's J class gas turbine • MRO: boiler cleaning via rope access, coal unloading bucket fabrication and upgrading and replacement of continuous unloader gearbox • Technical training: facility management and building maintenance training
Business Expansion	• Grow existing business • Form strategic relationships with key players to maintain buainess relevance	• Awarded long-term service agreement to execute specific technical services such as relay calibration, non-destructive testing and boiler inspection services for Malakoff's local power plants • Awarded contract to execute water steam cycle analysis and root cause analysis for a power plant in Kalimantan, Indonesia • Finalising a contract to operate and maintain 12 MW biomass power plant in Sarawak • Collaborated exclusively with our Chinese counterpart for a potential O&M project in Bangladesh • The Joint Venture company between MTSSB and Gas Malaysia Energy Venture 1 Sdn Bhd, Malakoff Gas Malaysia Cogen O&M Sdn. Bhd. was awarded a contract to provide maintenance and technical services to a cogeneration plant in Prai, Penang

FINANCIAL PERFORMANCE

MTSSB Group recorded RM5.07 million in revenue for the year, an improvement of 24% as compared to 2021 mainly due to an increase in external and internal income in 2022. Operations and maintenance income, on the other hand, has improved by 51% in 2022, contributed by demand from clients for repeat services. MTSSB Group's cost of sales also improved by 14% in 2022, in line with the reduction in revenue following the completion of the project management contract.

ACHIEVEMENTS

- >80% client satisfaction level
- Successfully diversified into new business segments
- Potential expansion of customer base to Bangladesh

CHALLENGES & MITIGATING ACTIONS

CHALLENGES	MITIGATING ACTIONS
Cost competition from other O&M and independent service providers ("ISP") players	• Proposed hybrid O&M solution combining the expertise of MTSSB key personnel with O&M support from the local partner • Developed the skills and competency of internal resources through training and engagement of freelancer
No relevant experience and track record for H and J class CCGT technology	• Formed business relationship with suitable technical partner
Lack of marketing to showcase MTSSB's strengths and capabilities	• Identified reputable agency to assist MTSSB in marketing strategies

OUTLOOK

In 2023, MTSSB Group is set to continue to grow our business leveraging the increase in demand for O&M, MRO and technical training services in Malaysia and overseas.

In the O&M segment, we have identified opportunities related to new power generation projects in countries such as Bangladesh, Indonesia and the Philippines as well as in Malaysia. While pursuing these, we will also support Malakoff's own RE projects. In the MRO segment, we will build our capabilities and competencies to undertake a wider scope of services to support the needs of power plants while expanding our services to other industries such as oil & gas and port facilities, with a focus on East Malaysia. Finally, we seek to grow our portfolio of training modules in line with Malakoff's needs, and leverage our status as a registered HRDF training provider to conduct more training programmes for third parties.

PROJECT MANAGEMENT SERVICES

WHO WE ARE & WHAT WE DO

Our project management arm Malakoff Engineering Sdn Bhd ("MESB") provides project management services for in-house projects. MESB has a 24-year track record in power plant development and decommissioning and, more recently, rooftop solar projects. It is now expanding its scope of expertise to include Waste-to-Energy ("WTE") projects.

BUSINESS ENVIRONMENT

During the year, MESB was heavily involved as a project management consultant to Malakoff Radiance Sdn Bhd ("MRSB") in the delivery of rooftop solar projects while supporting the business development activities related to a WTE project.

KEY FOCUS AREAS

- Development of Open-Cycle Gas Turbine ("OCGT"), Combined-Cycle Gas Turbine ("CCGT"), and coal-fired power plants
- Installation of electricity distribution systems and chilled water systems
- Installation of Large-Scale Solar ("LSS") Plants and rooftop photovoltaic ("PV") solar systems
- Development of WTE projects

PERFORMANCE REVIEW

INITIATIVE	PROGRESS/OUTCOMES
• **Development of rooftop solar projects with MRSB**	• MESB was able to complete all nine projects as per schedule except for Johor Port Berhad, where there was a slight delay due to client's roof repair works.

FINANCIAL PERFORMANCE

MESB recorded a revenue of RM251,000 for the year, a significant reduction from RM1.3 million in 2021 due to a decline in number of newly secured and ongoing Project Management Agreements and rooftop solar projects.

CHALLENGE & MITIGATING ACTIONS

CHALLENGE

Uncertainties in mega projects development progress and commencement dates, as well as limited number of new Project Management Agreements and Manpower Service Agreements leading to challenging manpower resources utilisation planning

MITIGATING ACTIONS

- Provide support to business development activities in regards with a WTE project
- Secondment of staff to MRSB for the development of rooftop solar projects in FY2023.
- Provide manpower support to Tanjung Bin Energy Power Plant team during outage.

OUTLOOK

MESB will continue to support Malakoff in various projects, and sees a possible expansion in the scope of services offered via the provision of consultancy to Alam Flora as it diversifies into more sustainable environmental solutions.

Corporate Information

BOARD OF DIRECTORS

Independent Non-Executive Chairman

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali

Managing Director/ Chief Executive Officer

Anwar Syahrin Abdul Ajib

Non-Executive Directors

Tan Sri Che Khalib Mohamad Noh
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

Dato' Mohd Naim Daruwish
Non-Independent Non-Executive Director

Dr. Norida Abdul Rahman
Independent Non-Executive Director

Datuk Prakash Chandran Madhu Sudanan
Independent Non-Executive Director

Company Secretaries

Noor Raniz Mat Nor
(MAICSA 7061903)
(SSM Practicing Certificate No. 201908001542)

Zaidatul Neezma Zainal Abidin
(MACS 01677)
(SSM Practicing Certificate No. 202208000740)

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

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali
Independent Non-Executive Director
(Chairman)

Tan 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)

Datuk Dr. Syed Muhamad Syed Abdul Kadir
Independent Non-Executive Director

Datuk Rozimi Remeli
Independent Non-Executive Director

Dato' Mohd Naim Daruwish
Non-Independent Non-Executive Director

Board Procurement Committee

Datuk Rozimi Remeli
Independent Non-Executive Director
(Chairman)

Datuk Ooi Teik Huat
Non-Independent Non-Executive Director

Dato' Mohd Naim Daruwish
Non-Independent Non-Executive Director

Dr. Norida Abdul Rahman
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

Malayan Banking Berhad
RHB Bank Berhad
AmBank (M) Berhad
Bank Kerjasama Rakyat Malaysia Berhad
Bank Muamalat Malaysia Berhad

Share Registrar

Boardroom Share Registrars Sdn Bhd
Registration No: 199601006647 (378993-D)
11th 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

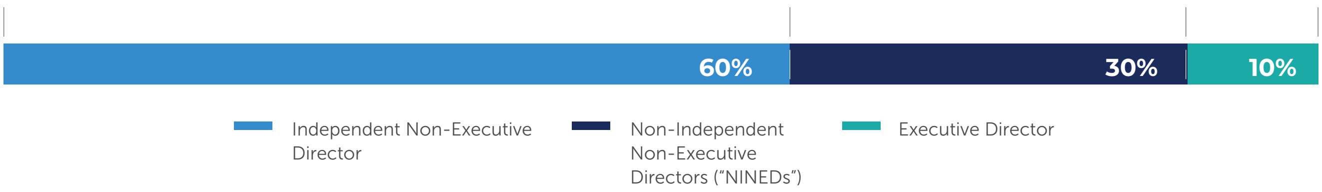
Level 12, Block 4, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur
Tel : +603-2263 3388
Fax : +603-2263 3333

Board Composition

as at 3 March 2023

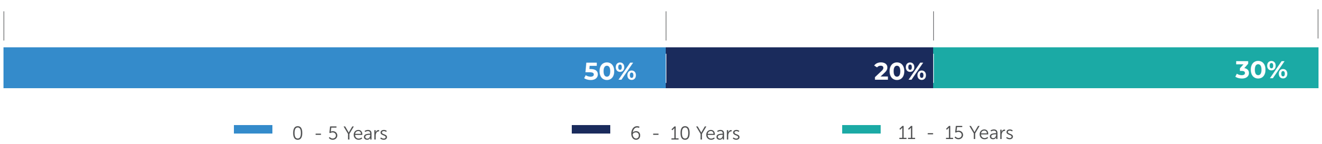
Gender

Board of Directors



Age

Board Tenure



Board of Directors

From Left to Right

Datuk Dr. Syed Muhamad Syed Abdul Kadir
Independent Non-Executive Director

Datuk Rozimi Remeli
Independent Non-Executive Director

Dato' Mohd Naim Daruwish
Non-Independent Non-Executive Director

Tan Sri Che Khalib Mohamad Noh
Non-Independent Non-Executive Director

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali
Independent Non-Executive Chairman

Datuk Prakash Chandran Madhu Sudanan
Independent Non-Executive Director

Datuk Ooi Teik Huat
Non-Independent Non-Executive Director

Anwar Syahrin Abdul Ajib
Managing Director/Chief Executive Officer ("MD/CEO")

Datuk Idris Abdullah
Independent Non-Executive Director

Dr. Norida Abdul Rahman
Independent Non-Executive Director

Noor Raniz Mat Nor
Company Secretary

Zaidatul Neezma Zainal Abidin
Joint Company Secretary

Board of Directors' Profile

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali

Independent Non-Executive Chairman

Nationality
Malaysian

Age
75 years

Gender
Male

Date of Appointment
1 January 2022

Attended Board Meetings In 2022
12/12

Academic/Professional Qualifications:

- Registered Professional Engineer with the Board of Engineers Malaysia (P.Eng).
- First Class Honours in Mechanical Engineering from King's College, University of London in 1973.
- Doctorate in Nuclear Engineering from Queen Mary College, University of London in 1977.
- Completed his post-doctoral work in nuclear engineering at Oregon State University (1977-1978) and at Pennsylvania State University (1978).
- Recipient of the Order of The Rising Sun award from the Government of Japan for his contribution towards enhancing exports of Malaysian products and promoting economic relations between Japan and Malaysia.

Past Appointments/Experiences:

- He had served as the Director-General of Standards and Industrial Research Institute of Malaysia (SIRIM), then as the Chairman and Chief Executive of Tenaga Nasional Berhad ("TNB").
- He was the Chairman of the Energy Commission of Malaysia, Construction Industry Development Board of Malaysia (CIDB) and the President of the Academy of Sciences Malaysia.
- In the private sector, he had also served as the Chairman of Gas Malaysia Sdn Bhd, UEM Group Berhad, UEM Sunrise Berhad ("UEM Sunrise"), PLUS Expressways International Berhad, Zelan Berhad, Tricubes Berhad, Opus Group Berhad, Opus International Limited and Sime Engineering Services Berhad.
- Previously, he was also a director of Sime Darby Berhad.
- Tan Sri Datuk Dr. Ir. Tajuddin has been actively involved in several companies and statutory bodies in various capacities.

Other Current Appointments:

- Chairman of the Board of ITMAX System Berhad, Linde Malaysia Holdings Berhad, Plytec Holding Berhad (formerly known as Plytec Holding Sdn Bhd) and SIRIM Berhad.
- Board member of the Malaysian Institute of Integrity (IIM) and Joint-Chairman (Industry) of the Malaysian Industry-Government Group for High Technology ("MIGHT"), a government-industry think-tank that promotes High Technology investments in Malaysia.
- Member of the Northern Corridor Implementation Authority (NCIA), Advisory Council of Federation of Malaysian Manufacturers (FMM), Board of Trustees of Mahathir Science Award Foundation and Board of Governors of The Malay College Kuala Kangsar.
- In academic sector, he is the Pro-Chancellor of Universiti Tenaga Nasional (UNITEN).

Membership of Board Committee(s):
BNRC (Chairman)

Note:
Tan Sri Datuk Dr. Ir. Tajuddin holds 50,000 ordinary shares in the Company and none in the Company's subsidiaries

Anwar Syahrin Abdul Ajib

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

Nationality
Malaysian

Age
50 years

Gender
Male

Date of Appointment
1 December 2020

Attended Board Meetings In 2022:
12/12

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 the MD/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 2006 until May 2008.
- Appointed 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 MD/CEO of 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.

Other Current Appointments:

- Board member of Alam Flora Sdn Bhd, Malakoff Power Berhad and several other subsidiaries and associate companies under the Malakoff Group.
- Deputy Chairman of Muscat City Desalination Company S.A.O.G., an associate company of Malakoff which is listed on the Muscat Securities Market.
- Board member of Universiti Teknologi MARA.

Membership of Board Committee(s):
Nil

Note:
Anwar Syahrin does not hold any interest in the securities of the Company or its subsidiaries.

Board of Directors' Profile

Tan Sri Che Khalib Mohamad Noh

Non-Independent
Non-Executive Director

Nationality
Malaysian

Age
58 years

Gender
Male

Date of Appointment
1 July 2013

Attended Board Meetings In 2022
12/12

Membership of Board Committee(s):
BNRC (Member)

Note:
Tan Sri Che Khalib holds 420,000 ordinary shares in the Company and none in the Company's subsidiaries.

Academic/Professional Qualifications:

- Member of the Malaysian Institute of Accountants (CA, M).
- Fellow Member of the Association of Chartered Certified Accountants (FCCA, UK), United Kingdom.

Past Appointments/Experiences:

- Started 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, Tan Sri Che Khalib joined Ranhill Utilities Berhad as Chief Executive Officer.
- Assumed the position of Managing Director and Chief Executive Officer of KUB Malaysia Berhad.
- Appointed as the President/Chief Executive Officer of TNB on 1 July 2004 where he served eight years until the completion of his contract.
- Joined DRB-HICOM Berhad ("DRB-HICOM") as the Chief Operating Officer of Finance, Strategy and Planning in July 2012.
- Previously a member of the Board and the Executive Committee of Khazanah Nasional Berhad between 2000 and 2004.
- Served as a Board member within the United Engineers Malaysia Group of Companies and Bank Industri & Teknologi Malaysia Berhad.
- Tan 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:

- Group Managing Director of MMC.
- Board member of Gas Malaysia Berhad ("Gas Malaysia"), Johor Port Berhad ("Johor Port"), 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.

Datuk Ooi Teik Huat

Non-Independent Non-Executive Director

Nationality
Malaysian

Age
63 years

Gender
Male

Date of Appointment
1 January 2012

Attended Board Meetings In 2022:
12/12

Academic/Professional Qualifications:

- Bachelor's Degree in Economics from Monash University, Melbourne, Australia in 1984.
- Member of the Malaysian Institute of Accountants and CPA Australia.

Past Appointments/Experiences:

- Began his career with Messrs. Hew & Co., Chartered Accountants in 1984.
- Joined Malaysian International Merchant Bankers Berhad from June 1989 until August 1993.
- 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:

- Board member of MMC, DRB-HICOM, Johor Port, Gas Malaysia and several private limited companies.

Membership of Board Committee(s):
BAC (Member)
BPC (Member)

Note:
Datuk Ooi holds 420,000 ordinary shares in the Company and none in the Company's subsidiaries.

Board of Directors' Profile

Datuk Idris Abdullah

Independent
Non-Executive Director

Nationality
Malaysian

Age
66 years

Gender
Male

Date of Appointment
11 December 2012

Attended Board Meetings In 2022:
12/12

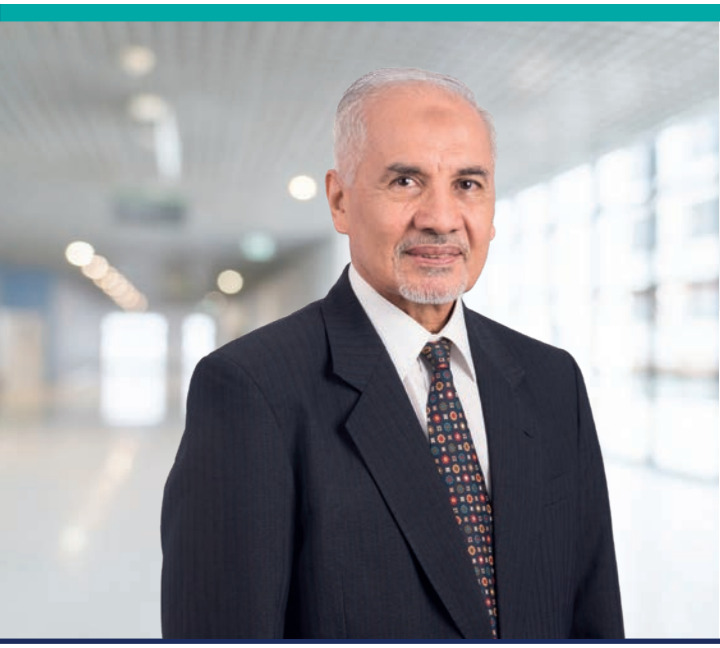
Academic/Professional Qualifications:
- Graduated from Universiti Malaya in 1981 with a LLB. (Hons) Degree.
- Partner in a legal firm in Kuching, Sarawak.

Past Appointments/Experiences:
- Former Commission Member of the Companies Commission of Malaysia from 2007 to 2014.
- Commission Member of the Malaysian Communications and Multimedia Commission from 2011 to 2015.
- Director of Bank Pembangunan Berhad (Malaysian Development Bank Berhad) from 2010 to 2014.

Other Current Appointments:
- Board member of DRB-HICOM, Pos Malaysia Berhad and several private limited companies.

Membership of Board Committee(s):
BRIC (Chairman)
BAC (Member)
BNRC (Member)

Note:
Datuk Idris does not hold any interest in the securities of the Company or its subsidiaries.



Datuk Dr. Syed Muhamad Syed Abdul Kadir

Independent
Non-Executive Director

Nationality
Malaysian

Age
76 years

Gender
Male

Date of Appointment
11 December 2012

Attended Board Meetings In 2022
12/12

Academic/Professional Qualifications:

- Bachelor of Arts (Hons.) from Universiti Malaya in 1971.
- Masters of Business Administration from the University of Massachusetts, USA in 1977.
- PhD (Business Management) from Virginia Polytechnic Institute and State University, USA in 1986.
- Bachelor of Jurisprudence (Hons.) from the University of Malaya in 2005.
- Obtained the Certificate in Legal Practice in 2008 from the Malaysian Professional Legal Board.
- Admitted as an Advocate and Solicitor of the High Court of Malaya in July 2009.
- 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:

- 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:

- Board member of Solution Group Berhad, EVD Berhad, Export-Import Bank of Malaysia Berhad and several private limited companies.

Membership of Board Committee(s):
BAC (Chairman)
BNRC (Member)
BRIC (Member)

Note:
Datuk Dr. Syed Muhamad holds 150,000 ordinary shares in the Company and none in the Company's subsidiaries.

Board of Directors' Profile

Datuk Rozimi Remeli

Independent
Non-Executive Director

Nationality
Malaysian

Age
66 years

Gender
Male

Date of Appointment
16 October 2017

Attended Board Meetings In 2022:
12/12

Membership of Board Committee(s):
BPC (Chairman)
BAC (Member)
BRIC (Member)

Note:
Datuk Rozimi does not hold any interest in the securities of the Company or its subsidiaries.

Academic/Professional Qualifications:
- Diploma in Electrical Engineering from Universiti Teknologi Malaysia in 1979.
- Bachelor in Engineering from Northorp University, USA in 1984.
- Master in Business Administration (MBA) from Universiti Sains Malaysia in 1996.

Past Appointments/Experiences:
- Began his career with 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:
- Board member of Sarawak Cable Berhad and several private limited companies.

Dato' Mohd Naim Daruwish

Non-Independent Non-Executive Director

Nationality
Malaysian

Age
63 years

Gender
Male

Date of Appointment
29 April 2021

Attended Board Meetings In 2022
12/12

Academic/Professional Qualifications:

- Bachelor of Law (LLB), from Universiti Malaya.

Past Appointments/Experiences:

- Started his career in the Judiciary and Legal Services as a Magistrate from 1985 to 1992.
- Joined Employees Provident Fund ("EPF") in 1992 and has held several positions, including as Head of the Enforcement Department, the Legal Department and the Contribution Department.
- Seconded to the Companies Commission of Malaysia as Chief Executive Officer from December 2011 to September 2014.
- Resumed service with EPF as Deputy Chief Executive Officer (Operations), a position he held since 1 October 2014 until his retirement on 16 October 2021.

Other Current Appointments:

Nil

Membership of Board Committee(s):

BRIC (Member)
BPC (Member)

Note:

Dato' Mohd Naim does not hold any interest in the securities of the Company or its subsidiaries.

Board of Directors' Profile

Dr. Norida Abdul Rahman

Independent
Non-Executive Director

Nationality
Malaysian

Age
61 years

Gender
Female

Date of Appointment
1 August 2022

Attended Board Meetings In 2022
5/5

Membership of Board Committee(s):
BPC (Member)

Note:
Dr. Norida does not hold any interest in the securities of the Company or its subsidiaries

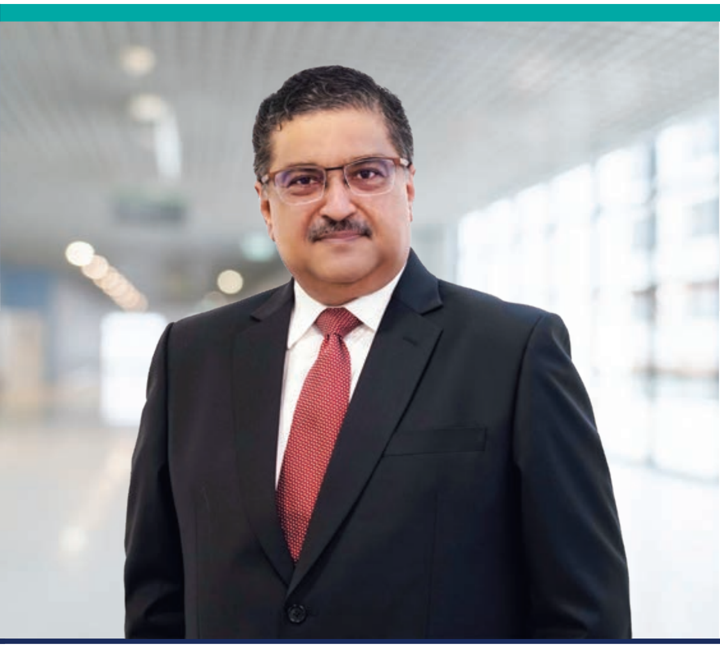
Academic/Professional Qualifications:
- PhD in Mechanical Engineering (Technology Management) from Universiti Teknologi MARA (UiTM).
- Master in Business Administration (MBA) from University of Strathclyde, United Kingdom.
- Bachelor's Degree in Economics from University of Winnipeg, Canada.
- Attended the Executive Leadership Management Program on CFO at The Wharton School, University of Pennsylvania, USA.

Past Appointments/Experiences:
- Managing Director of VentureTECH, an investment company that focuses on technology sectors, until her retirement in February 2023.
- Served as Board Member in several investee companies including as Chairman of a joint-venture fund management private equity company, VentureTECH SBI Sdn Bhd and its Investment Committee accordingly.
- Has over 25 years of combined experience in investment, industrial development and corporate strategy.
- Joined MIGHT which was then under the Prime Minister's Department since 1999, holding key senior positions as Senior Vice President and Chief Operating Officer, and as Executive Director at subsidiary group level.
- Spearheaded a number of high impact national initiatives in strategic sectors including emerging technology and renewables.
- Member of the Board of Melaka Biotechnology Corporation and Chairman of MYBiomass Sdn Bhd.
- Prior to joining MIGHT, she was General Manager Corporate at Kulim Technology Park Corporation.
- Member of the University Malaya Research Advisory Council (UMRAC) as well as the National Science and Research Council (NSRC) Sub-Committee Task Force.
- Appointed as a member of the Bumiputera Agenda Special Committee related to GLC/GLIC on investment for the National Shared Prosperity Council.

Other Current Appointments:
- Nil

Legend

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



Datuk Prakash Chandran Madhu Sudanan

Independent Non-Executive Director

Nationality
Indian

Age
60 years

Gender
Male

Date of Appointment
1 March 2023

Attended Board Meetings In 2022
No attendance records for Datuk Prakash, as he was not on the Board of the Company during the financial year 2022.

Academic/Professional Qualifications:

- Bachelor of Technology in Electrical Engineering from University of Kerala, India in 1985.
- Certified as a Professional Electrical Engineer in Australia by ENGINEERS Australia.
- Admitted into the Court of Emeritus Fellows of the Malaysian Institute of Management ("MIM").

Past Appointments/Experiences:

- Began his career as a Project Engineer in Crompton Greaves Ltd, India in 1986.
- Joined ABB Industrial & Building Systems Sdn Bhd in Malaysia as General Manager and held various roles from 1990 to 1996.
- Joined Siemens Malaysia Sdn Bhd ("Siemens Malaysia") as Senior Vice President, Power Transmission & Distribution ("PTD") and held various positions in PTD from 1996 to 2008.
- He was the Executive Vice President and Head of Siemens Energy Sector, ASEAN from August 2008 to July 2011.
- In 2009, he was the first Asian to take over as the President & CEO of Siemens Malaysia, a role he kept till January 2018.
- Assumed the position of President & CEO of PT. Siemens Indonesia from October 2017 to September 2021.
- Datuk Prakash was a director of Siemens Limited Thailand from 2009 to 2012 and a member of the Board of Commissioners of PT. Java Power Indonesia and PT. Siemens Mobility Indonesia during his stint in Indonesia.
- Received the Malaysian Leadership Excellence Award from MIM in 2016 and was awarded the BrandLaureate Brand ICON Leadership Award as 'Transformational Corporate Leader' in 2014 as well as the 'Life at Work' Organisational Award from Talent Corporation Malaysia in 2014.

Other Current Appointments:
Nil

Membership of Board Committee(s):
Nil

Note:
Datuk Prakash does not hold any interest in the securities of the Company or its subsidiaries.

Additional information in relation to the Board of Directors:

i) 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.

ii) 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.

Executive Leadership

1 **ANWAR SYAHRIN ABDUL AJIB**
Managing Director/
Chief Executive Officer
Management Committee

2 **CLIVE ANTHONY SMITH**
Chief Operating Officer
Management Committee

3 **MOHD NAZERSHAM MANSOR**
Chief Financial Officer
Management Committee

4 **DATO' MOHD ZAIN HASSAN**
Chief Executive Officer
Alam Flora Sdn Bhd
Management Committee

5 **AZAHARI ZAINAL ABIDIN**
Chief Operating Officer,
Alam Flora Sdn Bhd
Ex Officio

6 **VINCENT YAP LENG KHIM**
Senior Vice President, Corporate
Services & Integrity Division
Management Committee

7 **MOHAMMED AZMIL ISMAIL**
Senior Vice President,
Local Generation Division
Management Committee

8 **RAJA ISKANDAR RAJA MUKHTARUDDIN**
Head, Human Capital Division
Ex Officio

9 **SUBRINA THIAGARAJAH**
Head, Operations & Project
Management Services Division
Ex Officio

10 **MOHD HELMY IBRAHIM**
Head, International & Investment
Management & Waste-To-Energy
("WTE")
Ex Officio

11 **SHAJARATUDDUR MOHD IBRAHIM**
Head, Business Development
Ex Officio

12 **SARAVANAN DESIGAMANIE**
Head, Investor Relations &
Corporate Communications
Ex Officio

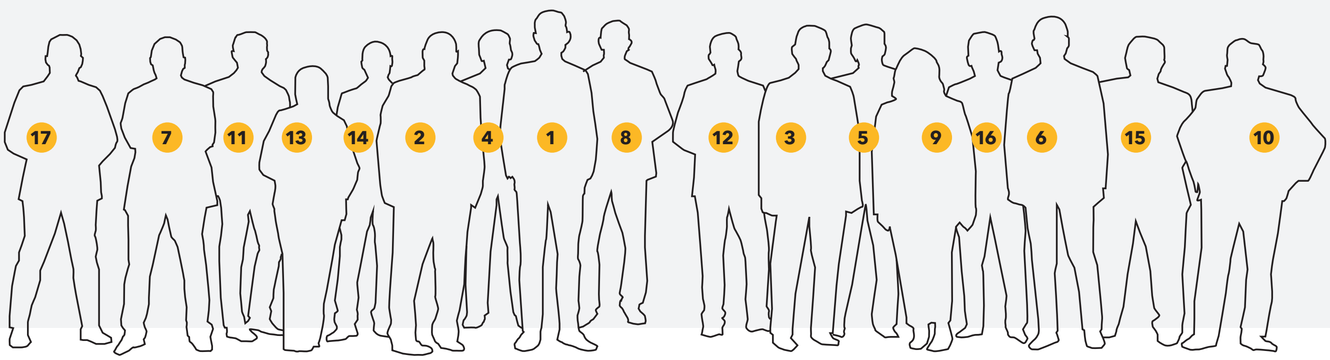
13 **ARNIE AZLINA OMAR**
Head, Solar
Ex Officio

14 **NIK AZRIL NIK HASSAN SHUHAIMI**
Head, Digital
Ex Officio

15 **ADI FAIMI MOHAMED HANEEF**
Head, Risk, Process Improvement & Integrity
Ex Officio

16 **KHAIRUL FALAH ZAHARIN**
Head, Strategy
Ex-Officio

17 **MOHD HADI MOHAMED ANUAR**
Chief Internal Auditor



Executive Leadership's Profile

ANWAR SYAHRIN ABDUL AJIB
Managing Director/Chief
Executive Officer ("MD/CEO")

Nationality	Malaysian
Age	50
Gender	Male

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 the MD/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 2006 until May 2008.
- Appointed 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 MD/CEO of 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.

Note:

- Anwar Syahrin does not hold any interest in the securities of the Company or its subsidiaries.

CLIVE ANTHONY SMITH
Chief Operating Officer
Management Committee

Nationality	British
Age	60
Gender	Male

Date of Joining: 16 September 2020

Academic/Professional Qualifications:

- Bachelor of Science (Hons) in Electrical/Electronic Engineering, 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.

MOHD NAZERSHAM MANSOR

Chief Financial Officer
Management Committee

Nationality	Malaysian
Age	49
Gender	Male

Date of Joining: 1 December 2017

Academic/Professional Qualifications:

- Degree in Accounting & Finance, De Montfort University, United Kingdom.
- Fellow of the Association of the Chartered Certified Accountants ("FCCA"), United Kingdom.
- Member of Malaysian Institute of Accountants.
- ASEAN Senior Management Development Program, Harvard Business School.

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 over 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

Nationality	Malaysian
Age	57
Gender	Male

Date of Joining: 4 January 2010

Academic/Professional Qualifications:

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

Past Appointments/Experiences:

- Currently helms the country's largest solid waste management company, Alam Flora Sdn Bhd ("Alam Flora") 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.

Executive Leadership's Profile

VINCENT YAP LENG KHIM

Senior Vice President, Corporate Services & Integrity Division
Management Committee

Nationality	Malaysian
Age	49
Gender	Male

Date of Joining: 1 December 2017

Academic/Professional Qualifications:

- Bachelor of Laws (Hons), 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, handling capital market, initial public offerings and corporate exercises. He was a key member of the legal team undertaking a series of mergers and acquisitions of banks and financial institutions as mandated by the Government of Malaysia after the Asian financial crisis.
- Admitted as a Partner of Chor Pee Anwarul & Company, Advocates & Solicitors, in 2004, where he acted in debt restructuring schemes and regularisation plans of several public listed conglomerates.
- Admitted as a Partner of Albar & Partners, Advocates & Solicitors, in 2006, where he focused on joint ventures, corporate restructuring, reverse take-overs of public listed companies, debt capital market, structured finance and asset backed securitisation.
- Joined Zelan Berhad as Head of Group Legal in 2009 and appointed as Director of Corporate Services in 2011. He was extensively involved in the negotiation and conclusion of two concession agreements with UKAS, the Government of Malaysia, for a new integrated transport terminal and a university campus. He was instrumental in driving the completion and commercial operation of a 2x300 MW coal-fired power plant in Central Java, Indonesia for PT PLN (Persero) and the successful claim against the project owner of a mixed development project in Abu Dhabi, United Arab Emirates in an ICC arbitration.
- At Malakoff, he spearheaded the negotiation and completion of significant transactions, including the sale of Macarthur Wind Farm to an Australian investment fund, sale of Lekir Bulk Terminal, acquisition of Khazanah Nasional Berhad's entire equity interest in Shuaibah III IWPP and acquisition of Alam Flora Sdn Bhd. In addition, he has been playing a key role in strategising and managing both local and international legal disputes, notably the ICC arbitration in relation to a seawater desalination project in North Africa, SIAC arbitration with the OEM for a CCGT power plant, AIAC arbitration pertaining to district cooling services, judicial review against IRB tax assessment at the High Court of Malaya, appeal against an interim ICC arbitral award on jurisdiction at the Paris Court of Appeal and appeal against a custom decision at the Supreme Court of Algeria.
- 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 ISMAIL

Senior Vice President, Local Generation Division
Management Committee

Nationality	Malaysian
Age	53
Gender	Male

Date of Joining: 1 November 1994

Academic/Professional Qualifications:

- Bachelor of Science in Mechanical Engineering, 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.

RAJA ISKANDAR RAJA MUKHTARUDDIN

Head, People Division
Ex Officio

Nationality	Malaysian
Age	58
Gender	Male

Date of Joining: 1 February 2021

Academic/Professional Qualifications:

- Bachelor of Science in Business Administration (Management), California State University, Sacramento, USA.
- 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 reorganised 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, 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.
- Joined Malakoff Corporation Bhd in February 2021 as Head of Human Capital Division and started the People Transformation Plan for Malakoff Group which involves amongst others, Organisation Restructuring for Malakoff 2.0, Job Evaluation, Leadership Assessment program and Talent Management.
- Currently a Fellow at the Malaysian Institute of Management and has also been appointed as the External Advisory Member and a part-time lecturer in Human Resource Management at Sunway University Business School.

Note:

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

AZAHARI BIN ZAINAL ABIDIN

Chief Operating Officer, Alam Flora Sdn Bhd
Ex Officio

Nationality	Malaysian
Age	52
Gender	Male

Date of Joining: 16 February 2012

Academic/Professional Qualifications:

- Degree of Bachelor of Accounting (Hons), Universiti Malaya, Kuala Lumpur
- Member of Malaysian Institute of Accountants
- Associate member of The Chartered Institute of Management Accountants (CIMA)

Past Appointments/Experiences:

- Azahari Zainal Abidin joined Alam Flora in February 2012 as the Chief Financial Officer and assumed the role for 10 years managing the financial matters before assuming current position in 2022.
- He has over 25 years of experience in a broad range of industries including services, automotive, engineering, transportation and manufacturing. His vast experience covers the fields of financial operations, accounting, finance, business assurance and various corporate transactions.
- Prior to joining Alam Flora, he held several positions, namely, Head of Finance of Scomi Rail Berhad, Head of Finance & Accounting of Continental Sime Tyre Sdn Bhd, and regional Internal Auditor of Cycle & Carriage Group.
- He is now the Chief Operating Officer of Alam Flora Sdn Bhd. He is currently heading the operation of public cleansing and solid waste collection in Alam Flora concession areas of Kuala Lumpur, Putrajaya and Pahang Darul Makmur.

Note:

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

Executive Leadership's Profile

SUBRINA THIAGARAJAH
Head, Operations & Project Management Services Division
Ex Officio

Nationality	Malaysian
Age	52
Gender	Female

Date of Joining: 27 June 1994

Academic/Professional Qualifications:

- Bachelor of Engineering (Chemical) (Hons), 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 Operations and Maintenance 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 Chief Executive Officer for a period of five years until 31 October 2020.
- At MCDC, she led the successful Initial Public Offering of the company on the Muscat Securities Market in 2018.
- After her stint in Oman, she has now returned to the Company as the Head of Operations & Project Management Services Division commencing from 1 November 2020.

Note:

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

MOHD HELMY IBRAHIM
Head, International & Investment Management & Waste-To-Energy ("WTE")
Ex Officio

Nationality	Malaysian
Age	51
Gender	Male

Date of Joining: 6 August 2012

Academic/Professional Qualifications:

- Bachelor of Engineering in Chemical Engineering (Hons), 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 Operations & Maintenance 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 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 Rangkai 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 and Financial Close.
- When Malakoff acquired TBPP in 2006, he opted to leave RPSB and joined Jimah Energy Ventures ("JEV") which was the Special Project Vehicle 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 RE projects.
- Currently sits on the board of key subsidiaries/associate companies under Malakoff Corporation Berhad.
- Apart from managing international business development and international assets, he is also managing the development of waste to energy projects for the company.

Note:

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

SHAJARATUDDUR MOHD IBRAHIM
Head, Business Development
Ex Officio

Nationality	Malaysian
Age	49
Gender	Male

Date of Joining: 1 October 2012

Academic/Professional Qualifications:

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

Past Appointments/Experiences:

- Started his career with Tenaga Nasional Berhad ("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 Power Purchase Agreements ("PPA") renegotiation exercises, privatisation 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.
- He is also currently spearheading the decarbonisation initiatives involving Malakoff's thermal plants, in collaboration with Itochu and METI of Japan.
- Currently sits on the board of key subsidiaries/associate companies under Malakoff Corporation Berhad.

Note:

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

SARAVANAN DESIGAMANIE
Head, Investor Relations & Corporate Communications
Ex Officio

Nationality	Malaysian
Age	40
Gender	Male

Date of Joining: 1 June 2018

Academic/Professional Qualifications:

- Master of Business Administration (Finance) and Bachelor of Information Technology (Hons) (Software Engineering), 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 with Sime Darby Berhad in 2004 and was appointed to the role of Special Officer to the Executive Vice President, Group Strategy & Business Development.
- He was then assigned as the Special Officer to the MD of Sime Darby Energy & Utilities, while serving under the MD's Office as well as the Program Management Office ("PMO") in 2010.
- Appointed as Assistant Vice President, Investor Relations ("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 of Strategy & Communication Division in February 2020 and later as the Head of Investor Relations & Corporate Communications, overseeing the Group's corporate strategy, investor relations, corporate communications and stakeholder management units.
- Currently sits on the board of key subsidiaries under Malakoff Corporation Berhad.

Note:

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

Executive Leadership's Profile

ARNIE AZLINA OMAR

Head, Solar
Ex Officio

Nationality	Malaysian
Age	44
Gender	Female

Date of Joining: 27 July 2021

Academic/Professional Qualifications:

- Master in Engineering Management, University Tenaga Nasional ("UNITEN"), Malaysia.
- Bachelor of Electrical Power Engineering, University Tenaga Nasional ("UNITEN"), Malaysia.
- Completed GE RISE Leadership Program.

Past Appointments/Experiences:

- Started her career with Tenaga Nasional Berhad ("TNB") in February 2001 as a Project Engineer, pioneering the RE initiatives in Malaysia, particularly on Solar PV-Battery Hybrid System, Solar PV-Wind-Battery Hybrid System for off-grid application, and Oil Palm Biomass Power Plant.
- Seconded to Ministry of Energy, Green Technology & Water, to represent TNB and be part of working group to develop Malaysia Green Technology Policy 2010 between 2008 to 2010.
- During her 11-years tenure at TNB, she was instrumental for the growth of TNB Energy Services, a wholly owned subsidiary of TNB. Her last position at TNB was an RE Project Development Manager.
- Joined General Electric Inc. as Lead Engineer for GE Energy Storage to lead technical service for energy storage (Durathon® Sodium Nickel Battery) in South East Asia region in 2011.
- Joined MYBiomass Sdn Bhd, a company established by Malaysian Industry-Government Group for High Technology (MIGHT), FGV Holdings and Sime Darby Plantation, as the Head of Business Development to lead the bio-refinery project, producing green chemicals from oil palm empty fruit bunch in 2015.
- Joined UiTM Energy and Facilities Management as Project Director for UiTM Solar Power to lead the development of 50 MWac and 25 MWac Large Scale Solar Photovoltaic Project in Gambang, Pahang and Pasir Gudang, Johor respectively in 2017. She was part of the core team that successfully achieved financial close via Green SRI Sukuk, amounting RM222 million in April 2018.
- Joined Malaysian Solar Resources Sdn Bhd as General Manager (Project) to lead the project execution of 30 MWac Large Scale Solar ("LSS") Photovoltaic ("PV") project in Gebeng, Pahang and bidding of 100 MWac LSS PV project under Energy Commission of Malaysia in 2019.
- Joined PETRONAS New Energy as Project Manager to lead the development of 40 MW LSS PV and more than 20 MW grid-connected rooftop solar PV projects for PETRONAS group of companies in Malaysia in January 2020.
- Currently, as Head of Solar for Malakoff Corporation Berhad, she leads the development of solar PV business for local and international market. She also spearheads the development of strategic projects such as EV Charger and energy storage for future sustainable growth.

Note:

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

NIK AZRIL NIK HASSAN SHUHAIMI

Head, Digital
Ex Officio

Nationality	Malaysian
Age	48
Gender	Male

Date of Joining: 2 August 2021

Academic/Professional Qualifications:

- Bachelor in Science, Computer Systems Engineering, Rensselaer Polytechnic Institute, New York, United States of America.

Past Appointments/Experiences:

- Started his career with PETRONAS in 1997 as a junior executive in IT and was the webmaster for PETRONAS intranet prior to joining PriceWaterhouseCoopers eTax company developing the online tax solutions for personal and corporate tax. He then joined British American Tobacco ("BAT") in 2001 and served multiple roles and promoted as the Global Marketing IT Solutions, Emerging Technology Head and took his final role with BAT as their Global IT Asset Manager.
- Joined Prince Court Medical Center as an IT Consultant responsible for the hospital's IT transformation focusing on the roll out of key healthcare and core hospital administration systems in 2008.
- Continued his stint in IT transformation programmes for the Financial Services industry as a Programme Director in Maybank and Regional Programme Manager in AIG during 2010.
- Next, he re-joined PETRONAS as Head of IT Strategy, Architecture & Planning and continued for 7 years to serve the company in different key digital programmes establishing digital blueprints for PETRONAS learning units (UTP, INSTEP, PLC), Corporate functions (HR, HSSE) and affiliated companies (KLCC, PJH) and served as the Head of Digital for KLCC Group before joining Malakoff Group.
- Qualified as an IT professional with over 20 years of experience in operations, project management, solution architecture and digital blueprint, he had accomplished successful end-to-end implementation of 3 major IT Transformation programmes and at least 20 projects when he was with BAT, Maybank, AIG Shared Services and Petronas Digital Sdn Bhd. He was also the lead in technology selection recently for PETRONAS enterprise HR system, System Integrator for Maybank and global technology contracts during his time in BAT.
- His role in Malakoff is to design and execute Malakoff digital transformation and roadmap, cultivating the right digital culture together with the right key technology which will differentiate Malakoff in the market.

Note:

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

ADI FAIMI MOHAMED HANEEF
Head, Risk Process Improvement and Integrity
Ex Officio

Nationality	Malaysian
Age	47
Gender	Male

Date of Joining: 5 October 2015

Academic/Professional Qualifications:

- Bachelor of Applied Science (Hons.) with Major in Entomology and Minor in Management, Universiti Sains Malaysia ("USM").
- Safety and Health Officer Certificate, National Institute of Safety & Health ("NIOSH").
- Professional Business Continuity Management Certificate, Disaster Recovery Institute International ("DRII").
- ISO31000 Risk Manager Certificate, Professional Evaluation and Certification Body ("PECB").
- Committee Member, Malaysian Association of Risk & Insurance Malaysia ("MARIM").
- Certified Lean Six Sigma Black Belt.
- Integrated ISO Lead Assessor, SIRIM.
- Lead Auditor ISO37001 Anti-Bribery Management System (SIRIM).

Past Appointments/Experiences:

- Started his career as a Technical Executive at Toyochem Corporation Berhad in 2000 and spent the next 5 years in the servicing, packaging and coating industries.
- Switched career to oil and gas downstream integrated services by joining Orogenic Resources Sdn Bhd in 2006.
- Joined Malaysian International Shipping Corporation Berhad MISC as The QHSSE Manager in 2010 and spent close to 2 years managing FPSO's RLEC and EPCIC projects at MMHE specialising in project QHSSE and Risk.
- He then joined the Chemical Company of Malaysia, then became a member of PNB Group of Companies as the Head of Group HSSE in 2012.
- Joined Malakoff as Head, Group Corporate HSSE in 2015 and was reassigned as Head, Business Process Improvement in 2018. He is now the Head of Risk, Process Improvement and Integrity Department.

Note:

- Adi Faimi Mohamed Haneef does not hold any interest in the Company.

KHAIRUL FALAH ZAHARIN
Head, Strategy
Ex Officio

Nationality	Malaysian
Age	36
Gender	Male

Date of Joining: 16 August 2021

Academic/Professional Qualifications:

- B.A. (Hons) Accounting and Finance, Liverpool John Moore's University
- Fellow of the Association of Chartered Certified Accountants (FCCA), Malaysia
- Chartered Accountant with the Malaysian Institute of Accountants

Past Appointments/Experiences:

- He has over 15 years of experience in the services, oil and gas and property development industries.
- He started his career as a trainee accountant in Dublin, Ireland where he gained considerable experience in statutory reporting and compliance before returning to Malaysia in 2010
- He has served local and multi-national companies, such as Schlumberger, Petronas, Sapura Energy Berhad and UEM Sunrise Berhad.
- His experience covers the fields of strategy, performance delivery, business finance and control, investment monitoring, cost optimisation programs, statutory finance and risk management.
- Prior to joining Malakoff, he has held several positions, namely Lead, Performance Delivery for UEM Sunrise Berhad, Head of Business Finance & Control for Sapura Energy Berhad and Management Accountant for Schlumberger, Malaysia.

Note:

- Falah does not hold any interest in the Company.

Executive Leadership's Profile

MOHD HADI MOHAMED ANUAR
Chief Internal Auditor, Group Internal Audit

Nationality	Malaysian
Age	45
Gender	Male

Date of Joining: 25 February 2016

Academic/Professional Qualifications:

- Bachelor of Arts (Hons) in Accounting and Finance, 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 organisation.
- Started his career as an auditor with Arthur Andersen/Ernst & Young from 2000 to 2004.
- Subsequent thereto, he joined Petroliam Nasional Berhad ("PETRONAS") in 2005 until 2011 where he assumed the role of Audit Manager in the Group Internal Audit Division of PETRONAS.
- During his tenure with PETRONAS, he was also assigned to KLCC Holdings Berhad ("KLCC") to set up and lead 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 in the upstream business with other oil and gas companies/partners in Malaysia and international operations.

Note:

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

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

i) 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.

ii) 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.

Raising the Bar in Sustainable Energy

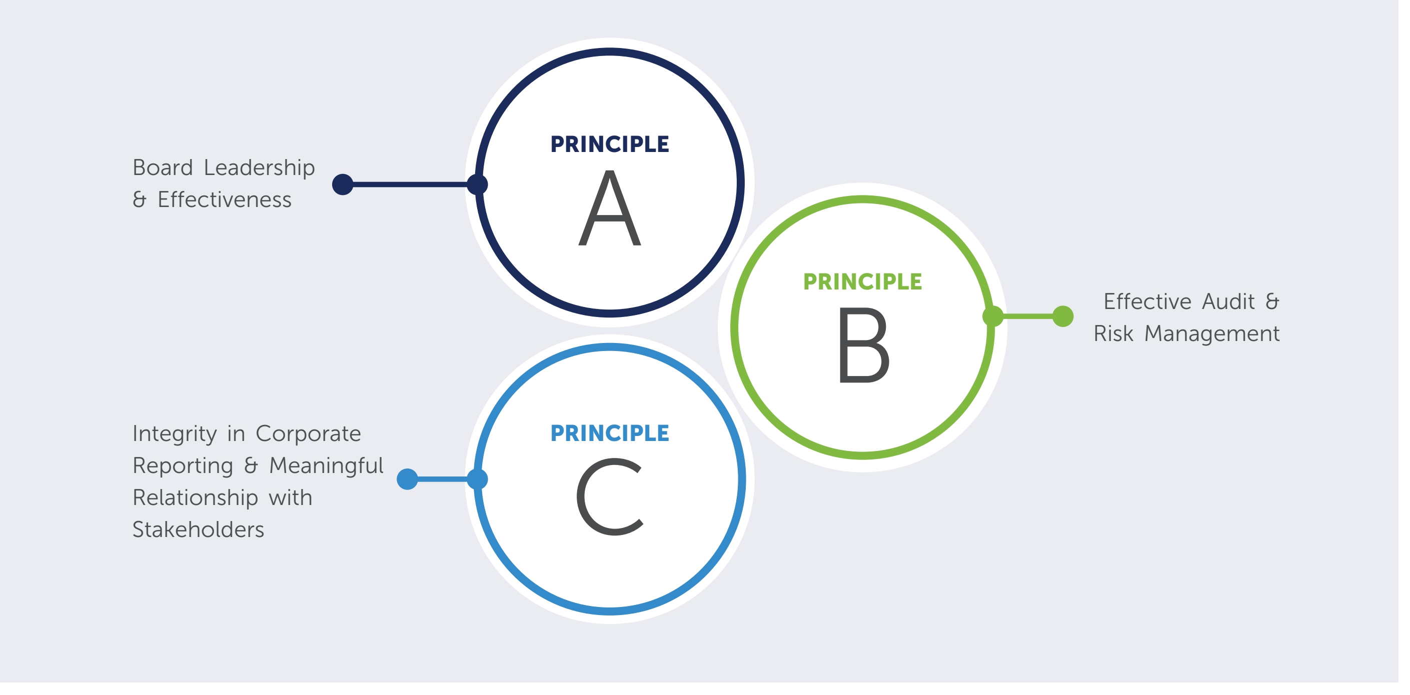
Corporate Governance Overview Statement

As the world advances towards practising good corporate governance, we recognise that corporate governance provides a framework of principles, criteria, and procedures that companies can adopt to achieve organisational discipline and enhance accountability, transparency, and fairness. Implementing sound corporate governance practices is crucial for enhancing shareholder value, instilling business integrity, increasing investor confidence, and achieving the corporate objectives and vision of Malakoff Corporation Berhad ("**Malakoff**" or "**Company**") and its subsidiaries (collectively referred to as "**Malakoff Group**" or "**Group**").

The Board is committed to ensuring that the Group's Corporate Governance Framework complies with the requirements and guidelines under Companies Act 2016 ("**Act**"), Malaysian Code on Corporate Governance 2021 ("**MCCG 2021**") and the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**").

The Board oversees the execution of the management's functions and constantly strives to improve the Group's long-term interests by upholding its four corporate governance pillars namely, ethical behaviour, accountability, transparency and sustainability. The Board is fully committed to apply the highest possible standard of corporate governance.

The Board is pleased to present this Corporate Governance ("**CG**") Overview Statement for the financial year ended 31 December 2022 based on the following principles of MCCG 2021:



The CG Overview Statement shall be read together with the CG Report 2022, available on the Company's website at www.malakoff.com.my.

CORPORATE GOVERNANCE FRAMEWORK

Amidst the challenging global business environment during the past few years, the Board strives to strengthen the Group's corporate governance practices and processes to meet increasing operational challenges. The Board is strongly committed to ensuring that the Group's systems, procedures and practices reflect the highest standards of corporate governance.

To this end, the Board resolutely ensures that it demonstrates effective leadership and promotes unequivocally high ethical standards in its decision-making process.

The Board believes that sound and effective corporate governance practices are fundamental to the smooth, effective and transparent operation of Malakoff and its ability to reap investor confidence, protect the rights of shareholders and unleash the shareholders' value.

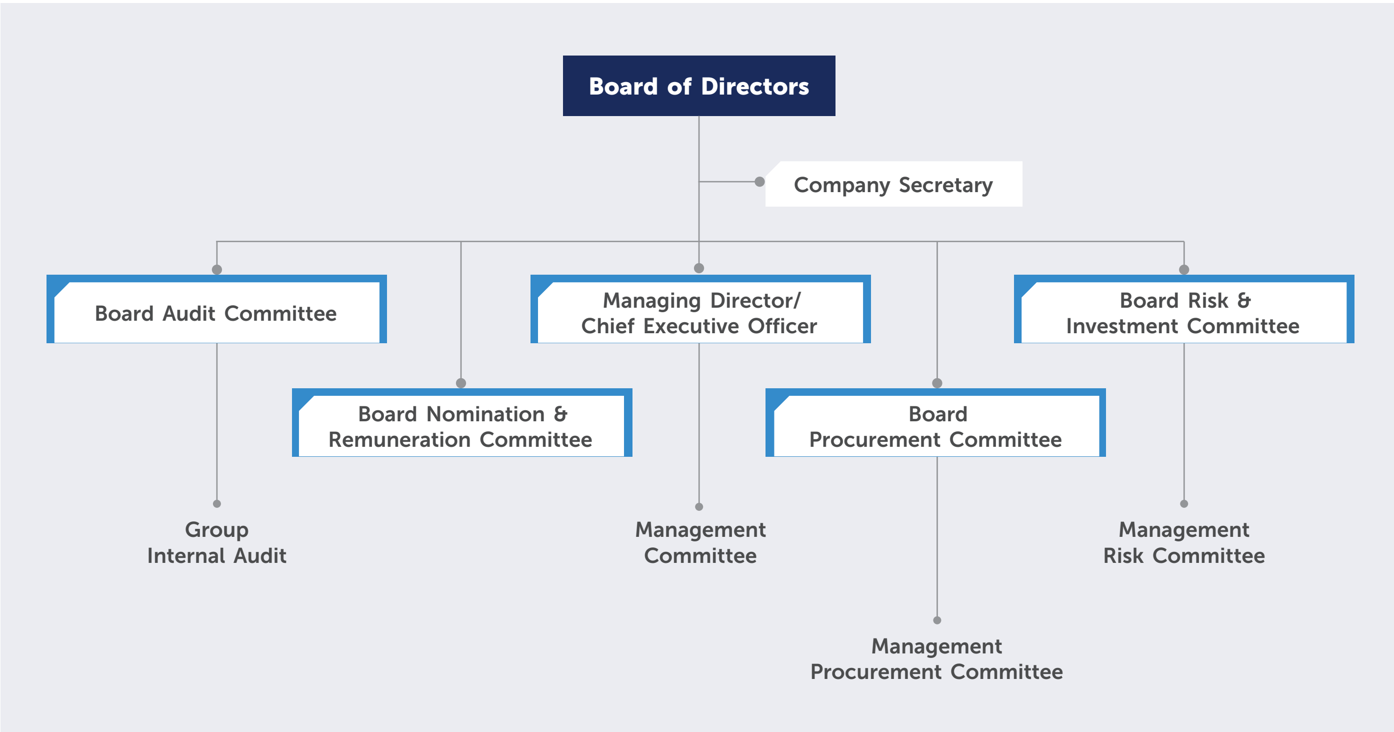
The Board embraces transparency and accountability in the boardroom and promotes these critical components of governance throughout Malakoff.

Malakoff has a well-defined and well-structured corporate governance framework in place to support the Board's aim of achieving long-term and sustainable value, as well as fostering a culture that values ethical behaviour, integrity and accountability.

The Board discharges its responsibilities within a defined governance framework and robust mechanisms in place. The Board retains ultimate accountability and responsibility over the performance and affairs of the Company and ensures the Group adheres to the standards of ethical behaviour.

Accordingly, Malakoff's governance structure ensures role clarity by demarcating roles and areas of accountability and recognises the independent roles and duties required to effectively govern the Company. The governance structure aims to promote strategic alignment across the Group whilst facilitating effective decision-making at all times. It shows the governance oversight role of the Board, the various components of governance that facilitate the interaction and flow between them.

The following describes Malakoff's governance structure, an overview of the key committees of the Board and other management committees.



Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities and Charter

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the affairs of the Group in a responsible and effective manner. As the main role of the Board, it has always placed its focus on directing and overseeing the management of Malakoff's business and affairs with the goal of achieving long-term success and delivering sustainable value to its stakeholders. This includes setting the Company's strategic direction, monitoring Management's strategies execution and financial performance, and making major policy decisions.

The duties and responsibilities of the Board are as follows:

- review and adopt the overall strategic plans and programmes for the Company and the Group;
- oversee and evaluate the conduct of business of the Company and the Group;
- review and ensure that any transaction entered into with a related party is fair, reasonable and not to the detriment of minority shareholders;
- identify principal risks and ensure implementation of a proper risk management system to manage such risks;
- establish a succession plan;
- develop and implement shareholders communication policy for the Company;
- review the adequacy and the integrity of the management information and internal control system of the Company and the Group; and
- promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.

Malakoff is led by a Board whose directors are collectively responsible for creating and delivering long-term sustainable value for the business. A pivotal responsibility of the Board is to balance the interests of the Group and its stakeholders including employees as well as communities it serves.

Good corporate governance is crucial to sustain the Group in the long-term through the changing regulatory and market environment. The Board views corporate governance as an integral part of the Group's business strategy. Through prudent and effective controls, the Board continuously assesses and manages emerging risks and opportunities in ensuring long-term sustainable development and growth.

The Board members are aware of their collective and individual responsibilities to all shareholders for the manner in which the affairs of the Company are managed, controlled and operated. The Board is satisfied that it has fulfilled these duties and obligations during the year under review of which each Director has devoted sufficient time to effectively discharge his/her responsibilities.

The current composition of the Board has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge in examining, reviewing and deciding on Management's proposals. The Managing Director/Chief Executive Officer (**"MD/CEO"**) of the Company is empowered to implement strategies approved by the Board.

The Board Charter defines the Board's roles and responsibilities, the principles for Board's operation, Board's evaluation and remuneration, code of conduct and ethics and matters reserved for the Board. During FY2022, the Board had adopted a Fit and Proper Policy to enhance Board quality in the appointment and re-election of Directors of the Company. The Board Charter and Fit and Proper Policy are accessible through the Company's website at https://www.malakoff.com.my/corporate-governance.

The Board reviews the Board Charter as required to ensure its relevance to the Company's operating environment and compliance with rules and regulations.

The Limits of Authority ("**LOA**") is a Group policy that specifies the authority limits for the Board, Board Committees, Management Committee, MD/CEO and Senior Management to facilitate compliance with good corporate governance principles. The Board retains the overall management and control of the Group's business and affairs. The Board may, if necessary, revise the LOA to reflect the changes in the Group's operating environment. The LOA had been reviewed a few times and the last update was in November 2018.

Code of Conduct and Ethics

The Board establishes a code of conduct and ethics for the Group, and together with Management implements its policies and procedures which include among others managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct of Malakoff is published on the Company's website at https://www.malakoff.com.my/corporate-governance.

Whistleblowing Policy

The Company's Whistleblowing Policy provides employees and third parties with proper avenue and procedures to disclose cases of improper conduct such as criminal offences, fraud, corruption, non-compliance to laws and regulations, breach of Group policies and Code of Conduct or other malpractices without fear of reprisal.

A whistle-blower is assured confidentiality of identity and this includes protecting the whistle-blowers from detrimental actions within the Company, to the extent that is reasonably practicable, 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 upon disclosure of improper conduct.

Disclosure of improper conduct can be made verbally or in writing to the Chairman of the Board Audit Committee and the Chief Internal Auditor via a letter or e-mail to whistleblowing@malakoff.com.my.

The salient terms of the Whistleblowing Policy are available on the Company's website at https://www.malakoff.com.my/corporate-governance.

Roles and Responsibilities between the Chairman and the MD/CEO

The roles and responsibilities of the Chairman and MD/CEO are separated and clearly defined in the Board Charter. The Chairman is in charge of the Board's leadership and is instrumental in creating the necessary conditions for open communication/discussion or information sharing both inside and outside the boardroom. The Chairman promotes and supervises the highest levels of corporate governance within the Board and the Company.

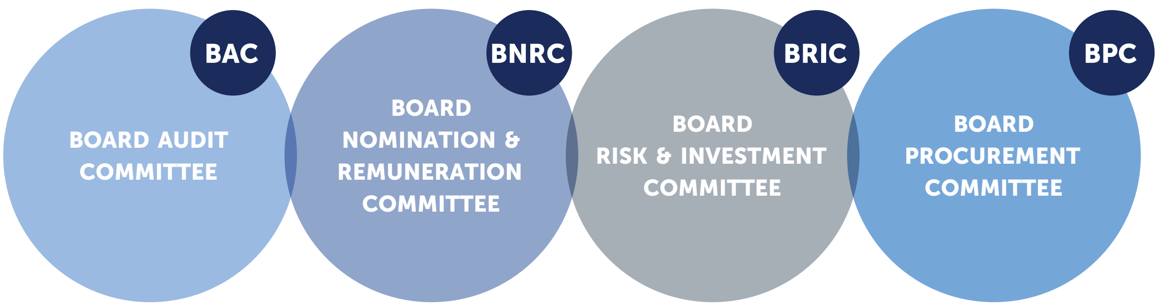
The MD/CEO is in charge of the day-to-day operations of the Company in line with the Board's approved strategies and objectives.

Board Committees

Board Committees are formed to oversee specific tasks for which the Board is responsible, within its defined terms of reference ("**TOR**"). This ensures that the Board members can spend time efficiently to deliberate specific issues after the Board Committees' review.

In delegating its authority to Board Committees, the Board does not abdicate its responsibility and has exercised collective oversight at all times. The Board further ensures that its delegation does not hinder or reduce its ability to discharge its functions.

The Chairman of each Board Committee reports to the Board on the deliberations, discussions and outcome of their respective committee meetings. There are four Board Committees established by the Board with its respective functions and authorities stated in the relevant TOR of the Board Committees that are available at www.malakoff.com.my.



Corporate Governance Overview Statement

Board Audit Committee ("BAC")

The BAC assists the Board in carrying out its statutory and fiduciary responsibilities with regards to the monitoring and management of financial risk processes, accounting practices, internal control system, and the Group's management and financial reporting practices. To accomplish this, the BAC oversees the reports of external and internal auditors, protects the integrity of financial reporting and ensures a sound system of internal controls to protect and enhance the Company's value.

Details of BAC activities are reported in the BAC Report on pages 160 to 164.

Board Nomination & Remuneration Committee ("BNRC")

The BNRC is responsible for the following activities within its defined TOR:

a) overseeing the nomination and selection of Board members and Senior Management;
b) assessing and monitoring the Board's composition and effectiveness;
c) undertaking development needs and succession planning initiatives; and
d) recommending and reviewing policies, remuneration structure for the Board and the Group as a whole.

The BNRC reviews the composition of the Board periodically especially on the application of best practices under MCCG 2021. The tenure of each director is reviewed by BNRC and annual re-election of director(s) is contingent upon satisfactory evaluation of the directors' performance and contribution to the Board. As for the remuneration structure and review of the Board and Senior Management, a detailed description is provided in the "Remuneration Section" of this CG Overview Statement.

Board Risk & Investment Committee ("BRIC")

The BRIC assists the Board in ensuring the implementation of effective risk management processes to manage the overall risk exposure for the Group. It is also responsible to review and recommend to the Board any major investments, which may include the acquisition and divestment of businesses, companies, land and buildings, bidding for binding tenders and contracts for new power generation, water desalination and waste management services projects, and assessing the key associated risks. This includes funding options and costs as well as the investment returns to the Company/Group.

Board Procurement Committee ("BPC")

The BPC functions within its delegated authority and TOR, assists the Board in reviewing the Group's procurement proposals and tenders to ensure that due attention is given in screening through the procurement proposals and the processes/procedures before the award of contract is recommended or approved for the Management's action.

Company Secretaries

The Board is supported by the Company Secretaries who are qualified under the Act. The Company Secretaries' advice and services are available to the Board at any time and without restriction. The Company Secretaries assist the Board in its leadership role, fiduciary duties and governance stewardship. The Company Secretaries advise the Board on corporate governance related matters, the Board's 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.

Board Meetings

The Board practices a culture of open debate and raises challenging questions at meetings. Directors are impartial in their views, with the Company's and stakeholders' best interests at the forefront of every major decision. The robust and vigorous deliberations at Board and Board Committee meetings provide opportunities to all Directors to participate and contribute to the decision-making process as well as to ensure that the process of constructive and healthy dialogue is achieved.

Directors are aware of their obligations to immediately declare their interests in any transaction to be entered directly or indirectly with the Company. They must disclose the extent and nature of their interests in the transaction(s) at a Board meeting or as soon as the Directors become aware of the conflict of interest. The interested Directors must abstain from participating in the deliberation and Board decision on the matter.

Meeting Attendance

The Directors' commitment in carrying out their duties and responsibilities is reflected by their attendance at the Board and Board Committee meetings held during the year under review. The Board is satisfied that each director has devoted sufficient time to effectively discharge his/her responsibilities.

During the financial year under review, the Board met twelve times, five of which are scheduled meetings and balance seven are on ad hoc basis to consider urgent matters or proposals. Details of the Board members' attendance are summarised below:

Directors	Designation	Total Meetings Attended
Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali	Independent Non-Executive Chairman	12/12
Anwar Syahrin Abdul Ajib	Managing Director/Chief Executive Officer	12/12
Tan Sri Che Khalib Mohamad Noh	Non-Independent Non-Executive Director	12/12
Datuk Dr. Syed Muhamad Syed Abdul Kadir	Independent Non-Executive Director	12/12
Datuk Ooi Teik Huat	Non-Independent Non-Executive Director	12/12
Datuk Idris Abdullah	Independent Non-Executive Director	12/12
Datuk Rozimi Remeli	Independent Non-Executive Director	12/12
Dato' Mohd Naim Daruwish	Non-Independent Non-Executive Director	12/12
Dr. Norida Abdul Rahman (Appointed on 1 August 2022)	Independent Non-Executive Director	5/5

All Directors recorded full attendance to Board meetings held during the year and hence, complied with the minimum attendance requirement of at least 50% of the Board meetings pursuant to Paragraph 15.05(3)(c) of the MMLR of Bursa Malaysia.

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.

Supply and Access to Information

Board papers are circulated to all Directors via a collaborative meeting software which allows the Board to securely access, read and review the Board/Committees documents. In addition, the usage of software eases the process of distribution of Board papers physically and minimises leakage of sensitive information. Every effort is made to ensure timely circulation of notices, agenda and meeting materials to the Board to enable the Directors to have sufficient time to prepare themselves for Board meetings and to facilitate effective Board discussion.

The Directors have direct access to the Management and unrestricted access to any information relating to the Group to enable them to discharge their duties. The Directors also have direct access to the advice and services of the Company Secretaries. The Directors, whether collectively as a Board or in their individual capacity, may seek independent professional advice at Malakoff's expense in the discharge of their duties.

Presentations to the Board are prepared and delivered in a manner that ensures clear and adequate understanding of the subject matter. If there is any urgent matter or additional document not delivered within the reasonable timeframe, Management will explain the subject matter at the meeting.

The minutes of meetings accurately reflect the deliberations and decisions of the Board, including any dissenting views and Directors' interests in any transaction with the Group who have abstained from deliberating and voting on a particular matter. The minutes of meetings are circulated to the Board for review before the same are confirmed at the next Board meeting.

Corporate Governance Overview Statement

The Board's 2022 Key Focus Areas and Priorities

The table below shows the key areas of focus for the Board which appear as items on the agenda of the Board meetings during the year under review.

STRATEGY

- attended the annual strategy engagement session with Management for the Group's 5-year business plan from 2023 to 2027.
- quarterly update on business development initiatives approved under the business plan, its progress and challenges.

FINANCIAL OVERSIGHT & REPORTING

- annual budget and capital/operation expenditure plan of the Group for financial year 2023.
- the Group's quarterly interim financial results.
- the Group's tenders and procurements in accordance with LOA and internal policies and procedures of the Group.

RISK, COMPLIANCE AND OVERSIGHT

Reviewed, deliberated and/or endorsed/approved the following reports and proposal papers:

- action plans to mitigate significant strategic and operational risks faced by the Group on quarterly basis;
- quarterly reports of the Group's safety performance for the Group's local operating assets;
- internal audit reports from the BAC;
- quarterly reports of the related party transactions and recurrent related party transactions ("**RRPTs**") to ensure that the transactions entered by Malakoff Group with related parties are fair, reasonable and not detrimental to the minority shareholders' interest;
- renewal of shareholders' mandate for RRPTs of a revenue or trading nature;
- the adequacy and the integrity of the Management information and internal control systems of the Company and the Group;
- the Group's compliance with the relevant laws and regulation as well as Malakoff's internal policies and procedures including the Companies' Constitution; and
- the revised Whistleblowing Policy to be consistent and aligned with the Anti-Bribery Management System and Anti-Bribery Policy of the Company.

BOARD PERFORMANCE AND COMPOSITION

- annual Board assessment to evaluate the performance of the Board, Board Committees and the individual directors.
- monitored the attendance of Directors for trainings, seminars and workshops to keep themselves abreast with recent development of laws, regulations and the industry.
- reviewed the composition of the Board and Board Committees and key subsidiaries.

LEADERSHIP EVALUATION & SELECTION

Reviewed, deliberated, oversaw and/or endorsed/approved the following activities:

- setting of Corporate Key Performance Indicators ("**KPIs**") upon the approval of the business plan for 2023;
- achievement of the Corporate KPIs for the performance against KPIs for 2022; and
- determination of bonus and salary increment for the MD/CEO and Senior Management team.

SUCCESSION PLANNING

- succession planning for the MD/CEO, Senior Management team and other key positions of the Company and key subsidiaries.
- reviewed and evaluated the calibre and suitability of candidate(s) to be nominated to the Board of the Company, key subsidiaries and associate companies.
- reviewed Talent Management and Development initiatives.

SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL & GOVERNANCE

- reviewed Environmental, Social and Governance matters.
- reviewed and monitored the Group's corporate social responsibilities ("**CSR**") and related activities to promote CSR.
- reviewed and considered the social and environmental impact of the Group's activities and operations and monitor the compliance with the Group's sustainability responsibilities and the relevant regulatory requirements.

Sustainability

The Board together with Management are responsible for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets. The Board has considered sustainability matters when exercising its duties including, among others, the development and implementation of the Group's strategies, business plans, major action plan and risk management.

Strategic management of material sustainability matters are being driven and managed on a day-to-day basis by the Senior Management.

The Board has established a plan in communicating the Group's sustainability strategies, priorities and targets as well as performance against these targets to its internal and external stakeholders. This plan includes annual disclosures of material sustainability matters which is included in page 62 of this Integrated Annual Report.

The Board recognises the importance of sustainability and has taken action to improve its sustainability framework. At this point of time, the Board is initiating the following improvement plan for the following CG practices:

Practice No.	MCCG Practice Description	Malakoff Group's Actions
4.3	The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.	To ensure the Board is equipped and ready to execute its role, the Board will identify the professional development needs concerning sustainability and ensure these are addressed. The Board is evaluating its composition and its skills matrix to strengthen board leadership and oversight of sustainability issues.
4.4	Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.	Malakoff's Corporate KPIs include key Environmental, Social & Governance ("**ESG**") metrics since 2022. We have further enhanced our ESG metrics to include emissions intensity reduction, recycling rate, Lost Time Injury Frequency Rate ("**LTIFR**"), statutory & regulatory compliance and anti-bribery awareness. The Group has established a Sustainability Framework and is currently evaluating key sustainability targets as part of the Company's efforts to address sustainability risks and opportunities.

The Group's business and sustainability goals are aligned through our Sustainability Framework for sharper focus to create value for critical areas involving our stakeholders and business. The sustainability goals will drive Malakoff's sustainability performance throughout our business and strengthen the Group's commitment to creating long-term value for our stakeholders.

We incorporate environmental considerations in the Group's business strategy to maintain the Group's long-term competitive performance while safeguarding the environment and related communities. Integrating these considerations implies the Group's operation in an ethical and responsible manner that provides reasonable assurance of its long-term financial viability.

As a sustainably conscious organisation, Malakoff takes a three-pronged holistic approach towards sustainability. Our approach of embedding the triple bottom line into business operations, objectives and goals ensures that the Group will remain relevant in the longer term.

Corporate Governance Overview Statement

The heightened materiality of sustainability to the business requires the Board to factor in sustainability components, risks and opportunities into its strategies at all times. The Board together with Management take responsibility in the establishment of the Company's sustainability agenda and road map. Robust processes, controls and governance are in place to ensure transparent disclosures. There is greater Board oversight of ESG issues and greater accountability on matters pertaining to ESG.

The strategy and long-term vision are underpinned by the Company's commitment to contribute to the greater good of our people and planet through responsible business practices and 13 out of 17 Sustainable Development Goals (SDGs) of the 2030 Agenda. As a leading player in the power and environmental services sector, the Group will continue to support the government's initiatives in achieving the Nationally Determined Contributions ("**NDCs**") submitted to the United Nations Framework Convention on Climate Change ("**UNFCCC**") and towards being a carbon neutral nation by 2050.

The Sustainability Framework defines primarily, the implementation of our sustainability strategy across the Group's business and our commitment to environmental responsibility with carefully considered goals, programmes and business partners. Integrating ESG impacts involve amongst others, mitigating climate change risks, managing our facilities and conducting our business activities to minimise environmental impact.

The Board acknowledges that the Company's financial outcomes are linked to our ability to manage ESG risks and opportunities as much as we recognise that an inclusive society build on human dignity and the responsible use of human capital is essential for all of us to thrive.

The well-being of customers, employees and other stakeholders as well as the environment is crucial to sustaining the Company's long-term performance and continued relevance. The Board considers the integration of ESG factors as a component of the Board's fiduciary responsibility, and accountable therefore to the oversight and management of sustainability.

The Sustainability Report for 2022 sets out Malakoff's commitment to improving the Group's sustainability practices so that we are more competitive, resilient and adaptable to change. The Report details the scope of our sustainability reporting and sustainability framework for the year under review.

II. Board Composition

Independent Non-Executive Directors ("INED")

During the year under review, the Board comprises nine directors with eight non-executive directors ("**NED**") and an executive director who is the MD/CEO of the Company. Five out of the eight NEDs are INED and the remaining three are non-independent non-executive directors ("**NINED**"). One additional INED joined the Company on 1 March 2023. In this respect, the Company has fulfilled Practice 5.2 of MCCG 2021 for Large Companies to have a majority of independent directors ("**ID**"). With the current Board composition of more than 50% IDs on the Board, it has also met the MMLR of Bursa Malaysia.

The Board composition includes directors with various backgrounds, credentials, experience, knowledge and skills. This enables the Board to provide insights, perspectives and independent judgement to lead and steer the Group's business.

Whilst it is important to promote diversity, the normal selection criteria of a director based on an effective blend of competencies, skills, experience and knowledge in areas identified by the Board remain a priority. The Board is committed to ensure that its composition not only reflects diversity, but will also have the right mix of skills and balance to contribute to the achievement of the Company's goals and objectives. The Board believes that the Board size is optimal in terms of number, diversity and length of service/experience. This Board composition is able to support objective and independent deliberation, review and decision-making to allow for a more effective oversight of Management.

The Board acknowledges that NEDs may hold external directorships and other business interests. The Board reviews the declarations made by Directors on the number and nature of their external directorships. The Board has in place a set of procedures for Directors' compliance/declaration of their potential external Board appointment to ensure that there is no potential conflict in the pending appointment.

The Board recognises the important contributions that INEDs made to good corporate governance. Board decisions are made taking into account the views of the INEDs as they carry substantial weight in ensuring that strategies proposed by Management are deliberated and examined for the best interests of the shareholders and stakeholders.

The Board, save for the INEDs, has determined that the IDs have fulfilled the criteria under the definition of an ID as stated in the MMLR of Bursa Malaysia and are able to maintain their independent and objective judgements, and contribute positively to the business strategies, operations and corporate governance of the Company and the Group.

Tenure of Independent Directors ("ID")

Under the Company's Policy on INED Tenure, the tenure of IDs is limited to nine years with a provision for re-appointment subject to annual shareholders' approval up to twelve years of service. On the Board assessment carried out for 2022, the Board was satisfied that the length of service of IDs does not impair independent and objective judgement to be exercised by the IDs and for them to discharge their fiduciary duties in the best interests of the Company and the Group.

The cumulative term of service of each ID for FY2022 is summarised below:

Name of Independent Directors	Year(s) of Service (Appoximate)
Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali	1
Datuk Rozimi Remeli	6
Dr. Norida Abdul Rahman (appointed on 1 August 2022)	0.4
Datuk Dr. Syed Muhamad Syed Abdul Kadir*	10
Datuk Idris Abdullah*	10

** Two INEDs of the Company will retire in accordance with the Board's 9-year policy and will retain office until the conclusion of the 17th Annual General Meeting of the Company.*

Boardroom Diversity

Malakoff recognises the importance of diverse background, experience, age, gender and race of its Directors that would reinforce the Company in maintaining a compelling competitive advantage. These divergences allow for difference in opinion and perspectives and offer all options to be deliberated before decisions are made. These distinctions are considered when deciding on the Board composition. The Company's Board Diversity Policy outlines the approach to diversity on the Board including gender, age and ethnic diversity.

The criteria, process and requirements to be observed by the BNRC and the Board in carrying out their responsibilities on nomination, assessment and re-election of Director(s) are outlined in the TOR of BNRC. During the year under review, the BNRC had identified and assessed the suitability of a woman candidate to be appointed on the Board. Upon the Board's deliberation, Dr. Norida Abdul Rahman was appointed as the INED of the Company on 1 August 2022. With the appointment of Dr. Norida Abdul Rahman on the Board, the Company complies with the MMLR of Bursa Malaysia which require at least one woman director to be appointed for the Company. As an continuous effort, the BNRC will source for additional woman directors to be appointed on the Board of Malakoff.

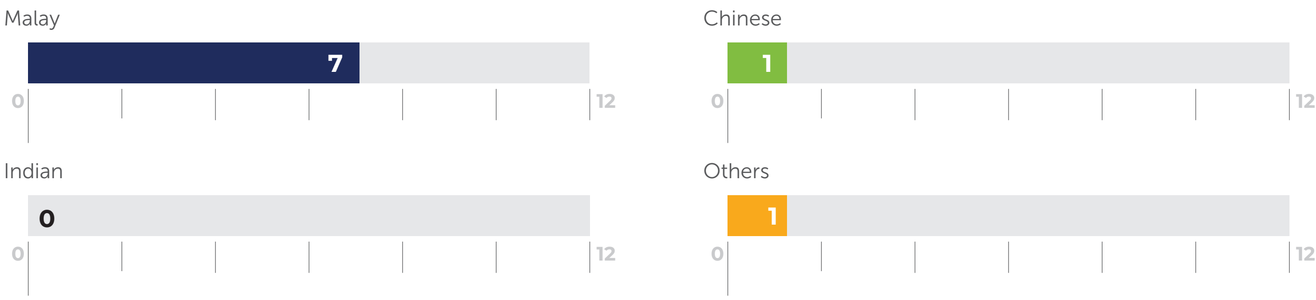
Corporate Governance Overview Statement

A summary of Board composition by category, age, gender and race/ethnicity is provided below:

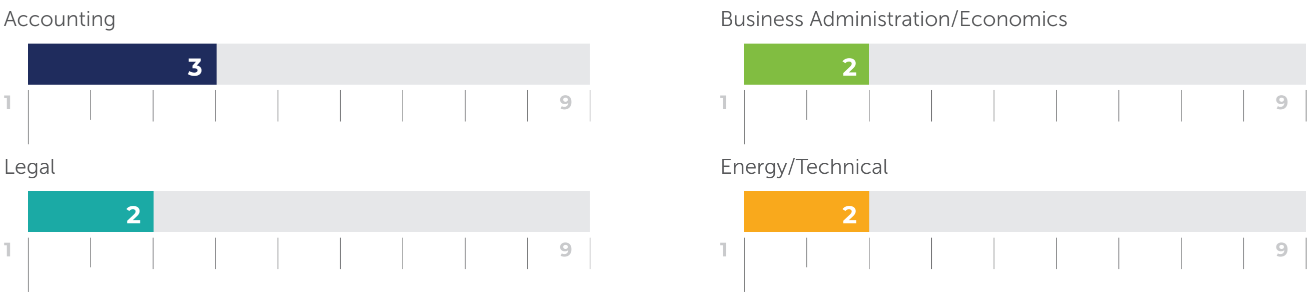
Gender

Age

Race/Ethnicity



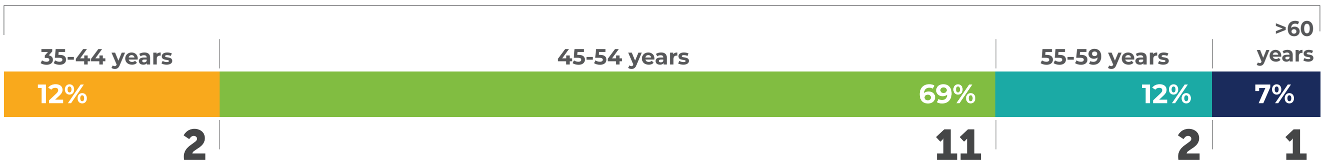
Skills and Experience



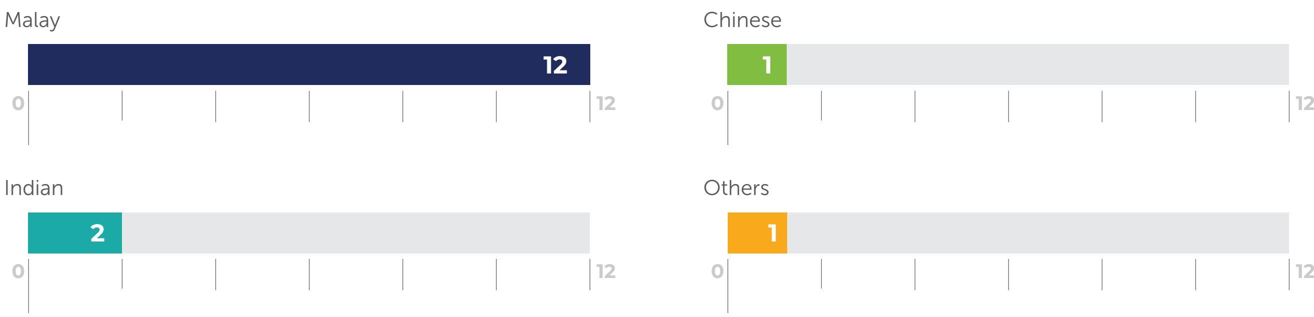
The Senior Management's gender, age and race/ethnicity statistic is also provided below:

Gender

Age



Race/Ethnicity



The Board discloses in its Board Charter on gender diversity for the Board and gender diversity for Senior Management in this Integrated Annual Report.

The Board Diversity Policy of Malakoff is also made available at https://www.malakoff.com.my/corporate-governance.

Corporate Governance Overview Statement

Appointment of Directors

Appointment of directors and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. Directors appointed should be able to devote the required time to serve the Board effectively. The Board should consider the existing Board positions held by a director, including on board of non-listed companies.

In identifying candidates for appointment of directors, the Board does not solely rely on recommendations from existing directors, management or major shareholders. The Board will utilise independent sources to identify suitably qualified candidates as and when requires. If the selection of candidates is based on recommendations made by existing directors, management or major shareholders, the BNRC will assess and provide justification on the basis of the recommendation.

The Board ensures shareholders have the information they require to make an informed decision on the re-election and re-appointment of director(s). This includes details of any interest, position or relationship that might influence or reasonably be perceived to influence, in a material respect of their capacity to bring an independent judgement to bear on issues before the Board, and to act in the best interests of the Company as a whole.

Re-election and Re-appointment of Directors

In accordance with Article 105 of the Company's Constitution, one-third of the Directors for the time being shall retire by rotation at an annual general meeting ("**AGM**") of the Company provided always that all Directors shall retire from office at least once in every three years and be eligible for re-election at the AGM. A Director retiring at the AGM shall retain office until the close of the meeting whether adjourned or not.

In accordance with Article 111 of the Company's Constitution, Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office until the conclusion of the next AGM and be eligible for re-election.

The Board at its meeting held on 13 March 2023 endorsed the recommendation of the BNRC for the following Directors to be considered for re-election pursuant to the relevant Articles of the Constitution at the Company's forthcoming 17th AGM. All Directors named below have offered themselves for re-election at the said AGM:

Article 105

a) Datuk Ooi Teik Huat
b) Datuk Rozimi Remeli
c) Anwar Syahrin Abdul Ajib

Article 111

a) Dr. Norida Abdul Rahman
b) Datuk Prakash Chandran Madhu Sudanan

In assessing Directors' eligibility for re-election and re-appointment, the BNRC considers their competencies, commitment, contribution and performance based on the Board's annual evaluation, fit and proper assessment on the directors within the scope of the Company's Fit and Proper Policy, and their ability to act in the best interest of Malakoff. The Directors' rotation list was presented to the BNRC for endorsement prior to its recommendation to the Board for approval.

Fit and Proper Policy ("F&P Policy")

As part of the Company's efforts to enhance the process of appointment and re-election of directors in Malakoff and its subsidiaries, Malakoff had on 30 June 2022 adopted a Director's F&P Policy in compliance with Paragraph 15.01A of the MMLR of Bursa Malaysia and any other applicable rules and regulations.

The F&P Policy sets out the fit and proper criteria and due diligence process for appointment and re-election of directors. It serves as a guide for the BNRC and Board in evaluating the candidate(s) for new appointment or a retiring director for re-election to the Board.

During the year under review, the BNRC and the Board had considered various factors based on the following criteria in assessing the suitability of a candidate for new appointment to the Board:

(i) Character and integrity
(ii) Experience and competence
(iii) Time and commitment

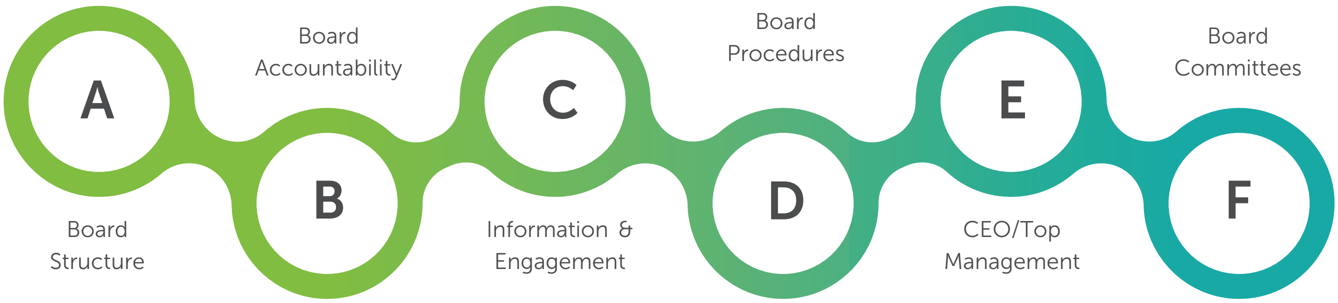
The new directors of the Company completed a Fit & Proper Declaration Form for review by the BNRC and Board on their appointments. In addition, the new directors were also required to disclose any business and/or other interest that may result in a conflict of interest with the Company or its subsidiaries.

Other than new appointment and re-election of directors, the fit and proper assessment on a director may also be conducted at any time the Company becomes aware of information that may materially compromise a director's fitness and propriety.

Annual Evaluation

The Board conducts an evaluation on the effectiveness of the Board, Board Committees and each individual director annually. For the financial year under review, an independent adviser was appointed to conduct the Board and Directors' evaluation with the coordination of Corporate Secretarial team.

The Board evaluation focuses on the following six key parameters:



The independent adviser circulated a set of questionnaires for the Board and Board Committees evaluation of Malakoff followed by interview with each individual director of the Company. The results of evaluations were summarised by the independent adviser and presented to the Board on 13 March 2023. As a whole, the evaluation results for the financial year under review demonstrated that the Board met the performance criteria required for an effective and committed Board.

Based on the results of the annual evaluation of the Board, Board Committees and individual Directors for the year under review, the Board is able to gauge and put in place appropriate actions to address areas for improvement. The evaluation confirmed the strength of the Board and the high performing boardroom culture. Priority areas and key findings have since been incorporated in the action plans that would further improve the Board performance in the new financial year.

Directors' Training

The Board recognises the importance of continuous training for Directors and encourages all Directors to attend appropriate programmes, courses and seminars to stay abreast on the relevant business development and industry outlook. This is to ensure Directors are equipped with the necessary skills and knowledge to perform their duties and responsibilities. In addition, the Company organises an induction programme and orientation for new Directors on board.

Corporate Governance Overview Statement

During the financial year under review, all Directors attended at least one training/seminar/workshop and the summary of which is provided in the table below:

Name	Trainings
Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali	i. UTP Energising Future Webinar Series 2022: "Future Playbook of Complementary University – Industry Linkages" ii. Webinar: Part 1 of 2 – Task Force on Climate-related Financial Disclosures iii. Webinar: Part 1 of 2 – In-House Training on Corporate Governance & Environmental, Social & Governance ("ESG") iv. Webinar: Part 2 of 2 Task Force on Climate-related Financial Disclosures v. Webinar: Part 2 of 2 – In-House Training on Corporate Governance & ESG vi. Webinar: Cyber Security Awareness Training vii. Webinar: Innovation for Cool Earth Forum (ICEF) – First Asia Green Growth Partnership Ministerial Meeting viii. LUX Research Talk Session on Energy ix. Sesi Forum Liabiliti Korporat Seksyen 17A x. 5th International Empowering Energy Transition xi. Webinar: New Thinking About Data – The Future of Data Governance and the Need for Digital Leadership xii. International Studies Public Lecture: The Politics of biodiversity loss – International responses & Malaysia with Prof. Emeritus Tan Sri Dr Zakri Abdul Hamid xiii. Webinar: Future Competitiveness Summit xiv. Accelerating Business Transformation – Implementing Strategic Change by YBhg Datuk Dr Hamzah Kassim, Co-Founder & CEO of iA Group xv. Cities 4.0 2022 Conference & Exhibition xvi. Webinar: International Directors Summit 2022 xvii. Webinar: Learning to Navigate Crisis xviii. Khazanah Megatrends Forum xix. Webinar: Khazanah Megatrends Forum xx. Webinar: ESG & Sustainability xxi. Webinar: Future Competitiveness Summit xxii. Board of Engineers Malaysia (BEM) Convention Day 2022 "Engineering the Future" xxiii. Cambridge & Science Roundtable – to deliberate on the role of science and technology in advancing humanity and the world
Anwar Syahrin Abdul Ajib	i. TCFD Climate Disclosure Training Programme 102 ii. Cyber Security Awareness Training iii. ESG and Sustainability

Name	Trainings
Tan Sri Che Khalib Mohamad Noh	i. Sesi Perbincangan – Persepsi Terhadap Pelaburan Langsung Asing (FDI) ke Malaysia bersama YB Dato' Sri Mustapa Mohamed, Menteri di Jabatan Perdana Menteri (Ekonomi) ii. Webinar: High-Income and Advanced Nation iii. Sesi Libat Urus – Pelan Air Negara iv. Shariah Non-Compliance Risk Management in Islamic Banking & Finance v. Invest ASEAN 2022 Malaysia – ASEAN Framing a Future vi. Conference Panellist: 2nd Annual Clean Power New Energy 2022 – Shaping the future of energy in Asia. Topic: Advanced Engineering in Renewables vii. BMMB Shariah Structured Training: Latest Product Development & New Offering to the Market viii. Khazanah Megatrends Forum 2022 – Development and its Complexities; Steering our Way Through a Perfect Storm ix. ESG and Sustainability x. Perdana Leadership Foundation CEO Forum 2022: Plenary Session "Malaysia's Signposts and Hotspots: The Next Decade's Trends and Growth Areas". Panellist CEO Forum, themed "Major Trends Impacting the Malaysian Economy (and You)"
Datuk Dr. Syed Muhamad Syed Abdul Kadir	i. Corporate Strategic Plan FY2023/2024 – Board Challenge Session ii. ESG and Sustainability iii. Khazanah Megatrends Forum 2022 iv. Cyber Security Awareness Training v. Engagement with CEOs/Chairmen of Insurance Companies/Takaful Operators and Insurance/Takaful Associations on of BNM's Annual Report 2021, Economic & Monetary Review 2021, and Financial Stability Review Second Half 2021 vi. BNM-FIDE FORUM Dialogue: on Licensing Framework for Digital Insurers and Takaful Operators
Datuk Ooi Teik Huat	i. TCFD Climate Disclosure Training Programme 102 ii. Cyber Security Awareness Training iii. Economic Outlook and Lookout by Maybank Investment Bank Dialing up the ESG Agenda – Doing More by AT Kearny Board Alignment Workshop on Culture by Cultures Partners iv. Operationalising ESG Priorities: Findings from WTW's Global Research v. ESG and Sustainability
Datuk Idris Abdullah	i. Task Force on Climate related Financial Disclosure 102 ii. Cyber Security Awareness Training iii. ESG and Sustainability iv. Becoming a Future-Focused Risk Management Committee v. Corruption Offence of Commercial Organisations Section 17A MACC ACT vi. The Sustainable Development Goals – A global, transdisciplinary vision for the future

Corporate Governance Overview Statement

Name	Trainings
Datuk Rozimi Remeli	i. Task Force on Climate related Financial Disclosure 102 ii. Cyber Security Awareness Training iii. ESG and Sustainability iv. Section 17A of Malaysian Anti-Corruption Commission (“MACC”) Act and Adequate Procedures v. Audit Oversight Board Conversation with Audit Committee
Dato’ Mohd Naim Daruwish	i. Sustainable Investment for Nominee Directors ii. Cyber Security Awareness Training iii. ESG and Sustainability
Dr. Norida Abdul Rahman	i. ESG and Sustainability ii. Mandatory Accreditation Programme

III. Board Remuneration

The Board remuneration has been designed to align with industry practices, taking into account the appropriate calibre of each Director whilst upholding the shareholders’ interests. This is to ensure the remuneration package is able to attract, retain and motivate capable directors.

The Board remuneration will be reviewed by the BNRC before proposing to the Board for consideration. The BNRC is made up of the following NEDs:

Name of Directors	Designation
Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali (Chairman)	Independent Non-Executive Chairman
Tan 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

Remuneration Policy

The Board has remuneration policies and procedures to determine the remuneration of directors and senior management, considering the demands, complexities and performance of the Company as well as skills and experience required. The policies ensure remuneration level is sufficient to attract, retain and motivate high calibre individuals with the required credentials, skills, talent and experience in the Board and Board Committees.

The remuneration policies and practices reflect the different roles and responsibilities of NEDs, executive directors and senior management. These policies and procedures are periodically reviewed by the BNRC.

The remuneration recommendation to the Board for the Company’s Directors and Senior Management shall be based on the following considerations:

(i) levels of remuneration structure are sufficient to attract and retain the individuals needed to run the Company successfully at the Board as well as Senior Management level;
(ii) links rewards to both the Company and individual performances, responsibilities, expertise and complexity of the Company’s activities;
(iii) aligns the interests of directors, senior management and our stakeholders with the business strategy and long-term objectives of our Company;
(iv) information obtained from independent remuneration sources within similar industry.

Directors' Remuneration

(a) Remuneration of the Executive Director(s) and Chief Executive Officer ("**CEO**")

The remuneration package for the executive director and CEO is structured to link rewards with corporate and individual performance. The BNRC is responsible to review and recommend Remuneration Policy and Framework as well as the remuneration package for the Managing Director or CEO to the Board. The Board has overall responsibility to approve the remuneration for these positions.

(b) Remuneration of the NEDs

The remuneration package for NEDs reflects the individual's merits, valuable contribution and level of responsibilities. The fees payable to NEDs are reviewed and determined by the Board with the recommendation of the BNRC. Individual director(s) who have shareholding in the Company will abstain from voting on his/her own fees at the general meetings.

(c) Remuneration of the Group's Senior Management (excluding CEO)

The Company's remuneration policy takes into account the various levels of senior management based on job grade structure, roles and responsibilities and levels of accountability. This ensures that remuneration packages are just and fair. All bonuses are determined by the Board on the recommendation of the BNRC after reviewing the individual performance appraisals and achievements.

The details of the aggregate remuneration received by the MD/CEO and NEDs for the financial year ended 31 December 2022 are set out in the table below:

MD/CEO (Executive Director)									
Name of Director	Salary, Bonus and Defined Contribution* (RM)	Board Committee/ Subsidiary Monthly Allowances (RM)		Meeting Allowances of Board and Board Committees (RM)		Other Allowances/ Emoluments (RM)	Monetary Value of Benefits-in-Kind ("BIK")* (RM)	Total (RM)	
		Company	Subsidiaries	Company	Subsidiaries			Company	Subsidiaries
Anwar Syahrin Abdul Ajib	2,337,720.00	–	–	–	14,000.00**	–	86,747.65	2,424,467.65	14,000.00
Sub-total for ED	**2,337,720.00**	**–**	**–**	**–**	**14,000.00**	**–**	**86,747.65**	**2,424,467.65**	**14,000.00**

* *The said amounts 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 ("AFSB") are shared on an equal basis between Malakoff and the MD/CEO.*

Corporate Governance Overview Statement

NED										
Name of Directors	Directors' fees (RM)	Board Committee/ Subsidiary Monthly Allowances (RM)		Meeting Allowances (RM)		Other Allowances[a] (RM)	Monetary Value of BIK[h] (RM)	Annual Leave Passage for FY2020[g] (RM)	Total (RM)	
		Company	Subsidiaries	Company	Subsidiaries				Company	Subsidiaries
Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali	360,000.00	36,000.00	–	43,000.00	12,000.00[b]	25,000.00	34,722.14	–	498,722.14	12,000.00
Tan Sri Che Khalib Mohamad Noh [c]	108,000.00	24,000.00	60,000.00[d]	43,000.00	2,500.00[d]	36,816.29[e]	–	–	211,816.29	62,500.00
Datuk Dr. Syed Muhamad Syed Abdul Kadir	108,000.00	96,000.00	–	63,500.00	–	10,000.00[f]	–	20,000.00	297,500.00	–
Datuk Idris Abdullah	108,000.00	90,000.00	60,000.00[d]	63,500.00	4,500.00[d]	45,000.00[e]	–	20,000.00	326,500.00	64,500.00
Datuk Ooi Teik Huat	108,000.00	30,000.00	–	65,500.00	–	45,000.00[e]	–	20,000.00	268,500.00	–
Datuk Rozimi Remeli	108,000.00	54,000.00	–	82,500.00	–	45,000.00[e]	–	20,000.00	309,500.00	–
Dato' Mohd Naim Daruwish	108,000.00	24,000.00	–	61,000.00	–	14,444.54[e]	–	–	207,444.54	–
Dr. Norida Abdul Rahman	45,000.00	–	5,000.00[d]	15,000.00	–	–	–	–	60,000.00	5,000.00
Sub-total for NED	**1,053,000.00**	**354,000.00**	**125,000.00**	**437,000.00**	**19,000.00**	**221,260.83**	**34,722.14**	**80,000.00**	**2,179,982.97**	**144,000.00**

Notes:

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. Directors' remuneration is shared on an equal basis between MMC Corporation Berhad ("MMC") and the NED who is nominated by MMC.
d. Monthly allowances and meeting allowances payable by the subsidiary of Malakoff, AFSB.
e. Annual leave passage & supplemental fees claimed for year 2021 and 2022.
f. Annual supplemental fees claimed for year 2021 and 2022.
g. Annual leave passage for year 2020 paid in year 2022.
h. Benefits-in-kind paid to the Chairman of Malakoff comprising company car and reimbursement of petrol.

Total (ED & NEDs)	**3,390,720.00**	**354,000.00**	**125,000.00**	**437,000.00**	**33,000.00**	**221,260.83**	**121,469.79**	**80,000.00**	**4,604,450.62**	**158,000.00**
Total remuneration at Group level	**3,390,720.00**	**479,000.00**		**470,000.00**		**221,260.83**	**121,469.79**	**80,000.00**	**4,762,450.62**	

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. BAC

The BAC assists the Board in carrying out its oversight responsibilities by reviewing financial information and providing an unbiased review on the effectiveness and efficiency of the Group's internal controls.

The BAC is made up of four members out of whom, three members are IDs. The BAC is chaired by an INED who does not hold chairmanship on the Board and other Board Committees. The BAC members possess extensive experience in finance, business administration, legal matters and energy industry who could effectively contribute to business strategy and corporate governance discussions with shrewd business acumen.

Name of BAC Members	Designation
Datuk Dr. Syed Muhamad Syed Abdul Kadir (Chairman)	Independent Non-Executive Director
Datuk Ooi Teik Huat	Non-Independent Non-Executive Director
Datuk Idris Abdullah	Independent Non-Executive Director
Datuk Rozimi Remeli	Independent Non-Executive Director

All BAC members are financially literate and have sufficient understanding of the Group's business. This enables them to continuously apply a critical and probing view on the Group's financial reporting process, transactions and other financial information, and effectively challenge Management's assertions on the Company's financials.

The roles and responsibilities of BAC are:

1. assist the Board in fulfilling its statutory and fiduciary responsibilities in examining and monitoring the Company and its subsidiaries' management of business, financial risk processes, accounting and financial reporting practices;

2. determine the adequacy and effectiveness of the administrative, operational and internal accounting controls of the Group and to ensure that the Group is operating in accordance with the prescribed procedures, code of conduct and applicable legal and regulatory requirements;

3. serve as an independent and objective party from management in the review of the financial information of the Company and Group presented by management for circulation to shareholders and the general public;

4. provide direction and oversight of the internal and external auditors of the Company to ensure their independence from management; and

5. evaluate the quality of audits conducted by the internal and external auditors on the Company and Group.

The Company has a policy that requires a former partner of Malakoff's external auditors to observe a cooling-off period of at least three years before his/her appointment as a member of the BAC. This requirement is included in the TOR of BAC. To date, none of the BAC members has been a former key audit partner of the Company.

The BAC report for the financial year 2022 has been reviewed by the BAC to ensure its compliance with the relevant regulatory requirements and guidelines.

Corporate Governance Overview Statement

Review of External Auditors

The BAC has policies and procedures to assess the suitability, objectivity and independence of the external auditors to safeguard the quality and reliability of audited financial statements.

External audit firms are evaluated based on their experiences, capabilities, audit approach and independence prior to recommending their appointment or re-appointment to the shareholders for approval. The evaluation includes review on the auditors' service levels and any significant changes to their scope of work to address new business developments, for recommendation of their re-appointment to the BAC.

External auditors are evaluated on their objectivity and independence, technical competency and ability, understanding of the Group's businesses and industries, resources assigned and capability of the engagement team as well as making recommendations in areas in need of improvement.

The BAC considers the information presented in the Annual Transparency Report of the audit firm on matters covered therein including the audit firm's governance, leadership structure and measures undertaken by the audit firm to uphold audit quality and manage risks.

Policies are in place for any non-audit services proposal by external auditors to be presented to the BAC to ensure the auditors' independence is maintained.

For more detailed explanation on BAC, please refer to the BAC Report section in this Integrated Annual Report.

Internal Audit

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 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 with the International Professional Practices Framework issued by the Institute of Internal Auditors. As at 31 December 2022, the total number of personnel in GIA was eleven including the Chief Internal Auditor. The name, credential and work experience of the Chief Internal Auditor of GIA are disclosed on page 134 of this Integrated Annual Report.

Details of the internal audit function and activities are presented in the BAC Report on pages 160 to 164 of this Integrated Annual Report.

Financial Reporting

Financial procedures and standards have been put in place to assist the Board in discharging its duty of ensuring that Malakoff maintains adequate and accurate records for purposes of timely reporting of its financial statements. Ultimately, this results in better stakeholder communication enabling them to have informed assessment of Malakoff's performance and future prospects.

For the year under review, no accounting irregularities were reported by either internal or external auditors.

II. Risk Management and Internal Control

The Board has established BRIC to oversee the Group's overall risk management policy and framework, and to assess major investments by the Group. The BRIC consists of four members with three members who are INED with diverse background. Each BRIC member has vast management experience, in-dept knowledge of the industry and integrity. The composition of BRIC is as follows:

Name Of Directors	Designation
Datuk Idris Abdullah (Chairman)	Independent Non-Executive Director
Datuk Dr. Syed Muhamad Syed Abdul Kadir	Independent Non-Executive Director
Datuk Rozimi Remeli	Independent Non-Executive Director
Dato' Mohd Naim Daruwish	Non-Independent Non-Executive Director

In the discharge of its responsibility to effectively manage risks across Malakoff, the Board reviews its risk management processes and internal control procedures to ensure a sound risk management and internal control system to safeguard shareholders' investments and the assets of Malakoff.

The Management is accountable to the Board to ensure effective implementation of risk management and internal control system. The Management formulates and endorses the risk management policy, frameworks and guidelines including their implementation across the Group. The risks are reviewed quarterly (or as required) and appropriate control measures are applied to mitigate the identified risks. The Management also assigns accountabilities and responsibilities at appropriate levels within Malakoff and ensures that all the necessary resources are efficiently allocated to manage risks.

Further details on the Group's risk management and internal control frameworks are described and explained in the Statement of Risk Management and Internal Control section of this Integrated Annual Report.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Group bears in mind the importance of timely and effective communication with stakeholders to keep them up to date on the Group's latest financial performance and business matters affecting the Group. Financials and non-financials information on the development of the Group has constantly been communicated to the stakeholders through various means including:

- 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;
- Annual/Extraordinary General Meetings – offer 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/Site Visits – throughout the year, we held meetings with key shareholders, 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.

Regular communication and engagement with stakeholders are critical for the sustainable growth of the Group's business as this gives stakeholders better insight of Malakoff and facilitates mutual understanding of each other's expectations. The Company deems that an open dialogue with relevant stakeholder groups such as regulatory agencies, employees, shareholders, investors and the general public as necessary.

Accordingly, the protection of shareholders' and stakeholders' interests both in the short and long-term is central to the way the Board operates. The Board acknowledges that effective engagement is crucial in understanding the views of the Company's stakeholders in order to make an informed decision.

The information published in the Investors Relations section at https://ir2.chartnexus.com/malakoff/v2/index.php.

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, both physically and virtually. During these engagements, the Group would address their concerns, where possible, to deliver sustainable value to its shareholders. In 2021, there were increased engagements with the Company's key shareholders and the ESG investors due to the higher focus on sustainability matters. Additionally, we have been actively engaged with other investor relations ("**IR**") stakeholders such as Bursa Malaysia, Malaysia Investor Relations Association ("**MIRA**") and other IR service providers to ensure the Group practices the highest standards of transparency and disclosure.

II. Conduct of General Meetings

The Board and Management implement several measures to ensure shareholders are able to participate, engage the Board and Senior Management effectively, and make an informed voting decisions at general meetings. The Board, with the assistance of the Company Secretary, has provided shareholders with sufficient notice and time to consider the resolutions that will be discussed and decided at the AGM by issuing the notice for AGM at least 28 days before the meeting.

Notice for the 16th AGM held on 28 April 2022 was sent to shareholders on 29 March 2022. The notice includes details of the resolutions to be tabled and explanations on the resolutions. Details of the resolutions proposed along with background information and reports or recommendations that are relevant were also provided in the Notice of AGM.

Having regard to the well-being and safety of the attendees to the AGM and as part of the Company's precautionary measures, the 16th AGM was held virtually through live streaming and using Remote Participation and Voting ("**RPV**") facilities. During the virtual AGM, shareholders and proxies were given opportunity to engage with the Board and Senior Management via RPV facilities which had enhanced the quality of engagement with shareholders and facilitate participation by shareholders at the AGM from remote locations. All resolutions were passed by the shareholders via RPV platform.

The minutes of meeting was made available on Malakoff's website at www.malakoff.com.my within 30 business days after the AGM.

Key Focus Areas and Future Priorities

Other than embracing the best practices in MCCG 2021, the Company has always looked into achieving higher corporate governance standards. To accomplish this goal, the Management provides its annual update and highlight to the Board on the Company's journey of governance. With this continuous effort by the Board and Management, the Board has viewed the key focus areas and future priorities in corporate governance practices as described below:

1. The Board will look into the possibility to increase disclosure of sustainability targets, initiatives and performance through improved engagement with key sustainability bodies to encourage transparent reporting and tracking.

2. The Board remains committed to actively work towards having more women directors on the Board in 2023, depending on the availability of qualified candidates and the Board's skill requirements.

On business strategies and plans for the Group, Malakoff continues to strive for growth in our key growth areas i.e. traditional power generation, renewable energy ("**RE**"), environmental solutions, water and strategic bets, underpinned by ESG, materiality and returns. Other than the expansion of the Group into the environmental solution sector, the Company has also engaged into various solar power generation projects including expansion of its services to residential rooftop solar installation in line with its objective of securing new growth businesses for the Group. Under the RE portfolio, the Group is also exploring opportunities in the biogas, biomass, mini-hydro and Waste-to-Energy segments. As part of its efforts to drive the transition towards low-carbon systems, the Group is exploring viability of green mobility infrastructure.

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 204 to 209 of this Integrated Annual Report together with the details of the Company and the Group financial statements for the financial year ended 31 December 2022 which are set out on pages 204 to 343 of this Integrated 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 2021 as well as the relevant paragraphs under the MMLR of Bursa Malaysia for the financial year under review. Any practices in the MCCG 2021 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 13 March 2023.

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 2022 ("FY2022").

Datuk Dr. Syed Muhamad Syed Abdul Kadir
Chairman/Independent Non-Executive Director

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) and (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

CHAIRMAN

DATUK DR. SYED MUHAMAD SYED ABDUL KADIR
Chairman/Independent Non-Executive Director

No. of meetings attended
5/5

MEMBERS OF BAC

DATUK IDRIS ABDULLAH
Member/Independent Non-Executive Director

No. of meetings attended
5/5

DATUK OOI TEIK HUAT
Member/Non-Independent Non-Executive Director
(Member of the Malaysian Institute of Accountants)

No. of meetings attended
5/5

DATUK ROZIMI REMELI
Member/Independent Non-Executive Director

No. of meetings attended
5/5

MEETINGS

The BAC met five (5) times during the FY2022. 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 communications and discussions 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 review on the Group's interim half-year financial results. The review provided assurance to the BAC on the reliability and consistency of the Group's interim financial results 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, as and when the BAC considered appropriate.

The Company Secretaries act as the Secretaries of the BAC. The Chairman of the BAC reports the 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 are 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 "Corporate Governance" section of the Company's website at www.malakoff.com.my.

SUMMARY OF ACTIVITIES FOR THE FY2022

(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 FY2022, 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, where applicable, the accounting policies adopted and applied by the Group to ensure compliance with the applicable approved accounting standards, including the appropriateness of the accounting provisions and compliance with other statutory and regulatory requirements;

(b) Reviewed the declaration of the 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 in the audit, going concern considerations and the Auditors' Report that were included in the Company's Integrated Annual Report;

(d) Reviewed the BAC 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 half-yearly basis, any corrected material misstatements in the accounts and reviewed the summary of uncorrected audit misstatements for the Group.

Board Audit Committee Report

(ii) External Audit

Where applicable, at the meetings of the BAC during FY2022, the following were reviewed and discussed with the BAC by the External Auditors, Messrs. KPMG PLT ("KPMG"):

(a) Reviewed the report on new and recurring significant audit findings including financial reporting issues, significant judgements made by Management and unusual events or transactions. The report includes 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 their duties as the Group's External Auditors are safeguarded and any potential conflict of interest is being managed;

(c) Reviewed the External Auditors' 2022 Audit Plan prior to the commencement of the statutory audit for FY2022, highlighting amongst others, the engagement team involved in the statutory audit, audit timeline, scope and nature of the audit and audit focus areas, including key audit matters for the statutory audit;

(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 Auditors' performance, suitability and its independence as the Company's External Auditors for FY2022. The results of the assessment for FY2022 were noted by the BAC and KPMG was recommended for re-appointment as the External Auditors of the Company for FY2023. The Board at its meeting held on 13 March 2023 approved the BAC's recommendation for re-appointment of KPMG, subject to the shareholders' approval being obtained at the forthcoming 17th Annual General Meeting ("AGM") of the Company.

(f) Held two (2) private sessions with the External Auditors in February and November 2022, 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 FY2022 amounted to RM72,372 which was approved by the Chief Financial Officer in line with Clause 7.4.1 of the non-audit services policy of the Company. The non-audit services were mainly related to tax compliance services and agreed-upon procedures to verify compliance of financial covenants by certain subsidiaries of the Group.

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 their independence and objectivity. 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 FY2022 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 they 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 FY2022.

(iii) Internal Audit ("IA")

During the year 2022, the BAC had carried out the following:

(a) Reviewed and approved the Annual IA Plan for FY2023 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 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 past audit reports to ensure non-recurrence;

(d) Reviewed and deliberated on the results from ad-hoc special review assignments or audit investigations performed by GIA based on Management's request or complaints received through whistleblowing 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 recommended for the Board's approval the revision of the Whistleblowing Policy to further enhance and improve the effective implementation of the policy within the Group;

(g) Reviewed and assessed the effectiveness and performance of the IA function in respect of audit quality, scope, adequacy of resources and competency; and

(h) Held two (2) private sessions with the Chief Internal Auditor in February and November 2022 without the presence of the Management to ensure that there was no restriction 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 one (1) RPT 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 the transaction was 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 limits 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 on normal commercial terms.

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 organisation.

The IA 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 by bringing an objective and disciplined approach in evaluating and improving the effectiveness of internal control, risk management, whistleblowing and governance 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, performance evaluation, Annual IA Plan, budget and organisational 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, risk management, whistleblowing and governance processes of the organisation;

Board Audit Committee Report

(b) Develop an 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 together with audit recommendations for improvement, Management's responses and agreed action plans to address the control deficiencies;

(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; and

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

In addition, GIA is also responsible for the administration and implementation of the Group's Whistleblowing 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, non-compliance to laws and regulations, 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 and Chief Internal Auditor via letter or e-mail to whistleblowing@malakoff.com.my.

For FY2022, GIA had performed nine (9) audits which include full audits, follow-up audits, special review assignments and investigation covering the areas of operations, maintenance, procurement, finance, human resource, overtime management and health, safety, security and environment.

The IA reports were tabled and presented to the BAC for deliberation, highlighting key control issues together with audit recommendations for improvement, 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 2022, the total number of personnel in GIA was eleven (11) including the Chief Internal Auditor. The name, credential and work experience of the Chief Internal Auditor of GIA are disclosed on page 134 of the Integrated Annual Report 2022.

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 the latest developments in the IA practices and attend relevant trainings organised by the Institute of Internal Auditors Malaysia. The total cost incurred by GIA for FY2022 was RM2.4 million.

This BAC Report is made in accordance with the resolution of the Board duly passed on 13 March 2023.

Statement On Risk Management and Internal Control

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") 2021 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.

MANAGEMENT'S AND BOARD'S RESPONSIBILITY

The Management is accountable to the Board to ensure effective implementation of risk management and internal controls. The Management formulates and endorses the risk management policy, frameworks and guidelines including their implementation across the Group. The risks are reviewed and course of action to mitigate the identified risks are then recommended. The Management also assigns accountabilities and responsibilities at appropriate levels within Malakoff as well as ensuring that all the necessary resources are allocated to manage risks.

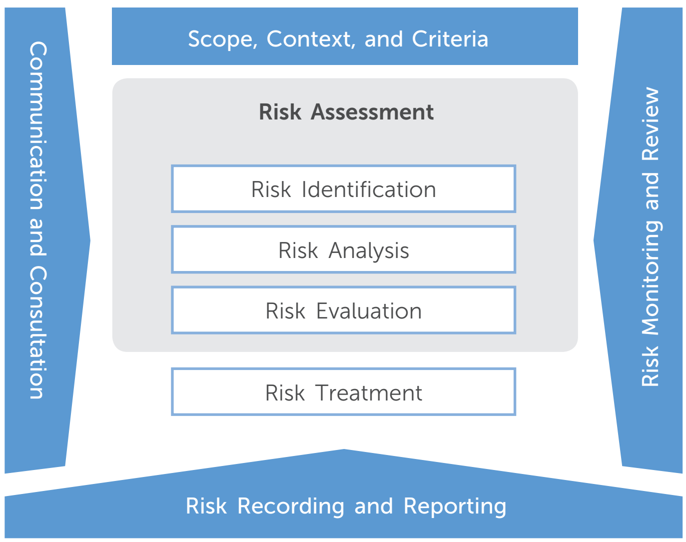
The Board is responsible for the overall tone and culture towards an effective risk management and internal control system in the Group. The Board is also responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal controls processes. The Group's risk management processes are designed such that all key risk areas are 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.

MANAGING RISK

The Board acknowledges that risk management is fundamental in providing protection and safeguarding the interest of the group and its shareholders to ensure sustainable growth to the group. The Group's risk management processes are guided by the Enterprise Risk Management Policy and Framework ("ERMPF") and ISO 31000:2018 Risk Management Guidelines.

The Board Risk and Investment Committee ("BRIC") oversees the Group's risk oversight responsibilities and framework and the overall risk implementation across the group. At the management level, the Management Risk Committee ("MRC") supports the BRIC in integrating risk management strategies, 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"). At the operational level, risks are discussed and managed at the respective power plants and divisions, through the Plant Risk Committee ("PRC"). The Group's ERMPF has been revised in 2020 to reflect the changes from the updated version of ISO 31000:2018.

The risk management process can be summarised below:



Statement On Risk Management and Internal Control

The Group defines risk as events that could affect the achievement of 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, risk treatment and risk mitigation 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 \ Impact	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	6	7	8	9	10
Likely	5	6	7	8	9
Possible	4	5	6	7	8
Unlikely	3	4	5	6	7
Rare	2	3	4	5	6

Integrating Risk Management Process

A Corporate Digital Assurance module is used in Enterprise Risk Management System ("ERMS") to enhance the Group's risk management implementation. 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.
- Where exposure is considered acceptable, they have documented and validated that the control activities are in place.
- 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 escalated 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 the Corporate Risk Scorecard fairly reflects the position of the Group.

Risk Governance

On a quarterly basis, the identified risks are discussed and deliberated at the MRC meeting chaired by the Managing Director/ Chief Executive Officer ("MD/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:

BOD	Board of Directors
BRIC	Board Risk and Investment Commitee
MRC	Management Risk Commitee
RPIID	Risk, Process Improvement and Integrity Department
PRC/BU	Plant Risk Management Committees/ Business Units

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 program. In line with this, the MRC continues to reinforce risk management principles among employees to ensure continuous improvement at all levels.

Emerging Risks

Global issues such as the Covid-19 pandemic, ESG requirements and cybersecurity concerns have triggered organisations to strategise and put more emphasis on these topics. In view of this, the risks related to these issues have been deliberated in the risk management process through the MRC and BRIC. In addition to this, the Group has implemented several measures in line with the ERMPF regarding its operations which can be summarised as follows:

- Provide guidelines and procedures to manage risks relating to the Covid-19 pandemic
- Provide Covid-19 and other related information to employees
- Review of Operational Cybersecurity analysis and Information technology exercises
- Monitor integrity and anti-bribery issues by BRIC

Integrity Assurance

The Group has zero tolerance against bribery and corruption, and has in place the ISO 37001:2016 Anti Bribery Management System ("ABMS").

The objective of the system is to assist the Group in mitigating the risks of involvement in bribery, promoting trust and confidence in business dealings, as well as enhancing the Group's reputation. The Group has been audited and certified with ISO 37001:2016 by SIRIM QAS International Sdn Bhd. One of the key components in the system is the development of the bribery risk register which was done to evaluate the suitability and effectiveness of the Group's current controls to mitigate bribery issues. Amongst the controls that were established are the WhistleBlowing Policy, Group Code of Conduct, and Limits of Authority.

The Group has established a structure which details the roles and responsibilities under the ABMS framework as described in Figure 2. In addition to this, all employees within the Group are responsible for understanding and complying with the ABMS requirements when executing their duties.

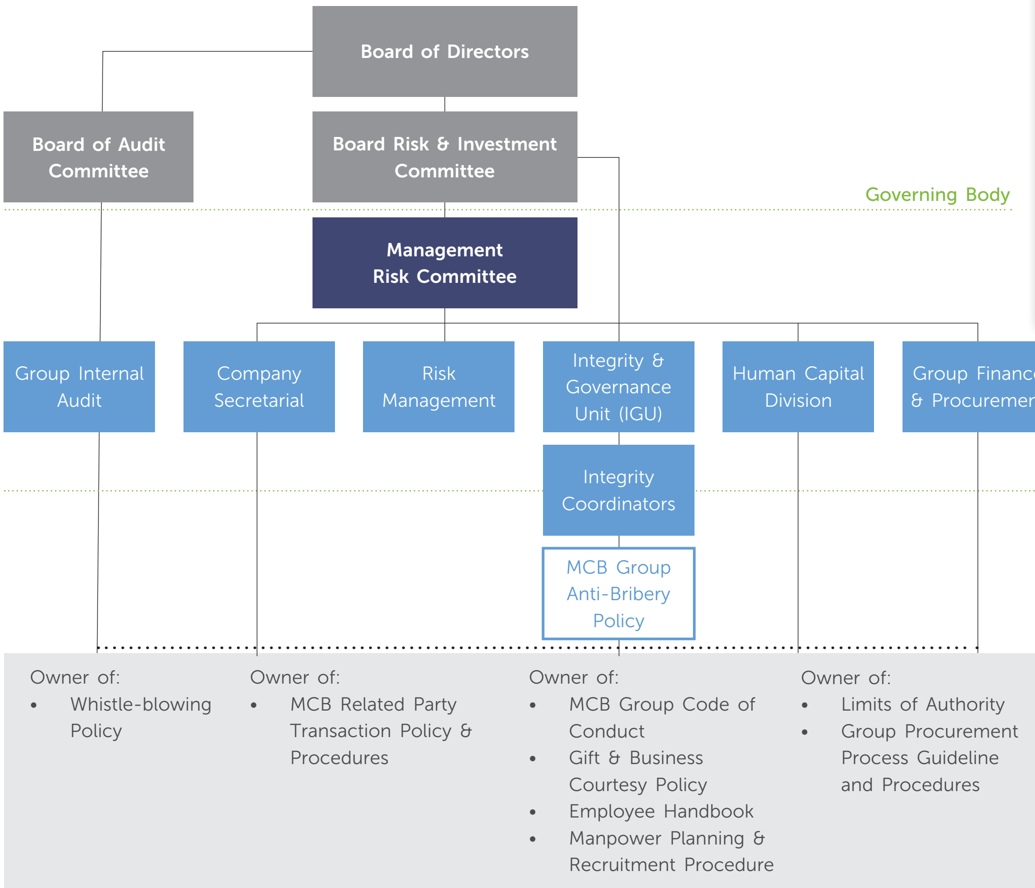


Figure 2 Group Anti-Bribery Policy Framework

Statement On Risk Management and Internal Control

INTERNAL CONTROL SYSTEM

The key features of the Group's 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 are the obligations of the MD/CEO and MRC.

Business Plan, Budget and Reporting

Malakoff Corporation Berhad develops 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 actual results against budget on a quarterly basis in conjunction with the public announcement of the Group's quarterly financial results 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 conditions.

Limit 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 pages 160 to 164 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 procedures 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 within the Company 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 BAC and the Chief Internal Auditor via letter or e-mail to whistleblowing@malakoff.com.my.

The Chief Internal Auditor is responsible for the administration and implementation of the Whistle-blowing Policy and any amendments to this Policy shall be effected by the Chief Internal Auditor, subject to recommendation by the BAC and the approval by the Board of Directors.

Anti-Bribery Policy

The Group's Anti-Bribery Policy was approved and adopted on 3rd October 2019. This Policy was then revised and approved on 24th 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 Ventures 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 operations and performance of the joint venture and/or associates.

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, Process Improvement and 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, Process Improvement and Integrity Department. The report is then escalated to the Board upon deliberation by BRIC; and
- BAC deliberates and discusses reports issued by the Group Internal Audit 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 & Integrity Department 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 2022, 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 13 March 2023.

Additional Compliance Information

UTILISATION OF PROCEEDS

In 2021, Tanjung Bin Energy Sdn Bhd ("TBE") had issued the Sukuk Murabahah program of up to RM4.5 billion to facilitate the repayment of amounts owing between Tanjung Bin Energy Issuer Berhad ("TBEI") and TBE under a turnkey contract involving the redemption of TBEI's existing Sukuk Murabahah and proposed settlement of TBEI's existing Senior RM term loan and Senior USD term loan ("senior loans facilities") of which TBE had subsequently utilised RM2.97 billion to repay the amounts owing to TBEI.

During the financial year, TBE utilised RM710 million under the Sukuk Murabahah program to partially settle TBEI's senior loans facilities.

AUDIT FEES AND NON-AUDIT FEES

The fees paid/payable to the external auditor, 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 2022 are as follows:

	Group 2022 RM'000	Company 2022 RM'000
Audit fees	1,340	430
Non-audit fees	72	26

MATERIAL CONTRACTS

On 26 January 2022, TBE entered into an agreement with Consortium HSL-TGE-GASB, 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 (collectively "Contractor") for the full and final resolution of the disputes arising from the Engineering, Procurement, Construction and Commissioning Contract dated 9 June 2017 for the New Coal Unloading Jetty and Associated Bulk Material Handling System at 1x1000MW Coal Fired Power Plant at Tanjung Bin, Johor which are the subject of an arbitration commenced by TBE against the Contractor under the Arbitration Rules 2018 of the Asian International Arbitration Centre ("Arbitration"). Upon request by TBE and the Contractor to the arbitral tribunal, the Arbitration has been terminated as evident in the Order for Termination of Arbitration dated 11 March 2022.

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

Malakoff Corporation Berhad ("**Malakoff**" or **"the Company"**) had at its 16th Annual General Meeting ("**AGM**") held on 28 April 2022 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 17th 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 2022 pursuant to the said shareholders' mandate are as follows:

No.	Malakoff and/or its subsidiary companies	Transacting related parties	Nature of relationship	Nature of transactions	Value of transaction from 1 January 2022 to 31 December 2022 (RM'000)
				Expenses to Malakoff Group	
1	Alam Flora Sdn Bhd (**"AFSB"**) 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	Provision of motor vehicle maintenance services by DRB Group	2,106
				Supply of scrap materials/any assets (i.e. bins, automotive, scrap loose ferrous, etc) by DRB Group	6,842
				Payment of utilities and logistics cost and/or miscellaneous expenses to DRB Group	538
				Payment of rental services (i.e. buildings, building service charges, motor vehicle, etc) to DRB Group	2,489
				Purchase of machineries, motor vehicles and bins	1,427
2	AFSB Group	MMC Corporation Berhad (**"MMC"**) Group	MMC is a major shareholder of Malakoff	Payment of utilities cost and/or miscellaneous expenses to MMC Group	552
				Supply of scrap materials/any assets by MMC Group	454
3	AFSB 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 travel related services by Tradewinds Group	1
				Total	**14,409**

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 2022 to 31 December 2022 (RM'000)
			Revenue to Malakoff Group		
4	Tuah Utama Sdn Bhd (**"TUSB"**) Group	MMC Group	MMC is a major shareholder of Malakoff	Development of roooftop solar photovoltaic project at premises within MMC Group	54
5	TUSB Group	DRB Group	DRB is a 55.92%-owned subsidiary of ESSB, a company in which TSSM is a major shareholder	Development of rooftop solar photovoltaic project at premises within DRB Group	2,368
6	TUSB Group	Tradewinds Group	A wholly-owned subsidiary of PLSB, a company in which TSSM is an indirect major shareholder	Development of rooftop solar photovoltaic project at premises within Tradewinds Group	0
7	AFSB Group	DRB Group	DRB is a 55.92%-owned subsidiary of ESSB, a company in which TSSM is a major shareholder	Provision of building maintenance services to DRB Group	17,065
				Provision of all kinds of services related to cleaning, collection and cleansing to DRB Group	2,171
8	AFSB Group	MMC Group	MMC is a major shareholder of Malakoff	Provision of all kinds of services related to cleaning, collection, cleansing and landscaping to MMC Group	3,326
				Provision of building maintenance services to MMC Group	202
				Total	**25,186**

Notwithstanding the related party disclosures already presented in the audited financial statements in accordance with Malaysian Financial Reporting Standard 124, Related Party Disclosures ("**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 29 March 2022 in relation to the proposed shareholders' mandate for RRPT.

Energy Solutions for Greener Future

Sustainability Report

In this report, we provide an account of Malakoff's approach to our material matters, the initiatives implemented in managing these matters, and the results achieved in 2022. We also describe how we seek to build on our existing platforms to further strengthen our ESG impacts for better future outcomes.

SUSTAINABILITY GOVERNANCE

Sustainability at Malakoff is overseen by our Board of Directors, which has the ultimate responsibility for our corporate governance and stakeholder value creation. The Board is supported by a Sustainability Department which reports to Management and the Board.

To further strengthen our sustainability governance, in 2022, we developed the Terms of Reference ("TOR") for a soon-to-be-established Management Sustainability Committee ("MSC"). The MSC will guide the development of the Group's sustainability strategy and direction, ensuring these are in line with our corporate vision, goals and values. It will also provide leadership and set the tone from the top, on the development of a sustainability culture across the Group.

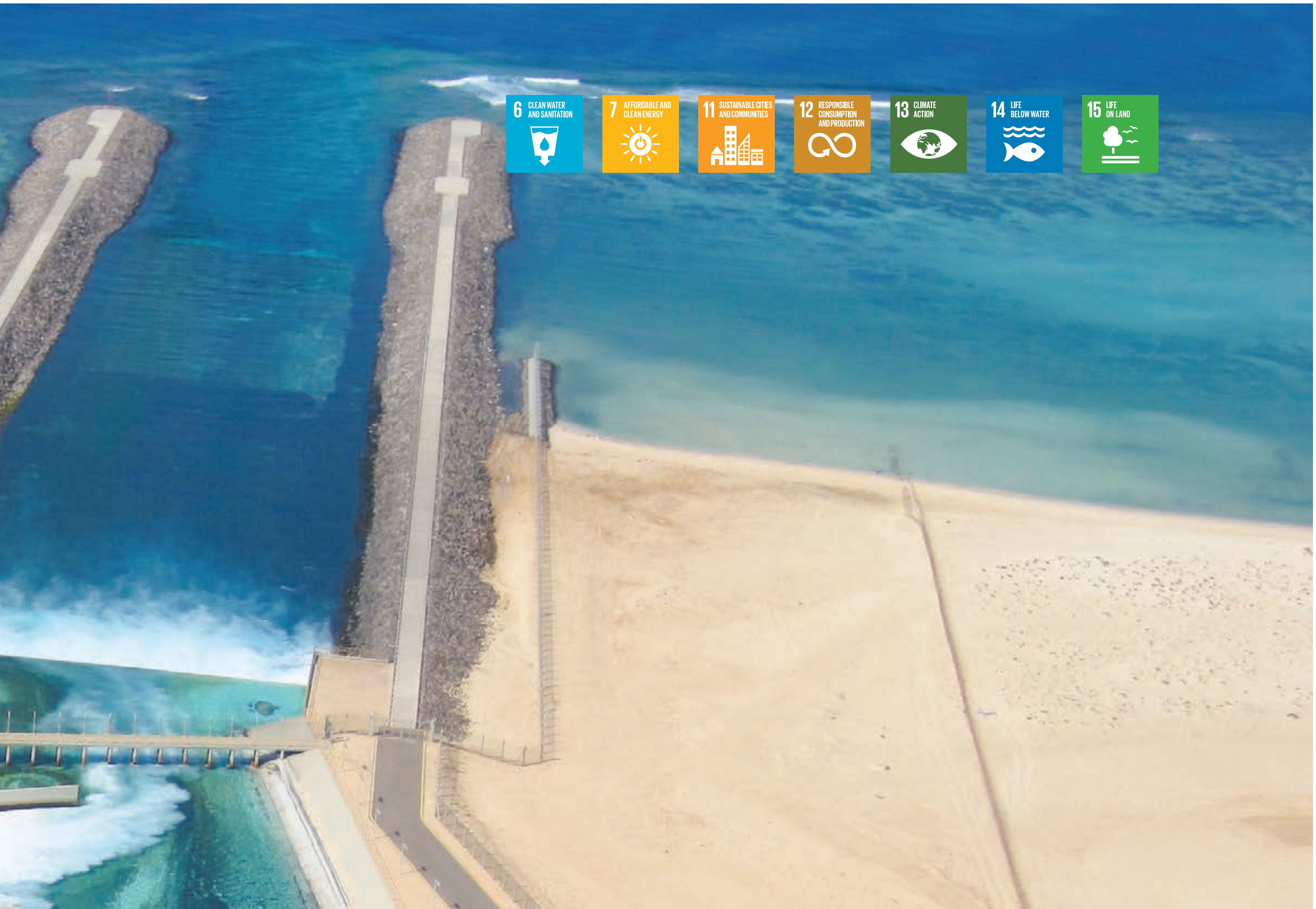
We believe that to obtain optimal Environmental, Social and Governance ("ESG") results, everyone at Malakoff must understand the importance of sustainability and contribute to our corporate goals. Towards this end, we have embarked on roadshows which was extended to Q1 of 2023 to engage all senior management, Heads of Departments and key operations personnel in Malakoff to share our sustainability journey.

SAFEGUARDING THE ENVIRONMENT

Transitioning to a Cleaner Energy and Circular Economy Future

The most critical global issues today are related to the environment, with climate change taking the spotlight and waste management, particularly that of plastics, coming a close second. Both issues are directly related to Malakoff's core businesses, placing greater onus on us to ensure that we manage our operations sustainably. In terms of waste management, we do not restrict our initiatives to plastic but target all types of solid waste, promoting the 5R concept (refuse, reduce, reuse, recycle, recover) to limit waste-to-landfill and looking into innovative technologies via research and development ("R&D") engagements.

We are guided in this regard by our Environmental Policy which adheres to the Malaysian Environmental Quality Act, 1974 and relevant regulations in the other countries where we operate. In line with our Environmental Policy and adherence to ISO 140001 standards , we minimise our environmental impact, preventing pollution, conserving resources and reducing/recycling waste. This Policy is circulated across our business, shared with all new recruits and is available on our intranet, MaCNet, for easy reference by everyone.



Our Local Generation Division ("LGD"), which is responsible for most of the Group's carbon emissions, has been certified to ISO 14001:2015 Environmental Management System standards, demonstrating that the required processes and procedures are in place to assure operational and environmental integrity.

Our environmental performance is overseen by the Environmental Management Committee ("EMC") comprising an Environmental Performance Monitoring Committee ("EPMC") and Environmental Regulatory Compliance Monitoring Committee ("ERCMC").

KEY ACHIEVEMENTS

Successfully carried out **trial co-firing of carbon-free alternative fuel** such as biomass as part of our decarbonisation efforts.

Increased our Renewable Energy capacity to **40 MW** and successfully completed the installation and commissioning of rooftop solar projects totaling a capacity of **17.1 MWp**.

Increase of **16%** y-o-y in recyclable material collected, driven by growing awareness in green consumerism.

Sustainability Review

RENEWABLE ENERGY

As part of the Government's ambition to transition to a low-carbon economy, it is pushing the Renewable Energy ("RE") agenda with a keen focus on increasing the contributions of RE sources such as hydroelectric, solar, battery and bioenergy. The recently introduced Malaysia Renewable Energy Roadmap by Sustainable Energy Development Authority ("SEDA") Malaysia has set the target for RE to account for 31% of the country's fuel mix by 2025 and 40% by 2035, up from 23% of the national power installed capacity in 2020.

As the largest Independent Power Producer ("IPP") and environmental management company in Malaysia, we recognise the need to support the Government in its energy transition, including the promotion of RE. Committed to decarbonising our operations, we have been investing increasingly more into RE sources of energy particularly rooftop solar, while exploring other forms of clean energy including small hydro, biomass, biogas and new energies such as hydrogen and ammonia, energy storage, etc.

Key Initiatives

During the year, we completed the installation of 17.1 MWp rooftop solar PV projects for eight clients – Johor Port Berhad, AEON Co. (M) Berhad, HICOM-Teck See Manufacturing (M) Sdn Bhd, Isuzu Hicom Malaysia Sdn Bhd, HICOM Automotive Manufacturers (M) Sdn Bhd, Composites Technology Research Malaysia ("CTRM"), UMW Aerospace Sdn Bhd and KYW-UMW Malaysia Sdn Bhd. This brought our total installed and commissioned solar PV capacity to 20.6 MWp at the end of 2022. In addition, we signed an SPPA to develop and operate a 0.615 MWp solar PV facility at Senai Airport, generating 800 MWH of electricity annually which translates to a carbon reduction of 555.2 tCO_2e/year. Construction of the facility will begin in Q3 2023 and is expected to be completed by year end. Furthermore, we have been awarded 12 new projects to develop and operate solar PV facilities with a total capacity of 10.4 MW, which is expected to be secured through SPPA in 2023.

Beyond solar, we seek to decarbonise our thermal power plants by injecting clean fuels with coal, hence reduce the coal content in the energy mix. During the year itself we were able to run Tanjung Bin Power Plant successfully for a trial period of 10 days using ~1.5% of biomass as fuel. The biomass was in the form of Empty Fruit Bunches ("EFB") pellets. This initiative was carried out in collaboration with IHI Power System (M) Sdn Bhd ("IPSM"). Upon analysis of this pilot run, we will be engaging the relevant authorities on the cofiring implementation options.

We also signed a Memorandum of Understanding ("MoU") with ITOCHU Corporation of Japan to study the feasibility of co-firing our coal plants in Johor with hydrogen/ammonia. The project, which is supported by the Japanese Ministry of Economy, Trade and Industry ("METI"), will be a crucial step towards reducing carbon emissions while leveraging hydrogen/ammonia as transitional fuel.

Going Forward

We have set the target to achieve 1,400 MW in RE capacity by 2031 from 40 MW currently. Although this represents a significant increase in capacity, we are confident of achieving it by building our rooftop solar business more aggressively while growing our Solar Power Purchase Agreement ("SPPA") and Virtual PPA ("VPPA") portfolios. We will also explore potential opportunities in biogas, biomass, small hydro, Battery Energy Storage System ("BESS") and carbon-free mobility infrastructure and will participate in all future Large Scale Solar ("LSS") tenders.

ENERGY CONSUMPTION

As stated in Newton's First Law of Thermodynamics, energy can neither be created nor destroyed but simply changes from one form to another. The generation of energy therefore requires energy consumption. The most efficient energy producers are the ones that are able to achieve the best conversion rates from the primary source of energy into electricity. Integral to our efforts to reduce our carbon footprint, we seek to create optimal efficiencies in our energy consumption through better conversion rates at our plants and more energy-efficient systems in our office premises.

Consumption across Our Operations

A key initiative at our coal-fired plants is to enhance our combustion efficiency, which translates into less coal burnt for the same heat generation. This is supported by various operational excellence projects which was initiated under Malakoff 2.0 Strategic Transformation including optimised use of auxiliary power for plants on operation and standby mode. We also optimise our electricity distribution system and district cooling system supplied to the customers via Malakoff Utilities Sdn Bhd ("MUSB") by minimising electricity distribution losses and maximising our chiller operating efficiency. We consume both primary fuels (natural gas and coal) as well as secondary fuels, diesel and Light Fuel Oil ("LFO"), in our thermal plants.

Non-Generation Related Consumption

At our plants and office premises, various initiatives are ongoing to increase our energy efficiency. These include progressive replacement of all ballast lights to Light Emitting Diodes ("LED") at our plants following the completion of the process at our headquarters ("HQ"). We have also installed movement sensors in areas that are not used all the time so that lights switch off automatically when nobody is around at our HQ office and to be extended to site offices. In addition, we have in place a Mechanical Ventilation and Air-Cooling ("MVAC") system optimisation programme at our plants which ensures that the input and output temperatures are continuously monitored and leak detection test are carried out to avoid unnecessary cooling and loss of energy.

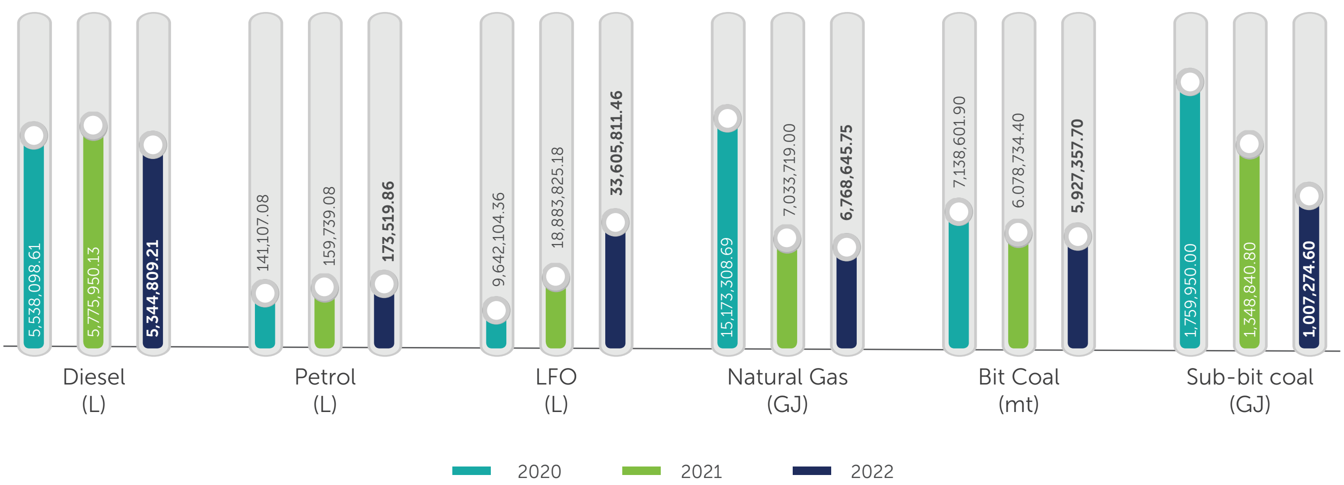
Meanwhile, LGD employees receive training in energy efficiency and energy management ensuring that our operations are carried out sustainably. Among others they attend programmes such as the Registered Electrical Engineer Manager ("REEM") certified training, the Certified Energy Manager ("CEM") and Green Building Index ("GBI") facilitator programmes.

In 2022, employees from the Thermal Business attended the following programmes:

Training Title	Provider	Certification
Energy Manager Training	Malaysian Green Technology and Climate Change Corporation ("MGTC")	Yes
Webinar on New and Emerging Technologies, Energy Efficiency and Government Energy Policies	Solar Energy Research Institute ("SERI") of the National University of Malaysia ("UKM")	No
Green Build Conference 2022- Accelerating Sustainability in Malaysia's Real Estate Sector	GreenRE Sdn Bhd	No
GreenRE Refresher Course 2022	GreenRE Sdn Bhd	No
Certified Energy Management and Energy Audit Course	Universiti Tunku Abdul Rahman ("UTAR")	No
Certified Energy Manager	Malaysian Association of Energy Services Companies ("MAESCO")	Yes

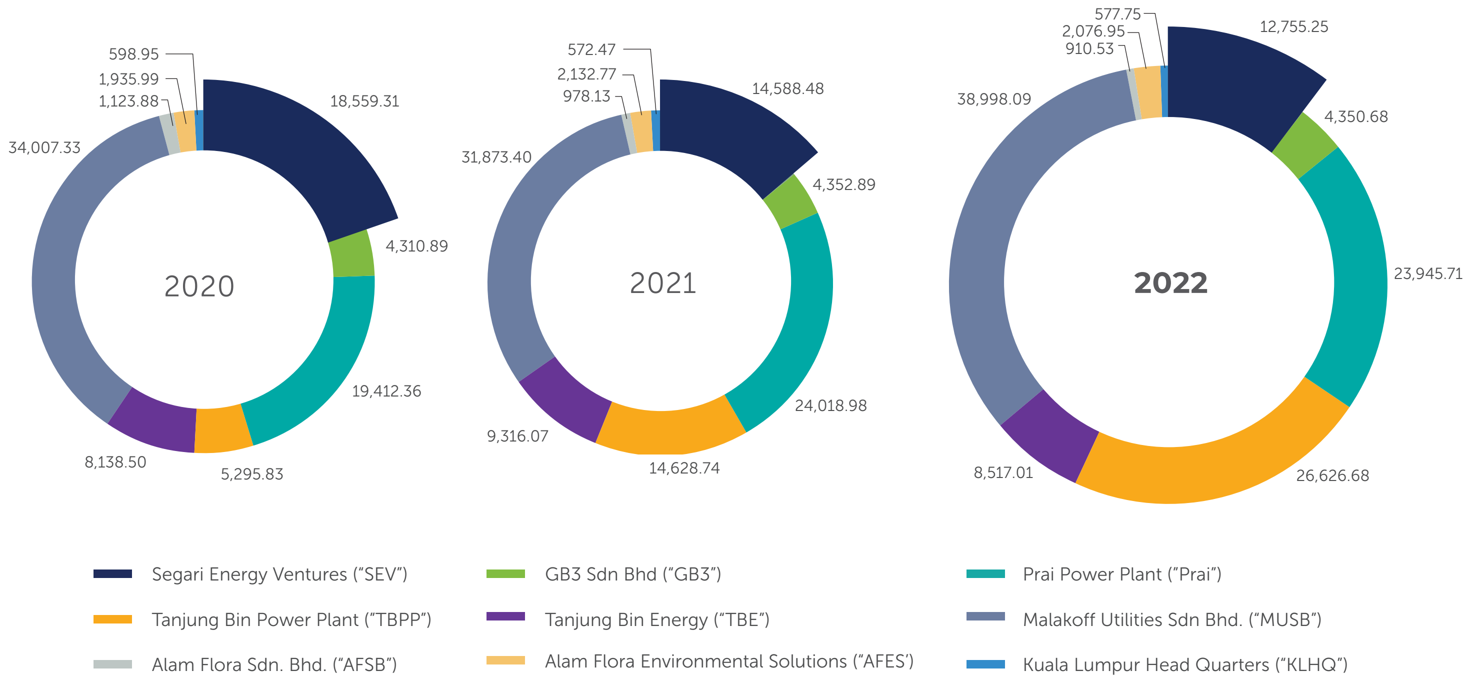
Sustainability Review

Energy consumption at our plants, facilities and HQ



Our consumption of LFO increased in 2022 due to the coal supply issues and escalating gas price as per dispatch instruction received. Meanwhile, consumption of natural gas and coal reduced as a result of lower capacity factors at our plants.

Electricity consumption at our plants, facilities and HQ (MW)



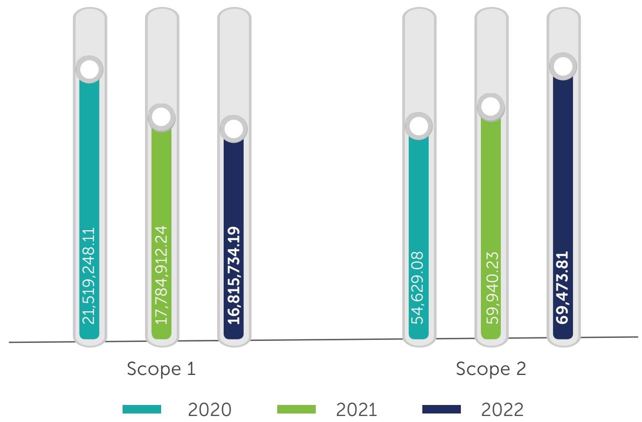
Consumption at SEV has been reducing significantly since 2020 due to reduced dispatch from the plant. Meanwhile consumption at TBP has been increasing as a result of higher import power due to the number of start-ups (15 in 2022 as compared with 10 in 2021), with one unit on reserve shutdown. Consumption at MUSB has also increased year-on-year due to increased dispatch post COVID-19 along with business recovery.

Carbon Emissions

We monitor our carbon and non-Greenhouse Gas emissions (sulphur and nitrogen oxides) from our plants and facilities. In 2021, we disclosed our Scope 1 (direct emissions from our operations) and Scope 2 (indirect emissions from purchased electricity) for the first time. This year, we have further expanded our reporting to include Scope 1 emissions from our fleet fuel usage and Scope 2 emissions from imported power for Alam Flora's business.

To further enhance our reporting, we plan to engage and utilise an online carbon accounting platform with real-time data for more extensive coverage of Alam Flora's operations including its incinerators, as well as its avoided emissions via Anaerobic Digesters ("AD") and recycling. We are also in the process of conducting carbon emission data assurance based on ISO 14064.

Scope 1 and Scope 2 Carbon Emissions
(tCO_2e)



Note:

1. Covers all assets operated and maintained by Malakoff and its subsidiaries including Alam Flora's fleet and electricity consumption, based on equity approach.

3. Excludes offsets generated from our business activities.

Non-GHG emissions, in mg/m³

Year	Plant	SEV						GB3			PPP	TBP			TBE
		Unit 11	Unit 12	Unit 13	Unit 21	Unit 22	Unit 23	Unit 31	Unit 32	Unit 33		U10	U20	U30	
2020	SOx	0.05	0.13	0.26	2.06	0.23	0.12	0.92	1.57	0.79	2.90	319.32	359.38	364.01	278.75
	NOx	2.81	1.10	3.77	6.85	3.55	0.73	9.38	3.86	8.93	17.77	209.42	314.06	310.39	183.38
2021	SOx	0.00	0.00	0.00	2.58	0.00	0.00	1.09	0.96	0.76	4.81	286.66	294.20	262.68	176.18
	NOx	0.00	0.00	0.00	0.02	0.00	0.00	7.39	2.60	10.86	17.99	262.19	278.66	249.05	163.70
2022	SOx	0.00	0.00	0.00	3.42	0.00	0.00	0.28	0.82	0.56	5.75	186.88	281.35	291.89	193.92
	NOx	0.31	0.00	0.75	0.38	0.00	0.60	6.89	1.81	9.21	21.29	196.45	208.97	280.32	128.55

Note: *All data are daily averages for the year; and all limits are within the allowable emission limits*

Along with reduced energy consumption at our plants – where our consumption is the highest – our Scope 1 emissions as well as non-GHG emissions were lower overall in 2022 than in 2021. Our Scope 2 emissions increased by 15.9% due to increased outages in TBPP and increased demand at MUSB. In addition to being correlated with the capacity factor, SOx and NOx emissions depend to an extent on the type of fuel used in combustion and is managed via combustion tuning and fuel mixing.

Going Forward

We believe we can create further energy efficiencies in both our operations and premises and will be exploring various possibilities towards this end. We are currently exploring potential utilisation of micro-mobility involving the use of electric or hybrid vehicles at our Tanjung Bin plants. If successful, this will be extended to other plants as well as Alam Flora.

Sustainability Review

WASTE MANAGEMENT

Waste management is not just a sustainability imperative at Malakoff; it is part of our core business. Our approach to waste management is therefore to enhance efficiencies of Alam Flora and AFES, and especially to increase the recycling rate in Malaysia. The latter is in line with the Government's recycling agenda and its target to increase the National Recycling Rate to 40% by 2025. In addition to our core business, we ensure that all waste generated from our own operations are managed responsibly in line with the relevant regulations.

Waste Collection by Alam Flora

As the concessionaire for solid waste collection and public cleansing services in Kuala Lumpur, Putrajaya and the state of Pahang, Alam Flora is one of the leading waste management companies in Malaysia with direct contact with a significant number of the population. Recognising its reach, our subsidiary has taken up the challenge of creating a mindset shift among Malaysians with regard to waste disposal, encouraging separation at source to optimise recycling efficiencies.

The company runs numerous recycling awareness programmes and has even established the Fasiliti Inovasi Kitar Semula ("FIKS") in Putrajaya, which is the only centre in the country that doubles as an educational centre as well as an Integrated Recycling Facility ("IRF"). A flagship programme is 3R on Wheels ("3RoW"), launched in 2019 under Alam Flora and operated by AFES, which uses a six-wheeler truck fitted with a retractable stage and giant LED screen on its side (powered by solar panels on the roof of the truck) for talks and mini exhibitions in addition to on-site recyclable waste collection. Alam Flora also has a well-oiled Communications, Education and Public Awareness ("CEPA") programme leveraging social media and on-ground events to reinforce its 5R message.

During the year, no less than 170 CEPA activities were organised.

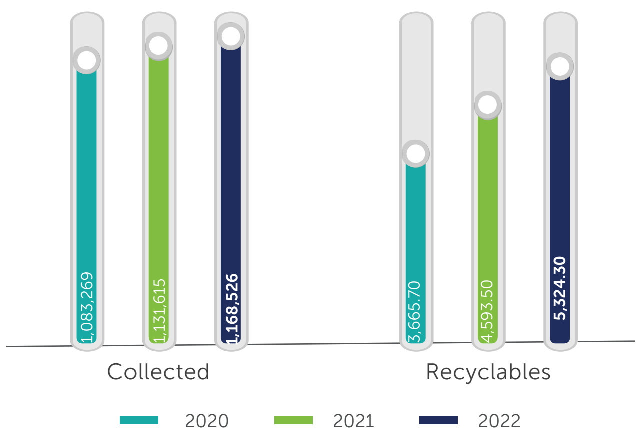
CSR Events	FIKS Visits	FIKS Pocket Talks	3R on Wheels
17 – including **'Waste is Amazing' Fashion Competition, 'Waste is Amazing' Upcycling Contest, Alam Flora Cyber Eco Hunt & Sustainability Hunt**	**11 segments** involving **11 speakers and key opinion leaders** in recycling, waste management and sustainability	**82** – total of **1,096 visitors** from the Government, corporate and academic sectors as well as the the general public	**60** programmes through which **51,248kg of recyclables were collected**

AFES also runs the RewardS@S at Putrajaya programme under which collection bins are placed at residential and commercial areas to facilitate recycling by the public.

Operationally, in 2022, AFES partnered with various organisations to enhance recycling and promote a circular economy.

- Entered into an agreement with PETRONAS Chemicals Group Berhad ("PCG") to supply plastic waste and organic waste for upcycling and R&D purposes, respectively.
- Collaborated with Kloth Cares, the first textile recycling movement in South East Asia. The partnership aimed at working together with the social enterprise to keep fabric out of landfills.
- Partnered with Perintis Alam Sdn Bhd, a manufacturer of glass cullet and abrasives, to provide recycling solutions for glass material (glass bottles and flat glass).
- Teamed up with Nestle Malaysia to drive plastic waste collection and recycling. This involves undertaking door-to-door collection for gated and non-gated premises in 15 townships in the Greater Kuala Lumpur area.

Volume of waste collected & recycled by Alam Flora Group
(Tonnes)



Note:
The waste collected is from concession operations (domestic, bulk, cleansing); received recyclables are from industrial and non-industrial segments.

Waste Management at Plants

We generate a significant volume of scheduled and un-scheduled waste at our plants, and have in place policies and procedures to ensure that all waste is treated responsibly, in accordance with Department of Environment ("DoE") regulations and the Environmental Quality Act (Scheduled Waste) Regulations 2005.

Scheduled Waste

Scheduled waste – comprising fly ash, bottom ash, used oil and chemicals from the power plant and incinerators – is handled according to our Scheduled Waste Management Policy which outlines clear procedures for Group-wide practice. All scheduled waste is stored at maintenance sites before being collected and disposed of by licensed contractors in accordance with DoE regulations. Fly ash is currently utilised in the production of cement and concrete products; and we are working with off-takers to leverage bottom ash as raw material for concrete, road premix and bricks. Once finalised, we will approach DoE for approval on implementing the programme.

Meanwhile, all our plant sites operated and maintained by Malakoff complies with the Environmental Quality Act (Scheduled Waste) Regulations 2005. Adherence to all the relevant regulations is assured via internal audits and site inspections. At TBE and TBP, we implement the Life Cycle Assessment, a tool used to analyse and evaluate any potential alternatives to reduce, reuse and recycle ("3R") waste.

Internally generated scheduled waste such as used lube oil, distillates and contaminated solid waste is collected by licensed domestic contractors and sent either to landfills or for incineration.

Unscheduled Waste

Operations at our plants lead to the generation of metal and rubber waste which are collected in scrapyards and disposed of by licensed contractors. Within our offices, we promote recycling among all employees through the placement of recycling bins in strategic areas.

Going Forward

We strive to strengthen research and technology to further enhance our recycling operations, especially in the areas of Waste-to-Energy ("WTE") and the development of alternative fuels. More recovery facilities are expected to be built to enhance the recycling rate in Malaysia. We also plan to set up two more drive-through buy back centres in Kuala Lumpur while upgrading the existing buy back centre in Kuantan into a drive-thru centre.

Sustainability Review

WATER MANAGEMENT

Water scarcity is already an issue in a number of countries and will become more pronounced, with the United Nations Children's Fund ("UNICEF") projecting that half the world's population could face water scarcity by 2025. Although Malaysia is not a water-stressed nation today, research indicates that the country is very likely to experience water shortage in the future if current consumption patterns persist together with a lack of catchment areas.[1] Given this scenario, and the fact that we use water intensively in our power generation, district cooling system and waste management, Malakoff is committed to responsible water management.

In the energy sector, we use raw water:

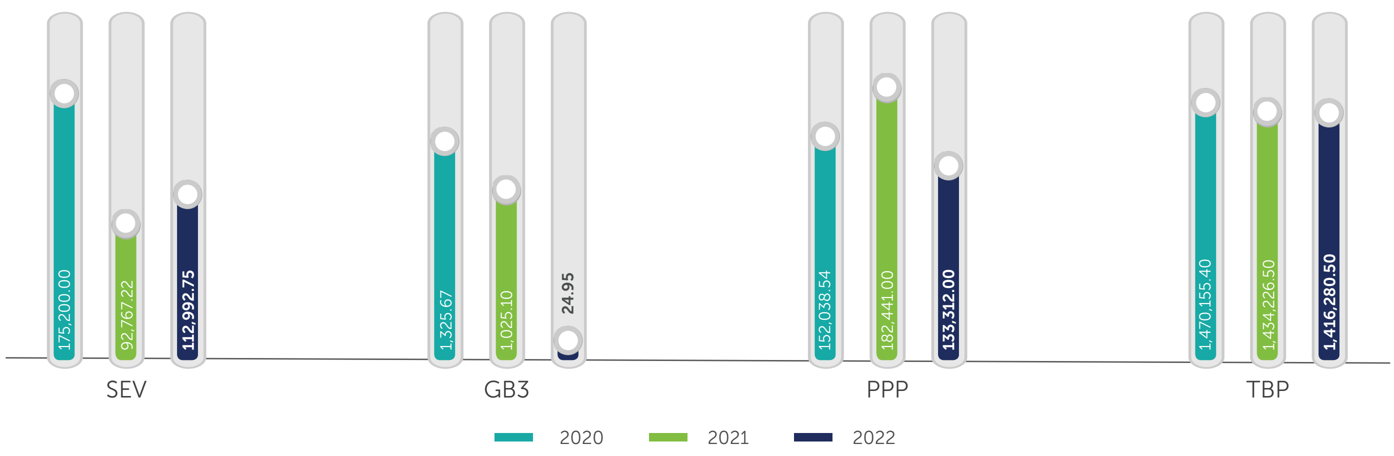
Meanwhile, sea water is used for cooling of steam before being released back to the sea.

In our district cooling system, we use water to supply chilled water to clients in KL Sentral. We also use water for cleaning purposes in the waste management sector.

Various initiatives are ongoing to reduce water consumption across our operations and in our office premises. These include:

- Rainwater harvesting for housekeeping and landscaping
- Leachate water treatment to reduce raw water consumption in incinerators for temperature control
- Studies on consumption patterns at TBP to optimise water use

Raw Water Consumption at Our Plants and Operations
(m^3)



[1] *Water: Keeping Malaysia hydrated, The Edge, 25 August 2022*

Raw Water Consumption at Our Plants and Operations
(m^3)

BIODIVERSITY CONSERVATION

Most of our plants are near the sea as it allows us to use seawater for cooling purposes. Because of their location, we have made it a priority to go over and above adherence to environmental standards to ensure we protect marine biodiversity.

Save Our Sea Campaign

Since 2011, we have been collaborating with the Perak State Fisheries Department ("JPNP") and Jabatan Taman Laut Malaysia in initiatives to organise our Save Our Sea programme through which we conduct activities from beach clean-ups to coral conservation. In 2022, we organised an event on 8 September at Pantai Teluk Senangin to provide awareness and education on the marine ecosystem and detrimental effects of single-use plastics and overfishing on marine life.. The event attracted approximately 500 participants from the local communities, including authorities and tertiary students from Lumut.

The highlight of the event was the release of unjam (italicise), which is a hard formation of natural materials such as tree branches and coconut leaves, into the sea. This formation was tied and left floating on the surface of the sea to attract fish, giving opportunities to fishermen to extricate the endangered fish species from being captured, subsequently eliminating the danger of overfishing.

Mangrove Planting

Malakoff has been actively involved in mangrove conservation since 2009 through the Malakoff Mangrove Initiative. Apart from planting and rehabilitating mangrove saplings in RAMSAR areas (wetland sites designated to be of international importance) adjacent to our Tg Bin power plant, we have also planted saplings in Taman Negara Johor Tg Piai, Taman Negara Johor Kukup and Seberang Prai, Pulau Pinang. In addition, we have published a mangrove booklet which is distributed to members of the local community and school students to raise awareness of the importance of the mangrove ecosystem in supporting marine biodiversity as well as in protecting local communities from ravages of the sea.

We have also committed to support the government's 100 Million Tree-Planting Campaign 2020-2025, to play our role in preserving the country's biological diversity. We have identified several locations at our plants for the campaign which is to be launched in 2023.

Monitoring Sea Water At Intakes and Release Points

We monitor the water temperature at the intake and release points in our plants to ensure the temperature remains below 40°C in order not to disrupt marine life. Our team also monitors our water discharge weekly to ensure its quality, with an external party verifying the data.

Going Forward

Malakoff has built a strong relationship with the local communities where we operate through various outreach programmes. We will continue to emphasise environmental consciousness and the preservation of biodiversity in these programmes as we believe everyone has a role to play towards safeguarding a healthy and sustainable environment for today and tomorrow.

CARING FOR PEOPLE

Empowering Our People and Supporting Our Communities

Our employees are our most valuable assets. They are responsible for our day-to-day performance and determine Malakoff's ability to meet our corporate objectives. Today, more than ever, it is imperative that our employees share in our vision to transform Malakoff into an ESG-centric organisation focused on clean/renewable energy and environmental solutions.

At Malakoff, the safety and health of our people is at the core of our organisation. We strongly believe that Occupational Safety & Health is an integral part of managing the well-being of our employees.

To demonstrate how much we value our employees, as well as to enhance their performance, we are committed to providing an engaging, stimulating and inclusive work environment that allows employees to realise their true potential. At the same time, we extend our cloak of care to local communities surrounding our operations because they play an important role – both tangible and intangible – in our sustainable operations.

KEY ACHIEVEMENTS

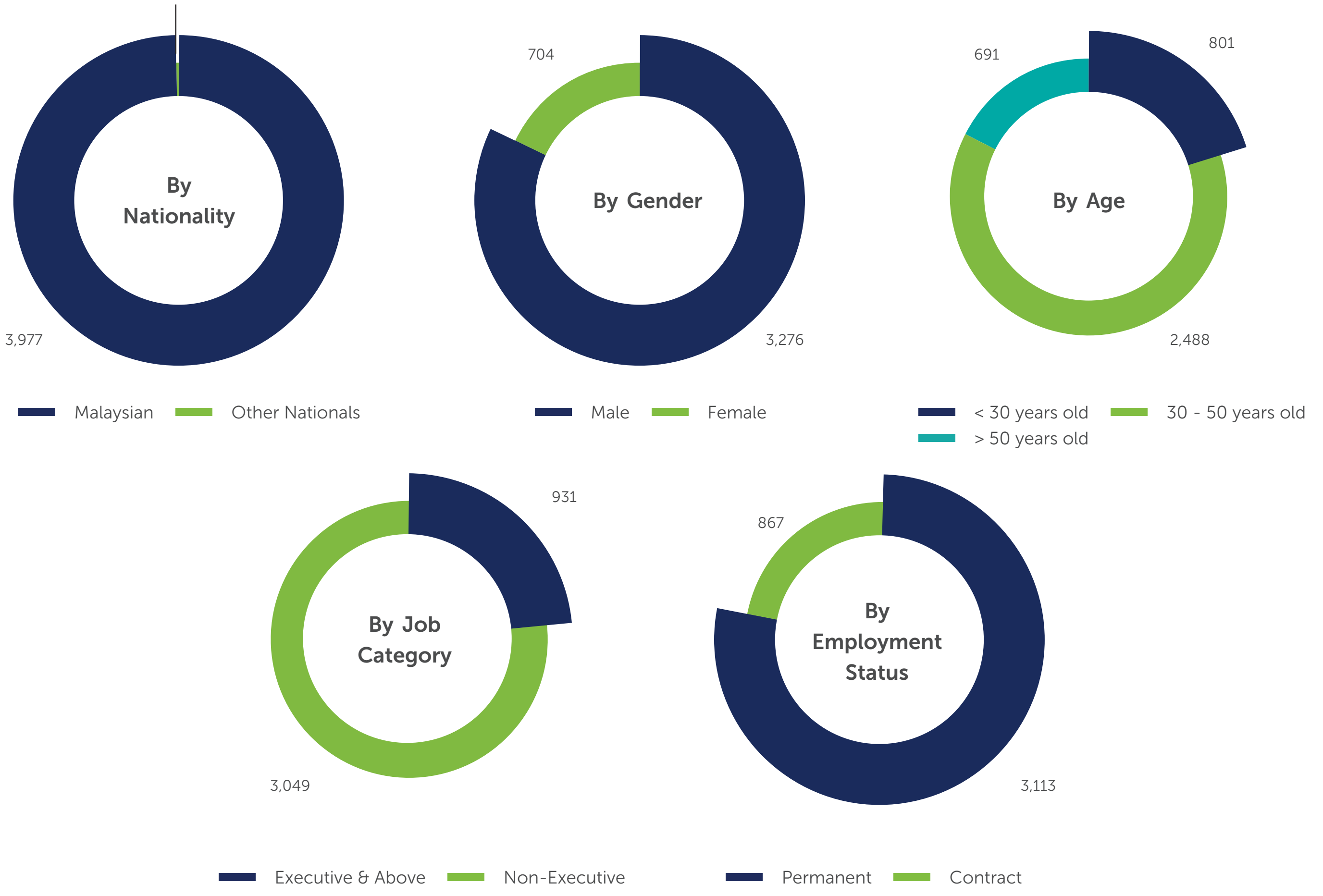
TBPP, TBEPP and Prai Power Plants received **Gold Merits at the MSOSH Awards 2021**	**Introduction of a new online Learning Management System, EDGILE**, that integrates Malakoff's learning strategy with interactive training courses, providing our employees with continuous learning opportunities and development.	**Alam Flora won the Gold Class 2 award for PSA3 Temerloh and for WPKL Putrajaya** Silver Award at the 40th MSOSH Awards

Caring for People

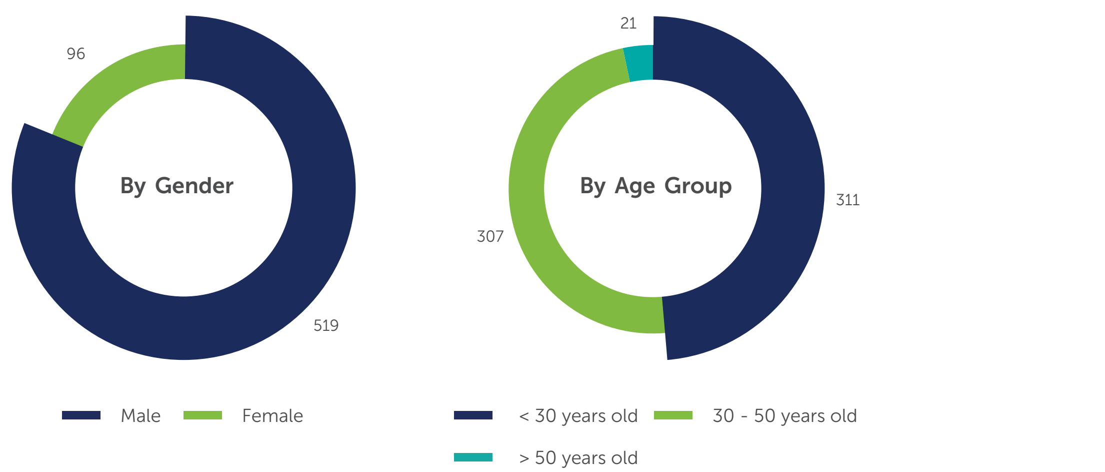
TALENT MANAGEMENT

We seek to create a diverse and inclusive workforce, recognising the value that different perspectives bring to the organisation. We therefore hire based on individual merits rather than an individual's race, background, age or gender. Within the Group itself, training and development opportunities are provided to everyone, and promotions are based solely on performance.

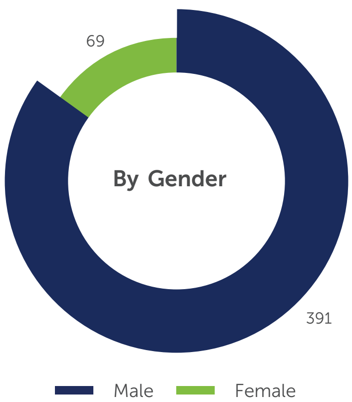
Breakdown of Employees

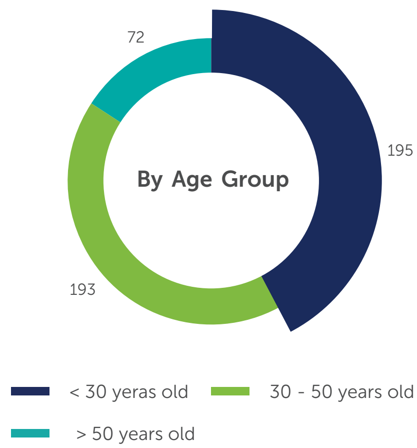


Total of New Hires



Employee Turnover





ATTRITION RATE

11.56%

FOR MALAKOFF GROUP

Training and Development

To empower our employees and help them realise their potential, we invest in continuous training and development, providing ample opportunities for them to enhance their knowledge and skills. The objective is for our employees to stay agile and relevant in industries that are rapidly changing. Our People Division is responsible for identifying gaps in skills that exist within the Group and organising relevant soft skills as well as technical training programmes to close these gaps.

In December 2022, we transitioned some of our training onto a new online Learning Management System ("LMS"), EDGILE. A total of 702 soft skill modules have been made available on the platform catering to executives and Middle Management. To date, a total of 532 employees have been given access to EDGILE – 323 from the Executive level and 209 from Middle Management. In addition to offering core skills training, EDGILE also offers leadership programmes to build the competencies required of future leaders in the Group. On average for Malakoff group, we have achieved 21.87 training hours per employee.

Malakoff Soft Skills Training

Training Hours / Gender	Male	Female	Total
Total No of Employees	330	251	**581**
Total No of Training Hours	5,656	4,232	**9,888**
Average Training Hours Per Employee	17.14	16.86	**17.02**

Employee Category	Total No of Training Hours	Total No of Employees	Average Training Hours Per Employee
Top Management	24	2	12.00
Senior Management	164	11	14.91
Middle Management	4,108	238	17.26
Executive	4,640	272	17.06
Non-Executive	952	58	16.41

Caring for People

Malakoff Technical Training

Training Hours / Gender	Male	Female	Total
Total No of Employees	1,340	35	**1,375**
Total No of Training Hours	1,7857	657	**18,514**
Average Training Hours Per Employee	13.33	18.77	**13.46**

TG BIN

Employee Category	Total No of Training Hours	Total No of Employees	Average Training Hours Per Employee
Top Management	0	0	0
Senior Management	64	4	16
Middle Management	1,132	61	18.56
Executive	3,064	222	13.80
Non-Executive	4,080	325	12.55

TBE

Employee Category	Total No of Training Hours	Total No of Employees	Average Training Hours Per Employee
Top Management	0	0	0
Senior Management	0	0	0
Middle Management	352	20	17.60
Executive	1,000	78	12.82
Non-Executive	1,688	149	11.33

LUMUT

Employee Category	Total No of Training Hours	Total No of Employees	Average Training Hours Per Employee
Top Management	0	0	0
Senior Management	28	2	14
Middle Management	964	68	14.18
Executive	2,361	166	14.22
Non-Executive	1,644	113	14.55

PRAI

Employee Category	Total No of Training Hours	Total No of Employees	Average Training Hours Per Employee
Top Management	0	0	0
Senior Management	8	1	8
Middle Management	428	38	11.26
Executive	791	61	12.97
Non-Executive	910	67	13.58

Alam Flora Training

At Alam Flora, the following training/certification programmes were organised:

No	Programme	Total Participants
1	Project Management Certificate	3
2	Certified Human Resource Officer ("CHRO")	24
3	ESG Conference	14
4	Executive Development Programme ("EDP")	19
5	Building Empowered Supervisory Team ("BEST")	16
6	Manager Training Programme Series	40

Training Hours / Gender	Male	Female	Overall
Total No of Employees	1,814	478	**2,292**
Total No of Training Hours	39,988.25	18,650.00	**58,638.25**
Average Training Hours Per Employee	22.04	39.02	**25.58**

Employee Category	Total No of Training Hours	Total No of Employees	Average Training Hours Per Employee
Top Management	0	0	0
Senior Management	304.00	10	30.40
Middle Management	6,183.00	97	63.74
Executive	19,731.00	272	72.54
Non-Exec	32,420.25	1,913	16.95
Overall	58,638.25	2,292.00	25.58

Annual Appraisals

We recognise the importance of employees understanding our expectations of them. At the same time, we need to know what their career aspirations are in order to help them achieve their professional goals. Such discussions take place during the annual appraisals which are performed for all employees. The appraisals are one-to-one sessions in which employees and their immediate supervisors discuss performance and career goals in a candid setting.

Succession Planning

During the year, we introduced a new Succession Planning Framework and Assessment under which we have identified four Mission Critical Positions ("MCPs") and 28 Succession Planning Positions ("SPPs"). In addition, we have put in place a new Talent Management Framework and identified a total of 176 talents to be groomed for future leadership positions in the organisation.

Going Forward

We will continue to place increasing emphasis on training and development of our employees to ensure the Group is equipped with the right organisational skills – encompassing digital and ESG competencies – to drive our transition into Malakoff 2.0 Strategic Transformation. Along with increasing investments into both physical and online training, we will nurture a continuous learning culture supporting a productive and innovative company.

Caring for People

EMPLOYEE ENGAGEMENT

Engaged employees feel a greater sense of belonging and are more invested in the companies they work in. We therefore believe in engaging regularly with our employees, ensuring that they have regular face time not just with immediate superiors but also our senior management. During these sessions, we encourage open two-way communication so that, as employees are kept updated on corporate news and events, management maintain a pulse on sentiments on the ground.

Key engagement sessions organised in 2022 included:

Event	Description	Frequency
Jom Sembang **with MD/CEO**	Hour-long sessions during which employees share their thoughts with the MD/CEO about work matters in a candid setting, usually held within a small group at the respective operational sites.	**65** sessions
Town Halls	A company-wide engagement session where the leadership team led by the MD/CEO shares updates on the Company while providing an opportunity for employees to share their feedback and ask questions.	**3** sessions
Meriahnya Syawal Hari Raya **Event for HQ & all plants**	Festive celebration during Hari Raya for Malakoff employees where the staff gathered to foster closer ties and enjoy festive delicacies while upholding the spirit of togetherness.	**Annual**
Long Service Award for HQ & all plants	An event where employees who have served Malakoff for at least 10 years are rewarded for their loyalty and commitment. This is an integral element of the Group's employee recognition programme where long-serving employees are recognised and appreciated.	**Annual**
People Day 2022	An annual event whereby HR team members organise an "Open-Day Concept" event with the objective to Greet, Communicate & Interact directly with all our people at the respective business locations.	**Annual**
Medical Wellness Campaign	To promote optimal medical health via health screening and assessments.	**Annual**

Employee Welfare

In order to attract the best talent, we go beyond offering our employees competitive salaries and benefits to provide a holistic employee value proposition ensuring their physical, emotional and mental well-being. We are guided in this regard by our Employee Welfare Procedures which are benchmarked against best practices.

During the year under review, for example, we enhanced our Maternity/Paternity/Hospitalisation leave entitlement to ensure new parents have sufficient time with their new-borns while those who require hospital treatment are able to recuperate fully before returning to the workplace. This is important for employees' overall physical and mental well-being.

For better work-life balance, we have also implemented flexi working hours, giving employees the choice of starting work anytime between 8.00 a.m. and 9.00 a.m. and finishing between 5.00 p.m. and 6.00 p.m., so long as employees put in nine hours a day inclusive of one hour for lunch.

Increased maternity/paternity/hospitalisation leave

MATERNITY LEAVE

98

Calendar Days

Previously
60 calendar days

PATERNITY LEAVE

7

Calendar Days

Previously
3 working days

HOSPITALISATION LEAVE

60

Days per calendar year excluding sick leave

Previously
60 days per calendar year including sick leave

Going Forward

We seek to keep enhancing our employee value proposition through more effective engagement platforms as well as the provision of industry leading benefits. In 2023, the People Division will continue to review other staff benefits to demonstrate the value we place in each employee.

Caring for People

OCCUPATIONAL SAFETY & HEALTH

Our business thrives on a robust foundation of safety and health policies and procedures. This foundation safeguards our most important resources, namely our people and assets, and underpins our sustainability, ensuring we deliver on promises to customers while building the trust of our business partners, suppliers, local communities, investors and the Government. We continuously enhance our safety performance to sustain our business growth and the support of our valued stakeholders.

Driven by our leadership, we take every possible precaution to eliminate the risk of work-related injuries, thus protecting the well-being of our people. We are guided in our efforts by our Occupational Health and Safety Policy, which adheres to the Occupational Safety and Health Act ("OSHA") 1994 and ISO 45001. The policy outlines our commitment to providing a healthy and safe work environment for our employees, contractors and stakeholders, and is available on all sites and our intranet for easy reference.

Among others, the policy commits us to:

- Prevent injury and ill health caused by work hazards
- Identify and eliminate all hazards in our operations and maintenance activities
- Comply with all applicable statutory and regulatory requirements in relation to Occupational Safety and Health ("OSH")

Our commitment to OSH has resulted in Malakoff Power Berhad being accredited with the ISO 45001: 2018 Occupational Health and Safety Management System.

OSH Governance

Occupational Safety and Health at Malakoff is overseen by our Board of Directors, who review and approve our safety strategy, direction, policies and objectives. The Board is supported towards this end by the Management, who ensure that the Group complies with all occupational health and safety regulations. Our leadership conduct regular site visits to observe safety behaviours of employees and those of our partners/contractors.

To further strengthen our OSH governance, in 2022, the Health, Safety, Sustainability and Environment ("HSSE") Department was restructured with the establishment of specific units for:

- System Monitoring and Control
- Compliance and Investigation
- Renewable Energy and Projects
- Awareness, Promotion and Culture
- Operations HSSE

We also revised our critical Standard Operating Procedures ("SOPs") to better reflect current requirements.

OSH Training

We believe that safety is everyone's responsibility and seek to instil a culture in which all employees take responsibility for their safety as well as that of their colleagues. Towards this end, we collaborate with our partners to organise regular training and awareness sessions for all internal and third-party workers involved in site operations. Additionally, we conduct audits and inspections to monitor the observance of safety principles.

The following programmes were organised in 2022:

1. Training Programmes

- Fire Watcher Training
- Authorized Entry Standby Person Training
- Authorized Gas Tester Training
- Power Tools Safety Training
- Basic First Aid and CPR
- Malakoff Safety Passport for In-House Contractor
- Malakoff Plant Safety Passport for Staff
- Permit To Work (PTW) Audit Training
- Emergency Response Team ("ERT") Training
- Working at Height Training

2. Awareness Programmes

- Environmental Awareness (Tordano, Monsoon Transition Phase, World Earth Day, La Nina, Ozone & World Environmental Day)
- Toolbox Talk for Outage Contractors
- Health Awareness (Hand, Foot and Mouth Disease, Influenza, Omicron Covid-19, Mental Health Anxiety, Stress and Depression)
- Safety Awareness (Safety Road, Slips, Trips and Fall, Noise Hazard, Electrical Power Tools, Forklift, Workplace Injuries)

3. Audit/Inspection

- Drug Screening Test by the National Anti-Drugs Agency
- Plant Management Walkdown
- Plant HSSE Inspection
- Plant Safety Marshall Inspection
- Inspection Vehicle Pass
- Permit To Work (PTW) Audit
- Emergency Equipment Inspection

4. Other Programmes

- Audiometric Test
- HSSE Week 2022
- MSOSH Audit Award 2022
- Emergency Drill Exercise (Emergency Bush Fire at Beach, Fire Drill and Rescue Chemical Spill)
- Hazard Identification, Risk Assessment and Risk Control ("HIRARC") Review
- Blood Donation
- Contractor Forum for Outage Contractors

Safety Performance

Malakoff:

No	Key Indicators	2021	2022
1	Total Manhours Worked – Malakoff	6,522,586	**7,130,563**
2	Number of Incidents Recorded	14	**9**
3	Numbers of LTI Cases (Operations)	1	**2**
4	Numbers of LTI Cases (Projects)	1	**0**
5	Lost Time Injury Frequency Rate (LTIFR) – Operations	0.16	**0.29**
6	Lost Time Injury Frequency Rate (LTIFR) – Projects – Malakoff	4.75	**0.00**
7	Legal Compliance – Malakoff	0	**0**

Alam Flora:

No	Key Indicators	2021	2022
1	Total Manhours Worked	33,171,604	**33,645,252**
2	Lost Time Injury Frequency Rate (LTIFR)	0.75	**0.68**

In recognition of our high safety standards, in December 2022 Malakoff received Gold Merits for the TBPP and Prai Power Plants at the Malaysian Society for Occupational Safety and Health ("MSOSH") Awards 2021. We also achieved zero penalties nor memos from the Department of Occupational Safety and Health ("DOSH") and DoE.

We continue to look at ways to improve our current practices. We plan to introduce a Behavioural Based Safety ("BBS") Programme to make safety the default behaviour among all internal and third-party employees while continuing with existing safety training programmes.

Going Forward

In 2023, we will be further strengthening our safety framework by reviewing all critical procedures and identifying areas in which identifying areas for improvement on existing procedures and reporting measures via digitalisation for a seamless, transparent and accurate reporting. We will also look into opportunities to inculcate behavioral safety practices to improve the safety thoughts and practices of the Employees.

COMMUNITY INVESTMENT & DEVELOPMENT

The communities we operate in provide us support in countless ways – from employees who work with us to vendors who supply us. A healthy and well-functioning community is therefore important to our sustainable operations. In response, we contribute to the well-being of our local communities through a broad range of outreach programmes that ultimately contribute towards narrowing of socioeconomic gaps. Key programmes undertaken include educational support, technical skills building, disaster relief and community uplifting.

Youth Education & Development

Believing in the power of education to empower and uplift communities, in 2011 we established the Malakoff Edufund Programme through which we offer financial support to 11 adopted schools in areas where we operate, i.e. Segari (Perak), Prai (Pulau Pinang) and Pontian (Johor). These funds are used to upgrade the schools' learning tools and infrastructure.

We also have a tradition of providing back-to-school aid at the beginning of every new academic year. At the beginning of 2022, we presented cash and school equipment to 181 students at Mukim Serkat, Pontian, as part of their preparation for the 2022/2023 school session which began on 21 March 2022.

In addition, a motivational camp was held from 26-28 November 2022 at Universiti Teknologi Malaysia ("UTM") Skudai, Johor, for 130 students from seven of our adopted schools in Mukim Serkat. Organised jointly with Sekolah Kebangsaan Seri Sinaran Chokoh, the three-day task-oriented camp aimed to create awareness of the correlation between academic performance and physical activities, as well as to cultivate self-discipline and self-development.

Meanwhile, to cultivate the reading habit we sponsored books to seven adopted schools in Lumut, Perak and Prai. The books represented a range of academic-focused subjects and fiction.

Flood Relief Programmes

On 1 April 2022, Malakoff handed over RM8,590 to six Malakoff employees whose homes and belongings were badly ravaged by the flash floods. The money had been raised through a donation drive where the workforce rallied to demonstrate their compassion for each other.

#ShareOurLove

In 2011, Malakoff initiated a 'Share with Us Your Love' programme which was rebranded as #ShareOurLove in 2020. Under this programme, in 2022 we organised an IFTAR for 300 students from Maahad Tarbiah Islamiah Al-Ansar in Bestari Jaya, Selangor which houses and educates children who have lost their parents. The event was held at the school's newly constructed Open Hall which has been furnished with LED lights and fans contributed by Malakoff and installed by our volunteers. Maahad Tarbiah Islamiah Al-Ansar was badly affected by the December 2021 floods.

Donations & Sponsorships

We contribute to various causes as part of efforts to support the marginalised and/or underprivileged. Through donations and sponsorships, we hope to enhance the quality of life of those who are underserved. In 2022, Malakoff contributed a total of RM437,575 towards various community programmes and RM107,400 towards educational programmes benefitting 2,324 students.

Going Forward

We will continue to contribute to and deepen our relationships with our local communities in ways that are meaningful. Where possible, we seek to create lasting change that will help to transform lives for the better.

GUIDED BY SOUND GOVERNANCE

Embedding Sustainable, Innovative Business Practices and Acting with Integrity

Value creation at Malakoff is integral to who we are and what we do. It is part of our corporate philosophy and DNA, keeping us on the right path throughout the years as we have evolved. To ensure that we always uphold the principles of integrity and transparency, we are guided by a sound framework of corporate governance comprising various policies. These reflect the Malaysian Code on Corporate Governance ("MCCG") and Main Market Listing Requirements ("MMLR"). As both regulatory guidelines are constantly reviewed, we too constantly review and update our policies and framework.

As a result of maintaining sound governance practices, we have acquired and maintained a reputation of a company that can be trusted to deliver on our commitments to stakeholders. We value all our stakeholders and will always be guided in our strategies and decisions to protect their interests.

KEY ACHIEVEMENTS

Zero cases of bribery or corruption during the year	**Zero non-compliance** with regulations and laws governing Malakoff operations	Achieved **dividend payout ratio of 85%**	**96%** of Malakoff Corporation & **99%** of Alam Flora's procurement budget channelled to **local suppliers**

ECONOMIC & DEVELOPMENT

Through sustainable business operations, we create economic value not just for Malakoff but also for key stakeholders including our employees – via wages and benefits; shareholders – via returns on their investments; vendors and suppliers – via contracts; and the Government – via taxes.

Value creation for our stakeholders in 2022

Stakeholder/ value creation	Amount (RM'000)
Employee wages and benefits	319,716
Shareholder dividends	234,576
Contracts to vendors & suppliers	382,599
Taxes	397,925

Procurement Management

Our economic performance depends to a large extent on having a secure supply of essential goods and services. The importance of an uninterrupted supply chain was made very clear during the pandemic. Even prior to the pandemic, we have invested into maintaining our vendors' trust through fair and transparent subcontracting as well as procurement procedures.

Our Procurement Policy ensures transparent and ethical operations in relation to our vendors. Further enhancing transparency in our procurement processes, in 2016, we introduced an e-Auction platform creating clarity on our requirements and on the criteria that determine our selection of vendors. We regularly update our procurement personnel on our SOPs Procedures ("SOPs") to ensure they are fully aware of the processes and are able to carry out their functions smoothly.

At the same time, to ensure that the principles of sustainability are maintained along our supply chain, we share our ESG policies and expectations with vendors and require new vendors to sign an Integrity Pledge as part of their registration. In June 2022, a Vendor Awareness Day was held to update our vendors on our latest policy and procedures especially in relation to our zero tolerance for bribery.

The year saw Alam Flora expand its vendor sourcing by region to reduce the risk of supply disruption (due to natural disasters, resource or spare part shortages, financial setbacks, etc). Along with the induction of new vendors into its Approved Vendor List, Alam Flora organised a Vendors Interface Townhall to share Malakoff's corporate goals while also updating the vendors on its SOPs.

Supporting Local Vendors

As an organisation that contributes to the sustainable development of the nation, we support local suppliers as far as possible.

	Malakoff Corporation	Alam Flora
Procurement Budget Channelled to Local Suppliers	96.0%	100%
Total Vendors in Approved Vendors List	2,533	696
% Vendors Who Are Local	93.8%	99.9%

Going Forward

As part of our Digital Blueprint & Roadmap 2023-2027, we will be transitioning most of our procurement functions – from sourcing, evaluation and awards to vendor management and e-auction – onto a digital platform. At the same time, we will continue to review and improve our procurement procedures to ensure expected deliverables are met. We will also conduct briefings with all our local vendors to guide and prepare them for increasing ESG requirements as we seek to achieve our sustainability goals together.

For more details on the Group's governance, risk and internal controls and accountability framework, please refer to the Corporate Governance Overview Statement on pages 136 to 159 and Statement of Risk Management and Internal Control on pages 165 to 169 of this report

Read more on page 136


Financial
statements


METRIC
ACTUAL VS TARGET
REVENUE
PROFIT

Directors' Report

for the year ended 31 December 2022

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 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Equity holders of the Company	302,225	31,713
Non-controlling interests	83,678	–
	385,903	31,713

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 2.00 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM97,740,062 in respect of the financial year ended 31 December 2021 on 2 June 2022.

ii) an interim dividend of 2.80 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM136,835,667 in respect of the financial year ended 31 December 2022 on 27 October 2022.

The Board of Directors has approved a final dividend of 2.45 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM119,731,000 in respect of the financial year ended 31 December 2022.

The final dividend will be accounted for in the shareholders' equity as appropriation of retained profits in the financial year ending 31 December 2023.

DIRECTORS OF THE COMPANY

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

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin bin Ali (Chairman)
Anwar Syahrin bin Abdul Ajib
Tan Sri Che Khalib bin Mohamad Noh
Datuk Ooi Teik Huat
Datuk Idris bin Abdullah
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir
Datuk Rozimi bin Remeli
Dato' Mohd Naim bin Daruwish
Dr. Norida binti Abdul Rahman (Appointed on 1 August 2022)
Datuk Prakash Chandran Madhu Sudanan (Appointed on 1 March 2023)

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
Saravanan A/L Desigamanie
Saiful Azlan bin Mahmud
Shajaratuddur bin Mohd Ibrahim
Aliyah Hanim binti Abd Halim
Dato' Mohamad bin Saif @ Saib
Dato' Mohd Zain bin Hassan
Tan Sri Abu Kassim bin Mohamed
Dato' Sri Mohd Zakaria bin Ahmad
Dato' Nor Azman bin Mufti @ Jaafar
Hafiz bin Ismail (Alternate Director to Dato' Nor Azman bin Mufti @ Jaafar)
Harun bin Halim Rasip
Ahmad Afzainizam bin Mokhtar
Siti Norbaya binti Dinyati
Nagulusamy Rajendran
James Philips Morsen

Directors' Report
for the year ended 31 December 2022

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 1.1.2022	**Bought**	**Sold**	**At 31.12.2022**
Direct interests in the Company:				
Tan Sri Datuk Dr. Ir. Ahmad Tajuddin bin Ali	50,000	–	–	50,000
Tan Sri Che Khalib bin Mohamad Noh	420,000	–	–	420,000
Datuk Ooi Teik Huat	420,000	–	–	420,000
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	150,000	–	–	150,000

None of the other Directors holding office at 31 December 2022 had any interest in the shares of the Company and of its related corporations during the financial year.

The 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 1.1.2022	**Bought**	**Sold**	**At 31.12.2022**
Direct interests in the Company:				
Mohd Nazersham bin Mansor	16,000	–	–	16,000
Mohammed Azmil bin Ismail	68,000	–	–	68,000
Mohamad Lutfi bin Samsudin	38,000	–	–	38,000
Saiful Azlan bin Mahmud	32,900	–	–	32,900
Shajaratuddur bin Mohd Ibrahim	26,000	–	–	26,000

None of the other Directors of the subsidiaries holding office at 31 December 2022 had any interest in the shares of the Company and of its related corporations during the financial year.

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 shown below) 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.

DIRECTORS' BENEFITS (CONTINUED)

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2022 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Salary, bonus and defined contribution	2,338	–
Fees	1,053	–
Meeting allowances	437	33
Other allowances	301	–
Other remuneration	354	125
Estimated money value of benefits-in-kind	121	–
	4,604	158

There was no arrangement 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 in the Company or any other body corporate.

ISSUE OF SHARES

At the Sixteenth Annual General Meeting ("AGM") of the Company held on 28 April 2022, the Company had obtained its shareholders' approval for the renewal of share buy-back authority for the Company to purchase up to ten percent (10%) of its total number of issued shares. In accordance with Section 127 of the Companies Act 2016, all repurchased shares are held as treasury shares. During the financial year, the Company did not repurchase any ordinary shares from the open market and none of its existing treasury shares have been cancelled. As at 31 December 2022, the total number of treasury shares held is 2.26% of the total number of issued shares of the Company.

There was no change 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 RM85,600.

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

Directors' Report
for the year ended 31 December 2022

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.

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 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, except for the compensation from insurance claims amounting to RM103,713,000, impairment loss on investments in associates amounting to RM398,272,000 and impairment loss on investments in subsidiaries amounting to RM337,000,000 as disclosed in Note 29, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 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 AND SUBSEQUENT EVENTS

Significant and subsequent 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' remunerations of the Group and of the Company during the year are RM1,253,000 and RM430,000 respectively.

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

....

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin bin Ali
Chairman

....

Anwar Syahrin bin Abdul Ajib
Managing Director

Kuala Lumpur
13 March 2023

Statements of Financial Position

as at 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Assets					
Property, plant and equipment	3	**10,956,764**	11,555,382	**25,073**	27,970
Right-of-use assets	4	**89,001**	98,094	**12,982**	14,844
Investment properties	5	**15,600**	15,300	**–**	–
Concession assets	6	**134,629**	149,658	**–**	–
Intangible assets	7	**2,527,206**	2,835,597	**–**	–
Investments in subsidiaries	8	**–**	–	**7,215,040**	7,528,239
Investments in associates	9	**991,707**	931,687	**215,353**	–
Investments in joint ventures	10	**835,907**	791,696	**21,515**	21,515
Other investments	15	**2,484**	2,484	**2,484**	2,484
Derivative financial assets	11	**74,275**	270,938	**–**	–
Trade and other receivables	12	**11,435**	264,540	**–**	215,353
Deferred tax assets	13	**234,291**	217,087	**–**	–
Total non-current assets		**15,873,299**	17,132,463	**7,492,447**	7,810,405
Derivative financial assets	11	**46,558**	17,742	**–**	–
Trade and other receivables	12	**2,086,908**	796,058	**1,227,920**	1,090,550
Inventories	14	**1,681,346**	874,279	**–**	–
Current tax assets		**63,348**	76,220	**11,803**	15,813
Other investments	15	**692,740**	2,617,093	**–**	–
Cash and cash equivalents	16	**1,539,630**	1,568,819	**155,564**	163,249
Total current assets		**6,110,530**	5,950,211	**1,395,287**	1,269,612
Total assets		**21,983,829**	23,082,674	**8,887,734**	9,080,017
Equity					
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	**325,136**	199,802	**–**	–
(Accumulated losses)/Retained profits		**(358,471)**	(399,172)	**1,790,286**	1,992,182
Equity attributable to owners of the Company		**5,561,073**	5,395,038	**7,384,694**	7,586,590
Perpetual sukuk	18	**800,000**	800,000	**–**	–
Non-controlling interests		**334,745**	311,688	**–**	–
Total equity		**6,695,818**	6,506,726	**7,384,694**	7,586,590

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Liabilities					
Loans and borrowings	19	**7,771,205**	8,556,925	**–**	–
Lease liabilities		**13,032**	14,135	**4,480**	4,030
Employee benefits	20	**78,766**	110,331	**13,540**	16,135
Provision for decommissioning costs	21	**207,846**	158,333	**–**	–
Provision for concession assets	22	**186,984**	279,277	**–**	–
Deferred income	23	**2,825,693**	3,061,319	**–**	–
Derivative financial liabilities	11	**–**	2,317	**–**	–
Deferred tax liabilities	13	**996,502**	1,071,225	**945**	716
Total non-current liabilities		**12,080,028**	13,253,862	**18,965**	20,881
Trade and other payables	24	**1,599,445**	1,498,694	**1,478,651**	1,465,584
Current tax liabilities		**99,229**	58,576	**–**	–
Loans and borrowings	19	**972,203**	1,288,843	**–**	–
Lease liabilities		**7,998**	9,961	**4,671**	6,962
Provision for decommissioning costs	21	**53,001**	25,013	**–**	–
Provision for concession assets	22	**143,775**	48,085	**–**	–
Employee benefits	20	**8,713**	–	**753**	–
Deferred income	23	**323,513**	388,125	**–**	–
Derivative financial liabilities	11	**106**	4,789	**–**	–
Total current liabilities		**3,207,983**	3,322,086	**1,484,075**	1,472,546
Total liabilities		**15,288,011**	16,575,948	**1,503,040**	1,493,427
Total equity and liabilities		**21,983,829**	23,082,674	**8,887,734**	9,080,017

The notes on pages 219 to 337 are an integral part of these financial statements.

Statements of Profit or Loss and other comprehensive income

for the year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	25	**10,355,150**	6,463,084	**449,016**	538,832
Cost of sales		**(8,663,764)**	(5,054,058)	**–**	–
Gross profit		**1,691,386**	1,409,026	**449,016**	538,832
Other income		**126,412**	25,974	**2,631**	2,202
Administrative expenses		**(264,530)**	(218,165)	**(75,826)**	(67,028)
Impairment loss on investments in subsidiaries	29	**–**	–	**(337,000)**	(404,888)
Impairment loss on investments in associates	29	**(398,272)**	–	**–**	–
Impairment loss on financial instruments	29	**(12,239)**	(16,406)	**(12,196)**	(15,499)
Other operating expenses		**(159,784)**	(352,417)	**–**	–
Results from operating activities		**982,973**	848,012	**26,625**	53,619
Finance income	26	**85,312**	107,627	**58,148**	59,297
Finance costs	27	**(607,932)**	(682,623)	**(46,651)**	(61,052)
Net finance (costs)/income		**(522,620)**	(574,996)	**11,497**	(1,755)
Share of profit of equity-accounted associates and joint ventures, net of tax		**276,418**	196,551	**–**	–
Profit before tax		**736,771**	469,567	**38,122**	51,864
Tax expense	28	**(350,868)**	(164,483)	**(6,409)**	(8,925)
Profit for the year	29	**385,903**	305,084	**31,713**	42,939
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liabilities	30	**20,252**	–	**967**	–
Items that are or may be reclassified subsequently to profit or loss					
Cash flow hedge	30	**2,584**	49,706	**–**	–
Share of gain on hedging reserves of equity-accounted associates and joint ventures	30	**106,296**	81,445	**–**	–
Foreign currency translation differences for foreign operations	30	**16,454**	6,682	**–**	–
Other comprehensive income for the year		**145,586**	137,833	**967**	–
Total comprehensive income for the year		**531,489**	442,917	**32,680**	42,939
Profit attributable to:					
Equity holders of the Company		**302,225**	260,416	**31,713**	42,939
Non-controlling interests		**83,678**	44,668	**–**	–
Profit for the year		**385,903**	305,084	**31,713**	42,939
Total comprehensive income attributable to:					
Equity holders of the Company		**447,811**	398,249	**32,680**	42,939
Non-controlling interests		**83,678**	44,668	**–**	–
Total comprehensive income for the year		**531,489**	442,917	**32,680**	42,939
Earnings per ordinary share (sen)					
Basic/Diluted, restated	31	**5.22**	4.36		

The notes on pages 219 to 337 are an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 December 2022

Group	Note	Share capital RM'000	Treasury shares RM'000	Translation RM'000	Hedging RM'000	Accumulated losses RM'000	Total RM'000	Perpetual sukuk RM'000	Non-controlling interests RM'000	Total equity RM'000
		<------- Attributable to owners of the Company		Reserves			------->			
At 1 January 2021		5,693,055	(98,647)	(12,657)	74,626	(348,468)	5,307,909	800,000	336,802	6,444,711
Foreign currency translation differences for foreign operations	30	–	–	6,682	–	–	6,682	–	–	6,682
Cash flow hedge	30	–	–	–	49,706	–	49,706	–	–	49,706
Share of gain on hedging reserves of equity-accounted associates and joint ventures	30	–	–	–	81,445	–	81,445	–	–	81,445
Other comprehensive income for the year		–	–	6,682	131,151	–	137,833	–	–	137,833
Profit for the year		–	–	–	–	260,416	260,416	–	44,668	305,084
Total comprehensive income for the year		–	–	6,682	131,151	260,416	398,249	–	44,668	442,917
Distribution paid to perpetual sukuk holder		–	–	–	–	(47,200)	(47,200)	–	–	(47,200)
Disposal of subsidiaries		–	–	–	–	–	–	–	(703)	(703)
Changes in ownership interest in subsidiaries	40	–	–	–	–	(22)	(22)	–	(370)	(392)
Dividends to owners of the Company	32	–	–	–	–	(263,898)	(263,898)	–	–	(263,898)
Dividends to non-controlling interests	8	–	–	–	–	–	–	–	(63,619)	(63,619)
Redemption of preference shares by non-controlling interests		–	–	–	–	–	–	–	(5,090)	(5,090)
Total distributions to owners and non-controlling interests		–	–	–	–	(263,898)	(263,898)	–	(68,709)	(332,607)
At 31 December 2021		5,693,055	(98,647)	(5,975)	205,777	(399,172)	5,395,038	800,000	311,688	6,506,726

Statements of Changes in Equity

for the year ended 31 December 2022

		<------------ Attributable to owners of the Company		Reserves			------------>			
Group	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**Translation RM'000**	**Hedging RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Perpetual sukuk RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2022		**5,693,055**	**(98,647)**	**(5,975)**	**205,777**	**(399,172)**	**5,395,038**	**800,000**	**311,688**	**6,506,726**
Remeasurement of defined benefit liabilities	30	**–**	**–**	**–**	**–**	**20,252**	**20,252**	**–**	**–**	**20,252**
Foreign currency translation differences for foreign operations	30	**–**	**–**	**16,454**	**–**	**–**	**16,454**	**–**	**–**	**16,454**
Cash flow hedge	30	**–**	**–**	**–**	**2,584**	**–**	**2,584**	**–**	**–**	**2,584**
Share of gain on hedging reserves of equity-accounted associates and joint ventures	30	**–**	**–**	**–**	**106,296**	**–**	**106,296**	**–**	**–**	**106,296**
Other comprehensive income for the year		**–**	**–**	**16,454**	**108,880**	**20,252**	**145,586**	**–**	**–**	**145,586**
Profit for the year		**–**	**–**	**–**	**–**	**302,225**	**302,225**	**–**	**83,678**	**385,903**
Total comprehensive income for the year		**–**	**–**	**16,454**	**108,880**	**322,477**	**447,811**	**–**	**83,678**	**531,489**
Distribution paid to perpetual sukuk holder		**–**	**–**	**–**	**–**	**(47,200)**	**(47,200)**	**–**	**–**	**(47,200)**
Dividends to owners of the Company	32	**–**	**–**	**–**	**–**	**(234,576)**	**(234,576)**	**–**	**–**	**(234,576)**
Dividends to non-controlling interests	8	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(58,195)**	**(58,195)**
Redemption of preference shares by non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,426)**	**(2,426)**
Total distributions to owners and non-controlling interests		**–**	**–**	**–**	**–**	**(234,576)**	**(234,576)**	**–**	**(60,621)**	**(295,197)**
At 31 December 2022		**5,693,055**	**(98,647)**	**10,479**	**314,657**	**(358,471)**	**5,561,073**	**800,000**	**334,745**	**6,695,818**

The notes on pages 219 to 337 are an integral part of these financial statements.

Company	Note	Share capital RM'000	Treasury shares RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2021		5,693,055	(98,647)	2,213,141	7,807,549
Profit for the year		–	–	42,939	42,939
Total comprehensive income for the year		–	–	42,939	42,939
Dividends to owners of the Company	32	–	–	(263,898)	(263,898)
At 31 December 2021/1 January 2022		**5,693,055**	**(98,647)**	**1,992,182**	**7,586,590**
Remeasurement of defined benefit liabilities	30	**–**	**–**	**967**	**967**
Other comprehensive income for the year		**–**	**–**	**967**	**967**
Profit for the year		**–**	**–**	**31,713**	**31,713**
Total comprehensive income for the year		**–**	**–**	**32,680**	**32,680**
Dividends to owners of the Company	32	**–**	**–**	**(234,576)**	**(234,576)**
At 31 December 2022		**5,693,055**	**(98,647)**	**1,790,286**	**7,384,694**

The notes on pages 219 to 337 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from operating activities					
Profit before tax		**736,771**	469,567	**38,122**	51,864
Adjustments for:					
Allowance for diminution in value of consumables		**4,739**	41,752	**–**	–
Amortisation of intangible assets		**320,038**	320,212	**–**	–
Amortisation of transaction costs of hedging instruments		**38,150**	10,393	**–**	–
Amortisation of concession assets		**15,008**	16,816	**–**	–
Bargain purchase on acquisition of a joint venture		**–**	(4)	**–**	–
Depreciation of property, plant and equipment		**912,636**	907,165	**3,502**	3,690
Depreciation of right-of-use assets		**16,130**	16,133	**4,668**	4,829
Expenses related to retirement benefit plans		**9,055**	11,593	**1,815**	1,796
Finance income		**(85,312)**	(107,627)	**(58,148)**	(59,297)
Finance costs		**606,697**	681,574	**46,315**	60,757
Finance costs on lease liabilities		**1,235**	1,049	**336**	295
Gain arising from change in fair value of investment properties		**(300)**	–	**–**	–
Gain on disposal of assets classified as held for sale		**–**	(8,298)	**–**	–
Impairment loss on concession assets		**425**	2,316	**–**	–
Impairment loss on financial instruments		**12,239**	16,406	**12,196**	15,499
Impairment loss on investments in associates		**398,272**	–	**–**	–
Impairment loss on investments in subsidiaries		**–**	–	**337,000**	404,888
Loss on disposal of investments in subsidiaries	41	**–**	9	**–**	–
Loss/(Gain) on disposal of property, plant and equipment		**117**	(155)	**(4)**	(113)
Net impairment loss on property, plant and equipment		**23**	19,739	**–**	–
Net unrealised foreign exchange loss/(gain)		**2,376**	(265)	**–**	–
Other receivables written off		**–**	206,395	**–**	–
Property, plant and equipment written off		**15,392**	2,562	**–**	–
Reversal of impairment loss on trade and other receivables		**(167)**	(2,952)	**–**	–
Share of profit of equity-accounted associates and joint ventures, net of tax		**(276,418)**	(196,551)	**–**	–
Operating profit before changes in working capital		**2,727,106**	2,407,829	**385,802**	484,208
Net change in deferred income		**(300,238)**	(299,035)	**–**	–
Net change in derivatives		**163,431**	4,269	**–**	–
Net change in employee benefits		**(31,907)**	(1,745)	**(2,689)**	(1,626)
Net change in inventories		**(772,293)**	(316,160)	**–**	–
Net change in provision for decommissioning costs		**(472)**	13,204	**–**	–
Net change in provision for concession assets		**3,397**	32,956	**–**	–
Net change in trade and other receivables		**(1,296,148)**	73,648	**(97,048)**	(40,185)
Net change in trade and other payables		**(35,389)**	150,161	**(33,249)**	(240,969)
Cash generated from operations		**457,487**	2,065,127	**252,816**	201,428
Tax paid		**(397,950)**	(263,293)	**(2,170)**	(7,332)
Tax refund		**25**	788	**–**	–
Net cash from operating activities		**59,562**	1,802,622	**250,646**	194,096

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash flows from investing activities					
Additional investments in joint ventures		**(1,030)**	–	**–**	–
Change in investments in subsidiaries		**–**	–	**(23,801)**	(5)
Change in other investments		**1,924,353**	761,064	**–**	110,060
Disposal of subsidiaries, net of cash and cash equivalents disposed	41	**–**	(10)	**–**	–
Dividends received from associates		**11,775**	6,292	**–**	–
Dividends received from joint ventures		**92,733**	38,510	**–**	–
Interest received		**84,535**	107,989	**5,630**	3,595
Purchase of property, plant and equipment		**(300,807)**	(144,055)	**(605)**	(2,349)
Purchase of concession assets		**(404)**	(953)	**–**	–
Proceeds from disposal of property, plant and equipment		**24**	156	**4**	113
Net proceeds from disposal of assets classified as held for sale		**–**	73,298	**–**	–
Net cash from/(used in) investing activities		**1,811,179**	842,291	**(18,772)**	111,414
Cash flows from financing activities					
Acquisition of non-controlling interests	40	**–**	(392)	**–**	–
Distribution to perpetual sukuk holder		**(47,200)**	(47,200)	**–**	–
Dividends paid to owners of the Company	32	**(234,576)**	(263,898)	**(234,576)**	(263,898)
Dividends paid to non-controlling interests		**(58,195)**	(63,619)	**–**	–
Redemption of preference shares to non-controlling interests		**(2,426)**	(5,090)	**–**	–
Interest paid		**(549,848)**	(606,223)	**(336)**	(295)
Proceeds from borrowings		**710,000**	–	**–**	–
Repayment of borrowings		**(1,707,818)**	(1,142,505)	**–**	–
Payment of lease liabilities		**(9,867)**	(9,767)	**(4,647)**	(4,905)
Net cash used in financing activities		**(1,899,930)**	(2,138,694)	**(239,559)**	(269,098)
Net (decrease)/increase in cash and cash equivalents		**(29,189)**	506,219	**(7,685)**	36,412
Cash and cash equivalents at 1 January		**1,568,819**	1,062,600	**163,249**	126,837
Cash and cash equivalents at 31 December	16	**1,539,630**	1,568,819	**155,564**	163,249

Statements of Cash Flows

for the year ended 31 December 2022

Cash outflows for leases as a lessee

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Included in net cash from operating activities					
Payment relating to short-term leases	29	**(20,965)**	(11,085)	**–**	–
Payment relating to leases of low-value assets	29	**(259)**	(271)	**–**	–
Payment relating to variable lease payments not included in the measurement of lease liabilities	29	**(13,758)**	(6,070)	**–**	–
Included in net cash used in financing activities					
Interest paid in relation to lease liabilities	27	**(1,235)**	(1,049)	**(336)**	(295)
Payment of lease liabilities		**(9,867)**	(9,767)	**(4,647)**	(4,905)
Total cash outflows for leases		**(46,084)**	(28,242)	**(4,983)**	(5,200)

Notes to the 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 2022 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 8 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 13 March 2023.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and 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 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Notes to the Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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

- from the annual period beginning on 1 January 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17, *Insurance Contracts* and Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*, which are not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the abovementioned accounting standards, interpretations and amendments is not expected to have any material financial impact 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.

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:

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(i) Residual values of power plant and machinery

a) Gas fired power plant

Estimating the residual values of power plant and machinery involves significant judgements, 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 determined recoverable values of the power plant and machinery based on the valuations derived by the independent professional valuers using the significant assumptions as disclosed in Note 3.2.

b) Coal fired power plant

Estimating the residual values of the power plant and machinery involves significant judgements, 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 determined the recoverable values of the power plant and machinery based on the expected discounted cash flows derived using the significant assumptions as disclosed in Note 3.2.

(ii) 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 units. Significant assumptions used to derive value in use are as disclosed in Note 7.

(iii) Provision for decommissioning costs

Estimating the provision for decommissioning costs involves significant judgements and assumptions. The actual costs, however, may be different from expected. The significant assumptions used to estimate the provision are as disclosed in Note 21.

(iv) Provision for concession assets

Estimating the provision for concession assets involves significant judgements, selection of variety of methods and assumptions that are normally based on past costs incurred. The actual costs, however, may be different from expected. The significant assumptions used to estimate the provision are as disclosed in Note 22.

Notes to the 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.

(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 acquisitions, 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) 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.

(v) 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.

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. The cost of investment includes transaction costs.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) 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 or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint ventures are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

(vii) 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.

(viii) 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.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(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.

(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 provisions 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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(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(k)(i)) where the effective interest rate is applied to the amortised cost.

(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(k)(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

***Financial liabilities* (continued)**

The categories of financial liabilities at initial recognition are as follows (continued):

(a) Fair value through profit or loss (continued)

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.

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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Regular way purchase or sale of financial assets (continued)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

Cash flow hedge (continued)

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.

The Group has elected to account for the entire swap as a hedging instrument in its entirety. The forward element of these swaps is not separately accounted for from its spot element. Accordingly, the change in fair value of the entire swap is recognised in the hedging reserve in 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 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 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 expires. 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 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 cost 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 “cost 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.

(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. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	5 – 20 years
• Inspection costs	1.5 – 10 years
• Power plant and machinery	5 – 31 years
• Office equipment and furniture	3 – 10 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 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 the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor

When the Group and the Company act as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make 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 and the Company apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

(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.

(b) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets

(i) Goodwill

Goodwill which 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.

(g) Investment properties

(i) Investment properties carried at fair value

Investment properties are properties which are owned 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment properties (continued)

(i) Investment properties carried at fair value (continued)

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.

(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 capitalised only when it is probable that the future economic benefits of these costs and expenditures will flow to the Group. 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 licence to maintain the infrastructure to a specified standard and to restore the infrastructure which has deteriorated below specific conditions as stated under the Service Concession Agreement.

The liability is recognised once an obligation crystallises in the period when a reasonable estimate of replacement costs 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 part of "cost of sales".

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

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.

(k) 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 balances 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(i) Financial assets (continued)

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 and investment properties measured at fair value) 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, 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 generates 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.

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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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 statement 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.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit 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 at regular intervals 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

(iii) Defined benefit plans (continued)

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.

(n) Provision

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 costs

Provision for decommissioning costs 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.

(o) Contingencies

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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) 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 over time 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 income

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) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

(q) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Borrowing costs (continued)

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.

(r) 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 statement 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.

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.

(s) 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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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.

(u) 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.

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	Total RM'000
Cost										
At 1 January 2021	285,004	36,890	2,844	18,985,364	2,255,239	141,798	169,390	16,966	112,445	22,005,940
Additions	–	–	22,995	12,517	87,497	6,074	5,177	1,721	8,074	144,055
Change in estimates of decommissioning costs (Note 21)	–	–	–	50,975	–	–	–	–	–	50,975
Disposals	–	–	–	–	(8,072)	(8)	(142)	(640)	(1,084)	(9,946)
Write-off	–	–	–	–	–	(5,076)	(5,614)	(76)	(66)	(10,832)
At 31 December 2021/ 1 January 2022	285,004	36,890	25,839	19,048,856	2,334,664	142,788	168,811	17,971	119,369	22,180,192
Additions	–	–	3,999	30,354	244,571	7,569	8,165	875	5,274	300,807
Change in estimates of decommissioning costs (Note 21)	–	–	–	68,280	–	–	–	–	–	68,280
Disposals	–	–	–	–	(39,513)	(405)	(679)	(96)	(502)	(41,195)
Write-off	–	–	–	(40,689)	(2,334)	–	(340)	(6)	(475)	(43,844)
At 31 December 2022	285,004	36,890	29,838	19,106,801	2,537,388	149,952	175,957	18,744	123,666	22,464,240

Notes to the 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	Total RM'000
Accumulated depreciation and impairment loss										
At 1 January 2021										
Accumulated depreciation	–	33,376	–	7,705,591	1,621,551	84,422	149,975	13,562	99,572	9,708,049
Depreciation for the year	–	1,323	–	728,109	150,026	10,347	8,632	1,167	7,561	907,165
Disposals	–	–	–	–	–	(7)	(142)	(640)	(1,084)	(1,873)
Write-off	–	–	–	–	–	(2,592)	(5,536)	(76)	(66)	(8,270)
Impairment loss	–	–	–	19,309	–	419	–	9	2	19,739
At 31 December 2021/ 1 January 2022										
Accumulated depreciation	**–**	**34,699**	**–**	**8,433,700**	**1,771,577**	**92,170**	**152,929**	**14,013**	**105,983**	**10,605,071**
Accumulated impairment loss	**–**	**–**	**–**	**19,309**	**–**	**419**	**–**	**9**	**2**	**19,739**
	–	**34,699**	**–**	**8,453,009**	**1,771,577**	**92,589**	**152,929**	**14,022**	**105,985**	**10,624,810**
Depreciation for the year	**–**	**1,161**	**–**	**751,855**	**132,509**	**10,819**	**7,297**	**880**	**8,115**	**912,636**
Disposals	**–**	**–**	**–**	**–**	**–**	**(394)**	**(612)**	**(33)**	**(502)**	**(1,541)**
Write-off	**–**	**–**	**–**	**(27,467)**	**(164)**	**–**	**(340)**	**(6)**	**(475)**	**(28,452)**
Impairment loss	**–**	**–**	**–**	**–**	**–**	**–**	**4**	**–**	**30**	**34**
Reversal of impairment loss	**–**	**–**	**–**	**–**	**–**	**(11)**	**–**	**–**	**–**	**(11)**
At 31 December 2022										
Accumulated depreciation	**–**	**35,860**	**–**	**9,177,397**	**1,903,922**	**102,595**	**159,274**	**14,854**	**113,121**	**11,507,023**
Accumulated impairment loss	**–**	**–**	**–**	**–**	**–**	**408**	**4**	**9**	**32**	**453**
	–	**35,860**	**–**	**9,177,397**	**1,903,922**	**103,003**	**159,278**	**14,863**	**113,153**	**11,507,476**
Carrying amounts										
At 1 January 2021	**285,004**	**3,514**	**2,844**	**11,279,773**	**633,688**	**57,376**	**19,415**	**3,404**	**12,873**	**12,297,891**
At 31 December 2021/1 January 2022	**285,004**	**2,191**	**25,839**	**10,595,847**	**563,087**	**50,199**	**15,882**	**3,949**	**13,384**	**11,555,382**
At 31 December 2022	**285,004**	**1,030**	**29,838**	**9,929,404**	**633,466**	**46,949**	**16,679**	**3,881**	**10,513**	**10,956,764**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Securities

At 31 December 2022, certain Group's property, plant and equipment with a total carrying amount of RM8,997,745,000 (2021: RM9,369,654,000) were charged as securities for debt securities issued by subsidiaries (see Note 19).

3.2 Residual values

Estimating the useful lives and residual values of the power plant and machinery involves significant judgements, 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:

		Residual values	
PPA Owner	**Year of expiry**	**RM' million 2022**	**RM' million 2021**
Gas fired power plant			
GB3 Sdn. Bhd.	2022	**90.0**	90.0
Prai Power Sdn. Bhd.	2024	**50.0**	50.0
Segari Energy Ventures Sdn. Bhd.	2027	**170.0**	170.0
		310.0	310.0
Coal fired power plant			
Tanjung Bin Power Sdn. Bhd.	2031	**1,924.0**	1,924.0
Tanjung Bin Energy Sdn. Bhd.	2041	**1,433.0**	1,433.0
		3,357.0	3,357.0

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.2 Residual values (continued)

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 values would have resulted in a (decrease)/increase in depreciation charge of RM7,059,000 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;
   - iii) cheaper rate as compared to other power alternatives; and
   - iv) Tenaga Nasional Berhad's continued reliance on Independent Power Producers.

2) An estimated tariff rate during the extension period which management deems to be reasonable based on the expected demand and the tariff rate at the end of the current PPAs;

3) Average despatch factors of 77% to 85% to reflect the future demand for power; and

4) The pre-tax discount rates of 16% to 17% per annum.

A 5% increase/(decrease) in the residual values would have resulted in a (decrease)/increase in depreciation charge of RM13,597,000 per annum.

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	Total RM'000
Cost							
At 1 January 2021	21,516	17,055	154	18,458	1,285	27,727	86,195
Additions	–	–	–	33	803	1,513	2,349
Disposals	–	–	–	–	(640)	(94)	(734)
Write-off	–	–	–	(30)	–	–	(30)
At 31 December 2021/1 January 2022	**21,516**	**17,055**	**154**	**18,461**	**1,448**	**29,146**	**87,780**
Additions	**–**	**–**	**–**	**42**	**–**	**563**	**605**
Disposals	**–**	**–**	**–**	**–**	**–**	**(42)**	**(42)**
At 31 December 2022	**21,516**	**17,055**	**154**	**18,503**	**1,448**	**29,667**	**88,343**
Accumulated depreciation							
At 1 January 2021	–	14,400	154	18,233	1,175	22,922	56,884
Depreciation for the year	–	801	–	89	160	2,640	3,690
Disposals	–	–	–	–	(640)	(94)	(734)
Write-off	–	–	–	(30)	–	–	(30)
At 31 December 2021/1 January 2022	**–**	**15,201**	**154**	**18,292**	**695**	**25,468**	**59,810**
Depreciation for the year	**–**	**801**	**–**	**71**	**183**	**2,447**	**3,502**
Disposals	**–**	**–**	**–**	**–**	**–**	**(42)**	**(42)**
At 31 December 2022	**–**	**16,002**	**154**	**18,363**	**878**	**27,873**	**63,270**
Carrying amounts							
At 1 January 2021	21,516	2,655	–	225	110	4,805	29,311
At 31 December 2021/1 January 2022	21,516	1,854	–	169	753	3,678	27,970
At 31 December 2022	21,516	1,053	–	140	570	1,794	25,073

Notes to the Financial Statements

4. 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
At 1 January 2021	78,491	14,068	891	31	56	93,537
Additions	–	18,805	133	–	–	18,938
Remeasurement of lease liabilities	–	1,752	–	–	–	1,752
Depreciation for the year	(5,744)	(9,469)	(865)	(31)	(24)	(16,133)
At 31 December 2021/1 January 2022	**72,747**	**25,156**	**159**	**–**	**32**	**98,094**
Additions	**–**	**1,387**	**1,462**	**–**	**–**	**2,849**
Derecognition	**–**	**(14)**	**–**	**–**	**–**	**(14)**
Remeasurement of lease liabilities	**374**	**3,828**	**–**	**–**	**–**	**4,202**
Depreciation for the year	**(6,018)**	**(8,977)**	**(1,111)**	**–**	**(24)**	**(16,130)**
At 31 December 2022	**67,103**	**21,380**	**510**	**–**	**8**	**89,001**

Company	Leasehold land RM'000	Buildings RM'000	Total RM'000
At 1 January 2021	4,170	3,169	**7,339**
Additions	–	12,334	**12,334**
Depreciation for the year	(58)	(4,771)	**(4,829)**
At 31 December 2021/1 January 2022	4,112	10,732	**14,844**
Remeasurement of lease liabilities	–	2,806	**2,806**
Depreciation for the year	(58)	(4,610)	**(4,668)**
At 31 December 2022	4,054	8,928	**12,982**

The Group leases a number of buildings, plant and machinery, motor vehicles and office equipment that run between one year and six years, with an option to renew these leases after that date, whereas the Company leases a number of buildings that run at three years, with an option to renew these leases after that date.

4.1 Extension options

Some leases of buildings contain extension options exercisable by the Group or the Company up to three years before the end of the non-cancellable contract period. Where applicable, the Group or the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group or the Company and not by the lessors. The Group and the Company assess at lease commencement whether they are reasonably certain to exercise the extension options. The Group and the Company reassess whether they are reasonably certain to exercise the options if there is a significant event or significant change in circumstances within their control.

The extension options of all leases are currently included in the lease term as the Group and the Company assessed that they are reasonably certain to exercise the extension options, which is supported by the high historical rate of extensions exercised by the Group and the Company. Hence, as at 31 December 2022 and 31 December 2021, there were no potential future lease payments not included in lease liabilities.

4. RIGHT-OF-USE ASSETS (CONTINUED)

4.2 Judgements and assumptions in relation to leases

The Group and the Company assess at commencement of lease by applying judgement whether they are reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken in determining the lease term.

The Group and the Company also applied judgements and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.3 Securities

At 31 December 2022, certain Group's right-of-use assets with a total carrying amount of RM77,243,000 (2021:RM83,480,000) were charged as securities for debt securities issued by subsidiaries (see Note 19).

5. INVESTMENT PROPERTIES

	Group	
	2022 RM'000	**2021 RM'000**
At fair value		
At 1 January	**15,300**	15,300
Change in fair value recognised in profit or loss	**300**	–
At 31 December	**15,600**	15,300

Investment properties consist of land and buildings that are leased to third parties. A building which was previously vacant was leased to a third party for a period of 3 years from 1 August 2022.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2022 RM'000	**2021 RM'000**
Lease income	**398**	158
Direct operating expenses:		
– income generating investment properties	**23**	57
– non-income generating investment properties	**56**	102

The operating lease payments receivable by the Group is not disclosed as it is not material in the context of financial statements.

Fair value information

Fair value of investment properties is categorised as follows:

	Group Level 2	
	2022 RM'000	**2021 RM'000**
Land and buildings	**15,600**	15,300

Fair value of investment properties is 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 differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Notes to the Financial Statements

6. CONCESSION ASSETS

	Note	Group 2022 RM'000	Group 2021 RM'000
Cost			
At 1 January		**294,867**	293,914
Additions		**404**	953
At 31 December		**295,271**	294,867
Accumulated amortisation and impairment loss			
At 1 January			
Accumulated amortisation		**137,035**	120,219
Accumulated impairment loss		**8,174**	5,858
		145,209	126,077
Amortisation for the year		**15,008**	16,816
Impairment loss for the year	6.1	**425**	2,316
At 31 December			
Accumulated amortisation		**152,043**	137,035
Accumulated impairment loss		**8,599**	8,174
		160,642	145,209
Carrying amounts			
At 1 January		**149,658**	167,837
At 31 December		**134,629**	149,658

Concession assets – Alam Flora Sdn. Bhd. ("AFSB")

AFSB entered into a Service Concession Agreement with the Federal Government of Malaysia ("Government") 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.

Under the Service Concession Agreement, the Corporation shall pay AFSB monthly payment of agreed fees in consideration of AFSB's obligations of which 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.

Concession assets – Alam Flora Environmental Solutions Sdn. Bhd. ("AFES")

AFES entered into an agreement with the Government and Corporation to undertake the refurbishment, operation and maintenance of incinerators built by the Government in Pulau Pangkor and Cameron Highlands for a period of 6 years commencing from 6 April 2017 and 21 September 2017, respectively. Under this agreement, the Government shall, through the Corporation pay AFES monthly payment fees based on the total tonnage of waste received at the plant. The agreement for the Pulau Pangkor incinerator has been extended during the year for an additional three (3) years, expiring on 7 December 2025.

6.1 During the financial year, consequent to impairment assessment performed on the incinerators, the Group recognised an impairment loss of RM425,000 (2021: RM2,316,000) in cost of sales based on the value in use.

7. INTANGIBLE ASSETS

Group	Goodwill RM'000	Interest over Service Concession Agreement RM'000	Interest over Power Purchase and Operation and Maintenance Agreements RM'000	Total RM'000
Cost				
At 1 January 2021/31 December 2021/ 1 January 2022/31 December 2022	161,016	501,776	7,752,609	8,415,401
Accumulated amortisation and impairment loss				
At 1 January 2021	8,232	39,893	5,223,108	5,271,233
Accumulated amortisation	–	39,893	5,223,108	5,263,001
Accumulated impairment loss	8,232	–	–	8,232
Amortisation for the year	**–**	**36,569**	**272,002**	**308,571**
At 31 December 2021/1 January 2022	**8,232**	**76,462**	**5,495,110**	**5,579,804**
Accumulated amortisation	**–**	**76,462**	**5,495,110**	**5,571,572**
Accumulated impairment loss	**8,232**	**–**	**–**	**8,232**
Amortisation for the year	**–**	**36,462**	**271,929**	**308,391**
At 31 December 2022				
Accumulated amortisation	**–**	**112,924**	**5,767,039**	**5,879,963**
Accumulated impairment loss	**8,232**	**–**	**–**	**8,232**
	8,232	**112,924**	**5,767,039**	**5,888,195**
Carrying amounts				
At 1 January 2021	152,784	461,883	2,529,501	3,144,168
At 31 December 2021/1 January 2022	152,784	425,314	2,257,499	2,835,597
At 31 December 2022	152,784	388,852	1,985,570	2,527,206

Notes to the Financial Statements

7. INTANGIBLE ASSETS (CONTINUED)

Intangible assets including goodwill arising from interest over Service Concession Agreement

Initial measurement

The Group 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 assets holder (see Note 6).

The fair values 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 values of Intangible Assets represent 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.

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 costs 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.

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 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's 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 discount rate reflected the current market assessment of the time value of money and was based on the estimated cost of capital.

7. INTANGIBLE ASSETS (CONTINUED)

Intangible assets including goodwill arising from interest over Service Concession Agreement (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	10.75 years (in accordance with the SCA)
• Revenue	Tariff rate revision takes place on 1 January 2025 with an annualised growth rate of 2%
• Cost of sales	Private contractor costs based on past experience at 54% of total concession business revenue
• Capital expenditures ("CAPEX")	Expenses on concession assets replacement costs for existing SCA business
• Pre-tax discount rate	14%

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 2025. Thereon, a 3-year delay in tariff rate revisions and increase in pre-tax discount rate by 0.5% would result in an impairment loss of approximately RM18,189,000.

Intangible assets arising from interest over Power Purchase (subsidiaries and associate), Power and Water Purchase (associate and joint venture), Water Purchase (joint venture) and Operation and Maintenance (subsidiaries) 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.

As at 31 December 2022, there are four (4) PPAs (together with the respective IPP Licences) held by the Group's power producing subsidiaries, namely Segari Energy Ventures Sdn. Bhd. ("SEV"), Prai Power Sdn. Bhd. ("PPSB"), Tanjung Bin Power Sdn. Bhd. ("TBP") and an associate, Kapar Energy Ventures Sdn. Bhd. ("KEV") as well as four (4) 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 associate and joint venture are recognised as part of the carrying amount in the investments in associates and joint venture.

Notes to the Financial Statements

7. INTANGIBLE ASSETS (CONTINUED)

Intangible assets arising from interest over Power Purchase (subsidiaries and associate), Power and Water Purchase (associate and joint venture), Water Purchase (joint venture) and Operation and Maintenance (subsidiaries) Agreements (continued)

As at 31 December 2022, Hidd Power Company B.S.C. (c) ("HPC"), an associate holds one (1) PWPA and Saudi-Malaysia Water & Electricity Company Limited ("SAMAWEC"), an indirect joint venture holds one (1) PWPA and one (1) WPA.

The PPAs, PWPAs, WPA 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.

Intangible assets arising from interest over Power Purchase (subsidiaries and associate), Power and Water Purchase (associate) and Operation and Maintenance (subsidiaries) Agreements

Initial measurement

The fair values of the Intangible Assets arising from the PPAs, PWPA and OMAs were measured using the Multi-Period Excess Earnings Method ("MEEM") under the income method. The underlying rationale in the MEEM was that the fair values of Intangible Assets represent 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.

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/PWPA/OMAs	2 – 25 years (in accordance with the respective PPAs, PWPA and OMAs)
• Dependable Capacity ("DC"):	
– Power	350 MW – 2,420 MW
– Water	17,047 m^3/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^3)	67,370 – 73,771
• Capacity Rate:	
– Power (RM/kW/month)	11.35 – 50.00
– Water (RM/m^3/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^3/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.

7. INTANGIBLE ASSETS (CONTINUED)

Intangible assets arising from interest over Power and Water Purchase and Water Purchase Agreements (joint venture)

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 Agreement ("PWPA") and Water Purchase Agreement ("WPA").

The fair values 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 values of Intangible Assets represent 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.

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 costs 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.

Interest over Power Purchase and Operation and Maintenance Agreements (subsidiaries)

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 current and previous financial years.

Interest over Power and Water Purchase Agreement in HPC (associate)

Impairment testing for cash-generating unit containing goodwill and interest over Power and Water Purchase Agreement in HPC (associate)

Goodwill was allocated to HPC following the completion of the acquisition of HPC by the Group. The goodwill represents the cash-generating unit ("CGU") within the Group at which the goodwill was monitored for internal management purposes. The CGU also includes interest over Power and Water Purchase Agreement in HPC. During the financial year, following the weakening of Ringgit Malaysia ("RM") against US Dollar ("USD"), the functional currency of HPC, the Group has carried out an impairment assessment on the recoverable amount of its investment in HPC using value in use.

Notes to the Financial Statements

7. INTANGIBLE ASSETS (CONTINUED)

Interest over Power and Water Purchase Agreement in HPC (associate) (continued)

Impairment testing for cash-generating unit containing goodwill and interest over Power and Water Purchase Agreement in HPC (associate) (continued)

The impairment test of the above CGU based on the value in use, was 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 discount rate reflected the current market assessment of the time value of money and was based on the estimated cost of capital.

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 PWPA	4.75 years (in accordance with the PWPA)
• Residual value	Full recovery of residual value based on HPC's net book value of its fixed assets depreciated over the higher of PWPA tenure and the fixed assets' useful life
• Plant availability	Plant availability projected based on past experience
• Power and water despatch	Power and water despatch projected based on past experience
• Pre-tax discount rate	8.35%

The values assigned to the key assumptions represent management's assessment of future trends based on external sources and internal sources (historical data).

Consequent to the assessment, the carrying amount of the CGU exceeded the estimated recoverable amount, hence the Group recognised an impairment loss amounting to RM304,400,000 in profit or loss. Adverse changes in any of the key assumptions may result in further impairment losses to be recognised.

The above estimate is particularly sensitive to the change in discount rate. An increase of 1% in the discount rate would increase the impairment loss by RM43,398,000.

Interest over Power and Water Purchase Agreement and Water Purchase Agreement in SAMAWEC (joint venture)

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.

8. INVESTMENTS IN SUBSIDIARIES

	Note	Company 2022 RM'000	Company 2021 RM'000
At cost			
Unquoted shares		**8,134,741**	8,134,741
Unquoted preference shares	8.1	**880,453**	856,659
Amount due from a subsidiary	8.2	**109,355**	109,348
Capital contribution to subsidiaries	8.3	**3,793**	3,793
Less: Accumulated impairment losses	8.4	**(1,913,302)**	(1,576,302)
		7,215,040	7,528,239

8.1 During the financial year, the Company subscribed 23,794,000 units of Redeemable Non-cumulative Convertible Preference Shares ("RNCCPS") issued by Tanjung Bin Energy Sdn. Bhd. ("TBE"), a wholly-owned subsidiary of the Company at an issue price of RM1.00 per unit amounting to RM23,794,000.

8.2 Amount due from a subsidiary is non-trade in nature, unsecured and non-interest bearing. The amount has no fixed payment date and the subsidiary has the right to defer the payment.

8.3 In the previous financial year, the Company had waived certain capital contribution to subsidiaries and recognised a full impairment loss amounting to RM3,793,000.

8.4 During the financial year, the Company continued to assess the recoverability of its investments in subsidiaries which have 10 years or less in the remaining tenure of their PPAs. Consequent to the impairment tests carried out, the Company recognised an impairment loss amounting to RM337,000,000 (2021: RM401,095,000) in profit or loss.

Notes to the Financial Statements

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows:

No.	Name of companies	Principal place of business/ Country of Incorporation	Effective ownership interest and voting interest (%) 2022	2021	Principal activities
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.	Malaysia	**100**	100	Investment holding company and provision of operation and maintenance and any related services

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

No.	Name of companies	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2022	2021	Principal activities
Direct subsidiaries (continued)					
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
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.	Malakoff Solar Sdn. Bhd.	Malaysia	**100**	100	Developing, operating and maintaining solar photovoltaic projects
19.	Radiant Summit Global Limited	British Virgin Islands	**100**	100	Investment holding
20.	Yan Energy Ventures Sdn. Bhd.	Malaysia	**100**	100	Developing, financing, constructing, operating and maintaining power plant project(s)

Notes to the Financial Statements

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

No.	Name of companies	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2022	2021	Principal activities
Indirect subsidiaries					
Held through Tanjung Bin Energy Sdn. Bhd.					
21.	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.					
22.	Natural Analysis Sdn. Bhd.~	Malaysia	**100**	100	Dormant
23.	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
24.	TJSB International Limited	Cayman Islands	**100**	100	Offshore – Investment holding
25.	TJSB Global Sdn. Bhd.	Malaysia	**100**	100	Investment holding
26.	PT. Teknik Janakuasa^	Indonesia	**95**	95	Provision of operation and maintenance services to power plant and/or other utility plants
27.	TJZ Suria Sdn. Bhd.	Malaysia	**–***	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					
28.	TJSB International (Shoaiba) Limited	British Virgin Islands	**100**	100	Offshore – Investment holding
29.	TJSB Middle East Limited	British Virgin Islands	**100**	100	Operation and maintenance services for power plants

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

No.	Name of companies	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2022	2021	Principal activities
Indirect subsidiaries (continued)					
Held through Malakoff Engineering Sdn. Bhd.					
30.	MESB Project Management Sdn. Bhd.˜	Malaysia	**100**	100	Dormant
Held through Malakoff International Limited					
31.	Malakoff Gulf Limited	British Virgin Islands	**100**	100	Offshore – Investment holding
32.	Malakoff Technical (Dhofar) Limited	British Virgin Islands	**100**	100	Offshore – Investment holding
33.	Malakoff AlDjazair Desal Sdn. Bhd.	Malaysia	**100**	100	Investment holding
34.	Malakoff Oman Desalination Company Limited	British Virgin Islands	**100**	100	Offshore – Investment holding
35.	Malakoff Hidd Holding Company Limited	Guernsey	**100**	100	Asset, property, investment, intellectual property and other holding companies
36.	Pacific Goldtree Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Held through Tuah Utama Sdn. Bhd.					
37.	Green Biogas Sdn. Bhd.	Malaysia	**100**	100	Developing, operating and maintaining biogas power plant project
38.	Malakoff Radiance Sdn. Bhd.	Malaysia	**100**	100	Developing, operating and maintaining rooftop solar projects
39.	Southern Biogas Sdn. Bhd.	Malaysia	**100**	100	Developing, operating and maintaining biogas power plant project
Held through Malakoff AlDjazair Desal Sdn. Bhd.					
40.	Tlemcen Desalination Investment Company SAS˜	France	**70**	70	Offshore – Investment holding

Notes to the Financial Statements

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

No.	Name of companies	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2022	2021	Principal activities
Indirect subsidiaries (continued)					
Held through Malakoff Hidd Holding Company Limited					
41.	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					
42.	Tanjung Bin O&M Berhad	Malaysia	**100**	100	Operation and maintenance of power plant
43.	PDP O&M Sdn. Bhd.˜	Malaysia	**100**	100	Operation and maintenance of power plant
Held through Hypergantic Sdn. Bhd.					
44.	Port Dickson Power Berhad	Malaysia	**100**	100	Independent power producer licensed by the Government to supply electricity exclusively to Tenaga Nasional Berhad
Held through Pacific Goldtree Sdn. Bhd.					
45.	Skyfirst Power Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Held through Tunas Pancar Sdn. Bhd.					
46.	Alam Flora Sdn. Bhd.	Malaysia	**97.37**	97.37	Provision of integrated solid waste collection and public cleansing management services
Held through Alam Flora Sdn. Bhd.					
47.	Alam Flora Environmental Solutions Sdn. Bhd.	Malaysia	**97.37**	97.37	Provision of integrated solid waste management services, recycling and integrated facility management services
Held through Malakoff Gulf Limited					
48.	Desaru Investments (Cayman Isl.) Limited˜	Cayman Islands	**100**	100	Offshore – Investment holding
49.	Malaysian Shoaiba Consortium Sdn. Bhd.	Malaysia	**80+**	80+	Investment holding

^ *Not audited by member firms of KPMG International*

˜ *No requirement to be audited*

* *During the year, TJZ Suria Sdn. Bhd. has been reclassified as a joint venture of the Group (see Note 10)*

\+ *Represents 40% interest held through Malakoff Gulf Limited and 40% interest held through Desaru Investments (Cayman Isl.) Limited, a wholly-owned subsidiary of Malakoff Gulf Limited*

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Group 2022	**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**
NCI percentage of ownership interest and voting interest	**6.25%**	**25%**	**10%**	**2.63%**	**20%**		
Carrying amount of NCI	**13,386**	**45,461**	**159,532**	**19,875**	**102,545**	**(6,054)**	**334,745**
(Loss)/Profit allocated to NCI	**(8,212)**	**5,616**	**83,854**	**2,718**	**(55)**	**(243)**	**83,678**
Summarised financial information before intra-group eliminations							
As at 31 December							
Non-current assets	**950,327**	**91,752**	**4,228,224**	**270,667**	**454,845**		
Current assets	**169,192**	**146,451**	**3,959,785**	**460,848**	**74,263**		
Non-current liabilities	**(879,214)**	**(15,898)**	**(4,836,894)**	**(196,679)**	**–**		
Current liabilities	**(26,135)**	**(40,460)**	**(1,755,796)**	**(324,822)**	**(723)**		
Net assets	**214,170**	**181,845**	**1,595,319**	**210,014**	**528,385**		
Year ended 31 December							
Revenue	**249,356**	**284,785**	**6,835,709**	**872,812**	**92,518**		
(Loss)/Profit for the year	**(131,398)**	**22,465**	**838,542**	**103,337**	**92,246**		
Total comprehensive (expense)/ income	**(131,398)**	**22,465**	**838,542**	**103,337**	**92,246**		
Cash flows from/(used in) operating activities	**39,260**	**67,331**	**(379,684)**	**69,217**	**1,419**		
Cash flows from investing activities	**7,319**	**19,714**	**1,032,694**	**237,670**	**91,784**		
Cash flows used in financing activities	**(110,569)**	**(80,723)**	**(761,576)**	**(194,697)**	**(29,261)**		
Net (decrease)/increase in cash and cash equivalents	**(63,990)**	**6,322**	**(108,566)**	**112,190**	**63,942**		
Dividends paid to NCI	**–**	**(20,000)**	**(30,000)**	**(4,952)**	**(3,243)**	**–**	**(58,195)**
Redemption of Preference Shares to NCI	**–**	**–**	**–**	**–**	**(2,426)**	**–**	**(2,426)**

Notes to the Financial Statements

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (continued):

Group 2021	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
NCI percentage of ownership interest and voting interest	6.25%	25%	10%	2.63%	20%		
Carrying amount of NCI	21,598	60,092	105,583	17,980	109,006	(2,571)	311,688
(Loss)/Profit allocated to NCI	(18,735)	2,160	55,064	5,986	(446)	639	44,668
Summarised financial information before intra-group eliminations							
As at 31 December							
Non-current assets	1,099,241	221,635	4,340,312	280,114	454,845		
Current assets	250,258	175,002	3,404,283	554,542	10,593		
Non-current liabilities	(971,189)	(56,775)	(5,313,355)	(288,872)	–		
Current liabilities	(32,741)	(100,482)	(1,374,463)	(250,961)	(953)		
Net assets	345,569	239,380	1,056,777	294,823	464,485		
Year ended 31 December							
Revenue	202,750	266,724	3,525,376	827,513	37,070		
(Loss)/Profit for the year	(299,755)	8,641	550,636	227,609	34,838		
Total comprehensive (expense)/ income	(299,755)	8,641	550,636	227,609	34,838		
Cash flows from operating activities	91,893	53,925	767,975	203,435	553		
Cash flows from/(used in) investing activities	123,935	71,675	286,849	(72,308)	35,219		
Cash flows used in financing activities	(115,069)	(80,723)	(896,481)	(143,089)	(25,450)		
Net increase/(decrease) in cash and cash equivalents	100,759	44,877	158,343	(11,962)	10,322		
Dividends paid to NCI	–	(20,000)	(40,000)	(3,619)	–	–	(63,619)
Redemption of Preference Shares to NCI	–	–	–	–	(5,090)	–	(5,090)

9. INVESTMENTS IN ASSOCIATES

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
At cost					
Unquoted shares:					
– in Malaysia		**471,258**	471,258	**1,112,228**	1,112,228
– outside Malaysia		**67,601**	67,601	**–**	–
Unquoted loan stocks:					
– in Malaysia	9.1	**–**	307,430	**–**	307,430
Redeemable preference shares	9.1	**307,430**	–	**307,430**	–
Capital contribution	9.2	**215,353**	–	**215,353**	–
Pre-acquisition reserves		**100,592**	100,592	**–**	–
Share of post-acquisition reserves		**393,515**	164,897	**–**	–
		1,555,749	1,111,778	**1,635,011**	1,419,658
Add: Intangible assets					
Goodwill		**381,658**	362,097	**–**	–
Interest over PPA and PWPA		**939,073**	939,073	**–**	–
		1,320,731	1,301,170	**–**	–
Less: Amortisation of intangible assets					
At 1 January		**(393,838)**	(388,607)	**–**	–
Amortisation for the year		**(5,240)**	(5,231)	**–**	–
At 31 December		**(399,078)**	(393,838)	**–**	–
Less: Accumulated impairment loss					
At 1 January		**(1,087,423)**	(1,087,423)	**(1,419,658)**	(1,419,658)
Impairment loss for the year	9.3	**(398,272)**	–	**–**	–
At 31 December		**(1,485,695)**	(1,087,423)	**(1,419,658)**	(1,419,658)
		991,707	931,687	**215,353**	–

9.1 During the financial year, Kapar Energy Ventures Sdn. Bhd. ("KEV"), a 40%-owned associate of the Company converted its Redeemable Unsecured Loan Stocks ("RULS") to Redeemable Preference Shares ("RPS") at an issue price of RM100 per share amounting to RM307,430,000. The Group and the Company had previously fully impaired the RULS. Hence, the impairment is currently accounted for in the RPS.

9.2 During the financial year, following the completion of KEV's RPS conversion, the Group and the Company have accounted the net amount due from KEV of RM215,353,000 (see Note 12) as a capital contribution in the investment in associate.

9.3 During the financial year, the Group recognised an impairment loss on its investment in HPC of RM304,400,000 in profit or loss (see Note 7). The Group also recognised an impairment loss of RM93,872,000 on its investment in KEV which represented the share of profits from KEV for the current financial year as the Group expects the recoverable amount from its investment in KEV to remain at RM215,353,000. The share of profits from KEV are after netting off the previously unrecognised accumulated share of losses of RM14,272,000.

Notes to the Financial Statements

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of associates are as follows:

No.	Name of companies	Prinsipal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2022	2021	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 Company S.A.O.G	Sultanate of Oman	**32.5**	32.5	Desalination of water
8.	Saudi-Malaysia Operation & Maintenance Services Company Limited	Kingdom of Saudi Arabia	**20**	20	Operation and maintenance of power and water desalination plant

9. 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 2022	Kapar Energy Ventures Sdn. Bhd. 40% RM'000	Hidd Power Company B.S.C. (c) 40% RM'000	Muscat City Desalination Company S.A.O.G 32.5% RM'000
Summarised financial information			
As at 31 December			
Non-current assets	1,421,757	2,983,953	971,398
Current assets	2,520,498	579,572	47,858
Non-current liabilities	(521,246)	(1,628,282)	(681,884)
Current liabilities	(1,469,079)	(150,637)	(90,647)
Net assets	1,951,930	1,784,606	246,725
Year ended 31 December			
Profit for the year	270,363	184,270	25,839
Other comprehensive income	–	113,480	58,528
Total comprehensive income	270,363	297,750	84,367
Included in the total comprehensive income are:			
Revenue	4,328,590	1,969,754	213,063
Depreciation and amortisation	(214)	(270,785)	(28,570)
Finance costs	(48,226)	(103,602)	(31,141)
Tax recovered/(expense)	165,457	–	(5,805)

Notes to the Financial Statements

9. 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 2022	Kapar Energy Ventures 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
Reconciliation of net assets to carrying amount					
As at 31 December					
Group's share of net assets, after consolidation adjustments	1,396,648	1,020,864	65,186	(5,296)	2,477,402
Less: Accumulated impairment loss	(1,181,295)	(304,400)	–	–	(1,485,695)
Carrying amount in the statements of financial position	215,353	716,464	65,186	(5,296)	991,707
Group's share of results					
Year ended 31 December					
Group's share of profit for the year	108,144	73,709	8,398	–	190,251
Less: Previously unrecognised share of losses	(14,272)	–	–	–	(14,272)
Group's share of other comprehensive income	–	45,392	19,022	–	64,414
Group's share of total comprehensive income	93,872	119,101	27,420	–	240,393
Other information					
Dividend received	–	–	(10,972)	(803)	(11,775)

9. 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 2021	**Hidd Power Company B.S.C. (c) 40% RM'000**	**Muscat City Desalination Company S.A.O.G 32.5% RM'000**
Summarised financial information		
As at 31 December		
Non-current assets	2,941,169	931,774
Current assets	711,336	66,244
Non-current liabilities	(2,181,984)	(742,860)
Current liabilities	(233,594)	(105,199)
Net assets	1,236,927	149,959
Year ended 31 December		
Profit for the year	198,269	25,318
Other comprehensive income	101,265	25,001
Total comprehensive income	299,534	50,319
Included in the total comprehensive income are:		
Revenue	1,890,131	194,491
Depreciation and amortisation	(248,067)	(26,922)
Finance costs	(87,199)	(30,022)
Tax expense	–	(3,079)

Notes to the Financial Statements

9. 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 2021	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
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets, after consolidation adjustments	887,443	48,738	(4,494)	931,687
Carrying amount in the statements of financial position	887,443	48,738	(4,494)	931,687
Group's share of results				
Year ended 31 December				
Group's share of profit for the year	79,307	8,228	3,858	91,393
Group's share of other comprehensive income	40,506	8,129	–	48,635
Group's share of total comprehensive income	119,813	16,357	3,858	140,028
Other information				
Dividend received	–	(5,257)	(1,035)	(6,292)

10. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2022	2021	**2022**	2021
	RM'000	RM'000	**RM'000**	RM'000
At cost				
Unquoted shares:				
– in Malaysia	**22,586**	21,515	**21,515**	21,515
– outside Malaysia	**432,466**	432,706	**–**	–
Pre-acquisition reserves	**317,731**	317,532	**–**	–
Share of post-acquisition reserves	**18,018**	(31,570)	**–**	–
	790,801	740,183	**21,515**	21,515
Add: Intangible assets acquired through business combinations				
At 1 January/31 December	**66,500**	66,500	**–**	–
Less: Amortisation of intangible assets				
At 1 January	**(14,987)**	(8,577)	**–**	–
Amortisation for the year	**(6,407)**	(6,410)	**–**	–
At 31 December	**(21,394)**	(14,987)	**–**	–
	835,907	791,696	**21,515**	21,515

(i) In the previous financial year, the Company had converted 21,515,218 units of Redeemable Convertible Cumulative Preference Shares in ZEC Solar Sdn. Bhd. ("ZEC Solar") into 21,515,218 ordinary shares at a conversion price of RM1.00 each ("Conversion"). With the completion of the Conversion, the Company holds 49% equity interest in ZEC Solar. Key decisions related to ZEC Solar require unanimous consent from the shareholders, hence, the Group had classified ZEC Solar as a joint venture of the Group.

(ii) In the previous financial year, TJSB International Limited, an indirect wholly-owned subsidiary, had acquired 22,500 ordinary shares, representing 15% equity interest in Muscat City Desalination Operation & Maintenance Company LLC ("MCDOMC") for a purchase consideration of OMR22,500 (equivalent to RM240,000). Upon the acquisition, the Group's effective equity interest in MCDOMC had increased from 35% to 50%. Key decisions related to MCDOMC require unanimous consent from the shareholders, hence, the Group had classified MCDOMC as a joint venture of the Group.

(iii) During the financial year, Malakoff Technical Solutions Sdn. Bhd. ("MTSSB"), a wholly-owned subsidiary of the Company subscribed an additional 1,020 issued share capital of Malakoff Gas Malaysia Cogen O&M Sdn. Bhd. ("MGMC") for a total consideration of RM1,020,000, representing 51% of the additional share capital issued by MGMC. The remaining 49% shares were subscribed by Gas Malaysia Ventures Sdn. Bhd., the other equity holder of MGMC.

Notes to the Financial Statements

10. 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 (%) 2022	2021	Principal activities
Direct joint venture					
1.	ZEC Solar Sdn. Bhd.	Malaysia	**49**	49	Installation of non-electric solar energy collections wholesale of a variety of goods without any particular specialisation
Indirect joint ventures					
2.	Malakoff Gas Malaysia Cogen O&M Sdn. Bhd. ("MGMC")	Malaysia	**51**	51	Developing, marketing, and providing operation and maintenance services for cogeneration plants in Malaysia
3.	Almiyah Attilemcania SPA	Algeria	**35.7**	35.7	Construction, operation and maintenance of a desalination plant and marketing of desalinated water produced
4.	Saudi-Malaysia Water & Electricity Company Limited ("SAMAWEC")	Kingdom of Saudi Arabia	**40**	40	Offshore – Investment holding
5.	Muscat City Desalination Operation and Maintenance Company LLC ("MCDOMC")	Sultanate of Oman	**50**	50	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
6.	TJZ Suria Sdn. Bhd. ("TJZ Suria")	Malaysia	**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

10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Details of joint ventures are as follows (continued):

No.	Name of companies	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2022	2021	Principal activities
	Indirect joint ventures (continued)				
	Associates held by SAMAWEC				
7.	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
8.	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
9.	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 Financial Statements

10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Although the Group does not hold 50% of effective ownership interest and voting interest in most of the joint ventures, the Group has accounted for the investments in these entities as joint ventures because based on the joint venture agreements, the key decisions related to these entities require unanimous consent from all shareholders.

The following table summarises the information of the Group's material joint ventures, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the joint ventures.

	SAMAWEC	
	2022	**2021**
	RM'000	**RM'000**
Summarised financial information		
As at 31 December		
Non-current assets	**6,528,306**	6,944,556
Current assets	**900,446**	471,736
Non-current liabilities	**(2,933,024)**	(3,502,700)
Current liabilities	**(1,062,228)**	(866,738)
Net assets	**3,433,500**	3,046,854
Cash and cash equivalents	**586,889**	199,272
Non-current financial liabilities (excluding trade and other payables and provisions)	**(2,870,705)**	(3,192,353)
Current financial liabilities (excluding trade and other payables and provisions)	**(850,034)**	(680,555)
Year ended 31 December		
Profit for the year	**441,762**	471,385
Other comprehensive income	**174,764**	136,892
Total comprehensive income	**616,526**	608,277
Included in the total comprehensive income are:		
Revenue	**1,153,100**	1,375,145
Depreciation and amortisation	**(202,679)**	(403,919)
Interest expense	**(236,940)**	(224,150)
Income tax expense	**(39,852)**	(40,486)

10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table summarises the information of the Group's material joint ventures, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the joint ventures (continued).

Group	SAMAWEC RM'000	Other individually immaterial joint ventures RM'000	Total RM'000
2022			
Reconciliation of net assets to carrying amount			
As at 31 December			
Group's share of net assets, after consolidation adjustments	**790,835**	**45,072**	**835,907**
Carrying amount in the statements of financial position	**790,835**	**45,072**	**835,907**
Group's share of results			
Year ended 31 December			
Group's share of profit for the year	**91,755**	**8,684**	**100,439**
Group's share of other comprehensive income	**41,882**	**–**	**41,882**
Group's share of total comprehensive income	**133,637**	**8,684**	**142,321**
Other information			
Dividend received	**(92,518)**	**(215)**	**(92,733)**
2021			
Reconciliation of net assets to carrying amount			
As at 31 December			
Group's share of net assets, after consolidation adjustments	756,123	35,573	791,696
Carrying amount in the statements of financial position	756,123	35,573	791,696
Group's share of results			
Year ended 31 December			
Group's share of profit for the year	98,429	6,729	105,158
Group's share of other comprehensive income	32,810	–	32,810
Group's share of total comprehensive income	131,239	6,729	137,968
Other information			
Dividend received	(37,070)	(1,440)	(38,510)

Notes to the Financial Statements

11. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	2022			2021		
	Nominal value RM'000	**Assets RM'000**	**Liabilities RM'000**	**Nominal value RM'000**	**Assets RM'000**	**Liabilities RM'000**
Group						
Non-current						
Derivatives used for hedging						
– Interest rate swap	**–**	**–**	**–**	193,335	–	(2,317)
– Cross currency interest rate swaps	**209,191**	**74,275**	**–**	957,180	270,938	–
	209,191	**74,275**	**–**	1,150,515	270,938	(2,317)
Current						
Derivatives used for hedging						
– Interest rate swap	**48,681**	**–**	**(106)**	95,035	–	(4,789)
– Cross currency interest rate swaps	**105,855**	**46,558**	**–**	155,710	17,742	–
	154,536	**46,558**	**(106)**	250,745	17,742	(4,789)
	363,727	**120,833**	**(106)**	1,401,260	288,680	(7,106)

Interest rate and cross currency interest rate 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 interest rate swaps, to hedge its interest rate and foreign exchange risks. The interest rate and cross currency interest rate swaps are entered into for a period of 5 to 17 years.

During the financial year, the interest rate and cross currency interest rate swaps have been partially terminated following the partial repayment of a subsidiary's senior loans facilities (see Notes 19.5 and 19.6). Subsequent to the partial termination, the remaining tenure of the interest rate and cross currency interest rate swaps was reduced to a period of 1 to 3 years, with losses arising from a decrease in the derivative financial assets and corresponding gains on foreign exchange of the loan (see Note 19.9), together with the related transaction costs (see Note 12.1) been charged out to profit or loss accordingly.

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current					
Other receivables	12.1	**2,779**	39,931	**–**	–
Amount due from an associate – non-trade		**–**	271,839	**–**	271,839
Accumulated impairment allowances		**–**	(56,486)	**–**	(56,486)
Net amount due from an associate – non-trade	12.2	**–**	215,353	**–**	215,353
Deferred expenses		**8,606**	9,206	**–**	–
Other assets		**50**	50	**–**	–
		11,435	264,540	**–**	215,353
Current					
Trade					
Trade receivables		**1,828,129**	540,064	**–**	–
Non-trade					
Amounts due from subsidiaries	12.3	**–**	–	**1,222,074**	1,085,138
Amounts due from associates	12.3	**48,631**	50,439	**431**	397
Amounts due from related parties	12.3	**9,470**	14,617	**88**	–
Amounts due from joint ventures	12.3	**4,025**	–	**–**	–
Amounts due from related companies	12.3	**–**	–	**317**	–
Other receivables		**84,808**	82,581	**1,387**	1,521
Deposits and prepayments		**111,845**	108,357	**3,623**	3,494
		258,779	255,994	**1,227,920**	1,090,550
		2,086,908	796,058	**1,227,920**	1,090,550
		2,098,343	1,060,598	**1,227,920**	1,305,903

12.1 Other receivables – non-current

Other receivables represent transaction costs arising from derivative instruments which will be amortised over the tenure of the hedged item.

12.2 Net amount due from an associate – non-current

During the financial year, following the completion of KEV's RPS conversion, the Company has accounted the net amount due from KEV of RM215,353,000 as a capital contribution in the investment in associate (see Note 9).

Notes to the Financial Statements

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

12.3 Amounts due from subsidiaries, associates, related parties, joint ventures and related companies - current

Amounts due from subsidiaries, associates, related parties, joint ventures and related companies are unsecured, interest free and repayable on demand, except for the following balances which are subject to interest:

	2022 RM'000	2021 RM'000
Group		
Amounts due from associates	**48,114**	45,517
Interest rate per annum	**2%**	2%
Company		
Amounts due from subsidiaries	**702,031**	695,268
Interest rate per annum	**3.4% - 5.9%**	3.4% - 5.9%

12.4 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:

	Note	Gross amount RM'000	Balances that are set-off RM'000	Net carrying amount in the statements of financial position RM'000
Company				
2022				
Amounts due from subsidiaries		**1,458,386**	**(236,312)**	**1,222,074**
Amounts due to subsidiaries	24	**(1,702,006)**	**236,312**	**(1,465,694)**
2021				
Amounts due from subsidiaries		1,311,723	(226,585)	1,085,138
Amounts due to subsidiaries	24	(1,679,294)	226,585	(1,452,709)

The Company's amounts due from and due to subsidiaries are set off for presentation purposes because they have enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

13. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities		Net	
Group	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Property, plant and equipment	**–**	–	**(2,244,312)**	(2,360,924)	**(2,244,312)**	(2,360,924)
Lease liabilities	**5,772**	6,765	**–**	–	**5,772**	6,765
Right-of-use assets	**–**	–	**(11,335)**	(11,328)	**(11,335)**	(11,328)
Investment properties	**–**	–	**(234)**	(204)	**(234)**	(204)
Concession assets	**–**	–	**(28,721)**	(31,105)	**(28,721)**	(31,105)
Provisions	**132,153**	168,561	**–**	–	**132,153**	168,561
Intangible assets	**–**	–	**(511,546)**	(578,999)	**(511,546)**	(578,999)
Unutilised tax losses	**27,617**	23,197	**–**	–	**27,617**	23,197
Unutilised capital allowances	**1,114,615**	1,104,386	**–**	–	**1,114,615**	1,104,386
Deferred income	**753,600**	825,513	**–**	–	**753,600**	825,513
Others	**180**	–	**–**	–	**180**	–
Tax assets/(liabilities)	**2,033,937**	2,128,422	**(2,796,148)**	(2,982,560)	**(762,211)**	(854,138)
Set-off of tax	**(1,799,646)**	(1,911,335)	**1,799,646**	1,911,335	**–**	–
Net tax assets/(liabilities)	**234,291**	217,087	**(996,502)**	(1,071,225)	**(762,211)**	(854,138)
Company						
Property, plant and equipment	**–**	–	**(998)**	(779)	**(998)**	(779)
Right-of-use assets	**–**	–	**(2,143)**	(2,575)	**(2,143)**	(2,575)
Lease liabilities	**2,196**	2,638	**–**	–	**2,196**	2,638
Tax assets/(liabilities)	**2,196**	2,638	**(3,141)**	(3,354)	**(945)**	(716)
Set-off of tax	**(2,196)**	(2,638)	**2,196**	2,638	**–**	–
Net tax liabilities	**–**	–	**(945)**	(716)	**(945)**	(716)

Notes to the Financial Statements

13. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movements in temporary differences during the year

Group	At 1.1.2021 RM'000	Recognised in profit or loss (Note 28) RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 28) RM'000	Recognised in other comprehensive income (Note 30) RM'000	At 31.12.2022 RM'000
Property, plant and equipment	(2,366,141)	5,217	(2,360,924)	116,612	–	**(2,244,312)**
Lease liabilities	2,596	4,169	6,765	(993)	–	**5,772**
Right-of-use assets	(5,082)	(6,246)	(11,328)	(7)	–	**(11,335)**
Investment properties	(204)	–	(204)	(30)	–	**(234)**
Concession assets	(35,653)	4,548	(31,105)	2,384	–	**(28,721)**
Provisions	171,973	(3,412)	168,561	(30,013)	(6,395)	**132,153**
Intangible assets	(646,467)	67,468	(578,999)	67,453	–	**(511,546)**
Unutilised tax losses	23,883	(686)	23,197	4,420	–	**27,617**
Unutilised capital allowances	1,009,533	94,853	1,104,386	10,229	–	**1,114,615**
Deferred income	897,742	(72,229)	825,513	(71,913)	–	**753,600**
Deferred expenses	(58,540)	58,540	–	–	–	**–**
Others	–	–	–	180	–	**180**
Net tax liabilities	(1,006,360)	152,222	(854,138)	98,322	(6,395)	**(762,211)**

Company	At 1.1.2021 RM'000	Recognised in profit or loss (Note 28) RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 28) RM'000	At 31.12.2022 RM'000
Property, plant and equipment	(558)	(221)	(779)	(219)	**(998)**
Right-of-use assets	(761)	(1,814)	(2,575)	432	**(2,143)**
Lease liabilities	855	1,783	2,638	(442)	**2,196**
Net tax liabilities	(464)	(252)	(716)	(229)	**(945)**

13. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item (stated at gross):

	Group 2022 RM'000	Group 2021 RM'000
Unutilised tax losses:		
As at 31 December	**137,626**	137,275
Tax at 24% (2021: 24%)	**33,030**	32,946

In accordance with the provision of the Finance Act 2021, the unutilised tax losses are available for utilisation in the next ten (10) years, for which, any excess at the end of the tenth (10th) 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 2022 RM'000	Group 2021 RM'000
Unrecognised unutilised tax losses		
Year of assessment 2028	**121,926**	126,330
Year of assessment 2029	**10,511**	10,511
Year of assessment 2030	**434**	434
Year of assessment 2031	**4,755**	–
	137,626	137,275
Recognised unutilised tax losses		
Year of assessment 2030	**70,446**	96,654
Year of assessment 2031	**44,625**	–
	115,071	96,654

Notes to the Financial Statements

14. INVENTORIES

	Group 2022 RM'000	Group 2021 RM'000
Consumables	**396,457**	298,015
Coal	**1,198,365**	510,822
Diesel fuel	**86,524**	65,442
	1,681,346	874,279
Recognised in profit or loss:		
Inventories recognised as cost of sales	**6,369,657**	2,882,091
Allowance for diminution in value of consumables	**4,739**	41,752

The allowance for diminution in value of consumables is included in cost of sales.

15. OTHER INVESTMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Investment in Redeemable Cumulative Convertible Preference Shares ("RCCPS")	**2,484**	2,484	**2,484**	2,484
Current				
Deposits with licensed banks and other licensed corporations with maturity more than 3 months				
– amortised cost	**163,451**	1,528,511	**–**	–
– fair value through profit or loss	**529,289**	1,088,582	**–**	–
	692,740	2,617,093	**–**	–

Included in other investments of the Group is an amount of RM24,208,000 (2021: RM400,345,000) placed with a licensed bank and a licensed corporation which are related parties of the Group.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with licensed banks and other licensed corporations with maturity less than 3 months	**923,362**	735,585	**125,197**	139,545
Cash and bank balances	**616,268**	833,234	**30,367**	23,704
	1,539,630	1,568,819	**155,564**	163,249

Included in cash and cash equivalents of the Group and of the Company are RM648,863,000 (2021: RM632,891,000) that are placed in the designated accounts which are jointly operated with Securities Trustees in accordance with the trust deed of the Islamic financing facilities entered by the Group (see Note 19).

Included in cash and cash equivalents of the Group and of the Company are RM32,979,000 (2021: RM1,020,000) and RM1,666,000 (2021: RM853,000), respectively placed with a licensed bank and a licensed corporation which are related parties of the Group.

17. CAPITAL AND RESERVES

Share capital

Group and Company	**Number of shares 2022 '000**	**Amount 2022 RM'000**	**Number of shares 2021 '000**	**Amount 2021 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.

Notes to the Financial Statements

17. CAPITAL AND RESERVES (CONTINUED)

Treasury shares

In accordance with Section 127 of the Companies Act 2016, all repurchased shares of the Company are held as treasury shares. During the financial year, the Company did not repurchase any ordinary shares from the open market and none of its existing treasury shares have been cancelled. As at 31 December 2022, 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 2022 '000	Amount 2022 RM'000	Number of shares 2021 '000	Amount 2021 RM'000
Treasury shares				
At 1 January/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.

18. PERPETUAL SUKUK

Group	2022 RM'000	2021 RM'000
Nominal value		
At 1 January/31 December	**800,000**	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:

(a) 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;

(b) 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;

(c) 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

(d) 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.

19. LOANS AND BORROWINGS

	Note	Group 2022 RM'000	Group 2021 RM'000
Non-current			
Secured			
Sukuk Ijarah medium-term notes	19.1	**1,952,987**	2,238,590
Sukuk medium-term notes	19.2	**1,627,622**	1,917,190
Sukuk Wakalah	19.3	**165,000**	180,000
Sukuk Murabahah	19.4	**3,535,000**	2,890,000
Senior RM term loan	19.5	**–**	244,580
Senior USD term loan	19.6	**279,876**	1,086,565
USD term loan	19.7	**210,720**	–
		7,771,205	8,556,925
Current			
Secured			
Sukuk Ijarah medium-term notes	19.1	**320,000**	300,000
Sukuk medium-term notes	19.2	**320,000**	340,000
Sukuk Wakalah	19.3	**15,000**	55,000
Sukuk Murabahah	19.4	**65,000**	45,000
Senior RM term loan	19.5	**63,636**	109,340
Senior USD term loan	19.6	**127,837**	138,778
USD term loan	19.7	**30,730**	270,725
Unsecured			
Redeemable Preference Shares	19.8	**30,000**	30,000
		972,203	1,288,843
		8,743,408	9,845,768

Notes to the Financial Statements

19. LOANS AND BORROWINGS (CONTINUED)

19.1 Sukuk Ijarah medium-term notes issued by Tanjung Bin Power Sdn. Bhd. ("TBP")

Security

The Sukuk Ijarah medium-term notes are secured over TBP's property, plant and equipment and right-of-use assets with a carrying amount of RM3,933,908,000 (2021: RM4,112,800,000) and RM33,643,000 (2021: RM37,480,000), respectively.

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.

19.2 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.

Significant covenant

The Company and MPB are 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.

19.3 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.

19.4 Sukuk Murabahah issued by Tanjung Bin Energy Sdn. Bhd. ("TBE")

Security

In the previous financial year, TBE had issued the Sukuk Murabahah program of up to RM4,500,000,000 to facilitate the repayment of amounts owing between Tanjung Bin Energy Issuer Berhad ("TBEI") and TBE under a turnkey contract involving the redemption of TBEI's existing Sukuk Murabahah and proposed settlement of TBEI's existing Senior RM term loan and Senior USD term loan ("senior loans facilities") of which TBE had subsequently utilised RM2,970,000,000 to repay the amounts owing to TBEI.

During the financial year, TBE utilised RM710,000,000 under the Sukuk Murabahah program to partially settle TBEI's senior loans facilities (see Notes 19.5 and 19.6).

The Sukuk Murabahah is secured over TBE's property, plant and equipment and right-of-use assets with a carrying amount of RM5,063,837,000 (2021: RM5,256,854,000) and RM43,600,000 (2021: RM46,000,000), respectively.

Significant covenant

TBE 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 1.25:1.

19. LOANS AND BORROWINGS (CONTINUED)

19.5 Senior RM term loan drawdown by TBEI

Security

During the financial year, TBEI partially settled the Senior RM term loan using proceeds from the issuance of TBE's Sukuk Murabahah (see Note 19.4). The Senior RM term loan is secured over TBE's property, plant and equipment as disclosed in Note 19.4.

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 1.25:1.

19.6 Senior USD term loan drawdown by TBEI

Security

During the financial year, TBEI partially settled the Senior USD term loan using proceeds from the issuance of TBE's Sukuk Murabahah (see Note 19.4). The Senior USD term loan is secured over TBE's property, plant and equipment as disclosed in Note 19.4.

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 1.25:1.

19.7 USD term loan drawdown by Malakoff International Limited ("MIL")

Security

During the financial year, MIL refinanced its existing USD term loan for a period of 5 years. The USD term loan is secured over a guarantee provided by the Company, MIL's designated account and MIL's 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.

Notes to the Financial Statements

19. LOANS AND BORROWINGS (CONTINUED)

19.8 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) Holders 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 holders have 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 resolutions that may affect the rights and privileges of the RPS holders.

19.9 Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1.1.2022 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease and remeasurement of lease liabilities RM'000	Foreign exchange movements RM'000	Others RM'000	At 31.12.2022 RM'000
Sukuk Ijarah medium-term notes	**2,538,590**	**(300,000)**	**–**	**–**	**34,397**	**2,272,987**
Sukuk medium-term notes	**2,257,190**	**(340,000)**	**–**	**–**	**30,432**	**1,947,622**
Sukuk Wakalah	**235,000**	**(55,000)**	**–**	**–**	**–**	**180,000**
Sukuk Murabahah	**2,935,000**	**665,000**	**–**	**–**	**–**	**3,600,000**
Senior RM term loan	**353,920**	**(290,284)**	**–**	**–**	**–**	**63,636**
Senior USD term loan	**1,225,343**	**(633,979)**	**–**	**(183,651)**	**–**	**407,713**
USD term loan	**270,725**	**(43,555)**	**–**	**14,280**	**–**	**241,450**
Redeemable Preference Shares	**30,000**	**–**	**–**	**–**	**–**	**30,000**
Lease liabilities	**24,096**	**(9,867)**	**6,801**	**–**	**–**	**21,030**
	9,869,864	**(1,007,685)**	**6,801**	**(169,371)**	**64,829**	**8,764,438**
Company						
Lease liabilities	**10,992**	**(4,647)**	**2,806**	**–**	**–**	**9,151**

19. LOANS AND BORROWINGS (CONTINUED)

19.9 Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1.1.2021 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease and remeasurement of lease liabilities RM'000	Foreign exchange movements RM'000	Others RM'000	At 31.12.2021 RM'000
Sukuk Ijarah medium-term notes	2,821,254	(320,000)	–	–	37,336	2,538,590
Sukuk medium-term notes	2,719,351	(500,000)	–	–	37,839	2,257,190
Sukuk Wakalah	290,000	(55,000)	–	–	–	235,000
Sukuk Murabahah	–	(35,000)	–	–	2,970,000	2,935,000
Senior Sukuk Murabahah	3,005,000	(35,000)	–	–	(2,970,000)	–
Senior RM term loan	438,130	(84,210)	–	–	–	353,920
Senior USD term loan	1,289,135	(84,140)	–	20,348	–	1,225,343
USD term loan	289,224	(29,155)	–	10,656	–	270,725
Redeemable Preference Shares	30,000	–	–	–	–	30,000
Lease liabilities	13,362	(9,767)	20,501	–	–	24,096
	10,895,456	(1,152,272)	20,501	31,004	75,175	9,869,864
Company						
Lease liabilities	3,563	(4,905)	12,334	–	–	10,992

Notes to the Financial Statements

20. EMPLOYEE BENEFITS

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Defined benefit obligations	**89,552**	112,311	**16,236**	16,784
Fair value of plan assets	**(2,073)**	(1,980)	**(1,943)**	(649)
Net defined benefit liabilities	**87,479**	110,331	**14,293**	16,135
Non-current	**78,766**	110,331	**13,540**	16,135
Current	**8,713**	–	**753**	–
	87,479	110,331	**14,293**	16,135

The Group's Staff Retirement Benefits Scheme ("the Scheme") provides pension benefits for eligible employees upon retirement. Malakoff Corporation Berhad, Malakoff Technical Solutions 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	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Defined benefit obligations at 1 January	**112,311**	102,013	**16,784**	16,236
Included in profit or loss				
Current service costs	**5,020**	8,161	**1,258**	1,271
Interest costs	**4,114**	3,510	**590**	556
	9,134	11,671	**1,848**	1,827
Included in other comprehensive income				
Actuarial (gain)/loss arising from:				
– Demographic assumptions	**(18)**	–	**(2)**	–
– Financial assumptions	**(17,105)**	–	**(2,472)**	–
– Experience assumptions	**(9,714)**	–	**2,607**	–
	(26,837)	–	**133**	–
Others				
Benefits paid directly by the employer	**(433)**	(760)	**–**	(665)
Benefits paid by the plan	**(4,623)**	(613)	**(4,623)**	(614)
Intercompany benefits transfer	**–**	–	**2,969**	–
Intercompany staff transfer	**–**	–	**(875)**	–
	(5,056)	(1,373)	**(2,529)**	(1,279)
Defined benefit obligations at 31 December	**89,552**	112,311	**16,236**	16,784

20. EMPLOYEE BENEFITS (CONTINUED)

Movements in fair value of plan assets

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Plan assets at 1 January	**(1,980)**	(1,530)	**(649)**	(271)
Included in profit or loss				
Interest income	**(79)**	(78)	**(33)**	(31)
	(79)	(78)	**(33)**	(31)
Included in other comprehensive income				
Loss/(Gain) on asset valuation	**190**	–	**(1,100)**	–
	190	–	**(1,100)**	–
Others				
Benefits paid by the plan	**4,623**	613	**4,623**	614
Employer contributions	**(4,827)**	(985)	**(4,784)**	(961)
	(204)	(372)	**(161)**	(347)
Plan assets at 31 December	**(2,073)**	(1,980)	**(1,943)**	(649)

Notes to the Financial Statements

20. EMPLOYEE BENEFITS (CONTINUED)

Movements in net defined benefit liabilities

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net defined benefit liabilities at 1 January	**110,331**	100,483	**16,135**	15,965
Included in profit or loss				
Current service costs	**5,020**	8,161	**1,258**	1,271
Interest costs	**4,035**	3,432	**557**	525
	9,055	11,593	**1,815**	1,796
Included in other comprehensive income				
Actuarial gain arising from:				
– Demographic assumptions	**(18)**	–	**(2)**	–
– Financial assumptions	**(17,105)**	–	**(2,472)**	–
– Experience assumptions	**(9,714)**	–	**2,607**	–
Loss/(Gain) on asset valuation	**190**	–	**(1,100)**	–
	(26,647)	–	**(967)**	–
Others				
Benefits paid directly by the employer	**(433)**	(760)	**–**	(665)
Employer contributions	**(4,827)**	(985)	**(4,784)**	(961)
Intercompany benefits transfer	**–**	–	**2,969**	–
Intercompany staff transfer	**–**	–	**(875)**	–
	(5,260)	(1,745)	**(2,690)**	(1,626)
Net defined benefit liabilities at 31 December	**87,479**	110,331	**14,293**	16,135

The Group expects to pay RM3,500,000 (2021: RM5,682,000) in contributions to the plan assets in 2023.

Plan assets

The major categories of plan assets are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Equity instruments	**890**	1,223	**833**	401
Malaysian government securities	**511**	421	**480**	138
Foreign investments	**362**	214	**338**	70
Cash and cash equivalents	**310**	122	**292**	40
	2,073	1,980	**1,943**	649

20. EMPLOYEE BENEFITS (CONTINUED)

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group		Company	
	2022	**2021**	**2022**	**2021**
Discount rate	**5.00%**	3.50%	**5.00%**	3.50%
Salary inflation	**5.33%**	7.00%	**5.33%**	7.00%

As at 31 December 2022, the weighted average duration of the Scheme is estimated to be 8 years (2021: 9 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	
	RM'000 Increase	**RM'000 Decrease**	**RM'000 Increase**	**RM'000 Decrease**
Impact on the defined benefit obligations				
Discount rate (1% movement)				
2022	**(5,647)**	**6,328**	**(838)**	**924**
2021	(9,991)	11,364	(2,062)	2,315
Salary inflation (1% movement)				
2022	**6,601**	**(5,975)**	**961**	**(881)**
2021	12,207	(10,898)	2,518	(2,277)

Notes to the Financial Statements

21. PROVISION FOR DECOMMISSIONING COSTS

	Note	Group 2022 RM'000	Group 2021 RM'000
At 1 January		**183,346**	111,702
Change in estimates of decommissioning costs	3	**68,280**	50,975
Provision (used)/made during the year		**(472)**	13,204
Unwinding of discount		**9,693**	7,465
At 31 December		**260,847**	183,346
Non-current		**207,846**	158,333
Current		**53,001**	25,013
		260,847	183,346

Provision for decommissioning costs is the estimated costs 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 in previous years. The present value is derived by discounting the decommissioning costs over the remaining useful life of the power plant based on the appropriate discount rates.

The decommissioning costs estimated by an independent professional valuer was derived using the following significant assumptions:

- All plant and equipment will be removed at the end of the PPA;
- All buildings and structures will be removed, including pile caps. Piles will be left on site; and
- Pre-tax discount rates of 3.87% to 5.7% per annum.

During the financial year, the Group performed an internal reassessment of the decommissioning costs for the coal-fired power plants to reflect the prevailing market and risks specific to the liability. Accordingly, adjustments were made to the original values provided by the professional valuer to incorporate inflationary pressures and environmental costs based on present conditions. Pursuant to the reassessment, the Group recognised an increase of RM68,280,000 in the estimated decommissioning costs for the coal-fired power plants. The Group has also determined that the decommissioning costs for gas-fired power plants remain appropriate as they have been reassessed in the previous financial year.

22. PROVISION FOR CONCESSION ASSETS

	Group	
	2022	**2021**
	RM'000	**RM'000**
At 1 January	**327,362**	294,406
Provision made during the year	**6,490**	25,414
Unwinding of discount	**1,953**	9,833
Provision used during the year	**(5,046)**	(2,291)
At 31 December	**330,759**	327,362
Non-current	**186,984**	279,277
Current	**143,775**	48,085
	330,759	327,362

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. The provision has been made based on expected replacement costs at appropriate intervals, and was derived using the following significant assumptions:

- Equipment is due for replacement every 4 years;
- Bins and vehicles are due for replacement every 9 years;
- The model of certain vehicles will be standardised during the replacement; and
- Pre-tax discount rate of 5.93% per annum.

23. DEFERRED INCOME

	Group	
	2022	**2021**
	RM'000	**RM'000**
At 1 January	**3,449,444**	3,748,479
Additions	**88,720**	90,568
Recognised in profit or loss	**(388,958)**	(389,603)
At 31 December	**3,149,206**	3,449,444
Non-current	**2,825,693**	3,061,319
Current	**323,513**	388,125
	3,149,206	3,449,444

Deferred income comprises the difference between capacity payments received from Tenaga Nasional Berhad ("TNB") 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 terms of the respective PPAs.

Notes to the Financial Statements

24. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade					
Trade payables		**1,107,583**	863,692	**–**	–
Non-trade					
Other payables		**91,908**	104,601	**4,704**	4,908
Accrued expenses	24.1	**397,117**	527,898	**7,591**	7,566
Amounts due to subsidiaries	24.2	**–**	–	**1,465,694**	1,452,709
Amounts due to related parties	24.2	**2,837**	2,503	**662**	401
		491,862	635,002	**1,478,651**	1,465,584
		1,599,445	1,498,694	**1,478,651**	1,465,584

24.1 Accrued expenses

As at 31 December 2022, included in accrued expenses of the Group are interest expense payable on loans and borrowings of RM99,691,000 (2021: RM106,800,000) and provision for cess fund of RM40,787,000 (2021: RM33,200,000).

24.2 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 due to subsidiaries of RM620,274,000 (2021: RM820,278,000), which are subject to interest rates ranging from 5.50% - 6.90% (2021: 5.50% - 6.90%) per annum.

25. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers	**8,267,575**	4,310,863	**27,295**	32,762
Other revenue				
– Capacity income	**2,080,796**	2,146,151	**–**	–
– Rental income from estate	**5,178**	4,494	**5,178**	4,494
– Dividends from subsidiaries	**–**	–	**415,215**	500,000
– Others	**1,601**	1,576	**1,328**	1,576
	2,087,575	2,152,221	**421,721**	506,070
Total revenue	**10,355,150**	6,463,084	**449,016**	538,832

25. REVENUE (CONTINUED)

25.1 Disaggregation of revenue

Revenue from contracts with customers of the Company represents management fee income received/receivable from certain subsidiaries based in Malaysia which is recognised in profit or loss over time when services are rendered. Payment is generally received within a month from invoice date.

	Group	
	2022 RM'000	**2021 RM'000**
Major products and services		
Energy income	**7,268,638**	3,375,750
Electricity distribution	**124,561**	105,683
Operation and maintenance fees	**1,564**	1,917
Concession business	**769,600**	732,853
Solid waste tipping fees and recycling	**76,084**	68,240
Integrated facility management	**27,128**	26,420
	8,267,575	4,310,863
Timing and recognition		
Over time	**7,394,763**	3,483,350
At a point in time	**872,812**	827,513
	8,267,575	4,310,863
Primary geographical market		
Malaysia	**8,267,575**	4,310,863
Revenue from contracts with customers	**8,267,575**	4,310,863
Other revenue	**2,087,575**	2,152,221
Total revenue	**10,355,150**	6,463,084

Notes to the 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.
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.

26. FINANCE INCOME

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Interest income of financial assets calculated using the effective interest method that are at amortised cost	**67,741**	81,059	**58,148**	59,297
Interest income of financial assets that are measured at fair value through profit or loss	**17,571**	26,568	**–**	–
	85,312	107,627	**58,148**	59,297
Recognised in profit or loss	**85,312**	107,627	**58,148**	59,297

27. FINANCE COSTS

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Interest expense of financial liabilities that are not at fair value through profit or loss	**597,004**	674,109	**46,315**	60,757
Interest expense on lease liabilities	**1,235**	1,049	**336**	295
Other finance costs	**9,693**	7,465	**–**	–
	607,932	682,623	**46,651**	61,052
Recognised in profit or loss	**607,932**	682,623	**46,651**	61,052

28. TAX EXPENSE

Recognised in profit or loss

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Current tax expense					
Malaysian – current year		**446,130**	312,116	**7,904**	10,584
Under/(Over) provision in prior year		**3,060**	4,589	**(1,724)**	(1,911)
		449,190	316,705	**6,180**	8,673
Deferred tax expense					
Origination and reversal of temporary differences		**(95,451)**	(171,506)	**88**	72
(Over)/Under provision in prior year		**(2,871)**	19,284	**141**	180
	13	**(98,322)**	(152,222)	**229**	252
Total tax expense		**350,868**	164,483	**6,409**	8,925
Reconciliation of tax expense					
Profit for the year		**385,903**	305,084	**31,714**	42,939
Total tax expense		**350,868**	164,483	**6,409**	8,925
Profit before tax		**736,771**	469,567	**38,123**	51,864
Income tax calculated using Malaysian tax rate of 24% (2021: 24%)		**176,825**	112,696	**9,149**	12,447
Non–taxable income		**(11,328)**	(11,328)	**(87,198)**	(107,864)
Non–deductible expenses		**162,208**	86,414	**86,041**	106,073
Effect of tax charged at different rate	(i)	**89,314**	–	**–**	–
Effect of share of results of associates and joint ventures		**(66,340)**	(47,172)	**–**	–
Under/(Over) provision in prior year					
– current tax		**3,060**	4,589	**(1,724)**	(1,911)
– deferred tax		**(2,871)**	19,284	**141**	180
		350,868	164,483	**6,409**	8,925

(i) The Finance Act 2021 gazetted on 31 December 2021 enacted the Prosperity Tax on companies with chargeable income up to first RM100 million to be taxed at 24%, and the remaining chargeable income to be taxed at a one-off rate of 33%. This is only applicable for the Year of Assessment 2022.

Notes to the Financial Statements

29. PROFIT FOR THE YEAR

	Group		Company	
	2022 **RM'000**	**2021** **RM'000**	**2022** **RM'000**	**2021** **RM'000**
Profit for the year is arrived at after charging/(crediting):				
Auditors' remunerations:				
Audit fees				
– KPMG PLT	**1,253**	1,163	**430**	399
– Overseas affiliate of KPMG PLT	**87**	44	**–**	–
– Other audit firms	**71**	111	**51**	47
Non-audit fees				
– KPMG PLT*	**72**	60	**26**	23
– Overseas affiliate of KPMG PLT	**–**	28	**–**	–
– Other audit firms	**755**	511	**738**	432
Material expenses/(income)				
Allowance for diminution in value of consumables	**4,739**	41,752	**–**	–
Amortisation of intangible assets	**320,038**	320,212	**–**	–
Amortisation of transaction costs of hedging instruments	**38,150**	10,393	**–**	–
Amortisation of concession assets	**15,008**	16,816	**–**	–
Compensation from insurance claims	**(103,713)**	–	**–**	–
Contribution and corporate social responsibility	**36,019**	12,183	**4,239**	183
Depreciation of property, plant and equipment	**912,636**	907,165	**3,502**	3,690
Depreciation of right–of–use assets	**16,130**	16,133	**4,668**	4,829
Decommissioning costs	**–**	13,204	**–**	–
Loss/(Gain) on disposal of property, plant and equipment	**117**	(155)	**(4)**	(113)
Gain on disposal of assets classified as held for sale	**–**	(8,298)	**–**	–
Impairment loss on concession assets	**425**	2,316	**–**	–
Impairment loss on financial instruments	**12,239**	16,406	**12,196**	15,499
Impairment loss on investments in associates	**398,272**	–	**–**	–
Impairment loss on investments in subsidiaries	**–**	–	**337,000**	404,888
Impairment loss on property, plant and equipment	**23**	19,739	**–**	–
Other receivables written off #	**–**	206,395	**–**	–
Personnel expenses (including key management personnel):				
– Contribution to Employees Provident Fund	**34,782**	29,743	**5,153**	4,789
– Expenses related to retirement benefit plans	**9,055**	11,593	**1,816**	1,796
– Wages, salaries and others	**275,879**	249,947	**31,497**	28,707
Property, plant and equipment written off	**15,392**	2,562	**–**	–
Realised foreign exchange (gain)/loss	**(94)**	360	**3**	(33)
Reversal of impairment loss on trade and other receivables	**(167)**	(2,952)	**–**	–
Unrealised foreign exchange loss/(gain)	**2,376**	(265)	**–**	–
Zakat expenses	**6,255**	7,813	**1,070**	1,304
Expenses arising from leases				
Expenses relating to short–term leases^	**20,965**	11,085	**–**	–
Expenses relating to leases of low–value assets^	**259**	271	**–**	–
Expenses relating to variable lease payments not included in the measurement of lease liabilities@	**13,758**	6,070	**–**	–

* *The non-audit fees paid/payable to KPMG for the current and previous financial years are mainly related to personal tax compliance services and agreed-upon procedures to verify the compliance of financial covenants by certain subsidiaries of the Group in accordance with the requirements of the lenders.*

\# *In the previous financial year, the Group had reassessed the performance of SEV's power plant and concluded that the deferred expense in respect of the rebate given to Tenaga Nasional Berhad ("TNB") for the 10-year extension period of the PPA was no longer recoverable. The deferred expense was amortised over the 10-year extension period of the PPA terms, effective from 1 July 2017. Consequent to the reassessment, the remaining balance of the deferred expense of RM206,395,000 had been written off.*

^ *The Group leases a number of properties, machineries and motor vehicles with contract terms not more than one year. These leases are short-term. The Group also leases a number of office equipment with contract terms of 1 year to 5 years. These leases are low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.*

@ *The Group leases a number of machineries which are charged based on per trip basis (usage) and accounted for as variable lease payments that do not depend on an index or rate. No lease liability has been recognised at the lease commencement date.*

30. OTHER COMPREHENSIVE INCOME

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
Group			
2022			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liabilities	**26,647**	**(6,395)**	**20,252**
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge – Gains arising during the year	**2,584**	**–**	**2,584**
Share of gain on hedging reserves of equity–accounted associates and joint ventures	**106,296**	**–**	**106,296**
Foreign currency translation differences for foreign operations – Gains arising during the year	**16,454**	**–**	**16,454**
	125,334	**–**	**125,334**
	151,981	**(6,395)**	**145,586**
2021			
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge – Gains arising during the year	49,706	–	49,706
Share of gain on hedging reserves of equity-accounted associates and joint ventures	81,445	–	81,445
Foreign currency translation differences for foreign operations – Gains arising during the year	6,682	–	6,682
	137,833	–	137,833
Company			
2022			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liabilities	967	–	967

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31. EARNINGS PER ORDINARY 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 after distribution on perpetual sukuk and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2022	2021 Restated
Profit attributable to equity holders (RM'000)	**302,225**	260,416
Distribution to perpetual sukuk holder, net of tax (RM'000)	**(47,200)**	(47,200)
Profit attributable to ordinary shareholders (RM'000)	**255,025**	213,216
Weighted average number of ordinary shares at 31 December ('000)	**4,886,961**	4,886,961
Basic/Diluted earnings per ordinary share (sen)	**5.22**	4.36

There is no dilution in earnings per ordinary share as the Group has no shares and/or other instruments with potential dilutive effects as at 31 December 2022 and 31 December 2021.

The comparatives have been restated to exclude the distribution to perpetual sukuk holder from profit attributable to ordinary shareholders.

32. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2022			
Final 2021 ordinary share	**2.00**	**97,740**	**2 June 2022**
Interim 2022 ordinary share	**2.80**	**136,836**	**27 October 2022**
Total amount		**234,576**	
2021			
Final 2020 ordinary share	2.30	112,401	18 June 2021
Interim 2021 ordinary share	3.10	151,497	20 October 2021
Total amount		263,898	

The Board of Directors has approved a final dividend of 2.45 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM119,731,000 in respect of the financial year ended 31 December 2022.

The final dividend will be accounted for in the shareholders' equity as appropriation of retained profits in the financial year ending 31 December 2023.

33. OPERATING SEGMENTS

As the Group continues to explore and diversify its portfolio of assets both domestically and internationally, 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.

The following summary describes the operations in each of the Group's reportable segments:

- Power generation — Includes power generation business and water desalination services.
- Waste management and environmental services — Includes waste management services and environmental services.

Other non-reportable segments comprise operations related to operation and maintenance services, rental of investment property and investment holding. None of these segments met the quantitative thresholds for reporting segments in 2022 and 2021.

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 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 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 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 Financial Statements

33. OPERATING SEGMENTS (CONTINUED)

	Power generation			Waste Management and Environmental Services	Others			Elimination[A]			Consolidated		
	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Foreign RM'000	Total RM'000
2022													
Revenue from external customers	**9,346,037**	**–**	**9,346,037**	**872,812**	**136,301**	**–**	**136,301**	**–**	**–**	**–**	**10,355,150**	**–**	**10,355,150**
Inter-segment revenue	**–**	**–**	**–**	**–**	**1,291,400**	**117,265**	**1,408,665**	**(1,291,400)**	**(117,265)**	**(1,408,665)**	**–**	**–**	**–**
Total segment revenue	**9,346,037**	**–**	**9,346,037**	**872,812**	**1,427,701**	**117,265**	**1,544,966**	**(1,291,400)**	**(117,265)**	**(1,408,665)**	**10,355,150**	**–**	**10,355,150**
Profit after tax	**844,933**	**173,861**	**1,018,794**	**103,337**	**153,200**	**64,636**	**217,836**	**(564,339)**	**(389,725)**	**(954,064)**	**537,131**	**(151,228)**	**385,903**
2021													
Revenue from external customers	5,521,843	–	5,521,843	827,513	113,728	–	113,728	–	–	–	6,463,084	–	6,463,084
Inter-segment revenue	–	–	–	–	1,360,610	29,102	1,389,712	(1,360,610)	(29,102)	(1,389,712)	–	–	–
Total segment revenue	5,521,843	–	5,521,843	827,513	1,474,338	29,102	1,503,440	(1,360,610)	(29,102)	(1,389,712)	6,463,084	–	6,463,084
Profit after tax	215,640	186,173	401,813	227,609	133,876	82,439	216,315	(448,158)	(92,495)	(540,653)	128,967	176,117	305,084

(A) Inter-segment transactions are eliminated on consolidation.

33. OPERATING SEGMENTS (CONTINUED)

	Power generation			Waste Management and Environmental Services	Others			Elimination	Consolidated
	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Local RM'000	Foreign RM'000	Total RM'000	Total RM'000	Total RM'000
At 31 December 2022									
Segment assets	**16,787,233**	**–**	**16,787,233**	**735,004**	**13,324,106**	**2,057,602**	**15,381,708**	**(12,747,730)**	**20,156,215**
Investments in associates	**–**	**–**	**–**	**–**	**215,353**	**49,917**	**265,270**	**726,437**	**991,707**
Investments in joint ventures	**–**	**–**	**–**	**–**	**22,586**	**485,005**	**507,591**	**328,316**	**835,907**
	16,787,233	**–**	**16,787,233**	**735,004**	**13,562,045**	**2,592,524**	**16,154,569**	**(11,692,977)**	**21,983,829**
Segment liabilities	**14,144,135**	**–**	**14,144,135**	**524,990**	**4,859,967**	**1,165,951**	**6,025,918**	**(5,407,032)**	**15,288,011**
Capital expenditure	**258,623**	**–**	**258,623**	**15,801**	**28,062**	**–**	**28,062**	**(1,679)**	**300,807**
At 31 December 2021									
Segment assets	18,221,442	–	18,221,442	834,656	14,001,711	2,006,420	16,008,131	(13,704,938)	21,359,291
Investments in associates	–	–	–	–	–	49,654	49,654	882,033	931,687
Investments in joint ventures	–	–	–	–	21,515	506,959	528,474	263,222	791,696
	18,221,442	–	18,221,442	834,656	14,023,226	2,563,033	16,586,259	(12,559,683)	23,082,674
Segment liabilities	15,849,145	–	15,849,145	539,833	5,410,723	1,160,404	6,571,127	(6,384,157)	16,575,948
Capital expenditure	103,692	–	103,692	8,628	31,735	–	31,735	–	144,055

Notes to the Financial Statements

33. OPERATING SEGMENTS (CONTINUED)

	Power generation			Waste Management and Environmental Services	Others			Consolidated		
	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Foreign RM'000	Total RM'000
As at 31 December 2022										
Allowance for diminution in value of consumables	3,041	–	3,041	(28)	(7,752)	–	(7,752)	(4,739)	–	(4,739)
Amortisation of intangible assets	(182,021)	(11,647)	(193,668)	(36,462)	(89,908)	–	(89,908)	(308,391)	(11,647)	(320,038)
Amortisation of transaction costs of hedging instruments	(38,150)	–	(38,150)	–	–	–	–	(38,150)	–	(38,150)
Amortisation of concession assets	–	–	–	(15,008)	–	–	–	(15,008)	–	(15,008)
Depreciation of property, plant and equipment	(887,425)	–	(887,425)	(10,697)	(14,514)	–	(14,514)	(912,636)	–	(912,636)
Depreciation of right-of-use assets	(5,073)	–	(5,073)	(6,716)	(4,341)	–	(4,341)	(16,130)	–	(16,130)
Loss on disposal of property, plant and equipment	–	–	–	(21)	(96)	–	(96)	(117)	–	(117)
Expenses related to retirement benefit plans	–	–	–	–	(9,055)	–	(9,055)	(9,055)	–	(9,055)
Impairment loss on concession assets	–	–	–	(425)	–	–	–	(425)	–	(425)
Impairment loss on financial instruments	–	–	–	(43)	(12,196)	–	(12,196)	(12,239)	–	(12,239)
Impairment loss on property, plant and equipment	–	–	–	(23)	–	–	–	(23)	–	(23)
Property, plant and equipment written off	(15,392)	–	(15,392)	–	–	–	–	(15,392)	–	(15,392)
Reversal of impairment loss on trade receivables	–	–	–	167	–	–	–	167	–	167
Net unrealised foreign exchange loss	–	–	–	–	41	(2,417)	(2,376)	41	(2,417)	(2,376)
	(1,125,020)	(11,647)	(1,136,667)	(69,256)	(137,821)	(2,417)	(140,238)	(1,332,097)	(14,064)	(1,346,161)

33. OPERATING SEGMENTS (CONTINUED)

	Power generation			Waste Management and Environmental Services	Others			Consolidated		
	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Local RM'000	Foreign RM'000	Total RM'000	Local RM'000	Foreign RM'000	Total RM'000
As at 31 December 2021										
Allowance for diminution in value of consumables	(38,322)	–	(38,322)	–	(3,430)	–	(3,430)	(41,752)	–	(41,752)
Amortisation of intangible assets	(182,091)	(11,641)	(193,732)	(36,569)	(89,911)	–	(89,911)	(308,571)	(11,641)	(320,212)
Amortisation of transaction costs of hedging instruments	(10,393)	–	(10,393)	–	–	–	–	(10,393)	–	(10,393)
Amortisation of concession assets	–	–	–	(16,816)	–	–	–	(16,816)	–	(16,816)
Depreciation of property, plant and equipment	(883,050)	–	(883,050)	(9,809)	(14,306)	–	(14,306)	(907,165)	–	(907,165)
Depreciation of right-of-use assets	(4,853)	–	(4,853)	(6,498)	(4,782)	–	(4,782)	(16,133)	–	(16,133)
Gain on disposal of property, plant and equipment	–	–	–	7	148	–	148	155	–	155
Expenses related to retirement benefit plans	–	–	–	–	(11,593)	–	(11,593)	(11,593)	–	(11,593)
Impairment loss on concession assets	–	–	–	(2,316)	–	–	–	(2,316)	–	(2,316)
Impairment loss on financial instruments	–	–	–	(291)	(16,115)	–	(16,115)	(16,406)	–	(16,406)
Impairment loss on property, plant and equipment	(19,309)	–	(19,309)	(104)	(326)	–	(326)	(19,739)	–	(19,739)
Property, plant and equipment written off	(46)	–	(46)	(27)	(2,489)	–	(2,489)	(2,562)	–	(2,562)
Reversal of impairment loss on trade receivables	2,616	–	2,616	336	–	–	–	2,952	–	2,952
Net unrealised foreign exchange gain	–	–	–	–	–	265	265	–	265	265
	(1,135,448)	(11,641)	(1,147,089)	(72,087)	(142,804)	265	(142,539)	(1,350,339)	(11,376)	(1,361,715)

Notes to the Financial Statements

33. OPERATING SEGMENTS (CONTINUED)

Geographical information

The local and foreign segments are managed on a worldwide basis, with operating facilities in Malaysia, Indonesia and Middle East.

Geographic revenue information is based on geographical location of the customers, which are solely derived from Malaysia (see Note 25). Geographic non-current assets are based on the geographical location of the assets, which are solely derived from Malaysia. The amounts of non-current assets do not include financial instruments (including investments in associates and joint ventures) and deferred tax assets.

Major customer

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue	
Group	**2022 RM'000**	**2021 RM'000**
Tenaga Nasional Berhad	**9,346,037**	5,521,901
Solid Waste and Public Cleansing Management Corporation	**872,812***	763,809

Shown for comparison purposes, as the amount is less than 10% of the Group's total revenue.

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

a) Amortised cost ("AC")

b) Fair value through profit or loss ("FVTPL") – Mandatorily required by MFRS 9

c) Derivatives used for hedging

Group	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	Derivatives used for hedging RM'000
2022				
Financial assets				
Trade and other receivables*	1,972,981	1,972,981	–	–
Other investments	695,224	163,451	531,773	–
Cash and cash equivalents	1,539,630	1,539,630	–	–
Derivative financial assets	120,833	–	–	120,833
	4,328,668	3,676,062	531,773	120,833
Financial liabilities				
Loans and borrowings	(8,743,408)	(8,743,408)	–	–
Trade and other payables*	(1,595,578)	(1,595,578)	–	–
Derivative financial liabilities	(106)	–	–	(106)
	(10,339,092)	(10,338,986)	–	(106)

Company	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
2022			
Financial assets			
Trade and other receivables*	1,226,823	1,226,823	–
Other investments	2,484	–	2,484
Cash and cash equivalents	155,564	155,564	–
	1,384,871	1,382,387	2,484
Financial liabilities			
Trade and other payables	(1,478,651)	(1,478,651)	–

* *Excludes non-financial instruments*

Notes to the 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	Derivatives used for hedging RM'000
2021				
Financial assets				
Trade and other receivables*	892,083	892,083	–	–
Other investments	2,619,577	1,528,511	1,091,066	–
Cash and cash equivalents	1,568,819	1,568,819	–	–
Derivative financial assets	288,680	–	–	288,680
	5,369,159	3,989,413	1,091,066	288,680
Financial liabilities				
Loans and borrowings	(9,845,768)	(9,845,768)	–	–
Trade and other payables*	(1,495,232)	(1,495,232)	–	–
Derivative financial liabilities	(7,106)	–	–	(7,106)
	(11,348,106)	(11,341,000)	–	(7,106)

Company	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
2021			
Financial assets			
Trade and other receivables*	1,304,933	1,304,933	–
Other investments	2,484	–	2,484
Cash and cash equivalents	163,249	163,249	–
	1,470,666	1,468,182	2,484
Financial liabilities			
Trade and other payables	(1,465,584)	(1,465,584)	–

* *Excludes non-financial instruments*

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.2 Net losses arising from financial instruments

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net gains/(losses) on:				
Financial assets measured at amortised cost	**53,387**	67,509	**45,952**	43,798
Financial liabilities measured at amortised cost	**(597,004)**	(674,109)	**(46,318)**	(60,790)
Financial assets measured at fair value through profit or loss mandatorily required by MFRS 9	**17,786**	28,008	**149**	1,440
Derivatives used for hedging				
– Recognised in other comprehensive income	**2,584**	49,706	**–**	–
	(523,247)	(528,886)	**(217)**	(15,552)

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 the 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.

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.

Notes to the Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.4 Credit risk (continued)

Trade receivables (continued)

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 ("TNB") and Solid Waste and Public Cleansing Management Corporation ("Corporation"), representing approximately 91% (2021: 58%) of the total receivables of the Group.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region is as follows:

Group	2022 RM'000	2021 RM'000
Domestic	**1,828,129**	540,064

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:

(a) 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

(b) 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.

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.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2022			
Not past due	**1,786,902**	**(160)**	**1,780,361**
Past due 0 – 30 days	**9,078**	**(548)**	**14,911**
Past due 31 – 120 days	**11,079**	**(248)**	**10,831**
Past due more than 120 days	**24,096**	**(2,070)**	**22,026**
	1,831,155	**(3,026)**	**1,828,129**
2021			
Not past due	527,381	(155)	527,226
Past due 0 – 30 days	4,290	(168)	4,122
Past due 31 – 120 days	4,669	(328)	4,341
Past due more than 120 days	6,874	(2,499)	4,375
	543,214	(3,150)	540,064

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 2021	3,195
Impairment loss during the year	291
Reversal of impairment loss	(336)
At 31 December 2021/1 January 2022	**3,150**
Impairment loss during the year	**43**
Reversal of impairment loss	**(167)**
At 31 December 2022	**3,026**

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 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 is mainly arising 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 receivables are 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
Lifetime ECL		
At 1 January 2021	15,297	5,516
Reversal of impairment loss	(2,616)	–
At 31 December 2021/1 January 2022/31 December 2022	12,681	5,516

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.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM2,189,072,000 (2021: RM2,527,915,000) 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.

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.4 Credit risk (continued)

Financial guarantees (continued)

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.

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.

Notes to the Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.4 Credit risk (continued)

Related company loans and advances (continued)

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
Group			
2022			
Significant increase in credit risk	**–**	**–**	**–**
2021			
Significant increase in credit risk	271,839	(56,486)	215,353
Company			
2022			
Low credit risk	**1,217,843**	**–**	**1,217,843**
Significant increase in credit risk	**141,436**	**(136,369)**	**5,067**
	1,359,279	**(136,369)**	**1,222,910**
2021			
Low credit risk	1,081,024	–	1,081,024
Significant increase in credit risk	344,036	(124,172)	219,864
	1,425,060	(124,172)	1,300,888

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
Lifetime ECL		
At 1 January 2021	(40,371)	(110,307)
Impairment loss during the year	(16,115)	(17,748)
Reversal of impairment loss	–	2,249
Amounts written off	–	1,634
At 31 December 2021/1 January 2022	**(56,486)**	**(124,172)**
Impairment loss during the year	**(12,196)**	**(12,196)**
Impairment on amount due from associate waived following conversion as capital contribution to an associate	**68,682**	**68,682**
At 31 December 2022	**–**	**(67,686)**

34. FINANCIAL INSTRUMENTS (CONTINUED)

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 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.

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
2022							
Financial liabilities							
Secured							
Sukuk Ijarah medium-term notes	2,272,987	4.90 – 5.45	2,905,585	444,556	449,174	1,299,834	712,021
Sukuk medium-term notes	1,947,622	5.45 – 6.25	2,778,364	442,540	296,065	584,695	1,455,064
Sukuk Wakalah	180,000	5.00 – 5.60	225,616	24,677	8,856	138,480	53,603
Sukuk Murabahah	3,600,000	5.30 – 6.31	5,120,734	278,457	333,098	1,377,250	3,131,929
Senior RM term loan	63,636	5.01 – 5.80	64,712	64,712	–	–	–
Senior USD term loan	407,713	5.80	439,270	147,525	210,204	81,541	–
USD term loan	241,450	SOFR + margin 2.00	276,878	38,543	40,001	198,334	–
	8,713,408		11,811,159	1,441,010	1,337,398	3,680,134	5,352,617
Unsecured							
Redeemable Preference Shares	30,000	7.50	30,000	30,000	–	–	–
Trade and other payables^	1,595,578	–	1,595,578	1,595,578	–	–	–
Lease liabilities	21,030	3.88 – 5.73	24,089	9,404	6,416	3,596	4,673
	10,360,016		13,460,826	3,075,992	1,343,814	3,683,730	5,357,290

Notes to the 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
2021							
Financial liabilities							
Secured							
Sukuk Ijarah medium–term notes	2,538,590	4.84 – 5.45	3,344,661	439,076	444,556	1,334,426	1,126,603
Sukuk medium–term notes	2,257,190	5.35 – 6.25	3,260,444	481,405	443,215	708,615	1,627,209
Sukuk Wakalah	235,000	4.90 – 5.60	292,941	67,326	24,677	86,617	114,321
Sukuk Murabahah	2,935,000	5.18 – 6.20	4,278,546	217,542	236,307	886,080	2,938,617
Senior RM term loan	353,920	3.47 – 5.80	381,274	124,962	114,491	141,821	–
Senior USD term loan	1,225,343	5.80	1,471,958	205,922	180,550	747,690	337,796
USD term loan	270,725	Libor + margin 1.40	272,228	272,228	–	–	–
	9,815,768		13,302,052	1,808,461	1,443,796	3,905,249	6,144,546
Unsecured							
Redeemable Preference Shares	30,000	7.50	30,000	30,000	–	–	–
Trade and other payables^	1,495,232	–	1,495,232	1,495,232	–	–	–
Lease liabilities	24,096	3.88 – 6.80	29,105	9,044	8,572	6,358	5,131
	11,365,096		14,856,389	3,342,737	1,452,368	3,911,607	6,149,677

^ *Excludes non-financial instruments*

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
2022						
Financial liabilities						
Unsecured						
Other payables and accruals	**12,957**	**–**	**12,957**	**12,957**	**–**	**–**
Amounts due to subsidiaries	**620,274**	**5.50 – 6.90**	**656,072**	**656,072**	**–**	**–**
Amounts due to subsidiaries	**845,420**	**–**	**845,420**	**845,420**	**–**	**–**
Lease liabilities	**9,151**	**3.88 – 5.50**	**9,695**	**4,982**	**2,809**	**1,904**
Financial guarantees	**–**	**–**	**2,189,072**	**2,189,072**	**–**	**–**
	1,487,802		**3,713,216**	**3,708,503**	**2,809**	**1,904**
2021						
Financial liabilities						
Unsecured						
Other payables and accruals	12,875	–	12,875	12,875	–	–
Amounts due to subsidiaries	820,278	5.50 – 6.90	869,877	869,877	–	–
Amounts due to subsidiaries	632,431	–	632,431	632,431	–	–
Lease liabilities	10,992	3.88 – 5.50	11,504	4,982	4,348	2,174
Financial guarantees	–	–	2,527,915	2,527,915	–	–
	1,476,576		4,054,602	4,048,080	4,348	2,174

Notes to the 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 Indonesian Rupiah ("IDR"), Kuwait Dinar ("KWD"), Singapore Dollar ("SGD") and US Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group hedges certain of its foreign currency denominated loans and borrowings. The Group uses cross currency interest rate swaps to hedge its foreign currency risk. The cross currency interest rate swaps have maturities of less than three years after the end of the reporting period.

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:

	IDR RM'000	KWD RM'000	SGD RM'000	USD RM'000
2022				
Deposits with licensed banks	**–**	**–**	**–**	**206**
Cash and bank balances	**7,510**	**–**	**–**	**148,022**
Loans and borrowings	**–**	**–**	**–**	**(241,450)**
Trade and other receivables	**–**	**–**	**–**	**48,356**
Net exposure	**7,510**	**–**	**–**	**(44,866)**
2021				
Deposits with licensed banks	–	–	–	195
Cash and bank balances	7,685	874	–	162,660
Loans and borrowings	–	–	–	(270,725)
Trade and other receivables	–	–	–	49,830
Trade and other payables	–	–	(796)	(2,541)
Net exposure	7,685	874	(796)	(60,581)

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% (2021: 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 the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2022	**2021**
Group	**RM'000**	**RM'000**
IDR	**(571)**	(584)
KWD	**–**	(66)
SGD	**–**	60
USD	**3,410**	4,604
	2,839	4,014

A 10% (2021: 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 deposits and 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. The Group has also entered into interest rate swap and cross currency interest rate swaps in order to hedge against the floating rate exposure. At 31 December 2022, the swaps mature over the next 3 years, matching the maturity of the floating rate bank loans.

Notes to the 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 as at the end of the reporting period is as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Fixed rate instruments				
– Financial assets	**1,783,441**	3,851,593	**848,008**	850,579
– Financial liabilities	**(8,507,079)**	(9,510,659)	**(629,908)**	(831,270)
Floating rate instruments				
– Financial liabilities	**(257,359)**	(359,205)	**–**	–

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model.

At the reporting date, if the fixed rate financial assets classified as fair value through profit or loss have been 1% (2021: 1%) higher/lower, with all other variables held constant, the Group's profit or loss would have increased/(decreased) by RM5,293,000 (2021: RM10,886,000) arising as a result of changes in the fair value of the financial assets classified as fair value through profit or loss.

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**
2022				
Floating rate instruments	**(2,574)**	**2,574**	**–**	**–**
Interest rate swap	**–**	**–**	**26**	**(26)**
Cross currency interest rate swaps	**–**	**–**	**(3,481)**	**3,481**
Cash flow sensitivity (net)	**(2,574)**	**2,574**	**(3,455)**	**3,455**
2021				
Floating rate instruments	(3,592)	3,592	–	–
Interest rate swap	–	–	3,738	(3,826)
Cross currency interest rate swaps	–	–	(4,393)	4,439
Cash flow sensitivity (net)	(3,592)	3,592	(655)	613

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 enters into fixed-rate instruments and partly borrows at a floating rate and uses 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 Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.7 Hedging activities (continued)

Cash flow hedge

The Group entered into various interest rate swap ("IRS") and cross currency interest rate swaps ("CCIRS") to hedge the interest rate risk and foreign exchange risk in relation to the variability in cash flows on the floating rate RM 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
2022				
Foreign currency and interest rate risks				
Cross currency interest rate swaps				
Net exposure	**105,855**	**150,697**	**58,494**	**–**
Fixed interest rate	**5.80%**	**5.80%**	**5.80%**	**–**
Fixed foreign exchange rate (RM/USD)	**3.149**	**3.149**	**3.149**	**–**
Interest rate risk				
Interest rate swap				
Net exposure	**48,681**	**–**	**–**	**–**
Fixed interest rate	**5.80%**	**–**	**–**	**–**
2021				
Foreign currency and interest rate risks				
Cross currency interest rate swaps				
Net exposure	155,710	136,546	565,111	255,523
Fixed interest rate	5.80%	5.80%	5.80%	5.80%
Fixed foreign exchange rate (RM/USD)	3.149	3.149	3.149	3.149
Interest rate risk				
Interest rate swap				
Net exposure	95,035	86,817	106,518	–
Fixed interest rate	5.80%	5.80%	5.80%	–

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
2022		
Foreign currency and interest rate risks		
Cross currency interest rate swaps	**7,438**	**8,367**
Interest rate risk		
Interest rate swap	**12,783**	**(5,783)**
2021		
Foreign currency and interest rate risks		
Cross currency interest rate swaps	(4,269)	41,430
Interest rate risk		
Interest rate swap	–	8,276

The amounts relating to items designated as hedged instruments as at reporting date are as follows:

Group	Nominal amount RM'000	Carrying amount Assets RM'000	Carrying amount Liabilities RM'000	Line item in the statement of financial position where the hedging instrument is included
2022				
Foreign currency and interest rate risks				
Cross currency interest rate swaps	**(315,046)**	**120,833**	**–**	*Derivative financial assets*
Interest rate risk				
Interest rate swap	**(48,681)**	**–**	**(106)**	*Derivative financial liabilities*
2021				
Foreign currency and interest rate risks				
Cross currency interest rate swaps	(1,112,890)	288,680	–	*Derivative financial assets*
Interest rate risk				
Interest rate swap	(288,370)	–	(7,106)	*Derivative financial liabilities*

Notes to the 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 in other comprehensive income RM'000	Hedge ineffectiveness recognised in profit or loss RM'000	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from hedge reserve to profit or loss RM'000	Line item in profit or loss affected by the reclassification
2022					
Foreign currency and interest rate risks					
Cross currency interest rate swaps	**(175,286)**	**7,438**	*Other operating expenses*	**183,653**	*Other operating expenses*
Interest rate risk					
Interest rate swap	**(5,783)**	**12,783**	*Other operating expenses*	**–**	*Other operating expenses*
2021					
Foreign currency and interest rate risks					
Cross currency interest rate swaps	42,179	(4,269)	*Other operating expenses*	(749)	*Other operating expenses*
Interest rate risk					
Interest rate swap	8,276	–	*Other operating expenses*	–	*Other operating expenses*

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.

	Hedging reserve	
Group	**2022 RM'000**	**2021 RM'000**
At 1 January	**205,777**	74,626
Changes in fair value:		
Cross currency interest rate swaps	**(175,286)**	42,179
Interest rate swap	**(5,783)**	8,276
Amount reclassified to profit or loss:		
Cross currency interest rate swaps	**183,653**	(749)
Share of hedging reserve of equity-accounted associates and joint ventures	**106,296**	81,445
At 31 December	**314,657**	205,777

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 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	Carrying amount
	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	RM'000	RM'000
2022										
Non-current										
Financial assets										
Derivative financial assets:										
Cross currency interest rate swaps	–	120,833	–	120,833	–	–	–	–	120,833	120,833
Other investments										
Investment in RCCPS	–	–	2,484	2,484	–	–	–	–	2,484	2,484
Other investments	–	529,289	–	529,289	–	–	–	–	529,289	529,289
	–	650,122	2,484	652,606	–	–	–	–	652,606	652,606
Financial liabilities										
Derivative financial liabilities:										
Interest rate swap	–	(106)	–	(106)	–	–	–	–	(106)	(106)
Loans and borrowings										
Secured:										
Sukuk Ijarah medium-term notes	–	–	–	–	–	(2,442,262)	–	(2,442,262)	(2,442,262)	(2,272,987)
Sukuk medium-term notes	–	–	–	–	–	(2,178,219)	–	(2,178,219)	(2,178,219)	(1,947,622)
Sukuk Wakalah	–	–	–	–	–	(183,079)	–	(183,079)	(183,079)	(180,000)
Sukuk Murabahah	–	–	–	–	–	(3,760,447)	–	(3,760,447)	(3,760,447)	(3,600,000)
Senior RM term loan	–	–	–	–	–	–	(62,432)	(62,432)	(62,432)	(63,636)
Senior USD term loan	–	–	–	–	–	–	(398,522)	(398,522)	(398,522)	(407,713)
USD term loan	–	–	–	–	–	–	(239,858)	(239,858)	(239,858)	(241,450)
	–	(106)	–	(106)	–	(8,564,007)	(700,812)	(9,264,819)	(9,264,925)	(8,713,514)

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	Carrying amount
	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	RM'000	RM'000
2021										
Non-current										
Financial assets										
Derivative financial assets:										
Cross currency interest rate swaps	–	288,680	–	288,680	–	–	–	–	288,680	288,680
Other investments										
Investment in RCCPS	–	–	2,484	2,484	–	–	–	–	2,484	2,484
Other investments	–	1,088,582	–	1,088,582	–	–	–	–	1,088,582	1,088,582
	–	1,377,262	2,484	1,379,746	–	–	–	–	1,379,746	1,379,746
Financial liabilities										
Derivative financial liabilities:										
Interest rate swap	–	(7,106)	–	(7,106)	–	–	–	–	(7,106)	(7,106)
Loans and borrowings										
Secured:										
Sukuk Ijarah medium-term notes	–	–	–	–	–	(2,832,240)	–	(2,832,240)	(2,832,240)	(2,538,590)
Sukuk medium-term notes	–	–	–	–	–	(2,626,515)	–	(2,626,515)	(2,626,515)	(2,257,190)
Sukuk Wakalah	–	–	–	–	–	(248,436)	–	(248,436)	(248,436)	(235,000)
Sukuk Murabahah	–	–	–	–	–	(3,208,866)	–	(3,208,866)	(3,208,866)	(2,935,000)
Senior RM term loan	–	–	–	–	–	–	(348,686)	(348,686)	(348,686)	(353,920)
Senior USD term loan	–	–	–	–	–	–	(1,200,553)	(1,200,553)	(1,200,553)	(1,225,343)
	–	(7,106)	–	(7,106)	–	(8,916,057)	(1,549,239)	(10,465,296)	(10,472,402)	(9,552,149)

Notes to the 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 Interest Rate Swaps ("CCIRS") 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.

Other investments

Fair value of other investments is determined by reference to statements provided by the respective financial institutions, with which the placements were entered into.

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 (2021: 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.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Loans and borrowings	Discounted cash flows using applicable and prevailing rates at the reporting date

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 and MPB are required to maintain an aggregated debt-to-equity ratio of not more than 1:1.

The aggregated debt-to-equity ratios at 31 December 2022 and at 31 December 2021 were as follows:

	2022	2021
Aggregated debt-to-equity ratio of the Company and MPB	**0.34:1**	0.38:1

b) ***USD term loan for Malakoff International Limited ("MIL")***

For USD term loan, held by MIL, the Company is required to maintain its debt-to-equity ratio of not more than 1:1.

The debt-to-equity ratios at 31 December 2022 and at 31 December 2021 were as follows:

	2022	2021
Company debt-to-equity ratio	**0.33:1**	0.37:1

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***

For Sukuk medium-term notes issued by MPB and USD term loan held by MIL, the Group is required to maintain its debt-to-equity ratio of not more than 5.5:1.

The debt-to-equity ratios at 31 December 2022 and at 31 December 2021 were as follows:

	2022	2021
Group debt-to-equity ratio	**1.41:1**	1.57:1

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.

Notes to the Financial Statements

36. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Plant and equipment				
Authorised but not contracted for	**1,037,226**	480,959	**4,803**	4,827
Authorised and contracted for	**58,094**	81,325	**72**	–
	1,095,320	562,284	**4,875**	4,827

37. CONTINGENCIES

Provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

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 ("Court") in Tlemcen, Algeria, for an alleged breach of foreign exchange regulations concerning a sum of USD26.9 million arising from the discrepancy between the value of equipment as per invoices declared to the Algerian Customs and the value of milestone payments made by AAS to the supplier cum contractor ("Contractor").

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 Court of Appeal had on 2 March 2016 dismissed AAS' appeal and upheld the earlier Court's decision and the Penalty. AAS had on 25 December 2016 filed an appeal at the Supreme Court of Algeria and is currently awaiting the outcome of the said appeal.

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. The Group's contingent liability arising from the Penalty, in proportion to the Group's 35.7% effective interest in AAS amounts to DZD1,402,666,620 (approximately RM52.9 million).

AAS had 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.

There has been no material development in relation to these proceedings since the last date of reporting.

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 had initiated the Arbitration at ICC, Paris, against TDIC, an indirect 70%-owned subsidiary of the Group, Hyflux and MCB (collectively referred to as "Respondents") in relation to the Water Purchase Agreement dated 9 December 2007, Framework Agreement of December 2007 ("FA"), Joint Venture Agreement dated 28 March 2007 ("JVA") and Dispute Resolution Protocol dated 9 December 2007 (collectively referred to as "Contract Documents").

On 2 August 2021, the Claimant filed its Statement of Claim, seeking the following reliefs against the Respondents:

(a) a declaration that MCB and Hyflux had breached, and are jointly and severally liable under, the JVA;

(b) an order that MCB and Hyflux jointly and severally pay AEC damages of USD288.4 million as compensation for the damage suffered by AEC;

(c) a declaration that TDIC had breached Article 6.1 of the FA by refusing to transfer its shares in AAS to AEC;

(d) an order that TDIC transfer its shares in AAS to AEC for the sum of 1 Algerian Dinar;

(e) an order that MCB and Hyflux complete the transfer of shares within 30 days of the date of the arbitration award;

(f) an order that the Respondents jointly and severally bear all costs related to the transfer of shares;

(g) a declaration that the Respondents had caused moral and reputational damage to AEC;

(h) an order that the Respondents jointly and severally pay AEC non-pecuniary damages in the sum of USD3 million;

(i) an order that the Respondents jointly and severally bear the costs of the ICC arbitration and fees of counsels, experts and others incurred by AEC;

(j) interest;

(k) dismissal of any claims by the Respondents; and

(l) an order for the provisional enforcement of the final award.

In response, MCB and TDIC filed their Statement of Defence together with technical, quantum/financial and legal expert reports, refuting AEC's claims, on 17 December 2021.

On 19 April 2022, AEC filed its Statement of Reply and on 29 July 2022, MCB and TDIC filed their Rejoinder to AEC's Statement of Reply.

The arbitration hearing was held before the Arbitral Tribunal in Paris on 21 to 24 November 2022.

Subsequent to the hearing, the Arbitral Tribunal had ordered the Parties to prepare and submit Post-Hearing Brief and Statement of Costs ("SOC") by 15 March 2023 and 14 April 2023, respectively.

The Group is of the view that it is premature to form a definite view on the outcome of this case. Accordingly, provisions are not required in respect of this matter, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Notes to the Financial Statements

37. CONTINGENCIES (CONTINUED)

Contingent liabilities not considered remote (continued)

Litigations (continued)

(iii) *Singapore International Arbitration Centre Arbitration No. 278 of 2018 Claim 1 (formerly Main Action) between Prai Power Sdn. Bhd. ("PPSB") (as Claimant) and (1) GE Energy Parts, Inc ("GE Energy Parts"), (2) GE Power Systems (Malaysia) Sdn. Bhd. ("GE Power Systems"), (3) General Electric International, Inc ("GE International"), and (4) General Electric Company ("GE") (collectively "GE Entities") (as Respondents); and Claim 2 (formerly Third-Party Claim) between GE Entities (as Claimants) and (1) Malakoff Power Berhad ("MPB"), and (2) Malakoff Corporation Berhad ("MCB") (collectively "Malakoff Entities") (as Respondents), in relation to Prai Power Plant*

On 24 September 2018, Allianz General Insurance Company (Malaysia) Berhad initiated the arbitration as a subrogated action, in the name of PPSB, against GE Entities, in relation to an incident on or about 18 July 2015 ("2015 Incident") which resulted in damage to a gas turbine at PPSB's 350MW Combined Cycle Gas Turbine Power Plant situated in Prai, Penang ("Prai Power Plant").

PPSB alleged that GE Entities breached a duty 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. By reason of the alleged breach, PPSB claims for, among others, loss and damage in the sum of RM72,094,050 from GE Entities.

In addition to filing their defence on 22 April 2019, GE Entities filed a Counterclaim against PPSB alleging breach of:

(a) a Settlement and Release Agreement between GE Entities, PPSB and Malakoff Entities 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

(b) an agreement between PPSB, GE Energy Parts and GE Power System which was entered into on 19 December 2000 ("PPSB Agreement") in relation to a Long-Term Service Agreement between MPB, GE Energy Parts and GE Power System.

On 9 August 2019, GE Entities filed a Joinder Application, seeking to join Malakoff Entities as parties to GE Entities' Counterclaim. GE Entities alleged that:

(a) the commencement of the arbitration constitutes a breach of the SRA, in respect of which Malakoff Entities are liable;
(b) Malakoff Entities are liable to indemnify GE Entities against any liability under the arbitration; and
(c) if GE Entities are found liable for the 2015 Incident, MPB is liable for contributory negligence as the operator of the Prai Power Plant.

On 20 June 2020, the Arbitral Tribunal granted the Joinder Application to join Malakoff Entities as the Respondents in Claim 2 of GE Entities.

Following the passing of a member of the Arbitral Tribunal on 29 January 2023, the hearing dates scheduled in March 2023 have been vacated and the arbitration is now pending the appointment of a substitute arbitrator in accordance with the SIAC Rules and further directions from the Arbitral Tribunal.

The Group is of the view that it is premature to form a definite view on the outcome of this case. Accordingly, provisions are not required in respect of this matter, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

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 jointly control or 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, of which some are members of senior management of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associates, joint ventures, other related parties and key management personnel. Other related parties include entities related by virtue of a common major shareholder with a deemed significant influence over the Group.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated 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 12, 15, 16 and 24.

		Group		**Company**	
		2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
i.	**Associate**				
	Interest income on unsecured subordinated loan notes	**12,196**	16,115	**12,196**	16,115
	Dividends	**11,775**	6,292	**–**	–
ii.	**Joint ventures**				
	Dividends	**92,733**	38,510	**149**	1,440
iii.	**Subsidiaries**				
	Management fees	**–**	–	**27,295**	32,762
	Dividends	**–**	–	**415,215**	500,000
	Interest income on advances to subsidiaries	**–**	–	**40,282**	39,856
	Interest expense on advances from subsidiaries	**–**	–	**(46,315)**	(60,757)
iv.	**Other related parties**				
	Sales	**22,595**	23,270	**-**	-
	Purchases	**(13,962)**	(11,523)	**-**	-
	Purchases of assets	**(1,427)**	(2,247)	**-**	-
	Interest received	**6,714**	21,338	**-**	50
	Brokerage fees on insurance policies	**(3,709)**	(2,900)	**-**	-
	Rental income from estate	**5,178**	4,494	**5,178**	4,494

Notes to the Financial Statements

38. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
v. Key management personnel				
Directors				
– Salary, bonus and defined contribution	**2,338**	1,518	**2,338**	1,518
– Fees	**1,053**	1,008	**1,053**	1,008
– Meeting allowances	**496**	379	**437**	312
– Other allowances	**301**	141	**301**	141
– Other remuneration	**779**	809	**354**	349
– Estimated monetary value of benefits–in–kind	**121**	66	**121**	66
	5,088	3,921	**4,604**	3,394

39. SIGNIFICANT AND SUBSEQUENT EVENTS

Notices of assessment issued by Inland Revenue Board of Malaysia to Kapar Energy Ventures Sdn. Bhd.

On 1 November 2021, Kapar Energy Ventures Sdn. Bhd. ("KEV"), a 40%-owned associate of the Company, had received notices of assessment dated 29 October 2021 from the Inland Revenue Board of Malaysia ("IRB") for the years of assessment 2011, 2012 and 2014 and notices of additional assessment for the years of assessment 2013, 2015, 2016, 2017 and 2018 (collectively referred to as "Notices of Assessment") amounting in aggregate to RM595,948,256 ("Additional Income Tax"). The IRB has imposed the Additional Income Tax based on its view that certain interest expenses incurred by KEV are not allowed under Section 33(1)(a) of the Income Tax Act 1967.

KEV and IRB are currently in discussions to conclude the case with a settlement agreement, with a payment of RM2 million being proposed as a final tax liability for the settlement of the case. KEV has paid RM2 million to IRB on 30 June 2022 to this effect. The process of concluding the settlement agreement is within the purview of Special Commissioners of Income Tax ("SCIT"). The first case management was conducted on 20 February 2023, where it was recorded that KEV and IRB intend to settle the matter and KEV has forwarded the draft settlement agreement to the IRB on 17 February 2022. The SCIT instructed the parties to file the settlement agreement by the next case management, which is on 22 March 2023.

40. ACQUISITION OF NON-CONTROLLING INTERESTS

In the previous financial year, Tuah Utama Sdn. Bhd. ("TUSB"), a wholly-owned subsidiary of the Company had completed the acquisitions of 400,000 and 20,000 ordinary shares, representing the remaining 40% equity interest each in Green Biogas Sdn. Bhd. ("GBSB") and Southern Biogas Sdn. Bhd. ("SBSB") for cash considerations of RM374,799 and RM16,870, respectively. With the completion of the acquisitions, GBSB and SBSB became wholly-owned subsidiaries of the Group.

The carrying amounts of GBSB and SBSB's net assets in the Group's financial statements on the date of the acquisition were RM881,597 and RM43,595, respectively. As a result of the acquisitions, the Group had recognised a decrease in non-controlling interests of RM370,077 and a decrease in retained earnings of RM21,592.

The following summarised the effect of changes in the equity interest in GBSB and SBSB that was attributable to owners of the Company:

	Group 2021 RM'000
Equity interests at 1 January 2021	642
Effect of increase in ownership interest	370
Share of comprehensive income	(87)
Equity interests at 31 December 2021	925

41. DISPOSALS OF SUBSIDIARIES

In the previous financial year, Tuah Utama Sdn. Bhd. ("TUSB"), a wholly-owned subsidiary of the Company had completed the disposals of its 65% equity interest each in Lubuk Paku Hidro Sdn. Bhd. ("LPHSB") and Batu Bor Hidro Sdn. Bhd. ("BBHSB") for a total cash consideration of RM2,000,000. With the completion of the disposals, LPHSB and BBHSB ceased to become subsidiaries of the Group.

Effects of the disposals on the consolidated statement of financial position of the Group were as follows:

	Group 2021 RM'000
Cash and cash equivalents	2,010
Net current liabilities	(1)
Net assets and liabilities	2,009
Loss on disposals of subsidiaries	(9)
Consideration received, satisfied in cash	2,000
Cash and cash equivalents disposed	(2,010)
Net cash outflow	(10)

42. COMPARATIVE FIGURES

Certain comparatives have been restated to conform to the current year's presentation.

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 210 to 337 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 2022 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:

....

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin bin Ali
Chairman

....

Anwar Syahrin bin Abdul Ajib
Managing Director

Kuala Lumpur
13 March 2023

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 210 to 337 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 13 March 2023.

....

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 2022 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 210 to 337.

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 2022, and of their financial performance and their 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 Matters

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(f) - Significant accounting policy: Intangible assets and in Note 7 – Intangible assets

The key audit matter	How the matter was addressed in our audit
The Group has goodwill amounting to RM152,784,000 as at 31 December 2022 arising from the acquisition of Alam Flora Sdn. Bhd. ("AFSB"). 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. There is significant judgement involved in forecasting and discounting of future cash flows, which is the basis of assessment of impairment over goodwill.	We performed the following audit procedures, among others: • 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; • We obtained confirmation that the key assumptions were subject to oversight from the Directors; • We evaluated and challenged the following key assumptions used in the cash flows: – Revenue – we assessed the reasonableness of the estimated revenue in the projections based on past actual revenue recorded; – Cost of sales – we assessed the reasonableness of private contractor costs used in the projections based on past actual costs incurred; – Capital expenditures ("CAPEX") – we compared CAPEX assumptions in the cash flows to the budget approved by the Directors; and – Discount rate - our own specialist compared the discount rate used to other industry players and external sources. • 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.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Independent Auditors' Report

To the Members of Malakoff Corporation Berhad

(Registration No. 200601011818 (731568-V))
(Incorporated in Malaysia)

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.

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.

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)

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, actions taken to eliminate threats or safeguards applied.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 8 to the financial statements.

Other Matters

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

Eric Kuo Sze-Wei
Approval Number: 03473/11/2023 J
Chartered Accountant

Petaling Jaya

13 March 2023

Shareholdings Statistics
as at 3 March 2023

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	:	21,793

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	234	1.07	2,629	0.00
100 to 1,000	3,171	14.55	1,829,378	0.04
1,001 to 10,000	10,551	48.42	56,502,218	1.15
10,001 to 100,000	6,759	31.01	219,348,606	4.49
100,001 to less than 5% of issued shares	1,072	4.92	970,870,812	19.87
5% and above of issued shares	6	0.03	3,638,407,657	74.45
TOTAL	**21,793**	**100.00**	**4,886,961,300***	**100.00**

* 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	%
Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali	50,000	0.00	–	–
Anwar Syahrin Abdul Ajib	–	–	–	–
Tan 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	–	–
Datuk Rozimi Remeli	–	–	–	–
Dato' Mohd Naim Daruwish	–	–	–	–
Dr. Norida Abdul Rahman	–	–	–	–
Datuk Prakash Chandran Madhu Sudanan	–	–	–	–

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")[1]	981,341,460	20.08	–	–
2	MMC Corporation Berhad ("MMC")	897,695,630	18.37	981,341,460[2]	20.08
3	Urusharta Jamaah Sdn Bhd[3]	500,000,000	10.23	–	–
4	Employees Provident Fund Board[4]	499,643,233	10.22	–	–
5	Kumpulan Wang Persaraan (Diperbadankan)[5]	446,215,434	9.13	–	–
6	Amanah Saham Bumiputera[6]	313,511,900	6.42	–	–
7	Seaport Terminal (Johore) Sdn Bhd ("Seaport")[7]	–	–	1,879,037,090	38.45
8	Indra Cita Sdn Bhd ("ICSB")[8]	–	–	1,879,037,090	38.45
9	Tan Sri Dato' Seri Syed Mokhtar Shah Syed Nor[9]	–	–	1,879,037,090	38.45

Notes:

(1) Of which 200,957,230 shares held through its own account and 780,384,230 shares held through Bank Muamalat Malaysia Berhad.

(2) Deemed interested in 981,341,460 shares held by AOA in Malakoff by virtue of its 100% direct shareholding in AOA.

(3) Of which 500,000,000 shares held through Citigroup Nominees (Tempatan) Sdn. Bhd.

(4) Of which 499,643,233 shares held through various accounts under Citigroup Nominees (Tempatan) Sdn. Bhd.

(5) Of which 427,006,534 shares held through its own account and 19,208,900 shares held through various accounts under Citigroup Nominees (Tempatan) Sdn Bhd.

(6) Of which 313,511,900 shares held through Amanahraya Trustees Berhad.

(7) Deemed interested by virtue of its direct major shareholdings in MMC.

(8) Deemed interested through Seaport.

(9) Deemed interested through ICSB.

Shareholdings Statistics

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 Urusharta Jamaah Sdn. Bhd. (1)	500,000,000	10.23
4	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	472,785,633	9.67
5	Kumpulan Wang Persaraan (Diperbadankan)	427,006,534	8.74
6	Amanahraya Trustees Berhad Amanah Saham Bumiputera	313,511,900	6.42
7	Anglo-Oriental (Annuities) Sdn Bhd	200,957,230	4.11
8	Lembaga Tabung Haji	146,349,000	2.99
9	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 – Wawasan	111,235,600	2.28
10	Amanahraya Trustees Berhad Amanah Saham Malaysia	73,977,500	1.51
11	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	26,261,800	0.54
12	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 – Didik	24,567,400	0.50
13	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	20,473,600	0.42
14	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (Leef)	19,325,000	0.40
15	Seraimas Bina Sdn. Bhd.	14,753,300	0.30
16	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	14,357,600	0.29
17	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CGS CIMB)	12,500,000	0.26

30 LARGEST SHAREHOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares	% of Issued Share Capital
18	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Family Takaful Berhad (Family)	12,186,600	0.25
19	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (PRINCIPAL EQITS)	10,994,100	0.22
20	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LPF)	9,863,800	0.20
21	Cartaban Nominees (Asing) Sdn Bhd The Bank Of New York Mellon For UPS Group Trust	9,849,972	0.20
22	Lembaga Tabung Angkatan Tentera	9,806,700	0.20
23	Neoh Choo Ee & Company, Sdn. Berhad	8,673,300	0.18
24	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Zee Yang	8,500,000	0.17
25	Maybank Nominees (Tempatan) Sdn Bhd National Trust Fund (IFM Maybank) (412183)	8,073,100	0.17
26	Wendy Lau Sie Sie	8,000,000	0.16
27	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lim Zee Yang	7,870,000	0.16
28	Amanahraya Trustees Berhad ASN Imbang (Mixed Asset Balanced) 1	6,903,400	0.14
29	Citigroup Nominees (Asing) Sdn Bhd UBS AG	6,572,426	0.13
30	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LGF)	6,203,400	0.13
	Total	4,169,638,755	85.31

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 2022 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.	4,055,059 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/ 734.1 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 8th and 9th floor of a commercial building/ Currently are vacant.	21	1,228 sq metre	N/A	972,862

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 2022 RM
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 12th and 13th floor of a commercial building/ Currently are tenanted.	21	1,986 sq metre	N/A	83,543
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.	27	26,787 sq metre/ 148,400 sq metre	The land cannot be transferred, charged, leased without prior approval of the Menteri Besar of Perak.	3,744,828 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.	21	12,384 sq metre/ 111,600 sq metre	The land cannot be transferred, charged, leased without prior approval of the Menteri Besar of Perak.	Refer to notes (2) and (5)

List of Properties

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 2022 RM
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.	21	N/A/ 12,100 sq metre	The land cannot be transferred, charged, leased without prior approval of the Menteri Besar of Perak.	Refer to notes (2) and (5)
8.	**GB3** 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.	21	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.	28	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)

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 2022 RM
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.	28	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 PDP Plant.	28	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)
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.	28	N/A/ 7,392 sq metre	The land cannot be transferred, charged, leased without prior approval of the State Authority.	Refer to note (6)

List of Properties

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 2022 RM
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.	28	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.	28	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.	28	N/A/6.641 Ha	The land cannot be transferred, charged, leased without prior approval of the State Authority.	Refer to note (6)

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 2022 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.	28	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 PDP Plant.	28	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.	28	760 sq metre/ 0.554 Ha	Nil	Refer to note (6)

List of Properties

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 2022 RM
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.	28	N/A/1.897 Ha	Nil	Refer to note (6)
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.	28	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 13Ath floor of a commercial building. Currently are vacant.	21	975 sq metre/ N/A	N/A	Nil

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 2022 RM
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.	21	2,507 sq metre/ N/A	N/A	Refer to note (8)
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.	21	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 is tenanted.	21	983 sq metre/ N/A	N/A	Refer to note (8)

List of Properties

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 2022 RM
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.	21	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)
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.	4	N/A/ 0.9454 Ha	The land cannot be transferred, charged, leased without prior approval of the State Authority.	Refer to note (11)

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 2022 RM
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.	4	N/A/ 0.3753 Ha	The land cannot be transferred, charged, leased without 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 curently is tenanted.	32	153.29 sq metre	N/A	5,100,000 Refer to note (13)
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	The land cannot be transferred, charged, leased without prior approval of the State Authority.	17,383,486

List of Properties

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 2022 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	1st floor of a commercial building for administration and operation office for AFSB Pahang Service Area.	14	309.34 sq metre	N/A	1,473,333
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	The land cannot be transferred, charged, leased without prior approval of the State Authority.	1,543,412
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/ 52.22 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.	11	133 sq metre	The land cannot be transferred, charged, leased without prior approval of the State Authority.	452,433

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 2022 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	90,753
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 tenanted.	11	1,375 sq metre	N/A	2,500,000 Refer to note (13)
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 tenanted.	7	4,903.4 sq metre/ 9,995.7 sq metre	The land cannot be transferred, charged, leased without prior approval of the State Authority	8,000,000 Refer to note (13)
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	154,468,588

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 42 parcels of land ("Windsor Lands") which are collectively known as the Windsor Estate. The Windsor Estate was managed by Tradewinds Plantech Sdn. Bhd. (commencing from 1 June 2020 until 31 December 2022 via letter of award for the provision of palm oil plantation, operation and management services dated 1 June 2020 and extension of term of letter of award dated 6 May 2021 and 5 April 2022). 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 66379 Lot 4136, GRN 66619 Lot 2790^, GRN 154270 Lot 130401, GRN 154271 Lot 130402, GRN 154272 Lot 130403, GRN 154273 Lot 130405, GRN 155631 Lot 130393^, GRN 155632 Lot 130394 and GRN 155633 Lot 130409*
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, GRN 65982 Lot 408, GRN 59203 Lot 446* and GRN 154269 Lot 20926**
ii.	*All lands are located at Mukim of Kamunting, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia*

* *Certain areas of Windsor Lands parcels which were previously subject to Government compulsory acquisition pursuant to a notice under Section 10 of the Land Acquisition Act 1960 issued by Pejabat Pengarah Tanah dan Galian Negeri Perak are currently pending submission of Form LB (withdrawal of land acquisition form).*

^ *Malakoff is currently in the process of disposing these parcels of land to AFES, a subsidiary of Malakoff, expected to be completed in the fourth quarter of 2023.*

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 2022 of the properties under items no. 6 to 8 stood at RM1,752,276. These properties were not audited on an individual basis.*

6) *The audited NBV as at 31 December 2022 of the properties under items no. 9 to 19 stood at RM12,896,000. These properties were not audited on an individual basis.*

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

Notes (continued):

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 2022 of the properties under items no. 22 to 25 stood at RM187,605. These 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 2022 is RM1, as the cost of the land was charged out as part of project expense.

11) The NBV of the property under item no. 27 as at 31 December 2022 is RM604,390. The land was recognised as part of Jetty asset and was not audited on an individual basis.

12) The NBV of the property under item no. 28 as at 31 December 2022 is RM324,748. The land was recognised as part of Jetty asset and was not audited on an individual basis.

13) The value of properties under items no. 29, 36 and 37 as at 31 December 2022 were based on valuation reports.

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.

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 and HSD 55959 PT 13, 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 and IPP pumphouse for Jetty area. Land of approximately 2,088.706 sq metre is sub-leased to PETRONAS as per Sub Lease Agreement dated 5 July 2006.	19	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 TBPP complex and other related purpose.	17	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.	17	N/A/ 156.533 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)

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.	17	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 TBPP.	17	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 TBPP.	17	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 TBE Power Plant.	7	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 TBE Power Plant.	7	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

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 TBE Power Plant.	7	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, 8, 10, 11, 12 and 13, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia	Six office units each on the 7th, 8th, 10th, 11th, 12th and 13th floor of a commercial building/Currently used as office space by Malakoff.	21	6,732 sq metre/ N/A	Period of tenancy from 1 July 2021 until 30 June 2024	362,310 per month
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.	21	222 sq metre/ N/A	Period of tenancy from 1 July 2021 until 30 June 2024	20,332 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 was completed on 12 March 2015.*

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 was 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 2022 RM'000
The building, plant and machinery of the SEV Power Plant	742,889
The building, plant and machinery of the GB3 Power Plant	90,000
The building, plant and machinery of the Prai Power Plant	160,673
The building, plant and machinery of the TBP Power Plant	3,946,368
The building, plant and machinery of the TBE Power Plant	5,064,961
Total	**10,004,891**

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.

GRI Content Index

GRI Universal Standard		
Statement of Use	:	Malakoff Corporation Berhad has reported the information cited in this GRI Content Index for the period 1 January to 31 December 2022 with reference to the GRI Standards.
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Notice of 17th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 17th Annual General Meeting **("AGM")** of Malakoff Corporation Berhad **("Company")** will be held as a virtual meeting from the Broadcast Venue at The Boardroom, Level 7, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia on **Thursday, 11 May 2023** 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 2022 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 Ooi Teik Huat — Resolution 1
   (ii) Datuk Rozimi Remeli — Resolution 2
   (iii) Encik Anwar Syahrin Abdul Ajib" — Resolution 3

   (Please refer to Explanatory Note 2)

3. "**THAT** the following Directors who retire in accordance with Article 111 of the Company's Constitution be and are hereby re-elected as the Directors of the Company:

   (i) Dr. Norida Abdul Rahman — Resolution 4
   (ii) Datuk Prakash Chandran Madhu Sudanan" — Resolution 5

   (Please refer to Explanatory Note 2)

4. "**THAT** the payment of Directors' fees up to an amount of RM1,350,000 to the Non-Executive Directors **("NED")** with effect from the conclusion of the 17th AGM until the next AGM of the Company be and is hereby approved." — Resolution 6

   (Please refer to Explanatory Note 3)

5. "**THAT** the payment of the following Directors' benefits with effect from the conclusion of the 17th AGM until the next AGM of the Company be and is hereby approved:

   (i) Directors' benefits up to an amount of RM1,350,000 to all NEDs by the Company; and — Resolution 7
   (ii) Directors' benefits up to an amount of RM270,000 by the subsidiaries of the Company to the Directors." — Resolution 8

   (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 9

Notice of 17th 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 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 10

"**THAT**, subject to Paragraph 10.09 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**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 11 April 2023, 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 Companies Act 2016 ("**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 4)

8. **Proposed Renewal of Authority for the Company to Purchase Its Own Shares** Resolution 11

"**THAT** subject to provisions of the Act, the Constitution of the Company, the MMLR of 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 AGM 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 AGM 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;

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 5)

Notice of 17th Annual General Meeting

9. **Notation on Retirement of Independent Directors Pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance 2021**

   Datuk Dr. Syed Muhamad Syed Abdul Kadir and Datuk Idris Abdullah, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, had expressed their intention not to seek for re-appointment as Independent Non-Executive Director, and will only retain office until the conclusion of the 17th AGM of the Company.

10. To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Constitution.

BY ORDER OF THE BOARD

Noor Raniz Mat Nor **(MAICSA 7061903/SSM Practicing Certificate No. 201908001542)**
Zaidatul Neezma Zainal Abidin **(MACS 01677/SSM Practicing Certificate No. 202208000740)**
Company Secretaries

Kuala Lumpur
11 April 2023

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 17th AGM to be held virtually 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 17th AGM.
2. Members and proxies are encouraged to go online, participate and vote at the 17th 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 at https://meeting.boardroomlimited.my. Members are advised to read the Administrative Details on the procedures to participate in this 17th AGM remotely.
3. Only depositors whose names appear on the Record of Depositors as at **3 May 2023** 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 at 11th 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://investor.boardroomlimited.com 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 17th AGM or such time as may be determined by the Chairman of the meeting.

Explanatory Notes on Ordinary Business:

1. **Explanatory Note 1**
   Audited Financial Statements for the financial year ended 31 December 2022

   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 to 3 under Agenda 2 and ordinary resolutions 4 to 5 under Agenda 3 of the 17th 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 being eligible, have offered themselves for re-election.

   i) **Datuk Ooi Teik Huat, Datuk Rozimi Remeli and Encik Anwar Syahrin Abdul Ajib who retire in accordance with Article 105**

   In deliberating the eligibility of the Directors standing for re-election at the 17th AGM, the Board Nomination and Remuneration Committee ("**BNRC**") had taken into consideration the performance and contribution of each Director based on the outcome of the annual Board assessment conducted for the financial year 2022, the criteria prescribed by Paragraph 2.20A of MMLR of Bursa Securities on the qualification of Directors, fit and propriety as well as their active participation on the Board deliberations. The retiring Directors met the performance criteria required for an effective and committed Board.

   Based on the outcome of the self-independent assessment, the BNRC is satisfied that Datuk Rozimi Remeli has complied with the independence criteria as required by the MMLR of Bursa Securities and continue to bring independent and objective judgment to the Board deliberations.

   ii) **Dr. Norida Abdul Rahman who retires in accordance with Article 111**

   Dr. Norida was appointed as Independent Non-Executive Director of the Company since 1 August 2022. The BNRC's recommendation to re-elect Dr. Norida was supported by her combined experience and expertise in corporate strategy, investment and industrial development. She possesses knowledge and direct working experience in managing industry value chain clusters, investment, technology management and commercialisation.

   Given her invaluable exposure and experiences in both public and private sectors, Dr. Norida will continue to contribute her insightful and in-depth knowledge in diverse areas to Board deliberation on the Group's business directions/strategies.

   iii) **Datuk Prakash Chandran Madhu Sudanan who retires in accordance with Article 111**

   The recommendation to re-elect Datuk Prakash is supported by his significant exposure on the international market and vast experience in setting growth strategies and driving the company to achieve its business transformation. Datuk Prakash is known as a Government-to-Government business opportunity creator and inspirational mentor and leader. Having held various senior management positions and directorships in both the local and international companies, Datuk Prakash is able to complement the Board being an experienced technical and strategy executor.

   The Board, after having considered the recommendations of the BNRC, is recommending the re-election of the abovementioned Directors for the shareholders' approval.

Notice of 17th Annual General Meeting

3. <u>Explanatory Note 3</u>
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 6, 7 and 8, 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;

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 and 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 2022 are disclosed in the Corporate Governance Overview Statement in the Integrated Annual Report 2022.

Explanatory Notes on Special Business:

4. **Explanatory Note 4**
   Proposed Shareholders' Mandate for Recurrent Related Party Transactions ("RRPTs")

   The proposed resolution 10, if passed, will empower the 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 11 April 2023 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 16^{th} AGM.

   Details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 11 April 2023 which is circulated together with the Integrated Annual Report 2022 of the Company.

5. **Explanatory Note 5**
   Proposed Renewal of Share Buy-Back Authority

   The proposed resolution 11, 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 11 April 2023 for further information.

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 17^{th} AGM.

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 28 April 2023 shall be entitled to the final dividend which will be paid on 26 May 2023.

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 28 April 2023 in respect of ordinary transfers; and

b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

Statement Accompanying
Notice of the 17th 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 Ooi Teik Huat
2. Datuk Rozimi Remeli
3. Encik Anwar Syahrin Abdul Ajib

Pursuant to Article 111 of the Company's Constitution

1. Dr. Norida Abdul Rahman
2. Datuk Prakash Chandran Madhu Sudanan

The profiles of the above named Directors are stated in the Directors' Profile on pages 114 to 123 of the Integrated Annual Report 2022.

Administrative Details

ADMINISTRATIVE DETAILS FOR THE 17TH ANNUAL GENERAL MEETING ("AGM") OF MALAKOFF CORPORATION BERHAD ("COMPANY") TO BE HELD AS A VIRTUAL MEETING FROM THE BROADCAST VENUE AT THE BOARDROOM, LEVEL 7, BLOCK 4, PLAZA SENTRAL, JALAN STESEN SENTRAL 5, 50470 KUALA LUMPUR ON THURSDAY, 11 MAY 2023 AT 10.00 A.M.

1. Remote Participation and Voting at the Company's 17th AGM

The 17th AGM of the Company will be conducted virtually through live streaming from the broadcast venue on 11 May 2023. The broadcast venue is for the purpose of compliance with Section 327(2) of the Companies Act 2016 (**"Act"**), which requires the Chairman to be present at the main venue of the AGM. **Shareholder/proxy/corporate representative from the public are not allowed to physically present nor admitted at the broadcast venue on the day of the 17th AGM of the Company.**

The shareholders are strongly encouraged to participate in the 17th AGM using the Remote Participation and Voting (**"RPV"**) Facilities. Please login, register and sign up as a user at https://investor.boardroomlimited.com. Upon registration, the shareholders may exercise your rights to participate, pose questions (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.

The closing time to submit your request to access the RPV webcast is at **10.00 a.m. on 9 May 2023** (48 hours before the 17th AGM).

Barring any unforeseen circumstances under the current situation, the Company may require to change the arrangements of its 17th AGM with short notice. Latest updates on the 17th AGM (if any) will be made available at the Company's website or announcement by the Company. The Company continues to observe the guidelines or new procedures as may be issued by the Government from time to time.

2. General Meeting Record of Depositors ("ROD")

Only depositors whose names appear on the ROD as at **3 May 2023** shall be entitled to participate in the 17th AGM or appoint proxies to register and vote on their behalf.

3. Proxy

If an individual shareholder is unable to attend the 17th 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 (**"Proxy Form"**) in accordance with the notes and instructions stated therein.

For the shareholders who have submitted Proxy Forms appointing their proxies, you may register your intention to participate via https://investor.boardroomlimited.com. The proxy appointment will be deemed revoked upon your registration to personally participate remotely in the 17th AGM.

Corporate shareholders that wish to appoint a representative to participate and vote remotely at the 17th 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 not later than **Tuesday, 9 May 2023 at 10.00 a.m.**

The corporate shareholder (through corporate representative(s) or appointed proxy(ies)), who is unable to attend the 17th 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 stated therein.

Administrative Details

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 address and answer the relevant questions during the Questions and Answers session.

5. Poll Voting

The voting at the 17th 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 17th AGM, the scrutineers will verify the poll results followed by the Chairman's announcement on the resolutions put forth at the meeting.

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 to request for login ID and password.

BEFORE AGM DAY	
Procedure	**Action**
i. Register Online with Boardroom Smart Investor Portal (***"BSIP"***) **(for first time registration only)**	*(Note: If you have already signed up with Boardroom Smart Investor Portal (BSIP), you are not required to register again. You may proceed to Step (ii), submit a request for Remote Participation user ID and password.)* a) Access website https://investor.boardroomlimited.com b) Click **<<Register>>** to sign up as a user. c) Please select the correct account type i.e. sign up as "Shareholder" or "Corporate Holder". d) Complete the registration with all required information. Upload a softcopy of your or representative's MyKAD/Identification Card (front and back) or Passport. e) For ***Corporate Holder***, kindly upload the authorisation letter and click **"Sign Up"**. f) You will receive an e-mail from BSIP Online for e-mail address verification. Click on **"Verify E-mail Address"** from the e-mail received to continue with the registration. g) Once your email address is verified, you will be re-directed to BSIP Online for verification of mobile number. Click on **"Request OTP Code"** and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click **"Enter"** to complete the process. h) Your registration will be verified and approved within one (1) business day and an email notification will be provided. You can login to the BSIP at https://investor.boardroomlimited.com with the email address and password that you have provided during the registration to proceed with the next step.

ii. Submit request for remote participation **(User ID and Password)**	*(Note: Registration for remote access will be opened on **11 April 2023** up to **9 May 2023 at 10.00 a.m**.)* **Shareholders** a) Login to https://investor.boardroomlimited.com using your user ID and password created with BSIP from Step 1 above. b) Select **"MALAKOFF CORPORATION BERHAD 17TH VIRTUAL ANNUAL GENERAL MEETING"** from the list of Corporate Meetings and click **"Enter"**. c) Read and agree to the Terms & Conditions by clicking **Next.** d) Enter your CDS Account and thereafter submit your request. **Appointment of Proxy** a) Login to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. b) Select **"MALAKOFF CORPORATION BERHAD 17TH VIRTUAL ANNUAL GENERAL MEETING"** from the list of Corporate Meetings and click **"Enter"**. c) Click on **"Submit eProxy Form"**. d) Read and agree to the Terms & Conditions by clicking **Next**. e) Enter your CDS Account Number and number of securities held. f) Select your proxy – either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies). g) Indicate your voting instructions – **FOR** or **AGAINST**, otherwise your proxy will decide your vote. h) Review and confirm your proxy appointment and click **"Apply"**. i) Download or print the e-Proxy form as acknowledgement. *Note for Corporate Shareholders:* *If you wish to appoint more than one (1) company, kindly click the home button and select **"Edit Profile"** in order to add company name.* **Authorised Nominee and Exempt Authorised Nominee** **Via BSIP** – Login to https://investor.boardroomlimited.com using your User ID and Password from Step 1 above. – Select **"MALAKOFF CORPORATION BERHAD 17TH VIRTUAL ANNUAL GENERAL MEETING"** from the list of Corporate Meetings and click **"Enter"**. – Click on "**Submit eProxy Form**". – Select the company you would like to be represented (if more than one). – Proceed to download the file format for "**Submission of Proxy Form**". – Prepare the file for the appointment of proxies by inserting the required data. – Proceed to upload the duly completed Proxy Appointment file. – Review and confirm your proxy appointment and click "**Submit**". – Download or print the eProxy form as acknowledgement.

Administrative Details

	Via email – Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Shareholders and CDS Account Number accompanied with the Form of Proxy to submit the request. – Please provide a copy of the Proxy Holder's MyKad (front and back) or Passport in JPEG, PNG or PDF format together with his/her email address. *Note:* *If you wish to appoint more than one (1) company, kindly click the home button and select **"Edit Profile"** in order to add company name.* 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 an email from Boardroom if your registration is approved. d) You are encouraged to submit your request at least forty-eight (48) hours before the commencement of the Virtual AGM i.e. by 10.00 a.m. on 9 May 2023 to avoid any delay in the registration process.
iii. Login to Virtual Meeting Platform	*(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.* *Registration for remote access will be opened on **11 April 2023** up to **9 May 2023 at 10.00 a.m.**)* a) The Virtual Meeting Platform will be opened for login one (1) hour before the commencement of the AGM at ***9.00 a.m. on 11 May 2023***, which can be accessed via one of the following methods: • Launch Lumi AGM by scanning the QR Code provided in the email notification; • Access to Lumi AGM platform via website at https://meeting.boardroomlimited.my. b) Insert the Meeting ID No. and sign in with the user ID and password provided to you via the email notification in Step (ii) (a) above.
iv. Participate	*(Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition)* a) If you would like to view the live webcast, select the broadcast icon. b) If you would like to ask a question during the AGM, select the messaging icon. c) Type your message within the chat box, once completed click the send button.
v. Voting	a) Once the Meeting is opened for voting, the polling icon will appear with the resolutions and your voting choices. b) To vote, please select your voting direction from the options provided. A confirmation message will appear to show your vote has been received. c) To change your vote, re-select another voting direction. d) If you wish to cancel your vote, please press **"CANCEL"**.
vi. End of Participation	a) Upon the announcement by the Chairman on the closure of the AGM, the live webcast will end and the messaging window will be disabled. b) You can now logout from the virtual meeting platform.

7. F&B & Door Gift

There will be **NO distribution of food voucher or door gift** to shareholders.

8. Integrated Annual Report 2022 and Other Documents for AGM

The Notice of 17th AGM, Proxy Form, administrative details and request form for hard copy of the following documents (**"Request Form"**) can be downloaded by scanning the QR code printed on the notification card which will be sent by ordinary post to the shareholders. The same are also available on the Company's website at www.malakoff.com.my together with the following documents:

(i) The Company's Integrated Annual Report 2022 (incorporated with Notice of 17th AGM, Proxy Form and administrative details);

(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 or contact the personnel as stated in item 9 for assistance/clarification.

9. Enquiry

If you have any enquiry prior to the 17th AGM, please contact the following officer during office hours from 8.30 a.m. to 5.30 p.m. (Monday to Friday):

Boardroom Share Registrars Sdn Bhd
(Registration No. 199601006647/378993-D)
11th 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
Officer : Encik Zulkernaen Abd Samad
+603-7890 4741 (Zulkernaen.Samad@boardroomlimited.com)

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Proxy Form

Malakoff Corporation Berhad
(Registration No. 200601011818/731568-V)

No. of Ordinary Share(s) Held	
CDS Account No.	

I/We ______________________________ NRIC/Passport/Registration No: ______________
(Full name in block letters)

of ______________________________ Tel No: ______________
(Address in full)

being a member/members of Malakoff Corporation Berhad, hereby appoint

	Name/NRIC No.	Email Address	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 17th Annual General Meeting ("**AGM**") of the Company to be held as a virtual meeting from the broadcast venue at The Boardroom, Level 7, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia on Thursday, 11 May 2023 at 10.00 a.m. and at any adjournments thereof, on the following resolutions referred to in the Notice of the 17th 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/they may think fit)

1.	To receive the Audited Financial Statements of the Company for the Financial Year Ended 31 December 2022 and the Directors' Report and Auditors' Report thereon		
	ORDINARY BUSINESS	**FOR**	**AGAINST**
2.	Re-election of Datuk Ooi Teik Huat who retires in accordance with Article 105 of the Company's Constitution **(Resolution 1)**		
3.	Re-election of Datuk Rozimi Remeli 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 105 of the Company's Constitution **(Resolution 3)**		
5.	Re-election of Dr. Norida Abdul Rahman who retires in accordance with Article 111 of the Company's Constitution **(Resolution 4)**		
6.	Re-election of Datuk Prakash Chandran Madhu Sudanan who retires in accordance with Article 111 of the Company's Constitution **(Resolution 5)**		
7.	Payment of Directors' fees to the Non-Executive Directors with effect from the conclusion of the 17th AGM until the next AGM of the Company **(Resolution 6)**		
8.	Payment of Directors' benefits to the Non-Executive Directors with effect from the conclusion of the 17th AGM until the next AGM of the Company **(Resolution 7)**		
9.	Payment of Directors' benefits by the subsidiaries to the Directors with effect from the conclusion of the 17th AGM until the next AGM of the Company **(Resolution 8)**		
10.	Re-appointment of Messrs. KPMG PLT as Auditors of the Company **(Resolution 9)**		
	SPECIAL BUSINESS		
11.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**RRPTs**") and Proposed New Shareholders' Mandate for Additional RRPTs **(Resolution 10)**		
12.	Proposed Renewal of Authority for the Company to Purchase Its Own Shares **(Resolution 11)**		

Signed this ______________ day of ______________ 2023

____
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 17th AGM to be held virtually 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 for 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.
2. 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 at https://meeting.boardroomlimited.my. Members are advised to read the Administrative Details on the procedures to participate in this AGM remotely.
3. Only depositors whose names appear on the Record of Depositors as at 3 May 2023 shall be entitled to participate in the AGM 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, 11th 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://investor.boardroomlimited.com before the proxy form lodgement 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 AGM or such time as may be determined by the Chairman of the meeting.

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Malakoff Corporation Berhad
17th Annual General Meeting

STAMP

To:

Boardroom Share Registrars Sdn Bhd
(Registration No. 199601006647/378993-D)

11th 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)

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

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