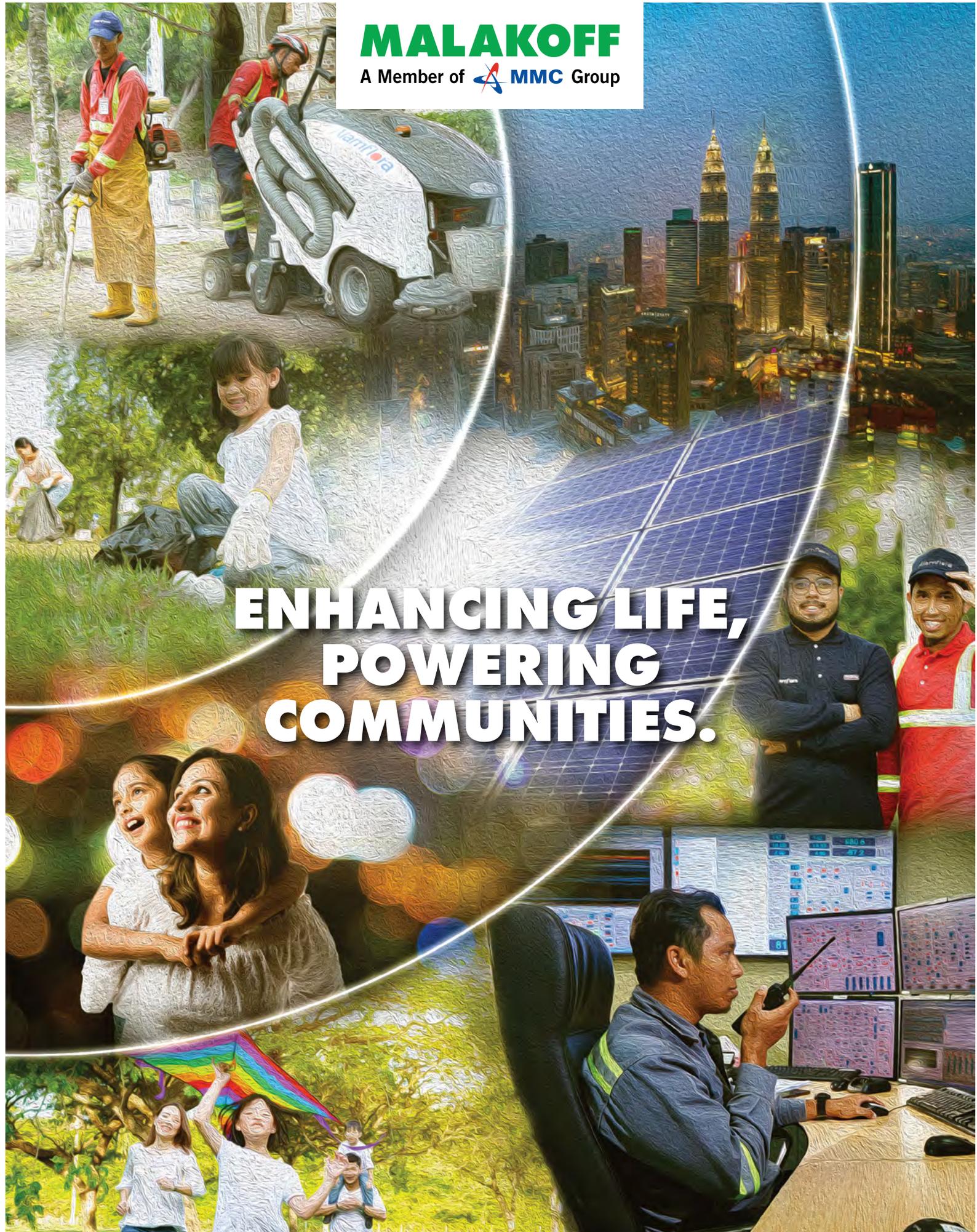


MALAKOFF

A Member of  **MMC Group**

**ENHANCING LIFE,
POWERING
COMMUNITIES.**



ABOUT THIS REPORT

Malakoff Corporation Berhad (“Malakoff” or “the Company”) and its subsidiaries (“Malakoff Group” or “Group”) have commenced our journey into Integrated Reporting with the publication of this Integrated Annual Report.

REPORTING FRAMEWORK

This Integrated Annual Report is guided by both local and international guidelines and frameworks. This report covers the Group’s activities between 1 January 2021 and 31 December 2021, and strives to present balanced and comprehensive information to our stakeholders regarding our strategic processes and financial performance. This report also details Malakoff’s non-financial performance in 2021 that comprises our Environmental, Social and Governance (“ESG”) performance.

SCOPE AND BOUNDARIES

Malakoff Corporation Berhad is a public company listed on the Main Market of Bursa Malaysia Securities Berhad. Besides reporting about the Group’s activities in Malaysia, this report also covers the business activities in Saudi Arabia, Bahrain and Oman. In the context of sustainability, the Sustainability Statement covers the key sustainability initiatives within the Group’s subsidiaries.

GUIDELINES AND STANDARDS

Throughout the preparation of this report, we have been guided by best practices as prescribed by international integrated reporting frameworks. Locally, we have adhered to:

- Malaysian Code on Corporate Governance 2021 (“MCCG 2021”)
- Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements (“MMLR”)
- Bursa Malaysia’s Corporate Governance Guide 4th edition

FEEDBACK

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

All communication can be directed to the following channels:

 www.malakoff.com.my  +603 2263 3388  cacomm@malakoff.com.my

- Companies Act 2016
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards and other regulatory requirements as applicable.

In the area of sustainability, we have developed our reporting in line with Bursa Malaysia’s Sustainability Reporting Guide 2nd Edition. This report is also guided by the Global Reporting Initiative (“GRI”) Standards.

All information presented is as at 31 December 2021, unless otherwise stated.

BOARD ENDORSEMENT

The Board of Directors (“Board”) acknowledges its responsibility to achieve the integrity of Malakoff’s Integrated Annual Report through good governance practices and internal reporting procedures. The Board has oversight regarding this matter and has endorsed the Integrated Annual Report.

FORWARD-LOOKING STATEMENTS

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



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We strive to be a sustainably conscious organisation, a purpose driven by our aspirations towards ***Enhancing Life, Powering Communities.***

We aspire to secure Malaysia's future and support our communities by reliably delivering sustainable and innovative energy and environmental solutions to better lives and contribute to nation-building.

01

ABOUT MALAKOFF

04 Our Investment Case

- Corporate Overview
- Global Footprint
- Our Approach to Sustainability
- Corporate Structure

Our Investment Case

CORPORATE OVERVIEW

VISION

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



Incorporated on 9 October 1975



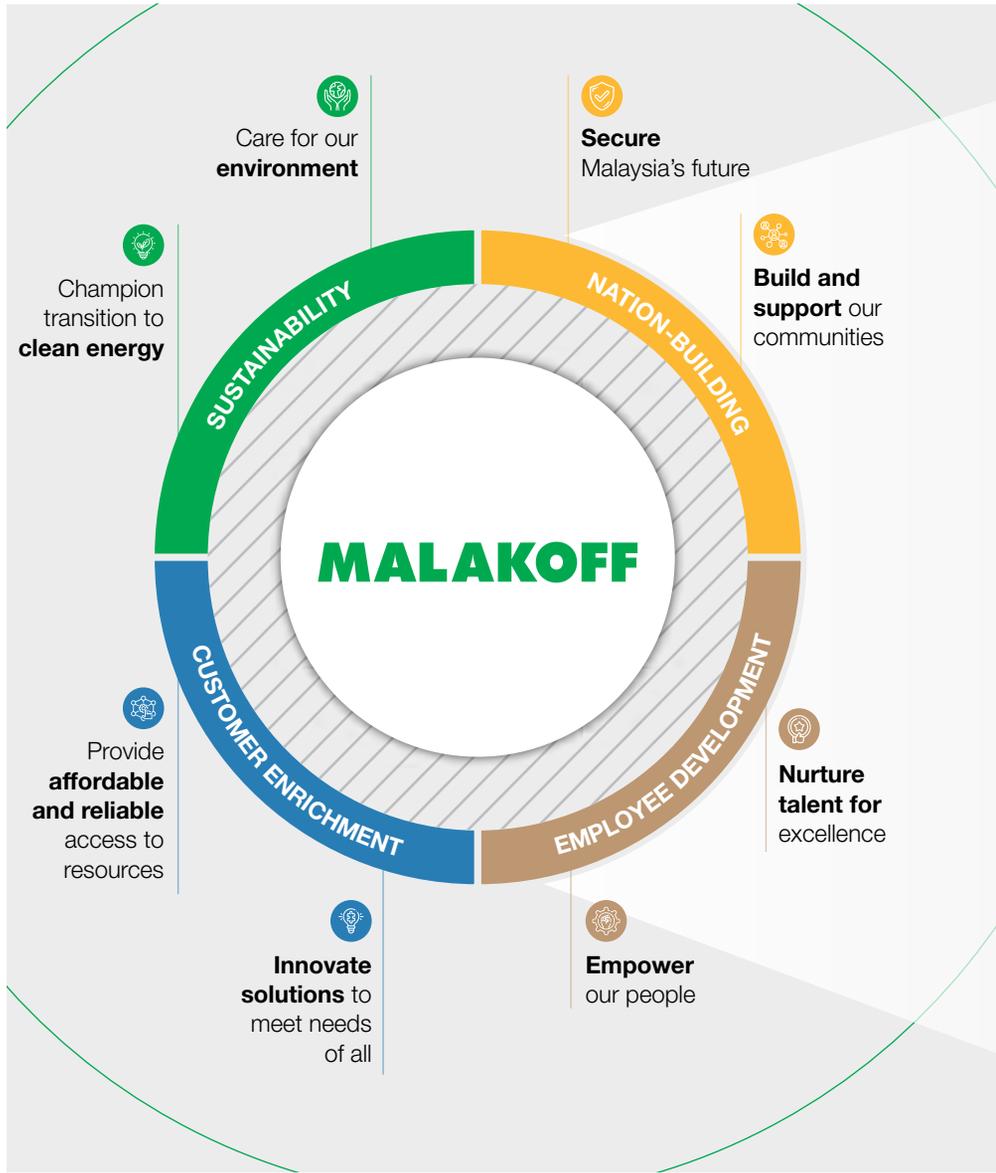
Global Workforce of 3,922 people



MISSION

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

OUR PURPOSE



Integrity



Teamwork



Innovation



Excellence



Harmony

CORPORATE VALUES

ENHANCING LIFE, POWERING COMMUNITIES.

HOW?

- Deliver dependable energy and resource management to our communities
- Create innovative and sustainable solutions to better lives
- Advance the transition to cleaner energy
- Nurture our employees for excellence

WHAT?

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



Scan Here

Scan the QR code to get more information.



MALAKOFF



Alamflora
Appreciating LIFE

OUR BUSINESS



Thermal Power Generation

Effective thermal power generation of **6,410 MW**

Please refer to page 32 for more information.



Renewable Energy ("RE")

Effective renewable energy generation of **39 MW** to date (including ongoing projects)

Please refer to page 35 for more information.



Environmental Solutions

25 years of experience providing various sustainable and smart environmental solutions

Please refer to page 36 for more information.



Water Desalination

Water production capacity of **472,975 m³/day**

Please refer to page 38 for more information.

MALAKOFF UTILITIES



Electricity Distribution & District Cooling System

Supply of centralised chilled water and distribution of electricity to Kuala Lumpur Sentral development area

Please refer to page 39 for more information.

MALAKOFF TECHNICAL SOLUTIONS

MALAKOFF POWER

TANJUNG BIN O&M



Operations & Maintenance

More than two decades of experience, servicing Malakoff-owned plants and those of associates, jointly controlled entities as well as third parties

Please refer to page 40 for more information.



Project Management Services

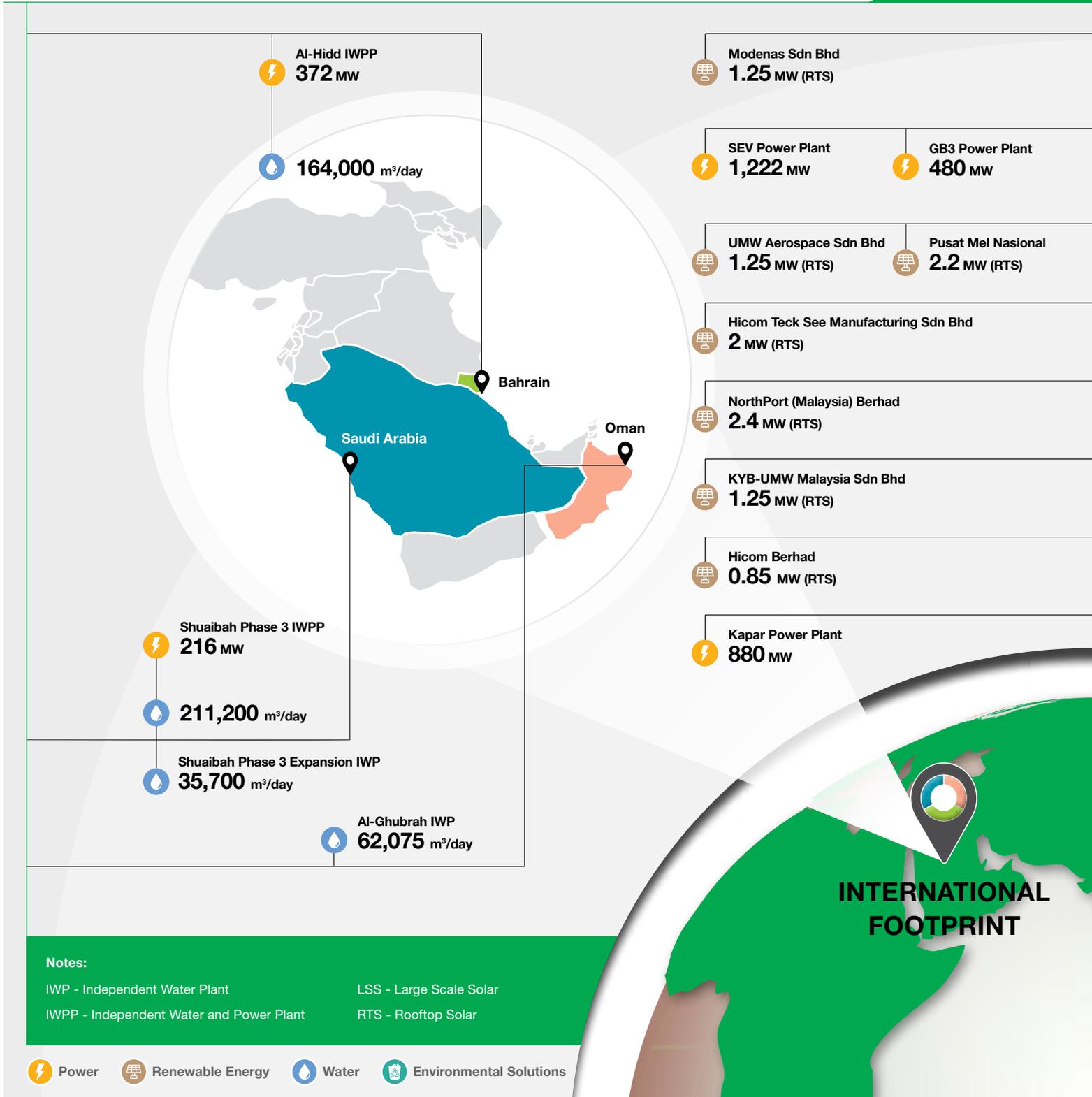
Primarily manages in-house projects

Please refer to page 41 for more information.

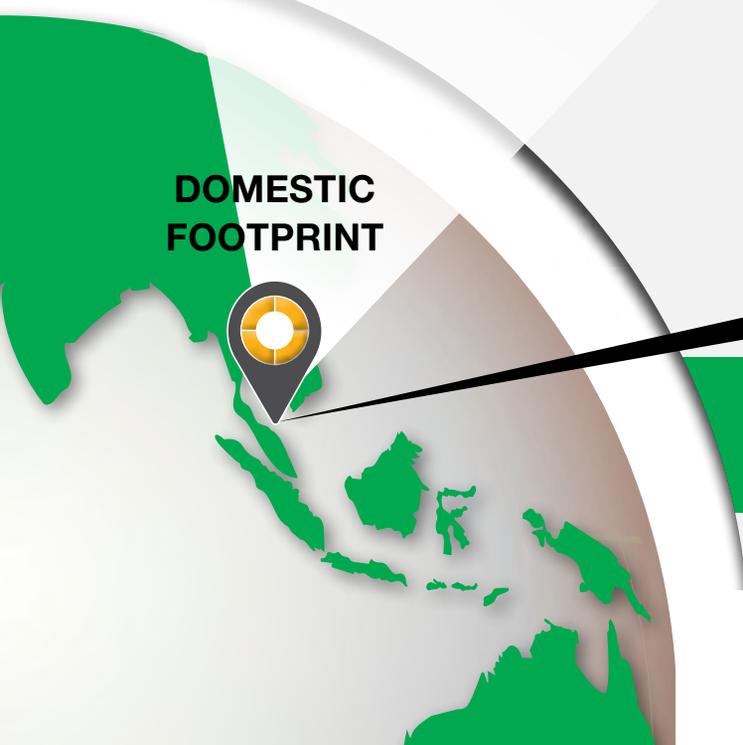
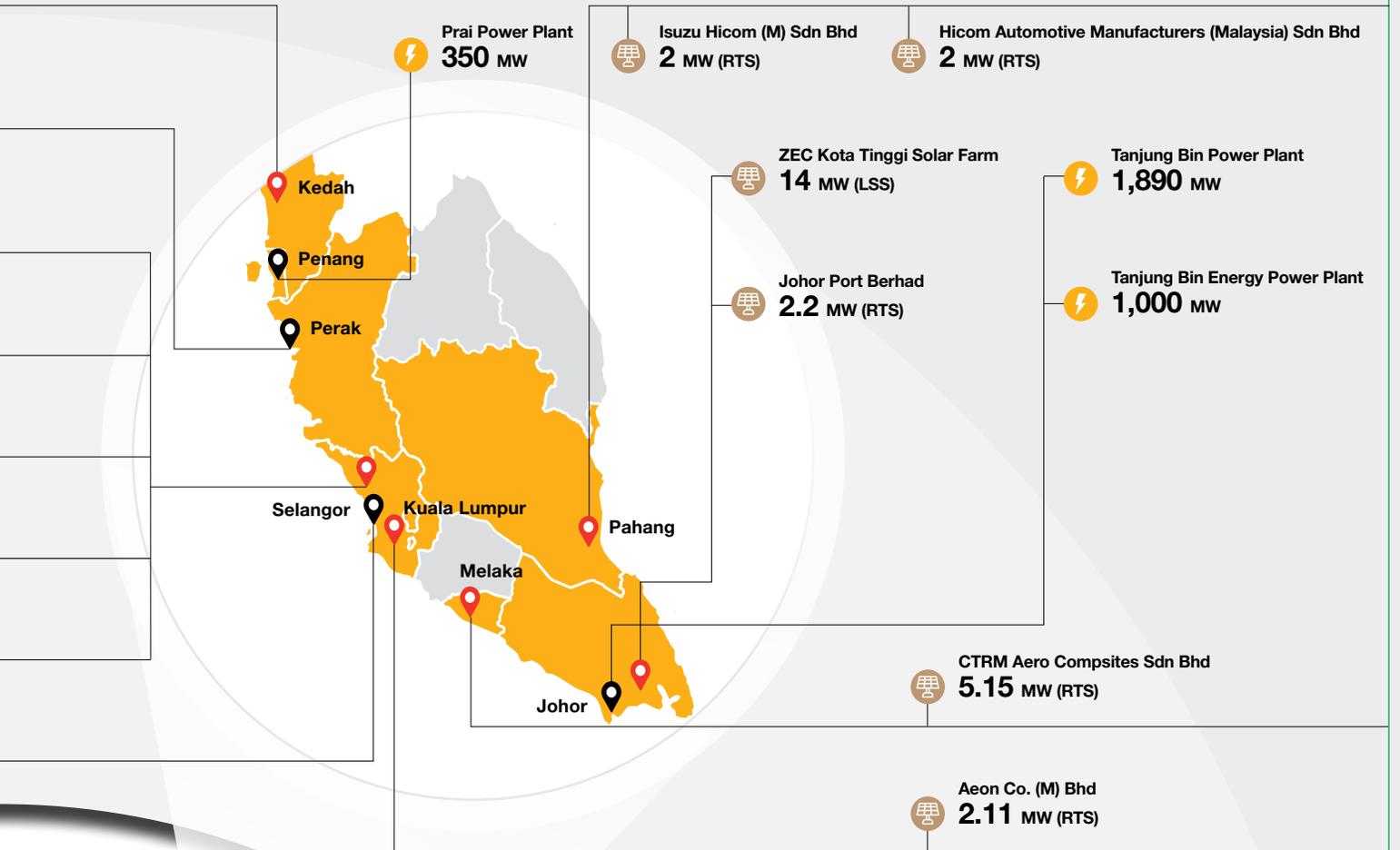
Our Investment Case

GLOBAL FOOTPRINT

MALAKOFF operates in **4 COUNTRIES** around the world



Our Investment Case



Environmental Solutions

 **Concession Areas:**
 Kuala Lumpur: 2,113 tonnes/day
 W.P. Putrajaya: 126 tonnes/day
 Pahang: 861 tonnes/day

Non-Concession Areas: 2,435 tonnes/day
Recyclable Material: 13 tonnes/day

¹ Inclusive of ongoing projects
² Inclusive of concession and non-concession areas

Our Investment Case

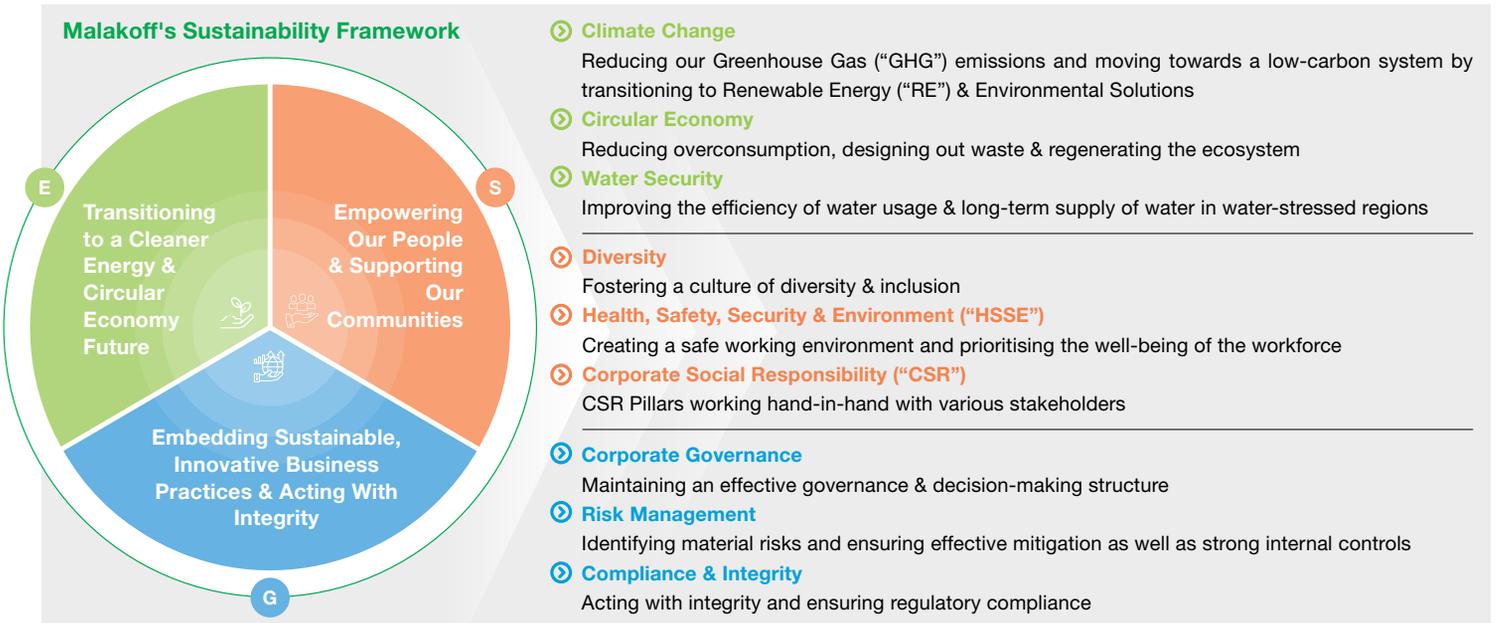
OUR APPROACH TO SUSTAINABILITY

Our Approach to Sustainability

We prioritise sustainability in our organisation as we seek to continue creating value for the business and our stakeholders. In the year under review, we bolstered our sustainability approach by aligning ourselves to be a sustainably conscious organisation and reviewed and refreshed our Sustainability Framework. Beginning in 2022, we will roll out a sustainability roadmap with key sustainability targets to strategically drive the organisation towards becoming a sustainably conscious organisation. We have also stepped up our climate action

by establishing a Net Zero Carbon Emissions goal by 2050 using science-based targets and by setting clear goals to increase revenue contribution from Renewable Energy and Environmental Solutions as well as to reduce waste.

Our new Sustainability Framework is aligned with the Environmental, Social and Governance (“ESG”) pillars, which will enable us to track and improve our sustainability performance. Nine impact areas have been identified, with three impact areas in each pillar, addressing issues from climate change to employee safety and well-being as well as corporate governance.



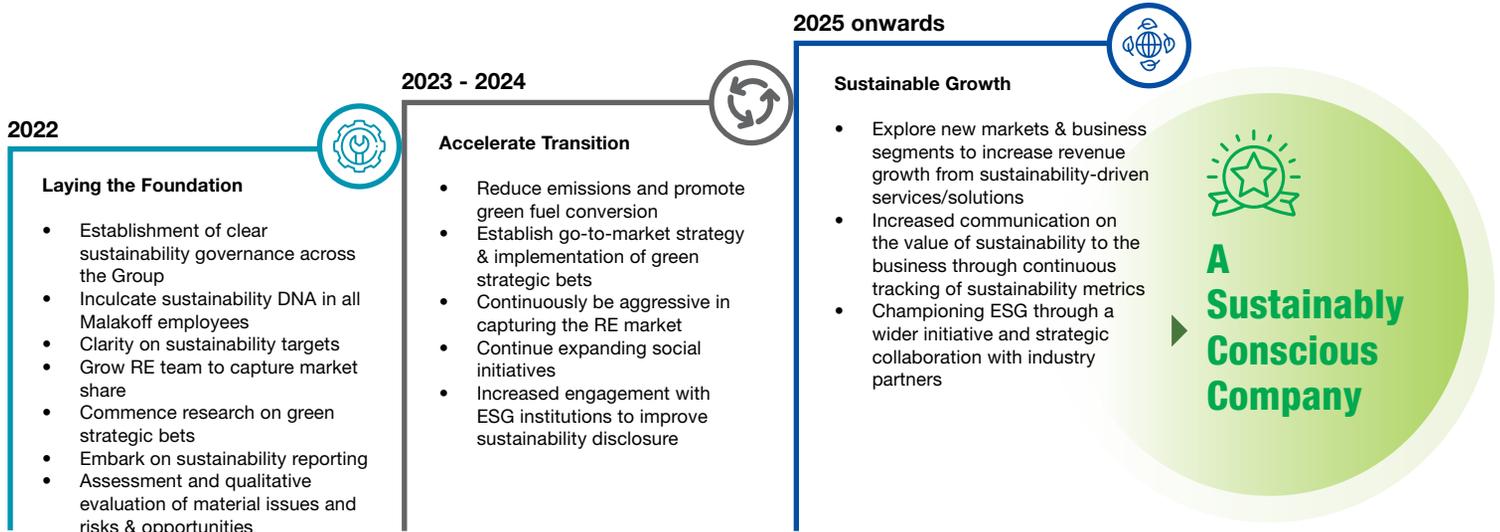
The new sustainability strategy aims to provide easy access to reliable power, clean water and effective waste disposal, apart from transforming the organisation to move away from fossil fuels to renewables and ensuring a cleaner environment through effective and efficient waste management as part of a circular economy. Malakoff’s approach to 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 into the environment. This is done by transitioning towards delivering services from that of a linear economy to an eco-friendlier one, which involves replacing the ‘end-of-life’ concept with restoration to move towards RE and eliminate waste through superior design of materials, products, systems and business models (for more information, refer to pages 44 - 49.) To move towards being a sustainably conscious organisation, we have established three key targets that cover GHG emissions reductions, clean energy and efficient waste management.

| | | |
|---|---|--|
| <p>Easy access to</p> <ul style="list-style-type: none"> Reliable power Clean water Effective waste disposal | <p>Greener energy sources</p> <p>From fossil fuels to renewables</p> | <p>Cleaner environment</p> <p>Effective and efficient waste management as part of a circular economy</p> |
| Key Sustainability Targets | | |
| <p>Net Zero by 2050 in line with 1.5°C Scenario</p> <ul style="list-style-type: none"> Based on SBTi’s Sectorial Decarbonisation Approach Reduction of GHG Emissions Intensity by 30% by 2031 No new coal investments | <p>1,400 MW Renewable Energy by 2031</p> <ul style="list-style-type: none"> Increase revenue contribution from RE & Environmental Solutions to 50% in the next 10 years | <p>10,000 TPD Waste Volume by 2031</p> <p>15%-20% Recycling Rate by 2025</p> <ul style="list-style-type: none"> From total waste collected by Alam Flora Sdn Bhd In support of the National Recycling Target of 40% by 2025, under 12th Malaysia Plan Towards ‘Zero Waste’ |

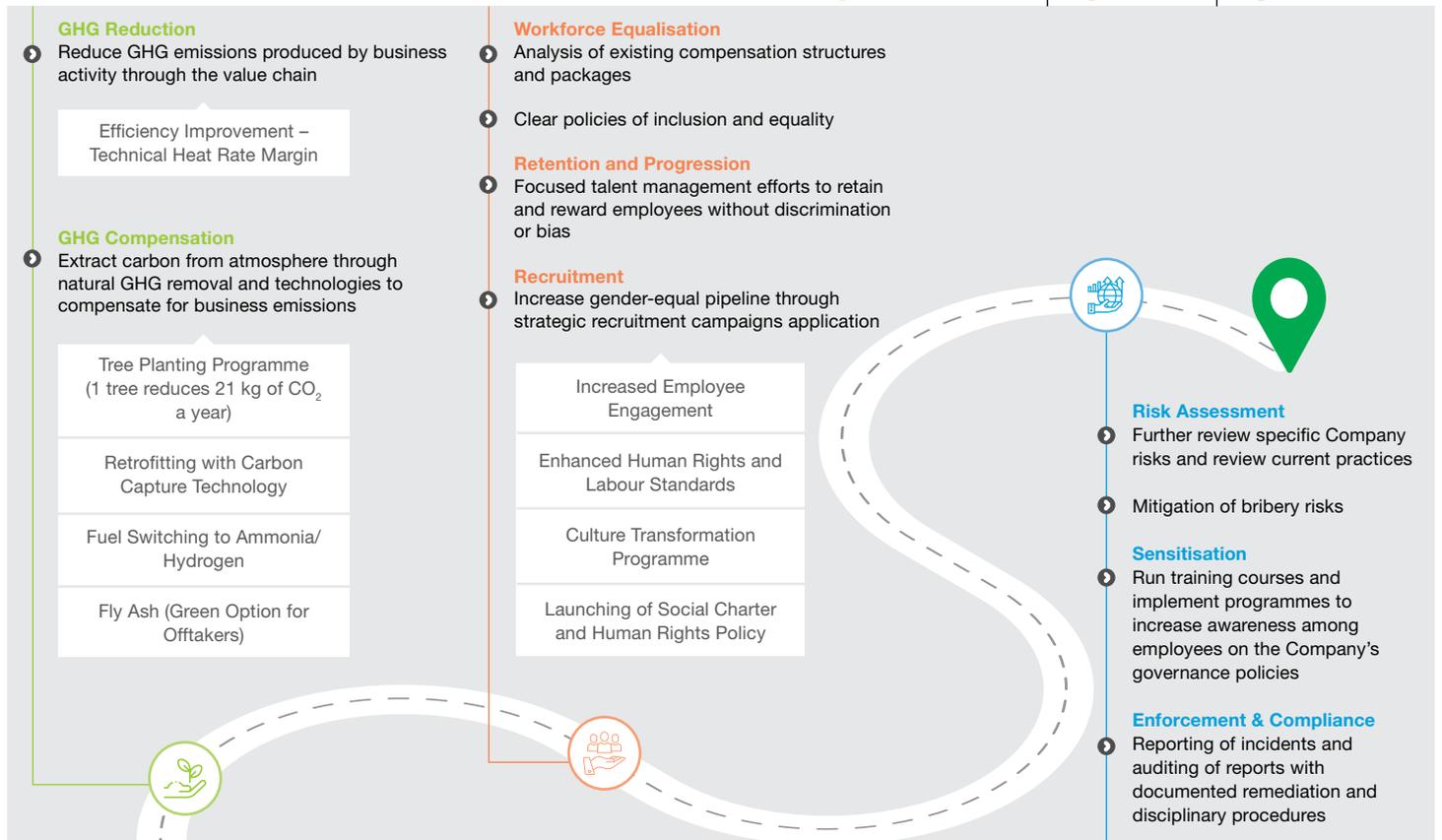
Notes:
 1. 1.5°C Scenario refers to acting on climate change and limiting global warming to 1.5°C.
 2. TPD : Tonnes Per Day.

Our Sustainability Road Map

The new framework lays out a roadmap for Malakoff to transform to being a sustainably conscious organisation moving forward. The Group's ESG-driven action plan enables a low-carbon, resource-efficient sustainability agenda that supports long-term growth. With our Sustainability Roadmap, we demonstrate our commitment to fostering change to accelerate the transition to a more sustainable society.



Our road map is mapped against the ESG pillars.



Our Investment Case

Towards Net Zero Carbon Emissions by 2050

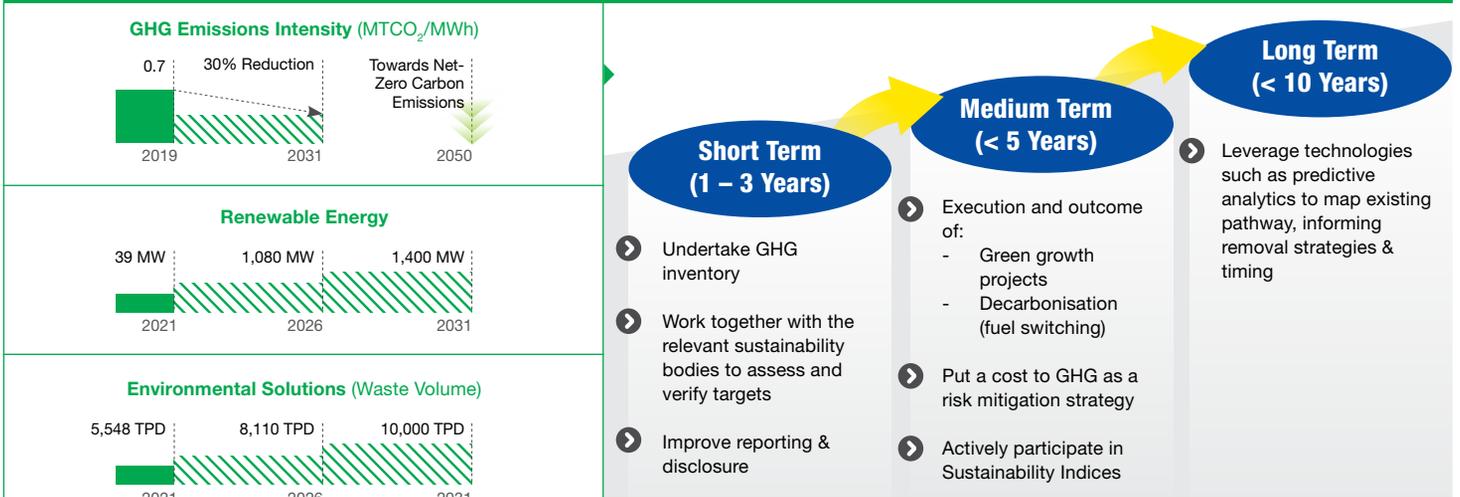
Climate change is now a major global challenge and its effects have impacted daily lives as well as supply chains around the world. While some of the climate change effects may be irreversible, we can all strive to reduce their impact by changing our lifestyles.

At Malakoff, we have established a road map to move towards Net Zero Carbon Emissions by 2050 using science-based emissions reduction in line with the 1.5°C pathway (limiting global warming to 1.5°C) through goals set in the short term, medium term and long term. While the short-term goal looks at GHG inventory and disclosures, the medium-term goal focuses on risk mitigation strategy and the long-term goal aims at leveraging technologies to strengthen climate action.

We will step up our disclosures using the following reporting metrics:

- Direct (Scope 1) GHG emissions (MT CO₂e)
- Energy indirect (Scope 2) GHG emissions (MT CO₂e)
- Indirect (Scope 3) GHG emissions (MT CO₂e)
- GHG emissions intensity (tCO₂e/MWh)
- Net water consumption (million m³)
- Water discharge (million m³)
- Waste generated (kilotonnes)

Malakoff's Road Map Towards Net Zero Carbon Emissions by 2050 (Science-Based Emissions Reduction in Line With 1.5°C Pathway)



Aligning With UN Sustainable Development Goals (“UN SDGs”)

The UN SDGs are a set of 17 goals agreed by the members of the United Nations to save the planet, end poverty and provide equal access to peace and prosperity for all by 2030.

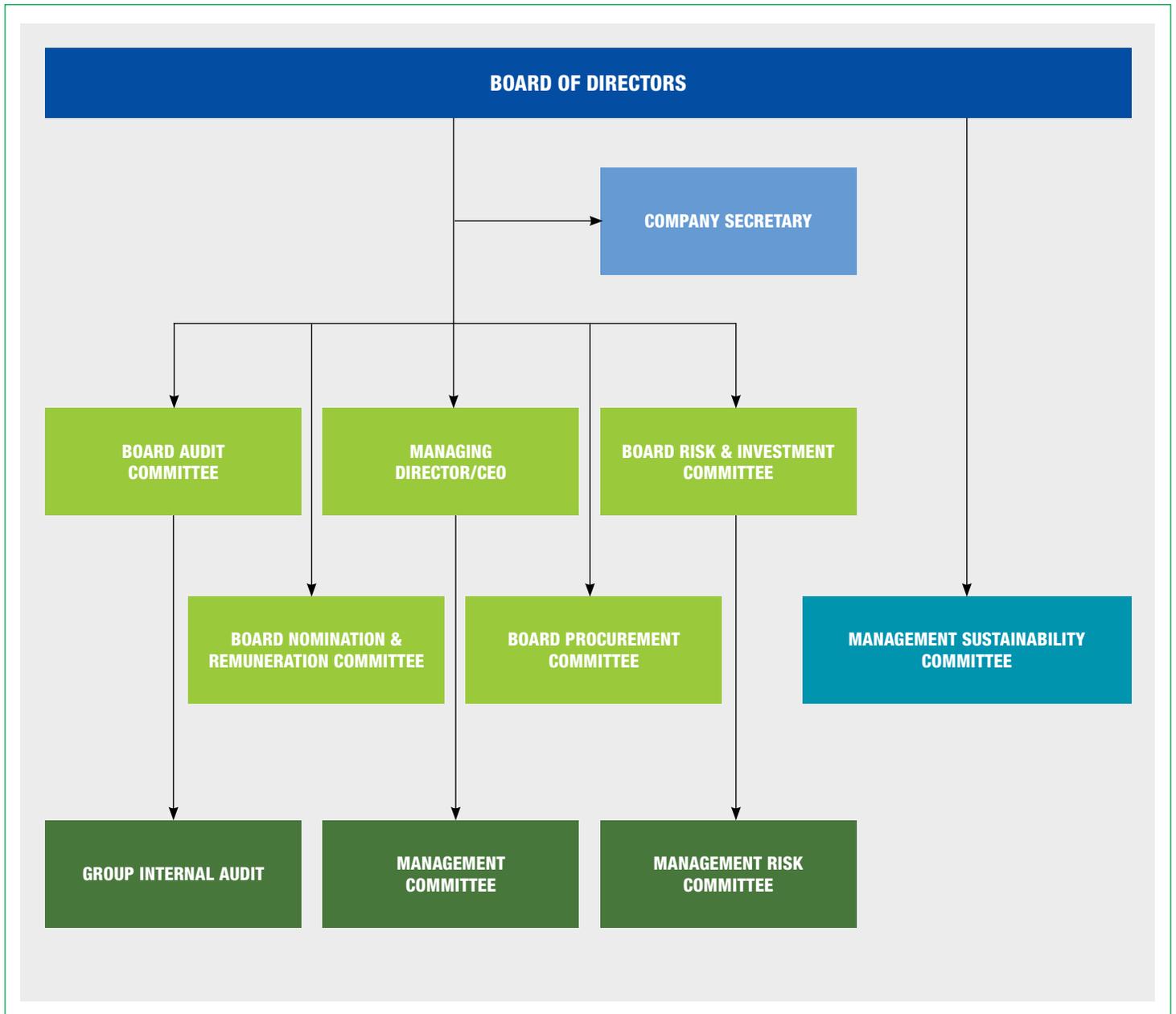
To demonstrate our commitment towards the UN SDGs, we have adopted 13 of the 17 SDGs and aligned them with the ESG pillars:

| |
|---|
| <p>Environmental</p> <p>We are committed to combating climate change by reducing our carbon emissions and advancing the transition to a cleaner energy and circular economy future.</p> |
| <p>Social</p> <p>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.</p> |
| <p>Governance</p> <p>We will enforce and observe the highest corporate compliance standards in all units and activities of the Group (Goal: Zero misconduct).</p> |



Sustainability Governance

Malakoff practises tone from the top in its sustainability governance, whereby the Board holds the ultimate responsibility for decision-making in the Group’s sustainability management and direction. As part of the Group’s Sustainability Framework, a Management Sustainability Committee will be established to drive the sustainability strategy and communicate the Group’s sustainability approach, goals and targets across the organisation. The Committee will report to the Board and update the Board on the Group’s sustainability initiatives and progress against the set targets. The Committee will also ensure that Malakoff’s sustainability initiatives and programmes are carried out as planned by the various departments.

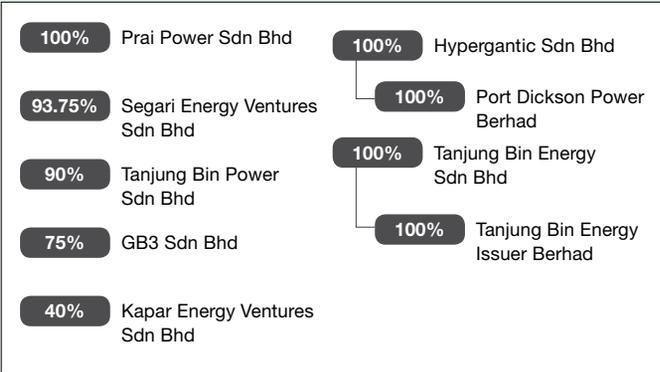


Our Investment Case

CORPORATE STRUCTURE (AS AT 22 FEBRUARY 2022)



THERMAL POWER GENERATION



RENEWABLE ENERGY



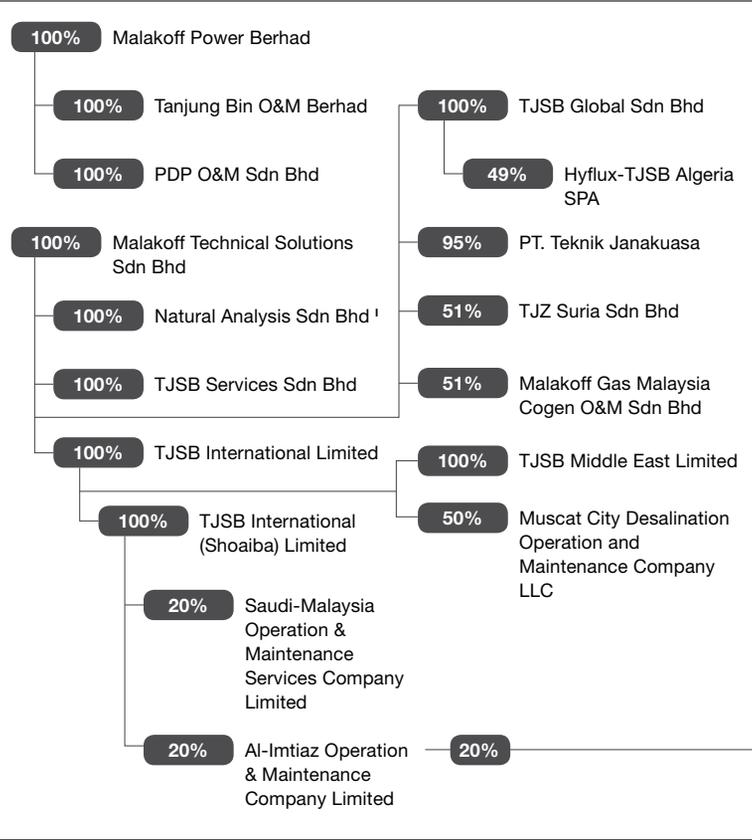
ENVIRONMENTAL SOLUTIONS



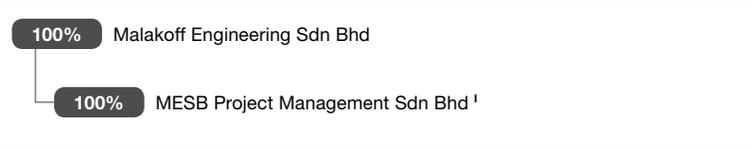
ELECTRICITY DISTRIBUTION & DISTRICT COOLING SYSTEM



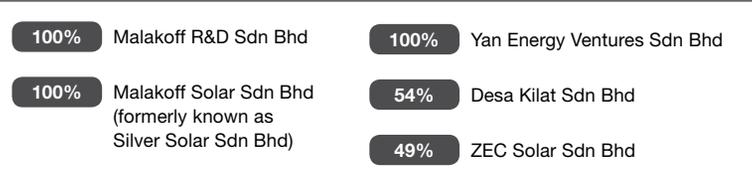
OPERATIONS AND MAINTENANCE



PROJECT MANAGEMENT SERVICES

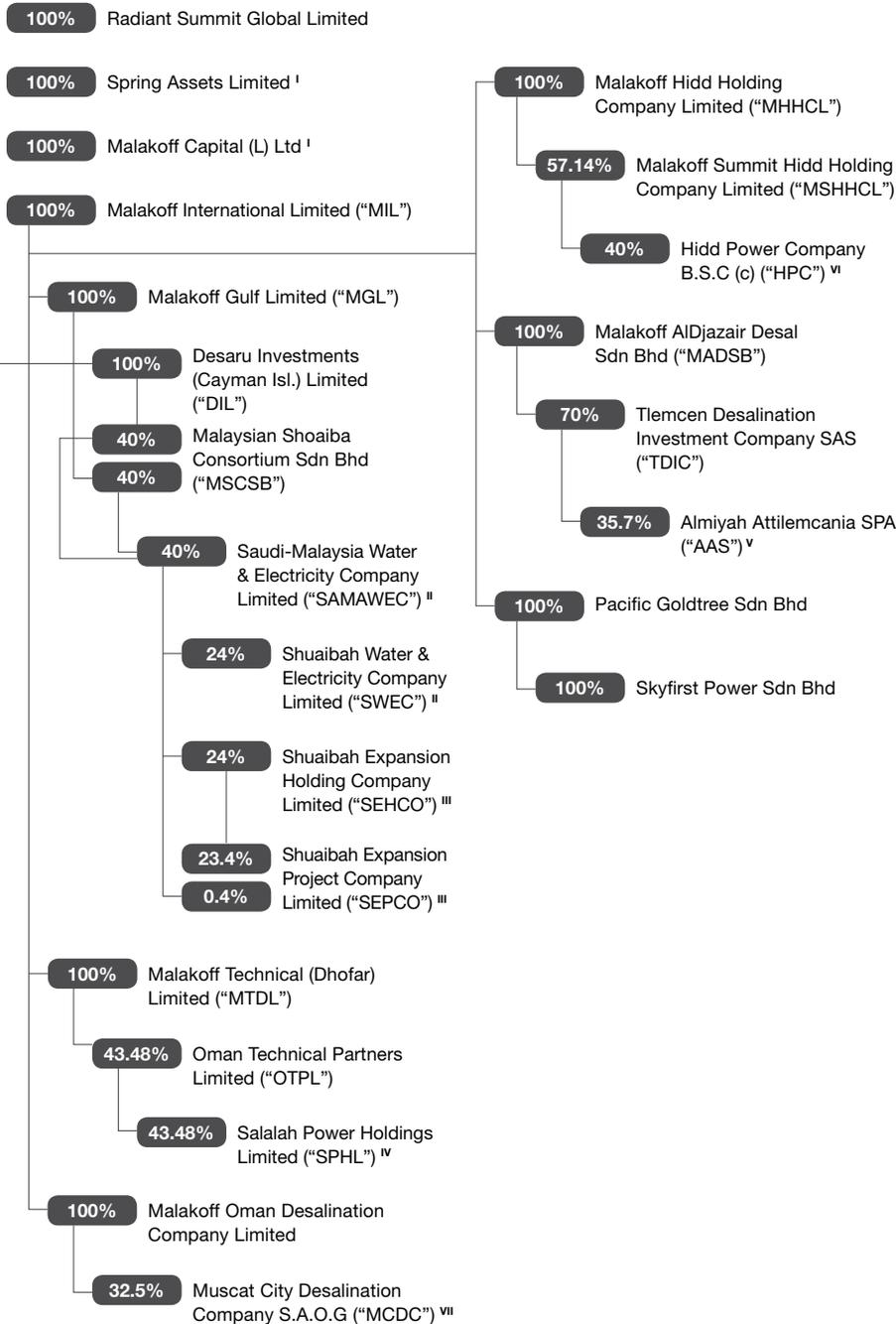


OTHERS



Our Investment Case

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 SWECC, 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 SWECC.
- 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.
- 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.



We are committed to delivering superior shareholder value while advancing the transition to cleaner energy and efficient environmental management.

Through our global best-in-class operations and a strong commitment to sustainability and innovation, we are accelerating our growth towards becoming a global renewable energy and environmental solutions player.

PERFORMANCE REVIEW

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| | - Operations & Maintenance |
| | - Project Management Services |

Chairman's Statement



**TAN SRI DATUK DR. IR.
AHMAD TAJUDDIN ALI**
Independent Non-Executive
Chairman



DEAR SHAREHOLDERS,

On behalf of the Board of Directors (“the Board”), I am pleased to present to you Malakoff Corporation Berhad’s (“Malakoff” or “the Group”) Integrated Annual Report 2021 and audited financial statements for the financial year ended 31 December 2021 (“FY2021”).

Unlocking Value Within a Challenging Operating Environment

The challenges brought about by the pandemic continued into 2021, as the resurgence of the virus once again disrupted economic activities and day-to-day life. While no longer unprecedented, it still posed difficulties to businesses, economies and governments and dampened what was expected to be a strong economic recovery.

Nevertheless, Malakoff delivered a satisfactory performance, with revenue of RM6.46 billion and PATMI of RM260.4 million in FY2021.

While revenue was slightly higher by 3.0% compared to the previous financial year, the Group’s PATMI was 9.1% lower primarily due to a write-off of Segari Energy Ventures Sdn Bhd’s (“SEV”) deferred expense and lower contribution from Tanjung Bin Energy Sdn Bhd (“TBE”), impacted by lower capacity payment and impairment of assets caused by plant outage.

However, these were cushioned by the increase in Applicable Coal Price (“ACP”) and improved contribution from Alam Flora Sdn Bhd (“Alam Flora”).

Alam Flora produced a three-fold jump in PATMI contribution to RM193.4 million in FY2021, compared to the RM64.6 million recorded in the previous financial year.

REVENUE
RM**6.46** billion

Chairman's Statement

PROFIT AFTER TAX
AND MINORITY
INTERESTS ("PATMI")
RM260.4 million

EARNINGS
PER SHARE
5.33 sen

DIVIDEND
5.10 sen

EARNINGS BEFORE INTEREST,
TAXES, DEPRECIATION
AND AMORTISATION
("EBITDA")
RM2,315.28 million

PROFIT BEFORE
TAX ("PBT")
RM469.57 million

Dividends

In the Group's half-year results, the Board declared an interim dividend of 3.10 sen per ordinary share, which was paid in October 2021. In addition to this, the Board has approved a final dividend of 2.00 sen per ordinary share, which will be paid in June 2022. This distribution will bring the total dividends in respect of FY2021 to 5.10 sen per ordinary share, translating to a 96% dividend payout of RM249.2 million.

The dividend payout ratio is testament to Malakoff's sound earnings visibility as we aspire to provide sustainable returns to shareholders while instilling financial discipline to achieve an optimum capital structure.

Spearheading the Sustainability Agenda

We have effectively aligned ourselves to become a sustainably conscious organisation, guided by our aspirations to support nation-building. This is a significant shift for the Group as we have applied the key tenets of sustainability to our growth drivers. In itself, the focus on RE and Environmental Solutions sets the entire Group down a far more sustainable growth trajectory that will deliver long-term value to our stakeholders. In the year under review, we accomplished a number of significant milestones in the social and governance contexts, especially through environmental regulation compliance, carbon emissions management and effective management of waste, as well as safeguarding the health of our employees.

Chairman's Statement

In addition, Malakoff conducted numerous community support programmes throughout the year for society's most vulnerable who continued to be affected by the pandemic. We distributed food packages comprising basic food staples to local communities and donated to the asnaf impacted by the Movement Control Order ("MCO") via the Federal Territories Islamic Religious Council. The Group also continued supporting our healthcare frontliners with donations in cash and in kind to enable them to effectively combat the pandemic.

Besides the help we extended to communities impacted by the pandemic, we took a long-term view and approach to fulfilling our responsibility as a good corporate citizen. In doing so, our programmes were premised on building long-term ties in the communities where we operate. In the year under review, we remained committed to channelling funds to the poor and underprivileged through Wakalah Zakat. We are also strong advocates of education and through our Malakoff Edufund Programme, we provided financial support to equip 11 schools in Perak, Penang and Johor with learning tools and better infrastructure.

Moving forward, we will increase our efforts to advance our sustainability journey towards 'Enhancing Life, Powering Communities'. In this regard, we have set ambitious climate goals and targets that will be guided by our new Sustainability Framework, which can be found on pages 8 to 11.

Strengthening Governance Practices

During the year, we organised various activities and programmes for employees within the Group to create awareness while advocating zero tolerance towards bribery, such as the Integrity Game Show and Integrity Month. These initiatives delivered messages on integrity, anti-bribery and whistleblowing through fun activities, an awareness session by the Malaysian Anti-Corruption Commission ("MACC"), integrity talks and interactive sharing.

Since November 2020, the Group has been certified with the ISO 37001:2016 Anti-Bribery Management System ("ABMS"). In the year under review, we conducted ABMS auditor training for our employees, and our system was also audited by a third party, SIRIM QAS International Sdn Bhd, as part of our measures to enhance our systems and controls.

The Board also acknowledges the recent amendments made to the Malaysian Code on Corporate Governance ("MCCG") that compel companies to step up their governance and sustainability practices. The Group will be taking the necessary steps to ensure the implementation of the best practices advocated by the MCCG.

 Please refer to pages 105 to 120 for more information.

Prospects

Looking ahead, we are cautiously optimistic regarding the Group's prospects given the improvement in business and consumer sentiment going into 2022. The government's assurance that lockdowns will no longer be used to deal with the pandemic, in addition to the nation's move towards living with Covid-19, will certainly give businesses confidence that their operations will no longer be severely disrupted.

Against this backdrop, the Ministry of Finance has forecasted an economic growth of 5.5%-6.5%¹, which bodes well for our Thermal Power Generation business considering that electricity demand closely mirrors the country's gross domestic product ("GDP"). We are also positive about the strong momentum in the RE space, given the recent outcomes from the COP26 United Nations climate change summit that saw nearly 200 countries agreeing to phase out fossil fuel subsidies and to reduce the usage of coal in a bid to meet emissions reductions. This opens up more opportunities in the RE space, which is also in line with Malaysia's recently launched RE Roadmap that aims to achieve 31% RE capacity by 2025 and 40% by 2035. In terms of environmental solutions, the waste sector will be a critical factor in combating climate change amid rapid urbanisation, economic development and an increasing population. The 12th Malaysia Plan addresses this area as it offers a number of growth opportunities for Malakoff in Waste-to-Energy ("WTE") and recycling.

Overall, we are excited about pushing ahead with the Malakoff 2.0 Strategic Transformation, which promises long-term sustainable growth for the Group. Through this transformation, Malakoff will truly be prioritising growth that incorporates important non-financial considerations that add and preserve value for society and the environment.

Source:

¹ Press Citations dated 12 February 2022, Official Portal of Ministry of Finance, Malaysia.

Awards and Accolades

In the year under review, the Group continued to win awards for demonstrating its ability to effectively create sustainable value for its stakeholders, while maintaining the highest standards of safety and operational excellence.

February
2021



Prime Minister's Hibiscus Award
for Large/SME Waste Collection &
Cleansing Services

| | | | |
|-------------------|---|--|---|
| August 2021 |  | Best Associate Business Continuity Professional Award ("ABCP") | Business Continuity Management ("BCM") Team of the Year |
| September 2021 |  | Best Practices Awards 2021 Malaysia Waste Management of the Year by Frost & Sullivan | |
| November 2021 |  | 39 th Malaysian Society for Occupational Safety and Health Awards ("MSOSH") Gold Merit Award for Prai Power Plant, Lumut Power Plant and Tanjung Bin Energy Power Plant | MSOSH Gold Class II Award for 2021 for Malakoff Utilities Sdn Bhd's first audit session |
| December 2021 |  | BrandLaureate's World Best Brands E-Branding Award for Solid Waste Management Solutions | |

Acknowledgements

In closing, on behalf of the Board of Directors, I would like to record our sincere thanks to our valued shareholders and stakeholders. This includes our business partners and vendors, as well as the government and regulatory authorities, who have helped us on this journey. To Team Malakoff whom we treasure, thank you once again for your resilience and dedication throughout yet another difficult year.

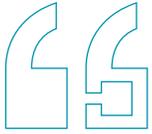
On a personal note, I would like to bid farewell to our outgoing Chairman, Datuk Haji Hasni Harun, who has served the Group with distinction over the past five years. The Board, the Management and all employees would like to thank you, Datuk Hasni, and we wish you well in all your future undertakings. It is indeed an honour to be taking over the baton from you and I hope to be able to continue driving the Group to greater heights.

Thank you and wasalam.

TAN SRI DATUK DR. IR. AHMAD TAJUDDIN ALI

Chairman

Managing Director/ Chief Executive Officer's Message



DEAR SHAREHOLDERS,

The Group delivered a satisfactory performance in FY2021, drawing on the strength and diversity of our businesses to weather the persistent challenges caused by the Covid-19 pandemic.

Going into the second year of the pandemic, it was once again an all-hands-on-deck approach as we navigated the recurring lockdowns and felt the impact of the subsequent reduction in demand for energy, especially from the commercial and industrial segments. Notwithstanding these challenges, the Environmental Solutions segment performed well with improved earnings due to higher service frequencies in waste collection and public cleansing.

While compliance with Covid-19 Standard Operating Procedures ("SOPs") has become the norm, the real challenge lies in managing our costs effectively and progressing the rest of our diversified businesses to ensure that value continues to be created.



ANWAR SYAHRIN ABDUL AJIB

Managing Director/
Chief Executive Officer



Managing Director/Chief Executive Officer's Message



Rooftop Solar Power System at Aeon Co. (M) Bhd



Rooftop Solar Power System at UMW Aerospace Sdn Bhd

In this respect, we continued with our cost optimisation exercises, especially in our Thermal Power Generation segment, and progressed growth within our RE and Environmental Solutions segments.

The Group achieved significant milestones within the RE segment by securing rooftop solar projects with a total capacity of 25 MW with companies such as AEON Co. (M) Bhd, one of the country's largest mall operators and other renowned logistics industry players such as Northport (Malaysia) Bhd, Johor Port Berhad and Pos Malaysia Berhad. In addition, the Group secured rooftop solar projects with leading corporations such as DRB-Hicom Group of Companies and UMW Holdings Berhad.

Our green projects will collectively neutralise 30,601 tonnes of carbon emissions per year, as we work closely with our clients to contribute towards the country's transition to a clean energy future.

The Group also made further inroads into the solar business via a memorandum of understanding with Koperasi Polis Diraja Malaysia Sdn Bhd to explore the development of rooftop solar on its premises, as well as actively participating in bidding for rooftop solar projects for other key clients who are embarking on their respective sustainability journeys towards transitioning to greener energy sources. The Group also continued bidding for new WTE projects, submitting competitive bids for two government projects in Johor and Malacca.

Within our Operations & Maintenance ("O&M") portfolio, I am pleased to share that we have established a new joint venture with Gas Malaysia Berhad to further capture the opportunities present in the O&M space, especially for cogeneration plants in Malaysia. This joint venture leads to the prospect of securing a long-term maintenance contract for the O&M of a 33 MW Cogeneration Plant in Prai, Penang.

Alam Flora also delivered an exceptional performance in FY2020, especially through its non-concession segment, Alam Flora Environmental Solutions ("AFES"), by establishing Malaysia's first Port Reception Facilities ("PRF") at Northport, in addition to the successful commissioning of two incinerators at Cameron Highlands and Pangkor Island, respectively. Alam Flora continues to advocate the recycling of waste through its Fasilitas Inovasi Kitar Semula ("FIKS") and the Integrated Recycling Facility ("IRF") in Putrajaya. These facilities, developed at a cost of more than RM8 million, bring the latest technological advancements that were mostly developed in-house to address the country's waste management needs and to do our part in supporting the global circular economy. According to the recent Gap Report 2021, only 8.6% of waste is being cycled back into the economy, therefore indicating the urgency as well as the opportunities present in the recycling space.

Managing Director/Chief Executive Officer's Message

Notwithstanding the challenging business environment in the financial year under review, the Group accomplished the following key achievements:



| | | | | |
|---|--|---|---|--|
| 1 | Revenue RM6.46 billion (+3.0% YoY) | EBITDA RM2,315.28 million (+2.1% YoY) | PBT RM469.57 million (+5.6% YoY) | Achieved Return on Capital Employed ("ROCE") of 5.4% . |
| <p>The Group's overseas assets in Saudi Arabia, Oman and Bahrain generated a share of profit of RM196.3 million in FY2021, 14% higher than RM171.8 million in FY2020.</p> | | | | |
| <p>The Group's Net Gearing Ratio reduced to 0.87x against 1.0x in FY2020.</p> | | | <p>The Group's Total Borrowings reduced to RM9.8 billion from RM10.9 billion in FY2020.</p> | |

| | | |
|----------|---|--|
| 2 | <p>Under HSSE, Malakoff (operations) achieved a Lost Time Injury Frequency Rate ("LTIFR") of 0.16% in FY2021, with Zero Fatalities recorded.</p> <p>Achieved total cost savings of RM43.0 million through structured cost optimisation initiatives across the operations.</p> <p>Under Alam Flora, a total of 1,131,000 tonnes of domestic waste was collected in FY2021 (FY2020: 1,083,000 tonnes). In FY2021, waste handled and recyclables were at 888,900 tonnes (FY2020: 869,900 tonnes) and 4,593 tonnes (FY2020: 3,665 tonnes), respectively.</p> <p>The Group's overseas assets - Shuaibah 3 IWPP achieved Availability Factor ("AF") of 87.61% (Power) and 90.08% (Water) against targets of 83.83% (Power) and 85.56% (Water), respectively, while Al-Ghubrah IWPP achieved AF of 94.88% versus target of 94.00%.</p> | <p>Gas Power Plants (weighted average) achieved AF of 94.30% (FY2020: 92.59%) and Unscheduled Outage Rate of 1.32% (FY2020: 5.28%).</p> <p>TBP and TBE achieved AF of 93.92% (FY2020: 94.63%) and 90.41% (FY2020: 97.54%), respectively.</p> |
|----------|---|--|

Managing Director/Chief Executive Officer's Message

3

Successfully secured new Rooftop Solar (“RTS”) Projects with a capacity of 18 MW in FY2021, bringing the Group’s total RTS capacity to 25 MW.



AEON Taman Maluri
2.11 MW
 – 14 Apr 2021

DRB-HICOM Group of Companies
13.25 MW
 – 13 Jul 2021

UMW Aerospace
1.25 MW
 – 17 Sep 2021

KYB-UMW Malaysia Sdn Bhd
1.25 MW
 – 4 Oct 2021

AFES entered into a Sale and Purchase Agreement to acquire a leasehold industrial land in Klang, Selangor to enable AFES to proceed with the proposed development of an Integrated Eco-Recovery Complex with a capacity of 5,000 tonnes per month, in line with the Group’s plan to expand its non-concession business.



AFES successfully launched Malaysia’s first Centre for Excellence for incinerators located at the Pangkor Island mini-incinerator in Perak in Feb 2021.

Successfully signed an MoU with Koperasi Polis Diraja Malaysia (“KPDRM”) on 30 Jul 2021 to assess the feasibility of developing RTS projects at selected PDRM building premises.

Malakoff and Gas Malaysia Berhad formed a joint venture on 12 Nov 2021 to provide O&M services for cogeneration plants in Malaysia.



AFES established the country’s first-of-its-kind PRF at Northport, an integrated on-site facility handling all types of waste at the port, including waste generated by sea-going vessels.

4

Malakoff was certified with the ISO 37001:2016 Anti-Bribery Management System (“ABMS”) by SIRIM for our commitment to uphold the highest standards of ethical conduct, integrity and accountability in all business activities and operations.



5

Malakoff achieved an Employee Engagement Survey (“EES”) Index of 73.44% (FY2020: 72.96%, National Index: 69%).

Employee Productivity (Staff Cost/Revenue) at 2.30% in FY2021 (FY2020: 2.43%).



6

Malakoff maintained 99% availability of its critical systems and recorded zero major cybersecurity incidents in FY2021.

Enhanced our cybersecurity capabilities with Endpoint Detection & Response as well as Intrusion Detection & Prevention systems and continued to maintain our ISO 27001:2013 Information Security Management System certification.

Rolled out pilot Robotic Process Automation digital capabilities.



Managing Director/Chief Executive Officer’s Message

Malakoff 2.0 Strategic Transformation

The year under review proved to be a turning point for Malakoff as we shifted to a long-term sustainability-centred strategy, the Malakoff 2.0 Strategic Transformation, charting our growth trajectory and transforming us into a sustainably conscious organisation.

The new strategy encapsulates Malakoff’s purpose of **Enhancing Life, Powering Communities** as we expand growth through a primarily ESG-aligned approach that will see us pivoting into business segments like RE, focusing on Solar, and growing our expertise in Environmental Solutions.

At Malakoff, we are highly cognisant of the growing urgency for corporations to address the sustainability agenda in holistic and meaningful ways. We believe that this should not only add value to the Group, but also positively impact all our stakeholders. With governments and grassroots movements around the world fuelling the momentum to combat climate change and stepping up their contributions year-on-year, it behoves us to play our part in what is essentially the new frontier of nation-building.

This transition to a low-carbon economy is therefore where we feel we can make the most impact, considering the industries we operate in. This is one of the main reasons why we have embarked on a renewed purpose of ‘Enhancing Life, Powering Communities’ as we drive the Group into the future by leveraging the opportunities available in the ESG sphere.

The Malakoff 2.0 Strategic Transformation exercise involves the Group’s unrelenting focus on pursuing a growth trajectory underlined by the ESG criteria. The Group has identified five key growth areas, supported by four key enablers, as shown in Chart 1.

To support growth across all our pillars, the focus will be on expanding our presence overseas, while ensuring we are always improving operational efficiency and capturing the opportunities presented by digitalisation and new technologies.

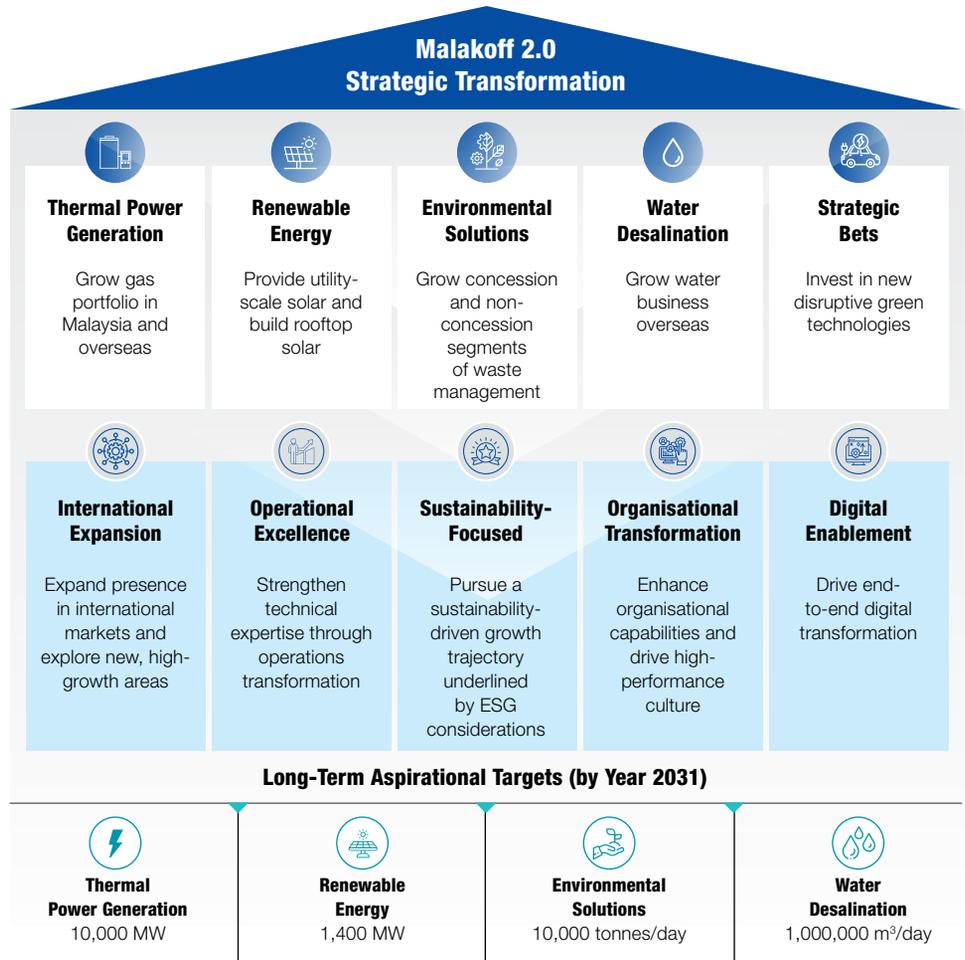


Chart 1: Malakoff 2.0 Strategic Transformation

In addition, group-wide organisational and cultural transformations are key enablers to drive change management across the organisation.

Together with this new purpose, driven by our Malakoff 2.0 Strategic Transformation, we have made significant headway in the areas of RE and Environmental Solutions. Under the **RE** segment, we have already installed numerous rooftop solar panels and have lined up many more opportunities going forward (please refer to page 35 for more information).

Meanwhile, the core of the **Environmental Solutions** pillar is one of the country’s leading environmental management companies, Alam Flora, which we acquired at the end of 2019 and is contributing positively to the Group’s ability to create value. To grow in this space, Alam Flora will be expanding its services in the areas of waste collection, public cleansing, asset facility management, waste management facilities and infrastructure cleansing & waste solutions. We are particularly pleased with our foray into PRF as well as our efforts to drive the recycling culture. We have also deployed new and innovative ways to recover and treat waste, while leveraging better technology and digitalisation to improve operational efficiency. For example, our trash compactors are now all tracked via a telematics system that enables us to monitor work progress on the ground more effectively.

Managing Director/Chief Executive Officer's Message

The remaining three pillars of Thermal Power Generation, Water Desalination and Strategic Bets are no less important to our overall goal of transforming into a sustainably conscious organisation. As part of the Malakoff 2.0 Strategic Transformation, we will no longer invest in new Coal-Fired Power Plants ("CFPP") to support the transition to a low-carbon economy, which will enable us to redirect financial resources to growing our gas assets under the **Thermal Power Generation** pillar.

We view gas as the appropriate transition fuel as the shift to RE takes place, as it is cleaner and more efficient than coal. Domestically, it is projected that 16.5 GW of new electricity capacity will be needed up to 2039¹. The proportion of RE and gas in the generation mix will rise to 31% from 17%, and 47% from 45%, respectively, providing a clear opportunity for Malakoff to grow its RE and gas portfolio.

Within the **Water Desalination** pillar, we note the opportunities present in the Middle East and North Africa ("MENA") region, where our key focus will be on countries like Saudi Arabia and Oman, which are expected to register a 5%-6%² Compound Annual Growth Rate ("CAGR") in water demand over the next 10 years. With our strong international footing, we should be able to expand this business further.

With regards to **Strategic Bets**, the Group will be looking at green technologies such as the Electric Vehicle ("EV") Charger and Battery Energy Storage System ("BESS"). The demand for EV is expected to increase in the coming years and will therefore create demand for charging infrastructure³. This is a clear area where we can provide solutions for the installation and operation of public EV charging stations. Storage, meanwhile, is a new area that concerns itself with readying Malaysia's grid-connected battery energy storage systems and capacity, especially to meet the needs of the greater proportion of RE within the generation mix that will be coming online. We will also continue to assess new developments in Hydrogen and Carbon Capture technologies, to support the transition to a low-carbon economy.

Managing the Pandemic Resurgence

As a provider of essential services, ensuring the continuity of our operations remained a key focus amid the resurgence of the Covid-19 pandemic that led to prolonged lockdowns in 2021. We continued to emphasise the importance of personal hygiene, while maintaining strict social distancing and proper implementation of the relevant SOPs. Split team and Work-From-Home ("WFH") arrangements were implemented throughout the lockdown period. In October 2021, we introduced a set of enhanced SOPs as more employees returned to the office. This included setting out the criteria and capacity limits for meetings, training sessions, movement between levels and visits by external parties to our offices. We also reminded employees to practise physical distancing, in addition to encouraging them not to travel for work unless absolutely necessary. We also organised health talks and Covid-19 awareness sessions via virtual platforms. In February 2022, we further updated our SOPs to include requirements for self-screening for employees entering the headquarter in Kuala Lumpur ("KLHQ"), Malakoff Utilities Sdn Bhd ("MUSB") and Tanjung Bin Power Plant ("TBPP").

Vaccinating our employees has always been an important priority for us. On 14 June 2021, phase four of the National Covid-19 Immunisation Programme commenced, which targeted economic frontliners. Thus, in July 2021, the Group expedited the vaccination process, together with the support of the Ministry of Health ("MOH"), Ministry of Science, Technology & Innovation ("MOSTI"), the Energy Commission and other related government agencies, throughout our premises. To date, 3,909 or 99.7% of our employees have been fully vaccinated.



Covid-19 Enhanced SOPs Effective 1 October 2021

| | |
|--|--|
| <p>Social distancing of at least one metre at all times.</p> | <p>Employees were required to fill up the Health Declaration form and record their body temperature before entering office premises.</p> |
| <p>Face masks had to be worn properly and correctly at all times.</p> | <p>Training and seminars were only permitted up to a 50% capacity, in line with the National Security Council's SOPs.</p> |
| <p>Employees were encouraged to reduce business travel where possible, subject to work requirements. If the employee was required to travel, he/she had to undergo a Covid-19 RTK Antigen test three days prior to travelling and had to be fully vaccinated. The result of the test had to be submitted to the HSSE Department at the intended destination.</p> | |
| <p>External parties were only allowed entry if they were fully vaccinated. They were required to undergo a Covid-19 RTK Antigen test three days prior to the date of the meeting.</p> | |

Sources:

- ¹ Report On Peninsular Malaysia Generation Development (2021-2039).
- ² Global Web Index ("GWI") Research.
- ³ Kearney Research.

Managing Director/Chief Executive Officer's Message

Outlook

Looking ahead, we are excited about the prospects of pushing ahead with the new Malakoff 2.0 Strategic Transformation. We believe there are numerous growth opportunities in our core business, particularly in thermal power generation and environmental solutions. Recent developments in RE and technology present new opportunities for us to grow even further. Malakoff must be equally agile and flexible in order to capture this potential, and must be driven to explore new innovations and technology to improve our own capabilities.

The ongoing transition to a low-carbon economy will only serve to accelerate our progress. For instance, the operating landscape for the coal market is becoming more difficult over time as major financial institutions exit the financing of new coal projects in tandem with the withdrawal of major insurers. With this, new growth opportunities beckon in the area of gas-fired power plants, which we are relentlessly pursuing. Malakoff is also aggressively exploring water and RE projects to expand the business portfolio towards more sustainable growth while aligning with the Group's ESG goals and the country's sustainability aspirations.

We continue to seek and participate in potential greenfield and brownfield RE projects, environmental-related projects such as WTEs and water desalination projects in the MENA region. The water market in the MENA region is expected to reach a market size of USD25.5 billion by 2030⁴. By participating in these kinds of projects, we aim to provide pragmatic and workable solutions to address the decarbonisation of energy supply, climate adaptation and carbon footprint reduction, as well as assist to solve water shortages in arid regions of the globe.

In the area of environmental solutions, sizable opportunities are available globally with the global waste to energy market expected to register a CAGR of 6.45% between 2021 and 2026⁵. The Asia Pacific region is anticipated to expand over 7.5% by 2024 and the population is projected to rise to nearly 400 million by 2030 and most cities are running out of landfill sites. In Malaysia, municipal solid waste and industrial hazardous waste command over 60% of the country's waste market value⁶. Medical hazardous waste, e-waste and construction waste are also expected to grow at a rate of 10%, 4.7% and 4.1%⁷, respectively, providing Malakoff with growth opportunities in the non-concession segment. In addition to championing the Municipal Solid Waste market through the expansion of business areas, there are also several opportunities for us to grow in integrated hazardous waste

operations which include the collection, treatment and disposal of medical, industrial and construction waste.

Great potential also lies in Waste-to-Energy ("WTE") as the country's Housing and Local Government Ministry has announced six new WTE plants to be built nationwide by 2025 to efficiently treat solid waste while generating electricity based on a sustainable and integrated waste management concept. The Group will also be increasing its role in material recovery and recycling through diversification into the Electronic-Waste business, while leveraging state-of-the-art technologies to improve productivity and spearhead our society into ecological modernisation.

Acknowledgements

With the close of another challenging year, I would like to thank our employees for ensuring that our operations were undisrupted so that we could continue serving our customers effectively. I would also like to extend my gratitude to the government, regulators and authorities for supporting us throughout this entire unprecedented pandemic situation. To our shareholders, business partners and vendors, thank you for your continued trust and loyalty.

On behalf of everyone at Malakoff, I would also like to record our sincere appreciation to our outgoing Chairman, Datuk Haji Hasni Harun, who stepped down at the end of 2021. His exemplary leadership and insights have certainly helped contribute to the Group's progress over his five years of service. In his place, we welcome Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali, a veteran corporate figure who we are certain will be able to push the Group towards achieving its aspirations.

Thank you and wasalam.

ANWAR SYAHRIN ABDUL AJIB

Managing Director/
Chief Executive Officer

Sources:

⁴ GWI Research.

⁵ Waste-to-Energy (WtE) Market - Growth, Trends, COVID-19 Impact, and Forecasts (2021 - 2026).

^{6,7} Malaysia Waste Management Market, Roland Berger 2019.

5-Year Financial Highlights

FINANCIAL STATISTICS

| | Group | | | | |
|---|-------------------|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2019 RM'000 | 2018 RM'000 | 2017 RM'000 |
| KEY OPERATING RESULTS | | | | | |
| Revenue | 6,463,084 | 6,276,308 | 7,422,272 | 7,348,230 | 7,130,440 |
| Earnings before interest, taxes, depreciation and amortisation ("EBITDA") | 2,315,282 | 2,266,557 | 2,415,655 | 2,430,386 | 2,722,062 |
| Profit before tax ("PBT") | 469,567 | 444,599 | 534,047 | 559,173 | 574,506 |
| Net profit attributable to owners of the Company ("PATMI") | 260,416 | 286,581 | 323,396 | 274,433 | 295,931 |
| KEY BALANCE SHEET ITEMS | | | | | |
| Property, plant and equipment | 11,653,476 | 12,391,428 | 12,881,334 | 13,443,183 | 13,976,303 |
| Cash and cash equivalents | 1,568,819 | 1,062,600 | 2,745,389 | 1,515,147 | 2,355,529 |
| Other investments (deposit placements with more than 3 months maturity) | 2,617,093 | 3,378,157 | 2,509,476 | 3,582,478 | 2,641,829 |
| Total assets | 23,082,674 | 24,188,723 | 26,538,975 | 28,982,069 | 29,879,856 |
| Total borrowings | 9,845,768 | 10,882,094 | 12,398,145 | 15,200,432 | 15,830,981 |
| Total liabilities | 16,575,948 | 17,744,012 | 19,863,728 | 22,317,615 | 23,001,336 |
| Share capital | 5,693,055 | 5,693,055 | 5,693,055 | 5,693,055 | 5,693,055 |
| Accumulated losses | (399,172) | (348,468) | (237,857) | (82,425) | (19,007) |
| Shareholders' equity | 5,395,038 | 5,307,909 | 5,509,731 | 5,644,768 | 5,852,950 |
| SHARES INFORMATION | | | | | |
| Basic earnings per share (sen) ¹ | 5.33 | 5.86 | 6.62 | 5.56 | 5.92 |
| Diluted earnings per share (sen) ¹ | 5.33 | 5.86 | 6.62 | 5.56 | 5.92 |
| Dividend (sen) | 5.10 ² | 5.10 | 6.55 | 5.60 | 6.20 |
| Net assets per share (RM) ³ | 1.10 | 1.09 | 1.13 | 1.15 | 1.17 |
| FINANCIAL RATIOS | | | | | |
| Return on assets (%) | 1.13 | 1.18 | 1.22 | 0.95 | 0.99 |
| Return on equity (%) | 4.83 | 5.40 | 5.87 | 4.86 | 5.06 |
| EBITDA margin (%) | 35.82 | 36.11 | 32.55 | 33.07 | 38.18 |

¹ Based on weighted average number of ordinary shares of 4,886,961,300 (2020: 4,886,961,300; 2019: 4,887,313,000; 2018: 4,932,031,000; 2017: 4,999,937,000).

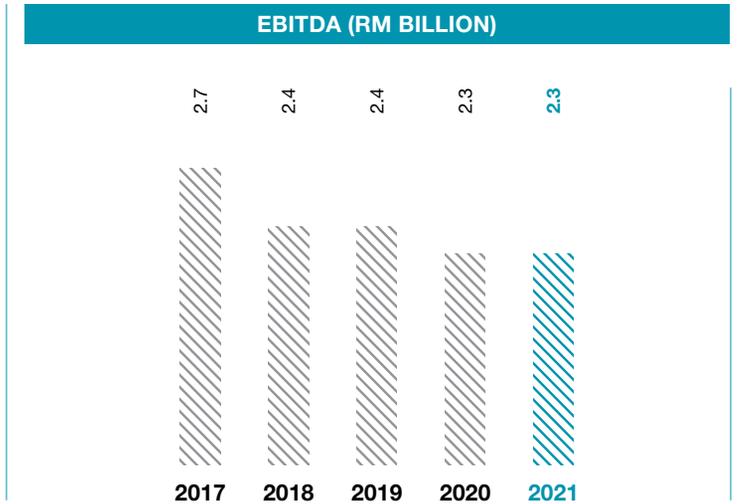
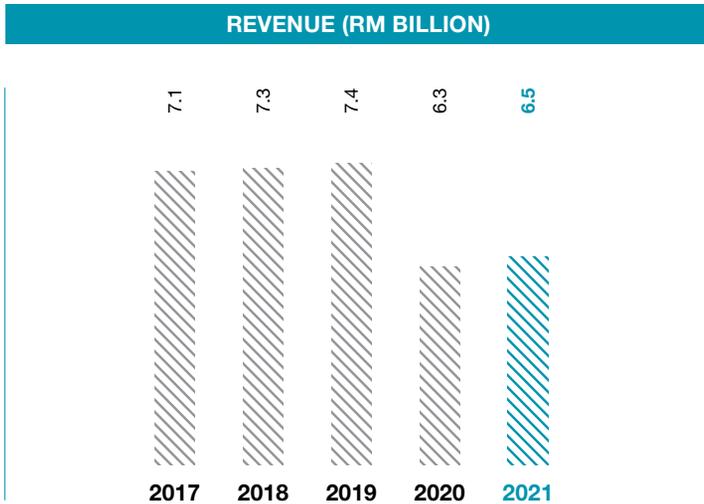
² Based on interim dividend paid of 3.10 sen and proposed final dividend of 2.00 sen for dividend payment in respect of financial year ended 31 December 2021.

³ Based on number of ordinary shares of 4,886,961,300 (2020: 4,886,961,300; 2019: 4,886,961,300; 2018: 4,888,221,000; 2017: 4,998,175,600).

5-Year Financial Highlights

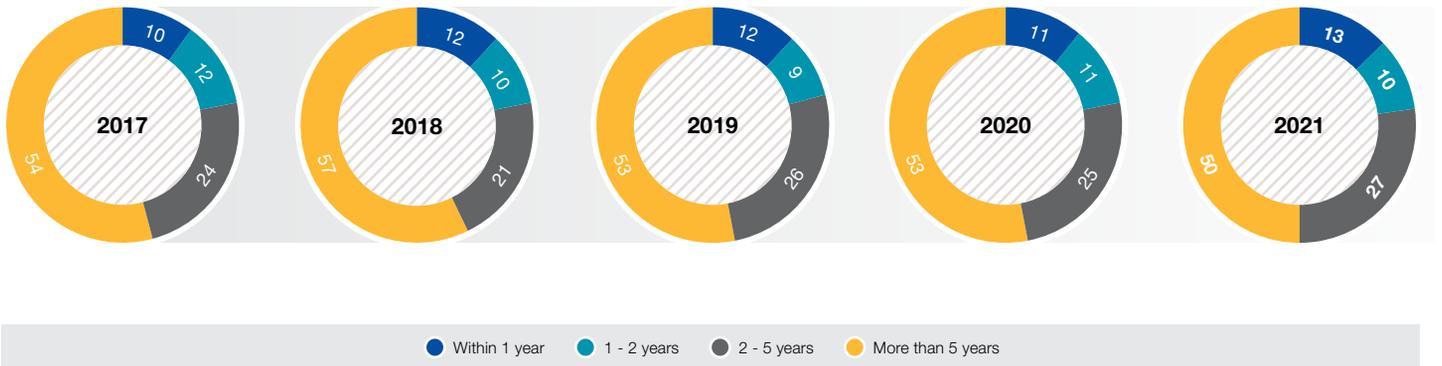


FINANCIAL STATISTICS



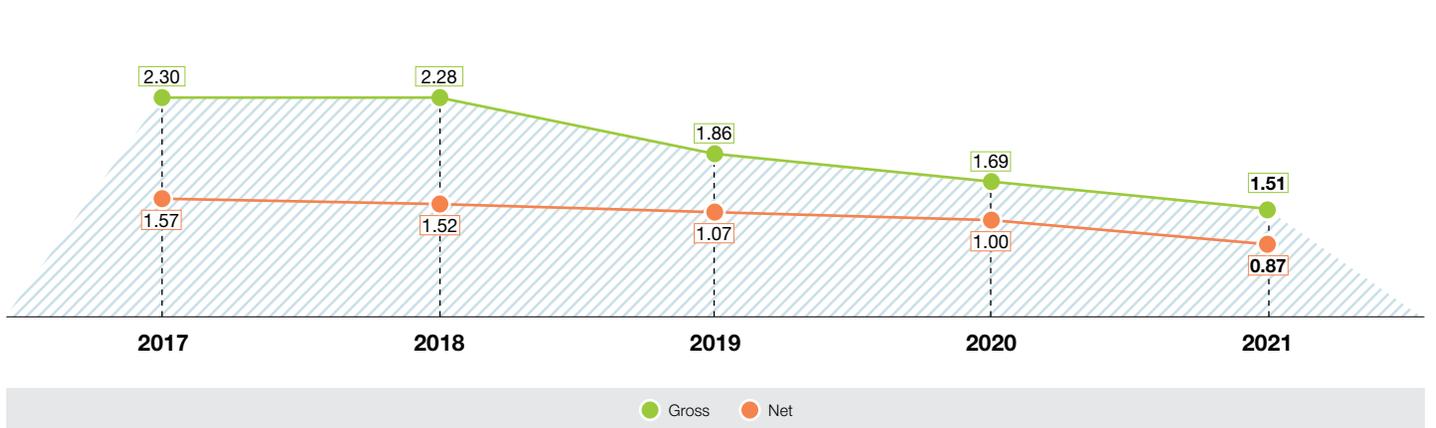
DEBT MATURITY (%)

Based on scheduled repayment of the loans and borrowings.

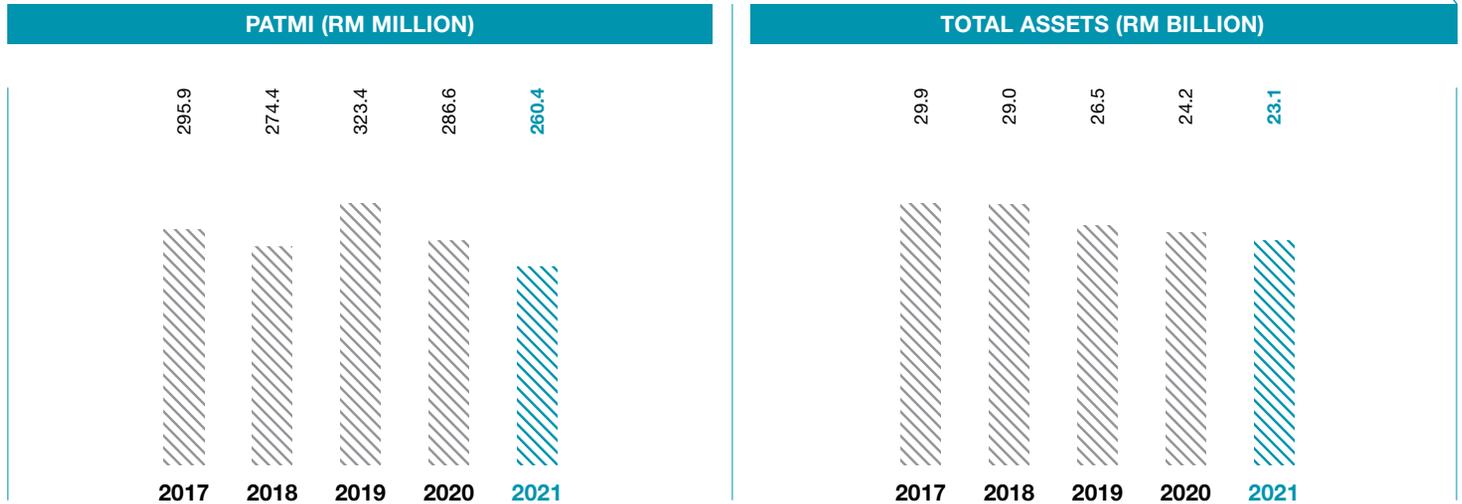


GEARING RATIO (x)

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

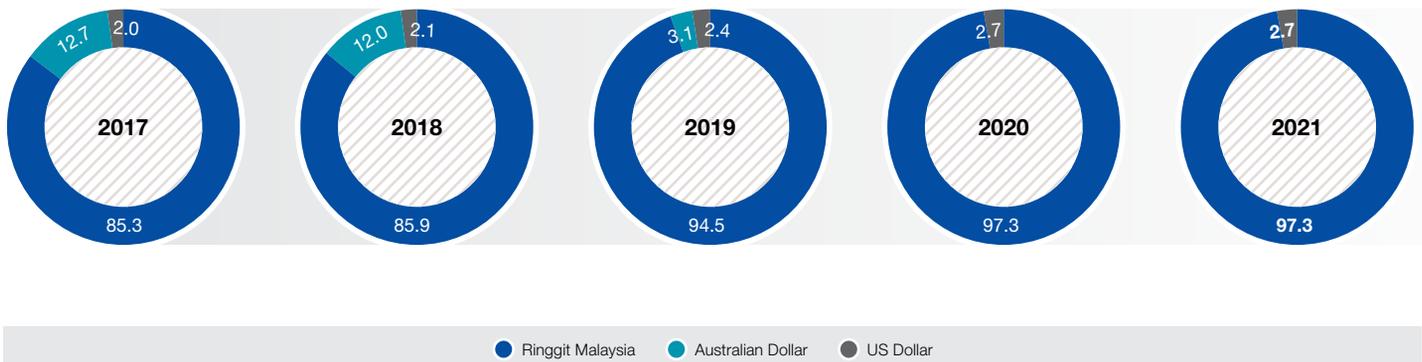


5-Year Financial Highlights



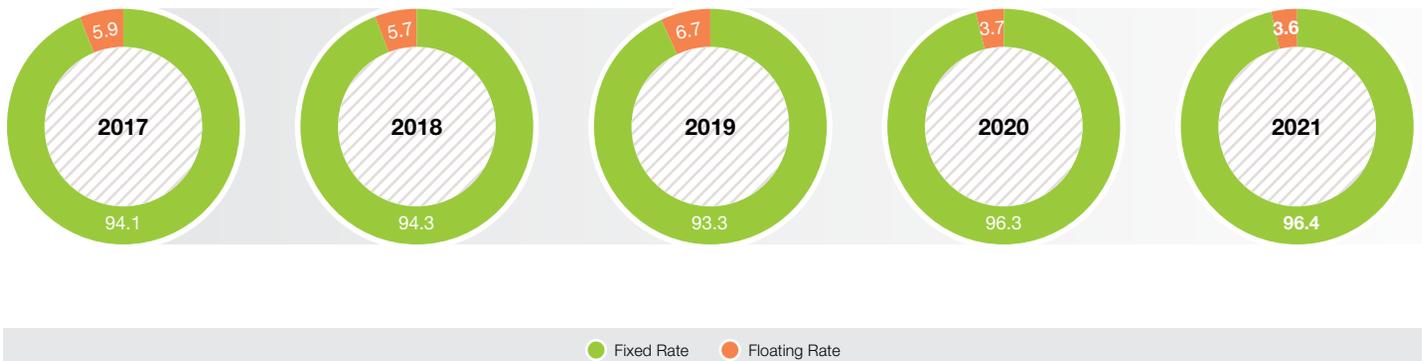
DEBT PROFILE BY FOREIGN CURRENCY (%)

Australian Dollar term loan for the Macarthur Wind Farm acquisition was fully settled in 2020.



DEBT PROFILE BY INTEREST RATE TERMS (%)

Lower percentage of floating rate instruments following settlement of the Macarthur Wind Farm acquisition loan.



Financial Review

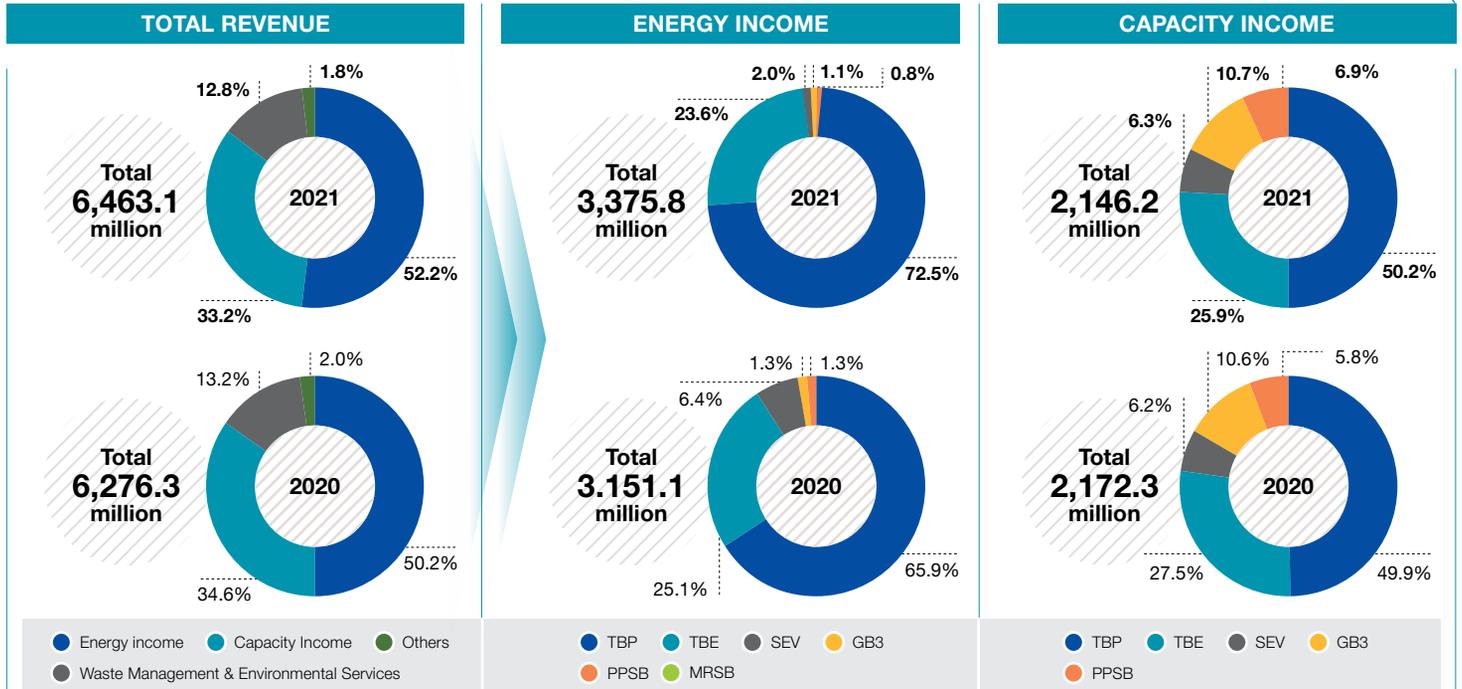


GROUP QUARTERLY FINANCIAL PERFORMANCE

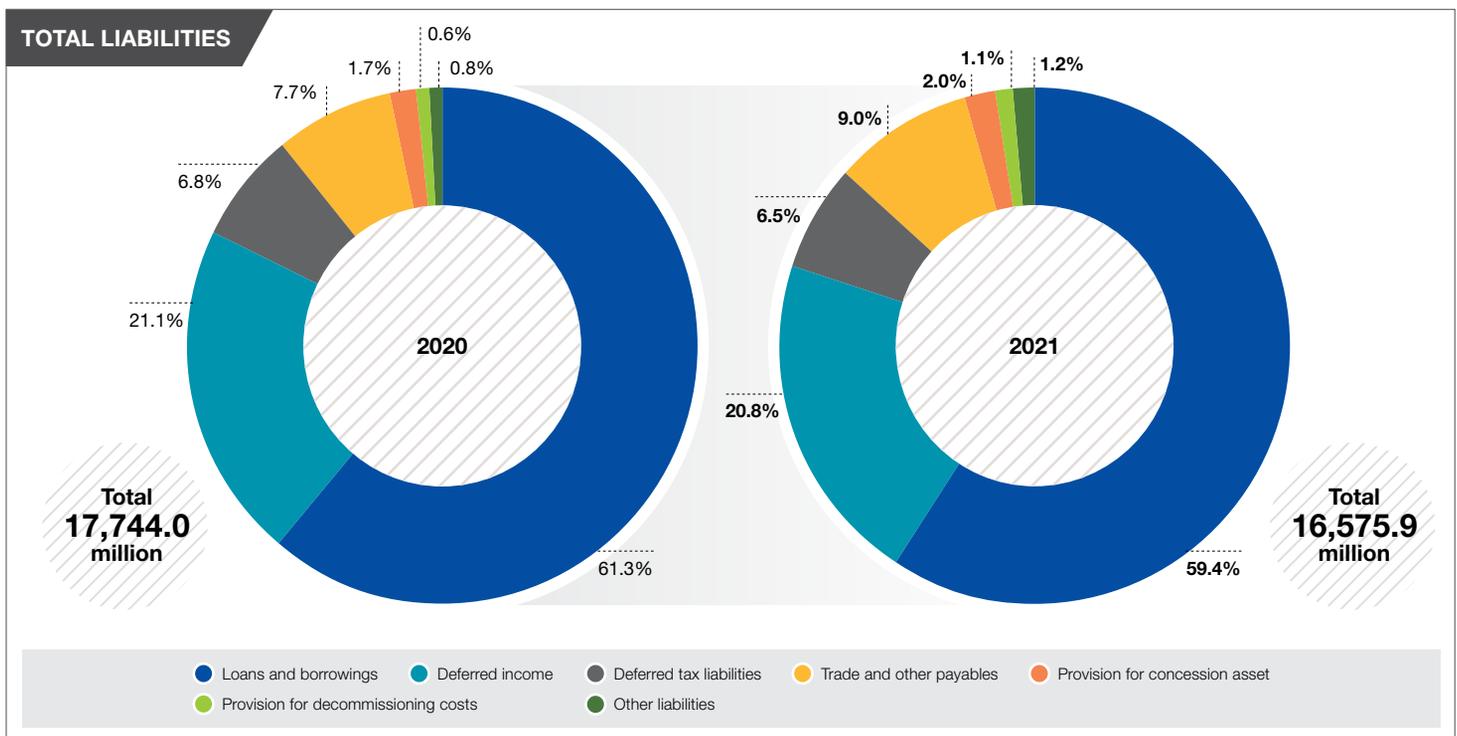
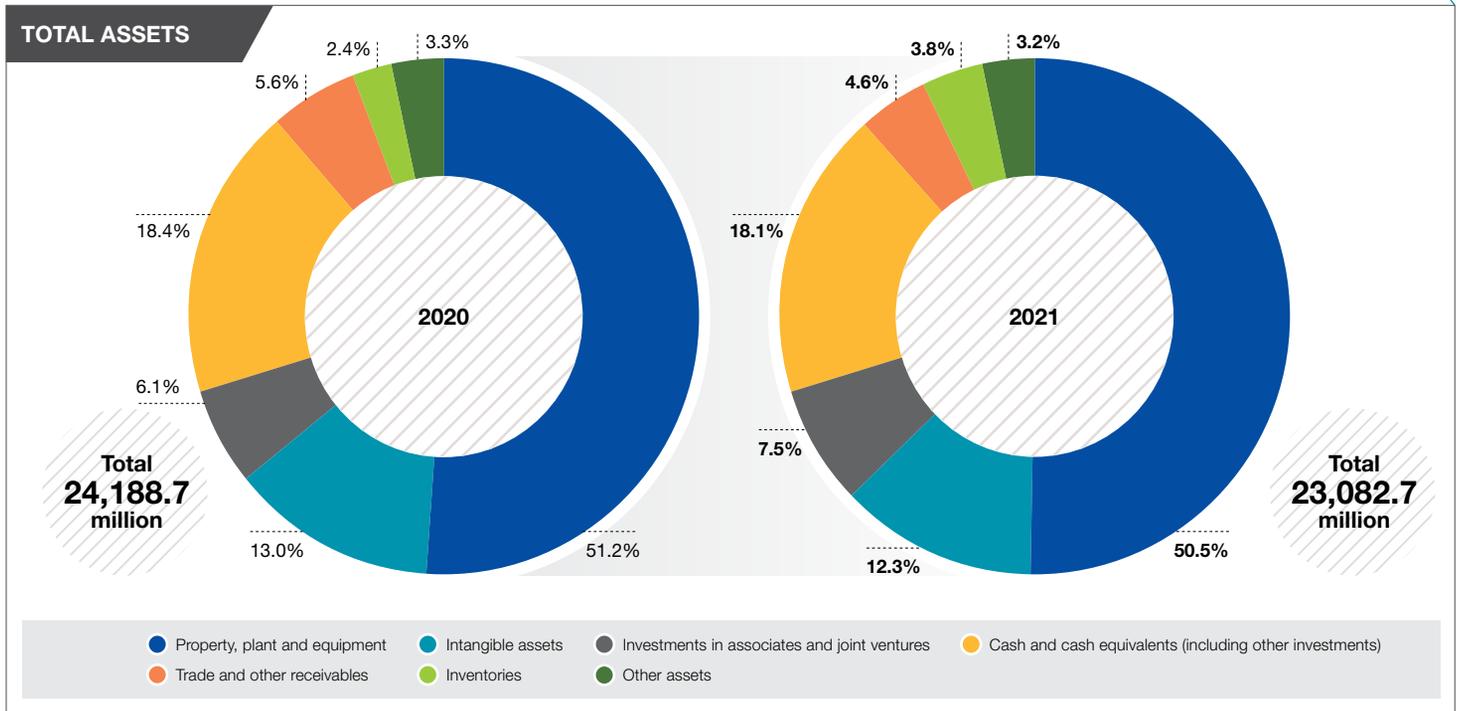
| FY2021 | Q1 | Q2 | Q3 | Q4 | Year |
|--|-----------|-----------|-----------|-----------|-----------|
| Revenue | 1,351,177 | 1,584,439 | 1,583,751 | 1,943,717 | 6,463,084 |
| Results from operating activities | 211,391 | 268,833 | 205,157 | 162,631 | 848,012 |
| Profit before tax ("PBT") | 96,682 | 189,694 | 118,584 | 64,607 | 469,567 |
| Net profit attributable to owners of the Company ("PATMI") | 60,444 | 117,734 | 67,160 | 15,078 | 260,416 |
| Basic earnings per share (sen) | 1.24 | 2.41 | 1.37 | 0.31 | 5.33 |
| Dividend per share (sen) | - | 3.10 | - | 2.00 | 5.10 |
| FY2020 | Q1 | Q2 | Q3 | Q4 | Year |
| Revenue | 1,773,973 | 1,506,169 | 1,482,895 | 1,513,271 | 6,276,308 |
| Results from operating activities | 240,681 | 254,438 | 162,556 | 196,320 | 853,995 |
| Profit before tax ("PBT") | 140,204 | 162,523 | 67,585 | 74,287 | 444,599 |
| Net profit attributable to owners of the Company ("PATMI") | 89,178 | 104,959 | 50,802 | 41,642 | 286,581 |
| Basic earnings per share (sen) | 1.82 | 2.15 | 1.04 | 0.85 | 5.86 |
| Dividend per share (sen) | - | 2.80 | - | 2.30 | 5.10 |



REVENUE MIX



SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION



Divisional Operations Review

THERMAL POWER GENERATION

Overall Performance

The Group's Thermal Power Generation business continues to play its role in meeting the country's energy requirements while addressing the energy trilemma through its balanced approach towards environmental sustainability, energy security and energy equity.

Throughout the year, we carried out a number of strategic initiatives to counteract the effects of the lockdowns that resulted in lower demand for power. However, the lower demand, when taken in tandem with Plant Outages in November 2021, led to the overall amount of power sold in 2021 being lower at 26,231 GWh compared to 35,222 GWh in 2020.

To mitigate the impact on revenue, we implemented cost optimisation exercises across our plants and at our headquarters, resulting in savings of RM43 million. The Division was also able to complete the sale of the Port Dickson Power ("PDP") Plant's gas turbines and generator following the expiry of its Power Purchase Agreement back in 2019. The Division has also begun driving end-to-end operations transformation as outlined in the Group's new Malakoff 2.0 Strategic Transformation through 16 projects identified under our Operational Excellence initiatives.

These initiatives will be continuously undertaken to maximise contributions to the long-term profitability of the Group. This includes delivering good plant performance in terms of operation & regulatory compliance, high plant availability, high plant reliability, optimised plant efficiency/heat rate margins, optimised O&M costs and safety performance, which will all be closely monitored.



Tanjung Bin Power Plant

Divisional Operations Review



Driving End-to-End Operations Transformation



International Operations, meanwhile, was generally stable, with power generated being slightly higher in 2021 compared to 2020. In 2021, our facilities underwent a number of Scheduled Outages as a result of maintenance work, as well as an Unplanned Outage at the AI-Hidd facility.

Domestic IPP Operations

Throughout FY2021, the Group's gas-fired power plants recorded a generally high Availability of 94.30% due to lower unplanned outages against 92.59% in FY2020, save for Kapar Energy Ventures ("KEV"). KEV underwent major overhaul maintenance activities for unit U5, resulting in a lower Availability of 78.85% compared to 94.67% in the previous financial year. TBP and TBE carried out key planned maintenance activities at the beginning of FY2021, resulting in lower Availability during the year under review.

The Capacity Factor ("CF") of the gas plants were lower in FY2021, impacted by the various iterations of the lockdown resulting in reduced energy demand from the offtaker. Economic sectors were not fully reopened until the end of 2021, resulting in lower grid demand during the major parts of the year. TBP was also adversely impacted by lower energy demand while TBE experienced forced outage in the last quarter of 2021, resulting in lower CF of 72.19% and 66.20% respectively.

Divisional Operations Review

THERMAL POWER GENERATION



Total Effective Power Generation



Electricity Sold and Generated

| Plant | Power Generated (GWh) | | | Electricity Sold (GWh) | | |
|--------------------------------|-----------------------|---------------|---------------|------------------------|---------------|---------------|
| | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Tanjung Bin Power ("TBP") | 15,593 | 16,767 | 14,104 | 14,808 | 15,931 | 13,279 |
| Tanjung Bin Energy ("TBE") | 6,244 | 7,460 | 6,117 | 5,956 | 7,074 | 5,800 |
| Segari Energy Ventures ("SEV") | 4,191 | 905 | 263 | 4,151 | 879 | 257 |
| GB3 Sdn Bhd ("GB3") | 1,846 | 559 | 376 | 1,808 | 542 | 364 |
| Prai Power Plant ("Prai") | 1,934 | 614 | 390 | 1,901 | 603 | 381 |
| Kapar Energy Ventures ("KEV") | 9,676 | 10,852 | 6,609 | 9,028 | 10,193 | 6,150 |
| TOTAL | 39,484 | 37,157 | 27,859 | 37,652 | 35,222 | 26,231 |

International Operations

The Shuaibah Phase 3 IWPP recorded a lower availability factor for power production in FY2021, mainly attributable to higher outages resulting from the retubing works and chemical cleaning of the boilers, as well as the repair work on the generator. Due to the nature of the design of this plant, which links both the power and water plants, issues that impact major components and equipment in one plant will affect the other. For the Al-Hidd IWPP, the lower power generation availability factor in FY2021 was due to a higher Forced Outage rate that was mainly contributed by damage to the gas turbine blade, which has since been replaced and rectified, as well as scheduled outages for gas turbine inspections.

| Plant | Power Generated (GWh) | | Effective Capacity (MW) | |
|-----------------------|-----------------------|---------------|-------------------------|------------|
| | 2020 | 2021 | 2020 | 2021 |
| Shuaibah Phase 3 IWPP | 6,924 | 6,925 | 216 | 216 |
| Al-Hidd IWPP | 5,775 | 5,850 | 372 | 372 |
| TOTAL | 12,699 | 12,775 | 588 | 588 |



● SIWPP - Power (S.Arabia) ● AL-HIDD - Power (Bahrain)

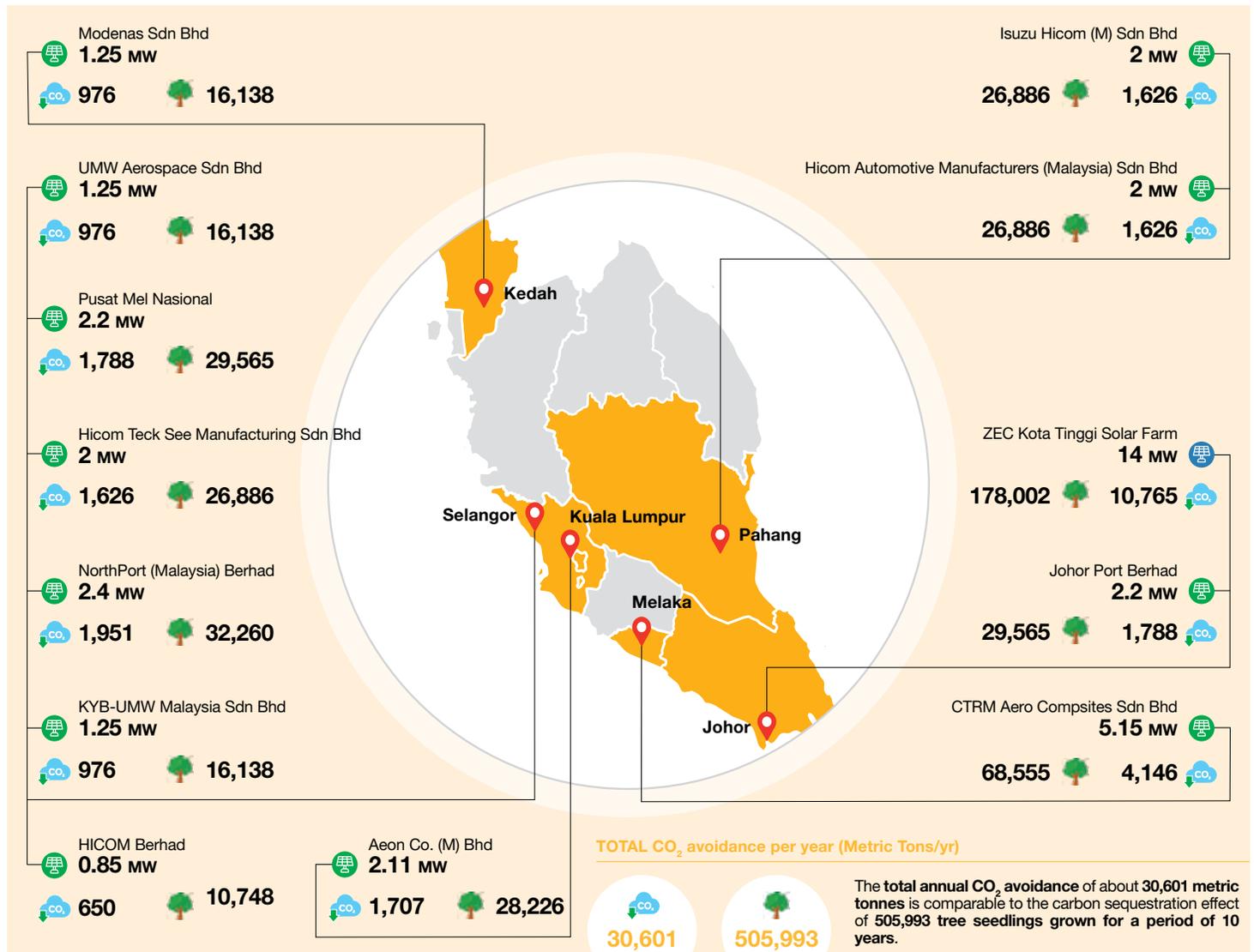
RENEWABLE ENERGY



Domestic Renewable Energy Operations

In the year under review, Malakoff’s RE segment continued powering ahead with significant milestones, particularly in the solar segment.

Our solar business in particular has secured a total of 12 rooftop solar projects with a generating capacity of 25 MW to its portfolio, with two of these facilities completed within this year. Together with Zec Kota Tinggi Solar Farm’s effective capacity of 14 MW, the Group’s overall RE portfolio stands at 39 MW. Rooftop solar projects for Pusat Mel Nasional and Motosikal dan Enjin Nasional Sdn Bhd (“Modenas”) successfully achieved commercial operations on 24 November 2021 and 19 December 2021, respectively. We are generally optimistic about the solar business given the good traction we have seen in 2021. This is further bolstered by our experience in the operations and maintenance of solar plants, as demonstrated by our ZEC Kota Tinggi Solar Farm contract. The ground-mounted solar photovoltaic (“PV”) facility delivered 45,144 MWh of electricity in its third contract year, 13% higher than the target of 34,279 MWh.



Rooftop Solar
 Large Scale Solar
 Metric tons/year CO₂ Avoidance
 Tree Seedlings grown for 10 years

Divisional Operations Review

ENVIRONMENTAL SOLUTIONS

Overall Performance

Now in its second full year as a subsidiary under Malakoff, Alam Flora has continued to contribute strongly to the Group’s value creation abilities, delivering strong results in both financial and sustainability contexts.

In the year under review, Alam Flora successfully managed and navigated the challenges of the pandemic to produce its best-ever financial performance, recording a PATMI of RM193 million, a three-fold increase compared to RM65 million in the previous year. Revenue was slightly higher by 0.12% at RM828 million compared to RM827 million the year before.

This result was made possible as a result of the aggressive cost optimisation and cost savings initiatives we implemented which leveraged innovation, automation and digitalisation. With savings to our bottom line, we drove higher profits by also increasing our top-line through securing new contracts and new concession operation areas.

Concession and non-concession areas secured in FY2021

▶ New areas handed over to our Concession segment for services such as public cleansing and beach cleaning at Pantai Sepat Kuantan, Taman Esplanade Kuantan & Promenade in the state of Pahang and Jalan Persiaran Sultan Salahuddin Abdul Aziz Shah in the Federal Territory of Putrajaya.

▶ Key contracts for the Integrated Facility Management and Waste Management segment secured from

| | | | | |
|---------------------|--|-------------------|---|------------------------------------|
| Pos Malaysia Berhad | Federal Land Development Authority (“FELDA”) | Johor Port Berhad | The country’s national carmaker Proton’s manufacturing facilities in Shah Alam and Tanjung Malim | Royal Malaysian Customs Department |
|---------------------|--|-------------------|---|------------------------------------|

Environmental Solutions

In the year under review, Alam Flora made significant headway in providing environmental solutions to the market. Alam Flora’s two new incinerators in Cameron Highlands, Pahang (40 tpd) and Pangkor Island, Perak (20 tpd) were able to reduce waste volume by up to 90%.

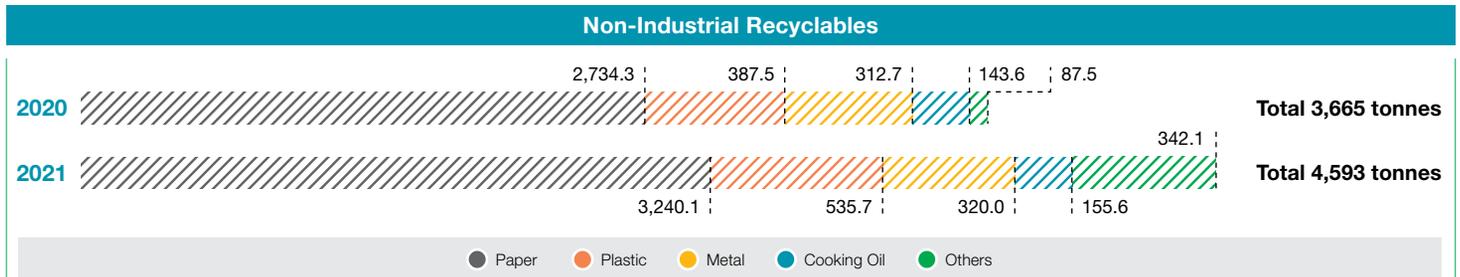
We have also established recycling facilities such as the FIKS and the IRF in Putrajaya. These facilities, developed at a cost of more than RM8 million, bring the latest technological advancements to efficiently handle the recycling of waste as we strive to do our part in supporting the global circular economy and reducing the amount of waste going to landfills.

In 2021, Alam Flora collaborated with Universiti Putra Malaysia (“UPM”) to promote recycling, waste treatment and awareness on solid waste management as well as other potential programmes that can help increase the recovery and recycling rate at the UPM hospital and university.

Alam Flora also successfully assembled a team which established Malaysia’s first PRF to perform desludging and deslopping activities for ships berthing at Northport. This is a significant achievement as it sets the gold standard for the establishment of PRF in other ports in Malaysia.



Divisional Operations Review



Cost optimisation and cost savings initiatives in FY2021

- A Hybrid Road Sweeping initiative that combines manual road sweeping with a mechanical system to improve productivity and quality manpower optimisation.
- Mechanisation of drain cleansing using weed trimmers, which has increased manual productivity and efficiency.
- Transformation initiatives in digitalisation which included the implementation of a Contractor Attendance Management System (“CAMS”) and the establishment of e-Systems such as the Asset Management System and Job Portal and Contractors Performance Evaluation System.
- One Supervisor, One Transformation (“ISIT”) programme to achieve a clean, safe and conducive environment for the well-being and satisfaction of the public, with our focus areas being children’s playgrounds, beaches and People’s Housing Programme areas.
- Implementation of five (5) initiatives under the Lean Six Sigma (“LSS”) programme which focused on cost optimisation and reduction:

Waste-to-Product, where waste bins that can no longer be salvaged are turned into plastic flakes.

Optimising the usage of Mobile Garbage Bins with the introduction of the bin repair process in which a special team repairs old bins for households.

Cost optimisation by renting operational machinery.

Optimisation of MFLORA TELEMATICS Fleet Monitoring system cost.

Minimising the usage of Jetter and Vacall at open drains by introducing the Pump System to clear blocked areas.

Fasiliti Inovasi Kitar Semula in Putrajaya



Integrated Recycling Facility in Putrajaya



The incinerator in Pangkor Island

Divisional Operations Review

WATER DESALINATION ⚡ ⚙️ 🌊 🚰 🔄 🧑‍🔧



Overall Performance

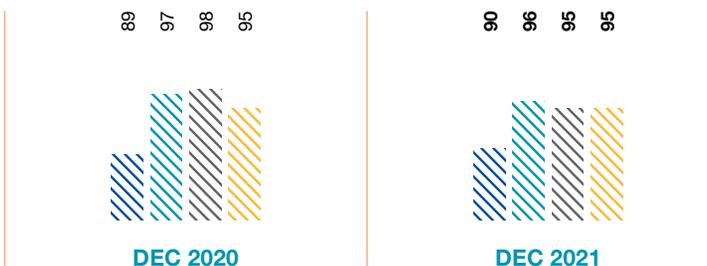
The Availability Factor for the Shuaibah Phase 3 IWPP in FY2021 was slightly better than in FY2020 notwithstanding the outages in the earlier part of the year caused by the retubing works and chemical cleaning of the boilers as well as repair works on the generator. The Shuaibah Phase 3 Expansion IWP had a lower availability performance due to high seawater conductivity on top of maintenance works that included dispatch line rectification, chemical cleaning and motor and membrane replacements.

The water production availability factor at the Al-Hidd IWPP was also lower in FY2021 due to the gas turbine shutdown. Meanwhile, the Al-Ghubrah IWP was able to sustain its performance despite outages due to seawater intake pipe cleaning, maintenance outages and the impact from Cyclone Shaheen, which swept into the area in September 2021.

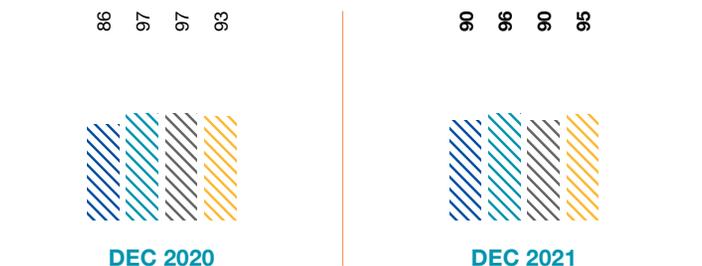
IWP - Independent Water Plant IWPP - Independent Water & Power Plant

| Plant | Effective Water Production Capacity (m ³ /day) | Total Water Production (m ³) | |
|--------------------------------|---|--|--------------------|
| | | 2020 | 2021 |
| Shuaibah IWPP | 211,200 | 282,608,567 | 289,330,153 |
| Shuaibah Phase 3 Expansion IWP | 35,700 | 53,224,698 | 52,436,720 |
| Al-Hidd IWPP | 164,000 | 145,191,154 | 135,062,459 |
| Al-Ghubrah IWP | 62,075 | 64,845,538 | 66,188,226 |
| TOTAL | 472,975 | 545,869,957 | 543,017,558 |

Equivalent Availability Factor (%)



Capacity Factor (%)



● SIWPP - Water (S.Arabia) ● SIWEP - Water (S.Arabia) ● AL-HIDD - Water (Bahrain) ● AL-GHUBRAH - Water (Oman)

ELECTRICITY DISTRIBUTION & DISTRICT COOLING SYSTEM



Overall Performance

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.

MUSB holds the exclusive licence to distribute electricity within Kuala Lumpur Sentral (“KL Sentral”), a prestigious 72-acre development in the centre of Kuala Lumpur, with a licensed capacity to meet offtake of up to 153.0 MW.

In the year under review, demand for electricity and chilled water continued to be affected by the various iterations of the MCO that were implemented due to the resurgence of the pandemic. Compared to pre-pandemic levels, demand for both electricity and chilled water has declined by between 30% and 40%, respectively, mainly because the KL Sentral area is a major office and commercial hub, and most employees were working from home during the MCO. Notwithstanding this scenario, MUSB ensured no service disruption to its customers throughout this time.

During these challenging times, MUSB also continued to assist the government in rolling out aid packages for electricity account holders within the KL Sentral area, under the PEMULIH stimulus package, Bantuan Prihatin Elektrik, PERMAI electricity bill support and PEMERKASA+ 2021. MUSB has facilitated aid totalling more than RM4 million through these various programmes since they commenced in 2020.

Other achievements that MUSB accomplished in the year under review were:

| | |
|--|---|
|  <p>Successful surveillance audit for ISO 9001:2015</p> |  <p>Successful replacement of switchgears for Main Distribution System (“MDS”) No. 2 to ensure we could continue providing uninterrupted electricity distribution services to our customers</p> |
|  <p>Malaysian Society For Occupational Safety & Health Award 2021 – Gold Class 2</p> | |
|  <p>Zero Lost Time Injury</p> |  <p>Maintained high customer satisfaction ratings</p> |

Meanwhile, MUSB continued its efforts to improve the overall efficiency of its District Cooling Plant. Orders were placed for two new state-of-the-art chillers (3,000 Refrigeration Tonnes each) that will be delivered in 2022. The new chillers will replace the existing chillers which are more than 20 years old. There are also plans to further improve the efficiency of the District Cooling Plant in the future through the installation of new parts and systems. Upon completion, the increased efficiency will result in electricity savings of approximately RM3 million per year.

MUSB also continued to leverage digitalisation to improve its operational efficiency. Following the launch of its digital billing system in 2020, MUSB has been working on automating the payment reconciliation process, which is expected to go live in the first quarter of 2022.



Divisional Operations Review

OPERATIONS & MAINTENANCE



Overall Performance

The Group's Operations & Maintenance ("O&M") division manages all of Malakoff's plants to ensure consistent and uninterrupted energy and water delivery to our customers.

Besides benefiting from various synergies, we have now gained extensive experience and knowledge in managing Combine Cycle Gas Turbine ("CCGT"), Open Cycle Gas Turbine ("OCGT") and CFPP, as well as multistage flash desalination plants, reverse osmosis plants and multi-effect distillation and cogeneration plants.

This has enabled us to venture beyond our own plants and diversify into offering O&M services to other power and water asset operators. We have also converted the experience we have gained into a Centre of Excellence that provides in-house training services, and more recently, training for external clients.

In terms of significant milestones in the year under review, we established a new joint venture company with Gas Malaysia Berhad to undertake O&M services for cogeneration plants. The new company is to be known as Malakoff Gas Malaysia Cogen O&M Sdn Bhd ("MGMC"). The joint venture is 51%-owned by our subsidiary, Malakoff Technical Solutions Sdn Bhd ("MTSSB"), and we are excited about the business prospects that will result from this important strategic alliance.

Operations & Maintenance

As an immediate result of the joint venture agreement, MGMC has secured a Long Term Service Agreement ("LTSA") contract from Gas Malaysia Energy Advance Sdn Bhd ("GMEA") for Balance of Plant ("BOP") of the 33 MW Toray Cogeneration Plant located in Prai, Penang, which is expected to be awarded by the first quarter of 2022. The services that will be provided through this LTSA, which are for 10 years with an estimated value of around RM33 million, will support the Energy Supply Agreement that GMEA has with Toray Industries (Malaysia) Sdn Bhd, a chemical product company based in Penang. In the interim, MTSSB, as the major shareholder and technical service provider for MGMC, has started providing technical support to GMEA since 1 December 2021. Once the LTSA is officially awarded, our team will be transferred to MGMC.

In September, MTSSB was also awarded a contract extension by Perbadanan Pengurusan Q Sentral ("PPQS") for the provision of O&M services of a 160 kWp Rooftop Solar System ("Facility") located at the Q Sentral building.



In terms of HSSE performance, our 29 MW ZEC Solar plant achieved zero LTI, while the plant's Performance Review ("PR") has outperformed the guaranteed PR for three consecutive years. Similarly, the PR percentage for the PPQS Facility exceeded the desired value and recorded zero LTI throughout the contract period.

Maintenance, Repair and Overhaul ("MRO")

Despite the impact of the pandemic, our MRO portfolio continued to expand, both in geographical coverage as well as our capabilities. After extending our services to Sabah in 2019, we have penetrated the oil & gas market in Terengganu through the provision of offshore services at the Berantai platform. At the same time, we have started providing specific technical services to Malakoff plants as a cost savings initiative for Malakoff Power Berhad ("MPB") and the Group as a whole. The goal is to optimise internal capabilities and resources while simultaneously reducing O&M costs of the plants.

Technical Training

The technical training department continued to enhance the O&M training ecosystem within Malakoff in 2021 with the establishment of the Malakoff Studio, which offers employees live broadcasts regarding technical topics and online technical training opportunities. In addition, a new Learning Management System that has extensive materials and quizzes was developed to further sharpen the skills of our employees.

The department also created the Malakoff Safety Passport ("MSP"), which is a safety certification training programme, for our in-house contractors at all plants within the Group. The implementation of the MSP has contributed to zero audit findings with regards to workers safety awareness in ISO audit 2020-2021.

In addition to the in-house training that the department focuses on, it also offers training services to external clients. In 2021, the department was awarded a contract by Materials Technology Education Sdn Bhd to provide training for Gas Turbine ("GT") and Steam Turbine ("ST") Inspection.

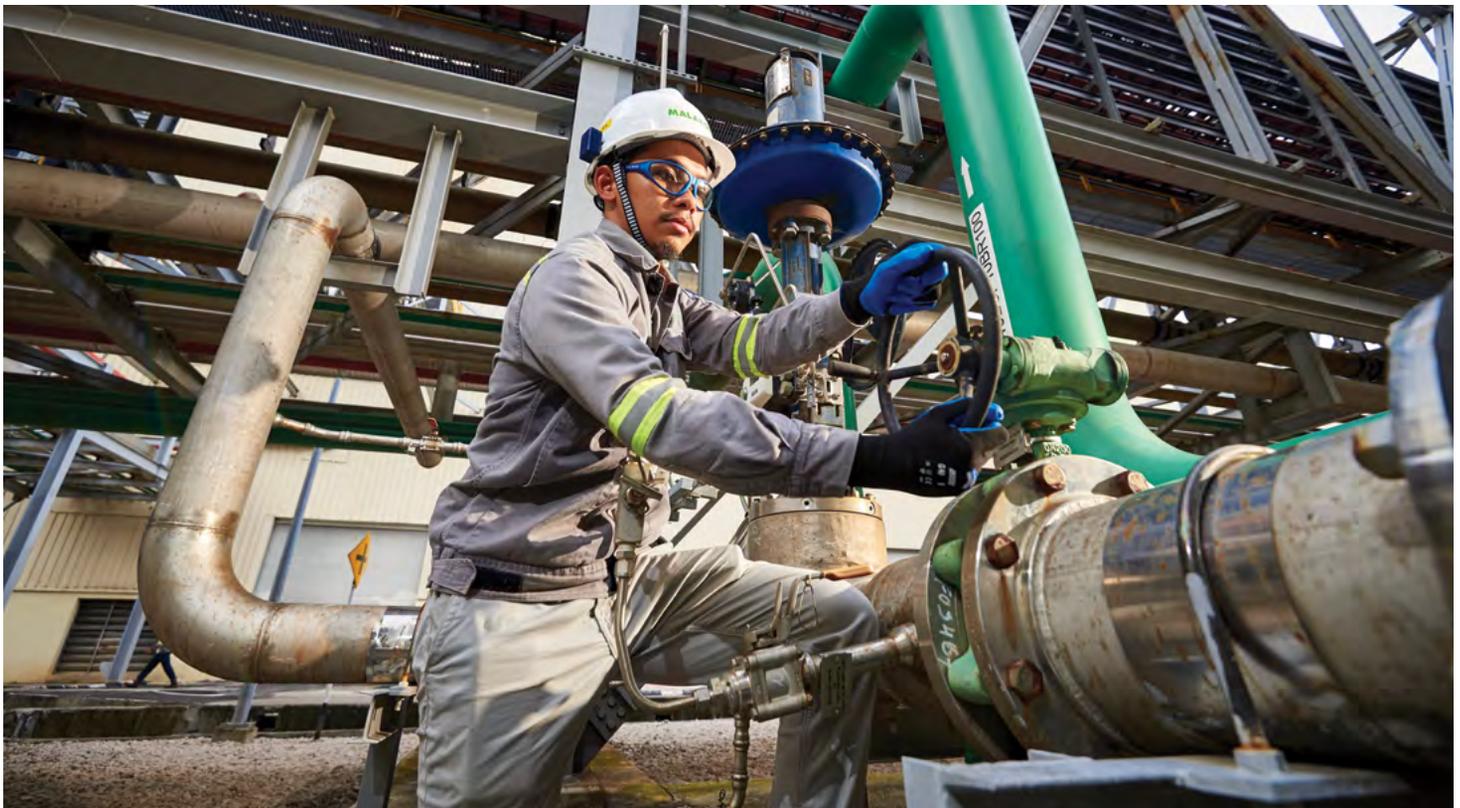
PROJECT MANAGEMENT SERVICES



Our Project Management Services (“PMS”) arm has been supporting our internal business units, Malakoff Radiance and Port Dickson Power in their rooftop solar and Plant Decommissioning projects, respectively.

The type of support we provide includes providing a Project Management team to Malakoff Radiance for its rooftop solar projects, project management personnel for the PDP Decommissioning project and competent manpower to support MTSSB.

In FY2021, PMS supported Malakoff Radiance in the construction and installation of a total capacity of 25 MW of rooftop solar for its business partners such as DRB-HICOM Group of Companies, UMW and MMC Group of Companies. For the PDP Decommissioning project, PMS played a vital role in providing the key team to MTSSB and successfully completed Scope 2 of the PDP Decommissioning project on time.





03

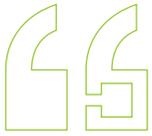
OUR ENVIRONMENT

It is built into our DNA to care for the environment with the understanding that reducing our climate impact is critical to the long term sustainability of not only our operations, but also the country and its people.

We continue to drive this belief by tracking our carbon impact and most recently, with our pivot into renewable energy and environmental solutions.

Our Environment

OUR ENVIRONMENT



Environmental management plays an important role in the business management and operations of Malakoff, as it enables us to identify and mitigate the Group's business impact on the environment and the health and well-being of our communities.

We recognise our responsibility in leading the corporate community in preserving the environment and conserving natural resources while reducing carbon emissions to contribute to a low-carbon future. Lack of environmental management in our operations will affect our biodiversity and ecological system, ultimately threatening our future generations.

Our environmental management is anchored on three pillars, which guide us on our path to a more sustainable and greener future.

To ensure we adopt and employ best industry practices, we subscribe to ISO 14001:2015 certification and remain guided by our robust Environmental Policy, which was established in 2014. The Policy has been reviewed and updated regularly, in line with changes in the standards and regulatory requirements. The Policy outlines our commitment to environmental protection by minimising our environmental impact, preventing pollution, reducing waste, conserving resources and promoting the recycling of waste. It also sets out our commitment to comply with all applicable statutory and regulatory requirements, apart from incorporating environmental management principles into corporate planning, strategy and implementation.

Our Environmental Policy is accessible by our employees via our intranet platform, MaCNet.



GOVERNING ENVIRONMENTAL MATTERS

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



NATURAL RESOURCES MANAGEMENT

The nature of our business requires us to utilise natural resources, mainly fuel and water, on a large scale. These resources are critical in the generation of electricity, and we are aware of the importance of managing our consumption, not only for the sake of business sustainability, but also for the sake of the environment. Our natural resource management is in compliance with ISO 14001:2015.



WASTE MANAGEMENT

We seek to practise optimal waste management, including reducing waste generation within our businesses as well as for our customers and its safe disposal, where applicable. All waste and effluents are managed, disposed of and/or discharged as per the relevant regulatory requirements.



Emissions Management

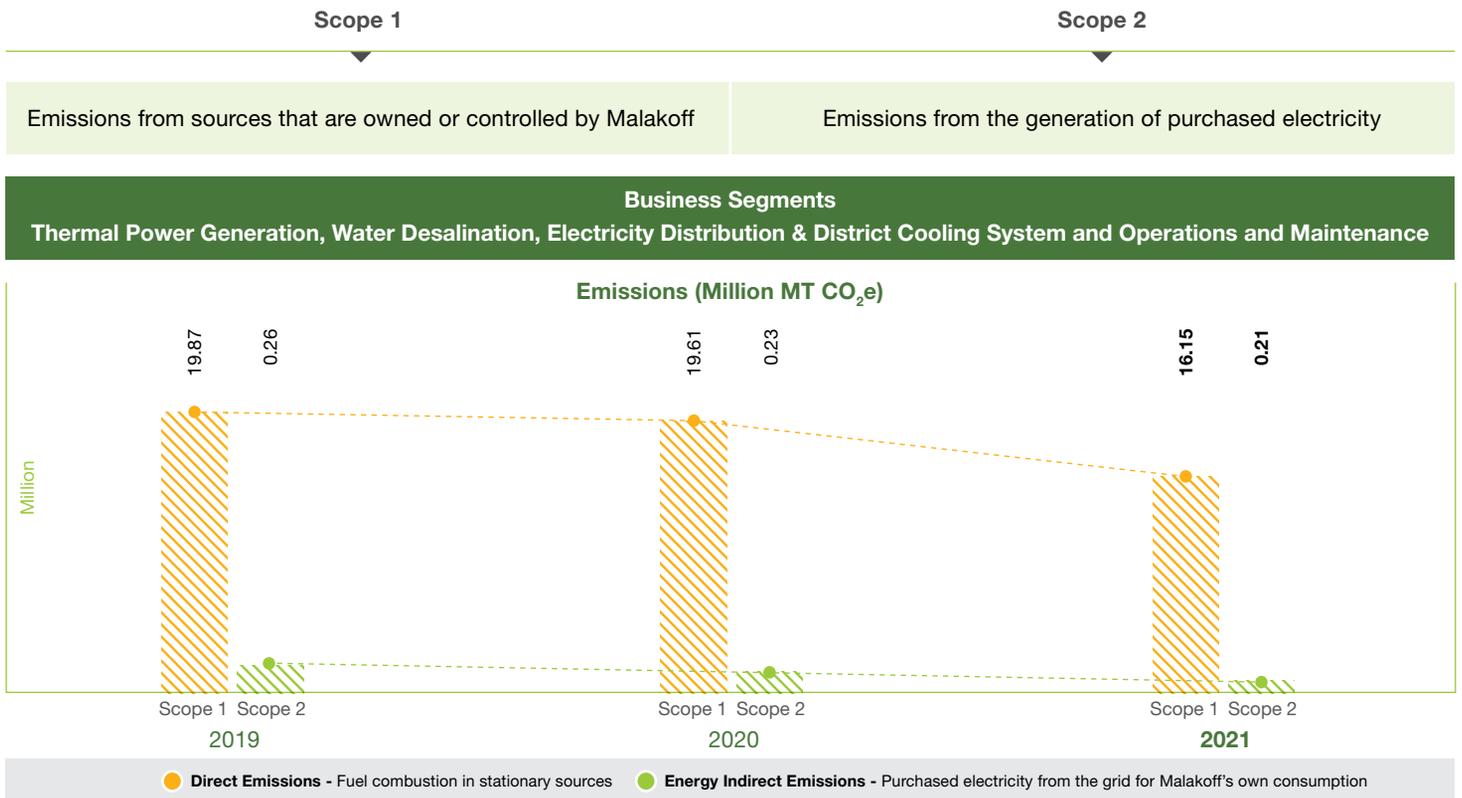
As the largest independent power producer and environmental management company in Malaysia, we are aware that our business naturally emits higher emissions compared to other industries due to the nature of our operations. As such, we are cognisant of our responsibility to lead the industry in addressing climate change and contributing to the transition to a low-carbon future through our new Malakoff 2.0 Strategic Transformation.

For more information about the Malakoff 2.0 Strategic Transformation, please refer to the Chief Executive Officer’s Message on pages 24 to 25.

Our emissions are mainly from our thermal power generation, which uses non-RE sources, namely diesel, light fuel oil, natural gas and coal. To help reduce our GHG and non-GHG emissions from across our plants, we have in place an emissions management system, which ensures regulatory compliance and best sustainability practices. These include enforcing an emissions-control equipment maintenance schedule to ensure optimal operational efficiency, enabling us to comply with all permitted emission limits. Additionally, we submit emissions data reports on a periodic basis to the Department of Environment (“DOE”), as facilitated by our Continuous Emissions Monitoring System (“CEMS”). We also employ several measures to minimise our coal emissions such as adopting a stringent coal selection process that is aligned with the Coal Supply and Transportation Agreement (“CSTA”).

As for our non-GHG emissions, we monitor and control the emissions by equipping our coal plants with particulate matter (“PM”) reduction equipment such as fabric filters at TBE and electrostatic precipitators at TBP. There is also Flue Gas Desulphurisation (“FGD”), which reduces Sulfur Oxide (“SOx”) emissions and stage combustion to reduce Nitrogen Oxide (“NOx”) emissions.

In 2021, we disclosed our GHG emissions according to Scope 1 and 2 for the first time to step up our reporting disclosures and uphold our commitment towards keeping our stakeholders and investors informed. The disclosures were limited to power generation and water desalination, electricity distribution and district cooling system and operations and maintenance. We will continue to improve the disclosures of our GHG emissions going forward, as we aspire to keep up with best reporting practices and transparency.



Notes:

1. Data does not include the Waste Management & Environmental Solutions business as emissions inventory is currently being carried out.
2. Calculations include MTSSB at Level 11 of our KL headquarters building.

Our Environment

OUR ENVIRONMENT

Energy Consumption

Managing Our Energy Consumption Across Our Operations

Our main objective is to minimise wastage and optimise our resources across our business operations. This is supported by our operational excellence target to achieve healthy heat rate performance. Our energy consumption is mainly for primary and secondary fuel for power generation.

In 2021, LGD continued to optimise the Prai imported energy by shutting down the Boiler Feed Pump (“BFP”) and Cooling Water Pump (“CWP”) after the plant had been on standby for 24 hours. As at the end of 2021, Prai has avoided a total of 6,556.36 and 5,536.33 of standby operating hours for CWP and BFP, respectively.

In 2021, our energy consumption was 198,217,414 GJ, a decrease of 18.65% from 243,669,199 GJ in 2020. This was mainly due to the much lower consumption of coal and natural gas as there was a lower demand for energy, which led to a lower dispatch factor, in tandem with the reduction of Power Generated and Sold (see Malakoff Integrated Annual Report, Thermal Generation section). Both coal and natural gas are the main sources of power for the CCGT and coal plants. Meanwhile, the significant increase in diesel was due to the plant running on diesel more frequently. As for Light Fuel Oil (“LFO”) usage, TBP’s consumption increased marginally by 0.5% from 2020, which meant the consumption was consistent with the previous year. TBE recorded a much bigger reduction, by 55%, in its LFO consumption due to less start-up activity.

Energy Consumption at Our Power Generation Plants from 2019 to 2021



Secondary fuel for Power Generation



Primary fuel for Power Generation

● Segari Energy Ventures (“SEV”) ● GB3 Sdn Bhd (“GB3”) ● Prai Power Sdn Bhd (“PPSB”) ● Tanjung Bin Power Plant (“TBPP”) ● Tanjung Bin Energy (“TBE”)

Electricity Consumption Across All LGD Plants: **70,954 MWh**

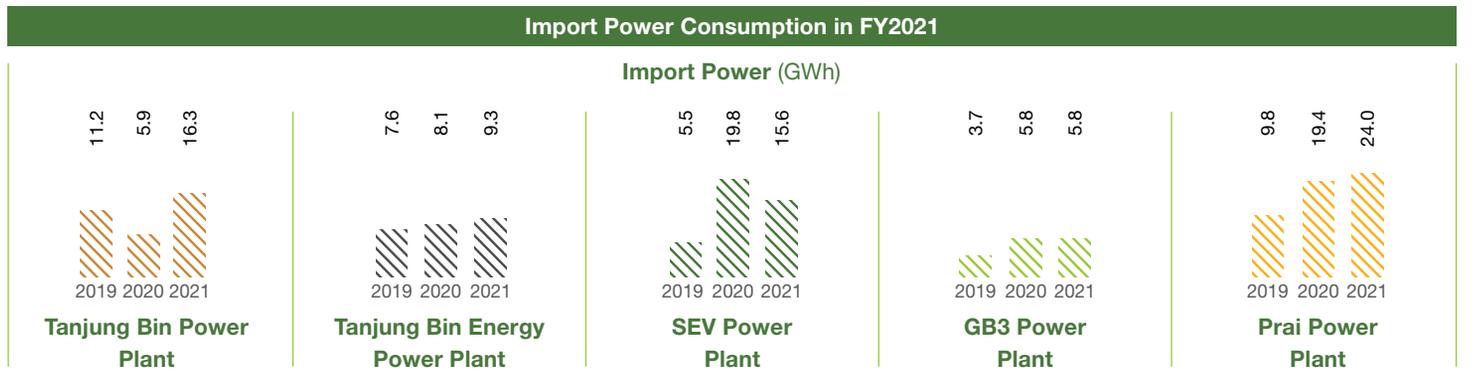
Managing Our Energy Consumption at Our Office Premises

We strive to conserve our electricity usage at our office premises by implementing various initiatives, including the LED light replacement programme in our Headquarters, the Malakoff Academy of Excellence (“MAX”) training centre and other office buildings owned by MUSB. We have also installed motion sensors in the toilets at our Headquarters.

In the year under review, the engineering teams at Headquarters and Prai conducted a comprehensive Energy Audit programme and identified several Energy Conservation Measures. These included delamping unnecessary lamps in areas with high lux levels and retrofitting fluorescent lamps with energy-efficient LED lamps.

The initiatives were implemented based on various factors, including equipment reliability, investment cost and payback period. As part of our energy-saving initiatives, Prai also initiated the shutdown of the auxiliary boiler during long standbys, which subsequently helped in optimising water consumption for the plant.

To better equip our employees in the use of sustainable energy, we have been providing selected employees with certified training in efficient energy management. In 2021, employees from LGD were also nominated to undergo the Registered Electrical Energy Managers (“REEMS”) certified training, which is required under the Efficient Management of Electrical Energy Regulation 2008 (“EMEER 2008”), Certified Energy Manager (“CEM”) and Green Building Index Facilitator.



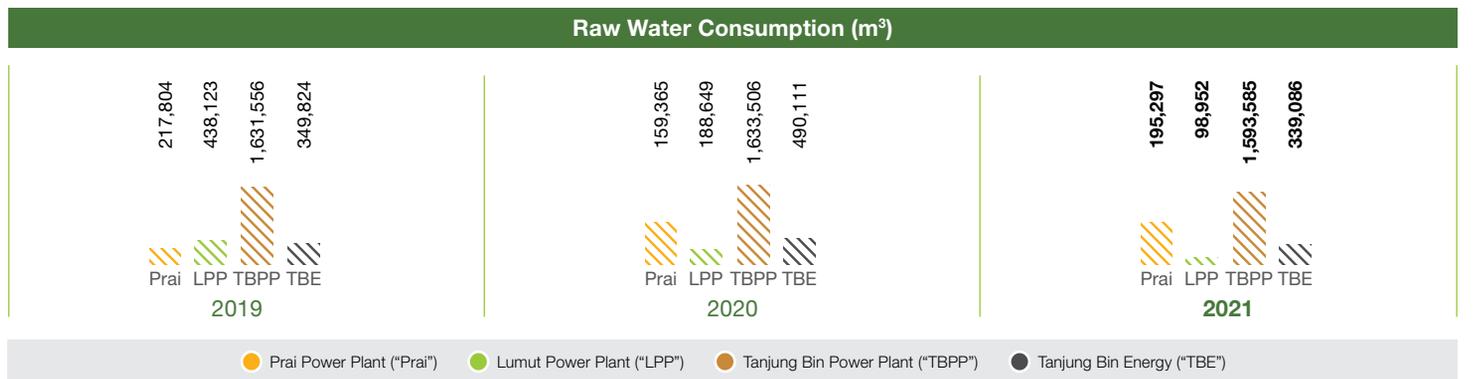
Water Use Impact

As a sustainably conscious organisation, we aim to use natural resources responsibly by reducing our water consumption. Water is an important natural resource in the generation of electricity. We withdraw seawater for our plants’ cooling down process and utilise raw water from municipal supplies to replace water and steam that are dispersed to the air during power generation.

Our TBP plant also has a rainwater harvesting system to supply water for non-essential use such as flushing toilets and housekeeping.

Other than water conservation, the TBP plant also focused on reducing water wastage by channelling wastewater to the boiler submerged scraper conveyor system. Further to that, we also minimised leakages by conducting a valve repair exercise on the steam and feedwater lines across our power generation plants.

At LPP, the blowdown manual valves are shut when the unit is on standby to minimise demineralised water wastage. The plant also continuously monitors its water and steam pipeline integrity and ensures scheduled replacements and that all drain valves are shut tight while controlling water usage during cleaning and housekeeping.



Our Environment

OUR ENVIRONMENT

Waste Management

Efficient waste management is vital for Malakoff in preserving the environment and ensuring long-term business growth. Poor waste management will expose the Group to legal, reputational and even financial risks. Due to the nature of our operations, we generate waste by-products comprising mostly fly ash and bottom ash which are formed during the coal combustion process. As such, we strive to minimise and mitigate ground, water and air contamination that may arise from our coal ash disposal process.

To preserve our environment, our waste management is focused on scheduled waste across all our plants and is guided by the Group's Scheduled Waste Management policies and procedures. Our scheduled waste is disposed of via licensed contractors with prescribed premises in accordance with the DOE regulations. We have ensured that all the scheduled waste maintenance sites utilised by LPP, TBP, TBE and Prai comply with the Environmental Quality Act (Scheduled Waste) Regulations 2005. We also conduct internal audits and site inspections to continually improve our scheduled waste management practices.

As for internally generated scheduled waste such as used lube oil, distillate and contaminated solid waste, they are collected by licensed domestic contractors and sent to landfill and for incineration. We also regularly assess our waste management processes, besides implementing new waste management methods to reduce and recycle scheduled waste generated from our operations. In 2021, we did not receive any fines or non-monetary sanctions for non-compliance with environmental laws and regulations.

Our commitment to efficient waste management was demonstrated in the establishment of several waste management facilities in 2020 by AFES, the non-concession segment of our subsidiary, Alam Flora. One of them was the development of Malaysia's first PRF, which provides desludging and deslopping activities in Northport, Selangor. AFES also successfully commissioned two incinerators in Pangkor Island and Cameron Highlands, which are capable of reducing waste to 10% (by-products Bottom Ash and Fly Ash). The incinerator in Cameron Highlands is capable of burning a maximum level of 40 tonnes of solid waste per day while the facility in Pangkor Island is capped at 20 tonnes per day. Emissions from the incinerators are in compliance with the Environmental Quality (Clean Air) Regulation 2014, ensuring clean air for the local community.

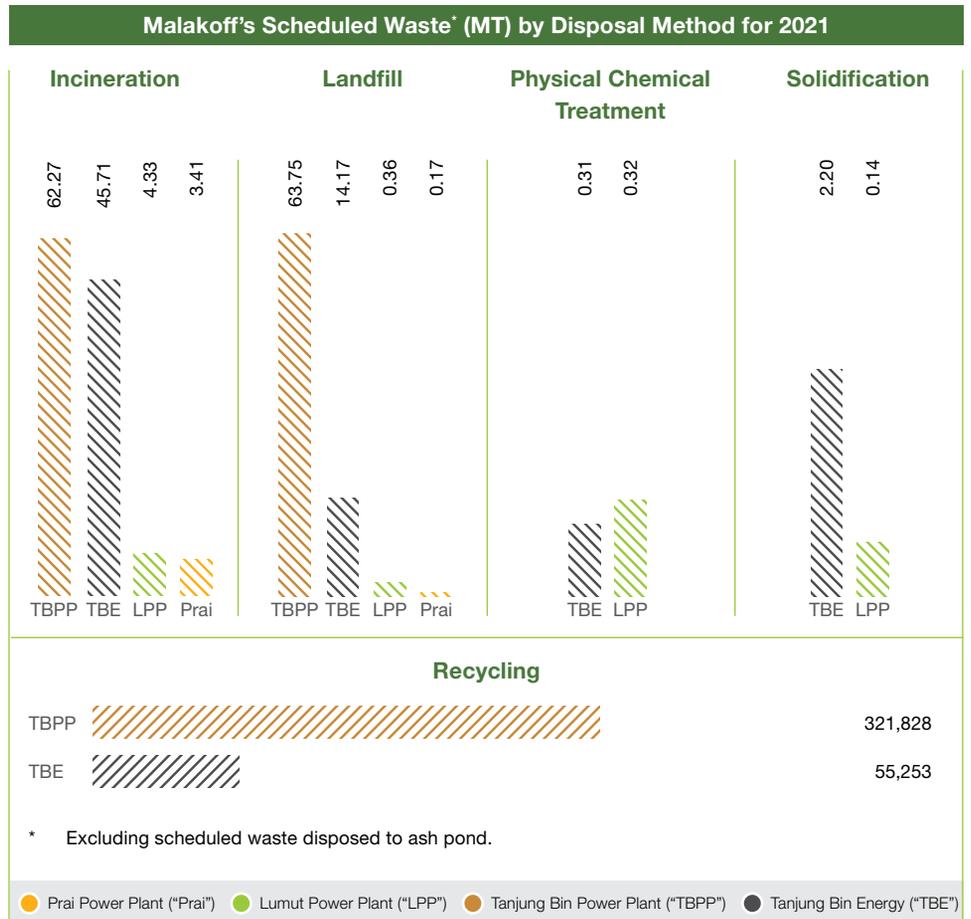
AFES also launched several initiatives to advocate waste reduction by educating and encouraging the public to recycle. Among the initiatives were the establishment of FIKS, a one-stop learning centre about recycling and waste management, the launch of the Reward S@S Programme ("RewardS@S"), an initiative that rewards members of the public who recycle, and the roll-out of 3R on Wheels ("3RoW"), a mobile recycling collection centre. RewardS@S collected 41,414 kg while 3RoW collected 48,031 kg of recyclables.

At TBP and TBE, we have third-party offtake agreements with four companies to recycle the ash generated from Tanjung Bin Complex into construction material such as sand replacement, which is a common practice in Europe and Japan.

In 2021, our plants generated a total of 562,489 MT of waste, of which 377,081 MT or 67% was recycled. From the recycled waste, 377,062 MT was recycled through the sale of ash. At TBE and TBP, we implemented the Life Cycle Assessment, a tool used to analyse and evaluate any potential alternatives to reduce, reuse and recycle ("3R").

TBP generated 487,165 MT of scheduled waste, of which 321,828 MT was recycled. The power plant applied the cradle-to-cradle Life Cycle process and diverted 321,809 MT of fly ash from landfill, which met the characteristics of 3R.

TBE generated 75,303 MT of scheduled waste and adopted the cradle-to-cradle Life Cycle implementation technique for 73% or 55,253 MT of scheduled waste.

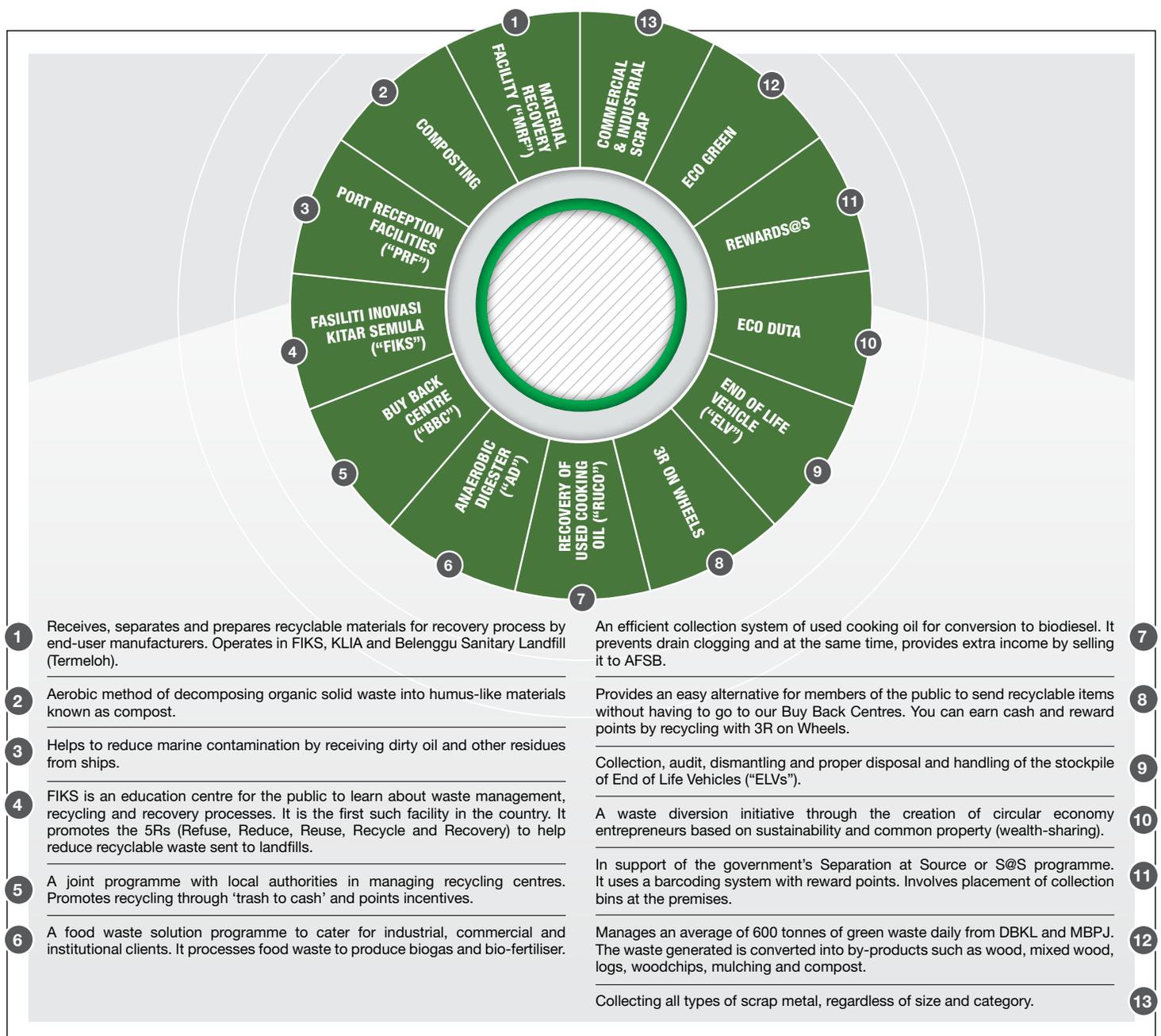


Note: All our hazardous waste is disposed of offsite, which refers to outside of the physical boundary or administrative control of Malakoff.

Our subsidiary, Alam Flora, has been actively involved in promoting the new sustainable economic concept to provide sustainable waste management facilities and services to the public. This is in line with recognising the SDG 6, 7, 9, 11, 12, 13, 14, 15 and 17 objectives to be fulfilled by the nation. AFSB complies with the Ministry of Housing and Local Government of Malaysia's National Cleanliness Policy, which aims to promote 'Waste to Wealth' towards the circular economy concept among the policy's various other objectives.

Waste Recovery & Treatment

As part of our commitment to reduce industrial waste, Malakoff provides various waste treatment technologies to industries. Our services include collection of recyclable items, waste recovery and waste to energy or other useable goods programmes. These initiatives have become our core strategy to raise awareness on 5R (Refuse, Reduce, Reuse, Recycle, Recovery) practices among the public and industrial players.





04

OUR PEOPLE

Our People are our greatest assets, helping the Group realise its aspirations and deliver value to our stakeholders.

We are deeply committed to caring for them, nurturing them and safeguarding their health and safety. Providing our employees a safe and conducive working environment is key to enabling their growth alongside our own.

Our People

SOCIAL



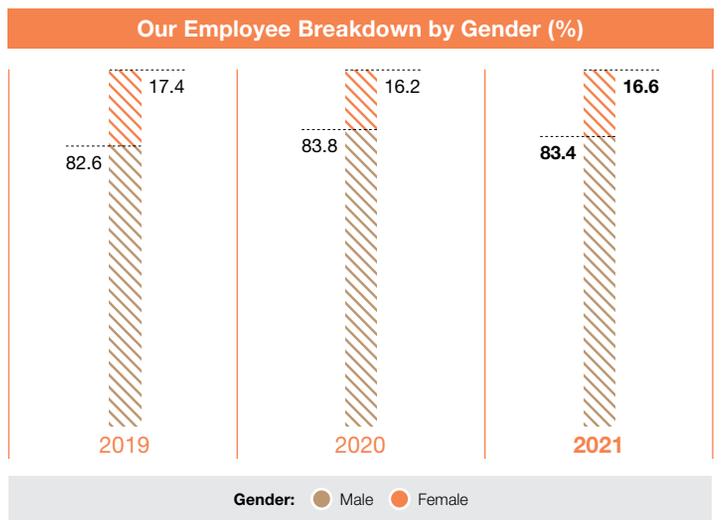
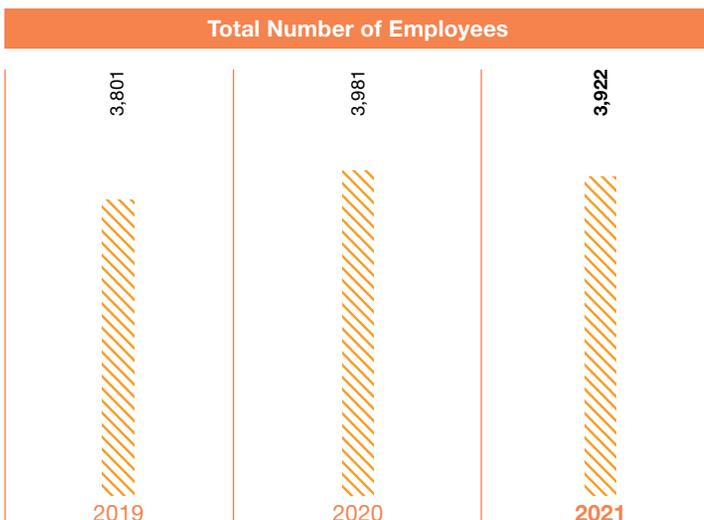
At Malakoff, our people are our most valuable asset in helping us to achieve our strategic ambitions to create sustainable value for our stakeholders.

We believe in employing a diverse workforce, while offering a conducive workplace that is able to nurture and engage our employees. We are committed to safeguarding their well-being, health and safety, while also providing the tools they require to develop their talents and careers.

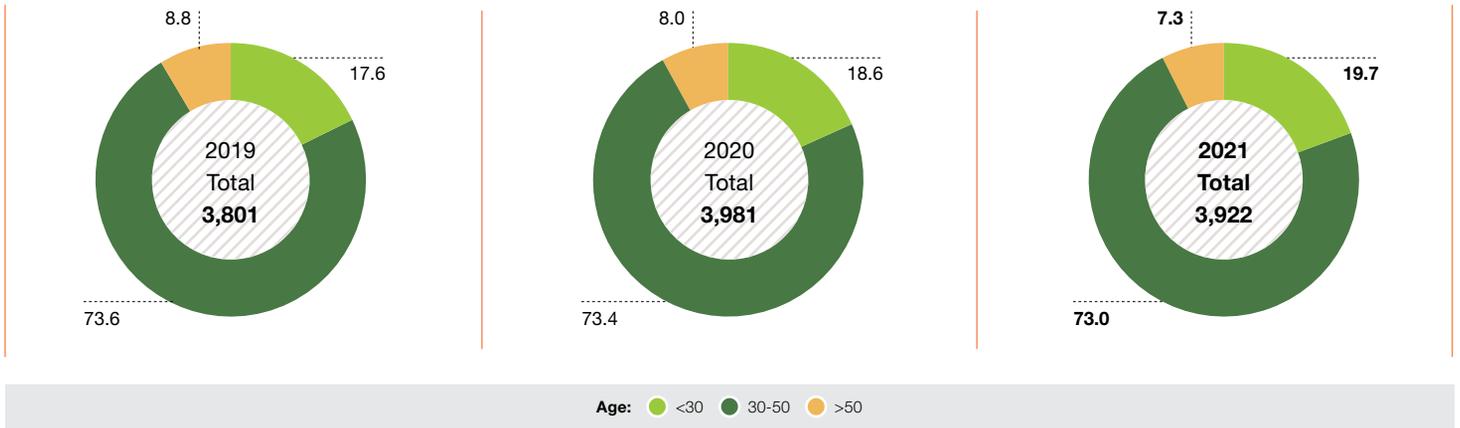


Diversity and Equal Opportunities

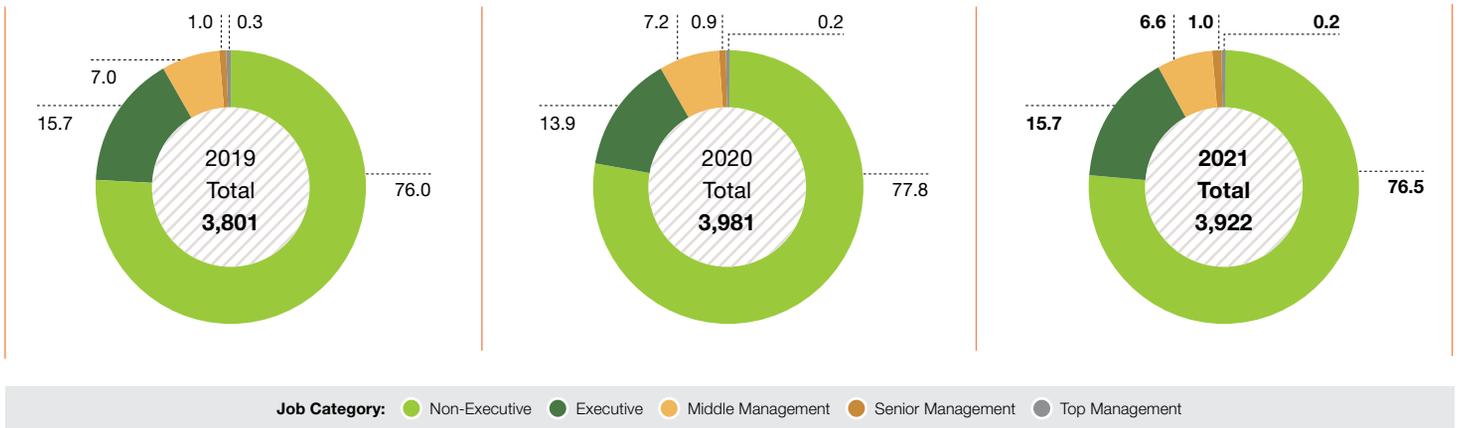
The Group strives to provide equal opportunity employment through its recruitment programmes, whereby candidates are selected based on merit. We are guided by our Manpower Planning & Recruitment Procedure in ensuring that our employees are offered fair compensation and benefits. We maintain zero tolerance towards discrimination in any form, be it ethnicity, gender, age or disability. In FY2021, the Group had 3,922 employees, of whom 83.4% were men and 16.6% were women.



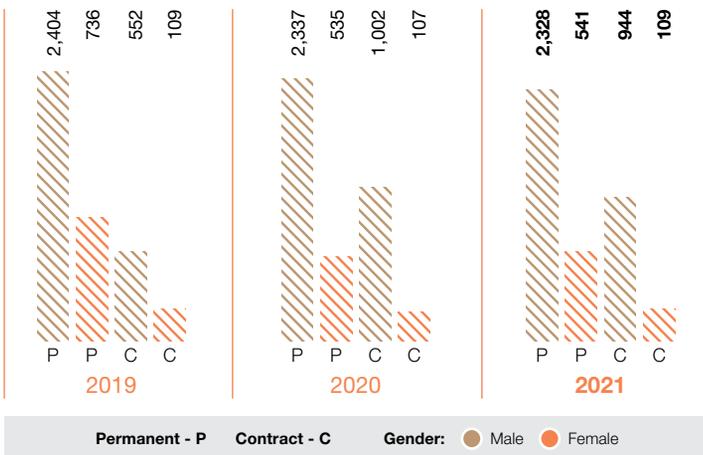
Our Employee Breakdown by Age Group (%)



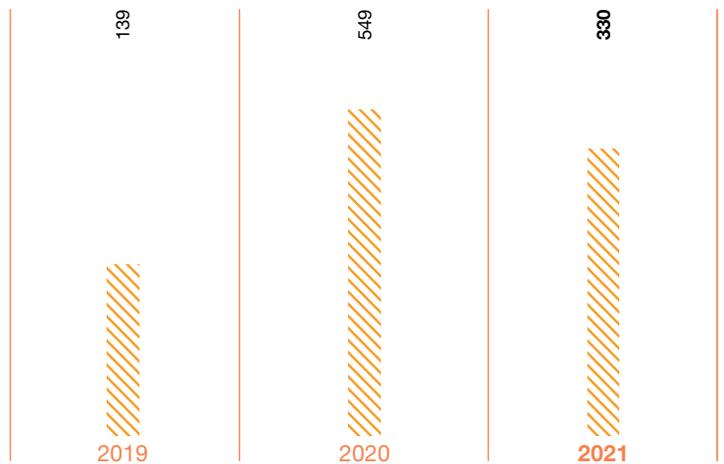
Our Employee Breakdown by Job Category (%)



Our Employee Breakdown by Employment Contract



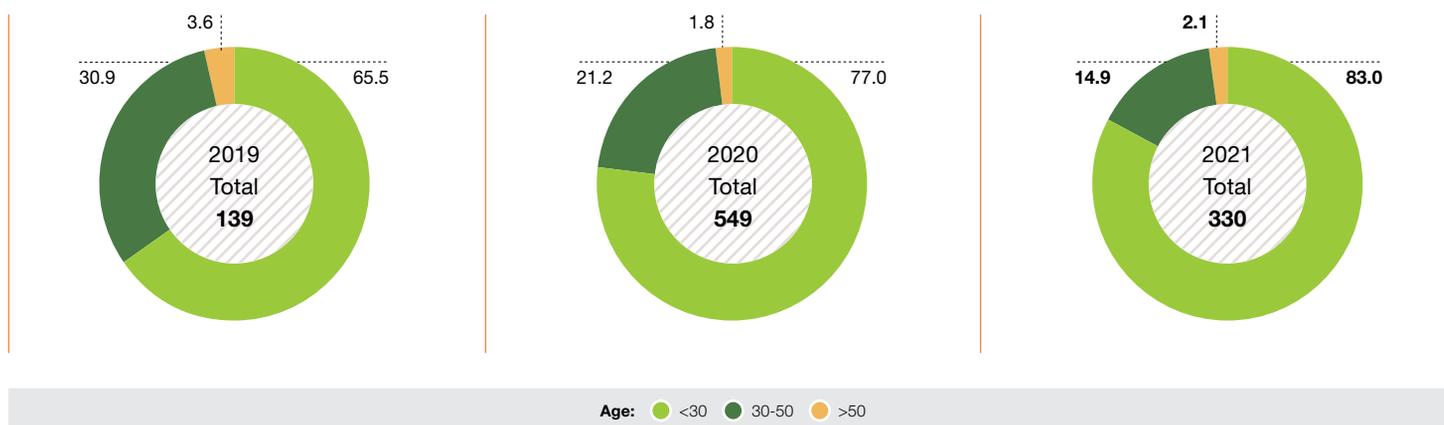
Total Number of New Hires



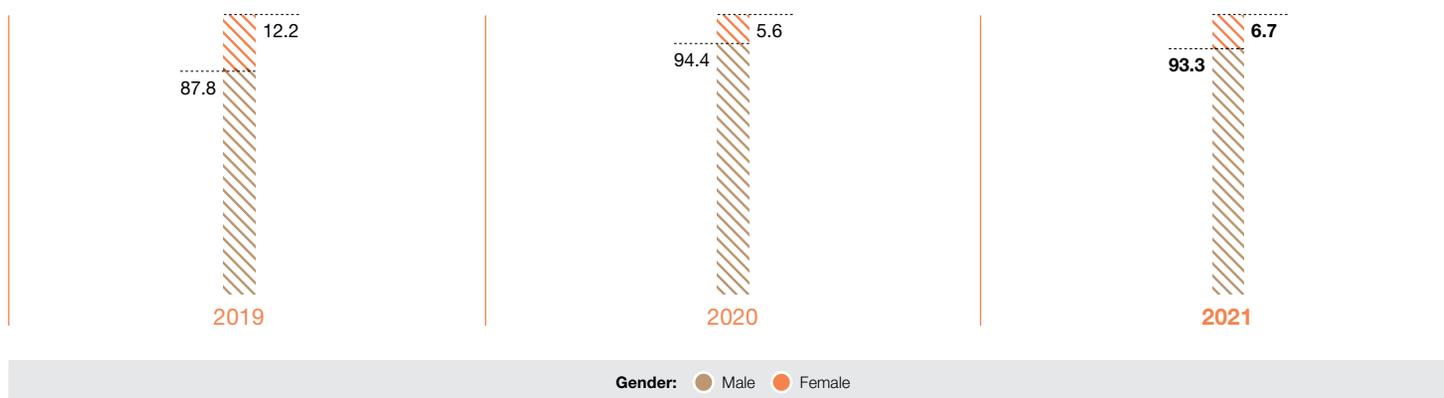
Our People

SOCIAL

Number of New Hires by Age Group (%)



Number of New Hires by Gender (%)



Employee Turnover Rate (%)

| 2019 | | 2020 | | 2021 | |
|------------------|----------|------------------|----------|------------------|----------|
| No. of Turnovers | Rate (%) | No. of Turnovers | Rate (%) | No. of Turnovers | Rate (%) |
| 170 | 4.47% | 157 | 3.94 | 112 | 2.85 |

Turnover by Gender (Number)

| Gender | No. of Turnovers | Rate (%) |
|--------|------------------|----------|
| Male | 359 | 81.8 |
| Female | 80 | 18.2 |

Turnover by Age Group (Number)

| Age Group | No. of Turnovers | Rate (%) |
|-----------|------------------|----------|
| <30 | 174 | 39.6 |
| 30-50 | 204 | 46.5 |
| >50 | 61 | 13.9 |

Employee Welfare

Taking care of the welfare of our employees is crucial to the longer-term sustainability of our organisation as it helps to create a better workplace with healthy, loyal and satisfied employees. We are guided by our Employee Welfare Procedure in ensuring we provide a wide and suitable range of employee benefits and welfare initiatives.

Some of the benefits we provide our people are paid leave, medical benefits, education assistance and various other employment-related benefits. In the year under review, we introduced gifts for employees welcoming a new child into their families, as well as a fruit basket for employees who were hospitalised. We also extended donations to employees who have lost immediate family members. In 2021, the massive flooding that struck the country in December affected many Malaysians, and in response, the Company donated to the affected staff to help ease their burden.

All our employees are also given annual job appraisals, and they have the right to raise any issues or concerns through a clearly defined grievance mechanism process that has been developed and is managed by the Group's Human Capital Division. In line with our commitment to the International Labour Organisation ("ILO") and the Universal Declaration of Human Rights, we are firmly committed to upholding human rights across all aspects of our operations. All our policies have been formulated to ensure that we do not violate the basic rights of employees and the various communities in which we operate.



Keeping Employees Safe During the Pandemic Resurgence

Continuation of Work-From-Home Measures



Work-From-Home ("WFH") measures for employees with job functions that could be performed remotely from their homes continued throughout 2021. All engagements, meetings, training and awareness sessions were conducted online.

For corporate centre employees in supporting roles, or for those who were not directly involved in operations and projects, the Management implemented Split Team Working ("STW") arrangements. STW involved employees being split into different working groups which would rotate between working in the office and WFH.

Covid-19 Vaccination & Awareness



As of FY2021, we have vaccinated 948 out of 949 employees in the Malakoff Group whereas for Alam Flora, 2,966 out of 2,973 employees have been vaccinated.

We also constantly communicated the latest COVID-19 developments to our employees, including daily updates on cases among employees at business locations and email blasts reminding employees to follow the SOPs at all times.

Daily Workplace Temperature Screening



In compliance with the SOPs imposed by the government during the pandemic, we made it compulsory for all employees to scan and register their body temperature before entering the workplace. The Workplace Temperature Screening booth was located at the receptionist and front desk area at all our locations.

Leave Benefits

All our employees are entitled to a range of different types of paid leave benefits, including marriage, Hajj leave and study/exam leave. We offer paid maternity leave of up to 60 days for our female employees, and paternity leave of three days for new fathers. Other Malakoff employees such as contract and part-time employees are entitled to paid annual leave limited to a certain numbers of days and also to sick/medical leave.

Our People

SOCIAL

Employee Engagement

The Group is highly committed to engaging with our employees in meaningful and sustainable ways as highly engaged employees form the foundation of a productive and profitable organisation. Highly engaged employees are not only happier and more loyal, but will also help to foster improved customer interactions, which in turn makes them our best advocates. In the year under review, we conducted a number of engagement initiatives that included:

Jom Sembang With MD/CEO

The aim of this programme is to improve the rapport between employees and the MD/CEO through hour-long sessions where employees can share their thoughts with the MD/CEO about their working experience at Malakoff. Our MD/CEO practises an 'open-door' policy in this regard, entertaining any questions, issues, suggestions or that employees may have. In 2021, the MD/CEO engaged with 1,255 employees through 65 sessions.

Town Hall Session

The town hall session encourages bottom-up communication from our rank and file, enabling our employees to express their opinions about the Company, its direction and other work-related matters. In 2021, two virtual town halls were organised in January and June.

Birthday Greetings For Employees

At Malakoff, we believe that even the smallest gesture can have a lasting impact, so we send birthday greetings to our employees, to remind them that they are more than just an employee and are appreciated and valued by the organisation.

Employee Engagement Survey ("EES")

We strive to connect with our employees at a deeper level and to improve our employment practices in areas such as training, health and safety, remuneration, branding and retention. Thus, we conduct an annual EES to better understand our employees and to demonstrate that we are an organisation that cares and listens. The survey was conducted from 6 December to 31 December 2021, with 893 employees providing their responses. The majority of those who did not respond to the survey were on shift duty and had limited access to digital devices.

Targeted outcomes of the EES:



| | 2019 | 2020 | 2021 |
|--------------------------------|--------------|--------------|--------------|
| Targeted number of respondents | 1,001 | 943 | 949 |
| Completed surveys | 759 | 913 | 893 |
| Response Rate | 76.0% | 97.0% | 94.0% |

Talent Development

As a progressive organisation, we believe in investing in our people to ensure that all employees of the MCB Group have access to learning, development and training opportunities to stay relevant to current industry demand and agile in adapting to change. We aim to shape a knowledgeable, skilled and motivated workforce to ensure excellent delivery and remain ahead of our competition. As such, we constantly support our people by equipping them with current knowledge skills to enable them to carry out their role within the organisation and develop their talent in tandem with the organisation's strategic objectives.

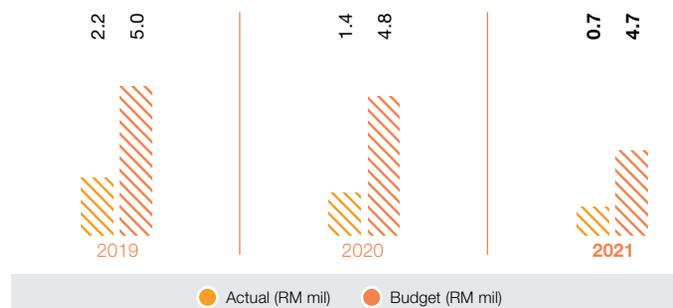
In 2021, we invested RM724,982 in talent development, comprising management development programmes and soft skills and technical training.

In 2021, we continued with the third cohort of the Malakoff Management Development Programme ("MMDP") with the objective of developing a pool of talented managers who will preserve the Company's core values, work in a high-performance culture and continue to grow the Company to the next level, while meeting stakeholder expectations. As of December 2021, we have identified 110 talented managers since the launch of the MMDP in 2018.

Number of Participants in the Malakoff Management Development Programme



MCB Group's Investment in Talent Development



Soft Skills Training

| Training Hours/Gender | Male | Female |
|-------------------------------------|-------|--------|
| Total No. of Employees | 352 | 148 |
| Total No. of Training Hours | 4,857 | 1,885 |
| Average Training Hours Per Employee | 13.80 | 12.74 |

Total Training Hours: **6,742**

| Employee Category | Total No. of Training Hours | Total No. of Staff | Average Training Hours Per Employee |
|--------------------------------|-----------------------------|--------------------|-------------------------------------|
| Executive (E2-E1) | 2,240 | 157 | 14.27 |
| Non-executive (N2-N1) | 324 | 24 | 13.50 |
| Management (M3-A2) | 4,069 | 306 | 13.30 |
| Senior Management (V1, V2, A1) | 60 | 7 | 8.57 |
| Top Management (SVP and above) | 49 | 6 | 8.17 |

Technical Training

By Plants

KLHQ & PDP

| Training attended by grade FY2021 | | | | Total training hours |
|-----------------------------------|-------|-------|------------|----------------------|
| N2-N1 | E2-E1 | M3-M2 | M1 & Above | |
| 35 | 77 | 31 | 13 | 889 |

TBPP, TBEPP, CHP

| Training attended by grade FY2021 | | | | Total training hours |
|-----------------------------------|-------|-------|------------|----------------------|
| N2-N1 | E2-E1 | M3-M2 | M1 & Above | |
| 257 | 370 | 78 | 18 | 1061 |

LPP, PPP

| Training attended by grade FY2021 | | | | Total training hours |
|-----------------------------------|-------|-------|------------|----------------------|
| N2-N1 | E2-E1 | M3-M2 | M1 & Above | |
| 150 | 192 | 97 | 21 | 1225 |

Total Training Hours: **3,175**

Our People

OCCUPATIONAL SAFETY AND HEALTH



Ensuring the safety and health of our employees is a priority in our organisation to ensure smooth daily operations.

We acknowledge that poor management of the safety and health of employees will lead to injuries and accidents at the workplace and disrupt our business operations and services. Serious incidents at the workplace could also expose the organisation to various risks such as legal, financial and reputational.

We are guided by our robust Occupational Health and Safety Policy, which is available on our internal intranet platform. The policy outlines our commitment to providing a healthy and safe work environment for our employees, contractors and stakeholders whose tasks and responsibilities require them to be present at our workplace. It also sets out our priorities in preventing injury and ill health caused by exposure to work hazards, and our commitment to eliminating hazards and reducing occupational health and safety risks in our operations and maintenance activities. Further to that, the policy underpins our commitment to complying with all applicable statutory and regulatory requirements of the local, state and federal authorities in relation to occupational health and safety. In addition to the policy, we are accredited with the international standard ISO 45001:2018 to uphold the highest levels of occupational health and safety.

Occupational Safety and Health Governance

The governance of occupational safety and health at Malakoff is in accordance with the ISO 45001:2018. This means we take into consideration all relevant internal and external issues, as well as the relevant factors that

may affect the occupational health and safety aspects of our organisation, when implementing strategies, directions, policies and objectives. The Board of Directors and Senior Management of Malakoff are highly committed to ensuring the organisation's compliance with occupational health and safety regulations and are actively involved in ensuring the health and safety of our people across all sectors in our operations.

Occupational Safety and Health Training

We strive to inculcate a culture of safety and health at the workplace by equipping our employees and contractors with adequate knowledge and promoting awareness on safety and health. We constantly work closely with external partners to organise occupational health and safety programmes, audits, inspections and awareness initiatives at the workplace to highlight the importance of health and safety.

In 2021, we conducted the following programmes amid disruptions from the pandemic:

- 1 Fire Watcher Training
- 2 Authorised Entry Standby Person Training
- 3 Hazard Identification, Risk Assessment and Risk Control ("HIRARC") Awareness
- 4 Malakoff Safety Passport to In-House Contractors
- 5 Drug Screening Test by the National Anti-Drugs Agency
- 6 Contractor Forum for Outage Contractors
- 7 Plant Management Walkdown
- 8 Plant HSSE Inspection
- 9 Toolbox Talk for Outage Contractors
- 10 Health Awareness (Heat Stress, Radiation, Quit Smoking)
- 11 Safety Awareness (Falling Objects, Covid-19, Workplace Injuries)
- 12 Environmental Awareness
- 13 Authorised Gas Tester Training
- 14 Emergency Drill Exercise (Earthquake, Fire, Landslide, Casualty, etc.)
- 15 Safety Marshal Inspection
- 16 Audiometric Test
- 17 Permit to Work Audit
- 18 HSSE Week 2021
- 19 MSOSH Audit 2021

Occupational Safety and Health Performance

Our aim is to reduce and mitigate accidents and injuries by increasing awareness and implementing strict health and safety rules at the workplace. Due to our stringent safety and health practices, we are pleased to report that Malakoff excluding MESB's projects & Alam Flora ("Malakoff Operations") recorded 0.16 LTIFR which aligned our key performance indicator ("KPI"). Our subsidiary, Alam Flora, also recorded 0.75 LTIFR, lower than its set maximum rate of 1.35. However, despite our best efforts, we regret to report that there were two fatalities in Alam Flora. Going forward, we will improve our health and safety measures by stepping up our training programmes and reviewing safety procedures to prevent such incidents in the future.

| Category | Description | Malakoff (Operations) | | | Alam Flora | | |
|---------------------------------|---|-----------------------|------|------|------------|------|------|
| | | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Fatality | Immediate death or death within one year of the date of the accident or occupational disease. | 0 | 0 | 0 | 0 | 1 | 2 |
| LTI | An injury is assessed to be a LTI when the injured person cannot return for duty during the next shift or the next day. | 0 | 0 | 3 | 16 | 37 | 25 |
| Medical Treatment Injury | Includes treatment of injuries administered by registered medical personnel. | 1 | 2 | 3 | 0 | 4 | 10 |
| First Aid Injury | Any one-time treatment and subsequent observation of minor injuries which do not ordinarily require medical care. | 1 | 0 | 2 | 1 | 1 | 0 |
| Fire Incident | A fire that occurs within the plant premises. | 9 | 2 | 1 | 1 | 4 | 2 |
| Property Damage | An instance where either company property or equipment is damaged. | 0 | 2 | 3 | 29 | 39 | 35 |
| Near Misses | An incident where no injury, ill health or property damage occurs, having been barely avoided. | 8 | 2 | 5 | 0 | 0 | 0 |
| Security Incident | Any incident related to a security breach. | 1 | 0 | 2 | 0 | 0 | 0 |

LTIFR Performance in FY2021

| Malakoff (Operations) | 2019 | 2020 | 2021 |
|---------------------------|------|------|------|
| Total Number of Incidents | 20 | 8 | 19 |
| Total Number of LTIs | 0 | 0 | 3 |
| LTIFR | 0 | 0 | 0.16 |

| Alam Flora | 2019 | 2020 | 2021 |
|---------------------------|------|------|------|
| Total Number of Incidents | 47 | 86 | 74 |
| Total Number of LTIs | 16 | 37 | 25 |
| LTIFR | 0.59 | 1.40 | 0.75 |

Our People

COMMUNITY INVESTMENT & DEVELOPMENT

We believe that the Group bears a responsibility towards the welfare of the communities in Malaysia. As such, we have committed to several initiatives, including developing Malaysian technical skills, enhancing community development, inculcating competitive spirit and taking measures to conserve the environment. Investing in the community will garner support, strengthen trust and cement our long-term relationships with local communities. Moreover, investing in meaningful platforms will have a positive impact on society at large. We have always actively invested in the needs of our local communities and will continue to do so in the future.



This year, Malakoff lent its support through our contributions to education and assisting them through the Covid-19 pandemic by supporting their needs.



Initiatives to Build Meaningful Partnerships With Our Community

We continued to provide donations and sponsorships to deserving organisations and individuals as part of our commitment to support the underprivileged and build meaningful partnerships with the community. We hope that our assistance will go a long way towards improving their quality of life and providing for their daily needs.

In FY2021, we continued to channel funds through Wakalah Zakat for the well-being of the local communities. Malakoff supports initiatives that improve their standard of living while meeting their basic needs. Malakoff has contributed during the year under review through Wakalah Zakat to provide financial assistance to the poor and needy (Asnaf Fakir & Miskin).

Contribution of RM300 each to
199 Asnaf Mukim Serkat, Johor

RM59,700

Contribution of RM300 each to
50 Asnaf Kampung Segari, Perak

RM15,000

Youth Education and Development

It is our belief that every individual deserves an education and as such, our Company has carried out several educational initiatives to support the communities around us. The Malakoff Edufund Programme, which was established in 2001, offers financial support to equip a total of 11 Adopted Schools located at our operating areas in Segari (Perak), Prai (Pulau Pinang) and Pontian (Johor) with learning tools and better infrastructure. On top of that, we also provide financial assistance through other programmes to the children in our local communities prior to the start of the school year.

Malakoff has also responded to the government's call for corporate organisations to support local higher educational institutions, and as such, we continued to support Universiti Tenaga Nasional ("UNITEN"), Universiti Malaysia Pahang ("UMP") and University Teknologi MARA ("UiTM") in carrying out student-related activities in the respective universities during the year under review. In 2021, Malakoff also made direct zakat contributions to educational institutions throughout the country totalling RM37,800.

Contribution to educational institutions throughout the country

RM37,800

Supporting Communities During the Covid-19 Pandemic

In the fight against Covid-19, when the government enforced the MCO on 1 June 2021, we found opportunities to support the work of our frontliners and provide for the needs of the underprivileged. Malakoff fully respects and supports the dedication and sacrifice of the medical frontliners in managing the pandemic and we also fully sympathise with all who have been affected by the pandemic. Malakoff, as a responsible corporate citizen, expressed its support and encouragement to all during these difficult times by contributing to the Covid-19 pandemic relief effort. To support the needs of the communities around us, we provided daily necessities and essential items like food through the following initiatives:

Contribution to Local Communities

Communities at
Mukim Serkat,
Johor (Kawasan 1)

Through the MMC Prihatin Programme, we distributed 200 food packages (flour, rice, vermicelli, sugar, salt, spices, biscuits, drinks)

300 Households
in Mukim Serkat,
Johor and
Kampung Segari,
Lumut, Perak

Distributed 300 food boxes containing essential items (rice, sugar, flour, spices)

Asnaf/
Underprivileged
in the Klang
Valley

In collaboration with Pusat Pungutan Zakat & Majlis Agama Islam Wilayah Persekutuan ("PPZ-MAIWP"), we donated RM245,000 through the 'Program Sumbangan Bakul Rezeki'

Total contribution to community investment and development in 2021:

Wakalah Zakat
RM668,800

Stakeholder Management
RM110,440

Our People

COMMUNITY INVESTMENT & DEVELOPMENT

Contributing to Healthcare

To facilitate healthcare needs during the Covid-19 pandemic, Malakoff donated RM24,500 for the purchase of an Airvo 2 Humidifier Nasal High-Flow Therapy machine for the Trauma and Emergency Department of Hospital Selayang, Selangor. This was done on the advice of the World Health Organization (“WHO”) as Nasal high-flow therapy is the first method of respiratory aid to deliver oxygen to Covid-19 patients and a vital measure to avoid being intubated.

In addition, Malakoff contributed RM10,000 to the Raja Zarith Sofiah of Johor Foundation to support public hospitals in Johor and further strengthen their healthcare system in treating Covid-19 patients. We also donated RM2,500 to the Mukim Serkat Vaccination Centre volunteers to support the operations of the vaccination centre.

CSR Activities That Reinforce Our Social Commitments

While most of our philanthropic contributions in FY2021 were targeted at helping communities in need through the Covid-19 pandemic, we also reached out to touch the lives of other segments of the community during the year with the following:



Responsible Subcontracting and Procurement

We are cognisant of the importance of our suppliers and vendors' role in making sure our operations are not disrupted. Thus, we strive to achieve high standards of corporate governance, integrity and ethics in ensuring responsible subcontracting and procurement to uphold our stakeholders' high level of trust and confidence in our organisation. We acknowledge that responsible subcontracting and procurement are integral to the sustainability of our business, as it ensures compliance with the necessary rules and regulations.

Responsible subcontracting and procurement also help to ensure that the overall process of acquiring supplies, services, works and/

or consultancy services, from identifying needs to selecting sources and, preparing and awarding contracts, complies with Malakoff's Group Procurement Policy and Procedures. Our subcontracting and procurement processes are governed by stringent policies and procedures in place such as Limits of Authority, Group Procurement Process, Group Vendor Management Procedure, E-Auction Procedure and Procurement Evaluation Guidelines.

We continue to support local industries across our business chain and activities to contribute to local economic development. In 2021, an estimated 98% of Malakoff's procurement spend went to local suppliers and vendors while 100% of Alam Flora's procurement spend was on local suppliers and vendors.

The Group's Number of Vendors in 2021



ALAM FLORA SDN BHD (“Alam Flora”)

As one of the largest concession holders of Malaysia’s national solid waste management and public cleansing privatisation projects, Alam Flora provides an extensive range of waste management services to several concession areas in the Central Region of Peninsular Malaysia, namely Kuala Lumpur, Putrajaya and Pahang.

Alam Flora adopts a holistic approach to waste management practices by going ‘beyond waste management’ in constantly striving to improve and enrich the communities and the environment. The company understands the welfare of the environment is key to our communities’ well-being and health. As such, Alam Flora actively pursues projects and initiatives that bring benefits to the community to create a more sustainable environment for our society to thrive in.

This lays a solid foundation for the company’s community programmes aimed at bringing humans and nature together in harmony.

Alam Flora continues to support the government’s ‘Separation at Source’ programme (“S@S”) through our RewardS@S programme. We place our uniquely designed bins at participating non-landed residential areas and offices in Putrajaya and Kuala Lumpur. For every ‘M’-sized plastic bag of recyclables dropped into our ‘theft-proof’ bin by the public, PETRONAS Mesra cardholders will be awarded five Mesra points after scanning the barcode on their Mesra cards.

To continue to support surrounding communities and raise awareness on the environment, Alam Flora also organised several other CSR initiatives in 2021:

1**Post-Flood Relief**

22 January 2021 – Temerloh, Pahang
21 December 2021 – Klang & Taman Sri Muda, Selangor
22 December 2021 – Klang, Selangor and Kuala Lumpur

2**Distribution of ‘Bubur Lambuk’ in conjunction with Ramadan**

3 May 2021 – ‘Love Food, Hate Waste’ in collaboration with Pertubuhan DAI KL and the Royal Malaysian Police at Bukit Aman District Headquarters, Kuala Lumpur
5 May 2021 – ‘Love Food, Hate Waste’ at Ramadan Bazaar, PPR Beringin, Kuala Lumpur

3**Alam Flora Prihatin for Frontliners**

29 June 2021 – Pejabat Kesihatan WPKL & Putrajaya
30 June 2021 – Stadium Melawati, Shah Alam
23 July 2021 – IPD Dang Wangi, Kuala Lumpur
10 August 2021 – Donation in collaboration with Pertubuhan DAI Kuala Lumpur to Surau in PPR around Kuala Lumpur





05

CREATING VALUE

Creating value is a crucial process, one that relies on obtaining a wide range of information about our risks, the external environment and what is important to our stakeholders, as well as new business opportunities.

At Malakoff, strategic engagement, ESG considerations and data analytics continue to serve as key foundations to drive our strategies to create long-term sustainable value.

| | |
|----|---|
| 66 | Market Landscape |
| 68 | Stakeholder Engagement |
| 71 | Material Issues |
| 72 | Value Creation Model |
| 74 | Risks and Opportunities |

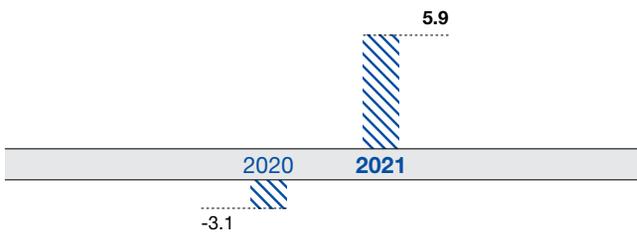
Market Landscape

The resurgence of the pandemic due to more virulent strains of Covid-19 disrupted global economic recovery in 2021, even as mass vaccination programmes were underway all over the world.

As a result, governments were forced to implement lockdowns to lessen the strain on their health systems, which also meant businesses shutting down operations, thus dampening demand and supply for goods and services. In Malaysia, we witnessed a full lockdown in the middle of 2021 and was later complemented by the National Recovery Plan that outlined the criteria for different phases of economic activity according to the number of new cases, healthcare capacity and vaccination rate of adults. The pandemic significantly impacted the economy across a range of industries.

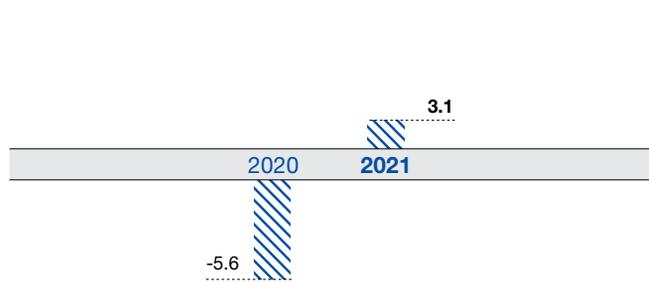
While global GDP did bounce back to a forecasted 5.9% year-on-year in 2021 according to the International Monetary Fund (“IMF”), it was on the back of the low base after the 3.1% contraction in GDP in 2020, as well as the moderate recoveries recorded by more advanced economies. In Malaysia, GDP grew by 3.1% in 2021, a recovery from the 5.6% contraction in 2020, but still indicating that the economy had not recovered to pre-pandemic levels.

Global GDP (%)



Source: World Economic Outlook Update, International Monetary Fund.

Malaysian GDP (%)



Source: Malaysia Economic Performance Fourth Quarter 2021, Department of Statistic Malaysia.



Thermal Power Generation

The uneven recoveries of economies due to the nature of the pandemic led to different regions of the world ramping up their demand for energy at different times. The overall effect was a surge in the price of resources like coal, natural gas and oil. With the prices of natural gas spiking due to uneven demand as both Asia and Europe charted their recoveries, coupled with increased needs from Europe to weather its winter season, many countries turned to coal in order to secure their energy needs. This then led to a surge in coal prices. The higher price of coal was also an issue in Malaysia, which saw the ACP doubling year-on-year in some instances.

Demand for electricity largely mirrors GDP growth. Despite various iterations of the lockdown, electricity demand in Malaysia grew by 0.9% year-on-year in 2021 compared to a contraction of 4.8% in 2020. The turnaround was due to the robust increase in economic activities post-MCO, as the high vaccination rates that the country achieved in 2021 afforded the reopening of inter-state travel as well as the full resumption of economic activities by the fourth quarter of the year.

Electricity demand in Malaysia grew by 0.9% year-on-year in 2021 compared to a contraction of 4.8% in 2020.

Renewable Energy

Malaysia's RE installed capacity in 2021 comprised about 23% of the country's energy mix. The development of renewables is gaining momentum as Malaysia transitions to a low-carbon economy. Malaysia is committed to reducing its carbon emissions by 45% in 2030 and to being carbon neutral by 2050. Given our geographic location, solar power continues to grow strongly, accounting for 51% of total RE capacity¹, and will complement the growth in hydropower as well as the government's intention to explore WTE solutions.

Besides the government's support in driving Large Scale Solar programmes to increase generation capacity, private players have been actively

deploying solar photovoltaic ("PV") panels across residential, industrial and commercial rooftops, and it is estimated that rooftop space in Malaysia currently offers more than 4 GW of potential capacity.

Due to the intermittent or variable nature of solar generation, there is a need for relevant infrastructure such as energy storage, which is a development that is now playing out in more advanced countries as they seek to stabilise their grids. With Malaysia's plan to adopt up to 500 MW of battery storage technology under the country's Energy Transition Plan 2021-2040, energy storage will become an important aspect of grid-connected solar PV in Malaysia from 2030 onwards.

Malaysia is committed to reducing its carbon emissions by 45% in 2030 and to being carbon neutral by 2050.

Environmental Solutions

Daily, Malaysians generate around 38,699 tonnes of solid waste². Currently, there are 141 solid waste landfills in Malaysia. Of those, 116 are open dumpsites, 21 are sanitary landfills (which are engineered with anti-pollution features to allow safe decomposition) and four are residual waste landfills.

With the number increasing yearly due to the rising population and tremendous growth in urbanisation as well as other factors, the need to look for alternatives other than creating more landfills is inevitable. This augurs well for Alam Flora's going 'beyond waste management', which includes enhancement of its waste diversion initiatives involving waste recovery and treatment activities. This is also in line with the Group's recycling goal of achieving a 15%-20% recycling rate by 2025 and towards the creation and development of a circular economy in the country, which is part of the National Cleanliness Policy key pillar.

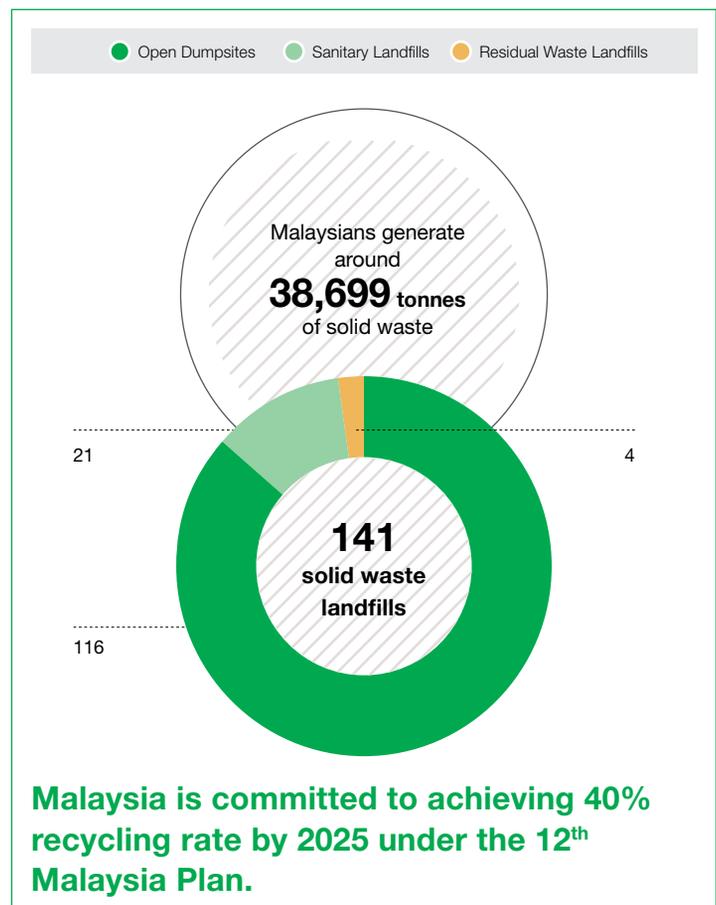
Alam Flora's initiatives include creating a recycling culture among Malaysians through the establishment of Fasiliti Inovvasi Kitar Semula ("FIKS"), the country's first education and awareness centre on recycling, and a Material Recycling Facility ("MRF"), in Putrajaya. Alam Flora also manages Malaysia's first PRF in managing waste from ships, in Northport, Port Klang.

Due to space constraints, Malaysia is now transitioning to incineration method to overcome its garbage disposal issues. Currently, there are four small-scale thermal treatment plants with a total capacity of 175 tonnes per day. Two of these mini-incinerators, located in Pangkor Island and Cameron Highlands, respectively, are being managed by Alam Flora's subsidiary, AFES.

Such incineration centres can help as waste can be burnt quickly, with 99% of solid waste being incinerated completely. With this method, about half of the solid waste produced in Malaysia daily can be incinerated. The ashes are considered 99% safe to be disposed of in existing landfills³. This also paves the way towards alternative energy production through WTE method.

Sources:

¹ Malaysia Renewable Energy Roadmap, SEDA Malaysia.
^{2,3} "Tackling the Rising Amount of Trash", The Star (24 Oct 2021)



Stakeholder Engagement

| Stakeholder Group | Method of Engagement | Stakeholder Concerns | Malakoff's Response | Material Topics |
|--|--|--|--|---|
| Employees | | | | |
| Our 3,922 employees | <ul style="list-style-type: none"> Town halls Virtual meetings Surveys Company intranet Newsletter | <ul style="list-style-type: none"> Sustainability of business growth Our strategies to maximise profits Readiness to fully adapt ESG practices Post-pandemic business survival Environmental concerns Safety and health | <ul style="list-style-type: none"> Malakoff has been aggressively exploring RE & Environmental projects to expand the business portfolio towards more sustainable growth while aligning with the Company's ESG goals and country's sustainability aspirations Malakoff will nurture our employees to achieve excellence and grow professionally within a safe and healthy work environment | <p>M4 Natural Disaster and Pandemic</p> <p>M9 Employee Engagement and Well-being</p> <p>M10 Occupational Safety and Health</p> <p>M13 Effective Communication</p> |
| Local Communities | | | | |
| Local communities we engage with in or near areas where we operate, including those impacted by our operations, mainly in Johor, Perak, Penang, Pahang, Selangor and the Federal Territories of Kuala Lumpur and Putrajaya | <ul style="list-style-type: none"> Surveys Community events Interviews | <ul style="list-style-type: none"> Biodiversity impact of our operations The continuation of community investment programmes and support Security of health and safety Having open channels of communication | <ul style="list-style-type: none"> Malakoff will deliver a dependable supply of reliable energy and efficient environmental management to our communities while ensuring optimal resource management through innovative and sustainable solutions Malakoff will continue our CSR programmes to nurture and develop the next generation | <p>M3 Waste Management</p> <p>M4 Natural Disaster and Pandemic</p> <p>M8 Community Development</p> |
| Shareholders/Investors | | | | |
| Institutional and retail investors, analysts and potential investors | <ul style="list-style-type: none"> Virtual meetings Analyst briefings AGM Quarterly report Website updates Group/One-on-One Meetings Mailing List | <ul style="list-style-type: none"> Share price performance, profitability expectations ESG framework Environmental issues, e.g. climate change, recycling, waste handling Strategic direction of our business portfolio Promoting a more transparent disclosure | <ul style="list-style-type: none"> Continuous engagement with the investment community on financial, operational and strategic updates Malakoff will ensure the Group's sustainability agenda is aligned with shareholder expectations through the adoption of best practices Establishment of a new Sustainability Framework that includes long-term Net Zero Emission goals, supported by a clear roadmap Malakoff has embarked on its inaugural Integrated Reporting and will continue to improve on its disclosure practices | <p>M13 Effective Communication</p> <p>M14 Economic Performance</p> <p>M15 Strategy Implementation</p> |

Stakeholder Engagement

| Stakeholder Group | Method of Engagement | Stakeholder Concerns | Malakoff's Response | Material Topics |
|--|---|--|---|--|
| Customers | | | | |
| Our customer base comprises customer groups from the residential, commercial and industrial segments | <ul style="list-style-type: none"> Virtual engagements Surveys Public Events | <ul style="list-style-type: none"> New technologies (smart metering, solar payment provider) RE market expansion to residential areas Improved customer experience Energy efficiency | <ul style="list-style-type: none"> Malakoff will advance the transition to cleaner energy, which will include the use of new technologies Malakoff will prioritise business innovation to address customer-related concerns | <ul style="list-style-type: none"> M2 Renewable Energy M7 Energy Consumption M14 Economic Performance |
| Government Authorities | | | | |
| The Malaysian federal and state governments, Members of Parliament, municipal councils and regulators | <ul style="list-style-type: none"> Surveys Corporate events Dialogues | <ul style="list-style-type: none"> Post-pandemic survival Security and reliability of electricity supply Robustness of our cybersecurity systems Integration of ESG compliance into business Management of environmental issues at our plants | <ul style="list-style-type: none"> Malakoff has aligned itself to become a sustainably conscious organisation, guided by our role in nation-building, sustainability, customer enrichment and employee development Malakoff has committed to acting on climate change by reducing our carbon emissions and advancing the energy transition Malakoff aspires to maintain 100% availability of our critical systems and minimise cybersecurity incidents throughout the year | <ul style="list-style-type: none"> M17 Regulatory Compliance M18 Governance, Ethics and Integrity |
| Law Enforcement Agencies | | | | |
| Local law enforcement agencies that help communities resolve conflicts or any environmental issues, including the Department of Environment ("DOE") and Department of Safety and Health ("DOSH") | <ul style="list-style-type: none"> Surveys Virtual meetings | <ul style="list-style-type: none"> Management of environmental issues at our plants Adapting to new regulatory frameworks Compliance with existing regulations Climate change | <ul style="list-style-type: none"> Malakoff will enforce and observe the highest corporate compliance standards in all units and activities of the Group | <ul style="list-style-type: none"> M16 Operational Excellence M17 Regulatory Compliance |

Stakeholder Engagement

| Stakeholder Group | Method of Engagement | Stakeholder Concerns | Malakoff's Response | Material Topics |
|--|--|---|--|--|
| Ratings Agencies and Financial Institutions | | | | |
| All banks and financial agencies we engage with in the business of dealing with financial and monetary transactions, including deposits, loans, investments and currency exchanges | <ul style="list-style-type: none"> • Surveys • Virtual meetings/ briefings | <ul style="list-style-type: none"> • Financial performance • Commitment to sustainability agenda • Investment strategy • Economic and political instability | <ul style="list-style-type: none"> • Malakoff continues to seek and participate in potential greenfield and brownfield RE projects, environmental-related projects such as WTEs and water desalination projects in the MENA region • Malakoff's investment decisions are guided by the Group's internal Core Investment Guidelines | <p>M14 Economic Performance</p> <p>M15 Strategy Implementation</p> |
| Contractors and Vendors | | | | |
| Parties that are contractually bound to deliver supplies, works or consultancy services in accordance with stated contract terms | <ul style="list-style-type: none"> • New vendors registration • Vendor Day | <ul style="list-style-type: none"> • Procurement process • Industry support for business growth • Supply chain management | <ul style="list-style-type: none"> • Malakoff will explore new innovations and technologies to improve our own capabilities, such as our supply chain management | <p>M13 Effective Communication</p> <p>M15 Strategy Implementation</p> <p>M16 Operational Excellence</p> |

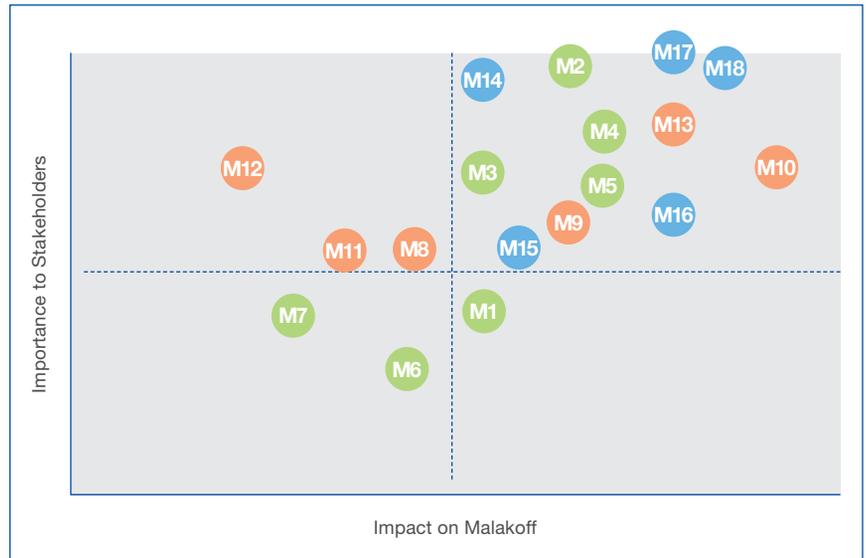
Material Issues

Malakoff’s material issues reflect the key ESG topics that significantly impact our business and stakeholders.

In the year under review, we reviewed and reconfirmed our ESG topics and aspects to remain relevant and align to Malakoff’s strategies, emerging risks and opportunities, industry developments and stakeholder concerns.

From the latest feedback obtained from our stakeholders, we prioritised 18 material issues for FY2021 and mapped them against their direct and indirect contributions to the UN SDGs.

Materiality Matrix



Environmental

- M1** Energy Sources
- M2** Renewable Energy
- M3** Waste Management
- M4** Natural Disaster and Pandemic
- M5** Biodiversity Impact
- M6** Water Management
- M7** Energy Consumption

Social

- M8** Community Development
- M9** Employee Engagement and Well-being
- M10** Occupational Safety and Health
- M11** Talent Management
- M12** Human Rights and Labour Relations
- M13** Effective Communication

Governance

- M14** Economic Performance
- M15** Strategy Implementation
- M16** Operational Excellence
- M17** Regulatory Compliance
- M18** Governance, Ethics and Integrity

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

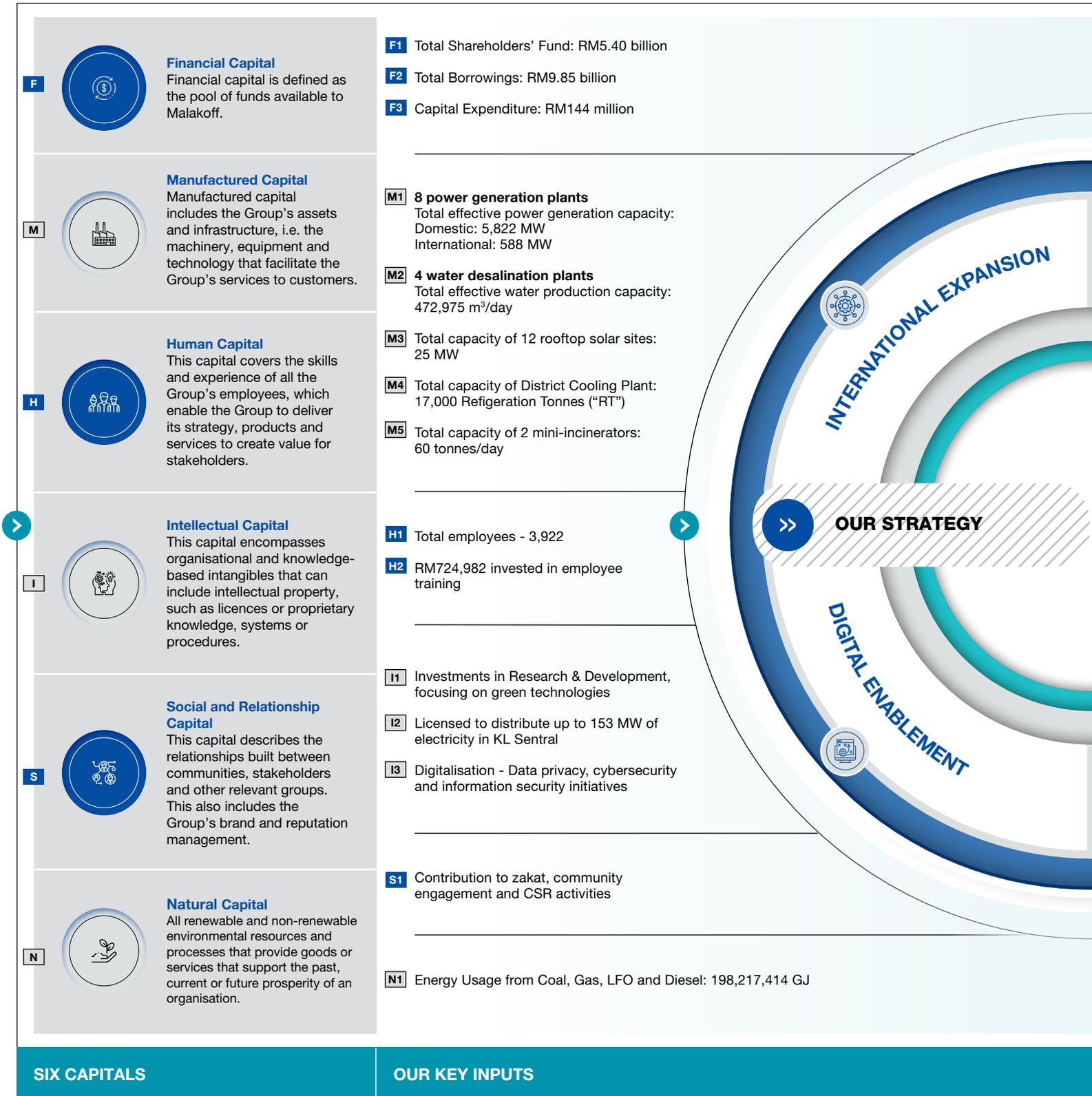
8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

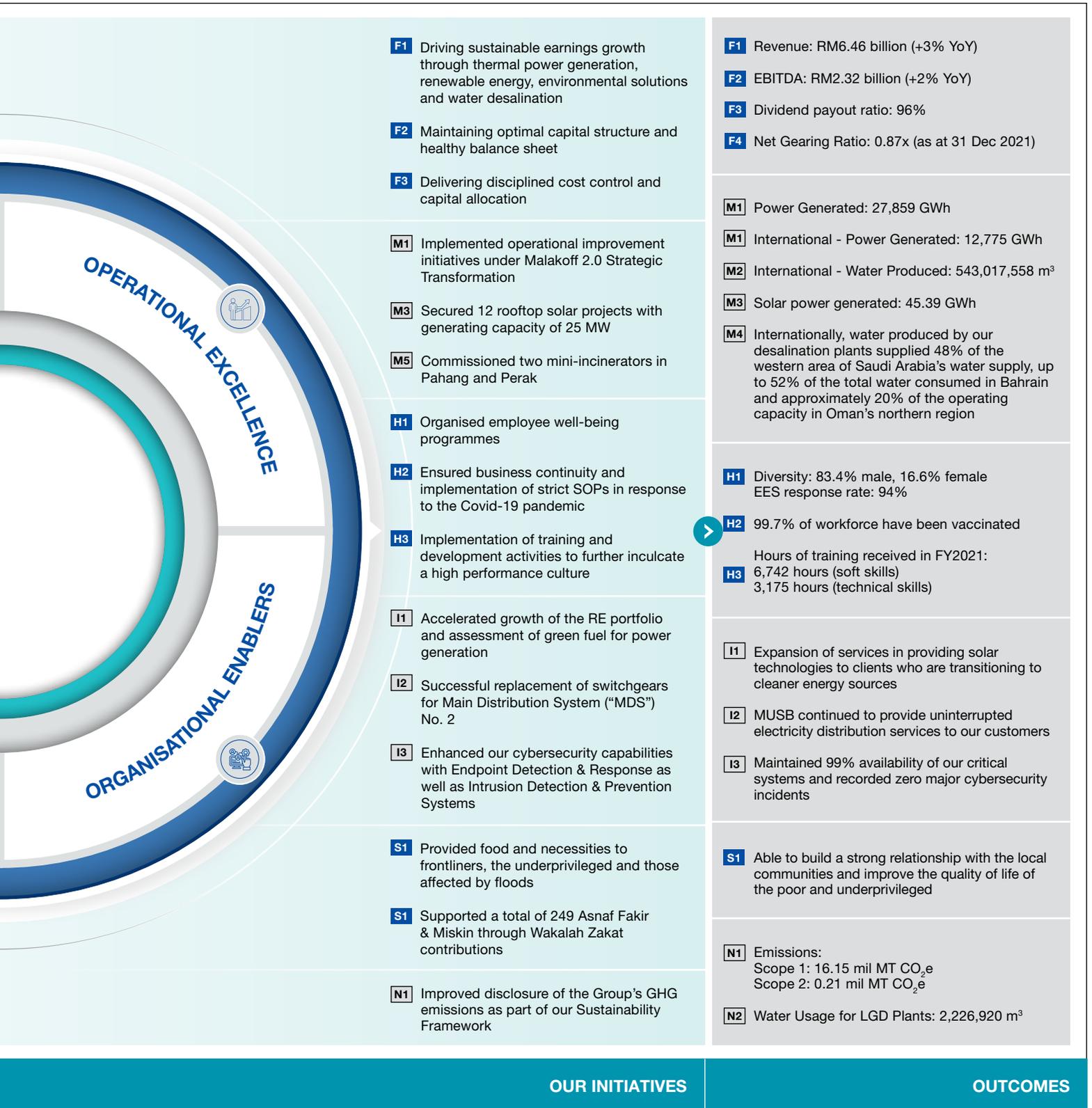
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Value Creation Model



Value Creation Model



OUR INITIATIVES

OUTCOMES

Risks and Opportunities

The Group is proactive in the management of its risks, with our enterprise risks deliberated annually and further considered against the context of our strategic business plan and the current market landscape of the various businesses we operate.

Mitigation

- Continuously monitoring energy policies (local & abroad) via market research and frequent engagement with relevant stakeholders/authorities, including future opportunities

Industry

Strategy

Country

ESG

- Progressively building internal capabilities to be able to compete aggressively
- Promoting market liberalisation to break monopolies
- Being innovative and resilient – adapting to key trends
- Forming partnership(s) with competitor(s) to enhance our competitive edge

Industry

Strategy

Country

ESG

- Strategically embracing disrupting trends
- Exploring strategic alliances with suitable partners

Industry

Strategy

Country

ESG

- Gaining knowledge and a better understanding of merchant markets in established regions (i.e. UK, Australia, Singapore) through enhanced exposure
- Active discussions/forums with stakeholders
- Focusing more on target countries/regions and taking calculated risks against returns

Industry

Strategy

Country

ESG

UNCERTAINTIES DUE TO CHANGES IN ENERGY POLICIES

FIERCE COMPETITION FROM LARGE UTILITY COMPANIES, INTERNATIONAL TRADING HOUSES AND/OR THE EMERGENCE OF NEW PLAYERS

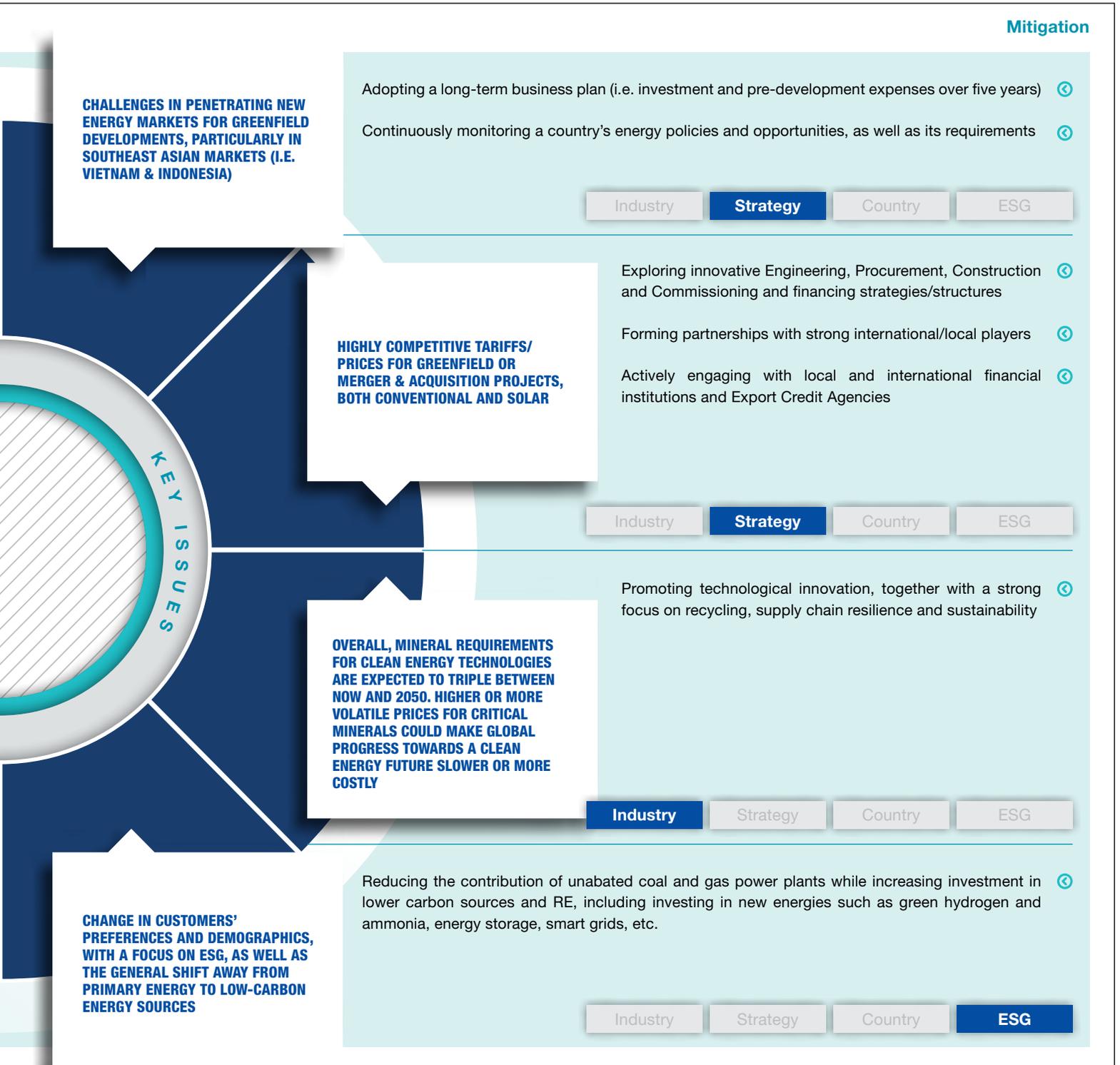
DISRUPTIVE MARKET FORCES WITH THE EMERGENCE OF NEW TECHNOLOGY, ETC.

POLITICAL AND MARKET RISKS IN THE COUNTRY (E.G. MERCHANT MARKET)

KEY ISSUES

Risks and Opportunities

In identifying our risks, we have also planned mitigation actions in order to ensure the sustainability of our operations.





OUR GOVERNANCE PRACTICES

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The ability for any organisation to maintain its prosperity and to grow further is largely dependent on its adherence to good governance practices.

At Malakoff, we are fully committed to upholding the highest standards of governance and integrity, ensuring that it is fully embedded throughout the organisation.



Board of Directors

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

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



03 Dato' Sri Che Khalib Mohamad Noh
Non-Independent Non-Executive Director

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

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

04 Datuk Ooi Teik Huat
Non-Independent Non-Executive Director

06 Datuk Idris Abdullah
Independent Non-Executive Director

08 Datuk Rozimi Remeli
Independent Non-Executive Director



Board of Directors' Profile

Age: 74 | Gender: Male



Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali

Independent Non-Executive
Chairman



Other Current Appointments:

- Chairman of the Board of Linde Malaysia Holdings Berhad and SIRIM Berhad.
- Board member of the Malaysian Institute of Integrity (IIM), Joint-Chairman (Government) of Aerospace Malaysia Innovation Centre (AMIC) 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, Yayasan Universiti Teknikal Malaysia Melaka (UTeM), Board of Governors of the Malay College Kuala Kangsar.
- In academic sector, he is the Pro-chancellor of Universiti Tenaga Nasional (UNITEN).

Date Appointed To The Board: 1 January 2022

Attended Board Meetings In 2021:

- No attendance records for Tan Sri Datuk Dr. Ir. Tajuddin, as he was not on the Board of the Company during the financial year 2021.

Academic/Professional Qualifications:

- Registered Professional Engineer with the Board of Engineers Malaysia (PEng).
- 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.

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.

Note:

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

Membership of Board Committees:

| | |
|----------|------|
| BAC | BNRC |
| Chairman | |
| BRIC | BPC |

Board of Directors' Profile

Age:
48Gender:
Male

Anwar Syahrin Abdul Ajib

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



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.

Date Appointed To The Board: 1 December 2020

Attended Board Meetings In 2021: 7/7

Academic/Professional Qualifications:

- Master in Business Administration, University of Salford, United Kingdom.
- Bachelor of Engineering in Mechanical Engineering, 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") from June 2008 to August 2014.
- 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.

Membership of Board Committees:

Nil

Board of Directors' Profile

Age: 57 | Gender: Male



Dato' Sri Che Khalib Mohamad Noh

Non-Independent
Non-Executive Director



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 ("NCB"), Kontena Nasional Berhad, Northport (Malaysia) Bhd and several private limited companies.

Date Appointed To The Board: 1 July 2013

Attended Board Meetings In 2021: 7/7

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, Dato' 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 on 30 June 2012.
- 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.
- Dato' Sri Che Khalib was the Managing Director of Malakoff and had been re-designated as Non-Independent Non-Executive Director since 9 December 2014.

Note:

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

Membership of Board Committees:

| | |
|------|--------|
| BAC | BNRC |
| | Member |
| BRIC | BPC |

Board of Directors' Profile

Age:
62Gender:
Male**Datuk Ooi Teik Huat**Non-Independent
Non-Executive Director**Other Current Appointments:**

- Board member of MMC, Tradewinds (M) Berhad, DRB-HICOM, Johor Port, Gas Malaysia and several private limited companies.

Date Appointed To The Board: 1 January 2012**Attended Board Meetings In 2021:** 7/7**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 until 1 June 1989.
- Joined Malaysian International Merchant Bankers Berhad 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.

Note:

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

Membership of Board Committees:

| | |
|--------|------|
| BAC | BNRC |
| Member | |
| BRIC | BPC |
| Member | |

Board of Directors' Profile

Age: 62 | Gender: Male



Dato' Mohd Naim Daruwish

Non-Independent
Non-Executive Director



Other Current Appointments:
Nil

Date Appointed To The Board: 29 April 2021

Attended Board Meetings In 2021: 5/5

Academic/Professional Qualifications:

- Bachelor of Law (LLB), 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 as a Manager in the Prosecution/Litigation Division 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.

Note:

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

Membership of Board Committees:

| | |
|--------|--------|
| BAC | BNRC |
| BRIC | BPC |
| Member | Member |

Board of Directors' Profile

Age:
65Gender:
Male**Datuk Idris
Abdullah**Independent
Non-Executive Director**Other Current Appointments:**

- Board member of NCB, DRB-HICOM, Pos Malaysia Berhad and several private limited companies.

Date Appointed To The Board: 11 December 2012**Attended Board Meetings In 2021:** 7/7**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.

Note:

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

Membership of Board Committees:

| | |
|-------------------------|-----------------------|
| BAC Member | BNRC Member |
| BRIC Chairman | BPC |

Board of Directors' Profile

Age: 75 | Gender: Male



Datuk Dr. Syed Muhamad Syed Abdul Kadir

Independent
Non-Executive Director



Other Current Appointments:

- Chairman of Sun Life Malaysia Assurance Berhad and Sun Life Malaysia Takaful Berhad.
- Board member of Solution Group Berhad, Export-Import Bank of Malaysia Berhad and several private limited companies.

Date Appointed To The Board: 11 December 2012

Attended Board Meetings In 2021: 7/7

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.
- As an Advocate and Solicitor of the High Court of Malaya in July 2009.
- 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.

Note:

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

Membership of Board Committees:

| | |
|-------------|-------------|
| BAC | BNRC |
| Chairman | Member |
| BRIC | BPC |
| Member | |

Board of Directors' Profile

Age:
65Gender:
Male**Datuk Rozimi Remeli**Independent
Non-Executive Director**Other Current Appointments:**

- Board member of Sarawak Cable Berhad and several private limited companies.

Date Appointed To The Board: 16 October 2017**Attended Board Meetings In 2021:** 7/7**Academic/Professional Qualifications:**

- Diploma in Electrical Engineering from Universiti Teknologi Malaysia in 1979.
- Bachelor in Engineering from Northrop 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.

Note:

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

Membership of Board Committees:

| | |
|-------------|-------------|
| BAC | BNRC |
| Member | |
| BRIC | BPC |
| Member | Chairman |

BAC Board Audit Committee**BNRC** Board Nomination and Remuneration Committee**BRIC** Board Risk and Investment Committee**BPC** Board Procurement Committee**Additional information in relation to the Board of Directors**

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

Executive Leadership

01 Anwar Syahrin Abdul Ajib
Managing Director/Chief Executive Officer
Management Committee

04 Dato' Mohd Zain Hassan
Chief Executive Officer Alam Flora Sdn Bhd
Management Committee

07 Raja Iskandar Raja Mukhtaruddin
Head, Human Capital Division
Ex Officio

02 Clive Anthony Smith
Chief Operating Officer
Management Committee

05 Vincent Yap Leng Khim
Senior Vice President,
Corporate Services Division
Management Committee

08 Subrina Thiagarajah
Head, Operations & Project Management
Services Division
Ex Officio

03 Mohd Nazersham Mansor
Chief Financial Officer
Management Committee

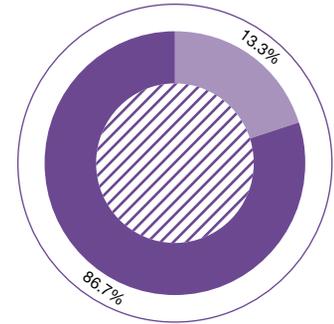
06 Mohammed Azmil Ismail
Senior Vice President,
Local Generation Division
Management Committee

09 Mohd Helmy Ibrahim
Head, Investment Development &
Management Division
Ex Officio



Gender

- 10 Saravanan Desigamanie**
Head, Strategy & Communication Division
Ex Officio
- 11 Shajaratuddur Mohd Ibrahim**
Head, Business Development Department
Ex Officio
- 12 Arnie Azlina Omar**
Head of Solar
Ex Officio
- 13 Nik Azril Nik Hassan Shuhaimi**
Head of Digital
Ex Officio
- 14 Adi Faimi Mohamed Haneef**
Acting Head, Risk Management and
Process Improvement Division
Ex Officio
- 15 Mohd Hadi Mohamed Anuar**
Chief Internal Auditor, Group Internal Audit
Chief Internal Auditor



● Male ● Female



Executive Leadership's Profile



ANWAR SYAHRIN ABDUL AJIB

Managing Director/Chief Executive Officer
Management Committee

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 48 | Male |

Date of Joining: 1 December 2020

Academic/Professional Qualifications:

- Master in Business Administration, University of Salford, United Kingdom.
- Bachelor of Engineering in Mechanical Engineering, 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.



CLIVE ANTHONY SMITH

Chief Operating Officer
Management Committee

| Nationality | Age | Gender |
|-------------|-----|--------|
| British | 59 | 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.

Executive Leadership's Profile

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”) from June 2008 to August 2014.
- 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 does not hold any interest in the securities of the Company.

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.

Executive Leadership's Profile



MOHD NAZERSHAM MANSOR

Chief Financial Officer
Management Committee

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 48 | 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.



DATO' MOHD ZAIN HASSAN

Chief Executive Officer Alam Flora Sdn Bhd
Management Committee

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 56 | Male |

Date of Joining: 1 February 2020

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.

Executive Leadership's Profile

Past Appointments/Experiences:

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

Note:

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

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 Division
Management Committee

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 48 | 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.



MOHAMMED AZMIL ISMAIL

Senior Vice President, Local Generation Division
Management Committee

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 52 | 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.

Executive Leadership's Profile

Past Appointments/Experiences:

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

Note:

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

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.
-

Executive Leadership's Profile



RAJA ISKANDAR RAJA MUKHTARUDDIN

Head, Human Capital Division

Ex Officio

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 57 | Male |

Date of Joining: 1 February 2021

Academic/Professional Qualifications:

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



SUBRINA THIAGARAJAH

Head, Operations & Project Management Services Division

Ex Officio

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 51 | Female |

Date of Joining: 27 June 1994

Academic/Professional Qualifications:

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

Executive Leadership's Profile

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.

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.

Executive Leadership's Profile



MOHD HELMY IBRAHIM

Head, Investment Development & Management Division

Ex Officio

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 50 | 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.



SHAJARATUDDUR MOHD IBRAHIM

Head, Business Development Department

Ex Officio

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 48 | Male |

Date of Joining: 1 October 2012

Academic/Professional Qualifications:

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

Executive Leadership's Profile

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 Rangkaian Positif Sdn Bhd ("RPSB") in 2001, a company that spearheaded the development of the 3 x 700 MW Coal Fired TBPP. At RPSB he contributed to the successful development of the project up to securing its Power Purchase Agreement 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 in 2020.
- Currently sits on the board of key subsidiaries/associate companies under Malakoff Corporation Berhad.

Note:

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

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

Note:

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

Executive Leadership's Profile



SARAVANAN DESIGAMANIE

Head, Strategy & Communication Division

Ex Officio

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 39 | 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).



ARNIE AZLINA OMAR

Head of Solar

Ex Officio

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 43 | 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.

Executive Leadership's Profile

Past Appointments/Experiences:

- A recipient of the Sime Darby Foundation Scholarship award, he began his career in Sime Darby Berhad in 2004 as a software analyst before being appointed to the role of Special Officer to the Executive Vice President, Group Strategy & Business Development of Sime Darby in 2008.
- Assigned as the Special Officer to the MD of Sime Darby Energy & Utilities, while serving under the MD's Office as well as the Programme Management Office in 2010.
- Appointed as Assistant Vice President, 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, Strategy & Communication Division in February 2020, overseeing the Group's corporate strategy, investor relations, corporate communications and stakeholder management units.
- Currently sits on the board of key subsidiaries companies under Malakoff Corporation Berhad.

Note:

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

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.

Executive Leadership's Profile



NIK AZRIL NIK HASSAN SHUHAIMI

Head of Digital

Ex Officio

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 47 | 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.



ADI FAIMI MOHAMED HANEEF

Acting Head, Risk Management and Process Improvement Division

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 46 | 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").
- Certified Sustainability Practitioner ("CSP"), Institute of Certified Sustainability Practitioner.
- Certified Lean Six Sigma Black Belt.
- Integrated ISO Lead Assessor, SIRIM.

Executive Leadership's Profile

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.

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 Acting Head of Risk and Process Improvement Division in 2021.

Note:

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

Executive Leadership's Profile



MOHD HADI MOHAMED ANUAR

Chief Internal Auditor, Group Internal Audit

Chief Internal Auditor

| Nationality | Age | Gender |
|-------------|-----|--------|
| Malaysian | 44 | 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 organization.
- Started his career as an auditor with Arthur Andersen/Ernst & Young from 2000 to 2004.
- Subsequent thereto, he joined Petroliaam Nasional Berhad ("PETRONAS") in 2005 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.

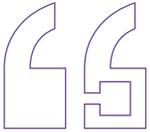
Note:

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

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

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

Corporate Governance Overview Statement



We strongly believe sound corporate governance practices are crucial for enhancing shareholders' value, instilling business integrity, increasing investors' confidence and to achieve the corporate objectives and vision of Malakoff Corporation Berhad (“Malakoff” or “Company”) and its subsidiaries (collectively “Malakoff Group” or “Group”)

The Board of Directors (“**Board**”), Management and employees are dedicated to achieving and maintaining the highest level of corporate governance. We constantly strive to improve the Group's corporate governance practices and processes, and will always uphold our four corporate governance pillars, namely ethical behaviour, accountability, transparency, and sustainability.

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

| Principle | Principle | Principle |
|---|--|---|
| A | B | C |
| Board Leadership & Effectiveness | Effective Audit & Risk Management | Integrity in Corporate Reporting & Meaningful Relationship with Stakeholders |

The CG Overview Statement shall be read together with the CG Report 2021, available on the Company's website at <https://www.malakoff.com.my/corporate-governance>.

Corporate Governance Overview Statement

Principle

A

Board Leadership & Effectiveness

I. Board Responsibilities and Charter

The Board directs and oversees the management of Malakoff's business and affairs with the goal of achieving long-term success and delivering sustainable value to its stakeholders. The Board determines the Company's strategic direction, monitors Management's strategies execution and financial performance and is responsible for 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 a shareholders communication policy for the Company;
- ▶ review the adequacy and the integrity of the management information and internal controls systems of the Company and the Group; and
- ▶ promote, together with Senior Management, good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour.

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.

 The Board Charter is accessible through the Company's website at <https://www.malakoff.com.my/corporate-governance>.

The Board reviews the Board Charter as needed to ensure its relevance to the Company's operating environment and compliance with rules and regulations. The Board last reviewed the Board Charter in November 2017.

The Limits of Authority ("LOA") is a Group policy that specifies the authority limits for the Board, Board Committees, Management Committee, Managing Director/Chief Executive Officer 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 change 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 implements its policies and procedures together with Management which include 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 Whistleblowing Policy was established by the Board to provide employees and third parties dealing with the Group with proper avenue and procedure to disclose cases of improper conduct such as criminal offences, fraud, corruption, breach of Group policies and Code of Conduct or other malpractices without fear of reprisal.

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

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

Roles and Responsibilities between the Chairman and the Managing Director/Chief Executive Officer ("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.

Corporate Governance Overview Statement

Board Committees

Board Committees are formed to oversee specific tasks for which the Board is responsible, within the confines of clearly defined terms of reference (“TOR”). This ensures that Board members can spend their time efficiently, while Board Committees are given the authority to investigate specific issues.

The following Board Committees have been established by the Board to date and the relevant TOR of the Board Committees are available at <https://www.malakoff.com.my/corporate-governance>.

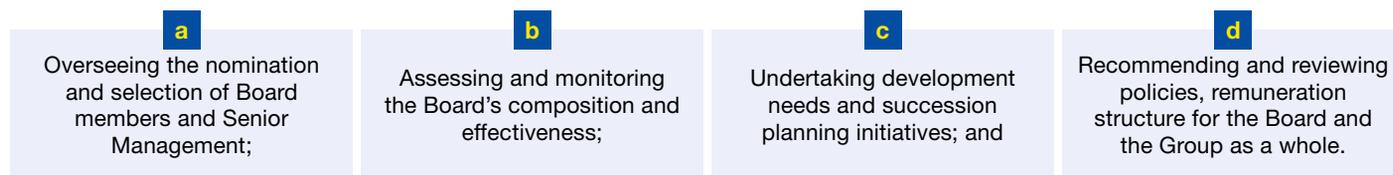
**BAC****Board Audit Committee**

The BAC assists the Board in carrying out its statutory and fiduciary responsibilities relating to the monitoring and management of financial risk processes, accounting practices, system of internal controls, 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 121 to 125.

BNRC**Board Nomination & Remuneration Committee**

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



The BNRC reviews the composition of the Board periodically. The tenure of each director is reviewed by BNRC and annual re-election of director(s) is contingent upon satisfactory evaluation of the director’s performance and contribution to the Board. A more detailed description is provided in the “Remuneration Section” of this CG Overview Statement.

BRIC**Board Risk & Investment Committee**

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 including funding options and costs as well as the investment returns to the Company/Group.

Corporate Governance Overview Statement

Principle

A

Board Leadership & Effectiveness

BPC

Board Procurement Committee

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 competent and 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.

Meeting Attendance

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

| Directors | Designation | Total Meetings Attended |
|---|---|-------------------------|
| Datuk Haji Hasni Harun (resigned on 31 December 2021) | Independent Non-Executive Chairman | 6/7 |
| Anwar Syahrin Abdul Ajib | Managing Director/ Chief Executive Officer | 7/7 |
| Dato' Sri Che Khalib Mohamad Noh | Non-Independent Non-Executive Director | 7/7 |
| Datuk Dr. Syed Muhamad Syed Abdul Kadir | Independent Non-Executive Director | 7/7 |
| Datuk Ooi Teik Huat | Non-Independent Non-Executive Director | 7/7 |
| Datuk Idris Abdullah | Independent Non-Executive Director | 7/7 |
| Datuk Rozimi Remeli | Independent Non-Executive Director | 7/7 |
| Dato' Mohd Naim Daruwish (appointed on 29 April 2021) | Non-Independent Non-Executive Director | 5/5 |

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

Every effort is made to ensure timely circulation of notices, agenda and meeting materials to the Board to provide sufficient time for the Directors to prepare for Board meetings and to facilitate effective Board discussion. The minutes of meetings are circulated to the Board for review before the minutes of meeting are confirmed at the next Board meeting.

Corporate Governance Overview Statement

Sustainability

The Board together with the 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 plans of action 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 71 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 improvement plan for the following CG practices is being implemented:

| 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 its 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 Key Performance Indicators include key ESG metrics such as emissions reduction, recycling rate, LTIFR, statutory & regulatory compliance and anti-bribery awareness. The Group has also established a Sustainability Framework and is currently evaluating key sustainability targets as part of the Company's efforts to address sustainability risks and opportunities. |

Corporate Governance Overview Statement

Principle

A

Board Leadership & Effectiveness

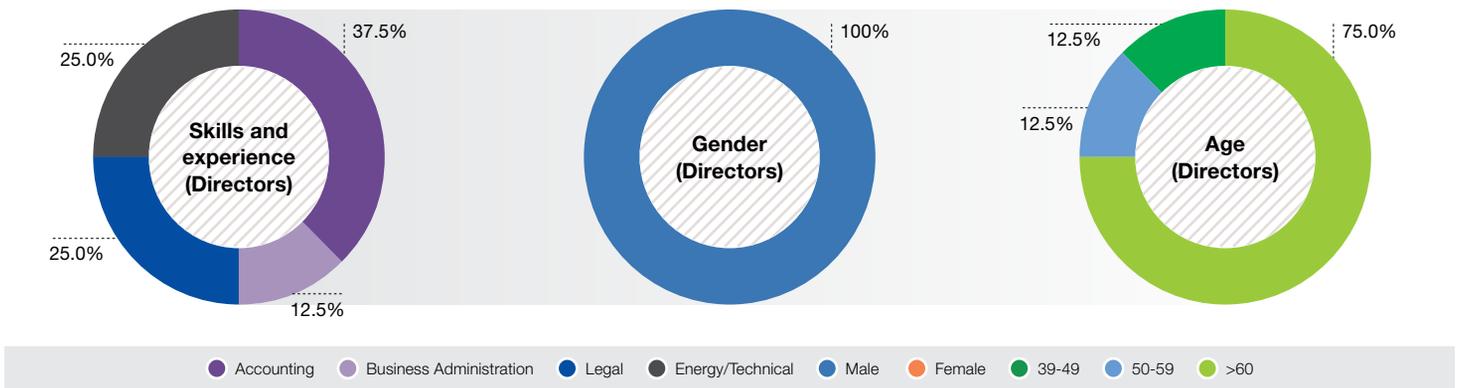
II. Board Composition

Independent Non-Executive Directors

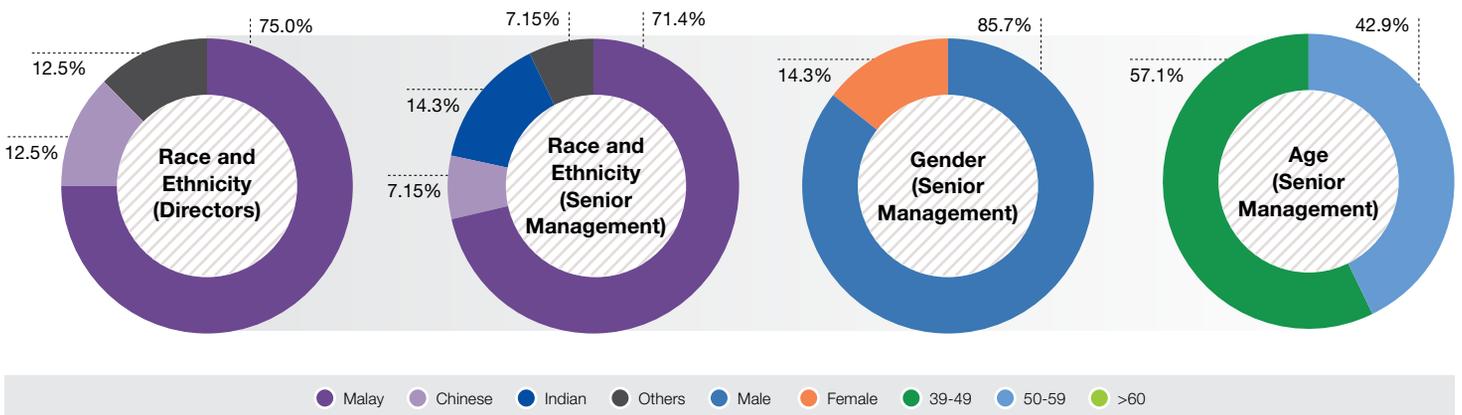
The Board currently comprises eight directors with seven non-executive directors (“NED”) and an executive director who is the MD/CEO of the Company. Four out of the seven NEDs are independent non-executive directors (“INED”) and the remaining three are non-independent non-executive directors (“NINED”). The Board composition includes people from various backgrounds, academic qualifications, experience, knowledge and skills. This enables the Board as a whole to draw on a diverse but balanced group of individuals to provide insights, perspectives and independent judgement in order to lead and steer the Group’s business.

The INEDs made up 50% of the Board composition meeting the MMLR of Bursa Malaysia.

A summary of Board composition by category, age and gender as at 11 March 2022 is provided below:



Summary of race/ethnicity of the Board including Senior Management of the Company is also provided below together with the Senior Management’s gender and age statistic:



Corporate Governance Overview Statement

Tenure of Independent Directors (“ID”)

The Board meets the MCCG’s recommendation that an ID’s tenure does not exceed a cumulative term of nine (9) years since the listing of Malakoff in May 2015. Shareholders’ approval is required to retain an ID who exceeds nine (9) years’ service as ID on the Board. Otherwise, such director may continue to serve on the Board as a non-independent director.

| Name of Independent Directors | Years of Service (Approximate) |
|---|--------------------------------|
| Datuk Haji Hasni Harun (resigned on 31 December 2021) | 5 |
| Datuk Dr. Syed Muhamad Syed Abdul Kadir | 7 |
| Datuk Idris Abdullah | 7 |
| Datuk Rozimi Remeli | 5 |

* The new Independent Non-Executive Chairman, Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali, was appointed on 1 January 2022.

Boardroom Diversity

Malakoff recognises that having a board comprising members from various background, experience, age, gender and race would provide 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 criteria, process and requirements to be followed by the BNRC and the Board in carrying out their responsibilities in terms of nomination, assessment and re-election of Director(s) are outlined in the TOR of BNRC. In addition, the Company adopted a Board Diversity Policy which outlines the approach to diversity on the Board including gender, age and ethnic diversity.

The Board discloses in its Board Charter on gender diversity for the Board and gender diversity for Senior Management in this Integrated Annual Report.

🔗 Read about our Board Diversity Policy at <https://www.malakoff.com.my/corporate-governance>.

Appointment and Re-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 boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the Company should be avoided.

In identifying candidates for appointment of directors, the Board does not solely rely on recommendations from existing directors, management or major shareholders. The Board utilises independent sources to identify suitably qualified candidates. If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the BNRC would assess and provide an explanation on why these source(s) are sufficient and other sources were not considered.

The Board ensure shareholders have the information they require to make an informed decision on the appointment 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. A description on the general meetings is provided in “communication to shareholder” section.

Corporate Governance Overview Statement

Principle

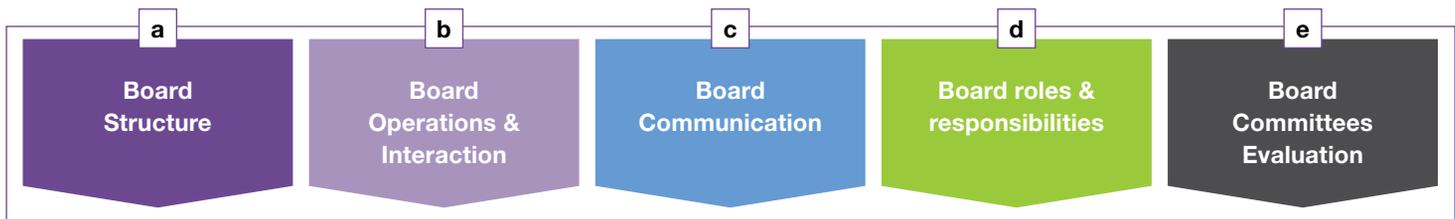
A

Board Leadership & Effectiveness

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, the Board and Directors' Peers Evaluation was conducted internally with the facilitation of Company Secretary through questionnaires.

The Board evaluation focuses on the following five key parameters:



Overall, the evaluation results for the financial year under review demonstrated that the Board met the performance criteria required for an effective and committed Board.

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 done 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.

During the financial year under review, all Directors attended at least one training/seminar/workshop as follows:

| Name | Trainings |
|--|--|
| Datuk Haji Hasni Harun (resigned on 31 December 2021) | <ul style="list-style-type: none"> i. Malaysian Code on Corporate Governance 2021 ii. Talk Invitation: The Convergence of ESG & Shariah iii. MIA Conference 2021 - "Navigating a Sustainable Future with Agility and Resilience" |
| Anwar Syahrin Abdul Ajib | <ul style="list-style-type: none"> i. Malaysian Code on Corporate Governance 2021 ii. Strategy in the Age of Digital Disruption |
| Dato' Sri Che Khalib Mohamad Noh | <ul style="list-style-type: none"> i. The Malaysian Code on Corporate Governance – Updated 28 April 2021 "What's New and Their Implications to Listed Company, Its Directors and Management" ii. Briefing Session on the International Professional Practices Framework iii. Pelancaran Kerangka Pelan Transformasi Industri Mineral Negara 2021-2030 iv. Sesi Libat Urus Bersama YB Menteri di Jabatan Perdana Menteri (Ekonomi) - Kedudukan dan isu-isu Ekonomi Semasa, Implikasi Pelaksanaan Perintah Kawalan Pergerakan terhadap Sektor Ekonomi serta Cabaran dalam Meningkatkan Pertumbuhan Ekonomi v. Sesi Libat Urus Bersama Pemain Industri Sektor Penerbangan vi. Sesi Libat Urus Majlis Tindakan Ekonomi Negara Bersama Pemain Industri Sektor Penerbangan vii. BMMB Structures Shariah Training: Regulatory Frameworks and Legal Issues for Islamic Financing & Legal Documentation viii. Iskandar Malaysia CEO Roundtable Virtual Series 2021: "Beyond the Pandemic Rising: Rising the Next Economic Wave" – The Rising Expectations of Economic Change ix. EPU Webinar on "Infrastructure Development to Boost Economic Growth Post Covid-19" x. Sesi Libat Urus Bersama Sektor Swasta mengenai Kerjasama Awam Swasta PPP 3.0 xi. BMMB Business Continuity Management (BCM) Awareness Training xii. EAC Dialogue: Advancing Sustainability: Preparing the Economy for the Climate Challenge |

Corporate Governance Overview Statement

| Name | Trainings |
|---|---|
| Datuk Dr. Syed Muhamad Syed Abdul Kadir | <ul style="list-style-type: none"> i. Enterprise Risk Management ii. The Malaysian Code on Corporate Governance – Updated 28 April 2021 “What’s New and Their Implications to Listed Company, Its Directors and Management” iii. Fraud Risk Management Workshop 2021 iv. Cyber Drill Exercise v. BNM Engagement Session with CEOs/Chairman of Insurance Companies/Takaful Operators and Insurance/Takaful Associations vi. BNM-FIDE Forum -MASB Dialogue on MFRS 17 Insurance Contracts: What Every Director Must Know vii. Asia Pacific Board Leadership Centre Webinar on Board and Audit Committee Priorities 2021 viii. FIDE Forum Interview Session ix. Briefing Session with EXIM Bank BOD on Multi Factor Authentication (“MFA”) & Credit Risk Management System (“CRMS”) x. Invitation as a Penalist – Corporate Board Leadership Symposium 2021 on Board Assessment – Advantage of Internal vs External Facilitation xi. Meeting between BNM, Assistant Governor with CEOs and Chairmans of DFIs on Socialisation of Policy Document on Corporate Strategic Plan xii. Training for all Board of Directors of MARA Corporation Group of Companies on Understanding of Corporate Liability Provision and Adequate Procedure xiii. KPMG Webinar on Transfer Pricing War Stories xiv. FIDE Forum – The Board’s Role & Responsibilities in Crisis Communication xv. Khazanah Megatrends Forum 2021 |
| Datuk Ooi Teik Huat | <ul style="list-style-type: none"> i. Enterprise Risk Management ii. Navigating Perform Transform: View from the Top iii. Future of Automotive and implications to DRB-HICOM iv. Bank Muamalat Malaysia Berhad – Islamic Banking Seminar v. Ask An Expert Webinar – Board Composition & Dynamics vi. Trends and Considerations for Compensation Matters vii. The Malaysian Code on Corporate Governance – Updated 28 April 2021 “What’s New and Their Implications to Listed Company, Its Directors and Management” viii. Lecture Series on State of the World Post-Covid Economic Brief: Digital disruption in the Banking Sector; and Transformation, Evolution and Innovation in the Automotive Sector ix. Anti-Bribery & Anti-Corruption: Understanding S17A of the Corporate Liability & Establishing Adequate Procedures |
| Datuk Idris Abdullah | <ul style="list-style-type: none"> i. Enterprise Risk Management ii. Malaysian Code on Corporate Governance 2021 iii. A Boardroom Simulation Live! Corporate Strategy Beyond the Crisis iv. Cybersecurity Oversight in the Boardroom v. Navigating Perform Transform: View from the Top vi. Cloud Computing Basics (Cloud 101) vii. Future of Automotive and Implications to DRB-HICOM viii. Bank Muamalat Malaysia Berhad – Islamic Banking seminar ix. Ask An Expert Webinar – Board Composition & Dynamics x. Trends and Consideration for Compensation Matters |

Corporate Governance Overview Statement

Principle

A

Board Leadership & Effectiveness

| Name | Trainings |
|--------------------------|--|
| Datuk Rozimi Remeli | <ul style="list-style-type: none"> i. How to be an Effective Director in the Disruptive World ii. FCD Module D: Financial Essentials for Directors iii. Corporate Restructuring & Turnaround for Company Directors iv. Audit Committee Conference 2021 v. Enterprise Risk Management vi. The Malaysian Code on Corporate Governance – Updated 28 April 2021 “What’s New and Their Implications to Listed Company, Its Directors and Management” vii. Talk Invitation: The Convergence of ESG & Shariah viii. Audit Oversight Board Conversation with Audit Committee |
| Dato’ Mohd Naim Daruwish | <ul style="list-style-type: none"> i. Fraud Risk Management Workshop 2021 ii. Integrity: A Fundamental Value for Future Organiser iii. Winning the B2B Digital Domain – Knowledge Sharing Session Organiser iv. Next Generation Reinvention of Telecom Operators v. Propelling B2B Digital Services Growth Organiser/Consultant vi. Organic & Inorganic Transformation |

The newly appointed Independent Non-Executive Chairman of the Company has also attended at least one training programme in 2021.

III. Board Remuneration

As the Company grows, we believe in paying our Directors appropriately by aligning remuneration and performance with the key strategic drivers for long-term growth. Our remuneration package for Directors aims to attract, retain, and motivate capable directors to successfully manage the Group. The remuneration has been designed to align with industry practices, taking into account the appropriate calibre of each Director whilst upholding of shareholders’ interests.

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 |
|---|--|
| Datuk Haji Hasni Harun (ceased on 31 December 2021) | Independent Non-Executive Chairman |
| Dato’ Sri Che Khalib Mohamad Noh | Non-Independent Non-Executive Director |
| Datuk Dr. Syed Muhamad Syed Abdul Kadir | Independent Non-Executive Director |
| Datuk Idris Abdullah | Independent Non-Executive Director |

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 qualification, skills, talent and experience in the Board and Board Committees.

The remuneration policies and practices appropriately reflect the different roles and responsibilities of NEDs, executive directors and Senior Management. These policies and procedures are periodically reviewed by the BNRC.

Corporate Governance Overview Statement

The remuneration recommendation to the Board for the Company's Directors and Senior Management shall be based on the following considerations:

| | | | |
|--|---|--|--|
| <p>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.</p> | <p>Links rewards to both the Company and individual performances, responsibilities, expertise and complexity of the Company's activities.</p> | <p>Aligns the interests of directors, senior management and our stakeholders with the business strategy and long-term objectives of our Company.</p> | <p>Information obtained from independent remuneration sources within similar industry.</p> |
|--|---|--|--|

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 in such a way that it links rewards to both 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 NED

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 2021 are set out in the table below:

| MD/CEO (Executive Director) | | | | | | | | | |
|-----------------------------|---------------------------------------|--|--------------|---|--------------|-----------------------------------|--|--------------|--------------|
| Name of Director | Salary 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 | 1,518,000.00 | - | - | - | 17,000.00 ** | 65,000.00 | 25,436.48 | 1,608,436.48 | 17,000.00 |
| Sub-total for ED | 1,518,000.00 | - | - | - | 17,000.00 | 65,000.00 | 25,436.48 | 1,608,436.48 | 17,000.00 |

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

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

Corporate Governance Overview Statement

Principle

A

Board Leadership & Effectiveness

| NED | | | | | | | | | |
|---|------------------------|--|------------------------|-------------------------|------------------------|------------------------------------|----------------------------|--------------|--------------|
| Directors | Directors' fees (RM) | Board Committee/Subsidiary Monthly Allowances (RM) | | Meeting Allowances (RM) | | Other Allowances ^a (RM) | Monetary Value of BIK (RM) | Total (RM) | |
| | | Company | Subsidiaries | Company | Subsidiaries | | | Company | Subsidiaries |
| Dato' Sri Che Khalib Mohamad Noh ^b | 108,000.00 | 24,000.00 | 60,000.00 ^c | 33,000.00 | 2,000.00 ^c | 25,000.00 | - | 190,000.00 | 62,000.00 |
| Datuk Dr. Syed Muhamad Syed Abdul Kadir | 108,000.00 | 96,000.00 | - | 51,500.00 | - | 5,000.00 | - | 260,500.00 | - |
| Datuk Idris Abdullah | 108,000.00 | 90,000.00 | 60,000.00 ^c | 53,500.00 | 3,500.00 ^c | 5,000.00 | - | 256,500.00 | 63,500.00 |
| Datuk Ooi Teik Huat | 108,000.00 | 30,000.00 | - | 47,500.00 | - | 10,000.00 ^d | - | 195,500.00 | - |
| Datuk Rozimi Remeli | 108,000.00 | 54,000.00 | - | 60,500.00 | - | - | - | 222,500.00 | - |
| Dato' Mohd Naim Daruwish | 72,600.00 ^e | 11,290.32 ^e | - | 25,500.00 | - | 6,446.00 | - | 115,836.32 | - |
| Resigned during FY2021 | | | | | | | | | |
| Datuk Haji Hasni Harun | 360,000.00 | 36,000.00 | - | 30,500.00 | 15,000.00 ^f | 25,000.00 | 41,032.78 ^g | 492,532.78 | 15,000.00 |
| Cindy Tan Ler Chin | 35,400.00 ^h | 7,866.66 ^h | - | 9,500.00 | - | - | - | 52,766.66 | - |
| Sub-total for NED | 1,008,000.00 | 349,156.98 | 120,000.00 | 311,500.00 | 20,500.00 | 76,446.00 | 41,032.78 | 1,786,135.76 | 140,500.00 |

Notes:

- Other allowances paid by Malakoff to the NEDs comprising annual leave passage and annual supplemental fees.
- Directors' remuneration is shared on an equal basis between MMC Corporation Berhad ("MMC") and the NED who is nominated by MMC.
- Monthly allowances and meeting allowances payable by the subsidiary of Malakoff, AFSB.
- Annual leave passage & supplemental fees claimed for year 2020 and 2021.
- Directors' fees and Board Committee allowances are shared on an equal basis between Employees Provident Fund Board ("EPF") and the NED who is nominated by EPF. With effect from 1 October 2021, the nominee received 100% of the Directors' fees and Board Committee allowances.
- Meeting allowances for Board meetings payable by the subsidiary of Malakoff, MSCSB.
- Benefits-in-kind paid to the Chairman of Malakoff comprising company car and reimbursement of petrol.
- Directors' fees and Board Committee allowances are shared on an equal basis between EPF and the NED who is nominated by EPF.

| | | | | | | | | | |
|-----------------------------------|--------------|------------|------------|------------|-----------|------------|-----------|--------------|------------|
| Total (ED & NEDs) | 2,526,000.00 | 349,156.98 | 120,000.00 | 311,500.00 | 37,500.00 | 141,446.00 | 66,469.26 | 3,394,572.24 | 157,500.00 |
| Total remuneration at Group level | 2,526,000.00 | 469,156.98 | | 349,000.00 | | 141,446.00 | 66,469.26 | 3,552,072.24 | |

Corporate Governance Overview Statement

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. To date, none of the BAC members has been a former key audit partner of the Company.

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, codes 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 over 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.

Corporate Governance Overview Statement

Principle

B

Effective Audit and Risk Management

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 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 also evaluated on their objectivity and independence, technical competency and ability, understanding of Group's businesses and industries, resources assigned and capability of the engagement team as well as making recommendations in areas in need of improvement, particularly with regard to company's internal control system over financial reporting, are among the areas evaluated.

The BAC considers the information presented in the Annual Transparency Report of the audit firm on matters typically 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 to the International Professional Practices Framework issued by the Institute of Internal Auditors. As at 31 December 2021, the total number of personnel in GIA was twelve including the Chief Internal Auditor.

The name, credential and work experience of the Chief Internal Auditor of GIA are disclosed on page 104 of this Integrated Annual Report.

Details of the internal audit function and activities are presented in the BAC Report on pages 124 to 125 of this Integrated Annual Report.

II. Risk Management and Internal Control

The Board has established BRIC to oversee the Group's overall risk management policy and framework, and assess major investments by the Group. The BRIC consists of four members with three members are INED from 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 |
| Madam Cindy Tan Ler Chin (resigned on 29 April 2021) | Non-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 (appointed on 12 July 2021) | Non-Independent Non-Executive Director |

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 understands the importance of timely and effective communication with stakeholders in order to keep them up to date on the Group's latest financial performance and business matters affecting the Group. The Group communicates with its 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

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.

Annual Report

our Annual Report provides a comprehensive report on the Group's financial results, business operations and strategic direction.

 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. 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 are 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 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 annual general meetings ("AGM") by issuing the notice for AGM at least 28 days before the meeting.

Notice for the 15th AGM held on 28 April 2021 was sent to shareholders on 29 March 2021. 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.

In view of the Covid-19 pandemic and as part of the Company's precautionary measures, the 15th AGM was held virtually through live streaming and using Remote Participation and Voting ("RPV") facilities. During the virtual AGM, shareholders 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.

Minutes of the general meeting were uploaded on the Company's website for shareholders and public access within the reasonable timeframe after the general meetings.

Corporate Governance Overview Statement

Key Focus Areas and Future Priorities

The Company will continue to strive for higher corporate governance standards in the future. To accomplish this goal, the Board has identified a few key focus areas and future priorities in corporate governance practices as described below:



On business strategies and plans for the Group, the Company will continue to actively embark on RE and environmental solutions to align with the global move into an ESG oriented environment. Other than the expansion of the Group into the environmental services sector, the Company has also engaged into various solar power generation projects in line with its objective of securing new growth businesses for the Group.

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 135 to 139 of this Integrated Annual Report together with the details of the Company and the Group financial statements for the financial year ended 31 December 2021 which are set out on pages 135 to 275 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 11 March 2022.

Board Audit Committee Report



The Board of Directors (“Board”) of Malakoff Corporation Berhad (“MCB” or “Company”) is pleased to present the Board Audit Committee (“BAC” or “Committee”) Report for the financial year (“FY”) 2021.

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”).

| MEMBERS OF BAC | NO. OF MEETINGS ATTENDED |
|--|--------------------------|
| Datuk Dr. Syed Muhamad Syed Abdul Kadir Chairman/Independent Non-Executive Director | 5/5 |
| Datuk Idris Abdullah Member/Independent Non-Executive Director | 5/5 |
| Datuk Ooi Teik Huat Member/Non-Independent Non-Executive Director (Member of the Malaysian Institute of Accountants) | 5/5 |
| Datuk Rozimi Remeli Member/Independent Non-Executive Director | 5/5 |

MEETINGS

The BAC met five (5) times during the FY2021. 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 Secretary of the BAC. The Minutes of each BAC meeting upon confirmation of the BAC, were circulated to the Board for information and notation. The Chairman of the BAC also highlights key matters discussed at each BAC meeting to the Board.

Board Audit Committee Report

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 "Sustainability/Corporate Governance" section of the Company's website at www.malakoff.com.my.

SUMMARY OF ACTIVITIES FOR THE FY2021

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 FY2020, 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 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.

II. External Audit

Where applicable, at the meetings of the BAC during FY2021, 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 arising from the limited review, 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’ 2021 Audit Plan prior to the commencement of the statutory audit for FY2021, highlighting amongst others, the engagement team involved in the statutory audit review, 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 FY2020. The results of the assessment for FY2020 were noted and recommended by the BAC for KPMG’s re-appointment as the External Auditors of the Company for FY2021. The Board at its meeting held on 11 March 2021 approved the BAC’s recommendation, and subsequently shareholders’ approval was obtained at the 15th Annual General Meeting (“AGM”).
- On 11 March 2022, the Board approved BAC’s recommendation for the re-appointment of KPMG as the External Auditors of the Company for FY2022, subject to approval by the shareholders at the forthcoming 16th AGM.
- f** Held two (2) private sessions with the External Auditors in February and November 2021, 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 FY2021 amounted to RM307,777 of which RM87,777 was approved by the Chief Financial Officer in line with Clause 7.4.1 of the non-audit services policy of the Company, whereas the remaining RM220,000 was approved by the BAC. The non-audit services were mainly related to tax compliance and other services largely for the role of Reporting Accountants for a proposed Sukuk issuance by a subsidiary 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 FY2021 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 FY2021.

Board Audit Committee Report

III. Internal Audit (“IA”)

During the FY2021, the BAC had carried out the following:

- a** Reviewed and approved the Annual IA Plan for FY2022 to ensure adequacy of audit scope, coverage, budget, resources and authority for Group Internal Audit (“GIA”) to carry out its work effectively and independently;
- b** Reviewed and deliberated on the IA reports tabled during the year by GIA, which highlighted key control issues together with the root causes, risks, audit recommendations for improvement and Management’s action plans to address the control deficiencies;
- c** Reviewed and deliberated on the follow-up audit reports tabled during the year by GIA on the adequacy and effectiveness of the action plans or corrective actions undertaken by Management in addressing audit issues or control deficiencies highlighted from past audit reports to ensure non-recurrence;
- d** Reviewed and deliberated on the results from ad-hoc special review assignments or audit investigations performed based on Management’s request or complaints received through whistle-blowing channels and recommended appropriate remedial actions/measures to be taken;
- e** Reviewed and monitored the progress and status of action plans or corrective actions undertaken by Management to ensure audit issues or control deficiencies highlighted by GIA are being addressed and rectified in a timely manner;
- f** Reviewed and recommended for the Board’s approval the revision of the Whistle-blowing 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 for FY2020 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 2021 without the presence of 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 limit of the RPTs and RRPTs were also monitored accordingly to ensure compliance with the MMLR.

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

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 assists the BAC and Management to achieve the Company’s goals and objectives by bringing a systematic and disciplined approach in evaluating and improving the effectiveness of governance, risk management and control processes within the Group. This function serves as an important source of support for the BAC in identifying weaknesses or deficiencies in internal processes and to facilitate appropriate remedial measures to be taken by the Company.

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

Board Audit Committee Report

INTERNAL AUDIT FUNCTION (CONTINUED)

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

Amongst the roles and responsibilities of GIA are as follows:

- a** Provide an independent and objective assessment and assurance to the BAC and Management on the adequacy and effectiveness of key internal control system, governance, risk management and control processes of the organisation;
- 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, root causes, risks, audit recommendations for improvement, along with Management's responses and agreed action plans;
- d** Perform follow-up audits to determine whether the agreed action plans or corrective actions undertaken by Management in addressing audit issues or control deficiencies highlighted from past audit reports have been correctly implemented and adhered to consistently;
- e** Undertake ad-hoc IA assignments, special reviews or audit investigations as requested by the BAC or Management and present the results to the BAC and Management;
- f** Monitor the progress of Management's agreed action plans or corrective actions in addressing the audit issues or control deficiencies highlighted by GIA; and
- g** Maintain professional audit staff with sufficient knowledge, experience and skills.

In addition, GIA is also responsible for the administration of the Group's Whistle-blowing Policy which provides an avenue for employees and third parties dealing with the Company to disclose cases of improper conduct such as criminal offences, fraud, corruption, breach of policies and procedures or other malpractices to the Company.

 Any disclosure of improper conduct can be made verbally or in writing to the Chairman of the BAC via letter or e-mail to whistleblowing@malakoff.com.my.

For the FY2021, GIA conducted various IA assignments in accordance with the Annual IA Plan that is consistent with the Company's goals, complexity and risks of its activities. During the year, GIA had carried out six (6) audits which include full audits and follow-up audits covering the areas of operations, maintenance, inventory and warehouse management, procurement, finance, human resource, and health, safety, security and environment. In addition, GIA had also carried out additional three (3) special review assignments including investigations.

The IA reports were tabled and presented to the BAC for deliberation, highlighting key control issues together with root causes, risks, audit recommendations for improvement, along with Management's

responses and agreed action plans to be implemented. The progress of these action plans is monitored by GIA and reported to the BAC on a quarterly basis.

As at 31 December 2021, the total number of personnel in GIA was twelve (12) including the Chief Internal Auditor.

 The name, credential and work experience of the Chief Internal Auditor of GIA are disclosed on page 104 of the Integrated Annual Report 2021.

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 FY2021 was RM1.8 million.

This BAC Report is made in accordance with the resolution of the Board duly passed on 11 March 2022.

Statement on Risk Management and Internal Control

The Board of Directors (“Board”) of Malakoff Corporation Berhad is committed for 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.

BOARD’S RESPONSIBILITY

The Board is responsible for the overall tone and culture towards an effective risk management and internal control system in the Group. The Board is also responsible for reviewing the adequacy and effectiveness of the Group’s risk management and internal controls processes. The Group’s risk management processes are designed to provide reasonable assurance on the achievement of business objectives.

MANAGING RISK

The Board recognises the significance of risk management and policies in safeguarding the interest of the Group and its shareholders to ensure sustainable growth of the Group. The Group’s risk management processes are guided by the Enterprise Risk Management Policy and Framework (“ERMPF”) which was last reviewed in 2020.

The Board Risk and Investment Committee (“BRIC”) oversees the Group’s overall risk implementation. At the management level, the Management Risk Committee (“MRC”) supports the BRIC in risk management strategies, as well as reviewing the application of risk management practices across the Group. The process involves the communication, consultation, monitoring and review of the practices. At the operational level, risks are discussed and managed at the respective power plants, through the Plant Risk Committee (“PRC”).

The Group’s ERMPF is based on ISO 31000:2018 Risk Management Guidelines. Figure 1 below details the process relating to the identification, analysis, evaluation, treatment, monitoring, review, communication and consultation of the Group’s risks and controls.

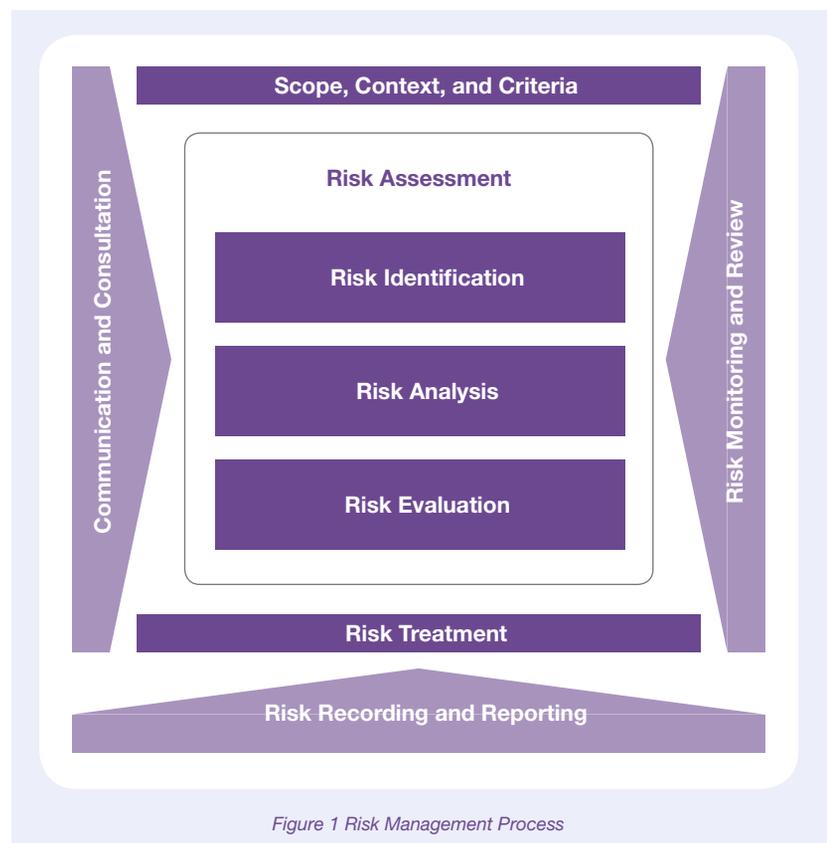


Figure 1 Risk Management Process

Statement on Risk Management and Internal Control

EMERGING RISKS

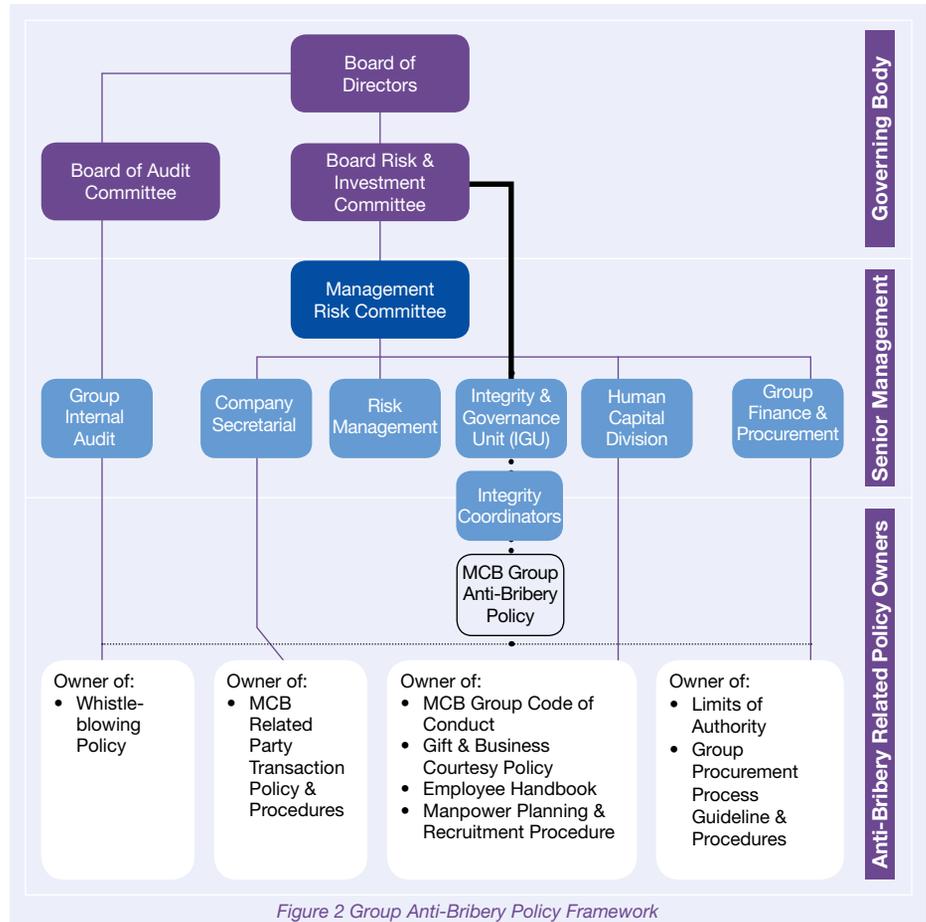
Global issues such as the Covid-19 pandemic, ESG requirements and cybersecurity concerns have triggered organisations to strategise and provide more focus on these topics. In view of this, the risks related to these issues have been deliberated in the risk management process through the MRC and BRIC. Furthermore, the Group has carried out several measures in line with the ERMPF which can be summarised as follows:

-  Providing guidelines to manage risks relating to the Covid-19 pandemic.
-  Providing Covid-19 and other related information to employees.
-  Reviewing of Operational Cybersecurity analysis and Information Technology exercises.
-  Monitoring of 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 Whistle-blowing 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.



RISK RECORDING AND REPORTING

A Corporate Digital Assurance module is used in the Enterprise Risk Management System (“ERMS”). Relevant parties related to the identified risk are required to provide assurance with respect to the status of all risks, controls, and management actions.

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

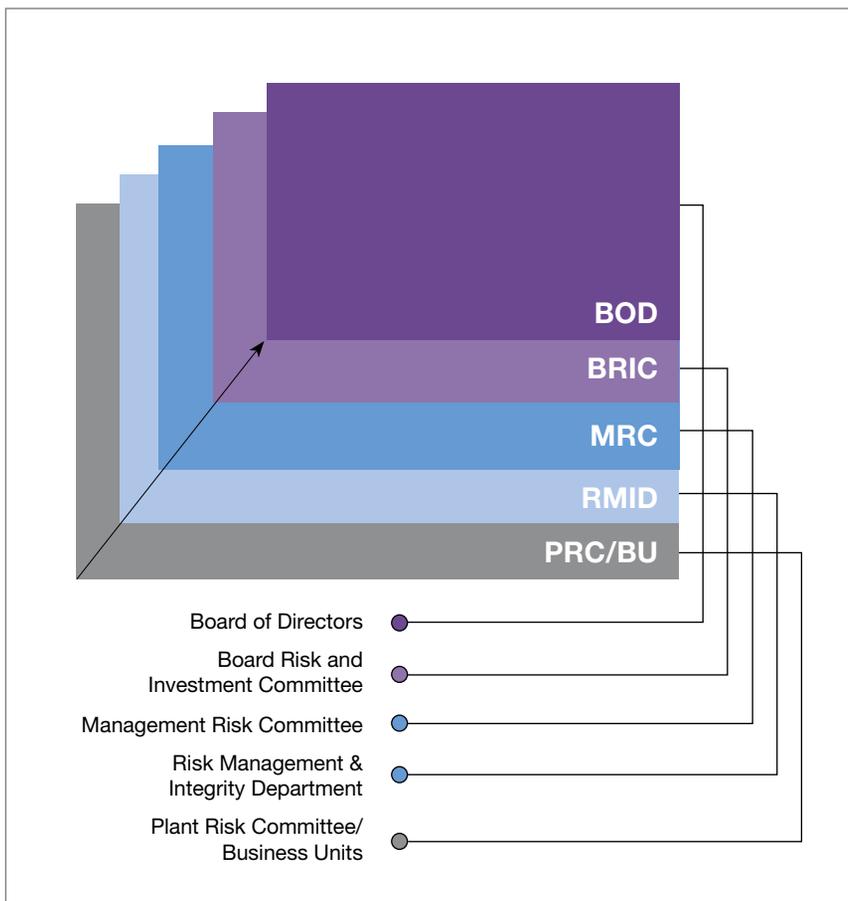
- The information relating to risks, controls and management actions within the Corporate Risk Scorecard are accurate and complete.
- Where exposure is considered acceptable, they have documented and validated that the control activities are in place and are effective.
- Where an individual risk has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

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

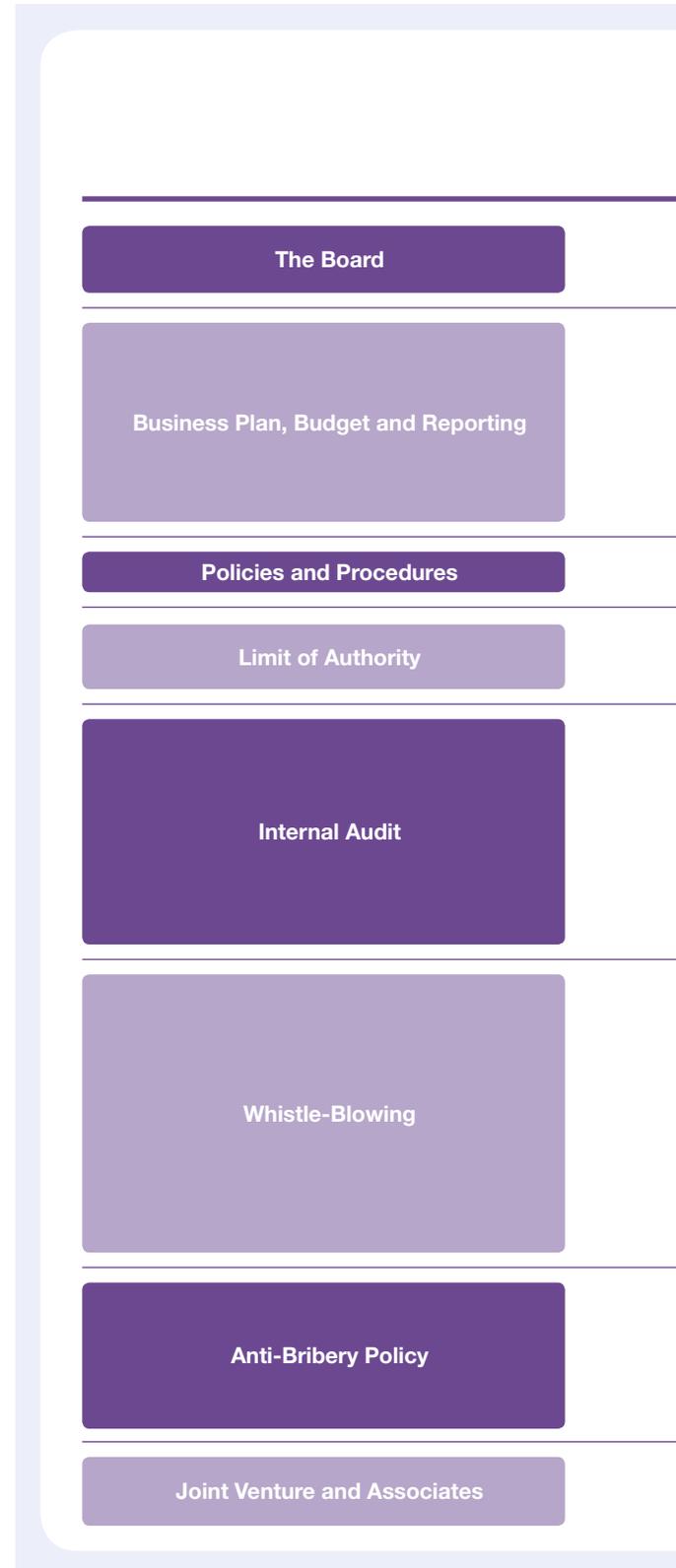
Statement on Risk Management and Internal Control

RISK GOVERNANCE

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



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.



Statement on Risk Management and Internal Control

INTERNAL CONTROL SYSTEM

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

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

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

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

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

Documented internal policies and procedures are in place to ensure compliance with internal controls and 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 business conditions.

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 defined and documented. The limits are reviewed and updated regularly to reflect the current business environment, operational and structural changes of the Group.

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 124 to 125 of this Annual Report.

The Group's Whistle-blowing Policy sets out avenues for employees and third parties dealing with the Group 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 whistle-blower from detrimental actions that may result from the disclosure of improper conduct, provided that the disclosure is made in good faith. The Whistle-blowing Policy is also to ensure that fair treatment is provided to both the whistle-blower and the alleged wrongdoer when a disclosure of improper conduct is made.

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

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

The Group's Anti-Bribery Policy was approved and adopted on 3 October 2019. This Policy was then revised and approved on 24 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 further strengthens the Group's corporate governance and ensures commitment from all stakeholders to uphold the highest standards of ethical conduct, integrity and accountability in all of the Group's 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.

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

Statement on Risk Management and Internal Control

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM EFFECTIVENESS

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

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

COMMENTARY ON THE ADEQUACY AND EFFECTIVENESS

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

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

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

There were 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 the 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 2021, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

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

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

This statement is made in accordance with the resolution of the Board dated 11 March 2022.

Additional Compliance Information

UTILISATION OF PROCEEDS

During the financial year, Tanjung Bin Energy Sdn Bhd (“TBE”) had issued RM2.97 billion Islamic Medium Term Notes based on the Shariah principle of Murabahah (“Sukuk Murabahah”).

The proceeds from the issuance of Sukuk Murabahah were utilized to repay amounts owing from TBE to Tanjung Bin Energy Issuer Berhad (“TBEI”) pursuant to the Turnkey Contract. For the avoidance of doubt, the Sukuk Murabahah was issued to the holders of TBEI outstanding sukuk in consideration of which the holders of TBEI outstanding sukuk surrendered their outstanding sukuk to TBEI for cancellation.

AUDIT FEES AND NON-AUDIT FEES

The fees paid/payable to the external auditors, KPMG PLT and its affiliates (“KPMG”) in relation to the audit and non-audit services to the Group and the Company for the financial year ended 31 December 2021 are as follows:

| | Group | Company |
|----------------|--------|---------|
| | 2021 | 2021 |
| | RM'000 | RM'000 |
| Audit fees | 1,207 | 399 |
| Non-audit fees | 308 | 23 |
| | 1,515 | 422 |

MATERIAL CONTRACTS

- (i) On 15 July 2021, Alam Flora Environmental Solutions Sdn Bhd, a wholly-owned subsidiary of Alam Flora Sdn Bhd, a subsidiary of Tunas Pancar Sdn Bhd which is a wholly-owned subsidiary of MCB, entered into a Sale and Purchase Agreement (“SPA”) with The New Straits Times Properties Sdn Bhd, a wholly-owned subsidiary of The New Straits Times Press (Malaysia) Berhad, a subsidiary of Media Prima Berhad, to acquire a parcel of leasehold industrial land held under H.S.(D) 116410, PT 237, Bandar Sultan Sulaiman, Daerah Klang, Negeri Selangor measuring approximately 23,370 square metres together with two (2) single storey detached factory warehouses erected thereon bearing postal address of Lot. 33, Lebuhan Sultan Mohamed 1, Jalan Lebuhan 1, Kawasan Perindustrian Bandar Sultan Sulaiman, 42000 Port Klang, Selangor Darul Ehsan for a purchase consideration of Ringgit Malaysia Twenty Five Million (RM25,000,000.00), subject to the terms and conditions as stipulated in the SPA.
- (ii) On 11 August 2021, Tuah Utama Sdn Bhd (“TUSB”), a wholly-owned subsidiary of MCB, entered into a termination agreement (“Termination Agreement”) with MCB, Touch Meccanica Sdn Bhd (“TMSB”), Batu Bor Hidro Sdn Bhd (“BBHSB”) and Lubuk Paku Hidro Sdn Bhd (“LPHSB”) whereby TUSB agreed to dispose of its entire shareholding, comprising 650,000 ordinary shares representing 65% equity interest each, in BBHSB and LPHSB to TMSB, the existing 35% equity shareholder of BBHSB and LPHSB, for a total cash consideration of RM2.0 million (“Disposal”), and the parties thereto also agreed to terminate the relevant joint development agreement and shareholders’ agreements in relation to the two proposed small hydro projects at Sungai Pahang (“Proposed Small Hydro Projects”) with immediate effect upon the terms and conditions therein. On 20 December 2021, the Disposal was completed in accordance with the Termination Agreement whereupon MCB and TUSB ceased to have any participating interest in the Proposed Small Hydro Projects.

Additional Compliance Information

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“RRPT”)

Malakoff Corporation Berhad (“**Malakoff**” or “**the Company**”) had at its 15th Annual General Meeting (“**AGM**”) held on 28 April 2021 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 16th 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 2021 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 2021 to 31 December 2021 (RM’000) |
|-----------------------------------|--|---|---|---|---|
| Expenses to Malakoff Group | | | | | |
| 1 | Tuah Utama Sdn Bhd (“ TUSB ”) Group | MMC Corporation Berhad (“ MMC ”) Group | MMC is a major shareholder of Malakoff | Technical, engineering, consultancy, construction & procurement services in relation to power supply infrastructure project(s) by MMC Group | Nil |
| 2 | Alam Flora Sdn Bhd (“ 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 | Supply of maintenance of motor vehicle services by DRB Group | 782 |
| | | | | Supply of scrap materials/any assets (i.e. bins, automotive, scrap loose ferrous, etc) by DRB Group | 4,416 |
| | | | | Payment of event, utilities and logistics cost and/or miscellaneous expenses to DRB Group | 187 |
| | | | | Provision of rental services (i.e. buildings, building service charges, motor vehicle, etc) by DRB Group | 2,574 |
| | | | | Purchase of machineries, motor vehicles and bins | 2,247 |
| 3 | AFSB Group | MMC Group | MMC is a major shareholder of Malakoff | Payment of utilities cost and/or miscellaneous expenses to MMC Group | 477 |
| | | | | Supply of scrap materials/any assets by MMC Group | 365 |
| 4 | 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 | 74 |

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 2021 to 31 December 2021 (RM'000) |
|----------------------------------|--|---|--|--|---|
| Revenue to Malakoff Group | | | | | |
| 5 | TUSB Group | MMC Group | MMC is a major shareholder of Malakoff | Proposed development of rooftop solar PV project at customers' premises for MMC Group | Nil |
| 6 | TUSB Group | DRB Group | DRB is a 55.92%-owned subsidiary of ESSB, a company in which TSSM is a major shareholder | Proposed development of rooftop solar PV project at customers' premises for DRB Group | 58 |
| 7 | TUSB Group | Tradewinds Group | A wholly-owned subsidiary of PLSB, a company in which TSSM is an indirect major shareholder | Proposed development of rooftop solar PV project at customers' premises for Tradewinds Group | Nil |
| 8 | TUSB Group | Padiberas Nasional Berhad ("Padiberas") Group | Padiberas is a wholly-owned subsidiary of PLSB, a company in which TSSM is an indirect major shareholder | Proposed development of rooftop solar PV project at customers' premises for Padiberas Group | Nil |
| 9 | AFSB Group | DRB Group | DRB is a 55.92%-owned subsidiary of ESSB, a company in which TSSM is a major shareholder | Supply of maintenance of building services to DRB Group | 11,059 |
| | | | | Provision of all kinds of services related to cleaning, collection and cleansing to DRB Group | 9,920 |
| 10 | AFSB Group | MMC Group | MMC is a major shareholder of Malakoff | Supply of equipment, machinery, transport and labour for cleansing services to MMC Group | Nil |
| | | | | Provision of all kinds of services related to cleaning, collection, cleansing and landscaping to MMC Group | 3,812 |
| | | | | Supply of maintenance of building services to MMC Group | 14 |

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 2021 in relation to the proposed shareholders' mandate for RRPT.



FINANCIAL STATEMENTS

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Directors' Report

for the year ended 31 December 2021

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021.

PRINCIPAL ACTIVITIES

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

RESULTS

| | Group RM'000 | Company RM'000 |
|--------------------------------------|-----------------|-------------------|
| Profit for the year attributable to: | | |
| Owners of the Company | 260,416 | 42,939 |
| Non-controlling interests | 44,668 | - |
| | 305,084 | 42,939 |

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 2.30 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM112,401,110 in respect of the financial year ended 31 December 2020 on 18 June 2021.
- ii) an interim dividend of 3.10 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM151,496,600 in respect of the financial year ended 31 December 2021 on 20 October 2021.

The Board of Directors has approved a final dividend of 2.00 sen per ordinary share on 4,886,961,300 ordinary shares, in respect of the financial year ended 31 December 2021, totalling RM97,739,000.

The final dividend will be accounted for in the shareholders' equity as appropriation of retained profits in the financial year ending 31 December 2022.

Directors' Report

for the year ended 31 December 2021

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) (Appointed on 1 January 2022)
 Anwar Syahrin bin Abdul Ajib
 Dato' 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 (Appointed on 29 April 2021)
 Tan Ler Chin (Resigned on 29 April 2021)
 Datuk Haji Hasni bin Harun (Chairman) (Resigned on 31 December 2021)

DIRECTORS OF THE SUBSIDIARIES

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

Mohd Nazersham bin Mansor
 Mohammed Azmil bin Ismail
 Yap Leng Khim
 Mohd Helmy bin Ibrahim
 Mohamad Lutfi bin Samsudin
 Dato' Mohamad bin Saif @ Saib
 Dato' Mohd Zain bin Hassan
 Dato' Nor Azman bin Mufti @ Jaafar
 Harun bin Halim Rasip
 Hamid Hamraoui
 Rajendran Nagulusamy
 James Philips Morsen
 Saravanan A/L Desigamanie
 Saiful Azlan bin Mahmud
 Shajaratuddur bin Mohd Ibrahim
 Hafiz bin Ismail (Alternate Director to Dato' Nor Azman bin Mufti @ Jaafar)
 Mohd Mokhtaruddin bin Mohd Tajiee
 Tan Sri Abu Kassim bin Mohamed
 Dato' Sri Mohd Zakaria bin Ahmad
 Aliyah Hanim binti Abd Halim (Appointed on 28 July 2021)
 Ahmad Afzainizam bin Mokhtar (Appointed on 13 October 2021)
 Siti Norbaya binti Dinyati (Appointed on 13 October 2021)
 Lim Fu Yen (Resigned on 16 July 2021)
 Idzam Yuhaizi bin Mohd Yunos (Resigned on 10 August 2021)
 Dato' Ir. Roslan bin Abd Rahman (Resigned on 14 October 2021)
 Tan Sri Datuk Seri Mohd Hussin bin Abdul Hamid (Resigned on 1 December 2021)

DIRECTORS OF THE SUBSIDIARIES (CONTINUED)

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

Datuk Khairuddin bin Mohd Hussin (Resigned on 1 December 2021)

Azri bin Zaharuddin (Resigned on 24 December 2021)

Mimi Aisyah Chye binti Abdullah (Alternate Director to Azri bin Zaharuddin) (Ceased on 24 December 2021)

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 31.12.2021 |
|---|---------------------------|--------|------|------------------|
| | At 1.1.2021 | Bought | Sold | |
| Direct interests in the Company: | | | | |
| Dato' 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 2021 had any interest in the shares of the Company and of its related corporations during the financial year.

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

| | Number of ordinary shares | | | At 31.12.2021 |
|----------------------------------|---------------------------|--------|------|------------------|
| | At 1.1.2021 | Bought | Sold | |
| 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 2021 had any interest in the shares of the Company and of its related corporations during the financial year.

Directors' Report

for the year ended 31 December 2021

DIRECTORS' BENEFITS

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

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

ISSUE OF SHARES

At the Fifteenth Annual General Meeting ("AGM") of the Company held on 28 April 2021, the Company had obtained its shareholders' approval for the renewal of authority for the Company to purchase up to ten percent (10%) of its total number of issued shares. During the financial year, the Company did not repurchase any ordinary shares from the open market. The previously repurchased shares are held as treasury shares in accordance with Section 127 of the Companies Act 2016. None of these treasury shares have been cancelled during the financial year. As at 31 December 2021, the total number of treasury shares held is 2.26% of the total number of issued shares of the Company.

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

The total amount of insurance costs effected for Directors and Officers of the Group during the financial year is RM85,370.

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

OTHER STATUTORY INFORMATION

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

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

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

OTHER STATUTORY INFORMATION (CONTINUED)

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

- 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 write-off of other receivables amounting to RM206,395,000 as disclosed in Note 11, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

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

AUDITORS

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

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

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

Tan Sri Datuk Dr. Ir. Ahmad Tajuddin bin Ali
Chairman

Anwar Syahrin bin Abdul Ajib
Managing Director

Kuala Lumpur
11 March 2022

Statements of Financial Position

as at 31 December 2021

| | Note | Group | | Company | |
|---|------|-------------------|-------------------|------------------|------------------|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Assets | | | | | |
| Property, plant and equipment | 3 | 11,653,476 | 12,391,428 | 42,814 | 36,650 |
| Investment properties | 4 | 15,300 | 15,300 | - | - |
| Concession assets | 5 | 149,658 | 167,837 | - | - |
| Intangible assets | 6 | 2,835,597 | 3,144,168 | - | - |
| Investments in subsidiaries | 7 | - | - | 7,528,239 | 7,774,841 |
| Investments in associates | 8 | 931,687 | 798,841 | - | - |
| Investments in joint ventures | 9 | 791,696 | 668,364 | 21,515 | - |
| Other investments | 14 | 2,484 | 23,999 | 2,484 | 23,999 |
| Derivative financial assets | 10 | 288,680 | 231,170 | - | - |
| Trade and other receivables | 11 | 264,540 | 480,666 | 215,353 | 215,353 |
| Deferred tax assets | 12 | 217,087 | 194,583 | - | - |
| Total non-current assets | | 17,150,205 | 18,116,356 | 7,810,405 | 8,050,843 |
| Trade and other receivables | 11 | 796,058 | 884,184 | 1,090,550 | 1,168,443 |
| Inventories | 13 | 874,279 | 591,799 | - | - |
| Current tax assets | | 76,220 | 90,627 | 15,813 | 17,154 |
| Other investments | 14 | 2,617,093 | 3,378,157 | - | 110,060 |
| Cash and cash equivalents | 15 | 1,568,819 | 1,062,600 | 163,249 | 126,837 |
| Assets classified as held for sale | 16 | - | 65,000 | - | - |
| Total current assets | | 5,932,469 | 6,072,367 | 1,269,612 | 1,422,494 |
| Total assets | | 23,082,674 | 24,188,723 | 9,080,017 | 9,473,337 |
| 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 | 199,802 | 61,969 | - | - |
| (Accumulated losses)/Retained profits | | (399,172) | (348,468) | 1,992,182 | 2,213,141 |
| Equity attributable to owners of the Company | | 5,395,038 | 5,307,909 | 7,586,590 | 7,807,549 |
| Perpetual sukuk | 18 | 800,000 | 800,000 | - | - |
| Non-controlling interests | | 311,688 | 336,802 | - | - |
| Total equity | | 6,506,726 | 6,444,711 | 7,586,590 | 7,807,549 |

Statements of Financial Position

as at 31 December 2021

| | Note | Group | | Company | |
|--------------------------------------|------|-------------------|----------------|------------------|----------------|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Liabilities | | | | | |
| Loans and borrowings | 19 | 8,586,925 | 9,717,431 | - | - |
| Lease liabilities | | 14,135 | 6,746 | 4,030 | 616 |
| Employee benefits | 20 | 110,331 | 100,483 | 16,135 | 15,965 |
| Provision for decommissioning cost | 21 | 158,333 | 99,893 | - | - |
| Provision for concession assets | 22 | 279,277 | 267,715 | - | - |
| Deferred income | 23 | 3,061,319 | 3,357,888 | - | - |
| Derivative financial liabilities | 10 | 7,106 | 15,381 | - | - |
| Deferred tax liabilities | 12 | 1,071,225 | 1,200,943 | 716 | 464 |
| Total non-current liabilities | | 13,288,651 | 14,766,480 | 20,881 | 17,045 |
| Trade and other payables | 24 | 1,498,694 | 1,360,268 | 1,465,584 | 1,645,796 |
| Current tax liabilities | | 58,576 | 16,894 | - | - |
| Loans and borrowings | 19 | 1,258,843 | 1,164,663 | - | - |
| Lease liabilities | | 9,961 | 6,616 | 6,962 | 2,947 |
| Provision for decommissioning cost | 21 | 25,013 | 11,809 | - | - |
| Provision for concession assets | 22 | 48,085 | 26,691 | - | - |
| Deferred income | 23 | 388,125 | 390,591 | - | - |
| Total current liabilities | | 3,287,297 | 2,977,532 | 1,472,546 | 1,648,743 |
| Total liabilities | | 16,575,948 | 17,744,012 | 1,493,427 | 1,665,788 |
| Total equity and liabilities | | 23,082,674 | 24,188,723 | 9,080,017 | 9,473,337 |

The notes on pages 150 to 270 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

| | Note | Group | | Company | |
|--|------|------------------|------------------|----------------|-----------------|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Revenue | 25 | 6,463,084 | 6,276,308 | 538,832 | 544,541 |
| Cost of sales | | (5,054,058) | (5,133,800) | - | - |
| Gross profit | | 1,409,026 | 1,142,508 | 538,832 | 544,541 |
| Other income | | 25,974 | 72,486 | 2,202 | 1,848 |
| Administrative expenses | | (218,165) | (232,437) | (67,028) | (69,883) |
| Impairment loss on investments in subsidiaries | | - | - | (404,888) | (317,069) |
| Impairment loss on financial instruments | | (16,406) | (19,996) | (15,499) | (18,363) |
| Other operating expenses | | (352,417) | (108,566) | - | - |
| Results from operating activities | | 848,012 | 853,995 | 53,619 | 141,074 |
| Finance income | 26 | 107,627 | 163,522 | 59,297 | 67,745 |
| Finance costs | 27 | (682,623) | (744,696) | (61,052) | (80,692) |
| Net finance costs | | (574,996) | (581,174) | (1,755) | (12,947) |
| Share of profit of equity-accounted associates and joint ventures, net of tax | | 196,551 | 171,778 | - | - |
| Profit before tax | | 469,567 | 444,599 | 51,864 | 128,127 |
| Tax expense | 28 | (164,483) | (114,530) | (8,925) | (10,807) |
| Profit for the year | 29 | 305,084 | 330,069 | 42,939 | 117,320 |
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Remeasurement of defined benefit liabilities | 30 | - | (12,471) | - | (4,350) |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Cash flow hedge | 30 | 49,706 | (71,206) | - | - |
| Share of gain/(loss) on hedging reserves of equity-accounted associates and joint ventures | 30 | 81,445 | (20,000) | - | - |
| Foreign currency translation differences for foreign operations | 30 | 6,682 | (5) | - | - |
| Other comprehensive income/(expense) for the year | | 137,833 | (103,682) | - | (4,350) |
| Total comprehensive income for the year | | 442,917 | 226,387 | 42,939 | 112,970 |

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2021

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 260,416 | 286,581 | 42,939 | 117,320 |
| Non-controlling interests | | 44,668 | 43,488 | - | - |
| Profit for the year | | 305,084 | 330,069 | 42,939 | 117,320 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 398,249 | 182,899 | 42,939 | 112,970 |
| Non-controlling interests | | 44,668 | 43,488 | - | - |
| Total comprehensive income for the year | | 442,917 | 226,387 | 42,939 | 112,970 |
| Earnings per ordinary share (sen) | | | | | |
| Basic/Diluted | | 5.33 | 5.86 | | |

The notes on pages 150 to 270 are an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 December 2021

| Group | Note | Reserves | | | | | Total RM'000 | Perpetual sukuk RM'000 | Non- controlling interests RM'000 | Total RM'000 |
|---|------|----------------------------|------------------------------|-----------------------|-------------------|---------------------------------|-----------------|------------------------------|--|-----------------|
| | | Share capital RM'000 | Treasury shares RM'000 | Translation RM'000 | Hedging RM'000 | Accumulated losses RM'000 | | | | |
| At 1 January 2020 | | 5,693,055 | (98,647) | (12,652) | 165,832 | (237,857) | 800,000 | 365,516 | 5,509,731 | 6,675,247 |
| Remeasurement of defined benefit liabilities | 30 | - | - | - | - | (12,471) | - | - | (12,471) | (12,471) |
| Foreign currency translation differences for foreign operations | 30 | - | - | (5) | - | - | - | - | (5) | (5) |
| Cash flow hedge | 30 | - | - | - | (71,206) | - | - | - | (71,206) | (71,206) |
| Share of loss on hedging reserves of equity-accounted associates and joint ventures | 30 | - | - | - | (20,000) | - | - | - | (20,000) | (20,000) |
| Other comprehensive expense for the year | | - | - | (5) | (91,206) | (12,471) | - | - | (103,682) | (103,682) |
| Profit for the year | | - | - | - | - | 286,581 | - | 43,488 | 286,581 | 330,069 |
| Comprehensive (expense)/income for the year | | - | - | (5) | (91,206) | 274,110 | - | 43,488 | 182,899 | 226,387 |
| Profit distribution of perpetual sukuk | | - | - | - | - | (47,032) | - | - | (47,032) | (47,032) |
| Additional investments in subsidiaries | | - | - | - | - | - | - | 665 | - | 665 |
| Incorporation of a subsidiary | | - | - | - | - | - | - | 20 | - | 20 |
| Dividends to owners of the Company | 32 | - | - | - | - | (337,689) | - | - | (337,689) | (337,689) |
| Dividends to non-controlling interests | 7 | - | - | - | - | - | - | (66,510) | - | (66,510) |
| Redemption of preference shares to non-controlling interests | | - | - | - | - | - | - | (6,377) | - | (6,377) |
| Total distributions to owners | | - | - | - | - | (337,689) | - | (72,887) | (337,689) | (410,576) |
| At 31 December 2020 | | 5,693,055 | (98,647) | (12,657) | 74,626 | (348,468) | 800,000 | 336,802 | 5,307,909 | 6,444,711 |

Statements of Changes in Equity

for the year ended 31 December 2021

| Group | Note | Reserves | | | | | Perpetual sukuk RM'000 | Non-controlling interests RM'000 | Total RM'000 |
|---|------|----------------------|------------------------|--------------------|----------------|---------------------------|------------------------|----------------------------------|--------------|
| | | Share capital RM'000 | Treasury shares RM'000 | Translation RM'000 | Hedging RM'000 | Accumulated losses RM'000 | | | |
| At 1 January 2021 | | 5,693,055 | (98,647) | (12,657) | 74,626 | (348,468) | 800,000 | 336,802 | 6,444,711 |
| Foreign currency translation differences for foreign operations | 30 | - | - | 6,682 | - | - | - | - | 6,682 |
| Cash flow hedge | 30 | - | - | - | 49,706 | - | - | - | 49,706 |
| Share of gain on hedging reserves of equity-accounted associates and joint ventures | 30 | - | - | - | 81,445 | - | - | - | 81,445 |
| Other comprehensive income for the year | | - | - | 6,682 | 131,151 | - | - | - | 137,833 |
| Profit for the year | | - | - | - | - | 260,416 | - | 44,668 | 305,084 |
| Comprehensive income for the year | | - | - | 6,682 | 131,151 | 260,416 | - | 44,668 | 442,917 |
| Profit distribution of perpetual sukuk | | - | - | - | - | (47,200) | - | - | (47,200) |
| Disposal of subsidiaries | | - | - | - | - | - | - | (703) | (703) |
| Changes in ownership interest in subsidiaries | | - | - | - | - | (22) | - | (370) | (392) |
| Dividends to owners of the Company | 32 | - | - | - | - | (263,898) | - | - | (263,898) |
| Dividends to non-controlling interests | 7 | - | - | - | - | - | - | (63,619) | (63,619) |
| Redemption of preference shares to non-controlling interests | | - | - | - | - | - | - | (5,090) | (5,090) |
| Total distributions to owners | | - | - | - | - | (263,898) | - | (68,709) | (332,607) |
| At 31 December 2021 | | 5,693,055 | (98,647) | (5,975) | 205,777 | (399,172) | 800,000 | 311,688 | 6,506,726 |

The notes on pages 150 to 270 are an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 December 2021

| Company | Note | Share capital RM'000 | Treasury shares RM'000 | Retained profits RM'000 | Total RM'000 |
|--|------|-------------------------|---------------------------|----------------------------|------------------|
| At 1 January 2020 | | 5,693,055 | (98,647) | 2,437,860 | 8,032,268 |
| Remeasurement of defined benefit liabilities | 30 | - | - | (4,350) | (4,350) |
| Other comprehensive expense for the year | | - | - | (4,350) | (4,350) |
| Profit for the year | | - | - | 117,320 | 117,320 |
| Comprehensive income for the year | | - | - | 112,970 | 112,970 |
| Dividends to owners of the Company | 32 | - | - | (337,689) | (337,689) |
| At 31 December 2020/1 January 2021 | | 5,693,055 | (98,647) | 2,213,141 | 7,807,549 |
| Profit for the year | | - | - | 42,939 | 42,939 |
| Comprehensive income for the year | | - | - | 42,939 | 42,939 |
| Dividends to owners of the Company | 32 | - | - | (263,898) | (263,898) |
| At 31 December 2021 | | 5,693,055 | (98,647) | 1,992,182 | 7,586,590 |

The notes on pages 150 to 270 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2021

| | Note | Group | | Company | |
|---|------|------------------|------------------|----------------|----------------|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Cash flows from operating activities | | | | | |
| Profit before tax | | 469,567 | 444,599 | 51,864 | 128,127 |
| <i>Adjustments for:</i> | | | | | |
| Allowance for diminution in value of consumables | | 41,752 | 29,161 | - | - |
| Amortisation of intangible assets | | 320,212 | 321,175 | - | - |
| Amortisation of transaction costs of hedging instruments | | 10,393 | 10,482 | - | - |
| Amortisation of concession assets | | 16,816 | 20,525 | - | - |
| Bargain purchase on acquisition of a joint venture | | (4) | - | - | - |
| Depreciation of property, plant and equipment | | 907,165 | 870,019 | 3,690 | 3,292 |
| Depreciation of the right-of-use assets | | 16,133 | 18,583 | 4,829 | 5,189 |
| Decommissioning costs | | 13,204 | - | - | - |
| Loss on disposal of investments in subsidiaries | 41 | 9 | - | - | - |
| (Gain)/Loss on disposal of property, plant and equipment | | (155) | (416) | (113) | 16 |
| Gain on disposal of assets classified as held for sale | | (8,298) | - | - | - |
| Net gain on lease modification | | - | (146) | - | (146) |
| Expenses related to retirement benefit plans | | 11,593 | 8,338 | 1,796 | 1,359 |
| Finance income | | (107,627) | (163,522) | (59,297) | (67,745) |
| Finance costs | | 681,574 | 743,633 | 60,757 | 80,377 |
| Finance costs on lease liabilities | | 1,049 | 1,063 | 295 | 315 |
| Loss/(Gain) arising from change in fair value of derivative financial instruments | | 4,269 | (18,374) | - | - |
| Property, plant and equipment written off | | 2,562 | 6,772 | - | - |
| Impairment loss on property, plant and equipment | | 19,739 | - | - | - |
| Impairment loss on concession assets | | 2,316 | 5,858 | - | - |
| Concession assets written off | | - | 16,510 | - | - |
| Other receivables written off | | 206,395 | - | - | - |
| Impairment loss on investments in subsidiaries | | - | - | 404,888 | 317,069 |
| Impairment loss on financial instruments | | 16,406 | 19,996 | 15,499 | 18,363 |
| Reversal of impairment loss on trade and other receivables | | (2,952) | (1,644) | - | - |
| Share of profit of equity-accounted associates and joint ventures, net of tax | | (196,551) | (171,778) | - | - |
| Net unrealised foreign exchange (gain)/loss | | (265) | 8,179 | - | - |
| Operating profit before changes in working capital | | 2,425,302 | 2,169,013 | 484,208 | 486,216 |

Statements of Cash Flows

for the year ended 31 December 2021

| | Note | Group | | Company | |
|--|------|------------------|--------------------|----------------|------------------|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Cash flows from operating activities (continued) | | | | | |
| Net change in deferred income | | (299,035) | (303,928) | - | - |
| Net change in employee benefits | | (1,745) | (24,253) | (1,626) | (16,823) |
| Net change in inventories | | (316,160) | 72,098 | - | - |
| Net change in provision for decommissioning cost | | - | (5,991) | - | - |
| Net change in provision for concession assets | | 32,956 | 40,619 | - | - |
| Net change in trade and other receivables | | 73,648 | 644,645 | (40,185) | 650,894 |
| Net change in trade and other payables | | 149,992 | (253,419) | (240,969) | (574,648) |
| Cash generated from operations | | 2,064,958 | 2,338,784 | 201,428 | 545,639 |
| Tax paid | | (263,293) | (312,026) | (7,332) | (15,403) |
| Tax refund | | 788 | 27,529 | - | 2,564 |
| Net cash from operating activities | | 1,802,453 | 2,054,287 | 194,096 | 532,800 |
| Cash flows from investing activities | | | | | |
| Change in investments in subsidiaries | | - | - | (5) | 18 |
| Disposal of subsidiaries, net of cash and cash equivalents disposed | 41 | (10) | - | - | - |
| Change in other investments | | 761,064 | (868,681) | 110,060 | (110,060) |
| Dividends received from associates | | 6,292 | 10,761 | - | - |
| Dividends received from joint ventures | | 38,510 | 35,889 | - | - |
| Interest received | | 107,989 | 159,471 | 3,595 | 9,681 |
| Other investment in redeemable cumulative convertible preference share | | - | (2,484) | - | (2,484) |
| Purchase of property, plant and equipment | | (144,055) | (402,783) | (2,349) | (3,117) |
| Purchase of concession assets | | (953) | (6,447) | - | - |
| Proceeds from disposal of property, plant and equipment | | 156 | 550 | 113 | 100 |
| Net proceeds from disposal of assets classified as held for sale | | 73,298 | - | - | - |
| Net cash from/(used in) investing activities | | 842,291 | (1,073,724) | 111,414 | (105,862) |

Statements of Cash Flows

for the year ended 31 December 2021

| | Note | Group | | Company | |
|---|------|--------------------|--------------------|------------------|------------------|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Cash flows from financing activities | | | | | |
| Acquisition of non-controlling interests | 40 | (392) | - | - | - |
| Distribution to perpetual sukuk holder | | (47,200) | (47,032) | - | - |
| Dividends paid to owners of the Company | 32 | (263,898) | (337,689) | (263,898) | (337,689) |
| Dividends paid to non-controlling interests | | (63,619) | (66,510) | - | - |
| Redemption of preference shares to non-controlling interests | | (5,090) | (6,377) | - | - |
| Interest paid | | (605,174) | (650,787) | - | - |
| Proceeds from issuance of shares to non-controlling interests | | - | 685 | - | - |
| Repayment of borrowings | | (1,142,505) | (1,541,790) | - | - |
| Payment of lease liabilities | | (10,647) | (13,852) | (5,200) | (5,616) |
| Net cash used in financing activities | | (2,138,525) | (2,663,352) | (269,098) | (343,305) |
| Net increase/(decrease) in cash and cash equivalents | | | | | |
| | | 506,219 | (1,682,789) | 36,412 | 83,633 |
| Cash and cash equivalents at 1 January | | 1,062,600 | 2,745,389 | 126,837 | 43,204 |
| Cash and cash equivalents at 31 December | 15 | 1,568,819 | 1,062,600 | 163,249 | 126,837 |

Cash outflows for leases as a lessee

| | Group | | Company | |
|--|-----------------|-----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Included in net cash from operating activities | | | | |
| Payment relating to short-term leases | (11,085) | (4,909) | - | - |
| Payment relating to leases of low-value assets | (271) | (304) | - | - |
| Payment relating to variable lease payments not included in the measurement of lease liabilities | (6,070) | (4,515) | - | - |
| Included in net cash used in financing activities | | | | |
| Payment of lease liabilities | (10,647) | (13,852) | (5,200) | (5,616) |
| Total cash outflows for leases | (28,073) | (23,580) | (5,200) | (5,616) |

The notes on pages 150 to 270 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

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

Principal place of business and registered office

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates and joint ventures.

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

These financial statements were authorised for issue by the Board of Directors on 11 March 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

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

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and 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 Consolidated Financial Statements

1. BASIS OF PREPARATION (CONTINUED)**(a) Statement of compliance (continued)*****MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

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

The Group and the Company have early adopted the Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*.

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

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

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.

Notes to the Consolidated Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

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

(i) Residual value of power plant and machinery

a) Gas fired power plant

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

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

b) Coal fired power plant

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

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

(ii) Provision for retirement benefits

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

(iii) Intangible assets

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

(iv) Provision for concession assets

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

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES

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

The Group and the Company have early adopted the Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*. The amendment extends the applicable period of optional practical expedient by another 12 months for permitted eligible rent concessions that reduce lease payments which originally due on or before 30 June 2022. There is no material impact from the early adoption of Amendment to MFRS 16.

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

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisition, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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.

Notes to the Consolidated Financial Statements

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 Consolidated 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 venture 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.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2009 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(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 Consolidated 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(l)(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(l)(i)).

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) **Fair value through profit or loss**

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (i) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (ii) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel; or
- (iii) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

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.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Financial instruments (continued)****(iii) Regular way purchase or sale of financial assets (continued)**

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group or the Company; and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(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.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(v) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(c) Financial instruments (continued)****(vi) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(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 "costs of sales" respectively in profit or loss.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(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.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|----------------------------------|----------------|
| • Buildings and improvements | 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

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(e) Leases (continued)****(i) Definition of a lease (continued)**

- 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.

(ii) Recognition and initial measurement**(a) As a lessee**

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments less any incentives receivable.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's or the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group or the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Covid-19-related rent concessions

The Group and the Company have applied Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions* and Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*. The Group and the Company apply the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Covid-19 pandemic are lease modifications. The Group and the Company apply the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group and the Company choose not to apply the practical expedient, or that do not qualify for the practical expedient, the Group and the Company assess whether there is a lease modification.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(f) Intangible assets****(i) Goodwill**

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

(ii) Other intangible assets

Intangible assets, other than goodwill that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that goodwill may be impaired.

Other intangible assets with a finite useful life are amortised from the date that they are available for use. Amortisation is recognised in profit or loss based on straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|--|---------------|
| • Interest over Power Purchase Agreements | 2 – 25 years |
| • Interest over Power and Water Purchase and Water Purchase Agreements | 10 – 15 years |
| • Interest over Operation and Maintenance Agreements | 2 – 25 years |
| • Interest over Service Concession Agreement | 13.75 years |

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment properties

(i) Investment properties carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(h) Service concession arrangement (continued)****(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 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".

(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) Non-current asset held for sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment loss on initial classification as held for sale and subsequent gain or loss on remeasurement are recognised in profit or loss. Gain is not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint ventures ceases once classified as held for sale.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank 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.

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.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(l) Impairment (continued)****(ii) Other assets**

The carrying amounts of other assets (except for inventories, deferred tax assets, investment properties measured at fair value and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, 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.

(m) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Equity instruments (continued)

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently (continued).

(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.

(n) 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 interval 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.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(n) 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.

(o) 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 cost

Provision for decommissioning cost which arises principally in connection with the power plant is measured by independent professional valuers, whereby the present value is calculated using amounts discounted over the existing PPAs. The liability is recognised (together with a corresponding amount as part of the power plant) once an obligation crystallises in the period when a reasonable estimate can be made. Subsequently, the Group accretes the discount to profit or loss using the effective interest rate method. The unwinding of the discount is recognised as finance cost.

(p) Contingencies**(i) Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) The customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) The Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) The Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Capacity payment

Revenue is recognised on a straight-line basis where the PPAs are considered to be or to contain an operating lease.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(v) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

(r) Deferred income

Deferred income comprises the difference between capacity payments received from Tenaga Nasional Berhad and capacity payments recognised in profit or loss in relation to the PPAs. The amount is recognised in profit or loss on a straight-line basis over the term of the respective PPAs.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(s) Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(t) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the 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.

Notes to the Consolidated Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Income tax (continued)

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that are not a tax base of an asset, are recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(u) 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.

(v) 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.

(w) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.
- Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Consolidated Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

| Group | Freehold land RM'000 | Buildings RM'000 | Asset under construction RM'000 | | Power plants RM'000 | Inspection costs RM'000 | Plant and machinery RM'000 | Office equipment RM'000 | | Motor vehicles RM'000 | Computers RM'000 | Right-of-use assets RM'000 | Total RM'000 |
|---|-------------------------|---------------------|------------------------------------|------------------------------------|------------------------|----------------------------|-------------------------------|-------------------------------|----------------------------|--------------------------|---------------------|-------------------------------|-----------------|
| | | | Buildings RM'000 | Asset under construction RM'000 | | | | Plant and machinery RM'000 | Office equipment RM'000 | | | | |
| Cost | | | | | | | | | | | | | |
| At 1 January 2020 | 130,516 | 36,890 | 5,583 | 18,969,490 | 2,055,235 | 136,168 | 160,648 | 16,203 | 105,720 | 194,343 | 21,810,796 | | |
| Additions | 154,488 | - | 473 | 22,735 | 196,878 | 7,660 | 10,358 | 1,562 | 8,629 | 3,576 | 406,359 | | |
| Disposals | - | - | - | - | - | (129) | (1,711) | (799) | (1,904) | - | (4,543) | | |
| Write-off | - | - | - | (6,947) | - | (1,786) | (20) | - | - | - | (8,753) | | |
| Reclassifications | - | - | (3,212) | 86 | 3,126 | (115) | 115 | - | - | - | - | | |
| Modification of lease | - | - | - | - | - | - | - | - | - | - | (757) | | |
| At 31 December 2020 | 285,004 | 36,890 | 2,844 | 18,985,364 | 2,255,239 | 141,798 | 169,390 | 16,966 | 112,445 | 197,162 | 22,203,102 | | |
| Additions | - | - | 22,995 | 12,517 | 87,497 | 6,074 | 5,177 | 1,721 | 8,074 | 18,938 | 162,993 | | |
| Change in estimate of decommissioning costs | - | - | - | 50,975 | - | - | - | - | - | - | 50,975 | | |
| Expiration of leases | - | - | - | - | - | - | - | - | - | (21,853) | (21,853) | | |
| Disposals | - | - | - | - | - | (8) | (142) | (640) | (1,084) | - | (1,874) | | |
| Write-off | - | - | - | - | - | (5,076) | (5,614) | (76) | (66) | - | (10,832) | | |
| Reclassifications to inventories | - | - | - | - | (8,072) | - | - | - | - | - | (8,072) | | |
| Remeasurement of lease liabilities | - | - | - | - | - | - | - | - | - | 1,752 | 1,752 | | |
| At 31 December 2021 | 285,004 | 36,890 | 25,839 | 19,048,856 | 2,334,664 | 142,788 | 168,811 | 17,971 | 119,369 | 195,999 | 22,376,191 | | |

Notes to the Consolidated Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group | Freehold land | Buildings | Asset under construction | Power plants | Inspection costs | Plant and machinery | Office equipment and furniture | Motor vehicles | Computers | Right-of-use assets | Total |
|---|----------------|---------------|--------------------------|-------------------|------------------|---------------------|--------------------------------|----------------|----------------|---------------------|-------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Accumulated depreciation and impairment loss | | | | | | | | | | | |
| At 1 January 2020 | | | | | | | | | | | |
| Accumulated depreciation | - | 31,971 | - | 6,985,134 | 1,500,666 | 76,514 | 141,780 | 13,019 | 95,336 | 85,042 | 8,929,462 |
| Depreciation for the year | - | 1,405 | - | 721,155 | 120,885 | 9,394 | 9,814 | 1,234 | 6,132 | 18,563 | 888,602 |
| Disposals | - | - | - | - | - | (124) | (1,698) | (691) | (1,896) | - | (4,409) |
| Write-off | - | - | - | (698) | - | (1,265) | (18) | - | - | - | (1,981) |
| Reclassifications | - | - | - | - | - | (97) | 97 | - | - | - | - |
| At 31 December 2020 | | | | | | | | | | | |
| Accumulated depreciation | - | 33,376 | - | 7,705,591 | 1,621,551 | 84,422 | 149,975 | 13,562 | 99,572 | 103,625 | 9,811,674 |
| Depreciation for the year | - | 1,323 | - | 728,109 | 150,026 | 10,347 | 8,632 | 1,167 | 7,561 | 16,133 | 923,298 |
| Expiration of leases | - | - | - | - | - | - | - | - | - | (21,853) | (21,853) |
| 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 | | | | | | | | | | | |
| Accumulated depreciation | - | 34,699 | - | 8,433,700 | 1,771,577 | 92,170 | 152,929 | 14,013 | 105,983 | 97,905 | 10,702,976 |
| Accumulated impairment loss | - | - | - | 19,309 | - | 419 | - | 9 | 2 | - | 19,739 |
| Carrying amounts | | | | | | | | | | | |
| At 1 January 2020 | 130,516 | 4,919 | 5,583 | 11,984,356 | 554,569 | 59,654 | 18,868 | 3,184 | 10,384 | 109,301 | 12,881,334 |
| At 31 December 2020 | 285,004 | 3,514 | 2,844 | 11,279,773 | 633,688 | 57,376 | 19,415 | 3,404 | 12,873 | 93,537 | 12,391,428 |
| At 31 December 2021 | 285,004 | 2,191 | 25,839 | 10,595,847 | 563,087 | 50,199 | 15,882 | 3,949 | 13,384 | 98,094 | 11,653,476 |

Notes to the Consolidated Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Right-of-use assets

| Group | Leasehold land RM'000 | Buildings RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Office equipment RM'000 | Total RM'000 |
|------------------------------------|--------------------------|---------------------|-------------------------------|--------------------------|----------------------------|-----------------|
| Cost | | | | | | |
| At 1 January 2020 | 149,530 | 38,785 | 2,576 | 3,333 | 119 | 194,343 |
| Additions | - | 2,115 | 1,461 | - | - | 3,576 |
| Modification of lease | - | (757) | - | - | - | (757) |
| At 31 December 2020 | 149,530 | 40,143 | 4,037 | 3,333 | 119 | 197,162 |
| Additions | - | 18,805 | 133 | - | - | 18,938 |
| Expiration of leases | - | (21,853) | - | - | - | (21,853) |
| Remeasurement of lease liabilities | - | 1,752 | - | - | - | 1,752 |
| At 31 December 2021 | 149,530 | 38,847 | 4,170 | 3,333 | 119 | 195,999 |
| Accumulated depreciation | | | | | | |
| At 1 January 2020 | 65,305 | 14,531 | 2,117 | 3,050 | 39 | 85,042 |
| Depreciation for the year | 5,734 | 11,544 | 1,029 | 252 | 24 | 18,583 |
| At 31 December 2020 | 71,039 | 26,075 | 3,146 | 3,302 | 63 | 103,625 |
| Depreciation for the year | 5,744 | 9,469 | 865 | 31 | 24 | 16,133 |
| Expiration of leases | - | (21,853) | - | - | - | (21,853) |
| At 31 December 2021 | 76,783 | 13,691 | 4,011 | 3,333 | 87 | 97,905 |
| Carrying amounts | | | | | | |
| At 1 January 2020 | 84,225 | 24,254 | 459 | 283 | 80 | 109,301 |
| At 31 December 2020 | 78,491 | 14,068 | 891 | 31 | 56 | 93,537 |
| At 31 December 2021 | 72,747 | 25,156 | 159 | - | 32 | 98,094 |

3.1 Securities

At 31 December 2021, certain Group's property, plant and equipment with a total carrying amount of RM9,453,133,000 (2020: RM9,905,051,000) were charged as securities for debt securities issued by subsidiaries (see Note 19 – loans and borrowings).

Notes to the Consolidated Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**3.2 Residual values**

Estimating the useful lives and residual values of the power plant and machinery involves significant judgement, selection of variety of methods and assumptions that are normally based on market conditions existing at the balance sheet date. The actual residual values of the power plant and machinery, however, may be different from expected.

The residual values of power plant and machinery are as below:

| PPA Owner | Year of expiry | Residual values | |
|----------------------------------|----------------|------------------------|------------------------|
| | | RM' million 2021 | RM' million 2020 |
| Gas fired power plant | | | |
| Segari Energy Ventures Sdn. Bhd. | 2027 | 170.0 | 170.0 |
| GB3 Sdn. Bhd. | 2022 | 90.0 | 90.0 |
| Prai Power Sdn. Bhd. | 2024 | 50.0 | 50.0 |
| | | 310.0 | 310.0 |
| Coal fired power plant | | | |
| Tanjung Bin Energy Sdn. Bhd. | 2041 | 1,433.0 | 1,433.0 |
| Tanjung Bin Power Sdn. Bhd. | 2031 | 1,924.0 | 1,924.0 |
| | | 3,357.0 | 3,357.0 |

In assessing the appropriateness of the residual values adopted, management considered the recoverable values of the power plant and machinery based on the following methods:

a) Valuation by an independent professional valuer for gas fired power plant

The valuation by an independent professional valuer was derived using the following critical assumptions:

- 1) All plant and equipment will be removed only at the end of the power supply agreement;
- 2) The recoverable steel within the power house and tank farm will be sold in the local market; and
- 3) All metals of value will be recovered.

A 5% increase/(decrease) in the residual value would have resulted in a (decrease)/increase in depreciation charge of RM4,282,000 per annum.

b) The discounted cash flow method for coal fired power plant

The discounted cash flows were derived using the following critical assumptions:

- 1) The PPAs will be extended for ten (10) years at the end of the initial concession period, in view of:
 - i) the expected useful life of a coal fired power plant;
 - ii) increase in demand for power; and
 - iii) Tenaga Nasional Berhad's continued reliance on Independent Power Producers.
- 2) An estimated 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 PPAs;
- 3) An average despatch factor of 82% to reflect the future demand for power; and
- 4) The pre-tax discount rate of 10% per annum.

A 5% increase/(decrease) in the residual value would have resulted in a (decrease)/increase in depreciation charge of RM12,495,000 per annum.

Notes to the Consolidated Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Company | Freehold land | | Buildings | | Plant and machinery | | Office equipment and furniture | | Motor vehicles | | Computers | | Right-of-use assets - Land - Buildings | | Total |
|---------------------------------|---------------|--------|-----------|---------|---------------------|--------|--------------------------------|----------|----------------|--------|-----------|--------|--|--------|-------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Cost | | | | | | | | | | | | | | | |
| At 1 January 2020 | 21,516 | 17,055 | 154 | 19,963 | 1,813 | 24,964 | 5,515 | 21,283 | 112,263 | | | | | | |
| Additions | - | - | - | 126 | 113 | 2,878 | - | - | 3,117 | | | | | | |
| Disposals | - | - | - | - | (641) | (115) | - | - | (756) | | | | | | |
| Write-off | - | - | - | (1,631) | - | - | - | - | (1,631) | | | | | | |
| Modification of lease | - | - | - | - | - | - | - | (757) | (757) | | | | | | |
| At 31 December 2020 | 21,516 | 17,055 | 154 | 18,458 | 1,285 | 27,727 | 5,515 | 20,526 | 112,236 | | | | | | |
| Additions | - | - | - | 33 | 803 | 1,513 | - | 12,334 | 14,683 | | | | | | |
| Disposals | - | - | - | - | (640) | (94) | - | - | (734) | | | | | | |
| Write-off | - | - | - | (30) | - | - | - | - | (30) | | | | | | |
| Expiration of lease | - | - | - | - | - | - | - | (20,690) | (20,690) | | | | | | |
| At 31 December 2021 | 21,516 | 17,055 | 154 | 18,461 | 1,448 | 29,146 | 5,515 | 12,170 | 105,465 | | | | | | |
| Accumulated depreciation | | | | | | | | | | | | | | | |
| At 1 January 2020 | - | 13,599 | 154 | 19,780 | 1,635 | 20,695 | 1,287 | 12,226 | 69,376 | | | | | | |
| Depreciation for the year | - | 801 | - | 84 | 73 | 2,334 | 58 | 5,131 | 8,481 | | | | | | |
| Disposals | - | - | - | - | (533) | (107) | - | - | (640) | | | | | | |
| Write-off | - | - | - | (1,631) | - | - | - | - | (1,631) | | | | | | |
| At 31 December 2020 | - | 14,400 | 154 | 18,233 | 1,175 | 22,922 | 1,345 | 17,357 | 75,586 | | | | | | |
| Depreciation for the year | - | 801 | - | 89 | 160 | 2,640 | 58 | 4,771 | 8,519 | | | | | | |
| Disposals | - | - | - | - | (640) | (94) | - | - | (734) | | | | | | |
| Write-off | - | - | - | (30) | - | - | - | - | (30) | | | | | | |
| Expiration of lease | - | - | - | - | - | - | - | (20,690) | (20,690) | | | | | | |
| At 31 December 2021 | - | 15,201 | 154 | 18,292 | 695 | 25,468 | 1,403 | 1,438 | 62,651 | | | | | | |
| Carrying amounts | | | | | | | | | | | | | | | |
| At 1 January 2020 | 21,516 | 3,456 | - | 183 | 178 | 4,269 | 4,228 | 9,057 | 42,887 | | | | | | |
| At 31 December 2020 | 21,516 | 2,655 | - | 225 | 110 | 4,805 | 4,170 | 3,169 | 36,650 | | | | | | |
| At 31 December 2021 | 21,516 | 1,854 | - | 169 | 753 | 3,678 | 4,112 | 10,732 | 42,814 | | | | | | |

Notes to the Consolidated Financial Statements

4. INVESTMENT PROPERTIES

| | Group | |
|--------------------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 |
| At fair value | | |
| At 1 January/31 December | 15,300 | 15,300 |

Investment properties consist of land and buildings that are leased to third parties.

The following are recognised in profit or loss in respect of investment properties:

| | Group | |
|---|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 |
| Lease income | 158 | 139 |
| Direct operating expenses: | | |
| - income generating investment properties | 57 | 25 |
| - non-income generating investment properties | 102 | 111 |

Fair value information

Fair value of investment properties is categorised as follows:

| | Group Level 2 | |
|--------------------|------------------|----------------|
| | 2021 RM'000 | 2020 RM'000 |
| Land and buildings | 15,300 | 15,300 |

Fair value of investment properties was based on valuations by an independent qualified valuer and derived using the market comparison approach. Sales price of comparable properties in close proximity are adjusted for 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 Consolidated Financial Statements

5. CONCESSION ASSETS

| | Note | Group | |
|---|------|----------------|----------------|
| | | 2021 RM'000 | 2020 RM'000 |
| Cost | | | |
| At 1 January | | 293,914 | 315,949 |
| Additions | | 953 | 6,447 |
| Write-off | 5.2 | - | (28,482) |
| At 31 December | | 294,867 | 293,914 |
| Accumulated amortisation and impairment loss | | | |
| At 1 January | | | |
| Accumulated amortisation | | 120,219 | 111,666 |
| Accumulated impairment loss | | 5,858 | - |
| | | 126,077 | 111,666 |
| Amortisation for the year | | 16,816 | 20,525 |
| Write-off | 5.2 | - | (11,972) |
| Impairment losses | 5.3 | 2,316 | 5,858 |
| At 31 December | | | |
| Accumulated amortisation | | 137,035 | 120,219 |
| Accumulated impairment loss | | 8,174 | 5,858 |
| | | 145,209 | 126,077 |
| Carrying amounts | | | |
| At 1 January | | 167,837 | 204,283 |
| At 31 December | | 149,658 | 167,837 |

5.1 Concession assets – Alam Flora Sdn. Bhd. (“AFSB”)

AFSB entered into a Service Concession Agreement with the Federal Government of Malaysia and Solid Waste and Public Cleansing Management Corporation (“Corporation”) to undertake the Collection Services and Public Cleansing Management Services in the states of Pahang, Federal Territories of Kuala Lumpur and Putrajaya for a period of 22 years commencing from 1 September 2011.

The Corporation shall pay AFSB monthly payment of agreed fees in consideration of AFSB’s obligations under the Service Concession Agreement. The fees are subject to review on the seventh (7th) year anniversary and thereafter on the fourteenth (14th) year anniversary of the concession.

Upon expiry of the concession period, AFSB shall hand over all assets as required by the Corporation in operational conditions specified under the Service Concession Agreement.

5.2 In prior year, AFSB revised its concession asset plan and as a result, certain concession assets were written off, amounting to RM16,510,000.

5.3 During the financial year, consequent to impairment assessment performed on the incinerators, the Group recognised an impairment loss amounting to RM2,316,000 (2020: RM5,858,000).

Notes to the Consolidated Financial Statements

6. INTANGIBLE ASSETS

| Group | Subsidiaries | | | Associates and Joint Ventures | | |
|---|--------------------|---|---|-------------------------------|--|-----------------|
| | Goodwill RM'000 | Interest over Power Purchase and Operation Maintenance Agreements RM'000 | Interest and over Service Concession Agreement RM'000 | Goodwill RM'000 | Interest over Power Purchase, Power and Water Purchase and Water Purchase Agreements RM'000 | Total RM'000 |
| Cost | | | | | | |
| At 1 January 2020 | 161,016 | 7,752,609 | 501,776 | 355,838 | 1,005,573 | 1,361,411 |
| Effect of movements in exchange rate | - | - | - | (6,607) | - | (6,607) |
| At 31 December 2020/1 January 2021 | 161,016 | 7,752,609 | 501,776 | 349,231 | 1,005,573 | 1,354,804 |
| Effect of movements in exchange rate | - | - | - | 12,866 | - | 12,866 |
| At 31 December 2021 | 161,016 | 7,752,609 | 501,776 | 362,097 | 1,005,573 | 1,367,670 |
| Amortisation and impairment loss | | | | | | |
| At 1 January 2020 | 8,232 | 4,950,442 | 3,074 | - | 900,153 | 900,153 |
| Accumulated amortisation | - | 4,950,442 | 3,074 | - | 385,494 | 385,494 |
| Accumulated impairment loss | 8,232 | - | - | - | 514,659 | 514,659 |
| Amortisation for the year | | | | | | |
| At 31 December 2020/1 January 2021 | 8,232 | 5,223,108 | 39,893 | - | 911,843 | 911,843 |
| Accumulated amortisation | - | 5,223,108 | 39,893 | - | 397,184 | 397,184 |
| Accumulated impairment loss | 8,232 | - | - | - | 514,659 | 514,659 |
| Amortisation for the year | | | | | | |
| At 31 December 2021 | - | 272,002 | 36,569 | - | 11,641 | 11,641 |
| Accumulated amortisation | - | 5,495,110 | 76,462 | - | 408,825 | 408,825 |
| Accumulated impairment loss | 8,232 | - | - | - | 514,659 | 514,659 |
| | 8,232 | 5,495,110 | 76,462 | - | 923,484 | 923,484 |
| Carrying amounts | | | | | | |
| At 1 January 2020 | 152,784 | 2,802,167 | 498,702 | 355,838 | 105,420 | 461,258 |
| At 31 December 2020/1 January 2021 | 152,784 | 2,529,501 | 461,883 | 349,231 | 93,730 | 442,961 |
| At 31 December 2021 | 152,784 | 2,257,499 | 425,314 | 362,097 | 82,089 | 444,186 |

Notes to the Consolidated Financial Statements

6. INTANGIBLE ASSETS (CONTINUED)**Intangible assets arising from interest over Power Purchase, Power and Water Purchase, Water Purchase and Operation and Maintenance Agreements**

The Group's revenue is substantially derived from the generation and sale of electricity energy and generating capacity in Malaysia, which is governed by the Power Purchase Agreements ("PPAs") (together with the Independent Power Producer Licences ("IPP Licences") issued by the Ministry of Energy, Water and Communications), Power and Water Purchase Agreements ("PWPAs") and Water Purchase Agreement ("WPA") held by the subsidiaries, associates and joint venture. The Operation and Maintenance Agreements ("OMAs") held by certain subsidiaries engaged in operation and maintenance are associated with the Independent Power Producers within the Group.

Upon acquisition of the subsidiaries, associates and joint venture, the Group has determined the expected cash flows to be generated from the PPAs, OMAs (together with the IPP Licences), PWPAs and WPA.

The PPAs and OMAs held by subsidiaries in Malaysia are recognised as a single asset in accordance with MFRS 138, *Intangible Assets*, in view that they are required for the generation, operation and maintenance, sale of electricity energy and generating capacity in Malaysia.

There are five (5) PPAs (together with the respective IPP Licences) held by the Group's power producing subsidiaries namely Segari Energy Ventures Sdn. Bhd. ("SEV"), GB3 Sdn. Bhd. ("GB3"), Prai Power Sdn. Bhd. ("PPSB"), Tanjung Bin Power Sdn. Bhd. ("TBP") and an associate, Kapar Energy Ventures Sdn. Bhd. ("KEV"). There are five (5) OMAs held by the Group's operation and maintenance subsidiaries, namely Malakoff Power Berhad ("MPB") and Tanjung Bin O&M Berhad ("TBOM").

The PWPAs and WPA held by associates and joint venture are recognised as part of the carrying amount in the investments in associates and joint venture.

There are one (1) PWPA held by an associate, namely Hidd Power Company B.S.C. (c) ("HPC"), one (1) PWPA and one (1) WPA held indirectly by a joint venture, namely Saudi-Malaysia Water & Electricity Company Limited ("SAMAWEC").

The PPAs, PWPAs and OMAs are the key documents that govern the underlying strength of the Group's cash flows, which provide for, inter alia, the electricity tariff, supply, operations and maintenance and all other terms to be met by the subsidiaries, associates and joint venture.

Notes to the Consolidated Financial Statements

6. INTANGIBLE ASSETS (CONTINUED)

Intangible assets arising from interest over Power Purchase, Power and Water Purchase, Water Purchase and Operation and Maintenance Agreements (continued)

Initial measurement

The fair values of the Intangible Assets arising from the PPAs, PWPAs, OMAs, and WPA were measured using the Multi-Period Excess Earnings Method ("MEEM") under the income method. The underlying rationale in the MEEM was that the fair value of Intangible Assets represents the present value of the net income after taxes attributable to the Intangible Assets. The net income attributable to the Intangible Assets was the excess income after charging a fair return on all the assets that are necessary (contributory assets) to realise the net income. The contributory asset charges ("CAC") were based on the fair value of each contributory asset and represent the return on the assets. The assumption in calculating the CAC was that the owner of the Intangible Asset "rents" or "leases" the contributory assets from a hypothetical third party in an arm's length transaction in order to be able to derive income from the Intangible Assets. The present value of the expected income attributable to the Intangible Assets less CAC and taxes represents the value of the Intangible Assets.

The management had applied the following key assumptions in deriving the present value of the net income after taxes attributable to the Intangible Assets at the acquisition date:

| | |
|--|---|
| • Remaining useful life of PPAs/PWPAs/ OMAs | 2 – 25 years (in accordance with the respective PPAs, PWPAs and OMAs) |
| • Dependable Capacity ("DC"): | |
| - Power | 350 MW – 2,420 MW |
| - Water | 17,047 m 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.

Notes to the Consolidated Financial Statements

6. INTANGIBLE ASSETS (CONTINUED)**Intangible assets including goodwill arising from interest over Service Concession Agreement****Initial measurement**

The Group also generates revenue from the integrated solid waste collection and cleansing public management services in the states of Pahang, Federal Territory of Kuala Lumpur and Putrajaya under the Service Concession Agreement (“SCA”) held by Alam Flora Sdn. Bhd. (“AFSB”), the concession asset holder.

The fair value of the Intangible Assets arising from the SCA were measured using the Multi-Period Excess Earnings Method (“MEEM”) under the income method. The underlying rationale in the MEEM was that the fair value of Intangible Assets represents the present value of the net income after taxes attributable to the Intangible Assets. The net income attributable to the Intangible Assets was the excess income after charging a fair return on all the assets that are necessary (contributory assets) to realise the net income. The contributory asset charges (“CAC”) were based on the fair value of each contributory asset and represent the return on the assets. The assumption in calculating the CAC was that the owner of the Intangible Asset “rents” or “leases” the contributory assets from a hypothetical third party in an arm’s length transaction in order to be able to derive income from the Intangible Assets. The present value of the expected income attributable to the Intangible Assets less CAC and taxes represents the value of the Intangible Assets.

The management had applied the following key assumptions in deriving the present value of the net income after taxes attributable to the Intangible Assets at the acquisition date:

- Remaining useful life of SCA 13.75 years (in accordance with the SCA)
- Revenue Tariff rate revision takes place on 1 January 2022 and 1 September 2026 with an annualised growth rate of 2%
- Cost of sales Private contractor cost based on past experience at 53% of total concession business revenue
- Capital expenditures (“CAPEX”) Expenses on concession assets replacement costs for existing SCA business

In applying the MEEM valuation methodology, the expected cash flows were discounted to their present value equivalent using a rate of return that reflects the relative risk of the cash flows, as well as the time value of money. This was calculated by weighing the required returns on debt and equity in proportion to their assumed percentages. The applied pre-tax discount rate was 18.65% per annum.

Intangible assets arising from interest over Power and Water Purchase and Water Purchase Agreements**Initial measurement**

The Group’s revenue is also derived from the generation and sale of desalinated water and electricity in the Kingdom of Saudi Arabia, which is governed by the Power and Water Purchase Agreements (“PWPA”) and Water Purchase Agreement (“WPA”).

The fair value of the Intangible Assets arising from the PWPA and WPA were measured using the Multi-Period Excess Earnings Method (“MEEM”) under the income method. The underlying rationale in the MEEM was that the fair value of Intangible Assets represents the present value of the net income after taxes attributable to the Intangible Assets. The net income attributable to the Intangible Assets was the excess income after charging a fair return on all the assets that are necessary (contributory assets) to realise the net income. The contributory asset charges (“CAC”) were based on the fair value of each contributory asset and represent the return on the assets. The assumption in calculating the CAC was that the owner of the Intangible Asset “rents” or “leases” the contributory assets from a hypothetical third party in an arm’s length transaction in order to be able to derive income from the Intangible Assets. The present value of the expected income attributable to the Intangible Assets less CAC and taxes represents the value of the Intangible Assets.

Notes to the Consolidated Financial Statements

6. INTANGIBLE ASSETS (CONTINUED)

Intangible assets arising from interest over Power and Water Purchase and Water Purchase Agreements (continued)

Initial measurement (continued)

The management had applied the following key assumptions in deriving the present value of the net income after taxes attributable to the Intangible Assets at the acquisition date:

- Contracted tariff Agreed tariff as per PWPA and WPA
- Residual value 10% of Engineering, Procurement, and Construction Cost (“EPCC”) net of decommissioning cost as the terminal value
- Capital expenditures (“CAPEX”) Expenses on power plants and machinery replacement

In applying the MEEM valuation methodology, the expected cash flows were discounted to their present value equivalent using a rate of return that reflects the relative risk of the cash flows, as well as the time value of money. This was calculated by weighing the required returns on debt and equity in proportion to their assumed percentages. The applied pre-tax discount rate was 44% per annum.

Subsidiaries

Interest over Power Purchase and Operation and Maintenance Agreements

Interest over Power Purchase and Operation and Maintenance Agreements of subsidiaries have finite useful lives and are subject to impairment assessment only if there is an indication of impairment. There is no indication of impairment during the financial year.

Impairment testing for cash-generating unit containing goodwill

Goodwill was allocated to AFSB at the completion of the acquisition of AFSB by the Group. The goodwill represents the cash-generating unit (“CGU”) within the Group at which the goodwill was monitored for internal management purposes. The cash-generating unit relates to collection and cleansing management services. The Group has exercised significant judgment in assessing the CGU recoverable amount using value in use.

The impairment test of the above CGU was based on the value in use, determined by discounting future cash flows to its present values equivalent using a rate of return that reflects the relative risk of the cash flows, as well as the time value of money. This is calculated by weighing the required returns on debt and equity in proportion to its assumed percentages. The applied pre-tax discount rate was 15% per annum. The discount rate reflected the current market assessment of the time value of money and was based on the estimated cost of capital.

Notes to the Consolidated Financial Statements

6. INTANGIBLE ASSETS (CONTINUED)**Subsidiaries (continued)****Impairment testing for cash-generating unit containing goodwill (continued)**

The following table shows the valuation techniques used in the determination of value in use, as well as the significant assumptions used in the valuation model.

- Remaining useful life of SCA 13.75 years (in accordance with the SCA)
- Revenue Tariff rate revision takes place on 1 September 2025 with an annualised growth rate of 2%
- Cost of sales Private contractor cost 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 15%

The values assigned to the key assumptions represent management's assessment of future trends in the solid waste management industry and were based on external sources and internal sources (historical data).

The estimated recoverable amount exceeds the carrying amount of the above CGU and no impairment loss is recognised. However, any adverse change in a key assumption may result in an impairment loss to be recognised.

The above estimate is particularly sensitive to the assumption that the Group will successfully achieve tariff rate revisions which are scheduled to be finalised on 1 September 2025. A delay in the tariff rate revision by three years would result in an impairment loss of approximately RM3,571,000.

Joint venture**Interest over Power and Water Purchase Agreement and Water Purchase Agreement in SAMAWEC**

Interest over Power and Water Purchase Agreement and Water Purchase Agreement in SAMAWEC has finite useful lives and is subject to impairment assessment only if there is an indication of impairment. There is no indication of impairment during the financial year.

Associates**Interest over Power and Water Purchase Agreement in HPC**

Interest over Power and Water Purchase Agreement in HPC has finite useful life and is subject to impairment assessment only if there is an indication of impairment. There is no indication of impairment during the financial year.

Notes to the Consolidated Financial Statements

7. INVESTMENTS IN SUBSIDIARIES

| | Note | Company | |
|--------------------------------------|------|--------------------|----------------|
| | | 2021 RM'000 | 2020 RM'000 |
| At cost | | | |
| Unquoted shares | | 8,134,741 | 8,134,741 |
| Unquoted preference shares | 7.1 | 856,659 | 702,171 |
| Amount due from a subsidiary | 7.2 | 109,348 | 109,343 |
| Capital contribution to subsidiaries | 7.3 | 3,793 | - |
| Less: Accumulated impairment losses | 7.4 | (1,576,302) | (1,171,414) |
| | | 7,528,239 | 7,774,841 |

7.1 During the year, the Company subscribed for 1,544,878 Redeemable Preference Shares ("RPS") in Malakoff R&D Sdn. Bhd. ("MR&D"), a wholly-owned subsidiary at an issue price of RM100 each. The total subscription price payable of RM154,487,800 was netted against the amount due from MR&D.

The features of the RPS are as follows:

- i) The RPS shall have no fixed dividend and the dividend shall be non-cumulative; and
- ii) The RPS shall have no fixed redemption date and the subsidiary has an option to redeem all or part the RPS at any given time.

7.2 Amount due from a subsidiary is non-trade in nature, unsecured and non-interest bearing. The amount has no fixed payment date and the subsidiary has the right to defer the payment.

7.3 During the financial year, the Company waived certain amount due from the subsidiaries and recognised a full impairment loss amounting to RM3,793,000.

7.4 During the financial year, the Company continued to assess the recoverability of its investments in subsidiaries which have 10 years or less remaining in the tenure of their PPAs. Consequent to the impairment test carried out, the Company recognised an impairment loss amounting to RM401,095,000 (2020: RM317,069,000) in the profit or loss.

Notes to the Consolidated Financial Statements

7. 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 (%) | | Principal activities |
|----------------------------|--|--|--|-------|--|
| | | | 2021 | 2020 | |
| 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. | Malakoff Utilities Sdn. Bhd. | Malaysia | 100 | 100 | Build, own and operate an electricity distribution system and a centralised chilled water plant system |
| 9. | Malakoff Engineering Sdn. Bhd. | Malaysia | 100 | 100 | Provision of engineering and project management services |
| 10. | Spring Assets Limited | British Virgin Islands | 100 | 100 | Dormant |

Notes to the Consolidated Financial Statements

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

| No. | Name of companies | Principal place of business/ Country of incorporation | Effective ownership interest and voting interest (%) | | Principal activities |
|--|--|--|--|------|---|
| | | | 2021 | 2020 | |
| Direct subsidiaries (continued) | | | | | |
| 11. | Malakoff Capital (L) Limited | Federal Territory of Labuan, Malaysia | 100 | 100 | Dormant |
| 12. | Malakoff International Limited | Cayman Islands | 100 | 100 | Offshore – Investment holding |
| 13. | Tuah Utama Sdn. Bhd. | Malaysia | 100 | 100 | Investment holding |
| 14. | Desa Kilat Sdn. Bhd. | Malaysia | 54 | 54 | Land reclamation, development and/or sale of reclaimed land |
| 15. | Malakoff Power Berhad | Malaysia | 100 | 100 | Operation and maintenance of power plants |
| 16. | Malakoff R&D Sdn. Bhd. | Malaysia | 100 | 100 | Promoting, developing, acquiring and enhancing the Group's capacity and innovation in the energy business |
| 17. | Tunas Pancar Sdn. Bhd. | Malaysia | 100 | 100 | Investment holding |
| 18. | Malakoff Solar Sdn. Bhd. (formerly known as Silver 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 | - | Developing, financing, constructing, operating and maintaining power plant project(s) |
| 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 |

Notes to the Consolidated Financial Statements

7. 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 (%) | | Principal activities |
|--|--|--|--|------|---|
| | | | 2021 | 2020 | |
| Indirect subsidiaries (continued) | | | | | |
| Held through Malakoff Technical Solutions Sdn. Bhd. (continued) | | | | | |
| 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 | 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 of power plant |
| 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 |

Notes to the Consolidated Financial Statements

7. 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 (%) | | Principal activities |
|---|--|--|--|-------|--|
| | | | 2021 | 2020 | |
| Indirect subsidiaries (continued) | | | | | |
| Held through Tuah Utama Sdn. Bhd. | | | | | |
| 37. | Green Biogas Sdn. Bhd. | Malaysia | 100 | 60 | Developing, operating and maintaining biogas power plant project |
| 38. | Batu Bor Hidro Sdn. Bhd. | Malaysia | - | 65 | Construction of hydro power plants, operation of transmission, distribution and sales of electricity and operation of generation facilities that produce electric energy |
| 39. | Lubuk Paku Hidro Sdn. Bhd. | Malaysia | - | 65 | Construction of hydro power plants, operation of transmission, distribution and sales of electricity and operation of generation facilities that produce electric energy |
| 40. | Malakoff Radiance Sdn. Bhd. | Malaysia | 100 | 100 | Developing, operating and maintaining rooftop solar projects |
| 41. | Southern Biogas Sdn. Bhd. | Malaysia | 100 | 60 | Developing, operating and maintaining biogas power plant project |
| Held through Malakoff AIDjazair Desal Sdn. Bhd. | | | | | |
| 42. | Tlemcen Desalination Investment Company SAS [™] | France | 70 | 70 | Offshore – Investment holding |
| Held through Malakoff Hidd Holding Company Limited | | | | | |
| 43. | 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 | | | | | |
| 44. | Tanjung Bin O&M Berhad | Malaysia | 100 | 100 | Operation and maintenance of power plant |
| 45. | PDP O&M Sdn. Bhd. | Malaysia | 100 | 100 | Operation and maintenance of power plant |
| Held through Hypergantic Sdn. Bhd. | | | | | |
| 46. | Port Dickson Power Berhad | Malaysia | 100 | 100 | Independent power producer licensed by the Government to supply electricity exclusively to Tenaga Nasional Berhad |

Notes to the Consolidated Financial Statements

7. 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 (%) | | Principal activities |
|--|---|--|--|-------|--|
| | | | 2021 | 2020 | |
| Indirect subsidiaries (continued) | | | | | |
| Held through Pacific Goldtree Sdn. Bhd. | | | | | |
| 47. | Skyfirst Power Sdn. Bhd. | Malaysia | 100 | 100 | Investment holding |
| Held through Tunas Pancar Sdn. Bhd. | | | | | |
| 48. | 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. | | | | | |
| 49. | 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 | | | | | |
| 50. | Desaru Investments (Cayman Isl.) Limited [∞] | Cayman Islands | 100 | 100 | Offshore – Investment holding |
| 51. | Malaysian Shoaiba Consortium Sdn. Bhd. | Malaysia | 80 | 80 | Investment holding |

^ Not audited by member firms of KPMG International

∞ No requirement to be audited

Notes to the Consolidated Financial Statements

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

| Group | Segari | Tanjung Bin | Alam Flora | Malaysian | Other | |
|---|---|----------------------------|------------------------------|---|---|-----------------|
| | Energy Ventures Sdn. Bhd. RM'000 | GB3 Sdn. Bhd. RM'000 | Power Sdn. Bhd. RM'000 | Shoaliba Consortium Sdn. Bhd. RM'000 | 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 | 311,688 |
| (Loss)/Profit allocated to NCI | (18,735) | 2,160 | 55,064 | 5,986 | (446) | 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) |

Notes to the Consolidated Financial Statements

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (continued):

| Group | Segari | Tanjung Bin | Alam Flora | Malaysian | Other |
|---|-------------|-------------|-------------|--------------|--------------|
| | Energy | Power | Sdn. Bhd. | subsidiaries | subsidiaries |
| 2020 | Ventures | GB3 | Sdn. Bhd. | Shoaiba | with |
| | Sdn. Bhd. | Sdn. Bhd. | Sdn. Bhd. | Consortium | immaterial |
| | RM'000 | RM'000 | RM'000 | RM'000 | 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 | 40,333 | 77,932 | 90,519 | 15,613 | 114,542 |
| (Loss)/Profit allocated to NCI | (5,712) | 8,267 | 39,553 | 2,505 | (618) |
| | | | | | (507) |
| | | | | | 336,802 |
| | | | | | 43,488 |
| Summarised financial information before intra-group eliminations | | | | | |
| As at 31 December | | | | | |
| Non-current assets | 1,440,847 | 328,301 | 4,587,341 | 293,231 | 454,845 |
| Current assets | 311,848 | 162,150 | 60,210 | 562,896 | 270 |
| Non-current liabilities | (1,095,051) | (110,498) | (96,793) | (274,412) | (18) |
| Current liabilities | (12,320) | (69,214) | (43,573) | (376,979) | - |
| Net assets | 645,324 | 310,739 | 4,507,185 | 204,736 | 455,097 |
| Year ended 31 December | | | | | |
| Revenue | 334,503 | 270,077 | 3,160,860 | 827,261 | 35,225 |
| (Loss)/Profit for the year | (91,397) | 33,066 | 395,527 | 95,250 | 32,133 |
| Total comprehensive (expense)/income | (91,397) | 33,066 | 395,527 | 95,250 | 32,133 |
| Cash flows from operating activities | 115,424 | 126,945 | 765,442 | 96,221 | (3,072) |
| Cash flows from/(used in) investing activities | (163,559) | (49,589) | 244,964 | (378,876) | 33,464 |
| Cash flows used in financing activities | (60,000) | (80,723) | (1,100,986) | (270,311) | (32,255) |
| Net decrease in cash and cash equivalents | (108,135) | (3,367) | (90,580) | (552,966) | (1,863) |
| Dividends paid to NCI | - | (20,000) | (40,000) | (6,510) | - |
| Redemption of Preference Shares to NCI | - | - | - | - | (6,377) |

Notes to the Consolidated Financial Statements

8. INVESTMENTS IN ASSOCIATES

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| At cost | | | | |
| Unquoted shares: | | | | |
| - in Malaysia | 471,258 | 471,258 | 1,112,228 | 1,112,228 |
| - outside Malaysia | 67,601 | 72,073 | - | - |
| Unquoted loan stocks: | | | | |
| - in Malaysia | 307,430 | 307,430 | 307,430 | 307,430 |
| Pre-acquisition reserves | 100,592 | 100,592 | - | - |
| Share of post-acquisition reserves | 164,897 | 35,214 | - | - |
| Accumulated impairment loss | (572,764) | (572,764) | (1,419,658) | (1,419,658) |
| | 539,014 | 413,803 | - | - |
| Add: Intangible assets | | | | |
| Goodwill | 362,097 | 349,231 | - | - |
| Interest over PPA and PWPA | 939,073 | 939,073 | - | - |
| | 1,301,170 | 1,288,304 | - | - |
| Less: Amortisation of intangible assets | | | | |
| At 1 January | (388,607) | (383,349) | - | - |
| Amortisation for the year | (5,231) | (5,258) | - | - |
| At 31 December | (393,838) | (388,607) | - | - |
| Less: Accumulated impairment loss on intangible assets | | | | |
| At 1 January | (514,659) | (514,659) | - | - |
| Impairment loss for the year | - | - | - | - |
| At 31 December | (514,659) | (514,659) | - | - |
| | 931,687 | 798,841 | - | - |

Notes to the Consolidated Financial Statements

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of associates are as follows:

| No. | Name of companies | Principal place of business/ Country of incorporation | Effective ownership interest and voting interest (%) | | Principal activities |
|----------------------------|---|--|--|-------|---|
| | | | 2021 | 2020 | |
| Direct associate | | | | | |
| 1. | Kapar Energy Ventures Sdn. Bhd. | Malaysia | 40 | 40 | Generation and sale of electricity |
| Indirect associates | | | | | |
| 2. | Oman Technical Partners Limited | British Virgin Islands | 43.48 | 43.48 | Offshore - Investment holding |
| 3. | Salalah Power Holdings Limited | Bermuda | 43.48 | 43.48 | Dormant |
| 4. | Al-Imtiaz Operation and Maintenance Company Limited | Kingdom of Saudi Arabia | 40 | 40 | Implementation of operation and maintenance contracts for stations of electrical power generation and water desalination |
| 5. | Hyflux-TJSB Algeria SPA | Algeria | 49 | 49 | Operation and maintenance of water desalination plant |
| 6. | Hidd Power Company B.S.C. (c) | Bahrain | 40 | 40 | Building, operation and maintenance of power and water stations for special purposes (specific supply only) |
| 7. | Muscat City Desalination Operation and Maintenance Company LLC ("MCDOMC") | Sultanate of Oman | -* | 35 | Operation and maintenance of pump stations and pipelines, installation and repair of electric power and transformer plants and telecommunications and radar plants, export and import offices, and laying and maintenance of all kinds of pipes, business agencies (excluding portfolio and securities) and wholesale of industrial chemicals |
| 8. | Muscat City Desalination Company S.A.O.G | Sultanate of Oman | 32.5 | 32.5 | Desalination of water |
| 9. | Saudi-Malaysia Operation & Maintenance Services Company Limited | Kingdom of Saudi Arabia | 20 | 20 | Operation and maintenance of power and water desalination plant |

* During the year, the Group acquired additional interest in MCDOMC. Consequently, MCDOMC has been reclassified as a joint venture of the Group (see Note 9).

Notes to the Consolidated Financial Statements

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates.

| Group | Hidd Power Company B.S.C. (c) 40% RM'000 | Muscat City Desalination Company S.A.O.G 32.5% RM'000 |
|--|---|--|
| 2021 | | |
| Summarised financial information | | |
| As at 31 December | | |
| Non-current assets | 2,941,169 | 931,774 |
| Current assets | 711,336 | 66,244 |
| Non-current liabilities | (2,054,311) | (105,199) |
| Current liabilities | (233,594) | (742,860) |
| Net assets | 1,364,600 | 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/(expense) 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 Consolidated Financial Statements

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates (continued).

| Group | Hidd Power Company B.S.C. (c) RM'000 | Muscat City Desalination Company S.A.O.G RM'000 | Other individually immaterial associates RM'000 | Total RM'000 |
|---|---|--|--|-------------------------|
| 2021 | | | | |
| Reconciliation of net assets to carrying amount | | | | |
| As at 31 December | | | | |
| Group's share of net assets | 494,770 | 48,738 | (4,494) | 539,014 |
| Goodwill | 362,097 | - | - | 362,097 |
| Intangible assets | 30,576 | - | - | 30,576 |
| 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) |

Notes to the Consolidated Financial Statements

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates (continued).

| Group | Hidd Power Company B.S.C. (c) 40% RM'000 | Muscat City Desalination Company S.A.O.G 32.5% RM'000 |
|--|---|--|
| 2020 | | |
| Summarised financial information | | |
| As at 31 December | | |
| Non-current assets | 3,107,515 | 930,911 |
| Current assets | 1,022,110 | 58,198 |
| Non-current liabilities | (2,460,151) | (810,917) |
| Current liabilities | (732,086) | (62,386) |
| Net assets | 937,388 | 115,806 |
| Year ended 31 December | | |
| Profit for the year | 181,311 | 20,069 |
| Other comprehensive expense | (7,250) | (27,615) |
| Total comprehensive income/(expense) | 174,061 | (7,546) |
| Included in the total comprehensive income/(expense) are: | | |
| Revenue | 1,951,772 | 182,794 |
| Depreciation and amortisation | (224,330) | (26,988) |
| Finance costs | (130,478) | (32,270) |
| Tax expense | - | (5,675) |

Notes to the Consolidated Financial Statements

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates (continued).

| Group | Hidd Power Company B.S.C. (c) RM'000 | Muscat City Desalination Company S.A.O.G RM'000 | Other individually immaterial associates RM'000 | Total RM'000 |
|---|---|--|--|-------------------------|
| 2020 | | | | |
| Reconciliation of net assets to carrying amount | | | | |
| As at 31 December | | | | |
| Group's share of net assets | 374,955 | 37,637 | 1,211 | 413,803 |
| Goodwill | 349,231 | - | - | 349,231 |
| Intangible assets | 35,807 | - | - | 35,807 |
| Carrying amount in the statements of financial position | 759,993 | 37,637 | 1,211 | 798,841 |
| Group's share of results | | | | |
| Year ended 31 December | | | | |
| Group's share of profit for the year | 72,524 | 6,522 | 9,306 | 88,352 |
| Group's share of other comprehensive expense | (2,900) | (8,975) | - | (11,875) |
| Group's share of total comprehensive income/(expense) | 69,624 | (2,453) | 9,306 | 76,477 |
| Other information | | | | |
| Dividend received | - | (8,991) | (1,770) | (10,761) |

Unrecognised share of loss

The Group has not recognised profit from Kapar Energy Ventures Sdn. Bhd. ("KEV") of RM14,744,000 for the financial year ended 31 December 2021 as the Group's total share of losses exceeds its interest in KEV. As of 31 December 2021, the cumulative unrecognised share of losses from KEV stood at RM14,272,000 (2020: RM29,016,000).

Notwithstanding the above, costs of investment in KEV have been fully impaired in 2019.

Notes to the Consolidated Financial Statements

9. INVESTMENTS IN JOINT VENTURES

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| At cost | | | | |
| Unquoted shares: | | | | |
| - In Malaysia | 21,515 | - | 21,515 | - |
| - Outside Malaysia | 432,706 | 427,994 | - | - |
| Pre-acquisition reserves | 317,532 | 317,528 | - | - |
| Share of post-acquisition reserves | (31,570) | (135,081) | - | - |
| | 740,183 | 610,441 | 21,515 | - |
| Add: Intangible assets acquired through business combination | | | | |
| At 1 January/31 December | 66,500 | 66,500 | - | - |
| Less: Amortisation of intangible assets | | | | |
| At 1 January | (8,577) | (2,145) | - | - |
| Amortisation for the year | (6,410) | (6,432) | - | - |
| At 31 December | (14,987) | (8,577) | - | - |
| | 791,696 | 668,364 | 21,515 | - |

- (i) In 2016, the Group made provision up to the carrying amount of its investment in Almiyah Attilemcania SPA ("AAS"), totalling RM64,118,000, consequent to a dispute as disclosed in Note 37.
- (ii) During the year, the Company 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"). Upon completion of the Conversion, the Company holds 49% equity interest in ZEC Solar. The key decisions related to ZEC Solar require unanimous consent from all the shareholders. Accordingly, the Group has classified ZEC Solar as a joint venture of the Group.
- (iii) During the year, TJSB International Limited, an indirect wholly-owned subsidiary, 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). Following the acquisition, the Group's effective equity interest in MCDOMC increased from 35% to 50%. The key decisions related to MCDOMC require unanimous consent from all the shareholders. Accordingly, the Group has classified MCDOMC as a joint venture of the Group.

Notes to the Consolidated Financial Statements

9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Details of joint ventures are as follows:

| No. | Name of companies | Principal place of business/ Country of incorporation | Effective ownership interest and voting interest (%) | | Principal activities |
|--------------------------------|---|--|--|------|---|
| | | | 2021 | 2020 | |
| Direct joint ventures | | | | | |
| 1. | ZEC Solar Sdn. Bhd. | Malaysia | 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. | Malaysia | 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* | - | 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 |

* During the year, the Group acquired additional interest in MCDOMC. Consequently, MCDOMC has been reclassified as a joint venture of the Group.

Notes to the Consolidated Financial Statements

9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Details of joint ventures are as follows:

| No. | Name of companies | Principal place of business/ Country of incorporation | Effective ownership interest and voting interest (%) | | Principal activities |
|-----------------------------------|---|--|--|------|---|
| | | | 2021 | 2020 | |
| Associates held by SAMAWEC | | | | | |
| 6. | 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 |
| 7. | 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 |
| 8. | Shuaibah Expansion Project Company Limited ("SEPCO") | Kingdom of Saudi Arabia | 23.8 | 23.8 | Development, construction, possession, operation and maintenance of the Shuaibah Phase 3 Expansion IWP, transfer and sell water and all relevant works and activities |

Notes to the Consolidated Financial Statements

9. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table summarises the information of the Group's material joint 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 | |
|--|------------------|----------------|
| | 2021 RM'000 | 2020 RM'000 |
| Summarised financial information | | |
| As at 31 December | | |
| Non-current assets | 6,944,556 | 7,026,042 |
| Current assets | 471,736 | 409,376 |
| Non-current liabilities | (3,502,700) | (4,143,021) |
| Current liabilities | (866,738) | (747,345) |
| Net assets | 3,046,854 | 2,545,052 |
| Year ended 31 December | | |
| Profit for the year | 471,385 | 369,623 |
| Other comprehensive income/(expense) | 136,892 | (33,948) |
| Total comprehensive income | 608,277 | 335,675 |
| Included in the total comprehensive income/(expense) are: | | |
| Revenue | 1,375,145 | 1,348,373 |
| Depreciation and amortisation | (403,919) | (367,413) |
| Interest expense | (224,150) | (307,750) |
| Income tax expense | (40,486) | (17,421) |

Notes to the Consolidated Financial Statements

9. 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 | SAMAWECE RM'000 | Other individually immaterial joint ventures RM'000 | Total RM'000 |
|---|--------------------|---|-----------------|
| 2021 | | | |
| Reconciliation of net assets to carrying amount | | | |
| As at 31 December | | | |
| Group's share of net assets | 704,610 | 35,573 | 740,183 |
| Intangible assets | 51,513 | - | 51,513 |
| 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) |
| 2020 | | | |
| Reconciliation of net assets to carrying amount | | | |
| As at 31 December | | | |
| Group's share of net assets | 610,441 | - | 610,441 |
| Intangible assets | 57,923 | - | 57,923 |
| Carrying amount in the statements of financial position | 668,364 | - | 668,364 |
| Group's share of results | | | |
| Year ended 31 December | | | |
| Group's share of profit for the year | 83,426 | - | 83,426 |
| Group's share of other comprehensive expense | (8,124) | - | (8,124) |
| Group's share of total comprehensive income | 75,302 | - | 75,302 |
| Other information | | | |
| Dividend received | (35,889) | - | (35,889) |

Notes to the Consolidated Financial Statements

10. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

| Group | 2021 | | 2020 | |
|--|------------------|-----------------------|------------------|-----------------------|
| | Assets RM'000 | Liabilities RM'000 | Assets RM'000 | Liabilities RM'000 |
| Non-current | | | | |
| Derivatives at fair value through profit or loss | | | | |
| - Interest rate swaps | - | (7,106) | - | (15,381) |
| - Cross currency interest rate swaps | 288,680 | - | 231,170 | - |
| | 288,680 | (7,106) | 231,170 | (15,381) |

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.

11. TRADE AND OTHER RECEIVABLES

| | Note | Group | | Company | |
|--|------|------------------|------------------|------------------|------------------|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Non-current | | | | | |
| Other receivables | 11.1 | 39,931 | 50,324 | - | - |
| Amount due from an associate – non-trade | 11.2 | 271,839 | 255,724 | 271,839 | 255,724 |
| Accumulated impairment allowances | 11.2 | (56,486) | (40,371) | (56,486) | (40,371) |
| Net amount due from an associate – non-trade | | 215,353 | 215,353 | 215,353 | 215,353 |
| Deferred expense | 11.3 | 9,206 | 214,939 | - | - |
| Other assets | | 50 | 50 | - | - |
| | | 264,540 | 480,666 | 215,353 | 215,353 |
| Current | | | | | |
| Trade | | | | | |
| Trade receivables | | 543,214 | 565,549 | - | - |
| Less: Allowance for impairment loss | | (3,150) | (3,195) | - | - |
| | | 540,064 | 562,354 | - | - |
| Non-trade | | | | | |
| Amounts due from subsidiaries | 11.4 | - | - | 1,085,138 | 1,162,670 |
| Amounts due from associates | 11.4 | 50,439 | 50,695 | 397 | 708 |
| Amounts due from related parties | 11.4 | 14,617 | 19,510 | - | - |
| Other receivables | | 82,581 | 139,875 | 1,521 | 1,380 |
| Deposits and prepayments | | 108,357 | 111,750 | 3,494 | 3,685 |
| | | 255,994 | 321,830 | 1,090,550 | 1,168,443 |
| | | 796,058 | 884,184 | 1,090,550 | 1,168,443 |
| | | 1,060,598 | 1,364,850 | 1,305,903 | 1,383,796 |

Notes to the Consolidated Financial Statements

11. TRADE AND OTHER RECEIVABLES (CONTINUED)**11.1 Other receivables – non-current**

Other receivables represent transaction costs arising from derivative instruments which will be amortised systematically over the tenure of the hedged item.

11.2 Amount due from an associate – non-current

Amount due from an associate is unsecured, stated at amortised cost and is expected to be repaid in the next eight (8) years in line with the remaining PPA tenure. During the financial year, the Company re-assessed the recoverability of the amount due from an associate. The impairment test of the amount due from an associate is based on the expected loss model, determined by discounting the cash shortfall over the expected life of the amount due from an associate using the effective interest rate of 7%.

As a result of the impairment assessment, the Group and the Company recognised an impairment loss on amount due from the associate amounting to RM16,115,000 (2020: RM15,062,000) for the year ended 31 December 2021.

11.3 Deferred expense

Included in deferred expense was the rebate given to Tenaga Nasional Berhad (“TNB”) for the 10-year extension period of the PPA of a subsidiary, Segari Energy Ventures Sdn. Bhd. (“SEV”). The deferred expense is amortised over the 10-year extension period of the PPA terms, effective from 1 July 2017. During the financial year, the Group re-assessed the performance of SEV’s power plant and concluded that the deferred expense is no longer recoverable. Consequent to the assessment, the remaining balance of the deferred expense was written off, amounting to RM206,395,000.

11.4 Amounts due from subsidiaries, associates and related parties - current

Amounts due from subsidiaries, associates and related parties are unsecured, interest free and repayable on demand except for amounts of RM695,268,000 (2020: RM684,417,000) due from subsidiaries, which are subject to interest rates ranging from 3.4% - 5.9% (2020: 3.5% - 5.9%) per annum and amounts of RM45,517,000 (2020: RM49,944,000) due from associates, which are subject to interest rate of 2% (2020: 2%) per annum.

11.5 Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set-off for presentation purpose:

| | Note | Gross amount RM'000 | Balances that are set-off RM'000 | Net carrying amount in the statements of financial position RM'000 |
|-------------------------------|------|------------------------|--|---|
| Company | | | | |
| 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) |
| 2020 | | | | |
| Amounts due from subsidiaries | | 1,387,430 | (224,760) | 1,162,670 |
| Amounts due to subsidiaries | 24 | (1,856,720) | 224,760 | (1,631,960) |

Notes to the Consolidated Financial Statements

12. DEFERRED TAX ASSETS/(LIABILITIES)**Recognised deferred tax assets/(liabilities)**

Deferred tax assets/(liabilities) are attributable to the following:

| | Assets | | Liabilities | | Net | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Group | | | | | | |
| Property, plant and equipment | - | - | (2,360,924) | (2,366,141) | (2,360,924) | (2,366,141) |
| Lease liabilities | 6,765 | 2,596 | - | - | 6,765 | 2,596 |
| Right-of-use assets | - | - | (11,328) | (5,082) | (11,328) | (5,082) |
| Investment properties | - | - | (204) | (204) | (204) | (204) |
| Concession assets | - | - | (31,105) | (35,653) | (31,105) | (35,653) |
| Provisions | 168,561 | 171,973 | - | - | 168,561 | 171,973 |
| Intangible assets | - | - | (578,999) | (646,467) | (578,999) | (646,467) |
| Unutilised tax losses | 23,197 | 23,883 | - | - | 23,197 | 23,883 |
| Unutilised capital allowances | 1,104,386 | 1,009,533 | - | - | 1,104,386 | 1,009,533 |
| Deferred income | 825,513 | 897,742 | - | - | 825,513 | 897,742 |
| Deferred expenses | - | - | - | (58,540) | - | (58,540) |
| Tax assets/(liabilities) | 2,128,422 | 2,105,727 | (2,982,560) | (3,112,087) | (854,138) | (1,006,360) |
| Set-off of tax | (1,911,335) | (1,911,144) | 1,911,335 | 1,911,144 | - | - |
| Net tax assets/(liabilities) | 217,087 | 194,583 | (1,071,225) | (1,200,943) | (854,138) | (1,006,360) |
| Company | | | | | | |
| Property, plant and equipment | - | - | (779) | (558) | (779) | (558) |
| Right-of-use assets | - | - | (2,575) | (761) | (2,575) | (761) |
| Lease liabilities | 2,638 | 855 | - | - | 2,638 | 855 |
| Tax assets/(liabilities) | 2,638 | 855 | (3,354) | (1,319) | (716) | (464) |
| Set-off of tax | (2,638) | (855) | 2,638 | 855 | - | - |
| Net tax liabilities | - | - | (716) | (464) | (716) | (464) |

Notes to the Consolidated Financial Statements

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movements in temporary differences during the year:

| Group | At 1.1.2020 | | Recognised in profit or loss (Note 28) | | Recognised in other comprehensive (expense) /income (Note 30) | | At 31.12.2020/1.1.2021 | | Recognised in profit or loss (Note 28) | | At 31.12.2021 | |
|---------------------------------|-------------|----------|--|-------------|---|----------|------------------------|--------|--|--------|---------------|--------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Deferred tax assets | | | | | | | | | | | | |
| Lease liabilities | 5,660 | (3,064) | - | 2,596 | - | 4,169 | 6,765 | | | | | |
| Provisions | 157,439 | 17,766 | (3,232) | 171,973 | (3,232) | (3,412) | 168,561 | | | | | |
| Unutilised tax losses | - | 23,883 | - | 23,883 | - | (686) | 23,197 | | | | | |
| Unutilised capital allowances | 871,680 | 137,853 | - | 1,009,533 | - | 94,853 | 1,104,386 | | | | | |
| Deferred income | 971,061 | (73,319) | - | 897,742 | - | (72,229) | 825,513 | | | | | |
| Tax assets | 2,005,840 | 103,119 | (3,232) | 2,105,727 | (3,232) | 22,695 | 2,128,422 | | | | | |
| Set-off of tax | (1,859,342) | (51,802) | - | (1,911,144) | - | (191) | (1,911,335) | | | | | |
| Net tax assets | 146,498 | 51,317 | (3,232) | 194,583 | (3,232) | 22,504 | 217,087 | | | | | |
| Deferred tax liabilities | | | | | | | | | | | | |
| Property, plant and equipment | (2,301,713) | (64,428) | - | (2,366,141) | - | 5,217 | (2,360,924) | | | | | |
| Right-of-use assets | (7,361) | 2,279 | - | (5,082) | - | (6,246) | (11,328) | | | | | |
| Investment properties | (120) | (84) | - | (204) | - | - | (204) | | | | | |
| Concession assets | (42,470) | 6,817 | - | (35,653) | - | 4,548 | (31,105) | | | | | |
| Intangible assets | (714,096) | 67,629 | - | (646,467) | - | 67,468 | (578,999) | | | | | |
| Deferred expenses | (67,548) | 9,008 | - | (58,540) | - | 58,540 | - | | | | | |
| Tax liabilities | (3,133,308) | 21,221 | - | (3,112,087) | - | 129,527 | (2,982,560) | | | | | |
| Set-off of tax | 1,859,342 | 51,802 | - | 1,911,144 | - | 191 | 1,911,335 | | | | | |
| Net tax liabilities | (1,273,966) | 73,023 | - | (1,200,943) | - | 129,718 | (1,071,225) | | | | | |

Notes to the Consolidated Financial Statements

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movements in temporary differences during the year (continued):

| Company | At | Recognised | At | Recognised | At |
|-------------------------------|----------|------------|-------------|------------|------------|
| | 1.1.2020 | in profit | 31.12.2020/ | in profit | 31.12.2021 |
| | RM'000 | or loss | 1.1.2021 | or loss | RM'000 |
| | | (Note 28) | RM'000 | (Note 28) | RM'000 |
| Property, plant and equipment | (432) | (126) | (558) | (221) | (779) |
| Right-of-use assets | (2,174) | 1,413 | (761) | (1,814) | (2,575) |
| Lease liabilities | 2,344 | (1,489) | 855 | 1,783 | 2,638 |
| Net tax assets/(liabilities) | (262) | (202) | (464) | (252) | (716) |

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item (stated at gross):

| | Group | |
|------------------------|---------|---------|
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| Unutilised tax losses: | | |
| As at 31 December | 137,275 | 138,283 |
| Tax at 24% (2020: 24%) | 32,946 | 33,188 |

As of 31 December 2021, in accordance with the provision of the new Finance Act 2021, the time period for carrying forward unutilised tax losses has been extended from seven (7) years to 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 | |
|-------------------------|---------|---------|
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| Year of assessment 2025 | - | 127,590 |
| Year of assessment 2026 | - | 10,511 |
| Year of assessment 2027 | - | 182 |
| Year of assessment 2028 | 126,330 | - |
| Year of assessment 2029 | 10,511 | - |
| Year of assessment 2030 | 434 | - |
| | 137,275 | 138,283 |

Notes to the Consolidated Financial Statements

13. INVENTORIES

| | Group | |
|--|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 |
| At cost | | |
| Consumables | 298,015 | 272,025 |
| Coal | 510,822 | 270,553 |
| Diesel fuel | 65,442 | 49,221 |
| | 874,279 | 591,799 |
| Recognised in profit or loss: | | |
| Allowance for diminution in value of consumables | 41,752 | 29,161 |

The allowance for diminution in value of consumables is included in cost of sales.

14. OTHER INVESTMENTS

| | Note | Group | | Company | |
|---|------|------------------|------------------|----------------|----------------|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Non-current | | | | | |
| Investment in Redeemable Cumulative Convertible Preference Shares ("RCCPS") | 14.1 | 2,484 | 23,999 | 2,484 | 23,999 |
| Current | | | | | |
| Deposits with licensed banks and other licensed corporations | | | | | |
| – amortised cost | 14.2 | 1,528,511 | 2,381,810 | - | 110,060 |
| – fair value through profit or loss | 14.2 | 1,088,582 | 996,347 | - | - |
| | | 2,617,093 | 3,378,157 | - | 110,060 |

14.1 Investment in RCCPS

In 2018, the Group invested in RCCPS issued by a company which is engaged in the installation of non-electric solar energy collectors and wholesale of variety of goods. The issuer may redeem the RCCPS subject to the approval of the Company. The RCCPS are subject to dividend rate of 11% per annum.

During the year, the Group converted 21,515,218 units of RCCPS in the company into 21,515,218 ordinary shares at a conversion price of RM1.00 each ("Conversion"). Upon completion of the Conversion, the Group holds 49% equity interest in the company. Consequently, the investment has been classified as an investment in joint venture (see Note 9).

14.2 Deposits with licensed banks and other licensed corporations

Included in other investments of the Group is an amount of RM400,345,000 (2020: RM657,648,000) placed with licensed banks and other licensed corporations which are the related parties of the Group.

Notes to the Consolidated Financial Statements

15. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|--|------------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Deposits with licensed banks and other licensed corporations | 735,585 | 404,565 | 139,545 | 100,190 |
| Cash and bank balances | 833,234 | 658,035 | 23,704 | 26,647 |
| | 1,568,819 | 1,062,600 | 163,249 | 126,837 |

Included in cash and cash equivalents of the Group and of the Company are RM1,020,000 (2020: RM37,130,000) and RM853,000 (2020: RM15,192,000) respectively placed with licensed banks and other licensed corporations which are the related parties of the Group.

16. ASSETS CLASSIFIED AS HELD FOR SALE

On 11 December 2019, Port Dickson Power Berhad ("PDP"), a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Pacific Energy Company Limited, Nigeria to dispose of four (4) units of used gas turbines and generators, related auxiliaries and spare parts ("collectively referred to as power plant assets"). The disposal of the power plant assets was completed in November 2021.

At 31 December 2020, the assets classified as held for sale were as follows:

| | Note | Group 2020 RM'000 |
|---|------|-------------------------|
| Assets classified as held for sale | | |
| Property, plant and equipment | (a) | 65,000 |

Note (a)

Property, plant and equipment held for sale comprised the following:

| | 2020 RM'000 |
|--------------------------------|----------------|
| Cost | 678,759 |
| Less: Accumulated depreciation | (613,759) |
| | 65,000 |

Notes to the Consolidated Financial Statements

17. CAPITAL AND RESERVES

Share capital

| Group and Company | Number of shares | Amount | Number of shares | Amount |
|--|---------------------|----------------|---------------------|----------------|
| | 2021 '000 | 2021 RM'000 | 2020 '000 | 2020 RM'000 |
| Issued and fully paid shares with no par value classified as equity instruments: | | | | |
| Ordinary shares | | | | |
| At 1 January/31 December | 5,000,000 | 5,693,055 | 5,000,000 | 5,693,055 |

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

Treasury shares

During the financial year, the Company did not repurchase any ordinary shares from the open market. The previously repurchased shares are held as treasury shares in accordance with Section 127 of the Companies Act 2016. As at 31 December 2021, 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 | Amount | Number of shares | Amount |
|--------------------------|---------------------|----------------|---------------------|----------------|
| | 2021 '000 | 2021 RM'000 | 2020 '000 | 2020 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.

Notes to the Consolidated Financial Statements

18. PERPETUAL SUKUK

| Group | 2021 RM'000 | 2020 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 of the subsidiary.

Notes to the Consolidated Financial Statements

19. LOANS AND BORROWINGS

| | Note | Group | |
|--------------------------------|------|------------------|-------------------|
| | | 2021 RM'000 | 2020 RM'000 |
| Non-current | | | |
| Secured | | | |
| Sukuk Ijarah medium term notes | 19.1 | 2,238,590 | 2,501,254 |
| Sukuk medium term notes | 19.2 | 1,917,190 | 2,219,351 |
| Sukuk Wakalah | 19.3 | 180,000 | 235,000 |
| Sukuk Murabahah | 19.4 | 2,890,000 | - |
| Senior Sukuk Murabahah | 19.5 | - | 2,935,000 |
| Senior RM term loan | 19.6 | 244,580 | 353,920 |
| Senior USD term loan | 19.7 | 1,086,565 | 1,181,801 |
| USD term loan | 19.8 | - | 261,105 |
| Unsecured | | | |
| Redeemable Preference Shares | 19.9 | 30,000 | 30,000 |
| | | 8,586,925 | 9,717,431 |
| Current | | | |
| Secured | | | |
| Sukuk Ijarah medium term notes | 19.1 | 300,000 | 320,000 |
| Sukuk medium term notes | 19.2 | 340,000 | 500,000 |
| Sukuk Wakalah | 19.3 | 55,000 | 55,000 |
| Sukuk Murabahah | 19.4 | 45,000 | - |
| Senior Sukuk Murabahah | 19.5 | - | 70,000 |
| Senior RM term loan | 19.6 | 109,340 | 84,210 |
| Senior USD term loan | 19.7 | 138,778 | 107,334 |
| USD term loan | 19.8 | 270,725 | 28,119 |
| | | 1,258,843 | 1,164,663 |
| | | 9,845,768 | 10,882,094 |

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 property, plant and equipment with a carrying amount of RM4,150,279,000 (2020: RM4,383,950,000).

Significant covenant

TBP is required to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of at least 1.25 times.

Notes to the Consolidated Financial Statements

19. LOANS AND BORROWINGS (CONTINUED)**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

MPB is required to maintain an aggregated debt-to-equity ratio of not more than 1:1 and a Group debt-to-equity ratio of not more than 5.5:1.

19.3 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*

During the financial year, TBE issued the Sukuk Murabahah to repay amounts owing to Tanjung Bin Energy Issuer Berhad (“TBEI”) pursuant to the Turnkey Contract. The Sukuk Murabahah was issued to the holders of TBEI’s Senior Sukuk Murabahah (see Note 19.5) in consideration of which the holders surrendered their outstanding sukuk to TBEI for cancellation.

The Sukuk is secured over TBE’s property, plant and equipment with a carrying amount of RM5,302,854,000.

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 1.05:1.

Notes to the Consolidated Financial Statements

19. LOANS AND BORROWINGS (CONTINUED)

19.5 Senior Sukuk Murabahah issued by TBEI

Security

In the previous financial year, the Senior Sukuk Murabahah was secured over TBE's property, plant and equipment with a carrying amount of RM5,520,984,000. The Sukuk has been settled during the year via issuance of the new Sukuk Murabahah by TBE (see Note 19.4).

Significant covenant

In the previous financial year, TBEI was required to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of not less than 1.05:1.

19.6 Senior RM term loan drawdown by TBEI

Security

The Senior RM term loan is secured over TBE's property, plant and equipment as disclosed in Note 19.4.

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 1.05:1.

19.7 Senior USD term loan drawdown by TBEI

Security

The Senior USD term loan is secured over TBE's property, plant and equipment as disclosed in Note 19.4.

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 1.05:1.

19.8 USD term loan drawdown by Malakoff International Limited ("MIL")

Security

The USD term loan is secured over MIL's designated account and its investment in a subsidiary.

Significant covenant

The Guarantor (the Company) is required to maintain a debt-to-equity ratio of not more than 1:1 and a Group debt-to-equity ratio of not more than 5.5:1.

Notes to the Consolidated Financial Statements

19. LOANS AND BORROWINGS (CONTINUED)**19.9 Redeemable Preference Shares issued by TBP**

In 2018, TBP had converted its subordinated loan notes of RM30,000,000 into Redeemable Preference Shares (“RPS”).

The features of the RPS are as follows:

(i) Dividend

- (a) Holder of the RPS shall be entitled to receive an annual fixed dividend of 7.5% per annum.
- (b) Dividends on the RPS shall be non-cumulative.
- (c) Dividends on the RPS shall be payable on the date that the dividends are paid on ordinary shares issued by the issuer.

(ii) Redemption of RPS

The holder has the discretion to redeem the RPS at any time from the Issue Date up to the Maturity Date, subject to issuer meeting the requirements stated under the Companies Act.

(iii) Voting

The RPS shall carry no right to vote at any general meeting of the issuer except on a resolution for the winding up and on any resolution that may affect the rights and privileges of the RPS holder.

19.10 Reconciliation of movements of liabilities to cash flows arising from financing activities

| Group | At 1 January 2021 RM'000 | Net changes from financing cash flows RM'000 | Foreign exchange movements RM'000 | Others RM'000 | At 31 December 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 |
| | 10,882,094 | (1,142,505) | 31,004 | 75,175 | 9,845,768 |

* During the year, the Group's subsidiary, Tanjung Bin Energy Sdn. Bhd. issued Sukuk Murabahah, amounting to RM2,970,000,000, to the holders of the Tanjung Bin Energy Issuer Berhad's Senior Sukuk Murabahah, in exchange for the cancellation of the Senior Sukuk Murabahah (see Note 19.4).

Notes to the Consolidated Financial Statements

19. LOANS AND BORROWINGS (CONTINUED)

19.10 Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

| Group | At 1 January 2020 RM'000 | Net changes from financing cash flows RM'000 | Foreign exchange movements RM'000 | Others RM'000 | At 31 December 2020 RM'000 |
|--------------------------------|-----------------------------------|---|--|------------------|-------------------------------------|
| AUD term loan | 387,099 | (380,700) | (6,399) | - | - |
| Sukuk Ijarah medium term notes | 3,279,008 | (500,000) | - | 42,246 | 2,821,254 |
| Sukuk medium term notes | 3,084,976 | (410,000) | - | 44,375 | 2,719,351 |
| Sukuk Wakalah | 290,000 | - | - | - | 290,000 |
| Senior Sukuk Murabahah | 3,080,000 | (75,000) | - | - | 3,005,000 |
| Senior RM term loan | 517,580 | (79,450) | - | - | 438,130 |
| Senior USD term loan | 1,420,271 | (82,125) | (49,011) | - | 1,289,135 |
| USD term loan | 294,696 | - | (5,472) | - | 289,224 |
| RM term loan | 14,515 | (14,515) | - | - | - |
| Redeemable Preference Shares | 30,000 | - | - | - | 30,000 |
| | 12,398,145 | (1,541,790) | (60,882) | 86,621 | 10,882,094 |

20. EMPLOYEE BENEFITS

| | Group | | Company | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Defined benefit obligations | 112,311 | 102,013 | 16,784 | 16,236 |
| Fair value of plan assets | (1,980) | (1,530) | (649) | (271) |
| Net defined benefit liabilities | 110,331 | 100,483 | 16,135 | 15,965 |

The Company's Staff Retirement Benefits Scheme ("the Scheme") provides pension benefits for eligible employees upon retirement. Malakoff Corporation Berhad, Malakoff Technical Solutions Sdn. Bhd., Malakoff Utilities Sdn. Bhd., Malakoff Engineering Sdn. Bhd. and Malakoff Power Berhad (collectively referred to as "employer") participate and contribute to the Scheme.

Notes to the Consolidated Financial Statements

20. EMPLOYEE BENEFITS (CONTINUED)

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 | |
|---|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Defined benefit obligations at 1 January | 102,013 | 109,298 | 16,236 | 27,721 |
| Included in profit or loss | | | | |
| Current service costs | 8,161 | 5,852 | 1,271 | 1,066 |
| Curtailment costs | - | (1,343) | - | (600) |
| Interest costs | 3,510 | 4,062 | 556 | 949 |
| | 11,671 | 8,571 | 1,827 | 1,415 |
| Included in other comprehensive expense | | | | |
| Actuarial loss arising from: | | | | |
| - Financial assumptions | - | 6,608 | - | 1,420 |
| | - | 6,608 | - | 1,420 |
| Others | | | | |
| Benefits paid directly by the employer | (760) | (865) | (665) | (586) |
| Benefits paid by the plan | (613) | (3,705) | (614) | (2,374) |
| Settlement | - | (17,894) | - | (11,360) |
| | (1,373) | (22,464) | (1,279) | (14,320) |
| Defined benefit obligations at 31 December | 112,311 | 102,013 | 16,784 | 16,236 |
| Movements in fair value of plan assets | | | | |
| Plan assets at 1 January | (1,530) | (2,139) | (271) | (642) |
| Included in profit or loss | | | | |
| Interest income | (78) | (233) | (31) | (56) |
| | (78) | (233) | (31) | (56) |
| Included in other comprehensive expense | | | | |
| Return on scheme assets lesser than discount rate | - | 2,631 | - | 2,930 |
| | - | 2,631 | - | 2,930 |
| Others | | | | |
| Benefits paid by the plan | 613 | 3,705 | 614 | 2,374 |
| Employer contributions | (985) | (16,054) | (961) | (13,634) |
| Settlement | - | 10,560 | - | 8,757 |
| | (372) | (1,789) | (347) | (2,503) |
| Plan assets at 31 December | (1,980) | (1,530) | (649) | (271) |

Notes to the Consolidated Financial Statements

20. EMPLOYEE BENEFITS (CONTINUED)

Movements in net defined benefit liabilities

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Net defined benefit liabilities at 1 January | 100,483 | 107,159 | 15,965 | 27,079 |
| Included in profit or loss | | | | |
| Current service costs | 8,161 | 5,852 | 1,271 | 1,066 |
| Curtailment costs | - | (1,343) | - | (600) |
| Interest costs | 3,432 | 3,829 | 525 | 893 |
| | 11,593 | 8,338 | 1,796 | 1,359 |
| Included in other comprehensive expense | | | | |
| Actuarial loss arising from: | | | | |
| - Financial assumptions | - | 6,608 | - | 1,420 |
| Return on scheme assets lesser than discount rate | - | 2,631 | - | 2,930 |
| | - | 9,239 | - | 4,350 |
| Others | | | | |
| Benefits paid directly by the employer | (760) | (865) | (665) | (586) |
| Employer contributions | (985) | (16,054) | (961) | (13,634) |
| Settlement | - | (7,334) | - | (2,603) |
| | (1,745) | (24,253) | (1,626) | (16,823) |
| Net defined benefit liabilities at 31 December | 110,331 | 100,483 | 16,135 | 15,965 |

The Group expects to pay RM5,682,000 (2020: RM4,826,000) in contributions to the defined benefit plan in 2022.

Plan assets

The major categories of plan assets are as follows:

| | Group | | Company | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Equity instruments | 1,223 | 402 | 401 | 72 |
| Malaysian government securities | 421 | 408 | 138 | 73 |
| Foreign investments | 214 | 103 | 70 | 18 |
| Cash and cash equivalents | 122 | 601 | 40 | 106 |
| Others | - | 16 | - | 2 |
| | 1,980 | 1,530 | 649 | 271 |

Notes to the Consolidated Financial Statements

20. EMPLOYEE BENEFITS (CONTINUED)**Actuarial assumptions**

Principal actuarial assumptions at the end of the reporting period:

| | Group | | Company | |
|------------------|-------|-------|---------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Discount rate | 3.50% | 3.50% | 3.50% | 3.50% |
| Salary inflation | 7.00% | 7.00% | 7.00% | 7.00% |

As at 31 December 2021, the weighted average duration of the Scheme is estimated to be 10 years (2020: 10 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 | |
|--|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Impact on the defined benefit obligations | | | | |
| Discount rate | | | | |
| One percentage point increase | (9,991) | (9,266) | (2,062) | (1,994) |
| One percentage point decrease | 11,364 | 10,537 | 2,315 | 2,239 |
| Salary inflation | | | | |
| One percentage point increase | 12,207 | 11,320 | 2,518 | 2,436 |
| One percentage point decrease | (10,898) | (10,108) | (2,277) | (2,202) |

21. PROVISION FOR DECOMMISSIONING COST

| | Group | |
|--|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 |
| At 1 January | 111,702 | 111,524 |
| Change in estimate of decommissioning cost | 50,975 | - |
| Provision made/(used) during the year | 13,204 | (5,991) |
| Unwinding of discount | 7,465 | 6,169 |
| At 31 December | 183,346 | 111,702 |
| Non-current | 158,333 | 99,893 |
| Current | 25,013 | 11,809 |
| | 183,346 | 111,702 |

Notes to the Consolidated Financial Statements

21. PROVISION FOR DECOMMISSIONING COST (CONTINUED)

Provision for decommissioning cost is the estimated cost that the Group will have to incur in removing or dismantling the power plants at the end of their respective PPA terms. The provision is based on valuation reports prepared by a professional valuer. The present value is derived by discounting the decommissioning cost over the remaining useful life of the power plant based on the appropriate discount rates.

During the financial year, the Group engaged an independent valuer to perform reassessments on the decommissioning costs for the gas power plants to reflect the prevailing market and risk specific to the liability given that the PPA are nearing expiry. Pursuant to the reassessment, the Group recognised an increase of RM50,975,000 in the estimated decommissioning costs for the gas power plants.

22. PROVISION FOR CONCESSION ASSETS

| | Group | |
|--------------------------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 |
| At 1 January | 294,406 | 253,787 |
| Provision made during the year | 25,414 | 39,276 |
| Unwinding of discount | 9,833 | 14,573 |
| Provision used during the year | (2,291) | (2,797) |
| Change in estimate | - | (10,433) |
| At 31 December | 327,362 | 294,406 |
| Non-current | 279,277 | 267,715 |
| Current | 48,085 | 26,691 |
| | 327,362 | 294,406 |

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.

23. DEFERRED INCOME

| | Group | |
|------------------------------|------------------|----------------|
| | 2021 RM'000 | 2020 RM'000 |
| At 1 January | 3,748,479 | 4,052,407 |
| Additions | 90,568 | 87,573 |
| Recognised in profit or loss | (389,603) | (391,501) |
| At 31 December | 3,449,444 | 3,748,479 |
| Non-current | 3,061,319 | 3,357,888 |
| Current | 388,125 | 390,591 |
| | 3,449,444 | 3,748,479 |

Notes to the Consolidated Financial Statements

24. TRADE AND OTHER PAYABLES

| | Note | Group | | Company | |
|--------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Trade | | | | | |
| Trade payables | | 863,692 | 675,171 | - | - |
| Non-trade | | | | | |
| Other payables | | 104,601 | 112,150 | 5,309 | 4,885 |
| Accrued expenses | 24.1 | 527,898 | 569,385 | 7,566 | 8,951 |
| Amounts due to subsidiaries | 24.2 | - | - | 1,452,709 | 1,631,960 |
| Amounts due to related parties | 24.2 | 2,503 | 3,562 | - | - |
| | | 635,002 | 685,097 | 1,465,584 | 1,645,796 |
| | | 1,498,694 | 1,360,268 | 1,465,584 | 1,645,796 |

24.1 Accrued expenses

As at 31 December 2021, included in accrued expenses of the Group are interest expense payable of RM106,800,000 (2020: RM115,212,000) and provision for CESS fund of RM33,200,000 (2020: RM41,071,000).

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 of RM820,278,000 (2020: RM1,193,336,000) due to subsidiaries, which are subject to interest rates ranging from 5.50% - 6.90% (2020: 5.50% - 6.90%) per annum.

25. REVENUE

| | Group | | Company | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Revenue from contracts with customers | 4,310,863 | 4,101,311 | - | - |
| Other revenue | | | | |
| - Capacity income | 2,146,151 | 2,172,331 | - | - |
| - Project management fees | 1,576 | 329 | 1,576 | 329 |
| - Rental income from estate | 4,494 | 2,337 | 4,494 | 2,337 |
| - Dividends from subsidiaries | - | - | 500,000 | 511,000 |
| - Management fees from subsidiaries | - | - | 32,762 | 30,875 |
| | 2,152,221 | 2,174,997 | 538,832 | 544,541 |
| Total revenue | 6,463,084 | 6,276,308 | 538,832 | 544,541 |

Notes to the Consolidated Financial Statements

25. REVENUE (CONTINUED)

25.1 Disaggregation of revenue

| Group | Local | | Foreign | | Total | |
|--|------------------|------------------|----------------|----------------|------------------|------------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Major products and services | | | | | | |
| Energy income | 3,375,750 | 3,151,149 | - | - | 3,375,750 | 3,151,149 |
| Electricity distribution | 105,683 | 121,082 | - | - | 105,683 | 121,082 |
| Operation and maintenance fees | 1,917 | 1,325 | - | 494 | 1,917 | 1,819 |
| Revenue from concession business | 732,853 | 724,892 | - | - | 732,853 | 724,892 |
| Solid waste, tipping fees and recycling | 68,240 | 69,129 | - | - | 68,240 | 69,129 |
| Integrated facility management | 26,420 | 26,793 | - | - | 26,420 | 26,793 |
| Construction contracts | - | 6,447 | - | - | - | 6,447 |
| | 4,310,863 | 4,100,817 | - | 494 | 4,310,863 | 4,101,311 |
| Timing and recognition | | | | | | |
| Over time | 3,483,350 | 3,280,003 | - | 494 | 3,483,350 | 3,280,497 |
| At a point in time | 827,513 | 820,814 | - | - | 827,513 | 820,814 |
| | 4,310,863 | 4,100,817 | - | 494 | 4,310,863 | 4,101,311 |
| Revenue from contracts with customers | 4,310,863 | 4,100,817 | - | 494 | 4,310,863 | 4,101,311 |
| Other revenue | 2,152,221 | 2,174,997 | - | - | 2,152,221 | 2,174,997 |
| Total revenue | 6,463,084 | 6,275,814 | - | 494 | 6,463,084 | 6,276,308 |

25.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

| Nature of goods and services | Timing of recognition or method used to recognise revenue | Significant payment terms |
|---|--|---|
| Energy income | Revenue is recognised over time as the customer simultaneously receives and consumes the electricity provided by the entity. | Credit period of 30 days from invoice date. |
| Electricity distribution | Revenue is recognised over time as the customer simultaneously receives and consumes the electricity provided by the entity. | Credit period of 30 days from invoice date. |
| Operation and maintenance fees | Revenue is recognised over time as and when the operation and maintenance services are performed by the entity. | Credit period of 30 days from invoice date. |
| Revenue from concession business | Revenue is recognised at a point in time when the services are performed by the entity. | Credit period of 30 to 60 days from invoice date. |
| Solid waste, tipping fees and recycling | Revenue is recognised at a point in time when the services are performed by the entity. | Credit period of 30 to 60 days from invoice date. |
| Integrated facility management | Revenue is recognised at a point in time when the services are performed by the entity. | Credit period of 30 to 60 days from invoice date. |
| Construction contracts | Revenue is recognised over time as and when the services are performed by the entity. | Credit period of 30 to 60 days from invoice date. |

Notes to the Consolidated Financial Statements

26. FINANCE INCOME

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Interest income on financial assets calculated using the effective interest method | | | | |
| – at amortised cost | 81,059 | 132,903 | 59,297 | 67,745 |
| Interest income on financial assets that are measured at fair value through profit or loss | 26,568 | 30,619 | - | - |
| | 107,627 | 163,522 | 59,297 | 67,745 |
| Recognised in profit or loss | 107,627 | 163,522 | 59,297 | 67,745 |

27. FINANCE COSTS

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Interest expense of financial liabilities that are not at fair value through profit or loss | | | | |
| – at amortised cost | 674,109 | 737,464 | 60,757 | 80,377 |
| Interest expense on lease liabilities | 1,049 | 1,063 | 295 | 315 |
| Other finance costs | 7,465 | 6,169 | - | - |
| | 682,623 | 744,696 | 61,052 | 80,692 |
| Recognised in profit or loss | 682,623 | 744,696 | 61,052 | 80,692 |

Notes to the Consolidated Financial Statements

28. TAX EXPENSE

Recognised in profit or loss

| | Group | | Company | |
|--|------------------|------------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Current tax expense | | | | |
| Malaysian – current year | 312,116 | 236,003 | 10,584 | 9,540 |
| Overseas – current year | - | 10 | - | - |
| Under/(Over) provision in prior year | 4,589 | 2,857 | (1,911) | 1,065 |
| | 316,705 | 238,870 | 8,673 | 10,605 |
| Deferred tax expense | | | | |
| Origination and reversal of temporary differences | (171,506) | (125,147) | 72 | 227 |
| Under/(Over) provision in prior year | 19,284 | 807 | 180 | (25) |
| | (152,222) | (124,340) | 252 | 202 |
| Total tax expense | 164,483 | 114,530 | 8,925 | 10,807 |
| Reconciliation of tax expense | | | | |
| Profit for the year | 305,084 | 330,069 | 42,939 | 117,320 |
| Total tax expense | 164,483 | 114,530 | 8,925 | 10,807 |
| Profit before tax | 469,567 | 444,599 | 51,864 | 128,127 |
| Income tax calculated using Malaysian tax rate of 24% (2020: 24%) | 112,696 | 106,704 | 12,447 | 30,750 |
| Non-taxable income | (11,328) | (13,182) | (107,864) | (102,332) |
| Non-deductible expenses | 86,414 | 58,571 | 106,073 | 81,349 |
| Effect of share of results of associates and joint ventures | (47,172) | (41,227) | - | - |
| Under/(Over) provision in prior year | | | | |
| - current tax | 4,589 | 2,857 | (1,911) | 1,065 |
| - deferred tax | 19,284 | 807 | 180 | (25) |
| | 164,483 | 114,530 | 8,925 | 10,807 |

Notes to the Consolidated Financial Statements

29. PROFIT FOR THE YEAR

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Profit for the year is arrived at after charging/(crediting): | | | | |
| Auditors' remuneration: | | | | |
| Audit fees | | | | |
| - KPMG | 1,207 | 1,366 | 399 | 574 |
| - Other audit firms | 111 | 300 | 47 | - |
| Non-audit fees* | | | | |
| - KPMG | 308 | 641 | 23 | 304 |
| - Other audit firms | 511 | 722 | 432 | 587 |
| Material expenses/(income) | | | | |
| Allowance for diminution in value of consumables | 41,752 | 29,161 | - | - |
| Amortisation of intangible assets | 320,212 | 321,175 | - | - |
| Amortisation of transaction costs of hedging instruments | 10,393 | 10,482 | - | - |
| Amortisation of concession assets | 16,816 | 20,525 | - | - |
| Depreciation of property, plant and equipment | 907,165 | 870,019 | 3,690 | 3,292 |
| Depreciation of right-of-use assets | 16,133 | 18,583 | 4,829 | 5,189 |
| Decommissioning cost | 13,204 | - | - | - |
| (Gain)/Loss on disposal of property, plant and equipment | (155) | (416) | (113) | 16 |
| Gain on disposal of assets classified as held for sale | (8,298) | - | - | - |
| Personnel expenses (including key management personnel): | | | | |
| - Contribution to Employees Provident Fund | 29,743 | 31,580 | 4,789 | 5,379 |
| - Expenses related to retirement benefit plans | 11,593 | 8,338 | 1,796 | 1,359 |
| - Wages, salaries and others | 249,947 | 265,024 | 28,707 | 33,230 |
| Property, plant and equipment written off | 2,562 | 6,772 | - | - |
| Expenses related to Voluntary Separation Scheme ("VSS")/ Mutual Separation Scheme ("MSS") | - | 5,052 | - | - |
| Impairment loss on investments in subsidiaries | - | - | 404,888 | 317,069 |
| Other receivables written off (see Note 11.3) | 206,395 | - | - | - |
| Impairment loss on financial instruments | 16,406 | 19,996 | 15,499 | 18,363 |
| Contribution and corporate social responsibility | 12,183 | 12,446 | 183 | 446 |

Notes to the Consolidated Financial Statements

29. PROFIT FOR THE YEAR (CONTINUED)

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Profit for the year is arrived at after charging/(crediting) (continued): | | | | |
| Realised foreign exchange loss/(gain) | 360 | (3,813) | (33) | 94 |
| Unrealised foreign exchange (gain)/loss | (265) | 8,179 | - | - |
| Zakat expenses | 7,813 | 5,536 | 1,304 | 1,220 |
| Impairment loss on property, plant and equipment | 19,739 | - | - | - |
| Impairment loss on concession assets | 2,316 | 5,858 | - | - |
| Concession assets written off | - | 16,510 | - | - |
| Net gain on lease modification | - | (146) | - | (146) |
| Loss/(Gain) arising from change in fair value of derivative financial instruments | 4,269 | (18,374) | - | - |
| Reversal of impairment loss on trade and other receivables | (2,952) | (1,644) | - | - |
| Expenses arising from leases | | | | |
| Expenses relating to short-term leases | 11,085 | 4,909 | - | - |
| Expenses relating to leases of low-value assets | 271 | 304 | - | - |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | 6,070 | 4,515 | - | - |

* The non-audit fees paid/payable to KPMG for the current financial year are mainly related to tax compliance and other services largely for the role of Reporting Accountants for a proposed Sukuk issuance by a subsidiary of the Group. In the previous financial year, the non-audit fees were mainly related to review of purchase price allocation pursuant to the acquisitions of a subsidiary and a joint venture as well as services in relation to loan financing activity.

Notes to the Consolidated Financial Statements

30. OTHER COMPREHENSIVE INCOME/(EXPENSE)

| Group | Before tax RM'000 | Tax credit RM'000 | Net of tax RM'000 |
|---|------------------------------|------------------------------|------------------------------|
| 2021 | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Cash flow hedge - Gain 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 | | | |
| - Gain arising during the year | 6,682 | - | 6,682 |
| | 137,833 | - | 137,833 |
| | 137,833 | - | 137,833 |
| 2020 | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined benefit liabilities | (9,239) | (3,232) | (12,471) |
| Items that may be reclassified subsequently to profit or loss | | | |
| Cash flow hedge - Loss arising during the year | (71,206) | - | (71,206) |
| Share of loss on hedging reserves of equity-accounted associates and joint ventures | (20,000) | - | (20,000) |
| Foreign currency translation differences for foreign operations | | | |
| - Loss arising during the year | (5) | - | (5) |
| | (91,211) | - | (91,211) |
| | (100,450) | (3,232) | (103,682) |
| Company | Before tax RM'000 | Tax credit RM'000 | Net of tax RM'000 |
| 2020 | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined benefit liabilities | (4,350) | - | (4,350) |

Notes to the Consolidated Financial Statements

31. EARNINGS PER SHARE**Basic/Diluted earnings per ordinary share**

The calculation of basic/diluted earnings per ordinary share is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

| Group | 2021 | 2020 |
|--|-----------|-----------|
| Profit attributable to ordinary shareholders (RM'000) | 260,416 | 286,581 |
| Weighted average number of ordinary shares at 31 December ('000) | 4,886,961 | 4,886,961 |
| Basic/Diluted earnings per ordinary share (sen) | 5.33 | 5.86 |

There is no dilution in earnings per ordinary share as the Group has no shares or other instruments with potential dilutive effect as at 31 December 2021 and 31 December 2020.

32. DIVIDENDS

Dividends recognised by the Company:

| | Sen per share | Total amount RM'000 | Date of payment |
|-----------------------------|------------------|---------------------------|--------------------|
| 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 | |
| 2020 | | | |
| Final 2019 ordinary share | 4.11 | 200,854 | 12 June 2020 |
| Interim 2020 ordinary share | 2.80 | 136,835 | 16 October 2020 |
| Total amount | | 337,689 | |

The Board of Directors has approved a final dividend of 2.00 sen per ordinary share on 4,886,961,300 ordinary shares, in respect of the financial year ended 31 December 2021, totalling RM97,739,000.

The final dividend will be accounted for in the shareholders' equity as appropriation of retained profits in the financial year ending 31 December 2022.

Notes to the Consolidated Financial Statements

33. OPERATING SEGMENTS

As the Group continues to explore and diversify its assets portfolio, both domestically and internationally, the Management, for the purpose of making informed decisions, monitors and reports the operating results, of which the Managing Director/Chief Executive Officer (“the chief operating decision-maker”) regularly reviews and analyses the operating results of local and foreign segments in a manner consistent with the Group’s internal reporting.

The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Segment operating results, assets and liabilities are from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

During the financial year, with the addition of Alam Flora Sdn. Bhd. and its subsidiary into the Group’s strategic business units, the chief operating decision-maker has reviewed and recognised Waste Management and Environment services as one of the key focus areas in a manner consistent with current internal reporting provided to the Management for the allocation of resource and assessment of segment performance. Accordingly, the Group has restated the operating segment information for the corresponding financial year.

Segment assets

The segment assets consist of property, plant and equipment, investment properties, concession assets, intangible assets, other investments, derivative financial assets, trade and other receivables, deferred tax assets, inventories, current tax assets, cash and cash equivalents and assets classified as held for sale of the segment. Investments in associates and joint ventures are excluded from the segment assets. The segment assets are presented in a manner that is consistent with the internal reporting provided to the Management for the allocation of resource and assessment of segment performance.

Segment liabilities

The segment liabilities consist of loans and borrowings, lease liabilities, employee benefits, provision for decommissioning costs, provision for concession assets, deferred income, derivative financial liabilities, deferred tax liabilities, trade and other payables and current tax liabilities of the segment. The segment liabilities are presented in a manner that is consistent with the internal reporting provided to the Management for the allocation of resource and assessment of segment performance.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

Notes to the Consolidated Financial Statements

33. OPERATING SEGMENTS (CONTINUED)

| | Power generation | | Waste Management and Environmental Services | | Others | | Elimination ^(A) | | Consolidated | | |
|---------------------------------|------------------|----------------|---|------------------|---------------|------------------|----------------------------|-----------------|--------------------|----------------|------------------|
| | Local RM'000 | Foreign RM'000 | Local RM'000 | Total RM'000 | Local RM'000 | Foreign RM'000 | Local RM'000 | Foreign RM'000 | Local RM'000 | Foreign RM'000 | Total RM'000 |
| 2021 | | | | | | | | | | | |
| Revenue from external customers | 5,521,843 | - | 827,513 | 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 | - | 827,513 | 1,474,338 | 29,102 | 1,503,440 | (1,360,610) | (29,102) | (1,389,712) | - | 6,463,084 |
| Profit after tax | 215,640 | 186,173 | 227,609 | 133,876 | 82,439 | 216,315 | (448,158) | (92,495) | (540,653) | 176,117 | 305,084 |
| 2020 | | | | | | | | | | | |
| Revenue from external customers | 5,323,480 | - | 827,261 | 125,073 | 494 | 125,567 | - | - | 6,275,814 | 494 | 6,276,308 |
| Inter-segment revenue | - | - | - | 1,550,879 | 60,247 | 1,611,126 | (1,550,879) | (60,247) | (1,611,126) | - | - |
| Total segment revenue | 5,323,480 | - | 827,261 | 1,675,952 | 60,741 | 1,736,693 | (1,550,879) | (60,247) | (1,611,126) | 494 | 6,276,308 |
| Profit after tax | 393,006 | 165,366 | 95,250 | 270,203 | 23,242 | 293,445 | (536,100) | (80,898) | (616,998) | 107,710 | 330,069 |

(A) Inter-segment transactions are eliminated on consolidation.

Notes to the Consolidated Financial Statements

33. OPERATING SEGMENTS (CONTINUED)

| | Power generation | | Waste Management and Environmental Services | | Others | | Elimination | | Consolidated Total | |
|-------------------------------|------------------|----------------|---|--------------|----------------|--------------|----------------|--------------|--------------------|--------------|
| | Local RM'000 | Foreign RM'000 | Total RM'000 | Local RM'000 | Foreign RM'000 | Local RM'000 | Foreign RM'000 | Total RM'000 | Total RM'000 | Total RM'000 |
| At 31 December 2021 | | | | | | | | | | |
| Segment assets | 18,221,442 | - | 18,221,442 | 834,656 | 2,006,420 | 14,001,711 | 2,006,420 | 16,008,131 | (13,704,938) | 21,359,291 |
| Investments in associates | - | - | - | - | 49,654 | - | 49,654 | 49,654 | 882,033 | 931,687 |
| Investments in joint ventures | - | - | - | - | 506,959 | 21,515 | 506,959 | 528,474 | 263,222 | 791,696 |
| | 18,221,442 | - | 18,221,442 | 834,656 | 2,563,033 | 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 | 1,160,404 | 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 |
| At 31 December 2020 | | | | | | | | | | |
| Segment assets | 22,161,137 | - | 22,161,137 | 856,127 | 1,855,599 | 14,407,927 | 1,855,599 | 16,263,526 | (16,559,272) | 22,721,518 |
| Investments in associates | - | - | - | - | 65,887 | - | 65,887 | 65,887 | 732,954 | 798,841 |
| Investments in joint ventures | - | - | - | - | 516,959 | - | 516,959 | 516,959 | 151,405 | 668,364 |
| | 22,161,137 | - | 22,161,137 | 856,127 | 2,438,445 | 14,407,927 | 2,438,445 | 16,846,372 | (15,674,913) | 24,188,723 |
| Segment liabilities | 19,446,986 | - | 19,446,986 | 651,391 | 1,103,374 | 5,665,033 | 1,103,374 | 6,768,407 | (9,122,772) | 17,744,012 |
| Capital expenditure | 231,808 | - | 231,808 | 16,496 | - | 154,479 | - | 154,479 | - | 402,783 |

Notes to the Consolidated 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 | Foreign RM'000 | Total RM'000 | Local RM'000 | Foreign 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) | (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) | (907,165) | - | (907,165) |
| Depreciation of the right-of-use assets | (4,853) | - | (4,853) | (4,782) | - | (4,782) | (16,133) | - | (16,133) |
| Gain on disposal of property, plant and equipment | - | - | - | 7 | - | 148 | 155 | - | 155 |
| Expenses related to retirement benefit plans | - | - | - | (11,593) | - | (11,593) | (11,593) | - | (11,593) |
| Loss arising from change in fair value of derivative financial instruments | (4,269) | - | (4,269) | - | - | - | (4,269) | - | (4,269) |
| Property, plant and equipment written off | (46) | - | (46) | (27) | - | (2,489) | (2,562) | - | (2,562) |
| Impairment loss on concession assets | - | - | - | (2,316) | - | - | (2,316) | - | (2,316) |
| Impairment loss on financial instruments | - | - | - | (291) | - | (16,115) | (16,406) | - | (16,406) |
| 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 |
| | (1,120,408) | (11,641) | (1,132,049) | (71,983) | (142,478) | (142,213) | (1,334,869) | (11,376) | (1,346,245) |

Notes to the Consolidated 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. Geographic non-current assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in associates and joint ventures) and deferred tax assets.

| Group | Revenue | Non-current | Revenue | Non-current |
|---------------------------------|------------------|-------------------|------------------|-------------------|
| | 2021 | assets | 2020 | assets |
| | RM'000 | 2021 | RM'000 | 2020 |
| | | RM'000 | | RM'000 |
| Geographical information | | | | |
| Malaysia | 6,463,084 | 14,654,031 | 6,275,814 | 15,718,733 |
| Indonesia | - | - | 494 | - |
| | 6,463,084 | 14,654,031 | 6,276,308 | 15,718,733 |

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

| Group | Revenue | |
|---|-----------|-----------|
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| Tenaga Nasional Berhad | 5,521,901 | 5,323,480 |
| Solid Waste Management and Public Cleansing Corporation | 763,809 | 758,609 |

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS**34.1 Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- a) Fair value through profit or loss (“FVTPL”)
 - Mandatorily required by MFRS 9
 - Designated upon initial recognition (“DUIR”)
- b) Amortised cost (“AC”)

| Group | Carrying amount RM'000 | AC RM'000 | Mandatorily at FVTPL RM'000 | FVTPL- DUIR RM'000 |
|----------------------------------|---------------------------|---------------------|-----------------------------------|--------------------------|
| 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

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.1 Categories of financial instruments (continued)

| Group | Carrying amount RM'000 | AC RM'000 | Mandatorily at FVTPL RM'000 | FVTPL- DUIR RM'000 |
|----------------------------------|---------------------------|--------------|-----------------------------------|--------------------------|
| 2020 | | | | |
| Financial assets | | | | |
| Trade and other receivables* | 938,276 | 938,276 | - | - |
| Other investments | 3,402,156 | 2,381,810 | 1,020,346 | - |
| Cash and cash equivalents | 1,062,600 | 1,062,600 | - | - |
| Derivative financial assets | 231,170 | - | - | 231,170 |
| | 5,634,202 | 4,382,686 | 1,020,346 | 231,170 |
| Financial liabilities | | | | |
| Loans and borrowings | (10,882,094) | (10,882,094) | - | - |
| Trade and other payables* | (1,352,701) | (1,352,701) | - | - |
| Derivative financial liabilities | (15,381) | - | - | (15,381) |
| | (12,250,176) | (12,234,795) | - | (15,381) |
| Company | | | | |
| 2020 | | | | |
| Financial assets | | | | |
| Trade and other receivables* | | 1,383,036 | 1,383,036 | - |
| Other investments | | 134,059 | 110,060 | 23,999 |
| Cash and cash equivalents | | 126,837 | 126,837 | - |
| | | 1,643,932 | 1,619,933 | 23,999 |
| Financial liabilities | | | | |
| Trade and other payables | | (1,645,796) | (1,645,796) | - |

* Excludes non-financial instruments

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)**34.2 Net gains and losses arising from financial instruments**

| | Group | | Company | |
|--|------------------|----------------|-----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Net gains/(losses) on: | | | | |
| Financial assets measured at amortised cost | 67,509 | 118,364 | 43,798 | 49,382 |
| Financial liabilities measured at amortised cost | (674,109) | (745,643) | (60,790) | (80,471) |
| Fair value through profit or loss | | | | |
| - Designated upon initial recognition | (4,269) | 18,374 | - | - |
| - Mandatorily required by MFRS 9 | 26,568 | 31,074 | 1,440 | 455 |
| | (584,301) | (577,831) | (15,552) | (30,634) |

34.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

34.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of receivables ageing.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to the enforcement activities.

There are no significant changes as compared to previous year.

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 Consolidated 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 and Solid Waste Management and Public Cleansing Corporation, representing approximately 58% (2020: 57%) 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 are as follows:

| | Group | |
|----------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 |
| Domestic | 540,064 | 562,354 |

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.

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)**34.4 Credit risk (continued)****Trade receivables (continued)**

Recognition and measurement of impairment losses (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

| Group | Gross carrying amount RM'000 | Loss allowance RM'000 | Net balance RM'000 |
|-----------------------------|---|----------------------------------|-------------------------------|
| 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 |
| 2020 | | | |
| Not past due | 484,535 | (105) | 484,430 |
| Past due 0 – 30 days | 34,086 | (122) | 33,964 |
| Past due 31 – 120 days | 39,258 | (422) | 38,836 |
| Past due more than 120 days | 7,670 | (2,546) | 5,124 |
| | 565,549 | (3,195) | 562,354 |

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 2020 | 3,168 |
| Impairment loss during the year | 1,671 |
| Reversal of impairment loss | (1,644) |
| At 31 December 2020/1 January 2021 | 3,195 |
| Impairment loss during the year | 291 |
| Reversal of impairment loss | (336) |
| At 31 December 2021 | 3,150 |

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is probable, the amount considered irrecoverable is written off against the receivables.

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.4 Credit risk (continued)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material.

Other receivables

Credit risk on other receivables mainly arises from interest receivables, deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease term. The Group manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Interest receivable is due from banks and financial institutions that have a low credit risk. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material.

The movements in the allowance for impairment in respect of other receivables during the financial year are shown below:

| | Group RM'000 | Company RM'000 |
|------------------------------------|-----------------|-------------------|
| Lifetime ECL | | |
| At 1 January 2020 | 12,237 | 5,516 |
| Impairment loss during the year | 3,263 | - |
| Amounts written off | (203) | - |
| At 31 December 2020/1 January 2021 | 15,297 | 5,516 |
| Reversal of impairment loss | (2,616) | - |
| At 31 December 2021 | 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.

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)**34.4 Credit risk (continued)****Financial guarantees (continued)***Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM2,527,915,000 (2020: RM3,008,575,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Related company loans and advances*Risk management objectives, policies and processes for managing the risk*

The Group and the Company provide loans and advances to related companies. The Group and the Company monitor the results of the related companies regularly, as well as their ability to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Related company loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.4 Credit risk (continued)

Related company loans and advances (continued)

Recognition and measurement of impairment loss

Generally, the Group and the Company consider related company loans and advances to have low credit risk. It is assumed that there is a significant increase in credit risk when a related company's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the related company's loans and advances when they are payable, loans and advances are considered to be in default when the related companies are not able to pay when demanded. A related company's loans and advances are considered to be credit impaired when:

- the related company is unlikely to repay its loans or advances to the Company in full;
- the related company's loans and advances are overdue for more than 365 days; or
- the related company is continuously loss making and has a deficit in shareholders' fund.

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for related companies' loans and advances.

| Group | Gross carrying amount RM'000 | Impairment loss allowances RM'000 | Net balance RM'000 |
|-------------------------------------|---------------------------------|--------------------------------------|-----------------------|
| 2021 | | | |
| Significant increase in credit risk | 271,839 | (56,486) | 215,353 |
| 2020 | | | |
| Significant increase in credit risk | 255,724 | (40,371) | 215,353 |
| Company | | | |
| 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 |
| 2020 | | | |
| Low credit risk | 1,013,042 | - | 1,013,042 |
| Significant increase in credit risk | 475,996 | (110,307) | 365,689 |
| | 1,489,038 | (110,307) | 1,378,731 |

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)**34.4 Credit risk (continued)****Related company loans and advances (continued)***Recognition and measurement of impairment loss (continued)*

The movements in the allowance for impairment in respect of related companies' loans and advances during the financial year are as follows:

| | Group RM'000 | Company RM'000 |
|------------------------------------|-----------------|-------------------|
| Lifetime ECL | | |
| At 1 January 2020 | (25,309) | (91,948) |
| Impairment loss during the year | (15,062) | (18,363) |
| Amount written off | - | 4 |
| At 31 December 2020/1 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 | (56,486) | (124,172) |

34.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis in relation to the Group's and the Company's financial liabilities could occur significantly earlier, or at significantly different amounts.

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest):

| Group | Carrying amount RM'000 | Contractual interest rate % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | More than 5 years RM'000 |
|---------------------------------------|---------------------------|-----------------------------------|-------------------------------------|---------------------------|--------------------------|--------------------------|--------------------------------|
| 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 |
| | | Libor + margin | | | | | |
| USD term loan | 270,725 | 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 | 42,180 | 2,250 | 2,250 | 6,750 | 30,930 |
| 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 | | 14,868,569 | 3,314,987 | 1,454,618 | 3,918,357 | 6,180,607 |

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest) (continued):

| Group | Carrying amount RM'000 | Contractual interest rate % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | More than 5 years RM'000 |
|---------------------------------------|---------------------------|-----------------------------------|-------------------------------------|---------------------------|--------------------------|--------------------------|--------------------------------|
| 2020 | | | | | | | |
| Financial liabilities | | | | | | | |
| Secured | | | | | | | |
| Sukuk Ijarah medium term notes | 2,821,254 | 4.79 - 5.45 | 3,818,670 | 474,404 | 439,076 | 1,345,274 | 1,559,916 |
| Sukuk medium term notes | 2,719,351 | 5.25 - 6.25 | 3,928,098 | 667,655 | 481,405 | 974,510 | 1,804,528 |
| Sukuk Wakalah | 290,000 | 4.80 - 5.60 | 362,906 | 69,966 | 67,326 | 42,413 | 183,201 |
| Senior Sukuk Murabahah | 3,005,000 | 5.08 - 6.20 | 4,524,752 | 246,206 | 218,949 | 820,040 | 3,239,557 |
| Senior RM term loan | 438,130 | 3.48 - 5.80 | 486,180 | 104,892 | 124,970 | 256,318 | - |
| Senior USD term loan | 1,289,135 | 5.80 | 1,871,537 | 200,529 | 227,041 | 789,355 | 654,612 |
| | | Libor + margin | | | | | |
| USD term loan | 289,224 | 1.40 | 295,849 | 32,616 | 263,233 | - | - |
| | 10,852,094 | | 15,287,992 | 1,796,268 | 1,822,000 | 4,227,910 | 7,441,814 |
| Unsecured | | | | | | | |
| Redeemable Preference Shares | 30,000 | 7.50 | 44,430 | 2,250 | 2,250 | 6,750 | 33,180 |
| Trade and other payables [^] | 1,352,701 | - | 1,352,701 | 1,352,701 | - | - | - |
| Lease liabilities | 13,362 | 3.99 - 6.80 | 17,441 | 7,172 | 2,358 | 1,468 | 6,443 |
| | 12,248,157 | | 16,702,564 | 3,158,391 | 1,826,608 | 4,236,128 | 7,481,437 |

[^] Excludes non-financial instruments

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments (including interest) (continued):

| Company | Carrying amount RM'000 | Contractual interest rate % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 |
|------------------------------|---------------------------|--------------------------------|----------------------------------|------------------------|-----------------------|-----------------------|
| 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 |
| | 1,476,576 | | 1,526,687 | 1,520,165 | 4,348 | 2,174 |
| 2020 | | | | | | |
| Financial liabilities | | | | | | |
| Unsecured | | | | | | |
| Other payables and accruals | 13,836 | - | 13,836 | 13,836 | - | - |
| Amounts due to subsidiaries | 1,193,336 | 5.50 - 6.90 | 1,268,676 | 1,268,676 | - | - |
| Amounts due to subsidiaries | 438,624 | - | 438,624 | 438,624 | - | - |
| Lease liabilities | 3,563 | 3.99 - 5.50 | 3,661 | 3,026 | 635 | - |
| | 1,649,359 | | 1,724,797 | 1,724,162 | 635 | - |

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)**34.6 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Australian Dollar ("AUD"), Indonesian Rupiah ("IDR"), Kuwait Dinar ("KWD"), Singapore Dollar ("SGD") and US Dollar ("USD").

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period is as follows:

| | AUD RM'000 | IDR RM'000 | KWD RM'000 | SGD RM'000 | USD RM'000 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| 2021 | | | | | |
| Deposits with licensed banks | - | 7,685 | 874 | - | 162,855 |
| 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) |
| 2020 | | | | | |
| Deposits with licensed banks | 780 | 6,893 | 893 | - | 107,521 |
| Loans and borrowings | - | - | - | - | (289,224) |
| Trade and other receivables | - | - | - | - | 50,183 |
| Trade and other payables | - | - | - | - | (3,035) |
| Net exposure | 780 | 6,893 | 893 | - | (134,555) |

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)**34.6 Market risk (continued)****Currency risk (continued)***Currency risk sensitivity analysis*

Foreign currency risk arises from Group entities which have functional currencies other than Ringgit Malaysia (“RM”). A 10% (2020: 10%) strengthening of the RM against the following currencies would have increased/(decreased) post-tax profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

| Group | Profit or loss | |
|-------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 |
| AUD | - | (59) |
| IDR | (584) | (524) |
| KWD | (66) | (68) |
| SGD | 60 | - |
| USD | 4,604 | 10,226 |
| | 4,014 | 9,575 |

A 10% (2020: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

In managing interest rate risk, the Group maintains a balanced portfolio consisting mainly fixed rated instruments. All interest rate exposures are monitored and managed proactively by the Group's management.

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)**34.6 Market risk (continued)****Interest rate risk (continued)***Exposure to interest rate risk*

The interest rate profile of the Group's and the Company's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

| | Group | | Company | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Fixed rate instruments | | | | |
| - Financial assets | 2,763,011 | 3,161,350 | 850,579 | 935,568 |
| - Financial liabilities | (9,510,659) | (10,496,699) | (831,270) | (1,196,899) |
| Floating rate instruments | | | | |
| - Financial liabilities | (359,205) | (398,757) | - | - |

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 |
| | 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 |
| 2020 | | | | |
| Floating rate instruments | (3,988) | 3,988 | - | - |
| Interest rate swap | - | - | 6,750 | (6,960) |
| Cross currency interest rate swaps | - | - | (6,207) | 6,330 |
| Cash flow sensitivity (net) | (3,988) | 3,988 | 543 | (630) |

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.7 Hedging activities

Currency risk – Transactions in foreign currency

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the Group. The functional currency of Group companies is primarily the Ringgit Malaysia (“RM”). The currency in which these transactions are primarily denominated is the US Dollar (“USD”).

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group’s own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

Interest rate risk

To manage interest rate risk exposure, the Group partly enters into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group’s own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.7 Hedging activities (continued)

Cash flow hedge

The Group entered into various interest rate swap (“IRS”) and cross currency interest rate swaps (“CCIRS”) in order to hedge the interest rate risk and foreign exchange risk in relation to the variability in cash flows on the floating rate RM 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 |
| 2021 | | | | |
| <i>Foreign currency and interest rate risks</i> | | | | |
| Cross currency interest rate swaps | | | | |
| Net exposure | 17,852 | 26,296 | 171,644 | 96,374 |
| Fixed interest rate | 5.80% | 5.80% | 5.80% | - |
| Fixed foreign exchange rate (RM/USD) | 3.149 | 3.149 | 3.149 | 3.149 |
| <i>Interest rate risk</i> | | | | |
| Interest rate swap | | | | |
| Net exposure | (4,840) | (2,085) | (322) | - |
| Fixed interest rate | 5.80% | 5.80% | 5.80% | - |
| 2020 | | | | |
| <i>Foreign currency and interest rate risks</i> | | | | |
| Cross currency interest rate swaps | | | | |
| Net exposure | (1,743) | 10,736 | 98,002 | 140,518 |
| Fixed interest rate | 5.80% | 5.80% | 5.80% | - |
| Fixed foreign exchange rate (RM/USD) | 3.149 | 3.149 | 3.149 | 3.149 |
| <i>Interest rate risk</i> | | | | |
| Interest rate swap | | | | |
| Net exposure | (7,086) | (5,218) | (3,472) | - |
| Fixed interest rate | 5.80% | 5.80% | 5.80% | - |

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.7 Hedging activities (continued)

Cash flow hedge (continued)

The amounts relating to items designated as hedged items as at reporting date are as follows:

| Group | Change in value used for calculation of hedge ineffectiveness RM'000 | Cash flow hedge reserve RM'000 |
|--|---|--|
| 2021 | | |
| <i>Foreign currency and interest rate risks</i> | | |
| Cross currency interest rate swaps | (4,269) | (41,430) |
| <i>Interest rate risk</i> | | |
| Interest rate swap | - | (8,276) |
| 2020 | | |
| <i>Foreign currency and interest rate risks</i> | | |
| Cross currency interest rate swaps | 18,374 | 65,837 |
| <i>Interest rate risk</i> | | |
| Interest rate swap | - | 5,369 |

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.7 Hedging activities (continued)

Cash flow hedge (continued)

The amounts relating to items designated as hedging instruments as at reporting date are as follows:

| Group | Carrying amount | | | Line item in the statement of financial position where the hedging instrument is included |
|--|--------------------------|------------------|-----------------------|---|
| | Nominal amount RM'000 | Assets RM'000 | Liabilities RM'000 | |
| 2021 | | | | |
| <i>Foreign currency and interest rate risks</i> | | | | <i>Derivative financial assets</i> |
| Cross currency interest rate swaps | (926,432) | 288,680 | - | |
| <i>Interest rate risk</i> | | | | <i>Derivative financial liabilities</i> |
| Interest rate swap | (265,553) | - | (7,106) | |
| 2020 | | | | |
| <i>Foreign currency and interest rate risks</i> | | | | <i>Derivative financial assets</i> |
| Cross currency interest rate swaps | (1,010,613) | 231,170 | - | |
| <i>Interest rate risk</i> | | | | <i>Derivative financial liabilities</i> |
| Interest rate swap | (328,741) | - | (15,381) | |

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.7 Hedging activities (continued)

Cash flow hedge (continued)

The amounts relating to hedge effectiveness as at reporting date are as follows:

| Group | Changes in the value of hedging instrument recognised RM'000 | Hedge ineffectiveness recognised in profit or loss RM'000 | Line item in profit or loss that includes hedge ineffective- ness |
|--|---|--|--|
| 2021 | | | |
| <i>Foreign currency and interest rate risks</i> | | | |
| Cross currency interest rate swaps | 57,510 | (4,269) | <i>Other operating expenses</i> |
| <i>Interest rate risk</i> | | | |
| Interest rate swap | 8,275 | - | <i>Other operating expenses</i> |
| 2020 | | | |
| <i>Foreign currency and interest rate risks</i> | | | |
| Cross currency interest rate swaps | (96,473) | 18,374 | <i>Other operating expenses</i> |
| <i>Interest rate risk</i> | | | |
| Interest rate swap | (5,368) | - | <i>Other operating expenses</i> |

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)**34.7 Hedging activities (continued)****Cash flow hedge (continued)**

The following table provides reconciliation by risk category of components of equity and analysis of other comprehensive income items, net of tax, resulting from cash flow hedge accounting.

| Group | Hedging reserve | |
|--|-----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 |
| At 1 January | 74,626 | 165,832 |
| <i>Changes in fair value:</i> | | |
| Cross currency interest rate swaps | 41,430 | (65,837) |
| Interest rate swap | 8,276 | (5,369) |
| Share of hedging reserve of equity-accounted associates and joint ventures | 81,445 | (20,000) |
| At 31 December | 205,777 | 74,626 |

34.8 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.8 Fair value information (continued)

| Group | Fair value of financial instruments carried at fair value | | | | Fair value of financial instruments not carried at fair value | | | | Total fair value RM'000 | Carrying amount RM'000 |
|--|---|-------------------|-------------------|-----------------|---|-------------------|-------------------|-----------------|----------------------------|---------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | | |
| 2021 | | | | | | | | | | |
| Non-current | | | | | | | | | | |
| Financial assets | | | | | | | | | | |
| Derivative financial assets: | | | | | | | | | | |
| Cross currency interest rate swaps | - | 288,680 | - | 288,680 | - | - | - | - | 288,680 | 288,680 |
| Other investments | - | - | 2,484 | 2,484 | - | - | - | - | 2,484 | 2,484 |
| | - | 288,680 | 2,484 | 291,164 | - | - | - | - | 291,164 | 291,164 |
| Financial liabilities | | | | | | | | | | |
| Derivative financial liabilities: | | | | | | | | | | |
| Interest rate swap | - | (7,106) | - | (7,106) | - | - | - | - | (7,106) | (7,106) |
| Loans and borrowings | | | | | | | | | | |
| <u>Secured:</u> | | | | | | | | | | |
| 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) |
| <u>Unsecured:</u> | | | | | | | | | | |
| Redeemable Preference Shares | - | - | - | - | - | - | (30,005) | (30,005) | (30,005) | (30,000) |
| | - | (7,106) | - | (7,106) | - | (8,916,057) | (1,579,244) | (10,495,301) | (10,502,407) | (9,582,149) |

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.8 Fair value information (continued)

| Group | Fair value of financial instruments carried at fair value | | | | Fair value of financial instruments not carried at fair value | | | | Total fair value RM'000 | Carrying amount RM'000 |
|--|---|-------------------|-------------------|-----------------|---|-------------------|-------------------|-----------------|----------------------------|---------------------------|
| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | | |
| 2020 | | | | | | | | | | |
| Non-current | | | | | | | | | | |
| Financial assets | | | | | | | | | | |
| Derivative financial assets: | | | | | | | | | | |
| Cross currency interest rate swaps | - | 231,170 | - | 231,170 | - | - | - | - | 231,170 | 231,170 |
| Other investments | - | - | 23,999 | 23,999 | - | - | - | - | 23,999 | 23,999 |
| | - | 231,170 | 23,999 | 255,169 | - | - | - | - | 255,169 | 255,169 |
| Financial liabilities | | | | | | | | | | |
| Derivative financial liabilities: | | | | | | | | | | |
| Interest rate swap | - | (15,381) | - | (15,381) | - | - | - | - | (15,381) | (15,381) |
| Loans and borrowings | | | | | | | | | | |
| <u>Secured:</u> | | | | | | | | | | |
| Sukuk Ijarah medium term notes | - | - | - | - | - | (3,274,168) | - | (3,274,168) | (3,274,168) | (2,821,254) |
| Sukuk medium term notes | - | - | - | - | - | (3,264,167) | - | (3,264,167) | (3,264,167) | (2,719,351) |
| Sukuk Wakalah | - | - | - | - | - | (312,727) | - | (312,727) | (312,727) | (290,000) |
| Senior Sukuk Murabahah | - | - | - | - | - | (3,456,890) | - | (3,456,890) | (3,456,890) | (3,005,000) |
| Senior RM term loan | - | - | - | - | - | - | (430,607) | (430,607) | (430,607) | (438,130) |
| Senior USD term loan | - | - | - | - | - | - | (1,476,079) | (1,476,079) | (1,476,079) | (1,289,135) |
| USD term loan | - | - | - | - | - | - | (286,631) | (286,631) | (286,631) | (289,224) |
| <u>Unsecured:</u> | | | | | | | | | | |
| Redeemable Preference Shares | - | - | - | - | - | - | (30,031) | (30,031) | (30,031) | (30,000) |
| | - | (15,381) | - | (15,381) | - | (10,307,952) | (2,223,348) | (12,531,300) | (12,546,681) | (10,897,475) |

Notes to the Consolidated Financial Statements

34. FINANCIAL INSTRUMENTS (CONTINUED)

34.8 Fair value information (continued)

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.

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 (2020: 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.

(a) 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 |

(b) Financial instruments carried at fair value

| Type | Description of valuation technique and inputs used |
|-------------------|--|
| Other investments | Net assets value at 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.

Notes to the Consolidated Financial Statements

35. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to maintain a strong capital base and to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants.

35.1 The Company's debt-to-equity ratio is applied to the following loans and borrowings:**a) Sukuk medium term notes issued by Malakoff Power Berhad ("MPB")**

For Sukuk medium term notes issued by MPB, the Company is required to maintain an aggregated debt-to-equity ratio of not more than 1:1.

The debt-to-equity ratios at 31 December 2021 and at 31 December 2020 were as follows:

| | 2021 | 2020 |
|------------------------------|--------|--------|
| Company debt-to-equity ratio | 0.38:1 | 0.44:1 |

b) USD term loan for Malakoff International Limited ("MIL")**c) AUD term loan for MIL**

For USD term loan and AUD term loan, held by MIL, the Company is required to maintain its debt-to-equity ratio of not more than 1:1. The AUD term loan has been fully settled in the previous financial year.

The debt-to-equity ratios at 31 December 2021 and at 31 December 2020 were as follows:

| | 2021 | 2020 |
|------------------------------|--------|--------|
| Company debt-to-equity ratio | 0.37:1 | 0.42:1 |

35.2 The Group's debt-to-equity ratio is applied to the following loans and borrowings:**a) Sukuk medium term notes issued by MPB****b) USD term loan for MIL****c) AUD term loan for MIL**

For Sukuk medium term notes issued by MPB, USD term loan and AUD term loan held by MIL, the Group is required to maintain its debt-to-equity ratio of not more than 5.5:1. The AUD term loan has been fully settled in the previous financial year.

The debt-to-equity ratios at 31 December 2021 and at 31 December 2020 were as follows:

| | 2021 | 2020 |
|----------------------------|--------|--------|
| Group debt-to-equity ratio | 1.57:1 | 1.77:1 |

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 Consolidated Financial Statements

36. CAPITAL AND OTHER COMMITMENTS

| | Group | | Company | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Plant and equipment | | | | |
| Authorised but not contracted for | 480,959 | 813,441 | 4,827 | 4,661 |
| Authorised and contracted for | 81,325 | 72,432 | - | - |
| | 562,284 | 885,873 | 4,827 | 4,661 |

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.

Notes to the Consolidated Financial Statements

37. CONTINGENCIES (CONTINUED)**Contingent liabilities not considered remote (continued)****Litigations (continued)**

- (ii) *International Chamber of Commerce International Court of Arbitration (“ICC”) Arbitration No. 24250/DDA between Algerian Energy Company SPA (“AEC” or “Claimant”) and (1) Tlemcen Desalination Investment Company SAS (“TDIC”), (2) Hyflux Limited (“Hyflux”) and (3) Malakoff Corporation Berhad (“MCB”) in relation to the Souk Tleta Seawater Desalination Plant in the District of Tlemcen, Algeria (“Plant”)*

On 19 March 2019, AEC filed a request for Arbitration (“Request”) at ICC, Paris, against TDIC, an indirect 70%-owned subsidiary of our Company, Hyflux and MCB (collectively referred to as “Respondents”) in relation to the Water Purchase Agreement dated 9 December 2007 (“WPA”), Framework Agreement of December 2007 (“FA”), Joint Venture Agreement dated 28 March 2007 (“JVA”) and Dispute Resolution Protocol dated 9 December 2007 (“DRP”) (collectively referred to as “Contract Documents”).

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.

MCB and TDIC filed their Statement of Defence together with supporting technical, quantum/financial and legal expert reports, refuting AEC’s claims on 17 December 2021.

AEC is required to file its Statement of Reply on or before 11 April 2022.

Notes to the Consolidated 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 ("AGI") 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, among others, that GE Entities breached a duty of care owed to PPSB 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.

GE Entities accordingly seek, among others, the following relief against PPSB:

- (i) damages for breach of the SRA and/or PPSB Agreement; and
- (ii) a declaration that PPSB is liable to fully indemnify GE Entities against any liability and/or costs awarded to PPSB against GE Entities in PPSB's claim.

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.

Notes to the Consolidated 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 (continued)

On 20 June 2020, the Arbitral Tribunal granted the Joinder Application to join Malakoff Entities.

Between 7 September 2020 and 30 November 2020, GE Entities and Malakoff Entities filed their respective pleadings in relation to Claim 2, namely:

- a) GE Entities’ Claim 2 Statement of Claim dated 7 September 2020;
- b) MCB’s and MPB’s Claim 2 Statement of Defence dated 26 October 2020; and
- c) GE Entities’ Claim 2 Reply to Defence dated 30 November 2020.

Between 15 February 2021 and 27 September 2021, GE Entities and Malakoff Entities undertook various stages of the pre-hearing documentary procedures, including voluntary disclosure and document discovery.

Following discussions among the parties to both Claim 1 and Claim 2, PPSB wrote to the Arbitral Tribunal on 3 January 2022 to seek approval of the parties’ proposed revisions to the remainder of the procedural timetable in the arbitration. The parties are awaiting the Arbitral Tribunal’s approval of the revisions to the procedural timetable.

38. RELATED PARTIES**Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associates, a joint venture and key management personnel.

Notes to the Consolidated Financial Statements

38. RELATED PARTIES (CONTINUED)**Significant related party transactions**

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the following transactions are shown in Notes 11, 14, 15 and 24.

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| i. Associates | | | | |
| Interest income on unsecured subordinated loan notes | 16,115 | 15,062 | 16,115 | 15,062 |
| Dividends | 6,292 | 10,761 | - | - |
| ii. Joint venture | | | | |
| Dividends | 38,510 | 35,889 | - | - |
| iii. Subsidiaries | | | | |
| Management fees | - | - | 32,762 | 30,875 |
| Dividends | - | - | 501,440 | 511,000 |
| Interest income on advances to subsidiaries | - | - | 39,856 | 42,540 |
| Interest expense on advances from subsidiaries | - | - | (60,757) | (80,377) |
| iv. Other related parties | | | | |
| Sales | 23,270 | 23,066 | - | - |
| Purchases | (11,523) | (20,144) | - | - |
| Purchases of assets | (2,247) | (546) | - | - |
| Interest received | 21,338 | 22,810 | 50 | 1,711 |
| Brokerage fees on insurance policies | (2,900) | (3,173) | - | - |
| Rental income from estate | 4,494 | 2,337 | 4,494 | 2,337 |
| v. Key management personnel | | | | |
| Directors | | | | |
| - Salary | 1,518 | 110 | 1,518 | 110 |
| - Fees | 1,008 | 960 | 1,008 | 960 |
| - Meeting allowances | 379 | 451 | 312 | 376 |
| - Other allowances | 141 | 76 | 141 | 76 |
| - Other remuneration | 809 | 574 | 349 | 355 |
| - Estimated monetary value of benefit-in-kind | 66 | 39 | 66 | 39 |
| | 3,921 | 2,210 | 3,394 | 1,916 |

Notes to the Consolidated Financial Statements

39. SIGNIFICANT EVENTS DURING THE YEAR**(a) Incorporation of a subsidiary**

On 13 April 2021, the Company incorporated a private company limited by shares under the Companies Act 2016 known as Yan Energy Ventures Sdn. Bhd. (“YEV”) to carry out the business of developing, financing, constructing, operating and maintaining power plant project. The share capital of YEV is RM10 comprising 10 ordinary shares which have been issued and fully paid-up by the Company.

(b) Incorporation of a joint venture company

On 12 November 2021, Malakoff Technical Solutions Sdn. Bhd. (“MTSSB”), a wholly-owned subsidiary of the Company together with Gas Malaysia Berhad, via its wholly-owned subsidiary, Gas Malaysia Ventures 1 Sdn. Bhd. (“GMV”) formed a joint venture company, Malakoff Gas Malaysia Cogen O&M Sdn. Bhd. (“MGMC”), in which MTSSB and GMV hold 51% and 49% equity interests, respectively. The joint venture is a strategic alliance between the two companies to undertake Operations and Maintenance (“O&M”) services for cogeneration plants in Malaysia. The share capital of MGMC is RM100 comprising 100 ordinary shares which have been issued and fully paid-up.

(c) Notice 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 filed an application for judicial review against the Minister of Finance at the High Court of Malaya in Kuala Lumpur to challenge the matters arising from the said Notices of Assessment on 16 November 2021. The High Court of Malaya in Kuala Lumpur had granted an interim stay of all further proceedings including the enforcement of the Notices of Assessment until the hearing of the application for leave for judicial review which has been fixed on 27 June 2022.

Notes to the Consolidated Financial Statements

40. ACQUISITION OF NON-CONTROLLING INTEREST

On 1 December 2021, Tuah Utama Sdn. Bhd. (“TUSB”), a wholly-owned subsidiary of the Company 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 recognised a decrease in non-controlling interests of RM370,077 and a decrease in retained earnings of RM21,592.

The following summarises the effect of changes in the equity interest in GBSB and SBSB that is 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

On 20 December 2021, Tuah Utama Sdn. Bhd. (“TUSB”), a wholly-owned subsidiary of the Company 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) |

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 140 to 270 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 2021 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

11 March 2022

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 140 to 270 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Mohd Nazersham bin Mansor, NRIC: 730416-14-5671, MIA CA34453, at Kuala Lumpur in the Federal Territory on 11 March 2022.

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 2021 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 140 to 270.

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 2021, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Independent Auditors' Report

to the members of Malakoff Corporation Berhad
(Registration No. 200601011818/731568-V)
(Incorporated in Malaysia)

Key Audit Matter

Key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company for the current year. The matter was addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

| Group | |
|--|---|
| Valuation of goodwill of Alam Flora Sdn. Bhd. | |
| Refer to Note 2 - Significant accounting policy: Intangible assets and in Note 6 – Intangible assets | |
| The key audit matter | How the matter was addressed in our audit |
| <p>The Group has goodwill amounting to RM152,784,000 as at 31 December 2021 arising from the acquisition of Alam Flora Sdn. Bhd. (“AFSB”).</p> <p>We focused on goodwill of the Group as the carrying amount is material and the impairment test is sensitive to a possible change in assumptions.</p> <p>There is significant judgement involved in forecasting and discounting of future cash flows, which is the basis of assessment of the recoverability of goodwill.</p> | <p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> - Contracted tariff – we agreed the contracted tariff used in the projections to the contracted tariff; - Cost of sales – we assessed the private contractor costs based on past experience; - Capital expenditure (“CAPEX”) – we compared CAPEX assumption in the cash flows to the budget approved by the Directors; and - Discount rate - our own specialist compared the discount rate used to industry practice 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. |

Information Other than the Financial Statements and Auditors’ Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors’ report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

to the members of Malakoff Corporation Berhad
(Registration No. 200601011818/731568-V)
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as going concerns.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

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)

- 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.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Foong Mun Kong
Approval Number: 02613/12/2022 J
Chartered Accountant

Petaling Jaya

11 March 2022



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Corporate Information

BOARD OF DIRECTORS

TAN SRI DATUK DR. IR. AHMAD TAJUDDIN ALI

Independent Non-Executive Chairman

ANWAR SYAHRIN ABDUL AJIB

Managing Director/Chief Executive Officer

DATO' 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

COMPANY SECRETARIES

Noor Raniz Mat Nor

 (MAICSA 7061903)
 (SSM Practicing Certificate No.
 201908001542)

Cheryl Rinai Kalip

 (LS 0008258)
 (SSM Practicing Certificate No.
 201908001176)

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)
Dato' Sri Che Khalib Mohamad Noh

Non-Independent Non-Executive Director

Datuk Dr. Syed Muhamad Syed Abdul Kadir

Independent Non-Executive Director

Datuk Idris Abdullah

Independent Non-Executive Director

BOARD RISK AND INVESTMENT COMMITTEE

Datuk Idris Abdullah

 Independent Non-Executive Director
(Chairman)
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

AUDITORS

KPMG PLT

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

PRINCIPAL BANKERS

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

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd

 Registration No: 199601006647 (378993-D)
 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

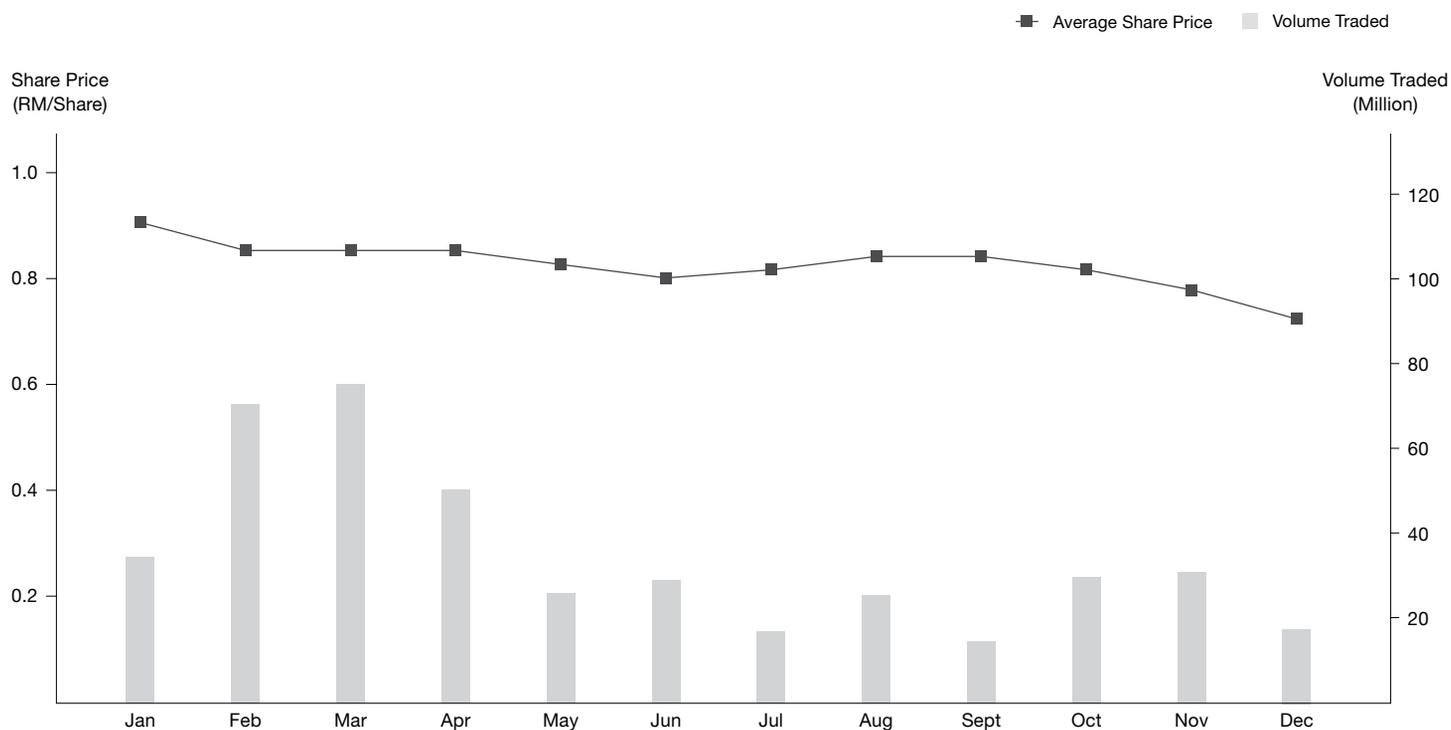
COMPANY ADDRESS

 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

Share Price Movement and Financial Calendar



| | Jan 2021 | Feb 2021 | Mar 2021 | Apr 2021 | May 2021 | Jun 2021 | Jul 2021 | Aug 2021 | Sep 2021 | Oct 2021 | Nov 2021 | Dec 2021 |
|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Highest Share Price (RM/Share) | 0.93 | 0.90 | 0.87 | 0.87 | 0.85 | 0.84 | 0.84 | 0.88 | 0.88 | 0.84 | 0.82 | 0.75 |
| Lowest Share Price (RM/Share) | 0.89 | 0.80 | 0.81 | 0.83 | 0.81 | 0.81 | 0.81 | 0.82 | 0.81 | 0.81 | 0.74 | 0.72 |
| Average Share Price (RM/Share) | 0.91 | 0.85 | 0.85 | 0.85 | 0.83 | 0.80 | 0.82 | 0.84 | 0.84 | 0.82 | 0.78 | 0.73 |
| Volume Traded (Million) | 37.6 | 69.5 | 76.6 | 50.9 | 24.9 | 28.5 | 19.4 | 24.7 | 18.9 | 29.9 | 31.2 | 19.3 |

Financial Calendar

Financial Calendar 2021

Quarterly Results

19 February 2021

Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2020

19 May 2021

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2021

20 August 2021

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2021

26 November 2021

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2021

Annual General Meeting

26 March 2021

Notice of the fifteenth (15th) Annual General Meeting

29 March 2021

Issuance of Annual Report 2020

28 April 2021

Fifteenth (15th) Annual General Meeting via Virtual Meeting

Dividends

18 June 2021

Payment of single tier final dividend of 2.30 sen per ordinary share in respect of the financial year ended 31 December 2020

20 October 2021

Payment of single tier interim dividend of 3.10 sen per ordinary shares in respect of the financial year ended 31 December 2021

Shareholdings Statistics

as at 22 February 2022

| | |
|----------------------------------|---|
| 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 | : 20,496 |

ANALYSIS OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % of Shareholders | No. of Shares | % of Issued Share Capital |
|--|---------------------|-------------------|-----------------------|---------------------------|
| Less than 100 | 225 | 1.10 | 2,437 | 0.00 |
| 100 to 1,000 | 3,045 | 14.86 | 1,751,997 | 0.04 |
| 1,001 to 10,000 | 10,219 | 49.86 | 54,403,819 | 1.11 |
| 10,001 to 100,000 | 6,102 | 29.77 | 193,816,161 | 3.97 |
| 100,001 to less than 5% of issued shares | 899 | 4.38 | 932,030,115 | 19.07 |
| 5% and above of issued shares | 6 | 0.03 | 3,704,956,771 | 75.81 |
| TOTAL | 20,496 | 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 | - | - | - | - |
| Dato' Sri Che Khalib Mohamad Noh | 420,000 | 0.01 | - | - |
| Datuk Ooi Teik Huat | 420,000 | 0.01 | - | - |
| Datuk Idris Abdullah | - | - | - | - |
| Datuk Dr Syed Muhamad Syed Abdul Kadir | 150,000 | 0.00 | - | - |
| Datuk Rozimi Remeli | - | - | - | - |
| Dato' Mohd Naim Daruwish | - | - | - | - |

Shareholdings Statistics

as at 22 February 2022

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 | Employees Provident Fund Board ⁽³⁾ | 577,387,533 | 11.81 | - | - |
| 4 | Urusharta Jamaah Sdn Bhd ⁽⁴⁾ | 489,864,814 | 10.02 | - | - |
| 5 | Kumpulan Wang Persaraan (Diperbadankan) ⁽⁵⁾ | 445,155,434 | 9.11 | - | - |
| 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 577,387,533 shares held through Citigroup Nominees (Tempatan) Sdn. Bhd.

⁽⁴⁾ Of which 489,864,814 shares held through Citigroup Nominees (Tempatan) Sdn. Bhd.

⁽⁵⁾ Of which 425,946,534 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

as at 22 February 2022

30 Largest Shareholders

| No. | Name of Shareholders | No. of Shares | % of Issued Share Capital |
|-----|--|---------------|---------------------------|
| 1 | MMC CORPORATION BERHAD | 897,695,630 | 18.37 |
| 2 | BANK MUAMALAT MALAYSIA BERHAD PLEDGED SECURITIES ACCOUNT FOR ANGLO-ORIENTAL (ANNUITIES) SDN BHD | 780,384,230 | 15.97 |
| 3 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD | 563,029,933 | 11.52 |
| 4 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD.(1) | 489,864,814 | 10.02 |
| 5 | KUMPULAN WANG PERSARAAN (DIPERBADANKAN) | 425,946,534 | 8.72 |
| 6 | AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA | 313,511,900 | 6.42 |
| 7 | ANGLO-ORIENTAL (ANNUITIES) SDN BHD | 200,957,230 | 4.11 |
| 8 | LEMBAGA TABUNG HAJI | 140,149,000 | 2.87 |
| 9 | AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 2 – WAWASAN | 111,235,600 | 2.28 |
| 10 | AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA | 73,977,500 | 1.51 |
| 11 | HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND | 34,285,300 | 0.70 |
| 12 | HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND | 29,347,713 | 0.60 |
| 13 | AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 2 | 26,261,800 | 0.54 |
| 14 | AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM BUMIPUTERA 3 – DIDIK | 24,567,400 | 0.50 |
| 15 | AMANAHRAYA TRUSTEES BERHAD AMANA SAHAM MALAYSIA 3 | 20,473,600 | 0.42 |
| 16 | SERAIMAS BINA SDN. BHD. | 14,753,300 | 0.30 |
| 17 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI) | 14,357,600 | 0.29 |
| 18 | DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR UPS GROUP TRUST | 11,734,732 | 0.24 |
| 19 | DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR VANGUARD FTSE ALL-WORLD EX-US SMALL-CAP INDEX FUND | 11,626,300 | 0.24 |
| 20 | CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND | 11,262,100 | 0.23 |
| 21 | CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS) | 10,994,100 | 0.22 |

Shareholdings Statistics

as at 22 February 2022

30 Largest Shareholders

| No. | Name of Shareholders | No. of Shares | % of Issued Share Capital |
|--------------|---|----------------------|---------------------------|
| 22 | HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II | 10,621,200 | 0.22 |
| 23 | MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA FAMILY TAKAFUL BERHAD (FAMILY) | 9,922,100 | 0.20 |
| 24 | MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK) (412183) | 9,000,000 | 0.18 |
| 25 | WENDY LAU SIE SIE | 8,000,000 | 0.16 |
| 26 | LEMBAGA TABUNG ANGKATAN TENTERA | 7,386,600 | 0.15 |
| 27 | AMANAHRAYA TRUSTEES BERHAD ASN IMBANG (MIXED ASSET BALANCED) 1 | 6,903,400 | 0.14 |
| 28 | CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND ZVY5 FOR STATE STREET EMERGING MARKETS SMALL CAP ACTIVE NON-LENDING QIB COMMON TRUST FUND | 5,938,100 | 0.12 |
| 29 | HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) SA (CLIENT ASSETS) | 5,758,000 | 0.12 |
| 30 | MAYBANK NOMINEES (ASING) SDN BHD NOMURA SINGAPORE LIMITED FOR NTS-BRANDON XCESS LIMITED (413041) | 5,650,400 | 0.12 |
| Total | | 4,275,596,116 | 87.48 |

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 2021 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. | 4,112,672 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 8 th and 9 th floor of a commercial building/ Currently are vacant. | 20 | 1,228 sq metre | N/A | 1,272,205 |
| 4. | Malakoff Parcel no. CS/3B/12-3, CS/3B/12- 3A, CS/3B/12-5, CS/3B/12-6, CS/3B/12-7, CS/3B/13-3, CS/3B/13- 3A, CS/3B/13-5, CS/3B/13-6 and CS/3B/13-7, Plaza Sentral Level 12 and Level 13, Block 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia Freehold Refer to note (4) | Ten office units on the 12 th and 13 th floor of a commercial building/Currently are vacant. | 20 | 1,986 sq metre | N/A | 584,804 |

List of Properties

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

| No | Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure | Description of property/Existing use | Approximate age of buildings (years) | Built-up area/Land area | Restriction in interest/ encumbrances | Audited Net book value as at 31 December 2021 RM |
|----|--|---|---|--|---|--|
| 5. | SEV HSD 29841 PT 6325, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia Leasehold for a period of 99 years, expiring on 12 January 2094 | Industrial land/The land is currently used for the SEV Power Plant, which includes an administration building, a single- storey simulator training building, a single-storey clubhouse, a guard house, a gas turbine building, a steam turbine building, a fuel oil tank farm, a warehouse and a black start diesel generator building. | 26 | 26,787 sq metre/ 148,400 sq metre | The land cannot be transferred, charged, leased without prior approval of the Menteri Besar of Perak. | 3,798,711 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. | 20 | 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) |
| 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. | 20 | 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) |

List of Properties

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

| No | Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure | Description of property/Existing use | Approximate age of buildings (years) | Built-up area/Land area | Restriction in interest/ encumbrances | Audited Net book value as at 31 December 2021 RM |
|-----|---|---|---|---------------------------------------|---|--|
| 8. | GB3 HSD 23550 PT4034, 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. | 20 | 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. | 27 | 5,560 sq metre/94,210 sq metre | The land cannot be transferred, charged, leased without prior approval of the State Authority. | Refer to note (6) |
| 10. | PD Power GRN 237773 Lot 13411, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold | Commercial or industrial land for electrical substation/The land is currently used for TNB switch yard and transmission for interconnection facilities. | 27 | 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. | 27 | 510 sq metre/ 4,654 sq metre | The land cannot be transferred, charged, leased without prior approval of the State Authority. | Refer to note (6) |

List of Properties

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

| No | Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure | Description of property/Existing use | Approximate age of buildings (years) | Built-up area/Land area | Restriction in interest/ encumbrances | Audited Net book value as at 31 December 2021 RM |
|-----|--|--|---|-------------------------------|---|--|
| 12. | PD Power GRN 237776 Lot 13415, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold | Commercial or industrial land for gas station/The land is currently used for PETRONAS Energy & Gas Trading Sdn Bhd gas metering equipment station and interconnection facilities. | 27 | N/A/ 7,392 sq metre | The land cannot be transferred, charged, leased without prior approval of the State Authority. | Refer to note (6) |
| 13. | PD Power GRN 237768 Lot 13406, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold | Building land for residential/ Vacant land. | 27 | 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. | 27 | 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. | 27 | N/A/ 6.641 Ha | The land cannot be transferred, charged, leased without prior approval of the State Authority. | Refer to note (6) |

List of Properties

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

| No | Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure | Description of property/Existing use | Approximate age of buildings (years) | Built-up area/Land area | Restriction in interest/ encumbrances | Audited Net book value as at 31 December 2021 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. | 27 | 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. | 27 | 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. | 27 | 760 sq metre/ 0.554 Ha | Nil | Refer to note (6) |
| 19. | PD Power HSD 21134 Lot 483, Mukim and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold | Building land for recreational field/The land is currently used for public football field and multipurpose court. | 27 | N/A/ 1.897 Ha | Nil | Refer to note (6) |

List of Properties

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

| No | Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure | Description of property/Existing use | Approximate age of buildings (years) | Built-up area/Land area | Restriction in interest/ encumbrances | Audited Net book value as at 31 December 2021 RM |
|-----|--|--|---|---|---|--|
| 20. | PD Power 23 parcels of land held under GRN 35822 Lot 6976 to GRN 35830 Lot 6984, GRN 35832 Lot 6986 to GRN 35837 Lot 6991 and GRN 35884 Lot 7041 to GRN 35891 Lot 7048, all located at Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia No. 1 to 9, No. 11 to 16, No. 117 to 124, Jalan Tun Sambanthan, Taman NLFCS, Tg. Gemuk, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold | Building lands for low cost residential/The land is currently erected with 23 units of low cost houses which are currently tenanted. | 27 | 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. | 20 | 975 sq metre/ N/A | N/A | Nil |
| 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. | 20 | 2,507 sq metre/ N/A | N/A | Refer to note (8) |

List of Properties

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

| No | Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure | Description of property/Existing use | Approximate age of buildings (years) | Built-up area/Land area | Restriction in interest/ encumbrances | Audited Net book value as at 31 December 2021 RM |
|-----|---|---|---|-------------------------------|--|--|
| 23. | M Utilities Level no. 0M, Building no. 4, Plaza Sentral Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia Freehold Refer to note (9) | The ground level of a commercial building/Currently used as an office space. | 20 | 970 sq metre/ N/A | N/A | Refer to note (8) |
| 24. | M Utilities Level no. 5.4M and 4.7M, Building no. 4, Plaza Sentral Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia Freehold Refer to note (9) | The lower ground level of a commercial building/Currently used to house electrical equipment for the Main Distribution Substation. | 20 | 983 sq metre/ N/A | N/A | Refer to note (8) |
| 25. | M Utilities Level Minus 6.5M, Building no. 4, Plaza Sentral Suite 4-G-A, Ground Floor, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia Freehold Refer to note (9) | The underground level of a commercial building/Currently used as the central control room and centralised chilled water plant room. | 20 | 272 sq metre | N/A | Refer to note (8) |
| 26. | DKSB HSD 30118 PT 34621, Mukim of Sitiawan, Perak Darul Ridzuan, Malaysia Near Jalan Teluk Rubiah, 32040 Seri Manjung, Perak, Malaysia Leasehold for a period of 99 years, expiring on 17 January 2109 | Building land for residential/ Vacant land. | N/A | N/A/ 11,684 sq metre | The land cannot be transferred, charged, leased without prior approval of the State Authority. | Refer to note (10) |

List of Properties

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

| No | Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure | Description of property/Existing use | Approximate age of buildings (years) | Built-up area/Land area | Restriction in interest/ encumbrances | Audited Net book value as at 31 December 2021 RM |
|-----|---|---|---|-------------------------------|--|--|
| 27. | TBE HSD 14674 PTD 2263, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia Leasehold for a period of 60 years, expiring on 17 September 2077 | Industrial land for permanent jetty and any structure related thereto. | 6 | N/A/ 0.9454 Ha | The land cannot be transferred, charged, leased without prior approval of the State Authority. | Refer to note (11) |
| 28. | TBE HSD 14673 PTD 2264, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia Leasehold for a period of 60 years, expiring on 17 September 2077 | Industrial land for permanent jetty and any structure related thereto. | 6 | 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 curenly is tenanted. | 31 | 153.29 sq metre | N/A | 5,100,000 |
| 30. | AFSB Pajakan Negeri 17254, Lot 40326, Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan; Lot 40326, Section U5 Shah Alam, Selangor Darul Ehsan, Malaysia No. 2, Jalan Utarid U5/18A, Mutiara Subang, Section U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia Leasehold for a period of 80 years expiring on 11 December 2096 | Industrial land Depot for AFSB Wilayah Persekutuan Kuala Lumpur Service Area. | N/A | N/A/ 15,506 sq metre | The land cannot be transferred, charged, leased without prior approval of the State Authority. | 17,618,399 |

List of Properties

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

| No | Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure | Description of property/Existing use | Approximate age of buildings (years) | Built-up area/Land area | Restriction in interest/ encumbrances | Audited Net book value as at 31 December 2021 RM |
|-----|---|---|---|-------------------------------|---|--|
| 31. | AFSB HSD 4497, PT 26, District of Pekan, Pahang Darul Makmur, Malaysia Lot No. G-02, First Floor, Bangunan UMNO Pekan, Jalan Teng Que, 26600 Pekan, Pahang Darul Makmur, Malaysia Leasehold for a period of 99 years expiring on 6 September 2097 | 1 st floor of a commercial building for administration and operation office for AFSB Pahang Service Area. | 13 | 309.34 sq metre | N/A | 1,507,333 |
| 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. | 1,560,082 |
| 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. | 10 | 133 sq metre | The land cannot be transferred, charged, leased without prior approval of the State Authority. | 462,233 |

List of Properties

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

| No | Name of registered owner/ (Beneficial owner, if applicable)/ Lot. no./Postal address/Tenure | Description of property/Existing use | Approximate age of buildings (years) | Built-up area/Land area | Restriction in interest/ encumbrances | Audited Net book value as at 31 December 2021 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 | 96,171 |
| 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. | 10 | 1,375 sq metre | N/A | 2,500,000 |
| 37. | AFES Title No. HSD 493845 PTD 76034 of Mukim Tebrau, District of Johor Bahru, Johor Darul Takzim, Malaysia No. 7, Jalan Firma 3/1, Lot PLO 255, Kawasan Perindustrian Tebrau IV, 81200 Johor Bahru, Johor Darul Takzim, Malaysia Freehold | Industrial land/The land is erected with a three (3) storey office building with an annexed single storey warehouse building which is currently vacant. | 6 | 4,903.4 sq metre/ 9,995.7 sq metre | The land cannot be transferred, charged, leased without prior approval of the State Authority. | 7,700,000 |
| 38. | MRAD Title No. GRN 57532 of Mukim Pulau Sebang, District of Alor Gajah, Melaka, Malaysia Lot 16277, Mukim Pulau Sebang, Alor Gajah, Melaka, Malaysia Freehold | Freehold agriculture land together with oil palm cultivation. | N/A | N/A/ 71.44 Ha | N/A | 154,487,847 |

List of Properties

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

Notes:

- 1) *These industrial lands are occupied by third parties.*
- 2) *Excluding buildings and fixtures on the land.*
- 3) *Malakoff is the registered proprietor of 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 2021 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). 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. | <i>All lands are located at Mukim of Batu Kurau, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia</i> |
| 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. | <i>All lands are located at Mukim of Kamunting, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia</i> |

* Pursuant to a notice under Section 10 of the Land Acquisition Act 1960 issued by Pejabat Pengarah Tanah dan Galian Negeri Perak dated 26 November 2018 to Pejabat Daerah dan Tanah Larut, Matang dan Selama, certain areas of these Windsor Lands parcels are subject to Government compulsory acquisition which are currently pending completion.

- 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 2021 of the properties under item no. 6 to item no. 8 is RM1,774,737. The respective properties were not audited on an individual basis.*

List of Properties

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below (continued):

Notes (continued):

- 6) *The audited NBV as at 31 December 2021 of the properties under item no. 9 to item no. 19 is RM12,896,000. The respective properties were not audited on an individual basis.*
- 7) *Pursuant to the sale and purchase agreement dated 17 December 1996 between Kuala Lumpur Sentral Sdn Bhd and TJSB, the parcel identified above is held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles.*
- 8) *The audited NBV as at 31 December 2021 of the properties under item no. 22 to item no. 25 is RM466,302. The respective properties were not audited on an individual basis.*
- 9) *Pursuant to the sale and purchase agreement dated 14 April 2005 between Kuala Lumpur Sentral Sdn Bhd and M Utilities, the parcels identified above are held under the master title GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur and currently pending issuance of strata titles.*
- 10) *The audited NBV of the property under item no. 26 as at 31 December 2021 is RM1, as the cost of the land was charged out as part of our project expense.*
- 11) *The NBV of the property under item no. 27 as at 31 December 2021 is RM637,658. The land recognised as part of Jetty asset and were not audited on an individual basis.*
- 12) *The NBV of the property under item no. 28 as at 31 December 2021 is RM342,624. The land recognised as part of Jetty asset and were not audited on an individual basis.*

None of the properties disclosed above are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. No valuations have been conducted on any of the properties disclosed above.

List of Properties

PROPERTIES LEASED/TENANTED BY OUR GROUP

The details of material properties leased/tenanted by us are set out below:

| No | Name of lessor/lessee or landlord/ tenant or grantor/grantee/Lot. no./ Postal address | Description of property/ Existing use | Approximate age of buildings (years) | Built-up area/Land area | Tenure/Date of expiry | Rental RM |
|----|---|--|---|---------------------------------------|---|--------------------------------------|
| 1. | TNB (as lessor)/PPSB (as lessee) HSD 50349 PT 10, Bandar Prai, District of Seberang Perai Tengah, Pulau Pinang, Malaysia Prai Power Plant, Prai Power Station, Jalan Perusahaan, 13600 Prai, Pulau Pinang, Malaysia | Industrial land for power station/ The land is currently used for the Prai Power Plant complex which includes turbine building, demineralisation plant, chemical lab, pump room, chlorination room, guard house, hydrogen cylinder store, H-boiler pump power station, fuel gas station, fuel oil pump house, foam station, programmable logic controller, building and electric fuel gas, inflammable material store, administration building and sheds. Land of approximately 2,088.706 sq metre is sub-leased to PETRONAS Energy & Gas Trading Sdn Bhd as per Sub Lease Agreement dated 5 July 2006. | 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. | 16 | 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. | 16 | N/A/ 156.533 Ha | A lease for a period of 45 years, expiring on 31 January 2048 | Refer to note (1) |

List of Properties

PROPERTIES LEASED/TENANTED BY OUR GROUP (CONTINUED)

The details of material properties leased/tenanted by us are set out below (continued):

| No | Name of lessor/lessee or landlord/ tenant or grantor/grantee/Lot. no./ Postal address | Description of property/ Existing use | Approximate age of buildings (years) | Built-up area/Land area | Tenure/Date of expiry | Rental RM |
|----|--|---|---|-------------------------------|--|--|
| 4. | Seaport (as lessor)/TBP (as lessee) HSD 10924 PTD 1771, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia | Commercial or industrial land for permanent jetty and any structure related thereto/ The land is currently erected with a permanent jetty and the structures related thereto including conveyor belt and coal unloaders. | 16 | 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. | 16 | 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. | 16 | 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. | 6 | 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. | 6 | N/A/ 21.996 Ha | A lease for a period of 45 years, expiring on 31 January 2048 Refer to note (2) | Refer to note (1) plus a nominal value of 10 |

List of Properties

PROPERTIES LEASED/TENANTED BY OUR GROUP (CONTINUED)

The details of material properties leased/tenanted by us are set out below (continued):

| No | Name of lessor/lessee or landlord/tenant or grantor/grantee/Lot. no./Postal address | Description of property/Existing use | Approximate age of buildings (years) | Built-up area/Land area | Tenure/Date of expiry | Rental RM |
|-----|--|---|--------------------------------------|-------------------------|---|------------------------------|
| 9. | SWW (as lessor)/TBE (as lessee) HSD 13393 PTD 2150, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia | Industrial land for the petrochemical centre and the maritime industry/The land will be used for any other contingency to the TBE Power Plant. | 6 | 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 7 th , 8 th , 10 th , 11 th , 12 th and 13 th floor of a commercial building/Currently used as office space by Malakoff. | 20 | 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. | 20 | 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 have completed on 12 March 2015.

List of Properties

PROPERTIES LEASED/TENANTED BY OUR GROUP (CONTINUED)

The details of material properties leased/tenanted by us are set out below (continued):

Notes (continued):

- 3) Pursuant to the land lease agreement entered into between TBE and SWW dated 6 January 2016, a presentation for registration of lease in favour of TBE and creation of charge over the lease in favour of TBE's financing parties for Lot PTD 2150 have been made to the Johor Land Office on 16 February 2016. The issuance of new document of title to TBE has completed on 16 March 2016. The consideration for the lease of RM1,194,794 has been paid by TBE to SWW.

Save as disclosed above, where an application has been made to change the conditions of the land use, none of the properties disclosed above are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties.

MATERIAL EQUIPMENT

The material plants and equipment used by our operations are set out below:

| Description | Audited NBV as at 31 December 2021 |
|---|---------------------------------------|
| | RM'000 |
| The building, plant and machinery of the SEV Power Plant | 870,868 |
| The building, plant and machinery of the GB3 Power Plant | 206,622 |
| The building, plant and machinery of the Prai Power Plant | 234,174 |
| The building, plant and machinery of the TBP Power Plant | 4,128,444 |
| The building, plant and machinery of the TBE Power Plant | 5,255,780 |
| Total | 10,695,888 |

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.

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| General Disclosures | | |
| GRI 102: General Disclosures 2016 | Organisational profile | |
| 102-1 | Name of the organisation | Cover page Integrated Annual Report FY2021 |
| 102-2 | Activities, brands, products, and services | Corporate Overview (pages 4-5) |
| 102-3 | Location of headquarters | Corporate Information (pages 277) |
| 102-4 | Location of operations | Global Footprint (pages 6-7) |
| 102-5 | Ownership and legal form | Corporate Structure (pages 12-13) |
| 102-6 | Markets served | Global Footprint (pages 6-7) |
| 102-7 | Scale of the organisation | Corporate Structure (pages 12-13) |
| 102-8 | Information on employees and other workers | Our People (pages 52-54) |
| 102-9 | Supply chain | IAR2021 excludes supply chain disclosures till more accurate and meaningful data can be collected |
| 102-10 | Significant changes to the organisation and its supply chain | |
| 102-11 | Precautionary Principle or approach | Risk and Opportunities (pages 74-75) |
| 102-12 | External initiatives | About This Report |
| 102-13 | Membership of associations | Corporate Information (page 277) |
| Strategy | | |
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| 102-22 | Composition of the highest governance body and its committees | Corporate Information (page 277) |
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| 102-29 | Identifying and managing economic, environmental, and social impacts | Material Issues (page 71) |
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| 102-34 | Nature and total number of critical concerns | Material Issues (page 71) |
| 102-35 | Remuneration policies | Corporate Governance Overview Statement: Board Remuneration (pages 114 -116) |
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Notice of 16th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 16TH 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, 28 APRIL 2022 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 2021 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 Dr. Syed Muhamad Syed Abdul Kadir
- (ii) Datuk Idris Abdullah”

Resolution 1
Resolution 2

(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) Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali
- (ii) Dato’ Mohd Naim Daruwish”

Resolution 3
Resolution 4

(Please refer to Explanatory Note 2)

4. **“THAT** the payment of Directors’ fees up to an amount of RM1,230,000 to the Non-Executive Directors (“NED”) with effect from the conclusion of the 16th AGM until the next AGM of the Company be and is hereby approved.” **Resolution 5**

(Please refer to Explanatory Note 3)

5. **“THAT** the payment of the following Directors’ benefits with effect from the conclusion of the 16th AGM until the next AGM of the Company be and is hereby approved:

- (i) Directors’ benefits up to an amount of RM1,260,000 to all NEDs by the Company; and
- (ii) Directors’ benefits up to an amount of RM250,000 by the subsidiaries of the Company to the Directors.”

Resolution 6
Resolution 7

(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 8**

Notice of 16th 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 ("Proposed Shareholders' Mandate") Resolution 9

"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 29 March 2022, 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 10

"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:

Notice of 16th Annual General Meeting

- (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)

9. To transact any other business of which due notice shall have been given in accordance with the Act and the Company’s Constitution.

Notice of 16th Annual General Meeting**NOTICE OF BOOK CLOSURE AND NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

NOTICE IS ALSO HEREBY GIVEN THAT shareholders who are registered in the Record of Depositors at the close of business on 9 May 2022 shall be entitled to the final dividend which will be paid on 2 June 2022.

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 9 May 2022 in respect of ordinary transfers; and
- b) Shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

BY ORDER OF THE BOARD

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

Cheryl Rinai Kalip (LS 0008258/SSM Practicing Certificate No. 201908001176)

Company Secretaries

Kuala Lumpur
29 March 2022

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 16th 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 16th AGM.
2. Members and proxies are encouraged to go online, participate and vote at the 16th 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 16th AGM remotely.
3. Only depositors whose names appear on the Record of Depositors as at 21 April 2022 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 16th AGM or such time as may be determined by the Chairman of the meeting.

Notice of 16th Annual General Meeting

Explanatory Notes on Ordinary Business:

1. Explanatory Note 1

Audited Financial Statements for the financial year ended 31 December 2021

This agenda item is meant for discussion only as provided under Section 340(1) of the Act and the Company's Constitution. The Audited Financial Statements do not require the shareholders' approval and hence, the matter will not be put forward for voting.

2. Explanatory Note 2

Re-election of Directors retiring in accordance with Articles 105 and 111 of the Company's Constitution

The proposed ordinary resolutions 1 and 2 under Agenda 2 and ordinary resolutions 3 and 4 under Agenda 3 of the 16th 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 Dr. Syed Muhamad Syed Abdul Kadir and Datuk Idris Abdullah who retire in accordance with Article 105

In deliberating the re-election of the retiring Directors at the 16th 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 2021, and the criteria prescribed by Paragraph 2.20A of MMLR of Bursa Securities on the qualification of Directors. 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 both Datuk Dr. Syed Muhamad and Datuk Idris have 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) Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali who retires in accordance with Article 111

Tan Sri Tajuddin is the newly appointed Independent Non-Executive Chairman of the Company since 1 January 2022. The BNRC's recommendation to re-elect Tan Sri Tajuddin was supported by his diverse education background in engineering and science. Tan Sri Tajuddin also possesses vast experience in various fields such as power industry, engineering and property development.

Given his invaluable exposure and experiences in both public and private sectors, Tan Sri Tajuddin will bring to the Board his insightful and in-depth knowledge in diverse areas and to lead effective Board deliberation on the Group's business directions/strategies.

iii) Dato' Mohd Naim Daruwish who retires in accordance with Article 111

The recommendation to re-elect Dato' Mohd Naim is supported by his vast legal knowledge and exposure gained through his career in Judiciary and Legal Services, Companies Commission of Malaysia (CCM) and Employees Provident Fund (EPF) operations. With the presence of Dato' Mohd Naim on the Board, the Company is able to leverage on his experience in wide range of areas gained from various Senior Management positions in the public and private sectors.

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 16th Annual General Meeting**3. Explanatory Note 3****Directors' Remuneration**

Section 230(1) of the Act stipulates that the fees and any benefits payable to the directors of a listed company and its subsidiaries shall be tabled at a general meeting for the shareholders' approval.

The proposed ordinary resolutions 5, 6 and 7, 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 |
| ii) Board Audit Committee | 4,000 | 2,500 | 2,500 | 2,500 |
| iii) Board Nomination & Remuneration Committee | 3,000 | 2,000 | 2,000 | 2,000 |
| iv) Board Risk & Investment Committee | 3,000 | 2,000 | 2,000 | 2,000 |
| v) Board Procurement Committee | N/A | N/A | 3,000 | 2,000 |

| Items | Other benefits | |
|--|---------------------------------------|---------------------|
| | NEC (RM) | Per NED (RM) |
| i) Annual leave passage & annual supplemental fees | 25,000 per annum | 25,000 per annum |
| ii) Benefits-in-kind (Board only) | up to 3,500 per month (as claimed) | N/A |

(Note: each of the foregoing payments being exclusive of the others)

(ii) Directors' benefits payable by the subsidiaries of the Company to the Directors, comprising fixed allowances, meeting allowances or any other benefits.

The details of the Directors' fees and benefits paid to each Director for the financial year 2021 are disclosed in the Corporate Governance Overview Statement in the Integrated Annual Report 2021.

Notice of 16th Annual General Meeting

Explanatory Notes on Special Business:

4. **Explanatory Note 4**

Proposed Shareholders' Mandate for Recurrent Related Party Transactions ("RRPTs")

The proposed resolution 9, 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 29 March 2022 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 15th AGM.

Details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 29 March 2022 which is circulated together with the Integrated Annual Report 2021 of the Company.

5. **Explanatory Note 5**

Proposed Renewal of Share Buy-Back Authority

The proposed resolution 10, if passed, will empower the Directors to purchase the Company's own shares of up to ten percent (10%) of its total number of issued shares subject to Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase(s).

Please refer to the Share Buy-Back Statement to Shareholders dated 29 March 2022 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 16th AGM.

Statement Accompanying Notice of the 16th 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 Dr. Syed Muhamad Syed Abdul Kadir
2. Datuk Idris Abdullah

Pursuant to Article 111 of the Company's Constitution

1. Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali
2. Dato' Mohd Naim Daruwish

The profiles of the abovenamed Directors are stated in the Directors' Profile on pages 80 to 87 of the Integrated Annual Report 2021.

Administrative Details

ADMINISTRATIVE DETAILS FOR THE 16TH 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, 28 APRIL 2022 AT 10.00 A.M.

1. Remote Participation and Voting at A Virtual 16th AGM

Having regard to the well-being and safety of the Company’s shareholders, employees and advisers who will attend the 16th AGM and as a precautionary measure amid the surge in COVID-19 infections, the Company will conduct its 16th AGM virtually via Remote Participation and Voting (“RPV”) Facilities, without a physical meeting venue, on 28 April 2022.

The shareholders are strongly encouraged to participate using the RPV webcast which is available at <https://investor.boardroomlimited.com> to login, register and sign up as a user. **No shareholder/proxy/corporate representative from the public should be physically present nor admitted at the broadcast venue on the date of the 16th AGM of the Company.** The broadcast venue is meant for the compliance with Section 372(2) of the Companies Act 2016 (“Act”) that requires for the Chairman to be present at the main venue of the AGM.

With the use of RPV Facilities, the shareholders may exercise your rights to participate, speak (in the form of real time submission of typed texts) and vote at the general meeting from different location without physically present at the meeting venue, including to pose questions to the Board or Management of the Company.

The closing time to submit your request to access the RPV webcast is at 10.00 a.m. on 26 April 2022 (48 hours before the 16th AGM).

Barring any unforeseen circumstances under the current situation, the Company will require to change the arrangements of its 16th AGM with short notice to cope with the situation. Kindly be informed of the latest updates on the 16th AGM (if any) at the Company’s website or announcement by the Company. The Company will continue 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 **21 April 2022** shall be entitled to participate in the 16th AGM or appoint proxies to register and vote on their behalf.

3. Proxy

If an individual shareholder is unable to attend the 16th 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 16th AGM.

Corporate shareholders that wish to appoint a representative to participate and vote remotely at the 16th AGM may refer to details set out under item 6 or contact the share registrars, Boardroom Share Registrars Sdn Bhd (“Boardroom”), with the details set out under item 9 below for assistance and will be required to provide the following documents to Boardroom not later than **Tuesday, 26 April 2022 at 10.00 a.m.:**

- (i) original certificate of appointment of its corporate representative or Proxy Form under the seal of the corporation or under the hand of a duly authorised officer/attorney;
- (ii) copy of the corporate representative’s or proxy’s MyKad (front and reverse) or passport; and
- (iii) corporate representative’s or proxy’s email address and mobile phone number.

Boardroom shall respond to you on your request for remote participation.

The corporate shareholder (through corporate representative(s) or appointed proxy(ies) who is unable to attend the 16th 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.

In respect of the beneficiaries of the shares under a nominee company’s CDS account (“NC members”) who wish to participate and vote remotely at the 16th AGM, the NC member(s) can request its nominee company to appoint him/her as a proxy to participate and vote remotely at the 16th AGM. The nominee company may refer to details set out under item 6 or contact Boardroom’s officer with the details set out under item 9 below for assistance and will be required to provide the following documents to Boardroom not later than **Tuesday, 26 April 2022 at 10.00 a.m.:**

- (i) original Proxy Form under the seal of the nominee company;
- (ii) copy of the proxy’s MyKad (front and reverse) or passport; and
- (iii) proxy’s email address and mobile phone number.

Boardroom shall respond to you on your request for remote participation.

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 try to address and answer the relevant questions during the Questions and Answers session.

5. Poll Voting

The voting at the 16th 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 16th AGM, the scrutineers will verify the poll results followed by the Chairman's announcement whether the resolutions are duly passed.

6. RPV Facilities

Please note that this option is available to **(i) individual shareholders; (ii) corporate shareholders; (iii) Authorised Nominee; and (iv) Exempt Authorised Nominee.**

If you choose to participate in the meeting online, you will be able to view live webcast of the meeting, submit questions to the Chairman and submit your votes in real time whilst the meeting is in progress.

Kindly follow the steps below on how to request for login ID and password.

Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only)

[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2. Submit request for Remote Participation user ID and password]

- a. Access website <https://investor.boardroomlimited.com>
- b. Click <<**Register**>> to sign up as a user.
- c. Complete registration and upload softcopy of MyKad (front and back) or Passport in JPEG/PNG/PDF format
- d. Please enter a valid email address and wait for Boardroom's email verification.
- e. Click on **Verify E-mail Address** from the email received to proceed with the registration.
- f. Your registration will be verified and approved within one business day and an email notification will be provided.

Step 2 – Submit Request for Remote Participation User ID and Password

[Note: The registration for remote access will be opened on 29 March 2022]

Individual Shareholders

- Login to <https://investor.boardroomlimited.com> using your login credentials created with Boardroom Smart Investor Portal from Step 1.
- Select "**MALAKOFF CORPORATION BERHAD 16TH ANNUAL GENERAL MEETING**" from the list of Corporate Meetings and click "**Enter**".
- Click on "**Register for RPEV**".
- Read and agree to the Terms & Conditions and confirm the Declaration.
- Enter your CDS account number and number of securities held.

Appointment of Proxy – Individual Shareholders

- Log in to <https://investor.boardroomlimited.com> using your login credentials created with Boardroom Smart Investor Portal from Step 1.
- Select "**MALAKOFF CORPORATION BERHAD 16TH ANNUAL GENERAL MEETING**" from the list of Corporate Meetings and click "**Enter**".
- Click on "**Submit eProxy Form**".
- Read and accept the General Terms and Conditions by clicking "**Next**".
- Enter your CDS Account Number and number of securities held. Select your proxy – either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies).
- Indicate your voting instructions – **FOR** or **AGAINST** or **ABSTAIN**. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate **DISCRETIONARY**.
- Review and confirm your proxy appointment.
- Click "**Apply**".
- Download or print the eProxy form as acknowledgement.

Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee

- Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Proxy Form (as the case may be) to submit the request.
- Please provide a copy of corporate representative's MyKad/ Identification Card (front and back) or Passport in JPEG/PNG/PDF format as well as his/her email address.
 - a. You will receive a notification from Boardroom that your request has been received and is being verified.
 - b. Upon system verification against the AGM's Record of Depositories, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
 - c. You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
 - d. Please note that the closing time to submit your request is at **10.00 am on 26 April 2022** (48 hours before the 16th AGM).

Step 3 – Login to Virtual Meeting Portal

[Please note that the quality of the connectivity to Virtual Meeting Portal for live web cast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users]

- a. The Virtual Meeting portal will be open for login **at 9.00 am on 28 April 2022**, starting **one hour (1 hour) before the commencement of the 16th AGM**.
- b. Follow the steps given to you in the email along with your remote access user ID and password to login to the Virtual Meeting portal. (Refer to Step 2 above).
- c. The steps will also guide you how to view live web cast, ask questions and vote.
- d. The live web cast will end and the Messaging window will be disabled the moment the Chairman announces the closure of the AGM.
- e. You can now logout from the Virtual Meeting Portal

7. F&B & Door Gift

There will be **NO distribution of food voucher or door gift** to shareholders.

8. Integrated Annual Report 2021 and Other Documents for AGM

The Notice of 16th 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 2021 (incorporated with Notice of 16th 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 16th AGM, please contact the following officers during office hours from 8.30 a.m. to 5.30 p.m. (Mondays to Fridays):

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

Officers : Encik Zulkernaen Abd Samad
+603-7890 4741

(Zulkernaen.Samad@boardroomlimited.com)

Puan Rozleen Monzali

+603-7890 4739

(Rozleen.Monzali@boardroomlimited.com)

PROXY FORM

Malakoff Corporation Berhad

(Registration No. 200601011818/731568-V)

| | |
|-------------------------------|--|
| No. of Ordinary Share(s) Held | |
| CDS Account No. | |

I/We _____ NRIC/Passport No: _____
(Full name in block letters)

of _____ Tel No: _____
(Address in full)

being a member/members of Malakoff Corporation Berhad, hereby appoint

| Name/NRIC No. | No. of Shares | Percentage (%) | |
|---------------|---------------|----------------|------------------------|
| Proxy 1 _____ | _____ | _____ | and/or failing him/her |
| Proxy 2 _____ | _____ | _____ | or failing him/her, |

the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the 16th 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, 28 April 2022 at 10.00 a.m. and at any adjournments thereof, on the following resolutions referred to in the Notice of the 16th 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)

| | | For | Against |
|--------------------------|--|-----|---------|
| 1. | To receive the Audited Financial Statements of the Company for the Financial Year Ended 31 December 2021 and the Directors’ Report and Auditors’ Report thereon. | | |
| ORDINARY BUSINESS | | | |
| 2. | Re-election of Datuk Dr. Syed Muhamad Syed Abdul Kadir who retires in accordance with Article 105 of the Company’s Constitution (Resolution 1) | | |
| 3. | Re-election of Datuk Idris Abdullah who retires in accordance with Article 105 of the Company’s Constitution (Resolution 2) | | |
| 4. | Re-election of Tan Sri Datuk Dr. Ir. Ahmad Tajuddin Ali who retires in accordance with Article 111 of the Company’s Constitution (Resolution 3) | | |
| 5. | Re-election of Dato’ Mohd Naim Daruwish who retires in accordance with Article 111 of the Company’s Constitution (Resolution 4) | | |
| 6. | Payment of Directors’ fees to the Non-Executive Directors with effect from the conclusion of the 16 th AGM until the next AGM of the Company (Resolution 5) | | |
| 7. | Payment of Directors’ benefits to the Non-Executive Directors with effect from the conclusion of the 16 th AGM until the next AGM of the Company (Resolution 6) | | |
| 8. | Payment of Directors’ benefits by the subsidiaries to the Directors with effect from the conclusion of the 16 th AGM until the next AGM of the Company (Resolution 7) | | |
| 9. | Re-appointment of Messrs. KPMG PLT as Auditors of the Company (Resolution 8) | | |
| SPECIAL BUSINESS | | | |
| 10. | Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 9) | | |
| 11. | Proposed Renewal of Authority for the Company to Purchase Its Own Shares (Resolution 10) | | |

Signed this _____ day of _____ 2022

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 16th AGM to be held virtually without a physical meeting venue.

- 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.
- 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.
- Only depositors whose names appear on the Record of Depositors as at 21 April 2022 shall be entitled to participate in the AGM or appoint proxies to participate and/or vote on their behalf.
- A member of the Company entitled to participate and vote at this meeting is entitled to appoint a proxy or proxies or attorney or other duly authorised representative to participate and vote at his stead. A member of the Company may appoint up to two (2) proxies to participate at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- In case of a corporation, the proxy form should be under its common seal or under the hand of an officer or attorney duly authorised on its behalf. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- In the case of joint holders, the signature of any one of them will suffice.
- Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless it specifies the proportion of its shareholding to be represented by each proxy.
- Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.
- The proxy form, to be valid, must be deposited at the office of Boardroom Share Registrars Sdn Bhd, 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.
- 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
16th 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

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