MALAKOFF
A Member of MMC Group

2019

ANNUAL REPORT

EXPANDING HORIZON

Tanjung Bin Energy
XME
TecGates
SWL56t
2400t/h
MALAKOFF

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14th

ANNUAL GENERAL MEETING

Venue
Mahkota Ballroom
Hotel Istana
73, Jalan Raja Chulan
50200 Kuala Lumpur

Date
Thursday, 23 April 2020

Time
10.00 a.m.

CORPORATE OVERVIEW

Malakoff Corporation Berhad ("MALAKOFF") is an independent power and water producer based in Malaysia. Our core business includes power generation, water desalination, operations & maintenance and waste management and environmental services. In Malaysia, we own an effective generation capacity of **5,822 MW** comprising 6 power plants that run on gas, oil and coal.

OUR VISION

To be a premier global power and water company

CORPORATE VALUES

Integrity

Teamwork

Innovation

Excellence

Harmony

OUR MISSION

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

CORE BUSINESS SEGMENTS

- Power Generation
- Water Desalination
- Operations & Maintenance Services
- Waste Management and Environmental Services

CRITICAL STRENGTH

- Project Development & Execution
- License To Operate Power Plant
- Financial Discipline
- Strong Governance Structure

Malakoff's Malaysian power generation assets with total effective capacity of **5,822 MW** are held through a number of subsidiaries and associate companies:

01

TANJUNG BIN ENERGY POWER PLANT

100% equity interest in Tanjung Bin Energy Sdn Bhd

1,000 MW Power Plant

02

SEV POWER PLANT

93.75% equity interest in Segari Energy Ventures Sdn Bhd

1,303 MW Power Plant

03

GB3 POWER PLANT

75% equity interest in GB3 Sdn Bhd

640 MW Power Plant

04

PRAI POWER PLANT

100% equity interest via its wholly-owned subsidiary Prai Power Sdn Bhd

350 MW Power Plant

05

TANJUNG BIN POWER PLANT

90% equity interest in Tanjung Bin Power Sdn Bhd

2,100 MW Power Plant

06

KAPAR POWER PLANT

40% equity interest in Kapar Energy Ventures Sdn Bhd

2,200 MW Power Plant

On the international front, we own an effective capacity of **588 MW** of power production and **472,975 m^3/day** of desalinated water. These projects are located in Saudi Arabia, Oman and Bahrain.

Furthermore, Malakoff provides services through subsidiary companies:

- Operations and Maintenance services through wholly-owned Malakoff Power Berhad and Teknik Janakuasa Sdn Bhd;
- Electricity distribution activities through Malakoff Utilities Sdn Bhd, a wholly-owned subsidiary, that currently supplies centralised chilled water and distributes electricity to the landmark Kuala Lumpur Sentral development;
- Project management services for in-house and external projects through Malakoff Engineering Sdn Bhd, a wholly-owned subsidiary of Malakoff; and
- Comprehensive waste management and environmental services through Alam Flora Sdn Bhd, 97.37% owned by Malakoff, in concession areas such as the Federal Territories of Kuala Lumpur and Putrajaya, and Pahang Darul Makmur.

At Malakoff, we aim to work together with all stakeholders for a productive partnership. We believe that long-term partnerships re-enforce our success. As an asset-centered organisation, we maximise the value of assets that we manage for our shareholders and partners. We do this by fully understanding the elements of cost, risk and performance unique to the environment in which we operate.

AWARDS AND ACCOLADES

1. Regional TEC 2019

Malakoff bagged two Gold awards at the regional Team Excellence Convention ("TEC") organised by Malaysia Productivity Centre ("MPC") on 31 July - 1 August 2019. The awards were presented to Malakoff for Lean Six Sigma ("LSS") projects on "Reduced Power Plant Outage Duration at Tanjung Bin Power Plant" and "GT C-Inspection Optimisation at Lumut Power Plant".

2. MSOSH OSH Award 2018

On 1 August 2019, Malakoff received three awards at the Malaysian Society for Occupational Safety and Health ("MSOSH") Occupational Safety and Health ("OSH") Award 2018. The awards are Gold Merit for Prai Power Plant ("PPP"), Gold Class 1 for Lumut Power Plant ("LPP") and Gold Class 2 for Tanjung Bin Power Plant ("TBPP"), all under the Utility Sector category.

3. APIC 2019

Malakoff also took home two Gold 5 Star awards, under the Service Sector category, at the National Team Excellence Convention in conjunction with the Annual Productivity & Innovation Conference and Exposition ("APIC") 2019, which was organised by MPC on 5 – 7 November 2019.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK HAJI HASNI HARUN
Independent Non-Executive Chairman

DATO' SRI CHE KHALIB MOHAMAD NOH
Non-Independent Non-Executive Director

CINDY TAN LER CHIN
Non-Independent Non-Executive Director

DATUK OOI TEIK HUAT
Non-Independent Non-Executive Director

DATUK DR. SYED MUHAMAD SYED ABDUL KADIR
Independent Non-Executive Director

DATUK IDRIS ABDULLAH
Independent Non-Executive Director

DATUK ROZIMI REMELI
Independent Non-Executive Director

COMPANY SECRETARIES

Noor Raniz Mat Nor
(MAICSA 7061903)

Sharifah Ashtura Jamalullail Syed Osman
(LS 0009113)

BOARD AUDIT COMMITTEE

CHAIRMAN

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

MEMBERS

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

CHAIRMAN

Datuk Haji Hasni Harun
Independent Non-Executive Chairman

MEMBERS

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

CHAIRMAN

Datuk Idris Abdullah
Independent Non-Executive Director

MEMBERS

Cindy Tan Ler Chin
Non-Independent Non-Executive Director

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

Datuk Rozimi Remeli
Independent Non-Executive Director

BOARD PROCUREMENT COMMITTEE

CHAIRMAN

Datuk Rozimi Remeli
Independent Non-Executive Director

MEMBERS

Cindy Tan Ler Chin
Non-Independent Non-Executive Director

Datuk Ooi Teik Huat
Non-Independent Non-Executive Director

AUDITORS

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

PRINCIPAL BANKER

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

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50470 Kuala Lumpur
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REGISTERED OFFICE

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Fax : +603-2263 3333

IN THE NEWS

Malakoff posts stronger 4Q profit on disposal gain, plans 4.11 sen dividend

BY SURIN MURUGIAH

KUALA LUMPUR: Malakoff Corp Bhd's net profit for the fourth quarter ended Dec 31, 2019 (4QFY19) rose 24.5% to RM106.41 million from RM85.48 million a year earlier, lifted by a one-off gain of RM557 million from the disposal of the group's investment in Malakoff Australia Pty Ltd, completed on Dec 18, 2019. Consequently, its earnings per share rose to 2.18 sen from 1.75 sen previously, Malakoff's filing with Bursa Malaysia yesterday showed.

The group also proposed a final dividend of 4.11 sen per share in respect of FY19, pushing its total dividend payout for the year to 6.55 sen if approved by shareholders, compared with 5.6 sen for FY18.

The stronger quarter came despite revenue falling 7.7% to RM1.74 billion from RM1.89 billion, following a lower energy payment from Tanjung Bin Power Sdn Bhd after a decline in applicable coal price.

However, the fall in Tanjung Bin's contribution was partially moderated by a higher energy payment from Segari Energy Ventures Sdn Bhd, and a one-month revenue contribution from its new subsidiary Alam Flora Sdn Bhd. For FY19, Malakoff's net profit rose 16.6% to RM320.15 million from RM274.43 million for the year ago. Its revenue climbed to RM7.42 billion from RM7.35 billion previously.

Malakoff said the Malaysian Electricity Supply Industry will still evolve, with an emphasis on industry liberalisation, renewable energy (RE) and energy efficiency initiatives.

"In this context, the group will continue to expand its footprint in the RE sector in line with the government's target to increase the RE generation capacity to 20% by 2025.

"In December 2019, the group won bids for its small hydropower projects with a total capacity of 55 megawatts in Pahang through a competitive Feed-in Tariff e-bidding by the Sustainable Energy Development Authority," it said.

Malakoff said it will still drive operational excellence in all its power plants to enhance reliability and efficiency. "Our Tanjung Bin Energy coal power plant had successfully achieved an unscheduled outage rate below the 6% threshold as at Dec 31, 2019 after completing major maintenance and rectification works during the year.

Malakoff shares closed 2.5 sen or 2.86% higher at 90 sen yesterday, with a market capitalisation of RM4.4 billion.

Malakoff increases stake in two Saudi Arabia plants

Effectively, Malakoff will eventually double up its stake in these two assets to 24 per cent each from 12 per cent currently when the acquisition is completed by 4Q19.

Malakoff untung RM274.43 juta

Malakoff's 3Q net profit increases to RM94.49 mln

KUALA LUMPUR: Malakoff Corporation Bhd net profit for the third quarter ended Sept 30, 2019, increased to RM94.49 million compared to RM83.50 million recorded in the same period last year.

However, revenue slipped 2.8 per cent to RM1.86 billion compared to RM1.91 billion previously, the group said in a filing to Bursa Malaysia yesterday.

It said the lower revenue was primarily due to lower energy payment recorded from Tanjung Bin Plant given the lower dispatch factor following the plant scheduled maintenance outage performed between Aug 24, 2019, and Oct 21, 2019.

Moving forward, the group would continue to focus on enhancing the efficiency and reliability of its assets.

To this end, our Tanjung Bin Energy Plant had undertaken a 73-day scheduled outage in the first half of 2019 and its Unscheduled Outage Rate (UOR) has now reduced to below 6.0 per cent.

As part of the group effort to further optimise its capital structure and unlock the value of its assets, the group had, on Oct 29, 2019, entered into a conditional share and unit purchase agreement with AMP Capital of Australia to dispose of its entire 50 per cent participating interest in Macarthur Wind Farm, Australia for a cash consideration of AU$356.85 million it added. — Bernama

Alam Flora to boost Malakoff's offerings for FY19

By Rennie Tee

KUCHING: Malakoff Corporation Bhd's (Malakoff) acquisition of Alam Flora Sdn Bhd (Alam Flora) is said to improve the former's net profits in financial year 2019 forecasts (FY19F) by four per cent, based on an earnings contribution of five months.

The team behind AmInvestment Bank Bhd (AmInvestment Bank) said that on a full year basis, the acquisition of Alam Flora - an environmental management company with a 22-year concession to collect solid waste and garbage in Pahang, Kuala Lumpur and Putrajaya expiring in 2033 – would increase Malakoff's FY20F net profit by 10 per cent.

"Alam Flora would also boost Malakoff's fair value from RM0.83 per share to about RM0.94 per share," the firm said in an analysis yesterday.

This comes after the government said it is reviewing Alam Flora's fee structure currently.

"Going forward, Malakoff has scheduled 100 days of maintenance

"We gather that there has not been any unplanned outage at the power plants in 4QFY18."

However, Tanjung Bin Energy power plant's earnings may still be slightly affected as the rectification works for the voltage regulator, which started in early September, was only completed at the end of October 2018.

Recall that there were unplanned outages at the Tanjung Bin Energy Power Plant, GB3 power plant and Kapar Power Plant in 3QFY18.

Malakoff is negotiating with General Electric (GE), which is the main contractor, on the compensation for the unplanned outages at the Tanjung Bin Energy power plant.

"The compensation would not be able to make up for the loss in capacity payments," it said. "However, Malakoff is hoping to extend the warranty period for the equipment and parts and/or receive compensation to cover the cost of repair or rectification works.

"Previously, Malakoff's target was to achieve the stipulated PPA threshold unplanned outage level

The acquisition of Alam Flora will increase Malakoff's FY20F net profit by 10 per cent.

Untung bersih suku ketiga Malakoff meningkat kepada RM94.49 juta

KUALA LUMPUR: Keuntungan bersih Malakoff Corporation Bhd bagi suku ketiga berakhir 30 September, 2019 meningkat kepada RM94.49 juta daripada RM83.50 juta yang dicatatkan pada suku yang sama 2018.

Bagaimanapun, perolehan susut 2.8 peratus kepada RM1.86 bilion daripada RM1.91 bilion bagi tempoh yang sama, menurut syarikat itu dalam kenyataan kepada Bursa Malaysia semalam.

Penurunan perolehan itu berikutan terutamanya pembayaran tenaga lebih rendah yang dicatatkan loji janakuasa Tanjung Bin Energy susulan

Malakoff 3Q earnings up 13% on lower tax expenses

BY SYAHIRAH SYED JAAFAR

KUALA LUMPUR: Malakoff Corp Bhd's net profit rose 13% to RM94.49 million for the third quarter ended Sept 30, 2019 from RM83.5 million a year earlier on lower tax expenses incurred during the period. Earnings per share

(Cayman Isl) Ltd," Malakoff said in a statement.

For the cumulative nine months, net profit rose 13% to RM213.75 million from RM188.95 million for the year-ago period, with EPS improving to 4.37 sen from 3.82 sen, as revenue grew 4% to RM5.68 billion from RM5.46

Malakoff gains on higher coal revenue, lower costs

IPP posts a 26.6% YoY rise in net profit for 1Q19, on improved contribution from its TBE coal plant

Untung bersih Malakoff naik kepada RM320.15j

Keuntungan bersih Malakoff Corp Bhd bagi tahun kewangan berakhir 31 Disember 2019 meningkat kepada RM320.15 juta daripada RM274.43 juta dalam tempoh sama tahun sebelumnya.

Perolehan meningkat sedikit kepada RM7.42 bilion daripada RM7.35 bilion bagi tahun ke tahun,

Kumpulan itu berkata, perolehan lebih tinggi itu kebanyakannya oleh pembayaran tenaga yang lebih tinggi daripada Segari Energy Ventures Sdn Bhd, hasil kapasiti lebih tinggi daripada Tanjung Bin Energy Sdn Bhd, memandangkan tempoh loji lebih singkat akibat kebocoran dan sumbangan satu bulan daripada Alam Flora Sdn Bhd.

pada loji arang batu Tanjung Bin Power Sdn Bhd yang terjejas oleh penurunan harga arang batu pada suku keempat 2019 dan penamatan tempoh perjanjian lanjutan pembelian tenaga tiga tahun daripada loji tenaga Port Dickson pada 28 Februari 2019," katanya.

Malakoff berkata ia akan terus

Malakoff posts higher earnings, revenue in FY19

KUALA LUMPUR: Malakoff Corp Bhd's net profit increased to RM320.15 million in the financial year ended Dec 31, 2019 (FY19) from RM274.43 million in the same period a year earlier.

Revenue rose slightly to RM7.42 billion from RM7.35 million year-on-year, while earnings per share rose to 6.55 sen from 5.56 sen, it said in a filing with Bursa Malaysia yesterday.

The group said the higher revenue was mainly due to higher energy payment from Segari Energy Ventures Sdn Bhd, higher capacity income from Tanjung Bin Energy Sdn Bhd, given the forced outage and one-month revenue contribution from Alam Flora Sdn Bhd.

"However, these were partially offset by lower energy payment from Tanjung Bin Power Sdn Bhd coal plant, impacted by the decline in applicable coal price during the fourth quarter of 2019 and expiry of Port Dickson Power plant's three-year power purchase agreement extension on Feb 28, 2019," it said.

Moving forward, Malakoff said it would continue to drive operational excellence in all its power plants to enhance their reliability and efficiency.

"Our Tanjung Bin Energy successfully achieved t Unscheduled Outage R below the 6.0 per ce threshold as at Dec 31, 20 post completion of ma maintenance and rectificati works during the year," said.

The group also complet two major corporate exerci in December 2019, namely t acquisition of Alam Flora a disposal of the Macarth Wind Farm.

"The completion of the exercises had contribut positively to the grou performance. Hence, the gro expects overall performan to remain satisfactory for t financial year ending Dec

Malakoff catat pendapatan lebih tinggi

KUALA LUMPUR: Keuntungan bersih Malakoff Corp Bhd bagi tahun kewangan berakhir 31 Disember, 2019 meningkat kepada RM320.15 juta daripada RM274.43 juta dalam tempoh yang sama tahun sebelumnya.

Perolehan meningkat sedikit kepada RM7.42 bilion daripada RM7.35 bilion bagi tahun ke tahun, manakala pendapatan sesaham melonjak kepada 6.55 sen daripada RM5.56 sen, katanya dalam makluman kepada Bursa Malay-

singkat akibat kebocoran dan sumbangan satu bulan daripada Alam Flora Sdn Bhd.

"Bagaimanapun, ini diimbangi sebahagiannya oleh bayaran tenaga lebih rendah daripada loji arang batu Tanjung Bin Power Sdn Bhd yang terjejas oleh penurunan harga arang batu pada suku keempat 2019 dan penamatan tempoh perjanjian lanjutan pembelian tenaga tiga tahun daripada loji tenaga Port Dickson pada 28 Februari, 2019," katanya.

Malakoff profit rises to RM119m

KUALA LUMPUR: Higher energy payment recorded at Tanjung Bin Power Sdn Bhd power plant lifted Malakoff Corp Bhd's financial performance in the first half of this year.

This was mainly due to the lower energy payment recorded at Tanjung Bin Energy Sdn Bhd's (TBE) coal plant following its 73-day scheduled maintenance year ago.

Malakoff's 3Q net profit increases to RM94.49 mln

KUALA LUMPUR: Malakoff Corporation Bhd net profit for the third quarter ended Sept 30, 2019, increased to RM94.49 million compared to RM83.50 million recorded in the same period last year.

enhancing the efficiency and reliability of its assets.

To this end, our Tanjung Bin Energy Plant had undertaken a 73-day scheduled outage in the first half of 2019 and its Unscheduled Outage Rate (UOR)

Malakoff's SPVs win govt small hydro tender

KUALA LUMPUR: Malakoff Corporation Bhd's 65 per cent-owned indirect special purpose vehicles (SPVs) have won the government's Feed-in Tariff (FiT) e-bidding small hydro tender through the Sustainable Energy Development Authority Malaysia.

The SPVs comprised Batu Bor Hidro Sdn Bhd (BBH) and Lubuk Paku Hidro Sdn Bhd (LPH).

Touch Meccanica Sdn Bhd owns

"The SPVs will be awarded as the Feed-in-Approval holders and subsequently enter into a Renewable Energy Power Purchase Agreement with Tenaga Nasional Bhd (TNB) for the small hydro projects located in Peninsular Malaysia for 21 years," Malakoff said in a filing to Bursa Malaysia.

It said BBH would have an installed capacity of 30 megawatts

FINANCIAL RESULTS

Malakoff's Q4 profit increases to RM85.5m

KUALA LUMPUR: Malakoff Corp Bhd's net profit for the fourth quarter ended December 31 jumped more than two times to RM85.5 million from the same period in 2017.

The improved profit was primarily contributed by an increase in energy payments recorded by Tanjung Bin Power Sdn Bhd and Tanjung Bin Energy Sdn Bhd coal plants on the back of a rise in applicable coal prices.

However, for the full year, Malakoff's net profit fell to RM274.4 million from RM295.9 million in the preceding year.

Lower capacity payment recorded by Segari Energy Ventures Sdn Bhd, given the reduction in tariff under the extended power purchase agreement, contributed to the lower full-year net profit.

The absence of Tanjung Bin

from the settlement of a dispute with IHI Corp Japan over the former's boiler failure recorded in the preceding year was also a contributing factor.

Malakoff's revenue increased 5.59 and 3.09 per cent to RM1.89 billion and RM7.35 billion for the fourth quarter and full year, respectively.

Malakoff said power demand growth in Malaysia was expected to sustain at two to 2.5 per cent while renewable energy development should ease pressure on power-generation costs.

"The outlook for Malaysia's power sector in 2019 is expected to be stable, supported by regulatory reforms as the nation gradually transitions towards a low-carbon economy," it said.

The group expects performance to remain satisfactory for the financial year ending Decem-

Malakoff inks MoU with J-POWER for power generation and water projects

Q4 RESULTS

Aussie asset disposal boosts Malakoff profit by 24.5pc to RM106.4m

KUALA LUMPUR: Malakoff Corp Bhd's net profit jumped 24.5 per cent to RM106.4 million in the fourth quarter ended Dec 31 last year from RM85.48 million previously.

In a filing to Bursa Malaysia yesterday, Malakoff said this was driven by a one-off gain from the disposal of its investment in Malakoff Australia Pty Ltd that was completed on Dec 18.

However, revenue eased 7.7 per cent to RM1.74 billion from RM1.89 billion previously due to lower energy payment by Tanjung Bin Power Sdn Bhd (TBP), given the decline in the applicable coal price.

For its 2019 financial year, Malakoff's net profit rose 16.7 per cent to RM320.15 million from RM274.43 million previously while revenue inched up to RM7.42 billion from RM7.35 billion the year before.

It has proposed a final dividend of 4.11 sen per share, subject to shareholders' approval.

Malakoff said the Malaysian electricity supply industry would continue to evolve with emphasis on industry liberalisation, renewable energy (RE) and energy efficiency initiatives.

In this context, the group will continue to expand its footprint in the RE sector in line with the government's target to increase the RE generation capacity to 20 per cent overall by 2025.

In December, the group won bids for small hydropower projects with a total capacity of 56 megawatts in Pahang through a competitive Feed-in Tariff (FiT) e-bidding.

Malakoff said it would continue to drive operational excellence i all its power plants to enhan their reliability and efficiency.

"Our Tanjung Bin Energy co power plant has successfull achieved unscheduled outag rate below the 6.0 per ce threshold as at Dec 31, post com pletion of major maintenan and rectification works duri

Malakoff Corp Bhd's revenue eased 7.7 per cent to RM1.74 billion in payment by Tanjung Bin Power Sdn Bhd.

CORPORATE STRUCTURE

As at 21 February 2020

POWER GENERATION

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

OPERATIONS AND MAINTENANCE SERVICES

- **100%** Malakoff Power Berhad
  - **100%** Tanjung Bin O&M Berhad
  - **100%** PDP O&M Sdn Bhd
- **100%** Teknik Janakuasa Sdn Bhd
  - **100%** Natural Analysis Sdn Bhd [1]
  - **100%** TJSB Services Sdn Bhd
  - **100%** TJSB International Limited
    - **100%** TJSB International (Shoaiba) Limited
      - **20%** Saudi-Malaysia Operation & Maintenance Services Company Limited
      - **20%** Al-Imtiaz Operation & Maintenance Company Limited **20%**
    - **100%** TJSB Middle East Limited
    - **35%** Muscat City Desalination Operation and Maintenance Company LLC
  - **100%** TJSB Global Sdn Bhd
    - **49%** Hyflux-TJSB Algeria SPA
  - **95%** PT. Teknik Janakuasa
  - **51%** TJZ Suria Sdn Bhd

PROJECT MANAGEMENT

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

ELECTRICITY DISTRIBUTION

- **100%** Malakoff Utilities Sdn Bhd

OTHERS

- **100%** Tuah Utama Sdn Bhd
  - **60%** Green Biogas Sdn Bhd
  - **100%** Malakoff Radiance Sdn Bhd
  - **65%** Lubuk Paku Hidro Sdn Bhd
  - **65%** Batu Bor Hidro Sdn Bhd
- **54%** Desa Kilat Sdn Bhd
- **100%** Malakoff R&D Sdn Bhd
- **100%** Tunas Pancar Sdn Bhd
  - **97.37%** Alam Flora Sdn Bhd
    - **97.37%** DRB-Hicom Environmental Services Sdn Bhd
- **100%** Silver Solar Sdn Bhd

INTERNATIONAL

- **100%** Spring Assets Limited [I]
- **100%** Malakoff Capital (L) Ltd [I]
- **100%** Malakoff International Limited ("MIL")
  - **100%** Malakoff Gulf Limited ("MGL")
    - **100%** Desaru Investments (Caymans Isl) Limited ("DIL")
      - **40%** Malaysian Shoaiba Consortium Sdn Bhd ("MSCSB")
    - **40%** Malaysian Shoaiba Consortium Sdn Bhd ("MSCSB")
      - **40%** Saudi-Malaysia Water & Electricity Company Limited ("SAMAWEC") [II]
        - **24%** Shuaibah Water & Electricity Company Limited ("SWEC") [II]
        - **24%** Shuaibah Expansion Holding Company Limited ("SEHCO")
          - **23.4%** Shuaibah Expansion Project Company Limited ("SEPCO") [III]
        - **0.4%** Shuaibah Expansion Project Company Limited ("SEPCO") [III]
  - **100%** Malakoff Technical (Dhofar) Limited ("MTDL")
    - **43.48%** Oman Technical Partners Limited ("OTPL")
      - **43.48%** Salalah Power Holdings Limited ("SPHL") [IV]
  - **100%** Malakoff Oman Desalination Company Limited
    - **32.5%** Muscat City Desalination Company S.A.O.G ("MCDC") [VII]
  - **100%** Malakoff Hidd Holding Company Limited ("MHHCL")
    - **57.14%** Malakoff Summit Hidd Holding Company Limited ("MSHHCL")
      - **40%** Hidd Power Company B.S.C (c) ("HPC") [VI]
  - **100%** Malakoff AlDjazair Desal Sdn Bhd ("MADSB")
    - **70%** Tlemcen Desalination Investment Company SAS ("TDIC")
      - **35.7%** Almiyah Attilemcania SPA ("AAS") [V]
  - **100%** Pacific Goldtree Sdn Bhd
    - **100%** Skyfirst Power Sdn Bhd

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

I. Dormant

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

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

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

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

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

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

FINANCIAL STATISTICS

	Group				
	2019 RM'000	**2018 RM'000**	**2017 RM'000**	**2016 RM'000**	**2015 RM'000**
KEY OPERATING RESULTS					
Revenue	**7,422,272**[1]	7,348,230	7,130,440	6,098,420	5,301,987
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**2,412,697**[1]	2,430,386	2,722,062	2,871,278	2,480,155
Profit before tax	**530,904**[1]	559,173	574,506	637,541	701,191
Net profit attributable to owners of the Company (PATMI)	**320,153**	274,433	295,931	355,463	452,385
KEY BALANCE SHEET ITEMS					
Property, plant and equipment	**12,874,076**	13,443,183	13,976,303	14,604,469	15,059,639
Cash and cash equivalents	**2,745,389**	1,515,147	2,355,529	3,006,802	2,853,346
Other investments (deposit placements with more than 3 months maturity)	**2,509,476**	3,582,478	2,641,829	1,403,801	629,241
Total assets	**26,559,925**	28,982,069	29,879,856	30,263,536	29,587,909
Total borrowings	**12,398,145**	15,200,432	15,830,981	17,536,848	17,347,608
Total liabilities	**19,884,532**	22,317,615	23,001,336	24,132,241	23,607,791
Share capital	**5,693,055**	5,693,055	5,693,055[2]	500,000	500,000
(Accumulated losses)/Retained profits	**(241,100)**	(82,425)	(19,007)	112,335	35,276
Shareholders' equity	**5,506,488**	5,644,768	5,852,950	5,915,712	5,765,114
SHARES INFORMATION					
Basic earnings per share (sen)[3]	**6.55**	5.56	5.92	7.11	9.98
Diluted earnings per share (sen)[4]	**6.55**	5.56	5.92	7.11	9.76
Dividend (sen)	**6.55**	5.60	6.20	7.00	7.00
Net assets per share (RM)[5]	**1.13**	1.15	1.17	1.18	1.15
FINANCIAL RATIOS					
Return on assets (%)	**1.21**	0.95	0.99	1.17	1.53
Return on equity (%)	**5.81**	4.86	5.06	6.01	7.85
EBITDA margin (%)	**32.51**	33.07	38.18	47.08	46.78

1 - 2019 key operating results include the results of Malakoff Australia Pty Ltd group, presented as discountinued operations in the Financial Statements.

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

3 - Based on weighted average number of ordinary shares of 4,887,313,000 (2018: 4,932,031,000; 2017: 4,999,937,000; 2016: 5,000,000,000; 2015: 4,531,422,000).

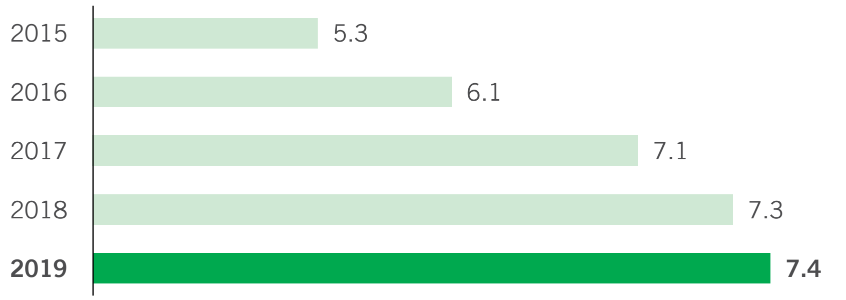
4 - Based on weighted average number of ordinary shares of 4,887,313,000 (2018: 4,932,031,000; 2017: 4,999,937,000; 2016: 5,000,000,000; 2015: 4,635,616,000).

5 - Based on number of ordinary shares of 4,886,961,300 (2018: 4,888,221,000; 2017: 4,998,175,600; 2016: 5,000,000,000; 2015: 5,000,000,000).

FINANCIAL STATISTICS

REVENUE (RM billion)

7.4
(+1.4%)

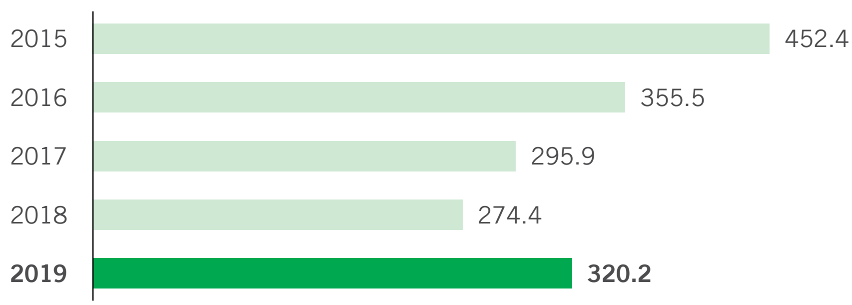


EBITDA (RM billion)

2.4
(+0.0%)

PATMI (RM million)

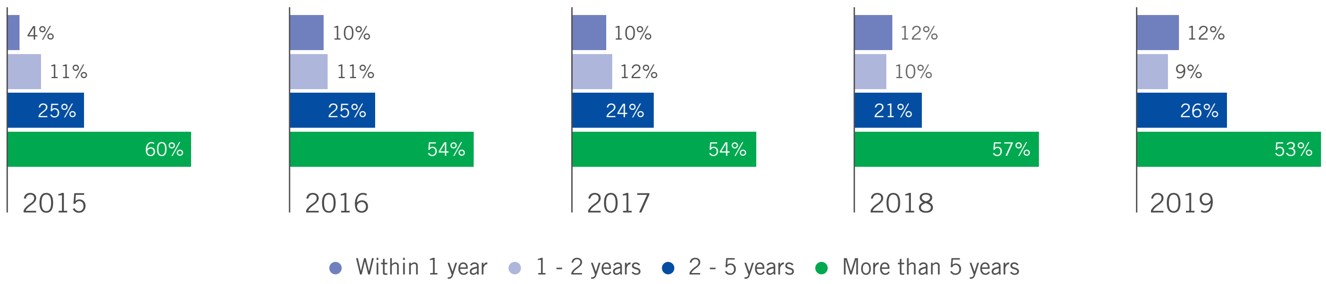
320.2
(+16.7%)



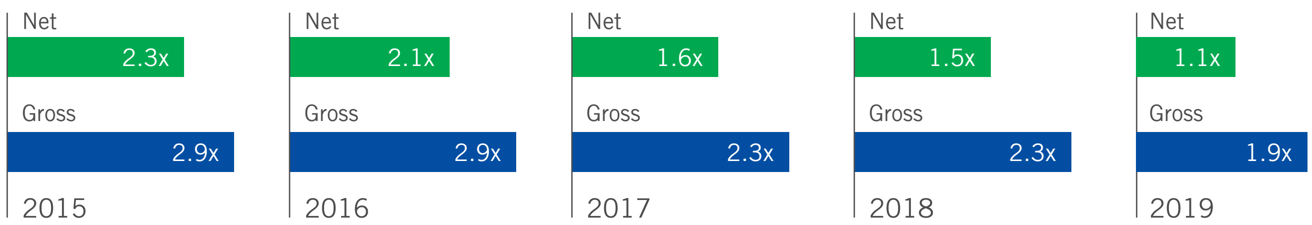
Total Assets (RM billion)

26.6
(-8.3%)

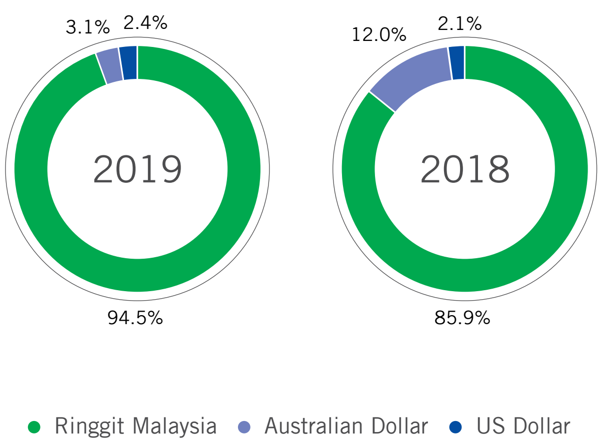
Debt Maturity



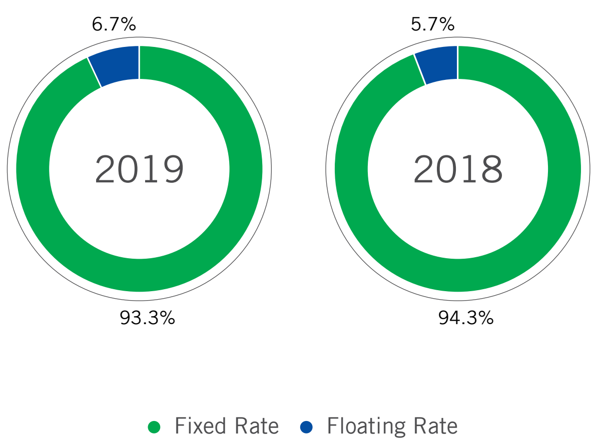
Gearing Ratio



Debt Profile by Foreign Currency



Debt Profile by Interest Rate Terms



INVESTOR RELATIONS

COMMUNICATING WITH OUR SHAREHOLDERS

In Malakoff, we recognise the necessity of balancing the expectations of our shareholders and the Group's capabilities in creating value. In 2019, we continued our investor engagement efforts, focusing on building a better market understanding and a strong foundation with the shareholders. We believe that consistent and transparent engagement are essential towards achieving a fair market valuation of the Group. Malakoff's Investor Relations ("IR") unit facilitates a two-way communication between the Group and the investment community via the following channels:

Corporate Website

Provides an essential platform for investors and other stakeholders to access information periodically through the Investor Relations section. (www.malakoff.com.my)

Annual/Extraordinary General Meeting

Offers an opportunity to our shareholders to raise their questions and concerns on the Group's performance directly to our Board and Management.

One-on-One and Group Meetings/Investor Conferences/Roadshows

Throughout the year, we held meetings with major institutional investors, individual shareholder groups and financial analysts to share and discuss the Group's business performance and its strategic plan.

Annual Report

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

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

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

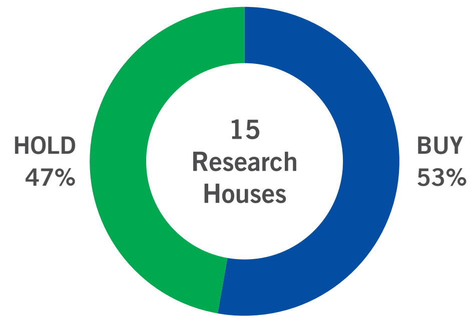
ANALYST BRIEFINGS

Concurrent with the release of the Group's quarterly results announcement to Bursa Malaysia Securities Berhad ("Bursa Securities"), Malakoff will conduct an analyst briefing session to give further insights into the financial results, business operations and strategic direction for the year under review. The briefings are normally through face-to-face interaction with conference call facilities to ensure full access to the intended audience. The Chief Executive Officer of Malakoff will present the quarterly performance to the audience before proceeding with the Question and Answer ("Q&A") session. As of end-December 2019, a total of 15 research houses provided coverage on the Group. This reflects strong interest from the investment community and shows that Malakoff is closely tracked by domestic and international sell-side research houses as well as buy-side investors.

Analyst Briefing Dates

DATE	EVENT	ANALYST BRIEFING	TOTAL PARTICIPANTS
22 February 2019	4Q 2018 Financial Results	Direct Meeting/ Conference Call	35
27 May 2019	1Q 2019 Financial Results	Direct Meeting/ Conference Call	33
23 August 2019	2Q 2019 Financial Results	Direct Meeting/ Conference Call	36
20 November 2019	3Q 2019 Financial Results	Direct Meeting/ Conference Call	35

Analyst Recommendation (as at 31 December 2019)

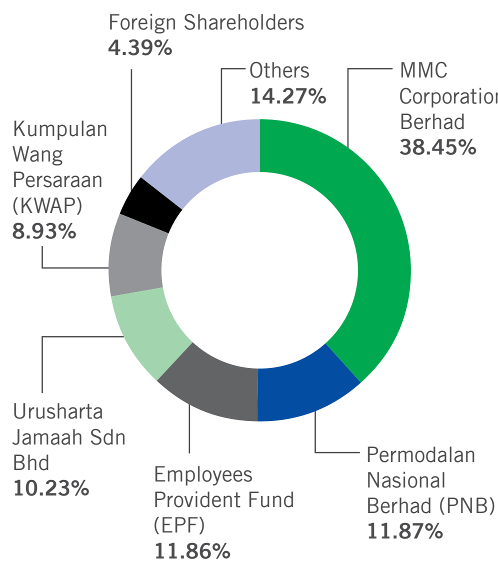


INVESTOR RELATIONS ACTIVITIES

During the year under review, we increased our engagements with the investment community and conducted more than 50 one-one-one and group meetings. During these engagements, the Group will address their concerns, where possible, to deliver sustainable value to its shareholders. In 2019, there were increased engagements with the Environmental, Social and Governance ("ESG") investors due to the higher focus on sustainability matters. Additionally, we are actively engaged with other IR stakeholders such as Bursa Securities, Malaysia Investor Relations Association ("MIRA"), and other IR service providers to ensure the Group practices the highest standards of transparency and disclosure.

	NUMBER OF EVENTS
Briefings to Analysts and Fund Managers (Direct Meeting/Conference Calls)	4
Investor Conferences	3
One-on-One Meetings at Investor Conferences	12
In-house Investor Meetings	52
ESG Engagements	4
Engagement with IR Stakeholders (e.g. Bursa Securities, MIRA, Regulators, IR Service Providers)	6

Shareholder Mix (as at 31 December 2019)



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

Head of Investor Relations
Malakoff Corporation Berhad
Level 12, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur

Tel: +603 2263 3240 Fax: +603 2263 3377 Email: ir@malakoff.com.my

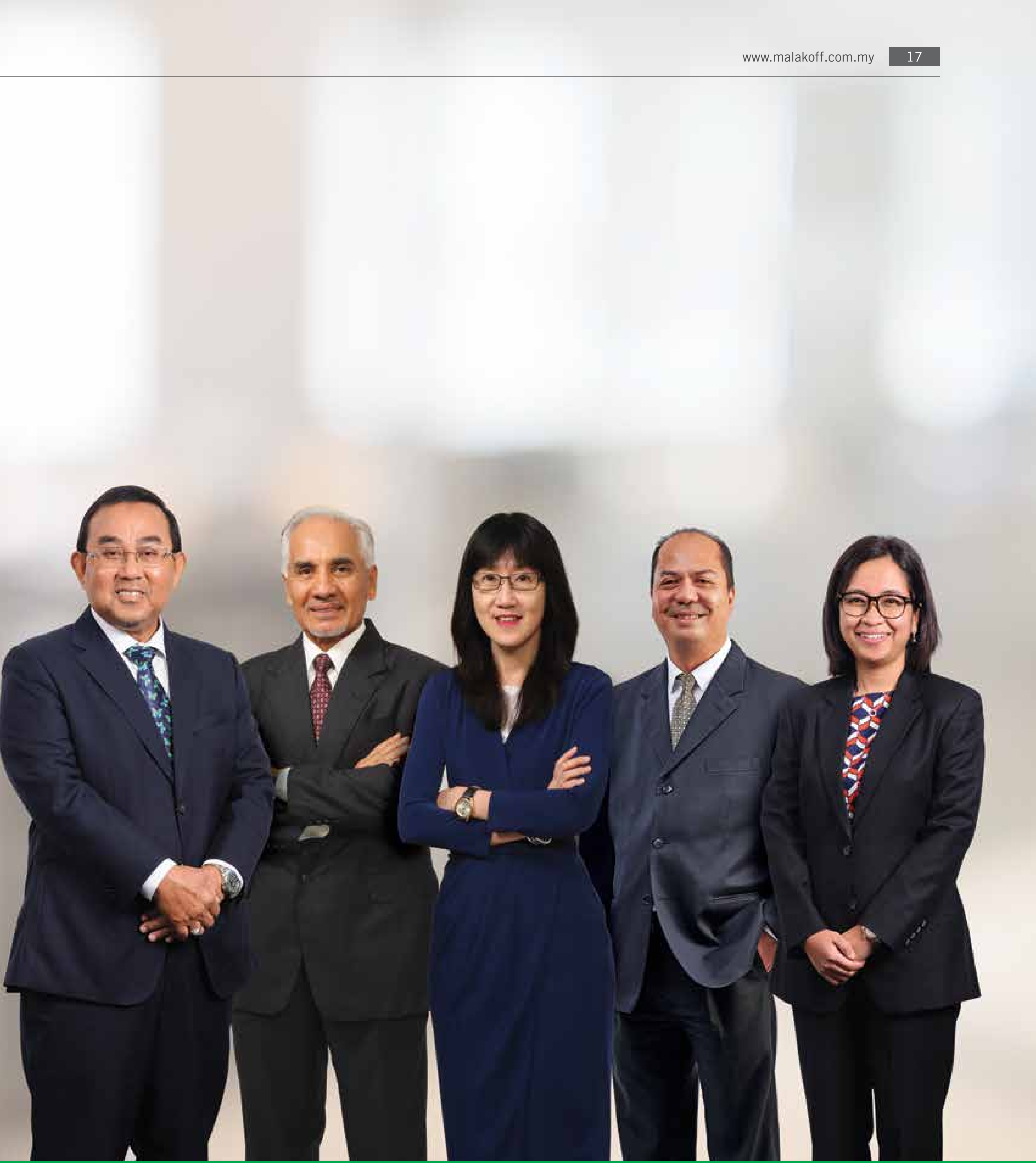
BOARD OF DIRECTORS

DATUK OOI TEIK HUAT
Non-Independent Non-Executive Director

DATUK ROZIMI REMELI
Independent Non-Executive Director

DATUK IDRIS ABDULLAH
Independent Non-Executive Director

DATO' SRI CHE KHALIB MOHAMAD NOH
Non-Independent Non-Executive Director



DATUK HAJI HASNI HARUN
Independent Non-Executive Chairman

DATUK DR. SYED MUHAMAD SYED ABDUL KADIR
Independent Non-Executive Director

CINDY TAN LER CHIN
Non-Independent Non-Executive Director

NOOR RANIZ MAT NOR
Company Secretary

SHARIFAH ASHTURA JAMALULLAIL SYED OSMAN
Company Secretary

BOARD OF DIRECTORS' PROFILE

DATUK HAJI HASNI HARUN

Independent Non-Executive Chairman

Chairman of the Board Nomination and Remuneration Committee

10/10 Attended Board Meetings in 2019

Nationality : Malaysian

Gender : Male

Age : 63

BOARD APPOINTMENT

20 June 2017

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

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

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

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

DATO' SRI CHE KHALIB MOHAMAD NOH

Non-Independent Non-Executive Director

Member of Board Nomination and Remuneration Committee

10/10 Attended Board Meetings in 2019

Nationality : Malaysian

Gender : Male

Age : 55

BOARD APPOINTMENT

1 July 2013

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

Dato' Sri Che Khalib began his career with Messrs Ernst & Young in 1989 and later joined Bumiputra Merchant Bankers Berhad. Between 1992 and 1999, he served in several companies within the Renong Group. In June 1999, Dato' Sri Che Khalib joined Ranhill Utilities Berhad as Chief Executive Officer. He then assumed the position of Managing Director and Chief Executive Officer of KUB Malaysia Berhad. Dato' Sri Che Khalib was appointed as the President/Chief Executive Officer of Tenaga Nasional Berhad on 1 July 2004 where he served eight years until the completion of his contract on 30 June 2012. He then joined DRB-HICOM Berhad as the Chief Operating Officer of Finance, Strategy and Planning in July 2012.

Dato' Sri Che Khalib was previously a member of the Board and the Executive Committee of Khazanah Nasional Berhad between 2000 and 2004. He also served as a Board member within the United Engineers Malaysia Group of Companies and Bank Industri & Teknologi Malaysia Berhad.

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

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

CINDY TAN LER CHIN

Non-Independent Non-Executive Director
Member of Board Risk and Investment Committee
Member of Board Procurement Committee

10/10 Attended Board Meetings in 2019

Nationality : Malaysian
Gender : Female
Age : 60

BOARD APPOINTMENT

9 August 2007

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

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

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

DATUK OOI TEIK HUAT

Non-Independent Non-Executive Director
Member of Board Audit Committee
Member of Board Procurement Committee

9/10 Attended Board Meetings in 2019

Nationality : Malaysian
Gender : Male
Age : 60

BOARD APPOINTMENT

1 January 2012

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

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

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

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

BOARD OF DIRECTORS' PROFILE

DATUK DR. SYED MUHAMAD SYED ABDUL KADIR

Independent Non-Executive Director
Chairman of Board Audit Committee
Member of Board Nomination and Remuneration Committee
Member of Board Risk and Investment Committee

10/10 Attended Board Meetings in 2019

Nationality : Malaysian
Gender : Male
Age : 73

BOARD APPOINTMENT

11 December 2012

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

Datuk Dr. Syed Muhamad started his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration ("INTAN") and held various positions before his final appointment as Deputy Director (Academic). In November 1988, he joined the Ministry of Education as Secretary of Higher Education and thereafter assumed the post of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management), Finance Division of Federal Treasury. Between June 1993 to June 1997, he joined the Board of Directors of Asian Development Bank, Manila, the 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.

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

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

DATUK IDRIS ABDULLAH

Independent Non-Executive Director
Chairman of Board Risk and Investment Committee
Member of Board Audit Committee
Member of Board Nomination and Remuneration Committee

10/10 Attended Board Meetings in 2019

Nationality : Malaysian
Gender : Male
Age : 63

BOARD APPOINTMENT

11 December 2012

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

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

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

He holds 172,100 ordinary shares in the Company and none in the Company's subsidiaries.

DATUK ROZIMI REMELI

Independent Non-Executive Director
Chairman of Board Procurement Committee
Member of Board Audit Committee
Member of Board Risk and Investment Committee

10/10 Attended Board Meetings in 2019

Nationality : Malaysian
Gender : Male
Age : 63

BOARD APPOINTMENT

16 October 2017

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

Datuk Rozimi has over 32 years of extensive leadership experience in the energy industry. He began his career with Tenaga Nasional Berhad ("TNB") since 1984, 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.

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

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

Additional information in relation to the Board of Directors

i) None of the Directors has any family relationship with any Director and/ or major shareholder of the Company nor any conflict of interest with the Company.

ii) Other than traffic offences, none of the Directors has been convicted for any offences within the past five years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies doing the financial year under review.

MANAGEMENT TEAM

MANAGEMENT COMMITTEE

MOHAMMED AZMIL ISMAIL
Senior Vice President
Local Generation Division

VINCENT YAP LENG KHIM
Senior Vice President
Corporate Services Division

DATO' AHMAD FUAAD KENALI
Chief Executive Officer

MOHD NAZERSHAM MANSOR
Chief Financial Officer

AZHARI SULAIMAN
Senior Vice President
Operations & Project Management Services Division

EX OFFICIO

SARAVANAN DESIGAMANIE
Head
Strategy & Communication Division

MOHD HELMY IBRAHIM
Head
Investment Development & Management Division

JAMALIAH WAN CHIK
Head
Human Capital Division

SHAJARATUDDUR MOHD IBRAHIM
Head
Business Development Department

MANAGEMENT TEAM'S PROFILE

DATO' AHMAD FUAAD KENALI

Chief Executive Officer

Malaysian | Male | 49

WORKING EXPERIENCE(S)

Dato' Ahmad Fuaad Kenali obtained a Degree in Computerised Accountancy from the University of East Anglia, United Kingdom and a Business and Technology Education Council ("BTEC") National Diploma in Business and Finance, United Kingdom. He is a Fellow of the Association of Chartered Certified Accountants ("ACCA") and a Member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants since year 2000.

He joined as the Chief Executive Officer ("CEO") of the Company on 1 October 2017.

He began his career with Arthur Andersen & Co in 1994. In 2001, he left practice to take up the position of Executive Director of Finance at Petaling Garden Berhad. In 2008, he re-joined practice as a Partner/ Executive Director in Ernst & Young, Kuala Lumpur and was with the firm until July 2010 when he joined Astro Malaysia Holdings Berhad as the Chief Financial Officer ("CFO") from August 2010 to July 2013.

In August 2013, he joined DRB-HICOM Berhad as the CFO and later on as Chief Operating Officer ("COO") - Finance & Corporate, a post he held until March 2016. He was subsequently seconded to Proton Holdings Berhad ("PHB") on 1 April 2016 as the CEO and Executive Director until 30 September 2017.

While in DRB-HICOM Berhad, he also served as a board member of key subsidiaries such as Pos Malaysia Berhad, Bank Muamalat Malaysia Berhad, Edaran Otomobil Nasional Berhad, Horsedale Development Berhad, Glenmarie Properties Sdn Bhd and Alam Flora Sdn Bhd.

Dato' Ahmad Fuaad is currently the Chairman of Muscat City Desalination Company S.A.O.G, an associate company of Malakoff which is listed on Muscat Securities Market. He also sits on the board of Tanjung Bin Energy Issuer Berhad, Tanjung Bin O&M Berhad, Malakoff Power Berhad and several private companies under Malakoff Group.

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

MOHD NAZERSHAM MANSOR

Chief Financial Officer

Malaysian | Male | 46

WORKING EXPERIENCE(S)

Mohd Nazersham obtained a Degree in Accounting & Finance from De Montfort University, United Kingdom and a Fellow of the Association of the Chartered Certified Accountants ("FCCA"), United Kingdom. He is also a Member of Malaysian Institute of Accountants.

He joined as the Chief Financial Officer ("CFO") of the Company on 1 December 2017.

He 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. He then assumed the position of General Manager of MMC Group from 2014 to 2016 and was previously the CFO for MMC Port Holdings Sdn Bhd. He has covered the provision of services for accounting, financial management, taxation, treasury and corporate finance in his 20 years of experience.

He holds 16,000 ordinary shares in the Company.

MANAGEMENT TEAM'S PROFILE

VINCENT YAP LENG KHIM

Senior Vice President
Corporate Services Division

Malaysian | Male | 46

WORKING EXPERIENCE(S)

Vincent graduated from the University of Nottingham, United Kingdom, with a Bachelor of Laws (Hons.) in 1996. He was called to the Bar of England and Wales and admitted as a Barrister by Lincoln's Inn, London in 1997. He was subsequently called to the Malaysian Bar and admitted as an Advocate & Solicitor of the High Court of Malaya in 1998.

He joined the Company as the Senior Vice President, Corporate Services Division on 1 December 2017.

Prior to joining Malakoff, he worked at Zelan Berhad for 8 years, in the capacity as Head of Legal for 2 years and then as Director of Corporate Services for 6 years. While in the legal profession, he was a Partner at Albar & Partners, Advocates & Solicitors, where he focused on mergers and acquisitions, restructurings, initial public offerings, corporate banking, debt capital markets, structured finance and asset backed securitisation. He had previously served as a Legal Counsel at OCBC Bank (Malaysia) Berhad, handling mainly corporate and investment banking portfolios.

He has approximately 10 years of experience in legal profession and 11 years of in-house legal experience in the energy, banking, engineering and construction industries.

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

MOHAMMED AZMIL ISMAIL

Senior Vice President
Local Generation Division

Malaysian | Male | 50

WORKING EXPERIENCE(S)

Mohammed Azmil obtained a Bachelor of Science in Mechanical Engineering from The George Washington University, Washington D.C., United States of America. He attended the Senior Management Development Programme in Malaysia in August 2006.

He has been appointed as the Senior Vice President, Local Generation Division on 1 September 2019.

He started his career as a Gas Turbine Maintenance Engineer with Tenaga Nasional Berhad ("TNB") in September 1992.

Mohammed Azmil joined Malakoff in November 1994 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. Following that, he was assigned to an O&M project in Kuwait as the Plant Manager of Azzour EPP Plant (2008 to 2013) and Plant Manager of Azzour CCGT2 Plant, Kuwait (2013 to 2015). Upon his return to Malaysia, he was appointed as the Plant Manager of LPP (2015 to 2016).

Subsequently, Mohammed Azmil was appointed as the Head of Engineering, Local Generation Division in 2016 and assumed his current role as the Head of Local Generation Division in February 2019.

He holds 68,000 ordinary shares in the Company.

AZHARI SULAIMAN

Senior Vice President
Operations & Project Management Services Division

Malaysian | Male | 59

WORKING EXPERIENCE(S)

Azhari holds a Bachelor of Science in Electrical & Electronic Engineering from Loughborough University of Technology, United Kingdom and a Master in Business Administration from Universiti Malaya.

He first joined Lembaga Letrik Negara in September 1983 as a Computer Maintenance Engineer in the Computer Maintenance Department. In 1986, he was then promoted to Senior Engineer, Telecontrol, in which, he was involved mainly in the development of control centres, repair and maintenance of the National Load Despatch Centre SCADA/EMS computer system and Remote Terminal Units ("RTUs").

Later in January 1994, he was transferred to the Business Management unit of the Transmission Division as the Senior Manager, Commercial. In January 1999, he was designated as the Head of Energy Procurement Unit before joining Tanjung Bin Power Sdn Bhd ("TBP") (a subsidiary of Malakoff Berhad) as the COO in August 2004.

In his capacity as COO of TBP, he was responsible to ensure that the construction and commissioning of Malakoff's first coal-fired power plant was on schedule and within budget. On completion of the Tanjung Bin Power Plant ("TBPP") project, he was transferred to assume the position of Vice President, Business Development. He was re-designated to Senior Vice President of Group Planning & Strategy Division in 2015 where he was responsible for the business development and project development for the Group to meet the growth targets in line with the mission and vision of the Group. Effective December 2017, he was appointed as Senior Vice President, Operations & Project Management Services in order to strengthen the Operations and Project Management Services division.

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

JAMALIAH WAN CHIK

Head
Human Capital Division

Malaysian | Female | 59

WORKING EXPERIENCE(S)

Jamaliah holds a Master of Science in Human Resource Management from University of Lincoln, United Kingdom in 2002.

She started her career in 1986 as Human Resource and Admin Executive in Buchel Vehicle (M) Sdn Bhd. In 1988, she joined Sime Darby Berhad as Manager, Human Resource and Administration and thereafter moved to Permodalan Nasional Berhad ("PNB") as Manager, Corporate Human Resource and Administration in 1992. In 1997, she joined UEM Builders Berhad Group as Head, Human Resource and Administration and later moved to Opus Group Berhad in August 2010. She was responsible for the succession planning, manpower planning and employment for the Company and provide guidance to the Human Resource representatives assigned to operational sites.

Prior to joining Malakoff in February 2017, she was with Eversendai Corporation Berhad since September 2014 as Group Head, Human Resource and Administration. She was responsible for the management of the full spectrum of Human Resource and Administration function for the Group in Malaysia, Singapore, India and Middle Eastern countries. During this period, she managed to complete the SOP for Human Resources for the Group and implemented talent management as well as Human Resource Information System for the Middle East, India and Malaysia.

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

MANAGEMENT TEAM'S PROFILE

MOHD HELMY IBRAHIM

Head
Investment Development & Management Division

Malaysian | Male | 49

WORKING EXPERIENCE(S)

Helmy holds a Bachelor of Engineering in Chemical Engineering (Hons.) from the University of Leeds, United Kingdom. He attended and completed the Harvard Business School – ASEAN Senior Management Development Program ("ASMDP") in July 2018.

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

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

SHAJARATUDDUR MOHD IBRAHIM

Head
Business Development Department

Malaysian | Male | 45

WORKING EXPERIENCE(S)

Shajaratuddur holds a Bachelor of Laws (Hons.) from the University of Nottingham, United Kingdom.

He started his career with TNB in September 1997, as a legal executive, handling projects and business development matters. During his 16-year tenure in TNB, he was instrumental in various key projects and ventures, including TNB's tariff reviews and PPA renegotiation exercises, privatization of Lembaga Letrik Sabah, divestments of TNB's local power plants and coal mine in Indonesia. His last position in TNB was as a General Manager in the President's/CEO's Office, before leaving for the role of Senior Vice President of Investment at Khazanah Nasional in February 2010, to oversee the power sector and Iskandar Development Region.

Shaja 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 a 2.4 MW biogas project 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. He is one of the key team members in formulating the current Malakoff's investment policy and strategic plan. In his capacity and current role as the Head of Business Development Department in Malakoff, he will continue to explore and pursue potential investments or growth opportunities for the company, locally and internationally.

He holds 26,000 ordinary shares in the Company.

SARAVANAN DESIGAMANIE

Head
Strategy & Communication Division

Malaysian | Male | 38

WORKING EXPERIENCE(S)

Saravanan holds a Master of Business Administration (Finance) and a Bachelor of Information Technology (Hons.) (Software Engineering) from Multimedia University, Cyberjaya. He also holds a Certificate in Investor Relations ("CIR") of the Investor Relations ("IR") Society (United Kingdom) and is a certified innovation practitioner.

A recipient of the Sime Darby Foundation Scholarship award, Saravanan 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. In 2010, he was assigned as the Special Officer to the Managing Director ("MD") of Sime Darby Energy & Utilities, while serving under the MD's Office as well as the Project Management Office.

In 2012, Saravanan was appointed as Assistant Vice President, IR. As part of the IR unit of Sime Darby, Saravanan was a key pioneering member who was instrumental in engaging the ESG investors, particularly in Europe. In 2017, he assumed the role of Strategy & Innovation Manager of Sime Darby Plantation Berhad, 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, Saravanan has worked in various capacities with the plantation, property, industrial, motors, energy & utilities and healthcare divisions.

Saravanan joined Malakoff in June 2018 as the Head of IR, spearheading the Group's engagement with the investment community. In February 2020, Saravanan was appointed as the Head, Strategy & Communication Division, overseeing the Group's corporate strategy, investor relations, corporate communications and stakeholder management units.

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

Chief Internal Auditor's Profile

MOHD HADI MOHAMED ANUAR

Chief Internal Auditor
Group Internal Audit

Malaysian | Male | 42

WORKING EXPERIENCE(S)

Mohd Hadi obtained his Bachelor of Arts (Hons.) Degree in Accounting and Finance from Manchester Metropolitan University, United Kingdom. He is also currently an Associate Member of the Association of Certified Fraud Examiners and the Institute of Internal Auditors Malaysia ("AIIA") and has 19 years of audit experience.

He joined the Company as the Chief Internal Auditor leading the Group Internal Audit Department in February 2016.

Prior to joining the Company, he was the Head of Joint Venture Audit Department of PETRONAS Carigali Sdn Bhd from 2012 to 2016 and was an Audit Manager at Group Internal Audit Division of Petroliam Nasional Berhad ("PETRONAS") from 2005 to 2011. During his tenure with PETRONAS, he was also assigned to KLCC Holdings Berhad to set up the Group Internal Audit Division of KLCC Group and was the acting Head of the Division for almost 2 years before returning to PETRONAS. Prior to joining PETRONAS, he was an auditor at Arthur Andersen and Ernst & Young from 2000 to 2004.

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

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

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

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors ("the Board"), I am pleased to present to you Malakoff Corporation Berhad ("Malakoff" or "the Group") Annual Report and audited financial statements for the financial year ended 31 December 2019 ("FY2019").

Amidst challenging business environment, Malakoff continued to execute on its strategic imperatives clustered in its three strategic core pillars. The completion of the Alam Flora Sdn Bhd ("AFSB" or "Alam Flora") acquisition marks the Group's expansion into the high growth potential of Waste Management and Environmental Services sector, providing the inspiration behind this year's annual report theme, "Expanding Horizon".

OVERVIEW OF THE OPERATING ENVIRONMENT

In 2019, the global economy recorded its weakest growth since the global financial crisis a decade ago. Volatility in equity markets, escalation of trade disputes and dampened consumer confidence in major economies continued to weigh down on business sentiment and confidence. The Covid-19 pandemic that began at the end of 2019 has further exacerbated global decline by disrupting supply chains and hampering business activities.

However, emerging economies continued to record higher electricity demand due to increasing population, rising income and expanding industrial output. Renewable electricity generation has also been on a rapid rise, as the cost of solar and wind technologies continues to drop to achieve cost parity with the conventional power generation.

In 2019, the Malaysian Government approved a 10-year masterplan - the Malaysian Electricity Supply Industry ("MESI") 2.0, to reform the domestic power sector. The key objective of MESI 2.0 is to push for the liberalisation of the electricity industry with the objective of improving cost efficiency throughout the industry value chain. Amongst others, these reform initiatives include the following:

1) The shift from a Power Purchase Agreement ("PPA") regime to a capacity and energy market;
2) Power generators to be allowed to source their own fuel to optimise cost;
3) Establish Third Party Access ("TPA") framework for grid to facilitate participation; and
4) Facilitate green energy producers and consumers such as green tariffs and green gentailers.

These reforms are expected to improve cost efficiency, future-proof key processes and empower consumers. The detailed framework for the implementation of these reforms has yet to be finalised and the Government is expected to gradually implement them in phases.

GROUP FINANCIAL PERFORMANCE & DIVIDEND

The Group registered increased revenue of RM7.42 billion for FY2019 compared with RM7.35 billion in FY2018 primarily due to the higher energy payment from Segari Energy Ventures Sdn Bhd ("SEV") and higher capacity income from the Tanjung Bin Energy Sdn Bhd ("TBE") power plant given the shorter duration of the plant's forced outages compared to the previous year. In addition, the Group had also accounted for a one-month contribution from Alam Flora Group following completion of its acquisition in December 2019.

The Group recorded higher Profit After Tax and Minority Interests ("PATMI") of RM320.2 million for FY2019 compared with RM274.4 million for FY2018. The 16.7% year-on-year increase was mainly attributable to the net gain from the disposal of the Group's investment in Macarthur Wind Farm, Australia, higher contribution from TBE and lower net finance costs. This was partially offset by the net impairment loss on the carrying value of investment in our associate, Kapar Energy Ventures Sdn Bhd ("KEV").

In view of the improved results, the Board had approved a final dividend of 4.11 sen per ordinary share in respect of FY2019 to be paid on 12 June 2020. Together with the earlier interim dividend of 2.44 sen per share, the total dividend for the year is 6.55 sen per share. The total dividend payout for FY2019 is RM320.2 million, representing a 100% dividend payout ratio.

A detailed discussion on the Group's financial performance can be found in the Financial Highlights section of the Management Discussion and Analysis ("MD&A").

KEY ACHIEVEMENTS FOR FY2019

In FY2019, the Group achieved the following under strategic core pillars:

Operational Excellence

- The Group implemented several cost optimisation initiatives across its operations, resulting in total cost savings of RM63 million in FY2019.
- TBE completed its 73-day scheduled outage to undertake major rectification and maintenance works at the plant from 31 March – 12 June 2019 and had achieved normalised UOR rate below the 6% threshold in October 2019, a first in three years.
- The New Coal Unloading Jetty ("NCUJ") at TBE power plant was successfully completed in 2019 to enhance the coal unloading facilities which has been able to reduce demurrage charges by RM24 million during the year.
- The NCUJ project also received a Five Star rating under the Construction Industry Development Board ("CIDB") Safety and Health Assessment System in Construction ("SHASSIC") which has become our new benchmark for all our future projects.

CHAIRMAN'S STATEMENT

Achieving Sustainable Growth

- On 12 September 2019, the Group completed its acquisition of an additional 12% interest in Shuaibah IWPP Project from Khazanah Nasional Berhad, effectively increasing the Group's overall power generation and water production capacity by 108 MW and 123,450 m^3/day, respectively.
- The acquisition of Alam Flora, which was completed on 5 December 2019, provides an opportunity for the Group to expand into the high growth potential of environmental services which will allow the Group to enhance its contribution towards reduction of greenhouse gas emissions.
- The Group has also managed to secure quota for its renewable energy ("RE") projects in the small hydro and biogas projects with a capacity of 55 MW and 2.4 MW respectively. The Group will continue to secure new RE projects going forward in line with the Government's target to increase the current RE capacity mix to 20% by 2025.
- The timely completion of the Macarthur Wind Farm disposal on 18 December 2019, had allowed the Group to unlock its value which resulted in a net disposal gain of RM557 million, improved our cash position and effectively reduced our gearing ratio while strengthening our capacity to secure new value accretive projects in the future.

Strengthening Fundamentals

- The Group continued to intensify its cost management initiatives which were carried out through the Lean Six Sigma ("LSS") as well as the e-bidding initiatives:
  - ✓ Under the LSS, we achieved savings of RM9.43 million through improvements in key process; and
  - ✓ Under the e-bidding procurement system, the procurement processes have been steamlined and digitalised which has helped improve tracking mechanism to enhance efficiency and achieve procurement savings of RM18.81 million.
- The Group continued to drive performance-driven culture to deliver on its strategic imperatives and at the same time continue to invest in its most important asset, our people, to ensure that they are ready and equipped to drive the Group forward in the increasingly challenging and competitive business environment. During the year, the Group had incurred more than RM3 million on improving our peoples' capacity and capability.
- The Group will continue to improve on its capital structure to optimise its returns. The Group achieved lower net gearing of 1.1x as at 31 December 2019 compared to 1.5x as at 31 December 2018.
- In view of the difficulties confronting KEV due to its ageing and vulnerable plants, the Group undertook a full impairment on the carrying amount of its investment in KEV to ensure that going forward the Group's performance will not be adversely affected by KEV's performance.

STRENGTHENING CORPORATE GOVERNANCE

During the year, Malakoff, in collaboration with the Malaysian Anti-Corruption Commission ("MACC") renewed its Corruption-Free Pledge (*Ikrar Bebas Rasuah* or "IBR") at its Kuala Lumpur headquarters and all its power plants. The Group has, in fact, gone a step further by cascading the pledge to not just employees but also to vendors during the "Malakoff Vendors' Awareness Day".

The Malakoff Group Anti-Bribery Policy, which was developed based on the globally recognised Anti Bribery Management System ("ABMS") ISO37001 standard, was approved by the Board on 3 October 2019. We believe the policy would be key in ensuring a systematic approach to prevent corruption.

The Group also held a Corporate Liability & ISO37001 ABMS Awareness Training and Workshop on 25 and 26 June 2019 for our employees. The session was intended to reinforce awareness for our employees on the amended MACC Act 2009.

The Group remains committed towards building a stronger governance culture and providing greater accountability and transparency in achieving its corporate objectives.

DRIVING SUSTAINABILITY & STAKEHOLDERS' ENGAGEMENT

The Group was actively involved in a wide range of social causes throughout the period under review. This had been mainly carried out through engagements with the local communities in areas where we operate.

We remain cognisant of climate change impacts and remain a firm supporter of the country's commitment towards reducing emissions by 2030. Malakoff monitors its carbon footprint through an integrated implementation under its Sustainability Framework. Environmental considerations are embedded in the Group's core operations and all-related decision-making process, to foster long term economic growth and protect the environment.

We have also embedded "Health & Safety", and a sustainability-oriented mindset across the Group. This was exemplified during the construction of the Tanjung Bin New Coal Unloading Jetty which witnessed the clocking of One Million Safe Man Hours without any Loss Time Injury ("LTI"). I am also pleased to inform that the Group had, during the year, maintained an industry leading health and safety performance with Zero LTI across its operations.

A detailed discussion on the Group's Corporate Social Responsibility ("CSR") activities and Sustainability initiatives can be found in the Group Sustainability Statement.

OUR PEOPLE

Our employees are our most valuable resources and are the key to our success. The Group continues to be pro-active in developing the capacity and capability of our people, providing talents with the opportunity to grow and perform at their highest potential. On 20 and 21 August 2019, the Group held its inaugural Malakoff Technical Conference 2019. The conference, which involved presentations from 22 speakers, was aimed at fostering a knowledge-sharing culture, focusing on technical experiences and best practices in the power industry.

As part of our efforts to build a senior leadership pipeline, we conducted the Management Development Programme ("MDP") for middle managers that spanned 9 months, to develop the skills required for their respective roles. In addition, our identified future leaders had also attended the Harvard ASEAN Senior Management Development Programme from 14 to 21 July 2019.

During the year, 170 employees were honoured with the Long Service Award to foster loyalty amongst our employees. The Group will continue to drive a performance-driven culture as the organisation moves forward to deliver results and achieve sustainable growth.

PROSPECTS

The economic and business environment will continue to be challenging on the back of an economic slowdown, rising geopolitical tensions and ongoing trade wars. As the Covid-19 pandemic spreads globally and oil prices continue to experience a sharp decline, there are increasing uncertainties on the outlook for the global economy.

The Group will monitor MESI 2.0 developments and evaluate and assess opportunities arising from the opening up of the power market, particularly in fuel sourcing and sale of electricity under the auction mechanism.

The Group will continue to expand its presence in the RE segment in line with the Government's target to increase the RE generation capacity. The Group will continue to participate in the future bids to be rolled out by Sustainable Energy Development Authority ("SEDA").

In the Waste Management and Environmental Services sector, Alam Flora will continue to work on expanding its concession business, particularly in Kelantan and Terengganu. Alam Flora is also exploring opportunities to further the waste management business through holistic environmental management solutions and circular economy initiatives. These include, among others, Integrated Recycling Facility, Port Recovery Facility and Waste-to-Energy projects.

Our Group will continue to execute on its strategic imperatives to deliver its strategic objectives of achieving operational excellence and sustainable growth, and strengthening its fundamentals to take Malakoff to greater heights.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to convey our sincere appreciation to our valued shareholders and stakeholders, especially governmental and regulatory authorities, for their continued support and confidence.

I would also like to thank all Warga Malakoff for the dedication and hard work in delivering the FY2019 performance. We look forward to your continued support and dedication.

A special thank you to my fellow board members for their wise counsel in guiding the Group to deliver a solid performance in 2019. On behalf of the Group, I wish to thank Cik Sharifah Sofia Syed Mokhtar Shah for her contributions throughout her tenure on our Board.

I believe our accomplishments for FY2019 has strengthened the Group's foundation in achieving a more sustainable performance going forward. As we continue to *Expand Our Horizon*, I am confident that our Group will grow and thrive in the journey ahead.

Thank you and wasalam.

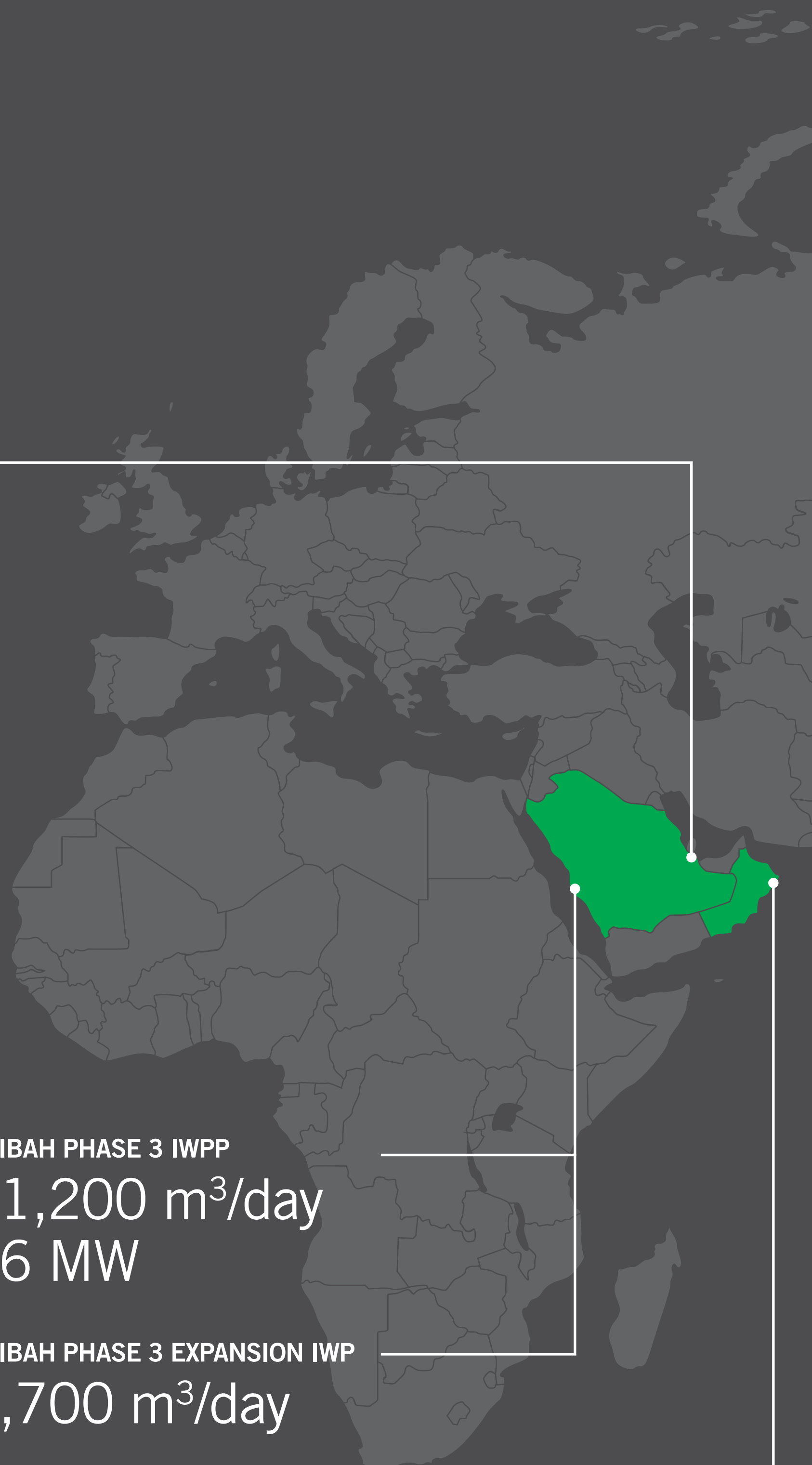
DATUK HAJI HASNI HARUN
Chairman

DOMESTIC AND INTERNATIONAL FOOTPRINT

As at 21 February 2020

INTERNATIONAL

Water Production &
Power Generation



AL HIDD IWPP

164,000 m^3/day
372 MW

SHUAIBAH PHASE 3 IWPP

211,200 m^3/day
216 MW

SHUAIBAH PHASE 3 EXPANSION IWP

35,700 m^3/day

AL GHUBRAH IWP

62,075 m^3/day

TOTAL EFFECTIVE POWER GENERATING CAPACITY

Malaysia

5,822 MW

International

588 MW

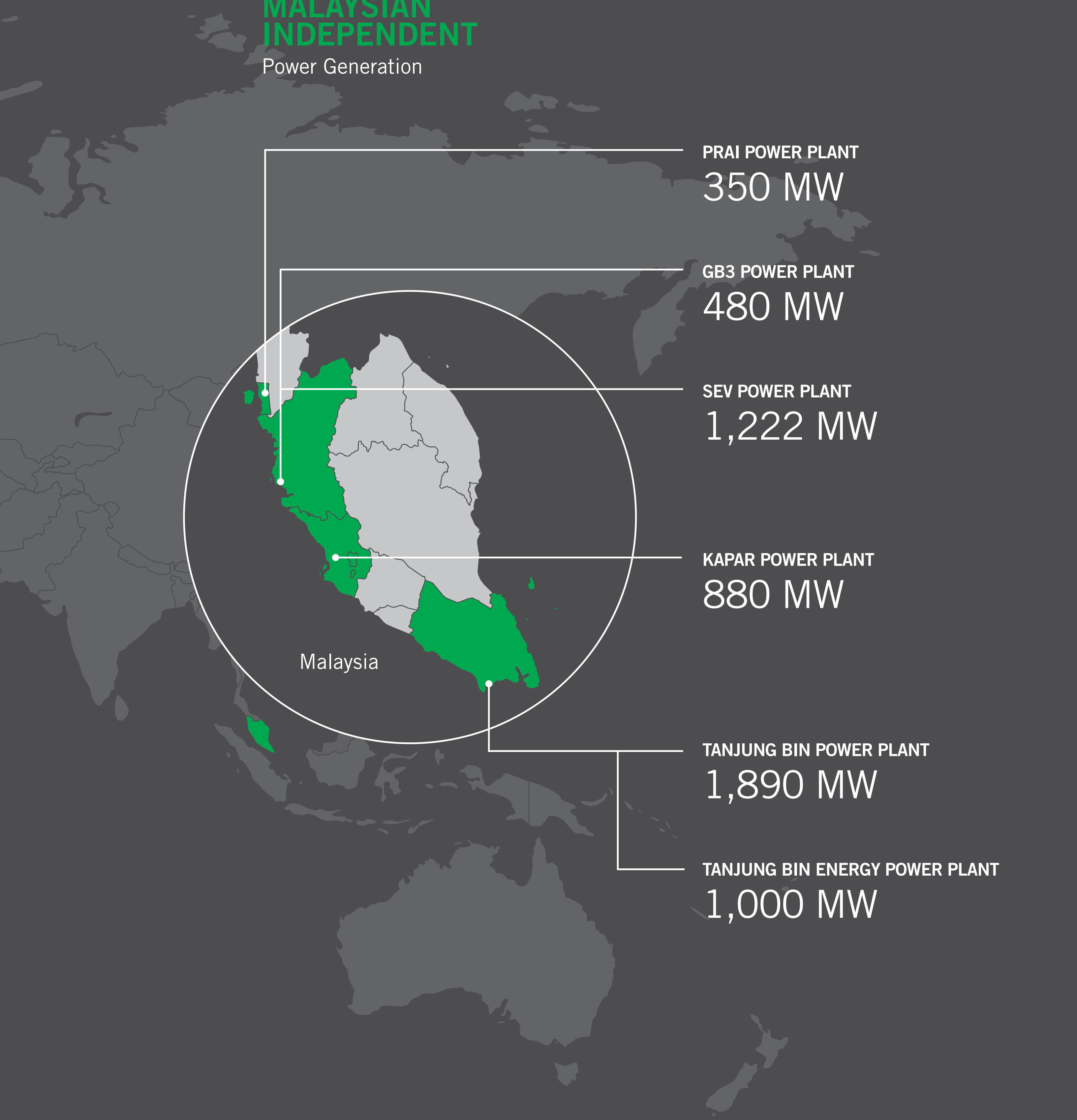
TOTAL EFFECTIVE WATER PRODUCTION CAPACITY

International

472,975 m^3/day

MALAYSIAN INDEPENDENT

Power Generation



CEO'S OPERATIONS REVIEW – MANAGEMENT DISCUSSION & ANALYSIS

DEAR SHAREHOLDERS,

In 2019, Malakoff Group has not only delivered improved performance across its operations but also completed several value-accretive initiatives to improve the Group's resilience and sustainability.

This was achieved amidst increasingly challenging industry landscape brought about by energy transition as well as economic slowdown due to trade disputes, global geopolitical challenges and the threat of prolonged Covid-19 pandemic.

KEY TRENDS & INDUSTRY DEVELOPMENTS

The global power sector continued to be driven by energy transition causing disruption across the entire value chain, fundamentally reshaping the way electricity is generated, distributed and traded around the world.

In 2019, renewable energy grew rapidly, especially large scale solar as well as wind, on the back of competitive production cost parity with conventional fossil fuel power plants. Over the last 10 years, the prices of solar photovoltaics ("PV") modules and wind turbines have reduced by about 80% and 40%, respectively due to improved cost of production. Overall energy efficiency has also improved as sectors leading economic expansion are less energy intensive compared with the heavy industries of the past.

Malaysia's Renewable Energy Transition Roadmap ("RETR") 2035, which was launched in late 2019, details out the strategic roadmap to realise the aspiration of achieving 20% RE generation target of installed capacity mix by 2025. In 2019, the Group secured quota for its RE projects in small hydro and biogas, with a capacity of 55 MW and 2.4 MW, respectively. The Group will continue to expand our RE capacity in line with the 20% target by 2025.

The Group has also expanded into the waste and environmental services sector through completion of Alam Flora on 5 December 2019. The acquisition will hasten the Group's expansion into the potentially high growth sector which will provide synergistic benefits with the Group especially in our pursuit to develop the Waste-to-Energy projects.

FINANCIAL HIGHLIGHTS

In FY2019, the Group posted revenue of RM7.42 billion, marginally higher year-on-year (FY2018: RM7.35 billion). Malakoff's domestic IPP operations remained the core contributor to Group revenue and earnings for FY2019, notably from TBP, TBE and SEV. SEV registered higher energy payment in FY2019 in line with increased in dispatch factor whereas TBE registered higher capacity income on the back of lower forced outages. The Group revenue also included a one-month contribution from Alam Flora following the completion of its acquisition on 5 December 2019.

CEO'S OPERATIONS REVIEW – MANAGEMENT DISCUSSION & ANALYSIS

Malakoff posted higher Profit after Tax and Minority Interests ("PATMI") of RM320.2 million, 16.7% higher year-on-year (FY2018: RM274.4 million). Higher PATMI recorded for FY2019 primarily attributed to one-off gain of RM557.0 million from the disposal of interest in Macarthur Wind Farm, Australia and a one-off gain of RM29.8 million from the re-measurement of existing investment following acquisition of an additional 12% equity interest in Shuaibah, although these gains were substantially offset by net effects of impairment loss on the carrying value of investment of RM433 million in our 40%-owned associate, KEV.

Higher PATMI was also attributed to improved contribution from TBE plant on the completion of its 73-day schedule maintenance outage and rectification works in the first half of 2019 that had resulted in Unscheduled Outage Rate ("UOR") to drop below the 6% threshold, lower demurrage costs following completion of the new coal unloading jetty as well as lower net finance costs.

However, the expiry of the Port Dickson Power Plant's three-year PPA extension on 28 February 2019 and lower energy payment recorded from the TBP plant due to the decline in Applicable Coal Price ("ACP") had impacted the overall results.

The earnings per share for FY2019 stood at 6.55 sen per share, 17.81% higher year-on-year (FY2018: 5.56 sen per share).

The Group's net assets increased to RM6,675.4 million in FY2019 from RM6,664.5 million previously, driven mainly by the disposal of Macarthur investment that has unlocked the value of the Group's investment in the windfarm with a RM557 million one-off gain on disposal. The disposal saw the deconsolidation of Macarthur's net assets of RM397 million.

KEV, as a result of negative fuel margin and disruption in operations affected by frequent forced outages, recorded higher-than-expected share of losses due to impairment loss on finance lease receivable. The Group, having performed an impairment assessment, made a provision of up to the carrying amount of its investment in KEV.

The Group, following the completion of the RM869 million acquisition of 97.37% equity interest in Alam Flora has recognised provisional intangible assets and goodwill of RM692 million in the Group's statements of financial position as at 31 December 2019.

The Group's effective equity interest in Shuaibah doubled from 12% to 24% following the completion of acquisition of Desaru Investment (Cayman Isl.) Limited from Khazanah Nasional Berhad in September 2019. The enlarged interest in Shuaibah has been represented as an investment in joint ventures recorded at RM626.32 million as at 31 December 2019.

The Group continues to generate relatively stable net cash from its operating activities of RM2.42 billion (FY2018: RM2.01 billion). The Group's cash and cash equivalents (including other investments) increased to RM5.25 billion in FY2019 from RM5.10 billion previously.

As at 31 December 2019, the Group's net gearing ratio improved to 1.1x from 1.5x in FY2018 mainly attributable to scheduled repayment of borrowings and deconsolidation of Macarthur's project debt, post disposal of the Macarthur Wind Farm.

Overall, the Group's financial position remained strong with relatively low gearing level that provides ample capacity to further leverage for expansion.

OPERATIONAL HIGHLIGHTS

DOMESTIC IPP OPERATIONS

Malakoff remains Malaysia's largest IPP player, with generating capacity of 22.60% of the total power generation in Peninsular Malaysia. The Group's domestic IPP operations account for 94.94% of Group revenue.

No.	Plant Name	Location	Plant Type	PPA Expiration	Generating Capacity	Effective Equity Participation	Effective Capacity
1	Prai Power Plant	Penang	CCGT	2024	350 MW	100.0%	350 MW
2	SEV Power Plant	Perak	CCGT	2027 (1)	1,303 MW	93.8%	1,222 MW
3	GB3 Power Plant	Perak	CCGT	2022	640 MW	75.0%	480 MW
4	Tanjung Bin Power Plant	Johor	Coal	2031	2,100 MW	90.0%	1,890 MW
5	Tanjung Bin Energy Power Plant	Johor	Coal	2041	1,000 MW	100.0%	1,000 MW
6	Kapar Power Plant (GF1-3) (2)	Selangor	Multi Fuel	2029	2,200 MW	40.0%	880 MW
Total Effective Power Generation Capacity							**5,822 MW**

CCGT: Combined Cycle Gas Turbine *OCGT: Open Cycle Gas Turbine* *GF: Generating Facility*

Note: (1) *PPA was renewed in July 2017, to operate SEV Power Plant for another 10 years until 2027*
(2) *Kapar Power Plant has four phases. The terms of the PPA of the fourth phase expired in 2019 and the terms of the PPA for the other three phases will expire in 2029*

Our domestic power plants posted improved overall operational performance in FY2019 due to our unwavering focus on operational excellence which was centred on timely preventive maintenance to further enhance plant reliability and efficiency.

Equivalent Availability Factor ("EAF")	2018	2019
Prai Power Plant	86%	92%
SEV Power Plant	93%	84%
GB3 Power Plant	66%	88%
Tanjung Bin Power Plant	86%	82%
Tanjung Bin Energy Power Plant	70%	72%
Kapar Power Plant	84%	74%

Capacity Factor ("CF")	2018	2019
Prai Power Plant	55%	63%
SEV Power Plant	32%	36%
GB3 Power Plant	20%	32%
Tanjung Bin Power Plant	85%	80%
Tanjung Bin Energy Power Plant	64%	68%
Kapar Power Plant	50%	45%

CEO'S OPERATIONS REVIEW – MANAGEMENT DISCUSSION & ANALYSIS

Our coal-fired power plants continued to deliver high availability and capacity levels throughout the year. TBE performance improved significantly post completion of the 73-day scheduled maintenance outage for rectification works from 31 March 2019 to 12 June 2019.

Major rectification works included Automatic Voltage Regulator ("AVR") cooling system upgrades, intermediate pressure turbine blade replacement and final reheater tube replacement. Subsequently, TBE's UOR has reduced from 8.89% before the rectification works to 5.27% as at 31 December 2019.

Capacity factor for our gas-fired power plants continued to be low due to competition from marginally cheaper power plants in the vicinity. We will continue to undertake the necessary maintenance and inspection activities at all our plants to ensure availability and reliability in compliance with our PPA obligations.

Following the expiry of the extended PPA of Port Dickson Power Plant ("PDP") on 28 February 2019, the Group had on 11 December 2019 entered into a Sales and Purchase Agreement ("SPA") with Pacific Energy Company Limited, Nigeria ("Pacific Energy") for the sale of four (4) units of used gas turbines and generators, related auxiliaries and spare parts for a cash consideration of USD19 million (approximately RM78 million). The sale is expected to be completed by the fourth quarter 2020. Upon completion, the PDP site can be positioned for future bidding or development due to its strategic location with readily available infrastructure such as gas pipeline, interconnection facilities as well as adequate buffer zone.

Detailed discussion on the individual domestic plants' operations and performance can be found in the Domestic and International Assets section under the Operations Review.

DOMESTIC RENEWABLE ENERGY OPERATIONS

The Group has identified RE as one of its key growth opportunities going forward. Our aspiration is to grow our RE capacity to 1,000 MW in ten years. During 2019, the Group had identified several RE projects and submitted bids for tenders organised by SEDA.

Biogas

On 29 January 2019, the Group through its 60% owned subsidiary, Green Biogas Sdn Bhd ("GBSB"), secured a Feed-in Tariff ("FiT") quota to develop a 2.4 MW biogas power plant at Sungai Kachur, Kota Tinggi, Johor. The Renewable Energy PPA ("REPPA") was signed on 18 April 2019. Plant development activities are on-going, and the plant is expected to achieve commercial operations by 1 January 2022.

The Group is actively exploring other sites to harness the methane gas from palm oil mill effluent through development of biogas power plants.

Small Hydro

On 23 December 2019, the Group, through collaboration with Touch Meccanica Sdn Bhd, secured FiT quota for its two small hydro projects in Pahang with a capacity of 30 MW and 25 MW. The REPPA for both projects is expected to be signed in April 2020. Based on the award conditions, the projects are to begin commercial operations latest by December 2024.

The Group will continue to scout for viable sites for development of small hydro projects going forward.

Large Scale Solar

The Group participated in the Large-Scale Solar ("LSS") 3 bidding exercise organised by SEDA in FY2019. Our bid was competitive but not enough to secure any part of the 500 MW quota allocated under LSS3. The experience gained during the exercise provided invaluable experience to our LSS team in order to be more competitive for the forthcoming LSS bids.

Rooftop Solar

Malakoff Radiance Sdn Bhd was incorporated on 8 July 2019 to spearhead the Group's foray into the rooftop solar projects. The Group intents to offer attractive rooftop solar solutions to selected commercial and industrial consumers which will allow them to achieve substantial cost savings in their electricity costs. Our target sectors include ports, airports, universities, factories, warehouses as well as other transportation facilities.

INTERNATIONAL OPERATIONS

No.	Plant Name	Location	Plant Type	PPA Expiration	Generating Capacity	Effective Equity Participation	Effective Capacity
1	Shuaibah Phase 3 IWPP	Saudi Arabia	Water & Power	2030	880,000 m³/day 900 MW	24.0%	211,200 m³/day 216 MW
2	Shuaibah Phase 3 Expansion IWP	Saudi Arabia	Water	2029	150,000 m³/day	23.8%	35,700 m³/day
3	Al-Hidd IWPP	Bahrain	Water & Power	2027	410,000 m³/day 929 MW	40.0%	164,000 m³/day 372 MW
3	Al-Ghubrah IWP	Oman	Water	2034	191,000 m³/day	32.5%	62,075 m³/day
Total Effective Power Generation Capacity							**588 MW**
Total Effective Seawater Desalination Capacity							**472,975 m³/day**

IWPP: Independent Water and Power Project *IWP: Independent Water Project*

Shuaibah Phase 3 Independent Water and Power Project and Shuaibah Phase 3 Expansion Independent Water Project in Saudi Arabia

Following the Group's acquisition of Khazanah Nasional Berhad's equity interest in Malaysian Shoaiba Consortium Sdn Bhd, the Group now owns 24% effective equity interest in Shuaibah Phase 3 Independent Water and Power Plant. Similarly, the Group also increased its effective equity interest in the Shuaibah Phase 3 Expansion Independent Water Project to 23.8%.

Both acquisitions were completed on 12 September 2019 and provide immediate earnings accretion to the Group and at time increase its total effective generation and water production capacity by 108 MW and 123,450 m³/day, respectively.

Al-Hidd Power Generation and Water Desalination Plant in Bahrain

Being operated by Hidd Power Company ("HPC") at its 13th contract year, Al Hidd has been one of Malakoff's sustainable performing assets. The plant supplies approximately 75% and 35% of the Bahrain's water and electricity demand, respectively.

Al-Ghubrah Independent Water Project in Sultanate of Oman

The project became the largest Seawater Reverse Osmosis desalination plant operating at a single location in Oman since the achievement of its Commercial Operation Date ("COD") on 19 February 2016. The plant is currently being operated by Muscat City Desalination Operation & Maintenance Co. LLC ("MCDOMC") and is in its sixth (6th) contract year of supplying water to a population of 700,000 in the Muscat metropolitan area.

Macarthur Wind Farm in Australia

On 29 October 2019, we entered into an agreement with Australian entities owned by AMP Capital Investors Limited to sell our 50% interest in Macarthur Wind Farm. The transaction, which was completed on 18 December 2019, had allowed Malakoff to unlock the value of its investment in the wind farm facility.

The disposal allowed the Group to realise a net gain on disposal of approximately RM557 million and to effectively reduce the Group's borrowing through the deconsolidation of Macarthur from the Group.

Next Steps

The Group will continue to monitor opportunities in the water and power related projects especially in South East Asia and the Middle East.

Detailed discussion on the individual international plants' operations and performance can be found in the Domestic and International Assets section under the Operations Review.

CEO'S OPERATIONS REVIEW – MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONS & MAINTENANCE ("O&M")

In maximising value and ensuring consistent, uninterrupted delivery of energy and water to our customers, the Group in 1996, established its own O&M division to meet the needs of its power and water assets. The O&M Division has extensive experience in managing combined cycle gas turbine ("CCGT"), open cycle gas turbine ("OCGT") and coal-fired plants as well as multi-stage flash desalination plants, reverse osmosis plants and multi-effect distillation and cogeneration plants.

Having proven our capabilities, the Group has since commercialised its O&M Division to now offer the same services to other power and water asset operators. Through its wholly-owned subsidiaries, Malakoff Power Berhad ("MPower") and Teknik Janakuasa Sdn Bhd ("TJSB"), the Group has progressively developed a credible reputation as a leader in O&M services. MPower services the Group's power plants in Malaysia, whereas TJSB focuses on the Group's associates, joint venture partners as well as third-party clients, both locally and abroad.

DOMESTIC O&M BUSINESS

TJSB's 51%-owned subsidiary, TJZ Suria Sdn Bhd, secured its first O&M RE contract for a 29 MW solar photovoltaic power plant in Kota Tinggi, Johor. The plant is meeting all contractual obligations under the PPA. We believe solar is a rapidly growing sector and we are using this O&M RE experience to secure more O&M opportunities for solar projects going forward.

TJSB has been and will continue to invest in cutting-edge O&M tools, products and methodologies, such as Reliability-Centred Maintenance and Root Cause Analysis, and to ensure regular scheduled maintenance and upgrading works are carried out to support the need to maintain an efficient and reliable energy delivery system.

INTERNATIONAL O&M BUSINESS

In Indonesia, TJSB's subsidiary PT Teknik Janakuasa ("PTTJ") was awarded a contract by PT Merak Energi Indonesia for competency enhancement program that includes technical training modules, development of simulators and simulator training modules. In addition, another contract was awarded by PT Tenaga Listrik Gorontalo ("PT TLG") for the supply of skilled manpower to supervise major overhaul and to carry out plant performance benchmarking for the 10.5 MW Molotabu Coal Fired Power Plants in Gorontalo, Sulawesi. PTTJ was also approved by PT Perusahaan Listrik Negara ("PLN") as a qualified O&M contractor for thermal power plant in Indonesia.

In Bangladesh, TJSB completed its service agreement with China Northeast Engineering and Services Co Ltd ("NEPCS") on 8 March 2019 for the provision of a specialist to advise NEPCS on the day-to-day plant operations of the Bibiyana II 345 MW Gas Fired Combined Cycle Power Plant located in the district of Hobiganj, Bangladesh.

In Kuwait, TJSB's wholly-owned subsidiary, TJSB Middle East, had also completed its O&M contract for Azzour Combined Cycle Power Plant on 31 March 2019 where TJSB Middle East provided the Operation Manager and Maintenance Manager to lead O&M activities at the plant.

Given TJSB's track record and strong brand recognition and technical capabilities, the Group will continue to seek O&M services opportunities in South East Asia, the Middle East and Bangladesh.

MAINTENANCE, REPAIR AND OVERHAUL ("MRO")

With over 25 years of experience, our MRO unit offers scheduled and ad-hoc maintenance to its clients, encompassing minor and major overhaul services of thermal as well as gas turbines. In addition, TJSB ensures that its technical specialists are always available on hand to provide the necessary technical support.

We also provide complete field maintenance services including electrical, mechanical and water chemistry to all types of electro-mechanical rotating machines, static equipment and power equipment. We have qualified and experienced Project Lead Engineers, Principal Engineers, Maintenance Engineers, Drone Operators, Specialist and Skilled Craftsmen in each respective field.

Since its inception, MRO had recorded over 20,000 man-hours for generator and turbine overhaul and conducted electrical and mechanical works for more than 30 clients including Tenaga Nasional Berhad ("TNB"), Teknologi Tenaga Perlis Consortium ("TTPC"), Kulim Hi-Tech Park, Amcorp Group, YTL, Edra, Sabah Electricity Sdn Bhd ("SESB"), and Linde. We had also successfully recorded Zero LTI for 3 consecutive years.

We will continue to strengthen MRO capability and competency through potential collaboration with renown technical partners as well as strategic partnerships to further develop TJSB's in-house capabilities and expertise in our efforts to serve more O&M and MRO opportunities locally and internationally.

TECHNICAL TRAINING

Certified by the Human Resource Development Fund as a technical training provider in the O&M field and drawing from its extensive engineering experience, TJSB runs training programmes and offers competency development consultancy as well as comprehensive programmes on public technical courses relating to the power industry. In 2019, TJSB was engaged to provide comprehensive training to PT Merak Energi Indonesia, EDRA Power Holding and Aluminium Bahrain ("ALBA"), focusing on operator training simulator.

Moving forward, TJSB Technical Training will continuously enhance its competencies and capabilities to remain relevant in the industry. We plan to work with the Human Resource Ministry to develop the National Occupational Skills Standard ("NOSS") for power plants in the coming year.

ELECTRICITY DISTRIBUTION & CHILLED WATER SUPPLY

Malakoff Utilities Sdn Bhd ("MUSB") has the exclusive concession to supply electricity to the Kuala Lumpur Sentral ("KL Sentral") area. It has also been supplying chilled water to all four blocks of Plaza Sentral offices since November 2001, and subsequently to Nu Sentral Mall, Nu Tower 1 & 2, Aloft Kuala Lumpur Sentral, Ascott KL Sentral and Menara Shell. The combined customer base for both electricity distribution and chilled water supply totalled 3,590 accounts as at 31 December 2019 compared with 3,443 in 2018 and doubled from 1,764 in 2013.

In FY2019, MUSB initiated an independent energy audit to identify key areas for energy efficiency improvements for its district cooling plant. Over the next few years, we will be implementing the plan to improve the plants efficiency.

MUSB continues to gain its customers' trust and confidence following the successful renewal of the ISO 9001:2015 certification, which reflects adherence to international standards on quality management systems. A survey carried out in 2019 revealed a 99% satisfaction rate with MUSB's customer service. MUSB is currently looking into enhancing its service levels, including the digitalisation of its billing platform. MUSB has also implemented a dual feeder scheme for its electricity distribution in order to increase supply redundancy and thereby minimising potential interruptions.

Our experience in district cooling and electricity distribution puts us in good position to take on opportunities to expand beyond the KL Sentral area.

WASTE MANAGEMENT & ENVIRONMENTAL SERVICES

With the acquisition of 97.37% in Alam Flora, the Group has now expanded into the high growth potential of the waste management and environmental services sector. The acquisition was completed on 5 December 2019 at a purchase consideration of RM869 million and is expected to provide steady and recurring operating income and cash flows for the Group.

Alam Flora being one of the leading industry leaders in sectors will be able to spearhead the Group's expansion in the sector more effectively. The combined expertise, experience and financial strength of Alam Flora and Malakoff will enable the Group to explore opportunities more aggressively especially in the Waste-to-Energy ("WTE") segment.

CEO'S OPERATIONS REVIEW – MANAGEMENT DISCUSSION & ANALYSIS

At present, Alam Flora is undertaking the municipal solid waste management ("MSWM") and public cleansing services in its concession areas of Kuala Lumpur, Putrajaya and Pahang. Alam Flora is actively engaging the relevant stakeholders to extend its services to Kelantan and Terengganu.

Alam Flora has also expanded its business activities in the non-concession businesses focusing on three main business segments which are Infrastructure Cleansing and Waste Solutions, Waste Management Facilities and Asset & Facilities Management.

RISK MANAGEMENT

The Group constantly evaluate its business environment to identify the factors or risks that may impact the achievement of its corporate objectives and implement appropriate risk management measures to address these risks effectively. Our Enterprise Risk Management Policy and Framework ("ERMPF") was developed based on the ISO 31000:2009 Risk Management Principles and Guidelines.

We continuously implement our enterprise risk management programme throughout the Group which are further supplemented by Technical Risk Assessments Processes ("TRAP") and Operations Risk Assessments Processes ("OPRAP") for all our power plants. The Risk and Process Improvement Division will review their implementation on a quarterly basis and report their findings including the progress of risk management measures to the Management Risk Committee ("MRC") for their further deliberation and guidance on mitigating measures. Subsequently, the report is presented to the Board Risk & Investment Committee ("BRIC") and finally to the Board for review and guidance.

The implementation of an integrated Business Continuity Management ("BCM") programme at our head office and five local power plants, namely TBP, TBE, SEV, GB3 and PPP, ensures preparedness during any possible business interruption and crisis.

In 2019, as part the effort to inculcate risk management culture, the Group conducted a total of 166 risk activities which included, amongst others, risk management roadshows, risk register reviews, risk assessment workshops, Business Continuity Plan ("BCP") reviews, BCP tests, and risks management and BCM trainings.

The following table provides an overview of the Group's key enterprise risks for FY2019:

Key Risk	1. Operational Risks
• Description	• Operational challenges in maintaining the reliability and efficiency of power plants.
• Linkage to materiality	• Operational Excellence
• Specific mitigation measures	• Planned maintenance and inspections are continuously being undertaken to ensure all plants are able to sustain their operational performance. • Improvement initiatives such as Reliability-Centred Maintenance and Risk Based Inspection are implemented to meet the availability targets. • Additionally, Root Cause Analysis and Technical Risk Assessment Programmes are also conducted to identify and mitigate engineering and operational risks at the power plants.

Key Risk	2. Sustainable Business Growth
• Description	• Challenges in delivering sustainable business growth.
• Linkage to materiality	• Strategic Business Development
• Specific mitigation measures	• Implementation of the company's business plan, which focuses on various expansion initiatives such as pursuing new greenfield and brownfield projects.

Key Risk	3. Security Breach and Terrorist Acts
• Description	• Risks arising from lack of security due to improper or inadequate manning, lack of facilities and criminal acts intended to provoke and create a state of terror in the organisation and/or public for political, ideological, racial, religious or any purposes.
• Linkage to materiality	• Plant Security
• Specific mitigation measures	• Appropriate security resources and facilities are deployed at all plants and ensure compliance with all related security policies and protocols. • Relevant authorities and stakeholders have been engaged on security issues such as Chief Government Security Office and National Security Council.

Key Risk	4. Talent Management and Succession Planning
• Description	• Risks arising from lack, or non-existence, of proper and effective talent management, training needs analysis, succession planning as well as provision for training and development.
• Linkage to materiality	• Talent Development
• Specific mitigation measures	• Leadership development programmes have been implemented where identified future leaders were enrolled into the Harvard ASEAN Senior Management Development Programme while middle managers participated in the Malakoff Management Development Programme. • The Technical Training programme tailored for plant operators enabled them to undertake plant-specific technical trainings via training simulators and Competency Based Assessment ("CBA") was implemented to enhance the technical competency of personnel. • Detailed and thorough job profiling was carried out for all critical positions.

Key Risk	5. Breach of IT System and Data Security
• Description	• Risks relating to or arising from attacks on systems or individuals, which may give rise to operational disruption or failure, or loss of sensitive data. This includes loss of media, unsafe practices of collecting, storing, sending, encrypting, sourcing and removing data which may have potential implications for data safety and security.
• Linkage to materiality	• Information Security
• Specific mitigation measures	• Implementation of Information Security Management System ("ISMS") to manage risks of information assets. • Enforcement of IT Governance and Security Policy, which must be adhered to by all users. • Continued tests and audits of IT systems.

AWARDS AND ACCOLADES

The dedication and commitment of our people are key to our success. Through their efforts, Malakoff bagged two Gold awards at the regional Team Excellence Convention ("TEC") organised by Malaysia Productivity Centre ("MPC") on 31 July 2019. The awards were presented to Malakoff for Lean Six Sigma ("LSS") projects on "Scaffolding Lead Time Improvement at Tanjung Bin Power Plant" and "C-Inspection Process Improvement at Lumut Power Plant".

CEO'S OPERATIONS REVIEW – MANAGEMENT DISCUSSION & ANALYSIS

Malakoff went on to win two Gold 5 Star awards for the same LSS projects under the Service Sector category at the National Team Excellence Convention. The event was held in conjunction with the Annual Productivity & Innovation Conference and Exposition ("APIC") 2019, which was organised by MPC from 5 to 7 November 2019.

In recognition of our efforts to develop a safe and inclusive workplace, Malakoff had on 1 August 2019 received three awards at the Malaysian Society for Occupational Safety and Health ("MSOSH") Occupational Safety and Health ("OSH") Award 2018 event. The Gold Merit went to PPP, Gold Class 1 to LPP and Gold Class 2 to TBPP, under the Utility Sector Category.

OUR STRATEGIC PRIORITIES

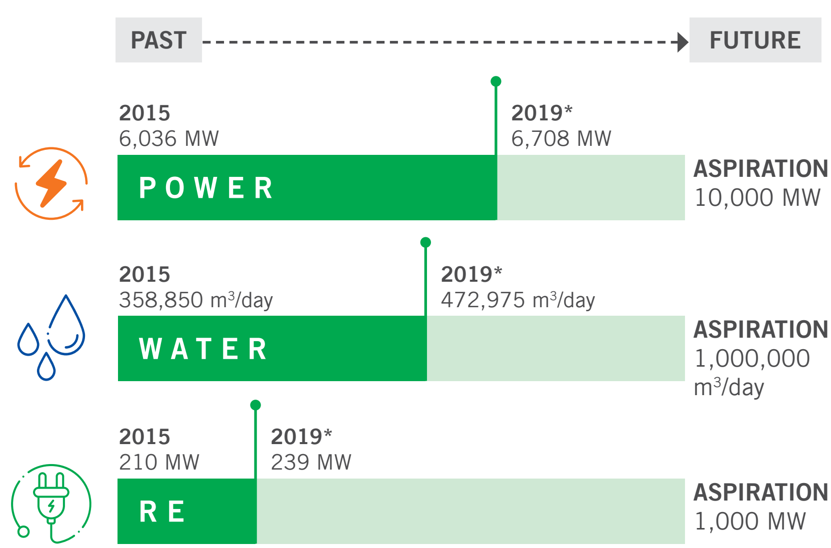
The Group will continue to pursue its aspiration of achieving 10,000 MW of power generation, 1,000,000 m^3/day of water production and 1,000 MW of renewable energy within the next 10 years.

This will be achieved through effective execution of our strategic imperatives clustered through our 3 strategic core pillars:

1) **Focusing on Operational Excellence** – Optimal Plant Performance, Enhancement of Operational Capabilities, RE Competencies, Unlocking Value of Assets;

2) **Achieving Sustainable Growth** – Identifying Opportunity for New Conventional Power Plants, Renewable Energy Growth, Identifying New High Growth Areas/ Sectors, Waste Management & Environmental Services; and

3) **Strengthening Fundamentals** – Strengthening of Standard Operating Procedures ("SOPs") and Procurements Processes, Optimal Capital Structure, High Performance Culture, and Performance Monitoring.



** Before the sale of Macarthur Wind Farm and inclusive of KEV's GF4*

The Group will also continue to explore potential greenfield and brownfield assets in Malaysia as well as other high growth countries and regions, such as South East Asia and the Middle East.

The Group will also continue to focus on strengthening our power generation and water desalination plants both locally and abroad, to ensure optimal operational performance whilst looking into expanding our RE portfolio as well as O&M services.

Waste management and environmental services presents excellent growth prospects with potential opportunities within and outside Malaysia. Waste generation continues to increase in tandem with expanding population, growing urbanisation and affluence driven by increasing economic activities.

In addition, the heightened awareness on environmental and climate change concerns, especially on the importance of waste management in arresting global warming, has intensified calls for urgent improvements in waste management especially in relation to landfill management, promotion of circular economy through waste reduction and recovery, Waste-to-Energy as well as more effective enforcements of waste disposals especially in relation to industrial and hazardous waste. These will augur well for the Group to expand into the relevant areas effectively through Alam Flora.

THE JOURNEY AHEAD

Despite the recent unprecedented challenges engulfing with global economy including Malaysia, the Group will continue to remain resilient and responsive to deliver on its strategic imperatives to achieve our strategic objectives.

We recognise the support and roles played by all our stakeholders including our employees, customers, regulators, authorities, investors, bankers as well as our communities, among others, as we renew our commitment to take Malakoff Group to greater heights.

We firmly believe, the Group is well positioned to take advantage of the opportunities in the electricity, water and, waste and environmental services to secure a more sustainable future. We look forward to a brighter future with our **Expanding Horizon**.

DATO' AHMAD FUAAD KENALI
Chief Executive Officer

INDIVIDUAL DOMESTIC AND INTERNATIONAL ASSETS OPERATIONS REVIEW

DOMESTIC POWER GENERATION

SUBSIDIARY-OWNED POWER PLANTS

TANJUNG BIN POWER PLANT ("TBP")

The 2,100 MW plant is the first privately owned coal-fired power plant in Malaysia. It consumes various types of bituminous and sub-bituminous coal imported from Australia, Indonesia, Russia and South Africa. TBP is equipped with clean coal technologies comprising electrostatic precipitator and flue gas desulphurisation units.

The plant is in its 14th year of operation and continues to play a vital role in supplying power to the national grid. In terms of electricity generation, the plant supplied 14,808 GWh in FY2019 (FY2018: 15,566 GWh) of electricity to the national grid in 2019, at an average capacity factor of 80.50% (FY2018: 84.62%).

The plant's equivalent availability factor decreased from 85.80% in FY2018 to 81.54% in FY2019 due to higher scheduled outage rate. The UOR recorded as at 31 December 2019 was 2.27% (31.12.2018: 5.07%) which was well below the threshold under the PPA.

TANJUNG BIN ENERGY POWER PLANT ("TBE")

TBE is a 1,000 MW coal-fired power plant located adjacent to the existing 2,100 MW TBP. The plant operates on sub-bituminous coal and is equipped with improved clean coal technologies such as fabric filters and flue gas desulphurisation units.

The plant features ultra-supercritical technology, including a steam turbine and generator, a boiler and plant auxiliaries, which provide the most efficient coal fired power plant technology currently in the market while minimising the plant's impact on the environment.

The plant, in its fourth year of commercial operation, delivered a total of 5,956 GWh (FY2018: 5,609 GWh) of electricity to the national grid, achieving an average capacity factor of 67.99% (FY2018: 64.03%). The plant recorded an average equivalent availability factor of 72.28% in FY2019, improving from 70.41% in FY2018 on the back of lower forced outages.

The plant also managed to deliver improved reliability and was able to achieve UOR of 5.27% as at 31 December 2019 compared with 13.14% as at 31 December 2018 and this is the first time TBE achieved UOR of below the threshold of 6% under the PPA since its COD. The improved reliability was delivered subsequent to the major rectification works undertaken from 31 March to 12 June 2019.

CEO'S OPERATIONS REVIEW – MANAGEMENT DISCUSSION & ANALYSIS

SEV POWER PLANT ("SEV")

Now in its 24th year of commercial operation, our longest serving power plant is the largest CCGT power plant owned by an IPP in Malaysia. SEV continues to sell electricity to TNB following a 10-year extension of the PPA term until June 2027.

SEV continues to maintain an optimal performance level in terms of availability, reliability and efficiency. During the year under review, SEV achieved an average capacity factor of 36.37% (FY2018: 31.99%) and delivered 4,151 GWh (FY2018: 3,651 GWh) of electricity to the national grid. The plant also registered an availability factor of 84.15% in FY2019 due to increased scheduled outage rate, compared with 93.16% in FY2018. The plant has been able to maintain its UOR level well below its PPA threshold throughout the year.

GB3 POWER PLANT ("GB3")

The CCGT plant is located adjacent to SEV. The plant, held through GB3 Sdn Bhd, our 75% owned subsidiary, is in its 18th year of commercial operation. During the year, it delivered a total of 1,808 GWh (FY2018: 1,101 GWT) of electricity to the national grid and achieved an average capacity factor of 32.25% (FY2018: 19.64%). The plant recorded an increased equivalent availability factor of 88.16% compared with 65.83% in FY2018 due to lower and unplanned planned outages.

The lower generation despatch in FY2019 from GB3 and SEV (collectively known as Lumut Power Plant), compared with previous years, was due to the commercial operations of newer and more efficient neighbouring power plants, which effectively impacted both plants' positions in the merit order of despatch.

Nevertheless, Lumut Power Plant continued to demonstrate its reliability in despatching power as required.

PRAI POWER PLANT ("PPP")

This CCGT plant features one gas turbine, one heat recovery steam generator and one steam turbine with a unique single shaft configuration that provides reliable, efficient and low emission power supply to the national grid at a dependable capacity of 350 MW.

PPP, in its 17th year of operation, delivered a total of 1,901 GWh (FY2018: 1,662 GWh) of electricity to the national grid, recording an average capacity factor of 62.55% (FY2018: 54.54%). The plant also registered an equivalent availability factor of 91.72% in FY2019 compared with 85.89% in FY2018. The improved availability was attributable to lower scheduled outages in FY2019.

PORT DICKSON POWER PLANT ("PDP")

PDP is a 436 MW OCGT power plant that supplies electricity to the national grid for peaking and emergency requirements.

In FY2019, PDP delivered 5.32 GWh (FY2018: 13.49 GWh) of electricity to the national grid. As a peaking open-cycle power plant, the facility recorded an average capacity factor of 0.86% (FY2018: 0.35%) while registering an equivalent availability factor of 94.92% (FY2018: 98.67%).

PDP's three-year PPA extension expired on 28 February 2019. With the cessation of PDP Plant's operations, its employees have been largely reskilled and redeployed to other plants or business units within the Group.

PDP has also entered into a Sales and Purchase Agreement ("SPA") with Pacific Energy Company Limited, Nigeria for the sale of all four units of gas turbines and generators, related auxiliaries and spare parts for USD19 million. The sale is expected to be completed by the fourth quarter of 2020.

ASSOCIATE-OWNED POWER PLANT

KAPAR POWER PLANT ("KEV")

Our 40% owned plant, which is also known as the Sultan Salahuddin Abdul Aziz Power Plant, has a total generating capacity of 2,420 MW comprising the following facilities utilising multi-fuel sources:

- Generating Facility 1 (GF1): 2x300 MW Dual-Fuel Firing (gas and oil);
- Generating Facility 2 (GF2): 2x300 MW Triple-Fuel Firing (coal, gas and oil);
- Generating Facility 3 (GF3): 2x500 MW Dual-Fuel Firing (coal and gas); and
- Generating Facility 4 (GF4): 2x110 MW Open Cycle Gas Turbine.

In FY2019, KEV delivered a total generation of 9,028 GWh (FY2018: 9,966 GWh) to the national grid and recorded an equivalent availability factor of 74.47% (FY2018: 84.18%). KEV's Generating Facility ("GF") 4 PPA extension expired on 31 December 2019.

INTERNATIONAL ASSETS

SHUAIBAH PHASE 3 INDEPENDENT WATER AND POWER PROJECT ("IWPP"), SAUDI ARABIA

The Shuaibah Phase 3 IWPP in Jeddah, our first overseas venture, comprises a 3 x 300 MW conventional thermal crude oil-fired generation units and 880,000 m^3/day water desalination plant utilising

Multi Stage Flash ("MSF") technology. The Plant is developed on a Build-Own-Operate ("BOO") basis under a 20-year Power and Water Purchase Agreement ("PWPA') with Saudi Water Partnership Company ("SWPC") formerly known as the Water and Electricity Company ("WEC") of Saudi Arabia.

In FY2019, the plant registered a capacity factor of 87.93% and 87.91% (FY2018: 94.49% and 90.80%) for power generation and water production, respectively with the plant equivalent availability factor of 89.92% and 88.02% (FY2018: 93.56% and 92.97%) for power generation and water production. The lower availability factor for power generation and water production in FY2019 was mainly attributable to higher outages as a result of boiler tube leaks.

The plant is undertaking mitigating efforts to reduce these boiler tube leaks by performing retubing works on all affected areas and implementing better control and monitoring of the combustion process by installing additional equipment and modification. Additionally, chemical cleaning of the boilers is also planned to be undertaken during the outage in 2021.

SHUAIBAH PHASE 3 EXPANSION INDEPENDENT WATER PROJECT ("IWP"), SAUDI ARABIA

The Shuaibah Phase 3 Expansion IWP has a capacity of 150,000 m^3/day and utilises Reverse Osmosis ("RO") technology to desalinate seawater. Since its commissioning in 2009, it has recorded good plant performance, having achieved a capacity factor in FY2019 of 91.83% (FY2018: 95.61%). The plant recorded an equivalent availability factor of 92.76% in FY2019 versus 95.09% in FY2018. The lower performance was due to increased maintenance works, mainly on cartridge filters rectification.

AL HIDD POWER GENERATION AND WATER DESALINATION PLANT, BAHRAIN

The facility comprising three (3) phases, including a gas-fuelled combined-cycle gas turbine, the plant has a total power generation capacity of 929 MW and water production capacity of 410,000 m^3/day, utilising MSF and Multi Effect Distillation ("MED") technologies. Phase 1, 2 and 3 were commissioned in year 2000, 2004 and 2008 respectively and the Group acquired 40% interest in the plant in 2012.

In FY2019, the plant recorded a capacity factor of 73.14% and 92.28% (FY2018: 75.13% and 92.84%) for power generation and water production, respectively. The plant continued to perform steadily and has achieved an average equivalent availability factor of 94.54% and 94.02% (FY2018: 93.43% and 96.79%) for power generation and water production, respectively. The higher power generation availability factor in FY2019 was due to fewer scheduled outages in the power island. However, the water production availability factor was lower in FY2019 due to a leak in the Phase 1 seawater intake header pipe which caused a 13-day outage.

AL GHUBRAH INDEPENDENT WATER PROJECT, SULTANATE OF OMAN

The Al Ghubrah Independent Water Project was awarded in an international competitive bidding organised by the Oman Power & Water Procurement Company ("OPWP") to a consortium of Malakoff International Limited ("MIL") and Sumitomo Corporation ("SC") on a BOO basis, using RO technology. MIL and SC each holds a 32.5% interest in Muscat City Desalination Company SAOG ("MCDC"), and public investors own the remaining 35% subsequent to the Initial Public Offer ("IPO") pursuant to MCDC's obligations under the Project Founder's Agreement and subsequently listed on the Muscat Securities Market on 2 January 2018.

Under a Water Purchase Agreement ("WPA"), the plant shall deliver up to 191,000 m^3/day of water over a period of 20 years. The project achieved its Commercial Operation Date ("COD") on 19 February 2016. The plant registered a utilisation factor of 93.32% (FY2018: 86.00%) and an availability factor of 93.84% recorded in FY2019, versus 96.13% in FY2018. The lower availability was due to algae bloom, jellyfish outbreak and scheduled maintenance activities.

MACARTHUR WIND FARM, AUSTRALIA

The Group acquired the 50% interest in the Macarthur Wind Farm ("MWF") from Three River Holdings No. 2 Limited and Meridian Energy Australia Pty Limited, wholly owned subsidiaries of Meridian Energy Limited in June 2013 which marked our first venture into the Renewable Energy ("RE") market as well as our first project in Australia. The 420 MW wind farm, the largest in the Southern Hemisphere, is located approximately 16 kilometres east of the town of Macarthur, in southwestern Victoria, Australia. Operating since January 2013, the facility consists of 140 x 3.0 MW V112 Vestas wind turbine generators.

In FY2019, MWF recorded a capacity factor of 27.70% (FY2018: 29.40%). The wind farm sustained an equivalent availability factor of 97.68% compared with 97.74% in FY2018.

On 18 December 2019, the Group completed the disposal of its participating interest in MWF for a sum of AUD344.67 million (RM976 million) netting a gain on disposal of RM557 million.

SUSTAINABILITY STATEMENT

CEO'S MESSAGE

GRI 102-14, 102-15

DEAR STAKEHOLDERS,

I am pleased to present an update on key sustainability initiatives that Malakoff Corporation Berhad had undertaken during the year 2019. This report encapsulates the measures we have taken and ways we have worked with all our stakeholders to generate power with a purpose, which is to fuel our nation's growth in a responsible manner.

World leaders have long agreed that a rapid response is needed to combat climate change and action groups have implored lawmakers to act to limit rising temperatures. A concerted effort around the world led to a target to limit global average temperature increase to 1.5°C, which can only be realised with a major global energy industry transformation and change in consumption trends.

This comes amidst world population growth and global economic expansion that sets the stage for an explosion of energy demand, which is projected to rise by as much as 27% by 2040, and puts immense pressure on landfills across the globe with municipal solid waste expected to reach a whopping 2.2 billion tonnes by 2025.

To support this global climate agenda, various industry groups have announced measures to reduce emissions, including the energy sector, leading to an unprecedented transition in our industry as it heads towards low-carbon energy with wind and solar power generation expanding rapidly in many parts of the world. Industry players are racing to generate cleaner energy, led by wind and solar, boosting investments in renewable assets with Renewable Energy ("RE") possibly tripling over the next two decades in order to depress carbon emissions by around 30%.

For us at Malakoff, we can and must respond effectively to the global agenda of climate change. Therefore, we make our business decisions with decarbonisation in mind, investing in new technologies and working aggressively to grow our RE portfolio whilst ensuring continued reliable and affordable electricity supply to our communities.

Meanwhile, we are encouraged by the Malaysian government, who has set a national target of 20% RE generation by 2025, to further develop the renewables market through a number of initiatives. The availability of these government initiatives and other opportunities in the market pave the way for Malakoff to work towards its aspiration of more than 1,000 MW in renewable power generation capacity.

Meanwhile, waste remains one of our core strategies. Our ambition is to accelerate the reuse and recycle of power generation waste such as ash and waste water, as well as employ newer waste treatment technologies for sustainable outcomes. Plans are afoot to venture into Waste-to-Energy as a complementary source of power generation.

Efforts to enhance energy efficiency at our buildings is also part of our green initiative.

Evidently sustainability is more than just the focus of producing electricity simply to meet the nation's demand. We understand that sustainability is important to our stakeholders and recognise the need to make a positive impact on our environment as well

as creating opportunities for our communities while continuing our role in powering economic activities.

Additionally, as an international power and water industry player especially in the Middle East and North Africa ("MENA") region, most of Malakoff's power and water assets abroad are in compliance with local and international environmental standards with the objective to minimise the negative impacts on the environment.

Therefore, at Malakoff, sustainability is prioritised in the boardroom, integrated into our strategy, actions and embedded into our work culture, and followed through with affirmative action. Our five-year Business Plan will guide us to shape a more sustainable future by generating energy in a sustainable and responsible manner, taking into account impact on the community and environment.

As a responsible industry steward, strict compliance with laws and standard operating procedures are expected of us while greater transparency and disclosure to help our stakeholders better understand our challenges and strategies also form part of our obligations. Our move to create a healthy, safe and secure workplace for all who work with us, support our community, safeguard people and the environment, and work cohesively to tackle climate change, help us sustain the Group's long-term success.

We are encouraged by the Malaysian government, who has set a national target of 20% RE generation by 2025, to further develop the renewables market through its introduction of a number of projects and incentives. The availability of these RE government projects and other opportunities in the market pave the way for Malakoff to achieve its own aspiration of more than 1,000 MW in renewable power generation capacity.

We are confident that our sustainability strategies outlined in this Statement will support our growth momentum along with economic, environmental and social priorities. We are encouraged by the positive outcome from our response to mitigating the various impact of our business operations and strengthening the Group with continued compliance, resource management, cleaner electricity options, and investment in emerging technologies.

Our journey continues with the support of our pool of talents working in a harmonious work environment with open engagement and equal opportunities, and the strong relationships we built with local communities alongside our outreach programmes that have helped shape the future of our youths.

We are convinced that our sustainability strategy will help us remain resilient and relevant in this time of change as we operate more efficiently, manage the impact from our business, find ways to respect and better care for our people as well as protect our environment.

I thank you for your interest in our sustainability efforts.

DATO' AHMAD FUAAD KENALI
Chief Executive Officer

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

GRI 102-13, 102-46, 102-49, 102-54, 102-56

Our 4th Sustainability Statement ("Statement") provides a detailed account of the challenges faced as well as the key highlights achieved and the progress made by Malakoff Corporation Berhad ("Malakoff" or "the Group") in its sustainability journey for the financial year ended 31 December 2019 ("FY2019").

The Statement discloses our approach towards addressing a wide range of material Economic, Environmental and Social ("EES") matters and where relevant, disclosures on governance-related aspects. The Statement also provides disclosure on our approach to sustainability governance, stakeholder management and engagement as well as prioritisation of material topics.

Our Statement should be read together with the rest of the Malakoff FY2019 Annual Report for a more comprehensive perspective of Management's commitment to sustainability and how sustainability is increasingly being embedded within the Group business model towards ensuring long-term value creation for stakeholders.

REPORTING GUIDELINES

- Global Reporting Initiative (GRI) Standards 2016: Core Option
- Bursa Malaysia FTSE4Good Index
- Bursa Malaysia Sustainability Reporting Guide – Second Edition

REPORTING SCOPE AND BOUNDARY

Data and information disclosed in this Statement is limited to the business operations and activities in Malaysia of the holding Company and all major subsidiaries within the Group. The scope is further streamlined to focus on the most pertinent projects, initiatives and activities of Malakoff rather than every aspect of operations.

Excluded are overseas operations, outsourced activities, activities and operations within its value chain, that of suppliers and vendors. We aim to report on the EES highlights of our value chain partners in future sustainability reports.

REPORT QUALITY & DATA ASSURANCE

Report quality has been guided by the GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness. All data contained within this Statement has been verified accordingly by the respective business units or information owners.

We continue to enhance our data collection and analysis processes towards improving data accuracy and quality and to strengthen disclosures going forward. We have obtained external assurances on performance baseline data on individual material topics.

REPORTING PERIOD

The reporting period is from 1 January 2019 to 31 December 2019. Where available, this Statement provides three-year statistical data towards establishing trend lines and to enable readers to better track and understand our historic performance on material topics and aspects.

DISTRIBUTION AND EXTERNAL ASSURANCE

GRI 102-12

The 2019 Statement would be submitted to the register in accordance with the GRI Sustainability Reporting Guidelines.

FEEDBACK

We welcome questions, feedback and suggestions that will spur further improvements in our reporting process. Please send any comments, insights and queries to:

Group Strategy and Communication
Malakoff Corporation Berhad,
Level 12, Block 4, Plaza Sentral,
Jalan Stesen Sentral 5,
50470 Kuala Lumpur.

Tel: +603 2263 3388

Email: sustainability@malakoff.com.my

SUSTAINABILITY GOVERNANCE

GRI 102-16, 102-18, 102-19, 102-20, 102-22, 102-32

The Group's approach to sustainability is driven by its robust governance structure, which allows for material matters to be monitored, assessed and deliberated across all levels of the organisation.

Through this governance structure, the Group is able to achieve a robust framework that supports the achievement of accountability, internal controls, risk mitigation as well as oversight and management of EES related matters.

The governance structure allows the Board of Directors and Senior Management to set the "tone from the top"; having direct oversight on sustainability-related matters and to promote the development of a sustainability oriented organisational culture and mind-set within Malakoff.

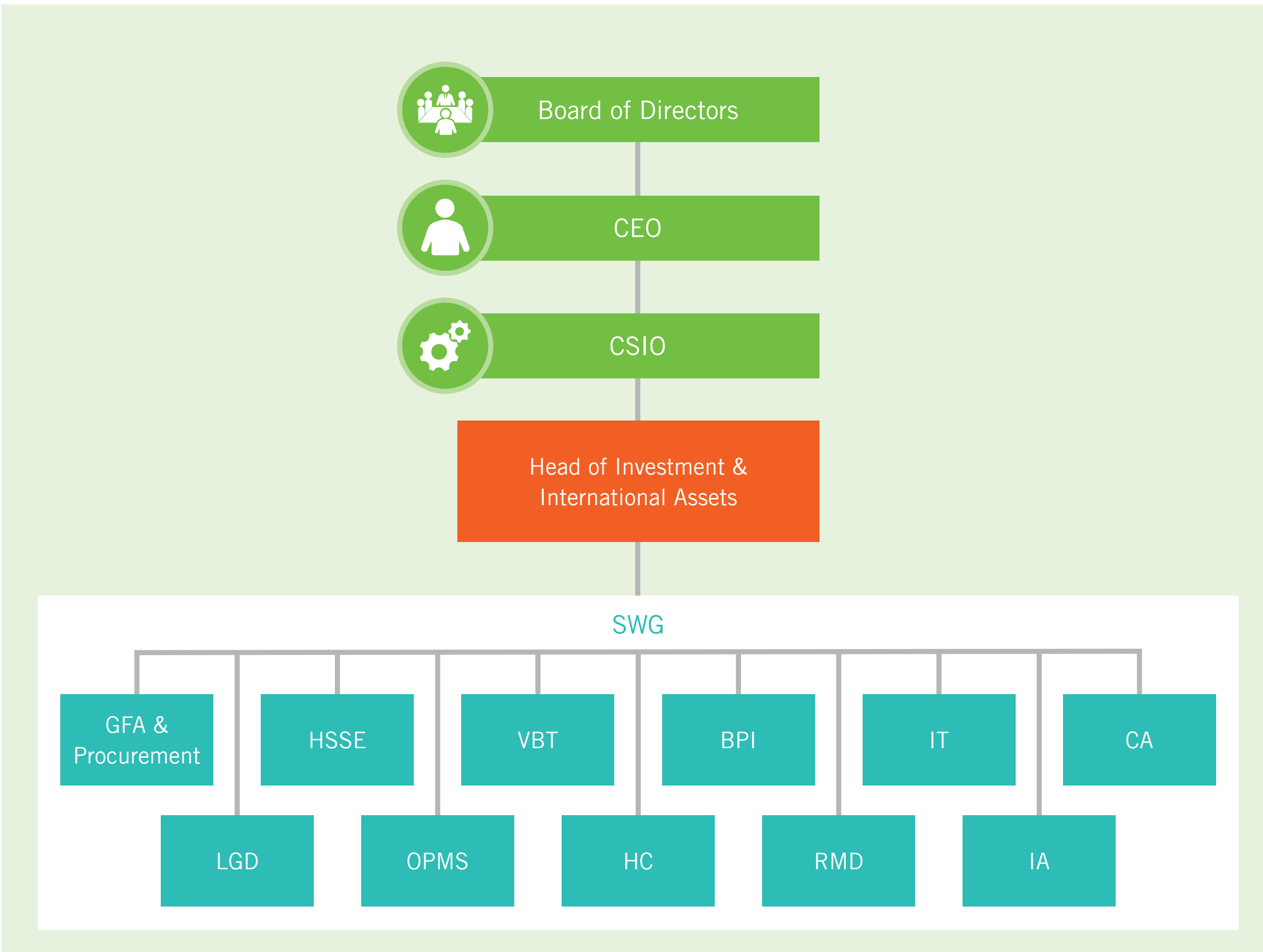
The structure allows for sustainability matters to be escalated upwards towards facilitating more strategic decision-making and for the supporting action plans and programmes to be more effectively cascaded or implemented across Malakoff at all levels.

The Sustainability Working Group ("SWG") monitors, gathers data and provides consistent sustainability reports to the Chief Strategy and Investment Officer ("CSIO") who in turn reports to the CEO. All inputs and performance achievement disclosures have been authorised by the Head of Divisions, and then verified by SWG for compliance with the Bursa Malaysia Guidelines and against GRI benchmarks.

The Board and Senior Management integrate EES considerations into the organisation's business strategies and long-term plans. This is reflected in the development of Group strategies and operational decisions, where EES and governance matters and stakeholder perspectives are given due consideration together with Malakoff's business interests.

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE STRUCTURE



An integral component of our sustainability governance structure is the role of the SWG.

Sustainability is also driven by the Group's continued pursuit of good corporate governance, as reflected by its commitment to accountability, transparency, due diligence, independence, robust risk management policies, anti-corruption and the development of a corporate culture based on irrevocable business ethics.

Beyond a formalised structure, the Group's governance of sustainability is bolstered with the implementation of the following policies and procedures:

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

STAKEHOLDER ENGAGEMENT

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

In identifying and addressing sustainability issues, we have sought the views of stakeholders and industry experts so that we may better focus on key areas of concern and take affirmative action to mitigate the impact of our business operations.

In FY2019, we have continued to initiate active engagement with stakeholders on a broad range of material topics through various communication channels. The following table summarises our stakeholder engagement strategies in FY2019:

STAKEHOLDER	CONCERNS / EXPECTATIONS / VIEWS	ENGAGEMENT METHOD	RELEVANT MATERIAL TOPICS
Government Authorities	• Government initiative for local community • Education scholarship • Expiring PPAs	• Interview • Surveys • Corporate events	• Government Policy & Strategy • Regulatory Compliance • Community Investment & Development • Plant Decommissioning
Law Enforcement Agencies	• Emission management • MESI 2.0 • RE commercialisation • Large Scale Solar ("LSS") Installation • CAR 2014	• Interview • Face-to face meetings	• Emission Management • Strategic Business Development • Technology and Innovation • Security of Supply • Renewable Energy
Shareholders	• Financial & operational performance • Strategic direction • ESG issues • Business growth	• Face-to-face meeting • AGM • Quarterly performance reports	• Shareholders Return • Strategic Business Development • Operational Excellence
Customers	• Wildlife conservation • Environmental issues • Renewable energy production	• Interview • Surveys • Friendly matches	• Biodiversity Impacts • Waste Management • Renewable Energy • Technology and Innovation • Community Investment and Development
Employees	• Employee welfare & benefits • Career development • Business transparency • Employee engagement	• Interview • Surveys • Townhalls	• Employee Welfare • Talent Development • Human Rights • Occupational Safety and Health • Diversity and Equal Opportunities
Local Communities	• Women Empowerment • Children Wellbeing • Signature sports events	• Interview • Surveys • Community events	• Community Investment & Development • Business Ethics and Transparency • Diversity and Equal Opportunities
Rating Agencies and Financial Institution	• Business growth • Sustainability initiative	• Surveys • Analyst briefing	• Operational Excellence • Shareholders Return • Strategic Business Development
Contractors/ Suppliers	• Quality sourcing • Increased transparency • Improved process efficiency	• Vendors' Day • Vendor Registration	• Responsible Subcontracting and Procurement

SUSTAINABILITY STATEMENT

MATERIALITY

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

In FY2019, we have reviewed and reconfirmed our material EES topics and aspects based on the availability of new information as well as the latest feedback and perspectives received from stakeholders.

Data is captured by the Group's business division heads, which is then provided to the SWG for further analysis and disclosure. Through this process, we continue to assess our list of material topics and aspects and make adjustments if necessary.

We have categorised our material topics into three main themes:

GOVERNANCE (G)

Various aspects of governance, operations, growth and profitability

Top 5 Material Topics

- Operational Excellence
- Strategic Business Development
- Renewable Energy
- Regulatory Compliance
- Government Policy and Strategy

ENVIRONMENT (E)

Impact and approach towards environment

Top 5 Material Topics

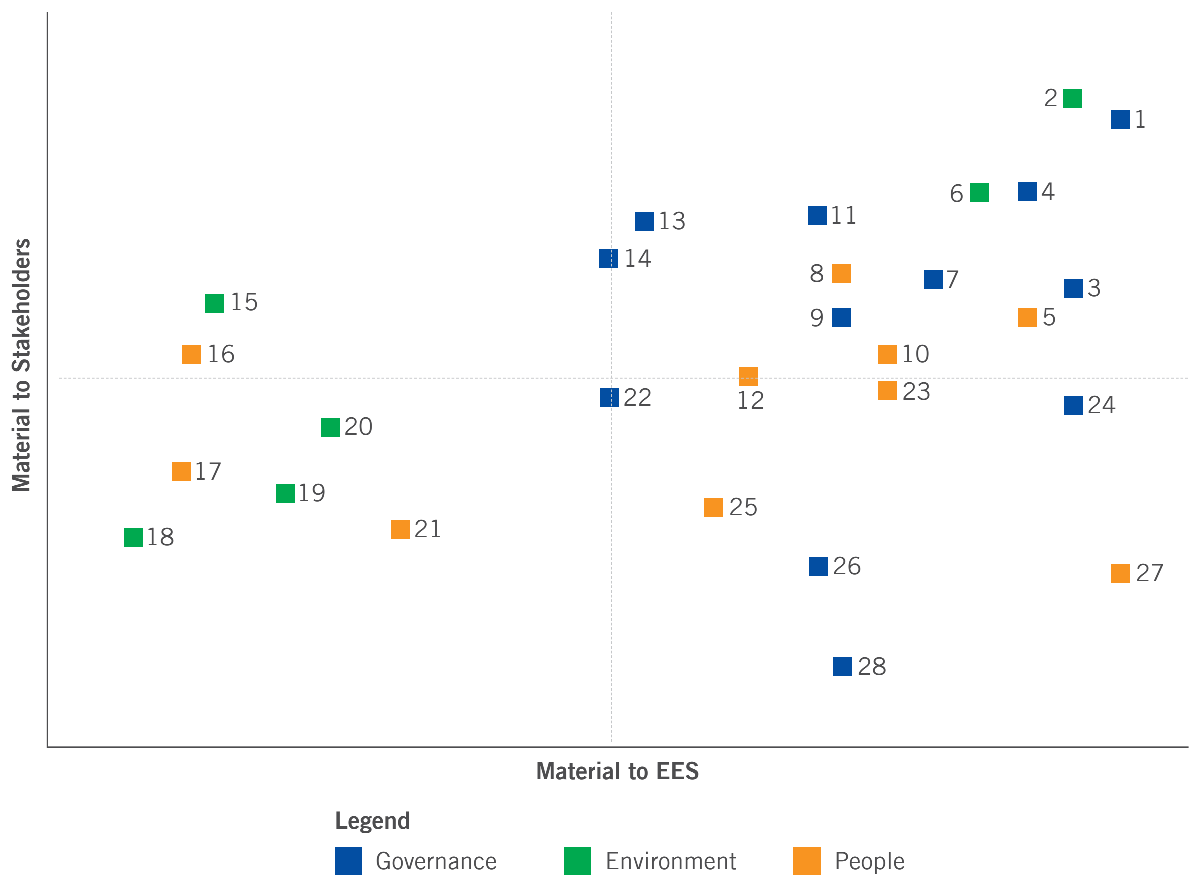
- Emissions Management
- Waste Management
- Natural Disaster
- Biodiversity Impact
- Water Use Impact

PEOPLE (S)

Strategies on social issues, including talent management, diversity and performance

Top 5 Material Topics

- Business Ethics and Transparency
- Occupational Safety and Health
- Management Leadership
- Employee Welfare
- Talent Development



No	Sustainability Topic	No	Sustainability Topic
1	Operational Excellence	15	Water Use Impact
2	Emission Management	16	Human Rights
3	Renewable Energy	17	Responsible Subcontracting and Procurement
4	Regulatory Compliance	18	Nuisance
5	Occupational Safety and Health	19	Biodiversity Impact
6	Waste Management	20	Natural Disaster
7	Government Policy and Strategy	21	Social Dialogue
8	Talent Development	22	Plant Security
9	Shareholders Return	23	Employee Welfare
10	Management Leadership	24	Strategic Business Development
11	Information Security	25	Diversity and Equal Opportunities
12	Community Investment and Development	26	Technology and Innovation
13	Geopolitical Context	27	Business Ethics and Transparency
14	Plant Decommissioning	28	Security of Supply

SUSTAINABILITY STATEMENT

GOVERNANCE

GRI 103-1, 103-2, 103-3, 102-11, 102-12, 102-17

REGULATORY COMPLIANCE

GRI 203, GRI 307-1

The Group complies with all regulatory requirements for its operations. This includes not just environmental or business regulatory requirements, but also legislation pertaining to social aspects / impacts such as workers and human rights as well as indigenous and community rights.

In FY2019, Malakoff had zero incidents of non-compliance pertaining to environmental, social, legal or health and safety regulations. All operating procedures, processes and frameworks have been developed and implemented to comply with relevant laws, regulations and other requirements.

Our management approach to ensuring regulatory compliance is to conduct periodic internal audits across the organisation to monitor that all aspects of operations are meeting set standards and benchmarks. These audits include Quality, Health, Safety and Environment ("QHSE") Audit and the Group Health, Safety, Security and Environment ("HSSE") Audit and Inspection.

In all, a total of thirteen audits were conducted in 2019 with no significant findings from these audits. During the year, we successfully re-certified three SIRIM audits. Five training and refresher sessions were also conducted during the year for our employees to have better grounding in compliance and HSE practices.

We also have in place Occupational Safety and Health ("OSH") policies and legislation to deal with OSH issues and to inculcate a preventive based workplace culture. In addition, these OSH policies and legislation are constantly reviewed, improved and updated to ensure relevance and effectiveness. Views and feedback from all stakeholders particularly employees and other parties are considered prior to formulation of policies.

In recognition of our ongoing HSE efforts, three of our plants bagged the Malaysian Society of Occupational Safety and Health Awards, with PPP achieving Gold Merit, LPP Gold Class 1 and TBPP Gold Class 2.

In addition, four of our power plants and our KL Headquarters ("KLHQ")-LGD were certified ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System), OHSAS 18001:2007 (Occupational & Health Safety Management System).

COMPLIANCE WITH NEW ENVIRONMENTAL QUALITY (CLEAN AIR REGULATIONS) 2014

GRI 307-1

In June 2019, the Environmental Quality (Clean Air Regulations) 2014 ("CAR 2014") came into effect.

CAR 2014 includes additional emissions that need to be monitored. These are Hydrogen Fluoride ("HF"), Hydrogen Chloride ("HCl") and Polychlorinated dibenzodioxins ("PCDD") / Polychlorinated dibenzofurans ("PCDF").

The Act also stipulates lower limits of Carbon Monoxide ("CO") and Mercury ("Hg") emissions for coal plants and sets new emission limits of CO and Opacity monitoring for gas plants.

Malakoff has taken precautionary measures to ensure its readiness to comply with CAR 2014. We are happy to note that after joint technical meetings with the Department of Environment ("DOE") and other stakeholders, Malakoff has made the necessary adjustments to its plants to ensure compliance with CAR 2014.

ANTI-BRIBERY COMPLIANCE

GRI 205-2

In response to the Malaysian Anti-Corruption Commission (MACC) (Amendment) Act 2018, Malakoff in February 2019, developed its Anti-Bribery Management System ("ABMS"). The ABMS directly responds to the requirement on liability associated with persons committing a bribery offence.

Under MACC (Amendment) Act 2018 ("the Act"), companies can be held liable whenever an associated person commits a bribery offence and as a defence, all commercial organisations must ensure adequate procedures to prevent bribery in all business dealings.

ABMS provide guidelines, based on international good practices, on how to proactively contribute to combating bribery and is in line with the MACC's Guideline on Adequate Procedures ("GAP") requirements.

The Board of Directors approved the Group Anti-Bribery Policy in October 2019, to serve as a foundation to establish, implement, maintain, review and improve an anti-bribery system in the organisation. An Integrity Unit was also established to oversee implementation and compliance to the Policy.

To educate our employees and raise awareness on the risks of bribery, the Group organised a number of workshops and roadshows in 2019, established a bribery risk register and conducted Bribery Risk Assessment. We had conducted Corporate Liability & ABMS Awareness Training and Workshop for all Heads of Division and Heads of Department as well as a series of roadshows at all plants and head office to ensure that bribery-related risks are properly identified and mitigated in the organisation.

The workshop agenda included, among others, the Corporate Liability Talk by the respective MACC state officers and a briefing on ABMS and Group Anti-Bribery Policy by our Integrity Unit. These sessions ended with the '*Ikrar Bebas Rasuah*' pledge by all employees to signify their commitment against bribery and corruption in the organisation.

A series of "Vendors' Awareness Day" events were also held to emphasise our zero-tolerance policy towards any form of bribery and to reiterate the requirement for vendors' compliance with Malakoff's

Vendor Code of Conduct which include amongst other the principle of integrity and zero-tolerance towards corruption.

During flotation stage of tender and prior to award, communication with vendors is limited to the procurement department and evaluations are conducted by committees of subject matter experts.

To strengthen our resolve and commitment, and to ensure anti-bribery measures in the organisation are in accordance with ABMS requirements, 41 employees were sent to attend the ABMS Internal Auditor Training course in July 2019. The move also ensures a sufficient pool of internal auditors for future ABMS internal compliance audit exercises.

Malakoff plans to review its Group Anti-Bribery Policy in the coming year and seek ABMS certification in 2020 to further strengthen its anti-bribery framework as well as in response to the findings of the ABMS Internal Compliance Audits conducted at KL HQ office and Prai Power Plant in September 2019.

Various anti-bribery and integrity initiatives have also been planned for 2020 such as ABMS training for Integrity Coordinators, roadshows for employees and awareness sessions to all business associates and vendors.

SUSTAINABILITY STATEMENT

WHISTLE-BLOWING POLICY

GRI 205-3

The Whistle-blowing Policy of the Group was established in 2014 and provides employees and third parties with proper process 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 of being reasonably practicable. This includes protecting the Whistle-blowers from detrimental actions that may result from the disclosure of Improper Conduct, provided that the disclosure is made in good faith. The Whistle-blowing Policy also ensures fair treatment is provided to both the Whistle-blower and the alleged wrongdoer when a disclosure of Improper Conduct is made.

A disclosure of Improper Conduct can be made verbally or in writing to the Chairman of the Board Audit Committee through a letter or e-mail to whistleblowing@malakoff.com.my. The Chief Internal Auditor is responsible for the administration, interpretation and application of the Whistle-blowing Policy and any amendment to this Policy shall be affected by the Chief Internal Auditor, subject to the final approval of the Chief Executive Officer, the Board Audit Committee and the Board of Directors.

In 2019, two cases were reported through the Whistle-blowing channel and appropriate actions were taken in accordance with the Policy.

SECURITY OF SUPPLY & PLANT SECURITY

GRI 201-1, 203-1

Energy security, or the constant, uninterrupted supply of energy at an affordable cost, is critical for the National Grid and development of the country. The ability of the National Grid to provide sufficient, affordable and environmentally sustainable energy supply depends on a large part on the available capacity and reliability of plants operating within the given period.

To facilitate adequacy of supply and functionality, all our plant outage plans are reviewed together with the Grid System Operator on a regular basis to ensure our plants are available to support the grid system, as stipulated in the PPA, without compromising on plant integrity.

In 2019, we conducted our annual review of the security level of our plants for their adequacy and effectiveness.

All Malakoff plants have been satisfactorily audited by Jabatan Sasar Penting Negara ("JSPN") with recommendations to further strengthen security, especially at critical plants categorised as "*Sasaran Penting Keutamaan Satu*" or "Priority Target Number One", in reference to important installations that generate services, which are critical to the nation and economy.

Various operations and maintenance initiatives were undertaken during the year to ensure continuous improvement in plant availability and reliability. Other measures included forced outage management and benchmarking activities for all the plants to ensure these initiatives produced the desired outcomes.

At the same time, we adopted state-of-the-art technology and other tools, such as Condition Based Maintenance, Reliability Centered Maintenance, Root Cause Analysis in failure investigations to avoid recurrences, Reliability Centered Spares, Risk Based Inspection, Process Safety Management, Hazard and Operability Study, to sustain high performance at our plants.

In FY2019, all plants have outperformed their respective PPA to register high availability, except for TBE which had undertaken major rectification works from 31 March to 12 June 2019.

MALAKOFF PLANT AVAILABILITY FOR FY2019

PLANT	AVAILABILITY (%)
Tanjung Bin Power Plant ("TBP")	81.54%
Tanjung Bin Energy Power Plant ("TBE")	72.28%
Segari Energy Ventures ("SEV")	84.15%
GB3 Power Plant ("GB3")	88.16%
Prai Power Plant ("PPP")	91.72%
Port Dickson Power Plant ("PDP")	94.92%

SASARAN PENTING NEGARA 2019

- Lumut Power Plant
- Prai Power Plant
- Tanjung Bin Power Plant
- Tanjung Bin Energy Power Plant

AUDITED BY

Jabatan Sasaran Penting Negara

RESULT 2019

Satisfactory

INFORMATION SECURITY

GRI 102-11, 102-12

Cyber security is a key concern to many organisations as new threats emerge and incidences of ransomware attacks continue to reverberate across the business world. Our strategy in addressing this threat is to design and develop an Information Technology ("IT") Governance and Cyber Security Framework based on international standards and best practices, that encompasses a holistic approach in managing cyber risks.

As part of the Cyber Security Framework established in 2019, we have strengthened our existing defence technology by implementing advanced endpoints and servers protections with an AI-based software to detect and respond to unknown threats including zero-day malwares, ransomwares, and Advanced Persistent Threats. In addition, we want to inculcate a cyber-security awareness culture whereby employees are continuously educated on cyber threats to ensure they remain vigilant and well-informed. The awareness programme will extend beyond 2019 and into 2020, covering every employee in the country through an interactive and online education system.

For 2020, we plan to further strengthen our cyber security posture through the deployment of privilege access management ("PAM") and mobile device management ("MDM"). PAM simplifies the management and access controls for administrators and users while enforcing compliance to our policies while MDM secures confidential data accessed through mobile devices. These security tools enhance our capabilities in managing and securing our critical IT assets.

As we move into 2020, Malakoff will embark on a digitisation programme in line with the government's call to meet the challenges of IR 4.0. This will include the use of Robotic Process Automation ("RPA"), to automate processes and streamline back office operations. The use of RPA technology increases employees' productivity by eliminating repetitive tasks that can now be undertaken by "software robots" that can operate around-the-clock, allowing employees to focus on more value-added tasks. We will also seek to enhance the way we engage with one of our key stakeholders – our customers through a new customer portal and mobile applications that will offer more information and conveniences, such as online payment, billing information, and real-time announcements. For employees, we will embark on a modernisation programme that will see further deployment of mobile technology to simplify and enhance their work as well as greater use of collaborative tools, including Microsoft Office 365.

Beyond accomplishing our 2020 IT Strategic Plans, we aim to facilitate effective and equitable use of IT resources, improve overall efficiency to create optimal value and continue maintaining our ISO 27001:2013 Information Security Management System ("ISMS") certification in preserving the confidentiality ("C"), integrity ("I") and availability ("A") of the company's information.

STRATEGIC BUSINESS DEVELOPMENT

GRI 201-1, 203-1

In line with Malakoff's corporate vision to be a premier global power and water company, we have set our sights on achieving power generation capacity of 10,000 MW, seawater desalination capacity of 1,000,000 m^3/day and 1,000 MW in renewable energy.

Towards this end, we continued to undertake business development activities to increase our power generation and water producing assets. Among these included bids for greenfield power and water projects as well as a wastewater treatment project in Gulf Cooperation Council ("GCC") member countries.

A number of merger and acquisition ("M&A") opportunities within Malaysia and abroad were considered. Several strategic partnerships were formed for development of new ventures and joint bids for power, water, RE, waste management and environmental services projects in the country.

Kindly refer to the Management Discussion and Analysis ("MD&A") Section of the Malakoff FY2019 annual report for detailed disclosure on our business development plans, the highlights and successes achieved and our future business orientation going forward.

SUSTAINABILITY STATEMENT

RENEWABLE ENERGY

GRI 201-1, 202-2

We have continued to grow our RE generation capacity in FY2019 towards providing more sustainable power solutions to meet the nation's increasing electricity needs. Malakoff is supportive of the government's drive to achieve 20% RE in the country's energy mix by 2025.

To achieve the target of generating 1,000 MW of RE, Malakoff aims to diversify its portfolio to achieve a more balanced energy mix with RE investments. The Group works in collaboration with various companies to secure or develop hydro, solar, biogas and waste-to-energy projects. We have participated in a wide range of RE initiatives within Malaysia in FY2019.

We are happy to report notable successes achieved in hydro and biogas RE projects. We have formed collaboration with strategic partners to continue to pursue opportunities in the areas of small hydro and biogas projects. We remain committed to raising our presence in solar energy generation. This experience gained from our participation in LSS3 will hold us in good stead going forward. In addition, our subsidiary, TJZ Suria Sdn Bhd has also been engaged to act as the O&M contractor for a large scale solar project for 21 years.

Another interesting development is in the area of rooftop solar, where Malakoff is actively promoting zero-cost onsite rooftop solar generation as an alternative for MMC, DRB-HICOM and Tradewinds group of companies as well as other potential commercial and industrial customers.

Our subsidiary Malakoff Radiance Sdn Bhd is a Registered Solar PV Investor ("RPVI") with SEDA. It is currently offering customers a Solar Power Purchase Agreement ("SPPA") with zero capital expenditure ("CAPEX") under a Net Energy Metering ("NEM") scheme.

Further details of our successful ventures into RE in 2019 is given in the MD&A section of this Annual Report.

OPERATIONAL EXCELLENCE

GRI 201-1

We assess our plants' performance based on thermal efficiency – a common industry practice used to determine the usable energy generated from the fuel consumed - as well as CO_2 emissions produced.

THERMAL PERFORMANCE

TANJUNG BIN ENERGY POWER PLANT

2014	
2015	
2016	38%
2017	39%
2018	39%
2019	39%

GB3 POWER PLANT

2014	47%
2015	47%
2016	47%
2017	47%
2018	47%
2019	47%

TANJUNG BIN POWER PLANT

2014	36%
2015	36%
2016	37%
2017	36%
2018	37%
2019	36%

PRAI POWER PLANT

2014	52%
2015	52%
2016	51%
2017	51%
2018	52%
2019	51%

SEV POWER PLANT

2014	48%
2015	48%
2016	48%
2017	48%
2018	47%
2019	47%

Under the programme, power plants undergo a performance gap identification and after taking into consideration the potential risk forecasts, we implement the necessary remedy plans. The final outcome is measured against set thermal efficiency goals.

Periodic performance reviews are conducted throughout the year alongside quarterly reviews to identify gaps and potential operational issues because these activities enable us to plan ahead and implement rectification for defects as well as schedule the required outage.

As in previous years, the Engineering Department at our Local Generation Division ("LGD") continues to maintain our plants' integrity and performance.

BUSINESS PROCESS IMPROVEMENT ("BPI")

GRI 102-16

Last year, our introduction of E-Sourcing encouraged more suppliers to participate, drawing in more competitive bids and generating significant cost savings for the Group.

Subsequently, in 2019, the Ivalua platform presented us with more efficient and transparent sourcing, pre-qualification, evaluation and contract awarding processes, which generated RM18.81 million in savings via the use of e-Auction.

To maximise this new system and streamline our business processes across the organisation, the BPI Department and Group Procurement Department conducted five roadshows in five different locations to train and raise awareness among our employees.

LEAN SIX SIGMA

GRI 102-16

The integrated Lean Six Sigma management approach has empowered the Group to maintain high efficiency levels at our plants and across our organisation.

In 2019, we invested RM113,610 in further employee training and development. During the year under review, five LSS training programs were conducted throughout the Group, comprising four Green Belt and one Black Belt training programme. This added 11 Black Belters and 23 Green Belters to the team, bringing the total trained since 2017 to 36 Black Belters and 227 Green Belters.

Malakoff initiated 13 process improvement projects with a total savings of RM9.43 million in 2019.

A Six Sigma Green Belter has in-depth knowledge of the tools and techniques and knows how to leverage on the Six Sigma methodology DMAIC (Define, Measure, Analyze, Improve, Control) to optimize an existing operation. A Black Belter leads problem-solving projects as well as trains and coaches project teams.

As a result of these improvements, Malakoff bagged two Gold Awards at the Regional Convention on Team Excellence (RTex) held in Kota Bharu and the Group also qualified for the Annual Productivity and Innovation Conference (APIC) 2019.

Going forward, our improvement strategy for 2020 includes the introduction of a LSS Capability Building Five-Year Plan as well as inclusion of a project timeline, namely, a maximum of six months for Green Belt projects and one year for Black Belt projects.

GREEN 5S

GRI 102-16

In 2019, we introduced the Green 5S ("G5S") Guideline and conducted five awareness training sessions to generate continuous awareness across the Group on this G5S initiative and the importance of having a clean, safe, and well-organised workplace.

The BPI Department also conducted G5S audits at four power plants and two other locations in KL, mainly MCB KLHQ and MUSB, to ensure conformity and compliance to G5S standards. For our efforts on this G5S initiative to foster a more efficient, safe, clean and conducive work environment, our subsidiary TBEPP achieved a five-star rating in 2019.

Moving on, we will continue to implement the current initiatives, policy and strategies for the coming year.

SUSTAINABILITY STATEMENT

LIST OF ISO CERTIFICATION

LOCATION	ISO	CERTIFICATION DATE	CERTIFICATION EXPIRY DATE
TBPP	OHSAS 18001 2007	23 December 2009	11 March 2021
	MS 1722 2011	23 December 2009	11 March 2021
	ISO 14001 2015	23 December 2009	22 October 2021
	ISO 9001 2015	8 October 2010	22 October 2021
TBEPP	OHSAS 18001 2007	23 December 2009	11 March 2021
	MS 1722 2011	23 December 2009	11 March 2021
	ISO 14001 2015	23 December 2009	22 October 2021
	ISO 9001 2015	8 October 2010	22 October 2021
PPP	OHSAS 18001 2007	23 December 2009	11 March 2021
	MS 1722 2011	23 December 2009	11 March 2021
	ISO 14001 2015	23 December 2009	22 October 2021
	ISO 9001 2015	8 October 2010	22 October 2021
LPP	OHSAS 18001 2007	23 December 2009	11 March 2021
	MS 1722 2011	23 December 2009	11 March 2021
	ISO 14001 2015	23 December 2009	22 October 2021
	ISO 9001 2015	8 October 2010	22 October 2021

* Consolidated ISO Management System for all sites since 2015, hence sharing of certification expiry dates.

ENVIRONMENT

We comply with all relevant environmental legislation of the countries in which we operate in and we continue to adhere to industry benchmarks for management of emissions, water and waste.

We carefully manage the use of precious resources like fresh water and design our processes to minimise wastage, reuse or recycle water output or wastewater to be injected into other processes within the plant, or to be safely returned to the environment after treatment.

Measures are also being undertaken to look into various feasible ways to reduce the amount of waste generated from our processes. We also continue to seek ways to improve our energy efficiency.

EMISSIONS MANAGEMENT

GRI 305-1, 305-2, 305-5

All greenhouse gas ("GHG") and non-GHG emissions produced by our local assets are directly related to fuel consumed such as coal and gas and from combustion processes. We comply with the DOE standards such as CAR 2014 for emissions.

Our emissions-control equipment maintenance schedule ensures that our plants function at optimal operational efficiency and comply with emission limits. We also report real-time emissions data directly to the DOE through the Continuous Emissions Monitoring System ("CEMS").

NON-GHG

Our facilities are equipped with:

1. Filtration equipment to reduce Particulate Matter ("PM") emissions - an electrostatic precipitator and fabric filter are installed at TBPP and TBEPP respectively
2. Flue Gas Desulphurisation ("FGD") to reduce Sulfur Oxide ("SOx") emissions; and
3. Stage combustion to reduce Nitrous Oxide ("NOx") emissions.

EMISSION FROM COAL

1. Minimising emissions from coal properties through a stringent coal selection process governed by established internal procedure complying to the Coal Supply and Transportation Agreement ("CSTA").
2. Committed to partner with the industry to pioneer sustainable solutions.

GHG

1. Committed towards reducing GHG emissions by focusing on process optimization initiatives and other green initiatives such 3R
2. Participate in voluntary third party verification of GHG emissions reports for 2017 and 2018 to ensure that our reports are real and credible.

ENERGY CONSUMPTION AND EFFICIENCY

GRI 103-1-3, 302-1, 302-4

We continue to make all efforts towards becoming more energy efficient; essentially consuming less resources to produce a greater intensity of energy from our power plants. This would entail avoiding wastage and improving overall operational efficiency of our assets.

However, the task is challenging given that growing energy demand will entail greater consumption of coal and gas. We have adopted a more stringent coal selection process as one of the strategies to realise efficiency.

Annual Coal Consumption 2017 – 2019

Plant	Coal Consumption (MT)		
	2017	2018	2019
TBP	6,226,797	6,252,902	5,883,584
TBE	2,132,805	2,456,317	2,513,053

Annual Gas Consumption 2017 – 2019

Plant	Gas Consumption (GJ)		
	2017	2018	2019
SEV	41,329,985	30,501,707	34,528,718
GB3	15,655,856	9,330,743	15,176,850
PPP	9,132,706	12,768,545	14,602,360
PDP	709,035	180,366	70,082

SUSTAINABILITY STATEMENT

On a separate note, we have continued with our proven highly effective Light Emitting Diode ("LED") light replacement programme in FY2019.

In 2019, we focused our initiative on another two levels of offices at our KLHQ, at the Malakoff Academy of Excellence ("MAX") training centre and various other buildings occupied or owned by Malakoff Utilities Sdn Bhd ("MUSB").

We invested RM21,065 in the LED project and was able to generate accumulated savings of RM11,693 within half a year, which was equivalent to 55.51% of the approved capital expenditure.

Electricity bill reduction realised at KLHQ as follows:

Month	Electricity Bill Reduction
July 2019	11.66%
August 2019	8.67%
September 2019	11.12%
October 2019	18.75%
November 2019	13.65%
December 2019	11.45%

Meanwhile most of our power plants show downward trends in their import power consumption as depicted in table below.

Plant	Import Power (MWh)		
	2017	2018	2019
TBPP	3,229	2,020	11,217
TBE	12,609	13,120	7,545
SEV	6,833	8,806	5,532
GB3	3,581	4,553	3,740
PPP	16,778	12,147	9,758

We also conducted an investment grade energy audit exercise at MUSB's District Cooling Plant and found that we could potentially generate energy savings of up to RM4 million per annum.

We shall continue to pursue our energy conservation programmes going forward. These include exploring opportunities to develop co-generation facilities offering reliable power supply at cheaper tariffs.

WATER USE IMPACT

GRI 103-1, 103-2, 103-3, 303-1, 303-3

We also look into water management as part of our commitment to the environment.

Our plants typically use seawater for cooling purposes and raw water to replenish water and steam lost to the environment during the electricity generation process. Several of our plants also tap rainwater via rainwater harvesting systems, which have been installed at TBPP.

We source for raw water from the respective state water supply, namely Perbadanan Pembekalan Air Pulau Pinang ("PBAPP"), Syarikat Air Johor ("SAJ") and Lembaga Air Perak ("LAP").

We have revamped our operational methods to improve water usage by monitoring and reducing blowdown activities to cut water losses.

Raw Water Source & Consumption

Plant	Source	Raw Water Consumption (m³)		
		2017	2018	2019
Prai Power Plant	PBAPP	207,476	223,731	217,804
Lumut Power Plant	LPP	469,021	369,781	438,123
Tanjung Bin Power Plant	SAJ	1,631,673	1,629,642	1,631,546
Tanjung Bin Energy Power Plant	SAJ	379,528	356,567	349,824
TOTAL		**2,687,698**	**2,579,721**	**2,690,497**

Water management efforts at our plants such as TBPP, particularly the management of ash pond water, has resulted in 20% reduction in annual raw water costs. Still at TBPP, a detailed feasibility study on the implementation of a desalination (reverse osmosis) plant to supply 50% of service water is being studied.

At TBE, in 2019, we implemented a plant improvement initiative to channel wastewater from the boiler sump, drained from the main process area, to the boiler submerged scraper conveyor ("SSC") system. The target is for TBE to progressively reduce raw water consumption to 1,000 m^3/day.

At LPP, we have started shutting down the blowdown manual valves during unit standby to minimise demineralised water wastage.

Other proactive actions include continuous monitoring of the water and steam pipeline integrity, undertaking scheduled replacements, ensuring all drain valves are tight and controlling water usage especially for cleaning and housekeeping purpose to achieve optimum levels.

WASTE MANAGEMENT

GRI 103-1, 103-2, 103-3, 301-2, 306-2

The process of electricity generation of our coal plants inevitably produces waste, mainly fly ash and bottom ash. We regularly assess and implement ways to reduce and recycle scheduled waste generated from our plants.

Our coal ash disposal procedure enables us to manage ground, water and air contamination and reduce the risks of contamination through proper disposal channels that are in line with the regulatory requirements.

The third-party offtake agreement is one of Malakoff's sustainability initiatives to recycle the ash generated from TBPP into construction material, such as sand replacement, which is similar to that practiced in Europe and Japan.

TBPP and TBE are planning to engage multiple off-takers including cement and brick, or concrete product manufacturers to offtake the fly ash and bottom ash produced by both plants. By doing so, we could potentially avoid the need to build a new ash pond.

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

In 2019, about 120 MT waste oil from TBE and TBPP was sent to an Approved DOE Premise for recovery, where the waste oil underwent a process of filtration and was reused for another oil product, instead of merely being disposed.

In discharging effluents and other waste materials, we comply with a number of environmental standards.

For Scheduled Waste Management, all sites which PPP, LPP, TBPP and TBE maintain their compliance with the Environmental Quality Act ("EQA") (Scheduled Waste) Regulations 2005.

Meanwhile, for discharge effluents, only TBPP, TBEPP and PPP comply with EQA (Industrial Effluent) Regulation 2009.

Moving on to 2020, TBE and TBPP will be conducting a Life Cycle Assessment of waste in order to reduce, reuse and recycle domestic and scheduled waste generation from the plants.

SUSTAINABILITY STATEMENT

In addition to caring for the environment, social responsibility is a cornerstone of our foundation for sustainable development. To succeed in our initiatives, we work together with the local community to identify and respond to issues and at the same time, play a role in encouraging the young to take steps towards keeping the environment green.

For instance, Malakoff organised an E-Collection Awareness Day at SK Sg Durian in Mukim Serkat, Johor and SK Segari in Segari, Perak to raise awareness among the young and successfully collected about a tonne of electronic waste from the school.

ALAM FLORA SDN BHD

GRI 302-1, 306-2

The completion of our acquisition of Alam Flora Sdn Bhd ("Alam Flora") on 5 December 2019 paves the way for Malakoff to venture further into Waste Management and Environmental Services, which is an area with immense growth potential due to the need for such services.

Alam Flora is the concession holder appointed by the Government to provide solid waste collection and public cleansing management services to several areas in Pahang, Kuala Lumpur and Putrajaya. The 22-year concession will end on 31 August 2033.

In support of Malaysia's aim to achieve a 22% waste recycling rate and divert 40% of waste from landfills by 2020, Alam Flora has been implementing its *Separation @ Source* and 3R on Wheels programme to encourage households to separate recyclable wastes. The outcome was the collection of 706 tonnes of recyclables in 2019, an increase of 17% from the previous year.

In recognition of its contribution, Alam Flora was awarded the Best Practices Awards 2019 Malaysia Waste Management Company of the Year (Asia Pacific) by renowned global research and consulting firm Frost and Sullivan while EU-Malaysia Chamber of Commerce and Industry ("EUMCCI") named Alam Flora's subsidiary, DRB-HICOM Environmental Services Sdn Bhd ("DHES") as the winner for the Best Environmental Impact Award (Large Company Category) 2019.

Going forward, we plan to explore further concession opportunities in locations such as Kelantan, Terengganu and Labuan, as well as to tap into non-concession waste management projects domestically and abroad through government initiatives or business-to-business initiatives.

PEOPLE

GRI 102-18, 103-1, 103-2, 103-3, 202-2

Our desire has always been focusing on developing the professional capabilities of our people, while nurturing a high-performance organisational culture centred on integrity, teamwork, innovation, excellence and workplace harmony.

Human capital development and talent management is critical to the success of the Group. Hence, we have continued to strengthen our employees' capabilities and competencies through providing continuous learning and development opportunities.

As an equal opportunity employer, our hiring policies and career advancement opportunities are based on meritocracy without any discrimination on ethnicity, gender, age, disability or status.

Within our organisation, we also look into the health and safety of our employees, just as we seek to develop their capabilities to create a high-performance workforce.

100% of our Senior Management for Malaysian operations is local.

DIVERSITY AND EQUAL OPPORTUNITIES

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

The following tables list the statistics on our employees:

Workforce Data (excluding Alam Flora)

	2017	2018	2019
Total Number of Employees	1035	1032	994

Employee Statistics

Workforce	2017	2018	2019
TOTAL NUMBER OF EMPLOYEES	**1035**	**1032**	**994**
BREAKDOWN OF EMPLOYEES (%)			
Malaysian	100.00	100.00	99.90
Other Nationals	-	-	0.10
CONTRACT TYPE (%)			
Permanent	91.79	90.41	90.44
Contract	8.21	9.59	9.56
GENDER DISTRIBUTION (%)			
Male	83.29	84.11	84.00
Female	16.71	15.89	16.00
EMPLOYEES ABOVE AND BELOW AGE OF 35 (%)			
Above 35	51.59	48.45	55.33
Below 35	48.41	51.55	44.67
EMPLOYEE GROUP			
Executive and Above	677	659	617
Non-Executive	358	373	377
NO. OF NEW HIRES			
Total	41	78	50
Executive and Above	16	41	23
Non-Executive	25	37	27
TOTAL ATTRITION RATE BASED ON NO. OF EMPLOYEES			
Total	80	83	80
Executive and Above	52	65	61
Non-Executive	28	18	19

SUSTAINABILITY STATEMENT

EMPLOYEE WELFARE

GRI 401-2, 404-1, 404-2, 404-3

We continue to ensure that our staff's needs are well cared for and we provide a wide range of benefits, above and beyond statutory requirements. This includes a wide range of paid leave, medical benefits and various other employment related benefits.

100% of employees receive job appraisals and employees have the right to seek redress or voice grouses via a clearly defined grievance mechanism, which has been developed and managed by the Group's Human Capital Division.

The Group adheres to the Malaysian Employment Act 1955, which prohibits exploitative labour practices. The Company also adheres to the Children and Young Persons (Employment) Act 1966. Both of which are aligned to the International Labour Organisation ("ILO") and the Universal Declaration of Human Rights.

Full time employees enjoy the following benefits:

- Company supported / subsidised health / medical insurance plan.
- Insurance benefits
- Allowances and reimbursement claims
- Overtime payments (where applicable)
- Employee's New Born Benefits
- Employee's Bereavement / Wreath
- Employee Education Assistance Programme

LEAVE BENEFITS

GRI 401-3

Employees are entitled to various types of paid leave, which include marriage, Hajj leave and study/exam leave.

Female employees are entitled to paid maternity leave of 60 consecutive days for each confinement period. Male employees are granted paternity leave of 3 days to spend time with their newborn and their families.

MINIMUM WAGE

All employees earn wages that are above the minimum wage scale as Malakoff's lowest salary scale is higher than the minimum salary stipulated by the government.

TALENT DEVELOPMENT

GRI 404-2

The nature of our business requires employees to be competent and responding to the dynamic business environment and have adequate skills and capabilities to execute and perform. As such, talent development plays a vital role to ensure we are prepared to respond to rapidly changing industry landscape.

TALENT DEVELOPMENT

- RM1 million for soft skills, functional and leadership training with 1,600 man-days
- RM1.5 million on technical training with 4,700 man-days

LEADERSHIP DEVELOPMENT

- ***Harvard ASEAN Senior Management Development Programme***
  - Attended by four senior management personnel
- ***Malakoff Management Development Programme***
  - Nine months duration
  - Attended by 41 of middle managers

LEAN SIX SIGMA PROGRAMME

- Green Belt Batch 4 for KLHQ
- Green Belt Batch 2 for both LPP and TBPP

MALAKOFF TECHNICAL CONFERENCE 2019

- To foster a knowledge sharing culture, technical experiences, best practices and lesson learnt
- Presentations by 22 speakers including engineers from KLHQ and site offices

Among the programmes was the Harvard ASEAN Senior Management Development Programme, which was attended by four senior management personnel, as well as the nine-month Malakoff Management Development Programme to enhance 41 of our middle managers' management skills.

Initiatives to improve our employees knowledge and business processes included the Lean Six Sigma Programme, which saw the implementation of Green Belt Batch 4 for KLHQ and Green Belt Batch 2 for both LPP and TBPP, and enabled us to further streamline our system and processes.

Notable was the success of our first Malakoff Technical Conference 2019 held on 20-21 August 2019 to foster a knowledge-sharing culture and sharing of technical experiences, best practices and lessons learnt. Conference participants took home gems of knowledge from presentations by 22 speakers, including engineers from KLHQ and site offices.

MANAGEMENT LEADERSHIP

In ensuring sustainability of its leadership bench and in grooming its next echelon of management and technical personnel, Malakoff has implemented a succession planning strategy.

Within this plan, 20 candidates have been selected and potential successors have been identified and nominated for the CEO-1 and critical positions.

The nominated successors have shown good performance in their current role with each successors. As high potential employees, they meet the criteria to be the talent pool that is groomed to fill up the Company's leadership pipeline.

These nominated successors have demonstrated self-discipline and have been assessed by their Heads of Divisions to be driven and keen to take up the career challenge as successors to the critical roles, in addition to their abilities in their current scope of work.

The Human Capital division has worked on the development program for the potential successors in order to reduce the competency gaps and prepare them to assume the role when the position becomes available.

OCCUPATIONAL SAFETY AND HEALTH

GRI 103-1, 103-2, 103-3, 403-2

1. Updated Total No. of Incidents

	2017	2018	2019
Total No. of Incidents	22	26	20

2. Updated Total No. of Lost Time Injury ("LTI")

	2017	2018	2019
Total No. of LTI	4	3	0

3. Updated Total No. of Lost Time Injury Frequency Rate ("LTIFR")

	2017	2018	2019
LTIFR	0.59	0.45	0.00

Our comprehensive HSSE Management System, which is in accordance with ISO 14001 and OHSAS 18001 international standards, sets out how we identify, assess and manage risks with respect to health, safety, security and environment.

During the year 2019, five training and awareness programmes were held, focusing mainly on health, security, and first aid, with another 11 in the pipeline for 2020.

SUSTAINABILITY STATEMENT

In addition to awareness and enforcement on occupational safety and health ("OSH") compliance, Malakoff also invested in training OSH officers and practitioners, heightened enforcement activities and management leadership. We aligned our work processes with the OSH Management System and focused on promoting a preventive and safety culture at the workplace, taking various steps to raise awareness among employees and contractors.

As a result of these positive measures, we saw steady improvements in our safety performance, with the total number of incidents declining to 20 in 2019, compared with 26 and 22 in 2018 and 2017, respectively. There was zero LTI in 2019, against three in 2018 and four in the preceding year. LTIFR stood at 0, 0.45 and 0.59, respectively.

In recognition of the Group's efforts in creating a safe work environment, three of our plants bagged the Malaysian Society of Occupational Safety & Health Awards, with PPP taking home the Gold Merit, LPP obtaining Gold Class 1 and TBPP achieving Gold Class 2.

Moving ahead, we continue to work on ensuring every worker complies with our safety standards and practices self-regulation. There will be no let-up in our efforts to raise awareness on HSSE at the workplace in line with our preventive culture and the necessary safety training will continue to be conducted throughout 2020.

OSH TRAINING AND AWARENESS PROGRAMMES HELD IN 2019

NO	OSH TRAININGS/AWARENESS/REFRESHER/INITIATIVE PROGRAMS - 2019	LOCATION
1.	ISO 45001 Transition Training	All Plants
2.	AGTES Registration Training	All Plants
3.	Basic Fire Fighting and Fire Watcher Awareness Training	All Plants
4.	First Aid Training	All Plants
5.	Security Training (ISPS Code)	TBPP
6.	Blood Donation Drive	All Plants
7.	Emergency Response Team Training	All Plants
8.	AADK Drug Test	All Plants
9.	Safety Forum and Awareness program for Outage Contractors	All Plants
10.	Health Talk (Ergonomics, Healthy Lifestyle, Stress, Mental Awareness etc.,)	All Plants
11.	Incident investigation Training	All Plants
12.	Working at Height Training	All Plants
13.	Malakoff Safety Passport for In House Contractors	All Plants
14.	Plant Safety Passport for Staff	All Plants
15.	AGT Course Training	TBEPP
16.	Auxiliary Police & Security Training	TBPP
17.	Competent Person Awareness training	All Plants
18.	Toolbox Talk	All Plants

COMMUNITY INVESTMENT AND DEVELOPMENT

GRI 103, 103-2, 103-3, 413-1, 413-2

The success of our growth is dependent on the progress and development of the communities surrounding the areas where we conduct our business. To this end, we develop and invest in many community support programmes, focusing mainly on education and the environment, which are implemented both within Malaysia as well as in other countries in which Malakoff operates.

We take a long-term approach to fulfilling our responsibility as an active member and contributor to the community. Employees are encouraged to connect with and contribute to the society through participation as well as to promote solidarity and a sense of pride to be part of a caring organisation. This essentially forms the crux of social sustainability and enhances long-term value creation for our stakeholders.

Through this outreach, we have managed to strengthen our relationship with the community and helped almost 7,000 people gain a brighter future or a better life, and we aim to further extend our assistance to more local communities in the future.

MEASURES TO IMPROVE LIKELIHOOD OF COMMUNITY AND JOB OPPORTUNITY

Our commitment to lend support to the underprivileged continues with our annual contribution through Wakalah Zakat for the development of community welfare and well-being.

Malakoff's contribution in 2019 aided a total of 473 poor and needy people, or *Asnaf Fakir & Miskin*, by way of financial support to improve their quality of life and help in their daily needs.

Youth Education and Development
GRI 413-1

Our key Corporate Social Responsibility ("CSR") on Education is the Malakoff Edufund Programme, which was established in 2002, to provide financial support to 11 Adopted Schools in the states of Perak, Pulau Pinang and Johor.

We helped equip these schools with learning tools and better infrastructure for the benefit of the local students. Separately, we provided financial assistance to needy local school children prior to the beginning of the school year.

In 2019, we extended our comprehensive CSR Education Programme in Mukim Serkat, Pontian, Johor to include "Jom Sarap with Malakoff", tuition classes, motivational and examination preparatory seminars and English classes.

The move aims to provide school children with a nutritious breakfast to help them focus better in class, encourage students to arrive at school early and assist UPSR candidates in their upcoming examination. Some 985 schoolchildren from seven primary schools in Mukim Serkat benefitted from this initiative.

In response to the Government's call for corporate organisations to support local higher institutions of education, Malakoff continues to extend its support to Universiti Tenaga Nasional ("UNITEN") and Universiti Malaysia Pahang ("UMP") through various students-related activities in the respective universities.

Our wholly owned subsidiary, Teknik Janakuasa Sdn Bhd ("TJSB") inked a Memorandum of Understanding ("MoU") on 11 February 2019 with the Centre for Power Electrical Engineering Studies ("CEPES") at Universiti Teknologi MARA's ("UiTM") Engineering Faculty to collaborate on future research, innovation, industrial training and other relevant academic activities. This partnership encourages the exchange of information, expertise and experience in professional development.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL AWARENESS

GRI 413-1

We continue to raise awareness on environmental issues through various events within our organisation, with our local communities as well as youths and school children.

Activities include talks and seminars, initiatives to clean up the environment through *gotong-royong* and in collaboration with local municipalities as well as campaigns with the local communities and schools.

Our latest effort was to educate students on the importance of environmental preservation and the need to maintain a clean surrounding through a series of awareness talks at our adopted schools. One was held on 24 October 2019 at SK Sungai Durian in Mukim Serkat, Johor and another on 6 November 2019 at SK Segari, Perak.

Topics discussed included pollution, global warming, waste disposal, deforestation, loss of endangered species and public health issues, amongst others, to educate and encourage students to play a bigger role in combating climate change and to preserve the environment for themselves and their future generations.

RESPONSIBLE SUBCONTRACTING AND PROCUREMENT

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

We continue to adopt a non-discriminatory policy in the selection of vendors and suppliers to support our business operations. In this regard, vendors are selected based purely on merit; the strength of their value proposition as well as other factors such as past track record, their inherent expertise and experience and also their commitment to sustainability and good corporate governance.

In essence, vendors must also demonstrate a strong sense of business integrity, transparency and accountability and operate to the same corporate values that Malakoff espouses. We continue to promote sustainable business practices and good governance within our value chain by making these prerequisites for vendors to comply with in order to qualify as registered Malakoff vendor.

The Vendor's Day event held to raise awareness among our vendors on the new procurement processes and requirements helped to reinforce their understanding and appreciation of our efforts towards sustainability.

Where possible, our preference is to support local vendors in areas where we operate.

HUMAN RIGHTS

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

As a responsible organisation, Malakoff is committed to the safeguarding of human rights and ensuring that its business operations do not infringe on the basic rights of employees and the various communities in which we operate in.

Our commitment is in line with the ILO and the Universal Declaration of Human Rights.

We are pleased to report that in FY2019, the Group has neither had human rights abuse incidents, nor human rights violation involving indigenous people reported at any time in the Group's history.

THE WAY FORWARD

Progressively, sustainability is being placed at the heart of our business model and operations and is becoming the driving force to achieve stakeholder value creation; and to ensure the realisation of the Group's medium and long-term business objectives.

Our focus on sustainability is driven by strong business objectives. The challenges Malakoff faces as a business entity necessitate that we stay focussed on driving our performance based on a triple bottomline. It is the way forward in ensuring Malakoff's continued relevance and competitiveness in a dynamic and disrupted energy marketplace.

Importantly, our sustainability approach, strategies and related policies are not solely reactive, but serve to enable the Group to tap emerging opportunities within the rapidly changing business environment.

Malakoff intends to remain at the forefront of the energy industry, in particular for RE. We continue to grow our RE energy mix as proven in our FY2019 achievements, focussing on hydro and solar.

We remain aligned to the aspirations of the government and the world to source and provide cleaner energy solutions to power socio-economic growth and continued development and prosperity.

We will also look to drive strategic and operational synergy, notably with the acquisition of Alam Flora. Sustainable waste management operations is good for the nation as well as lends itself to the Group's business model.

As Malaysia's largest IPP, we are cognisant of our responsibilities in leading the way forward for more sustainable energy solutions in Malaysia and abroad.

However, sustainable is not just measured in terms of RE or environmental impact but also in terms of affordability and accessibility.

We believe that in today's world, power is akin to a basic human right and we must continue to ensure that all communities are able to leverage on the benefits of electricity.

We are undaunted and stand motivated and confident of the future. As we enter a new decade in FY2020, Malakoff is ready to embrace the emerging challenges and opportunities, for which we have charted a robust path towards securing our future.

In the process, we will continue to seek means to improve our performance across all materiality matters as reported in this Statement. In terms of operations, we will continue to prioritise operational excellence and efficiency whilst maintaining safety and security.

Our sustainability journey will remain inclusive as we continue to listen to the views of our many stakeholders; and to prioritise their concerns. We endeavour to achieve improvements in identified areas that we have mentioned and, where possible, to extend the breadth of our sustainability efforts.

We also hope to be able to further increase the level of disclosure in the coming years where we discuss both our successes as well as areas that we could further improve upon in the future, and possibly implementing a more comprehensive approach to environmental and social development.

SUSTAINABILITY STATEMENT

GRI Standard	Disclosure		Page number(s) and/or URL(s)
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	**Organisational profile**		
	102-1	Name of the organisation	Cover page Annual Report FY2019
	102-2	Activities, brands, products, and services	Corporate Overview (Page 2)
	102-3	Location of headquarters	Corporate Information (Page 5)
	102-4	Location of operations	Domestic and International Footprint (Page 32)
	102-5	Ownership and legal form	Corporate Structure (Page 8)
	102-6	Markets served	Corporate Overview (Page 2)
	102-7	Scale of the organisation	Corporate Structure (Page 8)
	102-8	Information on employees and other workers	Sustainability Statement: People (Page 67)
	102-9	Supply chain	The FY2019 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	Governance: Regulatory Compliance (Page 56), Information Security (Page 59) and Statement of Risk Management and Internal Control (Page 108 - 114)
	102-12	External initiatives	Distribution and External Assurance (Page 50), Information Security (Page 59)
	102-13	Membership of associations	About This Statement (Page 50)
	Strategy		
	102-14	Statement from senior decision-maker	CEO's Message (Page 48)
	102-15	Key impacts, risks, and opportunities	CEO's Message (Page 48)
	Ethics and integrity		
	102-16	Values, principles, standards, and norms of behavior	Governance (Page 51-52,61)
	102-17	Mechanisms for advice and concerns about ethics	Governance (Page 56-62)
	Governance		
	102-18	Governance structure	Sustainability Governance Structure (Page 52)
	102-19	Delegating authority	Sustainability Governance Structure (Page 52)

GRI Standard	Disclosure		Page number(s) and/or URL(s)
	102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Governance Structure (Page 52)
	102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement (Page 53)
	102-22	Composition of the highest governance body and its committees	Corporate Information (Page 5)
	102-23	Chair of the highest governance body	Board of Directors' Profile (Page 16 - 21)
	102-24	Nominating and selecting the highest governance body	Corporate Governance Overview Statement (Page 92 -107)
	102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Overview Statement (Page 92 -107)
	102-27	Collective knowledge of highest governance body	Board of Directors' Profile (Page 16 - 21)
	102-28	Evaluating the highest governance body's performance	Corporate Governance Overview Statement (Page 92 -107)
	102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Statement: Materiality (Page 54)
	102-30	Effectiveness of risk management processes	Statement of Risk Management and Internal Control (Page 108 - 114)
	102-31	Review of economic, environmental, and social topics	Sustainability Statement: Materiality (Page 54)
	102-32	Highest governance body's role in sustainability reporting	Sustainability Governance Structure (Page 52)
	102-33	Communicating critical concerns	Sustainability Statement: Materiality (Page 54)
	102-34	Nature and total number of critical concerns	Sustainability Statement: Materiality (Page 54-55)
	102-35	Remuneration policies	Corporate Governance Overview Statement: BNRC (Page 92 -107)
	102-36	Process for determining remuneration	Corporate Governance Overview Statement: BNRC (Page 92 - 107)
	102-37	Stakeholders involvement in remuneration	Corporate Governance Overview Statement: BNRC (Page 92 -107)
	102-38	Annual total compensation ratio	Corporate Governance Overview Statement: BNRC (Page 92 - 107)
	102-39	Percentage increase in annual total compensation ratio	Corporate Governance Overview Statement: BNRC (Page 92 -107)

SUSTAINABILITY STATEMENT

GRI Standard	Disclosure		Page number(s) and/or URL(s)
	Stakeholder engagement		
	102-40	List of stakeholder groups	Stakeholder Engagement (Page 53)
	102-41	Collective bargaining agreements	Sustainability Statement: Human Rights (Page 72)
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement (Page 53)
	102-43	Approach to stakeholder engagement	Stakeholder Engagement (Page 53)
	102-44	Key topics and concerns raised	Stakeholder Engagement (Page 53)
	Reporting practice		
	102-45	Entities included in the consolidated financial statements	Page 122-297
	102-46	Defining report content and topic Boundaries	About This Statement (Page 50)
	102-47	List of material topics	Sustainability Statement: Materiality (Page 55)
	102-48	Restatements of information	Stakeholder Engagement (Page 53)
	102-49	Changes in reporting	About This Statement (Page 50)
	102-50	Reporting period	About This Statement (Page 50)
	102-51	Date of most recent report	About This Statement (Page 50)
	102-52	Reporting cycle	About This Statement (Page 50)
	102-53	Contact point for questions regarding the report	About This Statement (Page 50)
	102-54	Claims of reporting in accordance with the GRI Standards	About This Statement (Page 50)
	102-55	GRI content index	Sustainability Statement: GRI Content Index Table (Page 74-81)
	102-56	External assurance	About This Statement (Page 50)
Material Topics			
GRI 200 Economic Standard Series			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Management Discussion and Analysis (Page 34 -46)
	103-2	The management approach and its components	Management Discussion and Analysis (Page 34 -46)
	103-3	Evaluation of the management approach	Management Discussion and Analysis (Page 34 -46)
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Management Discussion and Analysis (Page 34 -46) and Sustainability Statement: Security of Supply & Plant Security (Page 58), Strategic Business Development (Page 59), Renewable Energy (Page 60), Operational Excellence (Page 60)
	201-2	Financial implications and other risks and opportunities due to climate change	Chairman's Statement (Page 28 - 31) and Sustainability Statement: Regulatory Compliance -Renewable Energy (Page 60)

GRI Standard	Disclosure		Page number(s) and/or URL(s)
Market Presence			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Management Discussion and Analysis (Page 34- 46)
	103-2	The management approach and its components	Management Discussion and Analysis (Page 34- 46)
	103-3	Evaluation of the management approach	Management Discussion and Analysis (Page 34- 46)
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	Sustainability Statement: People (Page 67)
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: People (Page 67)
	103-2	The management approach and its components	Sustainability Statement: People (Page 67)
	103-3	Evaluation of the management approach	Sustainability Statement: People (Page 67)
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Management Discussion and Analysis (Page 34 -46) and Sustainability Statement: Governance Regulatory Compliance - Security of Supply & Plant Security (Page 58), Strategic Business Development (Page 59)
	203-2	Significant indirect economic impacts	Sustainability Statement: People (Page 67)
Procurement Practices			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: Responsible Subcontracting & Procurement (Page 72)
	103-2	The management approach and its components	Sustainability Statement: Responsible Subcontracting & Procurement (Page 72)
	103-3	Evaluation of the management approach	Sustainability Statement: Responsible Subcontracting & Procurement (Page 72)
Anti-corruption			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: Anti-Bribery Compliance (Page 56)
	103-2	The management approach and its components	Sustainability Statement: Anti-Bribery Compliance (Page 56)
	103-3	Evaluation of the management approach	Sustainability Statement: Anti-Bribery Compliance (Page 56)
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Sustainability Statement: Anti-Bribery Compliance (Page 56-57)
	205-3	Confirmed incidents of corruption and actions taken	Sustainability Statement: Whistle-Blowing Policy (Page 58)

SUSTAINABILITY STATEMENT

GRI Standard	Disclosure		Page number(s) and/or URL(s)
GRI 300 Environmental Standards Series			
Materials			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: Environment - Energy Consumption and Efficiency (Page 63)
	103-2	The management approach and its components	Sustainability Statement: Environment - Energy Consumption and Efficiency (Page 63)
	103-3	Evaluation of the management approach	Sustainability Statement: Environment - Energy Consumption and Efficiency (Page 63)
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Sustainability Statement: Environment - Energy Consumption and Efficiency (Page 63)
	301-2	Recycled input materials used	Sustainability Statement: Environment - Waste Management (Page 65-66)
Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: Environment - Energy Consumption and Efficiency (Page 63)
	103-2	The management approach and its components	Sustainability Statement: Environment - Energy Consumption and Efficiency (Page 63)
	103-3	Evaluation of the management approach	Sustainability Statement: Environment - Energy Consumption and Efficiency (Page 63)
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Sustainability Statement: Environment - Energy Consumption and Efficiency (Page 63-64), Alam Flora (Page 66)
	302-4	Reduction of energy consumption	Sustainability Statement: Environment - Energy Consumption and Efficiency (Page 64)
Water			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: Environment - Water Use Impact (Page 64)
	103-2	The management approach and its components	Sustainability Statement: Environment - Water Use Impact (Page 64)
	103-3	Evaluation of the management approach	Sustainability Statement: Environment - Water Use Impact (Page 64)
GRI 303: Water 2016	303-1	Water withdrawal by source	Sustainability Statement: Environment - Water Use Impact (Page 65)
	303-3	Water recycled and reused	Sustainability Statement: Environment - Water Use Impact (Page 65)
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: Environment - Emissions Management (Page 63)
	103-2	The management approach and its components	Sustainability Statement: Environment - Emissions Management (Page 63)
	103-3	Evaluation of the management approach	Sustainability Statement: Environment - Emissions Management (Page 63)

GRI Standard	Disclosure		Page number(s) and/or URL(s)
Effluents and Waste			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: Environment - Waste Management (Page 65)
	103-2	The management approach and its components	Sustainability Statement: Environment - Waste Management (Page 65)
	103-3	Evaluation of the management approach	Sustainability Statement: Environment - Waste Management (Page 65)
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Sustainability Statement: Environment - Waste Management (Page 65), Alam Flora (Page 66)
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: Governance Regulatory Compliance (Page 56)
	103-2	The management approach and its components	Sustainability Statement: Governance Regulatory Compliance (Page 56)
	103-3	Evaluation of the management approach	Sustainability Statement: Governance Regulatory Compliance (Page 56)
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Sustainability Statement: Governance Regulatory Compliance (Page 56)
GRI 400 Social Standards Series			
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: People (Page 67)
	103-2	The management approach and its components	Sustainability Statement: People (Page 67)
	103-3	Evaluation of the management approach	Sustainability Statement: People (Page 67)
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Sustainability Statement: People (Page 67)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Statement: People (Page 68)
	401-3	Parental leave	Sustainability Statement: People (Page 68)
Labor/Management Relations			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: People - Employee Welfare (Page 68)
	103-2	The management approach and its components	Sustainability Statement: People - Employee Welfare (Page 68)
	103-3	Evaluation of the management approach	Sustainability Statement: People - Employee Welfare (Page 68)

SUSTAINABILITY STATEMENT

GRI Standard	Disclosure		Page number(s) and/or URL(s)
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: People - Occupational Safety and Health (Page 69-70)
	103-2	The management approach and its components	Sustainability Statement: People - Occupational Safety and Health (Page 69-70)
	103-3	Evaluation of the management approach	Sustainability Statement: People - Occupational Safety and Health (Page 69-70)
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Sustainability Statement: People - Occupational Safety and Health (Page 69)
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: People - Talent Development (Page 68)
GRI 404: Training and Education 2016	103-2	The management approach and its components	Sustainability Statement: People - Talent Development (Page 68)
	103-3	Evaluation of the management approach	Sustainability Statement: People - Talent Development (Page 68)
	404-1	Average hours of training per year per employee	Sustainability Statement: People - Talent Development (Page 68)
	404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Statement: People - Talent Development (Page 68)
	404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Statement: People - Talent Development (Page 68)
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: People -Diversity & Equal Opportunities (Page 67)
	103-2	The management approach and its components	Sustainability Statement: People -Diversity & Equal Opportunities (Page 67)
	103-3	Evaluation of the management approach	Sustainability Statement: People -Diversity & Equal Opportunities (Page 67)
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Corporate Governance Overview Statement (Page 92 -107)

GRI Standard	Disclosure		Page number(s) and/or URL(s)
Non-discrimination			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: People -Diversity & Equal Opportunities (Page 67)
	103-2	The management approach and its components	Sustainability Statement: People -Diversity & Equal Opportunities (Page 67)
	103-3	Evaluation of the management approach	Sustainability Statement: People -Diversity & Equal Opportunities (Page 67)
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Sustainability Statement: People -Diversity & Equal Opportunities (Page 67)
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: People -Human Rights (Page 72)
	103-2	The management approach and its components	Sustainability Statement: People -Human Rights (Page 72)
	103-3	Evaluation of the management approach	Sustainability Statement: People -Human Rights (Page 72)
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Sustainability Statement: People - Community Investment and Development (Page 70)
	103-2	The management approach and its components	Sustainability Statement: People - Community Investment and Development (Page 70)
	103-3	Evaluation of the management approach	Sustainability Statement: People - Community Investment and Development (Page 70)
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Statement: People - Community Investment and Development (Page 70-71)
	413-2	Operations with significant actual and potential negative impacts on local communities	Sustainability Statement: People - Community Investment and Development (Page 70-71)

CORPORATE EVENTS HIGHLIGHTS

FEBRUARY

11 February 2019

Teknik Janakuasa Sdn Bhd signed a Memorandum of Understanding ("MoU") with the Centre for Power Electrical Engineering Studies ("CEPES") of the Universiti Teknologi MARA's Engineering Faculty

26 February 2019

Tanjung Bin New Coal Unloading Jetty Project celebrated 1 Million Safe Man Hours Without LTI

27 February 2019

Lumut Power Plant won the National Council for Occupational Safety and Health Excellence ("NCOSH") Award 2018 for the "Electricity Facility" category from the Department of Occupational Safety and Health ("DOSH")

MARCH

7 March 2019

Closing ceremony of Port Dickson Power Plant

15 March 2019

Malakoff organised a friendly football match with the Energy Commission ("ST")

31 March 2019

'*Jom Sarap*' programme for seven schools in Mukim Serkat was officially launched

APRIL

25 April 2019

Malakoff's 13th Annual General Meeting

26 April 2019

Malakoff organised Movie Screening with New Straits Times Press ("NSTP")

26-27 April 2019

Malakoff collaborated with *Penghulu Mukim Serkat* and schools to organise '*Program Motivasi Kecemerlangan UPSR Mukim Serkat 2019*'

27 April 2019

Malakoff organised a friendly futsal game with Ministry of Energy, Science, Technology, Environment and Climate Change ("MESTECC"), ST and Ministry of Economic Affairs ("MEA")

MAY

4 May 2019

Ceramah Perdana Segari delivered by Ustaz Haslin Baharim

9 May 2019

Ceramah Perdana KLHQ delivered by Ustaz Dato' Badli Shah Alauddin

CORPORATE EVENTS HIGHLIGHTS

9 May 2019

Iftar with the local authorities in Manjung, Perak

13 May 2019

Iftar with the local authorities in Johor Bahru, Johor

21 May 2019

Ceramah Perdana KLHQ delivered by Ustaz Ahmad Dusuki Abdul Rani

23 May 2019

Iftar with the local authorities in Prai, Penang

23 May 2019

Malakoff distributed *Wakalah Zakat* fund to the community in Mukim Serkat

23 May 2019

Iftar with the local authorities in Pontian, Johor

26 May 2019

Malakoff distributed *Wakalah Zakat* fund to the community in Segari

13 June 2019

Hari Raya Aidilfitri celebration hosted by Prai Power Plant

13 June 2019

Long Service Award (“LSA”) ceremony at Prai Power Plant

25 June 2019

Malakoff organised ISO 37001 Anti-Bribery Management System (“ABMS”) awareness training and workshop

JUNE

24 June 2019

Hari Raya Aidilfitri celebration hosted by Tanjung Bin Power Plant and Tanjung Bin Energy Power Plant

24 June 2019

LSA ceremony at Tanjung Bin Power Plant and Tanjung Bin Energy Power Plant

CORPORATE EVENTS HIGHLIGHTS

27 June 2019

Hari Raya Aidilfitri celebration hosted by Lumut Power Plant

27 June 2019

LSA ceremony at Lumut Power Plant

29 June 2019

Malakoff collaborated with *Penghulu Mukim Serkat* and schools to organise '*Kem Kecemerlangan Mencapai Tahap Minima (MTM) UPSR 2019*'

JULY

3 July 2019

LSA ceremony at Malakoff KLHQ

3 July 2019

Hari Raya Aidilfitri celebration for staff at Malakoff KLHQ

AUGUST

2 August 2019

Malakoff donated cattle to the Segari community in conjunction with the *Hari Raya Aidiladha* celebration

6 August 2019

Ceramah Perdana KLHQ delivered by Ustaz Dr Muhammad Ayman al-Akiti

9 August 2019

Malakoff donated cattle to the Mukim Serkat community in conjunction with the *Hari Raya Aidiladha* celebration

20-21 August 2019

Malakoff organised the first Malakoff Technical Conference 2019

SEPTEMBER

12 September 2019

Malakoff and Japan Electric Power Development Co. Ltd. ("J-POWER") of Japan signed an MoU to develop power generation and/or water projects

15 September 2019

Ceramah Perdana Mukim Serkat delivered by Datuk Haji Yahya Ahmad, Mufti Negeri Johor

CORPORATE EVENTS HIGHLIGHTS

26 September 2019

Malakoff presented a new *mimbar* to Masjid Khairul Jariah, Segari

09

OCTOBER

12 October 2019

Malakoff organised a friendly bowling match with BERNAMA

23 October 2019

Malakoff Vendors’ Awareness Day in Prai

24 October 2019

Malakoff organised ‘Better Environment, Better Tomorrow’ awareness talk at Sekolah Kebangsaan Sungai Durian, Mukim Serkat

24 October 2019

Malakoff organised health talks on ergonomics and chronic diseases for KLHQ staff

31 October 2019

Malakoff Vendors’ Awareness Day in Pontian

10

NOVEMBER

1 November 2019

Malakoff organised a friendly football match with MESTECC

3-9 November 2019

Tanjung Bin Health, Security, Safety and Environment (“HSSE”) Day 2019

5 November 2019

Malakoff Vendors’ Awareness Day in Kuala Lumpur

6 November 2019

Malakoff organised ‘Better Environment, Better Tomorrow’ awareness talk at Sekolah Kebangsaan Segari

CORPORATE EVENTS HIGHLIGHTS

7 November 2019

Ceramah Perdana KLHQ delivered by Ustaz Harryanto Rizal Rokman

19-25 November 2019

Lumut Power Plant HSSE Day 2019

25-29 November 2019

Prai Power Plant HSSE Day 2019

DECEMBER

20 December 2019

Malakoff organised a friendly bowling game with MESTECC and ST

21 December 2019

Malakoff organised a friendly bowling game with Tenaga Nasional Berhad ("TNB") Grid System Operator ("GSO") and Single Buyer

22 December 2019

Malakoff collaborated with Agensi Anti Dadah Kebangsaan ("AADK") Pontian and Majlis Tindakan Membanteras Dadah ("MTMD") Pontian to organise '*Program Komuniti Sejahtera Tanpa Dadah*' at Kompleks Penghulu Mukim Serkat


BANK

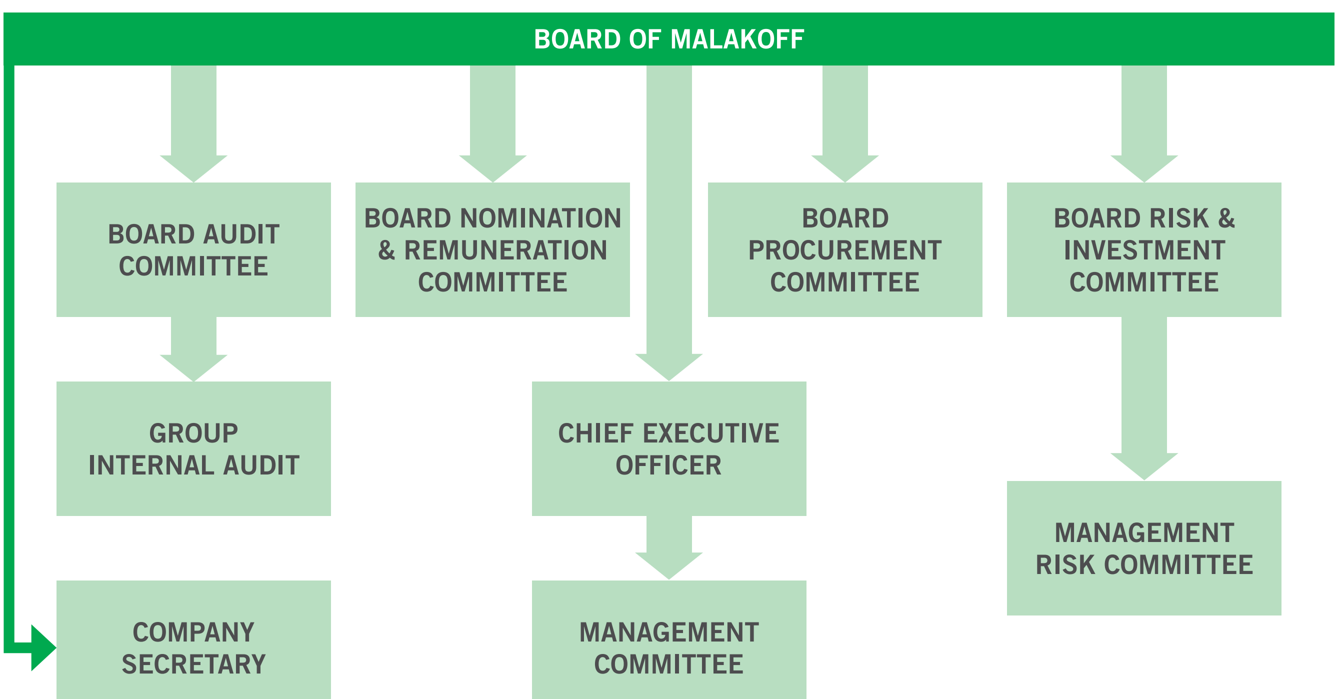
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Malakoff Corporation Berhad ("Malakoff" or "the Company") acknowledges that its role in fostering and upholding good corporate governance is essential in leading the Company towards achieving its success and enhancing shareholders' value in the long term. Therefore, although faced with an increasingly challenging operating environment, the Board continues to take its responsibilities under the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") with full commitment and had made every effort, where possible, in applying the principles of good corporate governance prescribed in the MCCG 2017.

This corporate governance overview is prepared up to 6 March 2020 and was approved by the Board on even date. It sets out a summary of the corporate governance practices undertaken during the financial year with reference to the three principles of MCCG 2017, its key focus areas and future priorities in relation to the corporate governance practices. In addition, the application of each of the practices set out in the MCCG 2017 is disclosed in our Corporate Governance Report which is available on Malakoff's corporate website at www.malakoff.com.my.

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

1. Companies Act 2016 ("**Act**");
2. Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**"); and
3. MCCG 2017.



A. BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD ACTIVITIES

The principal role of the Board of Malakoff ("**Malakoff Board**") is to govern and set the strategic direction of the Group while exercising oversight over management of Malakoff and its businesses in accordance with the approved strategic plans of the Malakoff Group. The strategic plans continue to be reviewed periodically by the Board and Management to ensure its relevance to the Company's operating environment including any changes to the Government's policies for the power industry.

The Board also sets the Group's core values, adopts proper standards to ensure that the Group operates with integrity, and complies with the relevant rules and regulations. The roles and responsibilities of the Board are set out in the Board Charter which is available on the Malakoff's corporate website at www.malakoff.com.my.

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

(a) Chairman of the Board

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

(b) Company Secretaries

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

(c) Code of Conduct

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

(d) Whistleblowing Policy

The Whistleblowing Policy of the Group was established to provide employees and third parties with proper avenue and procedure to disclose cases of improper conduct such as criminal offences, fraud, corruption, breach of Group policies and Code of Conduct or other malpractices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

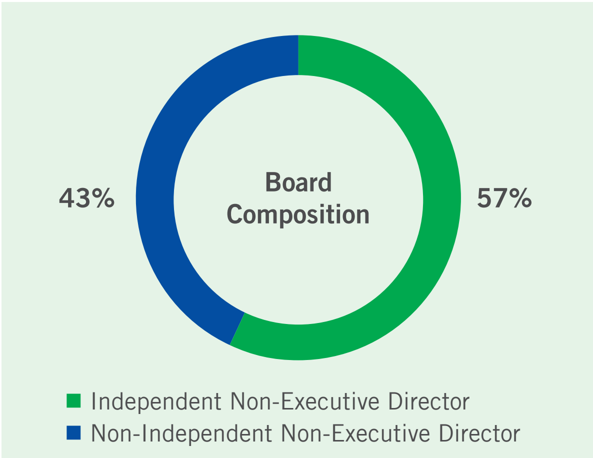
Disclosure of any improper conduct can be made verbally or in writing to the Chairman of the BAC via a letter or e-mail to whistleblowing@malakoff.com.my.

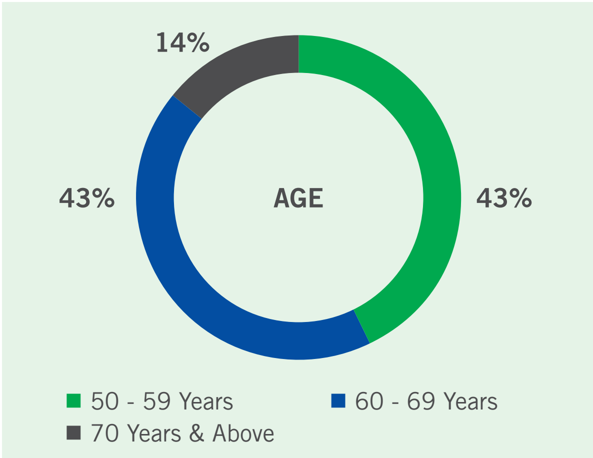
II. BOARD COMPOSITION

a) Board Size and Structure

The Malakoff Board, with seven non-executive directors, is composed of four independent and three non-independent directors. The composition of the Board meets the MMLR of Bursa Malaysia which requires a minimum of two or one-third, whichever is the higher, as independent directors ("**IDs**") including the Chairman. Subsequent to the resignation of Cik Sharifah Sofia Syed Mokhtar Shah on 30 November 2019, the Board comprises more than 50% IDs and has met the practice as set out in MCCG 2017 which requires Large Companies to have majority IDs on the Board. The Board considers the current Board size to be optimal in ensuring swift decision making and at the same time, effective discharge of its duties and responsibilities.

The summary of Board Composition as at 31 December 2019 is set out below:





The Board takes cognizance of the benefits of having a diverse range of skills, knowledge, experience, background and gender among its members which would promote effective Board deliberations and robust decision making where matters are viewed from wider and broader perspectives. Since the adoption of diversity policy on 21 November 2016, the Board regularly reviews the current and desired skills and experience of each Director and the Board as a whole, taking into consideration the specialised and changing environment that the Company operates within.

With the resignation of Cik Sharifah Sofia Syed Mokhtar Shah as Non-Independent Non-Executive Director ("**NINED**") of the Company during the year, the percentage of women Directors of the Company had declined from 25% to 14%. Whilst the Board recognises that MCCG 2017 had recommended for Large Companies to have at least 30% women directors, any appointment of director on the Malakoff Board is only made after objective and thorough assessment by the BNRC of the appropriateness of the candidate's skills and experience. The appointment of additional woman director(s) will be made as and when the Company identifies suitable candidates who can complement the current Board composition and skill mix.

b) Re-election and Re-appointment of Directors

Pursuant to the Company's Constitution, all Directors must submit themselves for re-election at least once every three years. The Company's Constitution also mandates that one-third of the Board shall retire from office every year and shall be eligible for re-election at the Annual General Meeting ("**AGM**") of the Company. In this respect, two non-executive directors ("**NED**"), Datuk Ooi Teik Huat and Datuk Rozimi Remeli, will be retiring at the forthcoming AGM and they have expressed their intention to seek re-election at the said AGM.

In determining the eligibility of the retiring Directors to stand for re-election, the BNRC considered the performance and contribution of the Directors seeking re-election before the names of these Directors are submitted and recommended by the Board to the shareholders for re-election into office. For the financial year in review, this was done through a Board assessment with facilitation of the Company Secretary whereby Board members were required to conduct a peer assessment of other Directors in areas amongst others, his/her knowledge, skills, qualifications and contributions to Board proceedings. The BNRC's recommendations on the Directors standing for re-election at the forthcoming AGM are stated in Explanatory Note 2 under the Notice of the 14^{th} AGM.

c) Board Independence

IDs bring views and judgment to the Board deliberation and decision which are independent of the Management and free of any business or other relationship that could or reasonably be perceived to materially interfere with the exercise of objective, unfettered or independent judgement, having regard to the best interest of the Company and its shareholders generally. The Board comprises a strong mix of experienced individuals, the majority being independent who offer external perspectives on the business and operations of the Company. NEDs scrutinise the performance of the Management in meeting the agreed goals and objectives and monitor the reporting of the Group's performance.

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

The Board conducts formal assessment on Directors' independence annually to ensure that there are independent elements that fit the Company's objectives and strategic goals. The results of the independence assessment for IDs will be tabled at the Board for discussion. Prior to accepting any new director on the Board, each new independent non-executive director ("**INED**") is required to declare his/her interests and relationship to the Board through the submission of an independence assessment form, which information will form the basis for the Board's consideration of accepting the ID to the Board.

In addition to the Term Limit and Retirement Age (as defined in the Policy on Independent Non-Executive Directors Tenure ("**INED Policy**")), the Board had on 19 February 2020 approved the revision of the INED Policy to reflect the cumulative nine-year limit for INED. An INED who has reached the nine-year limit may, subject to thorough assessment of the BNRC and approval of the Board, be recommended for retention as INED by shareholders' approval annually, or the INED will be re-designated as Non-IDs of the Company.

The tenures of Malakoff's IDs have not exceeded a cumulative term of nine years since its listing in May 2015 and will only be due in May 2024. The years of service of the IDs as at 31 December 2019 are summarised below:

Years of Service	<1	1 to 3	4 to 6	7 to ≤ 9
No. of Directors	0	2	2	0

The Board has reviewed the position and relationship of all Directors in office as at the date of the 2019 annual report and considered that all four INEDs fulfilled the independence criteria as IDs and are independent.

d) Succession Planning

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

III. BOARD MEETINGS

The Board convened ten Board meetings during the year, five of which are scheduled meetings and the other five are on ad hoc basis to consider urgent matters. All Directors have full attendance to the Board meetings except for one director who recorded 90% attendance.

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

Name of Directors	No. of meetings attended
Datuk Haji Hasni Harun	10 of 10
Dato' Sri Che Khalib Mohamad Noh	10 of 10
Cindy Tan Ler Chin	10 of 10
Datuk Ooi Teik Huat	9 of 10
Datuk Dr. Syed Muhamad Syed Abdul Kadir	10 of 10
Datuk Idris Abdullah	10 of 10
Datuk Rozimi Remeli	10 of 10
Sharifah Sofia Syed Mokhtar Shah *(resigned on 30 November 2019)*	10 of 10

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

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

IV. BNRC

The BNRC of Malakoff consists of four members with a majority being INEDs. The Chairman of the BNRC, Datuk Haji Hasni Harun, is an INED.

The BNRC held three meetings during the FY2019 to review the nomination and remuneration matters related to the Board and Management and make the necessary recommendations to the Board for approval. The Chairman of BNRC reports to the Board after each BNRC meeting.

The roles and responsibilities of BNRC are set out in its terms of reference which are available on the Company's website. The key activities of the BNRC during FY2019 are summarised below:-

Nominating Matters
Board Composition and Succession Planning
• reviewed the size and composition of the Board and Board Committees as well as the Boards of the subsidiaries. • made recommendation on the composition of the Boards of subsidiaries and appropriate nominees to represent Malakoff on the Boards of these companies. • reviewed the succession planning for CEO-1 positions.
Recruitment/Appointment of Directors
• reviewed the skills, expertise, knowledge and experience of the proposed Director for appointment on the BRIC (Datuk Rozimi Remeli). • identified and evaluated candidacy of director and made the necessary recommendations to the Board for approval.
Nomination of New Nominees on the Boards of the Subsidiaries/Associate Companies
• reviewed the background, skills, expertise, knowledge and experience of the management team proposed by the CEO to be in the pool for nominee directors for selection to the Boards of Malakoff's local and overseas subsidiaries and associates. • evaluated the candidacy of directors to the Boards of local and overseas subsidiaries and associates and made the necessary recommendations to the Board.
Directors' Retiring by Rotation
• reviewed the performance of the Directors retiring by rotation and recommended to the Board on the re-election of directors. • two NEDs are subject to retirement and re-election at this AGM. • recommended the re-election of directors based on the results of the peer review assessment on their performance on the Board for FY2019.
Board Evaluation
• conducted the Board evaluation exercise in respect of the effectiveness of the Board and the Board Committees for FY2019. • reviewed the results of the Board evaluation and proposed appropriate action plans to improve on areas of weaknesses and increase effectiveness of the Board. • reviewed the training needs of the Directors.
Organisation Restructuring
• reviewed and recommended the organisation restructuring proposed by the CEO for the Board's approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

NED Remuneration Framework

The NEDs are remunerated through fixed monthly fees or allowances, meeting allowances and benefits-in-kind, such as annual leave passage and the reimbursement of business peripherals. The level of remuneration of NEDs reflects the current demanding challenges in discharging their fiduciary duties, roles and responsibilities, whether individually or collectively, as well as the complexity of the Company's operations and the industry and to also reflect the experience and level of responsibilities undertaken by the NEDs of Malakoff. The remuneration of NEDs is not based on commission, percentage of profits, or turnover and does not include commission based on the percentage of turnover of the Company.

Remuneration of each NED for the FY2019 is detailed below:

Directors	Directors' Fees	Board Committee Allowances	Meeting Allowances/ *Monthly Allowances for Subsidiary		Other Allowances[a]	Monetary Value of Benefits-in-Kind	Total
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
			Company	Subsidiary			
Datuk Haji Hasni Harun	360,000.00	36,000.00	31,000.00	6,000.00[e]	25,000.00	40,173.08[b]	498,173.08
Dato' Sri Che Khalib Mohamad Noh	90,000.00[c]	24,000.00[c]	31,000.00[c]	-	-	-	145,000.00
Cindy Tan Ler Chin	90,000.00[d]	24,000.00[d]	43,000.00	-	25,000.00	-	182,000.00
Datuk Dr. Syed Muhamad Syed Abdul Kadir	90,000.00	96,000.00	56,500.00	-	5,000.00	-	247,500.00
Datuk Idris Abdullah	90,000.00	90,000.00	56,500.00	5,000.00*[f]	25,000.00	-	266,500.00
Datuk Ooi Teik Huat	90,000.00	30,000.00	52,000.00	-	25,000.00	-	197,000.00
Datuk Rozimi Remeli	90,000.00	49,548.39	66,500.00	-	25,000.00	-	231,048.39
Former director (resigned during the FY2019):							
Sharifah Sofia Syed Mokhtar Shah (Resigned on 30 November 2019)	82,500.00	-	27,500.00	-	-	-	110,000.00
Total for NEDs	**982,500.00**	**349,548.39**	**364,000.00**	**11,000.00**	**130,000.00**	**40,173.08**	**1,877,221.47**

Notes:

a. *Other allowances paid by Malakoff to the NEDs comprising annual leave passage & annual supplemental fees.*
b. *Benefits-in-kind paid to the Chairman of Malakoff comprising company car and reimbursement of petrol.*
c. *Directors' fees, Board Committee allowances and meeting allowances are shared on an equal basis between MMC Corporation Berhad ("**MMC**") and the NED who is nominated by MMC.*
d. *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.*
e. *Meeting allowance for Board meetings payable by the new subsidiary of Malakoff, Malaysian Shoaiba Consortium Sdn Bhd.*
f. *Monthly allowance payable by a newly acquired subsidiary of Malakoff, Alam Flora Sdn Bhd.*

The approval of shareholders on the remuneration and benefits payable to NEDs will be sought at the 14th AGM.

V. BOARD EFFECTIVENESS

The Board through the BNRC had carried out a yearly Board assessment exercise to evaluate the overall effectiveness of the Board and individual Directors for FY2019. This assessment exercise had been conducted internally with facilitation of the Company Secretary for the past two years. The Board will consider engaging an independent consultant to facilitate periodic review on the Board's performance for Malakoff as recommended by the MCCG 2017.

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

VI. DIRECTORS' TRAINING

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

During the year, the Board members attended an in-house briefing organised by MMC Corporation Berhad in respect of "Corporate Liability and Corruption Free". On periodic basis, the Company Secretary circulates regular updates on training programmes from various organisations to the Directors for their consideration for participation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Name of Directors	Conference/Training Programmes Attended	Date
Datuk Haji Hasni Harun (Chairman)	1. Briefing on the New Section 17A, MACC Act 2018 on Corporate Liability and Corruption free	21 August 2019
	2. Global Power Outlook and Energy Transition in Malaysia	17 October 2019
	3. Malaysia Power Sector Outlook and MESI 2.0	17 October 2019
	4. National Accountants Conference 2019	22-23 October 2019
Dato' Sri Che Khalib Mohamad Noh	1. Invest Malaysia 2019 – The Capital Market Forum	19 – 20 March 2019
	2. Exclusive Program on stage with Chief Commissioner – MACC	6 August 2019
	3. Briefing on the New Section 17A, MACC Act 2018 on Corporate Liability and Corruption free	21 August 2019
	4. Moderator for IKMAL Presidential Lecture by Tun Daim Zainuddin – "Malaysia's Maritime Industry – What Lies in the Future"	13 September 2019
	5. Networking Dinner – The Cooler Earth Sustainability Summit	1 October 2019
	6. Khazanah Megatrands Forum 2019 – From the Past to the Future – Building Our Collective Brain	7 – 8 October 2019
	7. Global Power Outlook and Energy Transition in Malaysia	17 October 2019
	8. Malaysia Power Sector Outlook and MESI 2.0	17 October 2019
	9. MIS Conference 2019: Trust and Sustainability in a Digital Economy	22-23 October 2019
Cindy Tan Ler Chin	1. Business Continuity Management Workshop 2019	2 April 2019
	2. EPF Management Conference 2019	24 -27 April 2019
	3. Unrehearsed Crisis Simulation	21 August 2019
	4. Teambuilding JPR	4- 5 October 2019
	5. Mastering The Art of Storytelling for Leaders	16 October 2019
	6. Global Power Outlook and Energy Transition in Malaysia	17 October 2019
	7. Malaysia Power Sector Outlook and MESI 2.0	17 October 2019
	8. Communication Programme on Liability Corporate Section 17A SPRM Act	11 November 2019
	9. International Social Well-Being Conference 2019	21-22 November 2019
Datuk Ooi Teik Huat	1. Briefing on the New Section 17A, MACC Act 2018 on Corporate Liability and Corruption free	21 August 2019
	2. Global Power Outlook and Energy Transition in Malaysia	17 October 2019
	3. Malaysia Power Sector Outlook and MESI 2.0	17 October 2019
	4. Audit Oversight Board Annual Inspection Report 2018: Findings and Insights	22 November 2019
Datuk Idris Abdullah	1. Design Thinking for Innovation	21 March 2019
	2. Refresher-Accelerator Program: Risk Appetite Statements and ERM Reporting	16 May 2019
	3. Introduction to Cybersecurity for Business	17 August 2019
	4. Briefing on the New Section 17A, MACC Act 2018 on Corporate Liability and Corruption free	21 August 2019
	5. Global Power Outlook and Energy Transition in Malaysia	17 October 2019
	6. Malaysia Power Sector Outlook and MESI 2.0	17 October 2019

Name of Directors	Conference/Training Programmes Attended	Date
Datuk Dr. Syed Muhamad Syed Abdul Kadir	1. Speaking on Development of Insurance Law in Malaysia	17 February 2019
	2. Training on: - Latest amendments to the Listing Requirements - Roles and responsibilities of Directors, Board and Board Committees under the Listing Requirements and Malaysian Code on Corporate Governance - Common breaches of the Listing Requirements with case studies	10 April 2019
	3. FORUM on "2nd Distinguish Board Leadership Series: Rethinking Strategy"	23 April 2019
	4. Talk on "CG Watch: How does Malaysia Rank?"	3 May 2019
	5. Bursa Advocacy on Diversity by Robert Ford "Demystifying The Diversity Conundrum: The Road to Business Excellence"	12 June 2019
	6. Financial Industry Conference (FIC) 2019	17 June 2019
	7. Independent Directors Programme: The Essence of Independence	27 June 2019
	8. 2nd PIDM – FIDE Forum Annual Dialogue with the CEO of PIDM to discuss key issues on deposit insurance and a strategic overview of PIDM's evolution and future plans	12 July 2019
	9. FIDE Forum on "3rd Distinguished Board Leadership Series: Artificial Intelligence and its Role in FIs"	24 July 2019
	10. FIDE Forum – ISRA Program – "Value Based Intermediation: Director's Role"	1 August 2019
	11. Panel Slot Wacana Intelektual: CEO@Faculty: Charting Your Career Path	7 September 2019
	12. Penceramah bagi Program Seminar Persediaan Kerjaya untuk Pelajar Fakulti Ekonomi dan Muamalat	19 September 2019
	13. Khazanah Megatrends Forum	7 & 8 October 2019
	14. Global Power Outlook and Energy Transition in Malaysia	17 October 2019
	15. Malaysia Power Sector Outlook and MESI 2.0	17 October 2019
Datuk Rozimi Remeli	1. Leadership greatness in turbulent times: Building Corporate Longevity	26 June 2019
	2. Related Party Transaction & Conflicts of Interest – their implications to the Board of Directors, Audit Committee and Management	9 July 2019
	3. Global Power Outlook and Energy Transition in Malaysia	17 October 2019
	4. Malaysia Power Sector Outlook and MESI 2.0	17 October 2019

Induction Programme

The Company has a comprehensive induction programme to ease new Directors into their new roles and to assist them in understanding the Group's business strategy and operational matters. New directors are required to attend the induction programme as soon as practicable after they are appointed to the Board. The induction programme includes briefings by each division head of key aspects of their respective section and the challenges currently faced by the Group. As part of the itinerary of induction programme, the new Directors are invited to visit the Group's power plants to enable them to familiarise themselves with the operations of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

I. BAC

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

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

Under the CG Guide, continuous development programmes have been recommended for BAC members in relation to four areas namely core functions, skills development, role and purpose of the audit committee and topical updates. During the financial year under review, the BAC members have attended trainings for their continuous professional development to keep themselves abreast of the relevant developments in the industry which covered topics on new Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018 on corporate liabilities, global power outlook, Malaysia power sector outlook and MESI 2.0.

a) Assessment of External Auditors

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

The independence of the EA is maintained through a non-audit services policy approved by the Board on 23 May 2017. Under this policy, approval of the BAC is required for the engagement of the Group's EA for non-audit services, if the cumulative non-audit fees for the year reaches 50% of prior year's audit fees (including the fees for limited quarterly review). KPMG had provided a written assurance to the BAC that they had been independent throughout the audit engagement for FY2019 in accordance with the terms of all relevant professional and regulatory requirements. The Management had also ensured that necessary safeguards were in place when engaging KPMG to carry out non-audit services for the Group.

Details on the BAC are also elaborated in the BAC Report on pages 115 to 119 of this Annual Report.

b) Internal Audit Function

The Group Internal Audit ("**GIA**") supports the Board through the BAC in discharging its duties and governance responsibilities of maintaining a sound internal control system within the organisation. The internal audit function is considered an integral part of the assurance framework and GIA's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. At the same time, GIA also assists the BAC and Management to achieve the Company's goals and objectives by bringing a systematic and disciplined approach in evaluating and improving the effectiveness of 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 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 2019, the total number of personnel in GIA was eight including the Chief Internal Auditor. The name, credential and work experience of the Chief Internal Auditor of GIA are disclosed on page 27 of this Annual Report.

Details of the internal audit function and activities are presented in the BAC Report on pages 118 to 119 of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board takes cognisance of its responsibilities in maintaining a sound risk management and internal control system. The Enterprise Risk Management Policy & Framework ("**ERMPF**") ensures a structured risk management process is adopted across the Group. The ERMPF incorporates process relating to the identification, analysis, evaluation, treatment, monitoring, review, communication and consultation of the Group's risks and controls.

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

BRIC is also delegated with the responsibility to review and recommend investment proposals submitted by the Management. Under this purview, the Board had given authority to the BRIC to review and recommend the Group's major investments, including bidding for binding tenders/contracts for new power and water generation projects and assessing the key associate risks including funding options and costs as well as investment returns of such investment in accordance to the Group's Investment Policy and Guidelines.

In addition, as part of Malakoff's commitment to uphold the highest standards of ethical conduct, integrity and accountability in all our business activities and operations, the Board had in October 2019 approved the Malakoff Group Anti-Bribery Policy ("**ABP**"). The ABP applies zero-tolerance policy towards any form of bribery by, or of, its employees or any persons or companies acting for or on behalf of the Group. To support the implementation of the ABP, the roles of Integrity Unit has been established under Risk Management Department, with direct access to the Board and Senior Management on issues concerning bribery.

Details of the Company's risk management framework and internal control system are set out in the Statement on Risk Management and Internal Control on pages 108 to 114 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS OR INVESTORS

The Board always upholds the principle of providing timely and accurate information to its shareholders, investors and public at large for them to make an informed investment decision. It encourages continuous disclosure and communication of information to its stakeholders and facilitates information exchange platforms to support effective engagement of stakeholders by the Company.

In order to keep the Company's shareholders and stakeholders informed of the Group's development and performance, the Company provides the following mediums of communication between the Company and its shareholders or investors:

(i) the disclosure of full and timely information on the Group's major or material developments pursuant to the MMLR of Bursa Malaysia;
(ii) material information of the Group's activities or press releases made available on the Company's website;
(iii) announcements released to Bursa Malaysia and uploaded on the Company's website;
(iv) physical forums for interactive exchange between the Company's Senior Management and investors at meetings, briefings, investor conferences and site visits; and
(v) electronic mail being a fast and convenient means of communication especially in relation to matters on general meetings and annual reports of the Company.

This is essential to strengthen the relationship of the Company with the stakeholders in realising long-term values of the Company and enhancing shareholders' value.

Malakoff's website has served as an important channel of communication to provide the shareholders, stakeholders and investors at large with a wide range of information about the Company and its activities, including corporate information, company policies & procedures, history, strategies, important operational updates, media releases, investor presentations, changes in shareholdings, quarterly and full year financial results, outcome of general meetings and sustainability practices. The information posted on the Company's website is regularly updated to ensure stakeholders and interested investors have access to the latest information of the Company.

Apart from above, the annual report is also important to the shareholders and the market at large as it provides a comprehensive overview of the Company's financial performance, business activities, strategies, corporate social responsibility and other key activities. A printed abridged version incorporating the summarised financial statements of the Company, notice of general meeting and the proxy form will be sent to the shareholders, whilst a full version of the annual report will be made available on the Company's website at www.malakoff.com.my for access by the shareholders. Nevertheless, the Company will provide a hard copy of the annual report to the shareholders upon their request. This will prepare the shareholders with sufficient information to deliberate and decide upon the proposed resolutions tabled at the AGM.

Other than the forum of general meeting, the Board through the Senior Management of the Company holds regular briefings with the investors to provide material development on the Company's business operations, corporate developments, growth strategies and particularly, on the financial performance of the Company after the announcement of the quarterly results of the Group.

As part of the Company's continuous efforts to promote effective engagement with shareholders or the public at large, the Company has made available the relevant information for investors on the Company's corporate website at www.malakoff.com.my under the Investor Relations section as well as for any investor-related enquiries to be posted to the Head of Investor Relations.

Further information on the Company's engagement with the shareholders and investors is set out in the Investor Relations section on pages 14 to 15 of this Annual Report.

Integrated Reporting Based On A Globally Recognised Framework

The Company recognises that companies with experience in sustainability reporting are in a better position to adopt integrated reporting as it is more likely to have established the necessary systems, controls and assurance processes to ensure the quality of non-financial data is able to support and comply with the integrated reporting requirements. As sustainability reporting has only been implemented a few years ago, the Company is still at the stage of data collection for non-financial reporting and it is foreseeable that it will take some time to reach maturity before adopting integrated reporting in full.

Once the level of maturity of non-financial reporting practices is adequate and able to comply with global recognised integrated reporting standards, the Company will implement this as soon as it is practicable.

In recognising the benefits of having an integrated report which establishes integrated thinking and reporting that is designed to support sustainable business and financial stability, the Company will continue to review and improve on various reporting processes within the Company.

II. GENERAL MEETINGS

a) Shareholders' Participation at General Meetings

As an annual event of the Company, general meeting serves as a principal platform for direct two-way interaction between the Board/Senior Management and the shareholders. This enables effective shareholders' communication on the Company's performance, corporate and business developments and any other matters affecting shareholders' interests.

The Company issues notice of AGM to all shareholders of the Company at least 28 days prior to the AGM to provide the shareholders sufficient time to consider the proposed resolutions that will be tabled and decided at the AGM and make the necessary arrangements to attend and participate in person or through the appointment of corporate representatives or proxies. Notice of the AGM clearly sets out details of the proposed resolutions, accompanied with explanatory notes on the rationale of each resolution, to enable the shareholders to make informed decision in exercising their voting rights.

The standard proceedings adopted by the Company in its AGM would involve a brief overview by the Chairman of the Group's operations and performance for the year followed by a detailed briefing by the CEO to the shareholders present at the AGM, before proceeding with the voting of the resolutions. Shareholders are encouraged to ask questions and provide constructive comments on the Group's operations and performance. Questions submitted in advance by the Minority Shareholder Watchdog Group and the Management's response to those questions will also be shared at the AGM.

The Chairman and the Board members value the two-way communication with shareholders to help the shareholders in understanding the current business operations and development of the Group and for the Board to garner the shareholders' views or perceptions of the Board and the Company. The shareholders are encouraged to participate in the questions and answers session with the Board personally and exercise their right to vote on the proposed resolutions. The Board will ensure the presence of all Board members, particularly the chair of each Board Committee, to facilitate the conversations with shareholders and to direct the questions and concerns raised by the shareholders.

The external auditors are invited to the AGM to highlight key audit matters for the attention of the shareholders, response to shareholders' queries on the audit conducted, the preparation and content of the auditors' report, the accounting policies adopted by the Company and the independent audit review of the Company's financial position.

Considering the venue of the AGM is accessible with good transportation network, the facility for voting in absentia is not available for the time being. In the unlikely event that the general meeting is held at a remote location, the Company will consider leveraging the technology to encourage shareholders' participation.

b) Poll Voting

All resolutions set out in the notice of general meeting have to be put to vote by way of polling at the general meeting in compliance with paragraph 8.29A of the MMLR of Bursa Malaysia. Polling stations are set up for electronic voting of resolutions at the Company's AGMs and EGMs. An independent scrutineer, who is not an officer of the Company or its related corporation and independent of the person undertaking the polling process, is appointed to validate the polling process as well as the votes cast at the said general meetings. The outcome of voting on the proposed resolutions will be announced by the Chairman at the general meeting and released via Bursa Link to the public at large thereafter. A copy of the said announcement will also be uploaded to the Company's website after the general meeting.

III. CONSTITUTION OF THE COMPANY

The Company had adopted a new Constitution pursuant to the provisions of the Act during the 13th AGM held on 25 April 2019. The Company's Constitution defines the essential components of the structure of the Company and reins the relationship between the Company and its shareholders/stakeholders. It regulates the manner in which a company is governed.

D. KEY FOCUS AREAS AND FUTURE PRIORITIES

With the Company embarking on a few new power and water projects in line with its objective of securing new synergistic businesses during the year, the Board will continue to refine its corporate governance practices and procedures throughout the Group to smoothen the integration of work processes and practices and to ensure all the existing and new businesses of the Group are operating in an orderly manner and in the best interests of all stakeholders of Malakoff.

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

CORPORATE GOVERNANCE REPORT

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

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 122 to 127 of this Annual Report together with the details of the Company and the Group financial statements for the financial year ended 31 December 2019 which are set out on page 128 to 291 of this Annual Report.

COMPLIANCE STATEMENT BY THE BOARD ON THE CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Having reviewed and deliberated this statement, the Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the MCCG 2017 as well as the relevant paragraphs under the MMLR of Bursa Malaysia for the financial year under review. Any practices in the MCCG 2017 which have not been implemented during the financial year will 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 6 March 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

BOARD'S RESPONSIBILITY

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

RISK MANAGEMENT

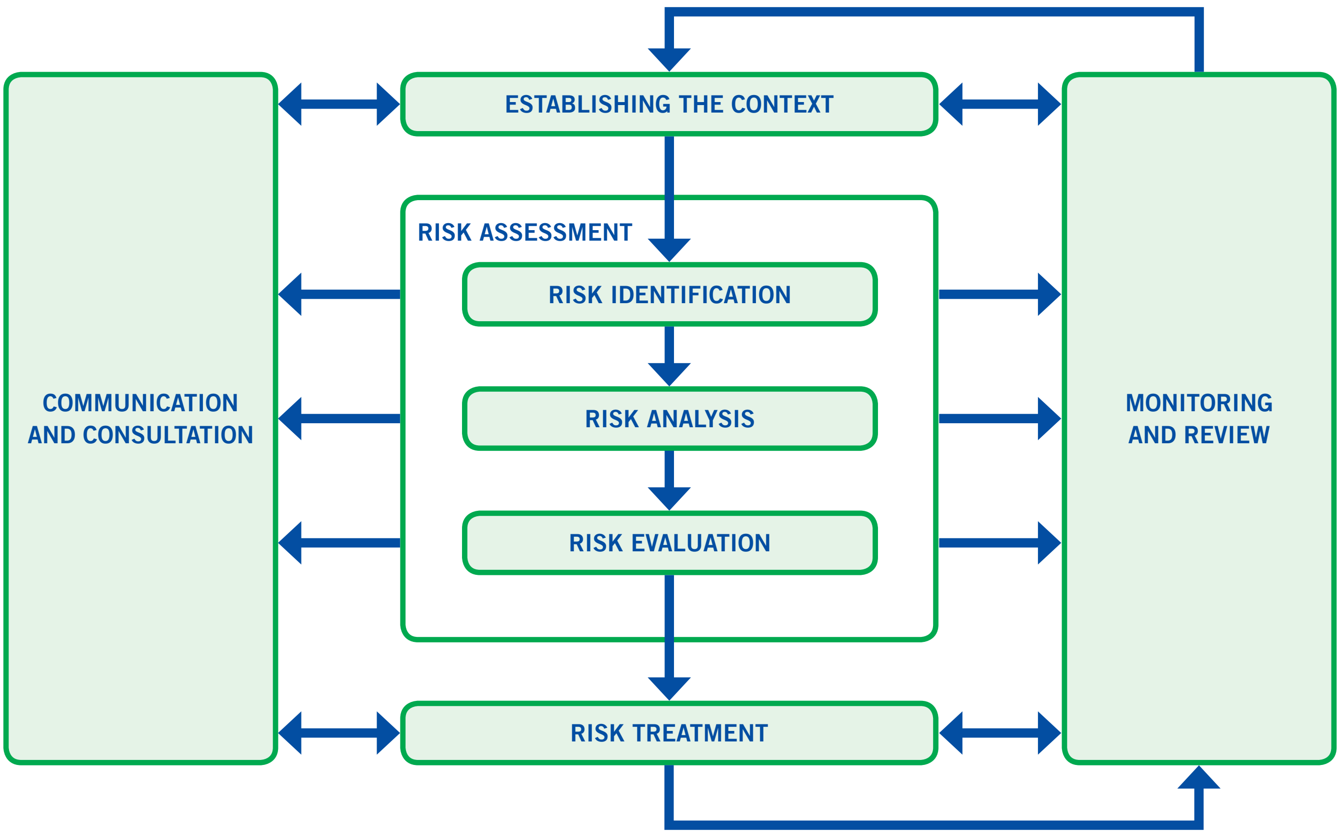
The Group acknowledges that risk management is fundamental in providing sound corporate governance practice. A holistic approach of risk management strengthens the overall internal control, decision making and the resource allocation processes within the Group. Risk management enables proactive and structured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

Risk Management Framework

The Board is committed to ensure sustainable growth of the Group and recognizes the significance of risk management and policies in safeguarding the interest of the Group and its shareholders.

The Board Risk and Investment Committee ("BRIC") oversees the Group's risk oversight responsibilities and framework. The Management Risk Committee ("MRC") supports the BRIC in integrating risk management strategies, risk appetite as well as reviewing the application of risk management practices across Malakoff Corporation Berhad, in accordance with the Group's Enterprise Risk Management Policy and Framework ("ERMPF").

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



Communication and consultation: Communication and consultation with stakeholders should take place during all stages of the risk management process.

Establishing the context: The Group articulates its objectives and defines the parameters to be considered when managing risk as well as the scope and criteria.

Risk assessment: The overall process of risk identification, risk analysis and risk evaluation.

Risk treatment: The process of selecting and implementing measures to modify the risk. The measures include terminating, reducing, accepting, passing and spreading the risk.

Monitoring and review: Monitoring and review are essential part of the risk management process which provide reasonable assurance that risks are being managed effectively.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

Corporate Digital Assurance

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

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

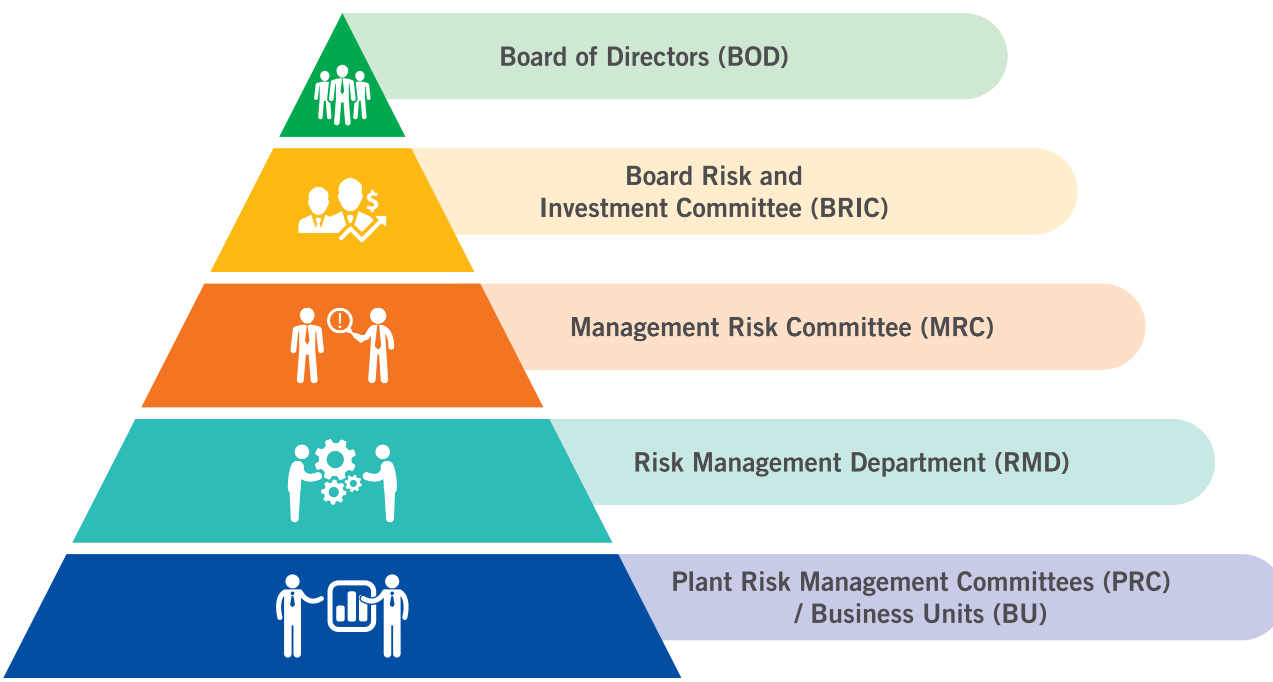
In relation to the Risk Management process, the owners also certify that:

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

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

Risk Reporting

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



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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL SYSTEM

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

The Board

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

Business Plan, Budget and Reporting

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

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

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

Policies and Procedures

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

Limits of Authority

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

Internal Audit

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

GIA reports directly and functionally to the BAC and administratively to the 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 118 to 119 of this Annual Report.

Whistle-Blowing

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

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

Disclosure of 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, interpretation and application of the Whistle-blowing Policy and any amendment to this Policy shall be affected by the Chief Internal Auditor, subject to the approval of the CEO, the Chairman of the BAC and the Board.

Anti-Bribery Policy

The Group's Anti- Bribery Policy was approved and adopted on 3rd October 2019. The implementation of the policy will further strengthen our corporate governance and ensure commitment from all stakeholders to uphold the highest standards of ethical conduct, integrity and accountability in all our business activities and operations. This is also in line with the Malaysian Anti-Corruption Commission ("MACC") Amendment Act 2018 ("the Act") which requires commercial organisations to establish adequate procedures to avert corruption as a defence against corporate liability under the Act.

Joint Venture and Associates

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

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 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 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 CEO, Chief Financial Officer and Head of Risk Management that the risk management and internal control processes are operating adequately and effectively, in all material aspects for the reporting period.

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2019, 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 6 March 2020.

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 which provides an overview on how the BAC discharged its functions and duties during the financial year ("FY") 2019.

MEMBERS OF BAC

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

Datuk Idris Abdullah
Independent Non-Executive Director
Member

Datuk Ooi Teik Huat
Non-Independent Non-Executive Director
Member
(Member of the Malaysian Institute of Accountants)

Datuk Rozimi Remeli
Independent Non-Executive Director
Member

COMPOSITION AND ATTENDANCE

The BAC comprises four (4) members, 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").

The Board has reviewed the terms of office of the BAC members and assessed the performance of the BAC and its members through an annual Board Committee effectiveness evaluation. The Board is satisfied that the BAC and its members had discharged their functions, duties and responsibilities in accordance with the BAC's Terms of Reference ("TOR") in supporting the Board in ensuring that the Company and its subsidiaries (collectively "Group") uphold appropriate Corporate Governance standards. The TOR of the BAC is available for reference under the "Investor Relations/ Corporate Governance" section of the Company's website at www.malakoff.com.my.

MEETINGS

The BAC met seven (7) times during the FY2019 and had accordingly complied with the frequency of meeting requirement under its TOR. The BAC members and their attendances at the BAC meetings are as follows:

Members	No. of meetings attended
Datuk Dr. Syed Muhamad Syed Abdul Kadir	7 out of 7
Datuk Idris Abdullah	7 out of 7
Datuk Ooi Teik Huat	7 out of 7
Datuk Rozimi Remeli	7 out of 7

The Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Internal Auditor were invited to attend all BAC meetings. The involvement of senior management in the BAC meetings enabled direct communication and discussion between the BAC members and senior management so that matters pertaining to the Group's financial results, operational issues, internal control, governance and internal audit matters are better appreciated by the BAC.

The External Auditors were engaged to conduct a limited review of the Group's quarterly financial statements and these limited reviews provided assurance to the BAC on the reliability and consistency of the Group's quarterly financial statements announced to Bursa Malaysia as well as compliance with applicable Financial Reporting Standards. Representatives of the External Auditors were also invited to attend the BAC meetings on quarterly basis and as and when the BAC considered appropriate.

The Company Secretaries act as the Secretary of the BAC. Minutes of each BAC meeting were tabled at the next BAC meeting for confirmation and then circulated to the Board for information and notation. The Chairman of the BAC would also report any key matters discussed at each BAC meeting to the Board.

BOARD AUDIT COMMITTEE REPORT

SUMMARY OF WORK

Summary of work performed by the BAC during the FY2019 comprised the following:

(i) Financial Reporting

The BAC reviewed all the quarterly financial statements of the Group for the FY2019 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 Group for the FY2019, any audit issues and reservations arising from the statutory audit with the External Auditors, prior to making recommendation to the Board for its consideration and approval.

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

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

(a) discussed and reviewed with Management and External Auditors the accounting policies adopted and applied consistently by the Group to ensure compliance with the applicable approved accounting standards, including the appropriateness of the accounting provisions and compliance with accounting standards and other statutory and regulatory requirements;

(b) reviewed the declaration of the final and interim dividends of the Company including the solvency test required under the Companies Act 2016, ensuring that the Company has adequate resources to continue in operation for the foreseeable future, before such declaration of dividends were recommended to the Board for approval;

(c) reviewed the key audit matters and their implications to the Group; and how these matters were addressed from the audit, going concern considerations and the Auditors' Report that were included in the Company's Annual Report;

(d) reviewed the BAC Report and Corporate Governance Overview Statement and Report to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval; and

(e) discussed, on quarterly basis, any corrected material misstatements in the accounts and reviewed the summary of the unadjusted audit differences for the Group.

(ii) External Audit

At each quarterly meeting of the BAC for the FY2019, the following were reviewed and discussed with the BAC by the External Auditors, Messrs. KPMG PLT ("KPMG"):

(a) reviewed the quarterly reports on new and recurring significant audit findings arising from the limited review including financial reporting issues, significant judgements made by Management and unusual events or transactions. Also included in the report, were Management's responses to the audit 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, on a quarterly basis, the nature and extent of the non-audit services provided by the External Auditors and ensured that such non-audit services to the Group were undertaken in accordance with the policy on non-audit services as approved by the Board. This will ensure that the independence and objectivity of KPMG in performing its duties as the Group's External Auditors are safeguarded and any potential conflict of interest is being managed;

(c) reviewed the External Auditors' 2019 Audit Plan prior to the commencement of the statutory audit for FY2019. KPMG had briefed the BAC in respect of its 2019 Audit Plan highlighting amongst other, the engagement team involved in the statutory audit review, audit timeline, areas of audit emphasis and focus of key audit matters for the statutory audit.

The potential key audit matters identified for the Group were in respect of the Group's recognition of goodwill and intangible assets, potential impairment of the power plants, recoverability of investment in associates, acquisition of new subsidiary, disposal of a subsidiary, recoverability of intangible assets, review of residual values of gas-fired power plant, adoption of new MFRS 16, and adoption of amendments to MFRS 123;

(d) discussed the proposed fees for the statutory audit which were duly approved by the Board upon the recommendation by the BAC;

(e) discussed and reviewed the results of the annual assessment evaluated by the BAC and Management in respect of the quality of audit, covering the External Auditor's performance, suitability and its independence as the Company's External Auditor during the statutory audit for FY2019. The rating of the External Auditors for the FY2019 was noted by the BAC and the BAC had endorsed the recommendation for the re-appointment of KPMG as the External Auditors of the Company for the FY ending 31 December 2020. The Board at its meeting held on 6 March 2020 approved the BAC's recommendation to re-appoint KPMG, subject to the shareholders' approval being obtained at the forthcoming Fourteenth AGM on the re-appointment of KPMG, the External Auditors of the Company for the FY ending 31 December 2020; and

(f) held two private meetings with the External Auditors in February and November 2019, without the presence of the Management. The meetings provided an open and unrestricted forum for the External Auditors to discuss with the BAC the conduct of their audit, issues and findings related to the Group's quarterly financial statements for the attention of BAC.

The fee for non-audit services provided by KPMG for FY2019 amounted to RM790,430 which was within 50% of the previous year's statutory audit fees, in line with Clause 7.4.1 of the non-audit services policy of the Company, and mainly comprise the following:

(1) RM417,530, being fees incurred for services in respect of tax compliance and other advisory services for local and foreign subsidiaries; and

(2) RM372,900, being fees incurred in relation to the disposal of the Group's entire participating interest in Macarthur Wind Farm in Australia held by Malakoff Wind Macarthur Pty. Limited as KPMG Tax Australia was engaged to perform the tax due diligence and advisory works for the disposal.

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

KPMG had provided a written assurance to the BAC that it had implemented a number of firm wide ethics and independence systems to monitor compliance with their policies in relation to independence and ethics and had been independent throughout the audit engagement for FY2019.

(iii) Internal Audit ("IA")

During the FY2019, the BAC had carried out the following:

a) reviewed and approved the Annual IA Plan for FY2020 to ensure adequacy of audit scope, coverage, budget, resources and authority for Group Internal Audit ("GIA") to carry out its work effectively and independently;

b) reviewed and deliberated on the IA reports tabled during the year by GIA which highlighted key control issues together with the root causes, risks, audit recommendations for improvement and Management's action plans to address the control deficiencies;

c) reviewed and deliberated on the follow-up audit reports tabled during the year by GIA on the adequacy and effectiveness of the action plans or corrective actions undertaken by Management in addressing audit issues or control deficiencies highlighted from prior year audit reports to ensure non-recurrence;

BOARD AUDIT COMMITTEE REPORT

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 approved the Quality Assurance and Improvement Program of GIA which is designed to evaluate GIA's conformance with the International Standards for the Professional Practice of Internal Auditing; whether the internal auditors apply the Code of Ethics by the Institute of Internal Auditors; and assess the efficiency and effectiveness of the IA function of the organisation and identifies opportunities for improvement;

g) reviewed and assessed the effectiveness and performance of the IA function for FY2019 in respect of audit quality, scope, adequacy of resources and competency; and

h) held private sessions with the Chief Internal Auditor in February and November 2019 without the presence of Management to ensure that there were no restrictions on GIA's scope of work and to discuss any other matters that GIA wishes to escalate to the BAC.

(iv) Related Party Transactions ("RPTs")

The BAC had reviewed and recommended six (6) RPTs entered into with the Company's related parties in accordance with the RPT policy and procedure of the Company to ensure that these transactions were in compliance with the MMLR and undertaken in the best interest of the Company, fair, reasonable 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 subsidiaries, departments and business units within the Group were guided by the principles set out in the RPT and RRPT policy and procedure of the Company when dealing with RPTs. The threshold limit of the RPTs and RRPTs was also monitored accordingly to ensure compliance with the MMLR.

The GIA also assists the BAC by conducting an annual review 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 ("IIA").

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 Chief Executive Officer. 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.

Among 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 a risk based Annual IA Plan that is aligned to the Company's strategic objectives and takes into consideration of past audit history, criticality, inputs and feedback on any risk and control concerns from the BAC and Management;

(c) carry out IA assignments in accordance with the approved Annual IA Plan and report to the BAC on key control issues, root causes, risks, audit recommendations for improvement, along with Management's responses and agreed action plans;

(d) perform follow-up audits to determine whether the agreed action plans or corrective actions undertaken by Management in addressing audit issues or control deficiencies highlighted from past audit reports have been correctly implemented and adhered to consistently;

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

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

(g) develop and implement a Quality Assurance and Improvement Program to evaluate GIA's conformance with the International Standards for the Professional Practice of Internal Auditing; whether the internal auditors apply the Code of Ethics by the IIA; and assess the efficiency and effectiveness of the IA activity of the organisation and identifies opportunities for improvement; and

(h) 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 FY2019, 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 thirteen (13) full audits and eleven (11) follow-up audits covering the areas of plant operation, maintenance, inventory and warehouse management, procurement, finance, human resource, information technology and health, safety, security and environment. In addition, GIA had also carried out an additional ten (10) special review assignments including investigations. The Company's major shareholder i.e. MMC Corporation Berhad, through its Group IA also supported GIA by performing two (2) special review assignments.

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 2019, the total number of personnel in GIA was eight (8) including the Chief Internal Auditor. The name, credential and work experience of the Chief Internal Auditor of GIA are disclosed on page 27 of the Annual Report.

The GIA has a sufficient mix of internal auditors with various knowledge, skills and competencies to perform its function and GIA is committed to equip its auditors with adequate knowledge and proficiencies to discharge their duties and responsibilities effectively. The Company is also a corporate member of the Institute of Internal Auditors Malaysia which enables the internal auditors in GIA to keep abreast of latest developments in the IA practices and attend relevant trainings organized by the Institute of Internal Auditors Malaysia. The total cost incurred by GIA for FY2019 was RM2.1 million.

This BAC Report is made in accordance with the resolution of the Board duly passed on 6 March 2020.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

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

SUBSIDIARY	DEBT RAISED	UTILISATION OF PROCEEDS
Malakoff International Limited	Term loan facility of up to AUD140 million ("AUD term loan")	All proceeds raised from the AUD term loan had been utilised to refinance the financial indebtedness outstanding under the existing facility. Following the completion of disposal of MCB's entire 50% participating interest in the unincorporated joint venture of Macarthur Wind Farm in Australia, the AUD term loan was fully settled on 10 January 2020 in accordance with the terms and conditions stipulated under the facility agreement.

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 2019 are as follows:

	Group 2019 RM'000	Company 2019 RM'000
Audit fees	1,266	624
Non-audit fees*	790	11
	2,056	635

* The non-audit fees paid/payable to KPMG are mainly in respect of tax compliance and other advisory services for local and foreign subsidiares as well as tax due diligence and advisory works for the disposal of the entire 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia held by Malakoff Wind Macarthur Pty Limited.

MATERIAL CONTRACTS

i) On 1 August 2018, Tunas Pancar Sdn Bhd ("TPSB"), a wholly-owned subsidiary of Malakoff Corporation Berhad ("MCB" or "Company"), entered into a Share Sale Agreement ("SSA") with HICOM Holdings Berhad ("HICOM Holdings"), a wholly-owned subsidiary of DRB-HICOM Berhad in respect of the acquisition of 74,000,000 ordinary shares in Alam Flora Sdn Bhd ("Alam Flora"), representing 97.37% equity interest in Alam Flora, for a cash consideration of RM944.61 million ("Purchase Consideration"), upon the terms and conditions of the SSA.

The acquisition was completed in accordance with the terms and conditions of the SSA on 5 December 2019. Pursuant to Clause 6.1.5 of the SSA, HICOM Holdings and TPSB had mutually agreed to revise the Purchase Consideration to RM869.0 million, representing a discount of 8% from RM944.61 million, after taking into consideration the revised independent discounted cashflow valuation range by Deloitte Corporate Advisory Services Sdn Bhd, as allowed for in the SSA, of between RM796.0 million and RM893.0 million (on a 100% basis) after incorporating the assumptions for delay in tariff revision and commencement of the business operations in Kelantan and Terengganu.

ii) On 11 July 2019, Malakoff Gulf Limited, a wholly-owned subsidiary of MCB, entered into a SSA with Khazanah Nasional Berhad in respect of the acquisition of 1 ordinary share in Desaru Investments (Cayman Isl.) Limited ("DIL"), constituting the entire equity interest in DIL for a cash consideration of USD70 million upon the terms and conditions of the SSA. The acquisition was completed in accordance with the terms and conditions of the SSA on 12 September 2019.

iii) On 29 October 2019, Skyfirst Power Sdn Bhd ("Vendor"), a wholly-owned subsidiary of MCB, and MCB as the Vendor's guarantor had entered into a Share and Unit Purchase Agreement ("SPA") with Megawatt Financing Pty Ltd and AMPCI Macarthur Wind (T) Pty Ltd as Trustee Of AMPCI Macarthur Wind Trust to dispose of its entire 50% participating interest in the unincorporated joint venture of Macarthur Wind Farm in Australia held by Malakoff Wind Macarthur Pty Limited for a cash consideration of AUD356,850,340 ("Purchase Price"), upon the terms and conditions of the SPA.

The disposal was completed in accordance with the terms and conditions of the SPA on 18 December 2019 ("Completion Date"). Pursuant to Clause 6.3 (Interest Rate Adjustment) of the SPA, the Purchase Price was adjusted from AUD356.85 million to AUD344.67 million, mainly due to the steepening of the 3-month Bank Bill Swap Rate curve which resulted in higher long-term fixed rate in Australia as at the Completion Date.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

For the year ended 31 December 2019

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 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the year attributable to:		
Owners of the Company		
- From continuing operations	275,334	(303,660)
- From discontinued operations	44,819	-
	320,153	(303,660)
Non-controlling interests	54,533	-
	374,686	(303,660)

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 3.50 sen per ordinary share on 4,887,851,300 ordinary shares in issue, totalling RM171,075,000 in respect of the financial year ended 31 December 2018 on 31 May 2019.

ii) an interim dividend of 2.44 sen per ordinary share on 4,886,961,300 ordinary shares in issue, totalling RM119,242,000 in respect of the financial year ended 31 December 2019 on 11 October 2019.

On 19 February 2020, the Board of Directors has approved and declared a final dividend of 4.11 sen per ordinary share on the 4,886,961,300 ordinary shares, amounting to RM200,854,000 in respect of the financial year ended 31 December 2019. The final dividend will be accounted for in the shareholders' equity appropriation of retained profits in the financial year ending 31 December 2020.

DIRECTORS OF THE COMPANY

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

Datuk Haji Hasni bin Harun (Chairman)
Dato' Sri Che Khalib bin Mohamad Noh
Tan Ler Chin
Datuk Ooi Teik Huat
Datuk Idris bin Abdullah
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir
Datuk Rozimi bin Remeli
Sharifah Sofia binti Syed Mokhtar Shah (Resigned on 30 November 2019)

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:

Dato' Ahmad Fuaad bin Mohd Kenali
Habib bin Husin
Ruswati binti Othman
Mohd Nazersham bin Mansor
Azhari bin Sulaiman
Yap Leng Khim
Nazmi bin Othman
Norazni binti Mohd Isa
Harun bin Halim Rasip
David Jeremy Barlow
Rajendran Nagulusamy
Hamid Hamraoui
Ahmad Mukhlas bin Ibrahim
Tan Sri Datuk Seri Mohd Hussin bin Abdul Hamid
Datuk Khairuddin bin Mohd Hussin
Mohammed Azmil bin Ismail
Mohd Helmy bin Ibrahim
Tengku Dato' Abdul Aziz bin Tengku Ibrahim
Dato' Mohamad bin Saif @ Saib
Dato' Nor Azman bin Mufti @ Jaafar (Appointed on 15 May 2019)
Sirajul Huda bin Mohamad Zain (Alternate Director to Dato' Nor Azman bin Mufti @ Jaafar) (Appointed on 15 May 2019)
Dato' Azman bin Omar (Appointed on 27 August 2019)
Azri bin Zaharuddin (Appointed on 18 February 2020)
Mimi Aisyah Chye binti Abdullah (Alternate Director to Azri bin Zaharuddin) (Appointed on 18 February 2020)
Mohamad Lutfi bin Samsudin (Appointed on 5 March 2020)
Azidi bin Abdullah (Resigned on 18 February 2020)
Hairol Azizi bin Tajudin (Resigned on 2 March 2020)
Mohd Shokri bin Daud (Resigned on 18 March 2019)
Mohd Syahrul Izwan bin Ismail (Resigned on 21 June 2019)
Datuk Hj. Mohammad Kamal bin Yan Yahaya (Resigned on 31 July 2019)
Mazley bin Mahazir (Resigned on 2 August 2019)

DIRECTORS' REPORT
For the year ended 31 December 2019 (continued)

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
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 Idris bin Abdullah	172,100	-	-	172,100
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	150,000	-	-	150,000

None of the other Directors holding office at 31 December 2019 had any interest in the shares of the Company and of its related corporations during the financial year.

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

	Number of ordinary shares			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Direct interests in the Company:				
Habib bin Husin	360,000	-	-	360,000
Ruswati binti Othman	200,000	-	-	200,000
Azhari bin Sulaiman	118,000	-	(118,000)	-
Mohd Nazersham bin Mansor	16,000	-	-	16,000
Mohammed Azmil bin Ismail	68,000	-	-	68,000

None of the other Directors of the subsidiaries holding office at 31 December 2019 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit 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 company in which the Director has a substantial financial interest.

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

ISSUE OF SHARES

At the Thirteenth AGM of the Company held on 25 April 2019, the Company had obtained approval for the renewal of authority for the Company to purchase of up to ten percent (10%) of the total number of the Company's issued share capital. Pursuant to the approval, the Company had during the financial year, repurchased a total of 1,259,700 ordinary shares from the open market for a total consideration of RM1,040,912 at an average cost of RM0.83 per share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016. The Company has not cancelled any treasury shares during the financial year. As at 31 December 2019, the total number of treasury shares held is 2.26% of the total number of issued share capital of the Company.

Notwithstanding the above, there were no other 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 RM67,688.

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

DIRECTORS' REPORT
For the year ended 31 December 2019 (continued)

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or in the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for the acquisition of a subsidiary as disclosed in Note 42, acquisition of a joint venture as disclosed in Note 43, disposal of a subsidiary as disclosed in Note 44, impairment of investment in an associate as disclosed in Note 9 and impairment of intangible assets as disclosed in Note 6, the financial performance of the Group and of the Company for the financial year ended 31 December 2019 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 41, 42, 43 and 44 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 31 to the financial statements.

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

Datuk Haji Hasni bin Harun
Chairman

Dato' Sri Che Khalib bin Mohamad Noh
Director

Kuala Lumpur

6 March 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Assets					
Property, plant and equipment	3	12,874,076	13,443,183	42,887	33,171
Investment properties	4	15,300	-	-	-
Concession assets	5	204,283	-	-	-
Intangible assets	6	3,490,922	3,074,174	-	-
Prepaid lease payments	7	-	59,094	-	-
Investments in subsidiaries	8	-	-	7,461,139	7,731,002
Investments in associates	9	744,991	1,529,720	-	749,753
Investments in joint ventures	10	626,322	-	-	-
Other investments	16	21,515	16,248	21,515	16,248
Finance lease receivable	11	-	2,018,982	-	-
Derivative financial assets	12	327,643	412,576	-	-
Trade and other receivables	13	526,419	71,144	215,353	-
Deferred tax assets	14	146,498	143,363	-	1,021
Total non-current assets		18,977,969	20,768,484	7,740,894	8,531,195
Trade and other receivables	13	1,501,259	2,213,285	2,410,425	1,364,571
Inventories	15	693,058	760,804	-	-
Current tax assets		67,774	127,768	14,920	7,398
Finance lease receivable	11	-	14,103	-	-
Other investments	16	2,509,476	3,582,478	-	30,000
Cash and cash equivalents	17	2,745,389	1,515,147	43,204	360,432
Assets classified as held for sale	18	65,000	-	-	-
Total current assets		7,581,956	8,213,585	2,468,549	1,762,401
Total assets		26,559,925	28,982,069	10,209,443	10,293,596
Equity					
Share capital	19	5,693,055	5,693,055	5,693,055	5,693,055
Treasury shares	19	(98,647)	(97,606)	(98,647)	(97,606)
Reserves	19	153,180	131,744	-	-
(Accumulated losses)/Retained profits		(241,100)	(82,425)	2,437,860	3,027,611
Equity attributable to owners of the Company		5,506,488	5,644,768	8,032,268	8,623,060
Perpetual sukuk	20	800,000	800,000	-	-
Non-controlling interests		368,905	219,686	-	-
Total equity		6,675,393	6,664,454	8,032,268	8,623,060

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019 (continued)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Liabilities					
Loans and borrowings	21	10,889,063	13,315,158	-	-
Lease liabilities		11,622	-	3,945	-
Employee benefits	22	107,159	128,264	27,079	31,577
Provision for decommissioning cost	23	93,724	96,214	-	-
Provision for concession assets	24	253,590	-	-	-
Deferred income	25	3,661,066	3,858,668	-	-
Derivative financial liabilities	12	10,013	179,539	-	-
Deferred tax liabilities	14	1,294,770	1,350,705	262	-
Total non-current liabilities		16,321,007	18,928,548	31,286	31,577
Trade and other payables	26	1,593,219	1,343,938	2,140,067	1,638,959
Current tax liabilities		39,742	75,170	-	-
Loans and borrowings	21	1,509,082	1,885,274	-	-
Lease liabilities		12,144	-	5,822	-
Provision for concession assets	24	197	-	-	-
Deferred income	25	391,341	58,414	-	-
Derivative financial liabilities	12	-	26,271	-	-
Provision for decommissioning cost	23	17,800	-	-	-
Total current liabilities		3,563,525	3,389,067	2,145,889	1,638,959
Total liabilities		19,884,532	22,317,615	2,177,175	1,670,536
Total equity and liabilities		26,559,925	28,982,069	10,209,443	10,293,596

The notes on pages 138 to 291 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Continuing operations					
Revenue	27	7,278,457	7,184,866	838,177	635,539
Cost of sales		(6,091,865)	(5,939,793)	-	-
Gross profit		1,186,592	1,245,073	838,177	635,539
Other income		683,176	100,579	5,343	2,443
Administrative expenses		(226,990)	(209,206)	(92,333)	(105,668)
Impairment loss on investments in subsidiaries		-	-	(269,874)	(136,585)
Net impairment loss on investment in an associate		(407,979)	-	(749,753)	(302,244)
Impairment loss on financial instruments		(25,309)	-	(25,309)	-
Other operating expenses		(102,385)	(102,363)	-	-
Results from operating activities		1,107,105	1,034,083	(293,749)	93,485
Finance income	28	234,926	241,418	85,557	99,014
Finance costs	29	(840,907)	(868,834)	(80,632)	(80,769)
Net finance (costs)/income		(605,981)	(627,416)	4,925	18,245
Share of (loss)/profit of equity-accounted associates and joint ventures, net of tax		(21,623)	83,675	-	-
Profit/(Loss) before tax		479,501	490,342	(288,824)	111,730
Tax expense	30	(149,634)	(223,495)	(14,836)	(5,878)
Profit/(Loss) from continuing operations		329,867	266,847	(303,660)	105,852
Discontinued operations					
Profit from discontinued operations, net of tax	44	44,819	56,633	-	-
Profit/(Loss) for the year	31	374,686	323,480	(303,660)	105,852

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019 (continued)

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) for the year	31	374,686	323,480	(303,660)	105,852
Continuing operations					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability	32	23,884	(2,886)	4,710	578
Items that may be reclassified subsequently to profit or loss					
Cash flow hedge	32	(68,192)	(43,685)	-	-
Share of gain on hedging reserves of equity-accounted associates	32	(16,796)	53,788	-	-
Foreign currency translation differences for foreign operations	32	(18,766)	19,670	-	-
Other comprehensive (expense)/income from continuing operations		(79,870)	26,887	4,710	578
Discontinued operations					
Other comprehensive expense from discontinued operations		(39,939)	(78,572)	-	-
Total comprehensive income/(expense) for the year		254,877	271,795	(298,950)	106,430
Profit/(Loss) attributable to:					
Owners of the Company					
- From continuing operations		275,334	217,800	(303,660)	105,852
- From discontinued operations		44,819	56,633	-	-
		320,153	274,433	(303,660)	105,852
Non-controlling interests		54,533	49,047	-	-
Profit/(Loss) for the year		374,686	323,480	(303,660)	105,852
Total comprehensive income/(expense) attributable to:					
Owners of the Company					
- From continuing operations		195,464	244,687	(298,950)	106,430
- From discontinued operations		4,880	(21,939)	-	-
		200,344	222,748	(298,950)	106,430
Non-controlling interests		54,533	49,047	-	-
Total comprehensive income/(expense) for the year		254,877	271,795	(298,950)	106,430
Earnings per ordinary share (sen)					
Basic/Diluted					
- From continuing operations	33	5.63	4.41		
- From discontinued operations	33	0.92	1.15		
		6.55	5.56		

The notes on pages 138 to 291 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2019

Group	Note	Share capital RM'000	Treasury shares RM'000	Reserves: Translation RM'000	Reserves: Hedging RM'000	Accumulated losses RM'000	Total RM'000	Perpetual sukuk RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2018		5,693,055	(1,641)	5,145	175,398	(20,464)	5,851,493	800,000	225,570	6,877,063
Remeasurement of defined benefit liability	32	-	-	-	-	(2,886)	(2,886)	-	-	(2,886)
Foreign currency translation differences for foreign operations	32	-	-	(1,495)	-	-	(1,495)	-	-	(1,495)
Cash flow hedge	32	-	-	-	(101,092)	-	(101,092)	-	-	(101,092)
Share of gain on hedging reserves of equity-accounted associates	32	-	-	-	53,788	-	53,788	-	-	53,788
Other comprehensive expense for the year		-	-	(1,495)	(47,304)	(2,886)	(51,685)	-	-	(51,685)
Profit for the year		-	-	-	-	274,433	274,433	-	49,047	323,480
Comprehensive (expense)/income for the year		-	-	(1,495)	(47,304)	271,547	222,748	-	49,047	271,795
Profit distribution of perpetual sukuk		-	-	-	-	(47,588)	(47,588)	-	-	(47,588)
Incorporation of subsidiaries		-	-	-	-	-	-	-	69	69
Dividends to the owners of the Company	34	-	-	-	-	(285,920)	(285,920)	-	-	(285,920)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(55,000)	(55,000)
Total distribution to owners		-	-	-	-	(285,920)	(285,920)	-	(55,000)	(340,920)
Purchase of treasury shares	19	-	(95,965)	-	-	-	(95,965)	-	-	(95,965)
At 31 December 2018		5,693,055	(97,606)	3,650	128,094	(82,425)	5,644,768	800,000	219,686	6,664,454

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2019 (continued)

Group	Note	Share capital RM'000	Treasury shares RM'000	Reserves: Translation RM'000	Reserves: Hedging RM'000	Accumulated losses RM'000	Total RM'000	Perpetual sukuk RM'000	Non-controlling interests RM'000	Total RM'000
At 1 January 2019		5,693,055	(97,606)	3,650	128,094	(82,425)	5,644,768	800,000	219,686	6,664,454
Adjustment on initial application of MFRS 16, net of tax	45	-	-	-	-	(195)	(195)	-	-	(195)
At 1 January 2019, restated		5,693,055	(97,606)	3,650	128,094	(82,620)	5,644,573	800,000	219,686	6,664,259
Remeasurement of defined benefit liability	32	-	-	-	-	23,884	23,884	-	-	23,884
Foreign currency translation differences for foreign operations	32	-	-	(24,206)	-	-	(24,206)	-	-	(24,206)
Cash flow hedge	32	-	-	-	(102,691)	-	(102,691)	-	-	(102,691)
Share of loss on hedging reserves of equity-accounted associates	32	-	-	-	(16,796)	-	(16,796)	-	-	(16,796)
Reclassification of reserves to accumulated losses upon disposal of a subsidiary	44	-	-	7,904	157,225	(165,129)	-	-	-	-
Other comprehensive (expense)/income for the year		-	-	(16,302)	37,738	(141,245)	(119,809)	-	-	(119,809)
Profit for the year		-	-	-	-	320,153	320,153	-	54,533	374,686
Comprehensive (expense)/income for the year		-	-	(16,302)	37,738	178,908	200,344	-	54,533	254,877
Profit distribution of perpetual sukuk		-	-	-	-	(47,071)	(47,071)	-	-	(47,071)
Acquisition of subsidiaries		-	-	-	-	-	-	-	171,332	171,332
Dividends to the owners of the Company	34	-	-	-	-	(290,317)	(290,317)	-	-	(290,317)
Dividends to non-controlling interests	8	-	-	-	-	-	-	-	(50,000)	(50,000)
Redemption of redeemable preference shares to non-controlling interests		-	-	-	-	-	-	-	(26,646)	(26,646)
Total distribution to owners		-	-	-	-	(290,317)	(290,317)	-	(76,646)	(366,963)
Purchase of treasury shares	19	-	(1,041)	-	-	-	(1,041)	-	-	(1,041)
At 31 December 2019		5,693,055	(98,647)	(12,652)	165,832	(241,100)	5,506,488	800,000	368,905	6,675,393

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2019 (continued)

Company	Note	Share capital RM'000	Treasury shares RM'000	Retained profits RM'000	Total RM'000
At 1 January 2018		5,693,055	(1,641)	3,207,101	8,898,515
Remeasurement of defined benefit liability	32	-	-	578	578
Other comprehensive income for the year		-	-	578	578
Profit for the year		-	-	105,852	105,852
Comprehensive income for the year		-	-	106,430	106,430
Dividends to the owners of the Company	34	-	-	(285,920)	(285,920)
Purchase of treasury shares	19	-	(95,965)	-	(95,965)
At 31 December 2018/1 January 2019		5,693,055	(97,606)	3,027,611	8,623,060
Adjustment on initial application of MFRS 16, net of tax	45	-	-	(484)	(484)
At 1 January 2019, restated		5,693,055	(97,606)	3,027,127	8,622,576
Remeasurement of defined benefit liability	32	-	-	4,710	4,710
Other comprehensive income for the year		-	-	4,710	4,710
Loss for the year		-	-	(303,660)	(303,660)
Comprehensive expense for the year		-	-	(298,950)	(298,950)
Dividends to the owners of the Company	34	-	-	(290,317)	(290,317)
Purchase of treasury shares	19	-	(1,041)	-	(1,041)
At 31 December 2019		5,693,055	(98,647)	2,437,860	8,032,268

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax					
- From continuing operations		479,501	490,342	(288,824)	111,730
- From discontinued operations	44	51,403	68,831	-	-
		530,904	559,173	(288,824)	111,730
Adjustments for:					
Allowance for diminution in value of spares		-	19,131	-	-
Amortisation of prepaid lease payments		-	4,621	-	-
Amortisation of intangible assets		287,966	282,514	-	-
Amortisation of transaction costs of hedging instruments		10,367	10,396	-	-
Amortisation of concession assets		1,133	-	-	-
Depreciation of property, plant and equipment		878,688	851,519	2,934	4,026
Depreciation for the right-of-use assets		12,724	-	5,643	-
Gain on disposal of investments in associates		-	(61,276)	-	-
(Gain)/Loss on disposal of property, plant and equipment		(313)	3,593	(17)	(14)
Expenses related to retirement benefit plans		14,495	14,464	3,690	4,005
Finance costs		925,322	963,851	79,929	80,769
Finance income		(235,397)	(241,688)	(85,557)	(99,014)
Finance costs on lease liabilities		990	-	703	-
Gain arising from change in fair value of derivative financial instruments		(20,746)	(22,607)	-	-
Property, plant and equipment written off		11,545	29,787	-	-
Net impairment loss on investment in an associate		407,979	-	749,753	302,244
Impairment loss on investments in subsidiaries		-	-	269,874	136,585
Impairment loss on financial instruments		25,309	1,872	25,309	-
Reversal of impairment loss on trade receivables		(605)	-	-	-
Share of loss/(profit) of equity-accounted associates and joint ventures, net of tax		21,623	(83,675)	-	-
Gain on derecognition of an associate		(29,842)	-	-	-
Net unrealised foreign exchange (gain)/loss		(13,634)	1,616	-	-
Operating profit before changes in working capital		2,828,508	2,333,291	763,437	540,331
Net change in deferred income		135,325	305,265	-	-
Net change in employee benefits		(35,600)	(1,973)	(3,478)	(2,668)
Net change in inventories		69,044	78,839	-	-
Net change in provision for decommissioning cost		15,310	4,383	-	-

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2019 (continued)

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities (continued)					
Net change in provision for concession assets		(1,101)	-	-	-
Net change in trade and other receivables		541,766	131,115	(1,209,505)	237,770
Net change in trade and other payables		(778,931)	(361,231)	421,179	(364,612)
Cash generated from/(used in) operations		2,774,321	2,489,689	(28,367)	410,821
Tax paid		(406,802)	(478,464)	(20,923)	(25,077)
Tax refund		56,742	1,892	-	-
Net cash from/(used in) operating activities		2,424,261	2,013,117	(49,290)	385,744
Cash flows from investing activities					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	42	(398,278)	-	-	-
Acquisition of joint ventures, net of cash and cash equivalents acquired	43	(294,347)	-	-	-
Additional investment in an associate		-	(3,914)	-	-
Additional investments in subsidiaries		-	-	(11)	-
Additional investment in redeemable preference share of a subsidiary		-	-	-	(47,588)
Disposal of discontinued operations, net of cash and cash equivalents disposed	44	976,431	-	-	-
Change in other investments		1,073,002	(940,649)	30,000	(30,000)
Dividends received from associates		19,797	28,604	-	-
Dividends received from joint ventures		141,157	-	-	-
Interest received		248,051	178,939	8,546	41,594
Other investment in redeemable cumulative convertible preference share		(5,267)	(16,248)	(5,267)	(16,248)
Proceeds from disposal of investments in associates		-	113,478	-	-
Proceeds from redemption of unsecured loan stocks		-	21,600	-	21,600
Redemption of unsecured loan stocks		-	(55,500)	-	-
Purchase of property, plant and equipment		(269,963)	(351,866)	(3,652)	(1,610)
Purchase of concession assets		(1,083)	-	-	-
Proceeds from disposal of property, plant and equipment		388	87	18	16
Net cash from/(used in) investing activities		1,489,888	(1,025,469)	29,634	(32,236)
Cash flows from financing activities					
Distribution to perpetual sukuk holder		(47,071)	(47,588)	-	-
Dividends paid to the owners of the Company	34	(290,317)	(285,920)	(290,317)	(285,920)
Dividends paid to non-controlling interests		(50,000)	(55,000)	-	-
Redemption of redeemable preference shares to non-controlling interests		(26,646)	-	-	-
Interest paid		(794,010)	(837,807)	-	-

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2019 (continued)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from financing activities (continued)					
Proceeds from borrowings		-	1,456,714	-	-
Proceeds from issuance of shares to non-controlling interests		414	69	-	-
Proceeds from redemption of preference shares		8,455	39,340	-	-
Purchase of treasury shares		(1,041)	(95,965)	(1,041)	(95,965)
Repayment of borrowings		(1,475,127)	(2,001,873)	-	-
Payment of lease liabilities		(8,564)	-	(6,214)	-
Net cash used in financing activities		(2,683,907)	(1,828,030)	(297,572)	(381,885)
Net increase/(decrease) in cash and cash equivalents		1,230,242	(840,382)	(317,228)	(28,377)
Cash and cash equivalents at 1 January	17	1,515,147	2,355,529	360,432	388,809
Cash and cash equivalents at 31 December	17	2,745,389	1,515,147	43,204	360,432

Cash outflows for leases as a lessee

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Included in net cash from operating activities					
Payment relating to leases of low-value assets		(141)	-	(141)	-
Included in net cash from financing activities					
Payment of lease liabilities		(8,564)	-	(6,214)	-
Total cash outflows for leases		(8,705)	-	(6,355)	-

The notes on pages 138 to 291 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 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 6 March 2020.

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 2020
- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021
- MFRS 17, *Insurance Contracts*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

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

(b) Basis of measurement

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

(c) Functional and presentation currencies

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

(d) Use of estimates and judgements

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

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

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.

The Group's subsidiaries use recoverable values of the power plant and machinery based on the valuations derived by the valuers using the assumptions as disclosed in Note 3.2. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

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

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 Agreement ("PPA") tenure. The residual values are estimated based on the assumption that the PPAs will be extended for a period of ten (10) years. The residual values reflect the discounted cash flows that the power plant and machinery will generate during the 10-year extension.

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

(ii) Provision for retirement benefits

The provision is determined using actuarial valuation prepared by an independent actuary. The actuarial valuation involved making assumptions about discount rate, future salary increase, mortality rates, resignation rate and normal retirement age. As such, the estimated provision amount is subject to significant uncertainty. The assumptions used to estimate the provision are as disclosed in Note 22.

(iii) Accruals for operation and maintenance costs

The accruals for operation and maintenance costs mainly relate to inspections carried out for respective Independent Power Producers. Estimating the accruals involves significant judgement, selection of variety of methods and assumptions that are normally based on past costs incurred and comparable costs in the industry. The actual costs, however, may be different from expected.

(iv) 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.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(v) Investments in subsidiaries

Management reviews its investments in subsidiaries when there is an indication of potential impairment. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the performance of the subsidiaries or whether there have been significant changes with adverse effect in the market environment in which the subsidiaries operate in.

When there is an indication of impairment, management measured the recoverable amounts based on value in use of the subsidiaries. Significant assumptions used to derive value in use are as disclosed in Note 8.

(vi) Investments in associates

Management reviews its investments in associates when there is an indication of potential impairment. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the performance of the associates or whether there have been significant changes with adverse effect in the market environment in which the associates operate in.

When there is an indication of impairment, management measured the recoverable amounts based on value in use of the associates. Significant assumptions used to derive value in use are as disclosed in Note 9.

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.

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 45.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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.

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statements 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iv) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. 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, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(v) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investment in joint venture is 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statements of financial position and statements 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 statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

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, excluding foreign operations in hyperinflationary economies, 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 statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provision of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(i) Recognition and initial measurement (continued)

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as 'at fair value through profit or loss' if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial assets (continued)

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(k)(i)).

Financial liabilities

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

(a) Fair value through profit or loss

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Hedge accounting

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

Cash flow hedge

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

Cash flow hedge (continued)

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

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

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

(vi) Derecognition

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(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

Freehold land and assets under construction are measured at cost less any accumulated impairment losses. Other items of property, plant and equipment are measured at costs less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The costs of self-constructed assets also include the costs 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 “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use except for inspection which is depreciated based on actual running hours of the power plant. 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 is 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:

	Current	Comparatives
• Buildings and improvements	5 - 50 years	5 - 20 years
• Inspection costs	3 - 10 years	3 - 10 years
• Power plant and machinery	5 - 31 years	5 - 31 years
• Office equipment and furniture	3 - 5 years	5 years
• Motor vehicles	5 - 10 years	5 years
• Computers	3 - 5 years	3 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted where appropriate.

(e) Leases

The Group and the Company have applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group or the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(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
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

Current financial year (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.

(b) As a lessor

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

The Group and the Company recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's and the Company's net investment in the lease. The Group and the Company aim to allocate finance income over the lease term on a systematic and rational basis. The Group and the Company apply the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see Note 2(k)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

Previous financial year

(a) As a lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the statements of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

(b) As a lessor

The Group adopted IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, which prescribed that the determination of whether an arrangement was or contains a lease shall be based on the substance of the arrangement. It requires an assessment of whether the fulfillment of the arrangement was dependent on the use of specific asset and whether the arrangement conveys a right to use such assets. An arrangement that contains a lease was accounted for as a finance lease or an operating lease. Payment for services and the cost of inputs of the arrangement were excluded from the calculation of the minimum lease payments.

The operating lease income was recognised over the term of the lease on a straight-line basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets

(i) Goodwill

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

(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 they 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 its useful life or using the unit of production method.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Investment properties

(i) Investment properties carried at fair value

Investment properties consist of land and buildings 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 and that are not occupied by the companies in the Group.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured at fair value, representing open-market values determined annually by independent qualified valuer with any changes therein recognised in profit or loss for the period in which they arise. Fair value is based on active market prices, adjusted, if necessary, for any difference in the location or condition of the specific asset. 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.

A property interest under an operating lease is classified and accounted for as investment property on a property-by-property basis when the Group hold it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment properties

When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Inventories

Inventories are measured at the lower of costs and net realisable values.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) 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.

(j) Non-current asset held for sale

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

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

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment loss on initial classification as held for sale or distribution and subsequent gain or loss on remeasurement is 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 or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale or distribution.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment

(i) Financial assets

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

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) 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 that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment loss is recognised in profit or loss. Impairment loss recognised in respect of cash-generating units is allocated first to reduce the carrying amounts 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Equity instruments

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

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Perpetual sukuk

Perpetual sukuk is classified as equity as there is no contractual obligation to redeem the instrument. The perpetual sukuk is redeemable only at the Company's option.

Profit distribution on perpetual sukuk is recognised in the statements of changes in equity in the period in which it is declared.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statements of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

(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.

Remeasurement of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group and the Company determine the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group and the Company recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) 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 provision is based on the valuation reports by independent professional valuers. The present value is derived by discounting the decommissioning cost over the remaining useful lives of the power plant based on the discount rates ranging from 5.9% to 6.8% (2018: 7.5%).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions (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 license to maintain the infrastructure to a specified standard and to restore the infrastructure which has deteriorated below specific conditions as stated under Service Concession Agreement.

(o) 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.

(p) Concession assets

Concession assets arise from the right to charge users of the public services and are amortised over the concession period.

Subsequent costs and expenditures relate to infrastructure and equipment arising from the commitments to the concession contracts or which increase future revenue is recognised as additions to the concession assets and are stated at costs. All other repairs and maintenance expenses that are routine in nature, are charged to profit or loss during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

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 PPA is considered to be or to contain an operating lease.

(iii) Dividend income

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

(iv) Interest income

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

(v) Lease income

Lease income is recognised in profit or loss by using effective interest method over the term of the lease.

(vi) Rental income

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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) Service concession agreement

The Group recognises revenue from the solid waste collection and public cleansing management services in accordance with its accounting policy set out in Note 2(p)(i).

The Group recognises the consideration receivable as concession assets to the extent that it receives a right to charge users of the public service.

Subsequent costs and expenditures related to infrastructure and equipment arising from the commitments to the concession contracts or that increase future revenue is recognised as additions to the concession assets and are stated at cost. When the Group has contractual obligations that it must fulfil as a condition of its license to maintain the infrastructure to a specified standard and to restore the infrastructure when the infrastructure has deteriorated below specified condition, it recognises and measures these contractual obligations in accordance with the accounting policy for provision in Note 2(n)(ii). Repair and maintenance and other expenses that are routine in nature are expensed and recognised in the profit or loss as incurred.

(u) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (continued)

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for temporary differences in the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

(v) Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(w) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) 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 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.

(y) Fair value measurement

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
(continued)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Asset under construction RM'000	Power plants RM'000	Inspection costs RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Right-of-use assets RM'000 (Note 3(a))	Total RM'000
Cost												
At 1 January 2018	115,516	13,182	36,681	153,474	19,162,654	1,884,169	135,218	146,232	14,705	94,351	-	21,756,182
Additions	-	-	201	134,582*	88,569	122,262	721	3,046	575	1,910	-	351,866
Disposals	-	-	-	-	-	-	(4,480)	(146)	(376)	(230)	-	(5,232)
Write-off	-	-	-	-	(10,874)	(63,946)	-	-	(57)	-	-	(74,877)
Reclassifications	-	-	-	(88,780)	88,780	-	-	-	-	-	-	-
At 31 December 2018, *as previously reported*	115,516	13,182	36,882	199,276	19,329,129	1,942,485	131,459	149,132	14,847	96,031	-	22,027,939
Adjustment on initial application of MFRS 16	-	-	-	-	-	-	-	-	-	-	16,965	16,965
Transfer to right-of-use assets	-	(13,182)	-	-	-	-	-	-	-	-	13,182	-
Transfer from prepaid lease payments	-	-	-	-	-	-	-	-	-	-	116,276	116,276
At 1 January 2019, *as restated*	115,516	-	36,882	199,276	19,329,129	1,942,485	131,459	149,132	14,847	96,031	146,423	22,161,180
Acquisition through business combination	15,000	-	-	6,478	-	-	5,213	8,117	1,196	4,336	31,392	71,732
Additions	-	-	8	73,990	56,847	117,051	1,322	3,873	453	6,942	9,477	269,963
Disposals	-	-	-	-	-	-	(147)	(221)	(217)	(1,589)	(251)	(2,425)
Write-off	-	-	-	-	(15,088)	(1,101)	(280)	(1,553)	(175)	-	-	(18,197)
Reclassifications	-	-	-	(274,161)	274,161	-	(1,399)	1,300	99	-	-	-
Transfer to assets classified as held for sale	-	-	-	-	(675,559)	(3,200)	-	-	-	-	-	(678,759)
At 31 December 2019	130,516	-	36,890	5,583	18,969,490	2,055,235	136,168	160,648	16,203	105,720	187,041	21,803,494

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Asset under construction RM'000	Power plants RM'000	Inspection costs RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Right-of-use assets RM'000 (Note 3(a))	Total RM'000
Accumulated depreciation												
At 1 January 2018	-	2,899	29,162	-	6,187,026	1,276,545	62,800	121,478	11,064	88,905	-	7,779,879
Depreciation for the year	-	132	1,405	-	702,021	124,724	8,775	9,722	1,243	3,497	-	851,519
Disposals	-	-	-	-	-	-	(806)	(140)	(376)	(230)	-	(1,552)
Write-off	-	-	-	-	(4,919)	(40,114)	-	-	(57)	-	-	(45,090)
Reclassifications	-	-	-	-	4,747	(4,747)	-	-	-	-	-	-
At 31 December 2018, *as previously reported*	-	3,031	30,567	-	6,888,875	1,356,408	70,769	131,060	11,874	92,172	-	8,584,756
Adjustment on initial application of MFRS 16	-	-	-	-	-	-	-	-	-	-	3,108	3,108
Transfer to right-of-use assets	-	(3,031)	-	-	-	-	-	-	-	-	3,031	-
Transfer from prepaid lease payments	-	-	-	-	-	-	-	-	-	-	57,182	57,182
At 1 January 2019, *as restated*	-	-	30,567	-	6,888,875	1,356,408	70,769	131,060	11,874	92,172	63,321	8,645,046
Acquisition through business combination	-	-	-	-	-	-	322	4,242	218	1,735	9,204	15,721
Depreciation for the year	-	-	1,404	-	714,704	144,354	6,802	7,184	1,227	3,013	12,724	891,412
Disposals	-	-	-	-	-	-	(88)	(210)	(217)	(1,584)	(251)	(2,350)
Write-off	-	-	-	-	(4,686)	(96)	(255)	(1,440)	(175)	-	-	(6,652)
Reclassifications	-	-	-	-	-	-	(1,036)	944	92	-	-	-
Transfer to assets classified as held for sale	-	-	-	-	(613,759)	-	-	-	-	-	-	(613,759)
At 31 December 2019	-	-	31,971	-	6,985,134	1,500,666	76,514	141,780	13,019	95,336	84,998	8,929,418

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Asset under construction RM'000	Power plants RM'000	Inspection costs RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Right-of-use assets RM'000 (Note 3(a))	Total RM'000
Carrying amounts												
At 1 January 2018	115,516	10,283	7,519	153,474	12,975,628	607,624	72,418	24,754	3,641	5,446	-	13,976,303
At 31 December 2018	115,516	10,151	6,315	199,276	12,440,254	586,077	60,690	18,072	2,973	3,859	-	13,443,183
At 31 December 2019	130,516	-	4,919	5,583	11,984,356	554,569	59,654	18,868	3,184	10,384	102,043	12,874,076

* Included in the additions to property, plant and equipment of the Group for the year are capitalised net interest expense amounting to RM4,118,000 (2018: RM10,776,000).

(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 2019	-	-	-	-	-	-
Adjustment on initial application of MFRS 16	-	16,965	-	-	-	16,965
Transfer from property, plant and equipment	13,182	-	-	-	-	13,182
Transfer from prepaid lease payments	116,276	-	-	-	-	116,276
At 1 January 2019, *as restated*	129,458	16,965	-	-	-	146,423
Acquisition through business combination	12,770	12,343	2,827	3,333	119	31,392
Additions	-	9,477	-	-	-	9,477
Disposals	-	-	(251)	-	-	(251)
At 31 December 2019	142,228	38,785	2,576	3,333	119	187,041

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Right-of-use assets (continued)

Group	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Accumulated depreciation						
At 1 January 2019	-	-	-	-	-	-
Adjustment on initial application of MFRS 16	-	3,108	-	-	-	3,108
Transfer from property, plant and equipment	3,031	-	-	-	-	3,031
Transfer from prepaid lease payments	57,182	-	-	-	-	57,182
At 1 January 2019, *as restated*	60,213	3,108	-	-	-	63,321
Acquisition through business combination	270	3,673	2,207	3,017	37	9,204
Depreciation for the year	4,778	7,750	161	33	2	12,724
Disposals	-	-	(251)	-	-	(251)
At 31 December 2019	65,261	14,531	2,117	3,050	39	84,998
Carrying amounts						
At 1 January 2019, *as restated*	69,245	13,857	-	-	-	83,102
At 31 December 2019	76,967	24,254	459	283	80	102,043

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Securities

At 31 December 2019, certain Group's property, plant and equipment with a total carrying amount of RM10,381,761,000 (2018: RM10,568,366,000) were charged as securities for debt securities issued by subsidiaries (see Note 21 – loans and borrowings).

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:

		Residual values	
PPA Owner	**Year of expiry**	**RM' million 2019**	**RM' million 2018**
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
Port Dickson Power Berhad	2019	-	61.8
		310.0	371.8
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

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.2 Residual values (continued)

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

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

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

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

A 5% increase/(decrease) in the residual value would have resulted in a (decrease)/increase in depreciation charge of RM2,582,000 per annum.

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

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

1) The PPAs will be extended for ten (10) years at the end of the initial concession period, in view of:
   i) the expected useful life of a coal fired power plant;
   ii) increase in demand for power; and
   iii) Tenaga Nasional Berhad's continued reliance on Independent Power Producers.
2) An estimated Variable Operating Rate ("VOR") during the extension period which management deems to be reasonable based on the expected demand and the VOR rate at the end of the PPAs;
3) An average despatch factor of 82% to 87% to reflect the future demand for power; and
4) The pre-tax discount rate of 10% per annum.

A 5% increase/(decrease) in the residual value would have resulted in a (decrease)/increase in depreciation charge of RM10,769,000 per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Right-of-use assets - Land RM'000	Right-of-use assets - Buildings RM'000	Total RM'000
Cost										
At 1 January 2018	21,516	5,515	17,055	154	19,903	2,112	21,514	-	-	87,769
Additions	-	-	-	-	107	-	1,503	-	-	1,610
Disposals	-	-	-	-	(75)	(315)	(139)	-	-	(529)
At 31 December 2018, *as previously reported*	21,516	5,515	17,055	154	19,935	1,797	22,878	-	-	88,850
Adjustment on initial application of MFRS 16	-	-	-	-	-	-	-	-	21,283	21,283
Transfer to right-of-use assets	-	(5,515)	-	-	-	-	-	5,515	-	-
At 1 January 2019, *as restated*	21,516	-	17,055	154	19,935	1,797	22,878	5,515	21,283	110,133
Additions	-	-	-	-	28	16	3,608	-	-	3,652
Disposals	-	-	-	-	-	-	(1,522)	-	-	(1,522)
At 31 December 2019	21,516	-	17,055	154	19,963	1,813	24,964	5,515	21,283	112,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Computers RM'000	Right-of-use assets - Land RM'000	Right-of-use assets - Buildings RM'000	Total RM'000
Accumulated depreciation										
At 1 January 2018	-	1,172	11,996	154	18,797	1,564	18,497	-	-	52,180
Depreciation for the year	-	57	802	-	965	184	2,018	-	-	4,026
Disposals	-	-	-	-	(74)	(315)	(138)	-	-	(527)
At 31 December 2018, *as previously reported*	-	1,229	12,798	154	19,688	1,433	20,377	-	-	55,679
Adjustment on initial application of MFRS 16	-	-	-	-	-	-	-	-	6,641	6,641
Transfer to right-of-use assets	-	(1,229)	-	-	-	-	-	1,229	-	-
At 1 January 2019, *as restated*	-	-	12,798	154	19,688	1,433	20,377	1,229	6,641	62,320
Depreciation for the year	-	-	801	-	92	202	1,839	58	5,585	8,577
Disposals	-	-	-	-	-	-	(1,521)	-	-	(1,521)
At 31 December 2019	-	-	13,599	154	19,780	1,635	20,695	1,287	12,226	69,376
Carrying amounts										
At 1 January 2018	21,516	4,343	5,059	-	1,106	548	3,017	-	-	35,589
At 31 December 2018	21,516	4,286	4,257	-	247	364	2,501	-	-	33,171
At 31 December 2019	21,516	-	3,456	-	183	178	4,269	4,228	9,057	42,887

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

4. INVESTMENT PROPERTIES

	Group 2019 RM'000
At 1 January	-
Acquisition through business combination (Note 42)	15,300
At 31 December	15,300
Included in the above is:	
At fair value	15,300

Investment properties comprise of land and building that are leased to third parties.

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

	Group 2019 RM'000
Lease income	149
Direct operating expenses:	
- income generating investment properties	14
- non-income generating investment properties	75

Investment properties of the Group with carrying amount of RM5,100,000 are charged as securities for term loan acquired by the subsidiary (see Note 21.10).

Fair value information

Fair value of investment properties is categorised as follows:

	Group 2019 Level 3 RM'000
Land and buildings	15,300

Fair value of investment properties was based on valuations by independent qualified valuer and derived using the market comparison approach. Sales price of comparable properties in close proximity are adjusted for difference in key attribute such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

5. CONCESSION ASSETS

	Group 2019 RM'000
Cost	
At 1 January	-
Acquisition through business combination (Note 42)	314,866
Additions	1,083
At 31 December	315,949
Accumulated amortisation	
At 1 January	-
Acquisition through business combination (Note 42)	110,533
Amortisation for the year	1,133
At 31 December	111,666
Carrying amount	
At 1 January	-
At 31 December	204,283

Alam Flora Sdn. Bhd. ("AFSB") entered into a Service Concession Agreement with the 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 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 Concession Agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

6. INTANGIBLE ASSETS

	Subsidiaries				Associates and Joint Ventures		
Group	**Goodwill RM'000**	**Interest over Power Purchase and Operation and Maintenance Agreements RM'000**	**Interest over Service Concession Agreement RM'000**	**Total RM'000**	**Goodwill RM'000**	**Interest over Power Purchase and Power and Water Purchase Agreements RM'000**	**Total RM'000**
Cost							
At 1 January 2018	8,232	7,752,609	-	7,760,841	351,882	939,073	1,290,955
Effect of movements in exchange rate	-	-	-	-	7,694	-	7,694
At 31 December 2018/1 January 2019	8,232	7,752,609	-	7,760,841	359,576	939,073	1,298,649
Acquisitions through business combinations (Note 42 and 43)	84,947	-	607,215	692,162	-	63,282	63,282
Effect of movements in exchange rate	-	-	-	-	(3,738)	-	(3,738)
At 31 December 2019	93,179	7,752,609	607,215	8,453,003	355,838	1,002,355	1,358,193
Amortisation and impairment loss							
At 1 January 2018	8,232	4,406,433	-	4,414,665	-	825,972	825,972
Accumulated amortisation	-	4,406,433	-	4,406,433	-	362,326	362,326
Accumulated impairment loss	8,232	-	-	8,232	-	463,646	463,646
Amortisation for the year	-	272,002	-	272,002	-	10,512	10,512
At 31 December 2018/1 January 2019	8,232	4,678,435	-	4,686,667	-	836,484	836,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

6. INTANGIBLE ASSETS (CONTINUED)

	Subsidiaries				Associates and Joint Ventures		
Group	**Goodwill RM'000**	**Interest over Power Purchase and Operation and Maintenance Agreements RM'000**	**Interest over Service Concession Agreement RM'000**	**Total RM'000**	**Goodwill RM'000**	**Interest over Power Purchase and Power and Water Purchase Agreements RM'000**	**Total RM'000**
Amortisation and impairment loss (continued)							
At 31 December 2018/1 January 2019	8,232	4,678,435	-	4,686,667	-	836,484	836,484
Accumulated amortisation	-	4,678,435	-	4,678,435	-	372,838	372,838
Accumulated impairment loss	8,232	-	-	8,232	-	463,646	463,646
Amortisation for the year	-	272,007	3,407	275,414	-	12,552	12,552
Impairment loss	-	-	-	-	-	51,013	51,013
At 31 December 2019							
Accumulated amortisation	-	4,950,442	3,407	4,953,849	-	385,390	385,390
Accumulated impairment loss	8,232	-	-	8,232	-	514,659	514,659
	8,232	4,950,442	3,407	4,962,081	-	900,049	900,049
Carrying amounts							
At 1 January 2018	-	3,346,176	-	3,346,176	351,882	113,101	464,983
At 31 December 2018/1 January 2019	-	3,074,174	-	3,074,174	359,576	102,589	462,165
At 31 December 2019	84,947	2,802,167	603,808	3,490,922	355,838	102,306	458,144

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

6. INTANGIBLE ASSETS (CONTINUED)

Intangible assets arising from interest over Power Purchase, Power and 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) and Power and Water Purchase Agreements ("PWPAs") held by the power producing 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.

The Group has determined the expected cash flows to be generated from the PPAs, OMAs (together with the IPP Licences) and PWPAs as Intangible Assets.

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"). There are one (1) PWPA held by an associate, namely Hidd Power Company B.S.C. (c) ("HPC") and one (1) PWPA held by an associate of a joint venture, namely Shuaibah Water & Electricity Company Limited ("SWEC"). Intangible assets in relation to SEV's PPA has been fully amortised.

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

Initial measurement

The fair values of the Intangible Assets arising from the PPAs, PWPAs and OMAs were measured using the Multi-Period Excess Earnings Method ("MEEM") under the income method. The underlying rationale in the MEEM was that the fair value of an 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.

6. INTANGIBLE ASSETS (CONTINUED)

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

Initial measurement (continued)

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

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

6. INTANGIBLE ASSETS (CONTINUED)

Provisional 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 state of Pahang, Federal Territory of Kuala Lumpur and Putrajaya under the Service Concession Agreement ("SCA") held by Alam Flora Sdn. Bhd. ("AFSB"), the concession asset holder.

During the financial year, as part of the due diligence in the acquisition of AFSB (see Note 42), the Group engaged an independent valuer to perform an entity valuation of AFSB. Based on the valuation performed, the Group has allocated the provisional intangible assets based on the fair value less cost to sell of the future cash flows arising from the existing SCA that was issued by the Federal Government. The remaining surplus from the fair value less cost to sell is allocated as goodwill to the Group.

The fair value less cost to sell is determined by discounting future cash flows to their 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 their assumed percentages. The applied pre-tax discount rate was 12% - 13% per annum. The discount rate reflects the current market assessment of the time value of money and is based on the estimated cost of capital. Management had applied the following key assumptions in deriving the present value of the net cash flow before taxes attributable to the Intangible Assets at the acquisition date:

- Remaining useful life of SCA — 15 years (in accordance with the SCA)
- Revenue — Existing concession asset ("CA") business with an annualised growth rate of 2%
- Capital expenditures ("CAPEX") — Expenses on refurbishment of incinerators for existing SCA business

The Purchase Price Allocation ("PPA") was provisional as at 31 December 2019 and the Group expects to complete the final PPA exercise within the twelve-month period from the acquisition date.

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

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

The fair value less cost of disposal was determined by an external independent valuer at the point of acquisition of AFSB by the Group. The value was mainly derived from the concession held by AFSB. The fair value less cost of disposal is a level 3 of fair value measurement.

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 fair value less cost of disposal, as well as the significant unobservable inputs used in the valuation model.

• Remaining useful life of SCA	15 years (in accordance with the SCA)
• Revenue:	
- Existing SCA Business	Tariff rate revision takes place on 1 September 2021
- New SCA Business	Expected to be commenced on 1 September 2020
• Pre-tax discount rates	
- Existing SCA Business	12% - 13%
- New SCA Business	15% - 16%
- Non-SCA Business	14% - 15%
• Terminal growth rate of Non-SCA Business	2.4%
• Capital expenditures	Expenses on refurbishment of incinerators for existing SCA business

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).

Joint venture

Interest over Power and Water Purchase Agreement in SWEC

Interest over Power and Water Purchase Agreement in SWEC have 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. INTANGIBLE ASSETS (CONTINUED)

Associates

Impairment testing for cash-generating unit ("CGU") containing goodwill and interest over Power and Water Purchase Agreement in HPC

The carrying amount of the goodwill and the interest over Power and Water Purchase Agreement are allocated as follows:

	Carrying amount	
Goodwill	**2019 RM'000**	**2018 RM'000**
CGU – PWPA		
HPC – gas-fuelled and water production	355,838	359,576
Total goodwill	355,838	359,576
Less: Goodwill in an associate	(355,838)	(359,576)
	-	-
Interest over PWPA		
CGU – Interest over PWPA		
HPC – gas-fuelled and water production	41,065	46,302
Total intangible asset	41,065	46,302
Less: Intangible asset in an associate	(41,065)	(46,302)
	-	-

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 11.30% (2018: 9%) per annum. The discount rate reflects the current market assessment of the time value of money and is based on the estimated cost of capital. The management had applied the following key assumptions in deriving value in use within Level 3.

6. INTANGIBLE ASSETS (CONTINUED)

Associates (continued)

Impairment testing for cash-generating unit ("CGU") containing goodwill and interest over Power and Water Purchase Agreement in HPC (continued)

It is assumed that the terms of the PWPA will remain unchanged throughout the concession period.

• Remaining useful life of PWPA	8 years (in accordance with the PWPA)
• Dependable Capacity ("DC"):	
- Power	929 MW
- Water	17,047 m^3/hour
• Capacity Factor:	
- Power	46% – 83% of DC
- Water	91% – 96% of DC
• Net Output:	
- Electrical (million kW/hour)	1,884 – 3,417
- Water (thousand m^3)	67,376 – 72,141
• Capacity Rate:	
- Power (RM/kW/month)	11.76
- Water (RM/m^3/month)	1,392
• Fixed Operating Rate under Revenue:	
- Power (RM/kW/month)	5.35 – 5.87
- Water (RM/m^3/month)	256 – 314
• Variable Operating Rate under Revenue:	
- Power (RM/kW/month)	4.8443 – 5.2663
- Water (RM/m^3/month)	93 – 114
• Fuel price (RM/mmBtu)	11.45

The values assigned to the key assumptions represent management's assessment of future trends in the power and utilities industry and are based on external sources and internal sources (historical data). As at 31 December 2019, the estimated recoverable amounts of the CGU exceed the carrying amount of the goodwill and interest on PWPA of the CGU.

The above estimates are particularly sensitive in an increase/(decrease) of the discount rate used. A one (1) percentage point increase/(decrease) in the discount rate used would have (decreased)/increased the recoverable amount of interest on PWPA of the CGU by (RM36,235,000)/RM26,850,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. INTANGIBLE ASSETS (CONTINUED)

Associates (continued)

Impairment testing for cash-generating unit ("CGU") and interest over Power Purchase Agreement in KEV

During the financial year, KEV has recorded an impairment loss on its finance lease receivables, as such, the Group has performed an impairment assessment on intangible asset of KEV.

The carrying amount of the interest over the Power Purchase Agreement is allocated as follows:

	Carrying amount	
	2019 RM'000	**2018 RM'000**
Interest over PPA		
CGU – Interest over PPA		
KEV – multi-fuelled power generation	56,287	56,287
Less: Amortisation for the year	(5,274)	-
Less: Impairment loss on intangible asset	(51,013)	-
Total intangible asset	-	56,287
Less: Intangible asset in an associate	-	(56,287)
	-	-

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 9% (2018: 10%) per annum. The discount rate reflects the current market assessment of the time value of money and is based on the estimated cost of capital.

The management had applied the following key assumptions in deriving the value in use within Level 3 attributable to the Intangible Assets:

It is assumed that the terms of the PPA will remain unchanged throughout the concession period.

• Remaining useful life of PPA	10 years (in accordance with the PPA)
• Dependable Capacity ("DC")	282 MW – 468 MW
• Capacity Factor	1% – 80% of DC
• Net Output (million kW/hour)	3,707 – 10,953
• Capacity Rate (RM/kW/month)	11.61
• Fixed Operating Rate under Revenue (RM/kW/month)	5.44 – 6.60
• Variable Operating Rate under Revenue (RM/kW/month)	0.0061 – 0.0101
• Fuel price (RM/mmBtu)	15.55 – 31.40

6. INTANGIBLE ASSETS (CONTINUED)

Associates (continued)

Impairment testing for cash-generating unit ("CGU") interest over Power Purchase Agreement in KEV (continued)

The values assigned to the key assumptions represent management's assessment of future trends in the power and utilities industry and are based on external sources and internal sources (historical data). As at 31 December 2019, the carrying amount of the interest on PPA of the CGU exceeds the estimated recoverable amount of the CGU, hence an impairment loss of RM51,013,000 (2018: Nil) is recognised in profit or loss.

The above estimates are particularly sensitive in an increase/(decrease) of the discount rate used. A one (1) percentage point decrease in the discount rate used would have increased the recoverable amount of interest on PPA of the CGU by RM38,937,000.

7. PREPAID LEASE PAYMENTS

Leasehold land Group	Unexpired period less than 50 years RM'000
Cost	
At 1 January 2018/31 December 2018	116,276
Transfer to right-of-use assets	(116,276)
At 1 January 2019/31 December 2019	-
Amortisation	
At 1 January 2018	52,561
Amortisation for the year	4,621
At 31 December 2018	57,182
Transfer to right-of-use assets	(57,182)
At 1 January 2019/31 December 2019	-
Carrying amounts	
At 1 January 2018	63,715
At 31 December 2018	59,094
At 31 December 2019	-

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8. INVESTMENTS IN SUBSIDIARIES

		Company	
	Note	2019 RM'000	2018 RM'000
At cost			
Unquoted shares		8,134,741	8,134,741
Unquoted preference shares		71,382	71,382
Amount due from a subsidiary	8.1	109,361	109,350
Less: Accumulated impairment loss	8.2	(854,345)	(584,471)
		7,461,139	7,731,002

8.1 The amount due from a subsidiary, which is non-trade in nature, unsecured and interest free, has been classified as investments in subsidiaries. The amount has no fixed payment date and the subsidiary has the right to defer the payment.

8.2 During the financial year ended 31 December 2019, the Company continued to assess the recoverability of its investments in subsidiaries which have 10 years or less remaining in the terms of their PPAs.

The impairment test of the investments in subsidiaries is based on the value in use, determined by discounting future cash flows to their 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 their assumed percentages. The applied pre-tax discount rate was 10% (2018: 10%) per annum. The discount rate reflects the current market assessment of the time value of money and is based on the estimated cost of capital. The management had applied several key assumptions in deriving the present value of the net cash flows before taxes attributable to the subsidiaries based on forecasted demand prepared by the customer, PPAs and OMAs.

The values assigned to the key assumptions represent management's assessment of future trends in the power and utilities industry and are based on external sources and internal sources (historical data). During the financial year ended 31 December 2019, consequent to the impairment test carried out, the Company recognised an impairment loss amounting to RM269,874,000 (2018: RM136,585,000) in the profit or loss.

The above estimates are particularly sensitive in an increase/(decrease) of the discount rate used. A one (1) percentage point increase/(decrease) in the discount rate used would have (decreased)/increased the recoverable amount of investments in subsidiaries by (RM32,464,000)/RM30,894,000.

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows:

No.	Name of companies	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2019	2018	Principal activities
Direct subsidiaries					
1.	Segari Energy Ventures Sdn. Bhd.	Malaysia	93.75	93.75	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
2.	GB3 Sdn. Bhd.	Malaysia	75	75	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
3.	Prai Power Sdn. Bhd.	Malaysia	100	100	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant
4.	Tanjung Bin Power Sdn. Bhd.	Malaysia	90	90	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 2,100 MW coal-fired electricity generating facility and sale of electrical energy and generating capacity of the power plant
5.	Hypergantic Sdn. Bhd.	Malaysia	100	100	Investment holding
6.	Tanjung Bin Energy Sdn. Bhd.	Malaysia	100	100	Design, engineering, procurement, construction, installation and commissioning, testing, operation and maintenance of a 1,000 MW coal-fired electricity generating facility
7.	Teknik Janakuasa Sdn. Bhd.	Malaysia	100	100	Investment holding company and provision of operation and maintenance and any related services
8.	Malakoff Utilities Sdn. Bhd.	Malaysia	100	100	Build, own and operate an electricity distribution system and a centralised chilled water plant system

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

No.	Name of companies	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2019	2018	Principal activities
Direct subsidiaries (continued)					
9.	Malakoff Engineering Sdn. Bhd.	Malaysia	100	100	Provision of engineering and project management services
10.	Spring Assets Limited	British Virgin Islands	100	100	Dormant
11.	Malakoff Capital (L) Limited	Federal Territory of Labuan, Malaysia	100	100	Dormant
12.	Malakoff International Limited	Cayman Islands	100	100	Offshore – Investment holding
13.	Tuah Utama Sdn. Bhd.	Malaysia	100	100	Investment holding
14.	Desa Kilat Sdn. Bhd.	Malaysia	54	54	Land reclamation, development and/or sale of reclaimed land
15.	Malakoff Power Berhad	Malaysia	100	100	Operation and maintenance of power plants
16.	Malakoff R&D Sdn. Bhd.	Malaysia	100	100	Promoting, developing, acquiring and enhancing the Group's capacity and innovation in the energy business
17.	Tunas Pancar Sdn. Bhd.	Malaysia	100	100	Investment holding
18.	Silver Solar Sdn. Bhd.	Malaysia	100	-	Developing, financing, constructing, operating and maintaining solar photovoltaic ("PV") project(s)
Indirect subsidiaries					
Held through Tanjung Bin Energy Sdn. Bhd.					
19.	Tanjung Bin Energy Issuer Berhad	Malaysia	100	100	Administer and manage the development of a 1,000 MW coal-fired electricity generating facility

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

No.	Name of companies	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2019	2018	Principal activities
Indirect subsidiaries (continued)					
Held through Teknik Janakuasa Sdn. Bhd.					
20.	Natural Analysis Sdn. Bhd.	Malaysia	100	100	Dormant
21.	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
22.	TJSB International Limited	Cayman Islands	100	100	Offshore – Investment holding
23.	TJSB Global Sdn. Bhd.	Malaysia	100	100	Investment holding
24.	PT. Teknik Janakuasa^	Indonesia	95	95	Provision of operation and maintenance services to power plant and/or other utility plants
25.	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					
26.	TJSB International (Shoaiba) Limited	British Virgin Islands	100	100	Offshore – Investment holding
27.	TJSB Middle East Limited	British Virgin Islands	100	100	Operation and maintenance of power plant
Held through Malakoff Engineering Sdn. Bhd.					
28.	MESB Project Management Sdn. Bhd.	Malaysia	100	100	Dormant

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8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

No.	Name of companies	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2019	2018	Principal activities
Indirect subsidiaries (continued)					
Held through Malakoff International Limited					
29.	Malakoff Gulf Limited	British Virgin Islands	100	100	Offshore – Investment holding
30.	Malakoff Technical (Dhofar) Limited	British Virgin Islands	100	100	Offshore – Investment holding
31.	Malakoff AlDjazair Desal Sdn. Bhd.	Malaysia	100	100	Investment holding
32.	Malakoff Oman Desalination Company Limited	British Virgin Islands	100	100	Offshore – Investment holding
33.	Malakoff Hidd Holding Company Limited	Guernsey	100	100	Asset, property, investment, intellectual property and other holding companies
34.	Pacific Goldtree Sdn. Bhd.	Malaysia	100	100	Investment holding
Held through Tuah Utama Sdn. Bhd.					
35.	Green Biogas Sdn. Bhd.	Malaysia	60	60	Business of developing, operating and maintaining biogas power plant project
36.	Malakoff Radiance Sdn. Bhd.	Malaysia	100	-	Developing, financing, constructing, operating and maintaining photovoltaic ("PV") solar projects
37.	Batu Bor Hidro Sdn. Bhd.	Malaysia	65	-	Development and construction of hydro power project, operation of generating facilities that produce electric energy transmission, distribution and sales of electricity and any other operations incidental and related thereto
38.	Lubuk Paku Hidro Sdn. Bhd.	Malaysia	65	-	Development and construction of hydro power project, operation of generating facilities that produce electric energy transmission, distribution and sales of electricity and any other operations incidental and related thereto

8. **INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

Details of subsidiaries are as follows (continued):

No.	Name of companies	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2019	2018	Principal activities
Indirect subsidiaries (continued)					
Held through Malakoff AlDjazair Desal Sdn. Bhd.					
39.	Tlemcen Desalination Investment Company SAS*	France	70	70	Offshore – Investment holding
Held through Malakoff Hidd Holding Company Limited					
40.	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					
41.	Tanjung Bin O&M Berhad	Malaysia	100	100	Operation and maintenance of power plant
42.	PDP O&M Sdn. Bhd.^	Malaysia	100	100	Operation and maintenance of power plant
Held through Hypergantic Sdn. Bhd.					
43.	Port Dickson Power Berhad^	Malaysia	100	100	Independent power producer licensed by the Government to supply electricity exclusively to Tenaga Nasional Berhad
Held through Pacific Goldtree Sdn. Bhd.					
44.	Skyfirst Power Sdn. Bhd.	Malaysia	100	100	Investment holding
Held through Tunas Pancar Sdn. Bhd.					
45.	Alam Flora Sdn. Bhd.^	Malaysia	97.37	-	Provision of integrated solid waste collection and public cleansing management services
Held through Alam Flora Sdn. Bhd.					
46.	DRB-HICOM Environmental Services Sdn. Bhd.^	Malaysia	97.37	-	Provision of integrated solid waste management services, recycling and integrated facility management services

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8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are as follows (continued):

No.	Name of companies	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest (%) 2019	2018	Principal activities
	Indirect subsidiaries (continued)				
	Held through Malakoff Gulf Limited				
47.	Desaru Investments (Cayman Isl.) Limited ∞	Cayman Islands	100	-	Offshore - Investment holding
48.	Malaysian Shoaiba Consortium Sdn. Bhd.	Malaysia	80	40ø	Investment holding
	Held through Skyfirst Power Sdn. Bhd.				
49.	Malakoff Australia Pty. Ltd.*	Australia	-	100	Investment holding
50.	Wind Macarthur Holdings (T) Pty. Limited*	Australia	-	100	Investment holding
	Held through Malakoff Australia Pty. Ltd.				
51.	Malakoff Holdings Pty. Ltd.*	Australia	-	100	Investment holding
	Held through Malakoff Holdings Pty. Ltd.				
52.	Malakoff Wind Macarthur Holdings Pty. Limited*	Australia	-	100	Investment holding
	Held through Malakoff Wind Macarthur Holdings Pty. Limited				
53.	Malakoff Wind Macarthur Pty. Limited*	Australia	-	100	Leasing of wind turbine assets
	Held through Wind Macarthur Holdings (T) Pty. Limited				
54.	Wind Macarthur (T) Pty. Limited*	Australia	-	100	Leasing of wind turbine assets
	Held through Wind Macarthur (T) Pty. Limited				
55.	Wind Macarthur Finco Pty. Limited*	Australia	-	100	Financing operation for Macarthur Wind Farm Project

* Audited by other member firms of KPMG International
^ Not audited by member firms of KPMG International
∞ No requirement to be audited
ø Recognised as an investment in associate in previous financial year

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

Group	Segari Energy Ventures Sdn. Bhd. RM'000	GB3 Sdn. Bhd. RM'000	Tanjung Bin Power Sdn. Bhd. RM'000	Alam Flora Sdn. Bhd. RM'000	Malaysian Shoaiba Consortium Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2019							
NCI percentage of ownership interest and voting interest	6.25%	25%	10%	2.63%	20%		
Carrying amount of NCI	46,045	89,418	90,967	23,745	120,799	(2,069)	368,905
(Loss)/Profit allocated to NCI	(3,710)	11,493	46,471	273	-	6	54,533
Summarised financial information before intra-group eliminations							
As at 31 December							
Non-current assets	1,301,276	439,421	4,838,622	312,132	454,845		
Current assets	747,061	175,198	3,820,514	677,804	2,172		
Non-current liabilities	(131,997)	(181,563)	(6,393,830)	(262,017)	-		
Current liabilities	(1,179,619)	(75,383)	(1,355,641)	(371,106)	(2,172)		
Net assets	736,721	357,673	909,665	356,813	454,845		
Year ended 31 December							
Revenue	1,142,395	337,341	3,812,134	78,984	141,157		
(Loss)/Profit for the year	(59,360)	45,973	464,712	10,382	134,741		
Total comprehensive (expense)/income	(59,360)	45,973	464,712	10,382	134,741		
Cash flows from operating activities	126,425	57,716	1,275,878	111,502	533		
Cash flows from/(used in) investing activities	44,493	(11,485)	365,699	(14,452)	137,850		
Cash flows used in financing activities	(120,625)	(80,723)	(1,610,250)	(40,233)	(157,285)		
Net increase/(decrease) in cash and cash equivalents	50,293	(34,492)	31,327	56,817	(18,902)		
Dividends paid to NCI	-	20,000	30,000	-	-	-	50,000
Redemption of Redeemable Preference Shares to NCI	-	-	-	-	26,646	-	26,646

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows (continued):

Group	Segari Energy Ventures Sdn. Bhd. RM'000	GB3 Sdn. Bhd. RM'000	Tanjung Bin Power Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
2018					
NCI percentage of ownership interest and voting interest	6.25%	25%	10%		
Carrying amount of NCI	49,755	98,172	74,495	(2,736)	219,686
(Loss)/Profit allocated to NCI	(4,254)	8,753	44,812	(264)	49,047
Summarised financial information before intra-group eliminations					
As at 31 December					
Non-current assets	1,461,167	558,845	5,010,071		
Current assets	704,547	176,190	4,494,041		
Non-current liabilities	(1,222,018)	(251,563)	(7,592,605)		
Current liabilities	(147,615)	(90,785)	(1,166,551)		
Net assets	796,081	392,687	744,956		
Year ended 31 December					
Revenue	934,378	300,019	4,121,560		
(Loss)/Profit for the year	(68,066)	35,010	448,118		
Total comprehensive (expense)/ income	(68,066)	35,010	448,118		
Cash flows from operating activities	151,602	134,680	1,041,777		
Cash flows used in investing activities	(132,930)	(62,787)	(347,154)		
Cash flows used in financing activities	(118,083)	(60,000)	(690,059)		
Net (decrease)/increase in cash and cash equivalents	(99,411)	11,893	4,564		
Dividends paid to NCI	-	15,000	40,000	-	55,000

9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At cost				
Unquoted shares:				
- in Malaysia	471,258	255,460	1,112,228	896,430
- outside Malaysia	72,073	72,773	-	-
Unquoted loan stocks:				
- in Malaysia	307,430	307,430	307,430	307,430
- outside Malaysia	-	42,041	-	-
Pre-acquisition reserves	100,592	100,592	-	-
Share of post-acquisition reserves	(30,501)	289,259	-	-
Accumulated impairment loss	(572,764)	-	(1,419,658)	(454,107)
	348,088	1,067,555	-	749,753
Add: Intangible assets				
Goodwill	355,838	359,576	-	-
Interest over PPA and PWPA	939,073	939,073	-	-
	1,294,911	1,298,649	-	-
Less: Amortisation of intangible assets				
At 1 January	(372,838)	(362,326)	-	-
Amortisation for the year	(10,511)	(10,512)	-	-
At 31 December	(383,349)	(372,838)	-	-
Less: Accumulated impairment loss on intangible assets				
At 1 January	(463,646)	(463,646)	-	-
Impairment loss for the year	(51,013)	-	-	-
At 31 December	(514,659)	(463,646)	-	-
	744,991	1,529,720	-	749,753

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9. INVESTMENTS IN ASSOCIATES (CONTINUED)

During the financial year, the Group performed an impairment assessment on the recoverability of its investments in associates which have 10 years or less remaining in the terms of their PPA and PWPA.

The impairment test of the investments in associates is based on the value in use, determined by discounting future cash flows to their 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 their assumed percentages. The applied pre-tax discount rate was 9% - 11% (2018: 9% - 10%) per annum. The discount rate reflects the current market assessment of the time value of money and is based on the estimated cost of capital. The management had applied selected key assumptions in deriving the present value of the net cash flows before taxes attributable to the associates based on forecasted demand prepared by the customer, PPA and PWPA as disclosed in Note 6.

The values assigned to the key assumptions represent management's assessment of future trends in the power and utilities industry and are based on external sources and internal sources (historical data). During the financial year ended 31 December 2019, consequent to the impairment test carried out, the Group and the Company recognised an impairment loss on KEV amounting to RM623,777,000 (2018: Nil) and RM965,551,000 (2018: RM302,244,000) respectively in the profit or loss.

As a result of the impairment assessment, the Group and the Company have made provisions up to the carrying amount of the investment in KEV for the financial year ended 31 December 2019.

The above estimates are particularly sensitive in respect of the discount rate used. A one (1) percentage point increase/(decrease) in the discount rate used would have (decreased)/increased the recoverable amounts of investments in associates by (RM36,235,000)/RM26,850,000.

9. 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 (%) 2019	2018	Principal activities
	Direct associate				
1.	Kapar Energy Ventures Sdn. Bhd.	Malaysia	40	40	Generation and sale of electricity
Indirect associates					
2.	Oman Technical Partners Limited	British Virgin Islands	43.48	43.48	Offshore - Investment holding
3.	Salalah Power Holdings Limited	Bermuda	43.48	43.48	Dormant
4.	Al-Imtiaz Operation and Maintenance Company Limited^	Kingdom of Saudi Arabia	40	20	Implementation of operation and maintenance contracts for stations of electrical power generation and water desalination
5.	Hyflux-TJSB Algeria SPA	Algeria	49	49	Operation and maintenance of water desalination plant
6.	Hidd Power Company B.S.C. (c)	Bahrain	40	40	Building, operation and maintenance of power and water stations for special purposes (specific supply only)
7.	Muscat City Desalination Operation and Maintenance Company LLC	Sultanate of Oman	35	35	Operation and maintenance of pump stations and pipelines, installation and repair of electric power and transformer plants and telecommunications and radar plants, export and import offices, and laying and maintenance of all kinds of pipes, business agencies (excluding portfolio and securities) and wholesale of industrial chemicals
8.	Muscat City Desalination Company S.A.O.G	Sultanate of Oman	32.5	32.5	Desalination of water
9.	Saudi-Malaysia Operation and Maintenance Services Company Limited	Kingdom of Saudi Arabia	20	20	Operation and maintenance of power and water desalination plant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates.

Group	Kapar Energy Ventures Sdn. Bhd.* RM'000	Malaysian Shoaiba Consortium Sdn. Bhd.** RM'000	Hidd Power Company B.S.C. (c) RM'000	Muscat City Desalination Company S.A.O.G RM'000
2019	40%	40%	40%	32.5%
Summarised financial information				
As at 31 December				
Non-current assets	1,671,033	7,429,273	3,223,524	956,929
Current assets	1,646,075	482,046	651,893	36,708
Non-current liabilities	(1,756,974)	(4,654,527)	(2,765,164)	(816,482)
Current liabilities	(1,152,972)	(862,721)	(346,931)	(53,802)
Net assets	407,162	2,394,071	763,322	123,353
Year ended 31 December				
(Loss)/Profit for the year	(325,773)	235,054	134,491	15,965
Other comprehensive expense	-	(48,825)	(25,818)	(27,545)
Total comprehensive (expense)/income	(325,773)	186,229	108,673	(11,580)
Included in the total comprehensive income/ (expense) are:				
Revenue	1,784,915	753,950	1,814,396	180,845
Depreciation and amortisation	(4,128)	(218,287)	(219,182)	-
Interest income	18,859	-	-	-
Interest expense	(160,734)	(206,726)	(141,170)	(33,813)
Income tax expense	4,793	(14,996)	-	(7,423)

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates (continued).

Group	Kapar Energy Ventures Sdn. Bhd.* RM'000	Malaysian Shoaiba Consortium Sdn. Bhd.** RM'000	Hidd Power Company B.S.C. (c) RM'000	Muscat City Desalination Company S.A.O.G RM'000	Other individually immaterial associates RM'000	Total RM'000
2019						
Reconciliation of net assets to carrying amount						
As at 31 December						
Group's share of net assets	-	-	305,329	40,090	2,669	348,088
Goodwill	-	-	355,838	-	-	355,838
Intangible assets	-	-	41,065	-	-	41,065
Carrying amount in the statements of financial position	-	-	702,232	40,090	2,669	744,991
Group's share of results						
Year ended 31 December						
Group's share of (loss)/profit for the year	(130,309)	22,036	53,796	5,189	6,563	(42,725)
Group's share of other comprehensive expense	-	(5,859)	(10,327)	(8,952)	(1,336)	(26,474)
Group's share of total comprehensive (expense)/ income	(130,309)	16,177	43,469	(3,763)	5,227	(69,199)
Other information						
Dividend received	-	-	(14,804)	(4,381)	(612)	(19,797)

* Investment in KEV has been fully impaired during the financial year, and accordingly the share of net assets of the associate has been written down to nil.

** During the financial year, consequent to the acquisition of an increased equity interest in Malaysian Shoaiba Consortium Sdn. Bhd., the entity ceased to be an associate and became a subsidiary of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates (continued).

Group	Kapar Energy Ventures Sdn. Bhd. RM'000	Malaysian Shoaiba Consortium Sdn. Bhd. RM'000	Hidd Power Company B.S.C. (c) RM'000	Muscat City Desalination Company S.A.O.G RM'000	Lekir Bulk Terminal Sdn. Bhd. RM'000
2018					
Summarised financial information					
As at 31 December					
Non-current assets	1,827,990	6,927,198	3,381,321	984,374	-
Current assets	1,983,686	909,178	580,847	34,402	-
Non-current liabilities	(1,790,265)	(5,118,672)	(2,986,942)	(809,576)	-
Current liabilities	(1,571,800)	(698,307)	(283,552)	(60,786)	-
Net assets	449,611	2,019,397	691,674	148,414	-
Year ended 31 December					
(Loss)/Profit for the year	(80,418)	398,354	146,254	12,067	8,743
Other comprehensive income	-	131,850	79,430	11,643	-
Total comprehensive (expense)/ income	(80,418)	530,204	225,684	23,710	8,743
Included in the total comprehensive income/(expense) are:					
Revenue	2,244,944	1,180,418	1,727,571	131,357	29,952
Depreciation and amortisation	(2,673)	(308,157)	(205,439)	(34,745)	(5,201)
Interest income	26,344	-	-	-	64
Interest expense	(183,170)	(308,963)	(146,496)	(35,196)	(87)
Income tax expense	(45,098)	(13,381)	-	(9,415)	(2,828)

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table summarises the information of the Group's material associates, adjusted for any differences in the accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates (continued).

Group	Kapar Energy Ventures Sdn. Bhd. RM'000	Malaysian Shoaiba Consortium Sdn. Bhd. RM'000	Hidd Power Company B.S.C. (c) RM'000	Muscat City Desalination Company S.A.O.G RM'000	Lekir Bulk Terminal Sdn. Bhd. RM'000	Other individually immaterial associates RM'000	Total RM'000
2018							
Reconciliation of net assets to carrying amount							
As at 31 December							
Group's share of net assets	179,844	242,328	276,670	48,234	-	13,049	760,125
Goodwill	-	-	359,576	-	-	-	359,576
Intangible assets	56,287	-	46,302	-	-	-	102,589
Redeemable unsecured loan stocks	307,430	-	-	-	-	-	307,430
Carrying amount in the statements of financial position	543,561	242,328	682,548	48,234	-	13,049	1,529,720
Group's share of results							
Year ended 31 December							
Group's share of (loss)/profit for the year	(32,168)	44,153	58,501	3,922	1,748	7,519	83,675
Group's share of other comprehensive income	-	15,822	31,772	3,784	-	2,410	53,788
Group's share of total comprehensive (expense)/ income	(32,168)	59,975	90,273	7,706	1,748	9,929	137,463
Other information							
Dividend received	-	-	17,423	4,904	-	6,277	28,604

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10. INVESTMENTS IN JOINT VENTURES

Group	2019 RM'000	2018 RM'000
At cost		
Unquoted shares, outside Malaysia	427,994	64,118
Pre-acquisition reserves	311,581	-
Share of post-acquisition reserves	(174,494)	(64,118)
	565,081	-
Add: Intangible assets acquired through business combination (Note 6)		
Goodwill	63,282	-
	63,282	-
Less: Amortisation of intangible assets		
At 1 January	-	-
Amortisation for the year	(2,041)	-
At 31 December	(2,041)	-
	626,322	-

(i) The Group has an interest in Almiyah Attilemcania SPA ("AAS"), a joint arrangement which is principally engaged in the construction, operation and maintenance of a desalination plant and marketing of desalinated water produced in Algeria. AAS is structured as a separate vehicle and provides the Group rights to the net assets of the entity. Thus, the Group has classified the investment in AAS as a joint venture. In 2016, the Group made provision up to the carrying amount of the investment in the joint venture consequent to a dispute as disclosed in Note 39.

(ii) During the year, Malakoff Gulf Limited, a wholly-owned indirect subsidiary of the Company, had entered into a Share Sale Agreement with Khazanah Nasional Berhad to acquire the entire equity interest in Desaru Investment (Cayman Isl.) Limited ("DIL"). Following the completion of the acquisition, the Company's effective equity interest in Malaysian Shoaiba Consortium Sdn. Bhd. ("MSCSB"), an associate of DIL, increased from 40% to 80%. MSCSB has a 50% equity interest in Saudi-Malaysia Water & Electricity Company Limited ("SAMAWEC"). This has resulted in SAMAWEC being classified as a joint venture of the Group.

10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Details of joint ventures are as follows:

No.	Name of companies	Principal place of business/Country of incorporation	Effective ownership interest and voting interest (%) 2019	2018	Principal activities
Indirect joint ventures					
1.	Almiyah Attilemcania SPA	Algeria	35.7%	35.7%	Construction, operation and maintenance of a desalination plant and marketing of desalinated water produced
2.	Saudi-Malaysia Water & Electricity Company Limited ("SAMAWEC")	Kingdom of Saudi Arabia	40	20[ø]	Offshore – Investment holding
Associates held by SAMAWEC					
3.	Shuaibah Water & Electricity Company Limited ("SWEC")	Kingdom of Saudi Arabia	24	12	Design, construction, commissioning, testing, possession, operation and maintenance of crude oil fired power generation and water desalination plant
4.	Shuaibah Expansion Holding Company Limited ("SEHCO")	Kingdom of Saudi Arabia	24	12	Development, construction, ownership, operation and maintenance of the Shuaibah Phase 3 Expansion independent water producer ("IWP"), transport and sale of water and undertake all works and activities related thereto, directly or through another company holding most of its shares or stock
5.	Shuaibah Expansion Project Company Limited ("SEPCO")	Kingdom of Saudi Arabia	23.8	11.9	Development, construction, possession, operation and maintenance of the Shuaibah Phase 3 Expansion IWP, transfer and sell water and all relevant works and activities

ø Recognised in investments in associates in previous financial year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

10. INVESTMENTS IN JOINT VENTURES (CONTINUED)

	Group	
	2019 RM'000	**2018 RM'000**
Summarised financial information		
As at 31 December		
Non-current assets	7,631,517	-
Current assets	495,357	-
Non-current liabilities	(4,876,057)	-
Current liabilities	(886,463)	-
Net assets	2,364,354	-
Year ended 31 December		
Profit for the year	113,038	-
Other comprehensive income	40,498	-
Total comprehensive income	153,536	-
Included in the total comprehensive income/(expense) are:		
Revenue	457,014	-
Depreciation and amortisation	(124,687)	-
Interest expense	(110,715)	-
Income tax expense	(11,021)	-
Reconciliation of net assets to carrying amount		
As at 31 December		
Group's share of net assets	565,081	-
Intangible assets	61,241	-
Carrying amount in the statements of financial position	626,322	-
Group's share of results		
Year ended 31 December		
Group's share of profit for the year	21,102	-
Group's share of other comprehensive income	9,679	-
Group's share of total comprehensive income	30,781	-
Other information		
Dividend received	141,157	-

11. FINANCE LEASE RECEIVABLE

The finance lease receivable relates to a 25-year lease agreement for the right to use and occupy 3 parcels of land, substations and assets. During the financial year, the finance lease receivable has been derecognised pursuant to the completion of the disposal of the Group's investment in Malakoff Wind Macarthur by Skyfirst Power Sdn. Bhd., a wholly-owned indirect subsidiary of the Company (see Note 44).

The future minimum lease payments under the finance lease together with the present value of the net minimum lease payments were as follows:

Group	2019 RM'000	2018 RM'000
Minimum lease payments:		
Within one year	-	173,442
1-2 years	-	178,590
2-5 years	-	559,129
Over 5 years	-	3,257,592
Gross investment in finance lease	-	4,168,753
Less: Unearned finance income	-	(2,135,668)
Present value of minimum lease payments	-	2,033,085
Analysed as:		
Within one year	-	14,103
1-2 years	-	20,561
2-5 years	-	97,427
Over 5 years	-	1,900,994
Total finance lease receivable	-	2,033,085
Comprising:		
Current	-	14,103
Non-current	-	2,018,982
	-	2,033,085

For the financial year ended 31 December 2019, the Group recognised finance lease income of RM143,815,000 (2018: RM163,364,000) as disclosed in Note 27.

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12. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	2019		2018	
Group	**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	-	(10,013)	-	(179,539)
- Cross currency swap	327,643	-	412,576	-
	327,643	(10,013)	412,576	(179,539)
Current				
Derivatives at fair value through profit or loss				
- Interest rate swaps	-	-	-	(26,271)
	-	-	-	(26,271)
	327,643	(10,013)	412,576	(205,810)

Interest rate and cross currency swaps are used to achieve an appropriate mix of fixed and floating interest rates exposure within the Group's policy. The Group entered into interest rate and cross currency swaps, to hedge the interest rate and foreign exchange risks. The interest rate and cross currency swaps are entered into for a period of 5 to 17 years.

13. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
Other receivables	13.1	60,777	71,144	-	-
Amount due from an associate – non-trade	13.2	240,662	-	240,662	-
Impairment recognised during the year	13.2	(25,309)	-	(25,309)	-
Net amount due from an associate – non-trade		215,353	-	215,353	-
Deferred expense		250,239	-	-	-
Other assets		50	-	-	-
		526,419	71,144	215,353	-
Current					
Trade					
Trade receivables	13.3	1,160,167	1,370,310	-	-
Less: Allowance for impairment loss		(3,168)	(969)	-	-
		1,156,999	1,369,341	-	-
Non-trade					
Amounts due from subsidiaries	13.4	-	-	2,404,223	1,130,521
Amount due from an associate – non-trade	13.2	-	205,048	-	205,048
Other receivables		258,092	514,755	1,756	5,997
Deposits and prepayments		86,168	124,141	4,446	23,005
		344,260	843,944	2,410,425	1,364,571
		1,501,259	2,213,285	2,410,425	1,364,571
		2,027,678	2,284,429	2,625,778	1,364,571

13.1 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. TRADE AND OTHER RECEIVABLES (CONTINUED)

13.2 Non-trade amount due from an associate

The amount due from an associate is unsecured and stated at amortised cost and is expected to be repaid in the next ten (10) years. During the financial year ended 31 December 2019, the Company has 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 value in use, determined by discounting future cash flows to their 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 their assumed percentages. The applied pre-tax discount rate is 9% (2018: 10%) per annum. The discount rate reflects the current market assessment of the time value of money and is based on the estimated cost of capital. The management had applied the key assumptions in deriving the present value of the net cash flow before taxes attributable to the associate based on forecasted demand prepared by the customer and the associate's PPA as disclosed in Note 6. As a result of the impairment assessment, the Group and the Company have recognised an impairment loss on amount due from the associate amounting to RM25,309,000 (2018: Nil).

The above estimates are particularly sensitive in an increase/(decrease) of the discount rate used. A one (1) percentage point increase/(decrease) in the discount rate used would have (decreased)/increased the recoverable amount due from an associate by (RM18,269,000)/RM16,662,000.

13.3 Trade receivables

Included in trade receivables of the Group is an amount owing from an entity that is under significant influence of the Government of Malaysia (a party that has an indirect significant influence on the Group) as at the reporting period as follows:

	Gross balance outstanding	
	2019 RM'000	**2018 RM'000**
Tenaga Nasional Berhad	1,065,658	1,353,428

Trade receivables are subjected to negotiated terms.

13.4 Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest free and repayable on demand except for amounts of RM725,693,227 (2018: RM740,570,199) which are subject to interest rate ranging from 4.7% - 5.9% (2018: 4.6% - 5.9%) per annum.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

13.5 Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set-off for presentation purpose:

Company	Note	Gross amount RM'000	Balances that are set-off RM'000	Net carrying amount in the statements of financial position RM'000
2019				
Amounts due from subsidiaries		2,654,608	(250,385)	2,404,223
Amounts due to subsidiaries	26	(2,367,560)	250,385	(2,117,175)
2018				
Amounts due from subsidiaries		1,367,010	(236,489)	1,130,521
Amounts due to subsidiaries	26	(1,855,830)	236,489	(1,619,341)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Group						
Property, plant and equipment	-	-	(2,302,584)	(2,263,670)	(2,302,584)	(2,263,670)
Lease liabilities	5,660	-	-	-	5,660	-
Right-of-use assets	-	-	(7,361)	-	(7,361)	-
Investment properties	-	-	(120)	-	(120)	-
Concession assets	-	-	(42,470)	-	(42,470)	-
Provisions	157,439	118,929	-	-	157,439	118,929
Intangible assets	-	-	(734,029)	(660,932)	(734,029)	(660,932)
Unutilised capital allowances	871,680	735,695	-	-	871,680	735,695
Deferred income	971,061	939,190	-	-	971,061	939,190
Deferred expenses	-	-	(67,548)	(76,554)	(67,548)	(76,554)
Tax assets/(liabilities)	2,005,840	1,793,814	(3,154,112)	(3,001,156)	(1,148,272)	(1,207,342)
Set-off of tax	(1,859,342)	(1,650,451)	1,859,342	1,650,451	-	-
Net tax assets/(liabilities)	146,498	143,363	(1,294,770)	(1,350,705)	(1,148,272)	(1,207,342)
Company						
Property, plant and equipment	-	35	(432)	-	(432)	35
Right-of-use assets	-	-	(2,174)	-	(2,174)	-
Lease liabilities	2,344	-	-	-	2,344	-
Provisions	-	986	-	-	-	986
Net tax assets/(liabilities)	2,344	1,021	(2,606)	-	(262)	1,021

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movements in temporary differences during the year:

Group	At 1.1.2018 RM'000	Adjustments on initial application of MFRS 9 RM'000	Recognised in profit or loss (Note 30) RM'000	Recognised in other comprehensive (expense)/ income (Note 32) RM'000	At 31.12.2018/ 1.1.2019 RM'000	Recognised in profit or loss (Note 30) RM'000	Recognised in other comprehensive (expense)/ income (Note 32) RM'000	Arising from business combination (Note 42) RM'000	Disposal of a subsidiary (Note 44) RM'000	At 31.12.2019 RM'000
Deferred tax assets										
Lease liabilities	-	-	-	-	-	3,769	-	1,891	-	5,660
Provisions	123,467	461	(29,289)	24,290	118,929	4,467	14,549	72,909	(53,415)	157,439
Unutilised tax losses	28,871	-	(28,871)	-	-	-	-	-	-	-
Unutilised capital allowances	572,538	-	163,157	-	735,695	135,985	-	-	-	871,680
Deferred income	866,836	-	72,354	-	939,190	31,871	-	-	-	971,061
Tax assets	1,591,712	461	177,351	24,290	1,793,814	176,092	14,549	74,800	(53,415)	2,005,840
Set-off of tax	(1,452,225)	-	(198,226)	-	(1,650,451)	(160,780)	-	(48,111)	-	(1,859,342)
Net tax assets	139,487	461	(20,875)	24,290	143,363	15,312	14,549	26,689	(53,415)	146,498

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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14. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movements in temporary differences during the year (continued):

Group	At 1.1.2018 RM'000	Adjustments on initial application of MFRS 9 RM'000	Recognised in profit or loss (Note 30) RM'000	Recognised in other comprehensive (expense)/ income (Note 32) RM'000	At 31.12.2018/ 1.1.2019 RM'000	Recognised in profit or loss (Note 30) RM'000	Recognised in other comprehensive (expense)/ income (Note 32) RM'000	Arising from business combination (Note 42) RM'000	Disposal of a subsidiary (Note 44) RM'000	At 31.12.2019 RM'000
Deferred tax liabilities										
Property, plant and equipment	(2,213,853)	-	(49,817)	-	(2,263,670)	(37,057)	-	(1,857)	-	(2,302,584)
Investment properties	-	-	-	-	-	1,632	-	(1,752)	-	(120)
Concession assets	-	-	-	-	-	201	-	(42,671)	-	(42,470)
Intangible assets	(720,390)	-	59,458	-	(660,932)	72,512	-	(145,609)	-	(734,029)
Deferred expense	(85,560)	-	9,006	-	(76,554)	9,006	-	-	-	(67,548)
Right-of-use assets	-	-	-	-	-	(5,530)	-	(1,831)	-	(7,361)
Others	-	-	-	-	-	(3,694)	-	-	3,694	-
Tax liabilities	(3,019,803)	-	18,647	-	(3,001,156)	37,070	-	(193,720)	3,694	(3,154,112)
Set-off of tax	1,452,225	-	198,226	-	1,650,451	160,780	-	48,111	-	1,859,342
Net tax liabilities	(1,567,578)	-	216,873	-	(1,350,705)	197,850	-	(145,609)	3,694	(1,294,770)

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movements in temporary differences during the year (continued):

Company	At 1.1.2018 RM'000	Recognised in profit or loss (Note 30) RM'000	At 31.12.2018 RM'000	Adjustments on initial application of MFRS 16 RM'000	At 1.1.2019 RM'000	Recognised in profit or loss (Note 30) RM'000	At 31.12.2019 RM'000
Provisions	-	986	986	-	986	(986)	-
Right-of-use assets	-	-	-	(3,514)	(3,514)	1,340	(2,174)
Lease liabilities	-	-	-	3,666	3,666	(1,322)	2,344
Property, plant and equipment	(738)	773	35	-	35	(467)	(432)
Net tax (liabilities)/ assets	(738)	1,759	1,021	152	1,173	(1,435)	(262)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item (stated at gross):

	Group 2019 RM'000	Group 2018 RM'000
Unutilised tax losses:		
As at 31 December	140,706	129,173
Tax at 24% (2018: 24%)	33,769	31,002

In accordance with the provision of Finance Act 2019 requirement, the unutilised tax losses are available for utilisation in the next seven (7) years, for which, any excess at the end of the seventh (7th) year, will be disregarded. Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available against which the subsidiaries can utilise the benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

15. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
At cost		
Consumables	322,396	289,036
Coal	309,707	392,352
Diesel fuel	60,955	79,416
	693,058	760,804

16. OTHER INVESTMENTS

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
Investment in Redeemable Cumulative Convertible Preference Shares ("RCCPS")	16.1	21,515	16,248	21,515	16,248
Current					
Deposits with licensed banks and other licensed corporations					
– amortised cost	16.2	1,877,683	3,582,478	-	30,000
– fair value through profit or loss	16.2	631,793	-	-	-
		2,509,476	3,582,478	-	30,000

16.1 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.

16.2 Deposits with licensed banks and other licensed corporations

Included in other investments of the Group and of the Company is an amount of RM2,427,112,000 (2018: RM3,052,199,000) and RM Nil (2018: RM30,000,000), respectively placed with licensed banks and other licensed corporations which are under significant influence of the Government of Malaysia (a party that has an indirect significant influence on the Group and the Company).

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposits with licensed banks and other licensed corporations	1,514,130	1,236,019	18,000	341,459
Cash and bank balances	1,231,259	279,128	25,204	18,973
	2,745,389	1,515,147	43,204	360,432

Included in cash and cash equivalents of the Group and of the Company are amounts of RM2,427,350,000 (2018: RM1,081,017,000) and RM43,199,000 (2018: RM240,856,000), respectively placed with licensed banks and other licensed corporations which are under significant influence of the Government of Malaysia (a party that has an indirect significant influence on the Group and the Company).

18. ASSETS CLASSIFIED AS HELD FOR SALE

On 11 December 2019, Port Dickson Power Berhad ("PDP"), an indirect 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 is expected to be completed by the third quarter of 2020. Accordingly, these power plant assets are reclassified as current assets.

At 31 December 2019, the assets classified as held for sale are as follows:

	Note	Group 2019 RM'000
Assets classified as held for sale		
Property, plant and equipment	(a)	65,000

Note (a)

Property, plant and equipment held for sale comprise the following:

	Note	2019 RM'000
Cost	3	678,759
Less: Accumulated depreciation	3	(613,759)
		65,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. CAPITAL AND RESERVES

Share capital

Group and Company	Number of shares 2019 ’000	Amount 2019 RM’000	Number of shares 2018 ’000	Amount 2018 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.

In accordance with Section 618 of Companies Act 2016, the share premium amounting to RM5,193,055,000 had permanently became part of the Company’s share capital.

Treasury shares

During the financial year, the Company repurchased a total of 1,259,700 ordinary shares from the open market for a total consideration of RM1,040,912 at an average cost of RM0.83 per share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016. The Company has not cancelled any treasury shares during the financial year. As at 31 December 2019, the total number of treasury shares held is 2.26% of the total number of issued share capital of the Company.

Group and Company	Number of shares 2019 ‘000	Amount 2019 RM’000	Number of shares 2018 ‘000	Amount 2018 RM’000
Treasury shares				
At 1 January	111,779	97,606	1,824	1,641
Purchase during the year	1,260	1,041	109,955	95,965
At 31 December	113,039	98,647	111,779	97,606

19. CAPITAL AND RESERVES (CONTINUED)

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.

Capital redemption reserve

In 2009, the Company redeemed 8,400,000 Redeemable Convertible Preference Shares ("RCPS") at a redemption price of RM10.00 per share comprising the nominal amount of RM0.10 each and premium of RM9.90 each. The redemption was made proportionately in respect of each holding of RCPS, fully paid out from the retained profits and share premium account of the Company.

An amount equivalent to the nominal value of the RCPS totalling RM840,000 was transferred from the capital redemption reserve account to the share capital account pursuant to the transitional provisions set out under the requirement of Section 618(2) of the Companies Act 2016 in Malaysia.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related transactions that have not yet occurred.

20. PERPETUAL SUKUK

Group	2019 RM'000	2018 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

20. PERPETUAL SUKUK (CONTINUED)

Details of Sukuk Wakalah are as follows (continued):

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.

21. LOANS AND BORROWINGS

		Group	
	Note	2019 RM'000	2018 RM'000
Non-current			
Secured			
AUD term loan 1	21.1	358,423	-
AUD term loan 2	21.2	-	1,396,400
Sukuk Ijarah medium term notes	21.3	2,779,008	3,231,019
Sukuk medium term notes	21.4	2,674,976	3,037,175
Sukuk Wakalah	21.5	290,000	290,000
Senior Sukuk Murabahah	21.6	3,005,000	3,080,000
Senior RM term loan	21.7	438,130	517,580
Senior USD term loan	21.8	1,313,526	1,435,192
USD term loan	21.9	-	297,792
Unsecured			
Redeemable Preference Shares	21.11	30,000	30,000
		10,889,063	13,315,158
Current			
Secured			
AUD term loan 1	21.1	28,676	409,178
AUD term loan 2	21.2	-	21,513
Sukuk Ijarah medium term notes	21.3	500,000	525,000
Sukuk medium term notes	21.4	410,000	670,000
Senior Sukuk Murabahah	21.6	75,000	65,000
Senior RM term loan	21.7	79,450	74,970
Senior USD term loan	21.8	106,745	103,069
USD term loan	21.9	294,696	16,544
RM term loan 2	21.10	14,515	-
		1,509,082	1,885,274
		12,398,145	15,200,432

21. LOANS AND BORROWINGS (CONTINUED)

21.1 AUD term loan 1 drawdown by Malakoff International Limited ("MIL")

Security

The AUD term loan 1 is secured over a first ranking share pledge over the investments in subsidiaries and assignment of MIL's rights under certain intercompany loans.

Significant covenant

The parent (the Company) is required to maintain a total debt-to-equity ratio of not more than 1:1 and a Group total debt-to-equity ratio of not more than 5.5:1.

21.2 AUD term loan 2 drawdown by Wind Macarthur Finco Pty. Limited ("WMF")

Security

The AUD term loan 2 was secured over certain subsidiaries' security documents has been derecognised pursuant to the completion of the disposal of investment in Malakoff Wind Macarthur by Skyfirst Power Sdn. Bhd., a wholly-owned indirect subsidiary of the Company as disclosed in Note 44.

21.3 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 RM4,605,145,000 (2018: RM4,765,561,000).

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.

21.4 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

21. LOANS AND BORROWINGS (CONTINUED)

21.5 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.

21.6 Senior Sukuk Murabahah issued by Tanjung Bin Energy Issuer Berhad ("TBEI")

Security

The Senior Sukuk Murabahah is secured over Tanjung Bin Energy Sdn. Bhd. ("TBE")'s property, plant and equipment with a carrying amount of RM5,725,930,000 (2018: RM5,802,805,000).

Significant covenant

TBEI is required to maintain a debt-to-equity ratio of not more than 80:20 and a finance service cover ratio of not less than 1.05:1.

21.7 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 21.6.

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.

21.8 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 21.6.

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.

21. LOANS AND BORROWINGS (CONTINUED)

21.9 USD term loan drawdown by 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.

21.10 RM term loan 2 drawdown by Alam Flora Sdn. Bhd. ("AFSB")

Security

During the financial year, a wholly-owned subsidiary of the Company has acquired 97.37% of equity interest in AFSB. The RM term loan 2 was acquired as part of the acquisition of AFSB as disclosed in Note 42. The term loan is secured by way of fixed and floating charges charged over AFSB's total assets (see Note 8).

Significant covenant

AFSB is required to maintain a finance service cover ratio of not less than 1.25:1.

21.11 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

21. LOANS AND BORROWINGS (CONTINUED)

21.11 Redeemable Preference Shares issued by TBP (continued)

The features of the RPS are as follows (continued):

(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.

21.12 Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1 January 2019 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movements RM'000	Others RM'000	At 31 December 2019 RM'000
AUD term loan 1	409,178	(14,191)	(7,888)	-	387,099
AUD term loan 2	1,417,913	(20,297)	(40,791)	(1,356,825)*	-
Sukuk Ijarah medium term notes	3,756,019	(525,000)	-	47,989	3,279,008
Sukuk medium term notes	3,707,175	(670,000)	-	47,801	3,084,976
Sukuk Wakalah	290,000	-	-	-	290,000
Senior Sukuk Murabahah	3,145,000	(65,000)	-	-	3,080,000
Senior RM term loan	592,550	(74,970)	-	-	517,580
Senior USD term loan	1,538,261	(78,473)	(39,517)	-	1,420,271
USD term loan	314,336	(16,762)	(2,878)	-	294,696
RM term loan 2	-	(10,434)	-	24,949	14,515
Redeemable Preference Shares	30,000	-	-	-	30,000
	15,200,432	(1,475,127)	(91,074)	(1,236,086)	12,398,145

* The amount is in relation to the disposal of the entire 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia held by Malakoff Wind Macarthur Pty. Limited as disclosed in Note 44.

21. LOANS AND BORROWINGS (CONTINUED)

21.12 Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

Group	At 1 January 2018 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movements RM'000	Others RM'000	At 31 December 2018 RM'000
AUD term loan 1	442,498	-	(33,320)	-	409,178
AUD term loan 2	1,559,539	(19,252)	(122,374)	-	1,417,913
RM term loan 1	6,945	(6,945)	-	-	-
Sukuk Ijarah medium term notes	3,707,931	-	-	48,088	3,756,019
Sukuk medium term notes	3,983,761	(330,000)	-	53,414	3,707,175
Sukuk Wakalah	290,000	-	-	-	290,000
Senior Sukuk Murabahah	3,205,000	(60,000)	-	-	3,145,000
Senior RM term loan	653,310	(60,760)	-	-	592,550
Senior USD term loan	1,572,697	(52,400)	17,964	-	1,538,261
USD term loan	323,800	(15,802)	6,338	-	314,336
Subordinated loan notes/ Redeemable Preference Shares	85,500	-	-	(55,500)	30,000
	15,830,981	(545,159)	(131,392)	46,002	15,200,432

22. EMPLOYEE BENEFITS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Defined benefit obligations	109,298	129,068	27,721	31,802
Fair value of plan assets	(2,139)	(804)	(642)	(225)
Net defined benefit liabilities	107,159	128,264	27,079	31,577

The Company's Staff Retirement Benefits Scheme ("the Scheme") provides pension benefits for eligible employees upon retirement. Malakoff Corporation Berhad, Teknik Janakuasa Sdn. Bhd., Malakoff Utilities Sdn. Bhd., Malakoff Engineering Sdn. Bhd. and Malakoff Power Berhad (collectively referred to as "employer") participate and contribute to the Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22. EMPLOYEE BENEFITS (CONTINUED)

The following table shows the reconciliation from the beginning and end of the financial year for net defined benefit liability and its components:

Movements in defined benefit obligations

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Defined benefit obligations at beginning of the year	129,068	120,421	31,802	32,197
Included in profit or loss				
Current service costs	8,299	8,822	2,188	2,423
Interest costs	6,196	5,925	1,558	1,686
	14,495	14,747	3,746	4,109
Included in other comprehensive (expense)/income				
Actuarial (gain)/loss arising from:				
- Experience	(12,653)	-	(3,124)	-
- Financial assumptions	(11,401)	2,258	(2,388)	601
	(24,054)	2,258	(5,512)	601
Others				
Benefits paid directly by the employer	(6,732)	(3,823)	(4,697)	(2,374)
Benefits paid by the plan	(3,479)	(4,535)	(3,048)	(2,731)
Intercompany transfer	-	-	5,430	-
	(10,211)	(8,358)	(2,315)	(5,105)
Defined benefit obligations at end of the year	109,298	129,068	27,721	31,802

22. EMPLOYEE BENEFITS (CONTINUED)

Movements in fair value of plan assets

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Plan assets at beginning of the year	(804)	(4,648)	(225)	(1,379)
Included in profit or loss				
Interest income	-	(283)	(56)	(104)
	-	(283)	(56)	(104)
Included in other comprehensive (expense)/income				
Return on scheme assets lesser than discount rate	170	628	802	(1,179)
	170	628	802	(1,179)
Others				
Benefits paid by the plan	3,479	4,535	3,048	2,731
Employer contributions	(4,984)	(1,036)	(4,211)	(294)
	(1,505)	3,499	(1,163)	2,437
Plan assets at end of the year	(2,139)	(804)	(642)	(225)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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22. EMPLOYEE BENEFITS (CONTINUED)

Movements in net defined benefit liabilities

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Net defined benefit liabilities at beginning of the year	128,264	115,773	31,577	30,818
Included in profit or loss				
Current service costs	8,299	8,822	2,188	2,423
Interest costs	6,196	5,642	1,502	1,582
	14,495	14,464	3,690	4,005
Included in other comprehensive (expense)/income				
Actuarial (gain)/loss arising from:				
- Experience	(12,653)	-	(3,124)	-
- Financial assumptions	(11,401)	2,258	(2,388)	601
Return on scheme assets lesser than discount rate	170	628	802	(1,179)
	(23,884)	2,886	(4,710)	(578)
Others				
Benefits paid directly by the employer	(6,732)	(3,823)	(4,697)	(2,374)
Employer contributions	(4,984)	(1,036)	(4,211)	(294)
Intercompany transfer	-	-	5,430	-
	(11,716)	(4,859)	(3,478)	(2,668)
Net defined benefit liabilities at end of the year	107,159	128,264	27,079	31,577

The Group expects to pay RM25,202,000 (2018: RM7,500,000) in contributions to the defined benefit plan in 2020.

22. EMPLOYEE BENEFITS (CONTINUED)

Plan assets

The major categories of plan assets are as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Equity instruments	1,061	301	319	84
Malaysian government securities	436	151	131	42
Foreign investments	370	105	111	29
Cash and cash equivalents	261	231	78	65
Others	11	16	3	5
	2,139	804	642	225

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period:

	Group		Company	
	2019	**2018**	**2019**	**2018**
Discount rate	4.20%	4.80%	4.20%	4.80%
Salary inflation	6.90%	8.88%	6.90%	8.88%

As at 31 December 2019, the duration of the Scheme is estimated to be 8 years (2018: 10 years).

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22. EMPLOYEE BENEFITS (CONTINUED)

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	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Impact on the aggregate service and interest costs				
Discount rate				
One percentage point increase	(995)	(112)	56	(29)
One percentage point decrease	817	61	(82)	12
Salary inflation				
One percentage point increase	2,024	1,658	356	456
One percentage point decrease	(1,805)	(1,457)	(318)	(403)
Impact on the defined benefit obligations				
Discount rate				
One percentage point increase	(8,455)	(10,970)	(1,850)	(2,860)
One percentage point decrease	9,646	12,586	2,084	3,249
Salary inflation				
One percentage point increase	9,363	13,446	2,032	3,492
One percentage point decrease	(8,381)	(11,880)	(1,842)	(3,114)

23. PROVISION FOR DECOMMISSIONING COST

	Group 2019 RM'000
At 1 January	96,214
Provisions made during the year	7,235
Unwinding of discount	8,075
At 31 December	111,524
2019	
Non-current	93,724
Current	17,800
	111,524
2018	
Non-current	96,214

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. PROVISION FOR CONCESSION ASSETS

	Group 2019 RM'000
At 1 January	-
Acquisition through business combination (Note 42)	254,888
Charge during the year	1,527
Unwinding of discount	952
Utilised	(3,580)
At 31 December	253,787
Non-current	253,590
Current	197
	253,787

The Group has contractual obligations to maintain the standard of collection services and public cleansing services specified under the Concession Agreement.

25. DEFERRED INCOME

	Group	
	2019 RM'000	2018 RM'000
At beginning of the year	3,917,082	3,611,817
Additions	222,599	362,416
Recognised in profit or loss	(87,274)	(57,151)
At end of the year	4,052,407	3,917,082
Non-current	3,661,066	3,858,668
Current	391,341	58,414
At end of the year	4,052,407	3,917,082

26. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade					
Trade payables	26.1	839,404	802,229	-	-
Non-trade					
Other payables		120,565	64,630	7,856	5,962
Accrued expenses	26.2	633,250	477,079	15,036	13,656
Amounts due to subsidiaries	26.3	-	-	2,117,175	1,619,341
		753,815	541,709	2,140,067	1,638,959
		1,593,219	1,343,938	2,140,067	1,638,959

26.1 Trade payables

Included in trade payables of the Group are amounts owing to entities that are under significant influence of the Government of Malaysia (a party that has an indirect significant influence on the Group) as at the reporting period as follows:

	Gross balance outstanding	
	2019 RM'000	2018 RM'000
Petroliam Nasional Berhad	101,147	56,469
TNB Fuel Services Sdn. Bhd.	492,983	710,127
Tenaga Nasional Berhad	10,613	10,276
	604,743	776,872

Trade payables are subjected to negotiated terms.

26.2 Accrued expenses

As at 31 December 2019, included in accrued expenses of the Group are interest expense payable of RM118,010,000 (2018: RM135,724,000) and provision for CESS fund of RM47,251,000 (2018: RM40,253,000).

26.3 Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand except for an amount of RM1,271,326,000 (2018: RM1,271,326,000), which is subject to an interest rate of 5.50% - 6.90% (2018: 5.50% - 6.90%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

27. REVENUE

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Continuing operations				
Revenue from contracts with customers	4,978,757	4,896,297	-	-
Other revenue				
- Capacity income	2,297,863	2,284,970	-	-
- Project management fees	1,355	1,723	1,355	1,723
- Rental income from estate	482	1,876	482	1,876
- Dividends from subsidiaries	-	-	819,300	614,900
- Management fees from subsidiaries	-	-	17,040	17,040
	2,299,700	2,288,569	838,177	635,539
	7,278,457	7,184,866	838,177	635,539
Discontinued operations				
Other revenue				
- Finance lease income	143,815	163,364	-	-
Total revenue	7,422,272	7,348,230	838,177	635,539

27. REVENUE (CONTINUED)

27.1 Disaggregation of revenue

Group	Local 2019 RM'000	Local 2018 RM'000	Foreign 2019 RM'000	Foreign 2018 RM'000	Total 2019 RM'000	Total 2018 RM'000
Major products and services						
Energy income	4,748,742	4,747,568	-	-	4,748,742	4,747,568
Electricity distribution	148,564	143,336	-	-	148,564	143,336
Operation and maintenance fees	1,029	1,728	1,438	3,665	2,467	5,393
Revenue from concession business	67,366	-	-	-	67,366	-
Solid waste, tipping fees and recycling	7,590	-	-	-	7,590	-
Integrated facility management	2,945	-	-	-	2,945	-
Construction contracts	1,083	-	-	-	1,083	-
	4,977,319	4,892,632	1,438	3,665	4,978,757	4,896,297
Timing and recognition						
Over time	4,899,418	4,892,632	1,438	3,665	4,900,856	4,896,297
At a point in time	77,901	-	-	-	77,901	-
	4,977,319	4,892,632	1,438	3,665	4,978,757	4,896,297
Revenue from contracts with customers	4,977,319	4,892,632	1,438	3,665	4,978,757	4,896,297
Other revenue	2,299,700	2,288,569	143,815	163,364	2,443,515	2,451,933
Total revenue	7,277,019	7,181,201	145,253	167,029	7,422,272	7,348,230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

27. REVENUE (CONTINUED)

27.2 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.

28. FINANCE INCOME

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Continuing operations				
Interest income on financial assets calculated using the effective interest method				
- at amortised cost	163,500	245,822	85,200	99,014
Interest income on financial assets that are measured at fair value through profit or loss	72,527	-	357	-
	236,027	245,822	85,557	99,014
Discontinued operations				
Interest income on financial assets calculated using the effective interest method				
- at amortised cost	471	270	-	-
	236,498	246,092	85,557	99,014
Recognised in profit or loss				
- From continuing operations	234,926	241,418	85,557	99,014
- From discontinued operations	471	270	-	-
	235,397	241,688	85,557	99,014
Capitalised on qualifying assets				
- Property, plant and equipment	1,101	4,404	-	-
	236,498	246,092	85,557	99,014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

29. FINANCE COSTS

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Continuing operations				
Interest expense of financial liabilities that are not at fair value through profit or loss - at amortised cost	837,061	879,631	79,929	80,769
Interest expense on lease liabilities	990	-	703	-
Other finance costs	8,075	4,383	-	-
	846,126	884,014	80,632	80,769
Discontinued operations				
Interest expense of financial liabilities that are not at fair value through profit or loss - at amortised cost	85,405	95,017	-	-
	931,531	979,031	80,632	80,769
Recognised in profit or loss				
- From continuing operations	840,907	868,834	80,632	80,769
- From discontinued operations	85,405	95,017	-	-
	926,312	963,851	80,632	80,769
Capitalised on qualifying assets				
- Property, plant and equipment	5,219	15,180	-	-
	931,531	979,031	80,632	80,769

30. TAX EXPENSE

Recognised in profit or loss

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income tax expense on continuing operations		149,634	223,495	14,836	5,878
Income tax expense on discontinued operation	44	6,584	12,198	-	-
Total income tax expense		156,218	235,693	14,836	5,878
Current tax expense					
Malaysian - current year		378,556	435,729	11,948	12,907
Overseas - current year		4,988	5,318	-	-
(Over)/Under provision in prior year		(14,164)	(9,356)	1,453	(5,270)
		369,380	431,691	13,401	7,637
Deferred tax expense					
Origination and reversal of temporary differences		(216,606)	(226,686)	235	(1,308)
Overseas - current year		(4,047)	(4,157)	-	-
Write down of deferred tax assets		-	28,871	-	-
Under/(Over) provision in prior year		7,491	5,974	1,200	(451)
		(213,162)	(195,998)	1,435	(1,759)
Total income tax expense		156,218	235,693	14,836	5,878

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

30. TAX EXPENSE (CONTINUED)

Recognised in profit or loss (continued)

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Reconciliation of tax expense				
Profit/(Loss) for the year	374,686	323,480	(303,660)	105,852
Total income tax expense	156,218	235,693	14,836	5,878
Profit/(Loss) excluding tax	530,904	559,173	(288,824)	111,730
Income tax calculated using Malaysian tax rate of 24% (2018: 24%)	127,417	134,202	(69,318)	26,815
Non-taxable income	(125,323)	(40,694)	(170,960)	(151,245)
Non-deductible expenses	152,523	132,620	252,461	136,029
Effect of tax rates in foreign jurisdictions	3,084	4,158	-	-
Effect of share of results of associates	5,190	(20,082)	-	-
Write down of deferred tax assets	-	28,871	-	-
(Over)/Under provision in prior year				
- current tax	(14,164)	(9,356)	1,453	(5,270)
- deferred tax	7,491	5,974	1,200	(451)
Total income tax expense	156,218	235,693	14,836	5,878

31. PROFIT/(LOSS) FOR THE YEAR

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Profit/(Loss) for the year is arrived at after charging/ (crediting):				
Auditors' remuneration:				
Audit fees				
- KPMG	1,266	1,687	624	624
- Other audit firms	898	418	354	341
Non-audit fees*				
- KPMG	790	1,184	11	463
- Other audit firms	292	563	79	410
Material expenses/(income)				
Allowance for diminution in value of spares	-	19,131	-	-
Amortisation of prepaid lease payments	-	4,621	-	-
Amortisation of intangible assets	287,966	282,514	-	-
Amortisation of transaction costs of hedging instruments	10,367	10,396	-	-
Amortisation of concession assets	1,133	-	-	-
Depreciation of property, plant and equipment	878,688	851,519	2,934	4,026
Depreciation of right-of-use assets	12,724	-	5,643	-
Loss on disposal of property, plant and equipment	-	3,593	-	-
Personnel expenses (including key management personnel):				
- Contribution to Employees Provident Fund	19,644	23,234	5,021	8,427
- Expenses related to retirement benefit plans	14,495	14,464	3,690	4,005
- Wages, salaries and others	150,929	170,085	37,493	47,179
Property, plant and equipment written off	11,545	29,787	-	-
Expenses related to Voluntary Separation Scheme ("VSS")/ Mutual Separation Scheme ("MSS")	16,360	4,110	7,242	4,110
Impairment loss on investment in an associate	623,777	-	965,551	302,244
Gain arising from derecognition of financial assets measured at amortised cost	(215,798)	-	(215,798)	-
Net impairment loss on investment in an associate**	407,979	-	749,753	302,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

31. PROFIT/(LOSS) FOR THE YEAR (CONTINUED)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) for the year is arrived at after charging/ (crediting) (continued):				
Impairment loss on investments in subsidiaries	-	-	269,874	136,585
Impairment loss on financial instruments	25,309	1,872	25,309	969
Contribution and corporate social responsibility	12,459	16,891	459	4,891
Realised foreign exchange loss	10,528	1,627	-	1,078
Unrealised foreign exchange loss	-	1,616	-	-
Zakat expenses	1,226	1,255	1,226	1,255
Gain on disposal of investments in associates	-	(61,276)	-	-
Gain on disposal of property, plant and equipment	(313)	-	(17)	(14)
Gain arising from change in fair value of derivative financial instruments	(20,746)	(22,607)	-	-
Reversal of impairment loss on trade receivables	(605)	-	-	-
Realised foreign exchange gain	-	(8,038)	(537)	-
Unrealised foreign exchange gain	(13,634)	-	-	-
Gain on disposal of a subsidiary***	(556,620)	-	-	-
Gain on derecognition of an associate	(29,842)	-	-	-

* The non-audit fees paid/payable to KPMG are mainly in respect of tax compliance and other advisory services for local and foreign subsidiaries as well as tax due diligence and advisory works for the disposal of the entire 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia held by Malakoff Wind Macarthur Pty. Limited

** Net impairment loss on investment in an associate is in relation to the impairment recognised on Kapar Energy Ventures Sdn. Bhd. as disclosed in Note 6 and 9.

*** The gain on disposal of a subsidiary is in relation to the disposal of the entire 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia held by Malakoff Wind Macarthur Pty. Limited as disclosed in Note 44.

32. OTHER COMPREHENSIVE (EXPENSE)/INCOME

Group	Before tax RM'000	Tax credit RM'000	Net of tax RM'000
2019			
Continuing operations			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	23,884	-	23,884
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge - Loss arising during the year	(68,192)	-	(68,192)
Share of loss on hedging reserves of equity-accounted associates	(16,796)	-	(16,796)
Foreign currency translation differences for foreign operations			
- Loss arising during the year	(18,766)	-	(18,766)
	(79,870)	-	(79,870)
Discontinued operations			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge - Loss arising during the year	(49,048)	14,549	(34,499)
Foreign currency translation differences for foreign operations			
- Loss arising during the year	(5,440)	-	(5,440)
	(54,488)	14,549	(39,939)
2018			
Continuing operations			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	(2,886)	-	(2,886)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge - Loss arising during the year	(43,685)	-	(43,685)
Share of gain on hedging reserves of equity-accounted associates	53,788	-	53,788
Foreign currency translation differences for foreign operations			
- Gain arising during the year	19,670	-	19,670
	26,887	-	26,887

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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32. OTHER COMPREHENSIVE (EXPENSE)/INCOME (CONTINUED)

Group (continued)	Before tax RM'000	Tax credit RM'000	Net of tax RM'000
Discontinued operations			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge - Loss arising during the year	(81,697)	24,290	(57,407)
Foreign currency translation differences for foreign operations			
- Loss arising during the year	(21,165)	-	(21,165)
	(102,862)	24,290	(78,572)

Company	Before tax RM'000	Tax credit RM'000	Net of tax RM'000
2019			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	4,710	-	4,710
2018			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	578	-	578

33. EARNINGS PER SHARE

Basic/Diluted earnings per ordinary share

The calculation of basic/diluted earnings per ordinary share at 31 December 2019 is based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Group	2019	2018
Profit attributable to ordinary shareholders (RM'000)		
- From continuing operations	275,334	217,800
- From discontinued operations	44,819	56,633
	320,153	274,433
Weighted average number of ordinary shares at 31 December ('000)	4,887,313	4,932,031
Basic/Diluted earnings per ordinary share (sen)		
- From continuing operations	5.63	4.41
- From discontinued operations	0.92	1.15
	6.55	5.56

34. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2019			
Final 2018 ordinary share	3.50	171,075	31 May 2019
Interim 2019 ordinary share	2.44	119,242	11 October 2019
Total amount		290,317	
2018			
Final 2017 ordinary share	3.70	182,695	1 June 2018
Interim 2018 ordinary share	2.10	103,225	11 October 2018
Total amount		285,920	

On 19 February 2020, the Board of Directors has approved and declared a final dividend of 4.11 sen per ordinary share on the 4,886,961,300 ordinary shares, amounting to RM200,854,000 in respect of the financial year ended 31 December 2019. The final dividend will be accounted for in the shareholders' equity as appropriation of retained profits in the financial year ending 31 December 2020.

35. 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 Chief Executive Officer ("the chief operating decision-maker") regularly reviews and analyses the operating results of local and foreign segments in a manner consistent with the Group's internal reporting.

The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Segment operating results, assets and liabilities are from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

Segment assets

The segment assets consist of property, plant and equipment, intangible assets, prepaid lease payments, finance lease receivable, derivative financial assets, other receivables, deferred tax assets, trade and other receivables, inventories, current tax assets, other investments and cash and cash equivalents of the segment. Investments in associates and joint ventures are excluded from the segment assets. The segment assets are presented in a manner that is consistent with the internal reporting provided to Management for the allocation of resource and assessment of segment performance.

Segment liabilities

The segment liabilities consist of loans and borrowings, employee benefits, deferred income, deferred tax liabilities, derivative financial liabilities, provision for decommissioning costs, provision for concession assets, lease liabilities, trade and other payables and current tax liabilities of the segment. The segment liabilities are presented in a manner that is consistent with the internal reporting provided to Management for the allocation of resource and assessment of segment performance.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

35. OPERATING SEGMENTS (CONTINUED)

	Local		Foreign		Eliminations(A)		Consolidated	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Continuing operations								
Business segments								
Revenue from external customers	7,277,019	7,181,201	1,438	3,665	-	-	7,278,457	7,184,866
Inter-segment revenue	2,566,428	1,555,518	847,819	108,480	(3,414,247)	(1,663,998)	-	-
	9,843,447	8,736,719	849,257	112,145	(3,414,247)	(1,663,998)	7,278,457	7,184,866
Discontinued operations [1]								
Business segments								
Revenue from external customers	-	-	143,815	163,364	-	-	143,815	163,364
Total segment revenue	9,843,447	8,736,719	993,072	275,509	(3,414,247)	(1,663,998)	7,422,272	7,348,230
Profit after tax								
- From continuing operations	1,436,601	551,590	690,649	69,316	(1,797,383)	(354,059)	329,867	266,847
- From discontinued operations	-	-	50,473	67,666	(5,654)	(11,033)	44,819	56,633
	1,436,601	551,590	741,122	136,982	(1,803,037)	(365,092)	374,686	323,480

Note 1: Discontinued operations refer to the disposal of 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia held by Malakoff Macarthur Pty. Limited, completed on 18 December 2019. Details are disclosed in Note 44.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

35. OPERATING SEGMENTS (CONTINUED)

	Local		Foreign		Eliminations[A]		Consolidated	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Segment assets	40,901,486	41,573,220	2,193,892	4,067,934	(17,906,766)	(18,188,805)	25,188,612	27,452,349
Investments in associates	-	749,753	65,887	130,104	679,104	649,863	744,991	1,529,720
Investments in joint ventures	-	-	526,450	-	99,872	-	626,322	-
							26,559,925	28,982,069
Segment liabilities	28,889,004	30,084,295	1,472,483	3,539,211	(10,476,955)	(11,305,891)	19,884,532	22,317,615
Capital expenditure	272,896	357,574	-	-	(2,933)	(5,708)	269,963	351,866

[A] Inter-segment transactions are eliminated on consolidation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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35. OPERATING SEGMENTS (CONTINUED)

	Local		Foreign		Consolidated	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-cash expenses items:						
Impairment loss on financial instruments	(25,309)	(1,872)	-	-	(25,309)	(1,872)
Allowance for diminution in value of spares	-	(19,131)	-	-	-	(19,131)
Amortisation of prepaid lease payments	-	(4,621)	-	-	-	(4,621)
Amortisation of intangible assets	(280,682)	(277,275)	(7,284)	(5,239)	(287,966)	(282,514)
Amortisation of transaction costs of hedging instruments	(10,367)	(10,396)	-	-	(10,367)	(10,396)
Amortisation of concession assets	(1,133)	-	-	-	(1,133)	-
Depreciation of property, plant and equipment	(878,688)	(851,519)	-	-	(878,688)	(851,519)
Depreciation for the right-of-use assets	(12,724)	-	-	-	(12,724)	-
Gain/(Loss) on disposal of property, plant and equipment	313	(3,593)	-	-	313	(3,593)
Expenses related to retirement benefit plans	(14,495)	(14,464)	-	-	(14,495)	(14,464)
Gain arising from change in fair value of derivative financial instruments	20,746	22,607	-	-	20,746	22,607
Property, plant and equipment written off	(11,545)	(29,787)	-	-	(11,545)	(29,787)
Net unrealised foreign exchange gain/(loss)	(868)	-	14,502	(155)	13,634	(155)
Reversal of impairment loss on trade receivables	605	-	-	-	605	-
	(1,214,147)	(1,190,051)	7,218	(5,394)	(1,206,929)	(1,195,445)

Geographical information

The local and foreign segments are managed on a worldwide basis, with operating facilities in Malaysia, Indonesia, Middle East and Australia.

Geographic revenue information is based on geographical location of the customers. Geographic non-current assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in associates) and deferred tax assets.

35. OPERATING SEGMENTS (CONTINUED)

Geographical information (continued)

Group	Revenue 2019 RM'000	Non-current assets 2019 RM'000	Revenue 2018 RM'000	Non-current assets 2018 RM'000
Geographical information				
Continuing operations				
Malaysia	7,277,019	16,584,581	7,181,201	16,576,451
Indonesia	1,020	-	2,234	-
Middle East	418	-	1,431	-
	7,278,457	16,584,581	7,184,866	16,576,451
Discontinued operations [1]				
Australia	143,815	-	163,364	-
	7,422,272	16,584,581	7,348,230	16,576,451

Note 1: Discontinued operations refer to the disposal of 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia held by Malakoff Macarthur Pty. Limited, completed on 18 December 2019. Details are disclosed in Note 44.

Major customer

The following is a major customer with revenue equal or more than 10% of the Group's total revenue:

Group	Revenue 2019 RM'000	Revenue 2018 RM'000
Tenaga Nasional Berhad	7,046,605	7,032,538

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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36. FINANCIAL INSTRUMENTS

36.1 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
2019				
Financial assets				
Trade and other receivables*	1,577,829	1,577,829	-	-
Other investments	2,530,991	1,877,683	653,308	-
Cash and cash equivalents	2,745,389	2,745,389	-	-
Derivative financial assets	327,643	-	-	327,643
	7,181,852	6,200,901	653,308	327,643
Financial liabilities				
Loans and borrowings	(12,398,145)	(12,398,145)	-	-
Trade and other payables*	(1,584,198)	(1,584,198)	-	-
Derivative financial liabilities	(10,013)	-	-	(10,013)
	(13,992,356)	(13,982,343)	-	(10,013)

* Excludes non-financial instruments

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.1 Categories of financial instruments (continued)

Company	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
2019			
Financial assets			
Trade and other receivables*	2,624,615	2,624,615	-
Other investments	21,515	-	21,515
Cash and cash equivalents	43,204	43,204	-
	2,689,334	2,667,819	21,515
Financial liabilities			
Trade and other payables	(2,140,067)	(2,140,067)	-
	(2,140,067)	(2,140,067)	-

Group	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	FVTPL-DUIR RM'000
2018				
Financial assets				
Trade and other receivables*	2,081,340	2,081,340	-	-
Other investments	3,598,726	3,582,478	16,248	-
Cash and cash equivalents	1,515,147	1,515,147	-	-
Derivative financial assets	412,576	-	-	412,576
	7,607,789	7,178,965	16,248	412,576
Financial liabilities				
Loans and borrowings	(15,200,432)	(15,200,432)	-	-
Trade and other payables*	(1,343,938)	(1,343,938)	-	-
Derivative financial liabilities	(205,810)	-	-	(205,810)
	(16,750,180)	(16,544,370)	-	(205,810)

* Excludes non-financial instruments

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36. FINANCIAL INSTRUMENTS (CONTINUED)

36.1 Categories of financial instruments (continued)

Company	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
2018			
Financial assets			
Trade and other receivables*	1,363,664	1,363,664	-
Other investments	46,248	30,000	16,248
Cash and cash equivalents	360,432	360,432	-
	1,770,344	1,754,096	16,248
Financial liabilities			
Trade and other payables*	(1,638,891)	(1,638,891)	-
	(1,638,891)	(1,638,891)	-

* Excludes non-financial instruments

36.2 Net gains and losses arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net gains/(losses) on:				
Financial assets measured at amortised cost	343,436	244,611	276,226	97,936
Financial liabilities measured at amortised cost	(903,612)	(963,851)	(79,930)	(80,769)
Fair value through profit or loss				
- Designated upon initial recognition	20,746	22,607	-	-
- Mandatorily required by MFRS 9	72,527	-	357	-
	(466,903)	(696,633)	196,653	17,167

36.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.4 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 financial assets.

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group and the Company. Given their high credit ratings, management does not expect any counterparty to fail to meet their obligations.

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade debts due from Tenaga Nasional Berhad, representing approximately 68% (2018: 61%) of the total receivables of the Group. The maximum exposures to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.4 Credit risk (continued)

Trade receivables (continued)

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region are as follows:

	Group	
	2019 RM'000	2018 RM'000
Domestic	1,156,999	1,367,430
Others	-	1,911
	1,156,999	1,369,341

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.

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.4 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
2019			
Not past due	1,149,689	-	1,149,689
Past due 0 – 30 days	1,810	-	1,810
Past due 31 – 120 days	2,120	(43)	2,077
Past due more than 120 days	6,548	(3,125)	3,423
	1,160,167	(3,168)	1,156,999
2018			
Not past due	1,368,682	-	1,368,682
Past due 0 – 30 days	632	-	632
Past due 31 – 120 days	359	(332)	27
Past due more than 120 days	637	(637)	-
	1,370,310	(969)	1,369,341

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36. FINANCIAL INSTRUMENTS (CONTINUED)

36.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

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 2018	267,783
Amount written off	(266,814)
At 31 December 2018/1 January 2019	969
Acquisition through business combination	2,804
Reversal of impairment loss	(605)
At 31 December 2019	3,168

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.

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.

The Group did not recognise any allowance for impairment losses during the financial year.

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.

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM681,795,000 (2018: RM723,515,000) 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.

There was no allowance for impairment recognised (2018: Nil) in respect of financial guarantees.

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
(continued)

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.4 Credit risk (continued)

Related company loans and advances (continued)

Recognition and measurement of impairment loss

Generally, the Group and the Company consider related company loans and advances to have low credit risk. It is assumed that there is a significant increase in credit risk when a related company's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the related company's loans and advances when they are payable, loans and advances are considered to be in default when the related companies are not able to pay when demanded. A related company's loans and advances are considered to be credit impaired when:

a) the related company is unlikely to repay its loans or advances to the Company in full;
b) the related company's loans and advances are overdue for more than 365 days; or
c) the related company is continuously loss making and has a deficit in shareholders' fund.

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for related companies' loans and advances.

Group	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
2019			
Significant increase in credit risk	240,662	(25,309)	215,353
2018			
Significant increase in credit risk	205,997	(949)	205,048
Company			
2019			
Low credit risk	2,400,905	-	2,400,905
Significant increase in credit risk	310,619	(91,948)	218,671
	2,711,524	(91,948)	2,619,576
2018			
Low credit risk	1,130,521	-	1,130,521
Significant increase in credit risk	272,636	(67,588)	205,048
	1,403,157	(67,588)	1,335,569

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.4 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' balances and advances during the year are as follows:

	Group RM'000	Company RM'000
Lifetime ECL		
At 1 January 2018	(949)	(67,588)
Net remeasurement of loss allowance	-	-
At 31 December 2018/1 January 2019	(949)	(67,588)
Amount written off	949	949
Net remeasurement of loss allowance	(25,309)	(25,309)
At 31 December 2019	(25,309)	(91,948)

36.5 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.

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36. FINANCIAL INSTRUMENTS (CONTINUED)

36.5 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
2019							
Financial liabilities							
Secured							
AUD term loan 1	387,099	BBSY*+ margin 1.43	407,205	37,478	36,786	332,941	-
Sukuk Ijarah medium term notes	3,279,008	4.66 - 5.45	4,496,374	677,704	474,404	1,332,508	2,011,758
Sukuk medium term notes	3,084,976	5.15 - 6.25	4,527,386	599,287	667,655	1,220,685	2,039,759
Sukuk Wakalah	290,000	4.80 - 5.60	377,914	15,007	69,966	100,859	192,082
Senior Sukuk Murabahah	3,080,000	4.97 - 6.20	4,780,093	255,340	246,206	744,892	3,533,655
Senior RM term loan	517,580	4.84 - 5.80	595,417	106,108	106,239	383,070	-
Senior USD term loan	1,420,271	5.80	1,815,177	186,186	182,479	615,767	830,745
USD term loan	294,696	Libor + margin 1.20	298,241	298,241	-	-	-
RM term loan 2	14,515	5.73	15,010	15,010	-	-	-
	12,368,145		17,312,817	2,190,361	1,783,735	4,730,722	8,607,999
Unsecured							
Redeemable Preference Shares	30,000	7.50	46,680	2,250	2,250	6,750	35,430
Trade and other payables^	1,584,198	-	1,584,198	1,584,198	-	-	-
Lease liabilities	23,766	5.50 - 6.80	24,191	12,506	11,610	75	-
	14,006,109		18,967,886	3,789,315	1,797,595	4,737,547	8,643,429

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36. FINANCIAL INSTRUMENTS (CONTINUED)

36.5 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
2018							
Financial liabilities							
Secured							
AUD term loan 1	409,178	BBSY* + margin 1.33	415,672	415,672	-	-	-
AUD term loan 2	1,417,913	6.09 - 6.61	2,004,381	115,622	118,477	368,631	1,401,651
Sukuk Ijarah medium term notes	3,756,019	4.54 - 5.45	5,222,913	726,539	677,704	1,358,036	2,460,634
Sukuk medium term notes	3,707,175	5.05 - 6.25	5,419,991	892,605	599,287	1,592,275	2,335,824
Sukuk Wakalah	290,000	4.80 - 5.60	392,837	14,924	15,007	161,968	200,938
Senior Sukuk Murabahah	3,145,000	4.87 - 6.20	5,027,870	247,777	255,340	700,056	3,824,697
Senior RM term loan	592,550	5.58 - 5.80	797,787	114,047	118,635	415,363	149,742
Senior USD term loan	1,538,261	5.80	2,330,088	199,024	204,085	656,631	1,270,348
USD term loan	314,336	Libor + margin 1.20	325,300	23,926	301,374	-	-
	15,170,432		21,936,839	2,750,136	2,289,909	5,252,960	11,643,834
Unsecured							
Redeemable Preference Shares	30,000	7.50	48,930	2,250	2,250	6,750	37,680
Trade and other payables^	1,343,938	-	1,343,938	1,343,938	-	-	-
	16,544,370		23,329,707	4,096,324	2,292,159	5,259,710	11,681,514

^ Excludes non-financial instruments
* Bank Bill Swap Bid Rate ("BBSY")

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(continued)

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.5 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
2019				
Financial liabilities				
Unsecured				
Other payables and accruals	22,892	-	22,892	22,892
Amounts due to subsidiaries	1,271,326	5.50 – 6.90	1,352,047	1,352,047
Amounts due to subsidiaries	845,849	-	845,849	845,849
	2,140,067		2,220,788	2,220,788
2018				
Financial liabilities				
Unsecured				
Other payables and accruals^	19,550	-	19,550	19,550
Amounts due to subsidiaries	1,271,326	5.50 – 6.90	1,352,047	1,352,047
Amounts due to subsidiaries	348,015	-	348,015	348,015
	1,638,891		1,719,612	1,719,612

^ Excludes non-financial instruments

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.6 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") and US Dollar ("USD").

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period is as follows:

	AUD RM'000	IDR RM'000	KWD RM'000	CHF RM'000	USD RM'000
2019					
Deposits with licensed banks	410,838	4,396	890	-	66,007
Loans and borrowings	(387,099)	-	-	-	(294,696)
Trade and other payables	-	-	-	(18,172)	(25,663)
Net exposure	23,739	4,396	890	(18,172)	(254,352)
2018					
Deposits with licensed banks	73,117	3,788	490	-	115,626
Trade and other receivables	-	1,302	204	-	-
Loans and borrowings	(1,827,091)	-	-	-	(314,336)
Trade and other payables	-	-	-	-	(1,754)
Net exposure	(1,753,974)	5,090	694	-	(200,464)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.6 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. A 10% (2018: 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.

	Profit or loss	
	2019 RM'000	**2018 RM'000**
Group		
AUD	(1,804)	133,302
IDR	(334)	387
KWD	(68)	(53)
CHF	1,381	-
USD	19,331	15,235
	18,506	148,871

A 10% (2018: 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.

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.6 Market risk (continued)

Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's interest-bearing financial instruments, based on carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate instruments				
- Financial assets	4,717,202	5,097,625	55,251	390,432
- Financial liabilities	(11,596,206)	(14,328,780)	-	-
Floating rate instruments				
- Financial liabilities	(825,705)	(871,652)	-	-

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
2019				
Floating rate instruments	7,912	(7,912)	-	-
Interest rate swaps	-	-	9,839	(10,217)
Cross currency swap	-	-	46,037	(42,241)
Cash flow sensitivity (net)	7,912	(7,912)	55,876	(52,458)
2018				
Floating rate instruments	8,361	(8,361)	-	-
Interest rate swaps	-	-	133,555	(132,336)
Cross currency swap	-	-	53,216	(57,022)
Cash flow sensitivity (net)	8,361	(8,361)	186,771	(189,358)

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.7 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 Malaysian Ringgit ("MYR"). The currency in which these transactions are primarily denominated is the US Dollar ("USD").

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

Interest rate risk

To manage interest rate risk exposure, the Group partly enter into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.7 Hedging activities (continued)

Cash flow hedge

The Group entered into various interest rate swaps ("IRS") and cross currency swap ("CCS") in order to hedge the interest rate risk and foreign exchange risk in relation to the variability in cash flows on the floating rate RM, AUD and USD loans.

The Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

	Maturity			
Group	**Under 1 year RM'000**	**1-2 years RM'000**	**2-5 years RM'000**	**More than 5 years RM'000**
2019				
Foreign currency risk				
Cross currency swap				
Net exposure	7,805	7,986	45,265	88,231
Fixed foreign exchange rate (RM/USD)	3.149	3.149	3.149	3.149
Interest rate risk				
Interest rate swaps				
Net exposure	(3,659)	(3,116)	(3,802)	-
Fixed interest swaps	5.80%	5.80%	5.80%	-
2018				
Foreign currency risk				
Cross currency swap				
Net exposure	33,757	32,631	118,023	309,475
Fixed foreign exchange rate (RM/USD)	3.149	3.149	3.149	3.149
Interest rate risk				
Interest rate swaps				
Net exposure	(41,574)	(41,788)	(103,628)	(140,646)
Fixed interest swaps	5.80% - 6.46%	5.80% - 6.46%	5.80% - 6.46%	5.80% - 6.46%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.7 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
2019		
Foreign currency risk		
Cross currency swap	20,674	(65,180)
Interest rate risk		
Interest rate swaps	72	(37,511)
2018		
Foreign currency risk		
Cross currency swap	22,679	(45,350)
Interest rate risk		
Interest rate swaps	(72)	(55,742)

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.7 Hedging activities (continued)

Cash flow hedge (continued)

The amounts relating to items designated as hedging instruments as at reporting date are as follows:

Group	Nominal amount RM'000	Carrying amount Assets RM'000	Carrying amount Liabilities RM'000	Line item in the statement of financial position where the hedging instrument is included
2019				
Foreign currency risk				
Cross currency swap	(1,092,703)	327,643	-	*Derivative financial assets*
Interest rate risk				
Interest rate swaps	(388,185)	-	(10,013)	*Derivative financial liabilities*
2018				
Foreign currency risk				
Cross currency swap	(1,171,204)	412,576	-	*Derivative financial assets*
Interest rate risk				
Interest rate swaps	(1,728,670)	-	(205,810)	*Derivative financial liabilities*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.7 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 ineffectiveness
2019			
Foreign currency risk			
Cross currency swap	(84,933)	20,674	*Other operating expenses*
Interest rate risk			
Interest rate swaps	195,798	72	*Other operating expenses*
2018			
Foreign currency risk			
Cross currency swap	(4,707)	22,679	*Other operating expenses*
Interest rate risk			
Interest rate swaps	(70,097)	(72)	*Other operating expenses*

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.7 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.

	2019 Hedging reserve RM'000	2018 Hedging reserve RM'000
Balance at 1 January	128,094	175,398
Changes in fair value:		
Cross currency swap	(65,180)	(45,350)
Interest rate swaps	(37,511)	(55,742)
Share of hedging reserve of equity-accounted associates	(16,796)	53,788
Transfer to retained earnings upon disposal of subsidiaries	157,225	-
Balance at 31 December	165,832	128,094

36.8 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
(continued)

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2019										
Non-current										
Financial assets										
Derivative financial assets:										
Cross currency swap	-	327,643	-	327,643	-	-	-	-	327,643	327,643
Other investments	-	-	21,515	21,515	-	-	-	-	21,515	21,515
	-	327,643	21,515	349,158	-	-	-	-	349,158	349,158
Financial liabilities										
Derivative financial liabilities:										
Interest rate swaps	-	(10,013)	-	(10,013)	-	-	-	-	(10,013)	(10,013)
Loans and borrowings										
Secured:										
AUD term loan 1	-	-	-	-	-	-	(386,479)	(386,479)	(386,479)	(387,099)
Sukuk Ijarah medium term notes	-	-	-	-	-	(3,693,168)	-	(3,693,168)	(3,693,168)	(3,279,008)
Sukuk medium term notes	-	-	-	-	-	(3,603,975)	-	(3,603,975)	(3,603,975)	(3,084,976)
Sukuk Wakalah	-	-	-	-	-	(303,959)	-	(303,959)	(303,959)	(290,000)
Senior Sukuk Murabahah	-	-	-	-	-	(3,420,243)	-	(3,420,243)	(3,420,243)	(3,080,000)
Senior RM term loan	-	-	-	-	-	-	(507,836)	(507,836)	(507,836)	(517,580)
Senior USD term loan	-	-	-	-	-	-	(1,606,964)	(1,606,964)	(1,606,964)	(1,420,271)
Unsecured:										
Redeemable Preference Shares	-	-	-	-	-	-	(30,091)	(30,091)	(30,091)	(30,000)
	-	(10,013)	-	(10,013)	-	(11,021,345)	(2,531,370)	(13,552,715)	(13,562,728)	(12,098,947)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2018										
Non-current										
Financial assets										
Derivative financial assets:										
Cross currency swap	-	412,576	-	412,576	-	-	-	-	412,576	412,576
Other investments	-	-	16,248	16,248	-	-	-	-	16,248	16,248
Finance lease receivable	-	-	-	-	-	-	2,018,982	2,018,982	2,018,982	2,018,982
	-	412,576	16,248	428,824	-	-	2,018,982	2,018,982	2,447,806	2,447,806
Financial liabilities										
Derivative financial liabilities:										
Interest rate swaps	-	(179,539)	-	(179,539)	-	-	-	-	(179,539)	(179,539)
Loans and borrowings										
Secured:										
AUD term loan 2	-	-	-	-	-	-	(1,772,796)	(1,772,796)	(1,772,796)	(1,396,400)
Sukuk Ijarah medium term notes	-	-	-	-	-	(4,069,695)	-	(4,069,695)	(4,069,695)	(3,231,019)
Sukuk medium term notes	-	-	-	-	-	(4,114,058)	-	(4,114,058)	(4,114,058)	(3,037,175)
Sukuk Wakalah	-	-	-	-	-	(290,675)	-	(290,675)	(290,675)	(290,000)
Senior Sukuk Murabahah	-	-	-	-	-	(3,259,880)	-	(3,259,880)	(3,259,880)	(3,080,000)
Senior RM term loan	-	-	-	-	-	-	(646,866)	(646,866)	(646,866)	(517,580)
Senior USD term loan	-	-	-	-	-	-	(2,011,817)	(2,011,817)	(2,011,817)	(1,435,192)
USD term loan	-	-	-	-	-	-	(290,973)	(290,973)	(290,973)	(297,792)
Unsecured:										
Redeemable Preference Shares	-	-	-	-	-	-	(30,078)	(30,078)	(30,078)	(30,000)
	-	(179,539)	-	(179,539)	-	(11,734,308)	(4,752,530)	(16,486,838)	(16,666,377)	(13,494,697)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.8 Fair value information (continued)

Level 2 fair value

Derivatives

The Interest Rate Swap ("IRS") and Cross Currency Swap ("CCS") instruments entered by a subsidiary in Malaysia are not actively traded therefore market-based prices are not readily available. The fair values of the instruments are calculated based on the present value of future principal and interest cash flows. The spot rates, forward rates and foreign exchange rates used to calculate present value are directly observable from the market.

For IRS entered by a subsidiary in Australia, the fair value of IRS is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account of the credit risk of certain Group's subsidiaries and counterparties where appropriate.

Non-derivative financial liabilities

Fair value of the long term borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: 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.

36. FINANCIAL INSTRUMENTS (CONTINUED)

36.8 Fair value information (continued)

(a) Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Finance lease receivable	Discounted cash flows using a rate based on current market rate of borrowings of a subsidiary
Loans and borrowings	Discounted cash flows using applicable and prevailing rates at the reporting date

(b) Financial instruments carried at fair value

Type	Description of valuation technique and inputs used
Other investments	As the investee has not commenced operations, the net assets value at reporting date is used

Valuation process applied by the Group for Level 3 fair value

The Group has an established control framework with respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

37. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

37. CAPITAL MANAGEMENT (CONTINUED)

37.1 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 2019 and at 31 December 2018 were as follows:

	2019	2018
Company debt-to-equity ratio	0.51:1	0.56:1

b) ***USD term loan for Malakoff International Limited ("MIL")***
c) ***AUD term loan 1 for MIL***

For USD term loan and AUD term loan 1, held by MIL, the Company is required to maintain its debt-to-equity ratio of not more than 1:1.

The debt-to-equity ratios at 31 December 2019 and at 31 December 2018 were as follows:

	2019	2018
Company debt-to-equity ratio	0.50:1	0.56:1

37.2 The Group's debt-to-equity ratio is applied to the following loans and borrowings:

a) ***Sukuk medium term notes issued by MPB***
b) ***USD term loan for MIL***
c) ***AUD term loan 1 for MIL***

For Sukuk medium term notes issued by MPB, USD term loan and AUD term loan 1 held by MIL, the Group is required to maintain its debt-to-equity ratio of not more than 5.5:1.

The debt-to-equity ratios at 31 December 2019 and at 31 December 2018 were as follows:

	2019	2018
Group debt-to-equity ratio	1.96:1	2.40:1

Debt covenants in relation to subsidiaries are disclosed in Note 21.

There were no changes in the Group's approach to capital management during the financial year.

38. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Plant and equipment				
Authorised but not contracted for	510,664	245,856	7,044	4,548
Authorised and contracted for	106,848	83,639	-	-
	617,512	329,495	7,044	4,548

39. CONTINGENCIES

Contingent liabilities not considered remote

Litigations

(i) Proceedings by the Public Prosecutor of Algeria against Almiyah Attilemcania SPA ("AAS")

On 4 September 2014, AAS, a joint venture of the Group, was charged in the Court of Ghazouet in the district of Tlemcen, Algeria, for an alleged breach of foreign exchange regulations concerning a sum of USD26.9 million. The Group holds an indirect effective interest of 35.7% in AAS via Tlemcen Desalination Investment Company SAS ("TDIC"), an indirect subsidiary of Malakoff International Limited.

In 2009, it was discovered that there was a considerable gap between the value of the delivered equipment received as per the invoices declared to the customs and the value of the milestone payments made by AAS to the supplier cum contractor ("Invoice Gap"). AAS wrote to the supplier cum contractor requesting for clarification as they are responsible to resolve tax and customs issues. The Invoice Gap however was not resolved by the supplier cum contractor and the Algerian Customs then initiated investigations and thereafter a charge was filed against AAS in respect of repression of foreign exchange regulations.

The Court had on 24 December 2014 convicted AAS and had subsequently imposed a penalty of DZD3,929,038,151 (approximately RM148.3 million at the exchange rate of RM1: DZD26.5) ("Penalty"). The Group's liability arising from the Penalty, in proportion to the Group's 35.7% effective interest in AAS via TDIC, which may impact the profit of the Group, amounts to DZD1,402,666,620 (approximately RM52.9 million). The Court of Appeal upheld the decision and the Penalty imposed by the Court on 2 March 2016.

Notwithstanding the decision of the Court, AAS has been advised by its attorney in Algeria that the Penalty would not be enforced until the exhaustion of all rights to appeal by AAS in respect of the proceedings.

In 2016, the Group's carrying amount of investment in AAS has been fully provided for.

AAS' attorney had updated AAS on 31 December 2019 that the appeal at the Supreme Court has not yet been assigned to any chamber and therefore no hearing date has been scheduled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

39. CONTINGENCIES (CONTINUED)

Contingent liabilities not considered remote (continued)

Litigations (continued)

(ii) Request for Arbitration under International Chamber of Commerce International Court of Arbitration ("ICC") filed by Algerian Energy Company SPA ("AEC" or "Claimant") against (1) Tlemcen Desalination Investment Company SAS ("TDIC"), (2) Hyflux Limited ("Hyflux") and (3) Malakoff Corporation Berhad ("MCB" or "Company") in relation to the Souk Tleta seawater desalination plant in the district of Tlemcen, Algeria ("Plant")

On 19 March 2019, AEC had filed a Request for Arbitration ("Request") at ICC, Paris, against TDIC, Hyflux and MCB (collectively referred to as "Respondents") in relation to the Water Purchase Agreement ("WPA") dated 9 December 2007, Framework Agreement of December 2007 ("FA"), Joint Venture Agreement dated 28 March 2007 ("JVA") and Dispute Resolution Protocol dated 9 December 2007 ("DRP") (collectively referred to as "Contract Documents").

In the Request, the Claimant has alleged, amongst others, that the Respondents:

a) are liable for breaches and negligence in the design, operation and maintenance of the Plant; and
b) wrongly objected to the termination of the WPA, transfer of shares to AEC and carrying out of technical audit under the FA.

In this regard, the reliefs sought by the Claimant from the arbitral tribunal include, inter alia:

a) a declaration that the Respondents have breached their contractual obligations under the contracts between the parties, in particular the Contract Documents;
b) an order that the WPA was validly terminated for events of default;
c) an order for TDIC to transfer its shares in Almiyah Attilemcania SpA ("AAS"), the project company, to AEC at the price of 1 Algerian Dinar;
d) an order for the Respondents to indemnify AEC for damages incurred as a result of their breaches, estimated on an interim basis at 80 Million Euro;
e) an order for the Respondents to pay all the costs for the Plant rehabilitation to be completed by a third party to be selected by AEC; and
f) an order for the Respondents to guarantee the payment or reimburse the fine of 3,929 million Algerian Dinar (imposed on AAS by Algerian courts and currently pending outcome of AAS' appeal at Algerian Supreme Court).

39. CONTINGENCIES (CONTINUED)

Contingent liabilities not considered remote (continued)

Litigations (continued)

(ii) *Request for Arbitration under International Chamber of Commerce International Court of Arbitration ("ICC") filed by Algerian Energy Company SPA ("AEC" or "Claimant") against (1) Tlemcen Desalination Investment Company SAS ("TDIC"), (2) Hyflux Limited ("Hyflux") and (3) Malakoff Corporation Berhad ("MCB" or "Company") in relation to the Souk Tleta seawater desalination plant in the district of Tlemcen, Algeria ("Plant") (continued)*

On 17 January 2020, the Respondents filed their respective submissions on jurisdictional objections at the ICC. The Claimant filed its reply on 28 February 2020 and the Respondents may provide its final reply by 15 April 2020. Based on the provisional timetable, hearing on the jurisdictional objections is scheduled on 15 to 16 June 2020, with the decision on the issue of jurisdiction to be rendered by 30 September 2020.

(iii) *Application to join Malakoff Corporation Berhad ("MCB") and Malakoff Power Berhad ("MPB") ("Joinder Application") in the Singapore International Arbitration Centre Arbitration No. 278 of 2018 ("Arbitration") between Prai Power Sdn. Bhd. ("Claimant"), a wholly-owned subsidiary of MCB, and (1) GE Energy Parts, Inc, (2) GE Power Systems (Malaysia) Sdn. Bhd., (3) General Electric International, Inc, and (4) General Electric Company (collectively "Respondents")*

GE Energy Parts, Inc ("1st Respondent"), GE Power Systems (Malaysia) Sdn. Bhd. ("2nd Respondent"), General Electric International, Inc, and General Electric Company (collectively referred to as "Respondents") have filed an application ("Joinder Application") to join MCB and MPB, a wholly-owned subsidiary of MCB, as parties to the Respondents' Counterclaim, in the arbitration initiated by Allianz General Insurance Company (Malaysia) Berhad ("AGI") on 24 September 2018 under the Arbitration Rules of Singapore Arbitration Centre as a subrogated action ("Arbitration"), in the name of the Claimant, against the Respondents, in relation to an incident on or about 18 July 2015 ("2015 Incident") which resulted in damage to a gas turbine at the Claimant's 350 MW Combined Cycle Gas Turbine Power Plant situated in Prai, Penang ("Prai Power Plant").

The Claimant alleged, among others, that the Respondents had failed to exercise reasonable care and skill to properly design, manufacture, supply and install a GE 109FA single shaft gas turbine at the Prai Power Plant and therefore claimed for, among others, loss and damage in the sum of RM72,094,050 from the Respondents.

On 22 April 2019, the Respondents filed a Counterclaim against the Claimant, seeking damages for breach of the Settlement and Release Agreement between the Respondents, Claimant, MCB and MPB which was entered into on 12 December 2012 ("SRA") for resolution of disputes in relation to two incidents at the Prai Power Plant which occurred in 2006 and 2009 and the agreement between the Claimant and the 1st and 2nd Respondents which was entered into on 19 December 2000 ("Agreement by the Claimant") in relation to a Long-Term Service Agreement between MPB and the 1st and 2nd Respondents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

39. CONTINGENCIES (CONTINUED)

Contingent liabilities not considered remote (continued)

Litigations (continued)

(iii) Application to join Malakoff Corporation Berhad ("MCB") and Malakoff Power Berhad ("MPB") ("Joinder Application") in the Singapore International Arbitration Centre Arbitration No. 278 of 2018 ("Arbitration") between Prai Power Sdn. Bhd. ("Claimant"), a wholly-owned subsidiary of MCB, and (1) GE Energy Parts, Inc, (2) GE Power Systems (Malaysia) Sdn. Bhd., (3) General Electric International, Inc, and (4) General Electric Company (Collectively "Respondents") (continued)

In the Joinder Application, the Respondents alleged that:

a) the commencement of the Arbitration constitutes a breach of the SRA, in respect of which MCB and MPB are liable;
b) under the SRA, MCB and MPB are liable to indemnify the Respondents against the Arbitration; and
c) if the Respondents are found liable for the 2015 Incident, MPB is liable for contributory negligence as the operator of Prai Power Plant.

Following MCB's and MPB's submission against the Joinder Application, the Respondents had on 2 October 2019 withdrawn the Joinder Application with liberty to file afresh and commenced amicable dispute resolution process with MCB and MPB.

The representatives of GE and MCB & MPB had a without prejudice meeting on 25 October 2019 whereby the parties agreed to refer the dispute to parties' higher management for further negotiation.

GE has refiled the application to join MCB and MPB as parties to GE's Counterclaim, since GE, MCB and MPB had conducted and completed the dispute resolution process under the SRA and LTSA without any successful resolution of the dispute.

The arbitral tribunal has fixed 11 April 2020 as the hearing date for the Joinder Application.

40. 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 or common significant influence. 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 and key management personnel.

40. 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 13, 16, 17 and 26.

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
i. Associate				
Interest income on unsecured subordinated loan notes	35,658	40,343	35,658	40,343
ii. Subsidiaries				
Management fees	-	-	17,040	17,040
Dividends	-	-	819,300	614,900
Interest income on advances to subsidiaries	-	-	41,160	43,399
Interest expense on advances from subsidiaries	-	-	(79,929)	(80,769)
Rental income	-	-	3,463	-
iii. Entities that are under significant influence of the Government of Malaysia (a party that has direct or indirect significant influence on the Group and the Company)				
Tenaga Nasional Berhad				
- Sales of capacity and energy	7,179,418	7,344,408	-	-
- Purchase of electricity bulk supply	(125,094)	(122,385)	-	-
Petroliam Nasional Berhad				
- Purchase of gas	(1,070,382)	(860,561)	-	-
TNB Fuel Services Sdn. Bhd.				
- Purchase of coal	(3,168,400)	(3,443,850)	-	-
Financial institutions and other corporations				
- Interest income	191,941	135,434	8,918	12,897
Energy Commission				
- CESS fund contribution	(28,511)	(29,572)	-	-
Malaysian Resources Corporation Berhad				
- Sales of centralised chilled water and electricity	27,388	27,454	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

40. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
iv. Key management personnel				
Directors				
- Fees	982	1,116	982	1,116
- Meeting allowances	392	416	364	415
- Other allowances	130	154	130	154
- Other remuneration	535	624	350	324
- Estimated monetary value of benefit-in-kind	54	61	40	39
	2,093	2,371	1,866	2,048

41. SIGNIFICANT EVENTS DURING THE YEAR

(a) Memorandum of Understanding ("MOU") with Touch Meccanica Sdn. Bhd. ("TMSB")

On 23 December 2019, Batu Bor Hidro Sdn. Bhd. and Lubuk Paku Hidro Sdn. Bhd., the Company's 65% indirect subsidiaries, in collaboration with TMSB, were selected by the Sustainable Energy Development Authority ("SEDA") as the successful bidders in a competitive Feed-in Tariff ("FiT") e-bidding to develop small hydro projects with a total capacity of 55 MW. The commercial operation date (COD) is expected to be within 60 months from the issuance of FiT certificate by SEDA dated 24 December 2019.

(b) Incorporation of subsidiaries

(i) On 8 July 2019, Tuah Utama Sdn. Bhd. ("TUSB"), a wholly-owned subsidiary of the Company, incorporated a private company limited by shares under the Companies Act 2016 known as Malakoff Radiance Sdn. Bhd. ("MRSB"). MRSB was incorporated as the special purpose vehicle company to carry out the business of developing, financing, constructing, operating and maintaining photovoltaic ("PV") solar projects. The share capital of MRSB is RM2 comprising two (2) ordinary shares which have been issued and fully paid-up by TUSB.

(ii) On 15 July 2019, the Company incorporated a private company limited by shares under the Companies Act 2016 known as Silver Solar Sdn. Bhd. ("SSSB"). SSSB was incorporated as the special purpose vehicle company to carry out the business of developing, financing, constructing, operating and maintaining PV solar projects. The share capital of SSSB is RM2 comprising two (2) ordinary shares which have been issued and fully paid-up by the Company.

41. SIGNIFICANT EVENTS DURING THE YEAR (CONTINUED)

(c) Acquisition of 65% equity interest in Batu Bor Hidro Sdn. Bhd. and Lubuk Paku Hidro Sdn. Bhd.

On 17 September 2019, Tuah Utama Sdn. Bhd. ("TUSB"), a wholly-owned subsidiary of the Company, subscribed for 32,500 new ordinary shares each of the enlarged share capital of Batu Bor Hidro Sdn. Bhd. ("BBH") and Lubuk Paku Hidro Sdn. Bhd. ("LPSB"). The subscription of new ordinary shares enables the participation by the Company in the business of developing, constructing, operating and maintaining small hydro projects in Malaysia.

42. ACQUISITION OF A SUBSIDIARY

Acquisition of 97.37% equity interest in Alam Flora Sdn. Bhd. ("AFSB")

On 5 December 2019, Tunas Pancar Sdn. Bhd., a wholly-owned subsidiary of the Company, completed the acquisition of 97.37% equity interest in Alam Flora Sdn. Bhd. ("AFSB") for a total cash consideration of RM869,000,000. The acquisition of AFSB has hasten the Group's expansion into environmental-related business. The newly acquired subsidiary contributed revenue of RM78,984,000 and profit of RM7,011,000 to the Group for the one-month period leading to the financial year ended 31 December 2019. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have been RM8,260,527,000, and consolidated profit for the financial year would have been RM371,285,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired, and liabilities assumed at the acquisition date:

Fair value of consideration transferred

	Group 2019 RM'000
Cash and cash equivalents	869,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

42. ACQUISITION OF A SUBSIDIARY (CONTINUED)

Acquisition of 97.37% equity interest in Alam Flora Sdn. Bhd. (“AFSB”) (continued)

Identifiable assets acquired and liabilities assumed

	Note	Group 2019 RM’000
Property, plant and equipment	3	56,011
Intangible assets	6	512
Concession assets	5	204,333
Investment properties	4	15,300
Deferred tax assets	14	26,689
Trade and other receivables		204,344
Inventories		1,298
Cash and cash equivalents		470,722
Borrowings		(24,949)
Lease liabilities		(7,874)
Provision for concession assets		(254,888)
Trade and other payables		(341,716)
Provision for taxation		(3,351)
Total identifiable net assets		346,431

Net cash outflow arising from acquisition of a subsidiary

	Group 2019 RM’000
Purchase consideration settled in cash and cash equivalent	(869,000)
(-) Cash and cash equivalents acquired	470,722
	(398,278)

42. ACQUISITION OF A SUBSIDIARY (CONTINUED)

Acquisition of 97.37% equity interest in Alam Flora Sdn. Bhd. ("AFSB") (continued)

Goodwill and intangible assets

Goodwill and intangible assets were recognised as a result of the acquisition as follows:

	Group 2019 RM'000
Total consideration transferred	869,000
Non-controlling interests, based on their proportionate interest in the recognised amounts of assets and liabilities of AFSB	23,472
	892,472
Fair value of identifiable net assets	(346,431)
Provisional goodwill and intangible assets	546,041
Deferred tax liabilities	145,609
Total provisional goodwill and intangible assets	691,650

Fair values measured on a provisional basis

The fair value of AFSB's assets and liabilities as of the date of acquisition have been measured provisionally, pending completion of an independent valuation. Consequently, the goodwill and intangible assets arising from the acquisition have been measured provisionally as well.

The Group is required to obtain the necessary facts and information within a period of one year from the date of acquisition. The provisional intangible assets and goodwill is therefore subject to revision.

Acquisition-related costs

The Group incurred acquisition-related costs of RM4,799,000 related to stamp duty, external legal fees and due diligence costs. The stamp duty, legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statements of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

43. ACQUISITION OF A JOINT VENTURE

During the year, Malakoff Gulf Limited, a wholly-owned indirect subsidiary of the Company, had entered into a Share Sale Agreement with Khazanah Nasional Berhad to acquire the entire equity interest in Desaru Investment (Cayman Isl.) Limited ("DIL"). Following the completion of the acquisition, the Company's effective equity interest in Malaysian Shoaiba Consortium Sdn. Bhd. ("MSCSB") increased from 40% to 80%. MSCSB has a 50% equity interest in Saudi-Malaysia Water & Electricity Company Limited ("SAMAWEC"). This has resulted in SAMAWEC being classified as a joint venture of the Group.

For the year ended 31 December 2019, the share of profit from SAMAWEC is RM21,102,000. If the acquisition had occurred on 1 January 2019, management estimates that the share of profit from SAMAWEC for the financial year would have been RM68,788,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

Fair value of consideration transferred

	Group 2019 RM'000
Cash and cash equivalents	294,891

Identifiable assets acquired and liabilities assumed

	Group 2019 RM'000
Investment in a joint venture	675,457
Cash and cash equivalents	544
Trade and other payables	(2,055)
Total identifiable net assets	673,946

Net cash outflow arising from acquisition of a joint venture

	Group 2019 RM'000
Purchase consideration settled in cash and cash equivalents	(294,891)
Cash and cash equivalents acquired	544
	(294,347)

43. ACQUISITION OF A JOINT VENTURE (CONTINUED)

Goodwill and intangible assets

Goodwill and intangible assets were recognised as a result of the acquisition as follows:

	Group 2019 RM'000
Total consideration transferred	294,891
Fair value of identifiable net assets	(673,946)
Non-controlling interests, based on their proportionate interest in the recognised amounts of assets and liabilities	147,446
Fair value of existing interest	294,891
Total provisional intangible assets	63,282

Fair values measured on a provisional basis

The fair value of SAMAWEC's assets and liabilities as of the date of acquisition have been measured provisionally, pending completion of an independent valuation. Consequently, the intangible assets arising from the acquisition have been measured provisionally as well.

The Group is required to obtain the necessary facts and information within a period of one year from the date of acquisition. The provisional intangible assets and goodwill is therefore subject to revision.

The derecognition of MSCSB as an associate, as the Group's effective interest increased from 40% to 80%, has resulted in a gain of RM29,842,000 which has been recognised in other income.

Acquisition-related costs

The Group incurred acquisition-related costs of RM749,000 related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in administrative expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

44. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY

On 18 December 2019, Skyfirst Power Sdn. Bhd., a wholly-owned indirect subsidiary of the Company, completed the disposal of its entire 50% participating interest in the unincorporated joint venture of the Macarthur Wind Farm in Australia held by Malakoff Wind Macarthur Pty. Limited for a cash consideration of RM976,000,000, resulting in a gain on disposal of RM556,620,000 to the Group. The segment was not a discontinued operation or classified as held for sale as at 31 December 2018, hence the comparative consolidated statements of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Profit attributable to the discontinued operations was as follows:

Results of discontinued operations

	Group	
	2019 RM'000	2018 RM'000
Revenue	143,815	163,364
Cost of sales	-	-
Gross profit	143,815	163,364
Other income	-	1,776
Administrative expenses	(366)	(1,324)
Other operating expenses	(7,112)	(238)
Results from operating activities	136,337	163,578
Finance income	471	270
Finance costs	(85,405)	(95,017)
Profit before tax	51,403	68,831
Income tax expense	(6,584)	(12,198)
Profit from discontinued operations	44,819	56,633
Other comprehensive expense, net of tax		
Items that may be reclassified subsequently to profit or loss		
Cash flow hedge	(34,499)	(57,407)
Foreign currency translation differences for foreign operations	(5,440)	(21,165)
Other comprehensive expense, net of tax	(39,939)	(78,572)
Total comprehensive income/(expense) for the year from discontinued operations	4,880	(21,939)

44. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY (CONTINUED)

Results of discontinued operations (continued)

The profit from discontinued operations of RM44,819,000 (2018: profit of RM56,633,000) is attributable entirely to the owners of the Company.

Effects of the disposal on the cash flow of the Group are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Cash flows from/(used in) discontinued operations		
Net cash from operating activities	38,124	88,070
Net cash from investing activities	471	269
Net cash used in financing activities	(19,363)	(28,914)
Net increase in cash and cash equivalents	19,232	59,425

Effects of the disposal on the financial position of the Group are as follows:

	Group 2019 RM'000
Assets/(Liabilities) disposed:	
Finance lease receivable	1,984,367
Deferred tax assets	53,415
Other receivables	5
Tax recoverable	1,260
Cash and cash equivalents	99
Other payables	(14,642)
Derivative financial liabilities	(247,062)
Borrowings	(1,356,825)
Deferred tax liabilities	(3,694)
Translation differences	(19,976)
Net assets and liabilities	396,947
Cash and cash equivalents disposed	(99)
Gain on disposal of a subsidiary	556,620
Transaction costs	22,963
Net cash inflow on sale of discontinued operations	976,431

45. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 16, *Leases*.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group and the Company are a lessee, the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained profits at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is between 5.50% - 6.80%. Right-of-use assets are measured at either:

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 January 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease; and
- adjusted the right-of-use assets by the amount of provision for onerous contract under MFRS 137 immediately before the date of initial application, as an alternative to an impairment review.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

45. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Impact on financial statements

Since the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there are no adjustments made to the prior period presented.

Effects of the change in accounting policy on the financial position of the Group and the Company as at 1 January 2019 are as follows:

Group	As previously stated RM'000	Effects of MFRS 16 adoption RM'000	As restated RM'000
Non-current assets			
Property, plant and equipment	13,443,183	72,951	13,516,134
Prepaid lease payments	59,094	(59,094)	-
Non-current liabilities			
Lease liabilities	-	(14,052)	(14,052)
Equity			
Accumulated losses	(82,425)	(195)	(82,620)
Company			
Non-current assets			
Property, plant and equipment	33,171	14,642	47,813
Non-current liabilities			
Lease liabilities	-	(15,278)	(15,278)
Deferred tax liabilities	-	152	152
Equity			
Retained profits	3,027,610	(484)	3,027,126

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 128 to 291 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 2019 and of their financial performance and cash flows for the financial year then ended.

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

Datuk Haji Hasni bin Harun
Chairman

Dato' Sri Che Khalib bin Mohamad Noh
Director

Kuala Lumpur

6 March 2020

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 128 to 291 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 6 March 2020.

Mohd Nazersham bin Mansor

Before me:

INDEPENDENT AUDITORS' REPORT

To The Members Of Malakoff Corporation Berhad
(Company No. 731568-V/200601011818)
(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 2019 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 128 to 291.

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 2019, 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 this 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' *Code of Ethics for Professional Accountants* ("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
(Company No. 731568-V/200601011818)
(Incorporated In Malaysia)
(continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were 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 these matters.

Group
Intangible assets and investments in associates

Refer to Note 2 - Significant accounting policy: Intangible assets and investments in associates in Note 6 and 9 – Intangible assets and investments in associates.

The key audit matter	How the matter was addressed in our audit
We focused on intangible assets and investments in associates of the Group as the carrying amounts are material and the impairment test is sensitive to a possible change in assumptions. There is significant judgement involved in forecasting and discounting of future cash flows, which is the basis of assessment of the recoverability of intangible assets and investments in associates.	We performed the following audit procedures, among others: • We evaluated management's cash flow projections and the process by which they were developed. We compared the projections to Board's approved business plans and also compared previous projections to actual results to assess the performance of the business and the accuracy of the forecasting; • We obtained confirmation that the key assumptions were subject to oversight from the Directors; • We evaluated and challenged the following key assumptions used in the cash flows: - Contracted tariff – we agreed the contracted tariff used in the projections to agreed tariff as per the Power Purchase Agreement ("PPA") and Power and Water Purchase Agreement ("PWPA"); - Net energy output – we compared the assumption to the forecasted demand prepared by the customer and based on past experience and capacity of the power plant; 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 intangible assets and investments in associates.

Key Audit Matters (continued)

Company level
Valuation of cost of investments in subsidiaries and associates

Refer to Note 2 - Significant accounting policy: Investments in subsidiaries and investments in associates in Note 8 and 9 – Investments in subsidiaries and investments in associates.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2019, the Company has significant investments in subsidiaries and associates amounting to RM7,461,139,000 (2018: RM7,731,002,000) and RM240,662,000 (2018: RM749,753,000) respectively. We identified the valuation of the cost of investments in subsidiaries and associates as a key audit matter due to the following factors: - significance of the assets to the Company's statement of financial position; and - impairment assessments prepared by the Company are complex and contain assumptions, particularly profit margin, growth rate and discount rates that are inherently uncertain.	We performed the following audit procedures, among others: • We assessed the significant and highly sensitive assumptions to determine if they are appropriate and supportable by comparing the assumptions with internally derived information and external market data; • We considered the adequacy of the disclosures of the assumptions applied, which are particularly sensitive, uncertain or require significant judgment, in the financial statements; • Evaluated the Company's assessment on indications of impairment by considering whether it had factored in or considered relevant internal and external information; • Compared the impairment test models with the requirements of the accounting standards; and • Ascertained the appropriateness and the adequacy of disclosures made in the financial statements.

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
(Company No. 731568-V/200601011818)
(Incorporated In Malaysia)
(continued)

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.

INDEPENDENT AUDITORS' REPORT

To The Members Of Malakoff Corporation Berhad
(Company No. 731568-V/200601011818)
(Incorporated In Malaysia)
(continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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: 02613/12/2020 J
Chartered Accountant

Petaling Jaya

6 March 2020

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 2019 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 the prior approval of the Menteri Besar of Perak.	4,227,896.09 Refer to note (2)
2.	Malakoff Refer to note (3) Windsor Estate, Ulu Sepetang 34010 Taiping, Perak Darul Ridzuan, Malaysia Freehold	Refer to note (3)/ The lands are currently used for oil palm cultivation.	N/A	N/A/ 735.5 Ha	Nil	21,516,000.00 Refer to note (2)
3.	Malakoff Parcel no. 2A-8-1, 2A-8-2, 2A-9-1 and 2A-9-2, Plaza Sentral Level 8 and Level 9, Block 2A, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia Freehold Refer to note (4)	Four office units on the 8th and 9th floor of a commercial building/Level 8 is tenanted and Level 9 is tenanted.	18	1,228 sq metre	N/A	1,870,890.00
4.	Malakoff Parcel no. CS/3B/12-3, CS/3B/12-3A, CS/3B/12-5, CS/3B/12-6, CS/3B/12-7, CS/3B/13-3, CS/3B/13-3A, CS/3B/13-5, CS/3B/13-6 and CS/3B/13-7, Plaza Sentral Level 12 and Level 13, Block 3B, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia Freehold Refer to note (4)	Ten office units on the 12th and 13th floor of a commercial building/ Currently is vacant.	18	1,986 sq metre	N/A	1,587,325.32

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

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 2019 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.	24	26,787 sq metre/ 148,400 sq metre	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak.	3,902,000.00 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.	18	12,384 sq metre/ 111,600 sq metre	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak. Lease of part of the land registered in favour of GB3 on 22 June 2001 for a period of 21 years from 21 June 2001 until 21 June 2022.	Refer to notes (2) and (5)

LIST OF PROPERTIES (CONTINUED)

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

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 2019 RM
7.	GB3 HSD 29845 PT 6329, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia Leasehold for a period of 99 years, expiring on 12 January 2094	Industrial land/ The land is currently used for the Lumut Power Plant, which includes the PETRONAS Energy & Gas Trading Sdn Bhd gas metering equipment station. It also has the interconnection facilities such as gas pipelines and venting equipment to supply gas to the Lumut Power Plant.	18	N/A/ 12,100 sq metre	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak. Lease of part of the land registered in favour of GB3 on 22 June 2001 for a period of 21 years from 21 June 2001 until 21 June 2022.	Refer to notes (2) and (5)
8.	GB3 HSD 23550, PT 4034 PN 356978 Lot 12247, Mukim of Pengkalan Baharu, District of Manjung, Perak Darul Ridzuan, Malaysia GB3 Sdn Bhd, Lumut Power Plant, Persiaran Segari Off Highway 60, Daerah Manjung, 32200 Segari, Perak Darul Ridzuan, Malaysia Leasehold for a period of 99 years, expiring on 30 July 2096	Industrial land/ The land is currently used for storage of diesel tanks and erected with a chemical storage building and a fuel oil pump station used by the GB3 Power Plant.	18	1,095 sq metre/ 1.69 Ha	The land cannot be transferred, charged, leased without the prior approval of the Menteri Besar of Perak.	Refer to notes (2) and (5)

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

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 2019 RM
9.	PD Power GRN 237771 Lot 13409, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold	Commercial or industrial land for power plant/ The land is currently used for the Port Dickson Power Plant which includes a building to house four units of gas turbine, a fuel oil tank farm, a warehouse and a black start diesel generator.	25	5,560 sq metre/ 94,210 sq metre	The land cannot be transferred, charged, leased without the 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.	25	N/A/ 5,459 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
11.	PD Power GRN 237774 Lot 13412, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold	Building land for office building/ The land is currently used for double-storey administration office building for the Port Dickson Power Plant.	25	510 sq metre/ 4,654 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
12.	PD Power GRN 237776 Lot 13415, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold	Commercial or industrial land for gas station/ The land is currently used for PETRONAS Energy & Gas Trading Sdn Bhd gas metering equipment station and interconnection facilities.	25	N/A/ 7,392 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)

LIST OF PROPERTIES (CONTINUED)

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

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 2019 RM
13.	PD Power GRN 237768 Lot 13406, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold	Building land for residential/ Vacant land.	25	N/A/ 1,684 sq metre	The land cannot be transferred, charged, leased without the 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.	25	N/A/ 6,143 sq metre	The land cannot be transferred, charged, leased without the 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.	25	N/A/ 6.641 Ha	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)
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.	25	N/A/ 5,345 sq metre	The land cannot be transferred, charged, leased without the prior approval of the state authority.	Refer to note (6)

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

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 2019 RM
17.	PD Power GRN 237777 Lot 13416, Pekan and District of Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Batu 2, Jalan Seremban, 71000 Port Dickson, Negeri Sembilan Darul Khusus, Malaysia Freehold	Building land for residential/ The land is currently used for single-storey guard house building for the Port Dickson Power Plant.	25	42 sq metre/ 3,225 sq metre	The land cannot be transferred, charged, leased without the 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.	25	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.	25	N/A/ 1.897 Ha	Nil	Refer to note (6)

LIST OF PROPERTIES (CONTINUED)

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

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 2019 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 vacant.	25	65 sq metre for each house/ 111 sq metre for each lot 213 sq metre for GRN 35884	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.	18	975 sq metre/ N/A	N/A	417,551.41
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 for Plaza Sentral.	18	2,507 sq metre/ N/A	N/A	Refer to note (8)

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

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 2019 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 for centralised chilled water plant system for Plaza Sentral and maintenance office.	18	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 as Malakoff's training centre.	18	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 system plant room.	18	272 sq metre	N/A	Refer to note (8)

LIST OF PROPERTIES (CONTINUED)

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

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 2019 RM
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 the prior approval of the state authority.	Refer to note (10)
27.	TBE HSD 14674 PTD 2263, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia Leasehold for a period of 60 years, expiring on 17 September 2077	Industrial land for permanent jetty and any structure related thereto.	4	N/A/ 0.9454 Ha	The land cannot be transferred, charged, leased without the prior approval of the State Authority	Refer to note (11)
28.	TBE HSD 14673 PTD 2264, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia Leasehold for a period of 60 years, expiring on 17 September 2077	Industrial land for permanent jetty and any structure related thereto.	4	N/A/ 0.3753 Ha	The land cannot be transferred, charged, leased without the prior approval of the State Authority	Refer to note (12)
29.	AFSB H.S (D) 51058 P.T. No. 6108, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor No. 74, Jalan SS21/39, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan	Industrial land/ The land is erected with one (1) unit of 3 ½ storey intermediate terrace shop office storey building for commercial building and curently is tenanted.	29	1,650 sq ft/ 153,285 sq metre	N/A	5,100,000

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

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 2019 RM
30.	AFSB Pajakan Negeri 17254, Lot 40326, Mukim Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan; Lot 40326, Section U5 Shah Alam, Selangor. No. 2, Jalan Utarid U5/18A, Mutiara Subang, Section U5, 40150 Shah Alam, Selangor Darul Ehsan Leasehold for a period of 80 years expiring on 11.12.2096	Industrial land Depot for AFSB Wilayah Persekutuan Kuala Lumpur Service Area	N/A	166,905 sq ft/ 3.38 acre/ 15,506 sq metre	N/A	18,088,225
31.	AFSB Held under master title no. Pajakan Negeri 26113 Lot 1000 Seksyen 2, Bandar Pekan, Daerah Pekan, Pahang (formerly known as no. H.S.(D) 4497, P.T. 26) Lot No. G-02, First Floor, Bangunan UMNO Pekan, Jalan Teng Que, 26600 Pekan, Pahang Darul Makmur Leasehold for a period of 99 years expiring on 6.9.2097	1st floor of a commercial building for administration and operation office for AFSB Pahang Service Area	11	3,329.75 sq ft/ 309.34 sq metre	N/A	1,575,333
32.	AFSB H.S. (M) 16205, No. PT 22739, Mukim Sungai Karang, District of Kuantan, Negeri Pahang Darul Makmur Leasehold for a period of 99 years expiring on 23.08.2115	Land/building for office use for depot, AFSB Kuantan Service Area	4	392,0210 sq ft/ 3.642 Ha/ 36,420 sq metre	N/A	1,593,423
33.	AFSB Lot 2619, 2622, 215, 961, 1272, 1273, 1602 & 1791 in Mukim Bentong, Daerah Bentong, Pahang Darul Makmur	Vacant agricutural land	N/A	2,274,458 Sq ft/ 52.19 acres	N/A	15,000,000

LIST OF PROPERTIES (CONTINUED)

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

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 2019 RM
34.	AFSB Double Storey Shop Office-Lot Type C No 90 Rompin, Held Under Individual Title H.S.(M) 943, P.T. No. 1460, Mukim of Bebar, District of Rompin, Muadzam Shah, Pahang No. 3, Jalan Makmur 7, Presint Niaga, Bandar Satelit Muadzam Shah, 26700 Muadzam Shah, Pahang	Double- storey building for office use.	8	1,431.65 sqft/ 133 sq metre	N/A	481,833
35.	DHES Title No. Pajakan Negeri 2879, Lot 95, Mukim Ulu Telom, District of Cameron Highlands, Pahang Leasehold for a period of 92 years expiring on 7.11.2111	Vacant land	N/A	42,733 sq ft/ 0.3968 Ha/ 3,970 sq metre	N/A	107,007
36.	DHES Title No. GM 2289, Lot 2901 and Title No. GM 2335, Lot 2950 both at Mukim 06, District Seberang Perai Tengah, Pulau Pinang No. 1, Jalan Nagasari 4, Taman Nagasari, 13600 Prai, Pulau Pinang	Industrial land/ The land is erected with one and a half (1½) storey semi-detached factory which is curently tenanted.	8	14,800 sq.ft/ 1375 sq metre	N/A	2,500,000
37.	DHES Title No. HSD 493845 PTD 76034 of Mukim Tebrau, District of Johor Bahru, Johor Darul Takzim No. 7, Jalan Firma 3/1, Lot PLO 255, Kawasan Perindustrian Tebrau IV, 81200 Johor Bahru, Johor Leasehold for a period of 44 years expiring on 31.1.2060	Industrial land/The land is erected with a three (3) storey office building with an annexed single storey warehouse building which is currently vacant.	4	107,747 sq ft/ 1.001 Ha	N/A	7,700,000

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below:

Notes:

1) *These industrial lands are occupied by third-parties.*

2) *Excluding buildings and fixtures on the land.*

3) *Malakoff is the registered proprietor of 37 parcels of land ("Windsor Lands") which are collectively known as the Windsor Estate. The Windsor Estate is currently tenanted by Tradewinds Plantech Sdn Bhd commencing from 1 February 2020 until 30 April 2020 via a new supplemental letter dated 8 November 2019. Among the 37 parcels of Windsor Lands, the following 34 parcels of the said lands are used as agricultural land for commercial planting – oil palm, which are consistent with the express conditions in their respective issue document of title:*

No.	***Land titles no.***
i.	*GM 297 Lot 4615, GM 7229 Lot 4309, GRN 49012 Lot 5408, GRN 53898 Lot 5538, GRN 53899 Lot 5539, GRN 59198 Lot 2665, GRN 59203 Lot 446, GRN 66379 Lot 4136 and GRN 66619 Lot 2790* *All lands are located at Mukim of Batu Kurau, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia*
No.	***Land titles no.***
ii.	*GM 445 Lot 315, GM 446 Lot 332, GM 448 Lot 317, GM 451 Lot 316, GM 454 Lot 364, GM 459 Lot 359, GM 460 Lot 361, GM 507 Lot 421, GM 511 Lot 437, GM 512 Lot 440, GM 516 Lot 473, GM 517 Lot 474, GM 518 Lot 475, GM 519 Lot 476, GM 520 Lot 477, GM 521 Lot 480, GM 522 Lot 481, GM 523 Lot 490, GM 549 Lot 629, GRN 45878 Lot 462, GRN 45879 Lot 690, GRN 45880 Lot 691, GRN 60574 Lot 504, GRN 62453 Lot 502 and GRN 65982 Lot 408* *All lands are located at Mukim of Kamunting, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia*

Pursuant to a letter dated 18 December 2013 issued by Pejabat Pengarah Tanah dan Galian Negeri Perak to Pejabat Daerah dan Tanah Larut, Matang dan Selama, the remaining three parcels of Windsor Lands are subject to government compulsory acquisition ("Said Windsor Lands"). The Said Windsor Lands are currently pending completion of government compulsory acquisition. As such, the express condition of the Said Windsor Lands has yet to be reflected in their respective issue document of title to reflect the existing use of the Said Windsor Lands. Further details of the Said Windsor Lands are as follows:

No.	***Land titles no.***	***Description of property/Existing express condition***
i.	*GRN 49011 Lot 5407 and GRN 59202 Lot 2825* *Both lands are located at Mukim of Batu Kurau, Districts of Larut and Matang, Perak Darul Ridzuan, Malaysia*	*Agricultural land for agricultural purposes*
ii.	*GRN 48916 Lot 505, Mukim of Kamunting, District of Larut and Matang, Perak Darul Ridzuan, Malaysia*	*Agricultural land for commercial planting - rubber*

LIST OF PROPERTIES (CONTINUED)

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned by us are set out below:

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 2019 of the properties under item no. 6 to item no. 8 is RM1,819,000.00. The respective properties were not audited on an individual basis.*

6) *The audited NBV as at 31 December 2019 of the properties under item no. 9 to item no. 19 is RM12,896,000.00. 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 2019 of the properties under item no. 22 to item no. 25 is RM1,023,693.45. 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 2019 is RM1.00, 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 2019 is RM704,197.00. 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 2019 is RM378,376.00. 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.

PROPERTIES OWNED BY OUR GROUP (CONTINUED)

The details of lands and buildings owned 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 sub lease approximately 2088.706 sq metre to PETRONAS Energy & Gas Trading Sdn Bhd as per Sub Lease Agreement dated 5 July 2006.	17	6,954 sq metre/ 46.168 acres	A lease for a period of 24 years, expiring on 7 November 2024	Lump sum payment of 16,000,000.00
2.	Seaport (as lessor)/TBP (as lessee) HSD 11438 PTD 1859, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for heavy industries of power station only/ The land is currently used for the Tanjung Bin Power Plant complex and other related purpose.	14	238,716 sq metre/ 69.963 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)

LIST OF PROPERTIES (CONTINUED)

PROPERTIES LEASED/TENANTED BY OUR GROUP (CONTINUED)

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
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.	14	N/A/ 156.533 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
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.	14	N/A/ 1.730 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
5.	Seaport (as lessor)/TBP (as lessee) HSD 13031 PTD 2098, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for coal ash disposal pond/ The land is currently used as ash pond for the Tanjung Bin Power Plant.	14	N/A/ 91.024 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)
6.	Seaport (as lessor)/TBP (as lessee) HSD 13032 PTD 2099, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Power Plant, Lot 1769 & Lot 1770, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for coal ash disposal pond/The land is currently used as ash pond for the Tanjung Bin Power Plant.	14	N/A/ 0.597 Ha	A lease for a period of 45 years, expiring on 31 January 2048	Refer to note (1)

PROPERTIES LEASED/TENANTED BY OUR GROUP (CONTINUED)

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
7.	Seaport (as lessor)/TBE (as lessee) HSD 13028 PTD 2095, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for power station and other related purposes only/ The land is currently used for the Tanjung Bin Energy Power Plant.	4	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 10.00
8.	Seaport (as lessor)/TBE (as lessee) HSD 13029 PTD 2096, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for coal yard/ The land is currently used for the coal yard of the Tanjung Bin Energy Power Plant	4	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 10.00
9.	SWW (as lessor)/TBE (as lessee) HSD 13393 PTD 2150, Mukim of Serkat, District of Pontian, Johor Darul Takzim, Malaysia Tanjung Bin Energy T4, Tanjung Bin, Serkat 82030 Pontian, Johor Darul Takzim, Malaysia	Industrial land for the petrochemical centre and the maritime industry/ The land will be used for any other contingency to the Tanjung Bin Energy Power Plant.	4	N/A/ 0.444 Ha	A lease commencing from 7 March 2012 to the day before 20 March 2041, being the 25th anniversary of the COD of the Tanjung Bin Energy Power Plant Refer to note (3)	Nil Refer to note (3)

LIST OF PROPERTIES (CONTINUED)

PROPERTIES LEASED/TENANTED BY OUR GROUP (CONTINUED)

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
10.	Lembaga Tabung Haji (as landlord)/ Malakoff (as tenant) Part of GRN 46226, Lot 78 Section 0070, Town of Kuala Lumpur, Level 7 to Level 13, Building no. 4, Plaza Sentral, Brickfields, Kuala Lumpur, Malaysia Level 7 to Level 13, Block 4, Plaza Sentral, Jalan Stesen Sentral 5, 50470 Kuala Lumpur, Malaysia	Seven office units each on the 7th, 8th, 9th, 10th, 11th, 12th and 13th floor of a commercial building/ Currently used as office space by Malakoff.	18	7,854 sq metre/ N/A	Period of tenancy from 1 July 2018 until 30 June 2021	464,964.50 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 by M Utilities.	18	349 sq metre/ N/A	Period of tenancy from 1 July 2018 until 30 June 2021	35,720.00 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 RM102,050,000.00 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.*

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

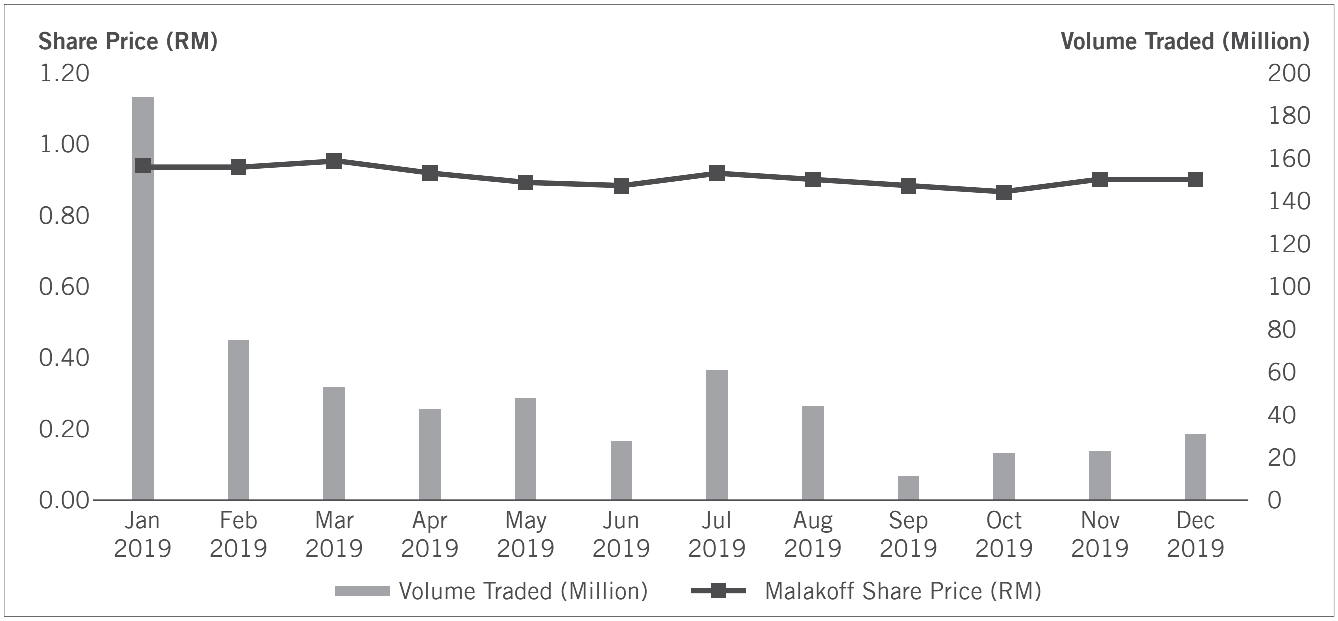
The material plants and equipment used by our operations are set out below:

Description	Audited NBV as at 31 December 2019
	RM '000
The building, plant and machinery of the SEV Power Plant	1,097,335
The building, plant and machinery of the GB3 Power Plant	396,143
The building, plant and machinery of the Prai Power Plant	348,120
The building, plant and machinery of the TBP Power Plant	4,572,145
The building, plant and machinery of the Port Dickson Power Plant	65,000[1]
The building, plant and machinery of the TBE Power Plant	5,678,036
Total	**12,156,779**

Note 1: The amount is classified as asset held for sale in the financial statement.

Save for PD Power, the material equipment of the respective IPPs have been secured under the financing facilities taken up by the respective IPPs for purposes of the relevant construction of power plant. The financing facilities taken up by SEV, PPSB and GB3 in relation to construction of the SEV,PPSB and GB3 power plant have been fully repaid.

SHARE PRICE MOVEMENT AND FINANCIAL CALENDAR



	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019
Highest (RM)	0.94	0.94	0.96	0.92	0.89	0.88	0.92	0.90	0.88	0.86	0.90	0.90
Lowest (RM)	0.80	0.84	0.89	0.88	0.79	0.82	0.85	0.85	0.84	0.80	0.85	0.85
Volume Traded (Million)	189	75	53	43	48	28	61	44	11	22	23	31

FINANCIAL CALENDAR 2019

Quarterly Results

22 February 2019
Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2018.

27 May 2019
Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2019.

23 August 2019
Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2019.

20 November 2019
Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2019.

Annual Audited Accounts

27 March 2019
Announcement of the Annual Audited Accounts for the financial year ended 31 December 2019.

Annual General Meeting

26 March 2019
Notice of the thirteenth (13th) Annual General Meeting and issuance of Annual Report 2018.

25 April 2019
Thirteenth (13th) Annual General Meeting.

Dividends

31 May 2019
Payment of single tier final dividend of 3.50 sen per ordinary share for the financial year ended 31 December 2018.

11 October 2019
Payment of single tier interim dividend of 2.44 sen per ordinary shares for the financial year ended 31 December 2019.

SHAREHOLDINGS STATISTICS
AS AT 21 FEBRUARY 2020

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	: 19,028

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	200	1.05	2,196	0.00
100 to 1,000	2,865	15.06	1,649,730	0.03
1,001 to 10,000	9,538	50.13	51,165,914	1.05
10,001 to 100,000	5,570	29.27	175,954,210	3.60
100,001 to less than 5% of issued shares	849	4.46	949,261,293	19.42
5% and above of issued shares	6	0.03	3,708,927,957	75.90
TOTAL	**19,028**	**100.00**	**4,886,961,300***	**100.00**

** Excluding treasury shares of 113,038,700*

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS

a) Directors' Interest in the Company as per the Register of Directors' Shareholding

	Direct		Indirect	
Name	No. of shares	%	No. of shares	%
Datuk Haji Hasni Harun	-	-	-	-
Dato' Sri Che Khalib Mohamad Noh	420,000	0.01	-	-
Datuk Ooi Teik Huat	420,000	0.01	-	-
Datuk Idris Abdullah	172,100	0.00	-	-
Datuk Dr Syed Muhamad Syed Abdul Kadir	150,000	0.00	-	-
Cindy Tan Ler Chin	-	-	-	-
Datuk Rozimi Remeli	-	-	-	-

b) Chief Executive Officer (Who is not a Director)

	Direct		Indirect	
Name	No. of shares	%	No. of shares	%
Dato' Ahmad Fuaad Mohd Kenali	-	-	-	-

SHAREHOLDINGS STATISTICS
AS AT 21 FEBRUARY 2020 (CONTINUED)

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)]	580,624,233	11.88	-	-
4	Urusharta Jamaah Sdn Bhd [(4)]	500,000,000	10.23	-	-
5	Kumpulan Wang Persaraan (Diperbadankan) [(5)]	435,754,734	8.92	-	-
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 bin Syed Nor [(9)]	-	-	1,879,037,090	38.45

Notes:

[(1)] *Of which 460,957,230 shares held through its own account and 520,384,230 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 580,624,233 shares held through Citigroup Nominees (Tempatan) Sdn Bhd*

[(4)] *Of which 500,000,000 shares held through Citigroup Nominees (Tempatan) Sdn Bhd*

[(5)] *Of which 415,520,634 shares held through its own account and 20,234,100 shares held through various Citigroup Nominees (Tempatan) Sdn Bhd CDS accounts.*

[(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.*

30 Largest Shareholders

No.	Name of Shareholders	No. of Shares	% of Issued Share Capital
1	MMC CORPORATION BERHAD	897,695,630	18.37
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	580,624,233	11.88
3	BANK MUAMALAT MALAYSIA BERHAD PLEDGED SECURITIES ACCOUNT FOR ANGLO-ORIENTAL (ANNUITIES) SDN BHD	520,384,230	10.65
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN BHD (1)	500,000,000	10.23
5	ANGLO-ORIENTAL (ANNUITIES) SDN BHD	460,957,230	9.43
6	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	415,520,634	8.50
7	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	313,511,900	6.42
8	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 - WAWASAN	111,235,600	2.28
9	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	75,894,500	1.55
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	56,912,600	1.16
11	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	37,598,813	0.77
12	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	34,294,600	0.70
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	33,952,500	0.69
14	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	26,261,800	0.54
15	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	25,498,900	0.52
16	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 3 – DIDIK	20,867,400	0.43
17	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	16,368,300	0.33
18	SERAIMAS BINA SDN BHD	11,675,400	0.24

SHAREHOLDINGS STATISTICS
AS AT 21 FEBRUARY 2020 (CONTINUED)

30 Largest Shareholders (continued)

No.	Name of Shareholders	No. of Shares	% of Issued Share Capital
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	11,288,100	0.23
20	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	11,279,998	0.23
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	10,994,100	0.22
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN TAKAFUL BERHAD (CREDIT TAKAFUL PIA)	9,361,600	0.19
23	PERMODALAN NASIONAL BERHAD	8,833,300	0.18
24	WENDY LAU SIE SIE	8,000,000	0.16
25	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	7,920,800	0.16
26	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	7,336,000	0.15
27	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI OPPORTUNITIES FUND	7,182,300	0.15
28	AMANAHRAYA TRUSTEES BERHAD ASN IMBANG (MIXED ASSET BALANCED) 1	6,903,400	0.14
29	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS ISLAMIC SMALL-CAP FUND	6,899,100	0.14
30	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND TCTD FOR CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	6,826,500	0.14
	TOTAL	**4,242,079,468**	**86.78**

NOTICE OF 14TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 14TH ANNUAL GENERAL MEETING ("**AGM**") OF **MALAKOFF CORPORATION BERHAD** ("**THE COMPANY**") WILL BE HELD AT **MAHKOTA BALLROOM, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA** ON **THURSDAY, 23 APRIL 2020** 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 2019 and the Directors' Report and Auditors' Report thereon be and are hereby received."

   (Please refer to Explanatory Note 1)

2. "**THAT** the following Directors who retire in accordance with Article 105 of the Company's Constitution be and are hereby re-elected as the Directors of the Company:-

   (i) Datuk Ooi Teik Huat **Resolution 1**
   (ii) Datuk Rozimi Remeli" **Resolution 2**

   (Please refer to Explanatory Note 2)

3. "**THAT** the payment of Directors' fees up to an amount of RM1,230,000 to the Non-Executive Directors ("**NED**") with effect from 24 April 2020 until the next AGM of the Company be and is hereby approved." **Resolution 3**

   (Please refer to Explanatory Note 3)

4. "**THAT** the payment of the following Directors' benefits to the NEDs be and is hereby approved:-

   i) Directors' benefits up to an amount of RM1,250,000 to all NEDs with effect from 24 April 2020 until the next AGM of the Company; and **Resolution 4**
   ii) Directors' benefits up to an amount of RM250,000 by the subsidiaries of the Company to the NEDs with effect from 1 January 2020 until the next AGM of the Company. **Resolution 5**

   (Please refer to Explanatory Note 3)

5. "**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." **Resolution 6**

NOTICE OF 14TH ANNUAL GENERAL MEETING (CONTINUED)

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without modifications:-

6. **Proposed Renewal of Authority for the Company to Purchase Its Own Shares** **Resolution 7**

"**THAT** subject to provisions of the Companies Act 2016 ("**Act**"), the Constitution of the Company, the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and all prevailing laws, rules, regulations, orders, guidelines and requirements for the time being in force, approval and authority be and are hereby given to the Directors of the Company ("**Directors**"), to the extent permitted by law, to purchase such number of ordinary shares in the Company ("**Shares**") as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the best interest of the Company, provided that:

a) the maximum aggregate number of Shares purchased or held by the Company pursuant to this resolution shall not exceed 10% of the total number of issued shares of the Company at any point in time;
b) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the amount of the retained profits of the Company at the time of purchase; and
c) the authority conferred by this resolution shall be effective immediately after the passing of this resolution and shall continue to be in force until:

    (i) the conclusion of the next annual general meeting of the Company at which time the authority will lapse unless the authority is renewed by a resolution passed at that meeting, either conditionally or unconditionally;
    (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
    (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting of the Company,

    whichever occurs first;

THAT the Directors be and are hereby authorised to deal with the Shares so purchased, at their discretion, in the following manner:

(i) cancel the Shares so purchased;
(ii) retain the Shares so purchased as treasury shares; or
(iii) retain part of the Shares so purchased as treasury shares and cancel the remainder of the Shares;

THAT where such Shares are held as treasury shares, the Directors be and are hereby authorised to deal with the treasury shares in their absolute discretion, in the following manner:

(i) distribute the Shares as dividends to shareholders, such dividends to be known as "shares dividends";
(ii) resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Securities;
(iii) transfer the Shares or any of the Shares for the purposes of or under an employees' share scheme;
(iv) transfer the Shares or any of the Shares as purchase consideration;
(v) cancel the Shares or any of the Shares; or
(vi) sell, transfer or otherwise use the Shares for such other purposes as the Minister may by order prescribe;

AND THAT the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps as necessary or expedient (including opening and maintaining a Central Depository System account) and to enter into and execute, on behalf of the Company, any instrument, agreement and/or arrangement with any person, and with full power to assent to any condition, modification, variation and/or amendment as may be imposed by Bursa Securities or any relevant regulatory authority, and/or as may be required in the best interest of the Company and to take all such steps as the Directors may deem fit, necessary and expedient in the best interest of the Company in order to implement, finalise and give full effect to the purchase by the Company of its Shares."

(Please refer to Explanatory Note 4)

7. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature ("Proposed Shareholders' Mandate")** **Resolution 8**

"**THAT** subject to Paragraph 10.09 of the MMLR of Bursa Securities, the Company and its subsidiaries ("**Group**") be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature with the Related Parties as set out in Section 2.4 of the Circular to Shareholders dated 24 March 2020, PROVIDED THAT such transactions are necessary for the Group's day-to-day operations and/or 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 and THAT such approval shall continue to be in force until:-

(i) the conclusion of the next AGM of the Company following the general meeting at which this Ordinary Resolution shall be passed, at which time it will lapse, unless by a resolution passed at the general meeting, the authority conferred by this resolution is renewed;

(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier;

NOTICE OF 14TH ANNUAL GENERAL MEETING (CONTINUED)

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 transactions as authorised by this Ordinary Resolution."

(Please refer to Explanatory Note 5)

8. 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 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 15 May 2020 shall be entitled to the final dividend which will be paid on 12 June 2020.

A depositor shall qualify for dividend entitlement only in respect of:

a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 15 May 2020 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)
Sharifah Ashtura Jamalullail Syed Osman (LS0009113)
Company Secretaries

Kuala Lumpur
24 March 2020

Notes:
1. 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.
2. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies or attorney or other duly authorised representative to attend and vote at his stead. A member of the Company may appoint up to two (2) proxies to attend 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.
3. 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.
4. In the case of joint holders, the signature of any one of them will suffice.
5. 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.
6. Only depositors whose names appear on the Record of Depositors as at 16 April 2020 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on their behalf.
7. Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.
8. Registration of members/proxies attending the meeting will commence at 8.00 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. Members/proxies are required to produce identification documents for registration.

Explanatory Notes on Ordinary Business:-

1. **Explanatory Note 1**
   Audited Financial Statements for the financial year ended 31 December 2019

   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 Article 105 of the Company's Constitution

   The proposed ordinary resolutions 1 and 2 under Agenda 2 of the 14th AGM are to seek the shareholders' approval for the re-election of the Directors standing for re-election in accordance with the Company's Constitution.

   In deliberating the re-election of the retiring Directors at the 14th AGM, the Board Nomination and Remuneration Committee had taken into consideration of the performance and contribution of each Director based on the annual Board assessment.

   As per the Board assessment conducted for the financial year 2019, all the affected Directors met the performance criteria required for an effective and high performance Board. The Board, after having received the consent for re-election from Datuk Ooi Teik Huat and Datuk Rozimi Remeli, recommends the re-election of the said Directors at the 14th AGM.

3. **Explanatory Note 3**
   NEDs' 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 3 to 5, if passed, will allow the payment of Directors' remuneration to the NEDs on a monthly basis and/or as and when incurred within the respective approval period after the NEDs have discharged their responsibilities and rendered their services to the Company and the subsidiaries.

   (i) Directors' remuneration payable by the Company to all NEDs comprises the following:-

      a) Directors' fees; and
      b) Benefits such as Board Committee allowances, meeting allowances, annual leave passage and/or annual supplemental fees including benefits-in-kind to the Chairman.

NOTICE OF 14TH ANNUAL GENERAL MEETING (CONTINUED)

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	7,500	2,500	2,500
ii) Board Audit Committee	4,000	2,500	2,500	2,500
iii) Board Nomination & Remuneration Committee	3,000	2,000	2,000	2,000
iv) Board Risk & Investment Committee	3,000	2,000	2,000	2,000
v) Board Procurement Committee	N/A	N/A	3,000	2,000

Items	Other benefits	
	NEC (RM)	Per NED (RM)
i) Annual leave passage & annual supplemental fees	25,000 per annum	25,000 per annum
ii) Benefits-in-kind (Board only)	up to 3,500 per month (as claimed)	N/A

(Note: each of the foregoing payments being exclusive of the others)

Since the listing of the Company in May 2015, there was no revision of Directors' remuneration for the NEDs. The Board is proposing a review of the existing Directors' fees for NEDs in 2020 to bring the Directors' fees in line with the market and to reward the NEDs with a fair remuneration for their greater responsibilities, commitments and contributions.

Furthermore, the review of the Directors' fees takes into consideration the added responsibilities and accountabilities of the NEDs due to the change in the status of the Company as a listed company and the dynamic of the current Group's businesses. A benchmarking exercise was carried out with several comparable public listed companies in determining the quantum of increase of Directors' fees for the NEDs.

The revision in the Directors' fees will ensure the retention of the NEDs whose skills, knowledge and experience are invaluable to the Company.

The proposed revision of Directors' fees from RM7,500 to RM9,000 per NED per month, to be effective from the conclusion of the 14th AGM, was deliberated by the Board Nomination and Remuneration Committee and duly approved by the Board for recommendation to the shareholders for approval at this AGM.

(ii) Directors' benefits payable by the subsidiaries of the Company to the NEDs comprising fixed allowances, meeting allowances or any other benefits.

Explanatory Notes on Special Business:-

4. **Explanatory Note 4**
   Proposed Renewal of Share Buy-Back Authority

   The proposed resolution 7, if passed, will empower the Directors to purchase the Company's own shares of up to 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).

   Details of the proposed renewal of authority for the Company to purchase its own shares are set out in the Share Buy-Back Statement to Shareholders dated 24 March 2020 which is circulated together with the 2019 Annual Report of the Company.

5. **Explanatory Note 5**
   Proposed Shareholders' Mandate for RRPTs

   The proposed resolution 8, if passed, will empower the Company and its subsidiaries ("**Group**") 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 24 March 2020 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.

   Details of the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 24 March 2020 which is circulated together with the 2019 Annual Report of the Company.

6. **Abstention from Voting**

   The Directors who are shareholders of the Company shall abstain from voting on the resolution in respect of their own re-election, resolutions concerning remuneration of the NEDs and the Proposed Shareholders' Mandate (applicable to interested directors only), at the 14th AGM.

STATEMENT ACCOMPANYING NOTICE OF THE 14TH AGM

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

The Directors retiring by rotation in accordance with Article 105 of the Company's Constitution and seeking for re-election are as follows:-

1. Datuk Ooi Teik Huat (Non-Independent Non-Executive Director); and
2. Datuk Rozimi Remeli (Independent Non-Executive Director).

The profiles of the abovenamed Directors are stated in the Directors' Profile on page 19 and 21 of this Annual Report.

ADMINISTRATIVE DETAILS

ADMINISTRATIVE DETAILS FOR THE 14TH ANNUAL GENERAL MEETING (“**AGM**”) OF MALAKOFF CORPORATION BERHAD (“**MALAKOFF**” OR “**THE COMPANY**”) TO BE HELD AT MAHKOTA BALLROOM, HOTEL ISTANA, 73, JALAN RAJA CHULAN, 50200 KUALA LUMPUR, MALAYSIA (“**HOTEL**”) ON **THURSDAY, 23 APRIL 2020** AT **10.00 A.M.**

PARKING

Parking is available at the parking bays of the Hotel. Parking fee for those attending the AGM will be borne by Malakoff. The attendees of the AGM are advised to validate their entry tickets at the designated counter outside the Ballroom.

REGISTRATION

- Registration will start at 8.00 a.m. and registration counters will remain open until the conclusion of the AGM or such time as may be determined by the Chairman of the meeting.

- Please read the signage placed around the Hotel to ascertain where you should register for the AGM and join the queue accordingly.

- Please produce your original Identity Card (IC) during the registration for verification and ensure that you collect your IC thereafter. No person will be allowed to register on behalf of another person even with the original IC of that person.

- After the verification and registration, you will be given an identification tag and a food coupon (limited to one per shareholder/proxy present at the AGM regardless of the number of shareholder he/she represents). No lost food coupon or unclaimed food coupon will be replaced by the Company.

- Shareholders or proxies who are not present at the AGM are not entitled to the food coupon. If both the shareholder and his/her appointed proxy(ies) are present at the AGM, only one food coupon will be given to the shareholder or his/her proxy who registers first.

- No person will be allowed to enter the Ballroom without the identification tag.

F&B

- Light refreshment will be served before the AGM.

- Lunch will not be provided.

DOOR GIFT

No door gift will be distributed at the AGM.

RECORD OF DEPOSITORS FOR ATTENDANCE AT THE AGM

Only depositors whose names appear on the Record of Depositors as at 16 April 2020 shall be entitled to attend the AGM or appoint proxy(ies) to attend and/or vote on their behalf.

VOTING PROCEDURE

- All resolutions as set out in the Notice of the AGM of the Company will be put to vote by 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 Share Registrars Sdn Bhd, will assist to conduct the poll by way of electronic voting and the independent scrutineers will verify and validate the results of the poll at the AGM.

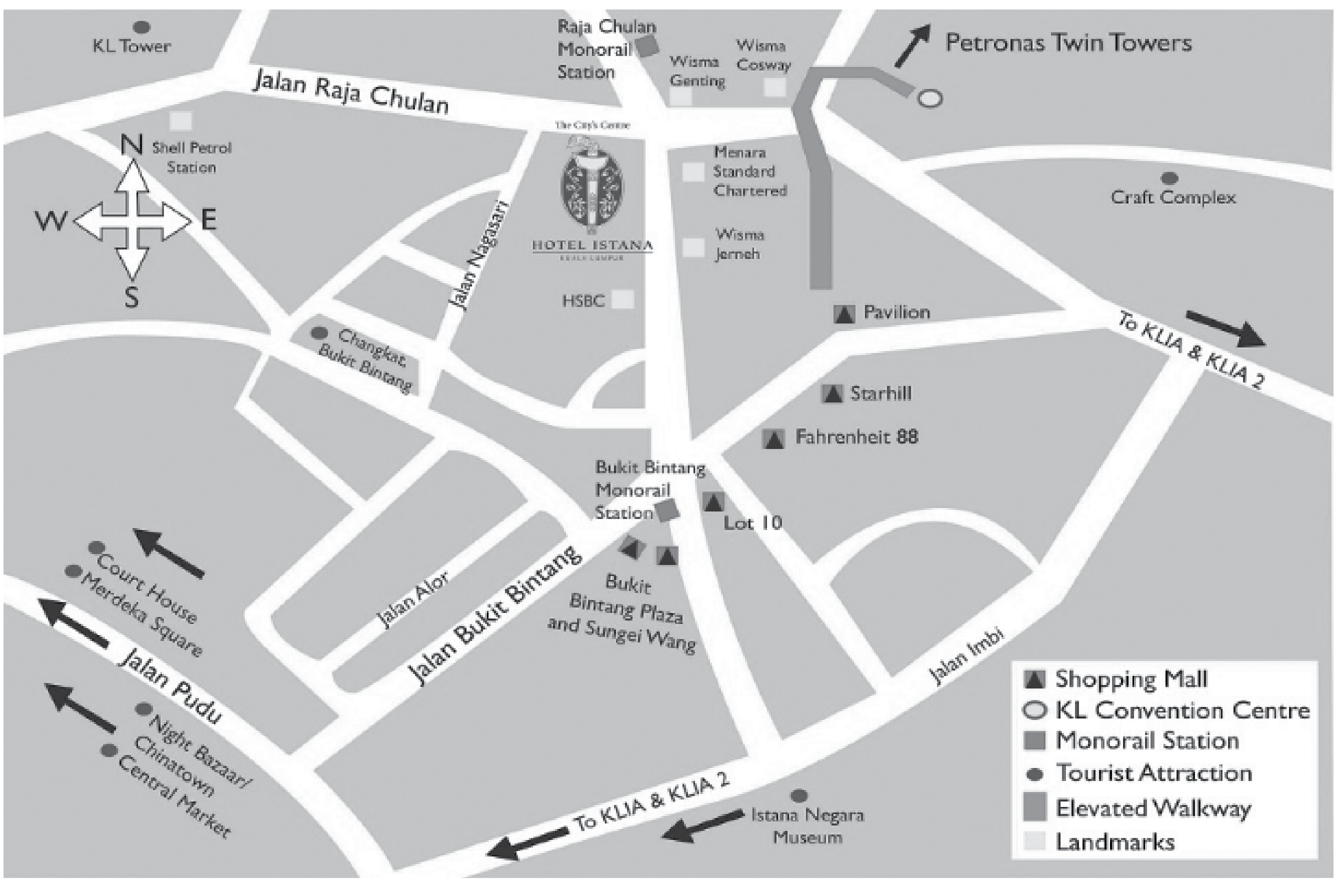
- For proxy enquiries, kindly contact Boardroom Share Registrars Sdn Bhd at 03-7890 4700.

COVID-19 PRECAUTION ADVISORY

- In view of the current COVID-19 cases in Malaysia, shareholders and proxies are advised to constantly maintain a high level of personal hygiene, wash hands frequently with soap and water, or use hand sanitisers.

- As a good hygiene measure, people who are not well and have respiratory symptoms should wear a mask so that they do not spread any infection to other people.

ROUTE MAP OF THE VENUE OF AGM



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PROXY FORM

Malakoff Corporation Berhad (Registration No. 200601011818/731568-V)

No. of Ordinary Share(s) Held	
CDS Account No.	

I/We ____ NRIC/Passport 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 14th Annual General Meeting ("**AGM**") of the Company to be held at Mahkota Ballroom, Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia on Thursday, 23 April 2020 at 10.00 a.m. and at any adjournments thereof, on the following resolutions referred to in notice of the AGM:

*(Please indicate with an "**X**" in the space provided below how you wish your votes to be cast on the resolutions specified in the notice of meeting. If you do not do so, the proxy/proxies will vote or abstain from voting on the resolutions as he/they may think fit).*

1.	To receive the Audited Financial Statements of the Company for the Financial Year Ended 31 December 2019 and the Directors' Report and Auditors' Report thereon.		
	ORDINARY BUSINESS	**For**	**Against**
2.	Re-election of Datuk Ooi Teik Huat who retires in accordance with Article 105 of the Company's Constitution (Resolution 1)		
3.	Re-election of Datuk Rozimi Remeli who retires in accordance with Article 105 of the Company's Constitution (Resolution 2)		
4.	Payment of Directors' fees to the Non-Executive Directors with effect from 24 April 2020 until the next AGM of the Company (Resolution 3)		
5.	Payment of Directors' benefits to the Non-Executive Directors with effect from 24 April 2020 until the next AGM of the Company (Resolution 4)		
6.	Payment of Directors' benefits by the subsidiaries to the Non-Executive Directors with effect from 1 January 2020 until the next AGM of the Company (Resolution 5)		
7.	Re-appointment of Messrs. KPMG PLT as Auditors of the Company (Resolution 6)		
	SPECIAL BUSINESS		
8.	Proposed Renewal of Authority for the Company to Purchase Its Own Shares (Resolution 7)		
9.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature (Resolution 8)		

Signed this ____________ day of ________ 2020

____

Signature of member / Common Seal

Notes:

1. The proxy form, to be valid, must be deposited at the Company's Share Registrar, 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.
2. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies or attorney or other duly authorised representative to attend and vote at his stead. A member of the Company may appoint up to two (2) proxies to attend 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.
3. 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.
4. In the case of joint holders, the signature of any one of them will suffice.
5. 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 holdings to be represented by each proxy.
6. Unless voting instructions are indicated in the spaces provided in the proxy form, the proxy may vote as he/she thinks fit.
7. Registration of members/proxies attending the meeting will commence at 8.00 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. Members/proxies are required to produce identification documents for registration.
8. Only depositors whose names appear on the Record of Depositors as at 16 April 2020 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on their behalf.

Please fold here to seal

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Malakoff Corporation Berhad
14th 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
A Member of MMC Group

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(Registration No. 200601011818/731568-V)
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